



NORTHERN ARIZONA UNIVERSITY

## BUSINESS PLAN

### *Building a Financial Structure to Achieve Enterprise Goals*

**John Haeger**, President

**Laura Huenneke**, Provost

**Jennus Burton**, VP-Finance & Administration

**Mason Gerety**, VP-Advancement

*September 2013*

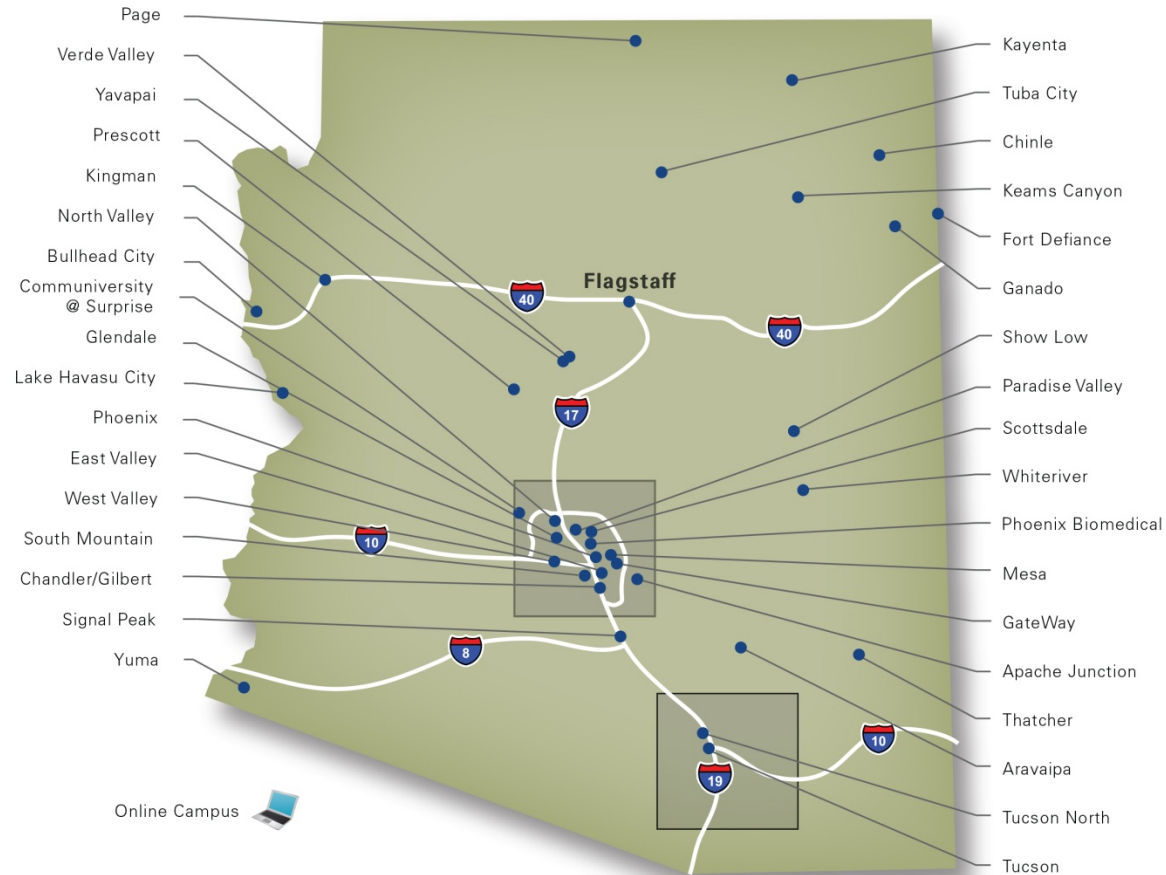
# DEFINING THE INSTITUTION

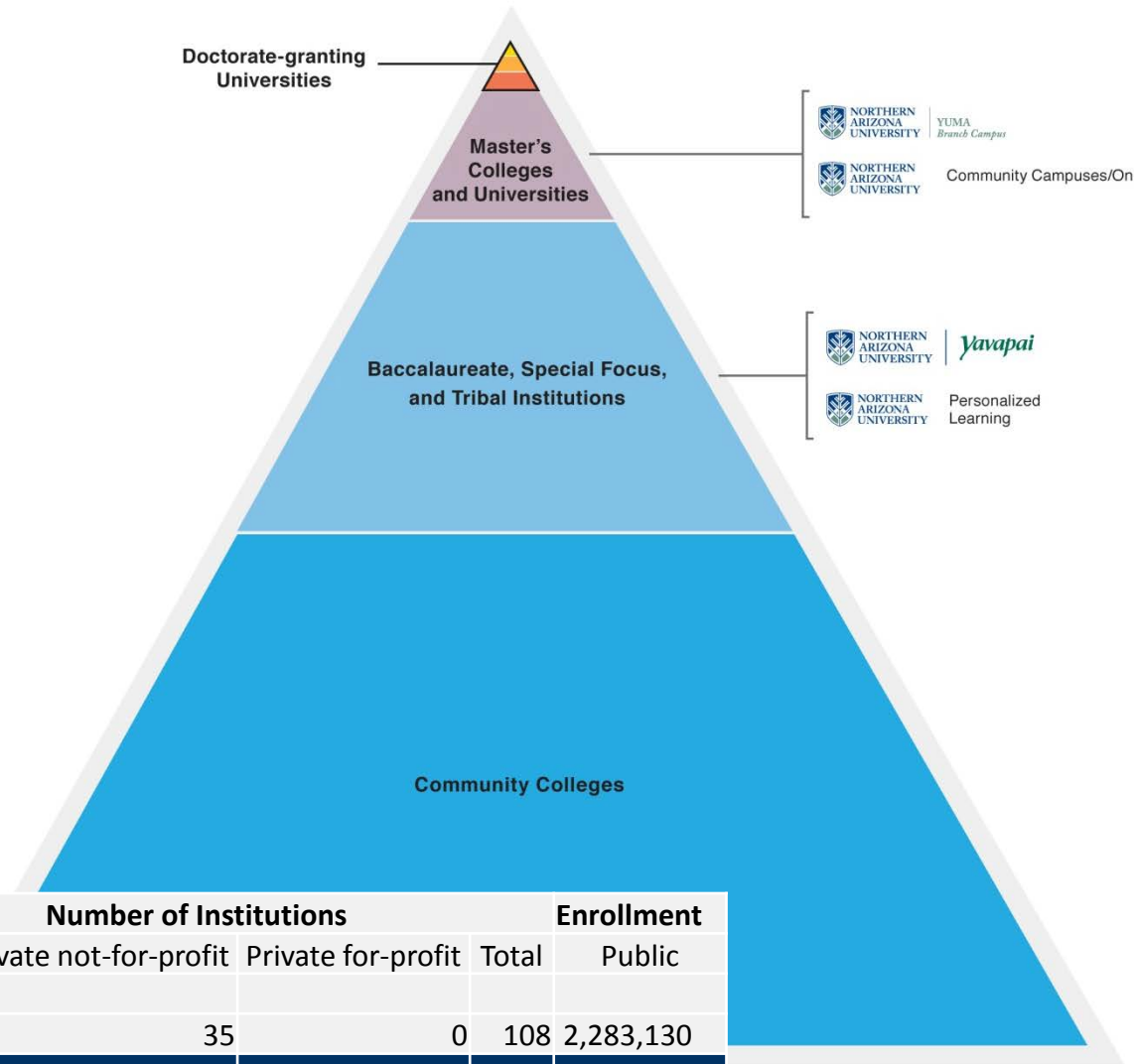
WHAT WE ARE, WHAT WE ARE NOT



# MISSION FOCUS

To provide an *outstanding* undergraduate residential education strengthened by **research**, graduate and professional programs, and sophisticated methods of **distance delivery** and innovative **new campuses** and programs throughout the state.





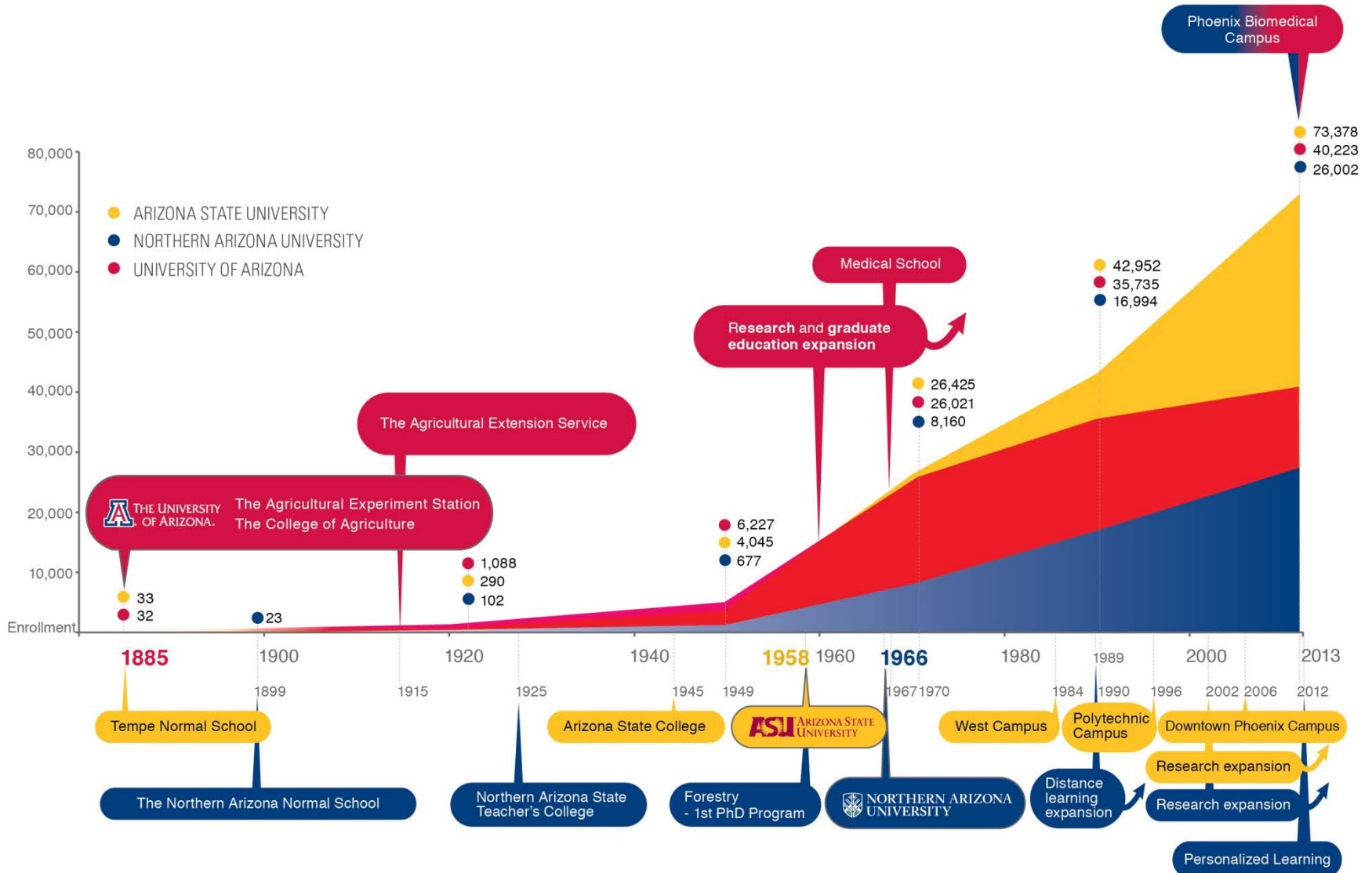
Basic Carnegie Classification	Number of Institutions				Enrollment	
	Public	Private not-for-profit	Private for-profit	Total	Public	
Doctorate-granting Universities						
Very High Research	73	35	0	108	2,283,130	
High Research	74	25	0	99	1,430,008	
Doctoral	30	49	11	90	401,662	
Master's Colleges and Universities	271	380	73	724	2,590,603	
Baccalaureate Colleges	137	534	139	810	485,492	
Special Focus Institutions	41	569	241	851	77,417	
Tribal Colleges	24	8	0	32	14,591	
Community Colleges	1054	114	752	1,920	7,625,324	



FY 2012	R&D Expenditures	Ph.D. Degrees
UA	\$625M	417
ASU	\$386M	442
NAU	\$28M	26



# EVOLUTION OF ARIZONA UNIVERSITY SYSTEM





## The Arizona Higher Education Enterprise Northern Arizona University

### NAU Flagstaff

- High Research

### NAU Regional Campuses

- Yuma: Master's Level
- Yavapai: Bachelor's Level

### NAU Learning Centers

- Phoenix Medical Campus: Master's Level
- 32 Community Centers: EdD/DPT/ Master's Level

### NAU Online

- Personalized Learning

### NAU Foundation

- Northern Arizona Real Estate Holdings, LLC
- NAU Ventures, LLC

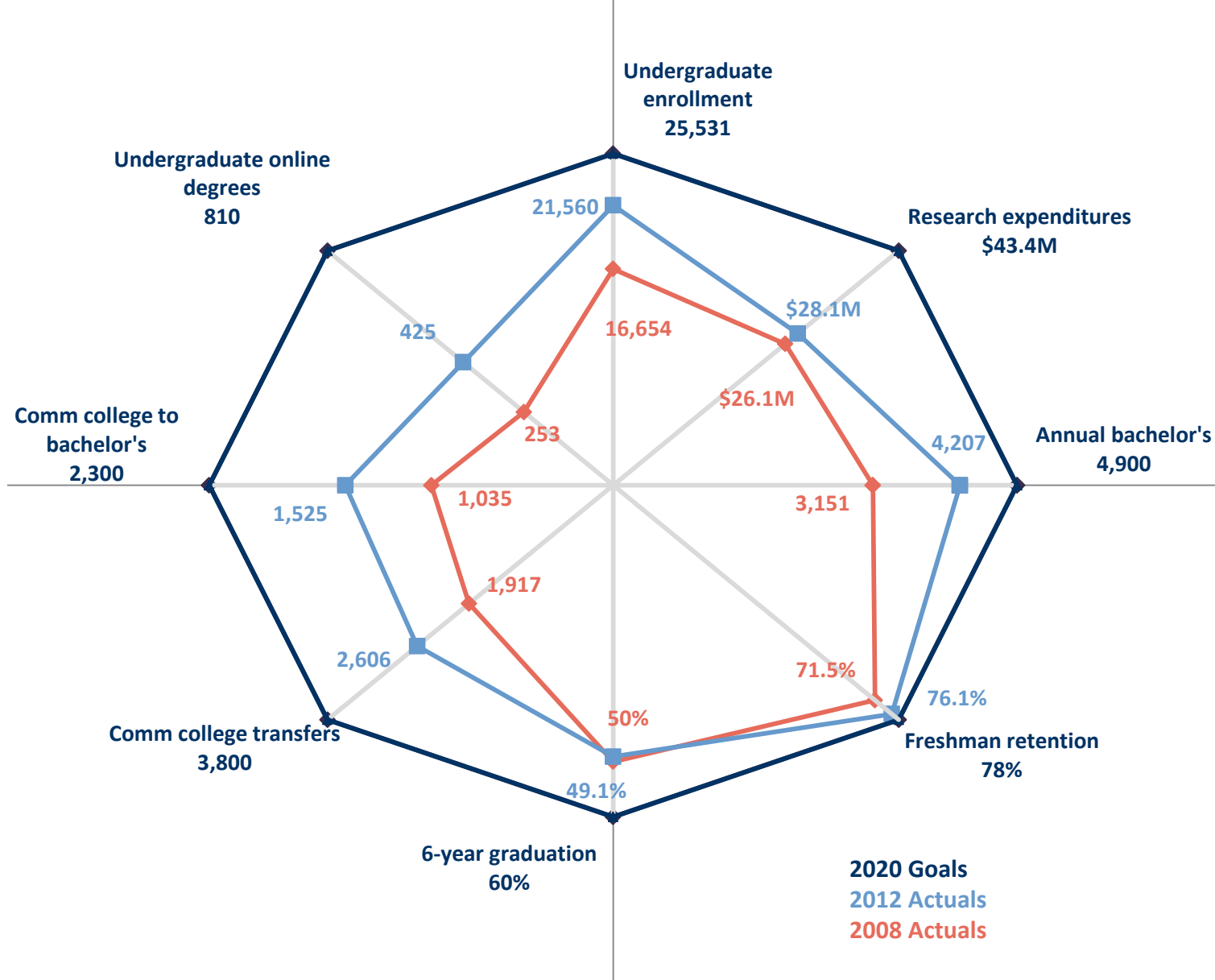
# KEY METRICS

WHERE WE ARE, WHERE WE ARE GOING





# NAU 2020 Goals





# 2020 ENTERPRISE METRICS

Overall on track to meet NAU's 2020 goals

## May exceed:

- Undergraduate enrollment
- Bachelor's degrees
- Retention rate
- STEM degrees

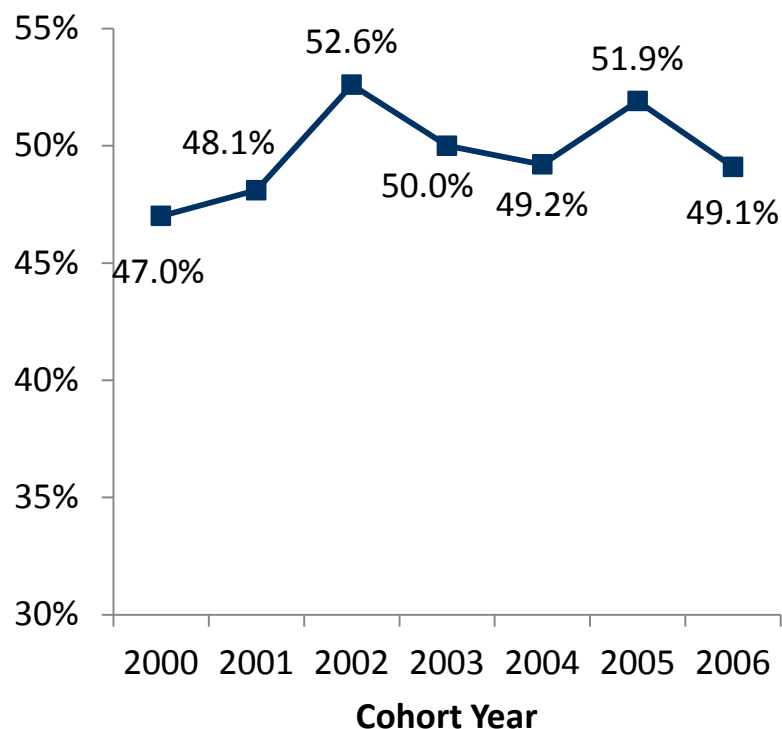
## Metrics to watch:

- Research and public expenditures
- Cost of attendance
- Online degrees
- Graduate degrees

