



State of Arizona Five-Year Strategic Plan FY 2007-2011

Founded in 1899, Northern Arizona University has a rich history of delivering top-quality undergraduate education. Today that mission is enhanced by innovative graduate programs, research, distance learning, and service to communities throughout the state of Arizona.

Mission

To provide an outstanding undergraduate residential education strengthened by research, graduate, and professional programs and sophisticated methods of distance delivery.

Our Values

| | |
|-------------------------|---|
| Excellence in Education | Offer a rigorous, high quality education to all students |
| Student Success | Place learner needs at the center of our academic and service planning, policies, and programs |
| Educational Access | Provide all qualified students with access to higher education |
| Diversity | Achieve multicultural understanding as a priority of educational and civic life |
| Integrity | Operate with fairness, honesty, and the highest ethical standards to sustain a community of trust |
| Civility | Support a civil, engaging, and respectful campus climate |

Northern Arizona University Goals

- Provide undergraduate educational excellence in a residential learning community.
- Strengthen graduate and professional education, economic development, and research.
- Increase enrollment and retention.
- Provide leadership in the development, use, and assessment of technologies in administrative systems and educational programs.
- Foster a culture of diversity, community, and citizenship.
- Become the nation’s leading university serving Native Americans.
- Ensure financial stability and growth.

Shorter-Term Strategic Issues/Initiatives

1. Expand and improve baccalaureate degree access and achievement.
2. Serve Arizona and its local communities and citizens through research, public service, graduate programs, and economic development.
3. Improve compensation to attract and retain high performing faculty and staff.
4. Address critical physical facility, technology and other infrastructure issues.
5. Strengthen teacher education and Arizona’s teachers.

Funding and FTE Budget Summary

| FY 2006 | |
|------------------------------|---------------|
| General Funds | \$122,336,800 |
| Other Appropriated Funds | \$39,543,900 |
| Other Non Appropriated Funds | \$125,988,800 |
| Federal Funds | \$49,808,100 |
| Budget Unit Total | \$337,677,600 |
| FTE Positions | 2,083.7 |

Strategic Issue #1

Expand and improve baccalaureate degree access and achievement

Background and Issue Statement

In order to respond effectively to the expected growth in the number of both traditional and nontraditional prospective Arizona students, Northern Arizona University is committed to providing expanded access for students at the Flagstaff campus and throughout the state. NAU is constantly developing hybrid programs that combine different models of delivery to meet the growing needs of undergraduate students via distance learning.

A proven leader in providing access to higher education, Northern Arizona University's distance learning program offers students choices never before available – within their own communities and even in the comfort of their own homes. In the ABOR System Redesign process, Northern Arizona University identified a market-driven strategy of "Expand on Demand" as its response to help meet the higher education access needs of a rapidly growing state population. Rather than the traditional and more costly approach of "Build It and They Will Come" through which our state university and community college campuses were built, equipped and staffed, the Northern Arizona University "Expand on Demand" initiative starts with leased facilities on community college campuses and in communities to serve smaller populations up to about 300 students. As the student and employer demand increases, from about 300 to 3,000 students, permanent state funded debt service facilities are constructed on jointly-shared community college campuses. This model is similar to the Northern Arizona University and Arizona Western College shared campus in Yuma. Additionally, Northern Arizona University could build or lease standalone facilities in locations where our community college partners do not have facilities.

In the first year of the "Expand on Demand" initiative, the university's FY07 Budget Request includes a facility on the Yavapai College campus in Prescott to strengthen our longstanding partnership serving students in Yavapai County. As student demand reaches critical mass of 3,000 or more students, other branch campuses will be developed. This strategy is efficient and has the added benefit of spreading the state investment out over many years. Future decision packages would be required to continue to expand serving students in underserved areas.

Simply creating new access points will not strengthen higher education in Arizona. It will also take renewed emphasis on existing high-demand programs like educating teachers and health care providers. As a leader in these disciplines, Northern Arizona University will continue to strengthen and reinforce these programs to ensure highly qualified professionals enter the workforce. Likewise, hotel and restaurant management, the environmental sciences, and strong liberal arts programs reflect the pedagogies necessary to prepare students for the challenges of a complex world.

The expansion of sites and partnerships emanates from Northern Arizona University's tradition of outstanding educational experience founded on access, engagement, quality, and value. The Northern Arizona University difference is student-centered teaching and learning. Northern Arizona University focuses on the student by offering challenging programs taught by full-time faculty, personalized attention, and user-friendly support systems that help students build confidence and achieve success. In the next five years, the university intends to sharpen its focus to achieve exceptional levels of student learning and academic success, and provide Arizona with graduates who can meet the challenges of an increasingly competitive and complex world.

Exceptional teachers, mentors, researchers, and leaders in their fields, faculty are the core of Northern Arizona University. They challenge students to think at a higher level and engage in research and innovations that change world views; faculty open doors on the future. Providing an outstanding undergraduate experience requires faculty who are committed to teaching as is found through Northern Arizona University. On a recent survey, ninety-nine (99) percent of Northern Arizona University’s undergraduate faculty say they *love teaching*.

Educational excellence is a product not only of Northern Arizona University’s signature small class sizes, course focus, and faculty-student interaction, but also of the university’s focus on cycles of improvement and learning. New program initiatives are designed to support an environment of learning and increase retention and graduation rates.

Strategy #1: Serving Arizona Anytime and Anyplace

- Construct an instructional facility on the Yavapai campus
- Add new business faculty in Tucson and Maricopa County for the BSBA program
- Add nursing faculty to increase enrollment in partnership program with the Tucson Medical Center
- Expand access to BAILS/BAS degrees
- Build modular buildings on community college campuses with long-term leases
- Expand Northern Arizona University in Phoenix location and offerings
- Place ITV classrooms and computer labs in facilities in West Maricopa, Central Phoenix, East Maricopa and Globe
- Advance the development of programs in Nursing, Law Enforcement, Fire Science and Teacher Education
- Develop delivery plans to meet needs of rural sites through ITV classrooms
- Pursue partnerships with tribal governments including the Salt River Pima Maricopa Indian Community, Gila River Indian Community, and the Tohono Odham Indian Community
- Expand facilities and services at Central Arizona College
- Upgrade Flagstaff TV classrooms to digital

Strategy #1 Resource Assumptions

| | FY07 | FY08 | FY09 | FY10 | FY11 |
|---|-------------|------|------|------|------|
| Serving Arizona Anytime and Anyplace General Fund | \$4,542,000 | * | * | * | * |

