Too Many Employees Using Too Much Capacity to Serve So Few
And Students Bear the Brunt of the Financial Waste

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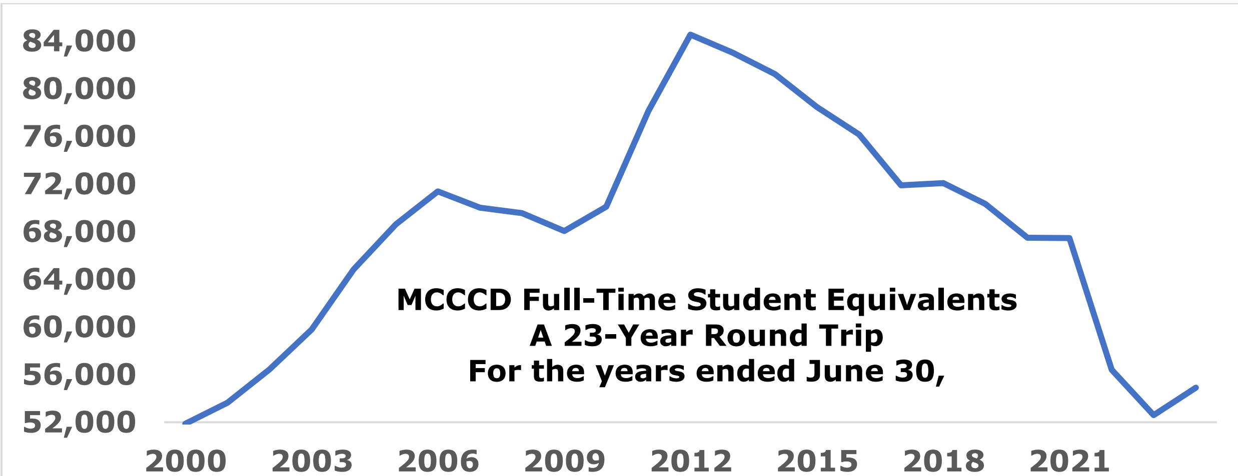
Executive Summary

The Maricopa County Community College District (MCCCD or District) has seen their enrollment decline ten of the past twelve years, currently sitting at levels last seen during fiscal 2001. Population is not to blame since Maricopa County never has a down year. Low unemployment leads to low enrollment, but the mid-2000s experienced similar employment levels with higher enrollment and much less population. The District is in a sweet spot with respect to birth rates but that will not last. In the author's opinion, this leaves one explanation for the recent swoon in enrollment: its high cost. Part of the culprit, for the elevated cost, is students (and, their families) assuming a higher burden, than property owners, since the State discontinued aid. This may become even more tilted as the District pays off the remainder of the 2004 bonds and the burden on property owners is decreased. A cost cutting effort must be undertaken with the savings passed on to the students. There are plenty of opportunities as MCCCD has never employed so many with so few students. Full-time student equivalents (FTSE) peaked at 87,544 during fiscal 2011. Since then, enrollment has declined 29,637 while administrative and support staff increased by 478 employees and faculty decreased by 5. And, online students, which are at dizzying records throughout the District, should require less employees. Likewise, the District's physical campuses have never been larger with so few in-person students attending. It is the author's supposition that tuition could be reduced by $20 (actually, more) by simply returning employee levels to 2019 – a time when online courses were less plentiful. And, that employee level is elevated from its 28-year average. Fully one-fourth of the District's current enrollment accrues from Rio Salado Community College and dual enrollment – two sources that require limited physical facilities and a handful of District faculty. Due to recent legislation, dual enrollment appears poised to explode as the FTSE starved District will offer college courses to high school freshmen and sophomores. With a reduction in tuition, the author believes that – cash strapped and debt shy - students would return. Stores and shopping malls closed when their customers moved online. In recent years, faculty and students have done the same. The financially prudent move would be to seek tenants to co-occupy MCCCD facilities and, failing that, close select campuses as the stores and malls have. The author's random thoughts at the end of this document are must see reading.

July 27, 2023

District Enrollment Takes A Round Trip

Student enrollment at MCCCD has fallen on black days.



The preferred metric, when measuring District enrollment, is Full-Time Student Equivalents (FTSE). One full-time student equals 12 credit hours. Four students taking 3 credits each equals one FTSE. The following table supports the graph.

MCCCD Full-Time Student Equivalents For the years ended June 30,							
2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
53,633	**56,434**	**59,779**	**64,826**	**68,612**	**71,387**	**70,025**	**69,561**
2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
68,055	**70,099**	**78,149**	**84,544**	**83,024**	**81,218**	**78,454**	**76,150**
2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023***
71,888	**72,075**	**70,344**	**67,498**	**67,472**	**56,417**	**52,588**	**54,907**
*** Estimated amount from District 2024 Adopted Budget**							

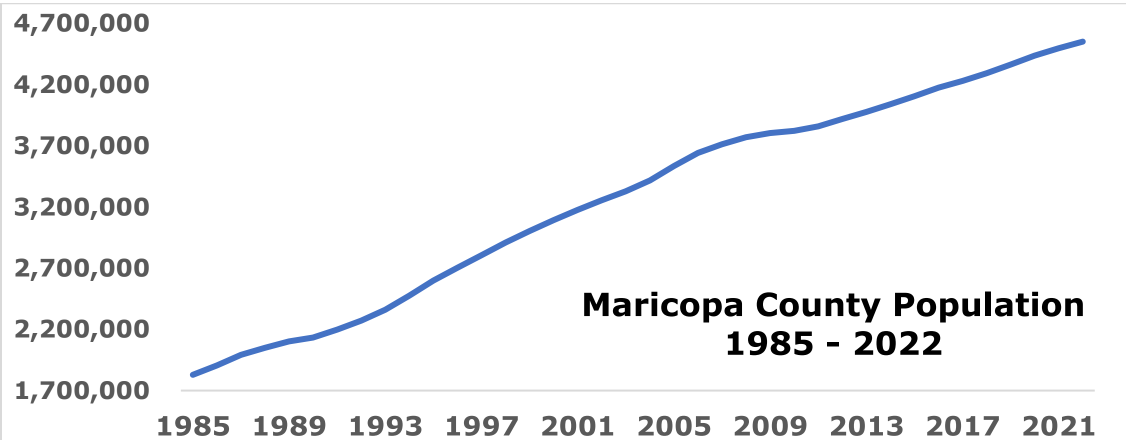
Two upticks in twelve years, 0.3% during fiscal 2017 and an *estimated* 4.4% (with reservations) during fiscal 2023.

As longtime MCCCD Chancellor Paul Elsner was fond of saying, "FTSE is the name of the game." The game is in need of some new players.

Let's examine the backdrop to the more than decade old decline. The author has his opinions, the reader may also.

A Growing County Should Lead to Growing Enrollment

Each Arizona county has its own community college district. With over 60% of the State's population residing in Maricopa, MCCCD is the alpha district.



An unbroken string of annual population increases dating long before this chart.

One would think population gains beget enrollment gains.

Maricopa County Population versus MCCCD Fall FTSE **<u>Annual</u> Percentage Increase In Ten-Year Increments**			
	1993 to 2003	**2003 to 2013**	**2013 to 2023**
County Population	**3.7%**	**1.9%**	**1.5%**
MCCCD FTSE	**4.4%**	**1.7%**	**-3.8%**

Such was the case for the oldest two decades presented. With population still growing, FTSE experienced an average *annual* decline of 3.8% for the most recent decade. This defies conventional logic.

Note: Selecting the beginning date for any chart or table is perilous. The above table reflects three equal time periods dating back from the most recent data available.

The following table reflects the last ten years when enrollment diverged from population growth.

MCCCD FTSE for the Fiscal Years vs Maricopa County Population for the Calendar Years											
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
FY FTSE	**81,218**	**78,454**	**76,150**	**71,888**	**72,075**	**70,344**	**67,498**	**67,472**	**56,417**	**52,588**	**54,907**
Annual Change		**-3.4%**	**-2.9%**	**-5.6%**	**0.3%**	**-2.4%**	**-4.0%**	**0.0%**	**-16.4%**	**-6.8%**	**4.4%**
Ten Year Change in Fiscal Year FTSE											**-32.4%**
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Population*	**3,920**	**3,978**	**4,040**	**4,106**	**4,175**	**4,232**	**4,293**	**4,364**	**4,438**	**4,497**	**4,552**
Annual Change		**1.5%**	**1.6%**	**1.6%**	**1.7%**	**1.4%**	**1.4%**	**1.7%**	**1.7%**	**1.3%**	**1.2%**
****Population in 000s*** **Ten Year Change in County Population**											**16.1%**

Pre-pandemic, enrollment was down 16.9% from fiscal 2013 to 2020. And, down 20.2%, from the peak of fiscal 2011.

The decline was well underway when the pandemic plunge of -16.4% hit during fiscal 2021.

The author remembers thinking there should be a bounce in fiscal 2022. No such luck. For the most recent year ended June 30, 2023, the bounce may not be what it appears.

The hopes of matching fiscal 2011 (84,544 FTSE) seems like a pipe dream.