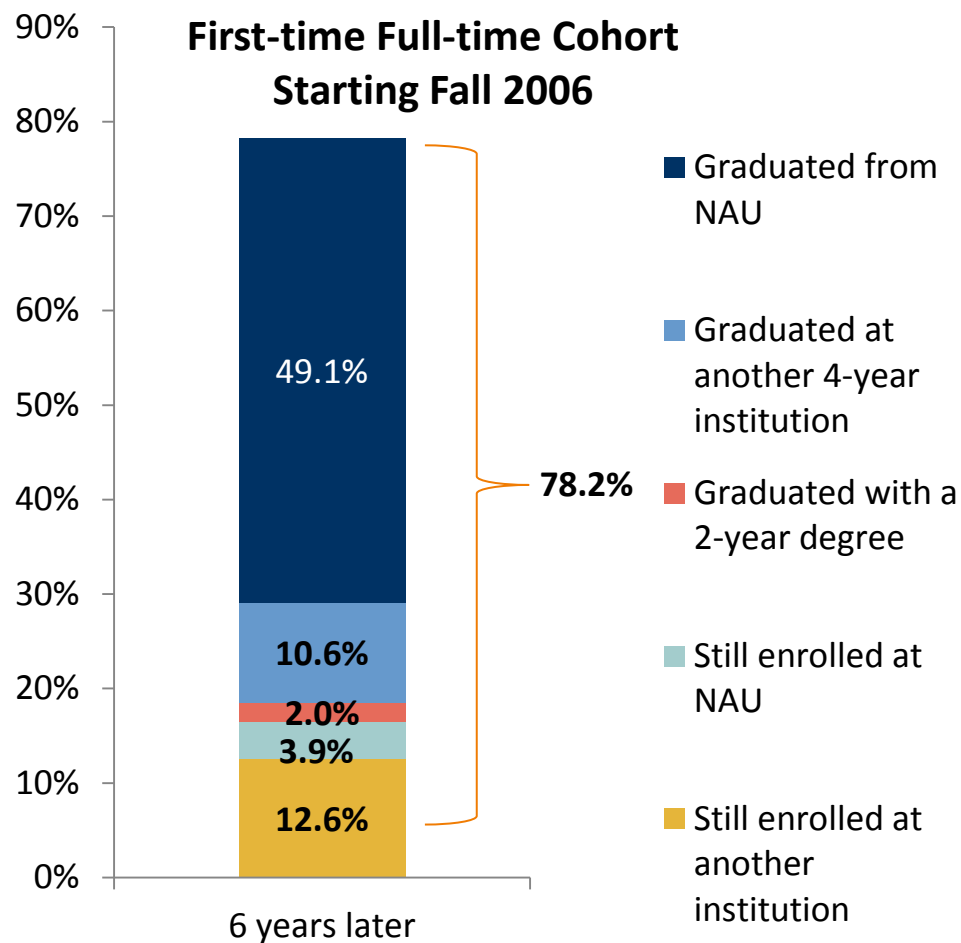


# GRADUATION RATES

**Six-year Graduation Rate  
First-time Full-time Cohort**



**First-time Full-time Cohort  
Starting Fall 2006**



# **COMPARISONS WITH PEERS**

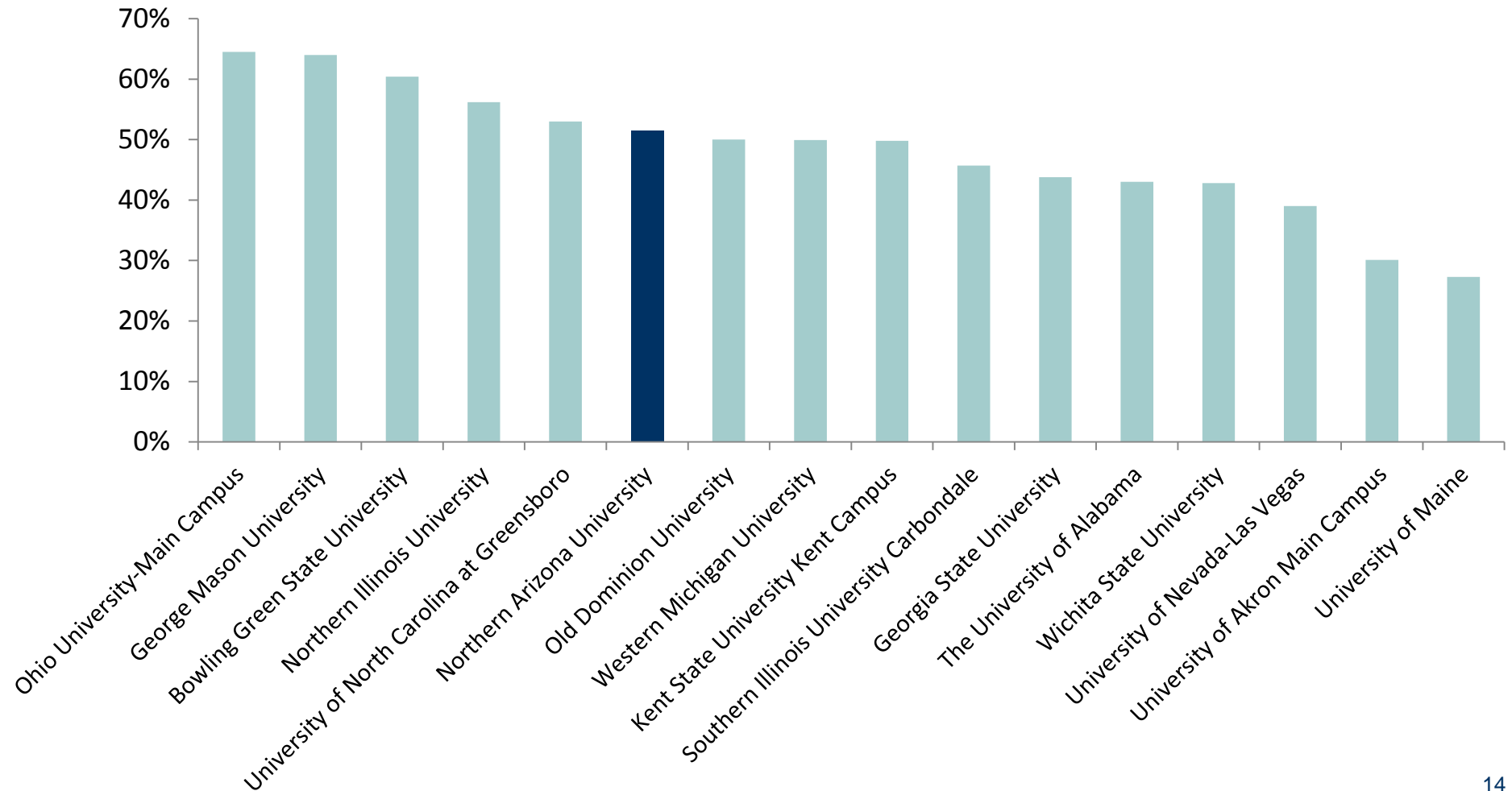


# PEER INSTITUTIONS

- University of Maine - Orono
- **Old Dominion University - Norfolk, VA**
- **Georgia State University - Atlanta**
- George Mason University - Fairfax, VA
- Southern Illinois University - Carbondale
- University of Akron - OH
- Ohio University - Athens
- University of Alabama - Tuscaloosa
- Wichita State University - KS
- University of Nevada - Las Vegas
- **Kent State University - OH**
- **University of North Carolina - Greensboro**
- **Western Michigan University - Kalamazoo**
- **Northern Illinois University - DeKalb**
- **Bowling Green State University - OH**

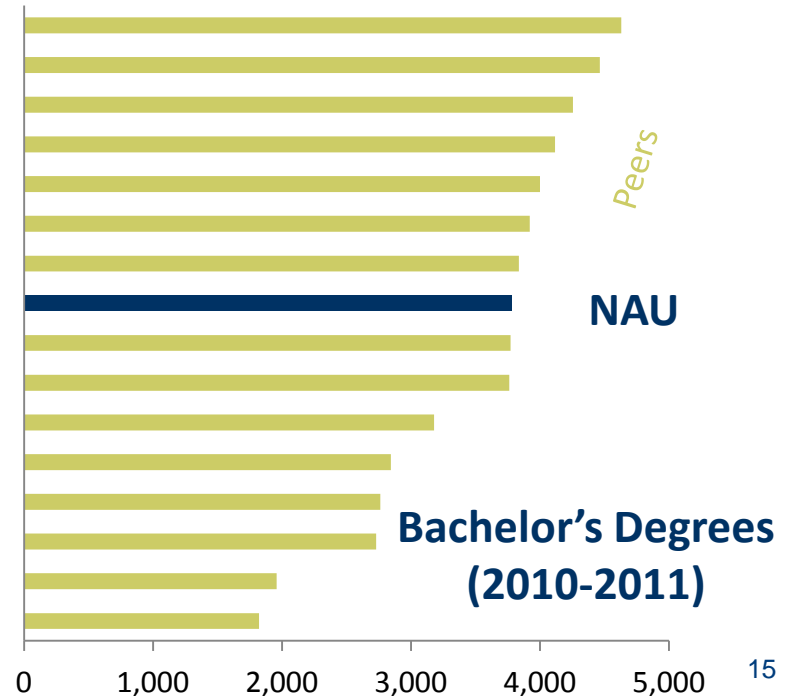
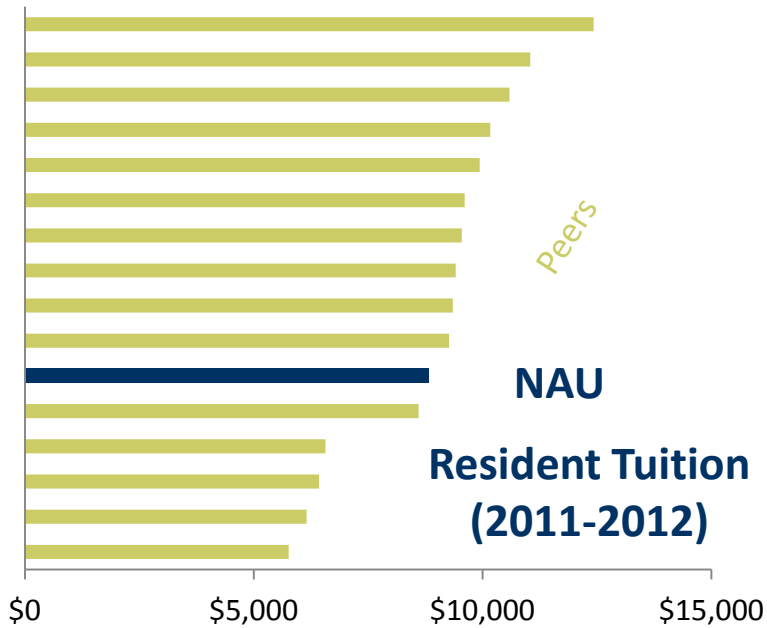
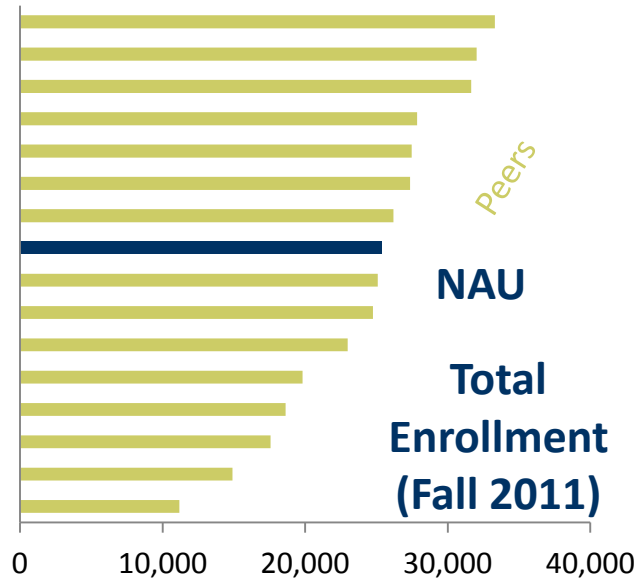


# COMPARISON WITH PEERS – 6-YEAR GRADUATION RATE



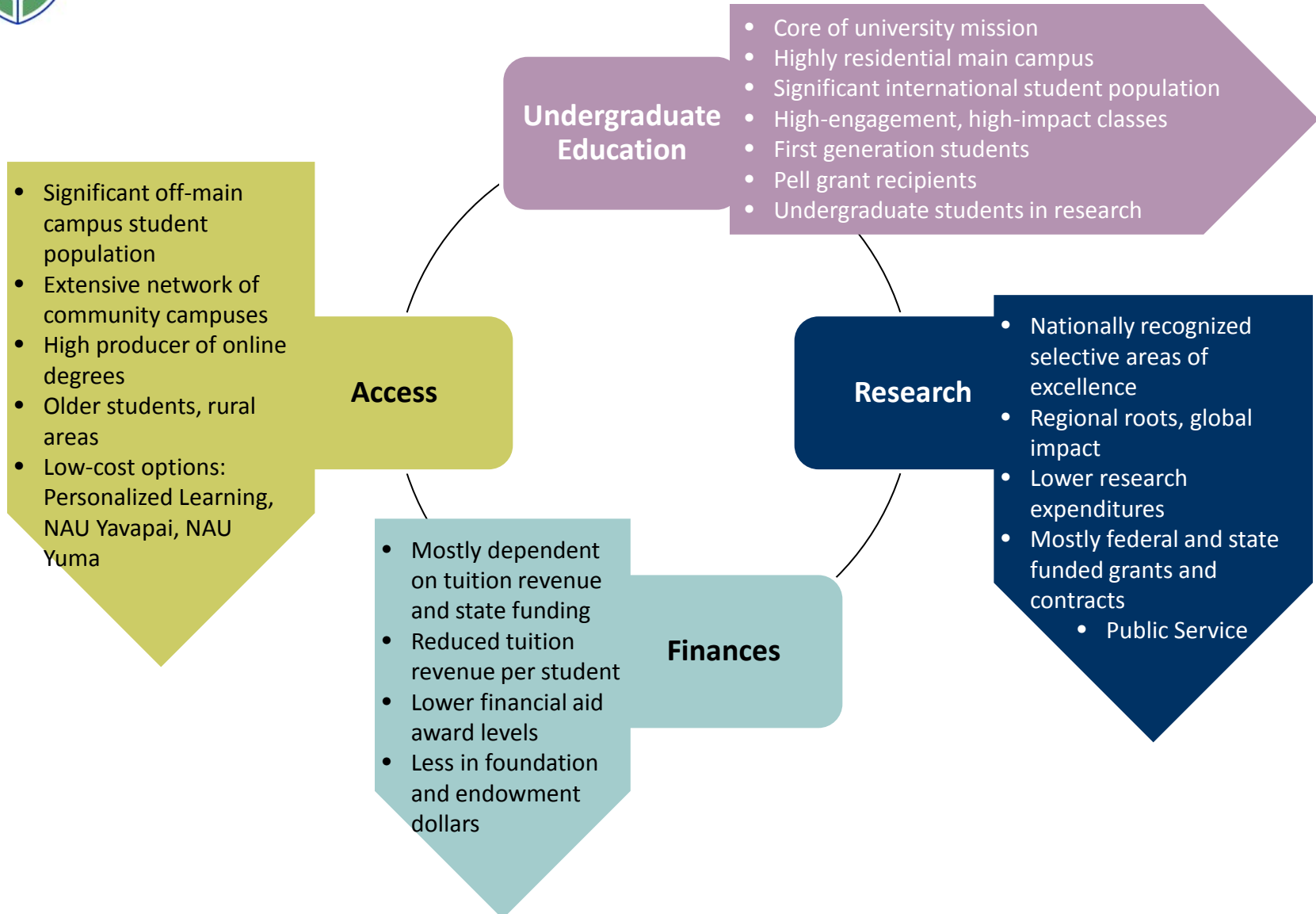


# ENROLLMENT, TUITION, DEGREES



Data: Latest available for all - IPEDS

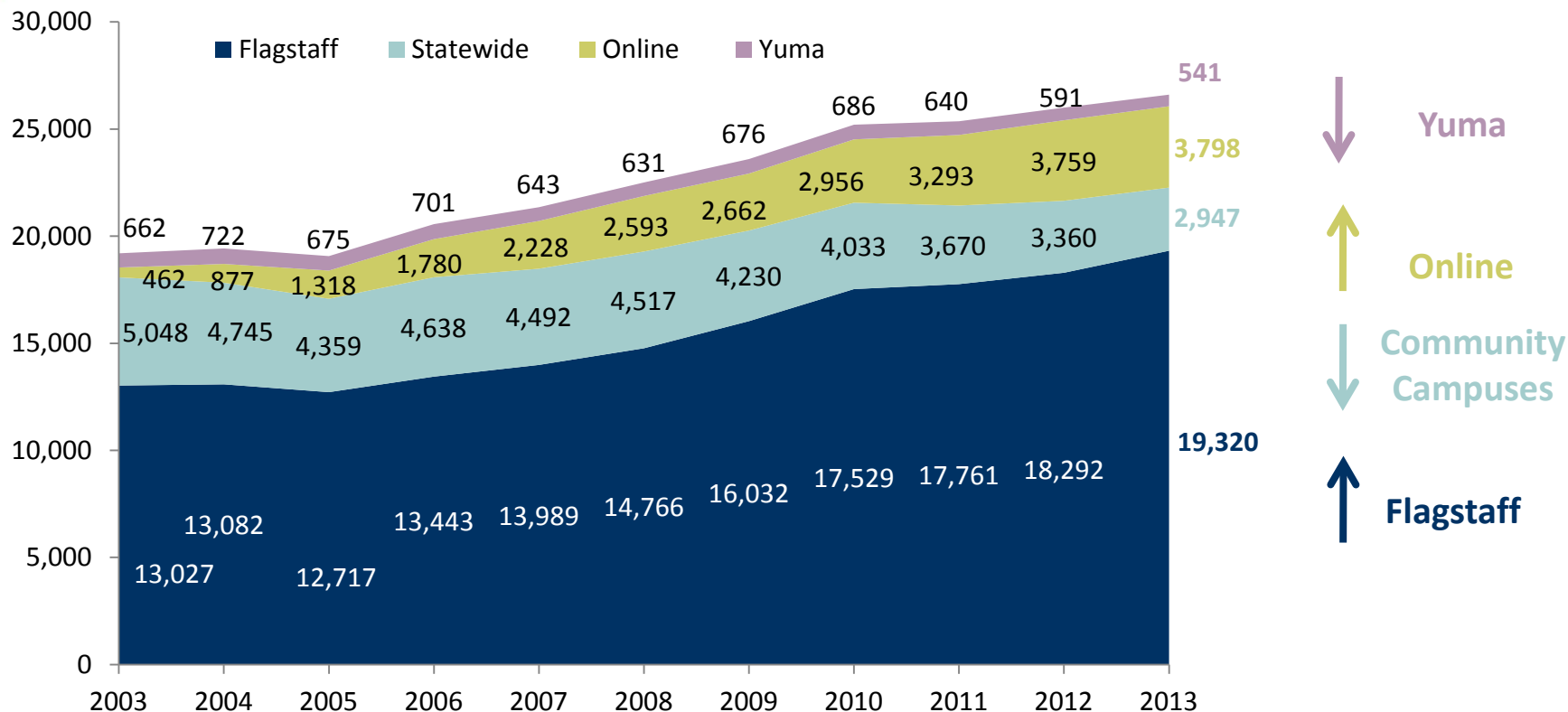
# DISTINCTIVE CHARACTERISTICS







# ENROLLMENT GROWTH DETAIL



Headcount:

Low Point in  
2005: 19,069

**26,606 (+40%)**

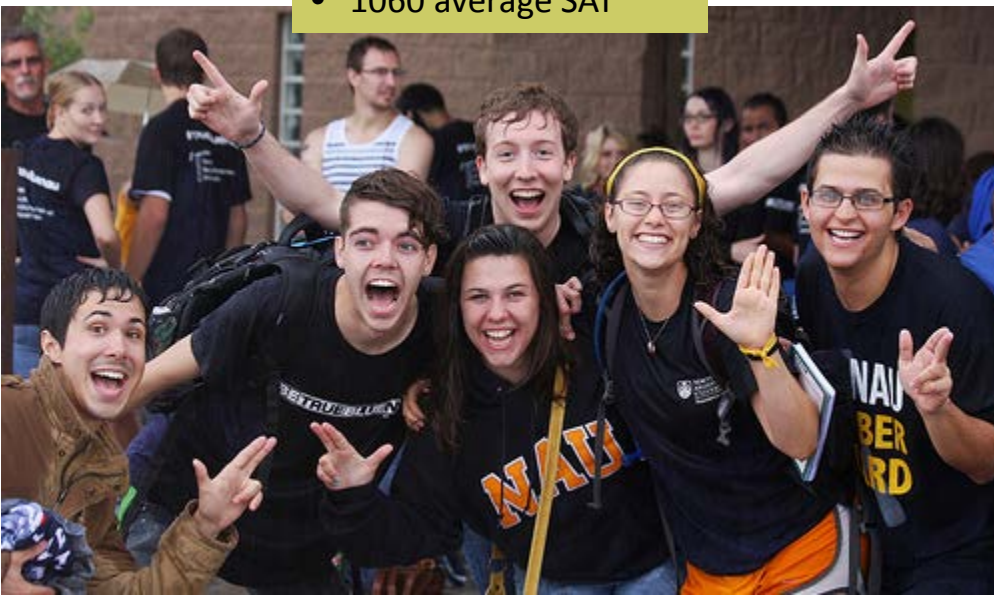
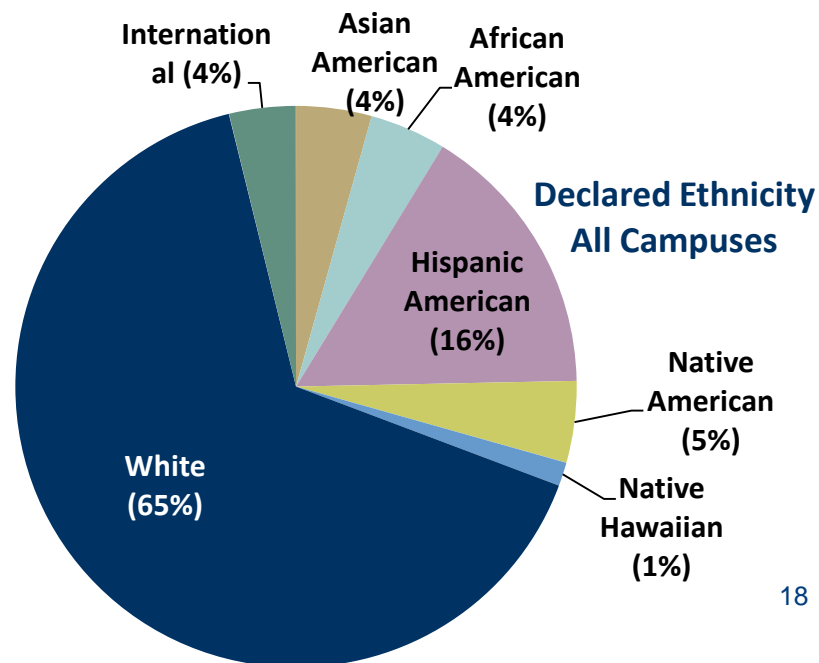


