ANNUAL

PERSONNEL REPORT

FOR THE

ARIZONA UNIVERSITY SYSTEM

OCTOBER, 2004

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BACKGROUND

A.R.S. §41-763.01 requires the Arizona Board of Regents (ABOR) to submit an annual report on university personnel to the Governor and the legislature. Accordingly, each university annually reviews and compares its employees' salaries with those salaries offered at peer institutions and in other relevant labor markets.

In November 1996, the Board adopted a three-year plan, *Restore Competitiveness to University Salaries*, designed to raise the average faculty salaries to the 50^{th} percentile (median) of their peers and to raise the average salaries of all other employee groups to the market average. The plan has been the basis for the University System's salary requests in subsequent years.

In 1997 the legislature established the Joint Legislative Study Committee on State Employee Compensation. The committee was charged with studying state employee compensation and related issues including salary, benefits, employee turnover, various state personnel systems, and comparisons to other major public and private employers. In addition, the committee was charged with recommending to the Governor and legislative leadership a long-term strategy for addressing state employee compensation. The stated legislative intent was that *"competitive compensation be established by the end of fiscal year 2002-2003."*

The salary adjustments authorized by the legislature for FY 1998 through FY 2005 are:

SALARY ADJUSTMENTS AUTHORIZED BY THE LEGISLATURE
FY 1998 - FY 2005

FY 1998	**2.5% across-the-board increase up to a maximum of $1,000 plus 2.5% merit increase pool**
FY 1999	**2.5% merit increase pool**
FY 2000	**2% merit increase pool**
FY 2001	**2% merit increase pool**
FY 2002	**$1,450 per FTE across-the-board increase, effective April 1, 2002**
FY 2003	**$0**
FY 2004	**$0**
FY 2005	**$1,000 per FTE pool (to be allocated based on salary plans developed by each university president and approved by the Board of Regents); and general fund appropriations of $4.3 million at the UA and $1.5 million at NAU for key personnel retention.**

For these eight fiscal years, the approved funding for salary increases has been much less than that required to bring university salaries to the market. When the Board adopted its 1996 plan to restore competitive salaries, university salaries already were well behind the market. The subsequent salary adjustments granted by the legislature have not been sufficient either to catch up with the market or to keep pace with upward salary movement in the relative labor markets since 1996.

To stem the ever-widening gap, the universities reallocated funds, reduced programs, and left positions vacant to generate additional savings. In spite of the universities' efforts to increase salaries with alternative funding, employee salaries continue to trail significantly those of their peers and other relevant markets.

ABOR previously reported that $179 million was required in FY 2005 for salary adjustments to enable the universities to catch up and keep up with their markets. While considerable progress was made in FY 2005 as a result of legislative salary appropriations and internal reallocations within the universities to help address salary deficiencies, the universities continue to lag their peers and other labor markets. The estimated amount needed to catch up to market in FY 2006 is $135.8 million.

METHODOLOGY

Each university and the ABOR central office compare employee salaries with salaries at peer institutions and in other relevant labor markets. Each university compares its average faculty salaries to the average faculty salaries of its ABOR-approved peer institutions using the latest (Fall 2003) American Association of University Professors (AAUP) data. For all other employee groups, the universities and the ABOR central office compare average salaries with average salaries in appropriate labor markets using the most recent, relevant, and available data.

The universities calculate the difference between average market salaries and average university salaries when direct comparative compensation data is available. For jobs without direct comparative data, the universities use the distance from market for similar employee categories. To calculate unmet salary needs, the universities determine the amount required to raise average faculty salaries to the 50th percentile (median) of their peers and to raise other staff salaries to the average of their respective markets.

