

**ANNUAL PERSONNEL REPORT  
TO THE GOVERNOR AND THE LEGISLATURE  
FOR THE ARIZONA UNIVERSITY SYSTEM  
OCTOBER, 2002**

**BACKGROUND**

A.R.S 41-763.01 requires the Arizona Board of Regents (ABOR) annually to submit a 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. Using this information, ABOR prepares and submits the required system-wide report.

In November 1996, the Board adopted a three-year plan to Restore Competitiveness to University Salaries, which was the basis for the University System's salary requests in the ensuing years. The plan was designed to raise the average salaries of employees to the 50<sup>th</sup> percentile/market average.

In 1997, a Joint Legislative Study Committee was established and charged with the responsibility of recommending long-term strategies to the Governor and legislative leadership for addressing State employee compensation. The *stated legislative goal* was to become competitive with the market by the end of FY 2003. In November 1998, ABOR presented to the Joint Committee its updated multi-year salary plan to achieve market competitiveness for the University System.

The salary adjustments authorized by the legislature for FY 1998 through FY 2003 are delineated on the next page. For these six fiscal years, the approved funding for salary increases has been much less than that required to raise university salaries to the 50<sup>th</sup> percentile/market average. 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.

**SALARY ADJUSTMENTS AUTHORIZED BY THE LEGISLATURE  
FOR FY 1998 THROUGH FY 2003**

<b>FY 1998</b>	<b>2.5% across-the-board increase up to a maximum of \$1,000 plus 2.5% merit increase pool</b>
<b>FY 1999</b>	<b>2.5% merit increase pool</b>
<b>FY 2000</b>	<b>2% merit increase pool</b>
<b>FY 2001</b>	<b>2% merit increase pool</b>
<b>FY 2002</b>	<b>\$1,450 per FTE across-the-board increase*</b>
<b>FY 2003</b>	<b>\$0*</b>

**\*The greater of 5% or \$1,500 initially was authorized and later rescinded.**

To stem the ever-widening gap, the universities reallocated funds, reduced programs and left positions vacant to generate additional salary funds. In spite of the universities' efforts to increase salaries with alternative funding, employee salaries still significantly trail that of their peers and other relevant markets. These gaps continue to increase as competing markets provided larger annual salary adjustments.

For FY 02 and FY 03, ABOR requested \$139 million for salary adjustments to enable the universities to catch-up and keep-up with their markets. Further, the Board requested an additional \$20 million for special market adjustments to address the universities' most critical salary issues.

Although the legislature did not fund ABOR's request for these fiscal years, it initially did provide funding for salary adjustments amounting to the greater of five percent or \$1,500 per FTE. However, due to the State's budget situation, the legislature later rescinded these increases, authorizing instead a \$1,450 per FTE across-the-board increase effective June 8, 2002, with no funding for salary adjustments in FY 03.

## MARKET COMPARISONS

### METHODOLOGY

Each university and the ABOR central office compared faculty and staff salaries against salaries at peer institutions and in other relevant labor markets. The universities used the latest data (Fall 2001) from the American Association of University Professors (AAUP) to compare average faculty salaries with those of the ABOR-approved peer institutions and other comparator organizations. They also used the most recent, relevant, and available data to compare salaries for all other employee groups.

When direct comparative compensation data were available, the universities calculated the difference between average market salaries and average university salaries. For jobs without such comparative data, the universities calculated the same distance from market as for similar employee categories.

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
- Council on Teaching Hospitals Housestaff Stipends
- Association of Research Libraries
- Joint Governmental Salary Survey (JGSS)
- College and University Personnel Association (CUPA)
- State Higher Education Executive Officers (SHEEO) Staffing and Salary Survey
- Other local and job-specific survey data.

