



Financial Plan **FY2012-13** through **FY2020-21**

with Historical Data FY2007 through FY2012

A world of opportunities...

Chandler - Gilbert Estrella Mountain
GateWay Glendale Mesa
Paradise Valley Phoenix
Rio Salado Scottsdale
South Mountain



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GENERAL OVERVIEW

EXECUTIVE SUMMARY

The purpose of the Maricopa Financial Plan is to provide the leadership of the Maricopa Community Colleges with information to help set resource levels and make allocations to priority initiatives that produce desired outcomes. The plan includes actual data for Fiscal Years 2006-07 through 2010-11, budgeted data for FY2011-12 and projections for FY2012-13 through FY2020-21.

The Plan contains the data most pertinent to the decision making process including aspects of the local, state and national economies that will influence resource availability and expenditure demands. Although the primary focus is on the General Fund (Fund 1), summary data for all funds is provided in Appendix A-3.

The District planning for FY2012-13 and beyond builds on past planning efforts, mitigated by current trends and focuses on advancing existing and new goals as well as maintaining financial stability and flexibility. The effects of the stagnated housing market, widespread credit concerns, and weak consumer spending that have plagued the national and local economies will have an impact on the District as well as making the need for sound financial planning imperative not just advisable.

Resource projections for the next three years indicate very limited revenue growth and suggest that advancement of new initiatives will rest heavily on con-

tinued operational efficiency, internal reallocation, revenue produced through partnership activities and a focused pursuit of grant funding. Ironically, as the wavering economy has led to greater uncertainty about tax revenues, it also has resulted in surging enrollments as citizens try and adapt to changing workforce needs.

Although challenging, the incongruous mix of declining resources and increasing service demands creates a clear incentive to critically examine institutional processes in order to meet enrollment needs and will better position the District to take advantage of revenue growth in substantial ways once the current cyclic downturn runs its course.

Although this Financial Plan provides projections for the next nine years, the major focus is on FY2012-13. The Plan includes revenue and expenditure scenarios and provides an example of budget balancing. This example is not a recommendation. Maricopa's Financial Planning and Advisory Committee (FAC) will review the available resources and expenditure needs, and make a recommendation to the Chancellor's Executive Council (CEC). With input from the FAC and the CEC, the Chancellor will make a balanced budget recommendation to the Maricopa District Governing Board. The final decision on the budget rests with the elected Governing Board.

The following page shows highlights for the upcoming year and the near future.

It should be noted that amounts in the Maricopa Financial Plan are estimates made by the Financial Planning and Budget Office as part of the planning process. They are subject to change as new information becomes available and as the MCCC budget, planning and leadership councils and Governing Board deliberate on specific issues

HIGHLIGHTS

1. State Aid support will remain uncertain from year to year until the State of Arizona resolves the structural deficit in the state budget – possibly sometime after FY 2014.
2. Revenue increases from New Property added to the tax rolls will drop to about \$6 million in FY 2012-13 and increase at a slow pace in the years to follow.
3. Student Enrollment will continue to increase and the corresponding additional tuition revenue will be allocated to the colleges to offset the costs of serving additional students consistent with Maricopa’s Enrollment Growth Funding practice.
4. Mandatory expenditures are projected at about \$4.4 million annually.
5. Maricopa’s ability to fund discretionary initiatives will depend on continued emphasis on achieving operating efficiencies, reallocation of existing resources and securing new resources through one or more of the following:
 - a. Partnerships with the Private and/or Public sectors
 - b. Successful Grant awards and the ability to sustain long term funding
 - c. Student Tuition Increase
 - d. Property Tax Increase
 - e. Fundraising and the ability to sustain long term funding
6. Maricopa’s long term financial planning efforts have enabled the District to anticipate resource needs and discuss alternative actions in an atmosphere where student success remains a priority.



BACKGROUND

As the “Economic Slowdown” of 2008 mushroomed into “The Great Recession”, the Maricopa Colleges have faced growing service demands from new student enrollments, large cuts in state tax support, and greater requirements for efficiency and demonstrated accountability from the Maricopa Community College District (MCCCD) Governing Board.

With so many changing circumstances, Maricopa Colleges cannot continue business as usual; there is no reasonable alternative. As colleges for our community, at Maricopa we must strengthen our resolve to work collectively to transform the District into a role model for Student Success.

FY 2011 Maricopa and other public education institutions received protection against additional state funding cuts as a condition of receiving stimulus funding through the American Recovery and Reinvestment Act (ARRA). The Maintenance of Effort (MOE) requirement expired at the end of FY2011 and FY2012 brought a \$38.4 million state aid cut, leaving Maricopa with less than \$7 million remaining in state aid support. For FY2013, there is no prospect of additional federal stimulus support, and fierce competition for state tax support. These challenging conditions likely will continue for at least the next three to five years, with slow recovery thereafter.

The Phoenix real estate market is critical to the region’s economy. Some economists believe the housing market still has 4-5 years until it recovers; others predict a possibility of another recession if the excess housing supply is not cleared within a reasonable timeframe. Almost half of Arizona homeowners are underwater on their mortgages by an average of \$59,942. In an economy that relies on consumer spending for 70% of its growth, consumers are feeling stressed by unemployment, foreclosures, and bankruptcy rates. Maricopa likely will receive no more that \$6 to \$7 million annually in additional property tax revenues from new property added to the tax rolls.

Many community colleges across the nation have felt the same pressure to develop new revenue streams

due to cuts in state tax support. Some of the alternatives identified include:

- Customize corporate training programs not reliant on subsidized tuition models
- Increase resources for grant development
- Raise tuition, but increase financial aid to ensure access
- Lease land/buildings that don’t conflict with instructional usage
- Solicit specific endowments for facilities/scholarships
- Private donations for class sponsorships
- Package and sell “off the shelf” courses and training programs
- Create an entrepreneur fund to explore ideas that turn into profit centers
- Charge for participation in sports activities until corporate sponsorship or booster club subsidies can be developed.

None of these by themselves could replace the loss in state aid to MCCCD; however, a combination of these ideas (among others) could develop a diversified revenue stream that is not subject to the risks associated with a single source of revenue.

Although the short-term economic outlook for the Phoenix area may be challenging, the positive long-range economic outlook dictates a need for a stable infrastructure of higher education to supply the high-skilled workforce of tomorrow. To produce the graduates needed in the future we need to increase the pipeline of high school graduates prepared for postsecondary instruction; make college degrees more affordable and accessible; and focus on advising, career planning, and other student centered programs that will help ensure more college degree holders.

The Maricopa Community Colleges will need to focus on strategies to improve student success in measurable ways during a period when continued enrollment growth is projected and traditional revenue sources are less certain. To ensure success, we must realign existing resources and pursue the development of sustainable new revenue streams.

ENVIRONMENTAL SCAN

NATIONAL AND LOCAL ECONOMIES AND THE IMPACT TO MARICOPA

MCCCD POSITIVES

While operating in the worst economic environment since the Great Depression MCCCD has maintained the highest possible "Triple A" bond rating. In May 2011 MCCCD again earned AAA bond ratings from Moody's





Investor's Service, Standard & Poor, and Fitch Ratings. MCCCD has earned the highest ranking four times in the last five years. This will allow the

District to add about 1.5 million square feet of new plus 600 thousand square feet of remodeled space through the 2004 Capital Bond Program at the most favorable interest rates. The lower interest rates will directly affect Maricopa County property tax rates by keeping debt costs low. Additional capacity is needed to avoid capping enrollment and ensures that Maricopa County residents can continue to utilize their best value in higher education.

Higher Education translates into higher earnings and Maricopa Colleges continue to offer quality education at tuition rates that are less than the national average of public two year institutions. A study by Economic Modeling Specialists (EMSI) found:

- **MCCCD** Associate degree holders earn 35% more than high school graduates.
- **MCCCD** training adds \$2.8 billion of income to Maricopa county households each year.
- **MCCCD** students earn a 12.2% return on their educational investment.

At \$76 per credit hour; \$2,280 for full time students per academic year, Maricopa residents can save as much as \$30,000 in tuition cost towards earning a bachelor's degree by completing 60 credit hours at a Maricopa College before transferring to an Arizona four-year university. MCCCD has partnered with the state university system increase the number of Bachelor's degree pathways and alternative campus locations that can substantially lower the cost of a degree.



Get your Associate's Degree first at a Maricopa Community College



then... Complete your Bachelor's Degree at ASU!

[The Maricopa -ASU Pathways program \(MAPP\)](#) has been expanded from 50 to 126 of the most popular majors for MCCCD students who transfer to ASU. The MCCCD/NAU Connection allows students at all ten Maricopa campuses to complete both Associates and Bachelor's degrees within Maricopa County.

Maricopa Colleges continue to receive broad recognition for excellence. Rio Salado College (RSC) was named as one of eight highly productive institutions of higher learning by McKinsey and Company in its report "Winning By Degrees: The Strategies of Highly Productive Education Institutions." RSC was praised for leveraging technology to increase cost effectiveness as measured by cost of degree or certificate earned. Estrella Mountain College has been named one of the 120 Best Community Colleges by the Aspen Institutes College Excellence Program based on graduation and retention rates and certificates/degrees awarded relative to total enrollment.

ECONOMIC OVERVIEW

The International Monetary Fund has estimated World Economic Growth at 4.8% for 2010 and expects a slowing to 4.2% growth in 2011. China has averaged 10% annual economic growth since 2002. In 2010 China surpassed Japan as the world's second largest economy and the US as the world's largest manufac-

turing economy. China is losing its cost advantage in manufacturing and its growth may not be sustainable.



The US economy is performing poorly because consumers are not spending, banks are not lending, large corporations are not hiring, small business can't borrow and the public sector is cutting services and employment. The US economy is experiencing a jobless recovery from a recession while attempting to deal with structural deficits at the federal, state and local levels. It is under pressure from rising fuel, food and medical costs and global military commitments.

The U.S. Gross Domestic Product (GDP) grew by 3.1% in 2010 but the rise in food and energy prices outpaced wage growth. Housing remains severely depressed, state and local governments are slashing spending and consumers are still struggling to reduce debt. The U.S. federal deficit is at \$1.6 trillion per year with Medicare and Medicaid being the biggest components. The struggle in Congress on raising the debt ceiling has led to even more instability in the US (and world) economies. Standard and Poor's downgrade of the U.S. Sovereign Credit rating sent the stock market reeling. S&P blamed the dysfunctional US political system for being unable to make significant fiscal reform.



The key variable in US economic recovery is consumer spending, which accounts for 70 percent of the economic growth in the world's largest economy. Every 50 cent jump in gas prices takes \$70 billion out of the US economy. Food and clothing prices are increasing while wages are stagnant. Americans are defaulting in record numbers on credit card debt and losing their homes to foreclosure. There are an estimated 12 million underwater homeowners and 6.4 million delinquent mortgages. The US economy could turn down-

ward again due to falling property prices and rising oil prices.

There are 24 million unemployed or underemployed workers. The rate of unemployment varies from 10% to over 17% when it includes workers that have given up looking for jobs and the people who are involuntarily working less than full time. The 8-month average duration of unemployment is also a record high. The U.S. must prepare for a long period of below-average growth. Goldman Sachs Group Inc. has said the U.S. economy is likely to be "fairly bad" or "very bad" over the next six to nine months.

ARIZONA

The Arizona economy remains under stress. Arizona lost more than 281,000 jobs from 2007 to 2009. The unemployment rate has dropped from 10.4 percent in November 2009 to 9.1 percent in May 2011. 49.6 % of Arizona homeowners are underwater on their mortgages by an average of \$59,942. The Associated Press calculates a "stress" score index based on unemployment, foreclosure and bankruptcy rates. Arizona was among the five-most-stressed states in the US.



An \$8.3 billion state budget was passed by the Arizona Legislature and signed by Gov. Jan Brewer. The Republican-led plan included \$1.1 billion in cuts to balance the budget, doubling the amount of cuts made over the past two years. Republicans concerned by \$3.8 billion State debt load decided on balancing the state's budget without any additional borrowing.

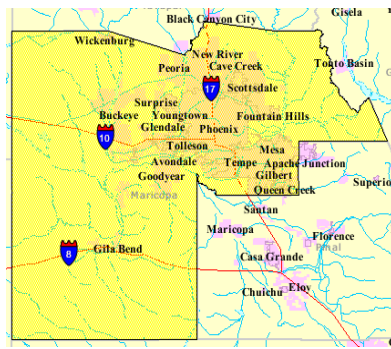
The deep and painful cuts included: \$183 million to K-12 public schools, \$198 million to state universities, and \$510 million from the Arizona Health Care Cost Containment System (Medicaid program). Total funding losses for the entire Arizona Healthcare Community



could total be than \$1.9 billion including federal matching funds. Arizona hospitals and economists predict these cuts will force widespread job losses that will begin in the healthcare industry and ripple out through the community. Hospitals alone account for 10% of the AZ economy. Facilities that serve the most AHCCCS patients will be the hardest hit.

MARICOPA COUNTY

A new US Conference of Mayors report states Phoenix area has lost more than 244,000 jobs since late 2007 the start of the housing crash. Employment won't reach that level again until the second quarter of 2016. Phoenix unemployment is forecast at 8.4% at the end of 2011. *Forbes* columnist Joel Kotkin has rated Phoenix #9 on his list of future US boom towns. Positives noted included number of children 5 to 17, population growth, warm weather, a pro-business environment and affordable housing.



Phoenix may recover and grow at a steadier and more sustainable rate. Phoenix weather is relatively free from natural disasters. This has helped make the Valley the number two data storage market in the US.

The City of Mesa is leveraging its foreign trade zone established in 1997 to attract major exporters and manufacturers, including Tempe-based First Solar and Able Engineering. The 2,000 acre area at the Phoenix-Mesa Gateway Airport is the only FTZ in the East Valley. The FTZ allows companies bring in raw products and components to their facilities at the FTZ, manufacture or assemble them into a final product and ship them out internationally without paying duties. This could help increase export business with Canada, Mexico and China

The Gateway Airport area is viewed by Mesa, state and regional leaders as one of Arizona's future leading

aerospace, education, jobs and research sites with potentially 100,000 high-wage jobs over the coming decades. The city will seek to launch a "technology-focused business accelerator" that would leverage local partnerships and Arizona State University Polytechnic's research and business expertise to create cutting-edge companies and high-dollar jobs. The City of Chandler created 6,000 new jobs in 2010 according to city economic development staff. Intel Corp will spend \$5 billion on a new manufacturing facility there. The decision could bring 1,000 permanent jobs to the Valley in addition to the roughly 10,000 Intel already has here. Average annual wage for Intel workers is \$122,000. Other major employers attracted include Pay Pal, Wells Fargo, and Countrywide Home Mortgage, now Bank of America.

The Greater Phoenix Economic Partnership (GPEC) has helped attract more than 160 companies, almost 31,000 jobs and more than \$6.5 billion in capital investment since Barry Broome assumed leadership. He has identified four areas that could replace some of the jobs in the Great Recession and bring capital investment to the state while not depending on housing starts. These are: solar and renewable energy, direct foreign investment, health care, and a cluster of Chinese companies.

SOLAR AND RENEWABLE INDUSTRY. Phoenix has one of the nation's top clean economies, according to a new study from the Brookings Institute and Batelle. The Valley is the No. 20 clean economy in terms of jobs. 17 companies have come to greater Phoenix with about 6,000 direct and 14,000 indirect jobs.



DIRECT FOREIGN INVESTMENT. Foreign companies who have decided to invest in Arizona include two Spanish companies that are building factories in Surprise: Rioglass Solar and Gestamp Solar Steel Co.

HEALTH CARE. Phoenix and the state contributed more than \$1 billion to seed a bioscience and re-

search-based economy over the past 10 years. Downtown Phoenix is now home to the city-owned Phoenix Biomedical Campus. This includes Translational



Genomics Research Institute (TGen), University of Arizona Medical School-Phoenix, and the Arizona Biomedical Collaborative. University of Arizona plans to develop a 250,000-square-foot Arizona Cancer Center in downtown

Phoenix. Other major developments include Mayo Clinic's radiation-therapy center, the University of Texas-MD Anderson Cancer Center coming to the campus of Banner Gateway Medical Center in Gilbert, and the Cancer Treatment Centers of America hospital in Goodyear. The Boyer Co. plans to develop a \$50 million laboratory research facility on the Phoenix Biomedical Campus. The Barrister Place Building downtown and the Phoenix Sky Harbor Center will become the home of Dr. Patrick Soon-Shiong's Institute for Advanced Health multimillion-dollar data center and bioscience hub.

CLUSTER OF CHINESE COMPANIES. The Chinese government controls \$2.85 trillion in foreign exchange reserves that gives them unmatched investment flexibility. China firms are looking to invest more in the United States to be closer to customers and the Phoenix area has a good chance of attracting them. GPEC has 12 Chinese companies looking at Arizona.

HIGHER EDUCATION

The US needs to produce roughly one million more college graduate (40% more) to make sure the country has the skilled workers it needs by 2020. A national consensus has emerged that this can only be achieved by increasing higher education productivity, or the relationship between degrees produced and resources expended.

Arizona is one of the 10 states projected to have the most high school graduates over the next decade, and one of the nine states where over half of all undergraduate students are at community colleges.