The salary surveys used in the calculations include:

- American Association of University Professors (AAUP)
- Association of American Medical Colleges
- Association of American Universities Data Exchange
- State Higher Education Executive Officers (SHEEO) Staffing and Salary Survey
- Council on Teaching Hospitals Housestaff Stipends
- Association of Research Libraries
- Joint Governmental Salary Survey (JGSS)
- College and University Professional Association for Human Resources (CUPA - HR)
- Other local and job-specific survey data

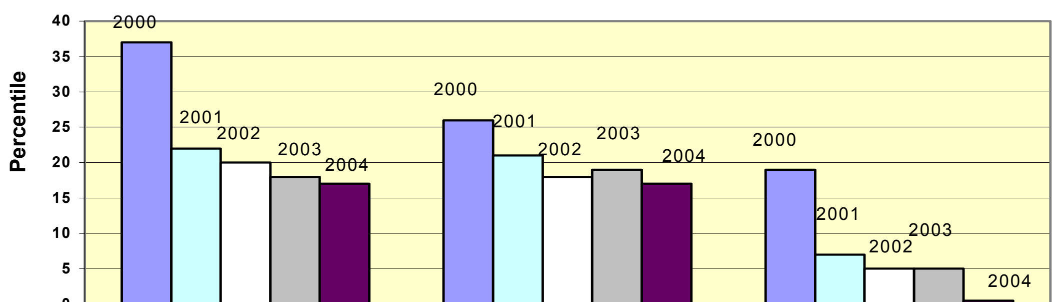
MARKET COMPARISONS

FACULTY SALARIES

Arizona's public universities compete with hundreds of other public and private universities throughout the country to attract and retain talented faculty. The competitiveness of salaries is quite often the single most important factor in determining whether an individual accepts other employment or stays with Arizona's universities. To assess how competitive Arizona's salaries are compared to the national marketplace, the universities calculate percentile rankings, comparing faculty salaries in Arizona to those in peer institutions. These comparisons include all ranked faculty--professors, associate professors, and assistant professors.

The faculty percentile rankings for ASU Tempe, the UA, and NAU for the last five years are reflected in the chart below. For all three universities, the percentile rankings have declined over this period. Specifically, ASU Tempe's percentile ranking dropped from 37 to 17; the UA's dropped from 26 to 17; and NAU's dropped from 19 to the very bottom percentile. Although not reflected on the chart, the percentile ranking for ASU West declined from 26 to 1 over these same years. The peer universities are listed in Exhibit 1 at the end of this report.

ARIZONA'S PUBLIC UNIVERSITIES'
FACULTY SALARY PERCENTILE RANKINGS
FY 2000 - 2004



	ASU TEMPE	UA	NAU
2000	37	26	19
2001	22	21	7
2002	20	18	5
2003	18	19	5
2004	17	17	0

MARKET COMPARISONS

The FY 2004 percentile rankings clearly show that the large majority of the comparator universities pay higher average salaries to their faculty than Arizona's universities pay, demonstrating that Arizona's standing is still lacking competitiveness. Specifically:

- 21 of the 28 comparator universities pay higher average salaries than ASU and the UA;

- All 17 comparator universities pay higher average salaries than NAU; and

- ASU and the UA average salaries are as much as 28% lower than the highest peer institution's salary; NAU average salaries are as much as 45% lower than the highest peer institution's salary.

In addition to salary information, the annual AAUP survey provides information regarding the value of faculty benefits. This enables comparisons of total compensation, i.e., the combined value of salary and benefits, and provides additional insight into the competitiveness of the University System.

When total compensation is calculated for FY 2004, the percentile ranking for ASU drops significantly, while the percentile rankings for the UA and NAU increase slightly. Specifically, ASU Tempe drops to the 10th percentile, the UA's ranking increases slightly to the 20th percentile, and NAU's increases to the 4th percentile.

Whether looking at average salaries or total compensation, the three universities are not positioned to compete seriously for faculty in the national arena. Moreover, the universities are not adequately equipped to attract or retain faculty of the highest national quality--those educators, researchers, and scientists who are foremost in their fields. Such individuals, who are able to raise the quality and stature of the universities' programs, can and do command top dollar. Accordingly, Arizona's public universities must have the capacity to meet the salary requirements of these scholars and pay beyond the 50th percentile to attract and retain them.

