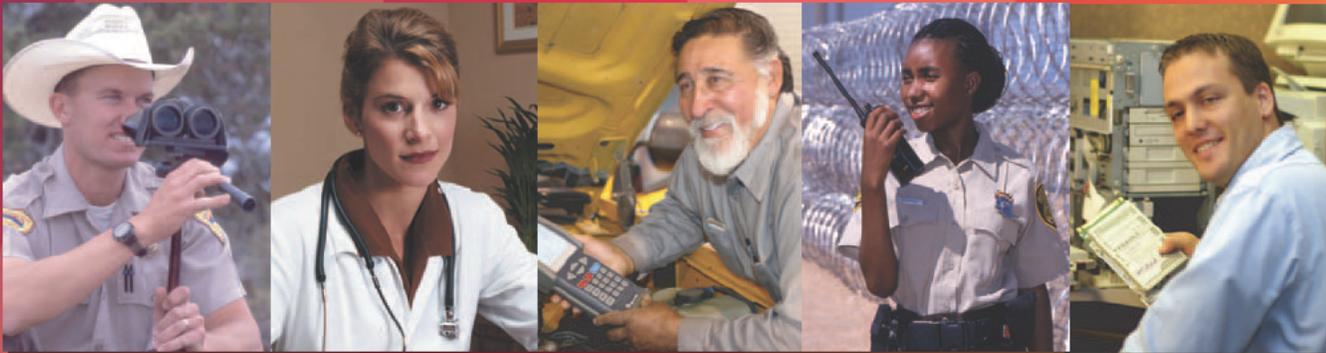


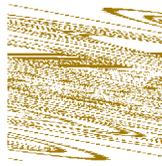
Workforce Report



Janet Napolitano
Governor

Betsey Bayless
Director, Dept. of Administration

2005



BETSEY BAYLESS
DIRECTOR
ARIZONA DEPARTMENT OF ADMINISTRATION

September, 2005

The Honorable Janet Napolitano
Governor, State of Arizona
The Honorable Ken Bennett
President, Arizona State Senate
The Honorable James Weiers
Speaker, Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007



Dear Governor Napolitano, President Bennett and Speaker Weiers:

It is my pleasure to share with you the 2005 Annual Report on the Arizona State Service Human Resources System.

The format of this year's report is very similar to that produced the last two years, providing you with meaningful data regarding the status of the State's workforce and the operation of the State's Human Resources System.

This report contains over 31 tables and illustrations describing the workforce of the state. Some of the key facts contained herein include:

- There were 36,633 active employees at the end of FY2005 (see page 2)
- Over 82% of the workforce is covered by the merit system (see page 4)
- Our workforce closely mirrors the demographics of the labor market (see page 11)
- Nearly 55% of the active workforce is comprised of women (see page 15)
- The state experienced a separation rate of 17.6% of covered employees (see page 17)
- The average age of a state employee is 44.6 years (page 32) and the average length of service is 8.4 years (page 33)

We hope that the information in this report will assist you when making decisions regarding Arizona State government and its employees.

Very truly yours,


Betsey Bayless
Director

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Overview

Arizona Revised Statutes (ARS) §41-763.01 requires the Director of the Arizona Department of Administration (ADOA) to provide a report to the Governor and the Legislature on the status of the state's human resources and the operation of the state human resources system. The statute requires that the report include information on the following:

- All state employees including employees of all executive, legislative and judicial branch agencies.
- The number of employees affected by and reasons for turnover within state service.
- Overtime pay requirements of all state agencies.
- Other information as determined by the Director.

In Arizona State government the majority of agencies are subject to the jurisdiction of the ADOA Human Resources System. However, there are 24 agencies that are not included in this System. These 24 agencies have been informally grouped into 10 separate human resources systems. Each system develops its own employment, compensation, attendance/leave, and employee relations policies and procedures. Table A identifies all of the human resources systems within Arizona State Government and the number of appropriated employees within each of these systems.

Agency	Appropriated Full-Time Equivalent Positions
ADOA Human Resources System	30,692.6
Governor's Office Personnel System	
Governor's Office	N/A
Governor's Office of Equal Opportunity	4.0
Governor's Office of Strategic Planning & Budgeting	22.0
Board of Regents & Universities Personnel System	
Board of Regents	27.9
Arizona State University	7,481.9
Northern Arizona University	2,071.7
University of Arizona	6,269.1
Legislative Personnel System	
Auditor General's Office	179.4
House of Representatives	N/A
Joint Legislative Budget Committee	31.0
Legislative Council	47.8
Library & Archives	114.8
Senate	N/A
Community College Board Personnel System	0
Courts Personnel System	
Court of Appeals	133.3
Superior Court	199.3
Supreme Court	233.1
Department of Gaming Personnel System	105.0
Governmental Information Technology Agency Personnel System	21.0
Department of Public Safety Personnel System	
Law Enforcement Merit System Council	1
Public Safety, Department of	1,872.0
Public Safety Personnel Retirement System	N/A
Arizona Schools for the Deaf and Blind	608.4
Office of Tourism	25.0

Table A Source: The Executive Budget – Fiscal Year 2005 in Detail – Numbers reflect FY05 appropriations.

The largest of the human resources systems within Arizona State Government is the ADOA Human Resources System, also known as the Arizona State Service. The ADOA Human Resources System and the Law Enforcement Merit System Council (the Department of Public Safety's personnel system) are the State's only merit systems established by statute. Merit system employees may only be separated from service for cause. Non-merit employees of the other systems serve at the pleasure of the appointing

authorities and can be separated without the right of appeal. They are considered "at will" employees.

The primary focus of this report is the ADOA Human Resources System. The report is comprised of four major sections.

The introduction provides an overview of the ADOA Human Resources Operations. The responsibility of the ADOA Human Resources Operations resides with the ADOA, Human Resources Division located at 100 North 15th Avenue, Phoenix, Arizona 85007. This section describes who receives services provided by the ADOA Human Resources Division, the services provided, the organization of the division, functional highlights of each work area, and new enhancements implemented in 2005.

Section One provides demographic information of the employees within the ADOA Human Resources System. The demographic information includes statewide headcount, headcount of employees by agency, covered and uncovered employees by agency, number of state employees in relation to state population, total state payroll in relation to state population, and the percentage of employees by county of residence.

Section Two provides statistical information about the employees within the ADOA Human Resources System by ethnic group, gender and occupational group as defined by the U.S. Equal Employment Opportunity Commission. The statistical information includes distribution of employees by ethnic group compared to the Arizona Labor Force, distribution of employees by occupational group, trends in employment by ethnicity and gender, trends in employment of minorities, minority representation by agency, and gender representation by agency.

Section Three provides data on the mobility patterns of the employees within the ADOA Human Resources System. The data in this Section includes the trends in the separations (turnover) by covered and uncovered employees, trends in the separations of covered employees by agency, voluntary and involuntary separations by agency, most populous classes, classes with the highest separation rates, separation rates by occupational code, separation rates by age distribution, separation rates by length of service, the relative percentage of separations due to retirement, future projections of retirement eligibility, and the estimated cost of turnover by agency for covered employees.

Section Four provides information on employment characteristics. The majority of the information is presented by agency with five years of historical data. This section includes average covered employee salary, total overtime costs by agency, distribution of overtime costs by agency, average sick leave use and costs per employee, distribution of average age of employees, and distribution of average length of service of employees.

The main source of the information presented in this report is the state's Human Resources Information Solution (HRIS). This is a centralized record-keeping and tracking database, however, the accuracy and integrity of the data in the system is dependent upon the personnel in each of the state agencies to enter information into the system in a timely and accurate manner. Maintenance and reporting functions of the system reside within the authority of ADOA. The HRIS system captures information from roughly 100 different agencies, boards, and commissions that are included within the ADOA Human Resources System. Many of these organizations are quite small in size. For many of the tables contained herein, organizations with less than 50 allocated positions (at the end of fiscal year 2002) have been consolidated into one line item at the top of the table, noted as "small agencies". In addition, the charts represent employees that were on the State's payroll during the pay period that included the 12th of June.

State Human Resources Operations Profile

The largest government human resources system in Arizona is managed by the Arizona Department of Administration, Human Resources Division.

Established: 1968 as the Arizona Personnel Commission
Location: 100 North 15th Avenue, Phoenix, Arizona
Employees: 174.0 full-time positions
Budget for FY 2005: \$14,152,900 (ProRata),
 \$4,763,600 (Health Insurance Trust Fund)
Mission: ...provide efficient, timely, customer-driven professional human resources services...

The Division consists of the following:

Human Resources Director - Kathy Peckardt
Benefits/Insurance - Susan Strickler, Manager
Classification/Compensation - Joanne Carew, Manager
Staffing and Recruitment – Jackie Mass, Manager
Satellite Offices/Workforce Relations - Laura Krause, Manager
Planning and Quality Assurance – Greg Carmichael, Manager
Human Resources Information Solution – John Murrin, Acting Manager

*Additional areas include: Human Resources Consulting,
 Marketing/Communications and Administrative Services*

Customer Base includes over 9,000 retirees and over 62,000 employees and their dependents from 100 state agencies, boards and commissions and 3 state universities. Customers can be grouped into the following segments...

- Health and welfare agencies (e.g. Arizona Health Care Cost Containment System, Economic Security, Health Services)
- Protection and safety agencies (e.g. Adult and Juvenile Corrections)
- Transportation agencies (e.g. Department of Transportation)
- Inspection and regulation agencies (e.g. Board of Accountancy, Real Estate, Insurance and Medical Examiners)
- Education agencies (e.g. Department of Education, State Universities¹, Arizona State Schools for the Deaf and Blind)
- Natural resource agencies (e.g. Game and Fish, State Land, State Parks)
- General government agencies (e.g. Revenue, Commerce)
- State retirees¹

¹ These customers utilize the services of the Benefits Program only.

Summary of Services

- A benefits program is offered that includes medical, dental, vision, basic and supplemental life insurance, dependent life insurance, flexible spending accounts, short-term and long-term disability for active, benefit-eligible employees.
- An on-site childcare center located on the capitol mall is available to state employees.
- An Employee Assistance Program is available that offers counseling services and referral services.
- A Wellness Program is available that offers:
 - Health Education classes tailored to each individual worksite.
 - Free or low-cost screening programs.
 - An inter-agency wellness resource center with books, videos and audiotapes.
 - A monthly newsletter full of wellness information and a listing of upcoming events in worksites statewide.
- Human resources professionals are located on-site within the six largest state agencies and in the Tucson office complex.
- An automated employment system, Hiring Gateway, and a state job board azstatejobs.gov are maintained for hiring supervisors to utilize to fill positions.
- A pool of candidates is maintained to fill the temporary staffing needs of state agencies.
- The recruitment strategy includes a variety of methods including coordinating and hosting job fairs and community events and participating in community outreach programs.
- An up-to-date website www.hr.state.az.us is available containing information relating to job opportunities and employee benefits.
- Consulting services are offered to provide human resources expertise in such areas as employment law and Arizona State government rules, policies and practices.
- Market surveys are conducted annually and outside salary surveys are utilized to evaluate market position of state jobs to ensure external competitiveness.
- Jobs are analyzed and evaluated to determine appropriate salary ranges and job classifications to ensure internal equity.
- A staff is dedicated to handling employee relations issues including investigations, employee grievances, and personnel rule interpretation.
- Human Resource Information Solution (HRIS) is maintained to administer payroll, personnel actions and employee benefits and serves as the State's central record of employee information.

Benefits

The Benefits section fulfills the statutory responsibility to provide health and welfare benefits to the State of Arizona employees, retirees, long-term disability recipients, COBRA participants and their eligible dependents. This past year marked the beginning of a significant transition from offering a fully insured medical insurance plan to our members (the “Saguaro Program”). On October 1, 2004 the State offered a self insured medical plan – providing members a variety of network choices. This change incorporated a new name “Arizona Benefit Options”, a new logo, and a new emphasis on providing value to our members. The Benefit Options Program remains very comprehensive, consisting of medical, dental, vision, basic life, supplemental life, dependent life, short-term disability, long-term disability, and flexible spending accounts.

The Wellness Program will continue to provide services at no or low cost in order to improve the health and wellness of state employees. This program is available for employees and families who work for the State of Arizona. Retirees of the State of Arizona (and their spouses) are also welcome to use wellness resources. The program includes publishing an electronic wellness newsletter, workshops/training, a library of materials, flu shots, mammography, osteoporosis, and stroke risk assessment screenings. As we move forward into the future, wellness will become a vital function to educate and promote preventative measures to reduce health care claims costs. Diabetes screening, disease prevention classes, and disease management will be necessary to incorporate into the wellness program.

Classification & Compensation

The Classification & Compensation Section designs, develops, and administers job evaluation and compensation programs for the ADOA Human Resources System. In support of these responsibilities, this section

- conducts salary surveys including the Arizona Compensation Survey (formerly JGSS), the Western States Salary Survey, and the ASDB Salary Survey for education-related positions;
- participates in other salary and benefits studies with other public and private organizations;
- evaluates positions using the whole job classification method and makes FLSA determinations;
- prepares the Annual Advisory Recommendation to the Governor and Legislature regarding changes to the salary plans;
- interprets and administers salary policy.

Staffing & Recruitment

The Staffing and Recruitment Section provides staffing and recruiting services to over 90 state agencies. They process requests to fill positions including posting announcements, screening of resumes and providing lists of qualified applicants. They also manage a pool of candidates to fill temporary employment opportunities in state government.

This section assists state agencies with testing and screening of applicants and developing interview questions for the selection of qualified candidates. It also provides employee survey services including design and analysis of survey results. The Office also manages community outreach programs through job fairs and community events.

Additionally, this section provides a Career Center to assist employees impacted by Reductions in Force. Through a partnership with Maricopa Workforce Connection, State of Arizona Workforce Development Administration and the City of Phoenix a full service Rapid Response program provides a series of workshops and services that prepares and assists displaced employees with the transitional process.

The section administers a recently implemented, automated employment system called Hiring Gateway. A key component of this system is the State’s new website, “azstatejobs.gov” where all state of Arizona government jobs are posted.

Consulting Services

This area provides both in-house and external services regarding various human resources related issues, such as, pending and/or changes to existing legislation, inquiries from the public, legislature and other state agencies, design, development and oversight of pilot programs and special projects.

Satellite Offices

The Division has seven satellite offices that provide professional human resources services to state agencies. The Department of Administration/Tucson Office, Department of Corrections, Department of Economic Security, Department of Health Services, Department of Juvenile Corrections, Department of Revenue, and Department of Transportation have on-site human resources office dedicated to the agency. The remaining agencies are provided dedicated human resources services through Central Office Human Resources.