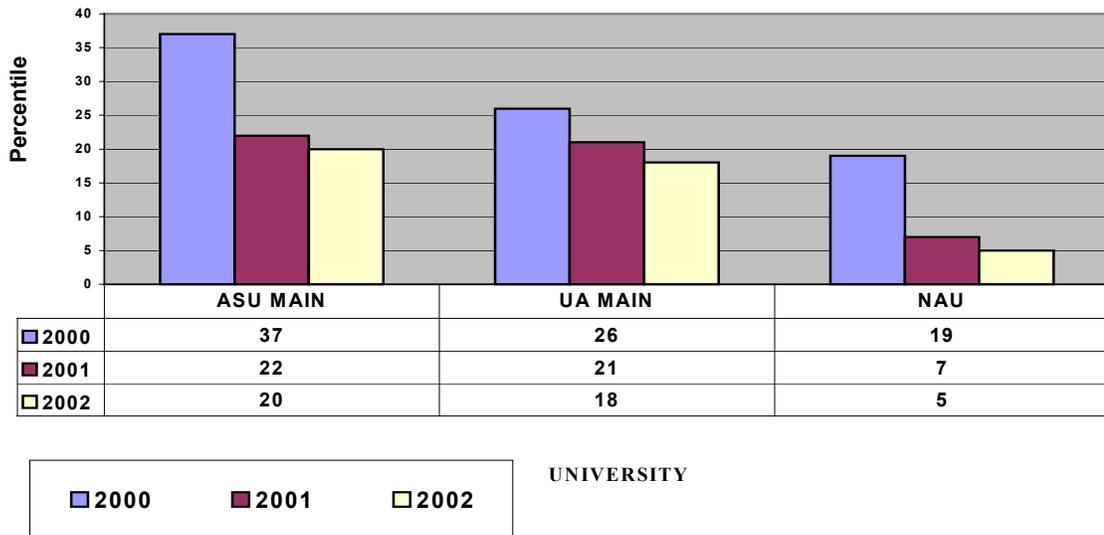
In calculating salary needs, the universities determined the amount required to raise average faculty salaries to the 50<sup>th</sup> percentile (median) of their peers' faculty salaries and to raise other staff salaries to the average or median of their respective markets.

## FACULTY SALARIES

Arizona's universities compete with hundreds of other 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 hires on or stays with Arizona's public 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 and other comparator public universities. These comparisons include all ranked faculty made up of professors, associate professors, and assistant professors.

The faculty percentile ranking for ASU Main, UA Main, and NAU for three years are reflected in the chart below.<sup>1</sup> For all three universities, the percentile rankings have declined. Specifically, ASU Main's percentile ranking dropped from 37<sup>th</sup> to 20<sup>th</sup>; UA Main's dropped from 26<sup>th</sup> to 18<sup>th</sup>; and NAU's dropped from 19<sup>th</sup> to 5<sup>th</sup>. Although not reflected on the chart, the percentile ranking for ASU West declined over these same years from 26<sup>th</sup> to 9<sup>th</sup>. The peer/comparator universities are listed in Exhibit 1 at the end of this report.

**PERCENTILE RANKINGS  
FY 2000 - 2002**



<sup>1</sup> For consistency and comparative purposes, the percentile rankings for 2000 were recalculated with the methodology used in 2001 and 2002, which adjusted for differences in faculty makeup at the peer/comparator universities.

The FY 2002 percentile rankings clearly demonstrate that the large majority of these other universities pay higher average salaries to their faculty than each of Arizona's universities, illustrating that Arizona's standing is not competitive. Specifically, of the universities to which Arizona's universities compare salaries:

- 20 of the 28 universities pay higher average salaries than **ASU Main and UA Main**,
- 15 of the 17 pay higher average salaries than **NAU**, and
- the average salaries are as much as 26%, 27%, and 38% higher than ASU, UA, and NAU, respectively.

In addition to salary information, the annual AAUP survey also 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, the percentile rankings for ASU and UA drop significantly, and the percentile ranking for NAU increases slightly. Specifically, ASU Main drops to the 7<sup>th</sup> percentile while ASU West drops to the 1<sup>st</sup> percentile. UA Main's ranking drops to the 7<sup>th</sup> percentile, and NAU's increases to the 9<sup>th</sup> percentile.

Whether looking at average salaries or total compensation (salary plus benefits), the three universities are not positioned to compete for faculty in the national arena. Moreover, the universities are not adequately equipped to induce or retain those educators, researchers, and scientists who are foremost in their field. Such individuals, who are able to offer so much and raise the quality and stature of the universities' programs, can command top dollar. Accordingly, Arizona's public universities also need to have the capacity to meet these scholars' salary requirements and pay beyond the 50<sup>th</sup> percentile to attract and retain them.

## STAFF SALARIES

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

The salary adjustments initially approved for FY 02 and FY 03 would have resulted in a very positive and material gain for staff, especially for employees at the lowest salary levels who annually earn below \$30,000. These employees would have received a minimum annual increase of \$1,500, thereby increasing their base salary by more than 5% during each of these two years.

