

**FY 2002-2003
Annual Report**



Arizona University System

**Arizona State University
Northern Arizona University
University of Arizona**

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FY 2002-2003
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Overview

The Arizona university system made considerable progress during fiscal year 2003, meeting the education needs of a record number of students and successfully undertaking and accomplishing many major initiatives.

In August 2002, the Board of Regents launched *Changing Directions*, a multi-faceted initiative to reform the university system. In less than a year, the university system was reformed in numerous and significant ways and in short order.

Specifically, the universities' missions were redefined and differentiated; major policies were revised; barriers to success were eliminated; and additional tuition funding and increased need-based financial aid were secured. Reform will continue to evolve as the Regents and presidents craft a public university system able to meet the state's higher education needs and the changing dynamics of the 21st century.

With thanks to Governor Napolitano and the legislature, Arizona made a tremendous investment in its future by funding the infrastructure necessary to advance the universities' research agendas. House Bill 2529, passed by the legislature during the 2003 legislative session and approved by the Governor, provides \$34.6 million a year for 24 years to the universities to permit construction of \$440 million worth of research facilities through lease purchase financing.

Significant legislation was enacted to refer a proposal to the voters which would permit the universities to hold an equity position in companies in consideration for the transfer of technology. Passage of this ballot measure will increase the pace by which university-developed technology and inventions are transferred to the marketplace. Arizona's citizens will vote on this measure during the 2004 general election.

Budgetary matters continued to be a concern. Since April of 2001, the universities saw their operating budgets cut by \$109 million and, in light of the state's financial difficulties, faced the prospect of additional cuts in fiscal year 2003. In her budget proposals, Governor Napolitano protected funding for the universities, and in the final budget adopted by the legislature and approved by the Governor, the universities' budgets remained intact.

This report contains information about the *Changing Directions* initiative, student enrollments, academic programs, staffing levels, and system funding sources and uses. Statistical highlights are provided on the following page.

Enrollment and Degrees Awarded

Nearly 114,000 students enrolled in Arizona's three universities in Fall 2002, an increase of nearly 4,500 students (or four percent) over the prior year. Large enrollment increases are expected through the next two decades, with an enrollment of 160,000 projected by 2020.

The universities awarded a total of 24,064 degrees in 2002-2003, representing almost a four percent increase over the 23,213 degrees awarded in 2001-2002.

Academic Programs

Arizona's public universities offered 380 Bachelor's degree programs, 274 Master's degree programs, 144 Doctorate programs, and six professional degree programs at the three main campuses and at sites throughout the state. More than 100 certification programs also were offered.

Sources and Uses of Funds

The university system's operating budget for FY 2003 was \$2.6 billion. This included \$746.9 million from the state general fund; \$287.2 million in tuition and other state collections; \$690.9 million in gifts, grants and contracts; and \$886.9 million in auxiliary and other unrestricted funds.

Expenditures included \$777.7 million for instruction; \$339.5 million for research; \$294 million for auxiliary operations; \$250.7 million for institutional support; \$148.1 million for academic support; \$130.2 million for scholarships; \$74.5 million for student services; \$60.5 million for public service; and \$261.9 million on other uses.

Staffing Levels

The university system employed 28,463 faculty and staff members, including 18,153 full-time employees and 10,310 part-time employees. Of this total complement, 4,066 professors and 588 other instructional faculty provided instruction, research, and public service at the universities.

Changing Directions

In August 2002, the Arizona Board of Regents, faced with rapidly increasing student enrollments and large cuts to university budgets, launched *Changing Directions*, an ongoing, multi-faceted initiative to reform the Arizona university system. The initiative focused on:

- ◆ Improving the quality of educational programs;
- ◆ Increasing student success;
- ◆ Enabling each university to capitalize on its strengths and opportunities;
- ◆ Enhancing and diversifying university funding streams;
- ◆ Increasing the affordability of a university education; and
- ◆ Stimulating the local and state economies by providing opportunities for economic development.

Arizona's universities must have stable funding sources and sufficient resources to carry out their missions and operations. With *Changing Directions*, Regents initiated a comprehensive review of university revenue sources and management strategies to provide the universities with the resources they need.

