



FY 2017 Budget Overview

The guiding principles codified in the University Charter are the fabric that unites all of the strategies, goals and plans for Arizona State University. Accordingly, the FY 2017 budget supports the continually accelerating trajectory of the institution, enables progress toward the goals set by ABOR through the strategic planning process, and moves the institution forward in improving economic outcomes for Arizona's citizens.

ASU Charter

ASU is a comprehensive public research university, measured not by whom it excludes, but by whom it includes and how they succeed; advancing research and discovery of public value; and assuming fundamental responsibility for the economic, social, cultural and overall health of the communities it serves.

Financial planning has been based on tenets that are clearly established and supported by our goals:

- access for all Arizona residents qualified to attend ASU;
- world-class instructional opportunities for students;
- support for student engagement, success and degree attainment; and
- growth in research productivity.

The budget reflects increased public investment from the State of Arizona to support resident student enrollment, moderate tuition rates for resident students coupled with financial aid to ensure access, and market-based tuition rates for nonresident and online programs, as well as increased research emphasis.

ASU continues to advance innovative learning technologies, leverage opportunities for improvement through partnerships and alliances, and identify strategies to exploit new trends and pathways. For example, the PPlus Alliance among ASU, King's College and University of New South Wales seeks to expand ASU online programs into international markets, with emphasis on targeting underserved markets. Similarly, our partnership with the University Innovation Alliance provides a mechanism for large, complex institutions to share best practices in supporting and advancing student success.



U.S. News and World Report #1 Most Innovative School in the Country

FY 2016 was a successful year for ASU, with strong national accolades. Among the recognitions were the choice of ASU to lead the White House STEM outreach program, selection by NASA to lead the next lunar mission, award of a second NSF Engineering Research Center, and development of the first white laser, a significant scientific breakthrough. In December 2015, Arizona State University was named the Most Innovative School by U.S. News and World Report, in recognition of the creative and state-of-the-art approach we employ in all facets of our activity. At the same time, ASU

was posting its highest-ever freshman retention and six-year graduation rates.

The FY 2017 budget is structured to enhance and accelerate ASU's achievements across the spectrum of goals as established by the Board of Regents.



FY 2017 Budget: A Closer Look

FY 2017 Budget Highlights

(\$ millions)

	FY 2017 Budget	FY 2016 Budget	Change (\$)	Change (%)
Revenue	\$ 2,403.4	\$ 2,251.9	\$ 151.5	6.7%
Expense	2,326.3	2,173.3	153.0	7.0%
Increase in Net Position	\$ 77.1	\$ 78.6	(\$1.5)	(1.9%)

Revenues

With the decline in public investment over the past decade, tuition and fees have become the largest revenue source for ASU, with parent and student investors now providing more than 50 percent of the university's revenue. ASU's reputation and quality continue to attract students from across the state, nation, and world. The university anticipates overall FTE enrollment growth of 6.3 percent in FY 2017. Immersion FTE enrollment is expected to increase by 2.8 percent, with modest resident enrollment growth and continued strong nonresident and international student growth. Enrollment in online programs is projected to grow by 25.3 percent. The success of the Starbucks College Achievement Program, in conjunction with continued new offerings and recognition of the online programs, is driving the increase, with the largest growth in undergraduate programs.

The financial aid strategy employed by the university is unchanged. ASU will continue to focus the majority of merit-based financial aid on Arizona resident students. The Regents Set Aside will continue to support students with documented need, including a particular emphasis on talented first-generation students who come from low-income backgrounds. The overall allocation of financial aid has not changed relative to gross tuition revenue. Tuition revenue, net of scholarship allowance, is estimated to increase by \$104.4 million or 8.9 percent, reflecting strong enrollment growth combined with the modest tuition rate increases approved by the Board of Regents in April 2016. The enrollment projections and tuition revenue included in the FY 2017 budget are consistent with the materials presented in April in support of the tuition rate discussion.

ASU is grateful that the State of Arizona adopted an FY 2017 funding plan consistent with ABOR's recommended formula that focuses on public investment in Arizona resident students. The budget reflects the funding from this formula along with other changes, resulting in an FY 2017 increase of \$13.2 million, of which \$3.0 million is dedicated to the School of Civic and Economic Thought and Leadership.

Other significant changes in budgeted revenue include an increase in sponsored projects revenue of \$10 million (3.3 percent), increased gifts of \$9.4 million, largely related to the reinvention of Sun Devil Stadium, and an increase of \$10.5 million (7.3 percent) in auxiliary revenues, largely the result of a strong room and board revenue growth trend in FY 2016 that is expected to continue into FY 2017. Other revenues are anticipated to be \$2 million lower than last year's budget, largely due to the timing of Executive Education program revenues.



FY 2017 Budget: Expenses and Net Result

Expenses

The major focus of investments in FY 2017 continues to be student success, new learning modalities, and instructional excellence. The majority of new investment will be in salaries and wages, which are anticipated to increase by 8.0 percent next year, reflecting support for increased enrollment through instruction and student support, as well as a modest salary increase pool. This year, the recruitment of highly talented faculty is a key focus, as reflected in the recent recruitment of two Nobel Laureates, doubling the number of faculty with this distinction. Dr. Sidney Altman, who shared the Nobel Prize in Chemistry in 1989, will be joining the School of Life Sciences, and Dr. Frank Wilczek, who shared the Nobel Prize in Physics in 2004, will join the physics department. Their appointments will enhance not only student learning opportunities, but also bring new research opportunities to the university.

