

ACTION ITEM

Governing Board Agenda

Meeting Date: March 24, 2009

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
V.E.2	Proposed Tuition & Fees Fiscal Year 2009-10 Budget	Ms. Debra Thompson

Recommendation

After several months of review of potential resources and budget needs, recommendations on budget priorities and tuition and fees have been developed through the District-wide budget development process. Attached is the proposed Fiscal Year 2009-2010 Tuition and Fees schedule, submitted for Governing Board approval

There are three parts to this recommendation, and each is recommended to be approved:

- County Resident Tuition & Fees:
 - \$5.00 (7%) increase to tuition rate per credit hour
 - The annual cost to full-time students taking 30 credit hours per year will be \$2,280.00, an increase of \$150.00
 - The proposed tuition & fee rate would rise to \$76.00 per credit hour (\$74.00 in tuition and a \$2.00 Student Activity Fee).
 - The projected increase in revenues is \$11.1 million
- Increase Out of State Surcharge by \$27.00 (12.5%) per credit hour, from \$215.00 to \$242.00
 - The projected increase in revenues is \$1.4 million
- Skill Centers Tuition hourly tuition rates is proposed to be increased by \$0.30 per hour
 - Hourly Tuition rate will increase from \$4.60 to \$4.90, an increase of 6.5%
 - Hourly Tuition rate for Nursing Program will increase from \$5.60 to \$5.90, an increase of 5.4%
- Additionally, varied new and modified course fees are proposed and will be presented as a separate action item.

Appendix A shows recent history on tuition and fees and comparative tuition data. Appendix B provides information requested by Board members on how much the out of state surcharge would need to increase to offset an in-county tuition increase. Appendix C shows State aid history. Appendix D shows tax rate history and comparisons to other institutions. Appendix E shows relative spending of other community colleges in urban areas and relative cost of living indices.

Justification

The magnitude of varied financial issues that arose during the District’s budget development process led to a proposal from the District-wide budget committee, the Financial Advisory Council, for a \$5.00 per credit or 7.04% increase for resident students. The Out-of-State surcharge increase is to align the surcharge to be equal or greater than Out-of-County surcharge, which is set according to a statutory formula; the rate is \$215.00. The proposed tuition and fee increases, along with other adjustments, would enable the District to address instructional and student service needs, and pay operating costs of 2004 Bond supported facilities.

Funding	Approvals/Certifications
<p><u>Source:</u></p> <p><u>Account Identification:</u></p>	<p>Chancellor _____</p> <p>Academic & Student Affairs _____</p> <p>Business Services _____</p> <p>Human Resources _____ ITS _____</p> <p>Resdev. & Community Relations _____</p> <p>College President _____</p>

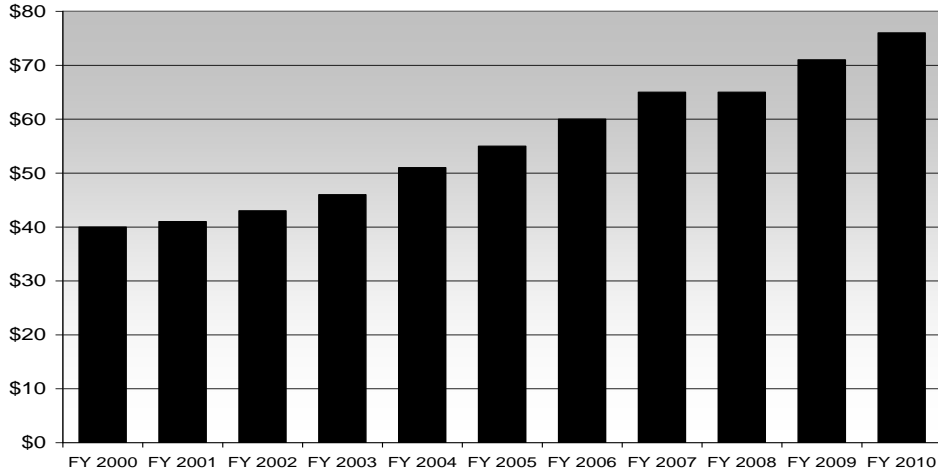
Several key assumptions have led to this recommendation involving the district's three primary revenue sources for the General Fund, or Fund 1, the District's main operating budget, which funds most of the day to day costs of teaching and providing other services and 230,000 students who take credit offerings each year.