These offices provide a myriad of services to include: rule interpretation, consistency in human resources practices, compliance with laws, rules, policies and procedures, recruitment/staffing, employee relations, operations, classification/organization consultation and consultation regarding human resources-related issues.

Planning & Quality Assurance

This section was established to assist State agencies in reviewing their policies, practices and procedures to ensure consistent human resources practices are maintained throughout Arizona State Government. The section also provides data analysis of key human resources information and focuses on strategic planning and best practices research which will assist the Division in becoming proactive partners with its customers.

Workforce Relations

This section provides rule interpretation to agency human resources professionals, management and employees, provides assistance with policy development; offers guidance on employee relations issues; approves and monitors FMLA usage; approves Annual Leave Carry-over and Donated Annual Leave requests; assists in administering reductions in force; investigates and prepares responses to 4th level grievances submitted by agency employees and 3rd level grievances submitted by ADOA employees, and investigates and prepares recommendations in response to requests for 2nd level classification reviews.

Another component of this section includes the Employee Assistance Program (EAP). EAP offers counseling services, referral services and management/employee workshops. The types of workshops offered include EAP Service Introductions and Crisis Debriefing.

Human Resources Information Solution (HRIS)

A team of functional and technical staff manages the state's integrated payroll, personnel, and benefits system called the Human Resources Information Solution. HRIS serves as the state's central system of record for employee information.

The system processes payroll, allows employees to enroll in the state's benefit plans, and provides management with reporting capabilities to manage the state's workforce.

Human Resources Implements New Technology in 2005 State Government Realizes Efficiencies



Human Resources unveiled Hiring Gateway, a new web-based recruiting and hiring system this past year. This system is designed to help both hiring managers and recruiters work more efficiently and collaborate in real-time. Agency users report that the new software saves time and assists in recruiting more qualified candidates. Early results indicate that the total time to fill a position in state government has been reduced by 30%.

Hiring Gateway provides a central location for job information, which includes a website, www.azstatejobs.gov, dedicated to posting state job announcements and accepting online applications from interested candidates. Additionally, Hiring Gateway allows agencies to work on-line to develop job announcements, obtain necessary management approvals for job requisitions, create hiring lists, and send offer letters to prospective employees.



“Hiring Gateway has made the entire job search and hiring process less costly, faster, and easier for everyone.”



As of August 2005, State employees will have to make fewer clicks, phone calls, and visits to their personnel and payroll offices to obtain information about their pay, benefits, and educational and employment opportunities. “Your Employee Services” or “Y.E.S.” is the State’s first ever employee portal which consolidates and provides access to human resources and State government information. It serves as the gateway to the Benefit Options self-service open enrollment web site, and provides a secure and convenient access to information from anywhere, at anytime.

“Our overall goal in designing this website was to improve employee satisfaction with their employment experience,” says John Sheller, manager in charge of rolling out Y.E.S. to State agencies. “We envisioned a single site for employees to use for anything related to their experience with the State.”

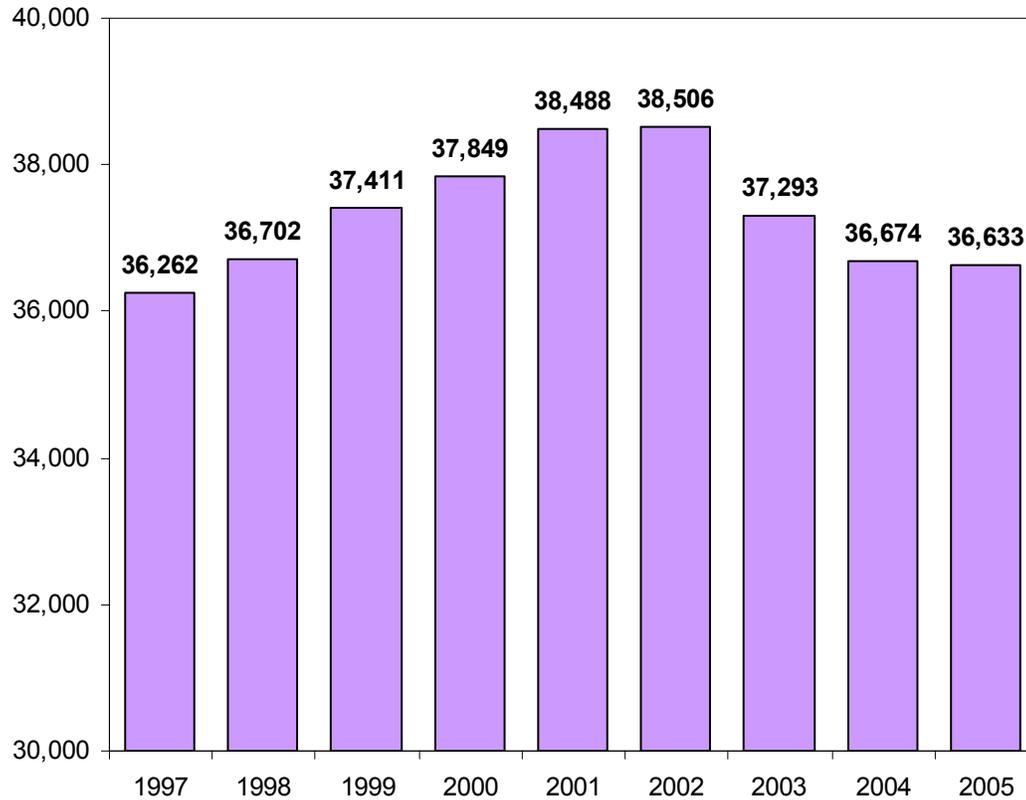
Section One

General Employment Trends

.. the total number of state employees dropped to 36,633 – the lowest level since 1997 . . .

2

**Table 1-1 – Employee Headcount
1997 - 2005**



Source: The state's Human Resources Management System for years 1997 through 2003. Data for 2004 and 2005 was extracted from the state's Human Resources Information Solution. Data from 1997 to 1999 represents calendar year-end (Jan – Dec); 2000 through 2005 data represents fiscal year-end (July 1 – June 30). Data includes covered and uncovered active employees.

Comments: The total number of employees declined again in 2005, continuing the trend from the past two years. The decrease in the number of active employees was 0.1% (compared to last year's 1.7% decrease and 2003's 3.2% decrease). Overall there has been a 5% decrease from 2002.

... more than half of the state agencies either remained the same or experienced a decline in the size of their workforce ...

3

**Table 1-2 – Employees by Agency
2001 - 2005**

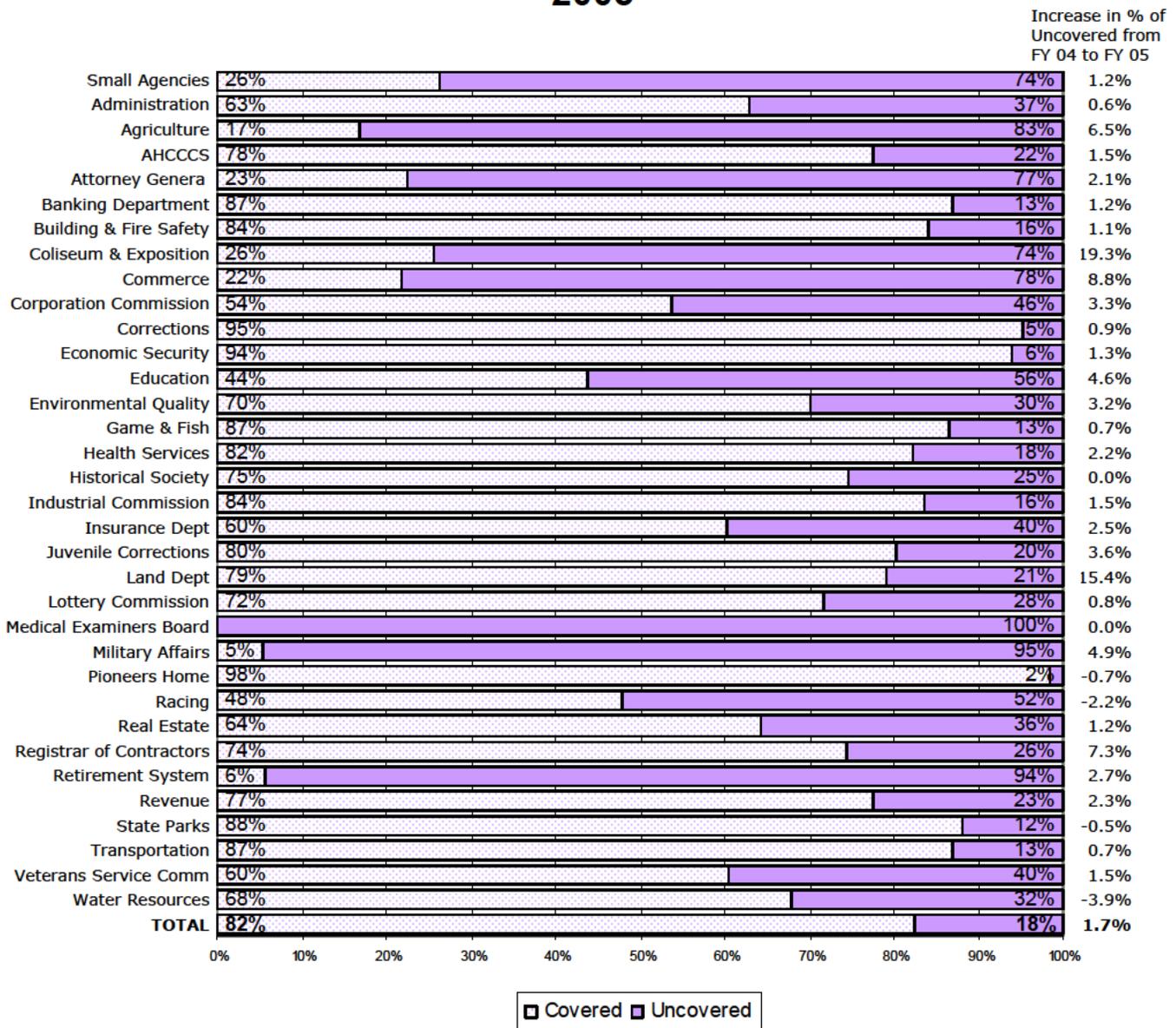
Agency Name	2001	2002	2003	2004	2005
Small Agencies	967	987	1,005	867	851
Administration	981	962	899	856	808
Agriculture	369	338	350	316	313
AHCCCS	1,314	1,386	1,282	1,233	1,314
Attorney General	771	775	638	694	697
Banking Department	51	52	50	51	54
Building & Fire Safety	70	66	52	47	50
Coliseum & Exposition	43	41	44	58	90
Commerce	135	104	89	88	96
Corporation Commission	286	282	298	291	281
Corrections	9,849	9,334	9,426	9,813	9,080
Economic Security	9,844	10,552	9,799	9,555	10,087
Education	385	389	405	443	492
Environmental Quality	791	750	734	681	674
Game & Fish	636	655	680	641	658
Health Services	1,825	1,848	1,900	1,836	1,844
Historical Society	91	86	76	63	63
Industrial Commission	300	291	289	283	282
Insurance Dept	136	143	145	137	141
Juvenile Corrections	1,238	1,090	1,105	1,025	1,039
Land Dept	220	235	218	129	221
Lottery Commission	124	117	116	109	106
Medical Examiners Board	79	75	75	62	49
Military Affairs	494	507	517	489	506
Pioneers Home	141	133	132	133	129
Racing	64	60	57	46	46
Real Estate	65	65	57	58	56
Registrar of Contractors	137	134	143	136	140
Retirement System	161	170	175	181	178
Revenue	1,023	998	1,050	1,044	1,019
State Parks	348	331	333	331	329
Transportation	4,995	5,000	4,643	4,463	4,439
Veterans Service	285	288	291	296	280
Water Resources	270	262	220	219	221
Totals	38,488	38,506	37,293	36,674	36,633

Source: The state's Human Resources Information Solution. All data represents fiscal year-end (July 1 – June 30).

Comments: Slightly more than half (52%) of state agencies (excluding the small agencies) remained the same or experienced a decrease in the number of employees. Four agencies (12%) experienced decreases of over 5%. Overall the state experienced a 0.1% reduction in workforce this past year.

... over 82% of employees in the ADOA Human Resources System are covered by the state merit system ...

Table 1-3 – Covered/Uncovered Employees by Agency 2005



Source: The state's Human Resources Information Solution. Table includes all active employees in June 2005.

Comments: This table illustrates the distinction between “covered” employees (employees in positions covered by the ADOA personnel rules) and “uncovered” employees (employees in positions not covered by the ADOA personnel rules, sometimes referred to as “at will” employees). Over 82% of the workforce in the ADOA Human Resources System is covered by the merit system. Twenty-four out of the thirty-three larger agencies (73%) have the majority of their employees covered by the merit system.

... Arizona ranks 46th in the nation in the ratio of full-time equivalent state employees to total population ...

