

1/24/11

Arizona State University
State Budget Reductions: FY2008 to FY2011

State budget reductions have been imposed incrementally over the previous three fiscal years. The cumulative impact has been a reduction in ASU's State appropriation of \$110 million. This represents a 22% reduction in absolute funding.

Critical to understanding the magnitude of the reductions is the fact that ASU's full-time equivalent (FTE) enrollment has risen by 9,250 students—or 15.3%-- during the period since the budget reductions began. This is the equivalent of growing almost half an NAU in three years! The implication of this growth is that ASU is operating with 30% less State support per FTE student—or \$2,445 fewer dollar per student than it was three years ago.

In order to deal with this dramatic loss of funding, ASU has taken a number of major actions to adjust to 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.

The University's FY 2008 spending base has 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. 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, 1,309 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.

Through all of these actions, instructional quality has not been ruined, but the impact of these actions has been substantial. ASU has 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%.

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 9,250 additional students enrolled. Funds from tuition increases and from temporary federal stimulus funding (which expires after FY 2011) 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 \$1,600 per FTE student (about 10.7%). With a current enrollment of 69,800 students, this represents a reduction in resources equivalent to almost \$115 million relative to what would have been spent at FY 2008 funding levels per student.

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
% change from FY2008	-21.8%	+15.3%	-30.1%