* Future budget requests dependent on growth in “expand on demand” programs

Strategy #1 Performance Measures

Northern Arizona University Online Programs and Distance Sites

Bachelor's Degree

B.A. Psychology
 B.A. Spanish
 B.A.I.L.S. Arts & Letters
 B.A.I.L.S. Criminal Justice
 B.A.I.L.S. Enterprise in Society
 B.A.I.L.S. Environmental Sciences
 B.A.I.L.S. Learning and Pedagogy
 B.A.I.L.S. Mathematics/Statistics
 B.A.I.L.S. Organizational Communication
 B.A.I.L.S. Parks and Recreation Mgmt
 B.A.I.L.S. Psychology
 B.A.I.L.S. Public Agency Service
 B.A.I.L.S. Sociology
 B.A.S. Computer Technology
 B.A.S. Early Childhood Education
 B.A.S. Health Sciences
 B.A.S. Justice Systems Policy and Planning
 B.A.S. Public Agency Service
 B.S. Criminal Justice
 B.S. Ed. Career and Technical Education
 B.S. Ed. Elementary Education
 B.S. Ed. Secondary Education
 B.S. Ed. Special and Elementary Education
 B.S. Environmental Sciences
 B.S. Health Sciences - Community Health
 B.S. Health Sciences, Diag. Med. Imaging/Therapy
 B.S. Hotel & Restaurant Management
 B.S. Interior Design
 B.S. Parks and Recreation Management
 B.S. Psychology
 B.S.B.A. Management
 B.S.D.H. Dental Hygiene
 B.S.N. Nursing
 B.S.N. Nursing (RN-BS)
 B.S.W. Social Work

Certificate

Educational Technology
 International Tourism Mgmt
 Parks and Recreation Mgmt
 Post Baccalaureate Case Mgmt

Masters Degree

M. Administration
 M.A. Counseling
 M.A. English
 M.A. English - Emphasis in Literacy, Technology & Professional Writing
 M.A. in Applied Communication
 M.A.T. Mathematics
 M.Ed. Bilingual/Multicultural Education
 M.Ed. Career and Technical Education
 M.Ed. Counseling/Human Relations
 M.Ed. Counseling/School Counseling
 M.Ed. Early Childhood Education
 M.Ed. Educational Leadership
 M.Ed. Educational Technology
 M.Ed. Elementary Ed. with Certification Emphasis
 M.Ed. Elementary Ed.-Continuing Professional Emphasis
 M.Ed. in Secondary Ed.-Continuing Professional Emphasis
 M.Ed. Secondary Ed. with Certification Emphasis
 M.Ed. Special Education
 M.Eng. Engineering
 M.S. Nursing

Doctorate Degree

Ed.D. Educational Leadership

Endorsement

Bilingual Education
 English as a Second Language
 Reading

Certificate

Post Degree Certification Elementary
 Post Degree Certification Secondary
 Post Degree Certification Special Ed.
 Principal
 Professional Writing
 Public Management
 Restaurant Management
 Speech-Language Pathology Ass't
 Superintendent
 Supervisor

NAU Sites by Community College District

Eastern Arizona

Globe
 Payson*
 Thatcher*

Maricopa

Central Phoenix
 Chandler-Gilbert*
 East Maricopa
 Paradise Valley*
 Phoenix College*
 Scottsdale*
 West Maricopa

Arizona Western

Yuma*

Central Arizona

Signal Peak*
 Aravaipa*
 Apache Junction*

Dine

Kayenta
 Ganado
 Tuba City
 Chinle
 Fort Defiance

Cochise

Nogales

Page*

Northland Pioneer

Holbrook*
 Show Low*
 Kayenta
 Whiteriver
 Keams Canyon
Yavapai
 Prescott
 Verde Valley*

Mohave

Bullhead City*
 Lake Havasu City*
 Kingman*

Pima

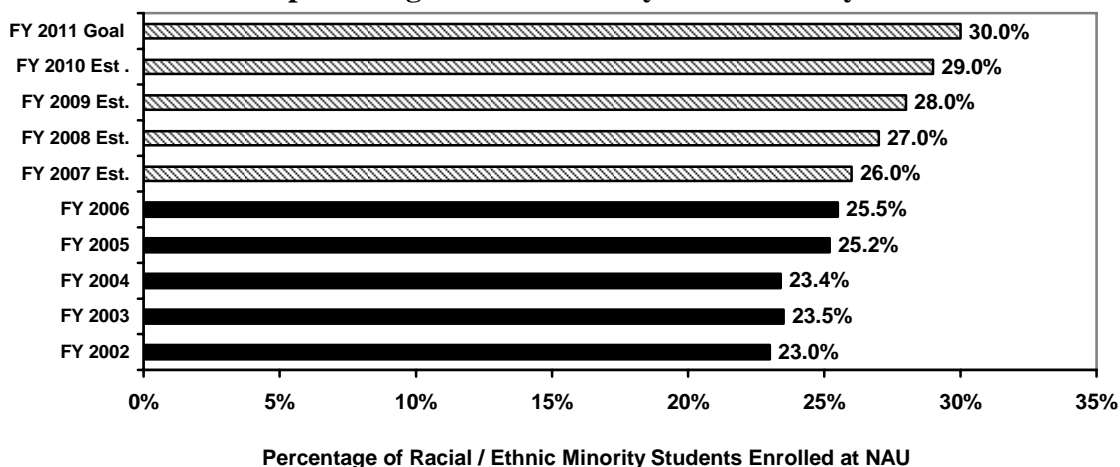
Tucson*

* Office on community college campus

Enrollment growth in on-line programs

| Arizona Student Online Program Enrollment Growth | | | |
|---|-------------|--------------|-----------------|
| | 2004 | 2005 | Change % |
| Headcount | 720 | 1,117 | 55.1% |
| Undergraduate | 422 | 638 | 51.2% |
| Graduate | 298 | 479 | 60.7% |

Demonstrated success in providing access to racially and ethnically diverse students



Strategy #2: Undergraduate Focus

- Student Support for Academic Success
 - Increase infrastructure to allow for pro-active educational and career advising
 - Build a strong scaffold of academic support for students facing challenges
- Curriculum Innovation for Effective Learning
 - Expand course-linked academic support
 - Increase undergraduate research, service learning, and work experiences
 - Invest in research on teaching and learning - identify instructional practices that work
- Improve the Student Learning Experience
 - Expand “lecturer” ranks and rewards to provide advancement opportunities for faculty heavily committed to teaching undergraduates
 - Develop rewards and recognition for faculty who excel in the undergraduate classroom
 - Create learning/sharing opportunities for faculty on effective methods to engage students, strategies to improve student learning, and improving student learning outcomes assessment

Strategy #2 Resource Assumptions*

| | FY07 | FY08 | FY09 | FY10 | FY11 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Focus on Undergraduates General Fund | \$1,800,000 | * | * | * | * |

*Added to base in FY06; remains in base thereafter.