**Table 1-4 – Rank Order of All States by Ratio of State FTEs to State Population
2004**

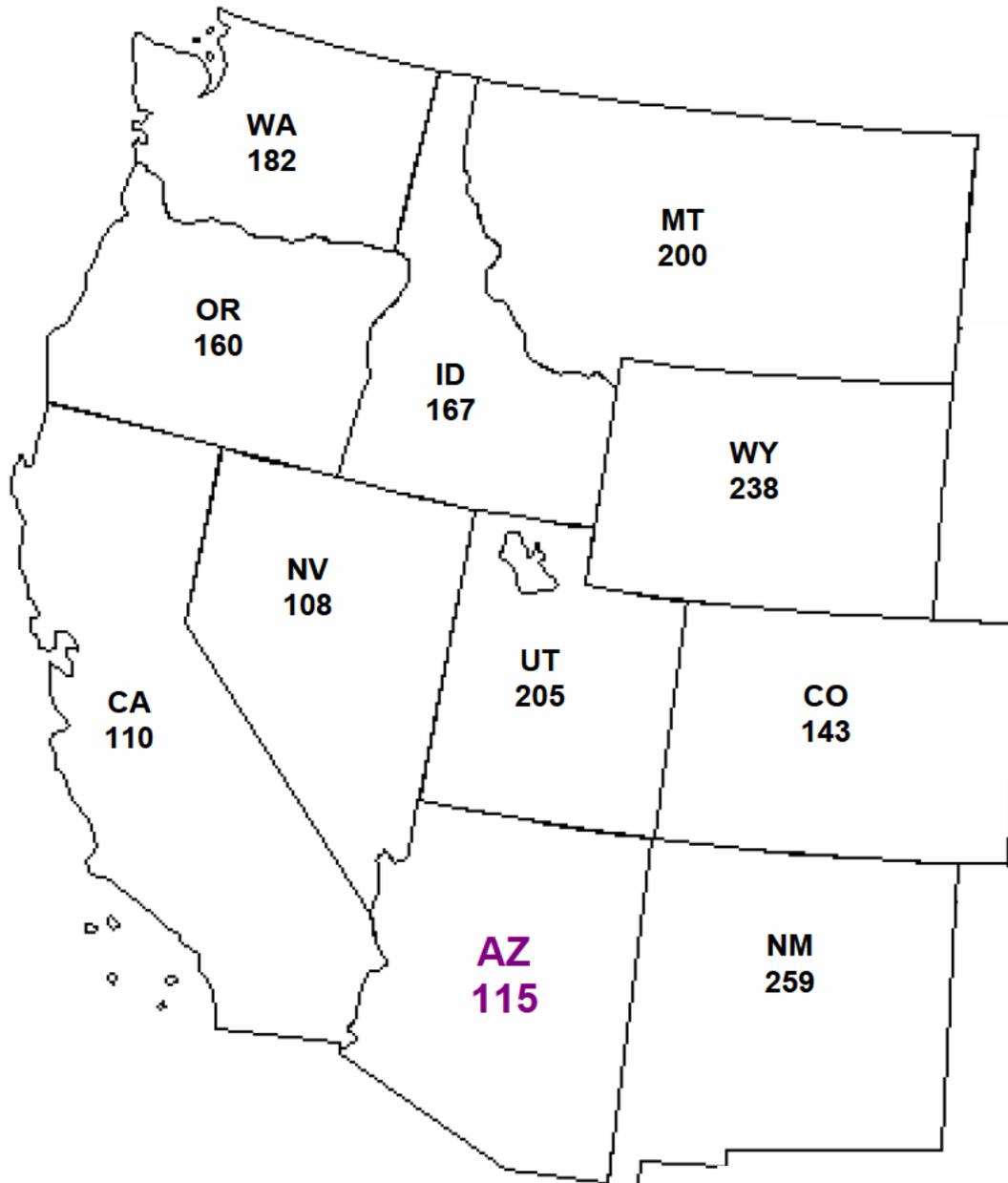
1.....Hawaii	27.....Maryland
2.....Alaska	28.....Kansas
3.....Delaware	29.....Virginia
4.....North Dakota	30.....Oregon
5.....New Mexico	31.....Missouri
6.....Wyoming	32.....North Carolina
7.....Vermont	33.....New Hampshire
8.....West Virginia	34.....Minnesota
9.....Utah	35.....Indiana
10.....Louisiana	United States Average
11.....Montana	36.....Colorado
12.....Mississippi	37.....Tennessee
13.....Arkansas	38.....Georgia
14.....Nebraska	39.....Massachusetts
15.....Kentucky	40.....Michigan
16.....Alabama	41.....Pennsylvania
17.....Rhode Island	42.....New York
18.....Oklahoma	43.....Wisconsin
19.....Washington	44.....Texas
20.....Iowa	45.....Ohio
21.....South Carolina	46..... Arizona
22.....New Jersey	47.....California
23.....South Dakota	48.....Nevada
24.....Connecticut	49.....Florida
25.....Idaho	50.....Illinois
26.....Maine	

Source: U.S. Census Bureau, Governments Division. March 2004. Population data estimate for July 2004.

Comments: Arizona dropped to 46th in the nation in the ratio of full-time equivalent state employees as compared to the overall population of the state. In 2002, Arizona ranked 45th, and in 2000, Arizona ranked 43rd. Arizona is 20% below the national average. Of the Western States, only California and Nevada have fewer state FTEs as compared to the overall population of the state.

... of the Western states, only California and Nevada have fewer full-time equivalent state employees than Arizona for the population served. . .

**Table 1-5 – Ratio of All State FTEs to State Population
2004
Employees per 10,000 Population**



Source: U.S. Census Bureau, Governments Division. March 2004. Population data estimate for July 2004.

Comments: Arizona remained 9th out of the 11 Western states (the same ranking as in 2002) in the ratio of full-time equivalent state employees as compared to the overall population of the state. Arizona's ratio of FTEs per 10,000 population served decreased by 5.8% since 2002, compared to the national average decrease of 2.8%.

. . . Arizona still ranks 49th in the nation when comparing total payroll to the state's population. . .

7

**Table 1-6 – Rank Order of All States by Ratio of Total State Payroll to State Population
2004**

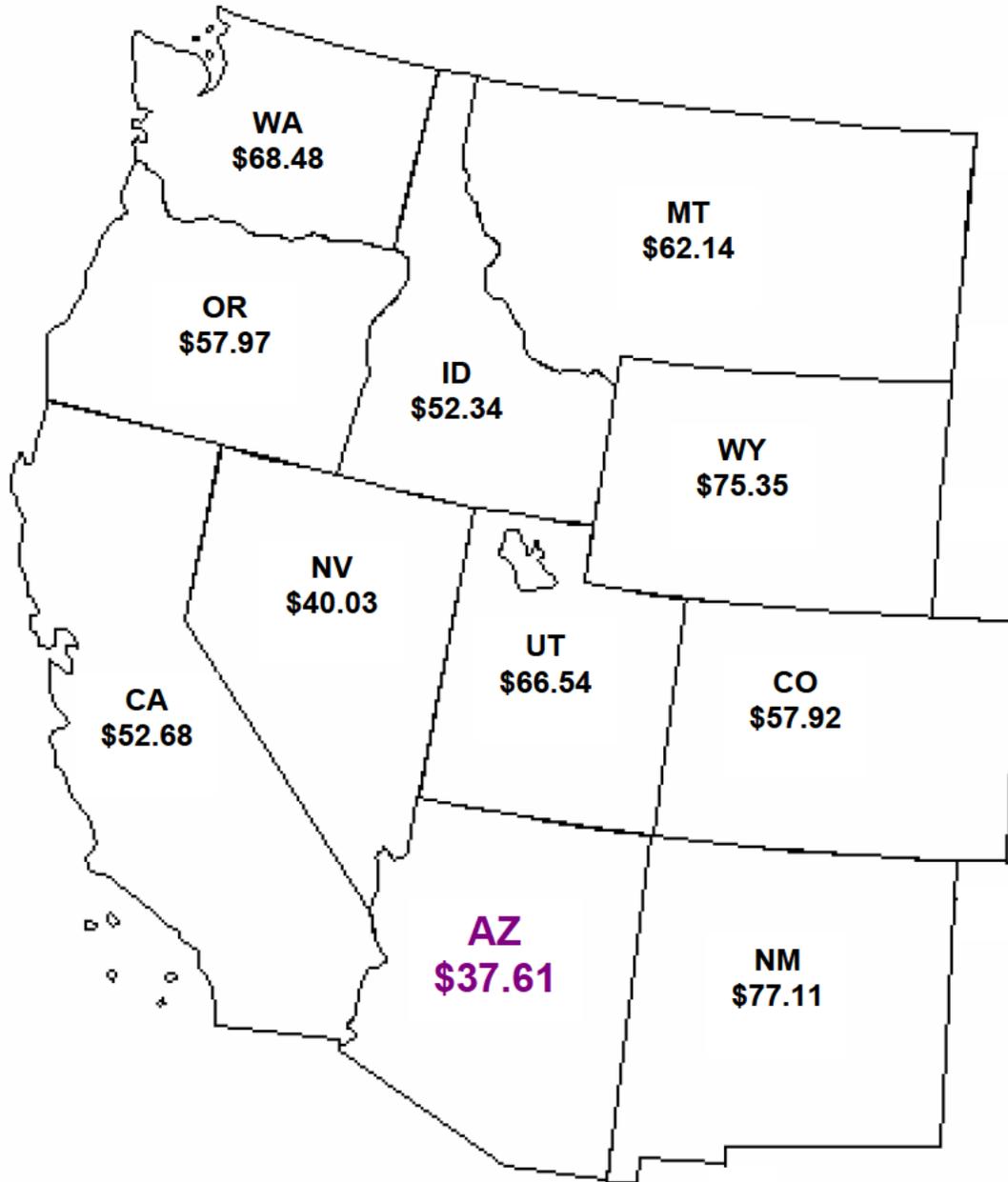
1.....Alaska	27.....New York
2.....Hawaii	28.....Oklahoma
3.....Delaware	29.....Nebraska
4.....North Dakota	30.....Virginia
5.....Vermont	31.....South Carolina
6.....New Jersey	32.....Kansas
7.....Connecticut	United States Average
8.....New Mexico	33.....California
9.....Rhode Island	34.....Idaho
10.....Wyoming	35.....South Dakota
11.....Iowa	36.....Michigan
12.....Washington	37.....North Carolina
13.....Utah	38.....Wisconsin
14.....Louisiana	39.....New Hampshire
15.....Alabama	40.....Pennsylvania
16.....Kentucky	41.....Indiana
17.....Maryland	42.....Missouri
18.....Montana	43.....Georgia
19.....West Virginia	44.....Ohio
20.....Minnesota	45.....Tennessee
21.....Arkansas	46.....Texas
22.....Massachusetts	47.....Nevada
23.....Oregon	48.....Illinois
24.....Colorado	49..... Arizona
25.....Maine	50.....Florida
26.....Mississippi	

Source: U.S. Census Bureau, Governments Division. March 2004. Population data estimate for July 2004.

Comments: Arizona remained 49th in the nation in 2004. In 2002, Arizona ranked 49th, and in 2000, Arizona ranked 47th. Arizona's ratio of total state payroll as compared to overall population of the state was 26% lower than the nationwide average in 2002 and dropped to 29% lower based on the 2004 census data.

... no other Western state has a lower payroll than Arizona when compared to the state's population. . .

**Table 1-7 – Ratio of Total State Payroll to State Population
2004
Payroll Dollars per Citizen**

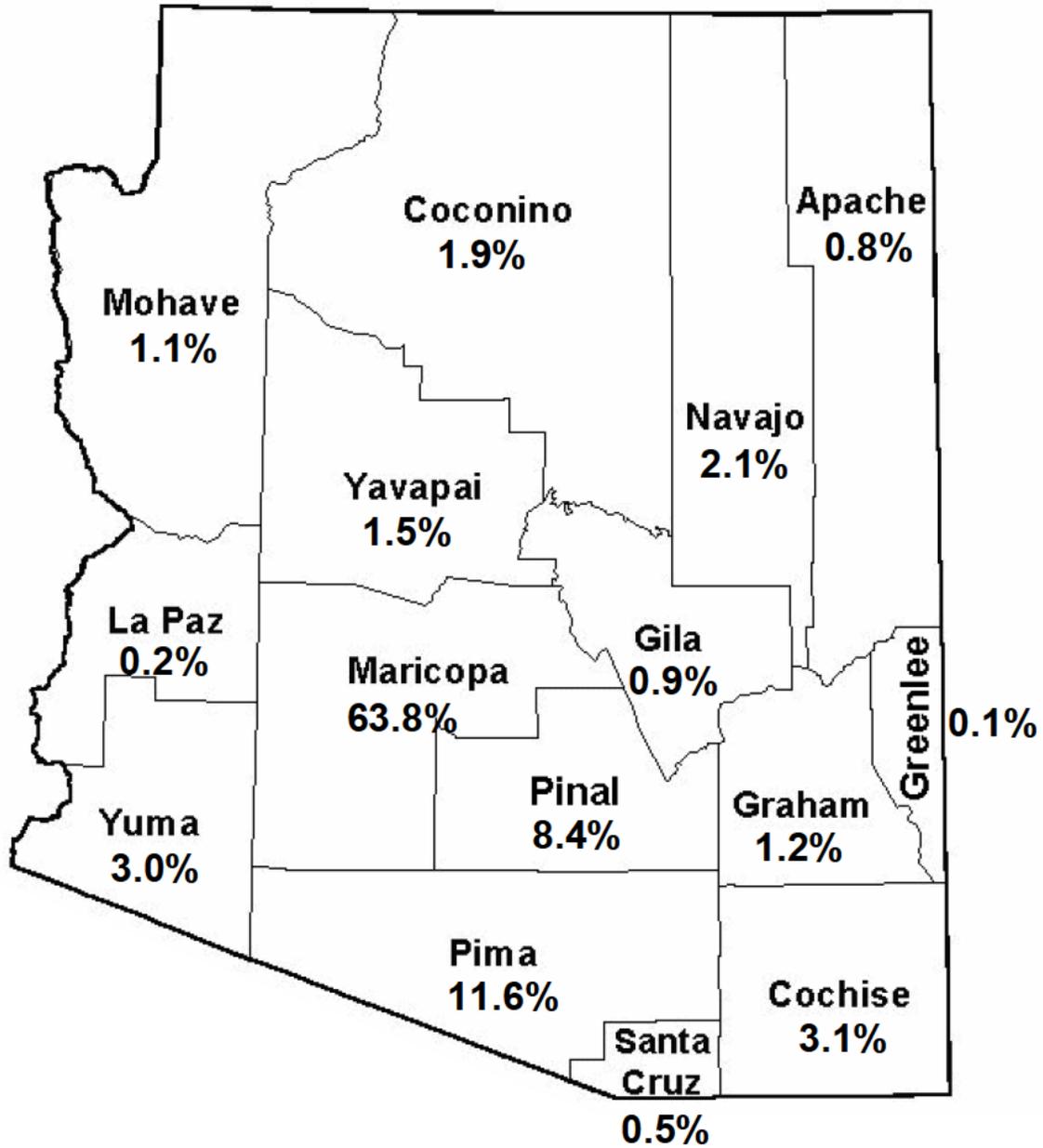


Source: U.S. Census Bureau, Governments Division. March 2004. Population data estimate for July 2004.

Comments: Of the Western States, Arizona continues to have the lowest ratio of state payroll compared to the overall population of the state. Arizona's payroll ratio decreased 0.9% since 2002, compared to the national average which increased by 2.5% and the ten other Western States which increased an average of 4.5%.

... most of the state's workforce is located in Maricopa County ...

**Table 1-8 – State Employees by County
2005**



Source: The state's Human Resources Information Solution.

