

**MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT  
GOVERNING BOARD  
JANUARY 12, 2010**

**MINUTES**

A special board meeting of the Maricopa County Community College District Governing Board was scheduled to be held at 5:30 p.m. at the District Support Services Center in Tempe, Arizona, pursuant to A.R.S. §38-431.02, notice having been duly given.

**PRESENT**

**GOVERNING BOARD**

Colleen Clark, President  
Randolph Lumm, Secretary  
Don Campbell, Member  
Jerry Walker, Member  
Debra Pearson, Member

**ADMINISTRATION**

Rufus Glasper  
Steve Helfgot  
Debra Thompson  
Lee Combs  
Ken Atwater  
Linda Lujan  
Anna Solley  
Chris Bustamante for Linda Thor  
Ernie Lara  
Paul Dale  
Maria Harper-Marinick  
Phil Randolph  
Gene Giovannini  
Velvie Green  
Shouan Pan  
Jan Gehler  
Steve Creswell for Darrel Huish

**I. SPECIAL BOARD MEETING**

**CALL TO ORDER** President Clark called the Special Board Meeting to order at 5:32 p.m.

**A. ELECTION OF GOVERNING BOARD OFFICERS FOR  
CALENDAR YEAR 2010**

President Clark declared the vacancy of the office of President of the Maricopa County Community College District Governing Board and called for nominations. Governing Board Member Dr. Don Campbell proposed the nomination of Governing Board Member Randolph Lumm for the office of President. Mrs. Pearson called for the closing of nominations due to the refusal of Dr. Campbell to run.

**MOTION NO. 9639**

There being no further nominations, President Clark closed the nominations and called a motion to approve. The election of Mr. Randolph Lumm passed by a vote of 5-0.

President Clark declared the vacancy of the office of Secretary of the Maricopa County Community College District Governing Board and called for nominations. Governing Board Member Dr. Don Campbell proposed the nomination of Mrs. Debra Pearson for the office of Secretary. Governing Board Member Mr. Randolph Lumm proposed the nomination of Mr. Jerry Walker for the office of Secretary.

**MOTION NO. 9640**

There being no further nominations, President Clark closed the nominations and called a vote to approve Mrs. Debra Pearson as Secretary. Motion not approved 2-3 (Campbell and Pearson – aye; Clark, Lumm, and Walker - nay). President Clark called for a vote to approve Mr. Jerry Walker as Secretary. Motion approved 3-2 (Clark, Lumm, Walker – aye; Campbell, Pearson – nay).

With Elections having been completed, Ms. Clark offered her congratulations and best wishes for a successful year. She relinquished the remainder of the Special Board Meeting to Mr. Lumm.

**APPROVAL OF ACTION ITEMS**

**I.B.1. APPROVAL OF ARCHITECTURAL CONSULTANT SELECTION FOR THE GWCC INCUBATOR BUILDING-** approve the selection of Smith Group, Inc to provide architectural and engineering services for the design of the new Incubator Building at GateWay Community College. The design fee budget is \$450,000.

**MOTION No. 9641**

Dr. Don Campbell moved that Item VI.B.2 be approved. Motion approved 5-0.

**I.B.2. APPROVAL OF INTERIM VICE CHANCELLOR FOR HUMAN RESOURCES** - approve the appointment of Dr. Phil Randolph as the Interim Vice Chancellor for Human Resources beginning January 5, 2010. Dr. Randolph has agreed to serve until we fill the position permanently.

**MOTION No. 9642**

Dr. Don Campbell moved that Item I.B.2 be approved. Motion approved 5-0.

**ADJOURNMENT OF SPECIAL BOARD MEETING AND CALL TO ORDER OF BOARD RETREAT ON BUDGET AND FINANCE** - The Special Board Meeting adjourned at 5:38 p.m.

## **BOARD RETREAT ON BUDGET AND FINANCE**

Chancellor Glasper commented that it was appropriate to have a discussion on the same day as the Governor's State of the State Presentation to see what has transpired over the last year and a half. A number of assumptions will be built into the MCCCCD budget this next year. Reductions will be made and policy implications will occur as a result of the stimulus money which was promised may not be forthcoming. The presentation will explain what the future looks like and how the Governing Board can move forward.