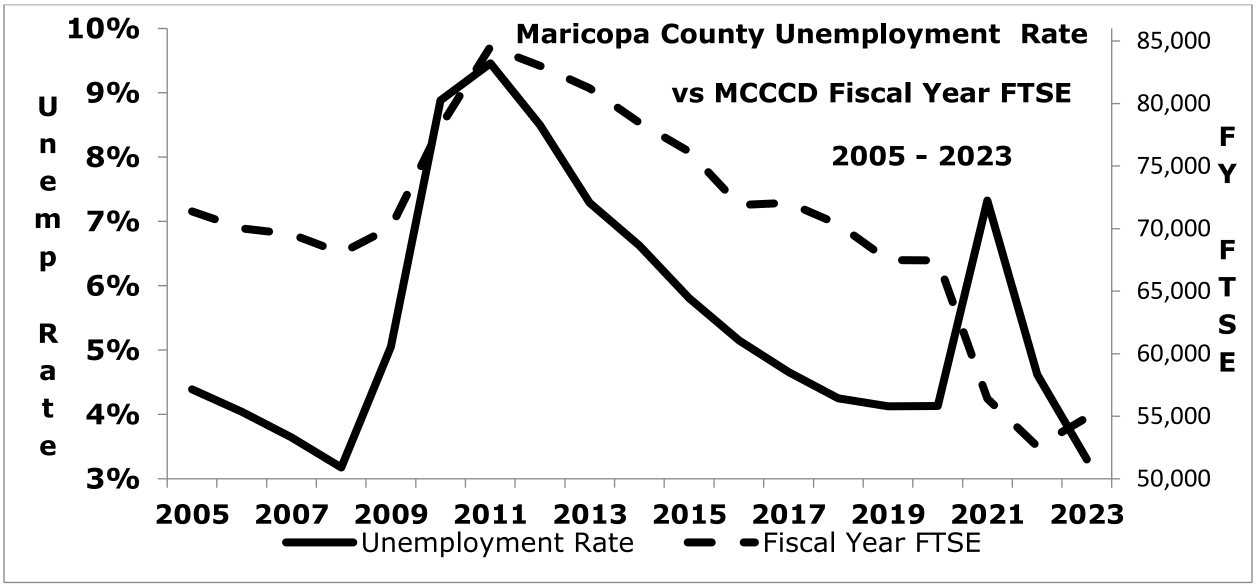
If the District can increase enrollment by 3% each year, peak enrollment will be reached during fiscal 2037.

One would think there would be panic in the streets or at least an increased sense of urgency. The only thing the author can find is more and more data disappearing from view.

District records are like a 2,000-piece jigsaw puzzle. An overwhelming number of sky and grass pieces are still on the table. Many of the pieces depicting people and buildings have gone missing.

If an Individual's Job No Longer Wants Them, The Colleges Do

With population growth not the answer to declining FTSE, let's look at County unemployment. Traditionally, the higher the unemployment rate, the higher the District's enrollment. When it's challenging to find employment, an upgrading of skills may improve chances. In the graph below, the reader can see the spike in unemployment after the collapse of the housing (and stock) market in the 2008-2009 area. This led to peak enrollment during fiscal 2011.



The Federal Reserve Bank of St. Louis provided the unemployment data. The starting point of the graph is the oldest data readily available for download. The unemployment rate is the monthly average for the calendar year. The enrollment data is for the following fiscal year. Calendar year 2022 unemployment feeds fiscal year 2023 enrollment. Stated another way, if an individual is separated from their job, they will most likely not enroll next week. Job separations do not conveniently occur at the beginning of a semester.

Two of the more important points to be taken from this graph:

1) The District's peak enrollment was achieved with the wind of an oversized unemployment rate at its back. The subsequent decline, in enrollment, corresponds to a declining unemployment rate.

2) The low unemployment period, in the area of 2006 to 2008, supported enrollment in the area of 70,000 full-time students. With the pandemic plunge in the rearview mirror, and the County adding over 800,000 residents since 2008, one would expect current year enrollment to at least match that neighborhood given a similar unemployment rate.

While the unemployment rate explains much of the variability in the enrollment ups and downs, the recent swoon appears anomalous. If the reader is more comfortable with hard numbers than the zigs and zags of the preceding chart, consider the following.

Maricopa County Unemployment Rate vs. MCCCD Fiscal Year FTSE
For the Fiscal Years Ended June 30,

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Unemp %	4.4%	4.0%	3.6%	3.2%	5.1%	8.9%	9.5%	8.5%	7.3%	6.6%
FY FTSE	71,387	70,025	69,561	68,055	70,099	78,149	84,544	83,024	81,218	78,454

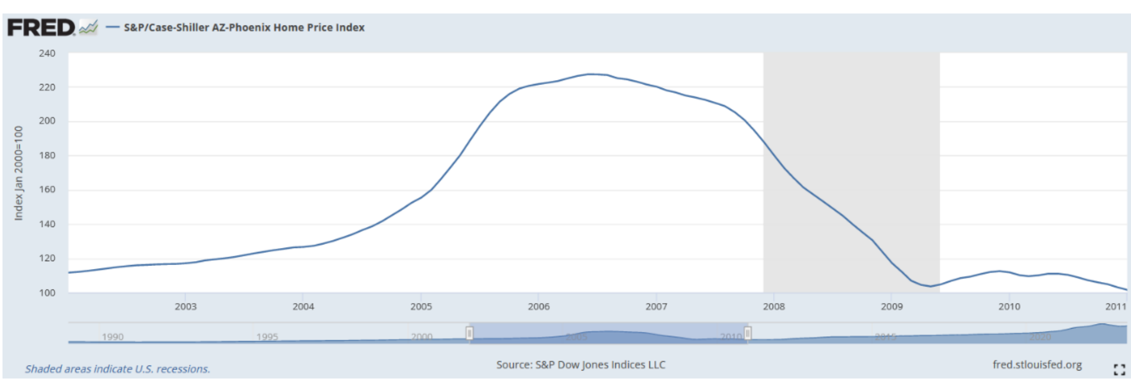
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Unemp %	5.8%	5.2%	4.7%	4.3%	4.1%	4.1%	7.3%	4.6%	3.3%
FY FTSE	76,150	71,888	72,075	70,344	67,498	67,472	56,417	52,588	54,907

Note: Unemployment rate reflects 12-month calendar year average prior to District fiscal year

Before turning to inflation, let's turn to one of the author's pet peeves (feel free to disagree here, sometimes you get what you paid for and this essay is gratis).

A Blast from the Past

During the mid-2000s, there was a huge runup in housing prices – especially, in the Valley. It did not end well. The following graph provides a visual.



Source: https://fred.stlouisfed.org/series/PHXRNSA (for a larger view)

The above graph covers the time period from January 1, 2002 through January 1, 2011 for Phoenix. (Shaded area indicates US recession.)

Property taxes are the dominant revenue source for MCCCD's General Fund. Leading up to the 2008 housing bust, increases to the property tax levy were nearly automatic. The fiscal 2009 increase would have been passed circa May 2008.

MCCCD Increases in Primary Property Tax Levy
For the Fiscal Years Ended June 30,

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Yes	Yes	2%	2%	Yes	2%	2%	2%	2%	2%	2%	2%

MCCCD Governing Board minutes and adopted budgets were the source for the preceding table. Records prior to fiscal 1998 are patchy. Similar documentation, as below, is found in the Board minutes for fiscal 1999 and 2002.

GOVERNING BOARD
JUNE 10, 1997
MINUTES

MOTION 8662

Don Campbell moved that Governing approve, through a roll call vote, Maricopa Community College District's increase in primary property taxes for Fiscal Year 1997-98. Mrs. Stein called for the roll-call vote - Don Campbell - aye; Ed Contreras - aye; Linda Rosenthal - aye; Gene Eastin - aye; and Nancy Stein - aye. Motion carried 5-0.

For a minimum of twelve consecutive years, property taxes were raised. Following the housing bust, property taxes were only raised once in the next four years.

MCCCD Increases in Primary Property Tax Levy
For the Fiscal Years Ended June 30,

2010	2011	2012	2013
0%	0%	3%	0%

With many homeowners scrambling financially after the bust, it would have been insensitive to pile on their financial woes. It is unfortunate students were not extended the same courtesy.

Inflation May Explain the Lack of Bounce After the Pandemic Plunge

Inflation is a unique bird. One rate does not fit all age groups nor does the same rate apply from coast to coast. Below, according to the Bureau of Labor Statistics (BLS), are the inflation rates for All US Cities and the Phoenix-Mesa-Scottsdale area. (The start date reflects the earliest data readily available at the BLS site.)