Arizona is one of seven states seeking to improve higher education productivity using a four-year, \$1.5 million Lumina grant to scale up the state's range of "no-frills" bachelor's degrees to meet local and student needs. MCCCDC has been particularly active in increasing the number of 2+2 and 3+1 Degree Pathway options with both Arizona State University and Northern Arizona University.

The state has designed and announced a new student-level funding model that



rewards campuses for student progress and degree completion through the work of "Getting AHEAD" (*Access to Higher Education And Degrees*), a strategic partnership between community colleges and universities. Dr. Rufus Glasper, chancellor of the Maricopa Community Colleges is a co-chair of "Getting AHEAD", along with Dr. Tom Anderes, the President of the Arizona Board of Regents.

The Higher Education Finance Committee of Getting AHEAD made the following recommendations in July 2011 for universities and community colleges:

For the state's universities, the Committee recommended a base plus performance funding model. Under this model, universities move away from state



funding being based simply on enrollment to a system where new funding is earned or lost based on each institution's effectiveness and

efficiency at meeting approved performance goals

The funding recommendations for the community colleges in the Phase III report are in line with the Arizona's Community Colleges' Long-Term Strategic Vision, which is aimed to increase the number of Arizonans who achieve their post-secondary education and training goals, complete a degree or certificate, and/or transfer to a university.

With the community colleges' open access mission and local governance, the Higher Education Finance Committee recommends they strengthen and improve the existing formula based on full time students enrolled to include performance funding focused on the following six metrics: college-level course success rate, fall-to-fall retention rate, graduation (degree /certification completion) rate, occupational program completers employed with a livable wage or enrolled in further education, developmental course success, and learners who successfully transfer an AGEC, and/or an Associate degree.

Dr. Glasper stated that "The energy of the community colleges right now is focused on implementing the strategies included in the visioning document that focus on increasing student success and the productivity of our institutions for the benefit of the state of Arizona."

IMPLICATIONS FOR MCCC

The competition for scarce public resources will become more intense and Maricopa will need to cultivate sustainable new revenue streams to replace the cut in State Aid and



reduced tax support. If Arizona can resolve its complex fiscal and immigration problems it could become a more attractive destination for corporate relocation and direct investment from outside the state. As the economy recovers, there will be an increased demand for affordable higher education and job retraining that will ensure good jobs and financial independence. Many displaced workers (laborers and skilled tradesman) that had skills useful in the housing bubble build-up do not have the skills that are needed to fill the jobs now available.



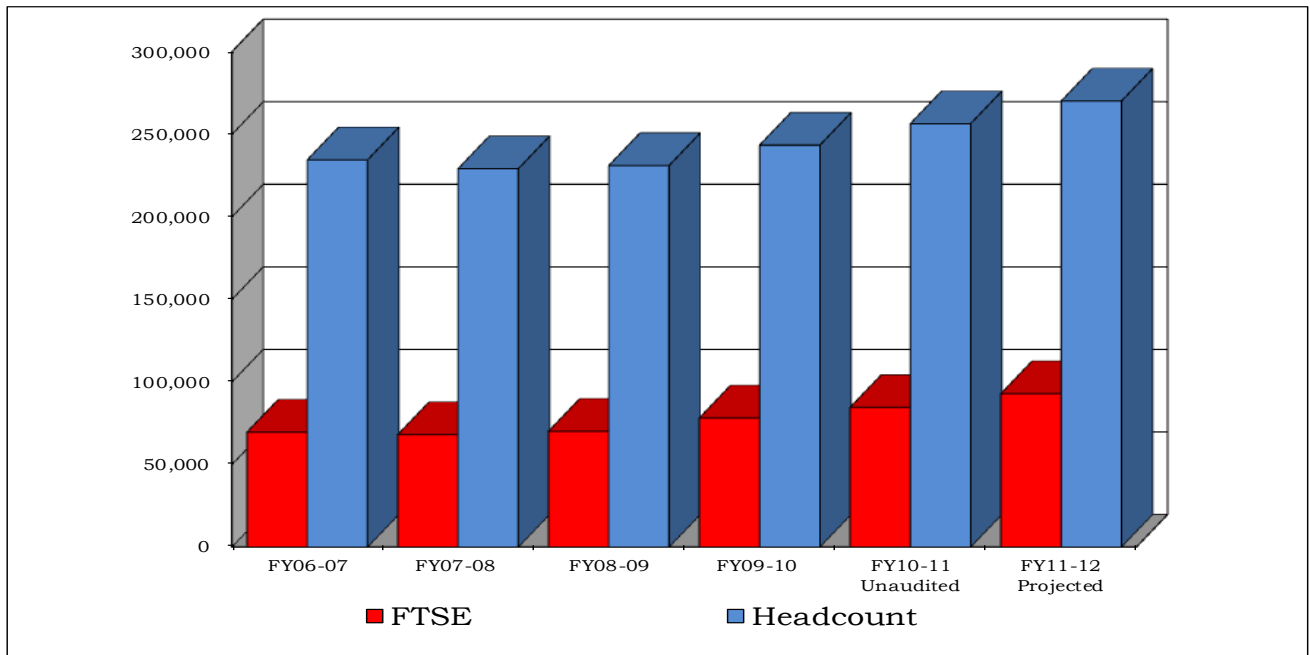
Over the past five years, the Maricopa Colleges have worked to remain in compliance with changing state laws on residency and citizenship or lawful status. As we have done so, undocumented students and their supporters have made impassioned pleas to the Governing Board, relating stories of challenges overcome and hopes for future prosperity through access to education.

Proposition 300 passed by Arizona voters in November, 2006 stipulated that college students who are not legal United States citizens or are without lawful immigration status must pay out of state tuition and are not eligible for financial support using state money. Senate Bill 1070 passed the Arizona Legislature in 2010; however, due to lawsuits, many of the provisions were put on hold. House Bill 2008 requires that students who want to qualify for resident tuition or other publicly supported postsecondary education benefits must submit one of 12 specific types of documents to demonstrate lawful presence in the United States.

The Maricopa colleges must abide by state laws; however, many members of the Maricopa community hope to see a mediated immigration strategy that will not place the District in a primary enforcement role.

Student enrollment at Maricopa Community Colleges has been affected by both the upturn in the economy and the more recent downturn. When the economy was strong, enrollment in the district's colleges dropped slightly from a high full time student equivalent (FTSE) of 71,387 in FY2004-05 to 68,055 in FY2007-08. A number of factors appear to have contributed to the slight decline. Additionally, an historical review of enrollment since 1965 suggests that en-

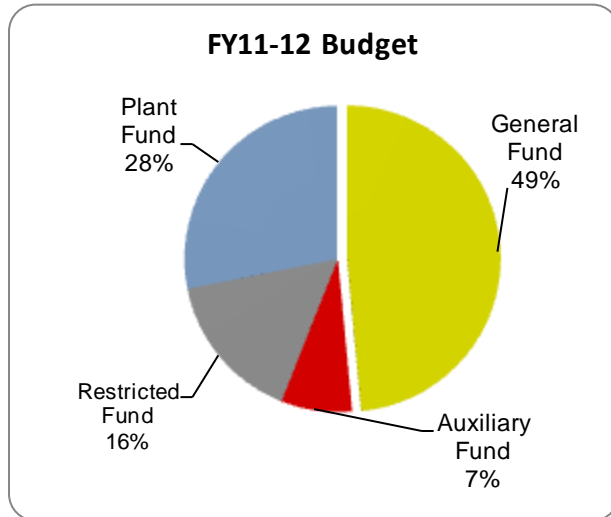
rollment typically has increased, but approximately every 10 or so years, there is a slight multi-year decline in enrollment. Prior to this period of decline the last period of slight enrollment declines was the early 1990's. Beginning with FY08-09, enrollment has increased. As noted earlier, the wavering economy has resulted in surging enrollments as citizens try and adapt to changing workforce needs.



The unaudited FTSE for FY10-11 is about 8% higher than the previous year and estimates for FY11-12 indicate continued enrollment increases.

FINANCIAL PLAN OVERVIEW

Each year, the Budget Office puts together projections based on historic activity and economic data. At Maricopa there are two major types of budgets: Operating Budget, composed of the General, Restricted and Auxiliary Fund, and Capital Budget which consists of the Plant Fund.



OPERATING BUDGET

The operating budget consists of the General Fund (Fund 1), Auxiliary Funds (Fund 2) and Restricted Funds (Fund 3).

The [General Fund](#) is the largest and main operating budget for the Maricopa Community Colleges. The General Fund accounts for unrestricted resources that will be expended in the current year for operating purposes such as instruction, public service, academic support, student services, institutional, operation /maintenance of plant, plus scholarships. Primarily property taxes are the main revenue source in the General Fund; tuition and fees represent the second large source of revenues. State Aid is the third major resource; however, given the recession, this has been

decreasing steadily over the past few years. Other revenue sources include interest income, commissions and the carry forward of fund balance.

The [Auxiliary Fund](#) includes revenues and expenditures that support a variety of self-supporting activities, including contract training, the Maricopa and Southwest Skill Centers, non-credit instruction, and food services. Revenue sources include student activity fees, tuition from Skill Centers, course fees and other revenues from sales of other auxiliary services.

The [Restricted Fund](#) (Fund 3) accounts for all restricted activity such as grants, student financial aid and Proposition 301--a statewide November 2000 referendum that raised sales taxes for education (community colleges are required to use the funds for workforce development and training). Revenue sources include federal, state and local funds for grants or contracts, Proposition 301 sales tax revenue and federal financial aid funding.

Although the primary focus is on the General Fund (Fund 1), summary data for all funds is provided in Appendix A-3.

CAPITAL BUDGET

The Plant fund is MCCCC's capital budget fund; it includes capital state aid if appropriated, the 2004 General Obligation bonds issued, Revenue bond proceeds and debt services related to those bonds. The major source of funding comes from General Obligation (GO) Bonds, revenue bonds and transfers from the General Fund for capital equipment. State Aid for capital was suspended in FY09-10; we anticipate funding will continue to be suspended in future years. As shown in the pie chart above, this fund for FY11-12 was about 28% of the total budget.

MARICOPA PRIORITIES

Facing increasing enrollments, growing service demands, and shrinking resources, Chancellor Rufus Glasper and the Chancellor's Executive Council (CEC) agreed to a fundamental requirement that all steps taken to advance district wide initiatives would be done as a unified collaborative effort. Moving forward under a "One Maricopa" commitment requires that overall operations be more efficient, effective and flexible. Colleges and the District Office must engage in collaborative conversation, timely decision-making and work together with a shared vision of student success as the District's primary goal.

SEAMLESS STUDENT EXPERIENCE: Single System-Wide Business Model for Financial aid and Admissions/Records

The MCCCDC Seamless Student Experience will provide a single district-wide process for financial aid and admissions & records to achieve consistency and maintain quality. The MCCCDC serves over 9,000 square miles of Maricopa County with ten Colleges, most of which are multi campus and/or have multiple learning sites with students frequently attending multiple Maricopa institutions. The sheer magnitude of the educational enterprise is formidable and yet, major businesses frequently use standardized operations in an effort to promote efficiency and a corporate culture that values customer services. Maricopa needs a new way of operating so that students will be able to apply and receive financial aid, apply for admissions, drop and add courses, maintain a single transcript pay for classes and other services at a single point of entry. The objectives of the single system-wide business model for financial aid and admissions/records are as follows:

- Single financial aid application, academic transcript, registration and payment process that allows students to seamlessly move through all Maricopa colleges
- Timely, accurate and consistent financial aid and admission/records experience for students
- Students' perception of a positive experience
- A reduction in bad debt
- Employees who demonstrate consistent competency with students and the financial aid and admissions/records and registrations processes
- Robust systems and processes that support the purpose and are consistent with higher education standards and best practices
- Regulatory compliance
- Improving student persistence and success consistent with federal mandates

In addition to the recommendations regarding financial aid and enrollment services that are currently being addressed by the Seamless Student Experience Advisory Team, the 21CM work teams that focused on Student Success offered a wide range of recommendations, some of which are likely to have costs associated with them. A number of these recommendations are designed to improve and standardize current processes across the ten colleges. This set of recommendations include the implementation of a Customer Relationship Management (CRM) system and the implementation of consistent student tracking systems across the colleges that would include advising, tutoring and early alert functions. (If the plans for the CRM system move forward, it seems that some of these additional tracking functions could be handled by that system.) Another set of recommendations are specifically connected to the Student Success Program and involve the mandating of certain key entering student experiences, specifically advisement and new student orientation. Although the plans for these recommendations are still in the formative stages, the costs associated with these plans are likely to involve the hiring of additional employees and/or the implementation of technological modules (e.g. e-advising, online orientation). The final major recommendation calls for the creation of a district student support center that would facilitate recruitment, retention and achievement by coordinating a number of activities related to student outreach, enrollment and support services. A related recommendation at the college

level calls for the implementation of consistent One Stop Centers at all of the college; therefore, funds would be needed to modify or establish these centers in order to meet the agreed-upon criteria.

INCREASED PRODUCTIVITY

MCCCD is actively participating in Getting Ahead (Access to Higher Education and Degrees), an initiative funded by the Lumina Foundation that has as a primary goal to increase productivity in the state of Arizona. Lumina's productivity work is "an effort to dramatically increase the numbers of college graduates with available resources while preserving academic quality." Getting Ahead aims to address the following

- Improve access to institutions for degree completion through:
 - Expansion of community college and university partnership programs for simplified credit transfers
 - Expansion of online and distance-education programs for greater access
 - Development of regional universities with career specialties
- Implement a comprehensive online portal to assist students with academic planning, credit transfers, and career advisement
 - Development of E-advising for junior high through working adult
- Evaluate funding models that reward student success and institutional efficiency
- Improve coordination and governance of all post-secondary education entities in Arizona
 - University and Community College Joint Council of Presidents
- Ensure more students prepare for two-year colleges and four-year universities through close coordination with the K-12 system and its advocates

DEVELOPMENTAL EDUCATION

The purpose of the Developmental Education initiative is to effect system-wide change in Maricopa in the area of developmental education. Great strides in developmental education have recently been made in the MCCCD, with the convening of the developmental education retreat with Hunter Boylan (2008), the implementation of the Student Success Program (2008) and the creation of the Maricopa Summer Institute (MSI) (2010). All these efforts have raised the awareness of the needs of developmental students and have resulted in cultural changes at the colleges and a wide variety of practices that are specifically designed to help students in developmental-level courses succeed. The MSI, in particular, has begun the process of building bridges between the colleges' developmental education programs and the sharing of best practices. With the new focus on developmental education, we are looking to build on that success and formalize some of that work as standard practice within the district and to address the Governing Board related to Developmental Education. The focus will initially be on practices designed to achieve those outcomes, specifically,

- improving the success rates of students in developmental-level classes
- improving the success rates of students in college-level math and English classes after taking developmental-level classes, and the success rates of students in college classes after taking developmental-level reading classes
- improving the graduation rates of all students who have taken developmental-level classes
- increasing the percentage of students in developmental level classes who are engaged in non-traditional class formats (e.g. online, hybrid and accelerated classes)

INFORMATION TECHNOLOGY: Providing the Technical Infrastructure for Student Success

Robust information technology systems provide the tools and support to facilitate the teaching and learning process and offer student services that are integrated and cost effective. In planning for enterprise system maintenance, im-

provements and adding functional capability, it will be vital to do so under the “One Maricopa” vision. Maricopa does not have sufficient financial resources to maintain customized systems in support of inconsistent processes and must work to streamline operations business practices district wide. Examples of projects under review or in planning stages include:

- Upgrades to major enterprise systems for human resources, financial services, and student information
- A cost effective and stable learning management system
- Standardized email, calendaring and telephone systems
- Document imaging solutions for business and student records
- A Customer Relationship Management System
- Technical improvements such as a wide area network strategy and enhanced security

Moving from planning to implementation will depend on available resources and staffing levels, as well as the ability to standardize business process solutions on a district wide basis.

MAJOR ASSUMPTIONS INHERENT IN THE PROJECTIONS FY2012-13

GENERAL FUND - REVENUES

Maricopa has traditionally relied on new and reallocated General Fund revenue from property Taxes, State Aid, and Tuition and Fees. The success of future initiatives depends on the ability to develop sustainable new revenue sources.

Property taxes:

The rate of increase from new property added to the tax rolls is projected to decline dramatically in FY 2013 with slow recovery. As an example, building permits issued by the City of Phoenix, Development Services Department reflect a significant drop in building permits issued through FY 2009. Overall Property tax revenue increases at lower rate compared to prior years as a result of sagging property values. The property tax levy from new property decreased over 38.0% from \$11.3 million in FY2011 to \$7.0 million in FY2012. This is a large drop compared to the \$19 million from new construction in FY2009.

On February 25, 2011, the Maricopa County Assessor's office issued 1.5 million assessments to owners of real property. For the third year in a row, the County Assessor reported a decline in the median Full Cash Value for single family residences. The 2012 median value for a single-family residence in Maricopa County is \$141,200 down from \$155,300 in 2011. Net Assessed Valuation received from the Maricopa County Assessor in February 2011, shows overall a 19.4% decrease in net primary assessed valuation in Maricopa County.

In addition to the \$7 million in taxes from new construction, \$11.4 million from the 3% annual property tax levy increase was approved by the Governing Board on June 14, 2011.