Vice Chancellor of Business Services, Debra Thompson, came forward and explained that the retreat this evening would include three parts:

1. National Economy
2. State Economy
3. Overview of Maricopa's Finances

Ms. Thompson provided an brief overview of the first speaker's, Alan Maguire, background which included serving as President and Principal Economist of The Maguire Company, an independent, economic forecasting and public policy consulting firm. Prior to forming The Maguire Company, Alan was a senior investment banker with a regional securities firm. During his tenure, he was the leading financial advisor in the State of Arizona and served as either senior manager or senior financial advisor on over \$1 billion in tax-exempt financing. From 1983 to 1987, Alan was the Chief Deputy in the Office of the State Treasurer where he had overall management responsibility for an annual cash flow of \$6 billion and an internally managed, fixed income investment portfolio of more than \$2 billion. He previously served as the Economic Advisor to the Arizona State Senate, in which he was involved in all legislation with either a direct or indirect impact on the municipal fiscal structure of state and local government in Arizona.

Mr. Maguire provided the following information:

### **National Economy**

#### **Status of the US Recession/Economic Activity**

- Decline has slowed, but it is not over
- "Better" is relative to where you were last year!
- Standing in a 3 foot hole look okay if you were in a ten foot hole last year!

#### **Employment:**

- Non-governmental job creation is still negative
- Unemployment will likely rise another point
- Underemployment is historically high and will remain so
- Medium-term prospects are negative
- Long-term prospects/risk will be permanently lower employment and incomes

### **Status of US Recovery**

- Lack of job creation
- Underemployment
- Governmental Policy Risk

#### **Banking and Finance Crisis**

- Successful Actions by Federal Reserve
- Extremely competent leadership at Fed
- Banking system now reasonably stable
- Recessionary challenges – NOT systemic

#### **Arizona Economy**

##### **Status of Arizona Recession and Economic Activity**

- Decline has slowed but still declining
- “Better” is relative to where you were last year.
- Standing in a ten foot hole looks okay if you were in a twenty foot hold last year.
- Non-govern

##### **Employment:**

- Non-governmental job creation is still **STRONGLY** negative
- Unemployment will likely rise – uncertain how much
- Underemployment is historically high and may remain so
- Medium-term prospects: Negative
- Long-term prospects/risk: Permanently lower employment

##### **Status of US Recovery**

- Arizona will lag National recovery
- Construction outlook is very negative
- At least 2013 to 2015 until stability

#### **WHAT DOES THIS MEAN FOR MARICOPA?**

##### **Status of the State of Arizona**

- Medium-term prospects: Negative
- Long-term prospects/risk: Permanently lower Revenue levels
- Massive Short-term crisis

##### **State’s Massive Short-term Crisis**

- \$1-2 Billion short for the Current Year
- \$3-4 Billion short Next Year
- Massive

##### **Impact on Maricopa**

- All State support at risk
- Long-term prospects/risk: Permanently lower State support
- Permanent Changes

##### **Maricopa’s Fiscal Management**

- Strong fiscal systems and controls
- Extremely experienced senior managers
- Excellent planning and budgeting
- Three main sources of revenue sources
  - State Aid
  - Tuition and Fees
  - Property Taxes
- More stable fiscal structure than state!
- State Aid revenues dependent on State Appropriations and directly impacted by State situation. Only as stable as State revenues!
- Tuition and Fee Revenues are user based charges and directly track variable costs. Much more stable than state revenues
- Property Tax Revenues have a constitutional guarantee and are a strong tax base despite issues. Much more stable than State revenues.
- US, Arizona & Maricopa economies:
  - US – decline has slowed
  - AZ – still farther down to go
  - Maricopa – fiscally strong but genuine challenges

Vice Chancellor Thompson came forward following Mr. Maguire's presentation to speak about Maricopa's Financial Planning. She stated that the Stimulus has previously been viewed as something of a miracle. We had been cut \$13 million at end of year and the stimulus came into the picture in the form of \$15 million as a bridge. Cuts have been unpredictable. Now looking a \$1.3 million cut to fund dual enrollment at 50%. Ms. Thompson pointed out that Maricopa's revenue sources include the Stimulus, State Aid, Proposition 301; Tuition, and Property Taxes. She provided the following information pertaining to these revenue sources:

