

**Northern Arizona University  
State of Arizona FIVE-YEAR STRATEGIC PLAN  
FY 2004-2008**

**A. Mission and Description**

Northern Arizona University is a doctoral/research intensive institution that has at its core undergraduate programs, significant research, and graduate programs to the doctoral level appropriate to its size and classification. Northern Arizona University aspires to be a premiere undergraduate residential institution that provides its students with an innovative and challenging liberal arts and sciences core integrated with a comprehensive number of professional programs. The learning environment at the Mountain Campus is unmatched for natural beauty and for student-centered programs and services. Undergraduate programming prepares students for life in the twenty-first century by assuring individual development through small classes, close interaction with senior faculty, and sophisticated learning technologies more commonly found at the nation's leading private universities.

Northern Arizona University also provides exceptional quality in a selected number of post-baccalaureate certificates, master's and doctoral programs in its areas of greatest strength. The university seeks to expand its post-baccalaureate programs as interdisciplinary fields expand and as the needs of economy demand increasing levels of educational preparation. Intimately linked to its undergraduate and graduate missions, the university's faculty, organized in departments, research centers and institutes, advances knowledge in traditional disciplines, in fields related to NAU's unique environment on the Colorado plateau, and in response to the needs of the state and region for solutions to real world problems.

Finally, NAU is an integral part of the northern Arizona and Flagstaff communities. It embraces its mission to serve rural Arizona and Native American peoples, and seeks a partnership in providing economic, cultural, and social opportunities for all citizens of the region. Consonant with its mission to serve the state's rural counties, the university has innovative partnerships with rural community colleges, operates an education center in Yuma and IITV sites in twenty-six locations plus technology-based delivery into offices and homes.

**B. Strategic Issues**

*1. Issue: Increase academic excellence and the quality of the residential living and learning environment to become a premiere undergraduate learning community.*

Northern Arizona University already offers a student-centered undergraduate education distinguished by small classes, close interaction between professors with students, and a friendly, supportive, active campus environment. For example, currently 77% of lower division students have two or more classes taught by tenure or tenure-track faculty, and

93% of all undergraduate students have three or more classes taught by tenure or tenure-track faculty.

In planning for the future, the university aspires to build on its strengths and offer Arizona residents an educational experience with attributes not usually found at an institution its size and at rates affordable to the public. The American Association of Colleges and Universities (AAC&U), in a recently published a seminal report entitled *Greater Expectations: The Commitment to Quality as a Nation Goes to College*, suggested that leaders need to use resources strategically to build a culture centered on learning. Strategically, Northern Arizona University intends to build this environment of learning excellence.

*2. Issue: Increase and manage enrollment to improve the diversity, quality and quantity of students, as well as creating new incentives to expand access to programs that have high market demand.*

Northern Arizona University will improve its diversity, accessibility, and graduation rates through increased attention to recruitment, retention, and market demand for programs and certificates throughout Arizona's metropolitan and rural areas. After growing at a tremendous rate from 1984 to 1995, NAU's growth slowed, and for the past several years has hovered just below 20,000 students. During that time, the university also experienced a decline in enrollment at the mountain campus, while the students taking classes from Statewide sites and Yuma doubled between 1990 and today to over 5,000 students. During these same years, NAU's nonresident and international population declined, and although NAU will always be focused on qualified Arizona students, it must increase its nonresident and international student base for both academic diversity and financial reasons. It should be noted that the quality and ethnic diversity of the student body continued to increase throughout this period between 1995 and today.

A fuller understanding and differentiation of student numbers and mix (full and part-time, resident, nonresident and international, traditional and adult, undergraduate and graduate, diversity) as well as knowledge of market and employer needs is required as the university looks and plans for the future.