Strategy #2 Performance Indicators

| Retention/Graduation Rate Measures | 2000 | 2001 | 2002 | 2003 | 2004 |
|--|-------------|-------------|-------------|-------------|-------------|
| Fall to Spring Retention (full-time freshmen) % of students who began as freshmen and were retained to the second semester | 89% | 90% | 90% | 91% | 92% |
| Fall to Fall Retention (full-time freshmen) % of students who began as freshmen and were retained the following year | 66% | 67% | 69% | 70% | 69% |
| Six-year graduation rate (full-time freshman) % of students who began as freshmen and graduated within six years | 43% | 44% | 47% | 51% | 50% |
| Five-year graduation rate (transfers) % of lower division transfer students who graduated in five years | 51% | 53% | 56% | 57% | 53% |
| Four-year graduation rate (transfers) % of upper division transfer students graduated within four years | 71% | 75% | 76% | 75% | 72% |
| Other Graduation Measures | 2000 | 2001 | 2002 | 2003 | 2004 |
| Average number of years taken to graduate for students who began as freshmen | 4.7 | 4.7 | 4.5 | 4.5 | 4.5 |
| Graduate degrees awarded | 1,909 | 1,945 | 1,979 | 2,042 | 2,179 |

Indices from NSSE (National Survey of Student Engagement) for FY students as an evaluation of the freshmen year experience. Northern Arizona University and all participating Doctoral Research Intensive Universities

| | 2002 | | 2003 | |
|---|-------------|------------------------------------|-------------|------------------------------------|
| First-Year Students | NAU | Doctoral Research Intensive | NAU | Doctoral Research Intensive |
| Level of Academic Challenge | 52.4 | 52.3 | 52.1 | 52.7 |
| Active and Collaborative Learning | 42.9 | 39.4 | 44.7 | 40.1 |
| Student Interactions with Faculty Members | 35.1 | 34.4 | 35.4 | 35.3 |
| Enriching Educational Experiences | 58.0 | 54.9 | 60.7 | 55.6 |
| Supportive Campus Environment | 56.1 | 57.3 | 58.7 | 58.4 |

Strategic Issue #2

Serve Arizona and its local communities and citizens through research, public service, graduate programs, and economic development

Background and Issue Statement

Northern Arizona University is a recognized leader in the environmental sciences, K-12 education, and health professions. The university now adds expanded competencies in biosciences and sustainable-systems technologies, and has established strong linkages to Arizona's communities to promote quality of life, sustainability and economic development. Northern Arizona University has a strong commitment to public service, and the university is an economic engine for the Flagstaff community, the broader expanse of Northern Arizona, and the state itself.

The university will continue to undertake initiatives in areas and platforms of recognized and developing research excellence such as bioscience, sustainability systems, and Native American Studies. Northern Arizona University directs its Technology, Research Initiative Fund (TRIF) resources toward research, workforce, and economic development issues defined by the Proposition 301 legislation and the roadmaps developed by Battelle for the Flinn Foundation and the Arizona Department of Commerce. Initiatives planned for FY07-FY11 include: Bioscience/Biotechnology, Environmental, Access Workforce Development, E-Learning, Arizona Universities Network, and other university initiatives.

Northern Arizona University will also build on its already substantial research and applied research program. Recently, Northern Arizona University was chosen, along with Duke University, Penn State, and Michigan Tech, to receive a \$10 million award to host the National Institute for Climatic Change Research. Research and economic development initiatives include construction of a new platinum-rated applied research and development (ARD) building, affiliations with research initiatives such as Translational Genomics Research Institute (TGen) and the state of Arizona's virtual water university; and development of public-private economic development partnerships such as a Flagstaff conference center and faculty housing project.

Northern Arizona University will continue expanding its offerings of high demand post-baccalaureate degree and certificate programs, as well as selected graduate programs both in Flagstaff and in expanded sites such as in Phoenix, Tucson and other areas.

Strategy #1: Increase Engagement and Partnerships in Research, Economic Development, and Public Service

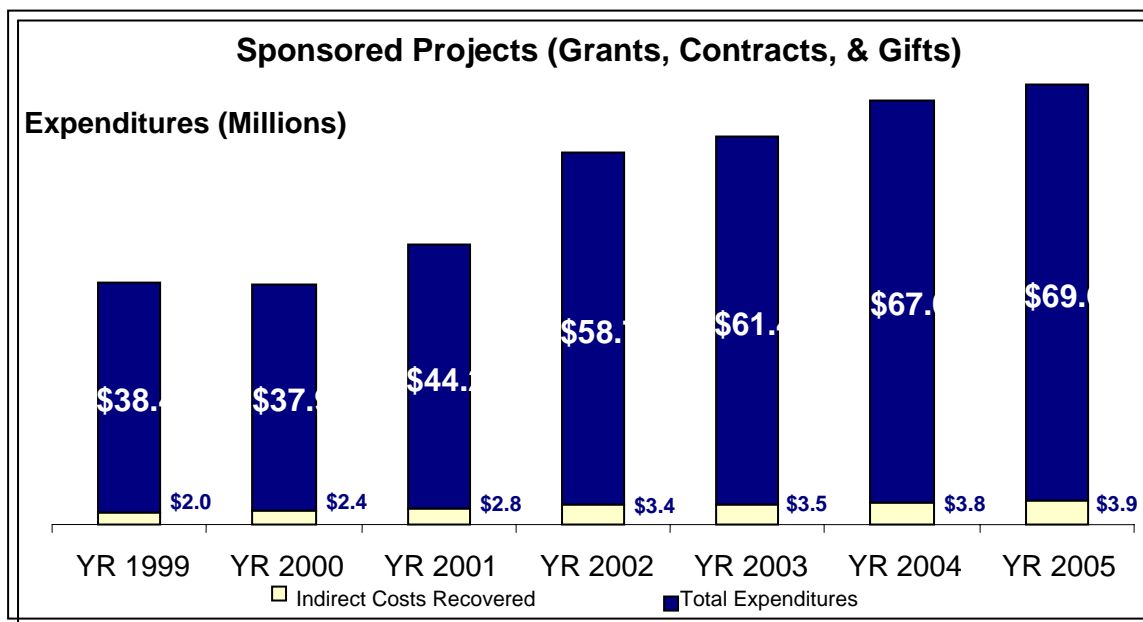
- NAU, in partnership with the City of Flagstaff and other private partners, will build a conference center in Flagstaff. The conference center is conservatively expected to generate \$5 million annually in economic development for the area. The conference center will provide employment and on the job experience for local residents and students, such as Hotel and Restaurant Management majors.
- Continue to advance the university's research infrastructure.
- Complete the Engineering Building renovation, and construct the Applied Research and Development (ARD) Building and a new Laboratory building.

Strategy #1 Resource Assumptions

| | FY07 | FY08 | FY09 | FY10 | FY11 |
|---|---------------|------|-----------|-----------|-----------|
| Public – Private Conference Center/Hotel/Parking Structure Non-Appropriated | \$10,000,000* | | \$200,000 | \$300,000 | \$400,000 |

*Dependent on partnerships; not included in incremental total.

Strategy #1 Performance Indicator–Research Expenditures



Strategy #2: Arizona’s Environment: Fire Suppression and Virtual Water University

- Participate in the virtual water university; three projects have been proposed.
- Expand the Ecological Research Institute to meet current research and service demands.

