

# MARICOPA COMMUNITY COLLEGES

## Proposition 301

### Fiscal Year 2009-2010 Annual Plan

#### OVERVIEW

ARS 15-1472 requires Arizona's 10 community college districts to submit an annual report that lays out each district's strategic plan for utilizing Proposition 301 workforce development funds in the upcoming fiscal year.

Funds for community college districts are broadly targeted at opportunities to assist in workforce development. ARS 15-1472 provides for wide discretion in deploying funds:

1. Partnerships with businesses and educational institutions
2. Additional faculty for improved and expanded classroom instruction and course offerings
3. Technology, equipment and technology infrastructure for advanced teaching and learning in classrooms or laboratories
4. Student services such as assessment, advisement and counseling for new and expanded job opportunities.
5. The purchase, lease or lease-purchase of real property, for new construction, remodeling or repair of buildings or facilities on real property.

Effective July 1, 2001, each district in Arizona established a separate workforce development account to receive tax revenues authorized under Proposition 301. Each district receives \$200,000 base revenue annually, and any additional funds received during the fiscal year are apportioned based on full time student equivalents (FTSE).

#### Section I: Introduction

The Morrison Institute's 2004 report, *Can't Stand Still: Issues and Ideas for Workforce Governance in Arizona*, has defined workforce development as follows:

*"The overarching process of creating and improving the local talent pool to serve businesses' present and future needs. Or in the words of one advocate: workforce development is where education, employment, and economic development come together. From that viewpoint, activities are best understood in five interrelated categories: Pipeline, Renewal, Incumbent, Retraining, and Entrepreneurial."*

These five categories of activity comprise training opportunities with which our colleges can develop workforce development and job training programs to meet their local and regional employer community needs.

Category	Description
<b>Pipeline</b>	Education, training, and services at public and private schools, colleges, and universities (the P-20 “pipeline”)
<b>Renewal</b>	Education, training, and services for those who face skills and employment challenges for any reason
<b>Incumbent</b>	Education, training, and services for current employees
<b>Retraining</b>	Education, training, and services for those who need or want to upgrade skills or change careers
<b>Entrepreneurial</b>	Education, training, and services to support business formation and growth

## Section II: Strategic Positioning for Workforce Development

### A. Maricopa Workforce Development Philosophy

*“The Maricopa Community Colleges are committed to the workforce development and job training needs of its many constituents. We exist in a dynamic global economy where workforce demands of the public and private sector evolve and change at a rapid pace and shifts in population demographics of the workforce present enormous challenges. We must align our strategies to ensure partnership development, resource leveraging and tailored workforce development and training.”*

### B. Industry Priorities and Emerging Trends

In response to the rapidly changing economy in Arizona and being sensitive to the changing complexion of the job market, the Maricopa Community Colleges, through the Occupational Administrators Council and approved by the Chancellor’s Executive Council, established the following set of industry priorities for its workforce development programs and services:

- Aerospace and Aviation
- Biosciences
- High Technology/Manufacturing
- Advanced Business and Financial Services
- Health Care

- Teacher Education
- Public Safety/Homeland Security
- P-20 Career Pipeline Development
- Sustainability and Green Technologies
- Apprenticeships/Internships and Re-training
- Response to Local Workforce Needs

In addition, the colleges are encouraged to give additional consideration the following workforce trends in the expenditure of their allocation:

- Changing Demographics in the Workplace
- Soft Skills/Job Readiness Development
- Systems Thinking as it applies to the Workplace
- Math and Science Skill Development
- Globalization

### **Section III: Maricopa Initiatives and Budget**

The Maricopa Occupational Administrators Council, with the approval of the Chancellor's Executive Council, has reviewed the overall available revenues that are projected to be available to the Maricopa Community Colleges for Fiscal Year 2009-10. Projected revenues for Proposition 301 are anticipated to decline throughout the next funding cycle. Therefore, the following priorities have been established for the expenditure of funds:

- A. **Quality Instruction: \$3,578,313 (50.5%)** for 35 full time occupational faculty positions. The faculty positions are in the following occupational/workforce development areas:
- Administration of Justice Studies
  - Automotive Services Technology
  - Aviation
  - Computer Information Systems
  - Culinary Arts
  - EMT/Fire Science
  - Engineering
  - Nursing/Allied Health
  - Teacher Education
  - Veterinary Technician
  - General Business
  - Early Childhood Education
  - Music Studio Recording/Cinematic Arts
- B. **Maricopa Small Business Development Center: \$315,000 (4.4%)** to be allocated to continue the expansion of services to small businesses in Maricopa County. Included in these services is the outreach to

Hispanics, women and other minorities in the development of small businesses, the continued expansion of SBDC services within our colleges and communities, and collaboration with institutions of higher education including ASU, The Arizona Technology Council and the Arizona Department of Commerce working with technology entrepreneurs on capital formation.

C. **Greater Phoenix Economic Council (GPEC) Dues: \$42,000 (.6%)** for annual dues to GPEC, the regional economic development organization that works closely with all of the communities in Maricopa County to attract new companies and jobs to the Valley. The Maricopa Community Colleges are actively involved in those efforts to ensure that they are providing the trained workforce to meet the current and emerging workforce needs.