As a part of *Changing Directions*, Regents carefully reviewed tuition costs and student financial aid. During FY 2002-2003, Arizona's tuition was the lowest in the country, ranking last when compared to senior public universities in the 50 states.

As Regents considered the universities' tuition needs for the 2003-2004 academic year, they strived to:

- Set a tuition rate that better reflects the cost of providing a quality education while maintaining tuition at a level that ensures Arizona's public universities are

among the most affordable in the country; and

- Mitigate the impact of a tuition increase on Arizona's neediest citizens by dedicating a larger percentage of tuition revenues to need-based financial aid.

Regents also revised their policy framework to enable the university presidents to reshape their programs to better meet the needs of Arizona's citizens and communities. As a result of these changes, educational options for students will become more diverse as institutional missions become more focused and universities collaborate further on academic program offerings.

Specific policy changes were adopted, including ones that:

- Set forth the Regents' intent to increase tuition rates to the top of the lower one-third of senior public universities in the 50 states and to maintain this ranking;
- Increased by more than 140 percent the amount of tuition revenues set aside for need-based financial aid;
- Allowed the universities more flexibility in providing courses throughout the entire state by eliminating university-specific geographical restrictions;
- Offered alternative tuition payment plans to provide students more flexibility; and
- Modified admissions standards to provide flexibility to the universities in admitting students while still ensuring diversity. These changes will not be implemented until 2006 so that current high school freshmen will have time to meet the new requirements.

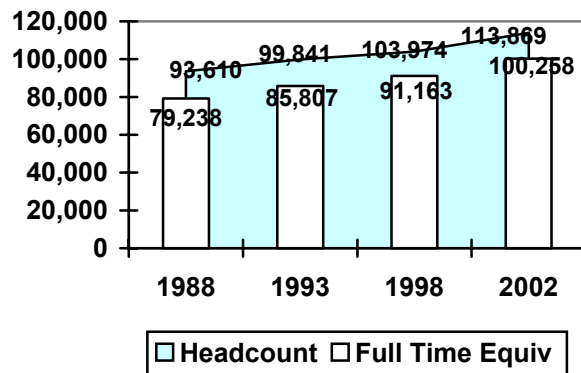
More detailed information about *Changing Directions* is available on the Board's website at: www.abor.asu.edu.



Enrollment and Degrees Awarded

- In Fall 2002, the universities' headcount enrollment increased by 4,494 students, from 109,375 to 113,869.
- Arizona's universities are expecting tremendous growth in the next two decades. Student enrollments are projected to increase to more than 160,000 students by the year 2020.
- Arizona's Hispanic population, currently 25 percent, is projected to increase to 50 percent by 2023. The universities will need to provide the necessary services to ensure educational success for and access by the Hispanic community.
- Distance learning likely will expand to meet the needs of the growing demand for higher education. This medium also allows the universities to reach time- and place-bound students throughout the state.
- Arizona's universities awarded 24,064 degrees in 2002-2003. This represents almost a four percent increase over the 23,213 degrees awarded in 2001-2002.

Enrollment Trends, 1988-2002



Degrees Awarded by Campus, 2002-2003*					
	Bachelor's	Master's	Doctorate	Prof	Total
ASU	6,765	2,353	343	195	9,656
ASUW	1,360	299	0	0	1,659
ASUE	501	90	0	0	591
UA	5,352	1,361	295	378	7,386
NAU	2,791	1,897	42	42	4,772
Total	16,769	6,000	680	615	24,064

*Degree totals are subject to verification in November 2003.