Strategy #2 Resource Assumptions

| | FY07 | FY08 | FY09 | FY10 | FY11 |
|--|-------------|-----------|-----------|-----------|-----------|
| Arizona's Environment: Fire Suppression and Virtual Water University Research General Fund | \$1,000,000 | \$500,000 | | | |
| Federal Funds | | \$250,000 | \$350,000 | \$575,000 | \$700,000 |

Strategy #2 Performance Indicator: *Gathering Data*

Strategic Issue # 3

Improve compensation to attract and retain high performing faculty and staff

Background and Issue Statement

- Northern Arizona University identified faculty and staff salaries as its most important budget planning priority in 2004-2005. In FY2004, the university directed \$4.6 million dollars towards faculty and staff increases; and used internal funds to provide faculty with university-funded raises for the first-time in over ten years.
- Although a step in the right direction, even with these salary increases, when NAU salaries are compared to the university's board-approved peers, the university only moved up one position, going from last to second from last.
- Given this situation, it is not surprising that faculty turnover is up. During FY2005, 53 faculty left, a six percent increase over the previous year when 50 faculty left the university. Unfortunately, Northern Arizona University does not have the resources to try to retain faculty who receive attractive counter offers. Only one full-time regular faculty member was retained due to a counter offer.
- Due to the average lower than market wages, many of the faculty who were not retained will be difficult to replace. Northern Arizona University has all too often found it could not offer a salary sufficient to attract its top candidates to Flagstaff. This year, however, the university encountered something new when the math department could not persuade even one of its candidates *to interview* on the Flagstaff campus. Candidates compared the proposed salary range with the cost of living and cost of housing in Flagstaff, and decided it was not worth visiting the campus. This situation also affected staff hiring.
- Northern Arizona University's FY2006 compensation plan was developed to correct the compression between ranks, and the university was very aware that correcting that problem would aggravate the problem of compression within ranks. Until we can address these issues in a more comprehensive manner, faculty morale will remain an issue.
- For FY2006, NAU reallocated funds to provide raises for faculty and staff based on merit and distance from market. For example, all regular faculty members were given market adjustments if their salary fell below 85% of the average for their rank and discipline. The results of the FY2006 salary increases cannot definitively be determined until fall 2005 data is in, but a preliminary analysis, assuming each of the other institutions gave 3% increases, suggests that Northern Arizona University faculty may have progressed slightly as compared to its peers, but continues to remain 15% below the peer median.
- As a result of insufficient funds, Northern Arizona University's trademark of tenured and tenure-track faculty teaching freshmen and sophomore students is threatened. As tenured and tenure-track faculty leave, the University is extremely cautious in hiring new faculty. Resources must be found to fund our highest planning priority to increase salary competitiveness, and one avenue to garner resources is to not rehire when faculty leave and use the dollars to help fund salary increases.
- Research consistently shows that the key factor to the best undergraduate education is the quality of faculty-student interactions typically found in small classes taught by tenured/tenure-track faculty. This type of instruction engages students in active learning, critical thinking, and systematic inquiry.

While Northern Arizona University makes every effort to ensure that the quality of instructional experience remains high, the impact of not filling lines or increasing class sizes in the long run can diminish the quality of these interactions.

Strategy #1: Improve Compensation Levels for Northern Arizona Faculty and Staff

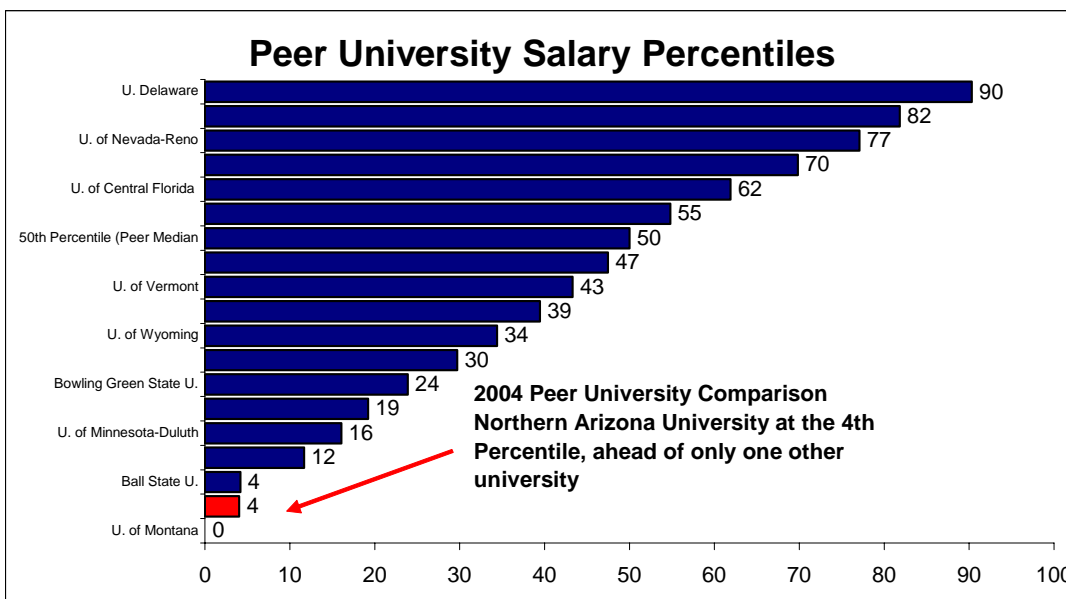
- Continue to identify compensation as a university priority and reallocate funds to improve salaries.
- Improve the human resources database to enable timely information and analysis for merit and market strategy development.
- Provide salary market adjustment monies to address situations where a particular class of positions or unit is further behind market and in an inequitable compensation position compared to others.

Strategy #1 Resource Assumptions

| | FY07 | FY08 | FY09 | FY10 | FY11 |
|--|-------------|-------------|-------------|-------------|-------------|
| Faculty and Staff Retention and Competitiveness General Fund | \$4,900,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 |

Strategy #1 Performance Indicators

2004 Peer University Comparison



Strategy #2: Fully Fund University Annual Personnel Report

A.R.S. 41-763-01 requires the Arizona Board of Regents to annually submit a report on university personnel to the Governor and the Legislature. In November 1996, the board adopted a plan to restore competitiveness to university salaries; this plan was designed to raise the average salaries of employees to the 50th percentile/market average. This year's report identifies \$27,263,000 as the amount required.