Unfortunately, the rescission of these salary increases and the substitution of a \$1,450 across-the-board increase for one year only forestalled any significant headway. For many staff members, the \$1,450 salary adjustment did little to enhance their situation since it largely was offset by the increased health insurance costs borne by employees the previous October. In October 2001, due to rising medical costs, the State's new group health insurance contract resulted in substantially higher premiums and increased co-pays for many State employees.

The table below reflects the percentage that average staff salaries would need to increase to reach the market at each university and the central office of ABOR.

<b>CLASSIFIED AND OTHER STAFF % TO MARKET</b>		
<b><u>UNIVERSITY/ABOR</u></b>	<b><u>CLASSIFIED STAFF</u></b>	<b><u>ALL OTHERS</u></b>
<b>ASU MAIN</b>	<b>10.9%</b>	<b>10.7%</b>
<b>ASU WEST</b>	<b>13.9%</b>	<b>13.1%</b>
<b>ASU EAST</b>	<b>10.9%</b>	<b>10.7%</b>
<b>NAU</b>	<b>13.5%</b>	<b>8.4%</b>
<b>UA</b>	<b>15.7%</b>	<b>13.3%</b>
<b>ABOR Central Office</b>	<b>3.3%</b>	<b>10.1%</b>

# FACULTY RETENTION

Faculty retention again was a significant problem for Arizona's universities in FY 02. 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 exceedingly better benefits.

As illustrated below, the universities and the communities they serve lose much 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.

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.

Equally important, educators who are leaders in their field 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 out on the inestimable opportunity to learn from these scholars.



In regard to faculty turnover, the average turnover rates for all categories of faculty at ASU Main, ASU West, and ASU East are 10.2%, 14.4%, and 8.9% respectively. The faculty turnover rate at NAU is 12% and, at UA, the faculty turnover rate is 8.8% at the Main Campus and 9.2% at the Arizona Health Sciences Center.

It is difficult to compare Arizona's turnover rates to that of other universities since comparable, up-to-date, information for all categories of faculty for other universities is very difficult to obtain. However, two studies were identified that focused on turnover rates for tenured and tenure-track faculty, which reflected that the turnover rates for these two categories of faculty generally are low and stable, averaging about 5%.

In one of the studies, Harrigan (1999)<sup>2</sup> presents information gathered from the literature and from an e-mail survey. At 13 universities where the data was available, tenured and tenure-track faculty turnover rates ranged from 1.7% (University of Alaska) to 10.1% (University of South Dakota) with a mean of 4.9% and a median between 4 and 5%. More recently, the Texas Higher Education Coordinating Board conducted an extensive analysis of faculty turnover at Texas Public Universities.<sup>3</sup> For institutions with more than 500 faculty members, the rate was 5%.

While this year's turnover rate is a concern in and of itself, the cumulative effect of the turnover over the past several years is much more disturbing. Over the past three years, approximately 1,000 faculty members left the University System. The continuing loss of faculty saps the strength of the universities, weakening programs and research efforts and threatening the quality of the educational experience for Arizona's public university students.

It will take years to replenish and rebuild the reservoir of talented and distinguished faculty and intellectual capacity that the universities worked for so long and so hard to create.

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 associated with the loss of its faculty. The information pertains to tenured and tenure-track faculty and academic professionals who voluntarily considered leaving the universities last fiscal year. Retirements and other reasons for separation are not included in the analysis.

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<sup>2</sup> Margaret N. Harrigan (1999) *An analysis of faculty turnover at the University of Wisconsin-Madison*, presented at the 39<sup>th</sup> annual AIR Forum, May 30-June 2, 1999.

<sup>3</sup> *Faculty Turnover and Retention*, Texas Higher Education Coordinating Board, Division of Finance, 2001

## ASU FACULTY RETENTION FY 2002

### COLLEGES IMPACTED

Retention issues occurred at all three ASU campuses and in all colleges at ASU Main with the exception of Nursing.

### KEY POINTS

- During FY 2002, 120 faculty and academic professionals at ASU Main and 9 at the West and East campuses indicated that they were considering other jobs or had received job offers from other organizations.
- At ASU Main, this is a 60% increase over FY 2001 and a 167% increase over FY 2000 during which there were, respectively, 75 and 45 such faculty members.
- Of the 120 Main Campus faculty and academic professionals, 78 actually left for employment elsewhere.
- Fifty-five of the 120 individuals explicitly expressed that salary entered into their considerations, and the number of individuals who considered leaving escalated when the promised salary increases (5% + 5%) were rescinded during the budget debates.
- Twenty-eight individuals shared details of offers made to them by other institutions. Competing institutions offered salary increases that were, on average, 30 percent higher than ASU salaries.
- ASU made counter or preemptive offers to 45 individuals. These counteroffers included, on average, a 16 percent average salary increase in addition to other perquisites. Thirty-two individuals who received counter or preemptive offers chose to remain at ASU.