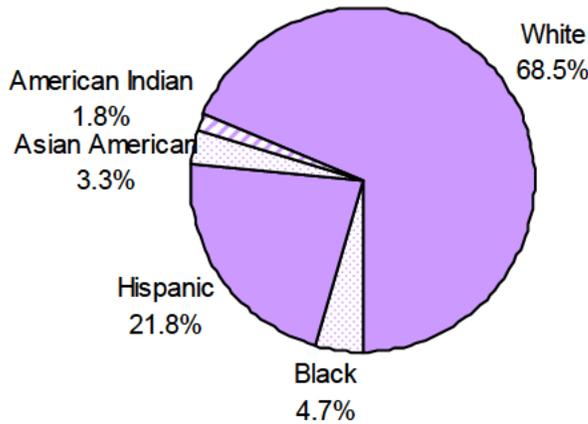
Comments: The majority of state employees work in Maricopa County, followed by Pima and Pinal counties. These three counties account for nearly 84% of all state employees.

Section Two

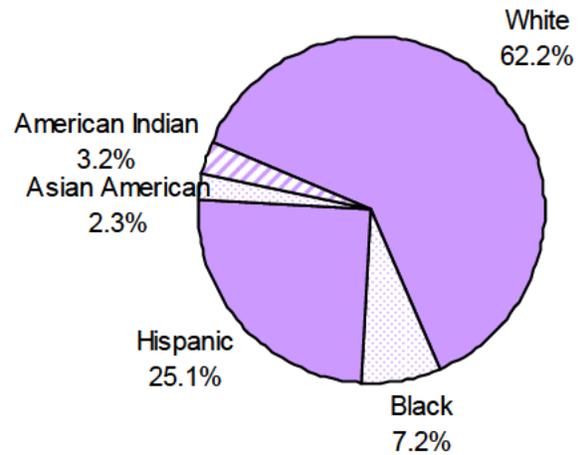
Equal Employment

... the state's workforce continues to be more diverse than the available labor force within Arizona ...

Table 2-1 – Distribution of State Government Employees by Ethnic Group 2005



Arizona Labor Force



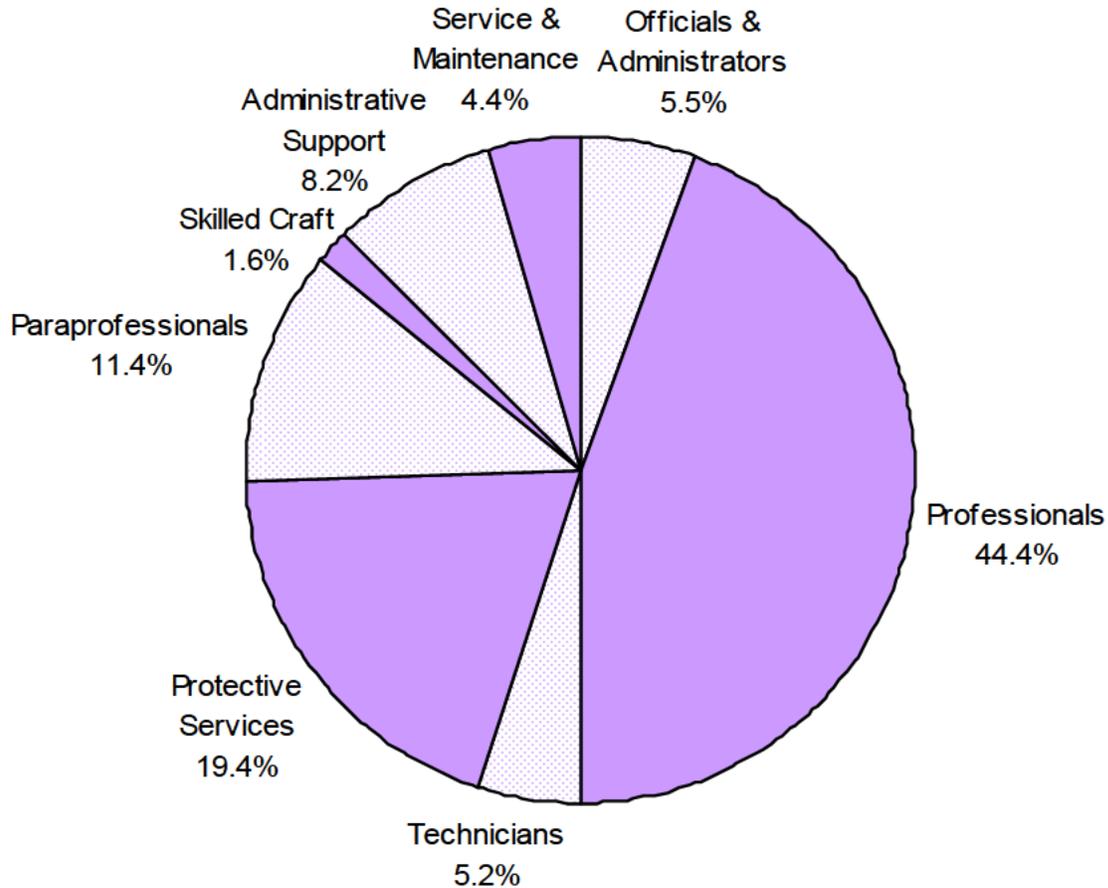
State Government Employees

Source: Arizona Labor Force data from the U.S. Equal Employment Commission 2003 EEO-1 Report; State Government Employees data from the State's Human Resources Information Solution June 2005.

Comments: The majority of the state's workforce is comprised of the White and Hispanic ethnic groups. Overall, the state government's workforce tends to be more diverse than the Arizona Labor Force.

... the professional occupational group accounts for the largest portion of the workforce, followed by protective services, and paraprofessionals ...

Table 2-2 – Distribution of State Government Employees by Occupational Group 2005



Source: The State's Human Resources Information Solution, June 2005. Categories are based upon the Equal Employment Opportunity Commission's Occupational Categories for State and Local Government (EEO-4).

Comments: State employees in positions categorized as Professional comprise the largest percentage (44%) of the eight occupational groupings. Skilled craft (2%) and service workers (4%) encompass the smallest percentage.

... the percentage of minorities has steadily increased over the years ...

**Table 2-3 – Changes in Employment
by Ethnicity and Gender
1997 - 2005**

Year	Non-Minority				Minority				Total			
	Male		Female		Male		Female		Male		Female	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1997	11,801	34.9%	11,409	33.7%	4,450	13.2%	6,178	18.3%	16,251	48.0%	17,587	52.0%
1998	11,731	34.3%	11,349	33.2%	4,679	13.7%	6,454	18.9%	16,410	48.0%	17,803	52.0%
1999	11,868	34.0%	11,439	32.7%	4,885	14.0%	6,758	19.3%	16,753	47.9%	18,197	52.1%
2000	11,732	33.4%	11,447	32.6%	4,962	14.1%	6,942	19.8%	16,694	47.6%	18,389	52.4%
2001	11,732	33.4%	11,447	32.6%	4,962	14.1%	6,942	19.8%	16,694	47.6%	18,389	52.4%
2002	11,483	32.0%	11,660	32.4%	5,147	14.3%	7,645	21.3%	16,630	46.3%	19,305	53.7%
2003	11,187	31.5%	11,322	31.9%	5,447	15.4%	7,505	21.2%	16,634	46.9%	18,827	53.1%
2004	11,242	31.4%	11,399	31.8%	5,346	14.9%	7,845	21.9%	16,588	46.3%	19,244	53.7%
2005	10,920	29.8%	11,405	31.1%	5,696	15.5%	8,612	23.5%	16,616	45.4%	20,017	54.6%

Source: The state's Human Resources Information Solution. Percentages are based upon employees responding – a small percentage of employees choose not to disclose their ethnicity. 1997 through 1999 data compiled in December; 2000 through 2005 data compiled in June.

Comments: The percentage of minorities, both male and female increased this past year. The total percentage of females also increased.

**Table 2-4 – Changes in Employment of Minorities
1997 - 2005**

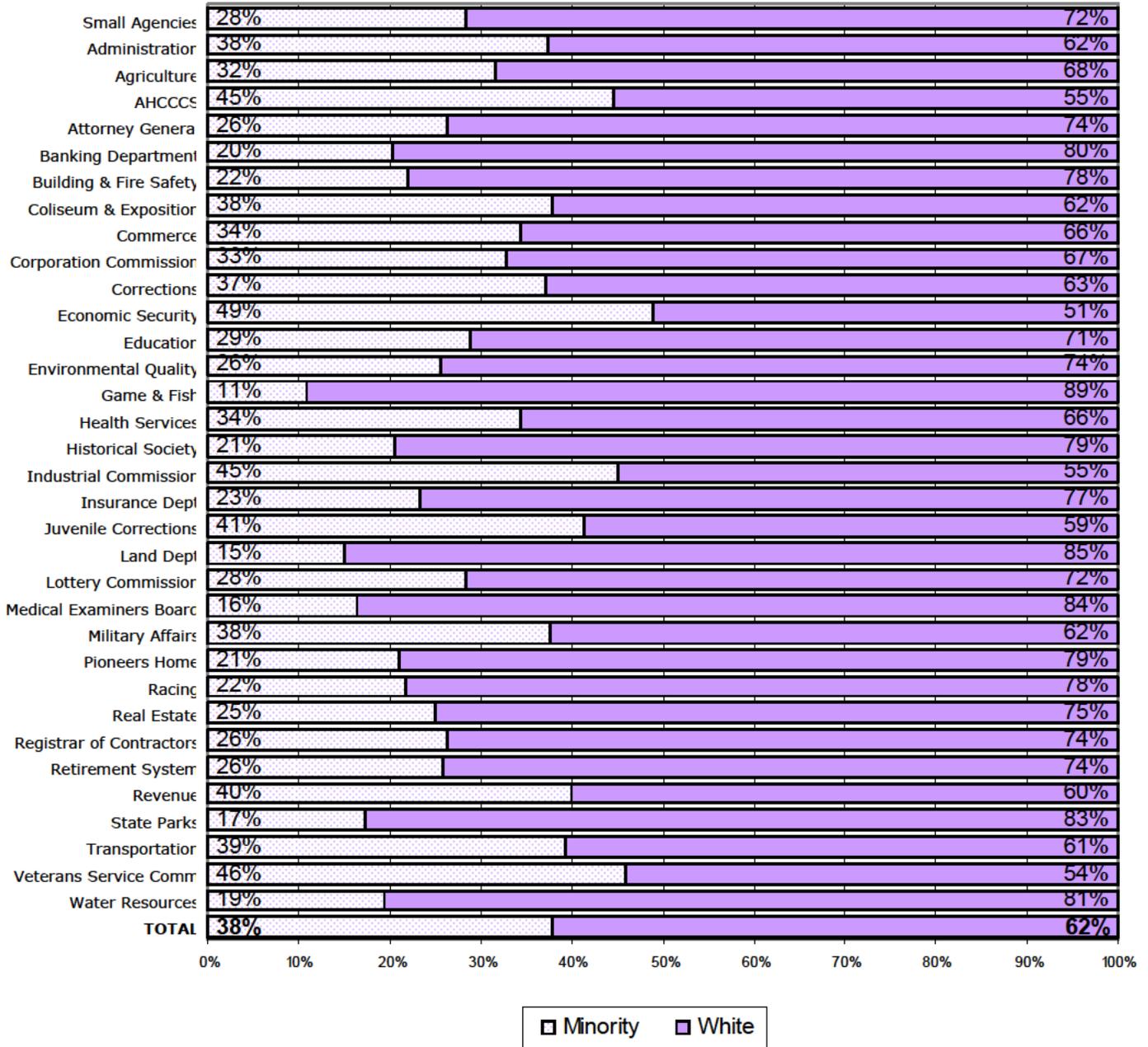
Year	African-American				Hispanic				Others			
	Male		Female		Male		Female		Male		Female	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1997	866	2.6%	1,339	4.0%	3,020	8.9%	3,939	11.6%	564	1.7%	900	2.7%
1998	914	2.7%	1,388	4.1%	3,168	9.3%	4,139	12.1%	597	1.7%	927	2.7%
1999	935	2.7%	1,422	4.1%	3,310	9.5%	4,355	12.5%	640	1.8%	981	2.8%
2000	938	2.7%	1,441	4.1%	3,376	9.6%	4,501	12.8%	648	1.8%	1,000	2.8%
2001	938	2.7%	1,441	4.1%	3,376	9.6%	4,501	12.8%	648	1.8%	1,000	2.8%
2002	950	2.6%	1,517	4.2%	3,525	9.8%	5,036	14.0%	672	1.9%	1,092	3.0%
2003	1,279	3.6%	1,493	4.2%	3,475	9.8%	4,941	13.9%	693	2.0%	1,071	3.0%
2004	992	2.8%	1,527	4.3%	3,628	10.1%	5,191	14.5%	726	2.0%	1,127	3.1%
2005	999	2.7%	1,597	4.4%	3,659	10.0%	5,368	14.7%	1,038	2.8%	1,647	4.5%

Source: The state's Human Resources Information Solution. Percentages are based upon employees responding – a small percentage of employees choose not to disclose their ethnicity. 1997 through 1999 data compiled in December; 2000 through 2005 data compiled in June.

Comments: Over the past eight years, the number of minority employees in all ethnic groups has increased or remained relatively stable. The past two years, there has been a slight decrease in the percentage of male African-Americans, and an increase in the percentage of other ethnicities.

... minorities comprise nearly 38% of the employees in the ADOA Human Resources system ...