# STUDENT PROFILE: DEMOGRAPHICS

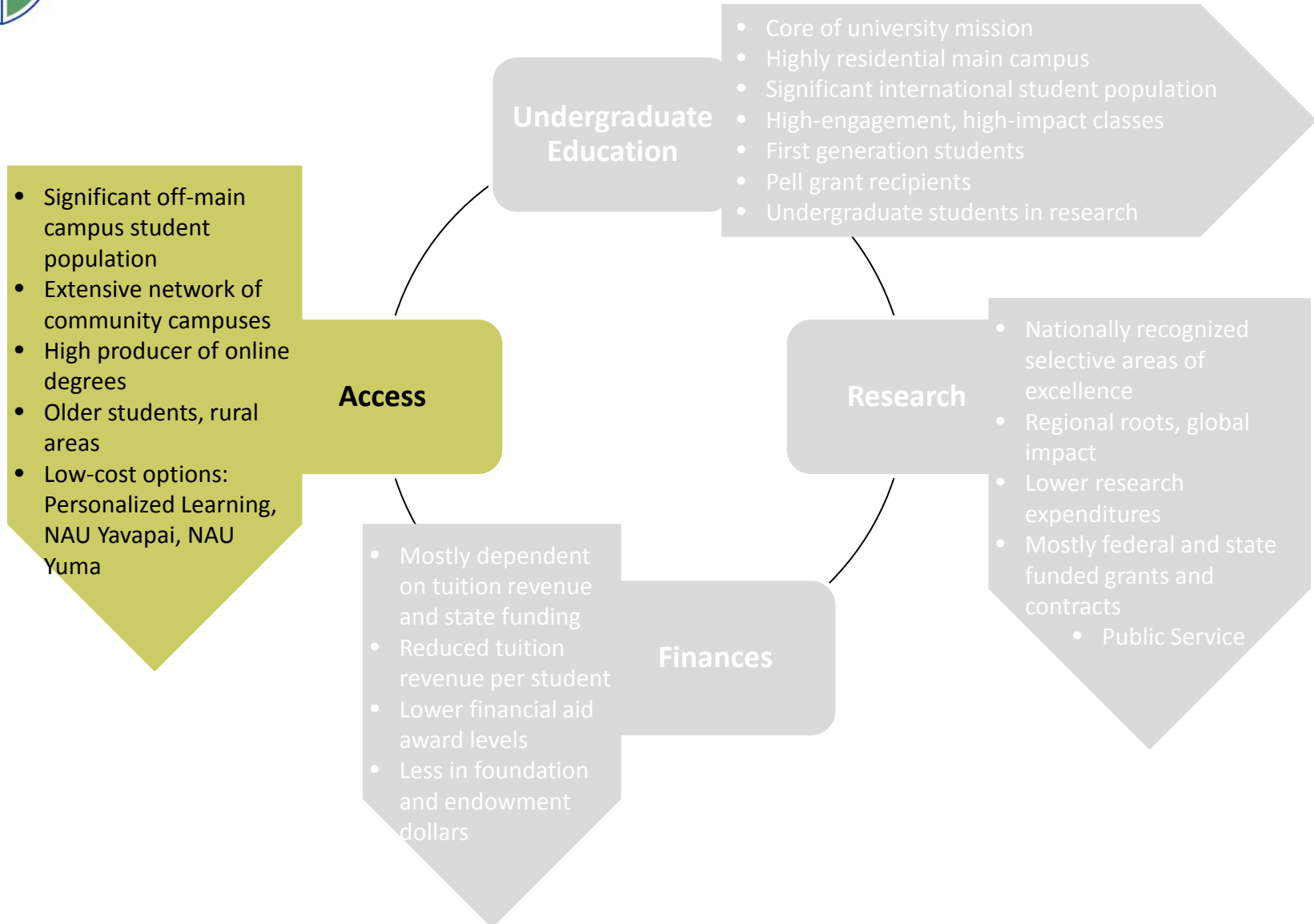
	Flagstaff	Community Campuses	Online
Female	55%	67%	73%
AZ Resident	65%	99%	87%
Under 21	55%	2%	2%
Over 30	7%	51%	60%

## Flagstaff:

- 40% first generation
- 1060 average SAT



# DISTINCTIVE CHARACTERISTICS





# SCOPE OF STATEWIDE MISSION

- Serving students off-campus for more than **three decades**
  - 32 community campuses (up from 22 in 2003)
  - 70+ in-person or blended programs
- 80+ online programs
- Fourteen **90/30 programs**
- **Joint admissions**
- Three-year bachelor's degrees at **NAU Yavapai**

## Nontraditional students


- Age 28-45
- Primarily female
- Some college experience
- Degree completion for career advancement
- Decision factors: desired program offered, affordability, convenience, acceptance of transfer credits, reputation






# PERSONALIZED LEARNING


To enable motivated adult students to earn a high **quality** degree more **efficiently** and at a lower cost by customizing coursework to fit **individual learning styles** and previously acquired knowledge.



**Serving adult learners**



**Addressing cost and time barriers to attain a degree**



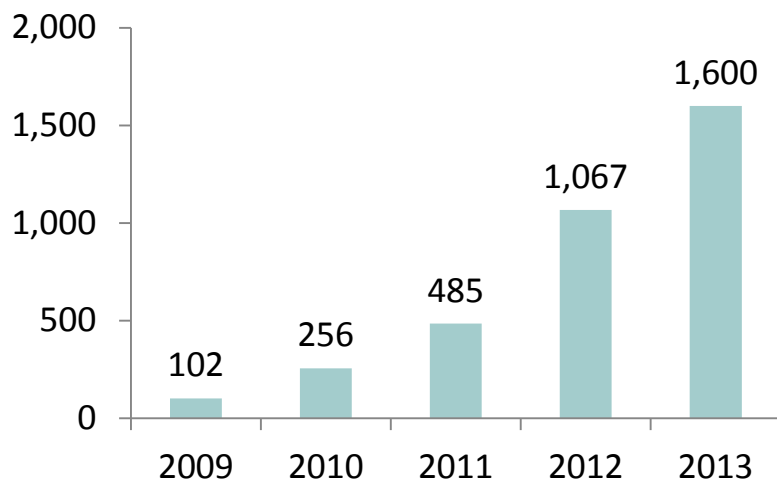
**Learning and credentialing opportunities for rural Arizona**

## **Programs:**

- **Liberal Arts**
- **Small Business Administration**
- **Computer Information Technology**
- Competency-based
- Self-paced
- Mentored
- Flexible
- \$5,000 per year/ no additional cost or fees

# EXPANDING TRANSFER STUDENT PIPELINE

**2NAU New Enrollment**



## 2NAU programs growing rapidly

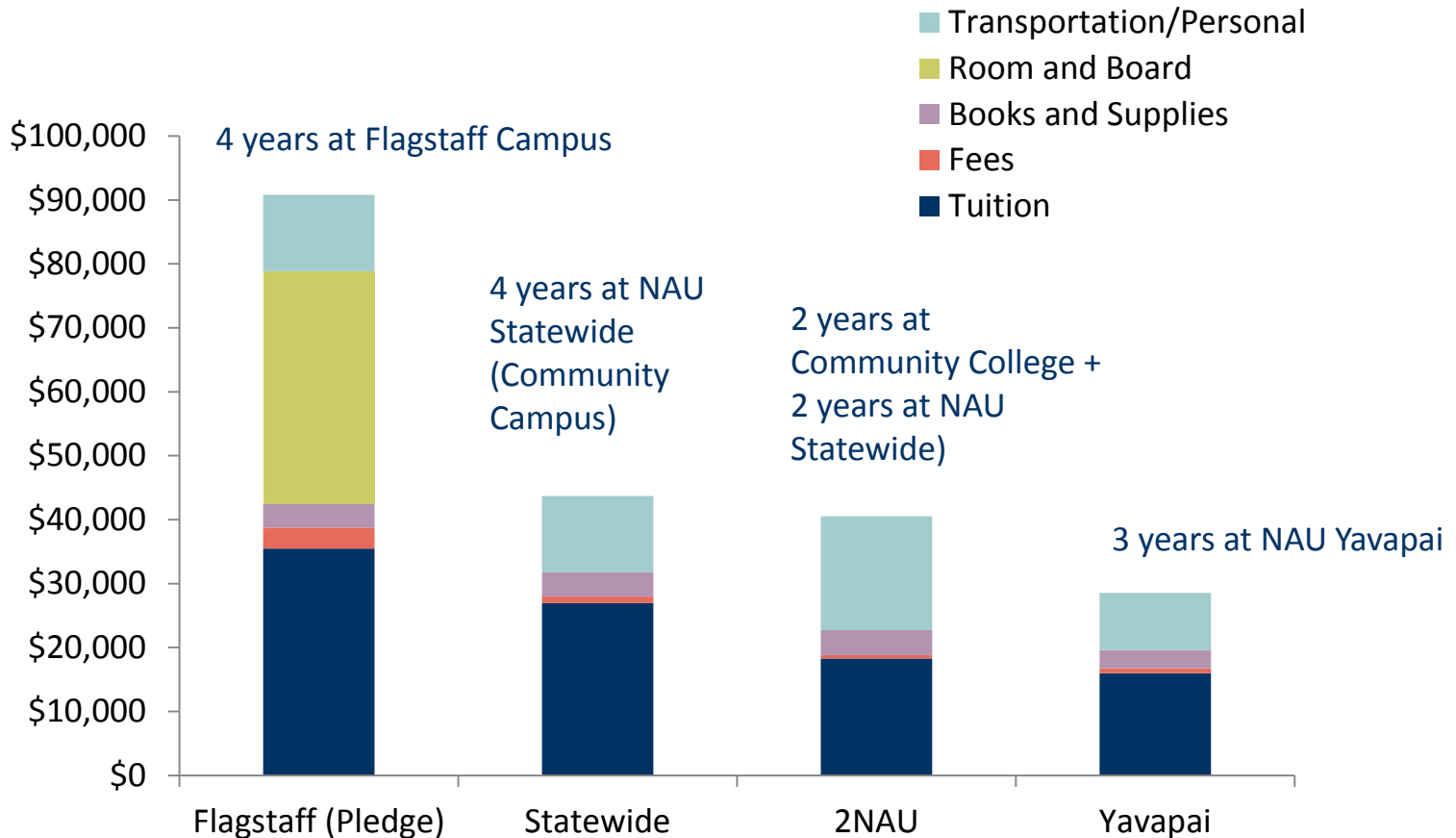
- Arizona Western College
- Central Arizona College
- Cochise College
- Coconino Community College



- Eastern Arizona College
- Maricopa Community Colleges
- Mohave Community College
- Pima Community College
- Yavapai College



# STUDENT COST OF BACHELOR'S DEGREE: LOWER COST OPTIONS

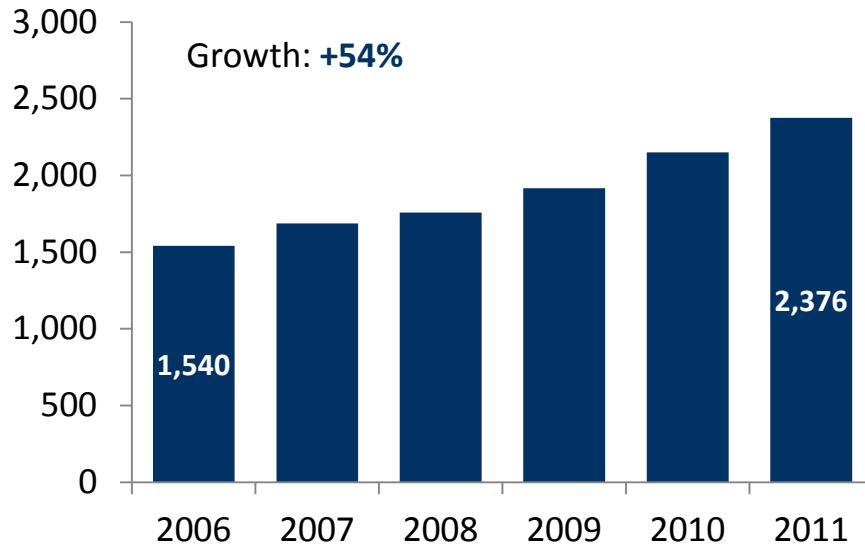


Note: Students starting in Fall 2013; statewide and Yavapai tuition annual increases assumed as 4.5% level