**Stimulus:**

- ◆ Received a \$15 million stimulus allocation in FY 2009. This freed up \$15 million in Fund 1 which can help the District weather some of the impending state funding cuts.
- ◆ Governor Brewer's stimulus plan indicates that an additional \$15 million could be available to Maricopa in FY 2010 provided that state aid appropriations for community colleges does not fall below FY 2006 appropriation levels.
- ◆ The unresolved and still growing state budget deficit casts a shadow of uncertainty over whether or not the state will qualify for more support
- ◆ We remain in active pursuit of federal stimulus available for special purposes. These resources will benefit our students and our community; however, these grants are not discretionary resources that could replace state cuts.

Ms. Thompson stated that as FY 2009 came to a close, it was assumed that stimulus funding would be delayed. A few weeks after the fiscal year end, the Governor's Office directed state universities and community colleges to re-open FY 2009 and change actual expenditures from existing resources to federal stimulus.

The federal higher education stimulus funding is contingent on states maintaining a funding level or “maintenance of effort” at an amount not less than the FY 2006 appropriation. With the FY 2010 state budget still out of balance and additional cuts likely, Arizona will not meet the minimum funding requirement. Unless the Federal Department of Education waives the requirement, Maricopa may not receive the projected \$15 million stimulus funds in FY 2010.

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**State Aid**

- Actual cuts to date are **\$23.4 million**; a 34.1% decline over two years
- They are unpredictable and for the past two years, they have come **AFTER** we have adopted our annual budget
- Changes in state law that cut funding for Dual Enrollment students will result in an additional **\$1.3 million** cut in FY 2011
- The Governor says she does not favor further education cuts; however, she has asked that we prepare for a possible additional 15% current year cut – a **\$6.8 million loss**.
- It is possible that the FY 2011 starting point for additional state aid cuts will be from a base of \$37.2 million - a 45.8% loss of state tax support since FY 2008.

Ms. Thompson indicated that State aid is where we have seen the greatest impact of the recession. Since June 2008, we have seen \$23.4 million in cuts which is a 34.1% decline. A new law change made during the final days of the last legislative session cut state aid support for students in Dual Enrollment programs effective in FY 2011. So we already know that loss is coming. There could be more cuts, but we do not know when or how much. It is possible that we could lose all state tax support.

**State Aid Summary**

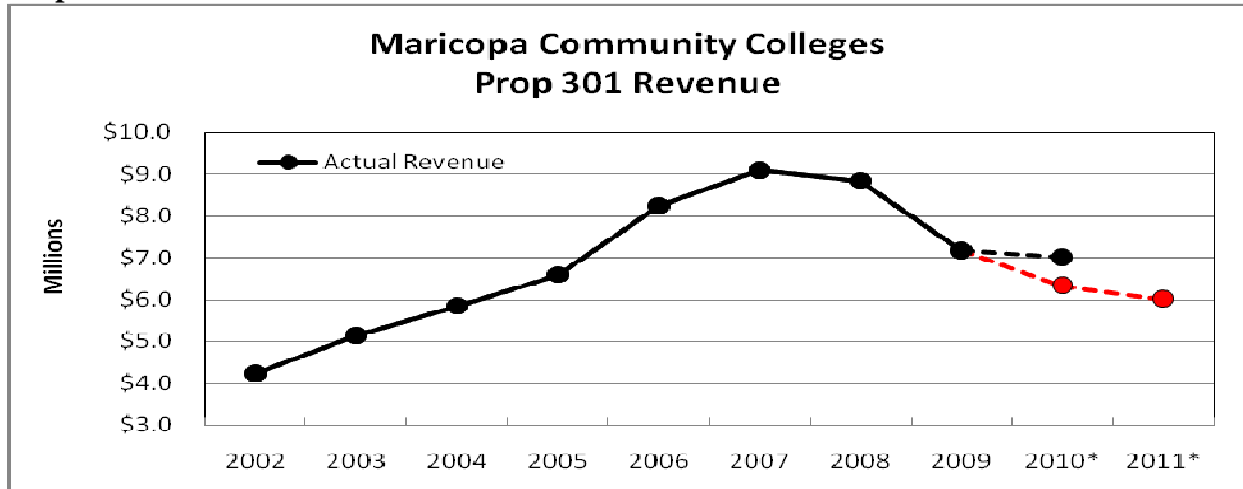
State Appropriation	Actual FY2008	Approp FY2010	DIFFERENCE
Operating Aid	57,528,300	45,327,400	(12,200,900)
Capital Aid	11,204,000		(11,204,000)
<b>Total</b>	<b>68,732,300</b>	<b>45,327,400</b>	<b>(23,404,900)</b>