Table 2-5 – Minority Representation by Agency 2005

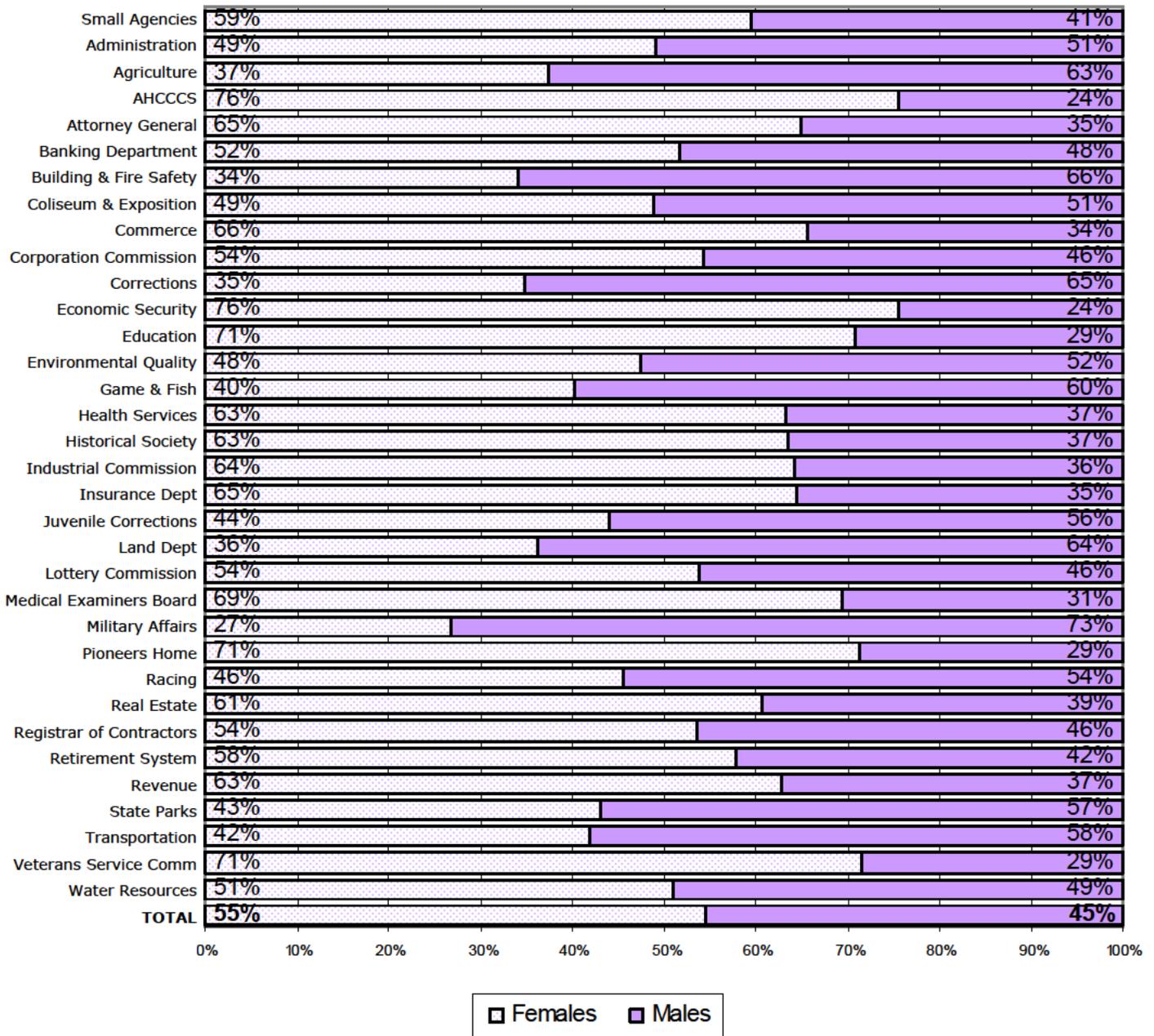


Source: The State's Human Resources Information Solution (HRIS). Percentages are based upon employees that identified their ethnicity – a small percentage of employees choose not to disclose this information.

Comments: The table above shows the proportion of minority employees of each of the larger state agencies. Twenty-nine of the larger agencies (88%) increased their minority representation compared with last year's numbers.

... females comprise nearly 55% of the workforce in the ADOA Human Resources system ...

**Table 2-6 – Gender Representation by Agency
2005**



Source: The state's Human Resources Information Solution.

Comments: Twenty of the thirty-three agencies (61%) have over 50% females representing their workforce. The relative percentage of females in the workforce increased again this year (0.9% increase).

Section Three

Employee Mobility

... the separation rate for covered employees (17.6%) was higher than last year
...

**Table 3-1 – Changes in Separations from State Service
by Covered and Uncovered Employees
1997 - 2005**

Year		Total Employees	Retirements		Resignations		Terminations		Other		Total Separations	
			Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1997	Covered	31,942	334	1.0%	3,301	10.3%	732	2.3%	342	1.1%	4,709	14.7%
	Uncovered	1,960	20	1.0%	318	16.2%	45	2.3%	59	3.0%	442	22.6%
1998	Covered	32,261	273	0.8%	3,332	10.3%	712	2.2%	282	0.9%	4,599	14.3%
	Uncovered	2,193	16	0.7%	197	9.0%	23	1.0%	44	2.0%	280	12.8%
1999	Covered	32,306	323	1.0%	3,692	11.4%	835	2.6%	298	0.9%	5,148	15.9%
	Uncovered	2,761	20	0.7%	273	9.9%	52	1.9%	86	3.1%	431	15.6%
2000	Covered	32,072	309	1.0%	3,904	12.2%	838	2.6%	244	0.8%	5,295	16.5%
	Uncovered	3,469	18	0.5%	397	11.4%	63	1.8%	72	2.1%	550	15.9%
2001	Covered	31,957	267	0.8%	3,647	11.4%	717	2.2%	233	0.7%	4,864	15.2%
	Uncovered	4,058	24	0.6%	434	10.7%	69	1.7%	57	1.4%	584	14.4%
2002	Covered	31,986	249	0.8%	2,897	9.1%	638	2.0%	292	0.9%	4,076	12.7%
	Uncovered	4,360	19	0.4%	284	6.5%	67	1.5%	63	1.4%	433	9.9%
2003	Covered	31,828	523	1.6%	3,323	10.4%	629	2.0%	423	1.3%	4,898	15.4%
	Uncovered	4,589	92	2.0%	412	9.0%	109	2.4%	142	3.1%	755	16.5%
2004	Covered	30,831	420	1.4%	1,886	6.1%	766	2.5%	1516	4.9%	4,588	14.9%
	Uncovered	5,843	114	2.0%	314	5.4%	20	0.3%	632	10.8%	1,080	18.5%
2005	Covered	30,187	444	1.5%	2,123	7.0%	815	2.7%	1,943	6.4%	5,325	17.6%
	Uncovered	6,446	270	4.2%	422	6.5%	18	0.3%	599	9.3%	1,309	20.3%

Source: The state's Human Resources Information Solution. 1997 through 1999 data represents separations from state service during the calendar year (Jan – Dec); 2000 through 2005 data represents separations during the fiscal year (July 1 – June 30). The information reflected herein for separation rates may be different than the data reported previously based on a change in methodology used to gather the information for this report.

Comments: In both categories (covered and uncovered) separation rates increased significantly from last year. The average separation rate for both categories combined was 18.1% last year. Among covered employees, resignations remain the leading category of separations. The relative percentage of retirements of covered and uncovered employees nearly increased to the highest level in recent history experienced two years ago.

... the majority of state agencies experienced an increase in separation rates of covered employees ...

**Table 3-2 – Separation Rates of Covered Employees
by Agency
2001 - 2005**

Agency	2001	2002	2003	2004	2005
Small Agencies	14.3%	22.4%	16.0%	10.9%	14.2%
Administration	17.6%	14.4%	15.2%	9.9%	21.5%
Agriculture	21.9%	20.2%	12.9%	8.1%	26.4%
AHCCCS	15.9%	11.5%	15.3%	14.1%	14.3%
Attorney General	20.4%	13.5%	21.1%	25.7%	17.2%
Banking Department	13.6%	2.2%	8.8%	13.3%	6.4%
Building & Fire Safety	15.4%	5.0%	21.0%	15.0%	11.9%
Commerce	8.6%	2.9%	3.2%	0.0%	19.0%
Corporation Commission	11.4%	8.7%	12.3%	13.3%	17.9%
Corrections	17.7%	17.2%	17.7%	16.5%	22.1%
Economic Security	10.7%	10.7%	13.7%	12.8%	15.0%
Education	14.3%	14.8%	24.1%	20.5%	16.2%
Environmental Quality	10.6%	8.1%	8.0%	6.8%	8.1%
Game & Fish	9.7%	6.4%	6.3%	11.8%	17.0%
Health Services	21.6%	9.1%	19.7%	20.0%	20.3%
Historical Society	14.3%	17.2%	17.7%	4.3%	21.3%
Industrial Commission	15.9%	4.1%	11.0%	10.0%	14.8%
Insurance Dept	12.4%	11.9%	14.3%	32.6%	16.5%
Juvenile Corrections	29.3%	24.0%	29.6%	28.2%	22.8%
Land Dept	13.5%	3.4%	14.6%	6.6%	9.7%
Lottery Commission	5.6%	7.1%	9.3%	10.1%	7.9%
Military Affairs	13.7%	7.3%	14.1%	12.0%	33.3%
Pioneers Home	21.0%	7.8%	15.8%	35.4%	37.0%
Racing	9.4%	3.4%	19.2%	9.5%	9.1%
Real Estate	13.0%	3.7%	20.2%	10.5%	25.0%
Registrar of Contractors	10.7%	6.0%	2.5%	9.0%	19.2%
Retirement System	8.7%	58.8%	6.1%	0.0%	20.0%
Revenue	13.5%	4.9%	10.4%	10.3%	12.9%
State Parks	10.2%	4.5%	9.1%	9.7%	15.5%
Transportation	13.4%	10.8%	12.3%	13.6%	14.7%
Veterans Service	49.5%	19.8%	23.0%	39.3%	30.2%
Water Resources	11.9%	3.1%	14.7%	7.1%	6.7%
Total	15.2%	12.7%	15.4%	14.9%	17.6%

Source: The state's Human Resources Information Solution. Data represents separations from state service during the fiscal year (July 1 – June 30). The information reflected herein for separation rates may be different than the data reported previously based on a change in methodology used to gather the information for this report.

Comments: The rate of separations from state service increased from last year to the highest level in recent years. Twenty-one of the thirty-two larger agencies (66%) experienced an increase in separation rates. Ten agencies experienced separation rates greater than 20% and three agencies experienced separation rates greater than 30%.

... voluntary resignations remain the most common reason for employees leaving state service ...

Table 3-3 – Voluntary and Involuntary Separations of Covered Employees by Agency 2005

Agency	Voluntary		Involuntary		Other		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Small Agencies	20	8.1%	10	4.0%	5	2.0%	35	14.2%
Administration	69	13.6%	39	7.7%	1	0.2%	109	21.5%
Agriculture	12	22.6%	2	3.8%	0	0.0%	14	26.4%
AHCCCS	112	11.0%	31	3.0%	3	0.3%	146	14.3%
Attorney General	24	15.3%	3	1.9%	0	0.0%	27	17.2%
Banking Department	2	4.3%	1	2.1%	0	0.0%	3	6.4%
Building & Fire Safety	4	9.5%	1	2.4%	0	0.0%	5	11.9%
Commerce	2	9.5%	0	0.0%	2	9.5%	4	19.0%
Corporation Commission	25	16.6%	1	0.7%	1	0.7%	27	17.9%
Corrections	1,518	17.6%	275	3.2%	120	1.4%	1,913	22.1%
Economic Security	1,010	10.7%	382	4.0%	34	0.4%	1,426	15.0%
Education	28	13.0%	5	2.3%	2	0.9%	35	16.2%
Environmental Quality	35	7.4%	3	0.6%	0	0.0%	38	8.1%
Game & Fish	49	8.6%	45	7.9%	3	0.5%	97	17.0%
Health Services	226	14.9%	69	4.6%	12	0.8%	307	20.3%
Historical Society	9	19.1%	1	2.1%	0	0.0%	10	21.3%
Industrial Commission	29	12.3%	6	2.5%	0	0.0%	35	14.8%
Insurance Dept	10	11.8%	4	4.7%	0	0.0%	14	16.5%
Juvenile Corrections	148	17.8%	37	4.4%	5	0.6%	190	22.8%
Land Dept	14	8.0%	3	1.7%	0	0.0%	17	9.7%
Lottery Commission	6	7.9%	0	0.0%	0	0.0%	6	7.9%
Military Affairs	4	14.8%	4	14.8%	1	3.7%	9	33.3%
Pioneers Home	31	24.4%	16	12.6%	0	0.0%	47	37.0%
Racing	1	4.5%	1	4.5%	0	0.0%	2	9.1%
Real Estate	6	16.7%	3	8.3%	0	0.0%	9	25.0%
Registrar of Contractors	10	9.6%	5	4.8%	5	4.8%	20	19.2%
Retirement System	2	20.0%	0	0.0%	0	0.0%	2	20.0%
Revenue	76	9.6%	26	3.3%	0	0.0%	102	12.9%
State Parks	35	12.1%	10	3.4%	0	0.0%	45	15.5%
Transportation	396	10.2%	159	4.1%	15	0.4%	570	14.7%
Veterans Service	45	26.6%	6	3.6%	0	0.0%	51	30.2%
Water Resources	9	6.0%	1	0.7%	0	0.0%	10	6.7%
Total	3,967	13.1%	1,149	3.8%	209	0.7%	5,325	17.6%

Source: The state's Human Resources Information Solution. Data represents separations from state service during the fiscal year (July 1 – June 30). The information reflected herein for separation rates may be different than the data reported previously based on a change in methodology used to gather the information for this report.

Comments: Voluntary separations are the most common type of separation from state service, accounting for over 74% of separations of covered employees this past year.

... several classes have separation rates well above the average ...

**Table 3-4 – Most Populous Covered Class Titles
2005**

Class Title	Number
Corrections Officer (I, II, III, IV)	5,644
Program Services Evaluator (I, II, III, IV, V)	2,676
Administrative Assistant (I, II, III)	1,132
Customer Services Representative (I, II, III)	963
Human Services Specialist (I, II, III)	935
Information Technology Specialist (1, 2, 3, 4, 5)	877
Child Protective Services Specialist (I, II, III)	860
Secretary and Administrative Secretary (I, II, III)	741
Corrections Sergeant	570
Program and Project Specialist (I, II)	552
Motor Vehicle Division Customer Service Rep	544
Clerk Typist (I, II, III)	480

Source: The state's Human Resources Information Solution. Data represents active employees at fiscal year-end (June 30, 2004).

Comments: The title of Corrections Officer is by far the most populated class series in the state, followed by Program Services Evaluator, and Administrative Assistant.