- Property taxes: slower growth in new property; 2% increase on existing property per the State Constitution
 - First, the slowdown in the housing market has resulted in a decline in growth in property taxes. Data from the county provided on February 10, pursuant to State law, shows that potential taxes from new property in FY09-10 is \$14.3 million, compared to \$18.2 million in FY08-09; this is a 21.6 % decline. Local economists predict this trend will continue for some at least the next couple of years.
 - Additionally, for the past three decades, pursuant to a voter referendum, increases in property taxes on existing property have been strictly limited to a 2% increase in the levy. Effectively what this means, is that regardless of the rate of inflation or changes in individual or total property values (increases or decreases), the total levy on existing property can only increase 2%. The rate that derives from this calculation then is applied to existing property (at its new value for the new fiscal year) and to new property added to the tax roll in the new fiscal year. The value of raising taxes on existing property is \$7.2 million. To take this action, State law requires the Board to take a roll call vote, and the District must publish notice of this proposal prior to such action. Should the Board vote not to support this increase, we will need to reduce the budget – revenues and expenditures.

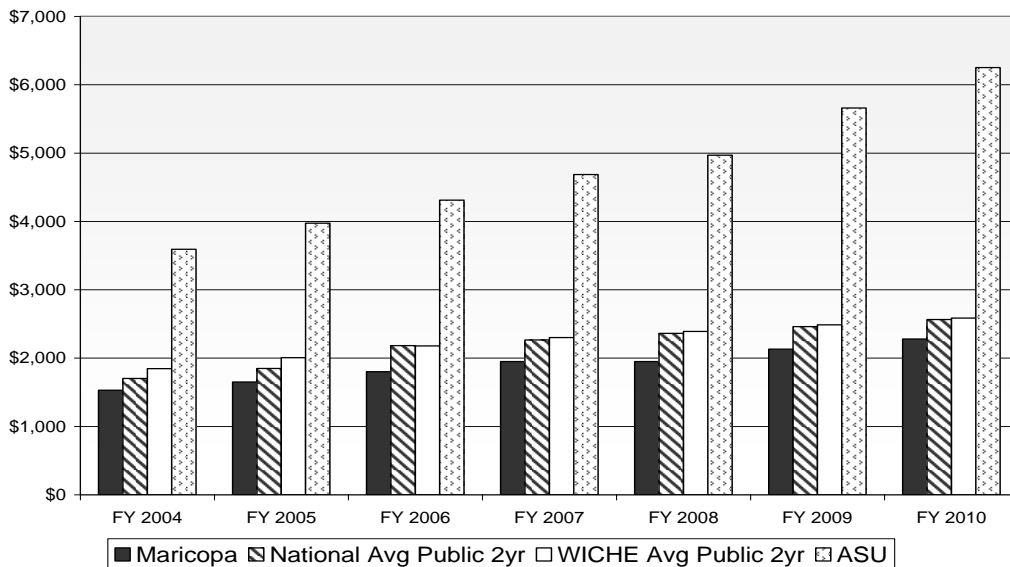
- State aid: significantly reduced state aid funding and elimination of capital state aid
 - In building its budget for FY08-9 in June 2008, the State cut the appropriation to the Maricopa Community Colleges by 19.3%--a 100% suspension of capital state aid (\$11.1 million) and a \$2.1 million cut to operational State aid
 - In January 2009, to help address a \$1.6 billion shortfall, the State further cut the appropriation to the Maricopa Community colleges by \$4.3 million, to total \$51.1 million; in 8 months time, our appropriation has been cut 26%.
 - Additional cuts are expected, if not to address additional shortfalls, then to help solve a \$3 billion shortfall next year. While limited information is available about future cuts at this time, options presented by the Chairs of the Appropriations committees suggest potential additional cuts of \$7 million to the Maricopa Community Colleges, or potentially a 36% loss in State aid since FY07-8.
 - Additionally, it is assumed that the \$11.1 million capital state aid appropriation will remain suspended at least throughout FY09-10.
 - See Appendix C for a history on State funding.

