



**Maricopa County Community College District
Governing Board Minutes
August 23, 2016**

A Budget and Finance Committee Meeting of the Maricopa County Community College District Governing Board was scheduled to be held beginning at 5:30 p.m. at the District Support Services Center, 2411 West 14th Street, Tempe, Arizona, pursuant to ARS §38-431.07, notice having been duly given.

GOVERNING BOARD

Alfredo Gutierrez, President
Johanna Haver, Secretary (via teleconference)
Doyle Burke, Member
John Heep, Member
Jane McGrath, Member
Dana Saar, Member

Absent:

Tracy Livingston, Member

ADMINISTRATION

Maria Harper-Marinick
Gaye Murphy
Paul Dale
LaCoya Shelton-Johnson
Edward Kelty
Bill Guerriero (Interim)
Steven Gonzales
Teresa Leyba-Ruiz
Sasan Poureetezadi
Jan Gehler
Herman Gonzales for Paul Dale
Shari Olson
Ernie Lara
Chris Haines

CALL TO ORDER

The Budget and Finance Committee Meeting was called to order at 5:32 p.m.

President Gutierrez explained that this evening's agenda would provide for an Overview of Enrollment by Vice Chancellor of Business Services Gaye Murphy. Mr. Gutierrez commented that FTSE was first implemented for the purpose of being the source for state funding. Although it made sense for the K-12 system, it never made sense for community colleges. He stated there is no relationship between Headcount and FTSE; they are only mandates for the purpose of budget funding. Since MCCCDC doesn't get state funding, there is no justification for being tied down to this concept.

Vice Chancellor Murphy opened by stating that this presentation was being provided in order to discuss enrollment and how it affects the budget process. The presentation would provide Enrollment Data and FTSE numbers at the colleges and how these two pieces affect the budgets that are allocated. The following represents the information Ms. Murphy provided.

- **Public two-year college enrollment**
 - Nationwide, enrollment in public two-year institutions increased rapidly between 2000 and 2010 but has declined since then.
 - Maricopa College enrollments reflect the national trend. Maricopa Colleges experienced the same rapid growth followed by a continued decline.
- **All College FTSE FY2000-FY2016**
 - The new millennium began with just over 51,000 FTSE. The high point since was in FY2011 when we had 81,700 FTSE. We will receive our official audited numbers in another month, but we think enrollment will be about 70,100. Much of the focus for this presentation will show the buildup of enrollments beginning in FY 2008

when the Recession started to hit and where we are now.

- **All College Headcount FY2000-FY2016**
 - FTSE or Full Time Student Equivalent is a statistic that helps for comparison purposes. When we talk about providing services to students, we can't really serve FTSE because that is a statistic. For some evaluations, Headcount, is a better measure. When we talk about numbers of people who must enroll, pay, receive advisement, and simply park, FTSE is a better indicator of workload. You can still see the jump in FY2011 and the steady decline since that time.

- **National Unemployment Rate and Public Community College Fall Headcount Enrollment: 2000-2013**
 - This chart is from the publication "Data Points" from the American Association of Community Colleges in October 2015. The chart shows the relationship between college enrollment and unemployment rates. As you can see, it is the same trend. As has been shared, we believe that enrollment in Maricopa County has been impacted by the following:
 - Lower unemployment rates;
 - Flat or slightly declining high school graduating class size (not expected to grow until 2022);
 - Slowing population growth in Maricopa County;
 - Increased competition from Grand Canyon University;
 - Greater financial aid and scholarship support from the state universities

- **Maricopa College Enrollment**
 - Overall, the Maricopa District trends like two-year colleges nationwide; however individual colleges differ from one another.
 - We will provide enrollment data by college from FY2008 to FY2016 with some projections for FY2017.

- **Actual FTSE Enrollments FY 2008, FY 2012, FY 2016**
 - If we look at Maricopa College enrollments at three points in time: FY 2008, before the recession; four years later in FY2012 which was close to our high enrollment point; and then four years after that in FY 2016. While we have data for all the years, there is only so much you can put into a chart when you have ten colleges and 9 years. The years selected show enrollment trends.
 - In looking at the colleges, we start out with Phoenix College and Glendale College reflecting the national trend – sharp increase, followed by a decline. Both colleges have enrollments that remain above where they were before the Recession began. We then see Gateway with an overall decline (from 3677 to 3128). Mesa, Scottsdale and Rio Salado all show enrollments now that are less than where they were in FY 2008.
 - South Mountain's enrollments are more like the PC & GC trends. SMC had 2,086 FTSE in FY 2008 and finished FY 2016 with 2,318. Chandler-Gilbert looks like it has held onto enrollments and has not experienced a post-recession decline while Estrella just continues to grow. PVC has more of the national trend pattern with an increase followed by a drop.