US vs. Phoenix-Mesa Scottsdale Inflation Rate
For the Calendar Years 2013 - 2022

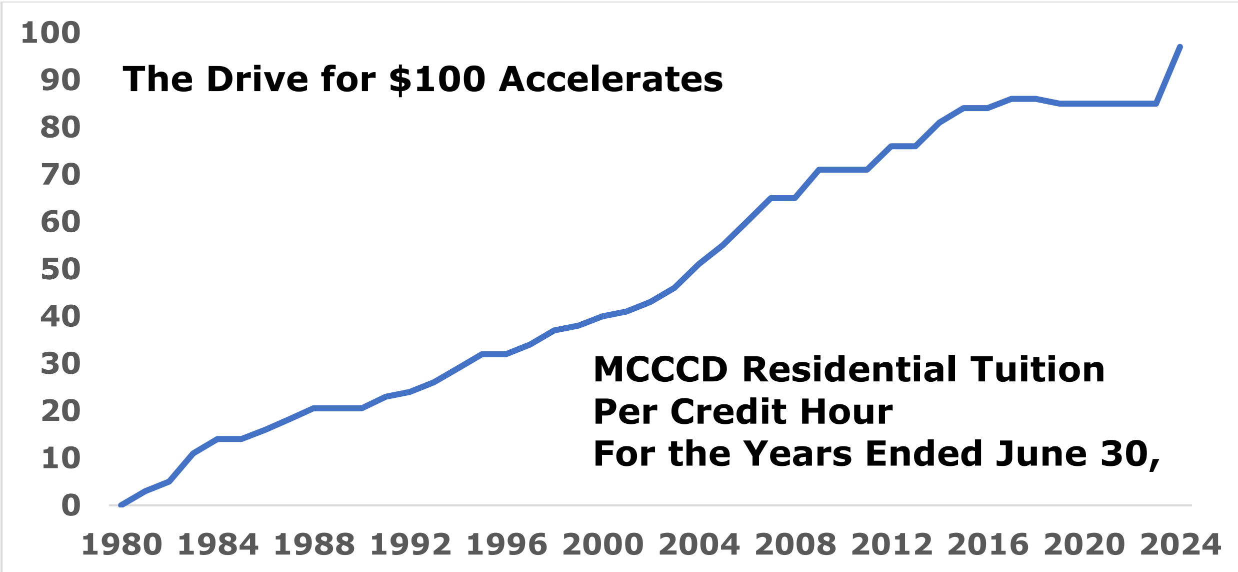
	All US City Avg		Phoenix-Mesa-Scottsdale	
Year	**Factor**	**Rate**	**Factor**	**Rate**
2013	233.049		125.782	
2014	234.812	**0.8%**	127.823	**1.6%**
2015	236.525	**0.7%**	128.019	**0.2%**
2016	241.432	**2.1%**	130.107	**1.6%**
2017	246.524	**2.1%**	133.324	**2.5%**
2018	251.233	**1.9%**	138.875	**4.2%**
2019	256.974	**2.3%**	142.920	**2.9%**
2020	260.474	**1.4%**	145.724	**2.0%**
2021	278.802	**7.0%**	153.032	**5.0%**
2022	296.797	**6.5%**	170.652	**11.5%**
	9-Year Rate	**27.4%**	**9-Year Rate**	**35.7%**

Valley residents have taken a hit to their wallet, both in the short and intermediate term.

Inflation can be mitigated with corresponding salary and wage increases. Does the reader know of anyone that has received an increase large enough to offset those two shaded rates at the bottom right of the table?

Against that backdrop, the District piles on with the largest percentage increase since fiscal 1987 when tuition was increased by an identical 14.1%.

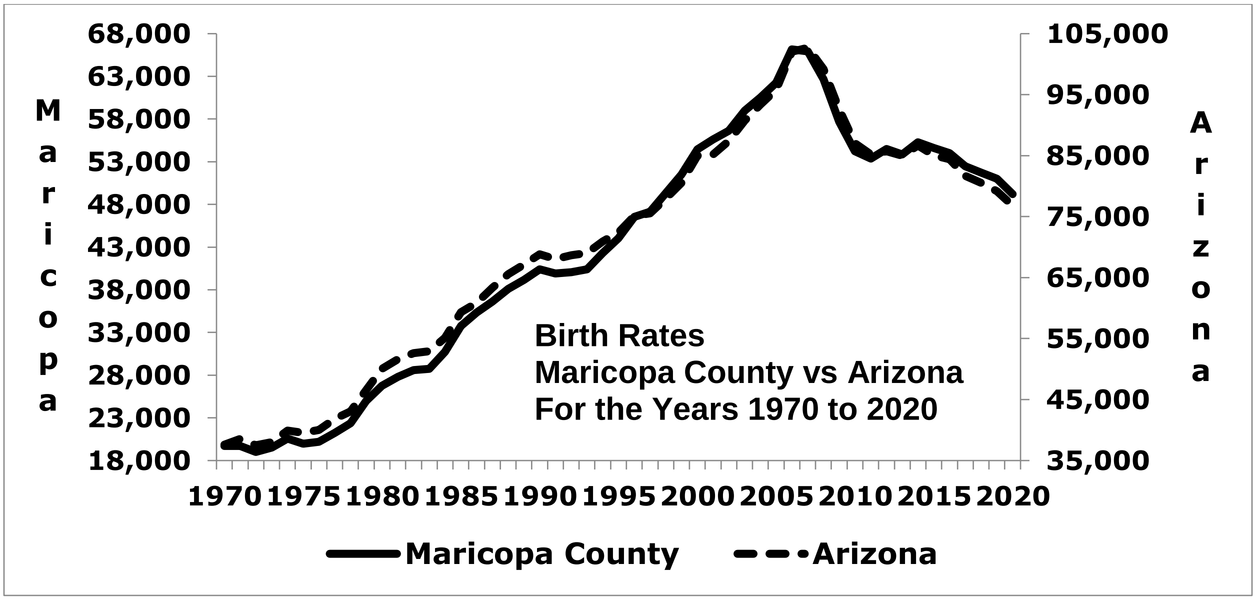
Ms. Sullivan, Board President called for a roll call vote (December 13, 2022):
Aye: Susan Bitter Smith, Tom Nerini, Jacqueline V Smith, Linda Thor, Marie Sullivan
Nay: Jean McGrath, Kathleen Winn
Final Resolution: Motion Carries



MCCCD Tuition Per Credit Hour
For the fiscal year ended June 30,

1980	1981	1982	1983	1984	1985	1986	1987	1988
0	3	5	11	14	14	16	18.25	20.5
1989	1990	1991	1992	1993	1994	1995	1996	1997
20.5	20.5	23	24	26	29	32	32	34
1998	1999	2000	2001	2002	2003	2004	2005	2006
37	38	40	41	43	46	51	55	60
2007	2008	2009	2010	2011	2012	2013	2014	2015
65	65	71	71	71	76	76	81	84
2016	2017	2018	2019	2020	2021	2022	2023	2024
84	86	86	85	85	85	85	85	97

Declining Birth Rate Is Causing Declining Enrollment
Fact or Fiction?



There is obvious symmetry between birth rates in the County and State. For those interested in hard numbers, consider the following.

Maricopa County vs Arizona Birth Rates
(In Thousands)
For Selected Years From 1970 - 2020

	1970	1980	1990	2000	2005	2006	2007	2008	2009	2010	2015	2020
Maricopa	19.7	26.8	40.4	54.5	62.2	66.2	65.9	62.7	57.7	54.2	54.6	49.2
Arizona	37.6	50.0	68.8	85.0	95.8	102.0	102.7	99.2	92.6	87.1	85.0	76.8

Full Disclosure: The columns, in the table, are of irregular increments.

Yes, both the County and State are seeing a decline in birth rates. This paper does not address the topic of immigration to the County and State.

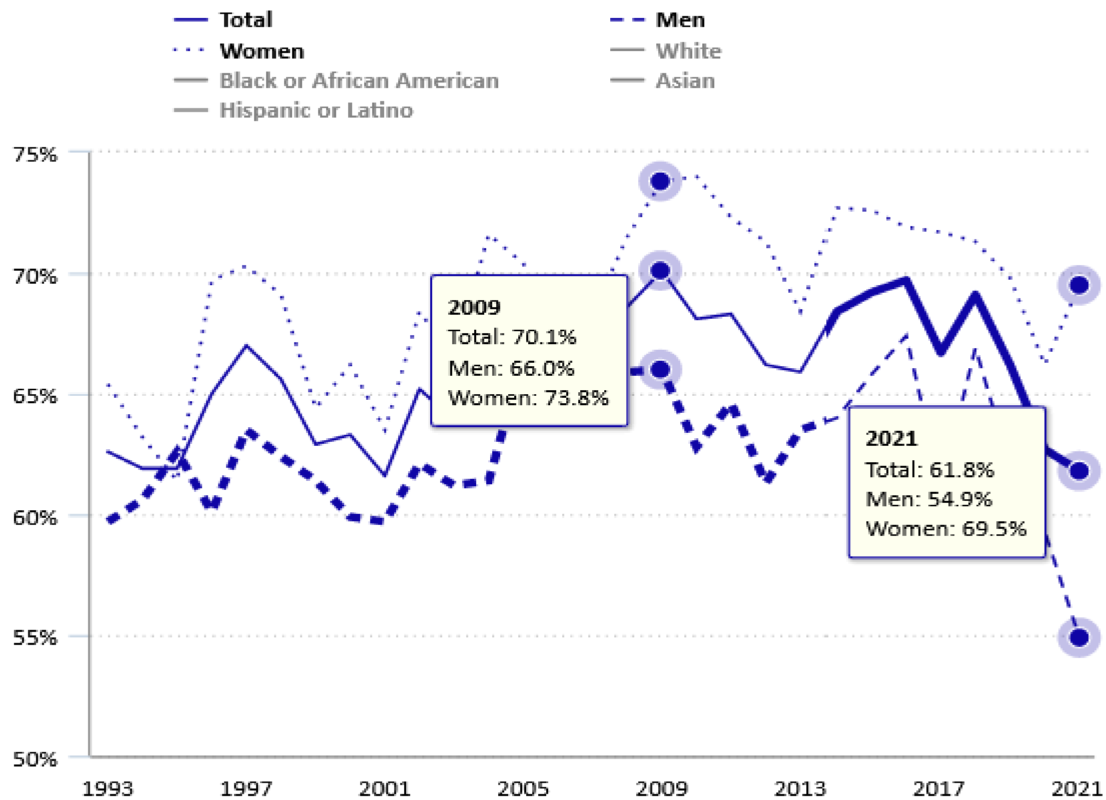
The spike, in birth rates, strongly correlates with the housing boom. After the housing bust, births declined.