To address State aid reductions to date and forecasted into the future, the District has cut college and District Office budgets by approximately \$10 million. Additionally, it has planned for future potential reductions. Furthermore, it suspended employee sabbaticals and is planning for additional potential budget reductions. The increase in tuition and fees that is proposed as well the recommended 2% increase in the tax levy will help minimize further reductions and fund several critical funding needs, or increases in spending needed even as budgets are generally being reduced. Several categories of required increases exist: increased IT maintenance costs, increased compensated absences, unemployment insurance and employee policy group adjustments and ATASS payments. A major need throughout the system is operating costs, in order to open the buildings to be constructed with the soon to be sold Series C bonds. Other important needs are additional faculty for newer and fast-growing colleges to meet the demand set by increased numbers of students and to become comprehensive, additional student scholarships, emergency notification system, benefits consultant for insurance bids, funding to convert faculty lines now funded with proposition 301 funds that run out in future years, and a supplement for lost capital state aid or other additional state cuts.

Maricopa Community Colleges Historic and Proposed Resident Tuition Per Credit Hour



Maricopa Community Colleges Comparison of Annual Resident Tuition



APPENDIX B

Increase in Out of State Surcharge to Achieve Revenue Increase Equal to \$5 In County Increase

The out of state surcharge would need to double, at a minimum, from \$215 per credit hour to \$430 per credit hour. A full-time student taking 30 credit hours would pay \$15,030, up from \$8,580.

At an annualized rate that is substantially larger than the current rate and one that approximates the surcharge of public universities, such an increase could result in a decline in out of state students and a loss of revenue.

