



## **FY25 Annual Budget Submission**

### **Introduction**

The annual budget process provides an opportunity to assess NAU's operations and is a key element of the overall business planning process, in conjunction with the tuition setting process and Operational and Financial Review process. Each component is a key operational decision point where strategic investments and resource allocations are considered to ensure that they support the strategic direction of NAU, and in turn, support our students, faculty, and staff.

As NAU continues to operationalize, *NAU 2025 Elevating Excellence*, NAU remains guided by our bold vision: To be the nation's preeminent engine of opportunity, vehicle of economic mobility, and driver of social impact by delivering equitable post-secondary value in Arizona and beyond. Resources to invest in faculty and staff and the related physical and technological infrastructure will influence NAU's success in delivering upon that vision and mission and provides a framework for the FY25 budget.

### **Overview**

NAU submits the FY25 Annual Budget that projects a net position increase of \$7.2M. This net position change reflects the projected financial statement view. On a cash, or annual budgeting view, the budget submitted is balanced. The monthly days cash on hand metric is expected to be 170 days based on the projected expenditure level for this upcoming year. This reflects a decrease from the anticipated FY24 monthly days cash on hand metric of 175 days and keeps NAU within the board approved financial liquidity range and well positioned in terms of financial liquidity. NAU remains committed to monitoring the impacts that both revenue and spending has on its balance sheet, and in turn, its credit ratings.

### **Revenue**

NAU projects revenue in FY25 to increase 8% compared to the FY24 revenue budget and a fairly flat revenue outlook compared to expected 2024 actual results. Positive changes across a number of revenue categories offset the removal of several one-time revenue sources in FY24, including state appropriation, TRIF awards, and the final pandemic emergency relief funds being expended.

Net tuition and fees and state appropriations comprise approximately 51% of NAU's budgeted FY25 revenue sources and are the primary funding source for the instruction and support for NAU's students. An increase in net tuition and fees revenue is projected in FY25 compared to the FY24 projection while the FY25 state appropriation is projected to decrease due to removal of FY24 one time state appropriation funding of \$1 million. The FY25 budget numbers do reflect the continuation of the \$3.0 million appropriation which is considered a pass-through appropriation to TGEN.

NAU expects its other revenue categories to see improvement in the upcoming fiscal year. Auxiliary revenue is projected to increase by 9% compared to the FY24 budget and by 6% over

expected FY24 results with increased student demand for on campus university housing and more meal plans purchased as the primary drivers. Revenue from TRIF funding, exclusive of one-time awards, is expected to maintain levels reflected in the last three year plan. NAU's revenue growth from grants and contracts revenue will increase approximately 8% from the FY24 projected results reflective of growth in sponsored project activity. Increased campus activities, including Road Scholar program activities, along with increased investment income associated with higher interest rates will drive a slight increase in the Other Revenue category from projected FY24 levels. Private/philanthropic gift revenue is expected to remain flat from FY24 projected levels as efforts are continued to diversify the university's revenue stream. Further, NAU will continue to pursue external opportunities for incremental and sustainable funding to further build upon this year's investments and help spur additional activity in conjunction with the *NAU 2025 Elevating Excellence* Strategic Plan.

As approved by the Board at its February 2018 meeting and important to note, NAU's FY25 budget includes an estimate of \$0.7 million from Proposition 123 distributions, for use as general-purpose funds. This is the same level of Proposition 123 funding included in the FY18 through FY24 budgets.

### **Enrollment**

Enrollment assumptions for this upcoming year reflect an expected increase in enrollment of 581 FTE for Fall 2024. The increase in enrollment primarily stems from a combination of new students and a greater roll-through of continuing students from larger post-pandemic cohorts, with strong Spring 24 enrollment serving as a leading indicator of improved retention expected in the Fall. NAU is also continuing to see growth in business and technology program enrollment from international graduate students.

NAU has taken proactive steps to mitigate impacts of the national FAFSA delay. The tuition pricing and financial aid change (A2E) implemented over the past year in support of NAU's access mission continue to provide accessible educational options to students and their families.