## EXAMPLES OF PROGRAM IMPACTS

- In the mathematics department, ASU lost three lecturers, one assistant, one associate and one full professor. One, a distinguished member of the mathematics faculty and the university administration, is leaving ASU for a position at Georgia Institute of Technology. He is a Regents Professor and has been a key player in helping to build the university's reputation, representing a large part of the reason that ASU is ranked 26<sup>th</sup> among public universities in applied mathematics by US News and World Report. Programmatically, applied mathematics is very important to ASU because of its emphasis on the engineering sciences. The individual was offered a \$40,000 increase in salary. Further, at Georgia Tech, the state's contribution to the optional retirement program is 30% higher than at ASU and the health plan offers a cafeteria of options as opposed to the single provider now used by the State of Arizona.

The loss of three key lecturers from the mathematics faculty has exacerbated a growing problem in offering enough sections of calculus and other lower division mathematics courses to a growing freshman class. All three lecturers went on to higher paying positions at community colleges or other universities.

- ASU was recently featured in the Chronicle of Higher Education for its exemplary leadership in fostering interdisciplinarity and for assembling faculty members from several disciplines to participate in its Long Term Ecological Research (LTER) Center.<sup>4</sup> This year ASU is losing two young scientists who are contributing members to the center, and a third has indicated that she will actively seek another position unless salary issues are addressed. These faculty members not only contribute to LTER but also are involved in instructional programs of a department that serves over 1,000 undergraduate majors and 80 graduate students.
- A young assistant professor in the biomedical sciences has just been recruited away to the University of Missouri. He was offered a substantial increase in salary in addition to several other perquisites. This man was truly one of the rising stars and will take with him approximately \$500,000 per year in externally generated funding for research.
- Due to faculty losses, budget reductions, growing enrollments and the need to reallocate funds from empty faculty lines to address critical salary issues, the student to tenured and tenure-track faculty ratio has gone from 26 to 1 to 31 to 1 over the last 5 years. ASU is rapidly losing the ground it has gained in quality.

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<sup>4</sup> US Agencies Look to Interdisciplinary Science, Chronicle of Higher Education, issue dated June 14, 2002

## NAU FACULTY RETENTION FY 2002

### COLLEGES IMPACTED

Faculty retention and recruitment issues occurred in all colleges.

### KEY POINTS

- During FY 2002, 24 faculty members indicated that they were considering other jobs or had received job offers from other organizations. NAU lost twenty-three of these twenty-four individuals.
- Salary was the most common reason for resignation. Faculty also noted related issues such as cost of living in Flagstaff and a spouse being unable to find adequately paid employment as additional reasons for leaving NAU.
- Counteroffers were made in only three cases since it was clear that counteroffers would not have prevented the resignations of the twenty-one other individuals. One counteroffer was accepted.
- For those cases where there was information on outside salary offers, competing institutions offered salary increases ranging from 18% to as high as 140%. One couple who left doubled their NAU salaries.
- Community college salary offers are beginning to be competitive for faculty and academic professional staff, with Pima Community College hiring one of NAU's faculty members during the past year.
- A majority of faculty who resigned were Associate Professors and Assistant Professors, and 62% were tenured or tenure-track faculty.

- Institutions that successfully hired faculty away from NAU included:
  - Laurence Livermore National Laboratory
  - Oregon Health Sciences University
  - Southwest Texas State University
  - Villanova University
  - Washburn University
  - University of Connecticut
  - University of Victoria, Canada
  - University of New Mexico
  - University of Northern Colorado
  - University of Arizona