Tuition and Fees:

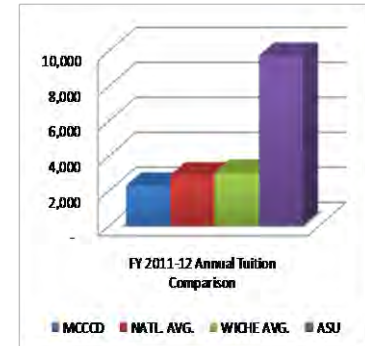
Tuition revenue will increase as more students attend. The additional tuition revenue will support student enrollment growth at the Maricopa Colleges. A total of \$5 per credit hour rate increase, from \$71 to \$76 per

credit hour, was approved for residents. This was the first increase since FY08-09.

The Arizona Constitution mandates the provision of higher education "as nearly free as possible" and tuition for Maricopa Community Colleges remains below the national average of public two year institutions.

Students attending Maricopa Colleges

prior to transferring to a baccalaureate granting institution should expect to pay tuition less than half the rate of the Arizona public four year institutions.



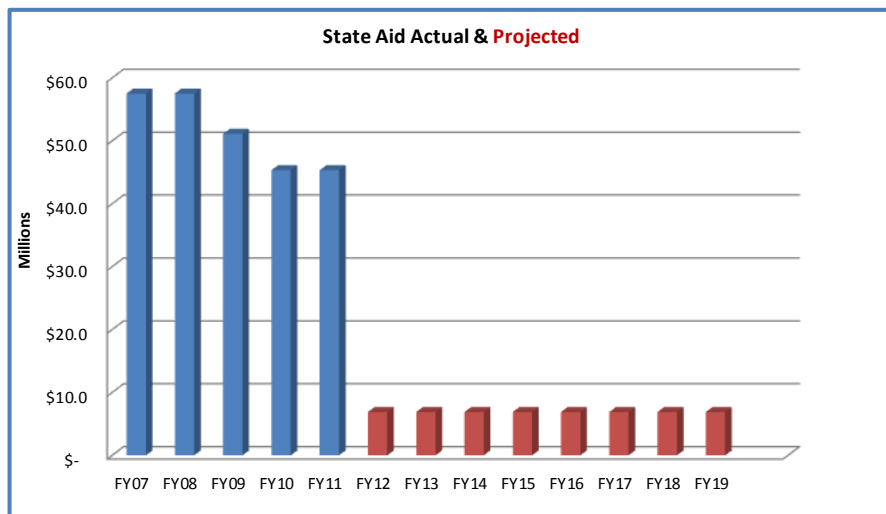
State Aid:

For FY2012-13 the State of Arizona will fund Maricopa Community Colleges at the same amount budgeted in FY11-12. This amount is unchanged in the next few years assuming that the state will not fund enrollment growth nor restore previous cuts. Much more likely are additional state aid cut, which are displayed in the Financial Plan Overview.

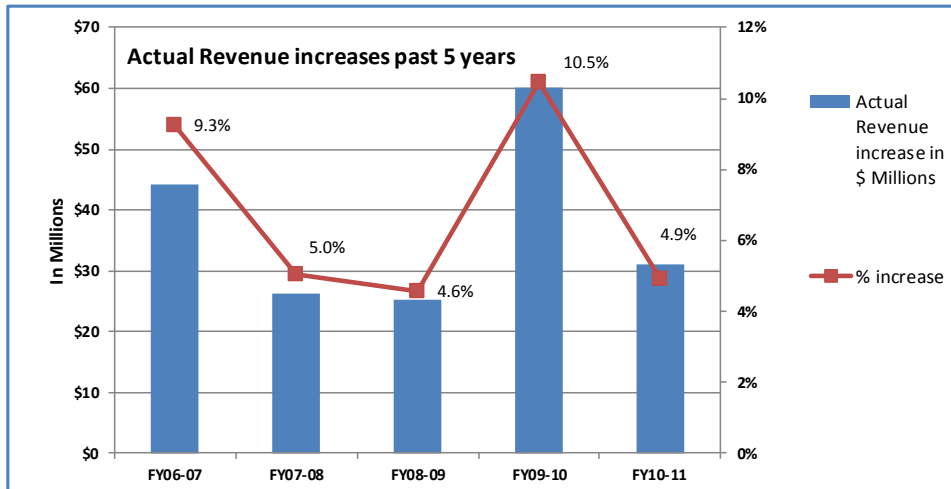
Long term State Aid appropriation projections are complicated by the estimated shortfall between state spending and ongoing state tax revenues. The absence of agreement between the Governor and the Legislature with regard to resolving the shortfall make it difficult to engage in accurate long term planning.

Reallocation:

Over the past few years, we have relied on the reallocation of internal resources to help compensate for the cuts in State Aid. This reallocation was accomplished by budget cuts to all colleges and divisions in the District Office. We anticipate that additional reallocation also will occur over the next three to five years in order to meet high priority needs.



Projections for State Aid remain flat at \$6.9 Million. However we may see continued State Aid reduction until Arizona's economy recovers and the Legislature balances the state budget.



GENERAL FUND - EXPENDITURES

➤ ASRS

- In FY11-12 the mandated Arizona State Retirement System rate increased from 9.85% to 10.10% for employers. The Legislature also approved a contribution cost from the 50/50 split to 47 employer/53 employee. Future increases are projected at 0.5% for FY2012-13, then 0.3% through FY2020-21.

➤ HEALTH BENEFITS

- A \$5 million allocation was approved to partially offset the FY2011-12 Health Care increase with a projected 21% for FY2012. Future increases are projected at 8% for FY13 to FY17, then 5% through FY21.

➤ BOND OPERATING COST

- Current and planned building projects (primarily supported by Bond Proceeds) indicate the District will increase building capacity by approximately 1.5 million square feet. Projects and related costs will be phased in through FY 2015. This plan includes funding of \$0.5 million from FY14 to FY17 to offset operational costs associated with this increase in building space.
- Support for Technology is based on contractual obligations for licensing and maintenance of existing software and support for new systems acquired through the bond program.

OTHER FUNDS

Auxiliary Fund

The **Auxiliary Fund** includes contract training and other substantially self-supporting activities, such as the skill centers, non-credit instruction, course fees, and food services. Assumes continued growth in non credit course fee revenues and other auxiliary fund revenues to offset expenditure increases.

Restricted Fund

The **Restricted Fund** accounts for restricted activity such as grants, student financial aid and Proposition 301- a statewide 2000 referendum that raised sales taxes for education related to workforce development and training.

Assumes continued receipt of Prop 301 revenues from state sales tax that will expire in FY 2020. The economic stimulus funding provided through the “American Recovery and Reinvestment Act” was intended to help stabilize state educational institutions through an economic recession. Funds available for higher education support were allocated at the Governor’s discretion between community colleges and universities. Governor Jan Brewer requested and received \$29 million in both fiscal years 2009 and 2010 for statewide community college support.

For FY 2009, the Maricopa Community Colleges received \$15.1 million of the state allocation and at the Governor’s direction spent all funding in FY2009. Additionally, a second stimulus allocation of \$5.5 million was received in FY 2010 and FY 2011 will bring a much smaller residual allocation of only \$174,000.

Capital Fund

The **Plant Fund** is MCCC’s capital budget fund; it includes capital state aid, the 2004 GO bonds issued, Revenue bond proceeds and debt services related to those bonds.

STATE AID

Plan assumes no Capital State Aid appropriated for FY12-13.

BOND PROCEEDS

In 2004, Maricopa County voters overwhelmingly approved \$951 million General Obligation Bond Program. Bonds totaling \$650 million have been issued (Series A, B and C); an issuance of \$150 million for Series D took place in FY10-11. The final issuance of \$151 million is planned for FY 2013.

Table 1 on the next page identifies the planned uses of Bond funds by Bond issuance. Primary use of the bond proceeds supports the construction/purchase of 1.5 million square feet of new building space as well as the renovation of 600,000 square feet of existing space. As of June 30, 2010, approximately 50% of the program has been completed which includes additional building space of 842,000 square feet, the renovation of approximately 200,000 square feet, and the purchase of several land parcels in Maricopa County to meet future growth needs of the District. Additionally, funding has been/ will be used to support new technology initiatives, enhance and improve occupational programs, and provide preventative maintenance for existing structures.

Table 1

**2004 G.O. Bond Program
Current and Projected Amounts by Program, Projects, and Series**

Categories of Expense	Series A-C	Series D	Series E	TOTAL
Construction	478,489,532	79,771,560	31,022,273	589,283,365
Regulatory and Compliance Programs	10,241,907	5,000,000	4,958,093	20,200,000
Security & Specialty Programs	24,853,781	500,000	500,000	25,853,781
Construction Projects	\$ 513,585,220	\$ 85,271,560	\$ 36,480,367	\$ 635,337,146
Land Acquisition	19,000,000	-	-	19,000,000
Maintenance and Improvement Projects	29,590,416	15,376,356	26,805,082	71,771,854
Technology	53,954,705	32,517,400	63,527,895	150,000,000
Occupational Equipment	34,139,660	16,834,684	24,275,656	75,250,000
Total	\$ 650,270,000	\$ 150,000,000	\$ 151,088,999	\$ 951,359,000

NEW REVENUE SOURCES

The Maricopa District requires new revenue streams in order to replace resources lost through State Aid cuts. In addition, continued emphasis on student success will increase the demand for additional resources in order to implement some of the more costly best practices initiatives.

Maricopa has successfully secured additional resources from partnership programs and through grant awards; however, we have not looked to either of these activities as large or sustainable financing opportunities.

Maricopa will need to identify a framework that supports expanded grant acquisition and management functions as well as a method whereby the District as a whole can benefit from College partnerships and other entrepreneurial activities. Partnership arrangements could provide a means of mutual benefit by expanding opportunities for much needed educational services and producing revenue not only to offset direct instructional delivery costs, but to support ongoing indirect costs as well.

As we move toward new and innovative ways to compete more aggressively for additional resources, we will need to carefully examine the implications of each grant and/or partnership to ensure that it is an appropriate activity for the District. In addition, we may

need to review required business support systems, start up or matching costs, and ensure compliance with state laws.

The following are some new revenue sources that are currently underway or planned for the near future.

MARICOPA FOUNDATION

The Maricopa Foundation has focused efforts on providing student financial aid. This had been a very important endeavor as the State of Arizona does not provide any financial aid programs for community college students. The Maricopa Foundation may need to expand development efforts to provide more direct support for Colleges.

The Maricopa Community Colleges Foundation Board of Directors approved a major fund raising campaign to begin 7-1-11 and continue through 12-31-15. An extensive feasibility study was conducted during the spring by Phoenix Philanthropy Group. Over 70 community leaders were interviewed as part of the study. The campaign will reposition the District in the eyes of the community in general, and the donor community in particular. The goal is \$50 million. No capital funds will be raised. The three main areas of the campaign are: student success, faculty support and innovation and strategic community partnerships.

FOURTH REVENUE STREAM

Each college has actively pursued new revenue streams and activities to promote cost effective programs for the current and for future years. Included is a brief summary by college:

PHOENIX COLLEGE:



NEW REVENUE SOURCES

- Creation of a \$100,000 endowment from donation by Eric Fischl.
- An employee campaign targeted to generate donations for a general endowment.

FY11 ACTIVITIES TO PROMOTE COST EFFECTIVE PROGRAMS

- Vacancy savings and attrition;
- Hiring of OYO/OSO/RPS in lieu of full time board approved employees;
- Consolidation of classroom usage during the summer session which resulted in summer building closures;
- Consolidation of two summer sessions into one summer session;
- increased minimum class sizes from 12 to 18;
- Complete three day weekend closures during the summer semester (no exceptions);
- Document imaging;
- Communication with faculty on the importance of withdrawing students who never attended class (within the first 7 days of the start date of class) to improve bad debt;
- Energy conservation and shorter utility schedules.

FY12 ACTIVITIES TO PROMOTE COST EFFECTIVE PROGRAMS

- Revised budget allocation model; this resulted in a budget reallocation savings of \$377,000 for the college;
- Greater consolidation of classroom usage during the summer session;
- Transition to a one-stop model;
- Reduced student affairs business hours (close at 6pm instead of 7pm);
- Regular communication (and transparency) with the campus on our budget situation and strategies;
- Increased usage of the copy center to maximize our contractual costs and minimize operating costs;
- One summer session.

GLENDALE COLLEGE:



FY11 ACTIVITIES TO PROMOTE COST EFFECTIVE PROGRAMS

- Veterans Services Center – Implemented in Fall 2010 to improve the unique services to the cohort of students and their families;
- Kept 30 staff positions open throughout the year - Salary savings and looked for ways to redesign vacancies to fill areas of greatest need;
- Capital bond – Because of our accelerated construction cycles, GCC was able to handle the surge of students we saw last year because the additional sq. ft. was in place.

- Greenhouse gas efforts - Implemented improved lighting in gym with a 9-month utilities payback. Also, despite increase in sq. ft., no increase in Greenhouse gas has been observed;
- Hiring of faculty - Developed a 3 year plan to help manage past vacancies and new vacancies in faculty. Began the hiring process several months early (December of 2010);
- Donations – chiller plants at GC North, Wells Fargo, skylight Scholarship programs.

NEW REVENUE SOURCES AND COST EFFECTIVE PROGRAMS

- Encourage more vendors to rent our campus cell phone tower;
- Develop solar technology at our Witman site;
- Enhance the operation of our Institute for Business and Industry;
- Conduct program reviews of the entire campus in order to promote efficiencies in all areas of operation;
- Brainstorm ways to use our capital dollars to enhance operational revenue and cost reduction;
- Use process mapping, through Organizational Process Analysis Team (OPAT), to identify and enhance campus processes;
- Solicit grants that are consistent with our strategic plan and college grants process;
- Maximize classroom usage by ensuring that sections are at capacity;
- Possibly integrate some campus student success programs, including Testing, Tutoring, and recruitment and bridge efforts as Achieving a College Education (ACE+), Hoop of Learning and Minority Services;
- Promote classroom retention strategies through training for faculty at the Center for Teaching, Learning and Engagement.

GATEWAY COLLEGE:

NEW REVENUE SOURCES

- Continued implementation and growth of the college's Learn More/Live Better Annual Fund Campaign which support students as well as college programs, services and facilities. Donors to the campaign include faculty, staff, partner organizations and local businesses;
- Fundraising Guild made up of volunteers advisors from the local community charged with supporting the college financially and recommending/introducing/connecting college leadership to prospective donors and/or partners that can support college programs and services;
- Integration of fundraising activities between GateWay and the Maricopa Skill Center including the Learn More/Live Better Annual Fund Campaign and the volunteer Fundraising Guild;
- Participation in a District-wide, large-scale fundraising campaign to generate new revenue for student success initiatives;
- Continued pursuit of private grant funding for students, program support, and college initiatives;
- Global Corporate College program where GW partners with organizations to help bring training programs to their facilities;
- The Center for Entrepreneurial Innovation (incubator) which provides tenants the facilities and resources to develop their innovative ideas;
- Exploring potential MSC NW Valley site expansion that will help service the northwest valley while bringing in more tuition revenue;
- Child Care Center's revenue generation plans to more effectively use the facilities.

PROMOTING COST EFFECTIVE PROGRAMS AND PRACTICES

- Instruction's changes to block scheduling increasing class size and thus tuition revenue while using our facilities more effectively;
- Program viability process for academic and non-academic programs to objectively assess programs;
- Town Hall Initiative/Long-term efficiency planning as organized by the college's Steering Committee to identify and implement organizational efficiencies. Block scheduling and program viability are two examples that resulted from the Town Hall Initiative.

MESA COLLEGE:



NEW REVENUE SOURCES

- Various efforts are ongoing to raise money for a number of programs and services. These include the Disability Services endowment fund, which provides operational support for the center; the Rose Garden Endowment, which provides resources for college landscape and supplies used in the gardens; and the Planetarium Fund, which provides resources for public outreach, show productions, etc. Additionally, the MCC Alumni Office in conjunction with MCC's Development Office will continue the Annual Alumni Scholarship Fundraising Campaign. These programs could generate an estimated \$150,000 to \$1,000,000 annually.
- In July 2011 the newly created position of Grants Coordinator was filled. This position is responsible for grant acquisition and management, including the development of a grant process at the college. The college is estimating \$100,000 of incremental grants in the first year of this initiative.
- Launched the Center for Workforce and Community Partnerships at the Downtown Center. The Center is charged with developing and delivering three potential revenue resources: (i) community and continuing education classes, (ii) workforce customized training, and (iii) on-line training. Potential revenue from these programs could total \$80,000 annually.
- The Virtual Incident Command Center (VICC) will come on-line in the fall of 2011. This program will offer incident-training programs to students, as well as, local, state and out-of-state fire departments and emergency management agencies. Annual revenue generated from the VICC is estimated at \$2 million.
- A major project in process at Red Mountain is the "Solar Agreement." This proposed agreement will allow Johnson Controls to use land at the Red Mountain campus for a solar installation. This agreement provides the following benefits: (i) provides a five percent savings on energy costs for the campus (estimated between \$15,000 and \$18,000) and (ii) Johnson Controls will make a cash gift in the amount of \$225,000 to the MCCD Foundation for the establishment of an endowed teaching chair program, funding for student scholarships and a teaching innovation endowment fund. Additionally, this agreement demonstrates the District's commitment made by Chancellor Glasper and President Pan with the American College & University President's Climate Commitment to reduce carbon footprint.
- Veterans Center External Funding project is working in collaboration with the MCC Development office, the Veteran Services department, VA Student Club and outside entities to secure in-kind support or funding for the purpose of creating space for our Veteran Services department and space for our Veteran Students (VA Center). Estimated revenue for this project is between \$500,000 and \$750,000.
- Pursue the Veterans Upward Bound Grant (TRIO). The Dean of Retention and Student Support is working with the District Grants Office to write a proposal for the VA Upward Bound Grant. The grant is anticipated to be open for proposals Spring 2012. This grant would provide resources to advance initiatives for the VA department such as regional training for certifying VA certifying officials. This grant is \$300,000 each year for up to five years.