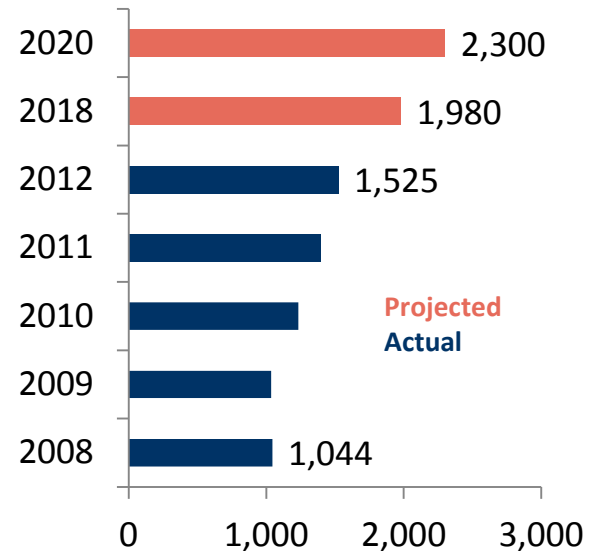


# NEW NAU TRANSFER STUDENTS FROM ARIZONA COMMUNITY COLLEGES

Enrollment



Degrees

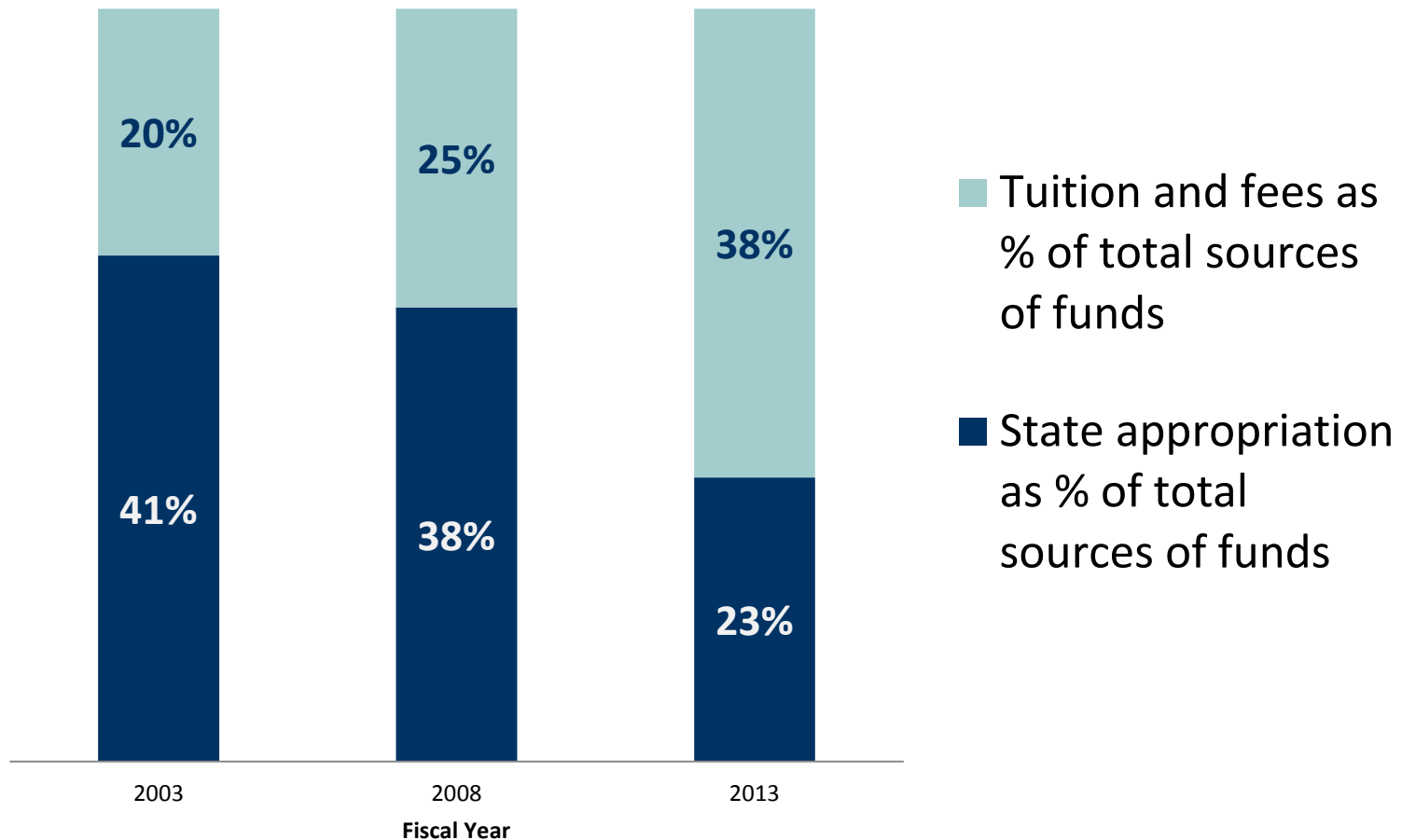


## Top Programs:

- Business
- Education
- Health Professions
- Liberal Arts



# FUNDING CHANGES SINCE 2003

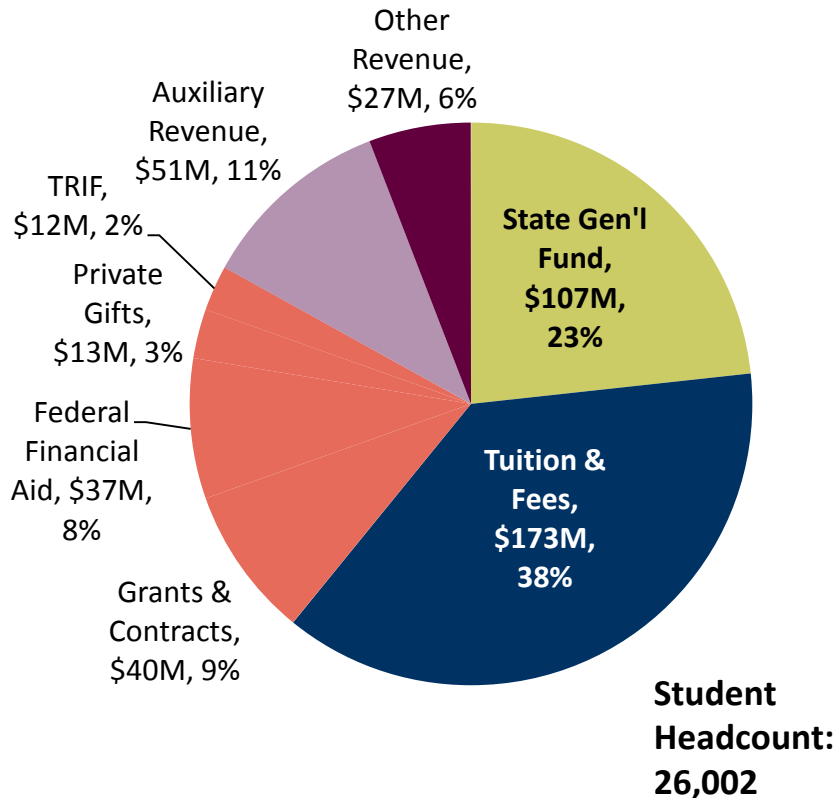


Source: Audited University Financial Reports (2003, 2008), Estimated 2013



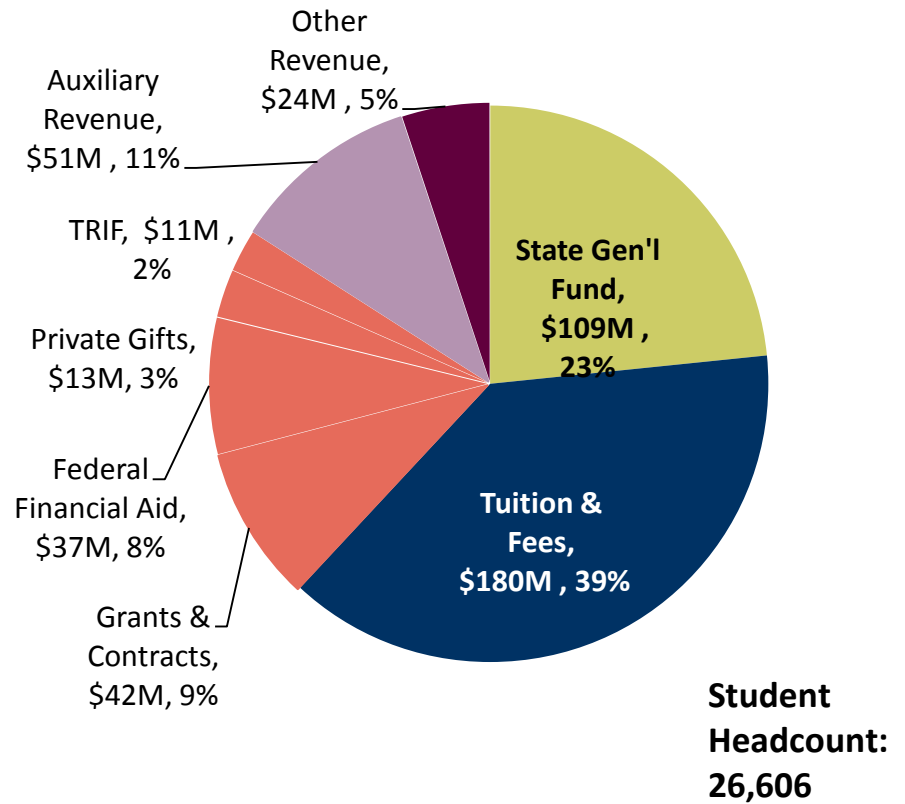
# REVENUE SOURCES

**FY 2013 Actual\*/ \$460M**



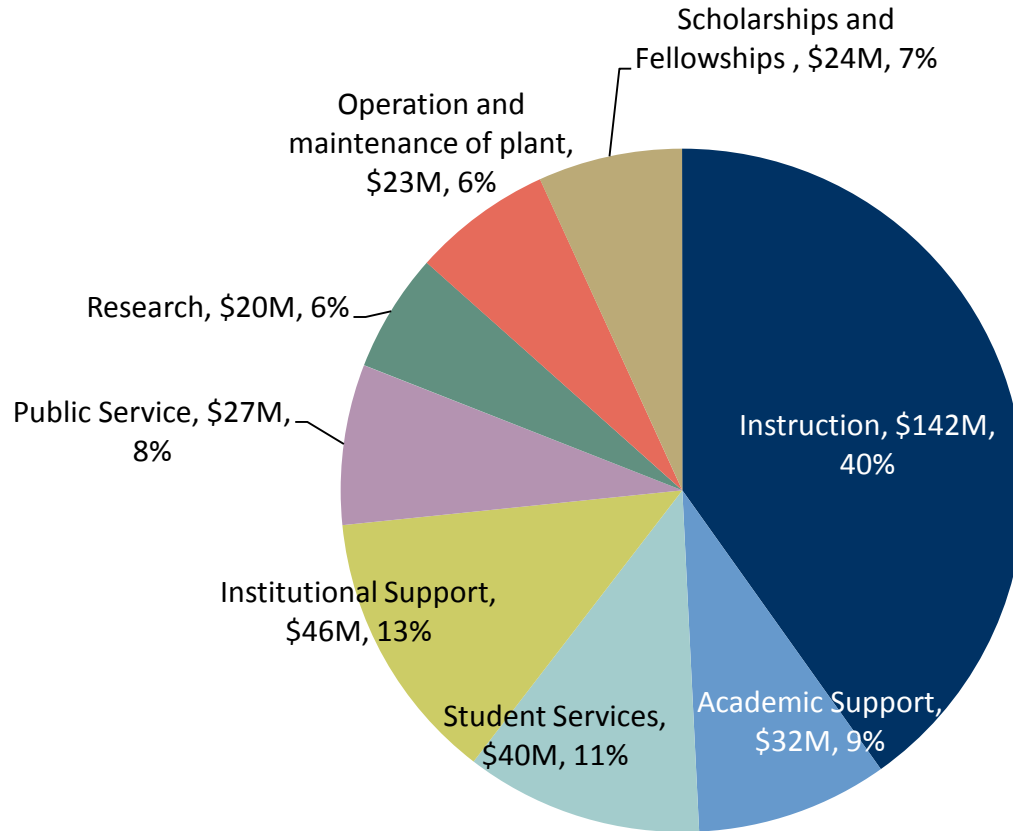
*\* unaudited*

**FY 2014 Original Budget/ \$467M**





# FY 2013 EXPENDITURES (Unaudited, in millions)

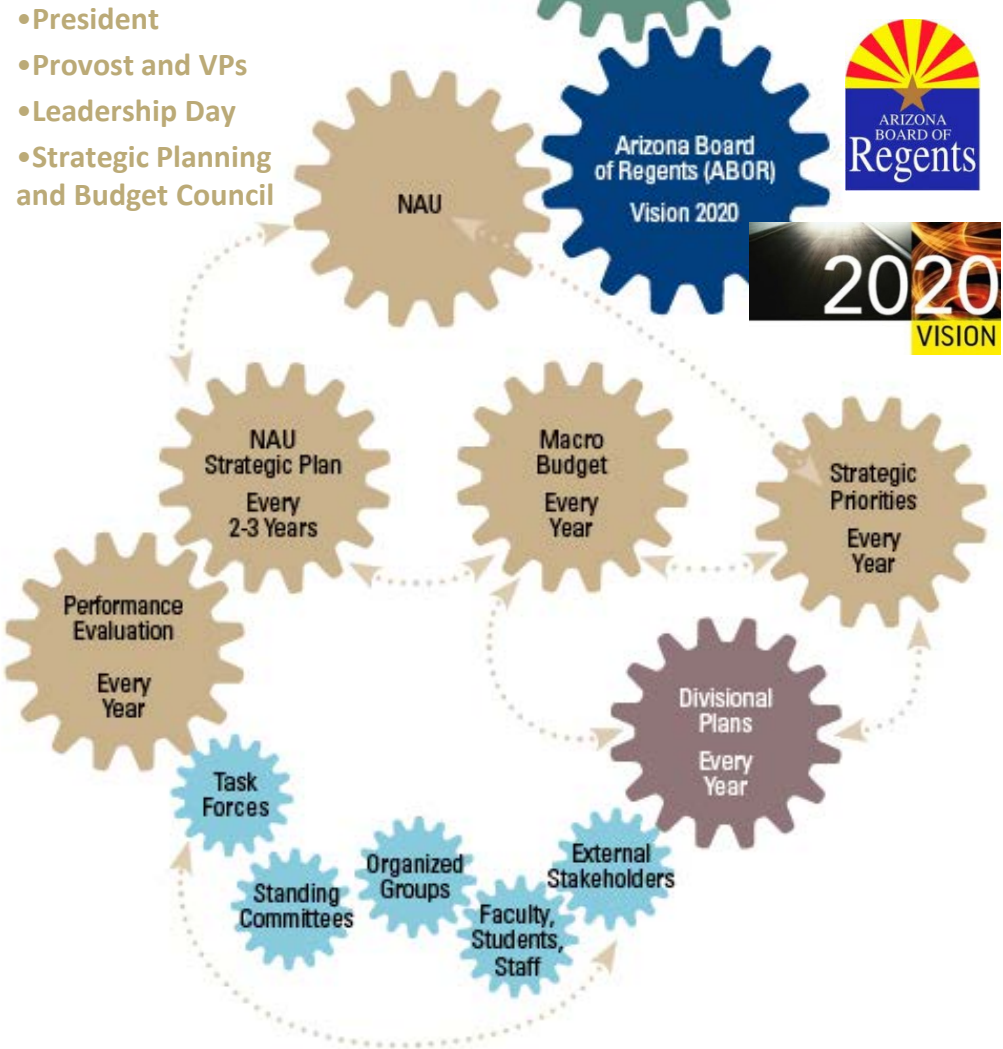


**Instruction, Academic Support and Student Support = 60% of Expenditures**

# DECISION MAKING PROCESS

- ABOR Strategic Plan = planning foundation
- NAU Strategic Plan = planning framework to provide directions to the university divisions

- 
- Funding decisions are made as the certainty about the level of state appropriation (spring) and the tuition and fees revenue (fall) increases.
  - Priorities may shift during the year based on the changing conditions.



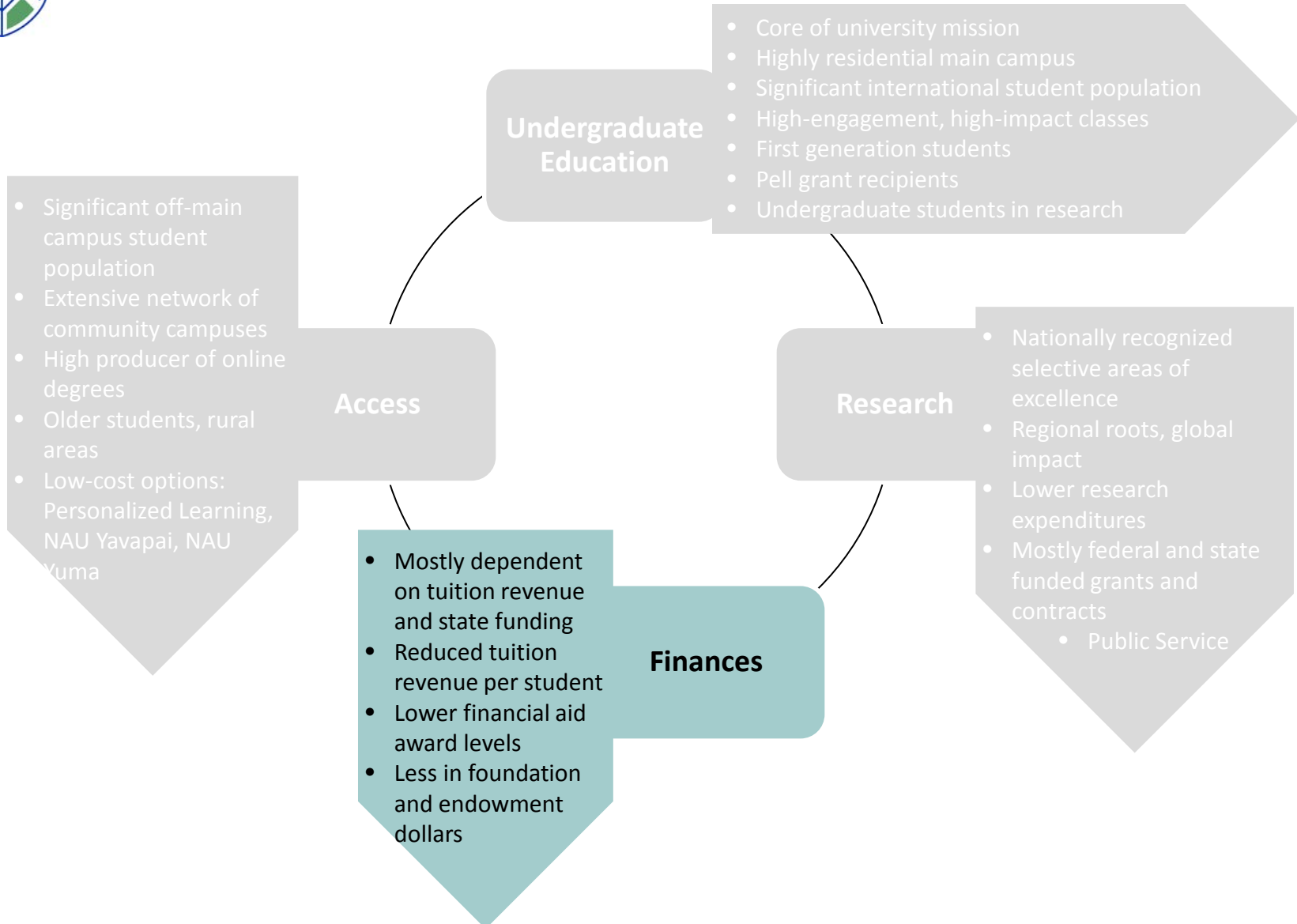


# BUSINESS PLAN STRATEGY (JUNE 2012)

- More effective use of technology on the academic side
  - Personalized Learning
- Diversify enrollment mix
  - International students
  - Out-of-state students
- University enterprises supplement state appropriation and tuition
  - Goal to decrease Athletics subsidy (currently at \$5.45M)
  - Revenue-producing programs
- Diversify academic programming to meet state needs and to reduce subsidies

# FINANCIALS

# DISTINCTIVE CHARACTERISTICS





# FINANCIAL HIGHLIGHTS FY 2013

- Total assets: \$1B+
  - Net Assets: +\$14M
- Total Revenue Sources: \$463.1M (+5.3% over budget)
- Total Expenses: \$455.8M (+2% over budget)
- Monthly Days Cash On Hand: 150 Days
- The FY13 Debt Ratio: 5.43% (without SPEED)/ 5.98% (with SPEED)
  - Maximum allowed is 8%
- Debt Capacity is \$215 million
  - NAU plans to use \$45 million for the Aquatic/Tennis Center Project in March/April 2014 with Board approval, and JCCR favorable review
  - Debt Capacity estimated at June 30, 2014: \$170 million





# AUXILIARY SERVICES

## High Country Conference Center

	FY-2010	FY-2011	FY-2012
Number of Meetings/Events	335	508	589
Total Annual Attendance	40,512	46,678	51,435
Annual Gross Revenue (in \$M)	\$1.70	\$1.98	\$2.26

## Drury Inn Hotel

- Flagstaff is the best performing “Inn and Suites” in the Chain with 164 rooms;
- Close to 100% occupancy consistently from May to September of each year;
- Produces \$60,000 annually to NAU as a result of the partnership.



## Dining and Vending Services

(\$ in Millions)	FY-2010	FY-2011	FY-2012
Gross Revenues	\$6.0	\$5.7	\$5.5

## Bookstore – Follett

	FY-2011	FY-2012	FY-2013
Annual Net Revenue	\$863,057	\$877,933	\$891,822

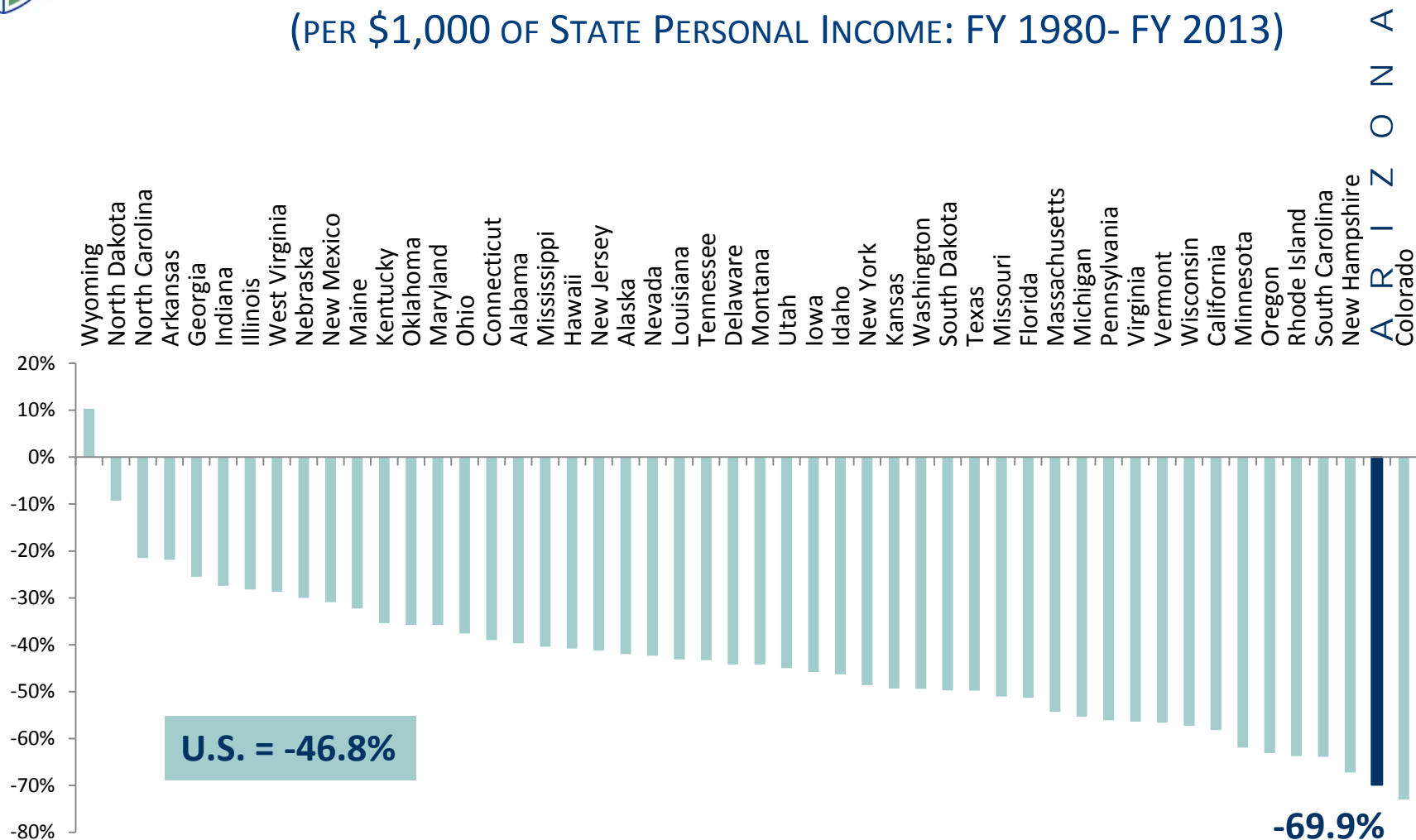
## American Campus Communities – Residence Halls

Ground Lease Gross Revenues FY 2013:

- Hilltop \$345,000
- Suites \$250,000

# CHANGE IN STATE FISCAL SUPPORT OF HIGHER EDUCATION

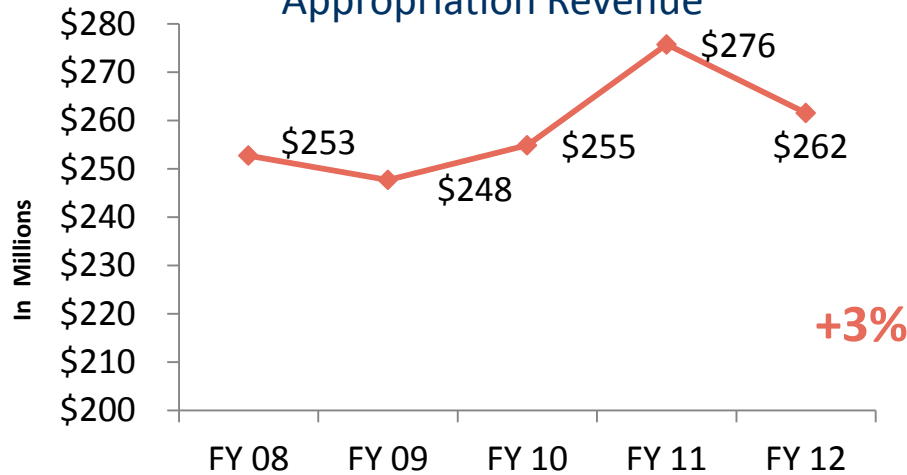
(PER \$1,000 OF STATE PERSONAL INCOME: FY 1980- FY 2013)



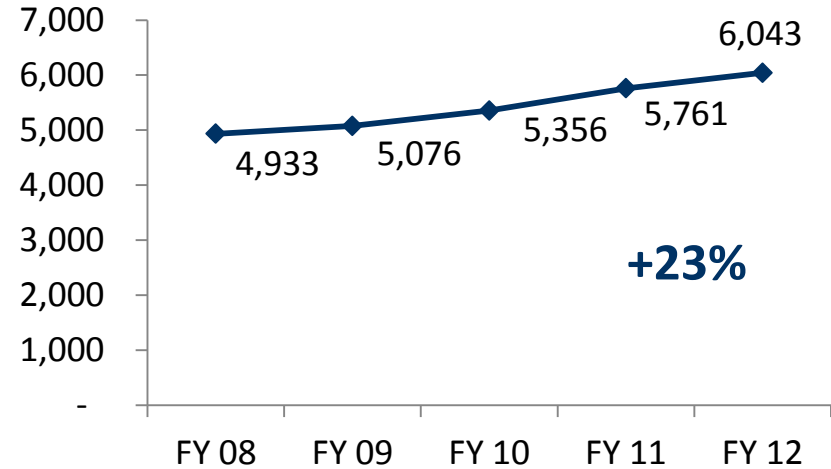


# NET TUITION/FEE AND STATE APPROPRIATION REVENUE

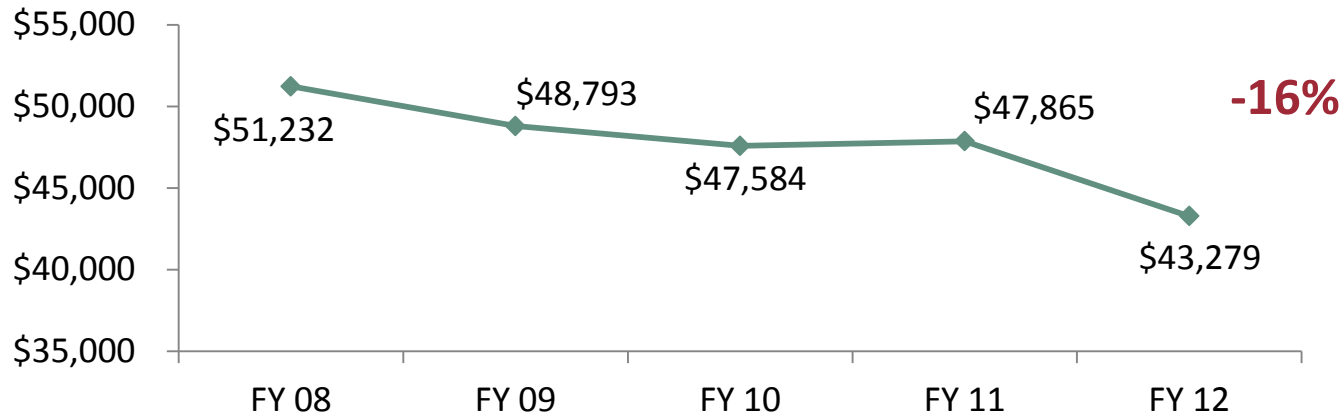
## Net Tuition & Fee and State Appropriation Revenue



