



MARICOPA COMMUNITY COLLEGES FY97-8 ADOPTED BUDGET

NOTE: This is a lengthy summary of the FY97-8 Adopted Budget. Therefore, if you are interested in reading further, you may want to print this.

The Maricopa Community Colleges Governing Board adopted the FY97-8 budget for the district on June 10, 1997. With this \$592.7 million budget, Maricopa's 10 colleges and Skill Center will offer credit courses to some 170,000 students, non-credit courses to another 30,000 students and will partner in many grants and contracts.

In FY97-8, additional operating budget is provided to support growth in the numbers of students. Preliminary FTSE (full-time student enrollment) projections indicate about a 3% increase for FY96-7, for an all-time high of nearly 46,200 FTSE. An additional 3-5% increase is expected for FY97-8.

Growth also is reflected in our capital budget, with some \$154 million appropriated for the continued implementation of Maricopa's \$386 million capital development program.

The adoption of the budget comes after a lengthy budget development process. The process includes three presentations on the budget to the Governing Board at regular Board meetings, as well as three presentations of the proposed FY97-8 tuition and fee schedule (two to the Maricopa Governing Board and one to the State Board of Directors for Community Colleges). The Chancellor's Financial Advisory Council (CFAC) plays a major role in this process, making recommendations to the Chancellor on numerous issues and funding allocations. The Chancellor's subsequent recommendations to the Governing Board represent the proposed budget; final allocations are made by the Governing Board at final budget adoption in June.

FY97-8 BUDGET AMOUNTS BY FUND & CHANGE OVER FY96-7

| | Adopted FY97-98 Budget | % of Total Budget | Incr.(Decr.) Over FY 96-97 | % Incr./ (Decr.) |
|----------------------------|---------------------------------------|----------------------------------|---------------------------------------|-----------------------------|
| Operating Budget: | | | | |
| Fund 1 (General) | \$255.8 mil | 43.2% | 19.9 mil | 8.4% |
| Fund 2 (Auxiliary) | \$45.7 mil | 7.7% | 2.3 mil | 5.3% |
| Fund 3 (Restricted) | \$88.7 mil | 14.9% | 20.7 mil | 30.4% |
| Capital Budget: | | | | |
| Fund 7 (Plant Fund) | <u>\$202.4 mil</u> | <u>34.1%</u> | <u>82.1 mil</u> | <u>68.3%</u> |
| Total Budget FY97-8 | \$592.7 mil | 100.0% | 125.0 mil | 26.7% |

(numbers may not add due to rounding)

Fund 1 (General Fund) is Maricopa's largest fund and main operating budget, covering the cost of most salaries and benefits of faculty and staff at all colleges and the district office, as well as utilities and supplies. The increase over FY 96-97 is due to:

- increased property taxes from new construction and an estimated .09% increase in the tax rate (**Note:** the property tax level and rate are subject to change per the final levy adopted by the Maricopa County Board of Supervisors in August. In FY97-8, an owner of a home valued at \$100,000 may expect to pay \$97.81 per year in property taxes for the operating needs of the Maricopa Community Colleges, versus \$97.72 in FY96-7.);
- \$1.4 million in increased state aid due to FY 95-6 FTSE growth and initiative funding (the \$2.5 million in initiative funding is a one-time only budget commitment for FY97-8);
- and increased tuition due to FTSE growth and a \$2.00 per credit hour tuition increase (from \$24.00 to \$26.00 per credit hour).

The increase in Fund 2 (Auxiliary Fund) over FY 96-97 is mainly due to a \$1.00 per credit hour increase in the student activity fee (from \$10.00 to \$11.00 per credit hour). \$700,000 of this fee increase is dedicated to performing arts facilities debt service repayment and the remaining funds are for student services and scholarships. (**Note:** Total per credit hour rate for tuition (\$26 in Fund 1) and the student activity fee (\$11 in Fund 2) is \$37.00, a \$3.00 increase over FY 96-7)

The budget increase in Fund 3 (Restricted Fund) reflects projected additional grants, contracts and student financial aid funds from federal, local and private sources.

The size of the Fund 7 (Plant Fund or capital budget) and the increase is mainly due to the continued implementation of the capital development program, particularly the movement of numerous projects into construction. This progression requires additional budget and the sale of a second bond series (\$124.25 million). Additionally, an increase in secondary property tax levy is needed to repay increased capital development program bond debt. (**Note:** the secondary property tax levy rate is expected to more than double due to increased debt service requirements; the owner of a \$100,000 home is expected to pay \$16.03 per year in taxes for this debt repayment.) The fund 7 budget also reflects a \$21,900 increase in capital state aid for FY 95-96 FTSE growth.

FUND 1 BUDGETS, ALLOCATIONS AND CHANGES:

The allocation of increased revenues in Fund 1 falls into the following categories:

Increased Services: \$9.4 million

- Additional course offerings (tuition and fee rebate) to support the cost of increased enrollment in FY 96-7 and FY 97-8;
- 40 additional faculty positions;
- opening of East Mesa campus and Mesa Community College Learning Center;
- continued support for the City Colleges Center in downtown Phoenix;
- funds to support continued and rapid expansion at Estrella Mountain, Chandler Gilbert and Paradise Valley;
- additional budget for the operating costs of new capital development program facilities.

Cost Increases: \$10.2 million

- Additional budget to cover increases in supply and utility costs, 10 year anniversaries, steps and one time stipends for educational advancement, reclassifications;
- increased flex benefit budget for a district-wide increase of 286 faculty and staff FTE's (or full-time equivalent positions);
- additional budget to cover the cost of compensated absences;
- maintenance contracts for new computer servers and funds for Apollo implementation/millennium-proofing existing information systems;
- and salary and professional growth increases (formerly known as meet & confer).