- The Children’s Center became the recipient of the CCAMPIS Grant which is a tuition subsidy program for Pell eligible students. Through this grant, the Center received funds to subsidize the cost of childcare for students utilizing the Center. For FY 2010-2011, the Center received approximately \$109,000, which helped about 60 students with childcare tuition subsidies. The Center is expecting to receive a similar amount for 2011-12.
- Testing Services has been asked to review the need to implement a “re-testing” fee of \$5 per re-test with the District Testing Council. If the fee were to go into effect, the college could realize about \$14,000 in additional revenue.
- The college will lease an unused portion of its Downtown facility which will generate annual rental revenue of \$41,000.

PROMOTING COST EFFECTIVE PROGRAMS AND PRACTICES

- Mesa Community College has partnered with EnerNoc, an energy management company that provides timely needs between electric supply and demand. The partnership permits MCC to assist with the program, by reducing energy loads when demands on the ‘grid’ are high, thus helping to alleviate brownouts and blackouts to those utilizing power on the grid. By participating in the program, the college will receive utility cost savings estimated at \$9,000 annually.
- MCC has partnered with SRP in their Retro-Commissioning program, which is a relatively new program SRP provides their customers to optimize existing facilities’ operations. SRP hired a consulting firm who visited each campus, reviewed facilities and provided retro-commissioning to our building systems. In new buildings, commissioning was done to assure that all building systems (especially the mechanical systems) were working optimally and as designed. Per SRP data, typical re-commissioning savings in energy costs average 5% - 10% of total use. With some studies showing a 15% - 20% savings. Estimates show an annual savings of \$55,000 and \$48,000 at Southern and Dobson campus and Red Mountain campus, respectively.
- During FY 2011 MCC’s Public Safety Department initiated three cost savings initiatives. These initiatives included: (i) focusing on local training rather than out-of-town or out-of-state training, (ii) reduction of part-time work force during summer months and holding off the hiring of RPS employees until shortly before the Fall semester, and (iii) converting five RPS positions into three FTE positions, allowing for savings of several thousand dollars per year and increasing effectiveness within the department. The three initiatives have estimated savings of \$8,600 annually.
- Discontinued mass printing and distribution of course schedules and course catalogs. Estimated savings is expected to be approximately \$40,000.
- MCC has collaborated with other colleges within the District to provide interpreting services for the deaf. MCC hired two Specially Funded interpreters and is able to utilize one position to service sister colleges in need of interpreting services. Colleges pay for this service and benefit from significant savings and consistent interpreting for students. Through this program, Interpretive Services was able to generate revenue to pay for one of the positions and provide cost savings to the District in the form of reduced interpreting rates. Fiscal year 2010-2011 savings at MCC totaled \$16,000 and the other Maricopa Colleges saved \$56,000. For fiscal year 2011-2012 total savings for the District, including MCC is estimated at \$90,000.
- MCC HR Department will introduce an on-line orientation program that will streamline new employee “on-boarding” and result in more productive employees. On-line feature reduces cost of doing live presentations and makes the on-boarding process consistent for all employees. Savings from the on-boarding program is estimated at \$35,000.
- Reduce insurance claims in the Athletics department with the addition of a Health and Safety Program. The program instituted a new procedure for athletes that include pre-season drug testing and impact testing for collision sports. Due to few claims it is estimated that FY2011-12 insurance costs will decline by \$90,000.

- With the launching of the workforce and community partnership initiative at the Downtown Center, the college was able to merge two departments (Community Education and Community Partnership). This transition will save personnel cost for the college in the amount of \$50,000 annually.
- The college will cease renting space from Mesa Public Schools at the Brown & Country Clubsite as of January 1, 2012. Facilities rental savings will be approximately \$44,000 for fiscal year 2011-12.



SCOTTSDALE COLLEGE:

FY11 ACTIVITIES TO PROMOTE COST EFFECTIVE PROGRAMS

- Ongoing work toward development of a institutional outreach and development program focusing on creation of an Alumni Association, Volunteer Corp and donor network;
- Adopt-a-brick program initiated in newly renovated Quadrangle in support of student scholarships. Revenue potential upon sale of all bricks - \$504,000;
- Equality Maricopa – SCC Core group formed and is pursuing scholarship donations. \$15,000 in pledges gathered through June 30;
- Participated in State Department’s Global Trust Grant program and received \$161,360;
- Awarded \$25,000 from the Gateway to College National Network;
- Co-applicant with Arizona State University for National Science Foundation grants to support improvement in pre-college instruction in mathematics. Portion of five-year grant attributable to SCC is in excess of \$650,000;
- Received a grant of \$30,000 from the Johnson Scholarship Foundation to provide scholarships to Native American students studying Business and Entrepreneurship.

FY12 AND FUTURE ACTIVITIES IN PURSUIT OF NEW REVENUE SOURCES

- Pursuing grant funding from Salt River Pima – Maricopa Indian Community to support the ACE Program;
- Developing internal strategy for an employee fund-raising campaign, in anticipation of the MCCC Foundation’s Community Campaign.

FY11 ACTIVITIES TO PROMOTE COST EFFECTIVE PROGRAMS

- Formation of the “A Team”, to consolidate administrative support among the members of the Cabinet, promote cross-training and reduce overall cost.
- Implemented a cap on the number of free print impressions that may be initiated by students, and established a mechanism for the purchase of additional impressions when needed. Some 95 percent of student print needs are satisfied within the free print impression threshold.
- Restructured the Information Technology Department to eliminate four positions which no longer supported the changing role of technology at the College. Added two positions and upgraded two others to meet the changing need, resulting in a slightly reduced cost of providing technology services.
- Continued focus on utility cost reduction through curtailing operational hours during the summer.

FY12 ACTIVITIES TO PROMOTE COST EFFECTIVE PROGRAMS

- Every college department will undergo a self-assessment to determine operational efficiency and effectiveness. Being done as a part of the implementation of the College’s Planning and Budgeting Committee recommendations.
- Creating a new model for support of intercollegiate athletics, focusing on changing roles of personnel, revenue-driven extracurricular programming and improved student outcomes.

- Initiation of integrated college planning to enhance institutional alignment around programs and priorities and enhance efficiency of both planning and implementation processes

RIO SALADO COLLEGE:



FY11 ACTIVITIES IN PURSUIT OF NEW REVENUE SOURCES

- Entered into a new Adult Basic Education (ABE) contract with the AZ Dept. of Corrections.
- Provided Learning Management System services to other higher education institutions.
- Received rental payments from tenants in college-owned facilities
- Applied for and received multiple grants. We applied for \$16,872,330 and have received funding of \$3,132,143 to-date. Funding of \$9,125,254 is still pending.
 - Fronteras
 - First Things First (Early Childhood)
 - Gates Foundation
 - Learning Outcomes
 - Virtual Business Incubator
- Received revenues from new customized training contracts.

FY12 AND FUTURE ACTIVITIES IN PURSUIT OF NEW REVENUE SOURCES

In addition to all the ongoing new revenue activities from FY11, the following activities are new:

- Enter into new partnerships for expanding out-of-state enrollments. A couple of recent partners are:
 - New York Times
 - AACC – Online Community Colleges
 - Identify partners in order to: license intellectual property, or provide contractual services
- Identify and apply for grants that allow college to benefit from programs, procedures and intellectual property that it has developed.
- Seeking funding from Maricopa Workforce Connections One-stop locations for ABE instructors at Rio@East Valley and Rio@Avondale. [one-time]

PROMOTING COST EFFECTIVE PROGRAMS AND PRACTICES

NOTE: McKinsey and Company, in a recent report funded by the Lumina Foundation titled *Winning by Degrees*, cited Rio Salado College as one of the eight most cost efficient and highly productive higher education institutions in the U.S.

FY11 ACTIVITIES TO PROMOTE COST EFFECTIVE PROGRAMS

- President, Vice Presidents and Deans share administrative support.
- Use a one course many sections model to reduce not only instructional costs, but course development expenses.
- Hire OYO/temp classifications in lieu of permanent hires, pending assessment of long-term budget resources and departmental needs.
- Delay hiring of all replacement/new staffing requests until reviewed and approved by Executive Council.

- Maintain 23 residential faculty who serve as division chairs and over 1,300 adjunct faculty who teach distance learning courses.
- Use in-house proprietary Learning Management System and Electronic Student File system.
- Replaced mailed prospective student inquiry communications with telephonic and web-based.
- Implemented a lateral service model where non-Student Enrollment Services staff are trained in general information, admissions and enrollment procedures to provide assistance during peak registration times.
- Reorganized dental hygiene department. [one-time]
- Centralized management of office supplies, travel, memberships, and adjunct faculty hiring.
- The OPX committee evaluated cost savings proposed by college staff and recommended feasible proposals to the Development Team for implementation.
- Implemented predictive analytics and automated student intervention techniques to enhance student success while reducing cost.
- Implemented a program to replace fluorescent fixtures with LED lighting.
- Operated a fleet of highly economic Prius hybrid vehicles.
- Eliminated lease at PV Mall location. [one-time]
- Used facilities and staff of educational service partners.
- Installed GPS devices in all college-owned vehicles to monitor usage. [one-time]
- Monitored college-owned vehicles vs. personal usage.
- Converted college marketing media from print-based to electronic. [one-time]
- Performed a “retro-commissioning” engineering study, funded by SRP, to identify inefficiencies in the building systems and implement changes. [one-time]
- Implemented a computerized dual enrollment registration system

FY12 ACTIVITIES TO PROMOTE COST EFFECTIVE PROGRAMS

In addition to all the ongoing cost effectiveness activities from FY11, the following initiatives are new:

- Develop an automated system to calculate the components of cost per FTSE and then disaggregate the data to be able to identify inefficiencies and implement improvements. [one-time]
- Relocate dental hygiene and science lab kit production so that cost efficiencies can be realized by having all operations in one location. [one-time]
- Implement cost saving measures in Café@Rio.
- Reorganize departments to take advantage of employee retirements and separations.
- Reduce the quantity of deliveries between locations and adjunct faculty and thereby reduce the number of full-time couriers. [one-time]
- Avoided rent to be paid to Maricopa Workforce Connections One-stop locations. [one-time]
- Expand current contract with Perceptis to increase capacity to handle financial aid phone traffic on demand.

SOUTH MOUNTAIN COLLEGE:



FY11 ACTIVITIES IN PURSUIT OF NEW REVENUE SOURCES

- Grants applied for:
 - Completion by Design, Bill and Melinda Gates grant.

- Title III Grant
- Maricopa Tech Prep Consortium
- A-UBET Grant
- Lumina Grant, Maricopa District Group
- Grants renewed:
 - Dorrance Scholarship Grant was renewed.
 - Follett Scholarship program, district-wide funding to assist with textbooks.
 - Ignite Grant, district-wide funding
 - eUBET Grant
- Grants coming to completion:
 - NASA and Goodrich Grants
 - Honeywell, NASA's Orion Project Management Support, SW Business Analyst and Engineering Aide Support
 - Title V Cooperative Grant, STARS
 - UBET Grant

FY12 AND FUTURE ACTIVITIES IN PURSUIT OF NEW REVENUE SOURCES

- Grants applied for or awarded:
 - Heroes of Education, Mayor Gordon of Phoenix, set up endowment for the new SMCL.
 - HSI-STEM Grant, requesting \$4M over five years.
 - S-STEM Grant, National Science Foundation
 - A-UBET Grant, \$289,000
 - Centennial- Humanities Council Grant
 - Applied for scholarship funding from USA Funds
- Grants renewed:
 - Dorrance Scholarship Grant was renewed.
 - Follett Scholarship program, district-wide funding to assist with textbooks.
 - eUBET extension
- Grants coming to completion:
 - NASA and Goodrich Grants
 - Honeywell, NASA's Orion Project Management Support, SW Business Analyst and Engineering Aide Support
- Review new grant opportunities SMCC may be eligible for:
 - Dreamkeepers, Emergency Funding for Students
 - Kauffman Foundation, initial exploration stage
 - Kresge Foundation, initial exploration stage
- Raiser's Edge, collaborative addition with MCCC Foundation to help SMCC track their revenues. New for SMCC in FY11-12.
- Developing a formal grant process for SMCC to create efficiencies in developing, tracking, and monitoring grant activities.
- Seeking Donor for Athletic Facilities Improvements (softball scoreboard, field screens, etc.); Athletic sponsorship program for team support.
- Facility rentals to support financing of individual athletic teams.

- Community Marketing plan for SMCC Fitness Center
- Phoenix Public-South Mountain Joint Library to increase 2011 FTSE

FY11 ACTIVITIES TO PROMOTE COST EFFECTIVE PROGRAMS

- Rental revenues from telephone cell phone tower contract.
- Pay-for-Print implemented and will be continued. Allows for cost sharing of print expenditures for college and students. Paper/toner use cut to about half of previous year's usage.
- Completion of the SMCC Capital Bond project replacing the Chiller System at the institution. This provided for immediate efficiencies in utilities and effective systems to sustain the college over long period of time.
- College Technology chose to put off hiring replacements and then hired only temporary workers to fill permanent job openings in order to gain a transient cost-reduction for 3 FTE who took other jobs or vacated their positions for other reasons.
- Combining 1.5 years of purchases into a single Dell computer purchase allowed SMCC to negotiate for a \$235,000 cost reduction in our invoiced total.
- Added Printer Fleet Management to our existing IKON contract to reduce overall printer support costs (paper, toner, repair parts and labor) by 18%.
- Utilized in-house expertise and labor much more than in past years in order to reduce consultant and contractor fees for construction, remodel, hardware and software systems improvements.

FY12 AND FUTURE INITIATIVES TO ENHANCE COST EFFECTIVENESS

- Participant college in the SRP Re-Commissioning Project, this will reduce utility expenditures college-wide.
- Negotiated \$1 per square foot lease agreement for Laveen site. Reduced rental expenses dramatically with an IGA over a ten-year period.
- Vice President Student Affairs and Vice President Administrative Services share administrative support.
- VPAA and Library and Teaching & Learning Center Division share administrative support.
- Use of vacancy savings from permanent lines to support temporary and OYO positions. Both cost savings and due to budget reductions to prevent RIF potential of any new permanent hires. College wide implementation.
- Reduced the number of student planners we printed
- Athletic eligibility and Medical Packets completed online.
- Athletic Training Tracking system (track savings for the District, decrease insurance liabilities)
- Reduced wages for Fitness Center Technicians
- Reduce hours for the child care center
- SIS Training (as a requirement) for part-time coaching positions.
- Print reduction strategies enhanced, will do additional work on this cost category in FY12 to reduce expenditure levels.
- Created a Cisco lab out of two large classrooms which will allow more efficient use of the Cisco classrooms for non-Cisco instructional uses.
- Participate in inter-college video conferencing to reduce travel expenses and reduce employee travel time to increase employee productivity.
- Beginning discussions to explore one-stop model in enrollment services areas.
- Evaluating hours of operation for Student Enrollment Services and improving self-service options for students.
- Combine/re-organize staffing of full and part-time coaches and staff.

CHANDLER-GILBERT COLLEGE:



FY11 ACTIVITIES IN PURSUIT OF NEW REVENUE SOURCES

- New annual friend/fund raiser: Champagne, Chocolate and All That Jazz, \$14,000
- National Science Foundation grant, “Developing the Digital Technologist for the New Millennium,” with University of New Mexico, \$600,000
- Employee campaign generated \$23,500 in new one-time donations and new payroll pledges of \$3,000
- Increase of \$4,000 in annual Quest grant to \$9,000

FY12 AND FUTURE DEVELOPMENT OF NEW REVENUE SOURCES

- Working with SRP to fund environmental educational ramada as both a new learning space and demonstration project
- League of Innovation “Getting Connected Social Media” grant, \$40,000
- APS grant for EUT program \$30,000

FY11 ACTIVITIES TO PROMOTE COST EFFECTIVE PROGRAMS

- President and Vice President Administrative Services share administrative support
- Use of OYO/OSO/temp classifications in lieu of permanent hires, pending assessment of long-term budget resources and functional requirements
- Eliminate Director of Site Operations for Sun Lakes Center, consolidating responsibilities under Dean of CTE
- Implementation of College Identity Management System to improve efficiency and leverage technology resources
- Adoption of IT Service Management as a service delivery best practices methodology to align services with college priorities
- Management of printing services to reduce supplies, consolidate equipment and provide electronic transmission of documents
- Instituted program to charge students for copying and printing to reduce paper consumption
- Reduction in utility expenditures through elimination of multiple trash pick-ups and use of single chiller system to cool Pecos Campus during non-peak periods.

