



**MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
GOVERNING BOARD CAPITAL PLANNING RETREAT
NOVEMBER 28, 2012
MINUTES**

A Retreat of the Maricopa County Community College District Governing Board was held at 2:30 p.m. at the District Support Services Center, 2411 West 14th Street, Tempe, Arizona, pursuant to A.R.S. §38-431.02, notice having been duly given.

PRESENT

GOVERNING BOARD

Doyle Burke, President
Dana Saar, Secretary
Randolph Lumm, Member
Debra Pearson, Member

Don Campbell, Member (Absent)

ADMINISTRATION

Rufus Glasper
Andrea Buehman for Maria Harper-Marinick
Debra Thompson
Steve Helfgot
Lee Combs
Ernie Lara
Janet Langely for Gene Giovannini
Irene Kovala
Paul Dale
Anna Solley
Chris Bustamante
Lionel Diaz
Gaye Murphy
Patricia Hill

GUESTS

Jim Haynes, Behavior Research
Alan Maguire, The Maguire Company

CALL TO ORDER The retreat was called to order at 2:39 p.m.

**WELCOME AND
OPENING
COMMENTS** Board President Doyle Burke welcomed everyone and reported that the retreat today would provide an overview of MCCCDC's Capital Planning. He said he looked forward to these presentations.

**OVERVIEW FOR
RETREAT** Ms. Debra Thompson, Vice Chancellor of Business Services, greeted the Board and participants. She stated that Business Services had started having retreats regarding capital planning with CEC in May 2011 and in August 2012 had an initial retreat with the Board. She commented that the capital planning process is intense and these programs require a system that is highly committed and highly driven so that we plan the development of our college system with care and thoughtfulness and the community can intelligently vote on the bond program that finances the program. The 2004 capital program/bond was very successful;

but this is a different time now in terms of economics, politics, and global issues. As MCCCCD starts the planning process for a possible future capital program and bond, understand that no decision has been made. MCCCCD is just starting the planning process..

Ms. Thompson then introduced Mr. Tom Gariepy, District Director of Marketing and Communication.

RESULTS FROM RECENT POLLING

Mr. Gariepy thanked the Board and participants for the opportunity to talk today about a project in the works for some time now. He said he was referring to recently conducted opinion survey of Maricopa County. The presentation today would be in three parts: overview and what MCCCCD is doing; a summary of research results provided by Mr. Jim Haynes of Behavior Research Center; and an economic overview by Mr. Alan Maguire a practicing economist in Arizona and a consultant to the District.

Last year, as MCCCCD went through its annual strategic planning exercise to align with District goals, it was decided that an opinion survey was needed of the Maricopa County marketplace. Such surveys had been done occasionally in past, but only occasionally. The last survey was conducted three years ago, but many things have changed economically, demographically, etc. MCCCCD needed to conduct a survey in the current climate and will need to do periodic surveys in years to come.

MCCCCD plans to conduct future surveys to determine how people feel about us—both positive and negative. A Request for Proposal (RFP) was released and MCCCCD selected Behavior Research Center to conduct a telephone survey. Mr. Gariepy stressed the importance of being able to measure changes over time. MCCCCD cannot tell after only one survey and results will depend on changes in people's attitudes, economic factors, etc. Mr. Gariepy then introduced Mr. Jim Haynes, Behavior Research, to provide details.

Mr. Haynes said that Behavior Research is fully in concurrence with the strategy outlined. Approximately 600 people were interviewed (30% on cell phones which is becoming increasingly important in order to reach young people and minority households). When asked if they were registered to vote, 494 (80%) said yes, but it is statistically unlikely that all of them actually are registered voters.

The study and started by asking about their general knowledge of the community colleges. The survey asked them to select "a lot," "general," or "only a little" knowledge about the colleges here in Maricopa County. Results showed that 17% knew nothing at all and 30% only a little. Almost half had a very thin or no understanding of the colleges funding sources. Those who knew something about the colleges have an overwhelmingly positive impression of them (92% positive; 4% negative).