**TOTAL                                    68,732,300    37,231,894    (31,500,406)**

The Maricopa Community College’s FY 2010 State Aid Appropriation of \$45.3 million is \$23.4 less than the FY 2008 Appropriation of \$68.7 million. This represents a 34.1% State Aid decline in two years. In mid September, 2009, the Governor notified the Maricopa Community Colleges as well as other community college districts and state agencies that additional FY 2010 cuts were possible. She asked that we prepare plans for an additional 15% cut. It is entirely

possible that the FY 2011 starting point for additional state aid cuts will be from a base of \$37.2 million. This starting base represents a 45.8% loss of state tax support since FY 2008. The Governor plans to release her budget recommendations on Friday so we should know her very soon and the Legislative recommendations typically follow shortly.

### Proposition 301

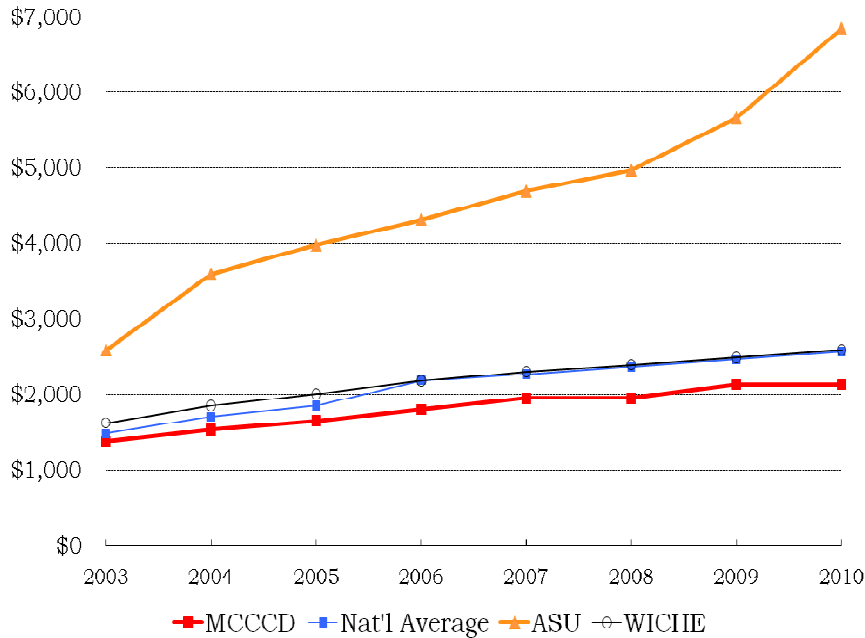


Prop 301 concerns include declining sales tax revenues and elimination of voter protected status. In 2000, Arizona voters passed Proposition 301 and increased the sales tax to improve education through 2020. Funds for community college districts broadly target opportunities to assist in workforce development. The black dotted line shows the revenue projection in our FY 2020 adopted budget while the red dotted line shows our revised revenue projection. As a voter approved initiative, Prop 301 funding is not subject to Legislative funding cuts in accordance with Prop 105. There is increasing support to amend the Arizona Constitution to allow funding cuts to voter approved programs if there is a state budget deficit. If voters decide to empower the legislature to make cuts, some or all of Prop 301 funding could be diverted to other legislative priorities. This would require further cuts and/or alternative revenues.