- **FTSE Enrollment Percent Change From FY2008 to FY2012 and FY2012 to FY2016**
 - This is a different way to look at the FTSE enrollment trends. The difference in the size of colleges makes it hard to compare sometimes. Looking at percent changes helps us understand the relative change within a college.
 - The colleges with the exception of Gateway increased enrollments during the years leading into the recession FY 2008 to FY 2012. Since FY2012, most colleges have experienced some degree of decline with the exception of Chandler-Gilbert which was flat and Estrella Mountain which has continued to grow. Mesa, Scottsdale and Rio Salado had increases followed by enrollment declines which wiped out the increases.

- **FTSE and Headcount Changes**
 - Maricopa has such a large headcount population that sometimes just looking at FTSE does not tell the entire story. In looking at what has happened over the past nine years, we had a much larger increase in FTSE enrollments as compared to Headcounts. To me that says we had more students taking many more credit hours. Both Headcount and FTSE have declined post-recession. Overall between FY 2008 and FY 2016, FTSE is still up 5.8%; however, Headcount is down 16.5%. It really looks like we are losing part time students.

- **State Tax Support**
 - We have seen a rapid decline in State tax support. If we look at the difference between the amount actually received and \$69 million, and we added it up between FY 2009 and FY 2017, it would be \$441 million.

- **Enrollment Growth Funding**
 - Since FY 2012, most colleges have made annual budget cuts related to declining FTSE enrollments.
 - When enrollment declines, Maricopa collects less tuition revenue and colleges are forced to cut budgets.

- **Enrollment Growth Funding Formula**
 - Colleges receive \$2,130 per FTSE for Enrollment Growth Funding.
 - More students mean more revenue that can be allocated to colleges to support growth.
 - When enrollment declines, colleges lose \$2,130 per FTSE.
 - Fewer students mean less revenue which we cut from college spending so we do not have a shortfall.
 - On the surface, Enrollment Growth Funding is pretty straight forward: Enrollment increases – funding increases; Enrollment drops – funding drops. Colleges need additional resources to address the workload created by growing student populations. We provide enrollment growth funding for credit enrollment, but not for GED, ESL FTSE. Since 2011 enrollment declines have been experienced. Some colleges have little drops; while other colleges have seen large drops which automatically translates into big funding cuts. Because this is a self-balancing process, you may not be aware that some colleges have been engaged in annual budget cutting exercises off and on since FY 2008.

- **Enrollment Growth Funding Charts**
 - The Diagonal stripe line represents enrollment growth funding going into the recession; the Solid yellow line shows mostly funding cuts implemented since FY 2012. The third line - the lighter colored striped line shows the overall net change after FY 2008. That is to say the sum of all the pluses and minuses year-to-year. This chart points out the challenges that Gateway, Mesa, Scottsdale and Rio Salado have faced.

- **FY2016-17 Enrollment Projections**
 - The colleges provide enrollment estimates so that the enrollment growth funding can be calculated. That source of information will be referred to as “Projection A.”
 - In addition, FY 2016 FTSE enrollments can be looked at and an adjustment can be made based on how the Fall 2016 enrollments are trending. That provides another look as “Projection B.”

- **FY2017 Projected FTSE Enrollments**
 - We have started out with the FY 2016 enrollments as a reference point. Option A is the estimate from the colleges while Option B looks at the FY 2016 actual enrollment and adjusts for the percent change of the Fall 2016 semester compared to the Fall 2015 semester. Overall FY 2016 FTSE totaled 70,070. College estimates indicate a decline of 2,112 FTSE (3%) while the Fall-to-Fall trend would indicate a 3,448 FTSE decline down (5%). So right now, the best case scenario is a 3% drop from FY2016.

- **New Budget Development Process**
 - Accountability
 - Transparency
 - Effectiveness
 - Efficiency
 - As we begin thinking about budget development for FY 2017-18, you should know that the Chancellor has asked that we think about a new Budget Development Process. The Chancellor wants to foster creative thinking and I thought she was going to challenge me to “think outside the box”. Instead, she drew a new box. She wanted a new process bound by four things: Accountability, Effectiveness, Efficiency and Transparency. The District Office will be first. The Chancellor is looking at options to reduce District Office spending while maintaining services to the colleges.

Adjournment

The Budget and Finance Committee Meeting adjourned at 6:15 p.m. This was followed by a Regular Board Meeting scheduled for 6:30 p.m.

President Alfredo Gutierrez
for
Johanna Haver,
Governing Board Secretary