FY12 AND FUTURE INITIATIVES TO ENHANCE COST EFFECTIVENESS

- Re-organization of Facilities/M&O to consolidate all campuses/sites under one director, eliminating Assoc Dean position, and facilitating sharing of resources across locations
- Reconceptualization of Coyote Athletic Center design to assure adequate resources to maintain and support the facility when constructed and occupied
- Transition to student affairs’ one-stop and move to increased self-serve to provide more effective and efficient services
- Initiation of integrated college planning to enhance institutional alignment around programs and priorities and enhance efficiency of both planning and implementation processes

PARADISE VALLEY COLLEGE:



FY11 ACTIVITIES IN PURSUIT OF NEW REVENUE SOURCES

- Increased activity for the Internal Fund Raising campaign
- Pursuit of Federal and State Grants
- Analyzing the feasibility of increasing revenue through existing advertisement on campus

FY12 AND FUTURE DEVELOPMENT OF NEW REVENUE SOURCES

- Pursuit of strategic partners to expand educational programs at Union Hills and Black Mountain Campuses
- Actively Participate in the District Wide Fund Raising Campaign
- Continue and expand Internal Fund Raising campaign and the launching of an external fund raising campaign
- Increase enrollment in Non Credit Courses by simplifying the Continuing Education enrollment process
- Analyze possibilities of renting new 4,000 square foot community room once the Kranitz Student Center (KSC) renovation project is completed

FY11 ACTIVITIES TO PROMOTE COST EFFECTIVE PROGRAMS

- Use of OYO/OSO/temp Use of OYO/OSO/temp classifications in lieu of permanent hires, pending assessment of long-term budget resources and functional requirements
- Use of temporary custodial workers above the 60/40 ratio that has been adopted as a guideline
- Management of printing services to reduce supplies, consolidate equipment and provide electronic transmission of documents
- Reduced low value added processes such as realigning budget allocations within a charge center Reduced low value added processes such as realigning budget allocations within a charge center

FY12 AND FUTURE INITIATIVES TO ENHANCE COST EFFECTIVENESS

- Evaluate opportunities to increase water conservation measures for campus wide irrigation systems
- Analyze cost savings associated with implementing a document imaging program
- Consider outsource a portion of custodial services in lieu of using temporary help (do not plan on laying off any permanent board approved staff)
- Evaluate HVAC cooling/Heating temperature settings
- Will complete a cost benefit analysis related to issuing parking stickers for students
- Initiation of integrated college planning to enhance institutional alignment around programs and priorities and enhance efficiency of both planning and implementation processes.
- Considering alternate Budget Development Strategies to align resources with Strategic Goals. This will include a detailed cost benefit analysis of existing programs
- As part of the KSC Expansion and Renovation Project, transition student affairs' to the one-stop concept and increase self-serve stations for students
- Will complete a cost benefit analysis related to reducing service hours in KSC
- Partner with District Office to support efforts towards Renewable and Sustainable Energy and Energy Conservation Measures and determine cost effectiveness related to PVVCC needs

- Analyze the process of reallocating copier cost to each charge center (very labor intensive which would free up time to complete other assignments)



ESTRELLA MOUNTAIN COLLEGE:

FY11 ACTIVITIES IN PURSUIT OF NEW REVENUE SOURCES

- EMCC Transit Center-The \$1.2M Transit Center project was a joint partnership between the City of Avondale and EMCC. Partially funded through: a federal transportation grant written by the College, City of Avondale revenues and College capital resources, the project constructed an on campus transit center structures loop road/ a new 400 space parking lot, enhancements to the college's existing Thomas RD parking lots, landscaping and new 2nd, Thomas RD entry. Upon completion the Center allowed an increase of 3 new bus lines from various sectors of the college's service area.
- In partnership with the City of Avondale the City constructed, on College owned property, the \$4.2M Northwest Public Safety Building- this facility provides the classrooms for the College's occupational programs in Police and Fire Sciences and also houses the College's Public Safety offices. The City provides for all utilities, maintenance and cleaning of the college's areas.
- Title V Grant, 2.8 mil
- NSF Grant, \$500k
- Fund raising , in the first two years of the Title V grant (2009 and 2010) EMCC has met the federal match of \$75,000 / year (over \$150,000 total applied toward endowment)
- Applied for TRIO Upward Bound Grant for 2010-11 – not funded
- Applied for Veterans Serve Grant in July 2010 – not funded
- Use of Title V to support a significant number of the proposals recommended through the college budget development process for the last two years
- Carryforward and enrollment growth funds – critical to support enrollment growth
- Diversified use of college unrestricted and auxiliary funds to support temporary and permanent staffing
- Use of course fee balances to support student specific needs

FY12 AND FUTURE DEVELOPMENT OF NEW REVENUE SOURCES

- Explore charging a nominal fee for parking- possible outcomes:
 - Reduced capital outlay for new parking lots
 - Reduced maintenance costs.
 - Generate revenue
- Title V, college goal to meet federal match again (\$75,000)
- Apply for new grants
- Continue to use Title V grant funds to support budget proposals that are aligned with Learning College directions
- Buckeye Education Center, go live in September, is projected to increase enrollment. This is a new satellite center that's been under construction through a partnership with the Town of Buckeye. College portion of this venture is about 1 mil and the Town's investment is \$2.0 mil.
- Use of college course fees to support student specific needs when the course fee accounts carry a healthy balance

FY11 ACTIVITIES TO PROMOTE COST EFFECTIVE PROGRAMS

- Partnership with local PD's, donation of a police vehicle from Buckey PD.
- No cost training for Public Safety officers through partnership with municipalities.
- Refurbished laptops pilot in 2011. Major order in 2012. Cost is \$329 vs \$1200. Savings of \$500,825 for order of 575.
- Piloted using own personnel to manage printers and use recycled toner in 2011. Saved \$20,000 vs IKON program. Our cost = \$16,000. IKON quote= \$36,000. Will continue in 2012 to achieve similar savings.
- Extended computer life an extra year (5 years for laptops, 6 years for desktops). Cost savings of 16-20% of new purchase. Will continue in 2012.
- Virtualization – piloted in 2011 to show viability of accessing applications in the “cloud”. Pursuing on District committee to develop proposal for Information Technology Committee (ITC) approval for funding. Has potential to save to double computer life because less powerful platforms can be used to access and offers additional benefit of anytime, anywhere access to college applications for students and staff.
- Consolidation/ Building Scheduling- The College closes the least energy efficient building(s) and consolidates/ reschedules classes to create efficiencies and reduce energy costs.
- College purchases only energy star rated appliances and equipment- reduces energy costs.
- Completed a central HVAC plant overhaul- produced measurable efficiencies and reduced energy costs. Received a \$125K stipend from APS.
- Constructed Mariposa Hall to and received LEED Gold- saves approximately 20% to 25% in energy efficiencies/ costs
- Room utilization improved to eliminate unused space during prime operating hours
- Title V has \$41,000 allocated toward developing a “faculty space”. This includes items such as smart boards, laptops, printers, collaborative learning tables, chairs. The space is intended to assist faculty in creating innovative teaching tools, techniques and in sharing ideas and training that promotes the Learning College effort.
- Schedule was recreated from scratch to ensure optimal access for students while minimizing cost
- Times for class offerings aligned across all divisions to ensure optimal access
- Number of printed schedules and catalogs drastically reduced.
- Class numbers increased to reduce instructional costs
- Printing is one of our biggest expenditures, so we are creating strategies to facilitate use of IKON (cost less) for bigger items which all counselors need, i.e., class syllabi and assignments
- Supplies are no longer ordered at-will; rather, we have a system where we only order supplies when we have none.
- Fall 2010 was the first semester that we no longer paid note takers for Disability services. Instead, we ask for class volunteers and it has been successful. Estimated savings is approximately \$8,000/year in temporary funds.
- We have successfully secured \$8,000 in private scholarship monies from the Dougherty Foundation to help first year students with college related expenses.
- Pre-advisement Workshops (PAWS): Peer mentors, student ambassadors, and student services support staff are cross-trained and able to assist with PAW sessions, New Student Orientation and the Welcome Center. This cross-training allows for greater use of human services and temporary payroll funds.
- PAWS sessions are web-based and interactive. Very little money is spent on printed material.
- New Student Orientation (NSO): Students select and register for a New Student Orientation session during PAWS. Due to this process it has not been necessary to print hundreds of expensive (colored) flyers.

- Student's email accounts are being used as a form of reminding students of their enrollment in a New Student Orientation (NSO). The cost savings is realized when staff members do not have to spend hours calling to remind students of their NSO class
- For athletics, the teams are doing various odd jobs to generate funds, such as cleaning stadiums after athletic events and providing manual labor at events.
- Students are encouraged to visit VA's web-site for updates, forms and information. This process helps eliminates the need to print handouts, flyers and expensive brochures.
- VA work-study students have been hired and strategically placed throughout the campus. VA work-study is 100% supported by VA therefore the institution does not incur costs specific to payroll.
- Applied for TRIO Upward Bound Grant for 2010-11 – not funded
- Applied for Veterans Serve Grant in July 2010 – not funded
- Sharing one administrative assistant between VPSA and VPAS
- Sharing one administrative assistant between VPAA and VP Occupational Education
- Deans of Academic Affairs (AA) share one secretary
- Dean of Student Affairs (SA) and SA division share one secretary
- Dean of Occupational Education and Southwest Skill Center (SWSC) share one secretary

FY12 AND FUTURE INITIATIVES TO ENHANCE COST EFFECTIVENESS

- No cost training for Public Safety officers through partnership with municipalities.
- Partnerships with local Police Departments in our service area for training, response and assistance.
- Create a District wide Energy Conservation/ reduction program. Mandate and strictly adhere to minimum and maximum HVAC set points- 5% reduction in energy costs.
- Title V intends to support for the third year the development and ordering of the student and faculty handbook. Last year Title V provided \$22,000 toward the handbooks. This project will continue to expand upon previous efforts of integrating the Learning College principles into the handbook.
- Working closely with District ITS and consultants to increase automation of SIS Financial Aid module to eliminate manual work and in-effective workarounds to improve efficiency
- Move as many communications and processes as possible online for students to eliminate faxing, printing, and mailing paperwork.



DISTRICT OFFICE:

FY11 ACTIVITIES IN PURSUIT OF NEW REVENUE SOURCES

CHANCELLOR'S OFFICE:

Government Relations: Proposed job training bill that would dedicate funds to community colleges to provide training for company expansion or relocation

ACADEMIC & STUDENT AFFAIRS:

- From July 2010-June 2011, Maricopa Grants Office supported development of 82 publicly funded grants for a total funding level of \$17,042,339; supported development of 16 privately funded grants for a total funding level of \$534,023
- From July 2011-August 2011, Grants Office supported 16 publicly funded grants for a total of \$5,228,787, and two privately funded grants of \$50,500.

- Increase of \$259,991 from Small Business Association (SBA) in core Small Business Development Center (SBDC) funding (ongoing increase to base funding).
- Increase of \$200,000 from SBA to fund a technology incubator support project (one time funds).
- Application submitted to receive \$ 311,400 of funds from the Defense Logistics Agency, Department of Defense, to operate a statewide Procurement Technical Assistance Center (PTAC). (This would be a first for the Network.)
- Working with community and economic development partners to develop new sources of non- federal funding for cash match.
- Working with state and local governmental entities to develop new sources of cash match.
- Working with U.S. Department of Agriculture to develop new sources of funding for rural SBDCs.
- Working with the SBA and other federal agencies to obtain funding for strategic initiatives.
- Assisted in the coordination of the writing and development of the Department of Labor's Trade Adjustment Assistance Community College and Career Training Grant Program.
- A national consortium, led by GateWay Community College, submitted a proposal which will enable trade-impacted and other workers to move into higher-skilled, higher wage jobs in one year or less. In addition, the proposal funding will re-skill dislocated and other workers so they can find employment in high-wage, high-growth industries. This \$19.9 million MCCCC led effort will impact over 4,000 adults over the three year project. The targeted population of this program is workers who have lost their jobs or are threatened with job loss as a result of foreign trade. The proposal employs strategies that include:
 - Expanding and enhancing recruitment, outreach, and supportive services,
 - Utilizing technology to develop and deliver learning materials,
 - Implementing accelerated skills programs, and
 - Meeting skills and competency needs through short-term programs leading to industry recognized credentials.
- Nina Scholars and Foster Youth are funded with grants.
- Maricopa ACE Programs
- Seeking grant opportunities and community partnerships through the Maricopa Grants Development Office and the Maricopa Foundation
- Maricopa ACE Programs receives Grant funds from the National Nuclear Science Administration (NNSA):
 - Grant ends 2012-2013
- Grant currently supports: 1 FTE w/benefits; 2 FTE without /benefits; 3 PTE
- Draft a plan for ACE Alumni Association to raise scholarship funds
- Salt River Pima Maricopa Indian Community \$100,000 grant request approved for Spring 2011/Summer 2011 and Fall 2011. (Covered scholarship funding, programing, and part of funding for ACE Coordinator of Recruitment position under Native American Initiative.) Salt River Pima Maricopa Indian Community \$101,000 grant request submitted for 11/12 academic year (request covering scholarship and programing aspects).

BUSINESS SERVICES:

- In cooperation with Salt River Project's Enernoc program, install devices that decrease power consumption at peak periods in low-use areas. Participation in the program earns a small quarterly dividend which is used to supplement future Energy Conservation measures at the colleges. This is an on-going program into FY12.

- Participation with local utility (APS & SRP) programs for the installation of new energy efficient equipment at the colleges, which not only reduce college electrical consumption and cost, but also earn rebates which are applied toward future Energy Conservation measures. This is an on-going program into FY12.
- The Business Services Division established a Revenue/Funding team in 2010-11 to study the need to preserve existing resources and secure new revenue streams.
- Laid groundwork for creation of not for profit organization that could manage resources without impacting the District's expenditure limit.
- Through the competitive process for bookstore management services, the management firm committed to an annual donation of \$100,000 to the Maricopa Foundation and both an annual \$25,000 cash donation to the colleges for unrestricted use for student scholarships and an annual \$25,000 in textbook scholarships for the colleges. These will continue for the 10 year term of the contract.

RESOURCE DEVELOPMENT/FOUNDATION:

- New donors to scholarship funds held at Foundation
- Creation of over 50 new scholarship and program funds held at Foundation
- Grant funding for various college based programs
- Expanded the Goodrich Corp. grant to two campuses
- First annual Jerry Colangelo Golf Tournament
- Increased annual APS grant

FY12 AND FUTURE DEVELOPMENT OF NEW REVENUE SOURCES

CHANCELLOR'S OFFICE:

Government Relations: Job training bill introduced to dedicate funds to community colleges for contract training

Center for Civic Participation:

- Grant proposal to National Endowment for the Humanities for The Democracy Commitment colleges to engage humanities faculty in civic education
- Grant proposal to Kettering Foundation to prepare comprehensive report on community college civic education and democratic skills development programs nationwide
- Potential revenue as a result of increasing interest from other community college, university and public agencies in CCP's models for public engagement; future contracts related to training and professional development for external agencies

ACADEMIC & STUDENT AFFAIRS:

- The following grants are in the development phase; it is anticipated that numerous others will be pursued:
 - Arizona Humanities Council grant (Rio)
 - Advances in Patient Safety through Simulation Research (SCC)
 - Lumina Open Solicitation (MCC, DO-ACE)
 - Fulbright Scholars-In-Residence (PVCC)
 - Advanced Technological Education (MCC, GWCC)
 - Technical Skills Training Grants
 - Complete2Complete – Campus Compact/Gates Foundation (MCLI, PV, CG, MC)
 - Upward Bound (GWCC, SMCC)
 - Veterans Upward Bound (MCC)

- Explore grant opportunities to enhance support for students pursuing transfer pathways from the community colleges to universities.
- Working with community and economic development partners to develop new sources of non- federal funding for cash match.
- Work with state and local governmental entities to develop new sources of cash match
- Work with U.S. Department of Agriculture to develop new sources of funding for rural SBDC Working with the SBA and other federal agencies to obtain funding for strategic initiatives.
- Leverage occupational program partnerships within the colleges to donate further resources within the district.
- Additional resource development could occur as the colleges further coordinate like programs between campuses through advisory committee participation, program equipment sharing and grant coordination.
- Strategically select and participate in grant opportunities which further maximize existing and new programs within the district.
- Develop additional non-credit and credit contract training opportunities with business and industry and the colleges.
- Business Workforce Development will foster growth and support of business incubation efforts district wide to further increase job creation.
- BWD will continue to participate in business site selection to attract new companies coming to Maricopa County further increasing the property tax base.
- Participate in local business retention efforts by providing training for business and industry.
- Further develop existing and create new relationships with business and industry to foster scholarship funding, equipment and facility usage and donations.
- Implement a plan for ACE Alumni Association to begin fundraising
- Continue collaboration with Maricopa Foundation
- Explore possible federal and state grant opportunities that target American Indian populations
- Research grant opportunities with local tribal communities; for example – Ft. McDowell, Pascua Yaqui, and Gila River.