*3. Issue: Increase research, graduate education and economic development.*

Linked inextricably to the mission in undergraduate education is continuing growth in research and graduate education. NAU currently offers 46 masters, 9 doctoral, and 9 post-baccalaureate certificates. NAU intends to continue to grow and expand its distance delivered graduate programs and address Arizona's critical workforce shortages by providing post baccalaureate degree and certificate programs in teacher education, engineering, information technology, business, nursing and other health professions.

Northern Arizona University has one of the fastest growing university research programs in the United States. During the period 1999-2002 new extramural funding to NAU more

than doubled to \$52 million dollars with expenditures nearing \$60 million. Growing from a core of broadly defined environmental science initiatives, NAU research today stretches across the entire university involving nearly all disciplines and including undergraduate students. Research includes nearly 700 projects funded by federal agencies (74%), state and local organizations (16%), industry (1%), private foundations (1%) and other non-profit sponsors (8%). The research and graduate education endeavors are expected to generate patents and licenses of intellectual property and new business spin-offs contributing to the economic development of Northern Arizona communities.

This rich heritage of applied research and public service that not only bridges the gap between academic disciplines, but also between the university and applied problem solving bringing benefits to citizens and communities. The region, state, and nation are served by many active research centers such as the Ecological Restoration Institute, the Merriam Powell Center for Environmental Research, the Social Research Laboratory, the Center for Sustainable Environments, and the Institute for Tribal Environmental Professionals. These research centers are addressing critical ecological and economic issues associated with fire and forest management, sustainable community development, global climate change, and tribal environmental quality. Other research centers and institutes (e.g., Institute for Human Development, Institute for Future Workforce Development, Arizona K-12 Center) address the human dimension through externally funded public service programs focused on persons with disabilities, workforce technology training, and K-12 math, science, technology, and character education.

*4. Issue: Invest in the teacher preparation and health profession pipeline; expand the supply of professionals in high demand markets*

NAU already educates many professionals for high demand markets such as teacher preparation and allied health professions, but increased or new funding sources are required to expand capacity in these programs which require a higher support per student. Growing workforce shortages in health care delivery and elementary and secondary education were highlighted as critical concerns of task forces such as Arizona At Risk.

Northern Arizona University intends to offer high demand post-baccalaureate and certificate programs, as well as selected undergraduate programs in Phoenix, Tucson and other metropolitan areas in the West. We will also develop partnerships with Arizona Regents University, Arizona State University, the University of Arizona, Arizona community colleges and institutions across the country to deliver quality, affordable workforce-development programs when and where they are needed, and build on the tradition of our Master's of Science in Management, accelerated B.S. in Nursing and Fast-Track Certification degrees by offering master and bachelor's programs that use bachelor's degrees in multiple disciplines to provide a short-term path to different careers. NAU is committed to offering courses and programs at both the undergraduate and graduate level on community college campuses to provide greater access to four year

degrees and to address needs in high-demand degree-completion programs (such as nursing and business).

*5. Issue: The current environment of noncompetitive salary levels and below-market salary adjustment endangers Northern Arizona University's ability to hire and retain talented faculty and staff.*

Northern Arizona University's faculty salaries fell to the **5th** percentile for all faculty ranks compared to Board of Regents approved peer institutions, and are significantly lower than the salaries at Arizona State University and the University of Arizona. All sources of comparative salary data document that the overwhelming majority of other universities pay higher average salaries at every level to their faculty. Non-teaching professional and classified staffs suffer similar salary deficiencies. Adding a double whammy is the cost of living in Flagstaff. According to current indices based on Bureau of Labor Statistics, Census data, and other federal surveys, Flagstaff has an 8% higher cost of living than the Phoenix area and an 11% higher cost of living than Tucson. Comparatively low salaries and a very high cost of living affects recruitment, retention and morale. Failure to address this situation becomes increasingly serious as the number of employees resigning and retiring increases.

A.R.S. 41-763-01 requires the Arizona Board of Regents annually to 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. Funding this request over the next five years is essential to maintain the integrity of Northern Arizona University.