STAFF SALARIES

Much like faculty salaries, average staff salaries substantially lag the market, and salary increases for these employees have been insufficient to catch up and keep pace with the market.

The salary plan developed by each university president and approved by the Board of Regents for FY 2005 gave employees at the lowest salary levels, i.e., those who earn $30,000 or less annually, a minimum annual increase of $1,000, thereby increasing their base salary by more than 3%.

In FY 2004, employees enrolled in the Arizona State Retirement System (ASRS) saw their employee's contribution more than double to 5.2 percent. In addition, it is expected that employee contributions will again increase in FY 2006. Therefore, no real gains were made to employee salaries in FY 2005, because the increase, in effect, offset the ASRS contribution increase from the prior year.

The table below reflects the percentage increase required for average staff salaries at each university and the ABOR central office to reach market.

PERCENTAGE INCREASE REQUIRED TO REACH MARKET FOR CLASSIFIED AND OTHER STAFF

	CLASSIFIED STAFF	ALL OTHER STAFF
ASU TEMPE	12.9%	11.9%
ASU WEST	12.9%	12.9%
ASU EAST	12.9%	12.5%
NAU	12.7%	10.9%
UA	17.0%	10.0%
ABOR CENTRAL OFFICE	2.9%	15.7%

UNMET SALARY NEEDS

Using the methodology described earlier in this report, each university calculated its unmet salary needs for FY 2006, which included a projection of market movement.

As shown in the chart below, university employees' salaries will remain considerably lower than those at peer institutions and in the other relevant markets at the end of FY 2006. An unmet general fund salary need of approximately $135.8 million, including ERE, is projected in order for the universities to catch up with the market.

In 1996 when the University System developed its multi-year plan to restore salary competitiveness, the universities estimated that it would cost approximately $47.5 million to reach the 50th percentile/market average. By June 30, 2006, the cost to raise the average salaries of current faculty and staff to the targeted levels will escalate to $135.8 million. This is a considerable improvement from the prior year ($179 million), but the situation will again worsen dramatically if salary increases are not provided in the next few years. Due to the economic downturn, market movement has slowed to slightly less than 4%. Even with this deflated market growth, if no additional monies are appropriated by the legislature, the progress made in FY 2005 will deteriorate, and the unmet salary need will increase to approximately $172 million by the end of FY 2007 and to approximately $210 million by the end of FY 2008. If the market begins to improve and escalate to what it was in the past, growing between 4% to 5% a year, the future year estimates will grow accordingly.

**PROJECTED UNMET SALARY NEED
FOR THE UNIVERSITY SYSTEM
AS OF JUNE 30, 2006**

ASU TEMPE	**$51,152,600**
ASU WEST	**7,365,800**
ASU EAST	**2,573,000**
NAU	**27,263,300**
UA	**47,171,400**
ABOR CENTRAL OFFICE	**226,300**
SYSTEM TOTAL	**$135,752,400**

