

Attachment A



Financial Advisory Council Meeting

Tuesday, January 27, 2004

Governing Board Room

2:00 p.m. to 4:00 p.m.

MINUTES

Members Present: Alyssa Brown, Larry Christiansen, Roy Cohen, Art DeCabooter, Rick Degraw, Carnella Hardin, Leah Heathcoat (CGCC Student), Steve Helfgot, Maria Hesse, Emily Hogan (GCC Student), Conrad Mills, Lorie O'Brien, Steve Riley, Linda Rosenthal, Anna Solley, Jane Saldana-Talley, Trevor Smith (CGCC Student), Les Strickland, Debra Thompson, Yvonne Zeka

Members Absent: Rufus Glasper, Karen Hardin

Guests: Devi Bala, Lulut Clow, Carl Couch, Joyce Elsner, Georgia Gudykunst, Sam Harris, Brad Honious, Mark Mason, Lauren Shellenbarger, Todd Simmons, Grady Wolfe

Welcome and Introductions: Everyone was welcomed to the meeting.

December 2, 2003 FAC Meeting Minutes: The minutes were unanimously approved.

Agenda Items:

FY05 Tuition Planning/Action Item – Historically tuition has been split into two different charges on students' bills causing difficulty for some students to get full reimbursement from their employers. Of the current \$51.00 tuition charge, a student's bill shows \$38.50 towards tuition and \$12.50 towards fees. The proposal is to consolidate the two into one charge, student tuition. After further research, it does not appear the change will have any negative impact on our accounting or how we are currently reporting our tuition rates. There was consensus to move the proposal to label all tuition and fees as student tuition forward to CEC.

FY03 Student Support/Financial Aid Presentation – Lauren Shellenbarger, EMCC Director of Financial Aid and Brad Honious, GWCC Director of Financial Aid provided an overview of financial aid throughout the district. Their presentation included financial aid options that are available to Maricopa Community College students. Financial aid comes from sources such as the federal government, state government, institutions and private organizations.

The Federal Pell Grant is the keystone of most financial aid packages. The Pell Grant is a need-based federal grant awarded to learners who are pursuing their first undergraduate

degree or those in post-baccalaureate teaching programs. Pell Grants may also be available for part-time study. Stafford Loans and Parent (PLUS) Loans are two federal sponsored loan programs. With Stafford Loans, money is borrowed either from the federal government or a private lender. These loans can be either subsidized (need-based, no interest while enrolled) or unsubsidized (non-need based). Parents are able to borrow money for their child's education through Parent (PLUS) Loans. There is also federally sponsored college based financial aid available to students, the supplemental education grant, work-study opportunities and Perkins Loans. These funds are given to each college for them to distribute until funds are depleted. The college determines who receives the funds and how much.

The state grant program, Leveraging Educational Assistance Partnership (LEAP), has a limited amount of money and is allocated to the colleges based on eligible financial aid applicants. There are basic requirements that need to be met and from there the colleges will determine how the money will be distributed.

A student must meet minimum eligibility requirement to be considered for Federal and State financial aid. A student must: be a United States citizen or permanent resident, have a high school diploma, GED or pass an ability-to-benefit test, registered with Selective Services (males over 18 years of age), and in a degree or certificate program. A student's eligibility for Federal and State Financial aid is determined by a formula that considers many factors.

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|--------------------------|---|--------------------------------------|---|------|
| <u>Cost of Education</u> | - | <u>Expected Family Contributions</u> | = | Need |
| Tuition & fees | | Family Income | | |
| Books | | Taxes paid | | |
| Supplies | | Assets | | |
| Housing | | # in household | | |
| Food | | # in college | | |
| Transportation | | | | |
| Misc. expenses | | | | |

There are also scholarships available to students from institutions and private organizations. Scholarships are available from the Maricopa Foundation, the District, campuses and from various private scholarships.

In Fall 2003, financial aid students represent approximately 40% of all FTSE at Maricopa Community Colleges. Some campuses have a higher percentage, some up to 50%. The national average is about 30%. Maricopa Community Colleges (MCC) and students seem to be utilizing financial aid opportunities.

A question was asked if a student could qualify for multiple loans. Depending on the student, a student can qualify for both subsidized and non-subsidized loans and qualify for multiple programs.

Brad Honious of GateWay Community College provided an overview of some of the positive changes that have been made to improve the financial aid process. Previously student loans were not packaged at GateWay resulting in a low financial aid participation

rate. Financial aid recipients have greatly increased at GateWay. The following changes have been made to streamline the process and increase participation.

- Student Loans are now packaged (multiple programs)
- Implemented default prevention strategy (follow up with students even when they leave M CCD)
- Educate students (repayment and deferment)
- Required Life Skills sessions (includes budgeting, loan and debt counseling)

The current budget for a student to attend one of our colleges for two semesters is \$13,490.00.