ASU also plans a series of investments in EdPlus, which includes online programs; learning technologies development and deployment; and Global Launch, the platform for providing Pathway Programs and specialty short-duration programs for international students. EdPlus touches every aspect of the teaching and learning environment, through the development and deployment of learning technologies, the establishment of new online programs, the offering of hybrid courses to immersion students utilizing the online learning platform, and preparation of international students for degree programs through intensive English education.

Net Result

ASU is proposing a balanced budget on a cash basis, which results in a projected increase in net assets of \$77.1 million at June 30, 2017. An increase in cash on hand is anticipated due to the repayment of the rollover in FY 2016, with average days cash on hand projected to be at 151 days by June 30, 2017.

The table on the following page provides the detailed operating budget.



FY 2017 Strategic Investments

Incremental Strategic Investments

ASU's strategic investments are consistent with those outlined for the Board of Regents in its FY 2017 tuition recommendations. Focus remains on student success, supporting enrollment growth and degree attainment, and research advancement.

ASU plans to invest \$51.6 million in financial aid. This includes \$12.3 million in Regents Set Aside from tuition, \$4.0 million in Set Aside on differential tuition and program fees, and \$35.3 million in institutional aid. This investment maintains the level of financial aid relative to tuition, and helps to ensure access and increased degree attainment for Arizona residents.

Enrollment growth-related investments will increase by \$29.7 million. \$10.2 million of this total will be used to support immersion student enrollment growth, and the remainder to support online program partnership costs, instructional support in the colleges, and further development of online courses.

ASU anticipates incremental revenue from program fees of \$7.4 million, and those funds will be directly invested in the colleges and schools generating those revenues and used in accordance with the plans for those fees as approved by the Board of Regents.

Faculty hiring and academic support play a large role in key investments for FY 2017. Planned investments in this category total \$36.6 million, and include \$25.1 million for faculty hiring, progression, and startup. This funding commitment is central to continuing to attract both highly-recognized senior faculty such as the two recently-recruited Nobel Prize winners, as well as junior faculty who are on an upward trajectory and can add significant instructional support to ASU. \$8.5 million is included in support for colleges and schools and EdPlus. The \$3.0 million State investment in the School of Civic and Economic Thought and Leadership is included in this category.

ASU has budgeted \$16.5 million for a modest, merit-based salary program to be effective on January 1, 2017. This investment is critical to retaining top-notch faculty and staff and encouraging the level of performance necessary to achieve university goals.

Facility operating costs are expected to increase by \$4.6 million in FY 2017. The largest driver of the increase in cost is anticipated to be from the opening of the Arizona Center for Law and Society building in August 2016. Other increases are anticipated from utility costs given the growth in student population, and general increases in building operations and maintenance costs.



FY 2017 Strategic Investments

Incremental Strategic Investments (continued)

Technology investments are budgeted to increase by \$4.6 million, including funding for a content repository and continued support for the financial management system implementation.

The FY 2017 budget includes a modest investment in support services, including funding for additional student support and general administrative costs.

An investment of \$3.3 million is planned in support of hiring of faculty and staff for a collaborative neuroscience program to advance new educational and research focuses.

In order to meet the need for these investments, ASU has identified \$24.6 million in prior investments that will be reallocated to support the FY 2017 budget. These include a reduction in required debt service payments as several current bond issues expire, savings from debt refunding, reductions in health care costs related to the reduced rates charged by the State, and elimination of funding for activities that were temporary or are no longer required.



FY 2017

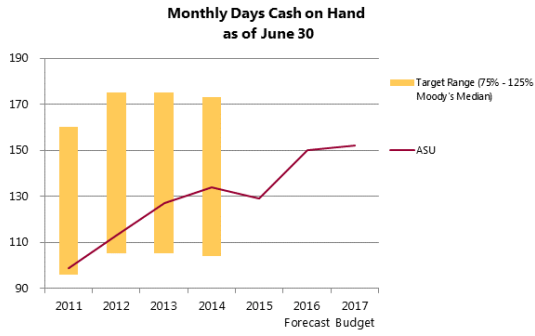
ANNUAL BUDGET

FY 2017 ANNUAL BUDGET

	FY 2017 BUDGET	FY 2016 BUDGET	VARIANCE BETWEEN FY 2016 AND FY 2017 BUDGET	
			\$	%
Revenues				
State General Fund Appropriation	\$ 296.9	\$ 283.7	\$ 13.2	4.7%
State Appropriation - Research Infrastructure	11.2	11.4	(0.2)	(1.8%)
Tuition and Fees	1,594.3	1,455.5	138.8	9.5%
less Scholarship Allowance	(310.8)	(276.4)	(34.4)	12.4%
Net Tuition and Fees	1,283.5	1,179.1	104.4	8.9%
Grants & Contracts - Research	310.0	300.0	10.0	3.3%
Financial Aid Grants (Primarily Federal Pell Grants)	124.4	118.9	5.5	4.6%
Private Gifts	81.9	72.5	9.4	13.0%
Technology & Research Initiative Fund (TRIF)	27.9	27.2	0.7	2.6%
Auxiliary Revenue	155.0	144.5	10.5	7.3%
Other Revenues	112.6	114.6	(2.0)	(1.7%)
Total Revenues	\$ 2,403.4	\$ 2,251.9	\$ 151.5	6.7%
Expenses				
Salaries & Wages	937.5	867.9	69.6	8.0%
Benefits	315.2	293.7	21.5	7.3%
All Other Operating	691.4	654.2	37.2	5.7%
Scholarships & Fellowships, Net of Scholarship Allowance	190.9	182.3	8.6	4.7%
Depreciation	120.0	113.0	7.0	6.2%
Interest on Indebtedness	71.3	62.2	9.1	14.6%
Total Expenses	\$ 2,326.3	\$ 2,173.3	\$ 153.0	7.0%
Net Increase	\$ 77.1	\$ 78.6	\$ (1.5)	(1.9%)

MONTHLY DAYS CASH ON HAND

Monthly days cash on hand is projected to be 151 days at June 30, 2017.