**Table 3-5 – Covered Classes With The
Highest Separation Rates
2005**

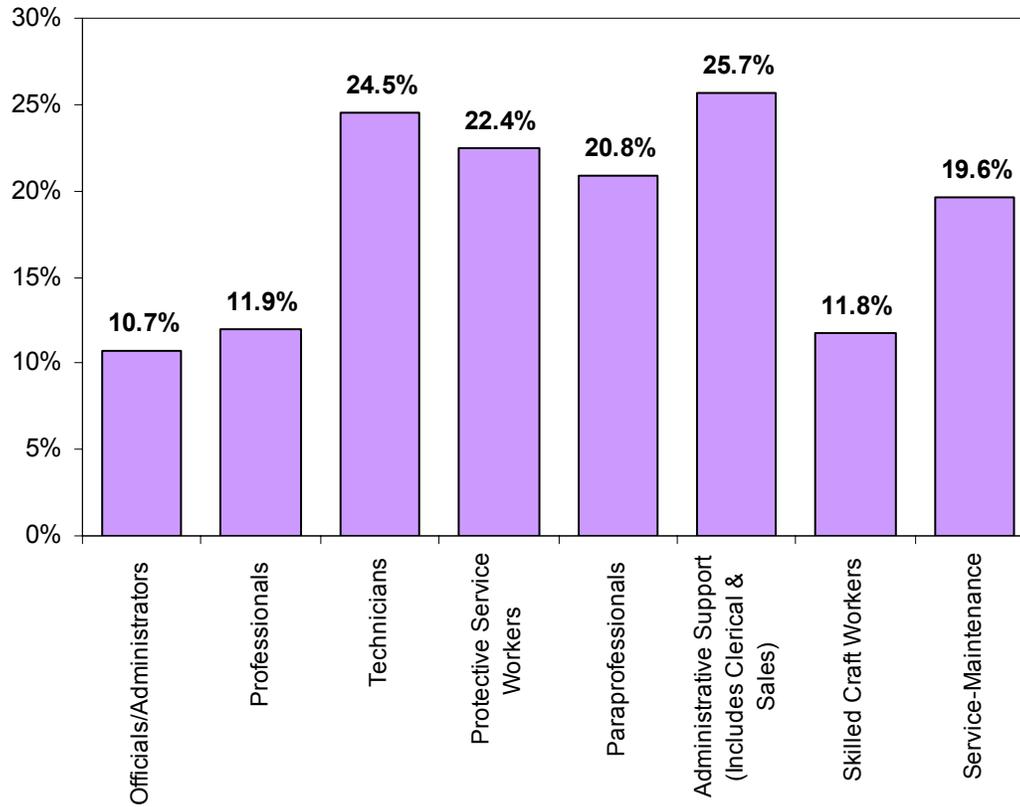
Class Title	Separation Rate
Habitation Technician II	46.6%
Youth Correctional Officer I	42.9%
Program Services Evaluator I	42.9%
Nursing Assistant	41.7%
Park Ranger I	41.2%
Mental Health Program Specialist II	39.3%
Motor Vehicle Division Customer Services Associate	38.5%
Highway Maintenance Worker	37.0%
Child Protective Services Specialist II	34.5%
Arizona State Hospital Security Officer I	33.8%
Clerk Typist II	29.8%
CSE Technician II	26.9%

Source: The state's Human Resources Information Solution. Classes considered in this table include those with more than 50 active employees in the respective class. Data represents separations from state service during the fiscal year (July 1 – June 30).

Comments: Classes associated with the Correctional and Social Services industries continue to experience the highest separation rates relative to the number of employees in their respective classes.

. . . the separation rate was highest in the Administrative Support occupational group . . .

**Table 3-6 – Separation Rates by Occupational Code
2005**

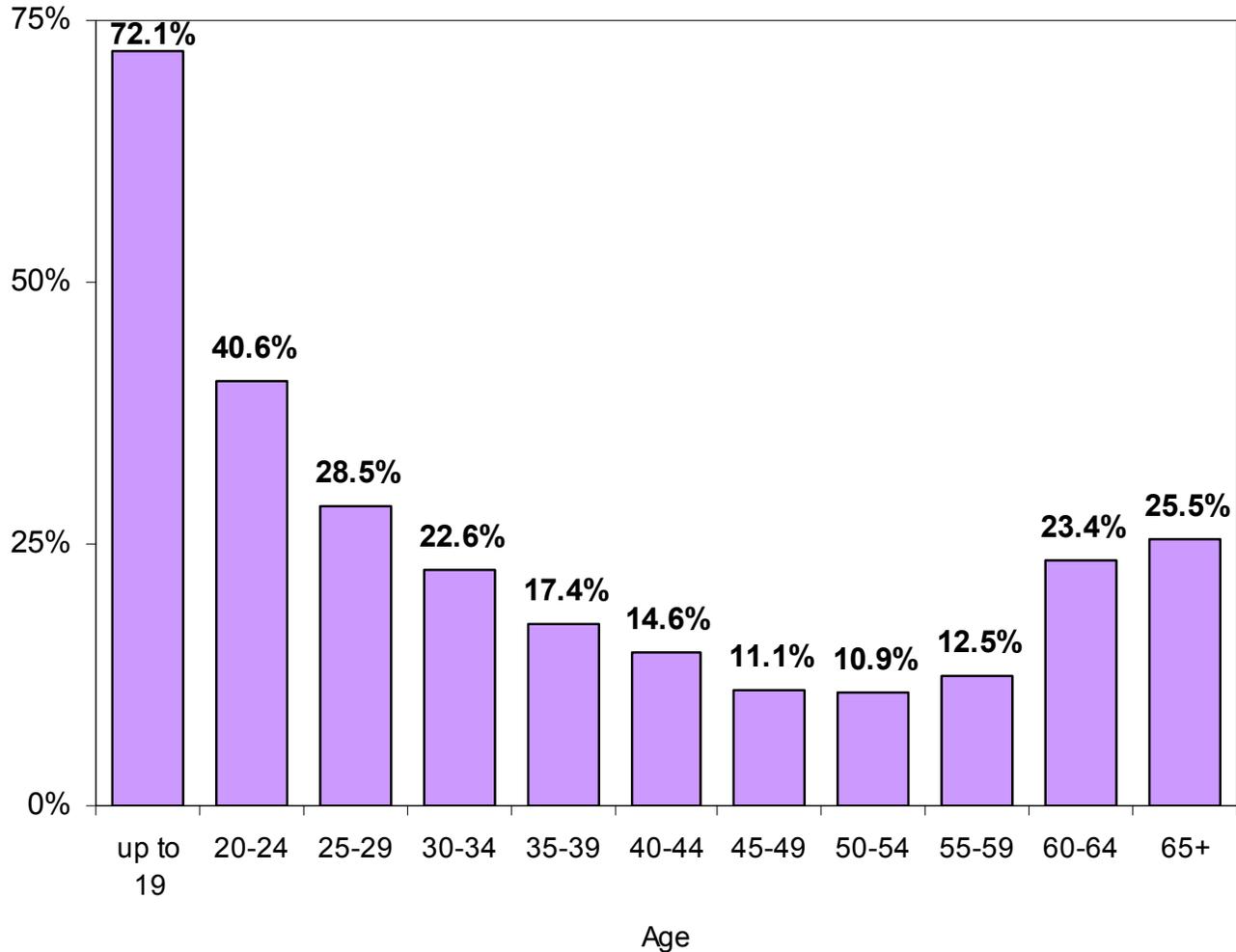


Source: The state's Human Resources Information Solution. Data represents separations from state service during the fiscal year (July 1 – June 30). Data includes covered and uncovered employees.

Comments: The highest rate of separations were in the Administrative Support, Technicians, and Protective Service Workers occupational groups. Separation rates were lowest among employees assigned to Official/Administrator, Professional, and Skilled Craft positions.

... separation rates are highest for employees in the two youngest age groups. . .

**Table 3-7 – Separation Rates by Age Distribution
2005**

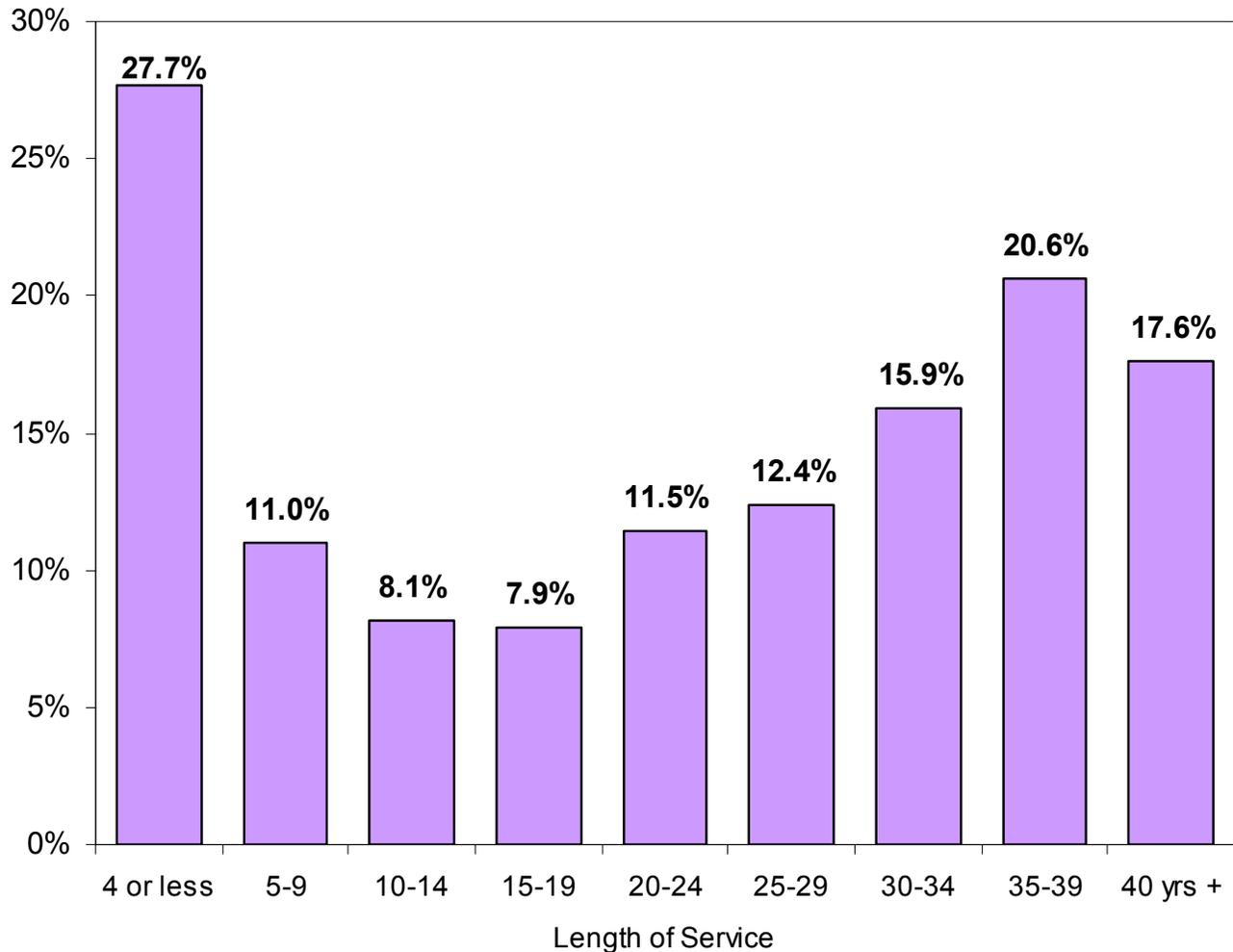


Source: The state's Human Resources Information Solution. Data represents separations from state service during the fiscal year (July 1 – June 30). Data includes covered and uncovered employees.

Comments: The above chart shows the separation rates by age group for all employees. In 2005, employees less than 20 years of age experienced a separation rate over 70%. The separation rate gradually decreases as the average age increases until employees reach the age of 55, when the separation rate begins to climb again.

... separation rates are highest for employees with four or less years of experience ...

**Table 3-8 – Separation Rates by Length of Service
2005**

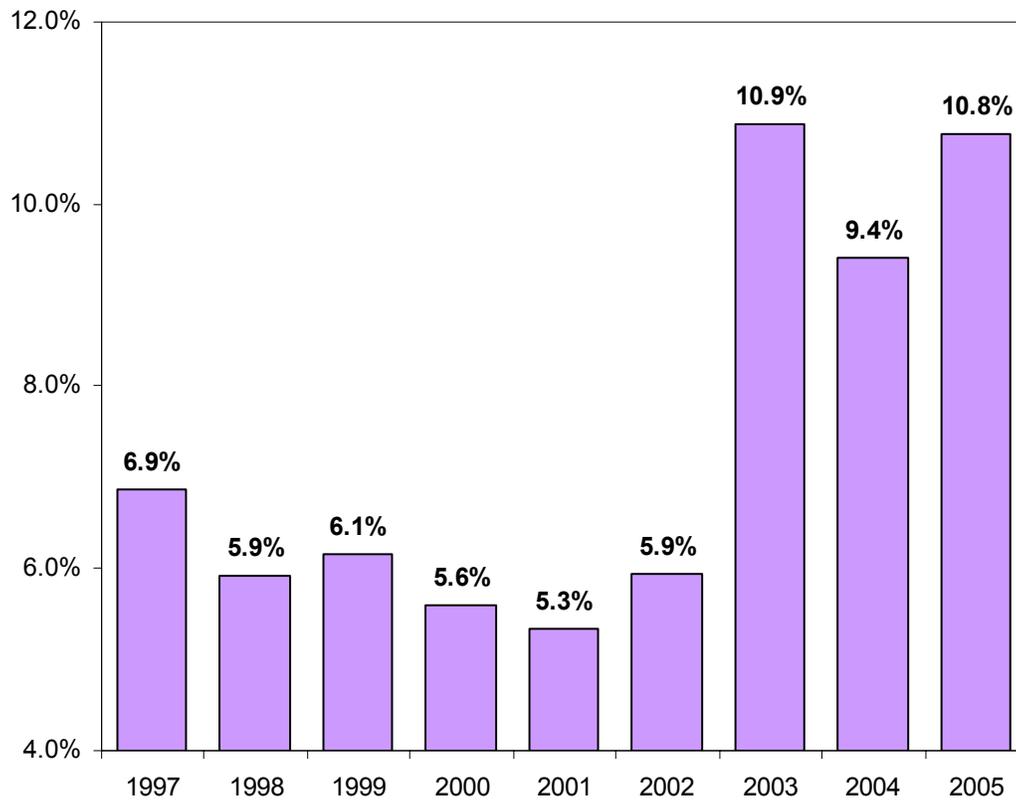


Source: The state's Human Resources Information Solution. Data represents separations from state service during the fiscal year (July 1 – June 30). Data includes covered and uncovered employees.

Comments: The above chart shows the relative separation rates for the length of service distributions of all employees. In 2005, employees with 4 years of service or less experienced a separation rate of nearly 28%. The separation rate was lowest for employees with ten to twenty years of service.

.. the percentage of separations as a result of retirement nearly returned to the level experienced in 2003 and is 57% higher than in 1997 . . .