A summary was provided illustrating the increase in students receiving financial aid and the increase in award amounts at Maricopa Community Colleges. The total support to students rose from \$59.8 million in 1999 up to \$107.6 million in 2003. In addition, the enrollment of financial aid recipients has significantly increased throughout the District over the years. The Maricopa Foundation alone has awarded 1,479 scholarships in 2003, totaling just over \$1 million in awards.

FY05 Tuition Planning/Action Item – At the previous FAC meeting a request was made for more information on possible funding scenarios before a decision could be reached on a tuition increase recommendation. The FAC subcommittee met and put together a matrix on several possible funding scenarios and the impact they might have. *Please note the matrix is for illustrative purposes only. In addition, the Meet and Confer estimates are based on employee group requests and DO NOT reflect any Governing Board decision.*

The matrix provided a sample of what the budget would look like with a \$0 tuition increase up to a \$5 increase under two scenarios. The first was the worst case scenario, reflecting the JLBC's recommendation for no growth funding. Second, the best case scenario, reflecting the Governor's recommendation of state aid funded per statutory formula including growth. Neither recommends cuts to dual enrollment or to our current appropriations.

Both scenarios reflect \$0 net funds available for allocation without any increase in tuition. However the worst case scenario reflects a deficit in net funds available for allocation up to the \$3 tuition increase rate. The \$4 tuition increase reflects \$1.8 million available for allocation.

A point was made to the group that it might be wise to err on the conservative side when relying on funding from the state. Currently, there are a number of legislative bills that the districts are reviewing. One is a bill that would reduce the appropriation to community colleges for dual enrollment. The district has been regularly testifying against this bill.

Other bills would restrict if not eliminate the ability of community colleges to enter into lease purchase agreements and to issue revenue bonds. The District does not use lease purchase agreements to a great extent but the bills that are proposed would limit this financing option in the future. The District does use revenue bonds for some capital projects (development of Performing Arts Centers and capital needs for the new Student Information System, for example). The proposed requirements to hold an election for projects in excess of \$1 million and to prohibit the use of tuition as a debt service repayment pledge might eliminate this option in the future. A final bill to note is one that would require a special election in May if a district proposed to raise taxes within the limits already established in the state constitution and law. Hearings on this bill are pending.

The FAC subcommittee did meet and made a recommendation to the council. All possibilities considered, the council was asked for a recommendation to propose a \$4 tuition increase to allow for available funds for allocation under the worst case scenario.

There was consensus to move the proposed \$4 per credit hour tuition increase recommendation forward to CEC.

Once the recommendation is forwarded to CEC and the Chancellor, there will be college visits to student groups and the public and a press release will be issued to further make the recommendation public. The recommendation and how it was reached will be thoroughly explained and we will make ourselves available to address any questions or concerns prior to the Governing Board voting on the recommendation.

“In-County” Corporate Tuition Rate/Action Item – Several of the Maricopa Community Colleges maintain contractual relationships with corporations or other entities that make a significant contribution of resources to the District above and beyond the payment of tuition (such as facilities and equipment). In these partnerships businesses often hire the faculty and teach employees in their own buildings under Maricopa’s oversight. The colleges incur costs developing and maintaining the curriculum, provide support services and fulfill contractual relationships with these partners. Through an offset of tuition, the colleges recognize these contributions. As a result of the \$5 per credit hour tuition increase in FY03-04 and the enrollment growth funding program with no increase, the colleges had to reduce their budgets to cover the increased tuition costs.

The proposal is for an in-state corporate tuition rate of \$46 per credit hour. The proposal is also to maintain future enrollment growth that falls under this criteria at the existing enrollment growth funding rate of \$1,800. It is proposed a reduced in-state tuition rate be created for clients that meet all of the following conditions. : a formal contract must be signed; significant facilities, supplies and other training components must be provided; a minimum of 50 annual FTSE must be produced from the contract with the partner.

With the proposed \$46 per credit hour tuition rate, colleges would not have to further cut their budgets. Currently there are four colleges

A few council members would like the issue explored further and the term “corporate tuition rate” reviewed. The proposal will be explored further and a better definition will

be provided. The hope is to reach consensus via email and be able to forward a recommendation to CEC at the next meeting.

Other Business: There was no other business.

Plus / Delta

- + Financial Aid presentation
- + Tuition increase comparison matrix
- + Thank Budget office for their contribution (information provided)
- + Great learning experience
- + Advance work of subcommittee
- + Good Attendance

There were no deltas.

Next Meeting / February 10, 2004, from 2:00 p.m. to 4:00 p.m., in the Governing Board Room