

Attachment A



Financial Advisory Council Meeting
Tuesday, December 7, 2004
District Office, Governing Board Room
2:00 p.m. to 4:00 p.m.

MINUTES

Members Present: Larry Christiansen, Carol Clark (RSC Student), Roy Cohen, Rufus Glasper, Carnella Hardin, Steve Helfgot, Jared Langkilde, Robert Mendoza, Conrad Mills, Jim Moore, Kristine Ouzts, Linda Rosenthal, Anna Solley, Les Strickland, Debra Thompson, Kevin Vahle

Guests: Carl Couch, Lulut Clow, Rick DeGraw, Joyce Elsner, Andrew Huhn, Dianne Johns, Mark Mason, Janet Ortega

Welcome and Introductions: Everyone was welcomed to the meeting. Robert Mendoza was introduced as the new M&O representative, replacing Steve Riley and Carol Clark was introduced as a new student representative. Carol attends Rio Salado College. The new members were welcomed to the council.

Agenda Items:

November 16, 2004 Minutes – The November 16, 2004 FAC Minutes were approved.

Medical Insurance (Information Item) – Dianne Johns provide an update of MCCCCD Medical Insurance. MCCCCD will be moving to our own “self-funded” medical plan as of July 1, 2005. Dianne provided a summary of what this change will mean to the district and it’s employees.

Items that will remain the same:

- BC/BS Network of providers
- Same 2 PPO options – “Core” plan and “Buy Up” plan
- Same medical services covered
- Same co-pays/coinsurance levels including drug tiers
- Wellness Programs
- Retail Pharmacies
- Mail order pharmacy program

Items with minor differences:

- Some drugs may be on a different tier, however, more drugs are moving to a less expensive tier than we had before
- The vision network has expanded
- Employees/dependents enrolled in the medical plan will call Zenith with questions regarding claims, coverages, co-pays/coinsurance, etc. instead of BC/BS

Dianne also covered projected savings by being self-insured. They include annual saving on premium “risk” charge and profit of \$1 million and annual saving on administrative charges of \$900,000. These savings will be contributed to the medical plan account set up by MCCCCD to pay for years with unanticipated large claims and additional administrative processes which Maricopa will now be required to perform.

Maricopa/ASU Alliance (Information Item) – Dr. Anna Solley provided an update on the MCCCCD and ASU Alliance project. The major purpose of the ASU Alliance is to increase the number of students who receive Baccalaureate degrees along with Associates degrees and offer students a seamless transfer program. Presently, there is no other state that has this opportunity available to them. There is currently a pilot program underway, the Honors Alliance offered at CGCC and MCC. The Honors Alliance program will be moved to all colleges in 2005.

MCCCCD and ASU are in the process of jointly hiring a Director for Alliance. The director will be housed at the ASU Downtown Center and report directly to Dr. Jose Leyba, Provost of MCCCCD Downtown Campus and Gail Hackett, Dean of ASU Downtown Campus. The director will serve as the point of contact for transfer students.

Marketing Presentation (Information Item) – Rick DeGraw presented on the current budget request for the district-wide marketing initiative. Rick requested additional budget for the marketing department to help maintain MCCCCD’s marketing efforts. With the additional funding Rick hopes to maintain MCCCCD’s presence in the community and fulfill our promises. The request would also include 2 additional part-time staff and an upgrade for a current staff member.

Rick’s budget justification included the following:

- By advertising and direct college efforts, helped create a working relationship between colleges
- Helped save colleges substantial money by creating master contracts through buying power
- Marketing office is consistently asked to absorb projects from books, posters and banners to special staff and special events
- Funding would assist in continuing aggressive outreach to minority communities
- Additional budget would assist department in maintaining MCCCCD’s competitiveness with other institutions

Rick thanked the council for their time and consideration.

Expenditure Limitation (Action Item) - The council was asked to review the FY05-06 Expenditure Limitation handout. Every year an expenditure limitation is set for political subdivisions of the State of Arizona. Maricopa Community College's expenditure limitation is a calculation based on Maricopa's base FY 79-80 budget of approximately \$52 million inflated by the GDP deflator (inflation adjustment) and a projection of FTSE (growth adjustment). The expenditure limitation is a State Constitutional provision and statutory provision that essentially limits budget growth that is funded by local taxes. In Maricopa's case, the limitation largely effects budgeted growth in property taxes and State Aid.

Maricopa Community Colleges determines the FTSE projection to be used in the calculation. The preliminary estimate is due in early January and the final number in March. The current FY 04-05 Expenditure limitation is \$379.9 million based on 85,000 FTSE estimate (provided by MCCCCD).

Every additional 1000 FTSE is equivalent to \$4.48 million of Expenditure Limitation. Every 1% change in the inflation factor equals \$1.6 million in the Expenditure Limitation. If there is no change in the projected FY 04-05 FTSE (85,000), the estimated Expenditure Limitation will be \$381,146,677 for FY 05-06. Resulting in an increase of \$1.2 million from the FY 04-05 Limitation.

The consensus of the group was for a 2000 FTSE increase, a projection of 87,000 FTSE. The proposed increase will be shared with CEC at their next meeting.

Tuition Discussion - Currently the FY05-06 projected revenue in the financial plan includes a potential \$3.00 tuition increase. The council was provided several items as background material for the tuition and fee discussion. They were provided summaries of historic financial aid awards, enrollment of financial aid recipients, students receiving scholarships, and a MCCCCD annual tuition comparison. The group was also provided a summary of FY05-06 Potential Expenditures including potential deficits with possible tuition increases.

The following points were made during the tuition discussion:

- There are only two ways to balance a budget, increase revenues or decrease services
- Need to provide the capacity for the operational side of our bond
- Need to look at what things we can cut
- There are some items that are not flexible
- College budgets were cut in FY02-03, FY03-04, and not in FY04-05
- What we do not see in the \$ is the affect on students
- We are significantly lower in tuition than the national average
- Our tuition is extremely modest, far below ASU
- Could reduce quality if we cut, if you want excellence you have to pay for excellence

After a lengthy discussion the consensus of the group was that \$3 was not enough of a tuition increase and the majority were leaning towards \$5. In addition, there was a recommendation to look at a 15 – 20 % rounded increase in the out of state surcharge.

FAC will have to reach a decision and forward a recommendation to CEC in January. CEC will forward the recommendation to the Governing Board in February. A comment was made that there could be more information on state funding at that time.

Other Business: There was no other business discussed at the meeting.

Plus / Delta

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| + Out early | - Continued need to raise tuition, need more cuts |
| + Expressed honest opinion | - List individual presenters on agenda |
| + Info. Presented & handouts | - Missing members |
| + \$6 not on handout | |

Next Meeting / January 25, 2005, from 2:00 p.m. to 4:00 p.m., Governing Board Room