Three-fourths of those interviewed know somebody that has taken one or more classes at one of the colleges or has taken classes themselves, which means that

three-fourths of the general public has some visceral connection to the colleges.

Finally, we need to point out that the purpose of this study was to find out how people were connected to the community colleges. The survey did not deal with the subject of the District or its governance structure. The survey focused only on the community colleges in Maricopa County. It is not known how their feelings would translate to "District."

Board Member Randolph Lumm commented on the numbers reported where 17% knew "nothing" and 30% knew "little" and asked what are the other numbers? Mr. Haynes reported that 21% knew "a lot" and 32% "some." Mr. Maguire believed that this survey was a great idea. As Mr. Gariepy mentioned, this gives tremendous insight into how the community feels about MCCCDC. What's more important, though, is this is the *first* one. The survey will only really be valuable when compared to a second one. This is because over time, some opinions show themselves to be inherent while others are temporal.

Three things resonate with the community: university transfer, on the job training in conjunction with business partners, and basic work skills for those entering the workforce. This is why additional studies will be valuable ... in the case of two of these, the questions were worded in such a way as to emphasize "business/jobs" which are sorely needed right now. He would like to look at responses to those questions during a better economic time.

Mr. Lumm asked if MCCCDC surveyed about jobs using the word, "job". Mr. Maguire responded with yes, they used the word job in the question and will use the same question again. However, in a time when people aren't so worried about jobs it might not poll so positively. If the question was asked during the boom, when people had jobs, they might not have supported the function as well.

Mr. Lumm wondered if the word "skills" would show a different result. Mr. Maguire said asking if MCCCDC provides general skills to help students get jobs might be more popular or less popular depending on the state of the economy.

Board Member Debra Pearson asked, when the study was done, were respondents asked if they were voters. Mr. Maguire replied that the respondents were asked if they were voters and pollsters took their word for it if they said yes. Mrs. Pearson remarked that the numbers seemed high then asked if there were ways to compare respondent attitudes about Maricopa to whether or not they said they were a voter. Mr. Maguire replied yes and said that typically throughout the study, the attitudes toward the colleges were more positive from those who were registered voters than non-registered voters. He noted that even though respondents claim to be registered voters it doesn't automatically mean they vote. Mr. Maguire continued by saying it consistently appears that those who feel/think/state they are registered voters have a higher tendency to support things they feel will help solve problems.

Mrs. Pearson remarked that when the economy changes maybe the term “jobs” should change. Mr. Maguire replied that “jobs” is a consistent marker in both good and bad economies. Among high propensity voters “jobs” is always a consistent marker because they look for things that will help build businesses or improve their quality of life.

Mr. Maguire reiterated that the data from additional surveys will allow MCCCCD to learn the characteristics of Maricopa that are important over time versus characteristics that affected by the specific conditions at the time of a given survey. The point to be made is that multiple surveys are needed to give a better sense of just what the characteristics are that are Maricopa-controlled factors.

Mrs. Pearson emphasized Mr. Maguire’s point that education helps. She believes marketing can help MCCCCD figure out what is needed to strengthen and fill in.

Mr. Gariepy concurred with Mrs. Pearson. He provided an example saying MCCCCD used to emphasize accessibility as a key characteristic because the colleges offer classes all over the place. However, data from this survey showed that people were not really concerned about that. Since accessibility is not currently a hot button issue, Maricopa won't focus on it for future marketing. Instead, other hot button issues will be targeted.

Mr. Haynes clarified that everything in the survey was an educational issue. Their intent was to find out which of the buzzwords really impacted people.

Mr. Gariepy reported that in the course of the survey, MCCCCD discovered how people reacted to different words/ideas. Then he admitted that the results were all relative. He offered his opinion that, when making a determination to market a hot button issue such as university transfer or some other issue, it would be smart to put money on university transfer.