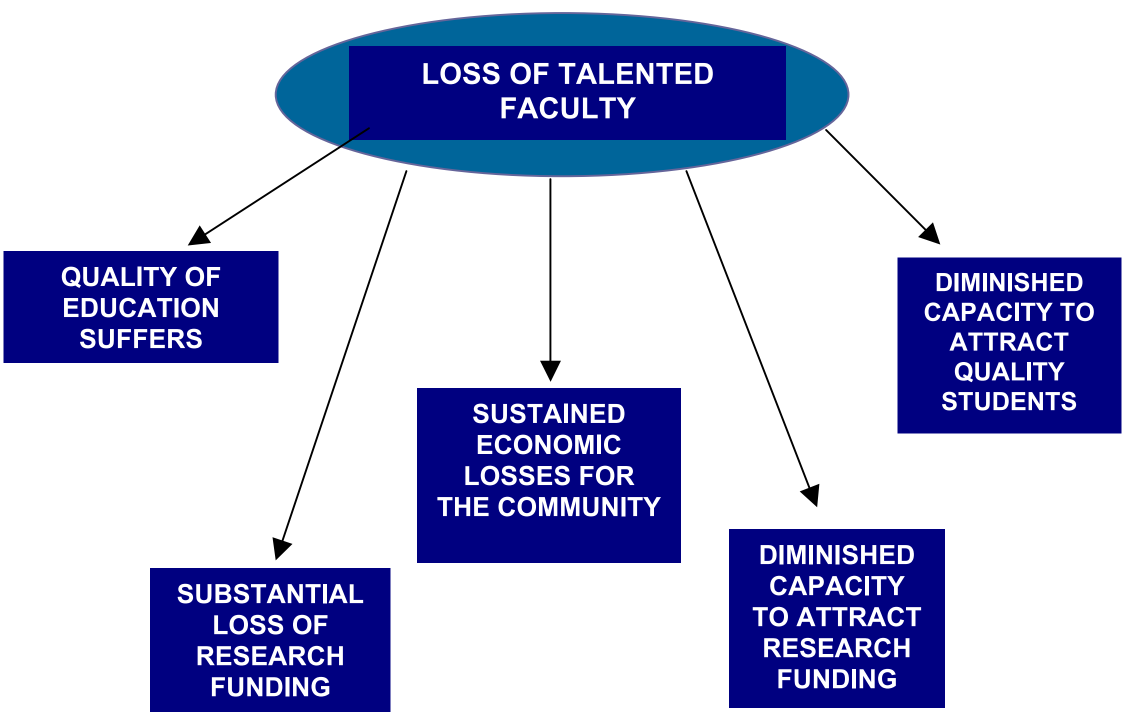
FACULTY RETENTION

Faculty retention again was a significant problem for Arizona's universities in FY 2004. Notwithstanding the economic situation throughout the country, an increasing number of faculty members left for positions in other organizations, often receiving much higher salaries and benefits and exceedingly better resources for research and program development.

> In Arizona, 39.5 jobs are created for every $1 million in research contracts and grants to colleges, universities, and professional schools, according to the U.S. Commerce Department's most recent economic analysis.

As illustrated below, the universities and the communities they serve suffer dramatically when faculty leave Arizona. Top scientists and researchers may take millions of dollars in grants and contracts with them when they depart, setting university progress back by years and diminishing the university's ability to attract additional research funding. Moreover, when the universities' research efforts are curtailed, the economic consequences are substantial.

Equally important, educators who are leaders in their fields contribute markedly to the quality of the educational experience for the many thousands of students in the Arizona University System. When the universities lose these leaders, the students lose the immeasurable opportunity to learn from them.



The average turnover rates for all categories of faculty at ASU Tempe, ASU West, and ASU East are 8.5%, 12.4%, and 2.9%, respectively. At the UA, the faculty turnover rate is 7.6%; and the faculty turnover rate is 10% at NAU.

In the past 12 months, over 400 faculty members left the University System. It will take years to replenish and rebuild the reservoir of talented and distinguished faculty and intellectual capacity that the universities worked so long and so hard to create.

While this year's turnover rate in the Arizona University System is a concern in and of itself, the cumulative effect of the turnover over the past several years is much more disturbing. In the past 12 months, approximately 440 faculty members left the University System. The continuing loss of faculty weakens the universities, undermines programs and research efforts, and threatens the quality of the educational experience.

To provide additional perspective, the three universities developed brief profiles of their faculty retention problems. In the next few pages, each university presents an array of statistical information and illustrative examples of the program implications due to the loss of its faculty. The information pertains to tenured and tenure-track faculty and academic professionals who voluntarily considered leaving the universities during FY 2004. Retirements and other reasons for separation are not included in the analysis.