*6. Issue: Building Renewal and Capital Replacement funding is required to address the physical facility challenges faced by the university.*

Northern Arizona University, like all other state agencies, received no Building Renewal appropriation for FY02 and FY03. The combined request for these two years totaled more than \$13 million. The lack of appropriation over two years compounds the physical facility problems faced by the university. It should be noted that the Building Renewal request will not address any of the institution's deferred maintenance, but will only allow the institution not to fall further behind, especially since deferred maintenance calculations were substantially revised this year following new detailed facility condition assessments prepared by architectural/engineering firms. When completed for all academic buildings, the result will be a dramatic, but more accurate, estimate of the maintenance needs of the campus.

Full funding of the building renewal formula is especially important to NAU, as climatic conditions in Flagstaff create additional challenges in the maintenance of facilities—these include large amounts of snow fall, multiple freeze/thaw cycles, and increased exposure to ultraviolet light. NAU must continue its work in restoring and renovating its buildings

on the Mountain Campus, as well as build additional residence halls to attract and retain students.

*7. Issue: Only through a commitment to financial stability and growth will the university be able to expand the quality and breadth of its education and research efforts.*

The State of Arizona's FY02 budget reduction and FY03 budget allocation have had significant negative consequences requiring the institution to address the financial stability and growth of the university as a strategic issue. In FY02 NAU received a decrease in general funds per student over FY01. Making the situation worse, the previous year's increase was approximately half of the increase seen in WICHE states or the U.S. average according to the Western Interstate Commission for Higher Education (WICHE). Where a high school degree would allow professional success and personal fulfillment two decades ago, today a college degree is an absolute necessity. Equally as important, the state faces an uncertain economic future competing against other states that do invest in higher education.

Without reinvestment the Northern Arizona University will need to choose which educational and support services it can no longer offer or what standards must be lowered. The university deliberately protected its core instruction mission as much as possible in FY02 and FY03, however instruction still sustained significant cuts that need to be restored. Also jeopardized is the ability to keep up with technology requirements to create a technology-literate student body. NAU is known for its use of technology in the delivery of programs, however this technology must be updated as expectations of Arizona students rise. Further, Northern Arizona University is in the middle of implementing a new student administration system, which requires development of a sustainability plan to in order to protect and reap the benefits of the initial investment.

Tuition revenue is another avenue to assist in providing the support per student required to educate students at the university. Currently, Northern Arizona University's tuition level and structure places it 15 out of 17 among its Board of Regents approved peers in undergraduate resident tuition and fees, and it is the only such institution to charge undergraduate and graduate students at the same level. *Median* tuition and fees for these peers in FY2002 was \$3,720 compared to NAU's \$2,486. NAU is ranked 59 of the 63 Doctoral/Research Intensive Universities in the country in undergraduate resident tuition and fees. NAU is very sensitive to the fact that raising tuition can put extra pressures on low-and-middle income students. It is the university's intention to couple its tuition and financial aid policies to reduce the pressures of unmet need. This plan assumes a 5% per year tuition increase over the life of the plan.

### C. Northern Arizona University Strategic Plan Goals

- Be a premiere undergraduate residential learning community.
- Increase and manage enrollment
- Strengthen graduate education, economic development and research to meet the needs of Arizona, the southwest, and the nation
- Build on our national reputation for excellence in professional programs
- Provide leadership in the development, use, and assessment of technologies in educational programs
- Foster a culture of diversity
- Be the nation’s leading university serving Native Americans
- Ensure financial stability and growth

