

Officials offer budget facts

Proposed budget would cut ASU's full-time equivalent student funding to 1989 level

Members of the Arizona Legislature have proposed \$631 million in budget cuts to the university system over the next two years. ASU alone would be required to cut another \$70 million in less than five months with another cut of \$155 million is proposed for 2010.

University officials say the cuts would drastically impact the quality of education provided by the university. The following list of facts and fiction is designed to put the cuts, and the debate into better context and dispel some of the myths surrounding the university's budget.

Fiction: The cut to ASU in the proposed legislative budget is a small fraction (between 4 and 12 percent) of the university's overall budget.

Fact: The actual percentages are 35 percent of 2009 state General Fund budget that is remaining for the year and when the proposed 2010 cuts are added, it totals 40 percent of the university's state General Fund appropriation in 2008 on a Full-time Equivalent (either a full-time student or its equivalent of two part-time students) basis.

The percentages quoted by some state legislators are based on a total budget that includes hundreds of millions of dollars in federal research funding as well as book store and meal plan purchases and even football ticket sales. ASU's research enterprise and its ancillary operations from the bookstore to the football team are – and must be – financially self-sufficient and in fact, these activities subsidize a substantial portion of the instructional budget.

If ASU were to close its dormitories and bookstore and stop doing federally funded research and stop playing football, the revenue associated with those activities would also end. So, it is a fiction that ASU has other revenue that could begin to replace the loss of state revenue.

State revenue and the tuition paid by students account for 79 percent of ASU's instructional budget. To make up the loss of state funding, tuition for in-state students would need to be almost doubled to \$11,000 a year.

Fiction: The proposed legislative budget won't really hurt ASU. The university has gotten a lot of new state money in recent years.

Fact: The proposed budget cut would take student funding at ASU back about 20 years, from \$8,111 per full-time student (or equivalent) in 2008 to \$4,902 for 2010, which is lower than the \$5,017 ASU received in 1989. Those numbers are not adjusted for inflation.

The primary mechanism the State of Arizona uses to fund its universities is an enrollment growth formula – if your enrollment increases, your state funding increases by a proportional amount.

The State of Arizona has experienced substantial population growth and more qualified students are choosing to attend ASU every year, resulting in an enormous demand for and growth in the university's enrollment – from 43,000 students in 1989 and 50,000 students in 2000 to 67,000 students today. Enrollment growth funding over the last 20 years has not kept pace with actual enrollment growth. So, most of the “new” money ASU has received in recent years is “catch-up” money, intended to bring Full-time Equivalent student funding back to previous levels.

Furthermore, the state has no regular capital construction or maintenance budget for its universities. Twice over the last six years ASU has gotten a special appropriation to build badly needed new buildings. These additions are in no way “excess funds” that the university can cut without there being drastic consequences.

Fiction: The budget proposals on the table are merely options so no one should be overly concerned about them.

Fact: No other options have been put on the table by the legislature. Historically in Arizona, legislative budget options often become the actual budget. Even as a starting point, these cuts are so extreme that the ending point could still have dire consequences for ASU. So, there is cause for grave concern.

Fiction: ASU is unwilling to make cuts.

Fact: ASU has already taken more than \$37 million in state funding cuts and prepared for further reductions by eliminating a total of 500 staff positions and 200 faculty associate positions. We have disestablished schools and merged academic departments while managing to preserve academic quality.

The university is prepared to take additional cuts but we must be clear about what needs to be done to reach the funding reductions laid out in the proposed legislative budget. These actions could include:

- Laying off thousands more employees.
- Having a massive furlough of all remaining employees for two weeks or longer.
- Increasing tuition and fees.
- Closing academic programs.
- Closing a campus or possibly two.

Fiction: These cuts are no more than short-term pruning or fat-cutting.

Fact: The intended or unintended consequences of these cuts would be to move ASU away from being a research university – which it became 50 years ago by vote of the people of Arizona – back to being a state college without graduate programs or research.