Is the birth rate contributing to the decline in enrollment? Absolutely not. The District's largest age demographic is 18 – 24 years. Add 18 – 24 to the year of the birth for a truer picture of when the births should be impacting enrollment.

Birth rates should currently be fueling enrollment. The worst is yet to come.

High Cost Is a Student Repellant

College enrollment rates of recent high school graduates 16 to 24 years old by sex, race, and Hispanic or Latino ethnicity, October 1993–2021



Source: https://www.bls.gov/opub/ted/2022/61-8-percent-of-recent-high-school-graduates-enrolled-in-college-in-october-2021.htm

According to the Arizona Board of Regents, in 2020, less than half (46.3%) of Arizona's high school graduating class enrolled in a postsecondary institution.

NBC News posted a story, entitled "Why Americans are increasingly dubious about going to college." It may, at least partially, explain the preceding chart (underlining added for emphasis).

Focus groups and public opinion surveys point to other, less easily solved reasons for the sharp downward trend. These include widespread and fast-growing skepticism about the value of a degree, impatience with the time it takes to get one, and <u>costs that have finally exceeded many people's ability or willingness to pay</u>.

Source: https://www.nbcnews.com/news/us-news/americans-are-increasingly-dubious-going-college-rcna40935

An Economic Theory in One Minute

Two-parent baby boomers grew up, in most cases, with the father as sole breadwinner of the family.

The government calculates the official rate of inflation. The same government then uses this measure to determine the annual increase given to Social Security and food stamp recipients, Medicare doctors, both active and retired government and military personnel. If the official rate of inflation is massaged lower, the government can save billions while the recipients of these payments see their standard of living downgraded – to them almost unnoticeably in real time.

Decades of this practice has led to a typical family needing a second breadwinner.

With inflation elevated and annual pay increases unable to match, the degradation in standard of living is clear to see. The percentage of workers living paycheck to paycheck is growing. The middle class is shrinking, as the lower class is in a word - hurting.

Will there be a day when inflation registers 2%? Perhaps, just not next month. One trillion-dollar federal deficits will continue to fuel inflation.

When the day comes that inflation is more subdued, will there be a string of 5% pay increases to make up for the years of lost living standards? Most likely not.

This is a permanent takedown of standard of living – much like employees of the District have incurred (see MCCCD Inflation essay – must read).

When necessities are a challenge to keep up with, higher education becomes an unaffordable luxury.

Strong <u>Opinion</u>: MCCCD is cash flush (see author's previous work) and should have deferred on the current tuition increase. The student should have been extended the same courtesy given to property owners after the housing bust. The fact that there hadn't been a tuition increase since fiscal 2017 is irrelevant to someone struggling to make rent and put food on the table.

Timeout to Recap

District enrollment, when measured by FTSE, currently sits at a level last seen during fiscal 2001. County population is not the culprit since it never has a losing year. Unemployment is currently low which has historically been a drag on enrollment, but fiscal 2008 experienced an almost identical level with approximately 13,000 more students drawn from a smaller population base. The pandemic delivered a crippling blow to enrollment and the District received a belated (but, questionable) bounce in enrollment during fiscal 2023. The fiscal 2024 tuition increase occurred at a very inopportune time for cash strapped current and potential students. While birth rates impact enrollment, they do so with an almost two-decade lag. The District, at the present time, *should be* riding the crest of the peak in birth rates from 2005 to 2009.

With the appetizers out of the way, let's move on to the main course.

The State Discontinues Funding
And the Students (and Their Families) Do the Heavier Lifting

For decades, the State provided support to the community colleges in two forms: 1) operational assistance to the General Fund, based on enrollment, and 2) capital assistance that was deposited in the Plant fund.

MCCCD General Fund State Aid
For the fiscal years ended June 30,
(amounts in millions)

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
34.1	33.8	38.2	41.4	41.5	44.8	48.0	47.6	46.6	46.6	51.3

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
54.9	57.5	57.5	51.1	45.3	45.3	6.9	8.3	7.9	7.4

In the later years, reflected above, the State abandoned its enrollment formula and contributed whatever it could. After fiscal 2015, the General Fund's three primary revenues were reduced to two – Property Taxes and Tuition.

As a baseline, for comparison, let’s look at the primary revenues of the District General Fund from a past five-year period.

MCCCD General Fund Primary Revenues As Percentage of Total For the Fiscal Years Ended June 30,						
Dollars in Millions	**1997**	**1998**	**1999**	**2000**	**2001**	
Property taxes	**142.4**	**151.9**	**162.6**	**174.9**	**190.4**	
Tuition & fees	**42.1**	**46.1**	**51.6**	**54.4**	**58.1**	
State aid	**38.2**	**41.4**	**41.5**	**44.8**	**48.0**	
Total Primary Revenues	**222.7**	**239.4**	**255.7**	**274.1**	**296.5**	
District FTSE	**46,135**	**47,876**	**51,871**	**53,633**	**56,434**	
Percentage of Total	**1997**	**1998**	**1999**	**2000**	**2001**	**Average**
Property taxes	**63.9%**	**63.5%**	**63.6%**	**63.8%**	**64.2%**	**63.8%**
Tuition & fees	**18.9%**	**19.3%**	**20.2%**	**19.8%**	**19.6%**	**19.6%**
State aid	**17.2%**	**17.3%**	**16.2%**	**16.3%**	**16.2%**	**16.6%**
Total Primary Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

In years when the State provided support based on enrollment, property owners were kicking in 63.8% and students (and their families) 19.6% of General Fund primary revenues.

Fast forward to the five-year period immediately *before* the pandemic when there were no State appropriations and enrollment had suffered greatly.

MCCCD General Fund Primary Revenues As Percentage of Total For the Fiscal Years Ended June 30,						
Dollars in Millions	**2016**	**2017**	**2018**	**2019**	**2020**	
Property taxes	**445.8**	**453.3**	**462.7**	**474.7**	**489.6**	
Tuition & fees	**209.8**	**203.2**	**202.1**	**196.4**	**197.9**	
Total Primary Revenues	**655.6**	**656.5**	**664.8**	**671.1**	**687.5**	
District FTSE	**71,888**	**72,075**	**70,344**	**67,498**	**67,472**	
Percentage of Total	**2016**	**2017**	**2018**	**2019**	**2020**	**Average**
Property taxes	**68.0%**	**69.0%**	**69.6%**	**70.7%**	**71.2%**	**69.7%**
Tuition & fees	**32.0%**	**31.0%**	**30.4%**	**29.3%**	**28.8%**	**30.3%**
Total Primary Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Property owners, students (and their families) needed to pick up the slack left by the State. Who picked up the most slack? The following table answers.

MCCCD General Fund Primary Revenues As Percentage of Total Change From Before and After the End of State Aid			
	With State Aid 1997 - 2001	**Without State Aid 2016 - 2020**	**Difference**
Property taxes	**63.8%**	**69.7%**	**5.9%**
Tuition & fees	**19.6%**	**30.3%**	**10.7%**
State aid	**16.6%**	**0.0%**	**-16.6%**
Total	**100.0%**	**100.0%**	**0.0%**

If enrollment had held up, students' percentage paid would be larger.

Students may have reached their financial breaking point.

The End of Bonds

County property owners are assessed two taxes by MCCCD: primary and secondary. The primary proceeds are deposited into the General Fund and used for operating (day-to-day) purposes. The secondary proceeds are used to retire the District's bonds.

With the 2004 Bond Election, the voters authorized the District to borrow $951 million for capital projects. By fiscal 2028, those bonds will be fully retired. The following was taken from the fiscal 2022 MCCCD Annual Report.

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2022.

Year Ending June 30:	General Obligation Bonds Principal	General Obligation Bonds Interest	Total Debt Service Requirements
2023	$ 49,130,000	$ 6,624,275	$ 55,754,275
2024	48,265,000	4,550,950	52,815,950
2025	29,705,000	2,845,200	32,550,200
2026	30,940,000	1,579,875	32,519,875
2027	13,110,000	704,200	13,814,200
2028	13,565,000	237,388	13,802,388
Total	$ 184,715,000	$ 16,541,888	$ 201,256,888

For comparative purposes, the 2019 Annual Report listed 2020 Total Debt Service Requirements (right column above) as $82.8 million.

The secondary levy, on property owners, is shrinking and soon will be eliminated.

Recognizing that, the District has opted to raise the primary levy. Evidence of this can be seen in the 2024 MCCCD Adopted Budget.

Property Taxes

Based on the 2023 Maricopa County Assessor's valuations, the property tax levy from new construction will be $13.7 million for FY23-24. On May 23th, 2023, the Governing Board approved shifting a portion of the secondary tax rate to the primary tax rate. The tax shift will generate an estimated $16.4 million, inclusive of new property, which will be dedicated for capital programs.