### D. Goals and Strategies

<b>Goal</b>	<b>Be a premiere undergraduate residential learning community</b>
Strategies	<ol style="list-style-type: none"> <li>1. Increase academic excellence in programs</li> <li>2. Implement the Faculty Development Program Resource and Networking Center</li> <li>3. Use student learning outcomes in all programs to assess program effectiveness</li> <li>4. Continuing to develop living and learning experiences to provide an engaging campus climate</li> <li>5. Renovate academic buildings and include advanced technology to support instruction and research</li> <li>6. Provide excellent student success services</li> </ol>
<b>Goal</b>	<b>Increase and manage enrollment</b>
Strategies	<ol style="list-style-type: none"> <li>1. Increase the number of international, graduate, undergraduate, minority, resident and nonresident students</li> <li>2. Increase enrollment at the mountain campus by 750-1,000 students by 2008</li> <li>3. Increase enrollment at Yuma and other distributed learning sites by 1,000 students by 2008</li> <li>4. Improve student retention to achieve a retention rate to the second year of 80% and a graduation rate of 50-55%</li> <li>5. Develop the Gateway Student Success Center and implement a centralized advising system</li> </ol>

<b>Goal</b>	<b>Strengthen graduate education, economic development and research to meet the needs of Arizona, the southwest, and the nation</b>
Strategies	<ol style="list-style-type: none"> <li>1. Be a regional, state, and national center of excellence in focused areas such as environmental research and graduate education in forestry, biology, and workforce development</li> <li>2. Attract and retain the highest quality graduate students</li> <li>3. Expand the research infrastructure in bioscience, biotechnology, environmental science, and environmental technology</li> <li>4. Increase graduate assistantships and fellowships</li> <li>5. Provide increased services to support graduate student success</li> <li>6. Leverage proposition 301 funds to conduct applied research relating to economic development throughout the state</li> </ol>
<b>Goal</b>	<b>Build on our national reputation for excellence in professional programs</b>
Strategies	<ol style="list-style-type: none"> <li>1. Offer programs strategically in professional areas that meet learner needs and changing demands in the workplace</li> <li>2. Offer alternative routes to high demand health care professions</li> <li>3. Offer alternative routes to teacher certification and increase the number of K-12 mathematics and science teachers and other underrepresented disciplines</li> <li>4. Support programs and service to ensure consistent attention to state standards and high pass rates on the Arizona Education Proficiency Assessment</li> <li>5. Provide in-service programs for teachers, state and local leaders, principals, and superintendents to enhance education leadership skills throughout Arizona</li> <li>6. Develop new partnerships with businesses, health care institutions, educational institutions, and social agencies</li> </ol>
<b>Goal</b>	<b>Provide leadership in the development, use, and assessment of technologies in educational programs</b>
Strategies	<ol style="list-style-type: none"> <li>1. Improve the university's capacity to support faculty in the development and offering of technology-enhanced courses</li> <li>2. Establish a Center for Research, Development, and the Assessment of Learning in Electronic Environments</li> <li>3. Develop certificate and degree programs to deliver using technologies within Arizona and the Southwest region</li> <li>4. Expand student use of technology through improvements in the campus technical infrastructure</li> <li>5. Encourage colleges and departments to hire and reward faculty who innovatively use technology or other forms of teaching as scholarship</li> </ol>

<b>Goal</b>	<b>Foster a culture of diversity</b>
Strategies	<ol style="list-style-type: none"> <li>1. Design recruitment and retention strategies that will increase the representation of a more diverse and international student, faculty, and staff population</li> <li>2. Increase general student enrollments in the programs and courses that have a diverse focus and/or theme</li> <li>3. Expand access to other cultures and issues by developing courses in the liberal studies and other programs</li> <li>4. Increase the number of fellowships and scholarships available to ethnically diverse and international students</li> <li>5. Support faculty research on issues of diversity</li> <li>6. Establish visiting professorships for scholars of underrepresented populations</li> <li>7. Support a provost lecture series on issues related to diversity themes to highlight the university commitment each year and to attract campus attention to this theme</li> </ol>
<b>Goal</b>	<b>Be the nation's leading university serving Native Americans</b>
Strategies	<ol style="list-style-type: none"> <li>1. Design recruitment and retention strategies that will attract a substantial number and the highest quality Native American scholars, staff, and students</li> <li>2. Expand access to Native American culture by developing courses and themes in liberal studies and other programs</li> <li>3. Increase the number of fellowships and scholarships available to Native American students</li> <li>4. Support grant writing activities to provide more service to Native American populations</li> <li>5. Expand research relevant to the Native American population</li> </ol>
<b>Goal</b>	<b>Ensure financial stability and growth</b>
Strategies	<ol style="list-style-type: none"> <li>1. Develop a multi-year plan to achieve equity with peers in faculty and staff salaries</li> <li>2. Coordinate with the Arizona Board of Regents and the other two public universities to ensure a level of support per student that ensures educational quality for students and confers value on their degree</li> <li>3. Hire administrative leaders for vacant senior administrator positions</li> <li>4. Create a new model for offering and funding programs in distributed learning</li> <li>5. Reallocate resources, redesign functions and programs, and align new resources to support university priorities</li> <li>6. Continue to develop the technological infrastructure and personnel to provide data, analysis and projections to make informed decisions</li> <li>7. Increase private support, including alumni, to supplement state funding and tuition</li> </ol>