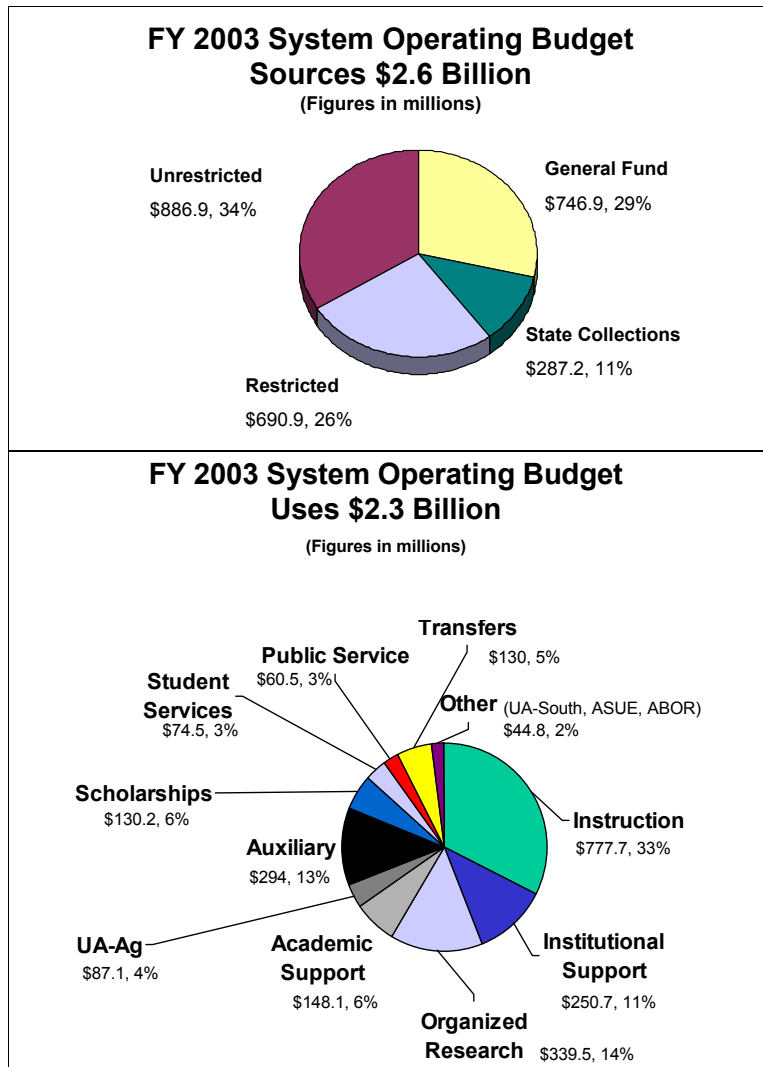
Fall 2002 Enrollment						
	Headcount ¹			Full Time Equivalent ¹		
	Undergrad	Graduate	Total	Undergrad	Graduate	Total
ASU Main ²	36,802	10,557	47,359	34,900	8,051	42,951
ASU West ²	5,035	1,595	6,630	4,298	755	5,053
ASU East ²	2,526	600	3,126	1,730	246	1,976
NAU	13,577	6,330	19,907	13,397	3,792	17,189
UA	28,278	8,569	36,847	26,653	6,436	33,089
TOTAL	86,218	27,651	113,869	80,978	19,280	100,258

¹ The term "headcount" refers to the total number of students served (part-time and full-time). The term "FTE" refers to the number of Full Time Equivalent students. Total FTE is generated by calculating one FTE student for each 15 student credit hours produced in lower-division courses, each 12 student credit hours produced in upper-division courses, and each 10 student credit hours produced in graduate courses.

² ASU Main, ASU West, and ASU East headcounts are reported separately here so that the number of students served by each campus can be shown. Some students attend more than one campus; therefore, this count involves some duplication.

Sources and Uses of Funds

Sources and uses of funds for FY 2003 are depicted in the pie charts below:



Tuition rates for 2002-2003 are compared with the rates approved by the Board in March 2003 for the 2003-2004 academic year:

Tuition and Mandatory Fees					
	2002-2003	2003-2004			
	All Campuses	Arizona State University Northern Arizona University		University of Arizona	
Undergraduate	Total tuition & fees	Increase	Total tuition & fees	Increase	Total tuition & fees
Resident	\$2,583	\$1,010, (39.1%)	\$3,593	\$1,010, (39.1%)	\$3,593
Nonresident	\$11,103	\$1,010, (9.1%)	\$12,113	\$1,260, (11.3%)	\$12,363
Graduate					
Resident	\$2,583	\$1,210, (46.8%)	\$3,793	\$1,260, (48.8%)	\$3,843
Nonresident	\$11,103	\$1,210, (10.9%)	\$12,313	\$1,510, (13.6%)	\$12,613