### **Major Initiatives/Strategic Investments**

NAU's initiatives for FY25 focus on aligning expenditures to the projected revenue base while pursuing targeted investments that will propel and be guided by NAU's *Elevating Excellence* roadmap in the following seven areas:

- Academic Excellence
- Student Success
- Commitment to Indigenous Peoples
- Impactful Scholarship
- Mission-Drive and Diverse Faculty and Staff
- Community Engagement
- Sustainable Stewardship of Resources

## Strategic Priority Investment Areas

**Investments in NAU Faculty, Staff and Students:** Investment in NAU's faculty, staff and students is an important university initiative. Our success is highly dependent on our continued ability to attract and retain high quality faculty and staff and investing in this talent through strategic and meritorious adjustments is critical. To fund permanent salary adjustments and increasing health insurance costs, ongoing review of resource allocations are made throughout the university to identify efficiencies that can then be reinvested in our faculty and staff. The University Budget Advisory Board will continue to review strategies and make recommendations on steps to achieve the goal of reaching a minimum 10% increase for faculty and staff salaries over a three-year time frame. In Fiscal Year 2023 faculty and staff received a wage investment of 4.5% towards that 10% goal followed by a 3% investment implemented late in Fiscal Year 2024. NAU's recent investments in the lowest tier wages for faculty and staff and student wages complement the merit-based program and have certainly contributed to higher retention rates in faculty and staff this fiscal year, which are currently on pace to better last year's high employee retention levels. Investments of incremental recurring general-purpose funds are estimated at \$5.0 million.

**Investments in Infrastructure and Technology:** Investments in technology continue to be a primary focus of NAU's strategy to provide flexibility and accessibility to enhance the student experience and will continue for this upcoming year with ongoing classroom and WiFi investments accompanied by priority cyber security investments. These investments complement ongoing investments in campus master plan aligned deferred maintenance projects, including those in university housing, that are critical to support a safe environment for students, faculty and staff and are also important to recruiting and retaining students. Investments of general-purpose funds and one-time funds are estimated at \$3.0 million.

## Operational changes to impact expenditures

**Personnel Costs:** Salaries, wages and benefit costs are the largest university expenditure. The University Budget Advisory Board will continue to analyze and make recommendations aligned with their charge of prioritizing the development of a sustainable three-year salary investment plan that will lead to a minimum 10% increase to faculty and staff. The first adjustment of 4.5% was recognized in January of 2023 followed by a second adjustment of 3% in April of 2024. The timing of additional adjustments on this initiative will be dependent upon FY25 enrollment and revenues.

**Operational budget expenditures across all departments:** From contracts and leases that were renegotiated to reducing operational expenditures from travel to training, all units across the university reviewed and identified opportunities to reduce non-personnel expenditures as a primary source of addressing budget reallocations to personnel. Moving into FY25, operational expenditures will continue to reflect increasing campus activity levels. These increases will align with the anticipated student enrollment levels and will facilitate important residential campus student experiences that are important to student success and retention.

## **Expenses**

NAU projects operating expenses will remain relative flat compared to the estimated FY24 expense levels as one-time HEERF (Higher Education Emergency Relief Funding) related expenditures are removed. A significant component in the expenditure base is personnel costs which comprise nearly 60% of the university's operating costs. A new impact expected to hit reported personnel costs in FY25 is the implementation of GASB 101 related to compensated absence calculation and recording, which will create an additional liability/expense to be recognized.

The estimated increase in the Other Operating Expense category for FY25 is the result of NAU's operational activities with travel volume and travel costs continuing to increase from low levels during the pandemic, increased campus activity that drive a range of expenditures including utility usage, and higher supplier costs associated with a range of goods and services including utilities and technology purchases.

Depreciation expense is projected to remain flat at roughly \$54 million as the implementation of two recent Governmental Accounting Standards Board (GASB) pronouncements (GASB 87 and 96) will have impacted both comparison years shifting expense from the Other Operating category to the Amortization and Interest expense categories. Interest costs will realize a favorable impact in the upcoming fiscal year from Spring 2024 refinancings of existing debt.