BUSINESS SERVICES:

- The Business Services Division will continue to focus its efforts on preserving existing resources while also pursuing new revenue streams.
- SMART analysis student housing, -in an effort to more quickly respond to proposals that are submitted or requested which may result in an additional revenue stream to MCCCD, several College and District Office employees are working together on a SMART analysis which will identify the various risks to MCCCD as it evaluates various projects. The end result may be a process, including a decision tree, that can be shared with the colleges and district office employees who will be seeking out these additional revenues and which will provide for more efficient decisions on whether a project is positive for MCCCD.
- New Grants Management system will provide better administrative support and reporting for grants and contracts.
- Working with the new Move On When Ready initiative to support Dual Enrollment students in this program as a percentage of basic state aid.
- Provide support to the District to ensure that the proposed new revenue streams meet the many requirements imposed on a public institution.

RESOURCE DEVELOPMENT/FOUNDATION:

- Work with colleges on coordination of grant research for private funding sources
- Launch silent phase of \$50 million campaign
- Development of innovative program funding

INFORMATION TECHNOLOGY:

- Use Federal Work Study dollars to pay student workers for Help Desk and Desktop support assistance (Save one FTE at PSA Grade 9)
- Consideration of Grant funding for specific ITS initiatives
- Vendor partnerships using \$0 PO's that will enable more effective, lower cost product evaluations.

FY11 ACTIVITIES TO PROMOTE COST EFFECTIVE PROGRAMS

CHANCELLOR'S OFFICE:

Center for Civic Participation

- Reallocated duties from a vacant position to other existing staff to increase cost effectiveness of ongoing programs and utilize full capacity of existing staff. Vacancy savings have been reallocated to offset need for additional resources to support the SPPF program and develop more online and other easily shared civic education instructional resources for MCCCDC faculty and staff.
- Re-assigned Coordinator (Public Affairs) to assist in voter registration and elections information for Center
- Transferred Trip Reduction program to Center for reporting and supervision, thereby increasing effectiveness of staff
- Partnered with Mesa Public Schools to share costs on FTE to support civic participation/community outreach

Marketing and Communication

- Expanded district collaborative marketing campaign to leverage all college and district advertising budgets to maximize efficiency and effectiveness
- Reallocated funds to create social media position to focus on efficiencies gained by communication and marketing via social media.

Legal

- Office re-organization to provide proactive partnering between DO and colleges on Civil Rights and OSHA issues, to manage Workers' Comp claims more effectively
- Partnering internally to plan cost-effective compliance measures
- Work with law firms doing contract work with district to offer discounts for prompt payment, discounts from bid rate whenever possible, and "defense plan" with estimated costs to manage legal defense claims

Legal – Risk Management

- Return to Maricopa program implemented (return to work program for workers' compensation)
- Self insurance funds have actuarial evaluations completed
- Review of certificate of insurance procedures
- Motor Vehicle Record checks will be done in batch processes versus individually checking each record
- Develop loss allocation program that allocates a portion of losses to the departments causing the losses
- Finalize electronic SMART tool and conduct training classes on how to use the tool
- Convene ad hoc group to review and improve Administrative Regulation 4.14 (Motor Vehicle Usage)

- Ad hoc group is formed to review student insurance program and to recommend proposals to reduce student insurance claims

Legal - Equal Employment Opportunity

- On-line versus print advertising saves money
- Focus on local recruit fairs rather than national conferences
- On-line EEO issues training
- Coaching and training prior to and/or after internal EEO complaint to reduce future problems
- EEO Office ran analyses and composed 2011 AAP rather than hiring consultant

ACADEMIC & STUDENT AFFAIRS:

- Implemented a new degree audit system that streamlines the degree audit process for advisors and other staff and makes the degree audit a more accessible and user-friendly tool for students. Improves efficiency and effectiveness of degree audit function.
- Promoted sponsorship of Student Success Conference by Maricopa Transfer Partners; reduces the cost to Maricopa of holding the conference.
- Continued close scrutiny and reduction of official function expenses. Where practical, seek sponsorships for providing meals and other amenities (SDBC only).
- Reduced office supply expenses and storage space required by going paperless for SBDC clients and other documents.
- Use of temporary, part-time classifications in lieu of Governing Board approved full time employees to maximize budget flexibility when appropriate.
- Implementation of technology connectivity plan to improve efficiency and leverage technology resources.)
- Merged all three Workforce development areas (BWD/MATEC and Healthcare) as one operating unit. Where possible share staff, resources and partnerships in supporting the colleges in the delivery of instruction.
- Leveraged the public workforce system within the City of Phoenix and Maricopa County to utilize classes and training which each college provides.
- Made decisions regarding minimizing program proliferation by analyzing data related to low enrollment and completion.
- Cross Training Staff improving office coverage without increasing staff.
- Community resources for our students-identifying community resources that our students may benefit from. (ie. Other outside community scholarships, college depot, AWEE, Helping Hands for Single Moms)
- To reduce printing expenses, we have incorporated online scholarship application process to reduce use of paper and ink.
- Utilized technology to market events and communicate with students
- Facilities usage-partnering with ASU to host one of our annual student conferences. Our grant budget provides lunch and refreshments for students and ASU provides facilities and tech support free of charge.
- Continue using DO Surplus for computers and furniture
- Continue exchanging and reusing office supplies and accessories among departments

BUSINESS SERVICES:

- Issued an RFP in the spring of 2010 for an investment advisor that would allow us to diversify our investments and potentially get a better return on funds that we are able to invest long-term without sacrificing safety of principle. We have established several pools that range from short-term to long-term based on the nature of the funds invested. There is also a liquidity factor built in for an emergency.

- With the implementation of the Maricopa Student Refund Program (MSRP), MCCCDC was able to reduce postage costs by approximately \$88,000 by not mailing checks to students. Overall, postage expenses for MCCCDC were reduced by more than half from FY10 to FY11, saving more than \$670,000 for the year.
- In an effort to increase student choice, MCCCDC moved to advancing funds to eligible financial aid students for necessary books and supplies. This effort also results in greater staff efficiency as all book vouchers used at on-campus bookstores, had to be reconciled, researched, and paid by MCCCDC staff. With the advances, this process has been severely reduced. This project began in the spring of 2011 and was implemented for fall 2011. To date, we have issued more than \$18 million in book advances to students for fall 2011.
- 1098T website --MCCCDC has provided our students with the ability to review and print relevant tax information on-line. Previously, if a student misplaced his/her 1098T tax information form, they would have to call a help line we established several years ago to request a replacement form or to ask why one was not received. Now students are able to get all this information and reprint a copy of the form online. The calls to the help line have been drastically reduced and staff is able to focus on other tasks.
- MCCCDC issued \$150,000,000 in General Obligation bonds as the 4th series (D) in its 2004 bond program. In preparing for the sale of the bonds, MCCCDC requested reviews from each of the three credit rating agencies which resulted in triple "A" ratings from each of the entities. MCCCDC continues to be one of very few institutions of higher education in the country to have AAA ratings from all three agencies. Advantages of having such high credit ratings are the appeal our bonds generate when they are sold as well as the lower interest they are able to garner. The net interest cost for the issue is 3.697%, which is very similar to past issuances. Such low costs of borrowing translate to lower secondary property taxes for the taxpayers. Three of the rationales which led to the AAA rating that were noted by at least one of the rating agencies and are specific to MCCCDC were: strong financial policies and prudent management practices, multiyear planning efforts, and diverse revenue streams (which help mitigate state cuts, economic downturns, or enrollment declines); continued exceptionally strong and stable financial performance, as evidenced by ongoing operating surpluses and rising fund balances; and, relatively modest debt levels and rapid retirement of debt.
- Served as part of Interest Based Negotiations Team and funded training to facilitate better and more cohesive problem solving.
- Initiate study of alternative energy sources to determine which could benefit Maricopa. This analysis will continue into FY12.
- Will continue to investigate and apply for rebates and financial offers used to directly reduce energy use on campuses.
- Continued efforts in energy conservation and re-commissioning of building systems to improve energy efficiency.
- Consolidated the majority of office supply purchases under one contract, enabling us to analyze purchases over 6 month period and to suggest a narrower, more cost-efficient catalog of supplies.
- Continue to work with IT and other groups to take advantage of existing MCCCDC contracts such as LMS and Document Imaging, advancing not only cost savings but standardization across all locations.
- Working on better communication and understanding of the effects of de-facto standard setting by one college and how that affects the district as a whole and can be less cost-effective in obtaining the best possible mixture of price and service.
- Provided support to the Employee Benefits Advisory Council and worked to limit Benefit cost increases for both employees and the District;
- The Office of Internal Audit & Management Advisory Services (IAMAS) produced a report for sharing with district-wide leadership. This report summarized actual MCCCDC audit issues that were addressed at one or more of the colleges, centers, and/or district office. By addressing similar issues at their locations, this information assists college and district office leadership in enhancing their operations.

- IAMAS provided evaluations of internal controls and developed recommendations for enhancing processes at the colleges and district office in the following areas: student information system data security; property control; capital development/construction projects; fleet management; and information technology data center operations.
- In addition to performing audits across the MCCCDC organization, IAMAS also served as a resource for college and district office management by providing procedural guidance and policy interpretation on a wide range of issues.
- Worked with the Employee Benefits Advisory Council to renew employee health benefits at no increase costs above FY 2010 while nationally program costs increased 10%
- Worked with the Move On When Ready initiative designed to increase the numbers of Baccalaureate degree holders in Arizona by enabling students to progress at an faster rate.
- Implemented a new system to compile and report student course fee requests from the colleges that enabled the information to be gathered more quickly, reported clearly, and is maintainable for future reference.

RESOURCE DEVELOPMENT/FOUNDATION:

- Coordination of development activities with the colleges
- Assessment of functional requirements to enhance abilities to serve donors and colleges
- Investment in software that provides efficiency and improves our systems
- Assumption by Foundation of certain expenses that would otherwise have been incurred by colleges or the district

INFORMATION TECHNOLOGY:

- The Information Technology Leadership Council developed several proposals for standardized products and technology:
 - Standardization around Symantec for virus checking software
 - Standardization of a Virtualization strategy for Maricopa
 - Gateway has already leveraged this common architecture in their virtualization implementation.
- With the opening of the Airpark Data Center, Maricopa has been able to offer colleges the opportunity to leverage that facility for virtual server capability as well as backup.
- ITS has developed a centralized data distribution and reporting architecture that reduces the maintenance and staffing requirements to provide data to the colleges and district departments such as Institutional Effectiveness. The centralized implementation of these services generates a cost avoidance for MCCCDC of approximately \$2.8 million per year for data extraction, migration and reporting services.
- Maricopa College Identity Management System (CIMS) provides self-service identity management and district wide user credentials and single password for a range of enterprise applications. This solution provides a potential cost avoidance of between \$4,000,000 and \$5,000,000 annually over manual support for management of user credentials.
- The rollout of the Information Security Program district wide will help protect MCCCDC systems and data, thereby thwarting hacking attempts and avoiding significant costs for legal fees and penalties due to breaches in security.
- ITS has begun to utilize Gartner *independent* services for a variety of activities that enable MCCCDC to avoid unnecessary costs and to optimize project scope:
 - Review of our Learning Management RFP & CRM
 - Review of our strategy around email and calendaring
 - Review of our SIS hardware architecture approach

- ITS supports over 1 million student email accounts using GoogleApps@maricopa. This is a low cost solution that Maricopa uses to provide email and calendars services to students. This translates into a cost avoidance of over \$9 million dollars/year for MCCCDC to support student e-mail and calendar services for an average active student population of 250K students per year

FY12 AND FUTURE INITIATIVES TO ENHANCE COST EFFECTIVENESS

CHANCELLOR'S OFFICE:

Legal – Risk Management

- Purchase comprehensive claims management system
- Every college has a written safety program that has been fully implemented
- Workers' compensation bond is eliminated
- SMART assessments must be completed before proposals for major projects are approved
- Performance reviews

Marketing and Communication

- Leading process to rework district webpage, separating information by audience in order to increase efficiency and maximize access for internal and external users

Legal – EEO

- Facebook, Twitter, and other electronic recruitment
- EEO Office will continue to run analyses and compose 2012 AAP rather than hiring consultant

ACADEMIC & STUDENT AFFAIRS:

- Consider consolidation and/or elimination of positions.
- Conduct a program review of all functions within the Division.
- Conduct a "Candidate Completion Pilot Project" with four colleges, and use the results of the project to develop a system-wide initiative to identify and follow up with students who have completed, or are close to completing, their degree programs. This project will be extremely important in support of performance-based funding as it has the potential to considerably increase completion rates.
- Develop and implement a "reverse transfer" model.
- Explore moving to a central purchasing model for evaluation of transfer credit.
- Proposed move of Phoenix SBDC office location into existing Gateway Community College owned facilities saving rent annually of \$60,000
- Continue to create faculty development programs through MATEC and private sector partners and the colleges to promote student program retention.
- Further develop student internships and faculty externships to strengthen existing and create new programs.
- BWD will work more closely with the Maricopa SBDC in supporting the college credit entrepreneur programs.
- Coordinate occupational marketing resources between the colleges to maximize promotion of programs.
- Share program review information related to program costs between the colleges to improve on the costs per FTSE of each program.
- Reducing Travel-Using technology more effectively to meet with staff and students served by our programs
- Reduce printing costs-reduce printing costs by using our website and SharePoint site to host documents and increase accessibility to our stakeholders.
- Continue use of temp classifications for support staff
- Cost share with other internal programs regarding events and promotions

BUSINESS SERVICES:

- Revenue bond defeasance- \$4.1 m annual savings should be executed by 12/31/11. Will defease approximately \$10.55 million in revenue bonds that would have been outstanding though 2023. We will save approximately \$2.6 million over the life of the bonds (\$833,000 net present value) or 7.9% of the bonds defeased.
- We are investigating a new opportunity offered by the State Treasurer's office in association with LGIP that would allow us to set up the same type of pools as we currently have with MCCC'D's investment advisor.
- Book advances will be available to VA students beginning with the spring 2012 semester. Additional planning and programming may be needed.
- MCCC'D is in the process of upgrading its accounting system (CFS) and adding multiple modules that have not been used in the past. The goal is to increase efficiency either through reduced manual work or by increasing our ability to efficiently report and analyze data, sometimes both. Four new modules (Grants Management, iExpense, iSupplier, and Treasury) will be added after the upgrade and additional functionality (cash management & tax) will be utilized as part of the upgrade. Examples of greater efficiencies are that iExpense will allow MCCC'D to have all pertinent information on travel expenses located within CFS where it is currently located on paper at the colleges or district office and iSupplier will allow suppliers to edit their own information with appropriate reviewing and controls in place allowing our staff to move from a data-entry role to reviewing and approving changes. The upgrade is planned for March 2012 with the new modules planned for approximately 6 months after that.
- While developing its 3-year audit plan, IAMAS will seek input from college and district office leadership to identify prospective programs to review/audit. This approach takes into account college and district office leadership perspective of the programs/functions that might warrant internal audit assistance.
- Working to meet the requirements of the new Arizona transparency initiative that will enable the general public to access detailed expenditure data from a web site.

HUMAN RESOURCES:

- -ePerformance
- --online/video based training offerings
- -centralized surplus supplies program in District HR

RESOURCE DEVELOPMENT/FOUNDATION:

- Re-organization of development program and facilitating sharing of resources across locations
- Develop systems to assure adequate resources to maintain and support the development function
- Invest in resources to increase annual fund raising and provide more effective and efficient services
- Initiation of integrated college development function to enhance funding programs and priorities and enhance efficiency of both planning and implementation processes of fund raising campaign
- Increase reallocation of some costs from colleges or the district to Foundation

INFORMATION TECHNOLOGY:

- District-wide coordination to identify user needs for better contract renegotiation leverages the economies of scale for One Maricopa as a district to ensure we receive the best discounts and pricing.
- ITS leveraged internal training and resources from HRMS to improve teamwork and overall efficiency.
- ITS leveraged outside organizations and services for Project Management techniques – Prosci Change Management Institute webinar series at the fraction of the cost of training individuals one by one.
- ITS is actively engaged in ongoing review of our current support contracts to identify both potential consolidation possibilities as well as consideration of products and services for retirement.

- Based on the analysis done by the 21st Century e-mail work team, a single district-wide e-mail and calendar implementation (Google gmail/calendar) will generate a potential savings of approximately \$2.3 million over 5 years in hardware, software and technical support staff costs only. These savings would be realized by consolidating all existing college-based e-mail and calendar implementations and the district-wide MEMO e-mail/system into a single Google faculty and staff e-mail and calendar solution as recommended by the 21st Century Consultants. This impacts over 14,000 employees district-wide.
- The data in our ERP systems (SIS, HR, CFS) that serve faculty, staff and students is rapidly growing larger and larger every year with SIS doubling in size in the last 3 years. A data archiving strategy will generate a potential savings of \$5.2 million over the next 5 years in storage savings and improved database management. This strategy will also help improve security and reduce risk/exposure for MCCCCD. This impacts over 250K students a year and 14,000 employees district-wide.
- In 2011 CGCC reduced their account support costs by converting all their local user accounts to CIMS MEID accounts. Additional colleges can apply that model to increase savings (through reduced staff overhead costs).
- Research into single sign on--could further reduce costs by avoiding allowing a person to sign in once and then access multiple Maricopa systems without signing in again (additional user productivity savings and improved student experience).
- By adopting new technology, SIP Trunking, to connect MCCCCD telephones to the telecommunications carriers, the district will save at least \$60,000 per year. The capital investment required for this savings is around \$60,000 which will be recouped in one year or less.