Board Member Dana Saar asked how many calls were robo calls. Mr. Gariepy replied that all the survey calls were from one human being to another—no robo calls. Mr. Saar stated, in terms of using survey data in future, MCCCCD needs to inform more people about the colleges/District. He asked if future surveys could help MCCCCD learn if its marketing efforts are educating the public.

Mr. Maguire replied that the Board should expect to see changes in the market area. If you create a substantial push in a particular target area, expect to see a rise in that aspect.

Mr. Saar asked, based on Rio’s results, would directing marketing resources to a particular kind of media increase knowledge of the District in the community; would any product work better than others.

Mr. Gariepy responded that results won’t show what type of product works better than others.

Mr. Saar asked if MCCCCD could determine if people support less tangible things like technology. Mr. Gariepy responded that technology is like maintenance. It's absolutely crucial, especially when not building new buildings. So if you talk about why you want to get new technology it will resonate with people. MCCCCD has a history of making old buildings into new attractive ones and there are plenty of examples. MCCCCD needs to remind people that work undertaken is always done very well.

One of the things needed in terms of future surveys is to conduct follow-up surveys in timely manner. Along with a critical assessment of that proper balance of needs and proper dollar amount. The next time this idea comes up to the Board it will be after a detailed assessment in terms of these elements. When MCCCCD pulled the trigger on the 2004 capital program, the planning had been going on for six years! In that time, so much had changed. MCCCCD needs to be close enough to the curve to plan effectively.

Mr. Burke asked when the next survey was projected to be done. Mr. Gariepy replied it is slated for the same period of time next year—around September.

Mr. Lumm commented when he talks to people, they ask him which community college he is with rather than understanding that the District exists.

Mr. Lumm asked if people at the colleges are aware [of the existence of the District as an entity]. Mr. Gariepy replied that people are not aware of the District structure.

Mr. Saar said the biggest consideration is how much demographics have changed. Maricopa County is larger and populations have shifted. People have come from other areas with one college and they do not understand that college is part of the District.

Mr. Gariepy commented that there is a real advantage to the power of ten. With demographics having changed and the “swirl” becoming a fact of life, students have the ability to take classes all over the valley.

Ms. Thompson said Ms. Patricia Hill, Director of State and Local Government Relations, and Mr. Maguire would present the results of the recent elections before moving into more planning discussion.

**POLITICAL AND
ECONOMIC
UPDATES**

Ms. Hill began by saying legislative changes have affected MCCCCD's planning. The one caveat of political atmosphere is what is closest to the political election. There are so many things involved in a given election. Economy, job growth, housing market, perspective of government, all things that need to be considered when looking at a bond. She said it was a little far out now for specifics.

Many issues are affecting funding at the state level such as federal congressional gridlock, the impending fiscal cliff, impacts of the healthcare mandate and its implications with the state, and local gridlock. The temporary sales tax is going away so legislators will be looking at means to offset that reduction. State

agencies are requesting more funds after years of cuts. At the local level there are a number of issues on the minds of the public such as the impact on property taxes. There is also potential competition about what other political subdivisions are doing in respect to bonds/overrides (i.e., city).

For the 2012 ballot question results related to property tax, one proposal went down while another passed. Over time MCCCCD will be able to get a better sense of what relevance this has to MCCCCD.

In talks with K-12 educators with successful bonds and overrides she discovered their success much depended on the public's perception of the institution in the community. How much did the community trust them and how much access did the community have to them? Election results showed a pattern where M&O fared better than capital overrides. She got the sense voters understood the need for M&O but they did not understand capital overrides. Bonds were fairly cut and dried and tended to pass as there have been a number of recent bond successes.

Ms. Hill reported that much of the legislative updates were covered the previous night during the Regular Board meeting and she would spend time offering more perspective.