## Degrees Awarded

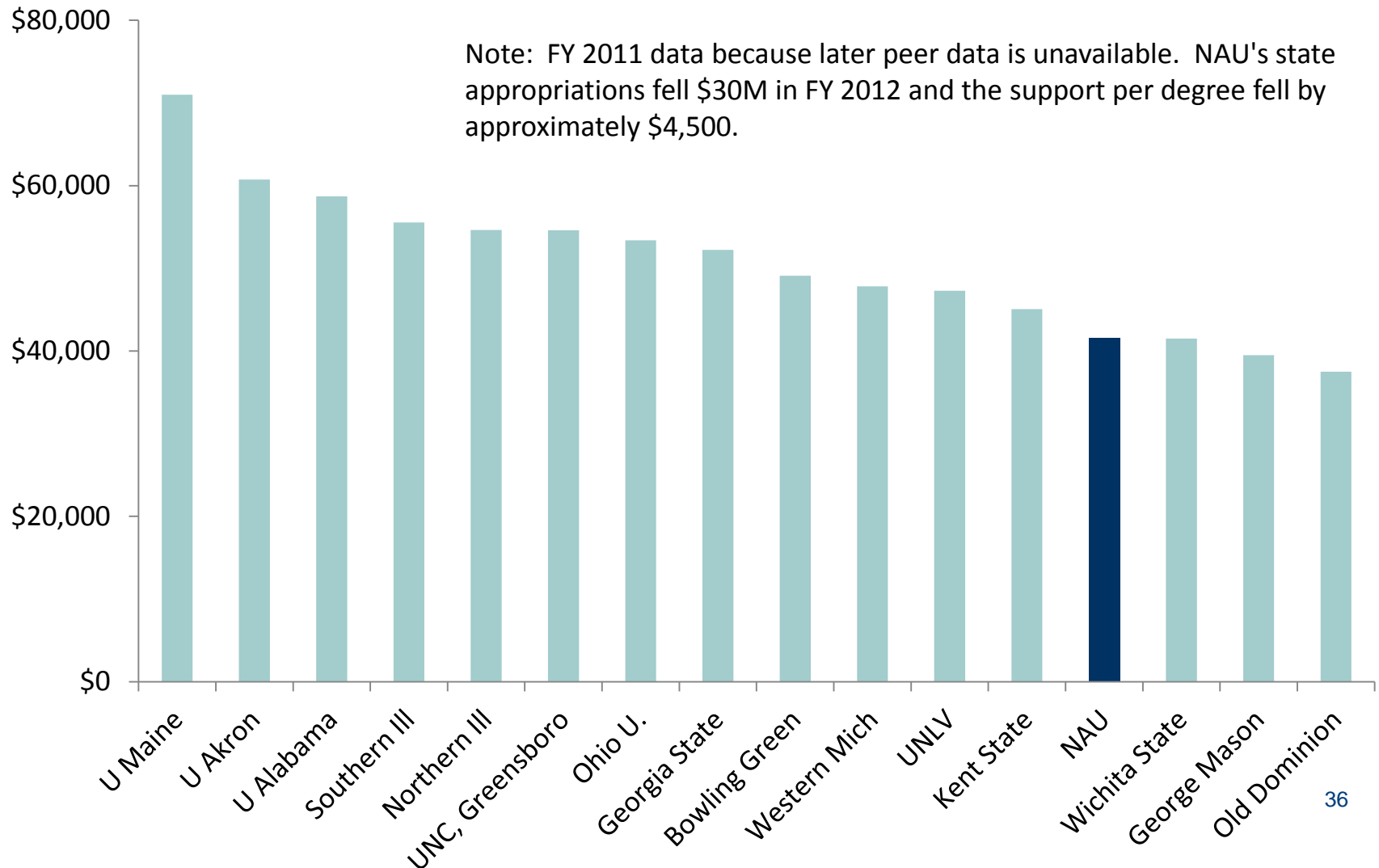


## Net Tuition & Fee and State Appropriation per Degree





# FY 2011 ABOR PEER NET TUITION & FEE AND STATE APPROPRIATION PER DEGREE





# INVESTMENTS WITH STATE APPROPRIATIONS AND/OR TUITION AND FEES

- Growth in new programs such as health professions and Personalized Learning
- New learning technologies that should reduce NAU's overall fixed cost base
- Continue investing in other learning modalities such as 2NAU programs, NAU Yavapai, and NAU Yuma
- Maintenance of existing facilities in lieu of building renewal resources that the state has discontinued
- Faculty and staff retention
- New instructional faculty and tenure-track positions to enhance learning and invest in research
- New facilities to support learning, recreation, and replace deteriorating facilities

**Bringing faculty and staff salaries to market: \$36.8M**

**Building Renewal: \$12M**

**Deferred Maintenance: \$108.7M\***

\*FY15-FY17 CIP

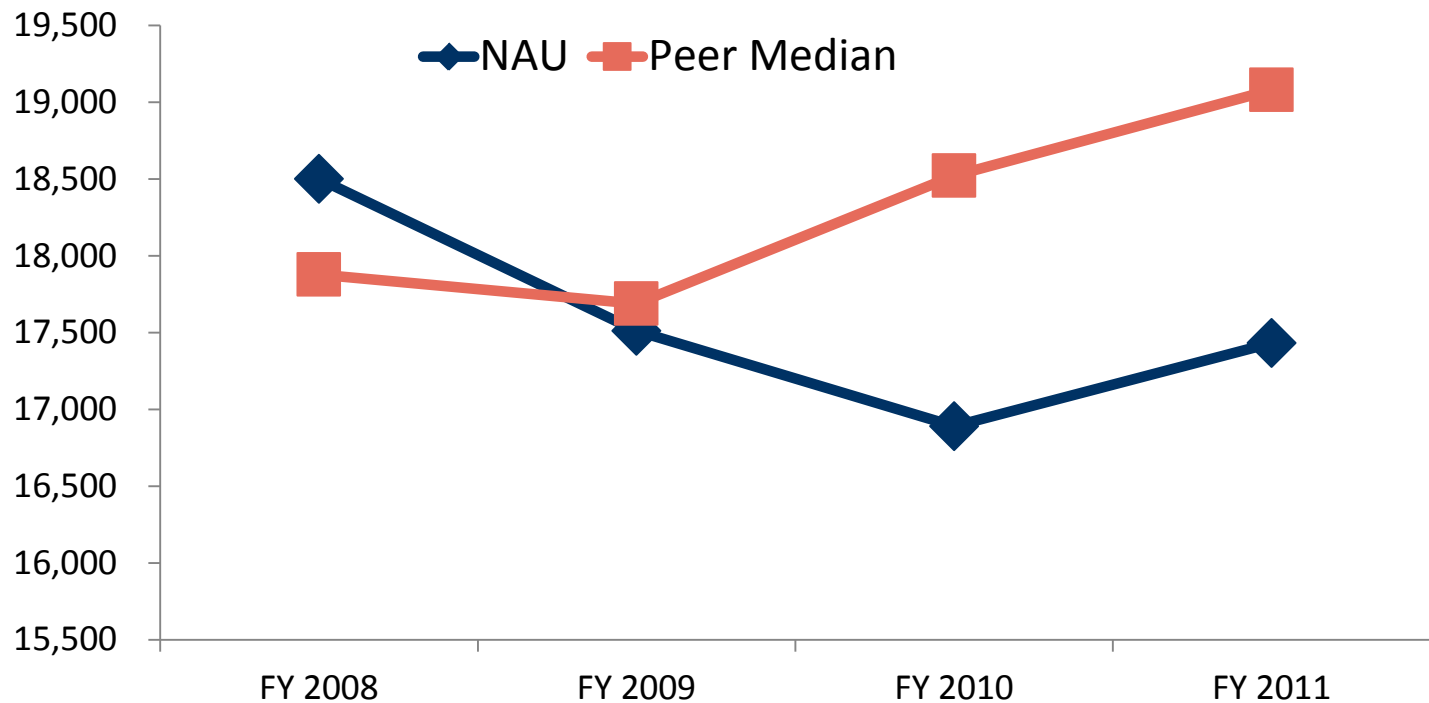


# TUITION DIFFERENTIATION

Resident Tuition + Fees (Starting Fall 2013)		
<b>Undergraduate</b>	Flagstaff Pledge	\$ 9,740
	Extended Campuses	\$ 6,706
	Yuma	\$ 6,706
	Yavapai	\$ 5,098
	Personalized Learning	\$ 5,000
<b>Graduate</b>	Flagstaff	\$ 8,770
	Extended Campuses	\$ 8,158
	Yuma	\$ 8,158



# EDUCATIONAL & GENERAL EXPENDITURES PER FTE



Source: IPEDS, BD Staff-LD, 7/2013



# SCENARIO PLANNING TO MEET 2020 GOALS

**Financial Templates A,B,C linked to input models that allow testing of many potential scenarios**

## **Input Variables**

- ✓ Enrollment
- ✓ Tuition Rates
- ✓ State Appropriations
- ✓ Other Revenues
- ✓ Expenditures
- ✓ Personalized Learning

## **Evaluating Model Results in Relation to 2020 Goals**

- ✓ Ability to achieve 2020 metrics
- ✓ Contingency planning for negative scenarios





# BUDGET PLANNING SCENARIOS: 2020 GOALS ACHIEVABLE

<div>Inputs</div>	State Appropriation at FY15 Base + 50% Performance	Parity	Tuition Pledge: 3% Growth	Enrollment Growth	Personalized Learning Growth (600 annually)
	FY 15 FY 16 - FY20	<div>✓ ✓</div>	<div>✓ —</div>	<div>✓ ✓</div>	<div>✓ ✓</div>
<div>Outcomes</div>	Total Revenues	Total Expenditures	Net Assets	E&G Expenditures Per FTE	Personalized Learning Gross Tuition Revenue
	FY 2020 (FY 14 Revenue = \$467M)	\$648.4M	\$642.7M	+\$6M	Median of FY 11 Peer Level: \$19,081

41

# TESTING OTHER SCENARIOS

- Bad Case Scenario



- 0% Performance FY16-FY20
- 3% PLEDGE
- ~ 200 Enrollment Decline

= Large Negative Net Assets; Reduction in Expenditures;  
Difficult to Achieve Metrics



- Better Case Scenario



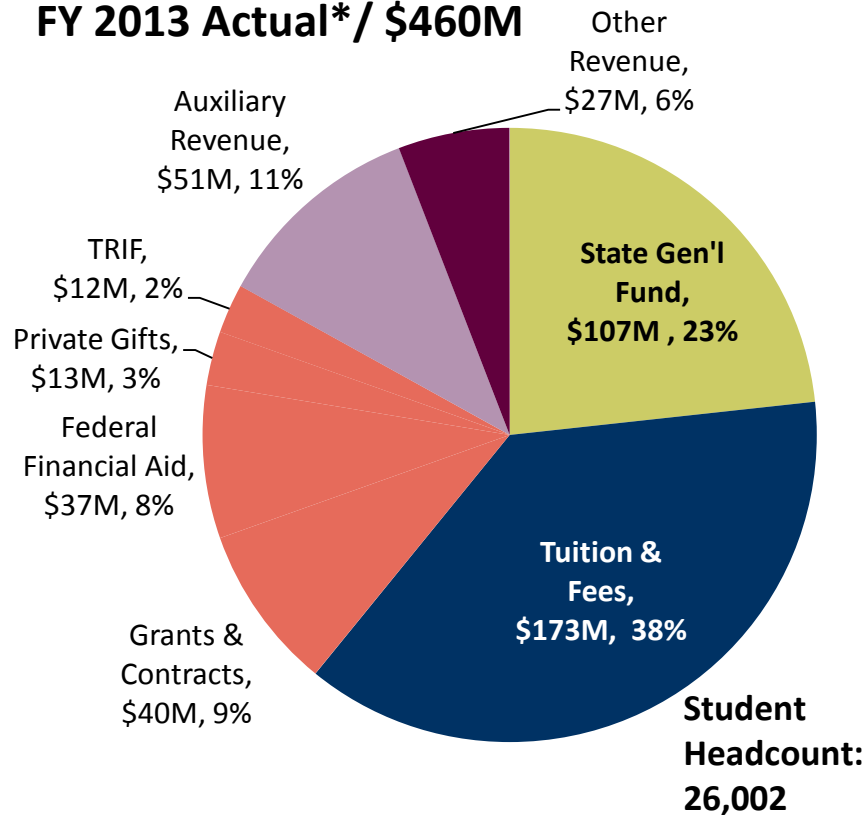
- 25% Performance FY16-FY20
- 3% Pledge
- No Enrollment Decline

= Small Negative Net Assets; Grow Revenue; Achieve Many Metrics

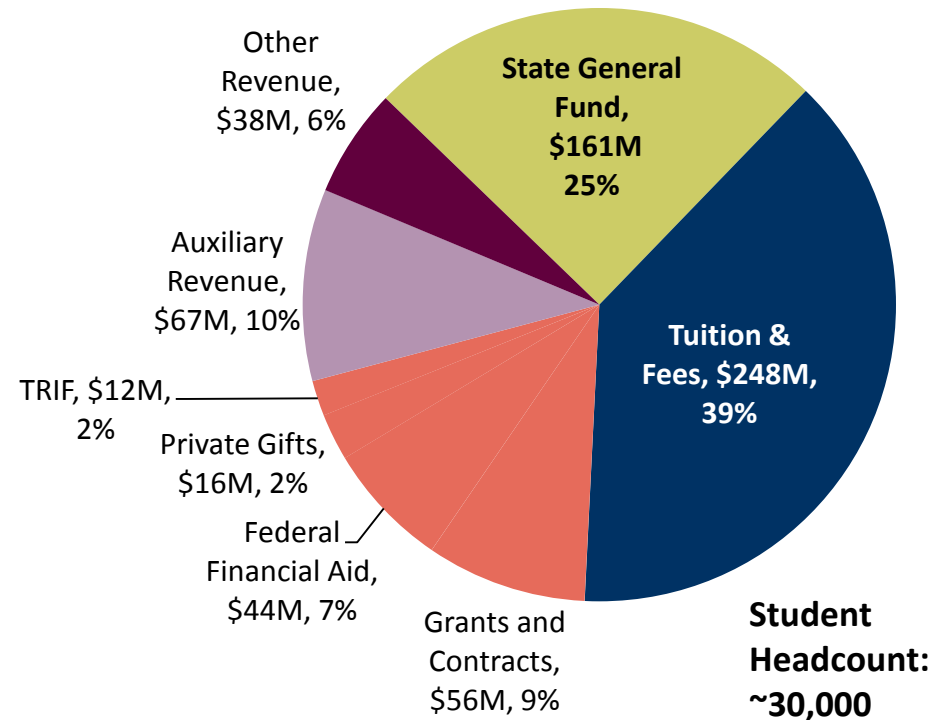


# FY 2013 & FY 2020 BUDGET SCENARIOS

**FY 2013 Actual\*/ \$460M**



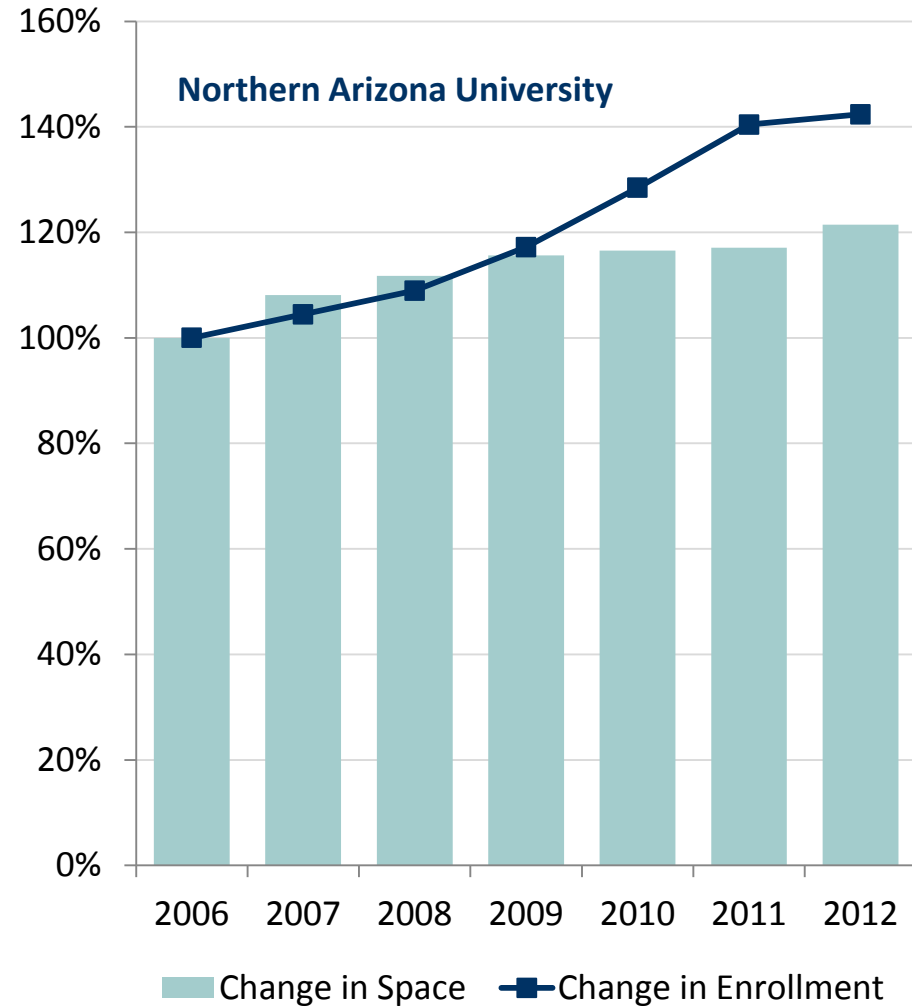
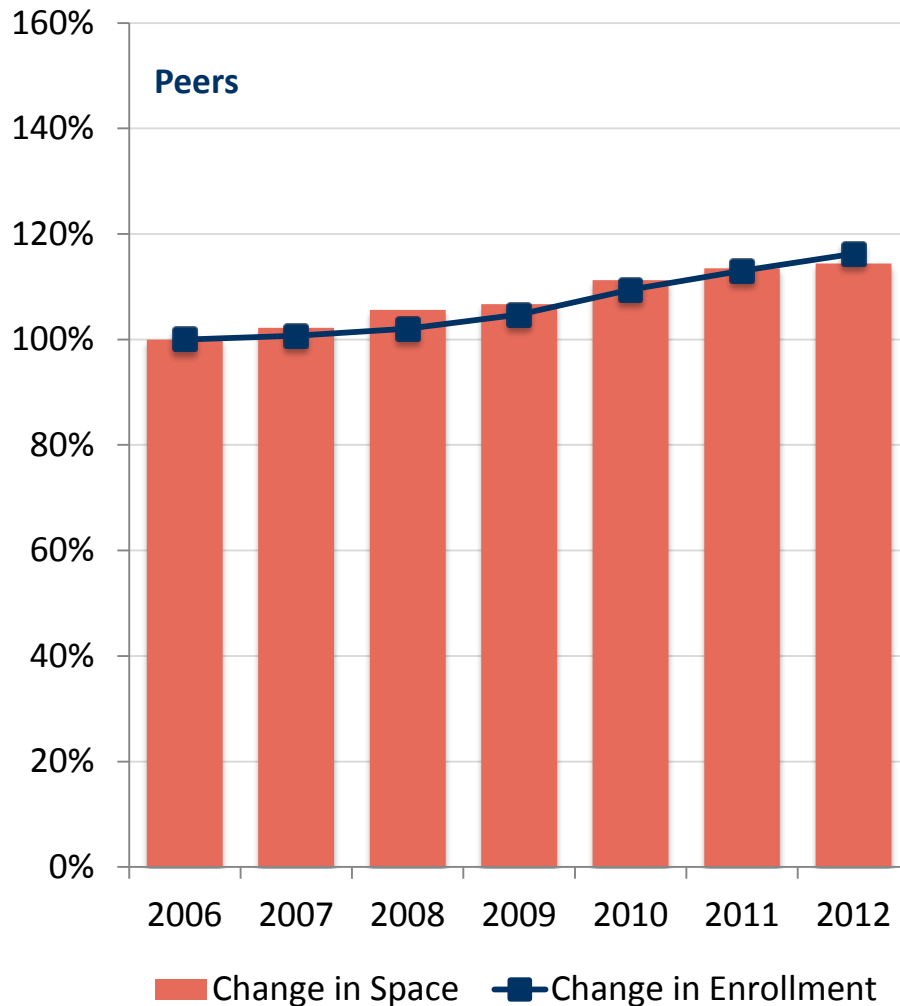
**FY 2020/ \$648M**





# GROWTH IN SPACE VS. GROWTH IN ENROLLMENT

NAU has seen more growth than peers, especially in enrollment





# PROJECTED DEBT SERVICE

FY	Debt Capacity Projection (Without SPEED)	
2013	\$	215,000,000
2014	\$	170,000,000
2020	\$	310,000,000

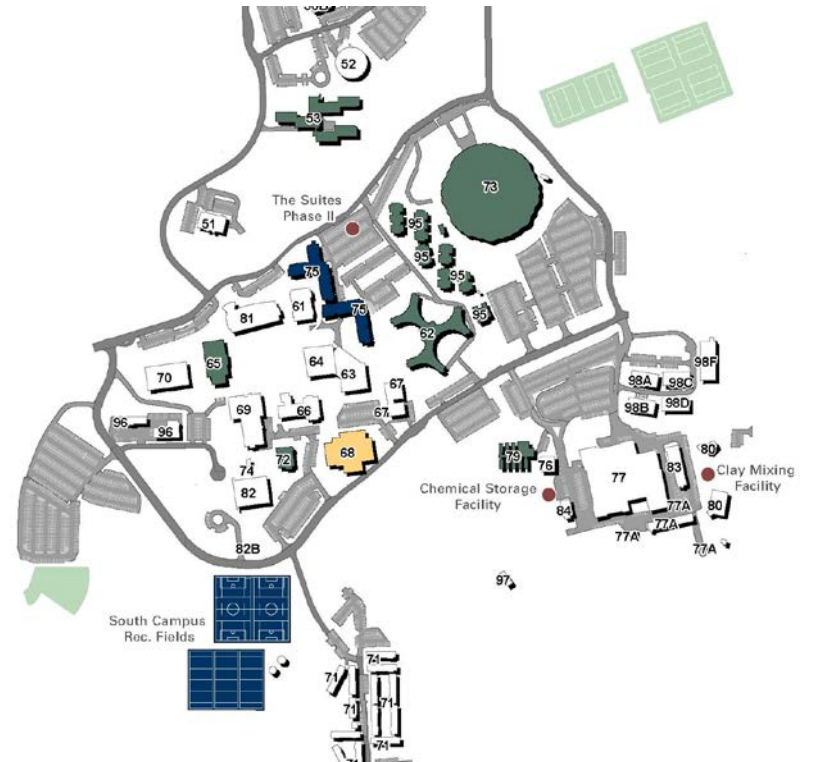
With growth in student enrollment, **expenditures increase** and subsequently the university's **debt service capacity goes up** as well.