NAU remains a good steward of available resources whether it is through investments from the state, students or external philanthropic partners. NAU operates an efficient and student-centered enterprise and will continue a number of initiatives on that front during the upcoming year including contract, lease and space reviews while further leveraging technology to address document management and workflow. Additionally, the focus on strategic procurement priorities continues to be a focus given targeted issues with procurement supply chains.

## **Summary**

NAU's FY25 annual budget submission reflects its continued commitment to the success of its students and the employees who work to support those students as well as the long-term mission and viability of the institution. Maintaining a budget for FY25 that aligns revenue with expenditures is a critical component to the fiscal health needed and operational structure required to remain a viable institution over the long term that extends beyond 2025. NAU remains committed to working closely with the State of Arizona to identify funding that will support its long-standing mission to serve Arizona through maximizing the opportunities that await in FY25.

## FY 2025 ANNUAL BUDGET

### UNIVERSITY OPERATING BUDGET

FY 2025 (WITH FY 2024 COMPARATIVE BUDGET DATA)

(\$ millions)

#### Revenues

State General Fund Appropriation  
State Appropriation - Research Infrastructure  
State Appropriation - Capital Infrastructure  
State Appropriation - AFAT  
State Appropriations - Arizona Promise Program  
Total General Fund Appropriation

State Appropriations Transfer - Arizona Teachers Academy

Tuition and Fees  
*less Scholarship Allowance*  
Net Tuition and Fees

Grants & Contracts -- Research  
Financial Aid Grants (Primarily Federal Pell Grants)  
Covid-19 Relief Funding  
Private Gifts  
Technology & Research Initiative Fund (TRIF)  
Auxiliary Revenues, Net  
Other Revenues  
Total Other Revenues

#### Total Revenues

#### Expenses

Salaries and Wages  
Benefits  
All Other Operating  
HEERF/CRF - Student Grants  
Scholarships & fellowships( Net of Scholarship Allowance) and other  
Financial Assistance  
Interest on Indebtedness  
Depreciation  
Pension Liability/OPEB (GASB 68 & GASB 45)

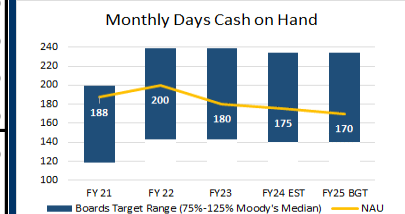
#### Total Expenses

#### Net Increase

FY 2025 BUDGET	FY 2024 ESTIMATE	FY 2024 BUDGET	VARIANCE BETWEEN FY 2025 BGT & FY 2024 EST		VARIANCE BETWEEN FY 2024 EST & FY 2024 BGT	
\$123.7	\$127.7	\$123.7	(\$4.0)	-3%	\$4.0	3%
\$5.0	\$5.3	\$5.3	(\$0.3)	-6%	\$0.0	0%
\$5.0	\$4.9	\$4.9	\$0.1	2%	\$0.0	0%
\$1.3	\$1.3	\$1.3	\$0.0	0%	\$0.0	0%
\$8.6	\$5.7	\$8.9	\$2.9	51%	(\$3.2)	-36%
\$143.6	\$144.9	\$144.1	(\$1.3)	-1%	\$0.8	1%
\$6.5	\$8.5	\$12.8	(\$2.0)	-24%	(\$4.3)	-34%
\$422.2	\$395.8	\$404.4	\$26.4	7%	(\$8.6)	-2%
(\$210.2)	(\$195.8)	(\$189.0)	(\$14.4)	7%	(\$6.8)	4%
\$212.0	\$200.0	\$215.4	\$12.0	6%	(\$15.4)	-7%
\$110.0	\$102.0	\$78.5	\$8.0	8%	\$23.5	30%
\$48.0	\$45.0	\$43.5	\$3.0	7%	\$1.5	3%
\$0.0	\$13.6	\$5.9	(\$13.6)	-100%	\$7.7	131%
\$35.0	\$35.0	\$25.0	\$0.0	0%	\$10.0	40%
\$19.5	\$33.0	\$19.8	(\$13.5)	-41%	\$13.2	67%
\$91.0	\$86.0	\$79.0	\$5.0	6%	\$7.0	9%
\$48.0	\$47.0	\$38.0	\$1.0	2%	\$9.0	24%
\$351.5	\$361.6	\$289.7	(\$10.1)	-3%	\$71.9	25%
\$713.6	\$715.0	\$662.0	(\$1.4)	0%	\$53.0	8%
\$330.0	\$320.0	\$297.0	\$10.0	3%	\$23.0	8%
\$102.0	\$100.0	\$94.5	\$2.0	2%	\$5.5	6%
\$164.5	\$170.0	\$145.0	(\$5.5)	-3%	\$25.0	17%
-	-	-	-	-	-	-
\$34.0	\$36.0	\$37.2	(\$2.0)	-6%	(\$1.2)	-3%
\$21.5	\$23.5	\$25.4	(\$2.0)	-9%	(\$1.9)	-7%
\$54.1	\$54.1	\$54.5	\$0.0	0%	(\$0.4)	-1%
\$0.0	\$2.0	\$0.0	(\$2.0)	-100%	\$2.0	-
\$706.1	\$705.6	\$653.6	\$0.5	0%	\$52.0	8%
\$7.5	\$9.4	\$8.4	(\$1.9)	-20%	\$1.0	12%