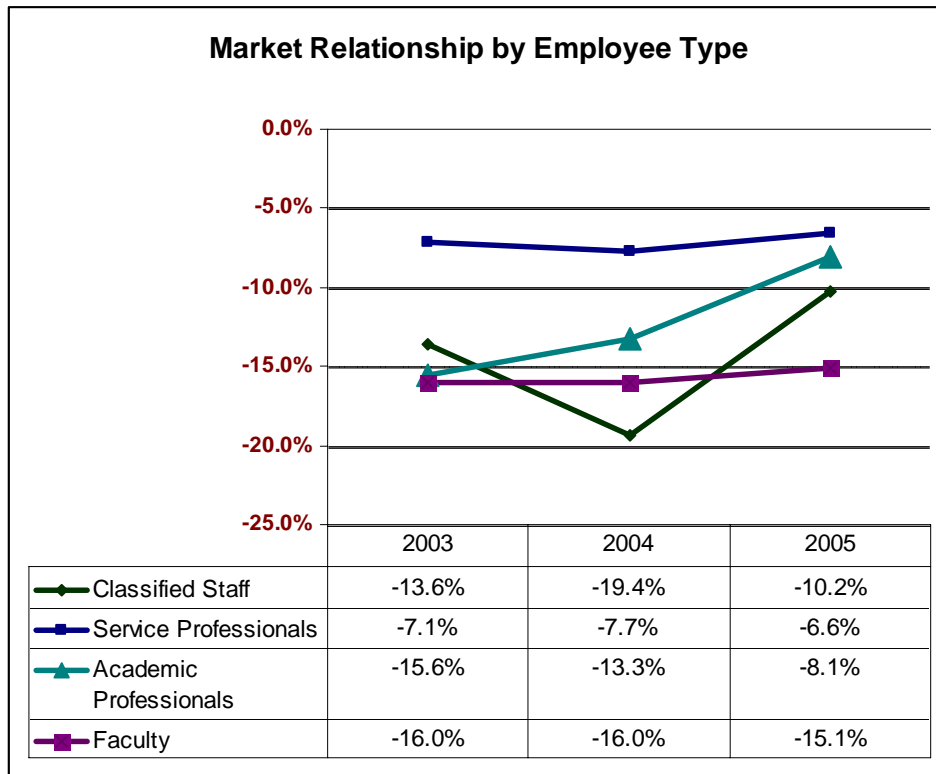
Following the Office of Strategic Planning and Budgeting’s directions for FY 2005, NAU has **not** included full funding in its resource assumptions. Nevertheless, the fact remains that the percentage needed to get faculty to market is 22.8%, classified staff 12.7%, and all other staff 10.9%.

Strategy #2 Resource Assumptions*

| | FY07 | FY08 | FY09 | FY10 | FY11 |
|---|---------------|------|------|------|------|
| Fully Fund Competitive Salaries for faculty and staff | \$26,707,100* | | | | |

**Not included in incremental fund summary*

**Strategy #2 Performance Indicators –
Percentage Increase Required to Reach Market for Classified and Other Staff**



Strategic Issue # 4

Address critical physical facility, technology and other infrastructure issues

Background and Issue Statement

NAU continues a vigorous pursuit of improving existing capital facilities. The current Capital Improvement Plan included a \$9.3 million request for building renewal as additional funds to alleviate building deficiencies, to improve safety and accessibility, and to renovate existing space for programmatic excellence and technological requirements. Outstanding efforts have been put forth in repairing and upgrading the university's capital facilities for instruction and research; yet NAU still has an uphill battle. Funding options are needed to effect repairs and renovations for identified capital projects.

NAU continues to focus on the most critical deferred maintenance situations in all facilities. The University's deferred maintenance status as of June 30, 2004 was estimated at \$137,299,659¹, with a facility condition index of 0.15.² The most critical areas are life/safety and building systems whose failure would result in significant financial loss or disruption of university services. Major building components such as roofing systems, HVAC, and electrical systems will be addressed in both building renewal and renovation projects. Upgrades to instructional spaces will continue to be a priority, but will receive limited attention unless requested funding is received.

NAU reduced the overall deferred maintenance by \$10,008,651 for the period ending June 30, 2005. This reduction is the result of the expenditure of resources to rectify deficiencies in the areas of Major Maintenance/Systems Replacement, Life Safety/Code Compliance, and Accessibility (combined total \$1,374,564). Additionally, renovation of the College of Engineering and Natural Sciences (formerly College of Engineering and Technology) attributed to a reduction in the deferred maintenance needs of the campus by \$8,534,087. The completion of this renovation effort scheduled for December 2005 will eliminate deferred maintenance needs in this facility. Expenditures included projects funded from a bond sale authorized to address building renewal-like projects.

Failure to attain additional funding for building renewal projects will most certainly result in increases to the accrued backlog of deferred maintenance needs of Northern Arizona University. Due to construction cost increases and resulting inflation factors, the actual net reduction in overall deferred maintenance is \$7,741,390.

Strategy # 1: Address Critical Physical Environment and Space Issues

- FY07 Budget Request for 1-time Projects
- Strategic use of Research Infrastructure Bill, System Revenue Bonds, Proposition 301 Capital Funds projects

¹ As additional academic and auxiliary buildings are inspected over the next two years, the estimate of deferred maintenance will increase dramatically but will more accurately reflect the condition of the campus.

²The facilities condition index (FCI) is a ratio of the estimated deferred maintenance to the estimated building replacement value. An FCI less than 0.05 is an indication that facilities are in "good" condition. An FCI greater than 0.15 is an indication of facilities that are at risk for failure or non-functionality if significant renovation or replacement does not soon occur.

| Executive Summary – 2005 Capital Development Plan | |
|--|-----------------------------|
| New Residence Hall | |
| Engineering Renovation | |
| New College of Business Administration | |
| Applied Research and Development Facility | |
| Campus Infrastructure Upgrades | |
| New Laboratory Facility | |
| Modular Swing Space, Phase II | |
| North Campus Research Infrastructure | |
| Northern Arizona University Conference Center Project | |
| Centennial Forest Station | |
| Parking Structure | |
| Capital Improvement Plan | Approximate Timeline |
| Health Professions Renovation | FY2007 |
| Arizona Western-NAU Yuma | FY2007 |
| NAU-Yavapai | FY2007 |
| Bld 24 Demolition & Renovation | FY2007/09 |
| New Academic Facility | FY2007/09 |
| Transportation Spine | FY2007/09 |
| Adel Mathematics Renovation | FY2008/09 |
| Arts and Sciences Renovation | FY2008/09 |
| Babbitt Academic Annex | FY2008/09 |
| Babbitt Administrative Center | FY2008/09 |
| Building 70 Renovation (old Col of Bus Adm) | FY2008/09 |
| duBois Center Renovation | FY2008/09 |
| Fronske Health Center | FY2008/09 |
| Gammage Renovation | FY2008/09 |
| Geology Renovation | FY2008/09 |
| Learning Resource Center | FY2008/09 |
| North Union | FY2008/09 |
| Recreation Center Expansion | FY2008/09 |
| University Union Addition | FY2008/09 |
| Social & Behavioral Science Renovation and Expansion | FY2008/09 |
| New Support Services Facility | FY2008/09 |
| Statewide and Distance Learning Technology | FY2008/09 |

Strategy # 1 Resource Assumption

NAU must demonstrate its ability to service debt (pay principal and interest) through the debt capacity reports for projects proposed for debt financing. The Comptroller's Office projects revenues and expenditures through FY2014 using historical data from the audited financial statements and cash flow projections from various internal sources. Revenue assumptions include a four to five percent annual growth in State Appropriations and a four to five percent annual growth in tuition. The estimated outstanding debt for NAU at the end FY2005 is \$180.3 million. Total estimated annual debt service is \$14.8 million, or about 4.7 percent of estimated total expenditures and unrestricted annual debt service is \$14.8 million or 5.8 percent of total unrestricted expenditures and mandatory transfers.

