



Financial Advisory Council Meeting

Tuesday, September 26, 2006

Rio Salado College

Room 515

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

Members Present: Mary Kay Allen, Jeanne Christen, Larry Christiansen, Arthur DeCabooter, Ted Georgas, Rufus Gasper, Steve Helfgot, Maria Hesse, Jared Langkilde, Mark Mason, Polly Miller, Linda Rosenthal, Debra Thompson, Rene'e Young, Yvonne Zeka, Dennis Shaw

Guests: Sally Buxton, Regis Della-Calce, Donald Campbell, Carl Couch, Joyce Elsner, Lulut Clow, Susan Horner, Darrel Huish, Gaye Murphy, Jane Saldana –Talley, Mary Wheeler, Grady Wolfe

Welcome and Introductions: Everyone was introduced and welcomed to the meeting.

Agenda Items:

New Student System Update and FY2008 Resource Request – Darrel Huish, Associate Vice Chancellor Information Technologies, gave a brief presentation on the new Student Information System. The initial phase of upgrading Oracle/PeopleSoft will be completed this week, according to schedule. The second phase, which includes the conversion of these applications from Version 8.0 to 8.9, is scheduled for completion in March 2007. With new system upgrades, Maricopa will begin to make a cultural shift from provider-based services to online self-services. The implementation date for the fully integrated, web-based Student Information System is October 2007.

Additional financial resources are requested for two significant operations:

- 1) A Central Call Center is needed to address initial calls from students needing assistance with the new SIS. The Project Team recommends that it may be more cost-effective to outsource this function initially. Based on experience with Blackboard, it is anticipated the SIS will generate 5 times the number of call. One vendor has provided an estimate of \$7 per call, which calculates to about \$450,000 needed for this part of the operation.
- 2) The new SIS will put an extra load on staff since they will have to both learn a new system in addition to their regular duties. The Project Team recommends a central pool of about \$775,000 available for staff relief, which will be distributed based on college requests.

Darrel answered various questions related to: quality control of the responses from the outside vendor, knowledge base of the vendor, benefits of outsourcing vs. hiring permanent new staff, the flexibility of the vendor to adjust hours to stay within the threshold budget, and the technical support needed to address our diverse population of students.

Maricopa Financial Plan (Handout) – Gaye Murphy, Associate Vice Chancellor Business Services presented some highlights of the draft of the Financial Plan for Fiscal Year 2002 through 2016. She noted some costs on a 'unit basis' on page 4 "Facts at a Glance". Table 5 on page 8 shows the projected increase in revenue, estimated increased expenses and a projected balance. Gaye explained each line of the fiscal year 2007-08 estimates, with a brief explanation of the rationale used in getting that amount.

She noted that the ASRS increase of 0.5% on line 9 was a mandate dictated by the Arizona State Retirement System. It was noted that the zero increase beginning with FY09-10 was based on the fact that ASRS projected a 0.5% increase up to a contribution rate of 10%, which would hopefully be reduced down to 7% in the future. Since we expect to reach the 10% contribution rate in FY08-09, there would be 0 increases after that point in time. Other highlights discussed include:

Instructional/Student Services

Line 1: The Phase 1 new faculty positions have been 'suspended' for FY07-08 due to the enrollment decline. The normal increase of 25 new faculty have been re-instated for FY08-09 and future years based on the assumption that enrollment will improve.

Line 2: Fiscal year 2007-08 shows 16 new faculty positions as part of the Phase 2 matching process; however, with the proposed suspension there is \$0 match for FY08-09.

Line 3: Prop 301 funding through sales tax is expected only for the next 20 years. In order to avoid having to absorb the costs for all 39 faculty positions in the future, we have assumed that each year 2-3 faculty positions will be re-allocated to Fund 1.

Line 4: Enrollment Growth Funding: The \$0 for FY07-08 is based on the assumption that there are sufficient funds available in the budget for those colleges with enrollment growth, so no increase is needed next year.

Line 5 & 6: Operating funds for capital construction must be funded from Fund 1, not from bonds.

Line 7: Estimates are based on the increases needed to keep scholarship funding about 6% of total tuition & fees.

Employee-Needs:

Line 10: The Flex Benefit increase (line 10) was estimated with a 7.5% increase for FY07-08; however, we are meeting with our Consultants in a few weeks and hope to get a better estimate at that time.

Lines 11 to 14: The Meet & Confer amounts are illustrative only (e.g. COLA is based on the Western CPI of 4.2%). These are simply 'what if' estimates, not to be used as 'starting points' for negotiations.

Infrastructure/Business Costs:

Line 15: The Inflation estimate addresses a few key programs that are anticipated to increase (e.g. Software & hardware Maintenance). Utilities are not included here, since there is a special estimate for this under District-Wide Requests.

Line 16: This District Office operating costs address 3 new positions in Purchasing, Finance and Facilities Planning & Development (1 MAT and 2 PSA).

Gaye also addressed several questions related to property tax revenue and the impact of Proposition 101 to Maricopa Community Colleges. ("Proposition 101, known as the "2006 Taxpayer Protection Act", would amend the Arizona Constitution to remove unused taxing capacity and reset each taxing entity's limit to the actual tax levy of that county, city, town or community college district in 2005.") Since MCCCDC has historically "taxed to the max" and has no unused capacity, this proposition should not affect our property tax revenue. Discussion ensued about the history of taxing and how this may be the beginning of other Legislative moves to decrease property taxes which affect community colleges.

Gaye noted that the potential balance for FY07-08 is showing a deficit of over \$8.7 million – without consideration of District-wide requests.

FY2008 District Wide initiative Requests (Attachment 1 Handout) Line 18, which totals \$7.3 million for District-wide Requests, was presented in detail with the handout. It was noted that the Call Center Support request for \$3.497 million was separate from the SIS request discussed by Darrel Huish earlier in the meeting.

Several committee members commented on the Request list and the Financial Plan; topics included:

- the Enrollment Management Initiatives (items 1 and 2) includes 75 new positions but there are only 16 new faculty positions for FY07-08 to handle new enrollment;
- the \$775,000 pool for SIS also discussed by Darrel is not on this list but was prioritized by the VP's;
- some of these requests did not go through VP's; in reality most of these requests will not be funded
- this plan includes a \$4/credit tuition increase
- the FTSE estimates on page 4 seem too high based on past year's experience
- the ASRS and Flex Benefit estimates will go to the Governing Board in December, but other estimates will be revised during the budget process in the Spring

Plus / Delta

- + Nice Room
- + Good materials
- + Clarity of information
- + Good attendance
- + Work done on Prop 101 issue

- Location change
- Not enough \$ to do all this stuff

Next Meeting: October 24th, 2-4 p.m. at Rio Salado College, Room 515