The bottom-line impact on the split between General Fund property taxes and tuition would require further analysis.

The Author is in a Unique Position

The author is in a unique position because he has lived in the same house for quite some time. And, he saved his county property tax bills.

The Author Shares the MCCCD Portion of His Property Tax Bills
For the Calendar Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Primary	71.99	67.43	70.26	76.90	83.37	83.82	90.05	92.11	97.85
Secondary	11.81	8.61	11.14	12.40	13.26	12.99	13.75	11.61	15.10
Total	83.80	76.04	81.40	89.30	96.63	96.81	103.80	103.72	112.95

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary	96.52	100.40	107.90	110.94	83.46	82.00	82.68	77.12	84.36
Secondary	20.05	24.00	31.29	27.17	18.98	15.87	15.86	14.62	18.15
Total	116.57	124.40	139.19	138.11	102.44	97.87	98.54	91.74	102.51

	2015	2016	2017	2018	2019	2020	2021	2022
Primary	87.22	89.75	91.04	93.62	97.09	99.17	102.85	105.60
Secondary	15.97	16.50	16.30	16.36	14.44	14.85	10.60	10.00
Total	103.19	106.25	107.34	109.98	111.53	114.02	113.45	115.60

The following was found, on page 10, of the 2022 MCCCD Annual Report (underling added for emphasis).

In FY 2019, the District adopted a funding strategy for its capital needs, including the deferred maintenance program, which shifts a portion of the secondary property tax levy no longer needed for debt service to the primary levy to be used for capital needs. The shift in purpose of the levy <u>allows the total property tax levy to continue to decline</u> while providing the District an opportunity to forego the need to issue future taxpayer funded General Obligation bonds.

The author wonders if he will ever pay more MCCCD property taxes than he did for 2008 and 2009. (Not if the District can continue to stick it to the students.)

The Cost to Educate One Student

$$\text{Cost to Educate One Student} = \frac{\text{Total Expenditures}}{\text{Number of Full-Time Students}}$$

The author hypothesizes that elevated costs, with not enough assistance from property owners, are driving tuition higher and holding enrollment down.

It is imperative to explore avenues that could be pursued to lower that cost - and pass the savings on to the students.

One of the very largest community college districts, in the nation, should enjoy economies of scale. At MCCCD, it never works that way.

Lowering the cost to educate one student should always be a top priority. There are two ways to accomplish that goal.

1) Decrease the total amount expended, and/or

2) Increase the number of students at a faster rate than the total expenditures

A third alternative is available, apart from the above equation:

3) Increase revenue streams (and, the author has an idea in that area)

If the reader's attention has been apathetic to this point, perk up dear reader, things are about to get very interesting – and, perhaps, controversial.

With the aforementioned 2004 Bond Election came the addition of a tremendous amount of capacity in the District. The first portion of the voter authorized $951 million bonds, were sold during March 2005 – near the end of fiscal 2005.

With fiscal 2006, the District adopted Governmental Accounting Standards Board (GASB) Statement 44 and provided square footage and acreage data for each of its ten colleges and District Office. That data is summarized on the next page.

MCCCD Net Square Footage (Sq. Footage at the Nine Physical Colleges) At June 30,

	2006	2007	2008	2009
Total MCCCD Sq Footage	4,576,400	4,827,870	5,172,094	5,350,044
Rio Salado	(154,600)	(244,285)	(445,770)	(284,562)
District Office	(190,400)	(240,066)	(280,705)	(291,299)
Net MCCCD Square Footage	4,231,400	4,343,519	4,445,619	4,774,183

	2010	2011	2012	2013
Total MCCCD Sq Footage	5,488,425	5,691,679	5,815,301	6,010,515
Rio Salado	(357,028)	(409,365)	(445,084)	(439,909)
District Office	(291,299)	(291,299)	(291,299)	(296,483)
Net MCCCD Square Footage	4,840,098	4,991,015	5,078,918	5,274,123

	2014	2015	2016	2017
Total MCCCD Sq Footage	6,157,277	6,171,195	6,276,356	6,254,879
Rio Salado	(465,521)	(465,521)	(462,521)	(435,544)
District Office	(296,483)	(296,483)	(296,483)	(296,483)
Net MCCCD Square Footage	5,395,273	5,409,191	5,517,352	5,522,852

	2018	2019	2020	2021	2022
Total MCCCD Sq Footage	6,364,755	6,365,097	6,565,097	6,418,415	6,418,415
Rio Salado	(435,544)	(435,544)	(435,544)	(435,544)	(435,544)
District Office	(296,483)	(296,483)	(296,483)	(296,483)	(296,483)
Net MCCCD Square Footage	5,632,728	5,633,070	5,833,070	5,686,388	5,686,388

From fiscal 2006 to 2022, square footage at the nine physical colleges increased 34.4%. Including Rio Salado and the District Office, square footage increased 40.3% during the same period.

Enrollment is lower today than when the build out began.

Not All Enrolled Students Attend a Physical Campus

Dual Enrollment

The Arizona Auditor General's Office provides a definition (underlining added for emphasis).

> **Dual enrollment represents the FTSE of those students enrolled in the districts' and tribal colleges' sponsored courses that count toward both high school and college graduation requirements, as provided for in A.R.S. §15-101(11). These courses were taught on the campus of participating high schools in which the instructor was an employee of the high school, as provided for in A.R.S. §15-1466.01 and A.R.S. §15-1821.01.**

How substantial is dual enrollment to the District? The following table answers.

Dual Enrollment as a Percentage of MCCCD Full-Time Student Equivalents For the Fiscal Years Ended June 30,

	2004	2005	2006	2007	2008	2009	2010
Dual Enrollment	2,453	2,682	2,962	3,089	3,083	3,263	3,280
MCCCD FTSE	68,612	71,387	70,025	69,561	68,055	70,099	78,149
% of Total	3.6%	3.8%	4.2%	4.4%	4.5%	4.7%	4.2%

	2011	2012	2013	2014	2015	2016	2017
Dual Enrollment	3,633	3,801	4,104	4,319	4,389	4,708	4,787
MCCCD FTSE	84,544	83,024	81,218	78,454	76,150	71,888	72,075
% of Total	4.3%	4.6%	5.1%	5.5%	5.8%	6.5%	6.6%

	2018	2019	2020	2021	2022	*2023	
Dual Enrollment	5,072	5,330	5,907	5,523	6,081	6,100	
MCCCD FTSE	70,344	67,498	67,472	56,417	52,588	54,907	
% of Total	7.2%	7.9%	8.8%	9.8%	11.6%	11.1%	* Est

> **Dual enrollment generates more full-time student equivalents than every physical campus except Chandler-Gilbert, Glendale and Mesa without using any District faculty or facilities and it is poised to explode.**

Adjusted Full-Time Student Equivalents

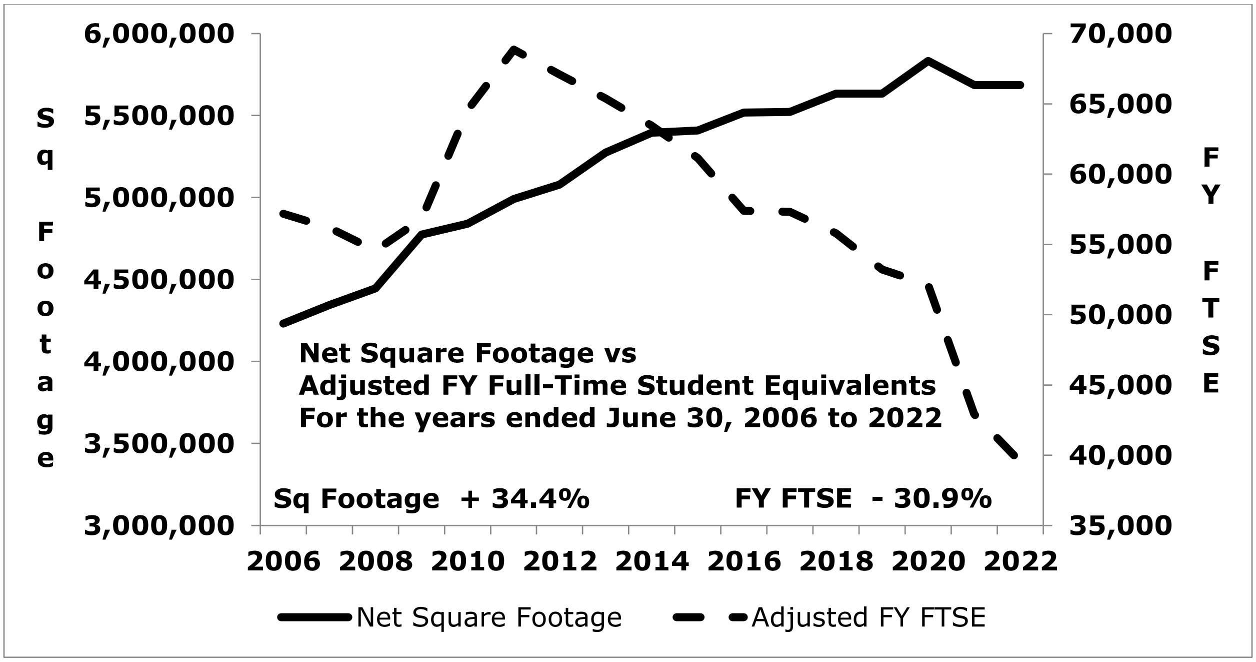
In addition to dual enrollment, Rio Salado's students also do not attend any of the District's physical campuses.