Staffing Levels

University System Employees

Universities reported the following employee counts for the university system:

Total professors:	4,066	Total full-time employees:	18,153
Other Instructional faculty:	588	Total part-time employees:	10,310
		Total employees:	28,463

University Professors, Fall 2002

	ASU Main	ASU East	ASU West	NAU	UA	Total
Professors	671	24	38	224	804	1,761
Associate Professors	433	28	68	222	518	1,269
Assistant Professors	308	15	35	159	519	1,036
Total	1,412	67	141	605	1,841	4,066

Other Instructional Faculty, Fall 2002

	ASU Main	ASU East	ASU West	NAU	UA	Total
Instructors	46	0	3	65	59	173
Lecturers	118	15	37	28	124	322
Other	89	4	0	0	0	93
Total	253	19	40	93	183	588

All Employees, Fall 2002

	ASU Main	ASU East	ASU West	NAU	UA	Total
Full-time employees	5,909	215	559	2,302	9,168	18,153
Part-time Employees	4,017	67	223	1,342	4,661	10,310
Total	9,926	282	782	3,644	13,829	28,463

Source: IPEDS, Fall 2002

Academic Programs

Hundreds of degree programs were offered at Arizona's universities and their branch campuses.

Arizona State University offered 87 Bachelor's degree programs, 95 Master's degree programs, 49 Doctorate degree programs, 1 Professional degree program, 34 undergraduate certificate programs, 4 post-baccalaureate certificate programs, and 14 graduate certificate programs. Programs were offered through the university's 10 colleges and 2 schools, including the College of Architecture and Environmental Design, W. P. Carey School of Business, College of Education, Ira Fulton School of Engineering, College of Extended Education, Herberger College of Fine Arts, Graduate College, Barrett Honors College, College of Law, College of Liberal Arts and Sciences, College of Nursing, and College of Public Programs.

ASU West offered 29 Bachelor's degree programs, 9 Master's degree programs, 4 undergraduate certificate programs, and 4 post-baccalaureate certificate programs through the College of Arts and Sciences, College of Education, College of Human Services, and the School of Management.

ASU East offered 18 Bachelor's degree programs, 6 Master's degree programs, 2 undergraduate certificate programs, and 2 post-baccalaureate certificate programs through East College, the College of Technology and Applied Sciences, and the Morrison School of Agribusiness and Resource Management.

Northern Arizona University offered 108 Bachelor's degree programs, 46 Master's degree programs, 13 Doctorate degree programs, 1 Professional degree program, 30 baccalaureate certificate programs, and 12 Master's certificate programs. Programs were offered through the university's 7 colleges and 4 schools, including the School of Fine Arts, College of Arts and Sciences, College of Business Administration, School of Communication, School of Forestry, College of Education, College of Engineering and Technology, Graduate College, College of Health Professions, School of Hotel and Restaurant Management, and College of Social and Behavioral Sciences.

The **University of Arizona** offered 122 Bachelor's degree programs, 114 Master's degree programs, 4 professional degree programs, and 82 Doctorate degree programs in 16 colleges and 8 schools. The colleges include The College of Agriculture and Life Sciences, College of Architecture, Planning and Landscape, College of Education, Eller College of Business and Public Administration, Engineering and Mines, College of Fine Arts, Graduate College, Honors College, College of Humanities, James E. Rogers College of Law, College of Medicine, College of Nursing, College of Pharmacy, Mel and Enid Zuckerman College of Public Health, College of Science, and the College of Social and Behavioral Sciences.

Schools include the Karl Eller Graduate School of Management, School of Family and Consumer Sciences, School of Information Resources and Library Science, School of Health Professions, School of Military Science, Naval Science and Military Aerospace, School of Music and Dance, School of Renewable Natural Resources, and the School of Public Administration and Policy.