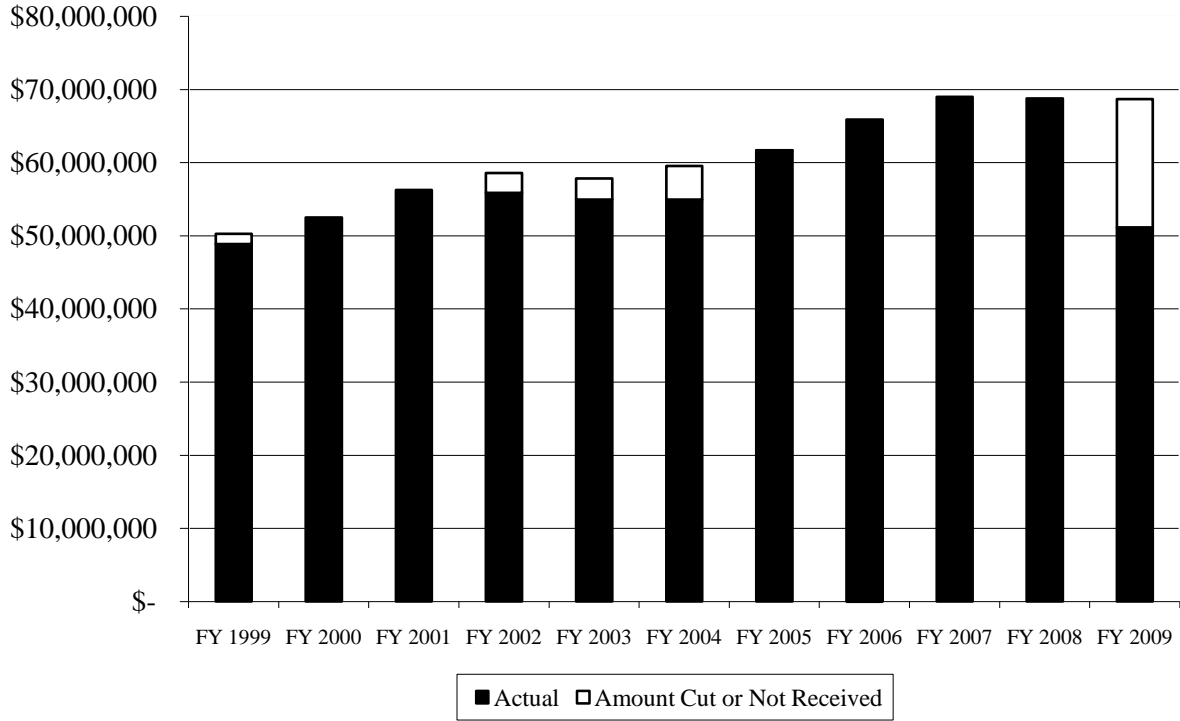
Appendix B

State	2-yr Institution	FY08-09	FY08-09	FY08-09	FY08-09	Surcharge per credit	FY09-10
		Resident Tuition [w 30 credits]	FY08-09 Res Rate per credit	Annual Non- Resident tuition	Rate/credit w surcharge		Proposed surcharge
Arizona	Maricopa Community Colleges	\$ 2,130	\$ 71.00	\$ 8,580	\$ 286.00	\$ 215.00	\$ 242.00
	Arizona Western College	\$ 1,680	\$ 56.00	\$ 6,240	\$ 208.00	\$ 152.00	
	Coconino County Community College	\$ 1,970	\$ 65.67	\$ 8,340	\$ 278.00	\$ 212.33	
	Pima Community College	\$ 1,625	\$ 54.17	\$ 7,610	\$ 253.67	\$ 199.50	
	Arizona State University - 4 yr	\$ 5,659	\$ 188.63	\$ 17,947	\$ 598.23	\$ 409.60	4 -yr
	University of Arizona - 4 yr	\$ 5,531	\$ 184.37	\$ 18,665	\$ 622.17	\$ 437.80	4 -yr
California	Cerro Coso Community College	\$ 600	\$ 20.00	\$ 7,110	\$ 237.00	\$ 217.00	
	Coastline Community College	\$ 600	\$ 20.00	\$ 6,630	\$ 221.00	\$ 201.00	
	Lake Tahoe Community college	\$ 600	\$ 20.00	\$ 7,020	\$ 234.00	\$ 214.00	
Colorado	Aims Community College	\$ 2,025	\$ 67.50	\$ 10,545	\$ 351.50	\$ 284.00	
	Community College of Denver	\$ 2,942	\$ 98.07	\$ 11,766	\$ 392.20	\$ 294.13	
	Red Rocks Community College	\$ 2,644	\$ 88.13	\$ 11,469	\$ 382.30	\$ 294.17	
Hawaii	Hawaii Community College	\$ 1,838	\$ 61.27	\$ 6,470	\$ 215.67	\$ 154.40	
	Maui Community College	\$ 1,760	\$ 58.67	\$ 8,696	\$ 289.87	\$ 231.20	
Montana	Dawson Community College	\$ 2,736	\$ 91.20	\$ 8,500	\$ 283.33	\$ 192.13	
	Flathead Valley Community College	\$ 3,080	\$ 102.67	\$ 9,240	\$ 308.00	\$ 205.33	
	Miles Community College	\$ 3,720	\$ 124.00	\$ 7,830	\$ 261.00	\$ 137.00	
Nevada	Community College of Southern Nevada	\$ 1,920	\$ 64.00	\$ 7,629	\$ 254.30	\$ 190.30	
	Western Nevada Community College	\$ 1,920	\$ 64.00	\$ 7,629	\$ 254.30	\$ 190.30	
New Mexico	Central New Mexico Community College	\$ 1,064	\$ 35.47	\$ 4,880	\$ 162.67	\$ 127.20	
	Northern New Mexico Community College	\$ 2,247	\$ 74.90	\$ 8,979	\$ 299.30	\$ 224.40	
Oregon	Central Oregon Community College	\$ 2,958	\$ 98.60	\$ 8,043	\$ 268.10	\$ 169.50	
	Lane Community College	\$ 3,668	\$ 122.27	\$ 11,970	\$ 399.00	\$ 276.73	
Utah	Salt Lake City Community College	\$ 2,660	\$ 88.67	\$ 8,374	\$ 279.13	\$ 190.47	
Washington	Bellevue Community College	\$ 2,940	\$ 98.00	\$ 8,154	\$ 271.80	\$ 173.80	
	Walla Walla Community College	\$ 2,970	\$ 99.00	\$ 8,888	\$ 296.27	\$ 197.27	
Wyoming	Laramie County Community College	\$ 2,208	\$ 73.60	\$ 5,328	\$ 177.60	\$ 104.00	
	Northwest Community College	\$ 2,107	\$ 70.23	\$ 5,036	\$ 167.87	\$ 97.63	