#### MONTHLY DAYS CASH ON HAND

Monthly days cash on hand is projected to be approximately 170 days at June 30, 2025



**FY25 BUDGET SUMMARY-NORTHERN ARIZONA UNIVERSITY**  
**INCREMENTAL ALLOCATION OF GENERAL PURPOSE<sup>1</sup> FUNDS**  
(\$ millions)

<b><u>FY24 Base Budget</u></b>	<b><u>\$ 403.4</u></b>
<b>Changes in Incremental Funding</b>	
Revenues from Tuition and Fees-tuition and fee rate	12.0
Revenues from Tuition and Fees - enrollment and mix shift	-
State General Fund Appropriation	(1.4)
State General Fund Appropriation - Research Infrastructure Funding	(0.3)
State General Fund Appropriations-University Infrastructure Funding	0.1
Other including investment income	2.0
<b>Net Change in Resources</b>	<b><u>\$ 12.4</u></b>
<b>Allocation of Incremental Resources</b>	
Faculty, Staff and Student Salary and Wage Investment	4.0
Faculty, Staff and Student Benefit Investment	1.7
Student Financial Aid	4.2
Technology & Facility Infrastructure	<u>2.5</u>
<b>Net Change in College and Administrative Budget Allocations</b>	<b><u>\$ 12.4</u></b>
<b>FY25 Base Budget</b>	<b><u>\$ 415.8</u></b>
 FY25 Estimated Days Cash on Hand	 170

1. General Purpose Funds include state general funds, tuition and fees, investment income, administrative service charge, and facilities and administration revenue (indirect cost recovery).

**FY25 BUDGET SUMMARY-NORTHERN ARIZONA UNIVERSITY  
STATE EXPENDITURE AUTHORITY BY APPROPRIATION CAMPUS**

*(\$ thousands)*

	<b>TOTAL</b>	<b>FY24 BUDGET</b>	<b>CHANGE</b>
Resident Tuition	212,453.6	193,533.0	18,920.6
Non Resident Tuition	119,387.1	132,666.0	(13,278.9)
Differential Tuition			-
Program Fees <sup>1</sup>	8,099.1	7,230.8	868.3
Miscellaneous Revenues	8,048.5	8,048.5	-
<b>Total University Revenues</b>	<b>\$ 347,988.3</b>	<b>\$ 341,478.3</b>	<b>\$ 6,510.0</b>
<b>University Revenues Retained for Local Uses</b>			
Support for Local Operating Budgets	\$ 16,219.5	\$ 17,881.9	\$ (1,662.4)
Regents Financial Aid Set Aside	27,446.0	20,855.5	6,590.5
Other Financial Aid	169,132.5	151,221.3	17,911.2
Plant Funds	1,000.0	1,000.0	-
Debt Service/COPS/Lease Purchase	13,500.0	15,200.0	(1,700.0)
<b>Total Retained for Local Uses</b>	<b>\$ 227,298.0</b>	<b>\$ 206,158.7</b>	<b>\$ 21,139.3</b>
<b>University Revenues Remitted to State (State Collections)</b>	<b>\$ 131,836.8</b>	<b>\$ 135,319.6</b>	<b>\$ (3,482.8)</b>
<b>Plus: State General Fund Appropriation<sup>2</sup></b>	<b>143,585.8</b>	<b>135,249.8</b>	<b>8,336.0</b>
<b>Total State Expenditure Authority</b>	<b>\$ 275,422.6</b>	<b>\$ 270,569.4</b>	<b>\$ 4,853.2</b>