FINANCIAL SENSITIVITY ANALYSIS

Financial Sensitivity Analysis describes a number of district financial Facts At A Glance. Changes in these areas, among others, have a very significant influence on the financial projections. The comparisons below demonstrate the scope and potential impact of various financial decisions for FY12-13.

REVENUE INCREASES

- Every \$1.00 tuition increase yields \$2.7million in additional revenue
- Every \$1 billion in Assessed Valuation yields \$7.6 million in additional Property Tax receipts
- A 1% property tax levy increase yields approximately \$3.96 million in additional tax revenue

FUNDING CUTS

- Every 1% loss in State Aid equals an operating budget cut of \$69 thousand
- Every 1% Operating Budget (Fund 1) cut for Maricopa equals a \$6.83 million loss

SALARY & BENEFITS CHANGES –

- Every 1% COLA increase would cost \$4.1 million; a step increase would cost \$8.35 million
- Every 1% increase in FLEX Benefits costs \$438 thousand
- Every 1% increase COLA is equal to a 9.6% increase in Flex Benefits
- Every Step equals a 19% in Flex Benefits
- Every 1% increase in ASRS (retirement) benefits costs the District \$3.09 million
- Every 1% increase in the ASRS rate is equivalent to a .073% COLA

SCENARIO PLANNING

It is impossible to foresee the future with certainty; however, it is feasible to speculate on occurrences in order to provide some idea of what might happen. The Maricopa District's annual budget provides the best single forecast of revenues and expenditures that will occur during the fiscal year. In terms of planning on a multiyear basis, there is greater need for flexibility since there is more uncertainty. If one scenario becomes improbable, another scenario may prove more accurate. Scenario planning, gives the ability to examine several different possible futures. It provides an opportunity to plan for and deal with surprises and problems before they actually happen.

To promote informed decision making at a time when future revenues are uncertain, it is advisable to view

multiple revenue scenarios to help facilitate contingency planning. Although it may seem simplistic to plan for the worst and hope for the best, it is good advice for troubled economic times.

Since the General Fund is contingent on revenue from property taxes, tuition and state aid, it is most susceptible to changes in the economic environment and the financial impact. Consequently, our scenario planning will focus on the General Fund.

Scenario planning provides revenues and expenditures information over a span of nine years – through FY2021. However, this scenario will be used to build the upcoming budget for FY12-13.



MARICOPA GENERAL FUND REVENUE ASSUMPTION

The revenue assumptions presented below is an example that demonstrates the broad range of actions that Maricopa could take in order to adopt a balanced budget as required by state law. It is likely that Maricopa's Financial Advisory Committee (FAC) and the Chancellor's Executive Council (CEC) will review a number of options before making a final recommendation to the Chancellor on the direction that should be submitted for Governing Board approval.

The following Low Revenue assumptions focus on our three traditional revenue sources of State Aid, Property Tax and Tuition.

- Remaining State Aid revenue are cut by 100% in FY2012-13;
- Growth in tax from new property drops by 50%;
- No Property tax increase;
- Tuition from new students used to support those students; no rate increase proposed for FY2013-2017.

Revenue from new funding sources such as gifts, grants and partnerships could greatly expand our ability to offset potential reductions from the above scenario and to address mandatory needs. Key to our continued achievement will be the development of new predictable and sustainable revenues.

Budget balancing based on these assumptions can be found on page 46.

MARICOPA EXPENDITURE SCENARIOS

Maricopa Community College District provides first priority needs to expenses that have a legal, contractual, or District policy driven mandates; even if it requires reallocation of existing resources. Mandatory Expenditures are grouped as Externally-driven and Internally-driven.

Table 2 on the following page show additional potential expenditures may be supported based on revenue availability (Discretionary Expenditures). Without additional tuition increases or property tax levy increases; potential additional expenditures would exceed potential additional revenues through FY 2015.

MANDATORY EXPENDITURES:

- **Externally Driven** (expenditures that are driven by law, contract, or legal obligation):
 - **Arizona State Retirement System (ASRS):** Increases for MCCCDC reflect an assumed increase of **0.5%** in FY13, then 0.3% through FY21.
- **Internally Driven:**
 - **Employee Salary Adjustments per policy manuals:** These include such as education and anniversary step increases as prescribed in the employee policy manuals. Expenditures within this category include permanent and one-time fund.
 - **Tuition waivers:** provides tuition waivers to employees and their eligible dependents.
 - **Compensated Absences Liability:** The accrued liability for vacation and sick leave benefits that employees have earned but not yet taken.
 - **Bond Operating cost for 2004 Bond Program – Construction:** Provide additional funding for maintenance cost of newly added space.
 - **Bond Operating cost for 2004 Bond Program – Technology:** Increased cost of contractual obligations for software licensing and major systems maintenance.
 - **Proposition 301 faculty moved to Fund 1:** as of FY2012, 23 Faculty are funded by Prop 301. The

District plans to move two to three faculty positions to General Fund each year.

- **Academic Scholarships:** Additional funding for Presidential scholarship is proposed as more students are eligible to receive this scholarship.

DISCRETIONARY EXPENDITURES

- New expenditures that will be funded when additional funds are available. These expenses includes:
 - **Health benefits:** Increases reflect an assumed increase of **8%** for FY13 to FY17; then 5% to FY21. These increases must be approved by Governing Board. The passage of new federal health care mandates that begin taking effect in FY 2012 will add about 1% to the overall plan cost while general inflation could contribute about 5% of the increase. Most of the increase; however is attributed to an unusual increase in the number of high cost medical claims. The District's the employee base is aging and there is some speculation that older employees may be hesitant to retire because of the economic uncertainty of the times.
 - **Strategic Initiatives:** Allocations for district-wide requests, new programs, increases for technology maintenance or licenses, new athletic programs, supplemental funds for utility costs or other priorities.

Table 2
Projected Additional Expenditures FY2012-13 through FY2020-21

Potential Additional Expenses	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17
Mandatory - External					
1 ASRS Rate increase 0.5% for FY13, then 0.3% to FY21	\$ 1,544,000	\$ 926,000	\$ 926,000	\$ 926,000	\$ 926,000
Mandatory - Internal					
2 Operating Cost for 2004 Bond Program - Construction	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
3 Operating Cost for 2004 Bond Program - Technology	1,100,000	1,210,000	-	1,300,000	2,500,000
4 Compensated Absences	-	500,000	-	400,000	-
5 Employee Salary Adjustments per Policy Manual	450,000	450,000	-	450,000	600,000
6 Tuition Waivers	-	200,000	-	200,000	-
7 Move Prop 301 Faculty to Fund 1	325,000	690,000	-	345,000	360,000
8 Presidential Scholarship(Student Financial Aid)	1,000,000	203,083	300,000	-	500,000
Total Mandatory - Internal	\$ 2,875,000	\$ 3,753,083	\$ 800,000	\$ 3,195,000	\$ 4,460,000
Subtotal Mandatory Expenses	\$ 4,419,000	\$ 4,679,083	\$ 1,726,000	\$ 4,121,000	\$ 5,386,000
Discretionary Expenses					
9 Flex Benefit Increase @ 8% in FY13 to FY17	\$ 3,506,000	\$ 3,506,000	\$ 3,506,000	\$ 3,548,621	\$ 3,506,000
10 Strategic Initiatives (or budget cut)	1,857,385	-	(2,482,930)	-	78,361
Total Discretionary Expenses	\$ 5,363,385	\$ 3,506,000	\$ 1,023,070	\$ 3,548,621	\$ 3,584,361
Total Potential Additional Expenses	\$ 9,782,385	\$ 8,185,083	\$ 2,749,070	\$ 7,669,621	\$ 8,970,361
Potential Additional Resources Available					
Without Tuition increase or Tax Levy Increase	\$ 9,782,385	\$ 8,185,083	\$ 2,749,070	\$ 7,669,621	\$ 8,970,361
Potential Additional Expenses FY17-18 through FY20-21					
	FY17-18	FY18-19	FY19-20	FY20-21	
Mandatory - External					
1 ASRS Rate increase 0.5% for FY13, then 0.3% to FY21	\$ 926,000	\$ 926,000	\$ 926,000	\$ 926,000	
Mandatory - Internal					
2 Operating Cost for 2004 Bond Program - Construction	\$ -	\$ -	\$ -	\$ -	
3 Operating Cost for 2004 Bond Program - Technology	900,000	990,000	1,089,000	1,197,900	
4 Compensated Absences	-	300,000	-	300,000	
5 Employee Salary Adjustments per Policy Manual	450,000	450,000	450,000	450,000	
6 Tuition Waivers	300,000	-	300,000	-	
7 Move Prop 301 Faculty to Fund 1	360,000	360,000	365,000	-	
8 Presidential Scholarship(Student Financial Aid)	-	500,000	-	500,000	
Total Mandatory - Internal	\$ 2,010,000	\$ 2,600,000	\$ 2,204,000	\$ 2,447,900	
Subtotal Mandatory Expenses	\$ 2,936,000	\$ 3,526,000	\$ 3,130,000	\$ 3,373,900	
Discretionary Expenses					
9 Flex Benefit Increase @ 5% in FY18 to FY21	\$ 2,191,000	\$ 2,191,000	\$ 2,191,000	\$ 2,191,000	
10 Strategic Initiatives	4,539,742	4,755,498	5,504,893	5,813,312	
Total Discretionary Expenses	\$ 6,730,742	\$ 6,946,498	\$ 7,695,893	\$ 8,004,312	
Total Potential Additional Expenses	\$ 9,666,742	\$ 10,472,498	\$ 10,825,893	\$ 11,378,212	
Potential Additional Resources Available					
Without Tuition increase or Tax Levy Increase	\$ 9,666,742	\$ 10,472,498	\$ 10,825,893	\$ 11,378,212	

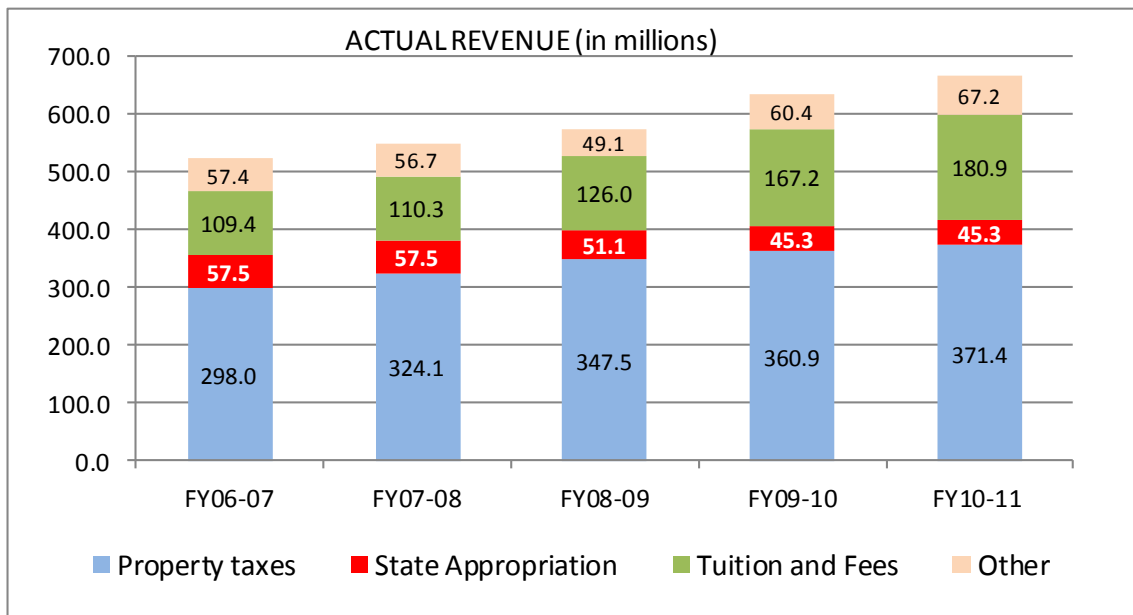
BUDGET BALANCING

The table below provides a scenario to balance Maricopa’s budget. Moving through the budget setting process, viable options will be considered and either discarded or accepted as more information becomes available. The Chancellor will work with the Chancellor’s Executive Council (CEC) and the Financial Advisory Council (FAC) to identify options to reduce expenditures to the extent reasonable without disrupting instructional or student support programs before asking the governing Board to consider possible additional revenue.

Revenue & Expenditures	Scenario : Low Revenue - 100% State Aid Cut FY13				
	FY2013	FY2014	FY2015	FY2016	FY2017
New Property & SRP	\$ 6.16	\$ 7.65	\$ 7.59	\$ 7.50	\$ 8.81
Property Tax Increase - 0%	\$ -	\$ -	\$ -	\$ -	\$ -
State Aid Cut - 100%	\$ (6.90)	\$ -	\$ -	\$ -	\$ -
Tuition Increase - \$0	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenues & Adjustments	\$ (1.20)	\$ 0.19	\$ 0.33	\$ 0.33	\$ 0.21
Stimulus Fund - One Time	\$ 5.00	\$ 5.05	\$ -	\$ -	\$ -
Stimulus Fund - One Time used prior year	\$ (10.68)	\$ (5.00)	\$ (5.05)	\$ -	\$ -
Budget Cut	\$ 15.00	\$ -	\$ -	\$ -	\$ -
Uncollected Tax Levy & Rev. Bond Reallocation	\$ 2.40	\$ 0.30	\$ (0.12)	\$ (0.12)	\$ (0.12)
Total Resources Available	\$ 9.78	\$ 8.19	\$ 2.75	\$ 7.70	\$ 8.90
Mandatory Expenses	\$ 4.42	\$ 4.68	\$ 1.73	\$ 4.12	\$ 5.39
Discretionary Exp & Other	\$ 5.36	\$ 3.51	\$ 1.03	\$ 3.58	\$ 3.52
Balance	\$ 0.00	\$ 0.00	(0.00)	\$ 0.00	(0.00)

APPENDIX A: REVENUE
Appendix A - 1
**General Fund Actual Revenues
Fiscal Years 2006-07 through 2010-11**

Revenue Source	Actuals				
	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
Property Taxes	\$ 293,431,885	\$ 319,353,423	\$ 343,206,788	\$ 356,233,583	\$ 366,087,094
State Aid Appropriation	57,528,300	57,528,300	51,127,990	45,327,400	45,327,400
SRP in lieu	4,572,741	4,741,676	4,298,059	4,639,173	5,277,182
Tuition and Fees	109,377,273	110,266,981	126,023,076	167,205,665	180,947,459
Out of County Tuition	388,294	424,683	488,663	522,497	347,014
Out of State Tuition	10,796,292	13,849,902	10,663,993	13,107,931	13,792,861
Other Fees and Charges	5,563,278	5,543,467	5,663,903	6,076,472	6,381,838
Interest	5,918,238	5,802,071	1,384,776	469,902	772,850
Other	1,733,392	948,296	1,218,526	2,513,162	7,429,703
Transfers	46,800	-	-	-	-
Fund Balance	32,990,500	30,169,100	29,679,008	37,685,923	38,444,563
Grand Total	\$ 522,346,992	\$ 548,627,899	\$ 573,754,782	\$ 633,781,707	\$ 664,807,964
Actual Revenue increase in \$		\$ 26,280,907	\$ 25,126,883	\$ 60,026,926	\$ 31,026,257
Increase by %		5.0%	4.6%	10.5%	4.9%



Appendix A - 2

**General Fund Projected Revenues
Fiscal Years 2011-12 through 2020-21**

Revenue Source	Budget	Projections			
	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16
Property Taxes 2% increase	\$ 389,655,514	396,035,607	403,680,616	411,267,843	418,764,060
State Aid Appropriation	6,891,400	-	-	-	-
SRP in Lieu	6,591,303	6,374,586	6,374,586	6,374,586	6,374,586
Tuition and Fees	203,556,874	212,383,744	225,208,744	236,538,064	248,432,824
Out of County Tuition	331,865	350,507	360,969	363,632	368,245
Out of State Tuition	13,107,990	12,461,000	12,461,000	12,461,000	12,461,000
Other Fees and Charges	6,032,870	6,092,260	6,259,440	6,431,500	6,608,590
Interest	500,000	505,000	511,000	517,000	523,000
Other	5,444,380	4,774,014	4,903,345	5,036,622	5,173,988
Fund Balance	51,866,108	46,233,578	47,283,100	43,436,200	44,646,900
Grand Total w/o 2% or Tuition incr	\$ 683,978,304	\$ 685,210,296	\$ 707,042,800	\$ 722,426,447	\$ 743,353,193
Budget change		\$ 1,231,992	\$ 21,832,504	\$ 15,383,647	\$ 20,926,746