FY 2017

ANNUAL BUDGET

INCREMENTAL ALLOCATION OF GENERAL PURPOSE FUNDS *(\$ millions)*

<u>FY 2016 Base Budget</u>	<u>\$ 1,781.6</u>
Changes in Incremental Funding	
Public Investment (General Fund Appropriation)	13.2
Revenues from Tuition and Fees - Incremental FY 2016 Budgeted Tuition and Fees	120.4
Net Change in Resources	\$ 133.6
Allocation of Incremental Resources	
Financial Aid	51.6
Enrollment Growth - Related Expenses	29.7
Investment in Programs Supported By Fees	7.4
Investment in Faculty Hiring and Academic Support	36.6
Salary Merit Program	16.5
Facility Operating Costs	4.6
Technology Investments	4.6
Support Services Investments	3.9
Investments in Research Support	3.3
Departmental Reallocations/Strategic Reinvestments	(24.6)
Net Change in College and Administrative Budget Allocations	\$ 133.6
FY 2017 Base Budget	\$ 1,915.2

Strategic Metric Addressed			
Student Educational Success & Learning	Educational	Discover New Knowledge	Impact Arizona
e.g., Fr retention, enrollment, grad rates, etc.	e.g., Bachelors degrees awarded, grad degrees, E&G, certifications and credentials	e.g., Research and development, licenses & options, inventions	e.g., Public service, degrees in high demand fields, etc
Note which metrics addressed in each quadrant for each line item			
X	X		X
X	X		X
X	X		X
X	X	X	
X	X		
X	X	X	X
X	X		
		X	
X	X	X	X

General Purpose Funds include state general and TRIF funds, tuition and fees, investment income, and facilities and administration revenue (indirect cost recovery). Excludes Restricted and Auxiliary Funds.



FY 2017

ANNUAL BUDGET

STATE EXPENDITURE AUTHORITY BY APPROPRIATION CAMPUS (\$ thousands)

	TEMPE/DPC	POLYTECHNIC	WEST	FY 2017 BUDGET	FY 2016 BUDGET	CHANGE
University Revenues						
Resident Tuition	\$ 385,121.1	\$ 34,879.1	\$ 35,982.4	\$ 455,982.6	\$ 450,031.5	\$ 5,951.1
Non Resident Tuition	673,498.7	46,054.4	52,294.1	771,847.2	663,167.8	108,679.4
Program Fees	65,177.1			65,177.1	52,583.6	12,593.5
Other Student Fees	10,905.2			10,905.2	8,876.2	2,029.0
Miscellaneous Revenues	5,069.1	258.1	448.9	5,776.1	5,510.6	265.5
Total University Revenues	1,139,771.2	81,191.6	88,725.4	1,309,688.2	1,180,169.7	129,518.5
University Revenues Retained for Local Uses						
Support for Local Operating Budgets	204,339.6	18,952.1	20,478.5	243,770.2	203,236.8	40,533.4
Regents Financial Aid Set Aside	113,488.3	9,598.1	10,600.5	133,686.9	121,405.3	12,281.6
Other Financial Aid	165,650.6	10,338.1	12,455.9	188,444.6	149,123.4	39,321.2
Plant Funds	19,000.0		1,000.0	20,000.0	20,000.0	0.0
Debt Service/COPS/Lease Purchase	44,166.6			44,166.6	55,219.0	(11,052.4)
Total Retained for Local Uses	546,645.1	38,888.3	44,534.9	630,068.3	548,984.5	81,083.8
University Revenues Remitted to State (State Collections)	593,126.1	42,303.3	44,190.5	679,619.9	631,185.2	48,434.7
Plus: Public Investment	256,011.1	24,688.7	31,014.0	311,713.8	296,411.2	15,302.6
Total State Expenditure Authority	\$ 849,137.2	\$ 66,992.0	\$ 75,204.5	\$ 991,333.7	\$ 927,596.4	\$ 63,737.3

Prior to the start of a fiscal year, ABOR approves the State Expenditure Authority as required statutorily, distributed by enacted legislative appropriation. State Expenditure Authority is equal to the sum of the state general fund appropriation, appropriated tuition and fees, and other revenues as approved by the Board. University revenues retained for local uses are detailed on the following three pages.