**EXAMPLES OF PROGRAM IMPACTS**

- The Nursing Department currently is searching to fill six positions, as the department lost 4 faculty members last year and will hire two additional faculty members from Proposition 301 funding. The salary level NAU is able to offer complicates filling these positions. NAU's salary range of \$40,000-\$44,000 for doctoral-prepared Nursing faculty is not competitive in a market dominated by a national shortage. In Arizona, NAU not only competes with the other public universities but is also having trouble competing with the salaries of the Maricopa Community College system. Moreover, the College of Health Professions cannot eliminate even one position and use those salary savings to raise salaries to a more competitive level since the program would immediately be out of compliance with Arizona State Board of Nursing and national accreditation student/faculty ratio guidelines.
- In the Dental Hygiene program, NAU cannot accommodate the demand from dentists to increase the production of dental hygienists due to NAU's low salary base combined with the FY 2003 budget reductions.
- NAU lost one faculty member from its Exercise Science program and one from its Health Promotion program due to higher salaries elsewhere. This is a double blow since, not only did the programs lose excellent faculty members, but the College of Health Professions cannot replace them due to the need to respond to State budget reductions. Loss of the Exercise Science position likely will result in capping this

program, a step which is very unfortunate as it is one of the college's most popular majors. It currently has 253 freshmen and sophomore students declared as pre-exercise science majors and likely will have capacity to advance only 50 to junior status next year. Similarly, loss of the Health Promotion position will slow the development of what was a rapidly growing web-based Bachelor's of Applied Science degree program.

- NAU's undergraduate liberal studies program is organized around three foundation courses. One of those, the University Colloquium (UC 101), is designed to introduce students to the intellectual expectations of a university education and focuses on developing skills in critical reading, critical thinking, and effective writing. All colleges are asked to contribute faculty to teach the UC101 courses, with the intent that new entering students are exposed in a small, intense seminar to experienced scholars who represent a wide range of disciplines.

As NAU loses faculty through resignations and retirements and eliminates faculty lines, it is becoming very difficult to offer experienced faculty to teach UC101. Colleges face choosing between assigning faculty members to courses required by their majors and assigning them to UC101. In fall 1999, 76 percent of UC101 sections were taught by full-time, tenure and tenure-track faculty, and in fall 2001, the sections taught by this group declined to 22 percent.

- NAU's goal to increase the diversity of its faculty suffered a setback as five of the resigning faculty members (24%) were from an ethnic minority population.

## UA FACULTY RETENTION FY 2002

### COLLEGES IMPACTED

- Every college except Nursing, Public Health and UA South negotiated the retention of faculty. (Public Health and UA South are relatively new programs.)
- The colleges of Agriculture, Business, Education, Engineering and Mines, Humanities, Law, Pharmacy, Science, Social and Behavioral Science, the University Libraries, Medicine and other non-college units all dealt with retention issues for 5% or more of their total faculty.
- All main campus colleges were unable to retain faculty who chose to leave.
- On a positive note this past year, all of the colleges except Architecture were able to successfully retain some of their faculty who had better offers elsewhere.

### KEY POINTS

- During FY 2002, 125 faculty members indicated that they were considering other jobs or had received job offers from other organizations. This is a 39% increase over last fiscal year during which there were 90 such faculty members.
- This past year, retention issues involved 8% of the faculty campus-wide while in the previous two years it affected only 5%-6% of the faculty.
- For those cases where there was information on outside salary offers, faculty members were offered, on average, a 36% increase in salary in efforts to recruit them away.
- For those cases where there was information on UA counteroffers, the UA offered, on average, 15% more in salary attempting to retain faculty. Overall, UA expended almost \$700,000 in salary alone to retain faculty. This dollar outlay coupled with budget cuts adds an extra burden on colleges.

- For those cases where there was information on both the outside offers and UA counteroffers, the salary gap between the two offers was much higher for those UA lost (a 30% difference) than for those UA retained (a 13% difference).
- In response to worsening competitive faculty salaries, the College of Engineering also gave college-wide preemptive retention dollars to 75 of their tenure-track faculty. These adjustments were in addition to the 125 other retention cases.
- UA lost faculty to public and private universities as well as to the private sector. Faculty were recruited away by the Universities of Michigan, Minnesota, Pennsylvania, and Wisconsin; and California institutions including the University of California-Berkeley, the University of California - Davis, and the University of Southern California. Other faculty also are now at Stanford, Harvard, and Notre Dame.