MCCCD FTSE Enrolled at the Nine Physical Colleges
For the Fiscal Years Ended June 30,

	2004	2005	2006	2007	2008
Total MCCCD FTSE	68,612	71,387	70,025	69,561	68,055
Dual Enrollment	(2,453)	(2,682)	(2,962)	(3,089)	(3,083)
Net Rio Salado	(8,496)	(9,364)	(9,879)	(10,291)	(10,423)
FTSE Attending 9 Colleges	57,663	59,341	57,184	56,181	54,549
	2009	**2010**	**2011**	**2012**	**2013**
Total MCCCD FTSE	70,099	78,149	84,544	83,024	81,218
Dual Enrollment	(3,263)	(3,280)	(3,633)	(3,801)	(4,104)
Net Rio Salado	(10,021)	(10,314)	(12,054)	(12,124)	(11,743)
FTSE Attending 9 Colleges	56,815	64,555	68,857	67,099	65,371
	2014	**2015**	**2016**	**2017**	**2018**
Total MCCCD FTSE	78,454	76,150	71,888	72,075	70,344
Dual Enrollment	(4,319)	(4,389)	(4,708)	(4,787)	(5,072)
Net Rio Salado	(10,696)	(10,620)	(9,790)	(9,976)	(9,477)
FTSE Attending 9 Colleges	63,439	61,141	57,390	57,312	55,795
	2019	**2020**	**2021**	**2022**	**2023(est)**
Total MCCCD FTSE	67,498	67,472	56,417	52,588	54,907
Dual Enrollment	(5,330)	(5,907)	(5,523)	(6,081)	(6,100)
Net Rio Salado	(8,962)	(9,442)	(7,969)	(6,977)	(8,247)
FTSE Attending 9 Colleges	53,206	52,123	42,925	39,530	40,560

Shaded areas reflect an *estimated* 15% reduction for Rio Salado dual enrollment.

To avoid double subtraction, Rio's FTSE was reduced for their dual enrollment. For the years 2004 - 2011, when records were available, approximately 15% of Rio's FTSE came from dual enrollment. Since that time, records are no longer available.



The above graph combines the tables on the preceding three pages. The horizontal axis was defined by the availability of the net square footage data.

Net square footage is the District's total square footage reduced by Rio Salado and the District Office.

Adjusted fiscal year FTSE reflects total MCCCD FTSE reduced by those students not attending one of the District's nine physical colleges: dual enrollment and Rio Salado (net of their share of dual enrollment to avoid double subtraction).

Approximately one-fourth of the District's enrollment is generated by Rio Salado and Dual Enrollment - with only 27 full-time faculty (2024 Adopted Budget) and no physical campuses.

If the above graph is not distressing enough, it gets worse.

Post-pandemic enrollment attending one of the District's nine physical campuses is substantially lower than the same enrollment pre-pandemic.

The following page was prepared on Thursday, July 20, 2023 approximately four and one-half weeks before 2023 Fall semester classes begin.

The reader is implored to mentally mark the next table as extremely important.

Maricopa County Community College District
Modality of Classes Offered
Fall 2023
Measurement date: July 20, 2023

	PC		GCC		GWCC		MCC	
	Classes	Pct	Classes	Pct	Classes	Pct	Classes	Pct
In-Person	579	28.2%	942	41.4%	156	28.0%	1,129	43.4%
Hybrid	435	21.2%	381	16.7%	118	21.2%	289	11.1%
Hybrid Virtual	32	1.6%	37	1.6%	-	0.0%	-	0.0%
Online	652	31.7%	754	33.1%	231	41.5%	923	35.5%
Live Online	167	8.1%	79	3.5%	33	5.9%	137	5.3%
Private (Music)	176	8.6%	65	2.9%	-	0.0%	22	0.8%
Other	14	0.7%	17	0.7%	19	3.4%	100	3.8%
Total	2,055	100.0%	2,275	100.0%	557	100.0%	2,600	100.0%

	SCC		SMCC		CGCC		PVCC	
	Classes	Pct	Classes	Pct	Classes	Pct	Classes	Pct
In-Person	390	34.8%	268	37.3%	482	30.0%	501	38.2%
Hybrid	199	17.8%	73	10.2%	446	27.8%	166	12.7%
Hybrid Virtual	-	0.0%	10	1.4%	36	2.2%	15	1.1%
Online	390	34.8%	279	38.8%	562	35.0%	395	30.2%
Live Online	57	5.1%	33	4.6%	13	0.8%	30	2.3%
Private (Music)	59	5.3%	52	7.2%	49	3.1%	190	14.5%
Other	25	2.2%	4	0.6%	16	1.0%	13	1.0%
Total	1,120	100.0%	719	100.0%	1,604	100.0%	1,310	100.0%

	EMCC		District Ex-Rio		RSCC		District	
	Classes	Pct	Classes	Pct	Classes	Pct	Classes	Pct
In-Person	356	37.4%	4,803	36.4%	-	0.0%	4,803	32.6%
Hybrid	83	8.7%	2,190	16.6%	139	9.0%	2,329	15.8%
Hybrid Virtual	-	0.0%	130	1.0%	1	0.1%	131	0.9%
Online	503	52.9%	4,689	35.5%	1,335	86.0%	6,024	40.9%
Live Online	9	0.9%	558	4.2%	-	0.0%	558	3.8%
Private (Music)	-	0.0%	613	4.6%	-	0.0%	613	4.2%
Other	-	0.0%	208	1.6%	75	4.8%	283	1.9%
Total	951	100.0%	13,191	100.0%	1,552	100.0%	14,741	100.0%

The above table is for approximation purposes, only, for what follows. It will prove very fluid as classes continue to be added and deleted (lack of enrollment). It would be the author's contention that it is more likely that an in-person class would be deleted than an online class.

Notes Concerning Each Category of Enrollment (on the previous page)

1) **In-Person** – Attending a physical campus for 100% of course.

2) **Hybrid** – Attending a physical campus for 50% of course. Typical arrangement would require the student to attend campus 75 minutes of the 150 minutes required for a three-credit course.

3) **Hybrid Virtual** – Students connect to instructor's lecture via Zoom, Webex, or the like for typically 50% of the required minutes. No attendance at physical campus.

4) **Online** – No meetings in-person or virtually.

5) **Live Online** – Students connect to instructor's lecture via Zoom, Webex or the like for 100% of the required minutes with no physical attendance.

6) **Private Instruction** – Voice or, predominantly, music classes offered in-person. At this date, before the beginning of the semester, it is *significantly* overstated with offerings for many instruments (*seemingly* accordion to xylophone) showing zero enrollment at some campuses (PC and PVCC, especially).

7) **Other** – The remaining categories of courses offered by the District. Those include Education Serv Partnership, Independent Study and Print Based (Rio Salado only).

Rio Salado offers a number of classes labeled Hybrid. A cursory look at those offerings reveal they are online. Rio Salado is online. Period. The days of Rio Salado offering an in-person course at the local shopping mall are long gone. As, too, are the malls. More to come, on that latter point.

The table, on the previous page, was constructed to approximate the percentage of classes offered in-person at the nine physical colleges.

That table appears, at the top, of the next page.

In-person weightings: 100% for In-Person (number 1 above)
50% for Hybrid (number 3 above)
10% for Private Instruction (number 6 above)
10% for Other (number 7 above)
0% for all other categories.

District **Classes** Ex-Rio (and Dual Enrollment) Calculation of Percentage Offered In-Person Fall Semester 2023			
Category	**Total Classes**	**Percentage In-Person**	**Adjusted Classes In-Person**
In-Person	**4,803**	**100%**	**4,803**
Hybrid	**2,190**	**50%**	**1,095**
Hybrid Virtual	**130**	**0%**	**0**
Online	**4,689**	**0%**	**0**
Live Online	**558**	**0%**	**0**
Private (Music)	**613**	**10%**	**61**
Other	**208**	**10%**	**21**
Total	**13,191**		**5,980**
Percentage of Total Classes Offered In-Person			**45.3%**

The reader is referred back to the table on page 21 – MCCCD FTSE Enrolled at the Nine Physical Colleges – for the following table.

District **Enrollment** Ex-Rio (and Dual Enrollment) Calculation of FTSE Attending In-Person For the Fiscal Years Ended June 30,		
	2011 Peak Enrollment	**Estimated 2023 Most Recent**
FTSE Enrolled at 9 Colleges	**68,857**	**40,560**
% of Classes Offered In-Person	**90.0%**	**45.3%**
MCCCD FTSE Attending In-Person	**61,971**	**18,388**

Important notes regarding the above table:

1) Fall 2023 Modality of Classes Offered was applied to fiscal 2023 enrollment. It is ***assumed*** that method of delivery was constant for those time periods.

2) It is ***assumed*** that 90% of the enrollment, at the nine physical colleges, during fiscal 2011 was attending classes in-person.