## North Campus



## South Campus



# SPACE NEEDS



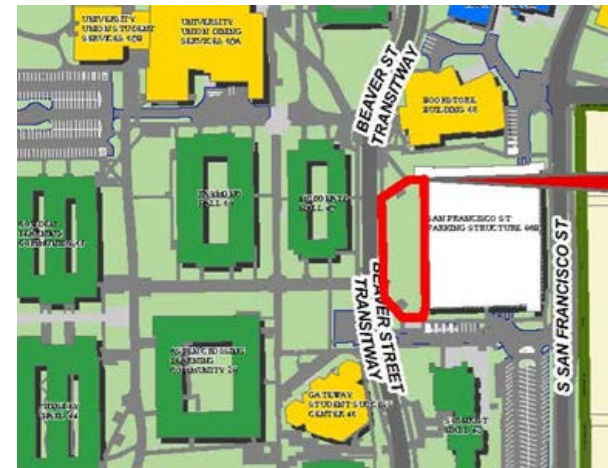
Aquatics and Tennis Center



Science and Health Phase I



Science and Health Phase II

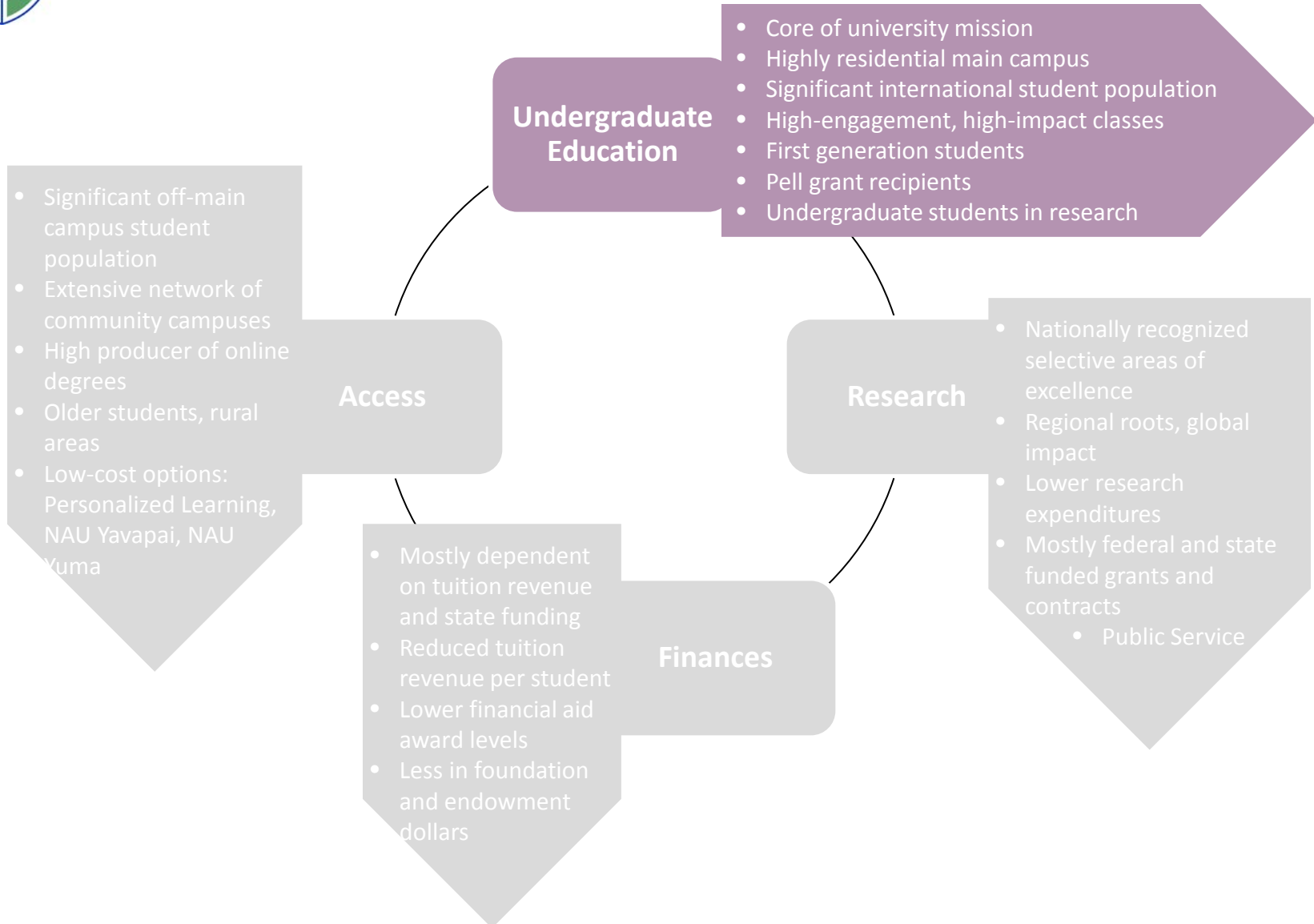


Student and Academic Support Building

# **ACADEMIC AFFAIRS**

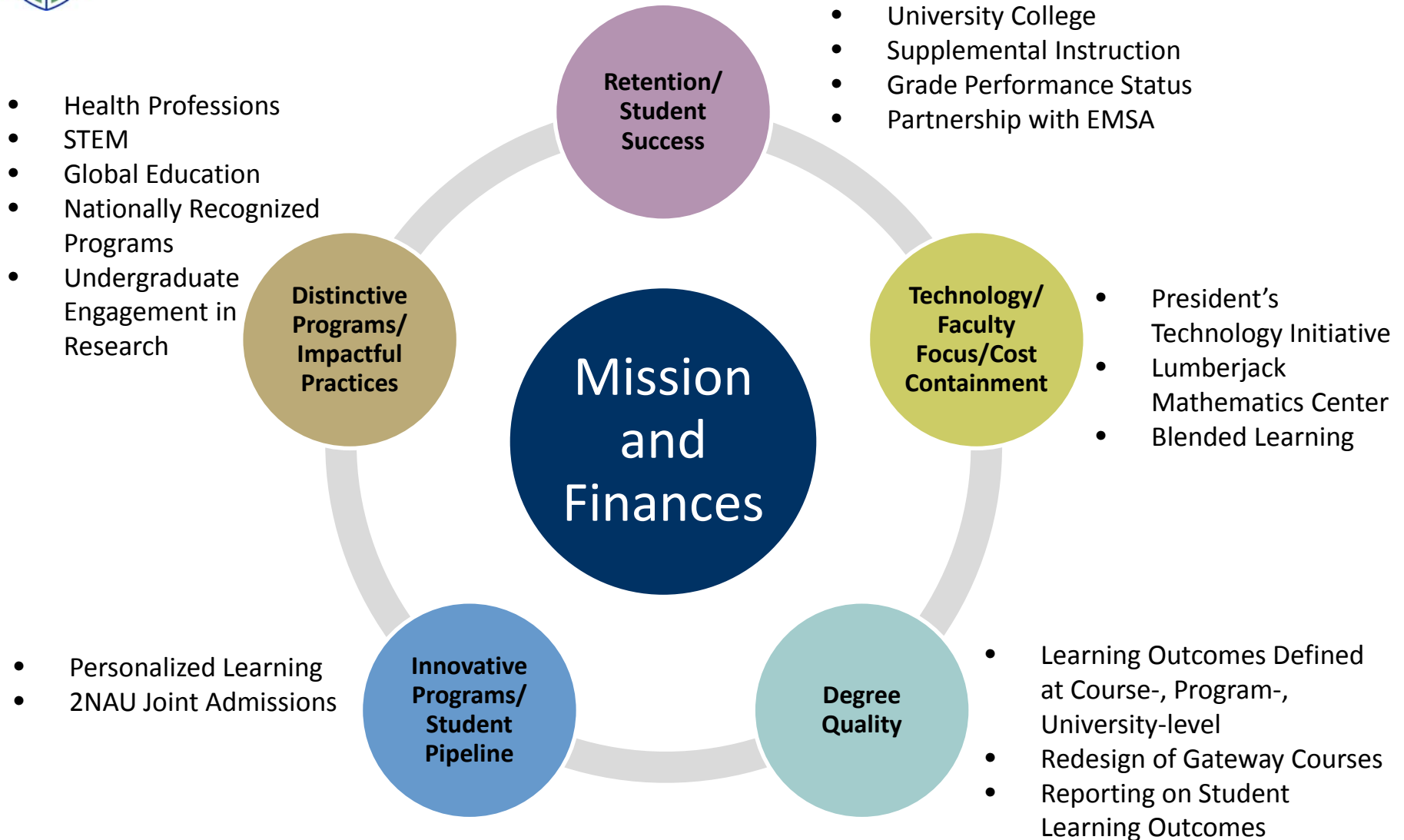


# DISTINCTIVE CHARACTERISTICS





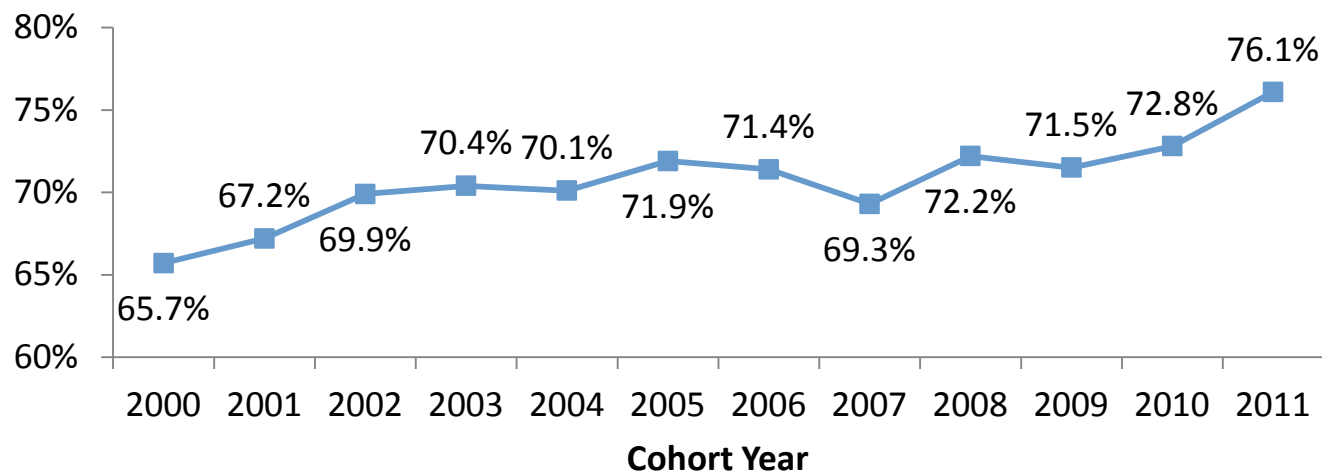
# ACADEMIC PROGRAMS LINKED TO OVERALL BUDGET STRATEGY





# RETENTION

One-year Retention Rate First-time Full-time Freshman Cohort



**5% retention rate increase = additional \$6M in tuition revenue annually**





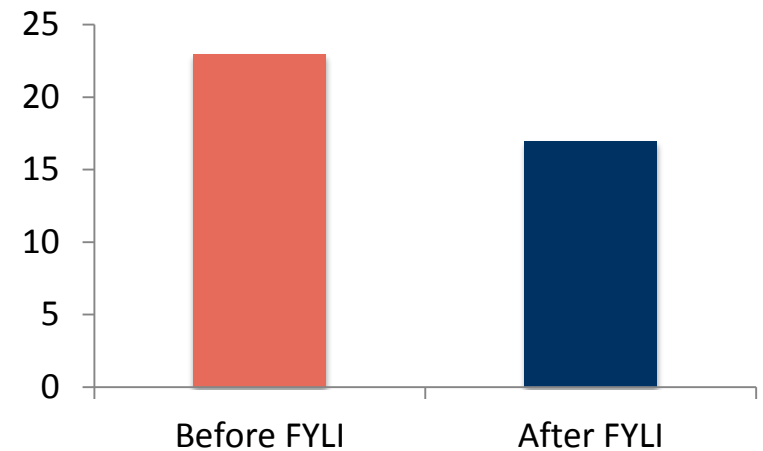
# UNIVERSITY COLLEGE

Retention/  
Student  
Success

- Faculty focused on first-year student experience
  - First-Year Learning Initiative (FYLI): key courses redesigned to foster student development and success (98% of incoming FTFT students)
- Gateway Student Success Center
- Academic transition programs
  - Peak Performance Summer Program: adaptive math instruction



Percent D-Fail-Withdraw (DFW)





# PARTNERSHIP WITH ENROLLMENT MANAGEMENT AND STUDENT AFFAIRS

Retention/  
Student  
Success

- Residential Learning Communities
  - 32 communities, 786 students, 15 majors from 6 colleges, 7 interest-based
- New College-based Learning Communities
- Peer Jaks, coaching programs
- Student Learning Centers
- Student Life
- Collaboration in retention programs and analyses

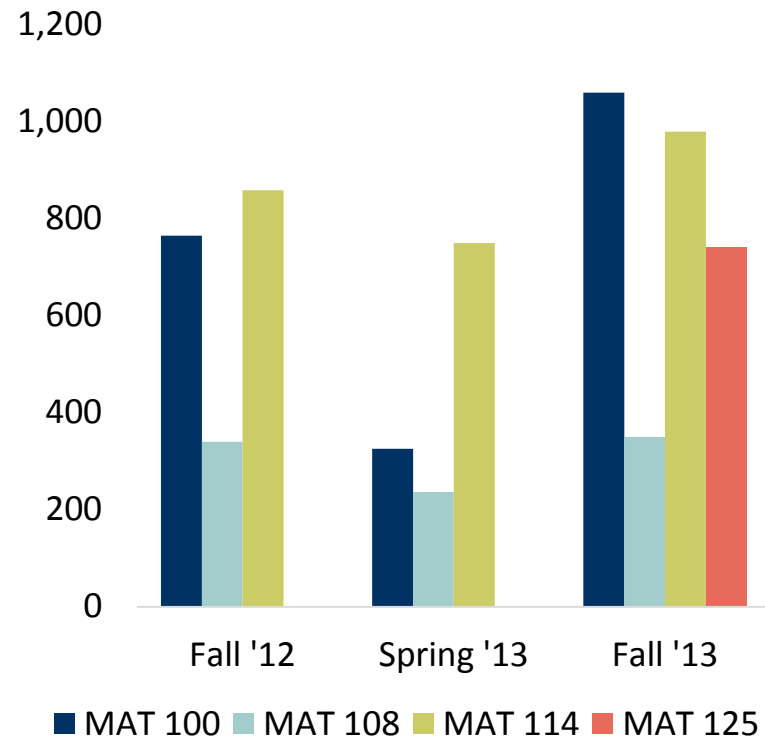
# IMPROVING EARLY MATHEMATICS PERFORMANCE = KEY TO EARLY SUCCESS

Technology/  
Faculty  
Focus/Cost  
Containment

- Students

- Spend most time on specific competencies
- Spend more time on what they don't understand
- Receive assistance when they encounter problems
- Participate in scheduled activities and assessments
- Accelerate completion

Lumberjack Mathematics Center  
Enrollments  
Fall '12 to Fall '13







# TECHNOLOGY INNOVATION FUND

Technology/  
Faculty  
Focus/Cost  
Containment

- Supporting faculty to develop blended 100-200 level large-enrollment classes
- 12 courses (humanities, social science, engineering, science labs)
- Flipped classes
- Partnerships



## Example: CENE 180L (Mechanics of Materials)

- Students: from bystanders to participants
- Reduction of lab sections: from 8 per week to 4 every 2 weeks
- Cost reduction: from \$25,000/year in staff and materials to \$12,000/ year
- Reduction in staff hours: from 900 to 300 per year



# CURRICULAR DESIGN AND ASSESSMENT

Degree  
Quality

- The only four-year university nationwide receiving a 2009 **Council for Higher Education Accreditation Award**
- University-wide learning outcomes (including Liberal Studies, Global Learning) mandated by Faculty Senate
- Participation in Proficiency Profile, Voluntary System of Accountability
- Curriculum design based on articulation of course and program learning outcomes

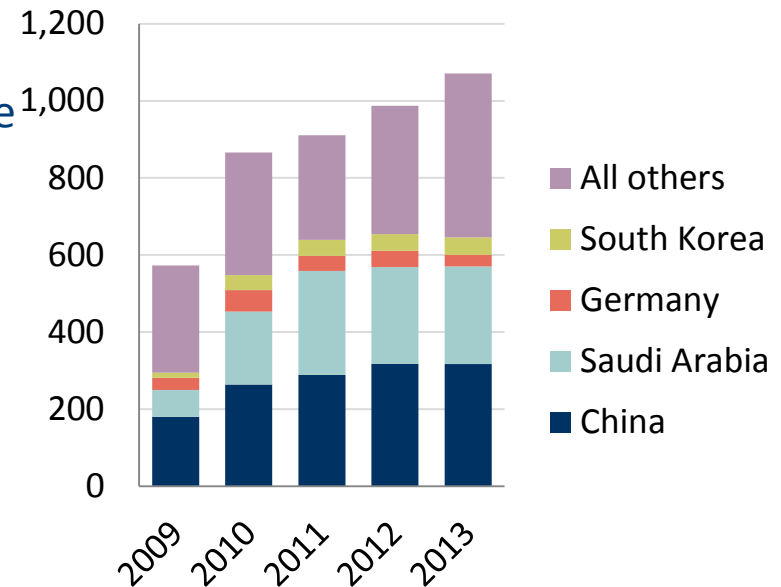


# GLOBAL EDUCATION STRATEGY

Distinctive  
Programs/  
Impactful  
Practices

- Internationalization attracting additional student population and revenues
- Global Learning outcomes for every undergraduate degree program
- Global engagement opportunities benefiting more students
  - Study abroad
  - International research
  - Global Science & Engineering program (54% women)
    - a B.S. in a STEM discipline
    - a B.A. in a foreign language
    - the NAU International Engineering and Natural Science Certificate
    - extensive real-world international professional experience

International Student Enrollment



**Additional 1,000 international students = ~\$9M tuition revenue**





# HEALTH PROFESSIONS

**Distinctive  
Programs/  
Impactful  
Practices**

- Accept up to 90 community college credits from the RN program to the BSN
- Unique concurrent BSN program with Maricopa Community College District
- Athletic Training accredited in 2005; future focused on graduate programming
- Biomedical Sciences degree (in Biology) added in fall 2009
- Total enrollment in the College of Health and Human Services increased to 3,358 in fall 2013 (from 1,270 in fall 2003)
  - Nearly 16% increase since last fall
- Technology and statewide sites improve accessibility of health care programs
  - Nursing programs on the Navajo Reservation (1994), Tucson (2005) and Yuma (2008)
  - Online RN-to-BSN and Dental Hygiene completion programs
  - Students with a health-care AAS can complete their BS in Health Sciences

# PHOENIX BIOMEDICAL CENTER

Distinctive  
Programs/  
Impactful  
Practices

- Arizona public universities working together to share faculty, facilities, technology, and supplies to increase high quality affordable healthcare education



## Projected Enrollment Growth – Total Headcount

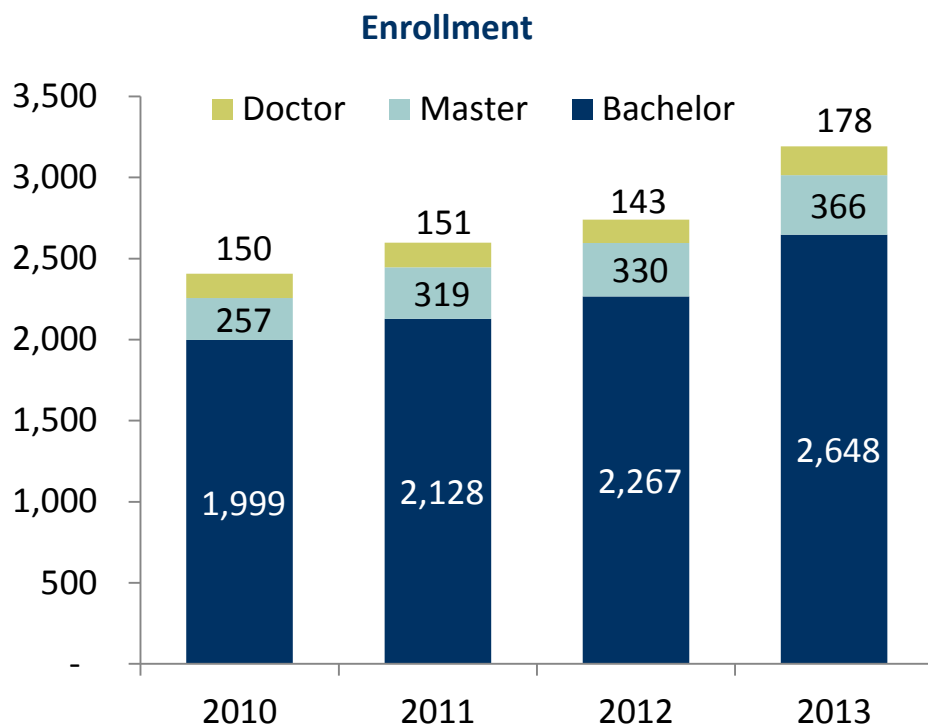
	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Physician Assistant	25	50	75	100	100	100	100
Physical Therapy	24	54	90	106	106	106	106
Occupational Therapy	0	0	20	56	92	108	108
<b>TOTAL</b>	<b>49</b>	<b>104</b>	<b>185</b>	<b>262</b>	<b>298</b>	<b>314</b>	<b>314</b>

- Master's Degree in Physician Assistant Studies and Doctor of Physical Therapy Degree started in fall 2012