### Student Tuition

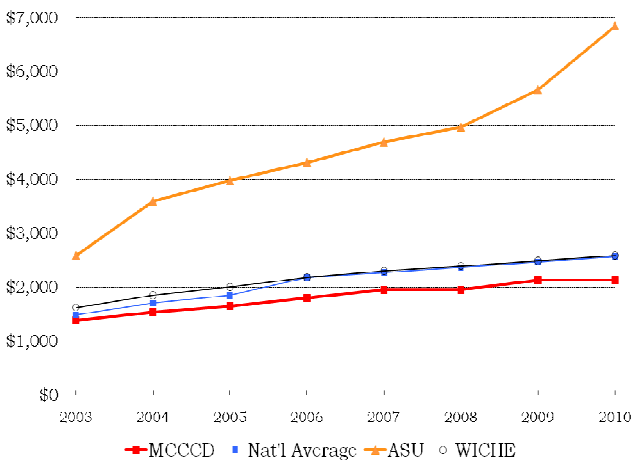
- ✓ All additional tuition revenue from additional student enrollments is allocated to the colleges to support instruction and other costs of enrollment growth
- ✓ The additional revenue from a Governing Board approved tuition rate or out of state surcharge is available as general operating revenue to support Maricopa needs district wide.

### Tuition Comparison



The resident tuition rate has remained the same for the past two years since the Governing Board decided not to increase the rate for FY 2010 compares Maricopa Community College tuition with the average of other public two year institutions both on a national basis and those 15 state members of the Western Interstate Commission for Higher Education (WICHE) as well as ASU. The ASU and Maricopa tuition are actual rates for all years while other comparisons reflect projections for FY 2010. ASU should be pretty pleased today since the Princeton Review listed them as one of the best value colleges for FY 2010.

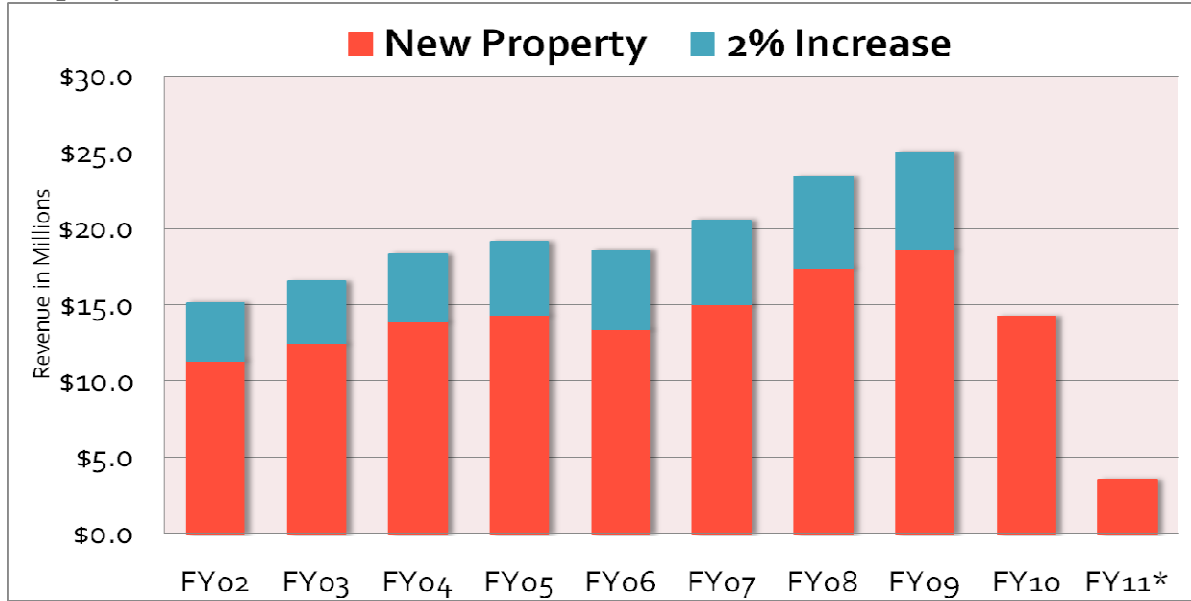
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**Property Tax Revenue Increase**



Most of the increase in property tax revenues has come from new property added to the tax rolls in Maricopa County. Economists predict that revenue from new property will decline dramatically over the next three years. For FY 2011, we think we may see 1/3 of the amount budgeted in FY 2010. By FY 2012 and FY 2013, we should see virtually \$0. Because the property tax levy is based on property values from 2 years prior, we will not see a major increase in revenue from new property until 2 years after the real estate market begins to recover.