## E. Resource Assumptions

### 1. FY2003 Agency Funding Level for All Funds

Due to current economic conditions, the Arizona Board of Regents has requested each university to reflect a 5% budget reduction in its FY03 budget. This reduction is reflected in the table below in the column labeled “revised estimate.” Other fund sources such as non-appropriated funds, tuition, etc. have not been reduced.

If required, Northern Arizona University will handle the reduction in a manner that reflects its commitment to mission and priorities. Similar to the strategy used for the FY02 budget reduction, targets will be identified for each vice presidential area based on relationship to core mission and priorities. For example, in FY02, the colleges, which have an activity or program code of “instruction,” faced a base budget reduction of 1.5 percent, while other areas received reductions ranging between 6.5 and 15 percent. Individual offices themselves did not receive a percentage reduction target, rather the vice president in charge of an area had discretion to propose a plan to the president of how his/her area would handle the reduction. Thus, while the target budget reduction amount was centrally set, implementation resided at the operational level with each vice president, as long as guiding principles were observed.

Of course, a budget rescission on top of prior year budget reductions is especially difficult. Layoffs and not filling vacancies, less class choice for students, larger classes, less training and professional development, less student employment on campus, reduced accessibility to laboratories, and increased fees for printing, attendance at university sponsored events, and parking are likely to be repeated as consequences for students and staff. In the long term, the reductions following after relatively modest general fund increases over the past several years and a recent history of less than cost of living salary adjustments complicates the institution’s ability to develop and achieve its five-year strategic plan goals.

Description	(Thousands)	
	FY 2003 Original	FY 2003 Revised
	General Funds	117,189
Other Appropriated Funds	25,691	25,691
Other Non Appropriated Funds	109,527	109,527
Federal Funds	43,156	43,156
Budget Unit Total	295,564	289,354
FTE Positions	3393.30	3285.87

**2. Incremental Costs Associated with Strategic Issues;**

**Resource Assumptions:**

- Increase in tuition of 5% in FY04, 05, 06, 07, 08
- Five year plan to restore salary competitiveness to 50<sup>th</sup> percentile by FY 2008
- Full funding of Building Renewal calculation each year
- For FY05 and FY06 an additional \$4 million in previous year cuts is added back to allow for strategic reinvestment
- Increase of 3% in general fund to address inflation and increases in enrollment
- Annual general fund appropriations for various program enhancements
- Continued strong growth in federal granting agency funding support averaging about 4% if salaries are able to move towards market
- Other non-appropriated funds are projected to increase at a rate of approximately 3%
- Assuming state salary and Building Renewal support is forthcoming, other non-appropriated funds will need to be increased significantly (beyond 3%) to support the additional expenditures that would be required of local accounts like Residence Life which has large locally supported payrolls and facilities not covered by BR.