FY 2017

ANNUAL BUDGET

LOCAL COLLECTIONS

	TEMPE/DPC	POLYTECHNIC	WEST	ASU TOTAL	FY 2016 BUDGET	CHANGE
LOCAL COLLECTIONS FROM TUITION AND FEES						
OPERATING FUNDS FROM TUITION AND FEES						
<u>DESIGNATED</u>						
Academic Affairs	\$ -	\$ -	\$ 5,200	\$ 5,200	\$ 5,200	-
AECP - International Teaching Assistants	87,500	8,000	10,000	105,500	105,500	-
Associated Students - ASU	859,100	78,200	98,300	1,035,600	1,035,600	-
Campus Environment Team			4,800	4,800	4,800	-
Career Services		48,900		48,900	48,900	-
Child and Family Services	62,700	5,700	7,200	75,600	75,600	-
Commencement			15,000	15,000	15,000	-
Constituent Advocacy	124,500	11,000	14,500	150,000	150,000	-
Dining Services Management		38,000		38,000	38,000	-
Distance Learning Technology	970,200	88,300	111,000	1,169,500	1,169,500	-
EdPlus at ASU Investments	129,720,900	16,125,100	18,295,800	164,141,800	133,374,400	30,767,400
Education Learning and Accountability Fund					445,900	(445,900)
Environmental Health & Safety	182,200	16,100	21,300	219,600	219,600	-
Federal Direct Loan Administration	144,000	13,100	16,500	173,600	173,600	-
Fine Arts Activities	307,900			307,900	307,900	-
Fine Arts Program			60,000	60,000	60,000	-
Fine Arts Theatres	605,900			605,900	605,900	-
Forensics	106,100			106,100	106,100	-
Graduate Support Program	371,800	16,200	51,400	439,400	439,400	-
Honors College			3,000	3,000	3,000	-
Intercampus Shuttle Services	138,000	36,000		174,000	174,000	-
Interpreters Theatre	35,700			35,700	35,700	-
KASC Radio	22,000			22,000	22,000	-
Learning Communities		6,500		6,500	6,500	-
Library Support	312,000	28,400	35,700	376,100	376,100	-
Local Support for Academic/Administrative Units	41,153,900			41,153,900	33,469,600	7,684,300
Mona Plummer Aquatic Complex	141,900			141,900	141,900	-

FY 2017



ANNUAL BUDGET

LOCAL COLLECTIONS (Cont.)

	TEMPE/DPC	POLYTECHNIC	WEST	ASU TOTAL	2016 BUDGET	CHANGE
LOCAL COLLECTIONS FROM TUITION AND FEES						
OPERATING FUNDS FROM TUITION AND FEES						
<i>DESIGNATED (cont'd)</i>						
Overseas Study Abroad Program Costs	2,100,400	170,600	211,800	2,482,800	2,482,800	-
Special Events	176,800		20,000	196,800	196,800	-
Student Affairs Initiatives	228,800	20,800	26,200	275,800	275,800	-
Student Counseling		5,000		5,000	5,000	-
Student Financial Assistance Administration	351,000	31,900	40,100	423,000	423,000	-
Student Forum			45,000	45,000	45,000	-
Student Government			20,000	20,000	20,000	-
Student Health Services		225,000		225,000	225,000	-
Student Organizations		21,000		21,000	21,000	-
Student Orientation and Forums		10,600		10,600	10,600	-
Student Recreation/Intramurals	1,191,000	1,050,800	765,700	3,007,500	3,007,500	-
Student Union/Activities		558,700		558,700	558,700	-
Summer Bridge Program	335,200			335,200	335,200	-
University Minority Cultural Program	113,800	5,300	7,100	126,200	126,200	-
University Sustainability Initiatives	83,000	7,300	9,700	100,000	100,000	-
Research Asst./Teaching Asst. Benefit Costs	22,014,800	311,000	563,800	22,889,600	20,362,000	2,527,600
Employee Benefit Adjustments/Contingencies	166,000	14,600	19,400	200,000	200,000	-
SUBTOTAL	<u>\$ 202,107,100</u>	<u>\$ 18,952,100</u>	<u>\$ 20,478,500</u>	<u>\$ 241,537,700</u>	<u>\$ 201,004,300</u>	<u>\$ 40,533,400</u>
<i>AUXILIARY</i>						
Memorial Union	1,129,200			1,129,200	1,129,200	-
Recreation Sports	827,100			827,100	827,100	-
SUBTOTAL	<u>\$ 1,956,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,956,300</u>	<u>\$ 1,956,300</u>	<u>\$ -</u>
OPERATING FUNDS SUBTOTAL	<u>\$ 204,063,400</u>	<u>\$ 18,952,100</u>	<u>\$ 20,478,500</u>	<u>\$ 243,494,000</u>	<u>\$ 202,960,600</u>	<u>\$ 40,533,400</u>