There was a return to trend with Republicans taking the Senate 17/13. This will set up an interesting dynamic in how leadership is going to govern. Leadership in the Senate is as follows: Senator Biggs – President; Senator McComish – Majority Leader; and Senator Driggs – Majority Whip. It is interesting to note these representatives are all from major urban areas, no rural areas represented. For the Minority, Senator Landrum Taylor is the Minority Leader, Senator Lopez is the Assistant Minority Leader, and Senator Tovar is the Minority Whip.

There was also a return to trend in the House with a Republican/Democrat split of 36/24. On the House side, Representative Tobin retains his position as Speaker, with Representative Gowan as Majority Leader and Representative Gray as Majority Whip. For the Minority, Representative Campbell is the Minority Leader, with Representative Gallego as the Assistant Minority Leader, and Representative Wheeler as the Minority Whip. She reminded the Board that Representative Gowan was a fairly strong proponent of carrying guns on campus.

Key committee chairs in the Senate are as follows:

- Senator Yee – Education
- Senator Shooter – Appropriations
- Senator Melvin – Commerce, Energy and Military

Key Committee Chairs in the House are as follows:

- Representative Dial – Higher Education and Workforce Development
- Representative Goodale – Education
- Representative Kavanaugh – Appropriations
- Representative Forese – Commerce

Mr. Lumm asked what is MCCCCD's lobbying focus. Ms. Hill replied MCCCCD is focused on adult basic education (ABE), Job Training, and Capital. MCCCCD wants to have ABE get funding restored. Workforce development is also one of the key areas along with seeking to work with job training. MCCCCD's request appears to be a "Big Ask" because capital outlay has not been funded for many years. The intent is to move it to target workforce development, technology, etc., to get a better entree in to getting some funding. Maricopa will take the lead on the job training side and work with the Arizona Commerce Authority.

Dr. Glasper asked Dr. Chris Bustamante, President of Rio Salado College, to give the Board an update on ABE funding. Dr. Glasper mentioned that he had met with the Governor's Chief of Staff recently and it appears the Governor is supportive of ABE.

Dr. Bustamante reported that the State had cut \$4 million from ABE four years ago—basically their entire allocation. Federal match money had continued to come in but MCCCCD was told that this year's funding would be the last allocation. If MCCCCD can fund to a certain level, the feds would give us less money overall but would support ongoing efforts.

MCCCCD does have the ability to charge for ABE even though it hasn't yet. MCCCCD is asking the legislature to put the \$4 million back. GED and ABE programs are free currently. If MCCCCD has to move to a model where it charges, it will. MCCCCD would need to have a strategy for charging and consolidating.

There is some optimism that MCCCCD's lobbyists can make a difference since the economy is starting to look up. There is support from the Governor and MCCCCD is trying to get into the JLBC budget. Lobbyists are working hard to make it happen.

Mrs. Pearson reported that for 20 years the NCSL (welfare to work reform) did a study that showed the number one event that could predict or minimize people ever being on welfare is their level of education. Two years past high school made the biggest contribution to the largest decrease to chances that someone would ever be on welfare. This data should have been immediately targeted to the community college message. She strongly believes it is a message MCCCCD needs to be connecting to.

Mr. Saar asked if there was any movement in the future on equalizing real estate rates. Mr. Maguire replied there has been continuing pressure to lower commercial rates but the negative impacts of those assessment ratio reductions is now being felt in a significant shift on to home owners and business owners.

Mr. Burke announced it was time for a break.

The retreat resumed with a presentation by Mr. Maguire

Mr. Maguire reported he would be analyzing data in terms of the U.S. economy

in a global context and Arizona's economy within the U.S. context. He began with an overview of the U.S. economy. He said it was important to understand what happened in 2000s—there was a federally induced housing bubble, fed supplied easy money postponed the recession, the "Double Whammy" with Fannie Mae and Freddie Mac, and the end of the "Great Moderation."