Source: Tuition & Fees in Public Higher Education in the West 2008-2009 Detailed Tables

Appendix C

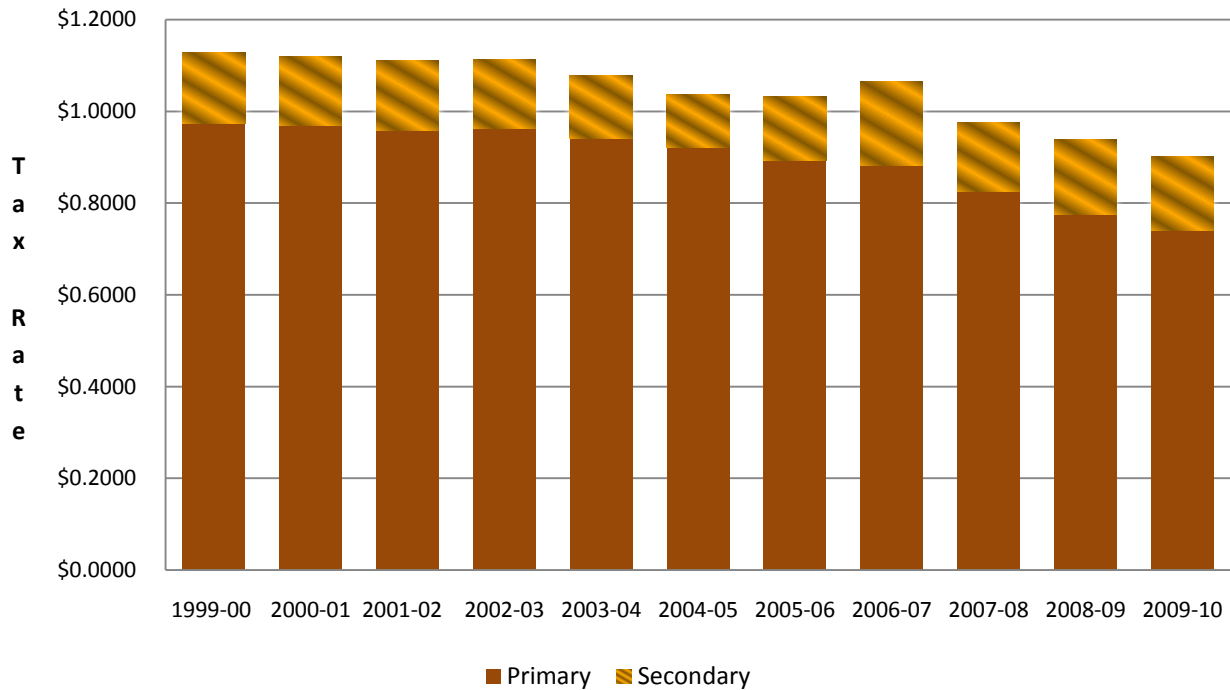
Maricopa Community Colleges
Historic State Aid Allocation



Appendix D

Maricopa Tax History and Comparison to Other Districts and Other Local Governments