The **University of Arizona South** offered 1 degree program which is unique to UA South—the Bachelor of Applied Science offered through the UA South Division of Science, Technology, and Professional Studies. It also offered 15 Bachelor's degree programs, 4 Master's degree programs, 2 Baccalaureate certificate programs, and 5 Master's certificate programs in conjunction with UA Main.

Each university provides complete academic program information on the internet. Link to the lists of degrees and majors at:

ASU: <http://www.asu.edu/programs/>
ASU West: <http://www.west.asu.edu/acprogs/>
ASU East: <http://www.east.asu.edu/explore/programs/>
NAU: <http://www.nau.edu/web/catalogs.shtml>
UA: <http://www.arizona.edu/admissions/undergrad-degrees.shtml>
UA South: http://uas.arizona.edu/departments/Academic_Programs.html

Arizona Board of Regents Highlights

Technology and Research Initiative Fund — Proposition 301, passed by voters in November 2000, increased the state sales tax by six-tenths of one percent to support education in Arizona. Approximately 12 percent of this revenue is for the university system's Technology and Research Initiative Fund (TRIF).

The Board of Regents reviews and approves the universities' requests for funding to support:

- ◆ technology and research initiatives;
- ◆ the expansion of educational access for time-bound and place-bound students;
- ◆ workforce development; and
- ◆ related efforts.

During FY 2003, TRIF initiatives leveraged almost \$40 million in external funding awards; produced 264 invention disclosures, 220 patent applications, 35 patents, 6 startups/spin-offs, and 124 signed licenses/options; created 159 partnerships with industry or national laboratories and 176 partnerships with other entities; and stimulated the relocation of 2 companies and the expansion of 1.

Arizona Regents University (ARU) — ARU is a cooperative effort to link our universities' distance learning programs. During FY 2003, enrollments in distance learning courses at Arizona's public universities almost tripled, from 12,353 in FY 2002 to 35,616. Likewise, courses offered increased from 520 in FY 2002 to 1,471 in FY 2003.

The Board recently approved funding (\$1.3 million) for a Tri-University Electronic Library to provide access to online learners at their home or work locations as well as to on-campus students. ARU is funded by the Technology and Research Initiative Fund (TRIF).

Learner Centered Education — Improving teaching strategies is the major goal of the Learner Centered Education initiative funded by the Technology and Research Initiative Fund (TRIF). Grants totaling \$575,165 were awarded to fund 18 projects. These projects included 95 courses, with 188 faculty and 14,000 students involved.



Workforce Development — Arizona's universities are taking major steps to develop the state's workforce. Increasing the number of teachers and nurses is especially critical as these fields are facing national and state shortages.

The federal No Child Left Behind Act has created the need for more highly qualified teachers. It is projected that Arizona will need an additional 11,384 teachers by 2010.

Each university has established a plan to increase the number and quality of teachers, including:

- ◆ Providing accelerated teaching programs;
- ◆ Expanding existing and creating new teacher induction and retention programs;
- ◆ Offering more teaching courses and programs online; and
- ◆ Offering alternative certification programs, designed for post-baccalaureate, working professionals.

The universities have developed a five-year plan to double the number of nursing graduates to meet the state's needs, as required by SB 1260, the Caregiver and Resource Expansion Act, passed by the Arizona Legislature in 2002.

These plans identify how each university will increase enrollments and the costs associated with expanding the programs, such as salaries and facilities. While the universities have identified strategies to achieve a portion of the funding needs, substantial additional funding still will be requested to accomplish the expansion.

Undergraduate Education — Undergraduate education is the primary mission and top priority of our universities. The Board has implemented an accountability mechanism, the Undergraduate Consolidated Accountability Report, to monitor the quality of the universities' undergraduate education programs. Each year the universities present a comprehensive report detailing their progress in improving undergraduate education. In the 2003 report, more than 90 percent of seniors graduating in 2002 who responded to surveys at each of the three universities rated their overall university experience as "good" or "excellent."

University Highlights — Arizona State University

- In Fall 2002, student enrollment climbed to 55,491 and is expected to increase to more than 57,500 students (an increase of 3.7 percent) by Fall 2003.

- National Merit Scholars who enrolled at ASU numbered 105 and their enrollment is expected to increase to more than 170 by Fall 2003.