Most people still feel like the U.S. is in a recession. It was a relatively short recession, but very deep, and ended in 2009. The U.S. Banks are fine and still some of the strongest in world. The federal housing authority has 26 billion to bail out and they haven't gotten to the Fannie/Freddie problem. This has also been an uncharacteristically stagnant growth for "recovery" period. Many of the historical recovery drivers are missing.

Mr. Maguire said, as a general rule, the deeper a recession is, the sharper the recovery. The fundamental change this time is a deep recession followed by a shallow recovery. Employment rates show similar patterns of a deep recession followed by a very shallow bounce. These factors are what have people concerned.

He commented on the 1982 recovery compared to 2010—there has been much less of a recovery and it is a cause of concern. What's the problem? There are a substantial number of international issues, most prominently Europe. In the modern world the U.S. Economy is the largest driver of the world economy; Europe is almost as big and China is the next. So, one quarter of pie (Europe) is collapsed and slowly recovering. In the US, consumer demand is weak and there is huge uncertainty. U.S. fiscal cliff problems aside, people know that taxes will be increased so no one is willing to invest. Michael Porter (a Harvard economist) surveyed 10,000 Harvard school graduates in mid-career recently and the most important result found was, when asked where they would invest in the world, only 10% would consider the U.S.

Japan also has huge problems. Asia has dramatic cultural and government problems.

The U.S. is facing massive federal deficits. The total unfunded liability at the federal level is about \$250,000/person.. There has been a loss of mid-skill employment and there is a labor force skills gap. The rich haven't gotten richer; the middle class is getting poorer. Mr. Maguire believes that the main cause of job loss is over-regulation. In the U.S., the minimum period to build after regulatory approvals is six years. By the time a business gets a permit in the U.S. and builds a factory, it's obsolete (especially technology-related). Next, Mr. Maguire compared Arizona employment trends to construction and manufacturing. Construction jobs that disappeared during the recession are not coming back because Arizona was over producing houses and now has an excess housing problem. Arizona lost 300,000 jobs during this time period, and 150,000 were construction related due to the housing bubble. The other 150,000 represent other kinds of jobs. Arizona has added 107,000 jobs in recovery so its economy is doing well.

Local governments have held the line as best as they can. Job growth is well above average. There are the same problems in Arizona as nationally. Arizona went from the number one creator of jobs for 40 years to number 49. Arizona bounced back to top 10 in the last year. There has been very slow positive growth and it will take a long time to get back to where Arizona was before. Arizona has a surplus capacity as many people are not working at full capacity and factories are at 70%. The fundamentals in Arizona are still strong for most positive business and social climates.

The biggest problem is human investment and human productivity. Arizona needs to raise income by creating customers. Arizona's population growth has always increased when job creation happens. Job creation happens when customers are there. Demand spurs economic growth but Arizona is waiting for consumer confidence to come back.

Mr. Maguire then opened the discussion to questions.

Mr. Lumm asked about the fed taking away the housing tax deduction and whether that was realistic. Mr. McGuire replied that the more people who can take the deduction the harder it will be to take away. The mortgage interest deduction is taken by about 40% of tax payers; the standard deduction doesn't take a housing deduction directly and other tax payers are not home owners. Also, there is a direct correlation between propensity to vote and homeownership.

Mr. Saar asked about a cap on total deductions and whether this is the time to do it. Mr. Maguire replied yes it is.

Dr. Paul Dale, President of Paradise Valley Community College, asked whether immigration reform should have a positive effect on the U.S. economy. Mr. Maguire responded immigration is one of the most politically divisive topics in the world right now. It is impossible to make progress on common ground with this topic because no one can get polar opposites together. g.

Mr. Lumm commented that at the recent ACCT conference in Boston, a presenter mentioned that 80% of the population will need a high school education or better to get a job in the future. He wanted to know if that was affecting jobs. Mr. Maguire responded that most jobs require at least a high school education or more. Jobs in the middle don't pay as much as they used to. The housing bubble from 2002-2008 masked U.S. labor force problems. Those motivated to get a certificate went instead to construction because it was more lucrative.