Based upon NAU's proposed funding sources for projects in the FY2007-2009 CIP, the projected outstanding debt at the end of FY2009 is estimated to be approximately \$253.0 million with total annual

debt service of \$18.9 million (5.0 percent of projected total expenditures) and unrestricted annual debt service of \$21.0 million (6.6 percent of projected total unrestricted expenditures and mandatory transfers). These ratios are well within the range used by bond rating firms to judge an institution's creditworthiness.

Strategy #1 Performance Measure

| NORTHERN ARIZONA UNIVERSITY | | | | | | |
|--|----------|--------------------------|--------------|----------------------|---------------------|----------------------|
| Costs to Upgrade Buildings to Category 1 or 2 | | | | | | |
| Building | Category | | Gross Square | Renovation Cost | Replacement Cost | TOTAL COST |
| Business Administration | 5 | 10 Buildings | 71,509 | \$0 | \$21,452,700 | |
| North Union | 5 | | 48,800 | \$0 | \$14,640,000 | |
| Anthropology | | Demolished | 12,100 | \$0 | \$3,630,000 | |
| Hanley Hall | | Demolished | 17,216 | \$3,443,200 | \$0 | |
| Plateau Center | | Scheduled for demolition | 64,281 | \$0 | \$19,284,300 | |
| Biological Sciences | 5 | Lab Bldg will help | 91,523 | \$18,304,600 | \$0 | |
| Communication Building | 5 | Renovated | 73,581 | \$13,000,000* | \$0 | |
| Engineering and Technology | | Renovated | 75,084 | \$13,200,000* | \$0 | |
| Adel Mathematics | 5 | On new CIP | 42,652 | \$8,530,400 | \$0 | |
| Chemistry | 5 | Lab Bldg will help | 67,866 | \$13,573,200 | \$0 | |
| SUBTOTAL RED | | | | \$43,851,400 | \$59,007,000 | \$102,858,400 |
| Hospitality Resource | 4 | | 2,767 | \$553,400 | \$0 | |
| Physical Sciences | 4 | | 49,734 | \$9,946,800 | \$0 | |
| Geology Annex | 4 | | 7,500 | \$1,500,000 | \$0 | |
| Anthropology Laboratory | 4 | | 3,383 | \$676,600 | \$0 | |
| Learning Resource Center | 4 | | 17,774 | \$3,554,800 | \$0 | |
| Gammage | 4 | | 44,077 | \$8,815,400 | \$0 | |
| Liberal Arts | 4 | | 52,667 | \$10,533,400 | \$0 | |
| Geology | 4 | | 22,836 | \$4,567,200 | \$0 | |
| Babbitt Academic Annex | 4 | | 38,493 | \$7,698,600 | \$0 | |
| Eastburn Education Center | 4 | | 35,500 | \$7,100,000 | \$0 | |
| Fronske Health Center | 4 | | 13,741 | \$2,748,200 | \$0 | |
| Counseling & Testing Center | 4 | | 6,550 | \$1,310,000 | \$0 | |
| Babbitt Administrative Center | 4 | | 28,610 | \$5,722,000 | \$0 | |
| du Bois Center | 4 | | 63,887 | \$12,777,400 | \$0 | |
| Health Professions | | Scheduled for Renovation | 60,427 | \$12,085,400 | \$0 | |
| SUBTOTAL ORANGE | | | | \$89,589,200 | \$0 | \$89,589,200 |
| Performing and Fine Arts | 3 | | 98,342 | \$14,751,300 | \$0 | |
| Riles Building | 3 | | 26,000 | \$3,900,000 | \$0 | |
| Wall Aquatic Center | 3 | | 48,481 | \$7,272,150 | \$0 | |
| Rolle Activity Center | 3 | | 51,422 | \$7,713,300 | \$0 | |
| University Union | 3 | | 65,358 | \$9,803,700 | \$0 | |
| University Union Fieldhouse | 3 | | 88,617 | \$13,292,550 | \$0 | |
| Social & Behavioral Sciences | 3 | | 59,533 | \$8,929,950 | \$0 | |
| Bury Hall | | Scheduled for Demolition | 17,756 | \$2,663,400 | \$0 | |
| Institute for Human Developmen | 3 | | 13,405 | \$2,010,750 | \$0 | |
| South Dining | 3 | | 18,435 | \$2,765,250 | \$0 | |
| Old Main | 3 | | 33,055 | \$4,958,250 | \$0 | |
| University Union | 3 | | 39,145 | \$5,871,750 | \$0 | |
| The Inn at NAU | 3 | | 15,177 | \$2,276,550 | \$0 | |
| HRM Building | 3 | | 14,046 | \$2,106,900 | \$0 | |
| Bilby Research Center | 3 | | 18,765 | \$2,814,750 | \$0 | |
| Recreation Center | 3 | | 49,076 | \$7,361,400 | \$0 | |
| Cline Library | 3 | | 210,606 | \$31,590,900 | \$0 | |
| Ardrey Auditorium | 3 | | 56,777 | \$8,516,550 | \$0 | |
| SUBTOTAL YELLOW | | | | \$138,599,400 | \$0 | \$138,599,400 |
| TOTAL RENOVATION / REPLACEMENT COSTS TO REACH CATEGORY 1 OR 2 | | | | | | \$331,047,000 |

Strategy #2: State Funding for Addressing Immediate Building Risks and Requirements, New Facilities Support and Building Renewal

Northern Arizona University, like all other state agencies, has received no State Appropriated Building Renewal for the last five fiscal years. The combined request for these five years would require over \$33 million dollars. The FY 07 request is \$9, 290,313. Lack of funds for building renewal became so critical in FY05 that the university identified \$6 million of a general revenue bond sale for building repair. The most critical issues continue to be elevator compliance, Fire/Life Safety, pedestrian walkways, roofing replacement/repair, ADA compliance remodeling, gender equity remodeling, asbestos holding, chilled water extensions, and controls replacements. Funding of the building renewal formula is especially

important to NAU, because climatic conditions in Flagstaff create significant challenges to facilities maintenance. These include heavy snowfall, high winds, multiple freeze/thaw cycles and increased exposure to ultraviolet light.