Organizational Initiatives: \$300,000

- Implementation of policy ends adopted by the Governing Board, funds for employee renewal and creative pathways initiatives.

The Fund 1 budget by college is shown below.

(All numbers are in thousands)

| College | FY96-7 Revised Budget* | FY97-8 Changes** | FY97-8 Adopted Budget | % of Total |
|------------------------------|---------------------------------------|-----------------------------|--------------------------------------|-------------------|
| Phoenix | 24,608 | 1,292 | 25,900 | 5.3% |
| Glendale | 31,251 | 1,204 | 32,455 | 3.9% |
| GateWay | 12,157 | 678 | 12,835 | 5.6% |
| Mesa | 36,325 | 1,926 | 38,251 | 5.3% |
| Dtwm Mesa | - | 424 | 424 | 0.0% |
| East Mesa | - | 868 | 868 | 0.0% |
| Scottsdale | 20,119 | 716 | 20,835 | 3.6% |
| Rio Salado | 12,857 | 1,516 | 14,373 | 11.8% |
| S. Mountain | 8,692 | 534 | 9,226 | 6.1% |
| Chandler- Gilbert | 8,438 | 1,167 | 9,605 | 13.8% |
| Williams | 878 | 435 | 1,313 | 49.5% |
| Paradise Valley | 10,139 | 886 | 11,025 | 8.7% |
| Estrella Mtn. | 4,850 | 698 | 5,548 | 14.4% |
| District Office | 18,641 | 1,890 | 20,531 | 10.1% |
| Sub-total | 188,955 | 14,234 | 203,189 | 7.5% |
| Supp & Prog Growth*** | 15,842 | 3,918 | 19,760 | 24.7% |
| Retirement Prog. | 771 | 22 | 793 | 2.9% |
| Insurance Suppl. | 500 | - | 500 | 0.0% |
| Utilities Suppl. | 189 | - | 189 | 0.0% |

| | | | | |
|----------------------------------|----------------|---------------|----------------|--------------|
| Compensated Absences | 1,200 | 400 | 1,600 | 33.3% |
| Tuition & Fee Rebate | 4,203 | 2,888 | 7,091 | 68.7% |
| Intl Students | 406 | - | 406 | 0.0% |
| Intl Education | 100 | - | 100 | 0.0% |
| Capital Dev Proj Op. Costs | 5,055 | (342) | 4,713 | -6.8% |
| Apollo Project **** | 250 | (250) | - | -100.0% |
| Apollo Infrastructure **** | 462 | (462) | - | -100.0% |
| Carryforward Uncollect. Tax Levy | 7,950 | 1,527 | 9,477 | 19.2% |
| Basic Contingency | 5,832 | (1,260) | 4,572 | -21.6% |
| | 1,993 | (1,093) | 900 | -54.8% |
| Sub-total | 44,753 | 5,348 | 50,101 | 12.0% |
| Transfers | 2,221 | 311 | 2,532 | 14.0% |
| Total Budget | 235,929 | 19,893 | 255,822 | 8.4% |

* Revised budget is a combination of Adopted Fy 96-7 budget plus FY 96-7 meet and confer and allocations for the implementation of a new learner center system (both allocations were made after budget adoption).

** Changes include: allocation for 40 additional faculty, reclassifications, professional growth, educational payments, ten-year service award, inflation, tuition and fee rebate, salary increases (formerly meet & confer), capital development program operating costs, and LCS implementation.

Differences in amounts and percentage changes reflect many factors, including: different rates of FTSE growth and correspondingly different tuition and fee rebate allocations; some colleges have capital development projects opening in FY97-8, others do not; targeted FY97-8 allocations.

*** Supplemental and Professional Growth covers the costs associated with various programs: flex benefits, professional growth, tuition waivers, educational payments, unemployment insurance, reclassification adjustments, anniversaries, crafts/M&O

apprenticeship program, policy governance, and revenue reserve (the latter is a set aside for one-time allocations for Apollo/millennium proofing, creative pathways, City Colleges, employee renewal and to cover the cost of one-time 1 or 2% COLA's; budget will be transferred in the operating budget but is not a permanent increase so is not in the adopted budget at the unit level).

**** Apollo project and Apollo infrastructure budgets are reallocated to the VC for Information Technology budget for FY 97-8.

Definitions

General Fund,(Fund 1), is MCCC'D's main operating fund. It is from Fund 1 resources that most employees' salaries and benefits are paid, as are most of the costs for utilities, supplies and other business costs. Revenues which support these expenditures include property taxes and the in-lieu tax from the Salt River Project (59% of the total); State aid (17%); and tuition and fees (18%) and 6% investment or interest income/carryforward/other.

Auxiliary Fund, (Fund 2), is a second operating budget fund in which specific fees and charges support a variety of student services and activities including child care centers, athletic programs, student government, counseling, scholarships, non-credit courses, food services and bookstores.

Restricted Fund, (Fund 3), is the third operating budget fund and accounts for operating funds that are restricted in use by donors. It includes grants, contracts, student financial assistance and the Maricopa Skill Center.

Plant Fund, (Fund 7), is Maricopa's capital budget fund, used for funding the purchases of major capital equipment, land and facility acquisitions, building construction and renovations and major maintenance.

Tuition and Fee Rebate Program, provides additional budget when FTSE increases (currently, \$2,000 per FTSE) and provides that budget will be reduced at the annualized tuition and fee rate when FTSE declines.



Should you have any questions regarding this budget summary, please contact:

Ms. Debra Thompson, Director of Financial Planning & Budget
Maricopa Community Colleges
2411 W. 14th Street
Tempe, Arizona 85281-6941
Office: (602) 731-8510
FAX: (602) 731-8560