**Additional Expenditures**

- ◆ Even with declining revenues, some expenditure increases are needed...

**Expenditures**



To help in the decision making process, Maricopa’s Financial Advisory Council has prioritized expenditures. The Mandatory expenditures are the short list of needs that we must address. If we don’t have sufficient new resources, then we would need to cut spending in other areas and reallocate. There are other important and strategic investments that we can consider if we have funds available.

**Mandatory Expenditures**

We do not have a long list of mandatory expenditures and although the annual costs may vary, we tend to see these items recur year after year. The items are not listed in any particular order as we have an obligation to address all of them.

1. ASRS Increase
2. Operating Costs for Technology
3. Arizona Transfer Articulation Support System (ATASS)
4. Education/Anniversary Costs
5. Tuition Waivers
6. Compensated Absences

**Important Concerns**

Important concerns such as these receive additional funding if resources are available but there is no contractual, statutory, or policy driven funding mandate. Again these items are not in priority order.

1. Operating Costs for new buildings
2. Prop 301 Faculty
3. Residential Faculty Increase
4. Salary and Flex B3enefits

**Strategic Initiatives**

1. Student Recruitment, Retention & Achievement

An obvious example of a new strategic initiative would be Student Recruitment, Retention and Achievement improvements outlined in our 21st Century Maricopa Project. While we don’t have a contractual or legal obligation to improve student outcomes, we have a fundamental responsibility that is core to our mission and our very existence as a public educational institution.

**Building a Balanced Budget**

<b>Mandatory &amp; Important Costs</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
1 ASRS increase @ 0.45%/yr for FY11 to FY12	1.35	1.36	-	-
2 Education/Anniversary	1.25	1.29	1.33	1.37
3 Tuition Waivers	0.32	0.32	0.35	0.38
4 Compensated Absences		0.31	0.32	0.33

5	Operating Costs for Technology	0.89	0.85	1.04	1.18
6	ATASS (articulation system)	0.02	0.23	0.23	0.24
7	Operating Costs for New Buildings			0.40	0.40
	<b>Total</b>	\$ 3.83	\$4.36	\$ 3.67	\$ 3.90

Building a balanced budget requires that we together our available revenues and desired expenditures. With State aid cuts being far more likely than increases and reduced revenue from new property .... At first glance, we have a problem in FY 2011.

**Budget Scenarios**

<b>Scenario 1</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Mandatory Expenditures	-3.8	-4.0	-3.7	-3.9
General Fund Revenue	3.5	4.2	5.5	6.5
Possible State Aid Cut	0.0	-22.7	-22.6	0.0
(Shortfall)/Balance	-0.3	-22.5	-22.8	2.6

<b>Scenario 2</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Mandatory Expenditures	-3.8	-4.0	-3.7	-3.9
General Fund Revenues	3.5	4.2	5.5	6.5
Possible State Aid Cut	-14.3	-11.2	-12.0	-7.8
(Shortfall)/Balance	-14.6	-11.0	-10.2	-5.2

<b>Scenario 3</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Mandatory Expenditures	-3.8	-4.0	-3.7	-3.9
General Fund Revenues	3.5	4.2	5.5	6.5
Possible State Aid Cut	-22.7	-22.6		
(Shortfall)/Balance	-23.0	-22.4	1.8	2.6

We will continue to monitor revenues; however, our big concern is about State Aid cuts: They are unprecedented, unpredictable, and for the past 2 years, they have come AFTER Maricopa already adopted an annual budget. Building a balanced budget is challenging, but the Governing Board does have options that it can consider.

**Budget Scenarios**

<b>Temporary or One-Time Solutions</b>	<b>Permanent Solutions</b>
Stimulus	1.4% Budget Cuts
	21 <sup>st</sup> Century Maricopa
	Tuition Rate Increase
	Property Tax 2%

**Stimulus**

- ◆ One time only as a bridge
- ◆ Longer the delay of permanent solutions, the more we come up against additional cuts

Stimulus funding is not really an answer to our long term needs. Once we spend the stimulus funds – it’s gone and if we haven’t addressed ways to balance our revenues and expenditures, we’re left facing same set of problems. To date we have received \$15 million. We have no assurances if or when we could receive any additional stimulus funding and we could lose up to \$45 million in ongoing state aid support.