**Maricopa Community Colleges
Historic Tax Rate per \$100 Assessed Valuation**



Community College Tax Rates 2008-09			
District	Primary Rate	Secondary Rate	Combined Rate
Yuma/La Paz	1.63	0.37	1.99
Graham	1.88	0.00	1.88
Cochise	1.66	0.00	1.66
Pinal	1.41	0.00	1.41
Yavapai	1.20	0.14	1.34
Navajo	1.17	0.17	1.34
Pima	0.98	0.15	1.14
Maricopa	0.78	0.16	0.94
Mohave	0.72	0.00	0.72
Gila	0.56	0.00	0.56
Coconino	0.37	0.10	0.46

Maricopa Countywide Tax Rates 2008-09			
	Primary Rate	Secondary Rate	Combined Rate
County	1.03	0.00	1.03
Community College	0.78	0.16	0.94
Flood Control	0.00	0.14	0.14
Central AZ Project	0.00	0.10	0.10
Special Health Care	0.00	0.09	0.09
Library	0.00	0.04	0.04

Cities in Maricopa Tax Rates 2008-09			
City	Primary Rate	Secondary Rate	Combined Rate
Tolleson	0.95	1.35	2.30
Queen Creek	1.95	0.00	1.95
Phoenix	0.76	1.06	1.82
Goodyear	0.67	0.93	1.60
Glendale	0.24	1.35	1.60
Peoria	0.19	1.25	1.44
Tempe	0.51	0.89	1.40
El Mirage	0.98	0.22	1.20
Chandler	0.34	0.84	1.18
Gilbert	0.00	1.15	1.15
Avondale	0.37	0.73	1.11
Buckeye	0.90	0.00	0.90
Scottsdale	0.35	0.43	0.79
Cave Creek	0.00	0.64	0.64
Surprise	0.59	0.02	0.61
Fountain Hills	0.00	0.20	0.20
Mesa	0.00	0.00	0.00
Paradise Valley	0.00	0.00	0.00
Litchfield Park	0.00	0.00	0.00
Youngtown	0.00	0.00	0.00
Carefree	0.00	0.00	0.00

Arizona Tax Research Association "2008 Property Tax Rates & Assessed Values"

APPENDIX E											
Overview: Comparison to Similar Colleges FY2007 Revenue per FTSE								2008 CPI from Bureau of Labor Statistics			
	Institution Name	Tuition and Fees	State Appropriation	Local Revenues	Gov. Grants & Contracts	Other Revenues	Total	Region	CPI Region *	Selected Area	CPI Selected Areas **
1	Wenatchee Valley College, WA	\$1,190	\$4,562	\$0	\$5,529	\$7,574	\$18,855	West	3.5 %	Seattle-Tachoma WA	4.2%
2	Grays Harbor College, WA	\$989	\$6,019	\$0	\$4,730	\$5,731	\$17,469	West	3.5 %	Seattle-Tachoma WA	4.2%
3	Antelope Valley College, CA	\$424	\$5,759	\$1,940	\$3,931	\$2,614	\$14,668	West	3.5 %	Los Angeles-Riverside CA	3.5%
4	Napa Valley College, CA	\$755	\$2,023	\$5,712	\$3,396	\$2,750	\$14,636	West	3.5 %	San Francisco-Oakland, CA	3.1%
5	Mission College, CA	\$810	\$1,351	\$7,632	\$2,247	\$1,554	\$13,594	West	3.5 %	San Francisco-Oakland, CA	3.1%
6	Pierce College at Puyallup, WA	\$2,387	\$4,614	\$0	\$3,658	\$2,780	\$13,439	West	3.5 %	Seattle-Tachoma WA	4.2%
7	Skagit Valley College, WA	\$1,799	\$4,833	\$0	\$4,395	\$903	\$11,930	West	3.5 %	Seattle-Tachoma WA	4.2%
8	Irvine Valley College, CA	\$992	\$429	\$7,764	\$1,318	\$1,098	\$11,601	West	3.5 %	Los Angeles-Riverside CA	3.5%
9	Los Angeles Mission College, CA	\$538	\$4,876	\$1,717	\$2,554	\$1,563	\$11,248	West	3.5 %	Los Angeles-Riverside CA	3.5%
10	City Colleges of Chicago-Kennedy-King College, IL	\$1,290	\$1,234	\$4,097	\$4,458	\$1	\$11,080	Midwest	3.7 %	Chicago IL-Gary IN	3.8%
11	Evergreen Valley College, CA	\$414	\$656	\$5,640	\$3,171	\$1,032	\$10,913	West	3.5 %	San Francisco-Oakland, CA	3.1%
12	Miami Dade College, FL	\$1,516	\$4,052	\$0	\$2,480	\$2,377	\$10,425	South	4.2 %	Miami-Fort Lauderdale, FL	4.6%