**Table 3-9 – Percentage of Separations Due to Retirement
1997 - 2005**



Source: The state's Human Resources Information Solution. 1997 through 1999 data represents separations from state service during the calendar year (Jan – Dec); 2000 through 2005 data represents separations during the fiscal year (July 1 – June 30). The information reflected herein for separation rates may be different than the data reported previously based on a change in methodology used to gather the information for this report. Data includes covered and uncovered employees.

Comments: The total number of employees that retired nearly returned to the highest level experienced in recent years. There has been an increasing trend in retirements the past two years.

... nearly half of the state agencies are expected to have over 20% of their active workforce eligible to retire in the next four years ...

**Table 3-10 – Retirement Eligibility
2005 - 2009**

Agency Name	2005	2006	2007	2008	2009
Small Agencies	7.1%	9.2%	10.6%	13.2%	15.6%
Administration	7.1%	10.8%	13.0%	17.0%	21.6%
Agriculture	7.7%	10.7%	13.7%	16.7%	20.4%
AHCCCS	5.0%	7.1%	9.2%	11.7%	15.1%
Attorney General	5.3%	7.0%	10.5%	12.7%	15.8%
Banking Department	17.0%	18.9%	24.5%	32.1%	35.8%
Building & Fire Safety	12.0%	12.0%	16.0%	22.0%	28.0%
Coliseum & Exposition	16.1%	19.6%	23.2%	25.0%	28.6%
Commerce	4.2%	5.2%	8.3%	10.4%	13.5%
Corporation Commission	6.1%	8.3%	10.5%	12.6%	18.8%
Corrections	4.3%	6.2%	7.5%	9.9%	12.4%
Economic Security	6.4%	8.9%	11.3%	14.0%	17.6%
Education	6.0%	7.9%	8.7%	11.0%	14.0%
Environmental Quality	7.2%	9.6%	12.0%	14.8%	18.7%
Game & Fish	6.6%	7.9%	10.4%	11.7%	15.7%
Health Services	5.9%	8.7%	11.0%	14.1%	17.5%
Historical Society	7.1%	8.9%	14.3%	17.9%	28.6%
Industrial Commission	12.0%	15.6%	19.9%	22.8%	26.1%
Insurance Dept	8.5%	10.6%	14.2%	18.4%	22.0%
Juvenile Corrections	4.4%	5.8%	7.2%	8.3%	10.7%
Land Dept	10.3%	14.1%	17.8%	24.9%	30.3%
Lottery Commission	9.2%	12.2%	17.3%	22.4%	26.5%
Medical Examiners Board	5.4%	5.4%	5.4%	5.4%	5.4%
Military Affairs	5.5%	9.0%	10.4%	12.8%	17.3%
Pioneers Home	4.8%	6.4%	9.6%	12.8%	19.2%
Racing	15.8%	15.8%	21.1%	26.3%	42.1%
Real Estate	14.3%	19.6%	21.4%	33.9%	41.1%
Registrar of Contractors	6.5%	10.8%	15.1%	22.3%	27.3%
Retirement System	4.0%	5.1%	7.4%	7.4%	10.9%
Revenue	7.7%	11.0%	15.1%	19.4%	24.4%
State Parks	7.8%	10.3%	13.5%	16.6%	21.3%
Transportation	8.6%	11.5%	14.7%	18.4%	22.6%
Veterans Service	3.7%	5.1%	7.7%	10.7%	14.0%
Water Resources	6.8%	10.0%	13.6%	18.2%	19.1%
Totals	6.2%	8.5%	10.8%	13.6%	17.1%

Source: The state's Human Resources Information Solution. Projected retirement eligibility is based on years of service and age criteria for the Arizona State Retirement System and Public Safety Personnel Retirement System. Many state employees continue to remain employed with the state after they become eligible to retire, therefore actual retirement rates may differ from the numbers shown above.

Comments: Nearly half of the larger agencies (16) are projected to have at least 20% of their active employees eligible for retirement in four years, and ten agencies (30%) will have at least 25% of their workforce eligible to retire in 2009. Three agencies are anticipated to have over 35% of their active employees eligible to retire in four years.

... the State spent an estimated \$50 million as a result of turnover ...

**Table 3-11 – Estimated Cost of Turnover by Agency
For Covered Employees
2005**

Agency	Average Salary	Separation Rate	Estimated Cost of Turnover
Small Agencies	\$32,563	14.2%	\$341,912
Administration	\$32,814	21.5%	\$1,073,018
Agriculture	\$31,650	26.4%	\$132,930
AHCCCS	\$29,529	14.3%	\$1,293,370
Attorney General	\$35,448	17.2%	\$287,129
Banking Department	\$38,528	6.4%	\$34,675
Building & Fire Safety	\$30,460	11.9%	\$45,690
Commerce	\$40,074	19.0%	\$48,089
Corporation Commission	\$37,341	17.9%	\$302,462
Corrections	\$30,534	22.1%	\$17,523,463
Economic Security	\$31,047	15.0%	\$13,281,907
Education	\$39,972	16.2%	\$419,706
Environmental Quality	\$37,485	8.1%	\$427,329
Game & Fish	\$34,454	17.0%	\$1,002,611
Health Services	\$35,915	20.3%	\$3,307,772
Historical Society	\$23,287	21.3%	\$69,861
Industrial Commission	\$31,636	14.8%	\$332,178
Insurance Dept	\$34,501	16.5%	\$144,904
Juvenile Corrections	\$31,900	22.8%	\$1,818,300
Land Dept	\$39,719	9.7%	\$202,567
Lottery Commission	\$35,060	7.9%	\$63,108
Military Affairs	\$30,876	33.3%	\$83,365
Pioneers Home	\$23,599	37.0%	\$332,746
Racing	\$37,788	9.1%	\$22,673
Real Estate	\$30,655	25.0%	\$82,769
Registrar of Contractors	\$32,620	19.2%	\$195,720
Retirement System	\$31,630	20.0%	\$18,978
Revenue	\$31,838	12.9%	\$974,243
State Parks	\$29,456	15.5%	\$397,656
Transportation	\$31,520	14.7%	\$5,389,920
Veterans Service Comm	\$27,423	30.2%	\$419,572
Water Resources	\$39,486	6.7%	\$118,458
Overall Average	\$31,589	17.6%	\$50,463,396

Source: The state's Human Resources Information Solution generated data for 2005, average salary was calculated from prorated annual salary at fiscal year-end, separations are defined as leaving state service, and estimates for the cost of turnover are based on 30% of annual salary. Some agencies (e.g. Dept of Corrections) may have a much higher cost of turnover due to extensive training or certification programs or more intensive hiring and selection processes.

Comments: Estimates of the total cost of losing a single person to turnover range from 30% of their yearly salary (Cornell University) to 150% as estimated by the Saratoga Institute, and independently by Hewitt Associates. Costs to the employer may include decreased productivity, costs of hiring a new employee, increased training time, and other indirect costs. Other turnover consequences relate to the smoothness and continuity of organizational operations, employee morale, and the difficulty of replacing the departed employee.

Section Four

Employment Characteristics

... the average annual wages for covered employees decreased last year ...

**Table 4-1 – Agency Comparison of Average Salary
per Covered Employee
2001 - 2005**

Agency	Average Covered Employee Wages				
	2001	2002	2003	2004	2005
Small Agencies	\$31,029	\$31,814	\$33,913	\$33,376	\$32,923
Administration	\$28,331	\$29,617	\$30,848	\$32,817	\$32,814
Agriculture	\$27,285	\$29,275	\$29,626	\$30,883	\$31,650
AHCCCS	\$26,505	\$24,524	\$27,600	\$29,805	\$29,529
Attorney General	\$31,634	\$34,189	\$33,950	\$36,540	\$35,448
Banking Department	\$32,907	\$34,867	\$37,012	\$39,084	\$38,528
Building & Fire Safety	\$26,580	\$26,837	\$28,696	\$31,102	\$30,460
Coliseum & Exposition	\$36,345	\$34,089	\$34,015	\$30,598	\$29,057
Commerce	\$33,929	\$36,159	\$39,004	\$40,487	\$40,074
Corporation Commission	\$32,862	\$34,941	\$36,665	\$38,011	\$37,341
Corrections	\$30,128	\$30,837	\$30,478	\$31,236	\$30,534
Economic Security	\$26,815	\$25,507	\$28,934	\$31,290	\$31,047
Education	\$31,766	\$32,898	\$33,615	\$38,210	\$39,972
Environmental Quality	\$33,466	\$33,386	\$34,725	\$37,637	\$37,485
Game & Fish	\$34,586	\$35,364	\$35,860	\$35,086	\$34,454
Health Services	\$29,292	\$30,930	\$31,677	\$35,459	\$35,915
Historical Society	\$26,305	\$25,330	\$25,444	\$24,835	\$23,287
Industrial Commission	\$27,028	\$29,548	\$30,967	\$31,660	\$31,636
Insurance Dept	\$29,416	\$29,500	\$32,121	\$34,649	\$34,501
Juvenile Corrections	\$27,620	\$29,849	\$28,705	\$32,535	\$31,900
Land Dept	\$33,723	\$34,676	\$39,210	\$40,675	\$39,719
Lottery Commission	\$30,413	\$31,828	\$31,788	\$34,851	\$35,060
Military Affairs	\$28,249	\$29,776	\$30,554	\$33,041	\$30,876
Pioneers Home	\$21,793	\$23,899	\$24,202	\$25,690	\$23,599
Racing	\$32,862	\$34,669	\$37,619	\$37,465	\$37,788
Real Estate	\$26,685	\$26,448	\$29,276	\$30,731	\$30,655
Registrar of Contractors	\$29,567	\$31,100	\$32,036	\$33,161	\$32,620
Retirement System	\$28,598	\$28,456	\$28,516	\$29,663	\$31,630
Revenue	\$26,581	\$27,433	\$28,719	\$30,852	\$31,838
State Parks	\$26,263	\$29,405	\$32,063	\$29,425	\$29,456
Transportation	\$28,866	\$28,973	\$29,971	\$31,602	\$31,520
Veterans Service Comm	\$19,492	\$22,322	\$24,774	\$27,733	\$27,423
Water Resources	\$32,986	\$37,154	\$39,447	\$40,015	\$39,486
Overall Average	\$28,725	\$28,791	\$30,174	\$31,875	\$31,589

Source: The state's Human Resources Management System generated data for 2001 through 2003 data and was compiled from actual dollars paid from calendar year-end files. The state's Human Resources Information Solution generated data for 2004 and 2005 and was compiled from prorated annual salary from fiscal year-end.

Comments: The statewide average salary for covered employees decreased by 0.9% last year. However, eight agencies (25%) experienced an increase in the average salary for their covered employees.

... total costs for overtime expenditures increased last year ...

**Table 4-2 – Total Overtime Costs by Agency
2001 - 2005**

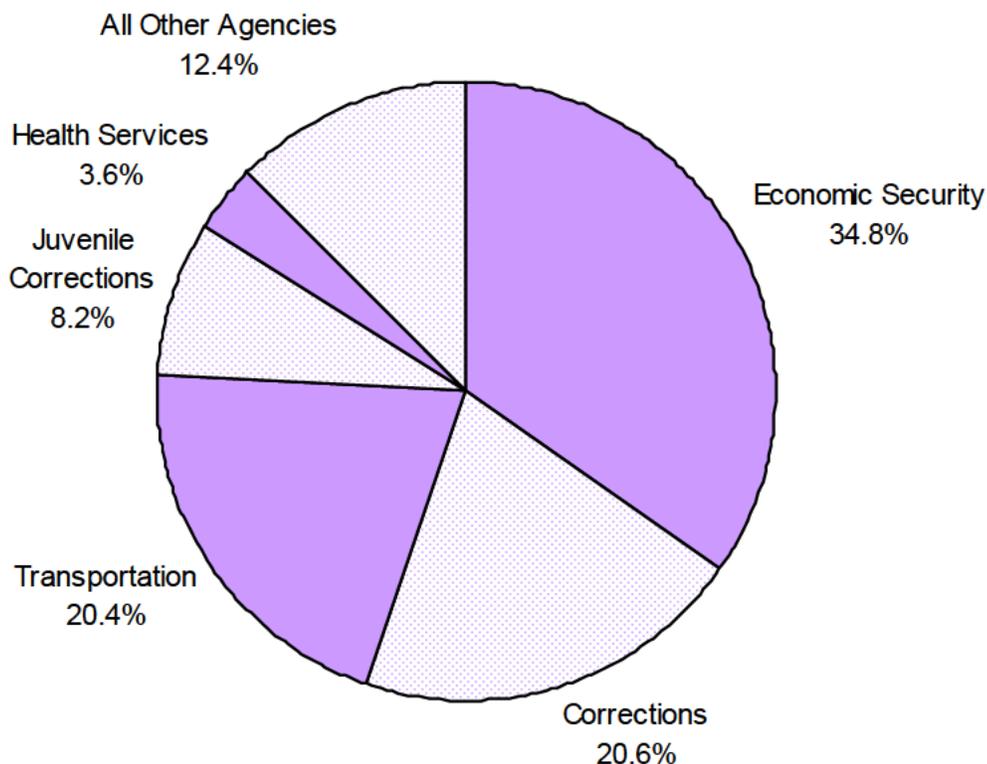
Agency	2001	2002	2003	2004	2005
Small Agencies	\$65,711	\$72,381	\$87,133	\$92,473	\$148,334
Administration	\$248,041	\$285,718	\$393,815	\$485,999	\$528,178
Agriculture	\$222,665	\$190,945	\$239,197	\$190,735	\$221,421
AHCCCS	\$171,390	\$136,330	\$59,761	\$183,797	\$222,911
Attorney General	\$88,037	\$25,917	\$29,184	\$88,232	\$136,598
Banking Department	\$0	\$182	\$0	\$1,240	\$6,801
Building & Fire Safety	\$0	\$0	\$118	\$0	\$0
Coliseum & Exposition	\$600,613	\$506,642	\$484,657	\$434,484	\$322,479
Commerce	\$5,002	\$65	\$248	\$18	\$167
Corporation Commission	\$209,907	\$192,246	\$162,306	\$187,222	\$248,471
Corrections	\$13,799,385	\$8,491,476	\$6,174,851	\$7,519,398	\$5,890,566
Economic Security	\$7,273,024	\$6,813,169	\$3,853,731	\$5,555,008	\$9,958,701
Education	\$188,938	\$104,882	\$61,857	\$92,478	\$51,408
Environmental Quality	\$131,522	\$100,002	\$67,921	\$56,458	\$62,592
Game & Fish	\$82,790	\$76,198	\$85,462	\$115,893	\$155,114
Health Services	\$1,468,332	\$1,392,952	\$1,094,577	\$956,477	\$1,032,539
Historical Society	\$5,752	\$5,617	\$652	\$0	\$0
Industrial Commission	\$0	\$100	\$498	\$707	\$615
Insurance Dept	\$17,392	\$328	\$2,889	\$6,217	\$1,843
Juvenile Corrections	\$1,081,562	\$605,062	\$1,226,511	\$1,603,737	\$2,332,710
Land Dept	\$394,830	\$291,957	\$297,099	\$352,227	\$345,024
Lottery Commission	\$15,440	\$6,799	\$22,844	\$16,559	\$19,375
Medical Examiners Board	\$4,460	\$4,453	\$1,614	\$9,593	\$31,021
Military Affairs	\$315,922	\$267,302	\$341,902	\$324,961	\$407,042
Pioneers Home	\$27,222	\$31,263	\$6,104	\$4,517	\$8,969
Racing	\$3,498	\$4,634	\$4,783	\$3,372	\$4,869
Real Estate	\$0	\$90	\$427	\$195	\$0
Registrar of Contractors	\$1,254	\$2,668	\$1,997	\$543	\$47
Retirement System	\$16,080	\$65,923	\$17,378	\$3,445	\$18,727
Revenue	\$202,288	\$187,638	\$159,997	\$247,177	\$296,882
State Parks	\$58,007	\$43,635	\$70,357	\$41,926	\$18,206
Transportation	\$6,624,480	\$6,107,385	\$5,123,179	\$4,631,961	\$5,837,696
Veterans Service	\$487,262	\$260,164	\$164,980	\$232,626	\$293,208
Water Resources	\$3,116	\$0	\$151	\$1,765	\$0
Overall Total	\$33,813,922	\$26,274,123	\$20,238,180	\$23,441,441	\$28,602,513