<sup>1</sup> Includes Special Program Fee Revenue for University Central only - Other Special Program Fee Revenue Reflected in Local Budgets

<sup>2</sup> Does not include TGEN

**FY25 LOCAL COLLECTIONS-NORTHERN ARIZONA UNIVERSITY**

	<b>FY25 BUDGET</b>	<b>FY24 BUDGET</b>	<b>CHANGE</b>
<b>LOCAL COLLECTIONS FROM TUITION AND FEES</b>			
<b>OPERATING FUNDS</b>			
<u>DESIGNATED</u>			
Child Care	43,900	43,900	-
College of Arts and Letters Support	93,360	93,360	-
School of Comm Student Radio, Cable & Forensics	-	2,750	(2,750)
Online and International Program Investments	15,314,734	14,089,579	1,225,155
Employee Benefit Contingency	50,000	50,000	-
SUBTOTAL	15,501,994	14,279,589	1,222,405
<u>AUXILIARY</u>			
			-
SUBTOTAL	-	-	-
<b>OPERATING FUNDS SUBTOTAL</b>	15,501,994	14,279,589	1,222,405
<u>FINANCIAL AID</u>			
Regents Financial Aid Set Aside	27,446,000	20,855,442	6,590,558
Other Financial Aid - Institutional Financial Aid	167,962,900	153,179,800	14,783,100
SUBTOTAL	195,408,900	174,035,242	21,373,658
<u>MINOR CAPITAL PROJECTS/PLANT FUNDS</u>	1,000,000	1,000,000	-
<u>DEBT SERVICE</u>	13,500,000	15,200,000	(1,700,000)
<b>TOTAL LOCAL RETENTION FROM TUITION</b>	<b>225,410,894</b>	<b>204,514,831</b>	<b>20,896,063</b>
<b>LOCAL COLLECTIONS FROM PROGRAM FEES</b>			
<u>Designated Operating Funds</u>			
Doctorate of Physical Therapy (DPT) Program Fee	187,000	187,000	-
Physician Assistant (PA) Program Fee	312,800	312,800	-
Occupational Therapy (OT) Program Fee	92,200	92,200	-
Athletic Training (AT) Program Fee	43,000	43,000	-
Clinical PsyD program	82,500	65,000	17,500
<u>Financial Aid Set Aside for Program Fees</u>			
Physical Therapy Financial Aid Set Aside	430,640	336,600	94,040
Physician Assistant Financial Aid Set Aside	345,940	284,200	61,740
Occupational Therapy Financial Aid Set Aside	219,450	204,700	14,750
Athletic Training Financial Aid Set Aside	18,291	15,300	2,991
Doctor of Clinical Psychology Financial Aid Set Aside	155,281	103,100	52,181
<b>TOTAL LOCAL RETENTION FROM PROGRAM FEES</b>	<b>1,887,102</b>	<b>1,643,900</b>	<b>243,202</b>
<b>TOTAL LOCAL COLLECTIONS</b>	<b>227,297,996</b>	<b>206,158,731</b>	<b>21,139,265</b>