**EXAMPLES OF PROGRAM IMPACTS**

- The faculty recruited away in FY 02 generated \$10 million in sponsored research over the last 3 years. Those faculty that UA were able to retain in FY 02 generated \$75.9 million in sponsored research over the last three years. The university's continuing faculty retention efforts were critical this past year. While the university was able to retain top researchers this year, with one engineering professor producing \$23 million in research over the past 3 years alone, retention efforts must be continual because top institutions are continuing their efforts to recruit away the UA's top research faculty.
- A common theme this past year among faculty leaving was their concern about severe salary compression and the lack of resources for program development. With the budget cuts, faculty are concerned that key recruiting and appointments of new department heads will not take place. Faculty are distressed about the future of their departments. Even those faculty the university was able to retain this past year are still being courted by outside institutions.
- It can be said that the University of Arizona is a training ground for better-financed institutions with the UA able to recruit outstanding faculty but unable to retain them. Based on a four-year average of survey data, those seeking outside offers are five years younger and have four years less experience than the UA faculty-at-large.

- In the College of Science, of the three of the eight faculty who left, one was the largest grant earner with an internationally visible reputation, another was an excellent young scientist who was about to attain tenure, and the third was a distinguished scholar in the science of computational complexity, a sub-field of computer science dealing with complex mathematical algorithms that has direct applications for information security.
- The loss of a faculty member in the College of Social and Behavioral Sciences to the University of Michigan is jeopardizing the department's Title VI funding. The faculty member left because of frustration with the UA budget limitations related to recruiting and replacing key personnel.

## CLASSIFIED STAFF TURNOVER

Classified staff turnover is a chronic problem in the universities, with the universities losing far too many staff in positions that are critical to the operation and success of the institutions. These past twelve months alone, **over 1,800** classified staff members left their employment at Arizona’s universities. Staff in such areas as information technology, libraries, public safety, health services, administrative support, and student services, to name a few, left the University System this past year.

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 new 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 of much concern.

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

<b>AVERAGE TURNOVER – CLASSIFIED STAFF</b>	
<b><u>UNIVERSITY/ABOR</u></b>	<b><u>TURNOVER PERCENTAGE</u></b>
<b>ASU MAIN</b>	<b>16.1%</b>
<b>ASU EAST</b>	<b>3.4%</b>
<b>ASU WEST</b>	<b>15.3%</b>
<b>NAU</b>	<b>18.5%</b>
<b>UA MAIN</b>	<b>16.3%</b>
<b>UA HEALTH SCIENCES CENTER</b>	<b>21.4%</b>
<b>ABOR Central Office</b>	<b>28.6%*</b>

\*Reflects that two out of seven classified employees separated from ABOR

## UNMET SALARY NEEDS

Using the methodology described earlier in this report, each university calculated its unmet salary needs at the end of FY 04. The calculations included the \$1,450 per FTE salary increase that took effect June 8, 2002 and the projected market movement.

As manifested by the chart below, university employees' salaries still will be considerably lower than those at peer institutions and in the other relevant markets by the end of FY 04. By June 30, 2004, an unmet general fund salary need of approximately \$157 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, universities estimated that it would cost approximately \$47.5 million dollars to reach the 50<sup>th</sup> percentile/market average. Today, six years later, the cost to raise the average salaries of current faculty and staff to the targeted level has escalated to \$157 million, and the situation will worsen dramatically if salary increases are not provided in FY 05 and FY 06. It is difficult to project market movement for these two future fiscal years. However, if the market continues to move as it has in the past from 4% to 5% a year, the unmet salary need will increase to approximately \$201.6 million by the end of FY 05 and to approximately \$247.7 million by the end of FY 06.

### PROJECTED UNMET SALARY NEEDS FOR THE UNIVERSITY SYSTEM AS OF THE END OF FY 2004

<u>UNIVERSITY SYSTEM</u>	<u>UNMET SALARY NEEDS</u>
ASU MAIN	\$52,169,400
ASU WEST	6,723,800
ASU EAST	2,285,700
NAU	31,027,700
UA MAIN	54,659,600
UA HEALTH SCIENCES CENTER	10,351,000
ABOR Central Office	181,500
<b>SYSTEM TOTAL</b>	<b>\$157,398,700</b>

## OVERTIME PAY

A.R.S 41-763.01 requires the Board of Regents to report on the universities' overtime pay. The overtime expenditures of each university and the Central Office of the Board of Regents during FY 02 are delineated in the chart that follows.

### OVERTIME EXPENDITURES

<u>UNIVERSITY/ABOR</u>	<u>COSTS</u>
ASU MAIN	\$270,700
ASU WEST	96,000
ASU EAST	15,900
NAU	66,187
UA MAIN	242,195
UA HEALTH SCIENCES CENTER	3,849
ABOR Central Office	0

## EXHIBIT 1

### PEER/COMPARATOR UNIVERSITIES

#### **ASU/UA (combined)**

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

#### **NAU**

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