ASU FACULTY RETENTION
FY 2004

KEY POINTS

- During FY 2004, 48 faculty and academic professionals voluntarily left Arizona State University. This number resigning is lower than last year when 53 individuals left for employment elsewhere. This is actually the second year that ASU has made progress in stemming the tide of voluntary exits from the university in spite of a lack of salary support from its largest investor, the state of Arizona. The primary reason for this success is that ASU has been particularly aggressive in identifying funds to outbid competitor universities when highly valued and marketable faculty members are the target. Attractive counteroffers were made, and many faculty opted to stay.

- Additionally, ASU identified funds to provide merit increases in salary for all high-achieving university employees. This was done in part so that high achievers would not be tempted to seek employment elsewhere. The approximately $10 million for salary increases came from reallocation of institutional funds, funds that could have been used to increase faculty numbers but were by necessity diverted to augment salaries of valued employees.

- ASU introduced more stringent tenure and promotion criteria in order to optimize the use of scarce personal services funds. To reverse the brain drain, ASU implemented a retirement incentive program to encourage some faculty members to retire, thereby freeing up funding for new hires. ASU must continuously bring in new faculty members with fresh ideas who are on the leading edge of 21st century knowledge if it is to reach the promise of the New American University.

- Although ASU is being proactive in retention efforts and in bringing new faculty into the institution, the actions that are being taken also create several negative consequences that must be addressed.

EXAMPLES OF PROGRAM IMPACTS

- The negative programmatic impact of below-market salaries is pervasive at Arizona State University. ASU's scramble to identify funds to retain high-achieving faculty members, coupled with intent to hire new employees at market levels, has forced it to collapse faculty and staff lines. For example, 67 tenured faculty members took advantage of the retirement incentive plan. ASU estimates that the dollars freed up will allow it to hire approximately 50 faculty members at market prices. A major consequence of ASU's attempts to hire and retain at market levels is that tenured/tenure-track faculty numbers have not increased significantly over the past five years. At the same time, the institution has experienced enrollment pressure which is unprecedented in modern ASU history. Over the past two years, ASU has accommodated 7,500 new students, and yet faculty numbers have remained flat. ASU estimates that over the past decade it has absorbed 85% of the enrollment growth in the Arizona University System.

Deterioration of Quality Indicators

- As a result of insufficient funding for salaries and paucity of new faculty appointments, several indicators used to measure quality in undergraduate education have shown deterioration:
  - Class sizes are getting larger
    - Since fall 1999, undergraduate enrollments grew by 19.6%, and the number of additional class sections offered on the ASU campuses grew by 16.2%;
    - The number of classes with enrollments over 50 grew by 32.7% percent;
    - Classes with enrollments of 30 or less grew by only 8.5% percent.
  - The ratio of FTE students to tenured and tenure-track faculty grew from 29:1 to 34:1 during the same time period. In some departments the ratio is as high as 70:1.
  - The percent of student credit hours taught by ranked, full-time faculty decreased from 74% to 68%, while the percentage taught by part-time faculty continues to increase.
  - While retention and graduation rates improved over the past decade, ASU is at a juncture where the continued progress in these rates also is in jeopardy and it may not be able to achieve its ambitious goals to dramatically improve these measures. A recent study that analyzed data from 3 U.S. military academies and 70 other U.S. public and private colleges and universities concluded that an increase of 1 in student-faculty ratio causes, on average, a decrease in graduation rate of 4%. The effect was even greater among minority students.

- ASU has been mandated through state statute to double the output of Bachelor-prepared registered nurses over the next four years, and to do this in the absence of new funds from the state. ASU has implemented an ambitious plan to meet this mandate. However, qualified nursing faculty are scarce and in high demand. The number of core faculty in the College of Nursing has decreased by 15% over the last five years. ASU is having difficulty replacing departing faculty because of the scarcity of nursing faculty on the market and the inability to compete with other institutions for this scarce resource due to salaries that are not competitive. ASU faces two problems, retaining current faculty who are underpaid and attracting new faculty. To continue to make progress on fulfilling the mandate from the state will require investments from the students and the state, as well as the health care industry.