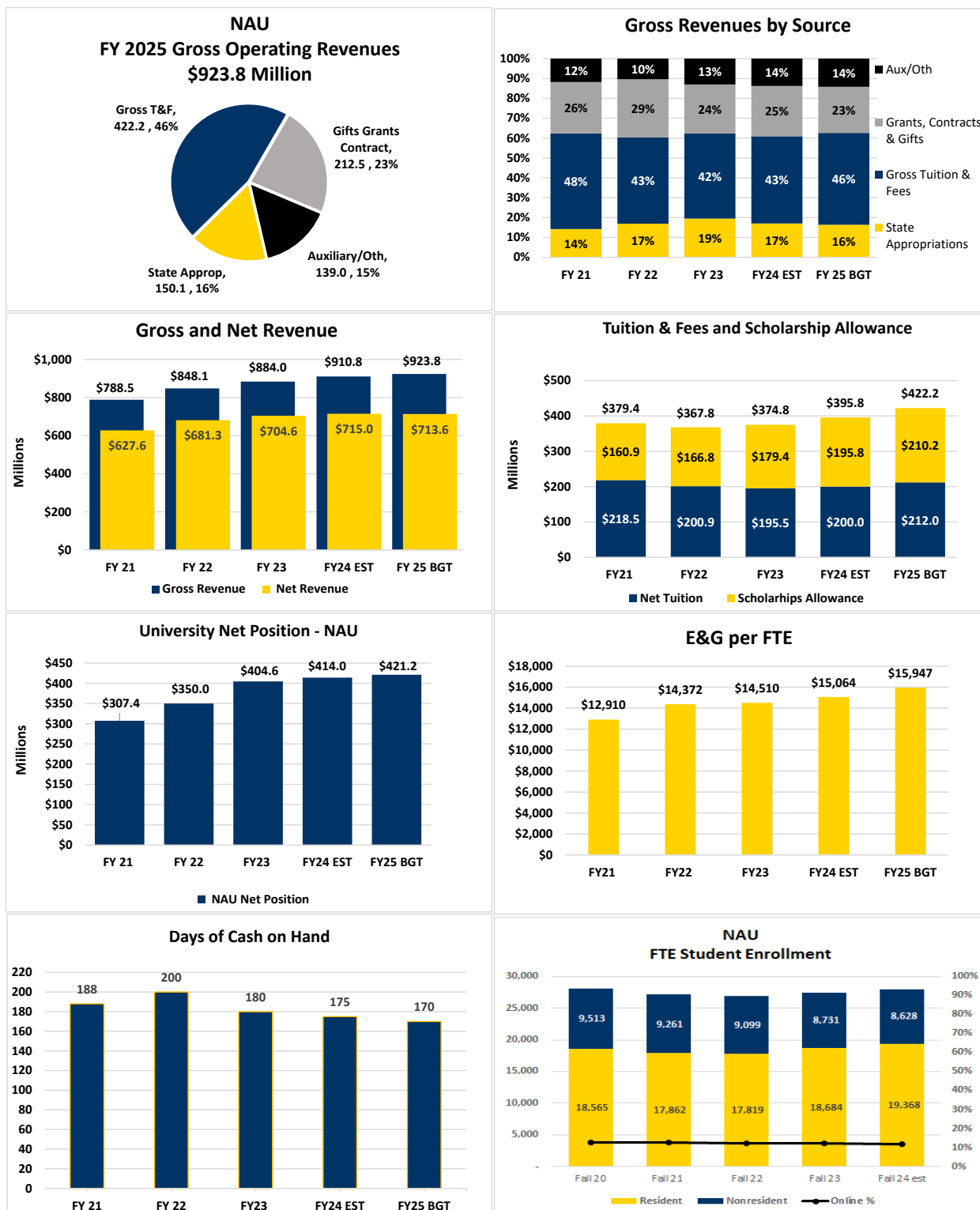
FY2025 LOCAL BUDGETS WITH DEFICITS OF \$100,000 OR MORE

ACCOUNT	FY24 PROJECTED ENDING BALANCE	FY25 ESTIMATED REVENUES AND TRANSFERS IN	FY25 ESTIMATED EXPENDITURES AND TRANSFERS OUT	FY25 PROJECTED ENDING BALANCE
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Deficits

None

## FY 2025 ANNUAL BUDGET



NORTHERN ARIZONA UNIVERSITY - TUITION AND FEES REVENUE

(\$000)