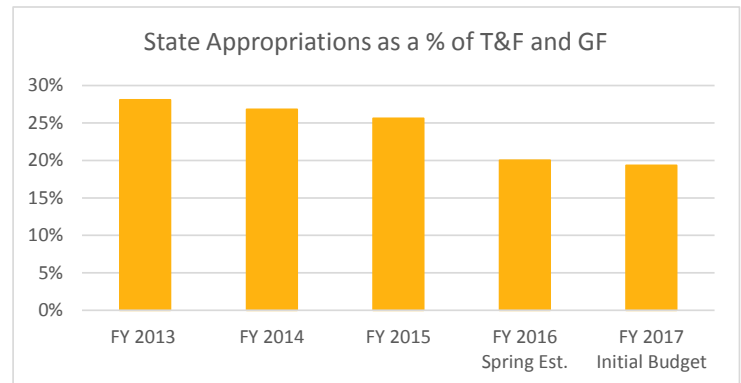
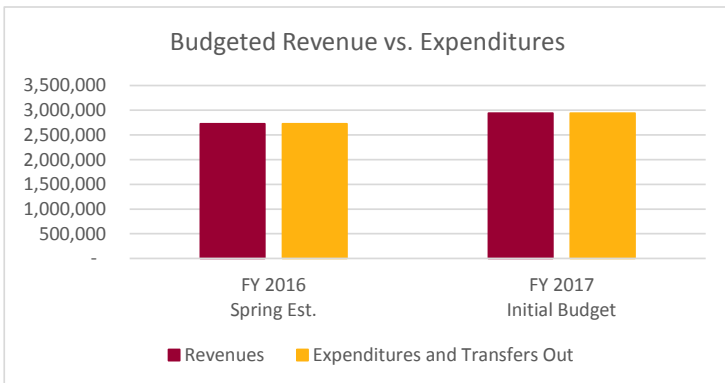
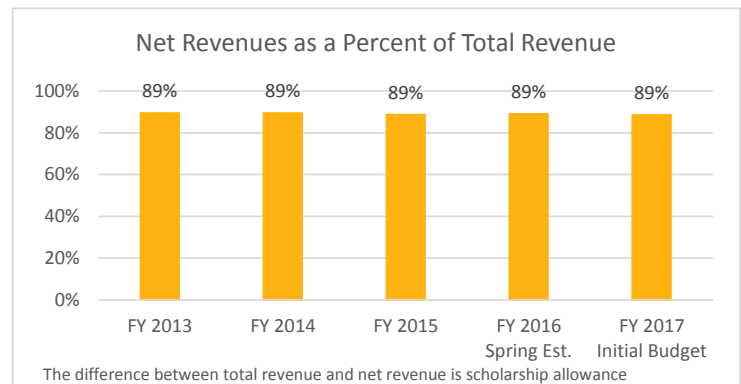
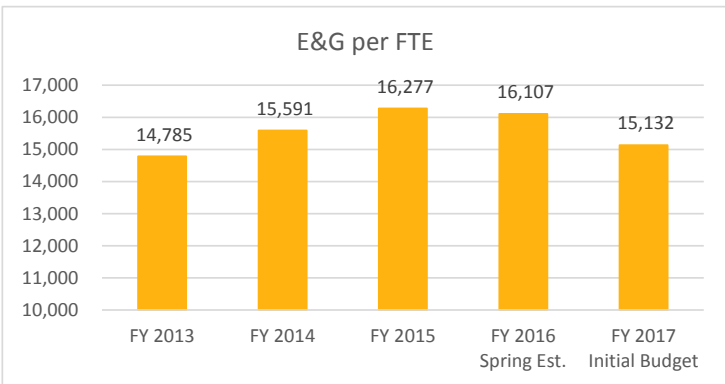
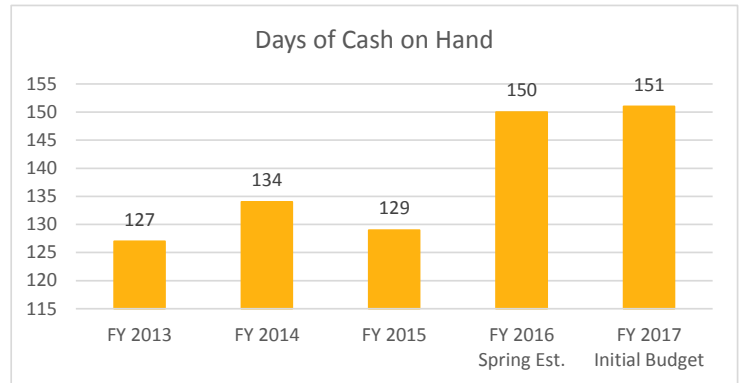
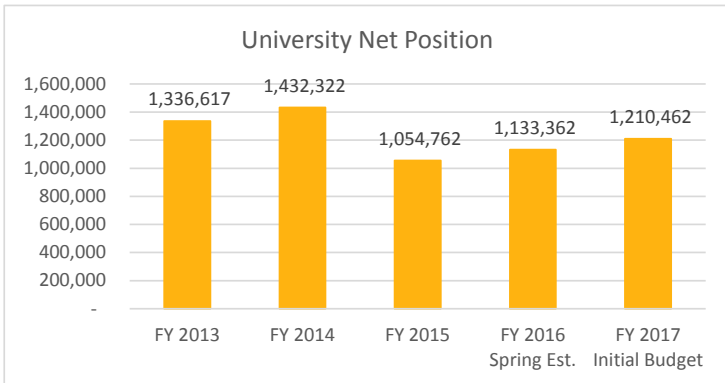
FY 2017



ANNUAL BUDGET

LOCAL COLLECTIONS (Cont.)