- As Arizona's population continues to grow, the need to have a parallel growth in numbers of K-12 teachers is clear. It is estimated that by 2010, Arizona will need at least 11,384 additional teachers. ASU has committed to increasing its output of early childhood educators and K-12 teachers by 100% and 50%, respectively. ASU's production of new teachers will grow from 1,000 per year to 1,500 per year. ASU must ramp-up its faculty and staff infrastructure to meet this promise, requiring sacrifices throughout the institution. Because ASU has been forced to cannibalize vacant faculty positions to meet salary needs of key faculty and staff, the numbers of faculty members in the College of Education have not grown significantly for many years. This practice cannot continue if ASU is to keep its promise and help meet Arizona's need for K-12 teachers.

- ASU has pledged to do its part in helping to diversify the economy by building its research infrastructure and, over the next five years, significantly raising the ante in terms of external funding brought into the state through its research productivity. To do this, ASU must retain the talent it has assembled, as well as attract new talent to the university. This will require making salaries competitive and creating university and community environments sufficiently attractive to draw top scholars into the state.

NAU FACULTY RETENTION
FY 2004

KEY POINTS

- Faculty turnover occurred in all ten NAU colleges for the 2003-2004 academic year. The College of Arts and Sciences was particularly affected by the loss of 14 faculty members.

- A total of 50 full-time regular faculty members did not return to the university in Fall 2004; of this loss, 47 were full-time regular faculty and three were part-time regular faculty.

- Tenured or tenure-track faculty comprised 58% (29 out of 50) of the faculty that did not return.

- Competing institutions offered an average 43% increase in salary. In addition to salary, one faculty member, recruited by Penn State into their highly rated Hotel Restaurant and Institutional Management program, was provided with a $200,000 travel budget and a $13,000 moving allowance.

- Other universities competing for NAU faculty included Penn State University, University of British Columbia, University of Hawaii, Western Carolina University, Colorado School of Mines, and the AMC Cancer Research Center in Colorado.

- NAU made counteroffers to three tenured or tenure-track faculty and was successful in retaining two faculty members

- Dual career couples pose an additional set of problems. If NAU is able to provide a position for the trailing partner, then if either receives an offer for another position, NAU runs the risk of losing two faculty members. If the University is not able to provide a position for the trailing partner, it often loses the faculty member because the partner cannot find satisfactory employment in Flagstaff.

- Northern Arizona University faculty salaries fell below the University's entire peer group this year. Recognizing that the situation was becoming critical, the University identified faculty compensation as a critical issue and university priority. State pay plan and University faculty retention appropriations were augmented by internal funds to provide raises for faculty. The largest raises were directed toward full Professors who are the most senior faculty and who fall farthest from market. However, assuming NAU's peers move ahead at 3 percent annually, NAU moves ahead of only one peer university. Faculty members suggest they would greatly prefer to remain at NAU, but financially cannot afford to stay.

- In addition to market issues, NAU is starting to see the leading edge of the retirement of early baby-boom faculty. This is an opportunity, but it is also a loss of experienced teaching faculty.

EXAMPLES OF PROGRAM IMPACTS

- Among the tenured and tenure-track faculty that will not be returning, NAU lost two experienced administrators, a Forensic Team Coach and a faculty member who had a tremendous impact on Native American students, and another Native American who served as an advisor for the American Society for Civil Engineering.

- The College of Arts and Sciences was particularly affected, experiencing the loss of 14 faculty members. This group of 14 included nine tenured professors, one tenured associate professor, and four tenure-track assistant professors. Replacing these seasoned faculty members will be exceptionally difficult given the much higher competitive salaries offered by NAU's peer institutions and the budget constraints NAU departments are currently facing. Many will be replaced with entry- level faculty who will not be as experienced.