Mr. Burke thanked Mr. Maguire and Ms. Hill for the presentations.

BUDGETARY OUTLOOK

Ms. Gaye Murphy, Associate Vice Chancellor of Business Services, introduced herself.

MCCCD's FY2013 budget is approximately \$1.6 billion. Until 2009, MCCCD

had been receiving \$11 million in capital state aid from Arizona. Other State Funding cuts created a \$50 million operational budget problem to deal with. Business Services has focused on stretching the operating budget to cover some of those capital equipment needs and address the operational budget cuts

She reminded the Board that capital issues also have to do with being able to operate a building once it is built. For the 2004 capital development/bond program, before breaking ground on the first building, MCCCCD started to set aside money to operate that building in order to make sure it could open. Even during the recession, MCCCCD has had to prioritize operating needs for new facilities.

Regarding the state aid appropriation history and the first impacts Maricopa felt began with the loss of state aid in 2009. This continued through FY11-12. As difficult as it is to consider change, MCCCCD is going to have to do something different when it comes to state operating aid. The operating budget per state for FTSE is now \$251 where it used to be around \$1,000. The future of state aid, in the near run, when the state has had difficulty in balancing its budget they've done it through budget cuts. Not sure what's going to happen with the state. MCCCCD is hoping the state won't ask for additional cuts.

For 2013 capital state aid, MCCCCD is making a request for \$12 million with the idea that if the legislature would fund it, those funds would be targeted to high tech areas, workforce areas, and STEM areas rather than general equipment needs. MCCCCD is looking at how it requests funding and will rely more on a performance based system rather than letting it be set by general growth and FTSE.

MCCCCD has had some resource increases during this recessionary period and to address state funding cuts and fund needs, was able to cut over \$35 million in operating support. MCCCCD is considering increasing the tax rate, even though it has not increased the tax levy over the past four years. Also, tuition rates have been traditionally below national average and western states. The U.S. has seen a definite trend in increasing tuition; MCCCCD has increased from \$41/credit hour to \$76/credit hour since 2001. Increases here may also be proposed.

Mr. Lumm asked what the average tuition rate was and Ms. Murphy replied MCCCCD is still below the national average. During the last few years MCCCCD has only raised tuition one time. The average tuition rate is \$3,131 (15 credits per semester) for national public two-year institutions.

Ms. Murphy compared student enrollments and projections for population increase in the future for Maricopa (although at a much slower rate than seen in past). She said as Maricopa county grows, MCCCCD will still see pressure to serve its populations. When the recession hit MCCCCD had a spike in enrollment. However, looking specifically at recent enrollments in the last two years MCCCCD is seeing a slightly downward trend. In comparison for fall to fall is looks like MCCCCD is going to be down slightly again.

Mr. Lumm wondered why the skill center numbers were so low. Dr. Sue Kater, Special Assistant to the Chancellor, replied the Skill Center was under construction during the reported time period and some programs were closed while that was going on. Those numbers should turn around now that construction is complete.

Ms. Murphy continued, saying to help Maricopa understand the decision making process the financial advisory council makes recommendations by prioritizing requests for new resources. They first look at mandatory expenses—those are bills that must be paid—i.e., the rate increase for the Arizona Retirement System. That will cost MCCCCD \$1.2 million. Typically, at least through most new revenue sources, MCCCCD gets enough to cover the mandatory expenditures. That's good. But the problem is, if that's all that is ever collected and it is compared to all the things that MCCCCD has to do, it will leave no increase in resources for new innovations.

MCCCCD is looking at a strategic prioritization process in the future for Maricopa. It will take a lot of planning. MCCCCD has survived the recession, but it can't stand in place. MCCCCD needs to find out how to get better and move forward and that may require operating cuts and additional revenue increases for operating and capital programs.