**1.4% Budget Cuts**

- ◆ Colleges and DO total of \$7.2 million
- ◆ Approximately 3.4% and \$17.2 million in reductions since FY07-08
- ◆ Some of cuts will be in areas identified in the 21st Century Project—so additional savings will not result from those recommendations

Looking at the expenditure side of the budget, we have been making cuts since FY 2008; and colleges & district office already have made plans to cut another \$7.2 million for FY 2011. Making cuts while serving growing enrollments has been a challenge.

**Tuition Scenarios**

The conventional starting point for tuition rate discussions has been the current tuition rate plus an inflationary adjustment. The Higher Education Price Index (HEPI) is 2.3%. The current resident tuition and non resident surcharge rates are \$71.00 and \$241.00 per credit hour, respectively. A 2.3% increase would add \$2.00 per credit hour to tuition which all students pay, and \$5.00 to the non resident surcharge. An additional consideration would be to review the HEPI increase since the tuition rate was last increased in FY 2009. Over the two year period, the HEPI increase 7.3%. Based on the two year inflation rate, the resident tuition and non-resident surcharge each would increase by \$5.00. The additional revenue produced from tuition and the surcharge would be \$12,150,000 and \$262,650, respectively, for a total of \$12,412,650

**21<sup>st</sup> Century Project**

Range in Millions	
Low	High

**Cost Savings**

Procurement	1.0	2.1
Information Technology	6.8	9.5
Human Resources	2.3	5.0
Facilities M & O	7.9	14.9
Other Programs	2.4	2.4

Instruction Realignment	1.5	4.0
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**New Revenue**

Technology Student Fee	7.3	10.3
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**Total Savings & New Revenue**    \$    **29.2**    \$    **48.2**

Also under consideration are the “cost savings and revenue opportunities” identified for our 21st Century Project. We will still need to determine which of the initiatives we want to implement and whether the cost savings will lean more toward the low or the high side of the projected range. As an example, some of the cost savings were achieved through employee layoffs, and the new revenue involved implementing a new student technology fee. Another issue is that the implementation time frame was 24 months, but we have to adopt a budget for a 12 month period so we need to determine what would fall within FY 2011.

**Property Tax Scenarios**

	<b>FY 2011</b>
	New Revenue to Maricopa
No 2% Levy Increase	\$0
With a 2% Increase	\$7,478,593
With 2% incr & Unused FY 2010 Capacity	\$15,032,957

For FY 2011, the Governing Board will again vote to set property tax rates and can consider action on increases up to 2%. In addition, the Arizona Constitution permits going back to levy the unused capacity from FY 2010. The Table displays an interesting phenomenon that may confuse taxpayers. Even if the Governing Board decides not to adjust the tax levy to increase the amount of taxes paid, the tax rate is projected to increase because of the decline in property values.

**Property Tax Explanation**

	<b>FY 2010</b>	<b>FY 2011</b>
Primary Tax Rate	.7246	.7779

Since property values are projected to decline in FY 2011, the tax rate will increase in order to collect the same amount of tax levy revenue.

**Example \$100,000 Home**

House Assessed Value	\$	<b>100,000</b>	\$	93,148
Tax per \$100,000 AV		\$72.46		\$72.46

Arizona does not have an easy property tax system to understand. When we talk about property taxes, we speak in terms of the tax per \$100,000 of Assessed Valuation. One of the difficult concepts is that since property values are declining, if the tax levy remains unchanged – no tax increase – then the rate per \$100,000 of assessed valuation will increase. For the 2% Levy Increase, the rate is .7868; for the 2% plus the unused capacity from FY 2010, the total rate is .8101.