	TEMPE/DPC	POLYTECHNIC	WEST	ASU TOTAL	FY 2016 BUDGET	CHANGE
LOCAL COLLECTIONS FROM TUITION AND FEES						
OPERATING FUNDS FROM TUITION AND FEES (cont.)						
<u>FINANCIAL AID</u>						
Regents Financial Aid Set Aside	113,488,300	9,598,100	10,600,500	133,686,900	121,405,300	12,281,600
Other Financial Aid - Institutional Financial Aid	149,093,100	10,215,900	12,022,800	171,331,800	136,004,400	35,327,400
Other Financial Aid - CRESMET/CONACYT/NEEP	308,200	28,000	35,200	371,400	371,400	-
Teach for America Scholarships			100,000	100,000	100,000	-
Other Financial Aid - Graduate Scholars Program	507,600	22,200	70,200	600,000	600,000	-
Graduate Fellowship Program	1,522,700	66,600	210,700	1,800,000	1,800,000	-
CONACYT Fellowship Program	122,500	5,400	17,000	144,900	144,900	-
Other Fin. Aid - School of Engineering Program	1,760,000			1,760,000	1,760,000	-
SUBTOTAL	\$ 266,802,400	\$ 19,936,200	\$ 23,056,400	\$ 309,795,000	\$ 262,186,000	\$ 47,609,000
<u>MINOR CAPITAL/FACILITIES MAINTENANCE PROJECTS</u>	19,000,000		1,000,000	20,000,000	20,000,000	-
<u>ENERGY MANAGEMENT CONTRACT</u>	8,010,200			8,010,200	7,992,200	18,000
<u>DEBT SERVICE</u>	36,156,400			36,156,400	47,226,800	(11,070,400)
TOTAL LOCAL RETENTION FROM TUITION	\$ 534,032,400	\$ 38,888,300	\$ 44,534,900	\$ 617,455,600	\$ 540,365,600	\$ 77,090,000
LOCAL COLLECTIONS FROM PROGRAM FEES						
<u>DESIGNATED</u>						
Local Support for Academic Units	276,200			276,200	276,200	-
<u>FINANCIAL AID</u>						
Business Financial Aid Set Aside	2,444,600			2,444,600	1,356,400	1,088,200
Engineering Financial Aid Set Aside	2,041,700			2,041,700	1,401,900	639,800
Health Solutions Financial Aid Set Aside	1,089,600			1,089,600	824,000	265,600
Journalism Financial Aid Set Aside	186,300			186,300	149,600	36,700
Law Financial Aid Set Aside	2,982,000			2,982,000	1,381,300	1,600,700
Liberal Arts & Sciences Financial Aid Set Aside	933,300			933,300	981,900	(48,600)
Nursing Financial Aid Set Aside	805,100			805,100	738,600	66,500
Student Technology Fee Financial Aid Set Aside	1,853,900			1,853,900	1,509,000	344,900
TOTAL LOCAL RETENTION FROM PROGRAM FEES	\$12,612,700	\$ -	\$ -	\$ 12,612,700	\$ 8,618,900	\$ 3,993,800
TOTAL LOCAL COLLECTIONS	\$ 546,645,100	\$ 38,888,300	\$ 44,534,900	\$ 630,068,300	\$ 548,984,500	\$ 81,083,800



ABOR business and finance committee

FY 2017 operating budget overview

Item 2
June 8, 2016

2025 metric targets



- Productivity metrics included in the 2025 plan
 - * Enrollment
 - * Degrees
 - * Research expenditures
 - * Intellectual property objectives
- Reaching the goals requires increasing revenue streams to allow needed investments
- ASU's Enterprise Plan has outlined the means for building revenue while maintaining access and affordability
- Reaching the goals requires improving cost-effectiveness through productivity gains and constant innovation
- Generating sufficient resources for required investments will be the greatest challenge in meeting these targets

enterprise revenue model

- Modest and predictable resident UG tuition rate increases
- Market tuition rates for non-resident and online students
- Resident student enrollment-driven Public investment
- Continued increases in non-resident and international student enrollment
- Rapid EdPlus growth as a source of revenue and degree production

FY 2017 revenue changes

- Modest FY 2017 Public Investment increase
- Public Investment increase includes one-time funding of \$7.0M and earmarked funding of \$3.0M
- Enrollment, tuition revenue and financial aid as projected at the tuition hearing
- Grants and contracts \$10.0M higher than FY 2016 budget
- Gifts increase \$9.4M
- Auxiliary revenues increase \$10.5M, resulting from strong demand
- Other revenues projected to decrease \$2 million

enrollment assumptions

- Consistent with tuition hearing estimates
- **6.3 percent growth** in Fall 2016 FTE enrollment
- Non-resident and online enrollment drive growth
- Financial aid policies support recruitment and retention
- Continued set-aside of **17 percent** to support need-based financial aid
- Merit programs for Arizona undergraduates and targeted, **high-performing** non-resident undergraduates

comparison

FY 2017 operating budget

FY 2016 operating budget

change (\$ and percent)

revenues				
public investment (general fund appropriation)	\$ 296.9	\$ 283.7	13.2	4.7
public investment - research infrastructure	11.2	11.4	(0.2)	(1.8)
tuition and fees less scholarship allowance net tuition and fees	<u>1,594.3</u> <u>(310.8)</u> 1,283.5	<u>1455.5</u> <u>(276.4)</u> 1,179.1	<u>138.8</u> <u>(34.4)</u> 104.4	<u>9.5</u> <u>12.4</u> 8.9
grants and contracts	310.0	300.0	10.0	3.3
financial aid grants (primarily federal pell grants)	124.4	118.9	5.5	4.6
private gifts	81.9	72.5	9.4	13.0
technology & research initiative fund (TRIF)	27.9	27.2	0.7	2.6
auxiliary revenue	155.0	144.5	10.5	7.3
other revenues total revenues	<u>112.6</u> 2,403.4	<u>114.6</u> 2,251.9	<u>(2.0)</u> 151.5	<u>(1.7)</u> 6.7
expenses				
salaries and wages	937.5	867.9	69.6	8.0
benefits	315.2	293.7	21.5	7.3
all other operating	691.4	654.2	37.2	5.7
scholarships and fellowships, net of scholarship allowance	190.9	182.3	8.6	4.7
depreciation	120.0	113.0	7.0	6.2
interest and indebtedness	71.3	62.2	9.1	14.6
total expenses	2,326.3	2,173.3	153.0	7.0
net increase	77.1	78.6	(1.5)	(1.9)

allocation of incremental resources

(\$ in millions)