- Among the tenured and tenure-track faculty that resigned, four were minority faculty. This is actually an improvement over last year when eight minority faculty left. Many of these talented faculty members find other positions easily, leaving NAU working hard just to keep up initiatives and relationships with which they were involved. Counteroffers were successful in retaining two minority faculty members

- NAU's inability to recruit and retain Nursing faculty has affected its ability to meet the state's needs in Nursing education and maintain continuity in quality. This year, NAU lost two Nursing faculty members, which compounded the issue of having two vacancies the University was unable to fill from last year.

UA FACULTY RETENTION
FY 2004

U A FACULTY RETENTION Fa cul ty

KEY POINTS

- The University of Arizona has shown a significant decrease in the number of faculty lost to other institutions during FY 2004. Continued aggressive retention efforts on the part of the Colleges and central administration have prevented the losses from being much greater, but internal reallocations have hidden costs.

- Over the past five years (1999-2003), the University reallocated approximately $3.1 million of its own funds for retention. In January 2004, the University reallocated $5.4 million for merit/market salary adjustments. While these salary increases were well worth the cost, they come at the expense of unfilled positions, deferred maintenance, and other Focused Excellence initiatives. The recent faculty retention package from the state will go a long way to help Colleges begin to shore up their programs after years of hard-hitting assaults from outside institutions recruiting the UA's world-class faculty.

- In addition to sorely needed resources for salaries and start-up costs, faculty retention has been adversely affected by the lack of building renewal funds. Appropriate facilities, particularly labs, are essential to retain competitive researchers. The lack of building renewal funding from the state is placing future retention efforts in jeopardy – particularly when it costs approximately $500 per square foot to renovate a laboratory.

- There have been some significant developments this past year in market forces. The UA already knows that escalating interest in new technologies has increased demand for human capital, especially in higher education and other research sector industries. This demand, however, is no longer just nationwide. This past year, nine University faculty were made offers by international institutions from Australia, Canada, and Europe. In addition to evidence pointing to a global, knowledge-based economy, new family norms are establishing themselves in academia. As the number of dual-career families increases, public and private institutions are stepping up their recruitment and retention efforts to accommodate this growing need.

Other Key Points:

- In FY 2004, the University was able to retain more faculty than were recruited away, with a retention rate of 61%, or 63 cases out of 103.

- The retention rates for women and underrepresented groups continue to improve. In FY 1999 the retention rate for women faculty was 28% and in FY 2004 was 63%. The retention rate for underrepresented groups was 38% in FY 1999 and 53% in FY 2004.

- The faculty retained at the University of Arizona in FY 2004 generated $43 million in sponsored research over the last three years, while those the University lost generated $14 million. Rolled into these totals are 10 stellar faculty members who each generated in excess of $1 million. Medicine was able to retain two clinical faculty members who, combined, earned more than $4 million in grants to further the battle against cancer and to promote the health of our children.

EXAMPLES OF PROGRAM IMPACTS

- Faculty leave for many reasons, including personal and professional. As cited in the comments in the University of Arizona's annual survey of its own Colleges, faculty were concerned about advancement opportunities, diversity, the accommodation of dual careers, and research support. This year's anecdotal information confirmed that markets are evolving. Arizona must begin taking into account that demand for faculty is international, while simultaneously finding ways to increase the number of spousal hires.

  - Advancement Opportunities:
    - It is natural for faculty to look for and take advantage of opportunities to advance their academic careers. In this realm, the University of Arizona is well respected nationwide. Public and private universities heavily recruit at the UA for their next generation of leaders to pave the way for new knowledge. Several UA faculty were recruited for deans and department head positions at such institutions as Duke, William and Mary, Rutgers, University of Texas – Austin, and the University of Massachusetts.

  - Diversity:
    - The College of Law has a nationally recognized Indigenous People's Law and Policy (IPLP) program. The good news/bad news is that quality costs, with faculty from this program continually being recruited. The College of Business and Public Administration was not as fortunate as Law, retaining only two of their four minority faculty being recruited from the outside.