3) The calculated 18,388 FTSE attending physical campuses *may* be ***over***stated. The 45.3% was derived from all **classes** offered at the nine physical colleges. Online classes *may* attract more students on average, per class, than in-person classes (the author has no data to support this).

The oldest FTSE the author can find (10-year Trend data in the 1995 Annual Report) is the 1986 fiscal year.

Maricopa County Community College District Full-Time Student Equivalents (FTSE) by College For the Fiscal Year Ended June 30, 1986	
College/Center	**FTSE**
Phoenix	**5,356**
Glendale	**6,058**
Gateway	**1,199**
Mesa	**7,496**
Scottsdale	**3,432**
Rio Salado	**3,014**
South Mountain	**583**
Chandler-Gilbert	**167**
Paradise Valley	**112**
Estrella Mountain	**0**
Skill Center	**557**
Total	**27,974**

It appears as though SMCC, CGCC, PVCC and EMCC were either teaching out of portable trailers, remote sites, or not at all while their campuses were under construction.

If Rio Salado's enrollment and an assumed 10% open-entry/open-exit enrollment amount is subtracted from the total, the following statement can be made.

There were more students attending the District's physical campuses during fiscal 1986 (and, most likely, earlier) than fiscal 2023, with significantly less square footage and acreage.

Massive Excess Capacity, What Are (Some Of) The Options?

The author sees two potential opportunities with the District's massive excess capacity: 1) Call the faculty back home, and/or 2) Sell or lease select campuses.

Keep in mind the equation at the top of page 18 – Cost to educate one student. The objective should always be, wherever possible, to keep that cost as low as possible which leads to the lowest possible tuition rate.

Opportunity One – Call the Faculty Back Home (to the campuses)

With over one-half of the credits being taught away from campus, there is opportunity here. For the most part, the grade school, high school and university students displaced by the pandemic have returned home. Not so much at MCCCD. **The current culture does not support this option.** If the arrangement will be to continue teaching on the road, consider the following.

Course	Title	Number	Instructor(s)	Location	Dates	Units	Open Seats
CIS 105	Computer Applications and Information Technology	86167	Jonathan Davis	ASU Online	8/17 - 10/6 (A)	3	0 of 400 ✕
CIS 105	Computer Applications and Information Technology	86168	Jonathan Davis	ASU Online	8/17 - 10/6 (A)	3	0 of 400 ✕
CIS 105	Computer Applications and Information Technology	86169	Jonathan Davis	ASU Online	10/11 - 12/1 (B)	3	0 of 400 ✕
CIS 105	Computer Applications and Information Technology	92210	Jonathan Davis	ASU Online	8/17 - 10/6 (A)	3	91 of 200 ▲

One Arizona State University (ASU) online instructor, one course, with over 1,300 enrolled and the potential for more.

Source:https://catalog.apps.asu.edu/catalog/classes/classlist?advanced=true&campus=ICOURSE%2CASUONLINE&campusOrOnlineSelection=A&honors=F&instructorName=Davis&promod=F&searchType=all&subject=CIS&term=2237

Course	Title	Number	Instructor(s)	Location	Dates	Units	Open Seats
› LES 305	Business Law and Ethics for Managers	73926	Christopher Clark	ASU Online	10/11 - 12/1 (B)	3	0 of 245 ✗
› LES 305	Business Law and Ethics for Managers	74991	Christopher Clark	iCourse	8/17 - 12/1 (C)	3	0 of 305 ✗
› LES 305	Business Law and Ethics for Managers	75753	Christopher Clark	iCourse	10/11 - 12/1 (B)	3	0 of 62 ✗
› LES 305	Business Law and Ethics for Managers	76760	Christopher Clark	iCourse	8/17 - 12/1 (C)	3	0 of 310 ✗
› LES 305	Business Law and Ethics for Managers	78533	Christopher Clark	ASU Online	8/17 - 10/6 (A)	3	0 of 245 ✗
› LES 305	Business Law and Ethics for Managers	78534	Christopher Clark	iCourse	8/17 - 10/6 (A)	3	0 of 65 ✗

One online instructor, one course – all sections closed, 1,232 students.

Source:https://catalog.apps.asu.edu/catalog/classes/classlist?advanced=true&campusOrOnlineSelection=A&honors=F&instructorName=clark&promod=F&searchType=all&subject=LES&term=2237

Does teaching 20 students online require the same effort, from the instructor, as teaching 20 students in-person?

No. The number of faculty teaching ≥ 21 credits online is omnipresent. The number of faculty teaching ≥ 21 credits in-person is virtually extinct. Teaching 24 credits in-person would hurt.

Course	Title	Number	Instructor(s)	Location	Dates	Units	Open Seats
ACC 231	Uses of Accounting Information I	72545	John Dallmus	ASU Online	8/17 - 10/6 (A)	3	0 of 150
ACC 231	Uses of Accounting Information I	84153	John Dallmus	iCourse	8/17 - 10/6 (A)	3	0 of 230
ACC 231	Uses of Accounting Information I	92130	John Dallmus	iCourse	10/11 - 12/1 (B)	3	0 of 300
ACC 231	Uses of Accounting Information I	92131	John Dallmus	ASU Online	10/11 - 12/1 (B)	3	0 of 80
ACC 241	Uses of Accounting Information II	73326	John Dallmus	ASU Online	10/11 - 12/1 (B)	3	1 of 250
ACC 241	Uses of Accounting Information II	84154	John Dallmus	iCourse	10/11 - 12/1 (B)	3	0 of 100
ACC 340	External Reporting I	90578	John Dallmus	ASU Online	8/17 - 10/6 (A)	3	0 of 70

One online instructor, three courses – one upper division, 1,179 students.

Source:https://catalog.apps.asu.edu/catalog/classes/classlist?campusOrOnlineSelection=A&honors=F&instructorName=Dallmus&promod=F&searchType=all&term=2237

Arizona State University Rankings

Arizona State University is ranked No. 7 out of 360 in Best Online Bachelor's Programs. Schools are ranked according to their performance across a set of widely accepted indicators of excellence.

- **#7** in **Best Online Bachelor's Programs**
- **#3** in **Best Online Bachelor's Programs for Veterans**
- **#1** in **Best Online Bachelor's in Business Programs** (tie)
- **#4** in **Best Online Bachelor's in Psychology Programs** (tie)

The above is a partial list. See the full list here:

https://www.usnews.com/education/online-education/arizona-state-university-104151/rankings

The author found the preceding three instructors with very little effort. There are many more to be found (see Sources for additional).

One of the current MCCCD Governing Board members should be familiar with the following.

Rio Salado Community College FTSE and Faculty
As a Percentage of MCCCD
Fiscal 2010

RSCC FTSE	**12,220**		
RSCC Dual Enrollment	**(1,906)**		
Net RSCC FTSE	**10,314**	**RSCCC Full-Time Faculty***	**26**
District FTSE	**78,149**		
District Dual Enrollment	**(3,280)**		
Net District FTSE	**74,869**	**District Full-Time Faculty***	**1,496**
RSCC FTSE as % of MCCCD	**13.8%**	**RSCC Faculty as % of MCCCD**	**1.7%**

*** Measurement date: September 1, 2009**

Questions to Ask the District Database

For Fiscal 2023:

Percentage of Full-Time Faculty Teaching 100% In-Person

Percentage of Full-Time Faculty Teaching ≥ 80% In-Person

Percentage of Full-Time Faculty Teaching ≥ 50% In-Person

Percentage of Full-Time Faculty Teaching 100% Online

The above will give a clearer picture of the current culture. The opportunity exists to bring faculty back home. The current culture does not lend itself to this option.

Regardless of the delivery method, how many faculty should MCCCD employ?

The reader is advised to view the next three pages as extremely important.

Number of MCCCD Faculty – A Historical Perspective

Ratio of MCCCD FTSE (excluding Dual Enrollment) To Full-Time Faculty
For the Fiscal Years Ended June 30,

	1995	1996	1997	1998	1999	2000	2001	2002
District FTSE	43,658	44,911	46,135	47,876	51,871	53,633	56,434	59,779
Dual Enrollment	0	0	0	0	0	0	0	0
District FTSE ex-Dual	43,658	44,911	46,135	47,876	51,871	53,633	56,434	59,779
Full-Time Faculty	962	925	1,012	1,079	1,022	1,091	1,159	1,203
Ratio FTSE/FT Faculty	45.4	48.6	45.6	44.4	50.8	49.2	48.7	49.7

	2003	2004	2005	2006	2007	2008	2009	2010
District FTSE	64,826	68,612	71,387	70,025	69,561	68,055	70,099	78,149
Dual Enrollment	0	(2,453)	(2,682)	(2,962)	(3,089)	(3,083)	(3,263)	(3,280)
District FTSE ex-Dual	64,826	66,159	68,705	67,063	66,472	64,972	66,836	74,869
Full-Time Faculty	1,237	1,275	1,307	1,386	1,460	1,499	1,501	1,496
Ratio FTSE/FT Faculty	52.4	51.9	52.6	48.4	45.5	43.3	44.5	50.0