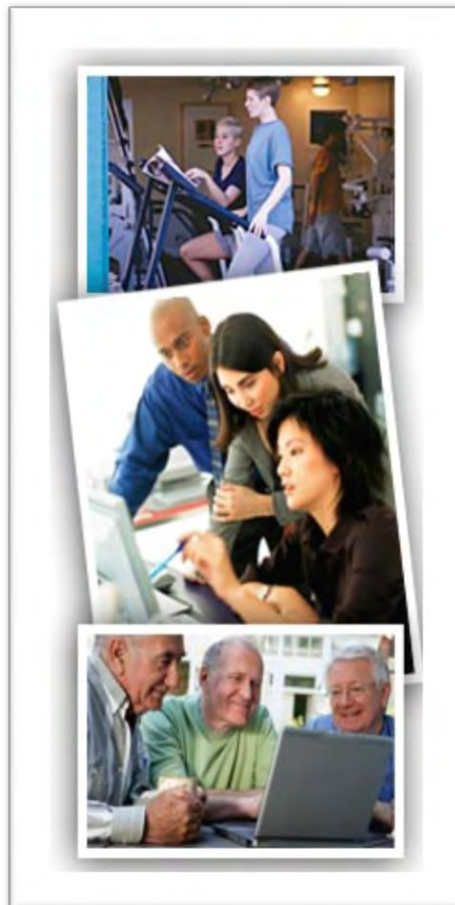
Revenue Source	Projections				
	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Property Taxes 2% increase	427,574,412	437,083,513	447,402,883	458,072,883	469,294,457
State Aid Appropriation	-	-	-	-	-
SRP in Lieu	6,374,586	6,374,586	6,374,586	6,374,586	6,374,586
Tuition and Fees	260,920,384	274,034,944	287,803,864	302,259,064	317,439,304
Out of County	372,651	377,629	382,834	388,294	393,762
Out of State	12,461,000	12,461,000	12,461,000	12,461,000	12,461,000
Other Fees and Charges	6,790,860	6,978,470	7,171,570	7,370,330	7,574,920
Interest	529,000	535,000	541,000	547,000	553,000
Other	5,315,569	5,461,532	5,612,011	5,767,173	5,927,166
Fund Balance	45,918,200	47,253,100	48,654,700	50,126,400	51,671,700
Grand Total w/o 2% or Tuition incr	766,256,662	790,559,774	816,404,448	843,366,730	871,689,895
Budget change	\$ 22,903,469	\$ 24,303,112	\$ 25,844,674	\$ 26,962,282	\$ 28,323,165

Appendix A - 3

**Total Revenue Projections
Fiscal Years 2011-12 through 2020-21**

Fund Category	Budget		Projections		
	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16
General Fund	\$ 683,978,304	\$ 685,210,296	\$ 707,042,800	\$ 722,426,447	\$ 743,353,193
Auxiliary Fund	105,489,494	106,544,389	107,609,833	108,685,931	109,772,790
Restricted Fund	\$ 223,429,437	189,874,413	191,773,157	193,690,889	195,627,798
Plant Fund	\$ 396,642,548	625,083,234	631,334,066	637,647,407	644,023,881
Total	\$ 1,409,539,783	\$ 1,606,712,332	\$ 1,637,759,856	\$ 1,662,450,674	\$ 1,692,777,662

Fund Category	Projections				
	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
General Fund	\$ 766,256,662	\$ 790,559,774	\$ 816,404,448	\$ 843,366,730	\$ 871,689,895
Auxiliary Fund	110,870,518	111,979,224	113,099,016	114,230,006	115,372,306
Restricted Fund	197,584,076	199,559,916	201,555,515	203,571,071	205,606,781
Plant Fund	650,464,120	656,968,761	663,538,449	670,173,833	676,875,572
Total	\$ 1,725,175,376	\$ 1,759,067,675	\$ 1,794,597,428	\$ 1,831,341,640	\$ 1,869,544,554



APPENDIX B: EXPENDITURES
Appendix B - 1
**General Fund Actual Expenditures
Fiscal Years 2006-07 through 2010-11**

Expenditures by Object Code	Actual				
	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
Personnel Services	\$ 306,737,428	\$ 313,364,781	\$ 326,623,683	\$ 334,852,673	\$ 347,750,743
Employee Benefits	74,738,876	77,929,074	84,106,329	89,395,333	89,549,125
Contractual Services	39,081,645	38,828,108	37,621,992	37,022,893	40,214,747
Supplies & Materials	9,125,007	10,741,907	8,462,154	11,598,371	11,421,892
Current Fixed Charges	7,015,755	7,293,155	6,973,527	7,758,087	7,613,341
Utilities/Comm/Travel	16,624,496	17,877,876	17,763,636	19,294,103	20,629,128
Capital Outlay	777,973		1,612,674	2,369,773	-
Student Aid/Miscellaneous				11,073,005	26,813,337
Transfers/Other	26,212,668	39,009,226	32,598,672	57,240,745	79,975,041
Grand Total	\$ 480,313,848	\$ 505,044,127	\$ 515,762,666	\$ 570,604,983	\$ 623,967,354

Expenditures By Function	Actual				
	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
Public Service	\$ 360,659	\$ 406,138	\$ 631,402	\$ 2,286,301	2,429,502
Instruction	235,992,559	237,567,116	245,842,012	260,232,735	281,160,216
Academic Support	53,477,029	55,555,712	56,997,886	58,455,623	66,420,877
Administration	73,175,802	67,563,077	73,136,869	65,760,757	56,166,898
Student Services	36,321,744	50,900,521	48,544,629	55,900,554	57,648,341
Operations/Maintenance	35,611,135	38,259,196	40,211,319	44,312,873	53,948,647
General Institutional	45,120,838	49,422,142	49,262,020	62,878,931	90,238,576
Scholarships				14,848,874	14,972,552
Contingency	254,083	5,370,225	1,136,530	5,928,336	981,745
Grand Total	\$ 480,313,848	\$ 505,044,127	\$ 515,762,666	\$ 570,604,983	\$ 623,967,354

Appendix B - 2

**General Fund Projected Expenditures by Function
Fiscal Years 2010-11 through 2019-20**

Expenditures By Function	Budget		Projections		
	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16
Public Service	\$ 2,506,906	\$ 2,511,421	2,591,442	\$ 2,647,825.5	\$ 2,724,526
Instruction	\$ 295,729,162	296,261,834	305,701,473	312,352,843	321,400,862
Academic Support	76,443,815	76,581,507	79,021,584	80,740,914	83,079,761
Administration	61,434,815	61,545,472	63,506,464	64,888,221	66,767,857
Student Services	58,776,333	58,882,202	60,758,335	62,080,299	63,878,598
Operations/Maintenance	45,346,310	45,427,988	46,875,437	47,895,340	49,282,739
General Institutional	74,163,869	74,297,454	76,664,756	78,332,807	80,601,897
Scholarships	19,570,094	19,605,344	20,230,019	20,670,178	21,268,938
Contingency	50,007,000	50,097,073	51,693,291	52,818,019	54,348,015
Grand Total	\$ 683,978,304	\$ 685,210,296	707,042,800	\$ 722,426,447.0	743,353,193

Expenditures By Function	Projections				
	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Public Service	\$ 2,808,471	\$ 2,897,547	2,992,272	\$ 3,091,094	\$ 3,194,903
Instruction	331,303,550	341,811,397	352,985,763	364,643,344	376,889,326
Academic Support	85,639,533	88,355,734	91,244,225	94,257,625	97,423,121
Administration	68,825,043	71,007,945	73,329,309	75,751,056	78,295,038
Student Services	65,846,762	67,935,202	70,156,114	72,473,065	74,906,960
Operations/Maintenance	50,801,191	52,412,435	54,125,882	55,913,424	57,791,190
General Institutional	83,085,324	85,720,514	88,522,855	91,446,380	94,517,465
Scholarships	21,924,255	22,619,620	23,359,092	24,130,541	24,940,927
Contingency	56,022,533	57,799,381	59,688,936	61,660,202	63,730,964
Grand Total	\$ 766,256,662	\$ 790,559,774	816,404,448	\$ 843,366,730	\$ 871,689,895

Appendix B - 3
General Fund Projected Expenditures by Object
Fiscal Years 2011-12 through 2020-21

Expenditures by Object Code	Budget	Projections			
	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16
Personal Services	\$ 353,840,019	\$ 354,477,361	\$ 365,771,891	\$ 373,730,258	\$ 384,556,215
Employee Benefits	101,869,854	102,053,344	105,305,017	107,596,215	110,712,987
Contractual Services	39,281,258	39,352,012	40,605,865	41,489,356	42,691,191
Supplies & Materials	10,428,004	10,446,787	10,779,648	11,014,188	11,333,240
Current Fixed Charges	8,034,558	8,049,030	8,305,492	8,486,201	8,732,023
Utilities/Comm/Travel	21,051,627	21,089,546	21,761,511	22,234,992	22,879,080
Transfers/Other	149,472,984	149,742,217	154,513,376	157,875,237	162,448,457
Grand Total	\$ 683,978,304	\$ 685,210,296	\$ 707,042,800	\$ 722,426,447	\$ 743,353,193

Expenditures by Object Code	Projections				
	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Personal Services	\$ 396,404,784	\$ 408,977,425	\$ 422,347,556	\$ 436,295,856	\$ 450,948,177
Employee Benefits	114,124,167	117,743,806	121,593,041	125,608,729	129,827,104
Contractual Services	44,006,550	45,402,292	46,886,566	48,435,025	50,061,640
Supplies & Materials	11,682,428	12,052,956	12,446,987	12,858,056	13,289,874
Current Fixed Charges	9,001,066	9,286,549	9,590,142	9,906,862	10,239,569
Utilities/Comm/Travel	23,584,007	24,332,014	25,127,466	25,957,317	26,829,054
Transfers/Other	167,453,659	172,764,732	178,412,690	184,304,884	190,494,478
Grand Total	\$ 766,256,662	\$ 790,559,774	\$ 816,404,448	\$ 843,366,730	\$ 871,689,895

APPENDIX C: POTENTIAL ADDITIONS
Appendix C - 1
Potential Commitment/Additional Dollars (General Fund):

	FY12-13	FY13-14	FY14-15
Projected Budget Increases	\$ 1,231,992	\$ 21,832,504	\$ 15,383,647
Adjustments/Additional Dollars			
Carryforward Adjustments	-	(1,098,100)	(1,153,100)
Budget Cut & Rev. Bond Reallocation	15,921,616	426,400	-
Student Bad Debt	(27,353)	(28,721)	(30,157)
Uncollected Tax Levy	1,483,000	(122,000)	(122,000)
Enrollment Growth Funding	(8,826,870)	(12,825,000)	(11,329,320)
Total Adjustments	8,550,393	(13,647,421)	(12,634,577)

Net Funds Available for Allocation	\$ 9,782,385	\$ 8,185,083	\$ 2,749,070
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	FY15-16	FY16-17	FY17-18
Projected Budget Increases	\$ 20,926,746	\$ 22,903,469	\$ 24,303,112
Adjustments/Additional Dollars			
Carryforward Adjustments	(1,210,700)	(1,271,300)	(1,334,900)
Student Bad Debt	(31,665)	(33,248)	(34,910)
Uncollected Tax Levy	(120,000)	(141,000)	(152,000)
Enrollment Growth Funding	(11,894,760)	(12,487,560)	(13,114,560)
Total Adjustments	(13,257,125)	(13,933,108)	(14,636,370)

Net Funds Available for Allocation	\$ 7,669,621	\$ 8,970,361	\$ 9,666,742
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	FY18-19	FY19-20	FY20-21
Projected Budget Increases	\$ 25,844,674	\$ 26,962,282	\$ 28,323,165
Adjustments/Additional Dollars			
Carryforward Adjustments	(1,401,600)	(1,471,700)	(1,545,300)
Student Bad Debt	(36,656)	(38,489)	(40,413)
Uncollected Tax Levy	(165,000)	(171,000)	(179,000)
Enrollment Growth Funding	(13,768,920)	(14,455,200)	(15,180,240)
Total Adjustments	(15,372,176)	(16,136,389)	(16,944,953)

Net Funds Available for Allocation	\$ 10,472,498	\$ 10,825,893	\$ 11,378,212
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APPENDIX D: PROPERTY TAX LEVY SCENARIOS

With 2% levy increase property tax revenues would grow from the addition of new property. The Arizona Constitution permits a maximum levy increase of 2% per year. If the Governing Board decides not to increase the tax levy in a given year, the capacity continues to accumulate and is available in future years.

Property Tax Levy Scenarios
Fiscal Years 2012-13 through 2020-21

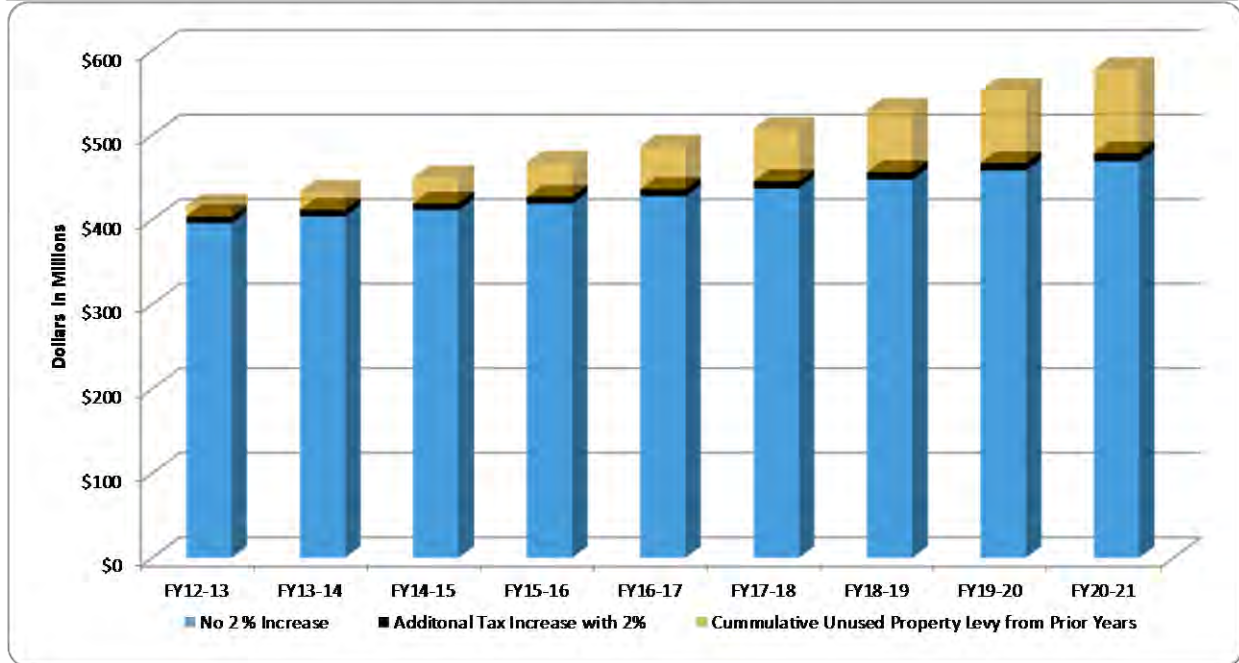
	FY12-13	FY13-14	FY14-15
No 2 % Increase	\$ 396,035,607	\$ 403,680,616	\$ 411,267,843
Additonal Tax Increase with 2%	\$ 7,924,250	\$ 8,096,746	\$ 8,211,980
Cummulative Unused Property Levy from Prior Year	\$ 12,629,273	\$ 21,362,397	\$ 30,618,423
Maximum Tax Levy Allowed with 2% Increase	\$ 416,589,130	\$ 433,139,759	\$ 450,098,246

	FY15-16	FY16-17	FY17-18
No 2 % Increase	\$ 418,764,060	\$ 427,574,412	\$ 437,083,513
Additonal Tax Increase with 2%	\$ 8,363,772	\$ 8,538,720	\$ 8,755,779
Cummulative Unused Property Levy from Prior Year	\$ 40,322,586	\$ 50,713,613	\$ 61,788,413
Maximum Tax Levy Allowed with 2% Increase	\$ 467,450,418	\$ 486,826,745	\$ 507,627,705

	FY18-19	FY19-20	FY20-21
No 2 % Increase	\$ 447,402,883	\$ 458,072,883	\$ 469,294,457
Additonal Tax Increase with 2%	\$ 8,933,384	\$ 9,156,072	\$ 9,430,754
Cummulative Unused Property Levy from Prior Year	\$ 73,668,055	\$ 86,264,558	\$ 99,709,621
Maximum Tax Levy Allowed with 2% Increase	\$ 530,004,322	\$ 553,493,513	\$ 578,434,832

Fiscal Years 2012-13 through 2020-21

With no 2% levy increase property tax revenues would grow from the addition of new property. The Arizona Constitution permits a maximum levy increase of 2% per year. If the Governing Board decides not to increase the tax levy in a given year, the capacity continues to accumulate and is available in future years.



*The Financial Plan FY2012-13 through FY20-2021 is prepared by the
Financial Planning & Budget Office
2411 W. 14th Street Tempe, AZ 85281-6942*

Staff:

Ms. Gaye Murphy, Associate Vice Chancellor for Business Services
Office: 480.731.8638
Email: gaye.murphy@domail.maricopa.edu

Ms. Lulut Clow, Budget Manager
Office: 480.731.8515
Email: lulut.clow@domail.maricopa.edu

Ms. Susan Horner, Principal Budget Analyst
Office: 480.731.8512
Email: susan.horner@domail.maricopa.edu

Mr. Michael Trier, Senior Budget Analyst
Office: 480.731.8514
Email: michael.trier@domail.maricopa.edu



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