The lack of building renewal funding from the state in combination with the condition of the Flagstaff campus and an environment of frequent freeze-thaw cycles has taken its toll on Northern Arizona University. For FY2007, the University requests full funding of its Building Renewal. Since the state has not funded building renewal for a number of years, Northern Arizona University has requested \$4.0 million in one-time state appropriations for funds to address immediate building risks and requirements. Following is a list of projects anticipated to be addressed:

| | | |
|---|-----------|---------------------|
| Roofing - HRM/Inn at NAU | \$ | 150,000.00 |
| Roofing - Fieldhouse | \$ | 850,000.00 |
| Roofing - DuBois/South Dining/SBS | \$ | 450,000.00 |
| ADA Compliance Projects | \$ | 250,000.00 |
| Asbestos Abatement Needs (maintenance and repair) | \$ | 100,000.00 |
| Water Line Replacement and Valving (Phase I) | \$ | 850,000.00 |
| Sanitary Sewer Replacement (Phase I) | \$ | 1,100,000.00 |
| Fire Life Safety Repair/Replacement | \$ | 250,000.00 |
| Total | \$ | 4,000,000.00 |

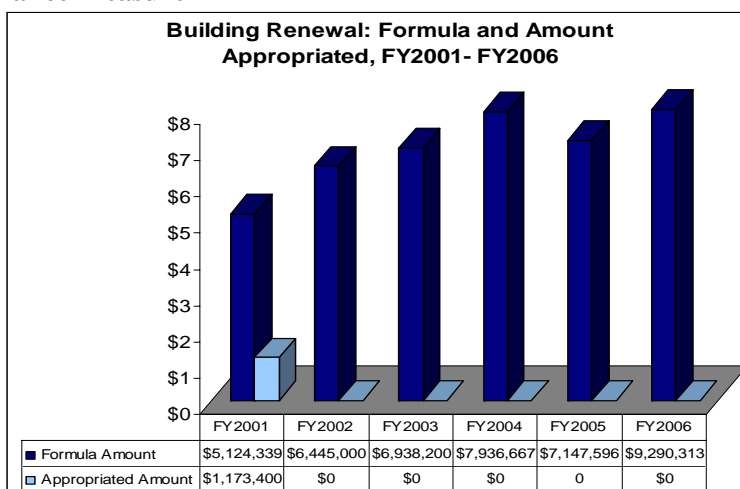
As the University builds new educational facilities, it looks to the State of Arizona to provide operations and maintenance support. The FY07 request includes four new facilities on the NAU Flagstaff campus: the new College of Business, College of Engineering and Natural Sciences, Applied Research and Development, and the new Laboratory building.

Strategy #2 Resource Assumptions

| | FY07 | FY08 | FY09 | FY10 | FY11 |
|--|-------------|-------------|--------------|--------------|--------------|
| Operations and Maintenance-Flagstaff New Facilities General Fund | \$1,412,495 | \$1,530,00 | \$1,789,000 | \$950,0000 | \$1,980,000 |
| Immediate Building Risks and Requirements General Fund | \$4,000,000 | | | | |
| Building renewal formula* | \$9,290,313 | \$9,848,000 | \$10,439,000 | \$10,930,000 | \$11,450,000 |

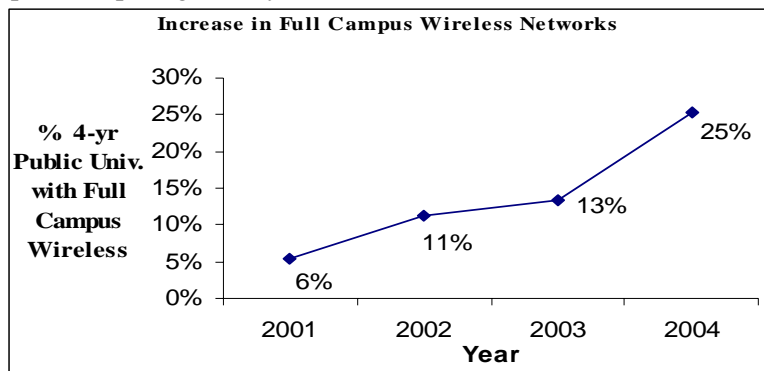
*Not included in total as per request of OSPB in 2004

Strategy #2 Performance Measure



Strategy #3: Complete Wireless Expansion and Network Upgrade for The Flagstaff Campus

Across the nation, there is a growing trend for universities to install a wireless network across the entire campus. The following graph summarizes this trend for four-year public universities (data from the K.C. Green's annual Campus Computing Survey):



Wireless networking is becoming increasingly popular due to inexpensive networking equipment for home use, built in wireless capability in laptops, commercial hot spots in hotels, coffee shops, and other public areas. It is becoming common to have broad coverage in University campuses. NAU requires a modern wireless network and an underlying network infrastructure in order to meet student and faculty expectations, stay competitive, and encourage innovation.

However, wireless networking is not a replacement for the wired network and will not be so in the future. Wireless networking inherently has a much lower bandwidth capacity, supports fewer users, is less reliable and is less secure than the existing wired network. Higher bandwidth applications and specialized applications such as video conferencing, GIS, and large file transfers do not function well over a wireless network. The wireless network is dependent upon the wired network as the backbone between wireless access points. The implementation of a campus wireless network should be used as an overlay to enhance the existing wired network.

Current status of wireless network: ITS started installing wireless access points on our existing network in 2002. The initial pilot covered the University Union and duBois Conference Center. Additional buildings were added upon departmental requests and departmental funding. Additional information on the current wireless network is available at: <http://www.nau.edu/wireless>.

As of fall 2004, the following buildings have wireless access points installed:

- University Union Building
- Dubois Center Building
- Learning Resources Center Building
- Information Systems Building
- Eastburn Education Center Building
- Engineering and Natural Sciences Building
- Babbitt Administrative Center Building
- Project Management Office Building
- Physical Sciences Building
- College of Business Building

Southwest Forest Science Complex Building
Wettaw Biology/Biochemistry Building

Expansion of Northern Arizona University's wireless network must be combined with an upgrade to the campus wired network infrastructure. The first phase of implementation will be to expand and upgrade the wired network infrastructure. The benefits of this network upgrade will be to add the required features for the wireless network, increase the capacity from each building from 100 Mb to Gigabit speeds (10x increase), add needed security features in the core routers, increase redundancy and reliability, decrease planned network downtime, better support the ITV and video conferencing, and added ability to support future networked applications.

The completion of the wireless network will be configured to only allow TCP/IP ports 80, 443 & VPN protocols, which means that NAU users and Guest users will be able to use the web <http://www.xxx.xxx> and secure web services <https://www.xxx.xxx> without using a VPN or logging on to the network with an ID. These services will be very easy to use...a wireless PC will just work. However, to run other applications such as Eudora, or to log onto the NAU domain, or share files, users will need to run VPN software. The majority of users will be able to use the network without needing support or the VPN software. A critical component in implementing this security structure is the use of a technology from Perfigo. ITS currently has deployed Perfigo security for the residence halls and has a site license for the software. This site license will be leveraged for the wireless network. Additional custom software will be written for logging and tracking users.

Strategy #3 Resource Assumptions

| | FY07 | FY08 | FY09 | FY10 | FY11 |
|---|-------------|-----------|-----------|-----------|-----------|
| Wireless and Network Expansion General Fund | \$1,312,800 | \$460,700 | \$614,800 | \$268,500 | \$268,500 |

Strategy #3 Performance Measures

1. *Wireless Usage Statistics To Be Gathered*

Strategy #4: Enhance the ITS Infrastructure

The NAU Information Technology Strategic Plan reflects the unique mission of NAU in the state of Arizona to provide both a premier residential campus and an extensive and growing distributed learning program to students throughout the state and the nation. Initiatives to be completed in FY06 included

- Advantage financial system upgrade
- Installation and use of the Perfigo network access control system (funded and ongoing)
- New IT Security Manager position
- Upgrade of current course management software, WebCT Campus Edition, to WebCT Vista or another product
- More reliable and expanded disk storage using Storage Area Network equipment
- Support new building construction and renovation efforts
- Improvement of the MyNAU portal

Looking to the future, Northern Arizona University anticipates investments in annual or biennial upgrades to enterprise software systems as well as other infrastructure enhancements.

