

Arizona State University
State Budget Reductions: FY2008 to FY2012

State budget reductions have been imposed incrementally over the last four fiscal years. The cumulative impact has been a reduction in ASU's State appropriation of \$205 million. This represents a 41% reduction in absolute funding from state sources.

Critical to understanding the magnitude of the reductions is the fact that ASU's full-time equivalent (FTE) enrollment will have risen by 12,015 students—or 20%—during the period since the budget reductions began. This is the equivalent of growing half an NAU in four years! The implication of this growth is that ASU is operating in FY12 with 49% less State support per FTE student—or \$3,974 fewer dollars per student than was the case four years ago.

In order to deal with this dramatic loss of funding, ASU has taken a number of major actions to adjust to the lower funding levels while working to maintain access to high-quality academic programs (measured by available seats and commitments to financial aid), and the University's momentum that will be needed in the future to support economic development.

FY2008 to FY2011 Actions

By FY 2011, the University's FY 2008 spending base had been reduced by over \$91 million to cover a portion of the State General Fund appropriation reductions and to provide the added teaching and support resources needed to support properly the 9,250 (15%) FTE student enrollment increase. During this period, the number of colleges was reduced from 23 to 16, and the number of academic departments was reduced from 87 to 55 through consolidation. These consolidations resulted in the elimination of administrative infrastructure and less support for academic units. Additionally, cuts were made in many lower-priority areas to assure that proper support continued to be available to allow students to move toward degree completion on a timely basis.

Overall, 1,308 FTE positions that existed in FY 2008 have been eliminated to effect the bulk of the budget reductions. This was accomplished by laying off 776 employees, not replacing 48 employees who retired, and eliminating 485 vacant positions.

These personnel reductions were implemented through a number of steps, including eliminating over 350 non-tenure track faculty positions and the reassignment of their teaching responsibilities to tenured/tenure track faculty; consolidation of schools (from 23 to 16) and academic departments (from 87 to 55) in order to effect administrative savings; a voluntary retirement program for

tenured faculty in selected schools; and reduction of over 325 staff positions in custodial, grounds, and support offices.

In FY 2009, every ASU employee took a furlough that ranged from 10 days without pay for classified staff to 12 days for faculty and most other staff to 15 days for senior administrators. This represented a pay reduction of 9.3% to 14% for the paychecks remaining in that year. Saving \$25 million on a one-time basis, the furlough allowed the University to accommodate the mid-year budget reduction imposed that year without disrupting ASU's responsibilities to students in mid-semester.

FY2012 Actions

In order to implement the additional reductions imposed for FY12, ASU has continued to reduce its base spending and personal levels. While about \$31 million of the new reduction of \$95 million was replaced via higher tuition levels, the remaining \$64 million required base spending reductions. This was accomplished through the elimination of an additional 746 positions via new layoffs (399 positions), non-replacement/vacancy elimination (275 positions), and early retirements (72 positions). In addition, \$17 million in non-personnel savings was implemented.

Cumulatively, ASU will have eliminated 2,054 positions that existed in FY2008. Through all of these actions, instructional quality has not been ruined, but the impact of these actions has been substantial. By FY2012, ASU had increased average class size by 12% (from 33 to 37 students) and increased the percentage of classes with over 50 students from 12% to 18%.

Cumulative Impact

Some of the resources that were freed up by these actions have been re-invested to assure that reasonable support is available for the needs of the 12,015 additional students enrolled. Funds from tuition increases and from temporary federal stimulus funding (which expired after FY 2011 but which were replaced by tuition dollars in FY12) were also available to support this growth. But it is very important to understand that total University spending from the combination of tuition net of financial aid , State General Fund appropriations, and federal stimulus funding is down by over \$1,500 per FTE student (about 11.1%). With an enrollment of over 72,500 students in FY2012, this represents a reduction in resources equivalent to almost \$112 million relative to what would have been spent at FY 2008 levels.

During this period, instructional quality was not ruined, but the impact of these actions was substantial. ASU reduced the number of class sections offered per 100 FTE students by 16.5%; increased average class size by 12% (from 33 to 37 students); and increased the percentage of classes with over 50 students from 12% to 17%.

History of General Fund Reductions	General Fund Appropriation (\$ millions)	Fall FTE Students	GF per FTE Student
	=====	=====	=====
FY2008 budget base	\$491.0	60,544	\$8,109
FY2009 enrollment growth/other adjust.	<u>\$14.5</u>		
FY 2009 base budget before reductions	\$505.5		
FY2009 lump sum reduction	-\$22.7		
FY2009 hiring freeze allocation	-\$1.5		
FY2009 mid-year reduction	<u>-\$63.3</u>		
FY2009 budget after reductions	\$418.0	64,011	\$6,530
FY2010 initial lump sum reduction	-\$18.1		
FY2010 SFSF rescission	<u>-\$4.5</u>		
FY2010 budget after reductions	<u>\$395.4</u>	66,988	\$5,902
Cumulative permanent reductions	-\$110.1		
FY2011 base budget	\$395.4	69,790	\$5,665
FY2012 lump sum reduction	-\$95.4		
FY2012 other reduction	\$0.0		
FY2012 budget after reductions	\$300.0	72,558	\$4,134
Cumulative permanent reduction	-\$205.5		
% change from FY2008	-40.7%	+19.8%	-49.0%