# GROWTH IN HEALTH PROFESSIONS AND RELATED FIELDS

Distinctive  
Programs/  
Impactful  
Practices



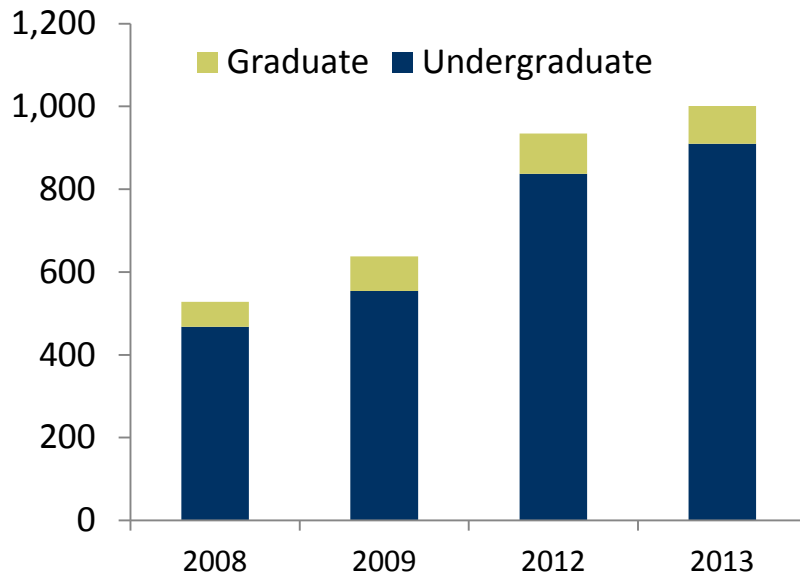
- High demand programs
- Anticipated to be revenue neutral
- Enrollment growth to drive growth in degrees awarded

Note: Enrollment headcount based on CIP identified by Academic Affairs Committee Meeting in February 2013 for performance and enterprise metrics

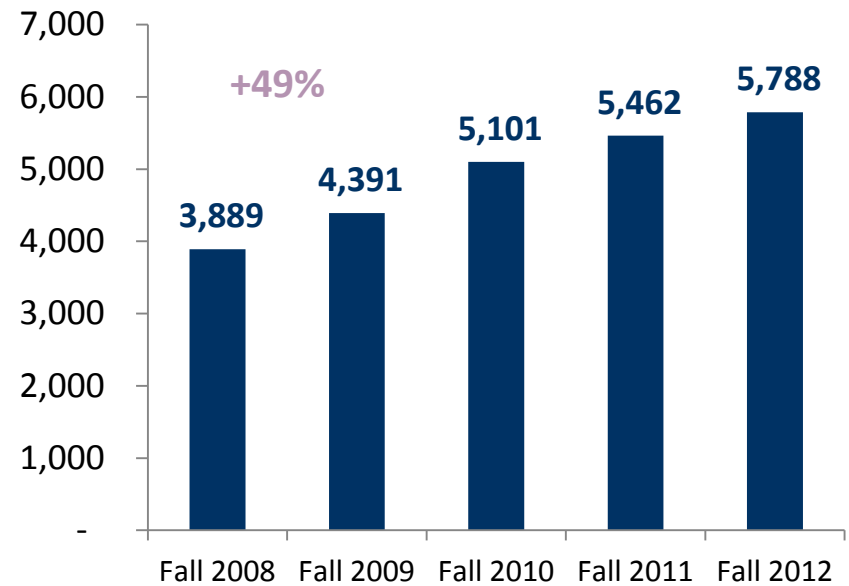
# STEM GROWTH

Distinctive  
Programs/  
Impactful  
Practices

**STEM Degrees Awarded**



**Total STEM Enrollment**



Strategically focusing on selective, competitively strong graduate programs



# UNDERGRADUATE ENGAGEMENT IN RESEARCH: HIGH-IMPACT STUDENT-FACULTY RELATIONSHIPS

Distinctive  
Programs/  
Impactful  
Practices

- Independent research and internships:
  - 1,786 students
- First Year Seminar Action Research Teams:
  - 550 students
- Funded UG research programs:
  - 150 students
- Research labs and centers:
  - 200 students



16% of all  
undergraduates

Capstone required in all 87 undergraduate degree  
programs







## April 26, 2013 at Walkup Skydome

- 627 presentations
- 1,110 individual students
- 177 faculty mentors

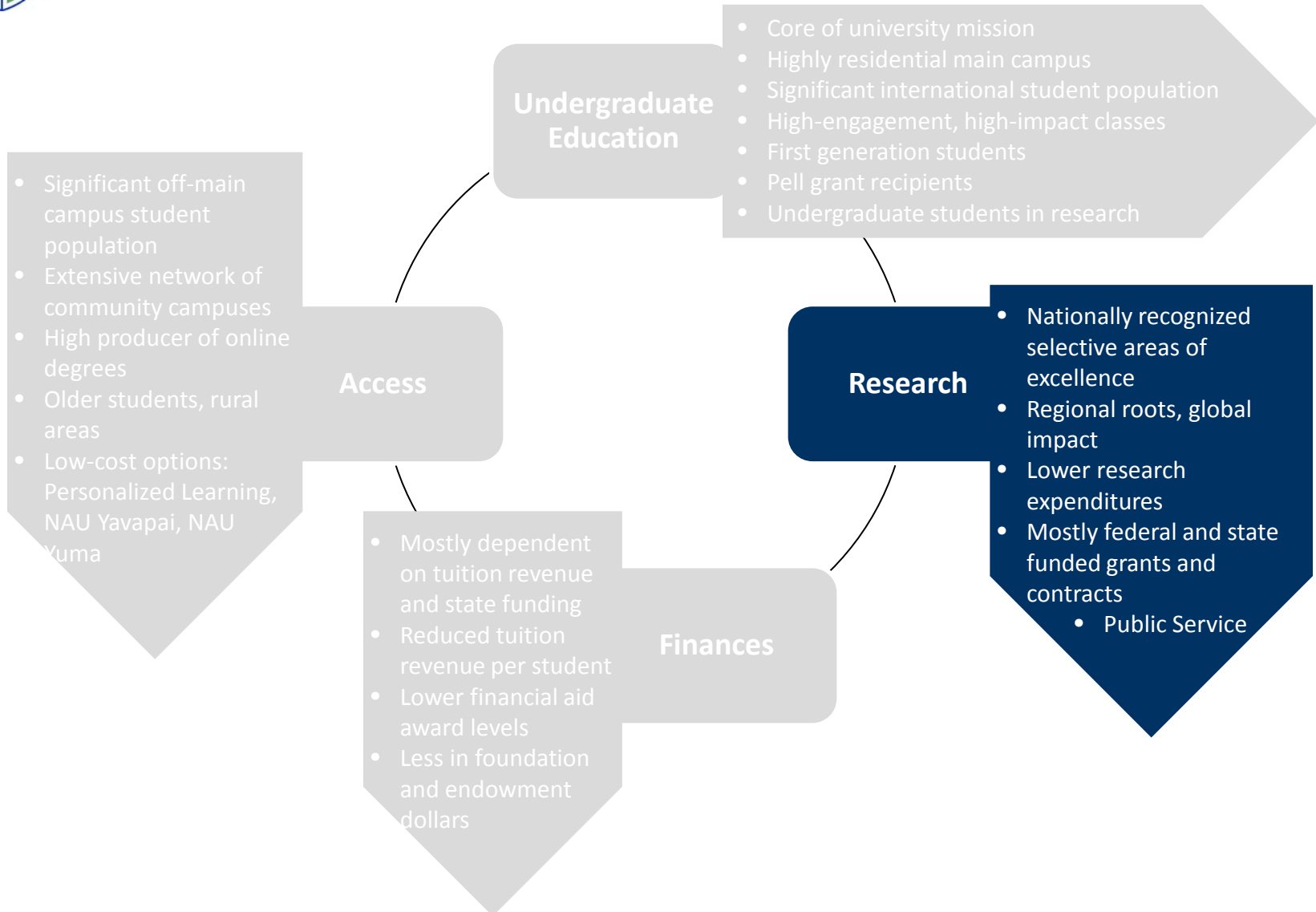
Distinctive  
Programs/  
Impactful  
Practices



# RESEARCH FOCUS



# DISTINCTIVE CHARACTERISTICS



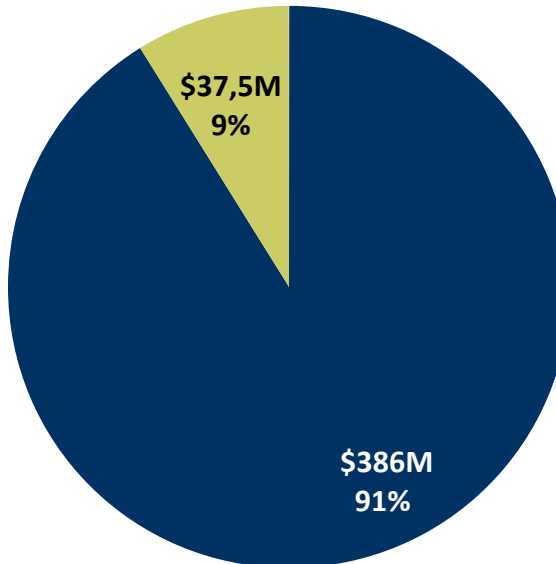
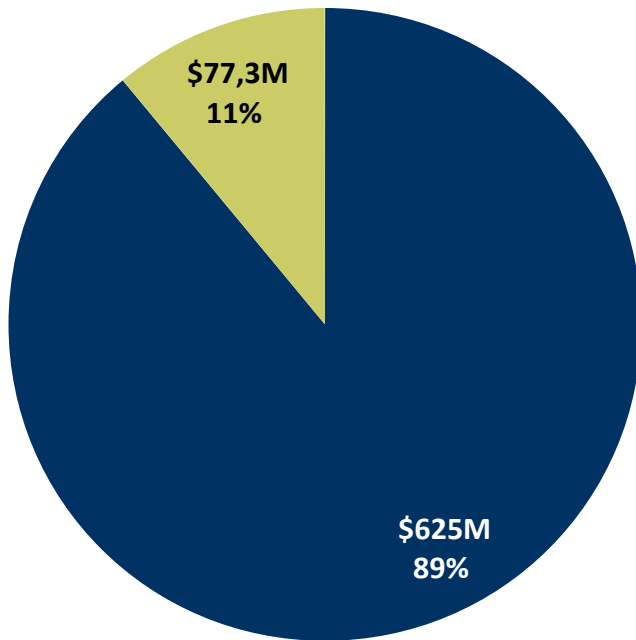
# WHEN WE TALK ABOUT RESEARCH...

- Discovery Research
- Public Service
- Instruction-related

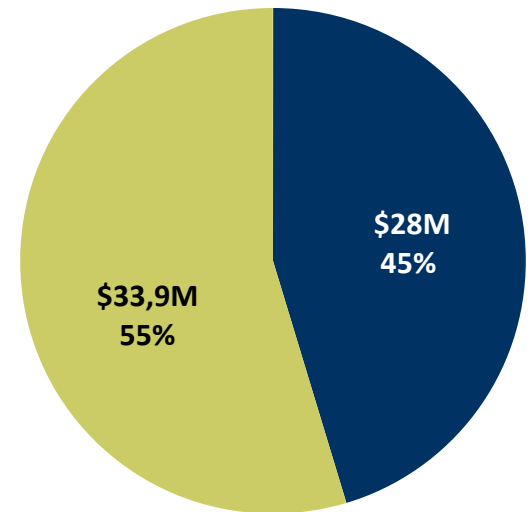




# NAU's SPONSORED PROJECTS PROFILE IS UNIQUE IN THE ARIZONA SYSTEM



NORTHERN  
ARIZONA  
UNIVERSITY






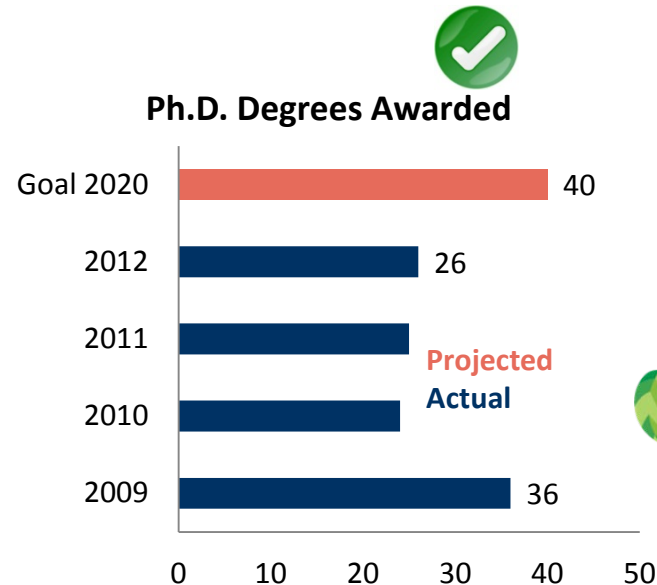
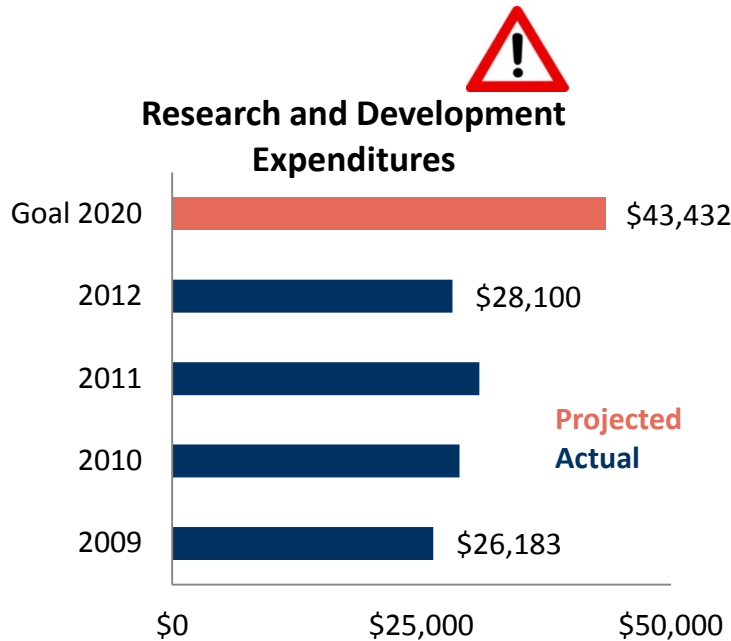
Research

Public Service

Data: FY 2012

# METRICS

			
FY	Intellectual Property Income	U.S. Patents Issued	Invention Disclosures Transacted
2009	\$0	1	17
2010	\$3,000	3	9
2011	\$43,000	0	12
2012	\$22,277	0	17
Goal 2020	\$30,000	3	30

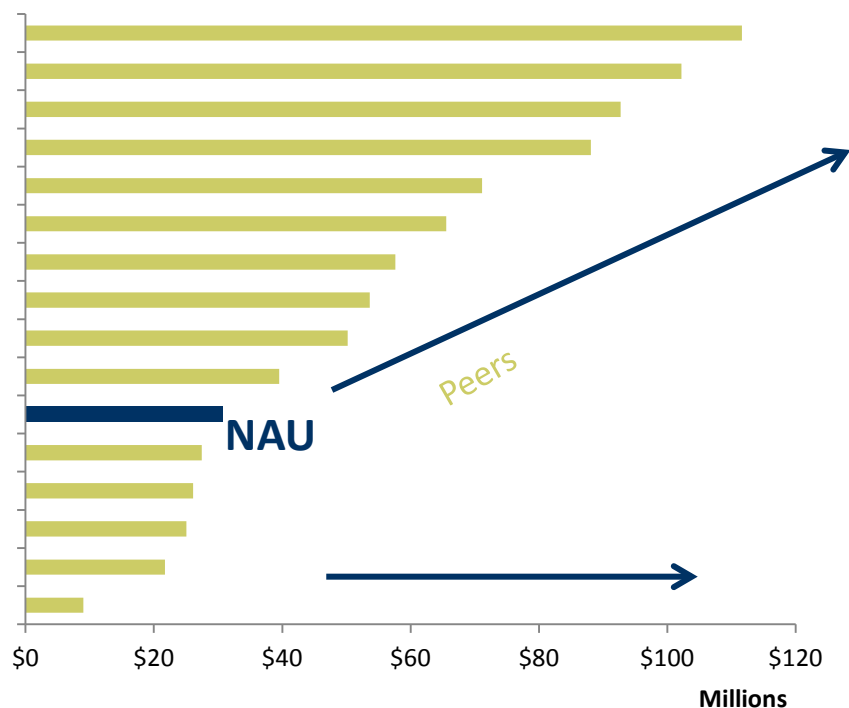




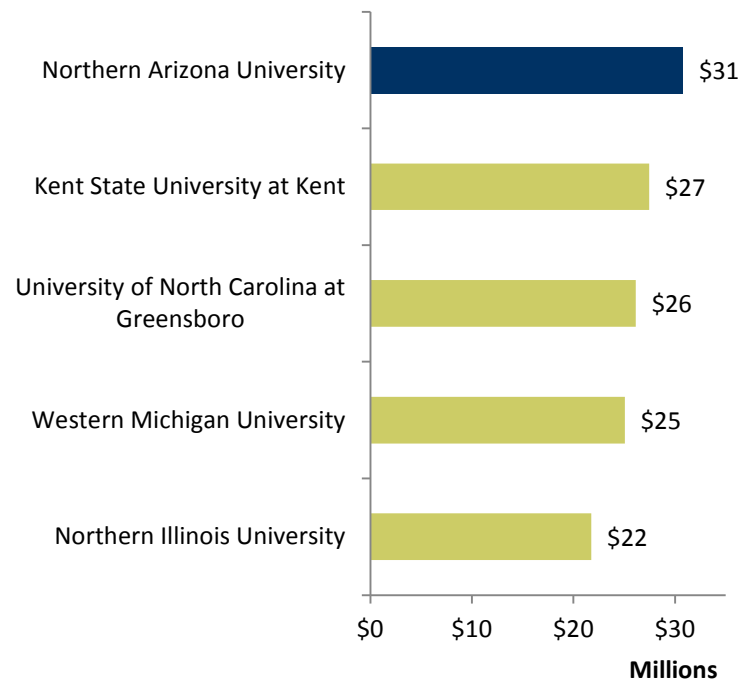
# COMPARISON WITH PEERS

## 2011 NSF RESEARCH EXPENDITURES

### All Peers



### Peers with the Most Similar Scope of Research Mission





# TOP 10 FUNDING AGENCIES: JULY 2010 – JUNE 2013

Sponsor	Dollars Awarded	New Awards
U.S. Department of Education	\$ 20,027,746	12
National Science Foundation	\$ 18,417,002	59
National Institutes of Health	\$ 10,196,708	5
Forest Service	\$ 7,941,060	31
Department of Homeland Security	\$ 7,673,968	7
Environmental Protection Agency	\$ 7,575,170	12
Department of Defense	\$ 3,236,330	4
Corporation for National & Community Service	\$ 3,050,449	3
U.S. Geological Survey	\$ 2,895,617	16
Arizona Department of Education	\$ 2,892,727	11

# RESEARCH SUCCESSES

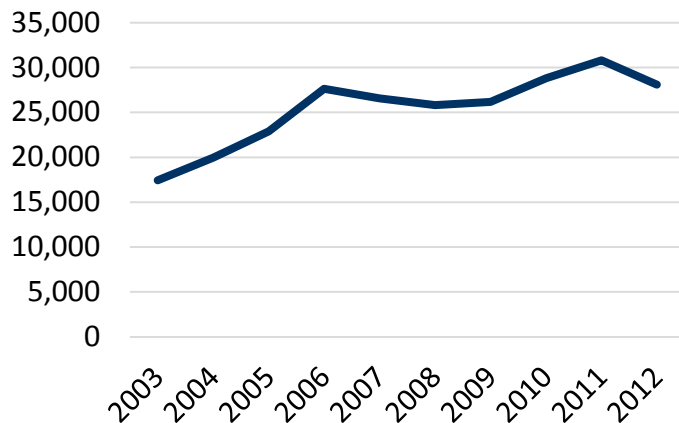
- NIH grants focused on Native American cancer research
- NSF grant to develop a Southwest Experimental Garden Array (SEGA) for integrating genetics and climate change
- Research on Valley Fever through MGGen (Paul Keim)



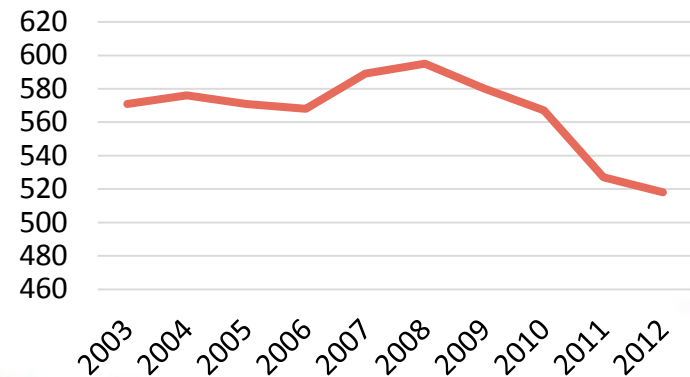


# RESEARCH CHALLENGES

## 1. Research Expenditures 10-year Trend



## 2. Tenure/ Tenure-eligible Faculty Population 10-year Trend



## 3. Limits of Existing Research Facilities

- New infrastructure needed to meet 2020 Goals

## 4. Federal and State R&D Grants

*"The coming R&D crash" (The Washington Post)*







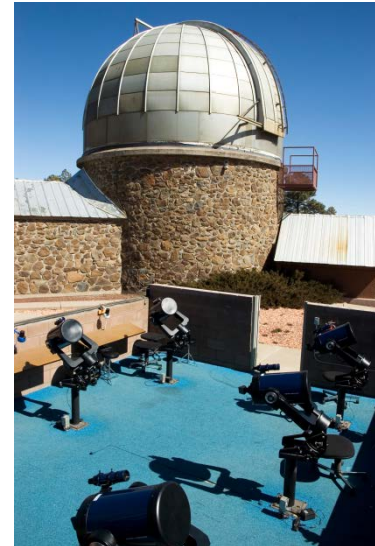
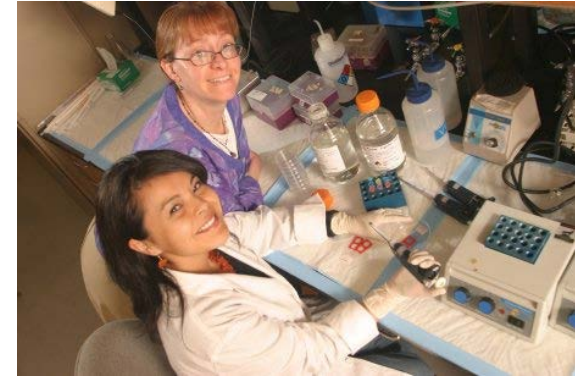
# STRATEGIES FOR 2020 SUCCESS