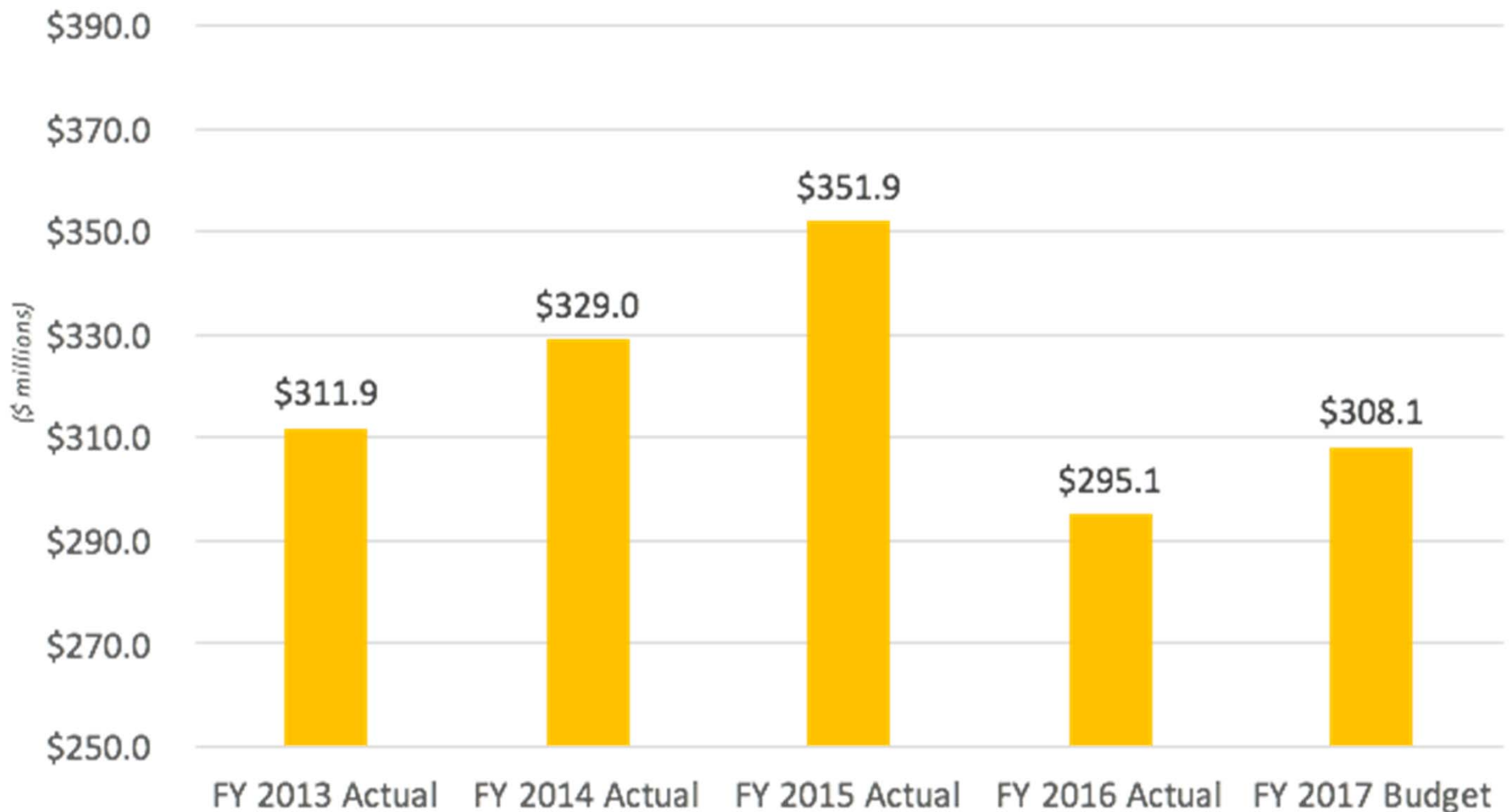
financial aid	\$51.6
enrollment growth - related expenses	29.7
investment in programs supported by fees	7.4
investment in faculty hiring and academic support	36.6
salary merit program	16.5
faculty operating costs	4.6
technology investments	4.6
support services investment	3.9
investments in research support	3.3
Strategic reallocations	(24.6)
net change in budget allocations	\$133.6

cost-effectiveness model

- Invest to achieve metric goals
- Continue cost-effectiveness leadership among public research universities
- Seek productivity innovations, thus requiring fewer personnel per student
- Leverage technology to improve outcomes and cost-effectiveness
- Use facilities intensively to minimize new capital expenditures