Strategy #4 Resource Assumptions*

| | FY07 | FY08 | FY09 | FY10 | FY11 |
|--|-------------|-------------|-------------|-------------|-------------|
| Information Technology Infrastructure General Fund | \$500,000 | \$1,000,000 | \$500,000 | \$1,500,000 | \$1,000,000 |

Strategy #4 Performance Measures

| GRADUATING SENIOR INFORMATION TECHNOLOGY RESPONSES | 2003 | 2004 | GOAL |
|---|-------------|-------------|-------------|
| Percent of seniors who rated their college education as contributing to their ability to use computer and information technology either "very much" or "quite a bit." | 70% | 83% | 90% |
| Percentage of seniors reporting that the academic environment integrates technology into the learning process. | 88% | 89% | 90% |

Strategic Issue # 5

Strengthen teacher education and Arizona's teachers

Background and Issue Statement

Arizona's population growth, combined with a graying teacher force and high rates of teacher attrition, threaten the state with a serious shortage of high quality teachers. The connection between effective education systems and the capacity of the state to attract and retain high-paying industries heightens the urgency of this situation. The historic role of NAU in preparing teachers for Arizona's schools and providing professional development for Arizona's teachers offers a means to address this threat. This decision package allows the university to strengthen and expand its role in developing excellence in Arizona educators.

With this decision package, the university will seek to become the first Arizona public university accredited by the National Council for Accreditation of Teacher Education (NCATE), an organization known for setting the standards for excellence in teacher education and for promoting accountability of such programs. The package will also allow the University to expand its preparation of early childhood educators, secondary teachers in crucial shortage areas such as math and science, and teachers for rural sites. Northern Arizona University also proposes to offer professional development opportunities for practicing teachers and systematic inquiry into Arizona educational issues.

Strategy #1: Expand Pre-K through 18 Teacher Education Support

- Assist in the implementation of new certification requirements and state goals in early childhood education, math and science secondary teacher education, middle school teacher education, and rural teacher education.
 - Expand outreach to Arizona's high school students to encourage more students to consider careers in teaching.
 - Expand and improve the opportunities for graduate experience/professional development of teachers in order to enhance the achievement of Arizona's K-12 students. In particular, provide further education on issues such as data analysis and data-based decision making, strategies for English Language Learners, and content-specific support for teachers.
 - Expand the outreach of the Arizona K-12 Center to address professional development needs, particularly in rural areas. The Arizona K-12 Center was launched in 2000 to provide a venue for disseminating best practice information and providing professional development for educators.
 - Engage in focused research into Arizona educational issues. In particular, examine issues related to retention of teachers, implementation of best practices, student teaching practices, and outcomes of educational initiatives. Disseminate this information in practical, user-friendly formats to enhance teachers' effectiveness.
 - Expand partnerships with community colleges to ensure seamless transitions into the university education programs, as well as joint ventures to recruit students to key shortage areas. Enhance the collaboration among university departments to encourage more students to enter the teaching profession.
 - Re-visit the mentorship stipends/incentives for teachers who supervise student teachers. Explore paid internships as a means of expanding the recruitment and placement of teacher candidates.
-

Strategy # 2: Seek accreditation by the National Council for Accreditation of Teacher Education (NCATE)

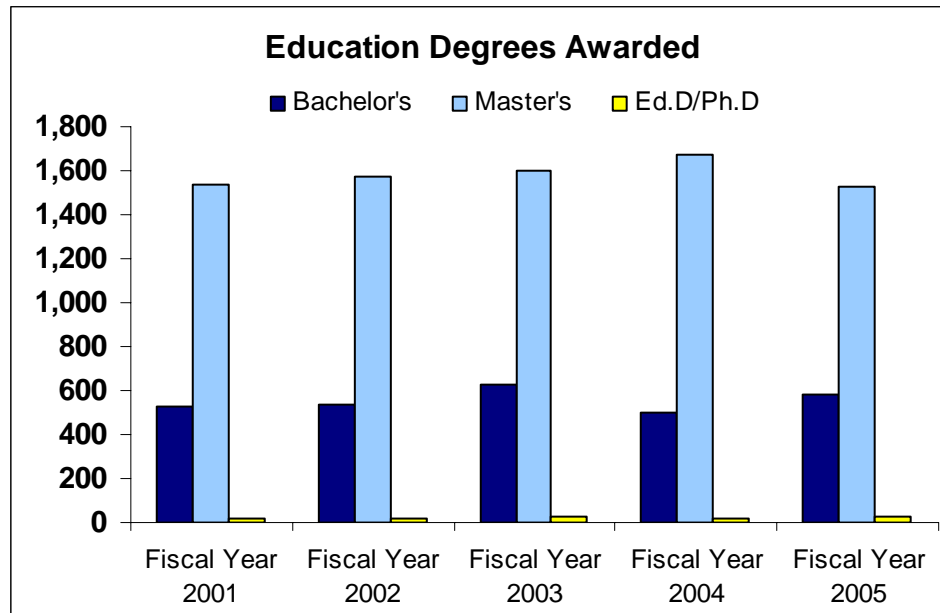
- Enhance the quality of teacher education programs through alignment to nationally-recognized standards of excellence established by NCATE.
- Strengthen university-wide participation in and commitment to teacher education through NCATE involvement and the alignment to professional standards. In particular, heighten focus on the standards for knowledge, skills, and dispositions to teach in specific subject areas.
- Develop integrated assessment systems that lead to continual improvement of teacher education graduates and to demonstrated accountability. To the extent possible, create an electronic system that serves students and programs distributed throughout the state.
- Build on the extensive field experiences/internships required of all education candidates to align these experiences both to national standards and to Arizona’s demographic realities.
- Enhance the skills of teacher education graduates to integrate technology effectively in their instruction.

Strategy #1 and 2 Resource Assumptions

| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 |
|---|---------------|---------------|---------------|---------------|---------------|
| Strengthen Teacher Education General Fund | \$1,500,000 | \$1,000,000 | | | |

**Added to base in FY06; remains in base thereafter.*

Strategy Performance Indicator: College of Education Degree Graduates



3. Sum of Incremental Costs to Support the Five-year Strategic Plan

| | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| General Funds | \$20,967,300 | \$6,490,700 | \$4,903,800 | \$4,718,500 | \$5,248,500 |
| Other Appropriated Funds | | | | | |
| Other Non Appropriated Funds | | | \$200,000 | \$300,000 | \$400,00 |
| Federal Funds | | \$250,000 | \$350,000 | \$575,000 | \$700,000 |
| Budget Unit Total | \$20,967,300 | \$6,740,700 | \$5,453,800 | \$5,593,500 | \$6,348,500 |
| FTE Positions | 115.00 | 28.00 | 19.00 | 15.00 | 23.00 |