



ASU

ARIZONA STATE UNIVERSITY



FY 2015 State Investment Request

Highlights

Parity Funding
Addresses inequity in funding per FTE student among the three universities; the third-year funding request totals \$25.1 million

Performance Funding
Requests funding for performance against metrics set by the Board of Regents and as required by statute. ASU's request is \$19.3 million.

Arizona State University, with over 76,000 students enrolled on four campuses, is one of the largest, most dynamically growing, and diverse public institutions of higher education in the nation. ASU educates more than half of the students attending public universities in the State of Arizona, and employs 2,600 full-time faculty and 5,500 full-time staff in metropolitan Phoenix. ASU degree production has increased by 32 percent over the past five years, with 18,045 bachelors, masters, and doctoral degrees awarded during the 2011-12 academic year.

ASU continues to be recognized for excellence in many of its academic programs, both at the undergraduate and graduate levels. Recently, ASU was ranked among the elite 100 world universities by the Center for World University Ranking for 2013. ASU ranked 73rd overall, up from the 79th position last year, and 46th among U.S. universities. ASU ties Yale and Berkeley as the 5th highest producer of U.S. Fulbright Student Scholars, and the National Research Council ranks more than half of ASU's 85 doctoral programs in the Top 25 nationally. The Wall Street Journal asked corporate recruiters which schools produce the best-qualified candidates, and ASU ranked 5th in the country. These achievements reflect the continued commitment of the University administration, faculty and staff to enhance ASU's world-wide reputation through academic accomplishment.

For the past several years, ASU has been working collaboratively on tri-university initiatives with our sister institutions. These initiatives are central to the Arizona Board of Regents (ABOR) *Five-Year Strategic Plan*, and set ambitious performance targets for each university that focus on student attainment and research growth. They are intended both to increase the overall educational attainment for Arizona citizenry and to drive economic health by attracting new research funding and businesses to the state.

Investment in higher education yields significant returns to individual citizens and the economic well being of states. A high performing university presence is critical in driving regional and state competitiveness and economic performance. Universities have two primary outputs: a well-educated work force and innovative research programs and inventions. Each provides large public benefits, which emphasizes the importance of sustained investment in the university to support improved performance in producing these outputs.



FY 2015 State Investment Request Summary

	(\$ thousands)
Parity Funding	\$ 25,139.3
Performance Funding	19,298.6
Total Investment Request	\$ 44,437.9



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Strong universities drive economic development in several ways. First, individuals with college degrees tend to command higher wages and earn more over their lifetimes. They also experience much lower unemployment rates. Recent studies have shown that 81 percent of resident undergraduates and 49 percent of nonresident undergraduates take jobs in Arizona, and more than half of those students are still in the state after twenty years. University graduates bolster regional competitiveness. There is a strong regional correlation between the level of per-capita personal income and both the percentage of adults with college degrees, and with the percentage of job openings requiring higher education. A better educated workforce tends to attract better jobs.

Research and the expansion of a knowledge economy is also a critical economic driver. Externally funded research brings incremental dollars to the state, which leads to higher purchases of goods and services and employment. The inventions and discoveries from this research provide an environment for fast-paced technological advancement that is critical to attracting companies who provide good jobs and a broader economic base for the state.

ASU has been increasing degree production and research activity in the last decade, and has challenging goals to meet as part of the *ABOR Five-Year Strategic Plan*. Incremental funding is imperative to support the expansion of enrollment and thus expanded degree production, as well as the infrastructure needed to support increased research activity.

The State Investment Request for FY 2015 includes requests for only those enterprise activities identified in the strategic plan. It focuses on the resources needed to continue to drive performance outcomes similar to those listed above and thereby enhance the state's economic performance. Funding will be used to enhance instruction, provide academic support, and attract top-name faculty to further accelerate knowledge and discovery and attainment of research goals. ASU continues to maintain the efficiencies gained through academic and organizational streamlining over the past decade. The funding requests are as detailed below:

Parity Funding

Arizona public universities have traditionally been funded based on enrollment growth. However, State appropriations have not always been consistent with these enrollment growth trends. As a result, the Arizona Legislature has tackled the issue of university per-student funding on multiple occasions. In February of 1988, a budget study was done by the Arizona Board of Regents at the request of the legislature and the legislature made investments at ASU and NAU to address funding equity. In December of 2008, an ad hoc legislative committee appointed by the Speaker of the House of Representatives convened to evaluate the issue of per-student funding at the Arizona public universities, concluded that per-student funding among the three universities was not equitable, and recommended that the legislature implement a funding plan to address the funding inequity beginning in FY 2010. The issue was taken up again in the 2011 budget reconciliation bill for higher education (SB1618) requesting that ABOR and the universities recommend a method to address the issue of per-student funding disparities among the three public universities and to include a proposal in the FY 2013 university budget submittals. In August 2011, the Arizona Board of Regents adopted the "Arizona University System Enterprise: Disparity Study" as presented by the three university presidents. This report provided historical information on university funding and a plan to address per-student state funding inequities at ASU and NAU. In FY 2013 the Arizona Legislature adopted a proposal to address the per-student funding disparity within five years and approved an appropriation to ASU and NAU at 1/5 of the total amount recommended in the report. This budget was signed by the Governor and enacted. In FY 2014 the Legislature approved and Governor signed a budget which included another 1/5 of the total funding parity amount recommended in the Regent's 2011 report. Because the university system is moving rapidly into a performance-based funding strategy, it is critical to address the funding inequity immediately to support the achievement of the performance goals and create an equitable base from which to start. ASU requests that the remaining funding be appropriated beginning in FY 2015. Further, because the resolution of the funding inequity would be accelerated, the request has been discounted by 30%. The request for parity funding for FY 2015 totals \$25.1 million.

Performance Funding

In 2011, ABOR unveiled a proposal for tying the distribution of new State funding to the performance of the universities on three measures that are critical to the growth and diversification of the Arizona economy. The three measures relate to degree production, student credit hour enrollment, and research expenditure growth, and are intended to support the achievement of the ambitious goals set by ABOR as part of its strategic plan. ASU continues to meet aggressive performance goals as set by ABOR, and for 2015, ASU's portion of the targeted performance funding totals \$19.3 million.