Northern Arizona University

	FY 2025 ACTUAL	FY 2026 ESTIMATE	FY 2027 APPROVED
OPERATING BUDGET			
Full Time Equivalent Positions	2,352.3	2,308.4	2,308.4
Personal Services	162,297,800	159,261,000	159,261,000
Employee Related Expenditures	57,742,800	49,369,400	50,310,300
Professional and Outside Services	11,156,500	9,114,800	9,114,800
Travel - In State	204,700	175,200	175,200
Travel - Out of State	266,100	0	0
Other Operating Expenditures	13,108,200	11,178,800	10,666,800
Equipment	1,721,100	1,330,500	1,330,500
OPERATING SUBTOTAL	**246,497,200**	**230,429,700**	**230,858,600** 1/
SPECIAL LINE ITEMS			
Operating Budget Lump Sum Reduction	0	0	(2,624,500)
2003 Research Infrastructure Lease-Purchase Payment	4,885,500	4,884,500	4,884,300 2/
2017 Capital Infrastructure Funding	5,041,400	5,142,200	5,245,000 3/
Arizona Financial Aid Trust	1,326,000	1,326,000	1,326,000
Biomedical Research Funding	3,000,000	3,000,000	3,000,000 4/
NAU - Yuma	3,088,400	3,083,100	3,078,900
Teacher Training	2,292,700	2,292,700	2,292,700 5/
AGENCY TOTAL	**266,131,200**	**250,158,200**	**248,061,000** 6/ 7/
FUND SOURCES			
General Fund	134,294,400	124,707,700	122,610,500 8/ 9/ 10/
Other Appropriated Funds			
University Collections Fund	131,836,800	125,450,500	125,450,500 11/
SUBTOTAL - Other Appropriated Funds	131,836,800	125,450,500	125,450,500
SUBTOTAL - Appropriated Funds	**266,131,200**	**250,158,200**	**248,061,000**
Other Non-Appropriated Funds	458,018,400	409,880,100	413,972,600
Federal Funds	162,840,900	164,469,600	165,931,600
TOTAL - ALL SOURCES	886,990,500	824,507,900	827,965,200

AGENCY DESCRIPTION — Established in 1899, Northern Arizona University (NAU) is one of 3 public universities governed by the Arizona Board of Regents (ABOR). The university's primary focus is undergraduate residential education.

FOOTNOTES

1/ Any appropriated monies allocated by the university for the economic policy institute may not supplant any existing state funding or private or external donations to the institute or to the university. The appropriated monies and all private and external donations to the institute, including any remaining balances from prior fiscal years, shall be deposited in a separate account, shall be used only for the direct operation of the institute and may not be used for indirect costs of the university. On or before October 1, 2026, the institute shall submit to the president of the senate, the speaker of the house of representatives, the chairpersons of the senate education committee and the house of representatives education committee and the director of the joint legislative budget committee a report that includes at least the following information for the institute:

1. The total amount of funding received from all sources.
2. A description of the faculty positions and courses offered.
3. The total undergraduate and graduate student participation.
4. Significant community events, initiatives or publications.

The chairpersons of the senate education committee and the house of representatives education committee may request the director of the institute to appear before the committees to report on the institute's annual achievements. The legislature intends that appropriated monies allocated by the university for the economic policy institute in fiscal year 2026-2027 be consistent with the amount allocated in fiscal year 2025-2026, except that the university may allocate to the school the lump sum reduction of not more than 2.5 percent as prescribed by this act. (General Appropriations Act footnote)

2/ A.R.S. § 15-1670 appropriates $4,884,300 to NAU from the General Fund in FY 2027 to finance lease-purchase payments for research infrastructure projects.

3/ A.R.S. § 15-1671 appropriates $5,245,000 to NAU from the General Fund in FY 2027 for capital infrastructure projects.