- ASU had its most successful fundraising year in the history of the university during fiscal year 2002-2003 and is on track for another outstanding fundraising year. The most recent notable gifts include:

- * \$50 million gift from William Polk Carey, on behalf of the W. P. Carey Foundation, to endow the W. P. Carey School of Business;
- * \$50 million gift from Ira Fulton to endow the Ira A. Fulton School of Engineering;
- * \$10 million gift from The Virginia G. Piper Charitable Trust to establish the Virginia G. Piper Center for Creative Writing;
- * \$5 million gift from Ira Fulton for the College of Education;
- * \$2.5 million start-up grant from the Stardust Foundation to create the Stardust Center for Affordable Homes and the Family.

- Two ASU students made *USA Today's* list of top college academic performers in February 2003. Collin Raymond was one of 20 undergraduates in the United States to be named to the 2003 All-USA College Academic First Team. Esther Ellsworth was among 20 named to the second team. Both came to ASU in 1999 as freshmen National Merit Scholars. Eight ASU students have earned prestigious first team honors, the best record of any public university in the nation, tied with Duke. Only Harvard and Yale have had more.

- A ceremonial groundbreaking of the Arizona Biodesign Institute (AzBio) Phase I was held in April 2003. The new facility, slated to open



next year, is ASU's first world-class, Grade-A, self-contained, flexible and dedicated research facility.

- The National Science Foundation awarded \$1.2 million in grants to ASU East to develop curriculum and outreach programs in

connection with the campus's new \$6 million Microelectronics Teaching Factory, a 15,000-square-foot, full-process teaching model of a semiconductor manufacturing cleanroom.

- ASU's new Center for the Study of Religion and Conflict is enhancing research and education related to the role of religion in public controversies around the world. Other new centers and initiatives include: The ASU Pan-American Initiative; The Consortium for the Study of Rapidly Urbanizing Regions; The Applied NanoBioscience Center; and The Institute for Computer and Information Sciences and Engineering (ICISE).

- Las Casas, ASU West's first residential housing facility, is expected to open in Fall 2003, featuring classes, workshops, tutoring, academic advising, and on-site counseling.

- For the third year in a row, ASU faculty have won multiple John Simon Guggenheim Memorial Foundation Fellowships - a prestigious academic award that ranks as one of the highest honors in the humanities, social sciences, and natural sciences.

- More information about ASU is available at <http://www.asu.edu>.



University Highlights — Northern Arizona University

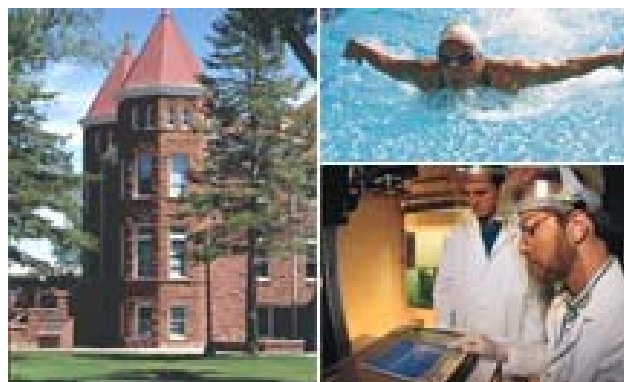
- ◆ NAU enrolled 19,907 students in Fall 2002. A slight decline in Mountain Campus undergraduates was more than offset by a record number of 6,330 graduate students and an increase in Statewide Programs headcounts to 5,336. NAU served a record number of more than 3,100 students through distance technologies in Spring 2003.
- ◆ *Black Issues in Higher Education*, June 3, 2003, noted that NAU is first in the nation in awarding education master's degrees to Native Americans and second in awarding education master's degrees to Hispanics. Hispanic students increased to 18 percent of statewide enrollments and stands at more than 50 percent of students at the Yuma Center.
- ◆ Federal and state grant and contract support for NAU increased to more than \$52 million in FY 2003, double the amount expected for a university in its Carnegie category (Doctoral One). Examples of particular awards include:
 - ◇ The Ecological Restoration Institute headed by Dr. Wallace Covington received \$1 million from the U.S. Forest Service to continue studying the restoration of ponderosa pine forests.
 - ◇ The College of Education received \$800,000 from the U.S. Department of Education to help remedy a shortage of special education teachers.
 - ◇ The College of Engineering will fund a "talent pipeline" to increase recruitment and retention of women and minorities through a \$1.13 million grant from the William and Flora Hewlett Foundation.
 - ◇ Professors Paul Torrence and Edgar Civitello will head a team that received \$500,000 from the U.S. Army Medical Research Institute of Infectious Diseases to help develop a drug to combat smallpox, and the Keim Genetics Lab was awarded \$450,000 to continue its research on the bioterrorism threat, anthrax.
 - ◇ Initiatives in ERDENE, Environmental Research, Development, and Education