CALENDAR FOR CAPITAL PLANNING

Mr. Diaz said he would be making a quick presentation on planning for a new capital program. MCCCCD needs to do a lot of thinking and strategic planning and looking at all aspects of operations, how instruction is delivered, and reiterated that there is a lot of work in student services right now. MCCCCD needs to know what the impacts are that SSE and SSI will have on MCCCCD's infrastructure—stating they will be significant. MCCCCD is moving forward in to 2013 and it will be a key year. MCCCCD needs to look at academic master plans and what will be done with technology and facilities.

He remarked that in his presentation to the Board in August, he said that in May 2013 the Chancellor and Board would need to decide if MCCCCD would be going forward with a bond/capital program. Based on the survey planning, MCCCCD really needs to look at poll results in September and use that and other information such as was presented today to inform the decision. Timing reflects that in FY2013-14 MCCCCD will need to launch college master plans. It's a lot of work pulling that all together (including a cost of about ~\$6 million for planning consultants).

Ms. Thompson reminded the Board that the decision to go or not would not be to order the administration to put a bond referendum on the ballot; rather the Board would be locking in the master planning of our colleges.

Mr. Diaz continued. By 2015 MCCCCD will start pulling master plans together and putting price tags on them and see what they look like. That will be when the components of the capital program will be established..

Mr. Diaz reported that under this process, the election would be no sooner than

November 2016.

The plan is to look at the significance and impact of technology, the need for space. MCCCDC would have to decide if new space is needed or if a remodel with more technology would be better. MCCCDC will need to look at how space is used and compare to the budget. MCCCDC also needs to balance capital and operating funds.

Mr. Diaz asked if there were any more questions and then thanked the Board.

**DISCUSSIONS AND
SUMMARY
COMMENTS**

Dr. Glasper offered to provide some summary statements to tie the discussion to the four different pieces presented today. He believes that the survey is critical in terms of dealing with uncertainty. Since 2004, MCCCDC has been in the community making presentations and being highly visible. As Maricopa moves forward with planning, these presentations need to be stepped up.

Dr. Glasper agrees with Mrs. Pearson that MCCCDC needs to put all of the decision points on a master calendar. The legislative realities are at such a point that MCCCDC is looking at a number of different levels. Maricopa wants to retain as much as it can in an open dialog regarding funding. Because of state statute MCCCDC can submit for operational money and for capital. MCCCDC has lost \$50 million in base operational funding and has been trying to repurpose around that \$11 million capital loss. There's an interest around STEM and workforce development in the conversations he has had with the governor so MCCCDC can repurpose funds to focus on STEM/workforce development.

The Completion Agenda, SSI, SSE all will be technology-intensive but will be great for our students. If MCCCDC focuses on retention and not loss, 60% of our students, it will be well worth the money.

Conversations regarding the use of facilities, technology, access to our systems—these will have to be done differently than in any other conversation. Regarding alternate workforce funding sources, MCCCDC has reached out to the corporate community and it needs to look at another revenue source to help support those expenses. . . MCCCDC is in a better position than many places—but last year the state gave \$60 million to universities for one single project because they have lobbying power. That's why joining the ACCCC is so important. Dr. Glasper asked the Board for more opportunities to update the Board in order to best inform these tough decisions.

Mr. Saar also suggested that MCCCDC hold on to its ability to raise 2% each year.

Mrs. Pearson feels that MCCCDC needs to be very concerned about what the legislature will expect.

Dr. Glasper then thanked the Board for the opportunity to present today. He thanked Ms. Thompson and Mr. Diaz and other staff for their presentations today. There is a lot of engagement and the prioritization conversation is one

MCCCD will need the Board's support on. Regionalization decisions will have to be made moving forward.

Ms. Thompson closed the meeting with thanks to all participants.

ADJOURNMENT The Governing Board Capital Planning Retreat adjourned at 5:31 p.m.