	Research Expenditures	Ph.D. Degrees Awarded	Invention Disclosures	U.S. Patents Issued	Intellectual Property Income	University Spin-offs
• Increase number of research-active faculty			✓	✓	✓	
• Enhance campus-wide “in-reach” program			✓	✓	✓	
• Incentivize participation in technology transfer			✓	✓	✓	
• Increase technology marketing efforts					✓	
• Research centers and institutes	✓	✓				
• Biomedical research partnerships	✓					✓
• Informatics and big data research	✓	✓				
• AZ Furnace						✓
• Post-doctoral scholars						✓
• Graduate student support		✓				✓

# FUTURE OF RESEARCH AT NAU



- Fostering Partnerships
  - FMC, TGen North, Lowell/U.S. Naval Observatory
- Big Data Informatics
  - Remote sensing
  - Climate change modeling
  - Wind resource modeling
  - Genomic sequencing
- Flagstaff as a Public Health Study Site
  - Geographic isolation
  - Concentrated health care
  - Research community
  - Facilities

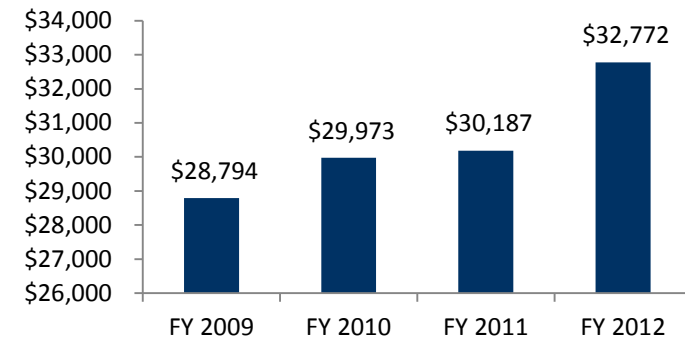


# PUBLIC SERVICE

- Arizona Rural Policy Institute
- The Center for American Indian Economic Development
- The Institute for Tribal Environmental Professionals
- Interdisciplinary Health Policy Institute
  - Catalyst bringing together university experts with health authorities in the private and public sectors to chart a way forward on issues relevant to coordinated primary care and health care cost containment
- The Institute for Sustainable Energy Solutions
  - Wind for Schools (288 teachers trained/ 39 schools)
- The Institute for Human Development
  - “Improving Access, Affecting Attitude”
    - Part of a national network of University Centers for Excellence in Developmental Disabilities Education, Research and Service (UCEDD)



**Public Service Expenditures** (in \$1,000)





# SPONSORED PROJECTS RELATED TO INSTRUCTION



**Center for Science  
Teaching  
and Learning**

- \$64.9 million in grants since 2000
- Provided direct services to 44 middle and high schools and 5,800 students
- Delivered professional development for teachers
- 50,000 eight-graders (245 schools) participated in assessment of college and career readiness
- Participating students have significantly higher HS graduation (88% vs. 72% for AZ) and college participation rates (75% vs. 31% for AZ)
- Improving teaching skills of existing teachers and increasing number of science teachers
- \$10.5M in grants since 2007
- \$1.5M in Noyce fellowships to support prospective secondary science and math teachers



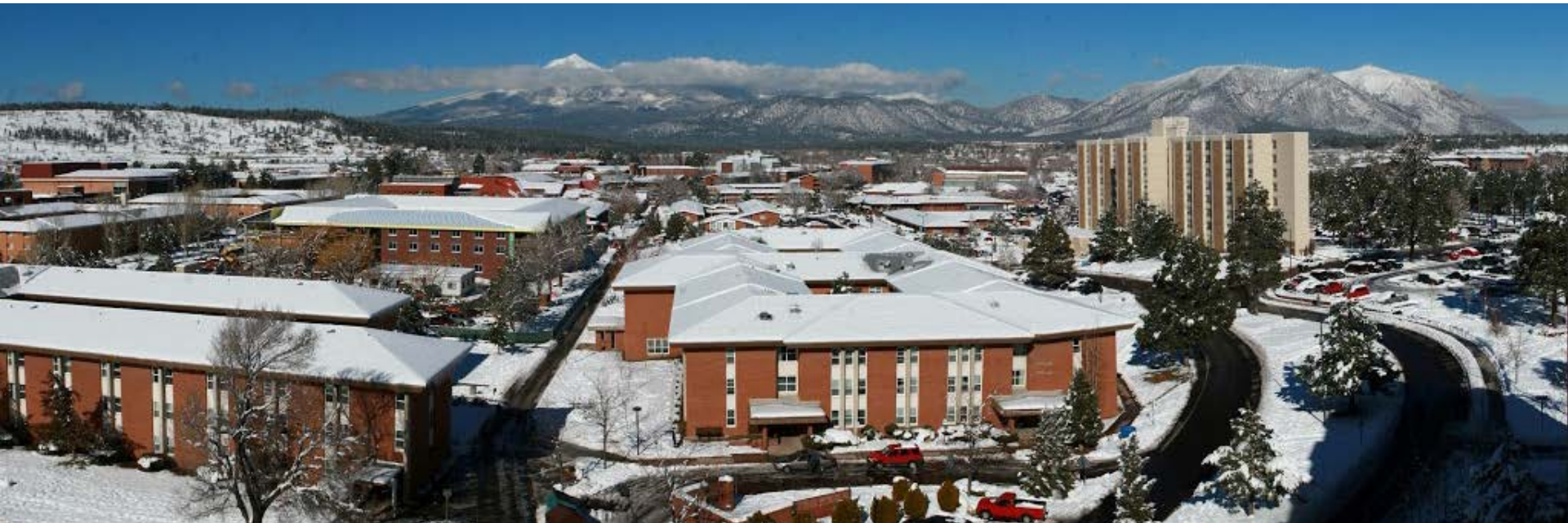
**NAU FOUNDATION**





# NAU FOUNDATION

The mission of the Northern Arizona University Foundation, Inc. is to promote the University's mission, enhance its recognition, and foster private investment in it by creating and nurturing meaningful relationships.





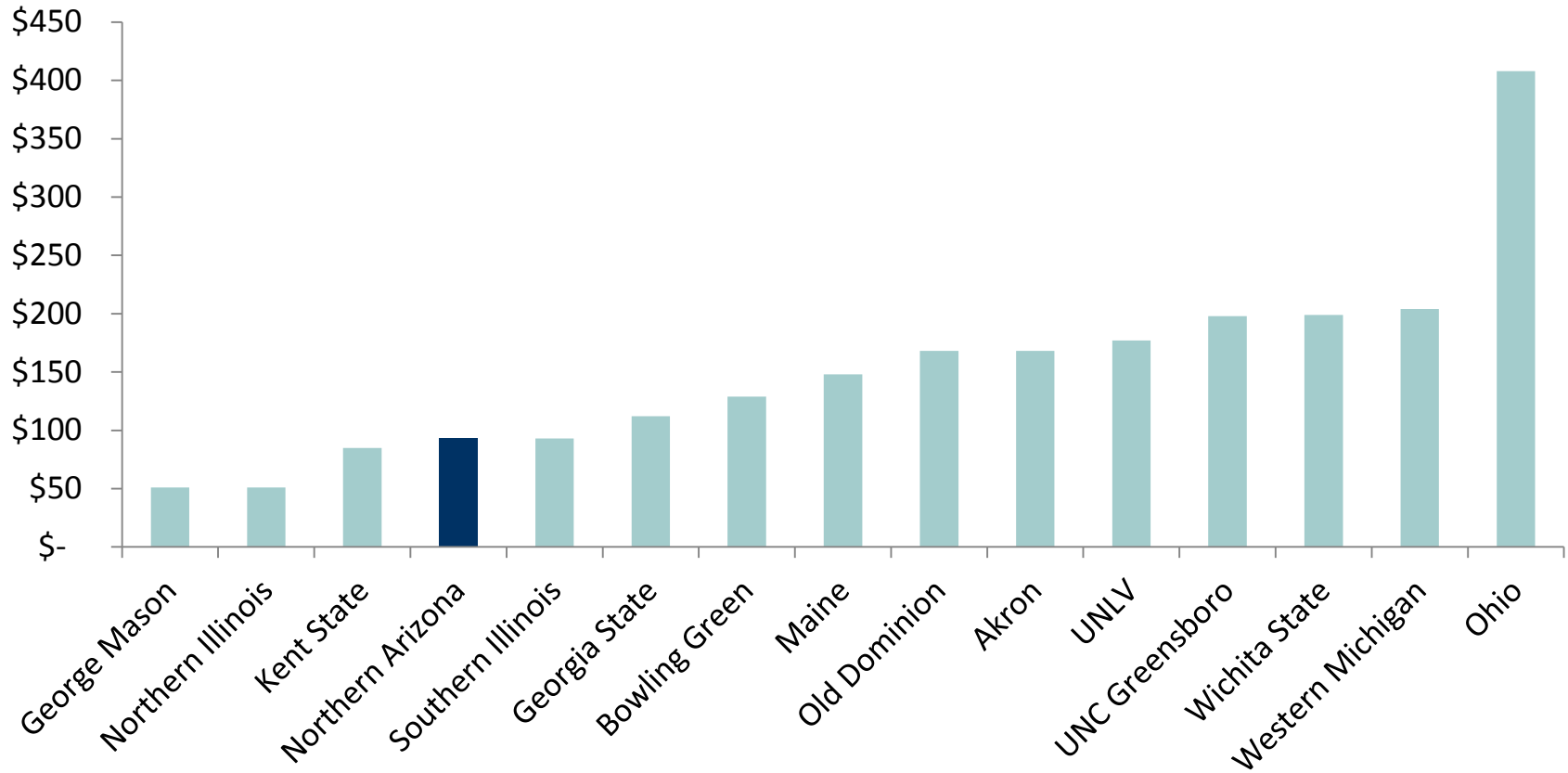
# FINANCIAL FRAMEWORK

- Assets under advisement - \$110M, doubled in size in last 7 years
- FY 13 Return on Investment
  - 13.8% for NAUF vs. 13.1% for Benchmark
- Five year average annual return
  - 6.97% for NAUF vs. 6.3% for Benchmark



# NAU FOUNDATION ENDOWMENT

Endowment Level 2012 in Millions







# ORGANIZATIONAL FRAMEWORK

- Founded in 1959
- 34 member board of directors, current chair Hank Peck of Tucson
- President Haeger as non-voting ex-officio
- No full time employees – provides direct support to Northern Arizona University for administration and fundraising
- Two subsidiaries
  - Northern Arizona Real Estate Holdings
  - NAU Ventures



# BOARD STRUCTURE

- Board Committees: 7

- Executive
- Investment
- Audit
- Finance
- Directors
- Development
- Gift Acceptance



# FUNDRAISING ACTIVITY

- Major Gift Officers – 6
- Corporate and Foundation Relations – 2
- Planned Giving – 2
- Annual Fund – 4
- Other related offices
  - Alumni Relations
  - Advancement Services



# “ONLY AT NAU” CAMPAIGN



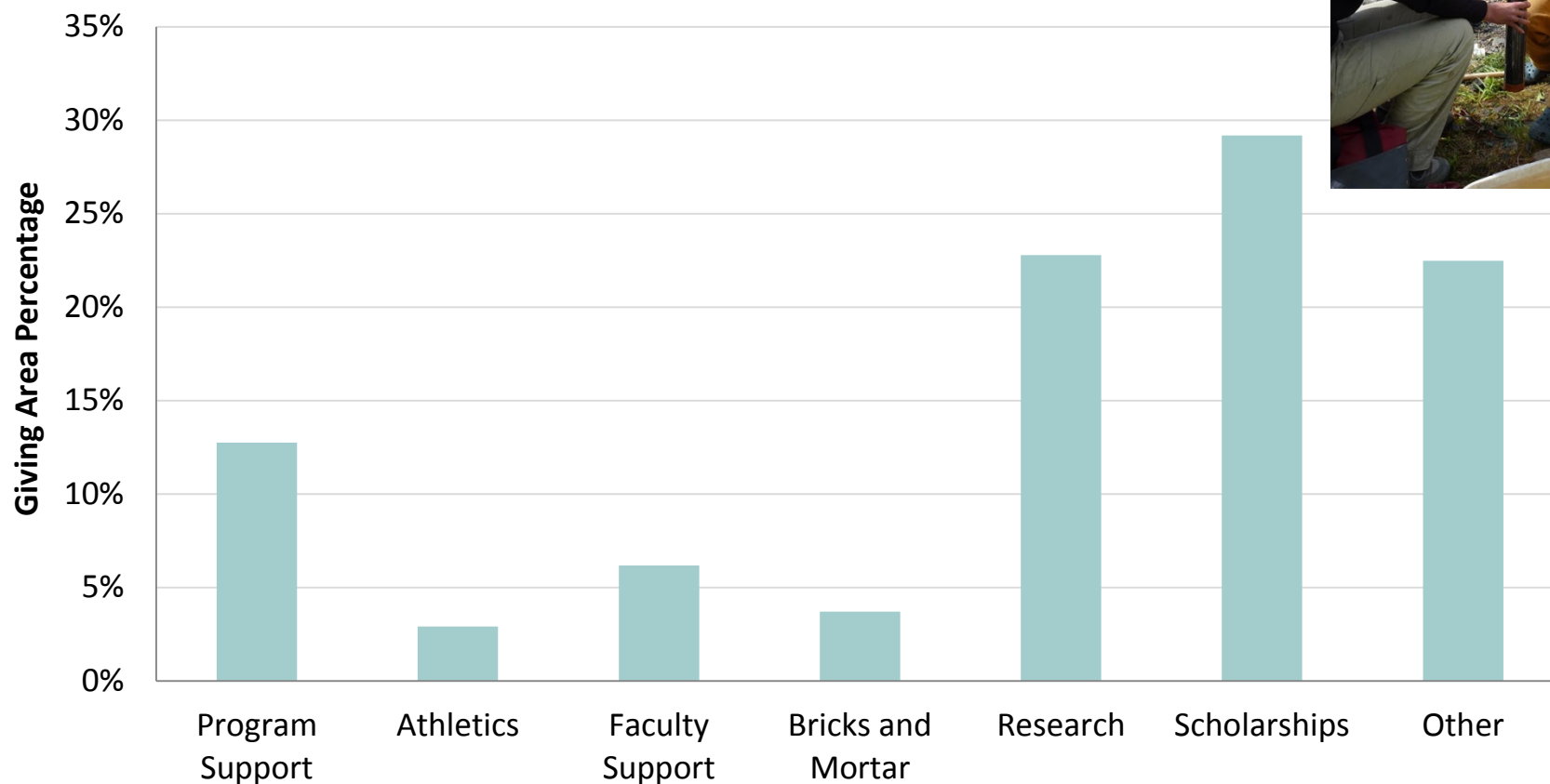
- Comprehensive campaign
- Started counting in July 2009
- Public phase begins October 18, 2013
- Used a national consulting firm – Marts and Lundy
- At ~ \$53M, target of \$100M





# WHAT OUR DONORS SUPPORT

**"Only at NAU" Areas of Support**





# NORTHERN ARIZONA REAL ESTATE HOLDINGS



- Direct investment of Foundation Assets to fund two building projects on the campus
- Lease to own agreements
  - Three years left on lease #1 – 1899 Bar and Grill
    - \$3.5M project, 5.5% interest rate
  - Nineteen years left on lease #2 – University Services Building
    - \$5.5M project, 5.5% interest rate



# NAU VENTURES

- Supports University activity to commercialize intellectual property
  - Provides marketing, licensing, and contractual monitoring for selected commercialization efforts
- 12 technologies assigned, 1 licensed
  - Examples: Micropump, Motor that Emulates Muscles
- Still in very early stages of this effort

# CONCLUSION



# ALIGNMENT WITH ABOR GOALS

- University College/ FYLI
- Lumberjack Mathematics Center
- Student Success Coaching
- President's Technology Initiative

**Promote  
Student  
Learning/  
Success**

**Advance  
Educational  
Attainment  
in AZ**

- Joint Admission
- Personalized Learning
- Pledge Tuition
- Online Programs
- NAU Yuma/NAU Yavapai

**Expand  
Research**

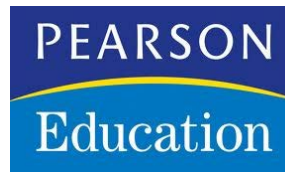
**Impact  
Arizona**

- Undergraduate research
- New PhD programs
- Biomedical research
- Research lab and other infrastructure expansion

- Allied Health Programs
- STEM
- Public Service Institutes and Centers
- Economic Development Partnerships



# PARTNERSHIPS





# NAU ATHLETICS: A REGIONAL ASSET



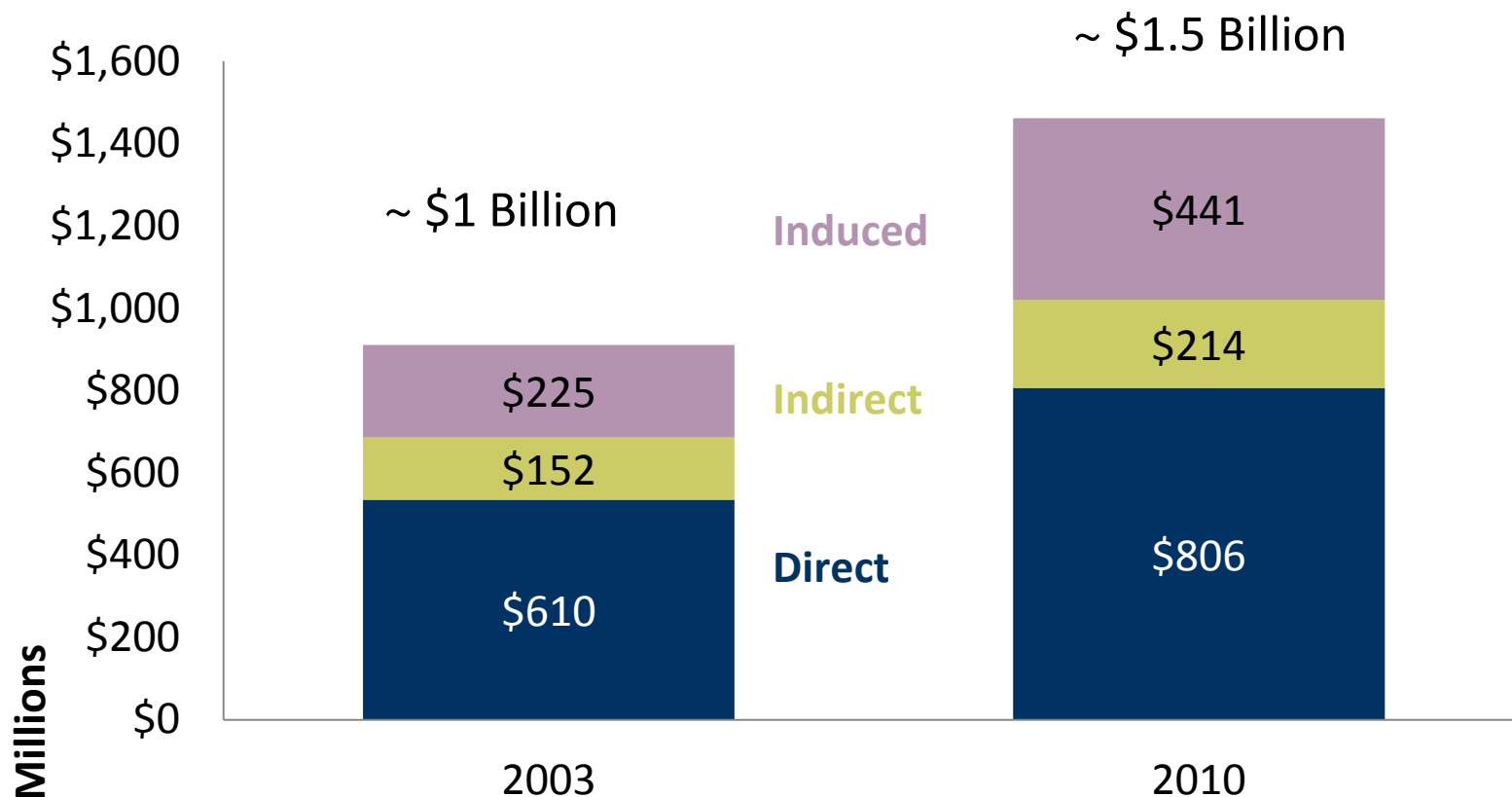
- 2.7% of total NAU expenditures
- NAU Athletics activities contribute with **\$3.85 million** in federal, local, and state **taxes**
- Graduation rate: **83%**
- **Cumulative GPA** of student-athletes: **3.13** (2012-2013)
- Community service hours of student-athletes: **3,840** (2012-2013)
- 2012 -2013 Season Highlights:
  - 4 Big Sky Conference Championships
  - Big Sky Conference President's Cup
  - Men's Cross Country 4<sup>th</sup> in the nation (currently 2<sup>nd</sup>)





# NAU's TOTAL ECONOMIC IMPACT IN ARIZONA (DIRECT, INDIRECT + INDUCED)

**2013 Projection: \$1.7 Billion**



# TRENDS

## Conditions

- More students
- More efficient use of faculty time
- Less state funding
- Limits on tuition
- Performance funding

## Challenges

- Faculty and staff salaries
- Deferred maintenance
- University culture
- Expensive program delivery system
- Adaptation of technology



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[Enlarge Image](#)



THANK YOU