Issue 1: *Increase academic excellence and the quality of the residential living and learning environment to become a premiere undergraduate learning community.*

Description	(Thousands)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
General Funds	1,000	1,000	1,250	1,500	1,500
Other Appropriated Funds	0	0	0	0	0
Other Non Appropriated Funds	329	266	294	367	336
Federal Funds	159	127	140	173	156
Budget Unit Total	1,488	1,393	1,684	2,040	1,992
FTE Positions	21.45	21.45	26.81	32.18	32.18

2. *Issue: Increase and manage enrollment to improve the diversity, quality and quantity of students, as well as creating new incentives to expand access to programs that have high market demand.*

Description	(Thousands)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
General Funds	1,000	1,250	1,500	1,750	2,000
Other Appropriated Funds	0	0	0	0	0
Other Non Appropriated Funds	329	332	353	428	448
Federal Funds	159	159	168	201	208
Budget Unit Total	1,488	1,741	2,021	2,380	2,656
FTE Positions	24.50	30.63	36.75	42.88	49.00

3. Issue: Increase research, graduate education and economic development.

Description	(Thousands)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
General Funds	1,000	750	1,000	1,250	1,500
Other Appropriated Funds	0	0	0	0	0
Other Non Appropriated Funds	329	199	235	306	336
Federal Funds	159	096	112	144	156
Budget Unit Total	1,488	1,045	1,347	1,700	1,992
FTE Positions	19.50	14.63	19.50	24.38	29.25

4. Issue: Invest in the teacher preparation and health profession pipeline; expand the supply of professionals in high demand markets

Description	(Thousands)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
General Funds	1,000	1,750	2,000	2,250	2,500
Other Appropriated Funds	0	0	0	0	0
Other Non Appropriated Funds	329	465	471	551	560
Federal Funds	159	223	223	259	260
Budget Unit Total	1,488	2,438	2,694	3,060	3,320
FTE Positions	21.50	37.63	43.00	48.38	53.75

5. Issue: The current environment of noncompetitive salary levels and below-market salary adjustment endangers Northern Arizona University's ability to hire and retain talented faculty and staff.

Description	(Thousands)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
General Funds	8,006	6,527	6,865	7,221	7,595
Other Appropriated Funds	0	0	0	0	0
Other Non Appropriated Funds	2,335	1,904	2,002	2,106	2,215
Federal Funds	778	635	667	702	738
Budget Unit Total	11,119	9,065	9,535	10,029	10,548
FTE Positions	0	0	0	0	0

6. Issue: *Building Renewal and Capital Replacement funding is required to address the physical facility challenges faced by the university.*

Description	(Thousands)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
General Funds	7,937	8,853	9,495	10,173	10,888
Other Appropriated Funds	0	0	0	0	0
Other Non Appropriated Funds	3,968	4,427	4,748	5,086	5,444
Federal Funds	159	177	190	204	218
Budget Unit Total	12,064	13,457	14,433	15,463	16,550
FTE Positions	0	0	0	0	0

7. Issue: *Only through a commitment to financial stability and growth will the university be able to expand the quality and breadth of its education and research efforts.*

Description	(Thousands)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
General Funds	4,632	6,253	7,044	5,919	6,821
Other Appropriated Funds	-195	3,900	3,597	3,857	4,137
Other Non Appropriated Funds	1,523	1,661	1,658	1,449	1,529
Federal Funds	737	796	787	681	708
Budget Unit Total	6,697	12,610	13,086	11,906	13,195
FTE Positions	64.38	86.91	97.91	82.27	94.80

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

Description	(Thousands)				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
General Fund	24,574	26,383	29,155	30,062	32,804
Other Appropriated Funds	-195	3,900	3,597	3,857	4,137
Other Non Appropriated Funds	9,142	9,254	9,761	10,294	10,869
Federal Funds	2,310	2,212	2,286	2,363	2,443
Budget Unit Total	35,831	41,749	44,799	46,576	50,252
FTE Positions	151.33	191.23	223.97	230.07	258.98