4/ The biomedical research funding shall be distributed to a nonprofit medical research foundation in this state that collaborates with universities, hospitals and biotechnology and health research centers. A nonprofit foundation that receives monies shall submit an expenditure and performance report to northern Arizona university. The university shall transmit the report to the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting on or before February 1, 2027. The report must include at least the following:

1. The type and amount of expenditures from all state sources of monies, including the amount leveraged for local, state, federal, and private grants.
2. A description of each grant received as well as the percentage and locations of positions funded solely or partly by state monies and the nonprofit foundation's projects with which these positions are associated.
3. Performance measures, including:
   (a) Outcomes that are specifically related to the use of state monies.
   (b) Progress that has been made toward achieving each outcome, including activities, resources and other evidence of progress.
   (c) Reportable inventions or discoveries related to each outcome.
   (d) Publications, presentations and narratives related to each outcome and how the expenditures from all state sources of monies that the nonprofit foundation received have benefited this state. (General Appropriations Act footnote)

5/ The appropriated amount for the teacher training line item shall be distributed to the Arizona K-12 center for program implementation and mentor training for the Arizona mentor teacher program prescribed by the state board of education. (General Appropriations Act footnote)

6/ Other than scholarships awarded through the Arizona financial aid trust, the appropriated monies may not be used for scholarships or any student newspaper. (General Appropriations Act footnote)

7/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

8/ The state general fund appropriation may not be used for alumni association funding. (General Appropriations Act footnote)

9/ The increased state general fund appropriation from Laws 2014, chapter 18 may not be used for medical marijuana research. (General Appropriations Act footnote)

10/ The FY 2027 General Fund budget is $122,610,500. This amount includes $114,681,000 in NAU's individual section of the FY 2027 General Appropriations Act, $(2,624,500) for a one-time operating lump sum reduction, $4,884,300 in A.R.S. § 15-1670 lease-purchase appropriations, and $5,245,000 in A.R.S. § 15-1671 capital infrastructure appropriations, and $424,700 for statewide adjustments.

11/ Any unencumbered balances remaining in the university collections fund on June 30, 2026 and all collections received by the university during the fiscal year are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the enabling act and the Constitution of Arizona. No part of this appropriation may be spent for supplemental life insurance or supplemental retirement. (General Appropriations Act footnote)

Operating Budget

The budget includes $230,858,600 and 2,275.2 FTE Positions in FY 2027 for the operating budget. These amounts consist of:

	FY 2027
General Fund	$105,408,100
University Collections Fund	125,450,500

Adjustments are as follows:

Statewide Adjustments

The budget includes an increase of $428,900 from the General Fund in FY 2027 for statewide adjustments *(Please see Agency Detail and Allocations section.)*

Student enrollment counts and tuition and fee levels for students will determine the amount of university tuition and fee collections. The University Collections Fund amount will ultimately be adjusted to reflect these revenue amounts. *(Please see the NAU Other Issues Section and ABOR for more information.)*

Operating Budget Lump Sum Reduction

The budget includes a one-time decrease of $(2,624,500) from the General Fund in FY 2027 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2028 budget request submittal.

Unless otherwise noted, agencies have discretion in how the reduction in spending is achieved. The FY 2027 budget specifies that NAU may not reduce monies allocated from the operating lump sum appropriation to the Economic Policy Institute by more than 2.5% of the total amount allocated to the institute.

The FY 2028 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

2003 Research Infrastructure Lease-Purchase Payment

The budget includes $4,884,300 from the General Fund in FY 2027 for the 2003 Research Infrastructure Lease-Purchase Payment line item. Adjustments are as follows:

Refinance Adjustment
The budget includes a decrease of $(200) from the General Fund in FY 2027 to adjust the Certificates of Participation (COPs) payment.

A.R.S. § 15-1670 appropriates an annual amount from the General Fund to the state university system from FY 2008 through FY 2031 to finance lease-purchase payments for research infrastructure project agreements entered into before July 1, 2006.

Since this funding appears in A.R.S. § 15-1670, this funding does not appear in the FY 2027 General Appropriations Act. In total, the universities have issued $482,500,000 in COPs for research infrastructure projects. Of this amount, NAU has issued $42,210,000 in COPs. *(Please see the ABOR section for more information.)*

2017 Capital Infrastructure Funding

The budget includes $5,245,000 from the General Fund in FY 2027 for the 2017 Capital Infrastructure Funding line item. Adjustments are as follows:

Inflation Adjustment
The budget includes an increase of $102,800 from the General Fund in FY 2027 for a 2.0% increase in capital infrastructure funding.

A.R.S. § 15-1671 provides General Fund appropriations from FY 2019 - FY 2043 for new university research facilities, building renewal, or other capital construction projects. Since this funding appears in A.R.S. § 15-1671, this funding does not appear in the FY 2027 General Appropriations Act.