**Property Tax Rates**

House valued at \$100,000	FY 2011			
	Total Tax Rate	Increase Amount	Tax on \$100,000 home	New Revenue to Maricopa
FY 2011 Tax Rate	.7779			
No 2% Levy Increase	.7779	+ \$0	\$77.79	\$0
With a 2% Increase	.7868	+ \$0.89	\$78.68	<b>\$7,478,593</b>
With 2% incr & Unused Capacity	.8101	+ \$3.22	\$81.01	<b>\$15,032,957</b>

**Conclusion**



**Historical Explanation of Property Tax, Property Tax Bills, and Property Values**

Mr. Maguire came forward and provided a historical perspective regarding property taxes. He started out by stating that it would be helpful to start thinking about what was done in 1980 regarding property taxes. The system was designed to be understandable to the taxpayer but it is more complicated from the governmental side. Before 1980 there was massive inflation and property taxes were rising. In 1980 the relationship between property taxes and tax bills was severed. After 1980, it was decided that tax bills on property values would only go up by 2% to the taxpayers. From a government perspective, the big picture looked as follows: Pre-1980 – Property values rising, collections for MCCCDC also rising. Post-1980 – Values rising, tax collections much lower. 2% was viewed as base of revenue. Arizona is not mid-west United States (Iowa). Arizona was having a population explosion and that is still going on today. In trying to figure how picture affects MCCCDC from 1980-1990, property values rose due to new construction, inflation values remained somewhat stable. New construction was considered a government services consumer and they should pay fair share of 2%.

Mrs. Pearson commented that when the legislature was discussing this in the 1980's 2% was considered a reasonable safe-inflating figure because to society and individuals' personal income 2% was not unreasonable. In 1980 inflation had been 10% for about a decade and the question was raised as to what would be a reasonable safe long-term rate that would be lower than inflation and would provide revenue for government. The way that the system was structured theoretically when this was created, if there was a downturn, lower income people would not lose their homes. If your property values did not down, property taxes could not go up more than 2%. Those are generalities but in reality today there are people who are experiencing difficulty in their employment and ability to live.

Mr. Maguire responded that not all recessions are the same. In 2000's dot.com bubble, severe recession affected upper income people more than lower income. Commercial property was affected and this in turn affected mid to higher income individuals. This current recession is affecting residential construction and is affecting mid to lower income levels. Need to separate income levels. In this recession we have gone through waves. Decline of investor class. Collapse because of short term funding. At the same time, complete collapse in top of financial market. People in middle have had less impact. What does this mean in terms of tax burden? Tax break or slight increase to balance out 2%. Degradation in middle income levels. Lower income who got breaks one year, now went up.

Mrs. Pearson commented that there is a point in looking at tax bills for Maricopa and other counties and where increases are. It appears that middle class is getting lion's share of tax bills. Some of those bills are out pacing their liabilities.

Mr. Maguire responded that you have to keep in mind that not all governments have the same type of controls that MCCCDC has. Lagging property tax bills provide stability. Human nature that taxpayers whose tax bills go down will not thank you but the person whose tax bill goes up will complain. Elected officials at all levels need to understand makeup of government. Need to understand what makes up the government and why it was structured as it was at the time.

Mr. Lumm asked if we would back to a prior year for a levy and Mr. Maguire responded that yes you could levy 2% this year for last year. Mr. Lumm further asked if we could levy less than 2% and he was told that the max would be 2% and it could be anywhere between 0-2%.

**Concluding Comments:**

Chancellor Glasper provided closing comments which included what could happen depending on decisions made at the state capital. There is a potential of a sales tax increase. Recent reductions at MCCCDC in the amount of \$6-8 million. If the two items or any variation of the two are not approved, there is a final position that community colleges would have for resources. We could lose about one half of those resources by January 2 of 20-11. Resources would drop 4% and we could in essence be in that space and be out of state aid. Need to look at private and public partnerships. That is one of the limits. With leadership of Mrs. Pearson, a folder has been opened to look at limitations. We could have a new revenue stream. Place on table "the sky is falling and do nothing" or do cuts and then have them go into our core. Look at legislature for new resources or what we may lose. Increase in tuition. No new resources before we recover.

Set stage for options and what we can consider but that could change tomorrow. Will give you options in the best interest of district.

**Adjournment:** The retreat adjourned at 7:52 p.m.

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Jerry D. Walker  
Governing Board Secretary