for the New Economy, leveraged Technology and Research Initiative Fund (Proposition 301) monies into over

\$5 million in external funding, a ratio of more than 3:1.

- ◆ NAU built, staffed, and opened the Gateway Student Success Center as one part of an effort to improve advising and other services to freshmen students.
- ◆ In the Big Sky Athletic Conference, NAU placed third in the competition for the President's Cup, a measure of combined competitive and academic performance of student-athletes in all sports.
- ◆ Student life on the Mountain Campus was improved by the opening of Pine Ridge Village, a modern residential facility funded by a private/public partnership. A nearly \$200 million program of building renovation was kicked off by the start of work on the building complex occupied by the School of Communication.
- ◆ NAU enjoyed a successful accreditation visit by the North Central Association of Colleges and Schools, and numerous academic programs were instituted or accredited both on and off campus, several targeted to state workforce development needs.
- ◆ More information about NAU is available at <http://www.nau.edu>.



University Highlights — University of Arizona



- The University of Arizona Lunar and Planetary Lab (LPL) is the recipient of a \$325 million NASA grant to launch its Phoenix Mission in 2007. Phoenix, named for the mythological Egyptian bird reborn of its own ashes, will probe Mars for water information and search for signs that the environment is hospitable to life forms. Michael Drake, LPL director, said, "Phoenix has the potential to be the smoking gun for the evolution of life elsewhere in the universe."



- In the fall of 2003, UA expects to break ground for three buildings: Drachman Hall, which will house the newly accredited College of Public Health; the Medical Research Building; and the Institute for Biomedical Science and Biotechnology. Funded from public and private partnerships, the Warren Avenue Redevelopment District has the potential to make Tucson a bioscience destination.
- The UA College of Medicine's Arizona Hispanic Center of Excellence was awarded a \$1.5 million grant from the U.S. Department of Health and Human Resources - Health Resources and Services Administration. The grant will enable the Center to continue statewide efforts to support Hispanic faculty development, student recruitment and retention, as well as assist in research studies aimed at improving Hispanic health. The Center is a collaboration of the College of Public Health, the Mexican American Studies and Research Center, the Graduate College, and the Arizona Health Sciences Office of Minority Affairs.
- UA ranked 48th in *U.S. News and World Report's* "Top 50 Public National

Universities – Doctoral." And a recent Gallup public opinion poll revealed that UA was among the 35 universities that Americans named the best in the U.S.

- The Stevie Eller Dance Theatre, which received the 2003 Citation Award from the Arizona Chapter of the American Institute of Architects, will be dedicated in October 2003. Located on the east side of the UA Mall, the new theatre seats 300 and features an orchestra pit, full fly tower, control booth, lobbies, catwalks, an outdoor stage, and scene and costume shops.
- The Eller College of Business and Public Administration's McGuire Entrepreneurship Program jumped from 14 to 11 in *U.S. News and World Report's* Best College Entrepreneurship specialty ranking. Since 1996, the award-winning program has advanced in rank every year.
- The UA's Arizona Cancer Center received a five-year \$19.8 million renewal of its Core Grant from the National Cancer Institute (NCI), representing the largest National Institutes of Health grant in UA history. The Core Grant, crucial to the Center's maintaining its Comprehensive Cancer Center status, has been NCI funded since 1978.
- More information about the UA is available at <http://www.arizona.edu>.



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