  - Dual Careers:
    - Dual-family careers are beginning to play a crucial role in the recruitment and retention of faculty. Nationwide, academia understands the importance of accommodating spouses, with more and more institutions offering positions for both partners. In one instance, the new Space Agriculture and Biotechnology Institute affiliated with NASA successfully closed the recruitment of a key UA researcher by offering the spouse a position as well. The College of Law lost an expert in international and indigenous people's law because is was unsuccessful in recruiting the faculty member's spouse-to-be.

- Research:
  - Outside institutions continue to offer the UA faculty excellent salaries, research funds, graduate assistant positions, and, in one case, a promise of library acquisitions.
  - For example, the College of Agriculture lost a prominent researcher to the University of California – Riverside. He was offered a research lab and start-up in excess of $1.5 million over five years. The College of Education lost a prominent researcher in child development to the University of Texas, who offered laboratory and center space, 20% indirect cost recovery, and start-up research funds.
  - The Colleges of Education, Fine Arts, and Engineering lost faculty to ASU, who offered endowed chairs, higher salaries, and research start-up and support.
  - In another instance, the College of Science lost its entire wireless/mobile technology research team to the University of Lancaster, United Kingdom.

CLASSIFIED STAFF TURNOVER

Classified staff turnover is a chronic problem, with the universities losing far too many staff in positions that are critical to the operation and success of the institutions. In the past 12 months alone, over 2,000 classified staff members left their employment at Arizona's three universities. Areas affected by staff turnover include information technology, libraries, public safety, health services, administrative support, and student services, to name a few.

Turnover is extremely disruptive and very costly. Each time a staff member leaves, the universities are faced with the advertising, interviewing, and training costs associated with hiring a new employee. In addition, many indirect, difficult-to-quantify costs exist, such as decreased productivity, loss of quality, and lost work hours when the job is vacant and while the new employee learns the job.

A review of the literature reveals that the cost of turnover is generally estimated at one to two times the salary of a departing employee. With such high costs, the persistently high turnover rate in the universities is a significant concern.

The chart below depicts the classified staff average turnover rate in the University System.

FY 2004
CLASSIFIED STAFF
AVERAGE TURNOVER RATE

ASU TEMPE	12.6%
ASU WEST	11.5%
ASU EAST	10.1%
NAU	17.8%
UA	17.0%
ABOR CENTRAL OFFICE	0%

OVERTIME PAY

A.R.S. §41-763.01 requires the Board of Regents to report the universities' overtime pay. The overtime expenditures of each university and the ABOR central office during FY 2004 are shown in the chart below.

FY 2004
COST OF OVERTIME PAY

ASU TEMPE	**$204,200**
ASU WEST	**$78,900**
ASU EAST	**$20,600**
NAU	**$96,300**
UA	**$292,800**
ABOR CENTRAL OFFICE	**$0**

EXHIBIT 1

UNIVERSITIES' PEER INSTITUTIONS

ASU/UA (combined)

University of California – Berkeley
University of California – Los Angeles
University of Cincinnati
University of Colorado – Boulder
University of Connecticut
University of Florida
Florida State University
University of Illinois – Urbana
University of Illinois – Chicago
University of Iowa
University of Kansas
University of Maryland – College Park
University of Michigan – Ann Arbor
Michigan State University
University of Minnesota – Twin Cities
University of Missouri – Columbia
University of Nebraska – Lincoln
University of North Carolina – Chapel Hill
Ohio State University
University of Oklahoma
Rutgers, State University of New Jersey
Temple University (Pennsylvania)
University of Texas – Austin
Texas A&M University
University of Utah
University of Virginia
University of Washington
University of Wisconsin – Madison

NAU

Ball State University (Indiana)
Bowling Green State University (Ohio)
California State University – Fresno
University of Central Florida
University of Delaware
George Mason University (Virginia)
Miami University of Ohio
University of Minnesota – Duluth
University of Montana
University of Nevada – Las Vegas
University of Nevada – Reno
University of North Dakota, Main
Oakland University (Michigan)
Ohio University, Main
Old Dominion (Virginia)
University of Vermont
University of Wyoming

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