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	Institution Name	Tuition and Fees	State Appropriation	Local Revenues	Gov. Grants & Contracts	Other Revenues	Total	Region	CPI Region *	Selected Area	CPI Selected Areas **
13	Imperial Valley College, CA	\$355	\$4,350	\$1,341	\$3,727	\$177	\$9,950	West	3.5 %	San Diego, CA	3.9%
14	Los Angeles Pierce College, CA	\$733	\$4,686	\$1,651	\$1,125	\$1,196	\$9,391	West	3.5 %	Los Angeles-Riverside CA	3.5%
15	San Bernardino Valley College, CA	\$607	\$4,355	\$1,706	\$1,497	\$1,221	\$9,386	West	3.5 %	Los Angeles-Riverside CA	3.5%
16	Los Angeles Harbor College, CA	\$669	\$4,341	\$1,529	\$1,530	\$1,264	\$9,333	West	3.5 %	Los Angeles-Riverside CA	3.5%
17	Los Angeles Valley College, CA	\$540	\$4,369	\$1,539	\$1,509	\$1,204	\$9,161	West	3.5 %	Los Angeles-Riverside CA	3.5%
18	Cedar Valley College, TX	\$1,153	\$2,696	\$3,590	\$1,645	\$38	\$9,122	South	4.2 %	Dallas-Fort Worth TX	4.4%
19	MCCCD, AZ	\$1,907	\$843	\$5,046	\$362	\$856	\$9,014	West	3.5 %	Phoenix-Mesa AZ	3.5%
20	Pima CC, AZ	\$1,421	\$1,047	\$4,357	\$1,441	\$732	\$8,998	West	3.5 %	Phoenix-Mesa AZ	3.5%
21	Pierce College at Fort Steilacoom, WA	\$1,540	\$3,219	\$0	\$2,360	\$1,785	\$8,904	West	3.5 %	Portland OR-Salem, WA	3.3%
22	Diablo Valley College, CA	\$1,236	\$2,337	\$3,214	\$976	\$2	\$7,765	West	3.5 %	San Francisco-Oakland, CA	3.1%
23	City Colleges of Chicago-Harold Washington College, IL	\$1,377	\$638	\$2,277	\$3,132	\$0	\$7,424	Midwest	3.7 %	Chicago-Gary-Kenosh a	3.8%
24	City Colleges of Chicago-Harry S Truman College, IL	\$748	\$1,188	\$1,274	\$2,157	\$13	\$5,380	Midwest	3.7 %	Chicago-Gary-Kenosh a	3.8%

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	Institution Name	Tuition and Fees	State Appropriation	Local Revenues	Gov. Grants & Contracts	Other Revenues	Total	Region	CPI Region *	Selected Area	CPI Selected Areas **
25	City Colleges of Chicago-Richard J Daley College, IL	\$571	\$1,026	\$1,374	\$1,993	\$2	\$4,966	Midwest	3.7 %	Chicago-Gary-Kenosh a	3.8%

* Bureau of Labor Statistics: CPI Detailed Report Tables Annual Average 2008 : Table 11A Consumer Price Index for All Urban Consumers -- Regions

** Bureau of Labor Statistics: CPI Detailed Report Tables Annual Average 2008: Table 16A Consumer Price Index for All Urban consumers Selected Areas