cost-effectiveness model

public investment – recent history



enrollment change over this timeframe = **+29 percent**

educational and general expenses

per FTE student

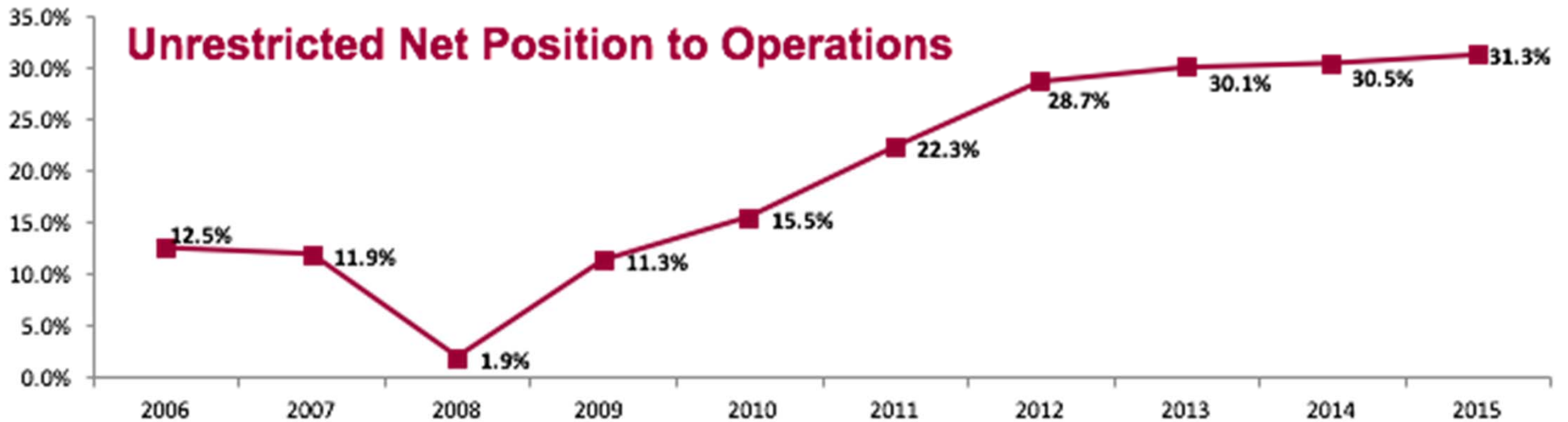
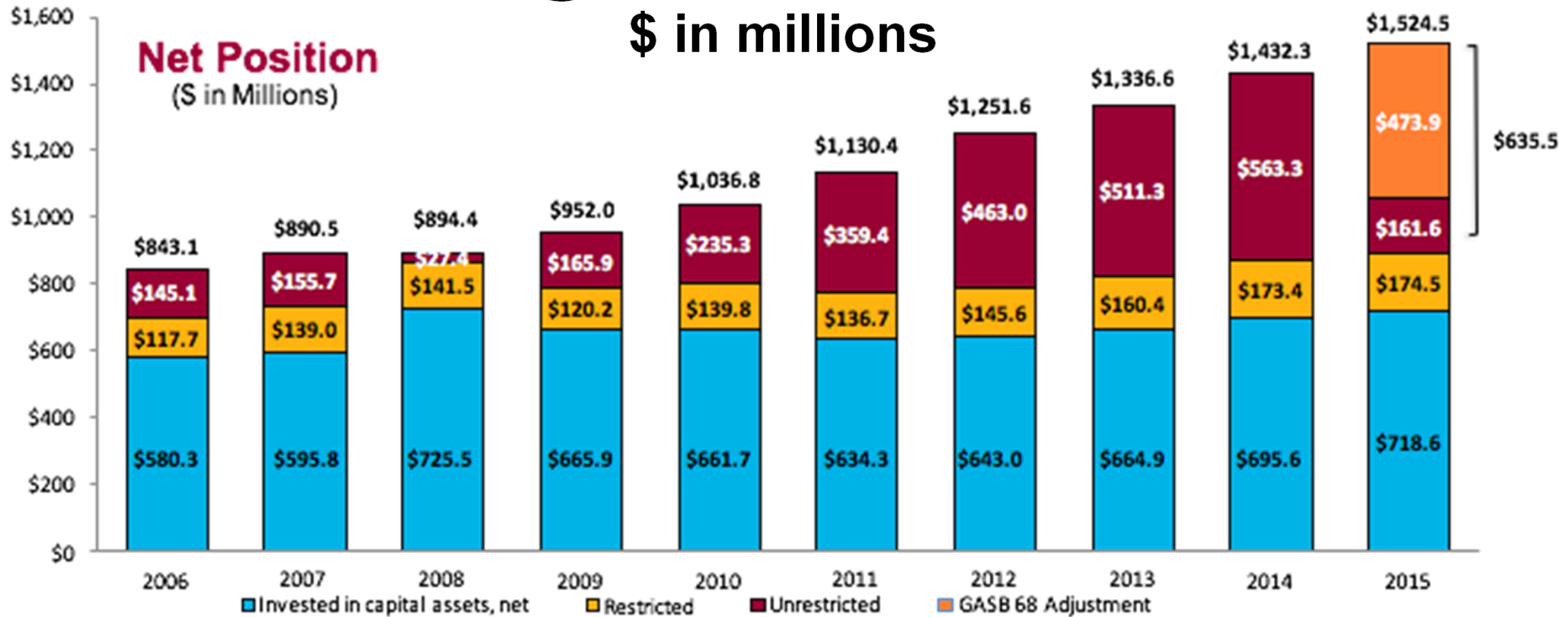


projected financial results

- Net assets:
 - * FY 2015 actual increase of \$92.2M
 - * FY 2016 projected increase of \$79.5M
 - * FY 2017 budgeted increase of \$77.1M
 - * Increase in net assets is critical for fiscal success:
 - Improved balance sheet strength to maintain credit ratings
 - Strong net asset position supports ability to weather unanticipated events
- Days cash on hand:
 - * Projected to be 150 days at June 30, 2016
 - * Projected to be 151 days at June 30, 2017

change in net assets

\$ in millions



Thank you