	FY21	FY22	FY23	FY24 EST	FY25 BGT	Δ FY25 BGT/FY24 EST	
<b>Base Tuition</b>	<b>267,446</b>	<b>\$263,250</b>	<b>\$268,953</b>	<b>\$281,206</b>	<b>\$300,130</b>	<b>\$18,924</b>	<b>7%</b>
NR UG	102,739	\$98,024	\$92,571	\$84,649	\$84,266	-\$382	0%
RES UG	139,270	\$136,236	\$140,058	\$155,720	\$168,475	\$12,755	8%
NR Grad	7,729	\$11,429	\$17,534	\$20,489	\$24,828	\$4,339	21%
RES Grad	17,709	\$17,561	\$18,790	\$20,348	\$22,561	\$2,212	11%
<b>Online</b>	<b>38,448</b>	<b>\$35,601</b>	<b>\$33,739</b>	<b>\$34,471</b>	<b>\$35,211</b>	<b>\$740</b>	<b>2%</b>
NR UG	11,095	\$8,834	\$6,811	\$6,076	\$6,197	\$122	2%
RES UG	14,643	\$13,722	\$12,997	\$12,677	\$12,481	-\$196	-2%
NR Grad	3,834	\$4,519	\$5,253	\$6,106	\$6,415	\$309	5%
RES Grad	8,876	\$8,526	\$8,677	\$9,612	\$10,117	\$506	5%
<b>Prog Fees</b>	<b>11,479</b>	<b>\$11,809</b>	<b>\$8,885</b>	<b>\$9,904</b>	<b>\$11,704</b>	<b>\$1,800</b>	<b>18%</b>
UG	4,793	\$4,477	\$922	\$981	\$981	\$0	0%
Grad	6,685	\$7,332	\$7,963	\$8,923	\$10,723	\$1,800	20%
<b>College Fee</b>	<b>-</b>	<b>\$0</b>	<b>\$11,973</b>	<b>\$12,500</b>	<b>\$15,048</b>	<b>\$2,548</b>	<b>20%</b>
UG	-		\$11,973	\$12,500	\$15,048	\$2,548	20%
Grad	-					\$0	-
<b>Course Fees</b>	<b>3,251</b>	<b>\$3,216</b>	<b>\$17</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-100%</b>
UG	3,198	\$3,153	\$0	\$0	\$0	\$0	-100%
Grad	53	\$63	\$17	\$0	\$0	\$0	-100%
<b>Ext Ed Fees</b>						<b>\$0</b>	<b>-</b>
<b>Non Degree</b>						<b>\$0</b>	<b>-</b>
<b>Summer &amp; Winter Sessions</b>	<b>26,203</b>	<b>\$22,960</b>	<b>\$20,400</b>	<b>\$24,002</b>	<b>\$24,722</b>	<b>\$720</b>	<b>3%</b>
<b>Mandatory Fees</b>	<b>28,502</b>	<b>\$27,353</b>	<b>\$27,512</b>	<b>\$29,564</b>	<b>\$31,676</b>	<b>\$2,112</b>	<b>7%</b>
UG	25,706	\$24,530	\$24,334	\$26,142	\$28,009	\$1,868	7%
Grad	2,796	\$2,823	\$3,178	\$3,422	\$3,667	\$244	7%
<b>Other Misc</b>	<b>4,022</b>	<b>\$3,570</b>	<b>\$3,357</b>	<b>\$4,154</b>	<b>\$3,750</b>	<b>-\$404</b>	<b>-10%</b>
<b>Total Tuition &amp; Fees</b>	<b>379,351</b>	<b>367,759</b>	<b>374,836</b>	<b>\$395,800</b>	<b>\$422,240</b>	<b>\$26,440</b>	<b>7%</b>
<b>Scholarship Allowance</b>	<b>160,899</b>	<b>\$166,826</b>	<b>\$179,386</b>	<b>\$195,801</b>	<b>\$210,240</b>		
<b>Net Tuition and Fees</b>	<b>218,452</b>	<b>\$200,933</b>	<b>\$195,450</b>	<b>\$200,000</b>	<b>\$212,000</b>		

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