D. **Allocations to Colleges: \$ 2,439,474 (34.5%)** will be allocated to the ten colleges and two skill centers based on an agreed upon formula based on occupational enrollment (FTSE). The industry priorities (listed in Section II, B) establish the recommended areas for the expenditures towards programs and services. College plans collectively project the following level of allocation for each of the priority industry areas:

○ Aerospace and Aviation	26%
○ Bioscience	1%
○ High Technology	2%
○ Advanced Bus. & Financial Services	3%
○ Health Care	10%
○ Teacher Education	8%
○ Public Safety/Homeland Security	19%
○ Career Pipeline Development	2%
○ Apprenticeships/Internship	1%
○ Sustainability and Green Technologies	2%
○ Response to Local Workforce Needs	26%

E. **Contingency Reserve: \$708,310 (10%)** will be set aside in reserve should the revenues come in lower than forecasted and to support district wide economic development efforts.

#### **Section IV: Accountability Measures**

The elected Governing Board of the Maricopa Community College District will approve the Proposition 301 Workforce Development and Job Training Plan on an annual basis. In addition, the Governing Board will approve expenditures according to the plan and will provide annual reports to the Governor, Legislature, and Department of Commerce.

All funded projects will be reviewed by the colleges to assess if they are meeting the approved criteria. The following criteria have been established as guidelines for the review and evaluation of all projects:

**A. Project Evaluation**

- Industry Response
- Cost Effectiveness
- Project Outcomes
- Program/Project Sustainability

**B. Faculty Evaluation:** All faculty funded by Proposition 301 dollars are evaluated in accordance with the Residential Faculty Policies as agreed to for all Maricopa faculty.

**C. Business Partnerships/Private Sector Contributions:** The colleges will be asked to report any private sector contributions that assisted in meeting the workforce development project or program outcomes. The information will include, but not be limited to, expected contributions such as buildings, equipment, supplies, faculty (e.g. nursing), fundraising, marketing, outreach, matching funds, and in-kind contributions. These contributions will be reported in the Fiscal Year 2010 Annual Report.

**Section V: Demographic Profile of District**

In 2008 the population of Maricopa County was estimated at 3.98 million, or approximately 60 percent of the population of the state of Arizona. By 2020, it is projected that the county's population will number 5.3 million persons, with Arizona's population reaching 8.8 million. Nearly 60 percent of the state's growth is projected to occur in Maricopa County, with the remaining balance spread across the state. Approximately one in four Arizonans is a baby boomer. Maricopa County's 60+ population in 2006 totaled 578,831 or 15.4 percent of the county. This group is expected to make up 20 percent of the population of Greater Phoenix in 2020, numbering just over one million persons.

Since the April 2000 census, the number of Hispanics in Maricopa County has increased by 355,794 compared with the combined growth of 106,765 for Blacks, Native American, Asians, and Pacific Islanders. Within 20 years, the Hispanic population is projected to compose half of the homegrown, entry-level labor pool in Phoenix and Tucson. Though Hispanics enroll in college nearly at the same rate as non-Latino students, they are less likely to attend college full-time and are more likely to work to provide financial support to dependents.

## **Section VI: Labor Force, Unemployment, and Job Growth**

Arizona has been hit hard by the national recession which began in December of 2007. The downturn in the state began earlier than the nation as a whole and is expected to last longer. This is due primarily to Arizona's high exposure in the homebuilding sector, which is overbuilt and in economic freefall since credit markets have contracted.

In the Greater Phoenix metropolitan area, nonfarm employment is down 1.6% in 2008. Unemployment stands at 6.3% in December 2008, up from a low of 3.0% in May of 2007. Industry sectors hard hit in 2008 include construction (employment down 15.8%), employment services (-7.0%), telecommunications (-6.8%), financial activities including real estate (-2.9), and retail trade (-2.7%). Arizona ranked 48<sup>th</sup> in employment growth among states in 2008. In 2006 the state ranked 2<sup>nd</sup>.

The median price of an existing single family home in the Greater Phoenix Metro area was down 27.6% between the third quarter of 2007 and the third quarter of 2008. The region ranked among the top metros for home value loss in 2008. About 40% of all present home sales in Greater Phoenix are repossessions or foreclosures. Historically this figure is about 3%. Over the last year roughly half of all homes sold in the region were sold at a loss. Conservatively, it is estimated that there is a surplus of 40,000 to 50,000 housing units in Greater Phoenix above normal demographic demand. It will take several years for the market to eliminate this excess supply.

Nationally, projections are for a severe economic downturn lasting into the second half of 2009 comparable in severity to the mid-1970s and early 1980s recessions. Analysts foresee the national business cycle to be up by mid-2010, with growth returning again.

Arizona will likely lag this recovery trend. In the short term, credit conditions must improve before the state's large inventory of houses can be absorbed. This problem is exacerbated by the fact that population growth, a major driver of Arizona's economy, has slowed significantly as the state's economy has faltered and potential residents have been unable to sell their houses back home. According to the Census Bureau, state population growth peaked at 3.6% in 2005 and 2006. Growth is expected to be in the 1.2%-1.3% range in the next two years, only slightly faster than nationwide. With reduced population growth, it will take longer to fill houses that are now vacant.

In the long term, prospects for growth in Arizona remain strong. State population is projected to be 15 million by 2040, which is eight-and-a-half million more people than currently live in the state today. If projections hold true, Arizona will be the fifth most populous state in 2040 behind California, Texas, New York, and

Florida. This will mean that employment in the state will double over the next 32 years as 3.7 million jobs are added.

**Section VII: Budget Overview**

See Attachment A for budget overview.