Source: The state's financial system (Arizona Financial Information System). Data is based on a fiscal year after all corrections have been made at the close of the fiscal year. Expenses may be charged to prior "appropriation years" yet in general are illustrated in the year in which the expense occurred. Data includes all funding sources, but does not include expenditures for compensatory time earned by employees at the appropriate rate for their overtime hours worked.

Comments: The State's total overtime expenses increased by 22% from last year, and was 10% above the four-year average. Twenty-one agencies increased spending on overtime, two remained the same and ten agencies decreased their overtime expenditures.

... five agencies account for nearly 88% of the State's overtime expenses. ...

**Table 4-3 – Distribution of Overtime Costs by Agency
2005**



Source: The state's financial system (Arizona Financial Information System).

Comments: Five agencies accounted for nearly 88% of the State's total overtime expenses last year. These same five agencies have also accounted for the majority of overtime over the last five years.

... the average days used decreased slightly while the average cost for sick leave increased last year ...

**Table 4-4 – Average Sick Leave Use and Average Costs
Per Employee by Agency
2001 - 2005**

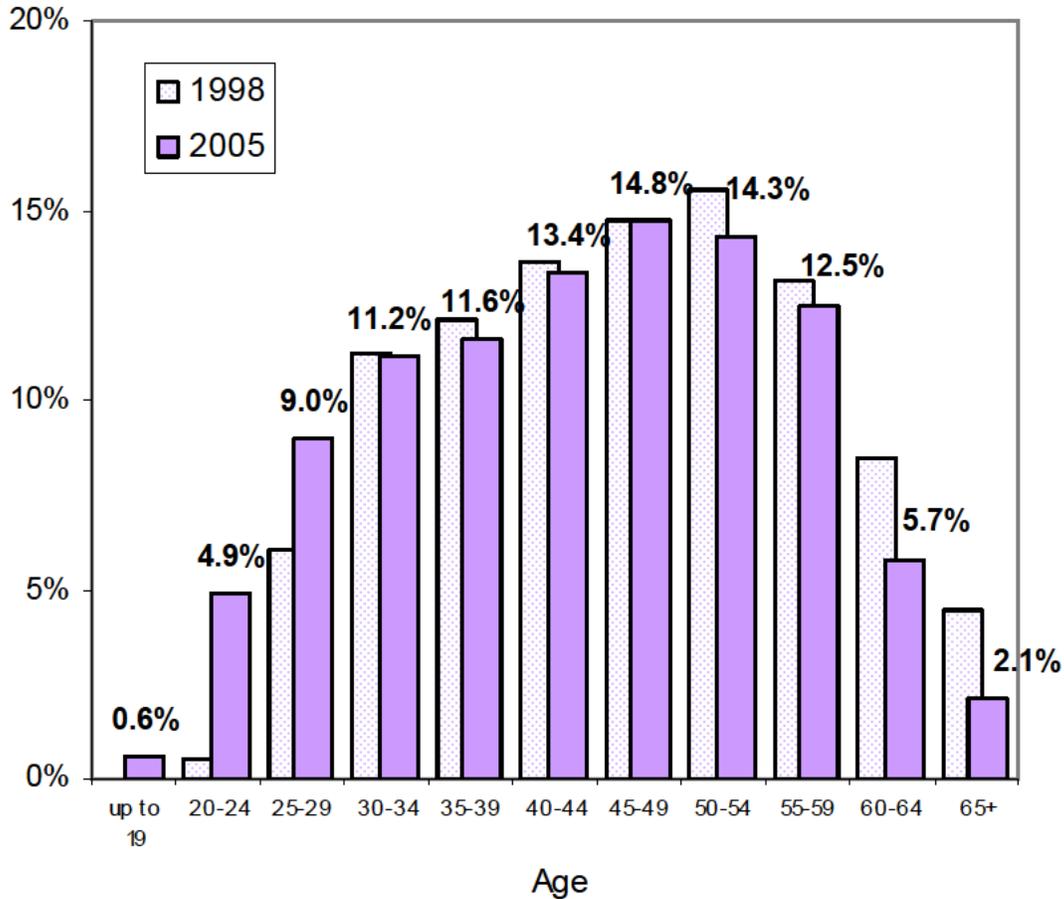
Agency	Avg Sick Leave Days					Avg Sick Leave Costs				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Small Agencies	5.6	5.4	5.6	5.1	4.4	\$821	\$833	\$908	\$782	\$680
Administration	5.8	5.7	6.0	7.0	6.3	\$792	\$813	\$899	\$990	\$936
Agriculture	4.8	5.2	5.2	5.5	4.9	\$569	\$641	\$660	\$680	\$641
AHCCCS	7.1	6.6	7.4	7.9	7.0	\$846	\$820	\$979	\$1,003	\$910
Attorney General	5.9	5.5	5.6	5.7	5.8	\$1,080	\$1,072	\$1,105	\$1,014	\$1,011
Banking Department	6.2	6.5	4.3	5.5	5.6	\$943	\$1,043	\$687	\$755	\$856
Building & Fire Safety	6.8	7.6	10.5	6.9	6.3	\$794	\$924	\$1,329	\$867	\$890
Coliseum & Exposition	9.9	6.6	6.6	5.8	0.4	\$1,420	\$953	\$1,020	\$895	\$46
Commerce	3.9	4.4	5.3	6.8	4.7	\$628	\$757	\$985	\$1,227	\$851
Corporation Commission	5.8	6.3	5.7	6.5	6.9	\$904	\$1,070	\$988	\$1,059	\$1,157
Corrections	6.5	6.9	6.7	6.7	6.8	\$787	\$849	\$865	\$831	\$875
Economic Security	7.5	6.7	7.6	7.6	7.0	\$831	\$779	\$927	\$923	\$865
Education	5.8	5.1	6.6	6.7	5.7	\$824	\$781	\$1,060	\$1,057	\$954
Environmental Quality	7.7	7.1	7.7	8.7	8.4	\$1,112	\$1,069	\$1,208	\$1,307	\$1,274
Game & Fish	4.4	4.1	4.1	4.2	3.9	\$615	\$575	\$593	\$564	\$541
Health Services	6.3	6.3	6.5	6.8	6.8	\$850	\$881	\$946	\$963	\$986
Historical Society	6.6	5.5	7.0	6.4	5.0	\$787	\$661	\$870	\$807	\$657
Industrial Commission	6.3	5.8	7.1	7.5	7.1	\$739	\$730	\$938	\$979	\$919
Insurance Dept	5.3	4.7	5.4	6.3	6.3	\$740	\$695	\$871	\$953	\$956
Juvenile Corrections	6.2	6.5	6.8	7.5	6.9	\$785	\$842	\$914	\$1,009	\$949
Land Dept	5.6	6.3	6.2	7.7	6.3	\$788	\$937	\$963	\$1,144	\$935
Lottery Commission	8.2	5.7	5.7	5.3	6.4	\$1,130	\$807	\$852	\$730	\$915
Medical Examiners Board	4.5	4.5	3.3	8.6	4.4	\$691	\$705	\$560	\$1,439	\$795
Military Affairs	6.1	6.1	6.6	6.0	4.7	\$726	\$768	\$888	\$774	\$639
Pioneers Home	6.9	6.9	7.6	5.9	5.0	\$666	\$704	\$796	\$572	\$544
Racing	6.6	9.6	6.9	2.2	2.6	\$853	\$1,363	\$1,046	\$296	\$358
Real Estate	9.3	8.4	10.8	6.3	6.9	\$1,175	\$1,071	\$1,409	\$789	\$897
Registrar of Contractors	6.8	6.6	6.2	7.3	5.9	\$858	\$881	\$855	\$921	\$789
Retirement System	5.4	4.4	4.2	6.7	6.6	\$860	\$724	\$762	\$1,055	\$995
Revenue	7.3	7.0	7.2	8.6	8.3	\$890	\$890	\$975	\$1,104	\$1,103
State Parks	5.6	6.3	6.3	5.6	5.4	\$622	\$788	\$821	\$716	\$717
Transportation	6.5	6.3	6.7	7.6	7.2	\$780	\$776	\$864	\$974	\$935
Veterans Service Comm	4.4	4.4	5.6	6.0	6.4	\$487	\$502	\$660	\$710	\$799
Water Resources	6.7	5.7	6.7	6.5	7.2	\$1,052	\$975	\$1,228	\$1,075	\$1,207
Overall Average	6.7	6.5	6.8	7.1	6.9	\$814	\$821	\$907	\$914	\$921

Source: Data from 2001 through 2003 was derived from the state's Human Resources Management System from actual dollars paid for sick leave from calendar year end files. The state's Human Resources Information Solution provided data for 2004 and 2005.

Comments: The average cost of sick leave increased by 0.8% last year. Since 2001, twenty-two of the larger agencies (67%) have experienced an increase in their average sick leave costs, averaging over 13% during that time period. If "family sick" is also included with the sick leave shown above, the average days used increases to 8.0 and the average cost increases to \$1,058.

... the average age of employees increased to 44.6 years ...

**Table 4-5 – Age Distribution for All Employees
1998 and 2005**

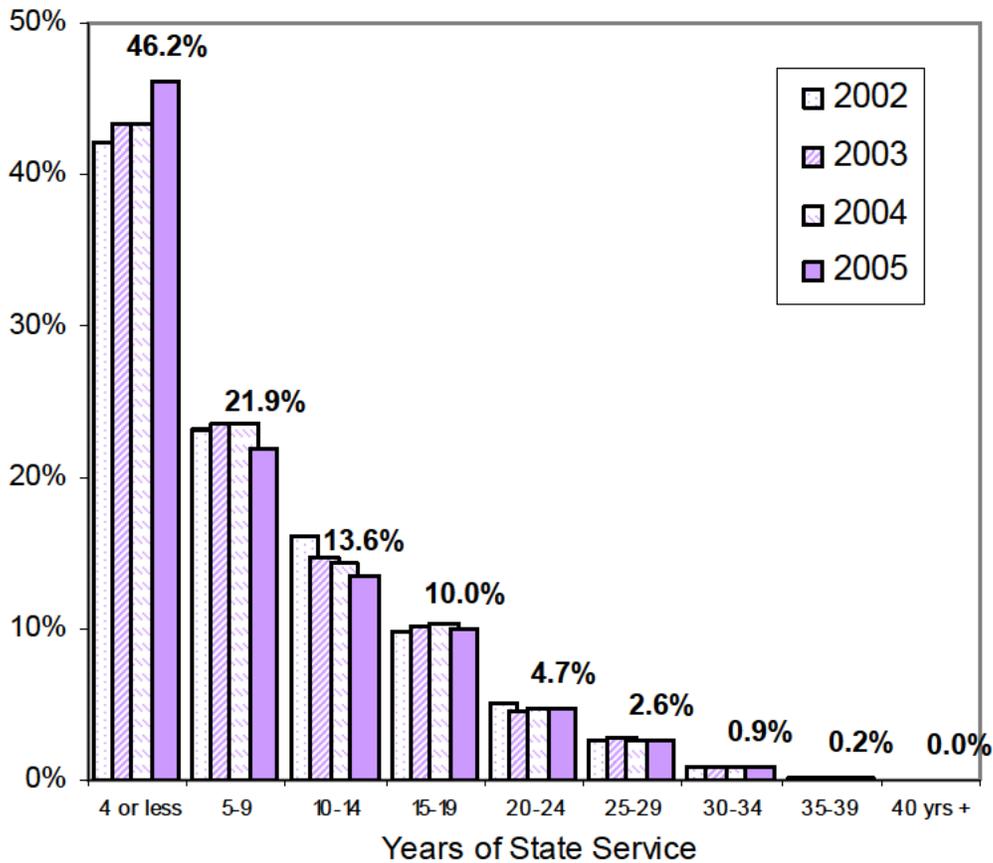


Source: The state's Human Resources Information Solution.

Comments: The above chart shows the age distribution for all employees. In 2005, the average age of a state employee was 44.6 years. More employees were in the 45-49 and 50-54 age groups than any other age group. In 1998, 42% of the workforce was over 50, whereas in 2005 less than 35% of the workforce was over 50 years of age. In 1998, only 18% of the workforce was less than 35 years of age; however in 2005 nearly 26% was less than 35 years of age.

... the average length of service was 8.4 years ...

**Table 4-6 – Length of Service Distribution for All Employees
2002 - 2005**



Source: The state's Human Resources Information Solution.

Comments: The above chart shows the length of service distribution for all state employees and the relative changes over the past few years. The average length of service for the state was 8.4 years of service. Over 46% of state employees have been hired within the last 4 years, and over 68% of employees have less than 10 years of service with the state.