A.R.S. § 15-1670 increases the appropriation annually by the lesser of 2% or inflation, as measured by the change in the GDP deflator from the second quarter of the second preceding calendar year to the second quarter of the calendar year immediately preceding the fiscal year (in the example of FY 2027, from the second quarter of CY 2024 to the second quarter of CY 2025). *(Please see the Lottery Bonds and Capital Infrastructure Funding Program Summary on the JLBC website.)*

Arizona Financial Aid Trust

The budget includes $1,326,000 from the General Fund in FY 2027 for the Arizona Financial Aid Trust (AFAT). This amount is unchanged from FY 2026. *(Please see the ABOR section for more information.)*

Biomedical Research Funding

The budget includes $3,000,000 from the General Fund in FY 2027 for the Biomedical Research Funding line item. This amount is unchanged from FY 2026.

Funding is allocated to a nonprofit medical research foundation that specializes in biotechnology and that collaborates with universities, hospitals, biotechnology and health science research centers. Previously, NAU awarded the funding to the Translational Genomics Research Institute (TGen). *(Please see the Department of Health Services section for additional information).*

NAU - Yuma

The budget includes $3,078,900 and 33.2 FTE Positions from the General Fund in FY 2027 for NAU-Yuma. Adjustments are as follows:

Statewide Adjustments
The budget includes a decrease of $(4,200) from the General Fund in FY 2027 for statewide adjustments *(Please see Agency Detail and Allocations section.)*

NAU operates this campus in conjunction with the Arizona Western College in Yuma.

Teacher Training

The budget includes $2,292,700 from the General Fund in FY 2027 for Teacher Training. These amounts are unchanged from FY 2026.

The Teacher Training program serves to increase the number of teachers serving as mentors under the Teacher Training ("Master Teacher") program. The Arizona K-12 Center is affiliated with NAU and is located in downtown Phoenix.

Other Issues

This section includes information on the following topics:

- Summary
- Long-Term Budget Impacts
- University Collections and FTE Positions Adjustments

Summary

NAU's FY 2027 General Fund budget is $122,610,500. Of this amount:

- $114,681,000 is included in NAU's individual section of the FY 2027 General Appropriations Act.
- $(2,624,500) for a one-time operating lump sum reduction.
- $4,884,300 is appropriated in A.R.S. § 15-1670 for a research infrastructure lease-purchase payment.
- $5,245,000 is appropriated in A.R.S. § 15-1671 for new university research facilities, building renewal, or other capital construction projects.
- $424,700 is for statewide adjustments.

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, NAU's General Fund costs are projected to increase by $2,739,100 in FY 2028 above FY 2027 and increase by $101,400 in FY 2029 above FY 2028.
These estimates are based on:

- An increase of $9,700 in FY 2028 and a decrease of $(5,600) in FY 2029 to adjust for university debt service costs.
- Increases of $104,900 in FY 2028 and $107,000 in FY 2029 to increase the university's annual Capital Infrastructure Funding appropriation.
- An increase of $2,624,500 in FY 2028 to restore operating lump sum funding.

University Collections and FTE Positions Adjustments

Including statewide adjustments, the FY 2026 General Appropriations Act appropriated $131,836,800 from the University Collections Fund to NAU. The Collections Fund for NAU represents a portion of tuition, fees and a portion of land earnings. *(Please see ABOR Other Issues for more information.)* If collections differ from the appropriated amount, the annual General Appropriations Act includes a footnote permitting the universities to expend those amounts as well as a separate footnote requiring the submission of a report detailing any adjustments to the appropriated amounts.

ABOR sets tuition independent of the legislative process. Any revised tuition rates as well as changes in enrollment can result in collections exceeding (or being below) the appropriated amount. The Universities reported the adjustments to the University Collections Fund for FY 2026 to the Joint Legislative Budget Committee in June 2025, and NAU incorporated the adjusted FY 2026 amounts as part of their FY 2027 budget submission. Accordingly, the estimated FY 2026 amount has been adjusted downward by $(6,386,300) to $125,450,500.

The FY 2026 FTE Position count has also been adjusted. The FY 2026 General Appropriations Act originally appropriated 2,399 FTE Positions in FY 2026 for NAU. The General Fund accounted for 1,132.6 FTE Positions and the University Collections Fund accounted for the remaining 1,266.4 Positions. The estimated number of FY 2026 FTE Positions has been adjusted downward by (90.6) to 2,308.4. The General Fund accounts for 1,069.7 FTE Positions and the University Collections Fund accounts for the remaining 1,238.7 FTE Positions.