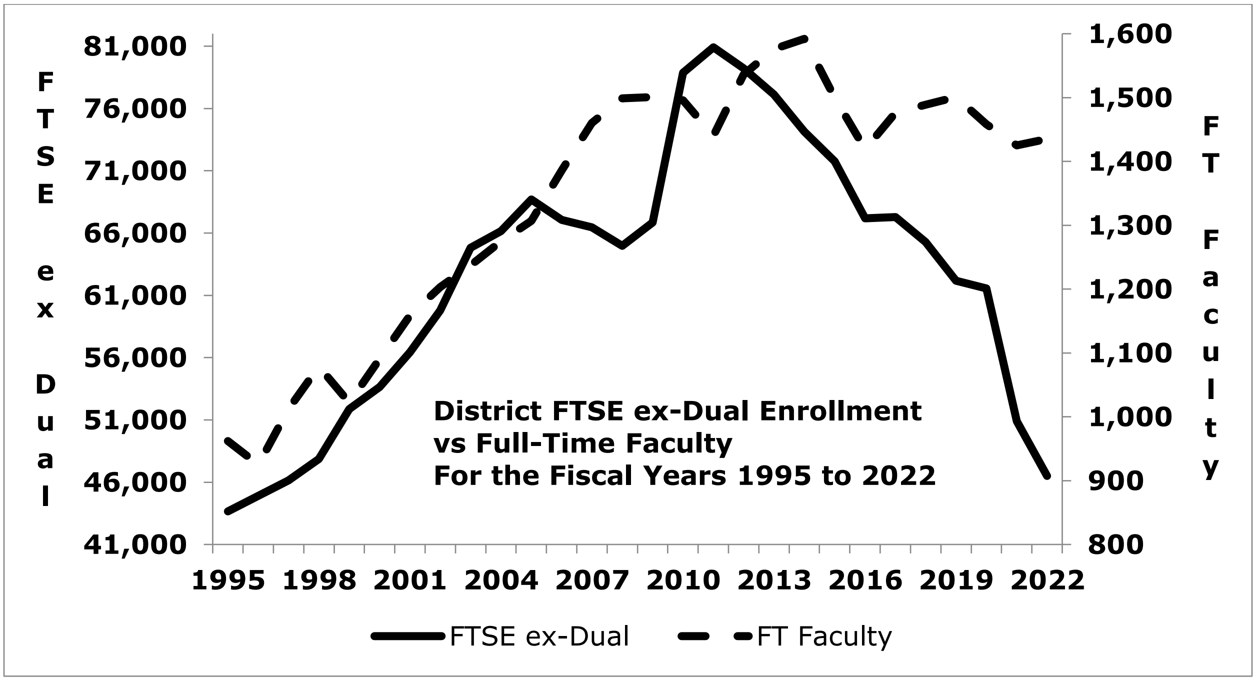
	2011	2012	2013	2014	2015	2016	2017	2018
District FTSE	84,544	83,024	81,218	78,454	76,150	71,888	72,075	70,344
Dual Enrollment	(3,633)	(3,801)	(4,104)	(4,319)	(4,389)	(4,708)	(4,787)	(5,072)
District FTSE ex-Dual	80,911	79,223	77,114	74,135	71,761	67,180	67,288	65,272
Full-Time Faculty	1,440	1,536	1,576	1,592	1,500	1,419	1,476	1,489
Ratio FTSE/FT Faculty	56.2	51.6	48.9	46.6	47.8	47.3	45.6	43.8

	2019	2020	2021	2022
District FTSE	67,498	67,472	56,417	52,588
Dual Enrollment	(5,330)	(5,907)	(5,523)	(6,081)
District FTSE ex-Dual	62,168	61,565	50,894	46,507
Full-Time Faculty	1,501	1,458	1,425	1,435
Ratio FTSE/FT Faculty	41.4	42.2	35.7	32.4

Source for FT Faculty:
District Annual Reports

28-Year Average Ratio
FTSE to FT Faculty
46.8

The 28-year average ratio of District FTSE (ex-Dual Enrollment) to full-time faculty is 46.8. For fiscal 2022, that ratio sits at a 28-year, if not historical, low of 32.4. Stated another way, during peak fiscal 2011 enrollment it took one faculty member to generate 56.2 FTSE. During fiscal 2022, one faculty member generated 32.4 FTSE (with a significant portion of that online). A visual appears below.



Rio Salado is unique in that they employ less full-time faculty per FTSE generated than the other colleges. Strict analysis would require subtracting their FTSE and faculty from the totals. Rio's FTSE is available, but not their faculty count. Since fiscal 2013, it has been suppressed from public view.

During fiscal 2022, Rio generated 15.0% of District FTSE (ex-Dual Enrollment) exactly at its 15-year average.

	For the Fiscal Year Ended June 30				
	2022	2021	2020	2019	2018
Faculty					
Part-time	4,739	5,088	4,230	3,550	4,258
Full-time	1,435	1,425	1,458	1,501	1,489
Administrative & support staff					
Part-time	1,729	1,760	1,960	2,035	1,838
Full-time	3,222	3,274	3,222	3,091	2,994

Source: Statistical Section, at the end, of the District's Annual Report.

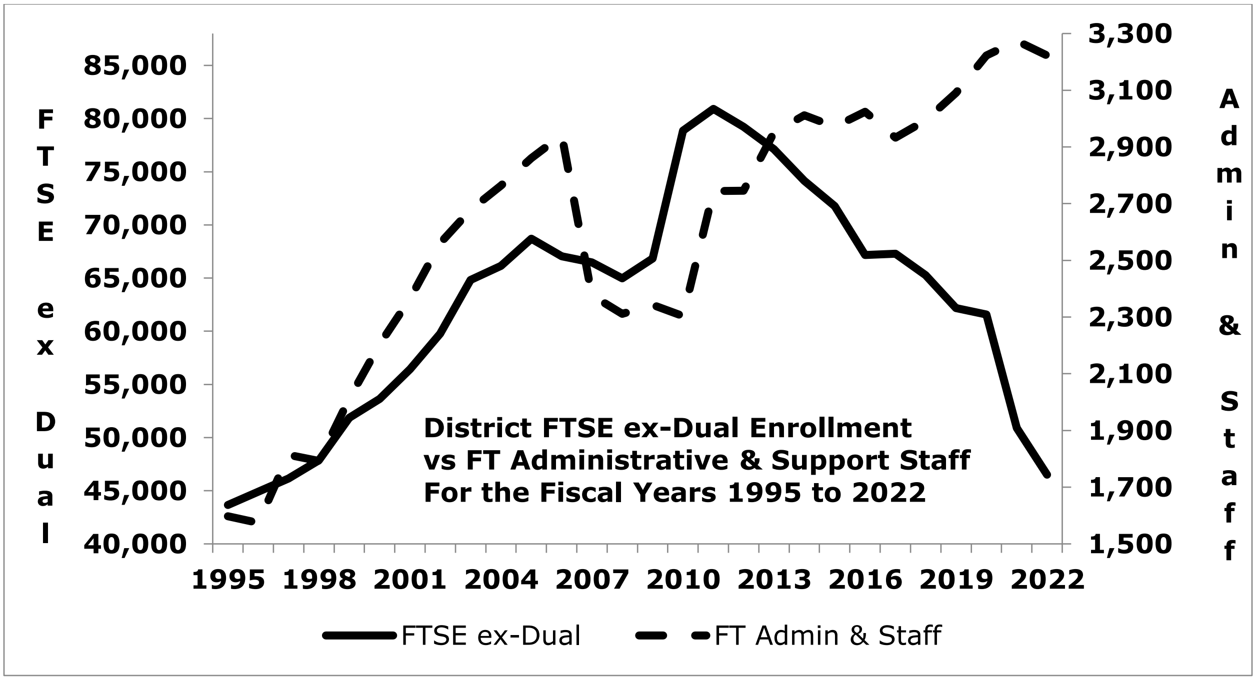
Also found on that page is the District's count of administrative and support staff employees. The table, at the top of the next page, summarizes this data.

Ratio of MCCCD FTSE (excluding Dual) To Full-Time Administrative & Support Staff For the Fiscal Years Ended June 30,								
	1995	1996	1997	1998	1999	2000	2001	2002
District FTSE ex-Dual	43,658	44,911	46,135	47,876	51,871	53,633	56,434	59,779
FT Admin & Support	1,597	1,574	1,814	1,793	2,013	2,204	2,365	2,560
FTSE/FT Admin & Staff	27.3	28.5	25.4	26.7	25.8	24.3	23.9	23.4
	2003	2004	2005	2006	2007	2008	2009	2010
District FTSE ex-Dual	64,826	66,159	68,705	67,063	66,472	64,972	66,836	74,869
FT Admin & Support	2,678	2,763	2,861	2,942	2,377	2,311	2,343	2,303
FTSE/FT Admin & Staff	24.2	23.9	24.0	22.8	28.0	28.1	28.5	32.5
	2011	2012	2013	2014	2015	2016	2017	2018
District FTSE ex-Dual	80,911	79,223	77,114	74,135	71,761	67,180	67,288	65,272
FT Admin & Support	2,744	2,746	2,951	3,012	2,971	3,024	2,933	2,994
FTSE/FT Admin & Staff	29.5	28.9	26.1	24.6	24.2	22.2	22.9	21.8
	2019	2020	2021	2022				
District FTSE ex-Dual	62,168	61,565	50,894	46,507			28-Year Average Ratio	
FT Admin & Support	3,091	3,222	3,274	3,222			FTSE/FT Admin & Support	
FTSE/FT Admin & Staff	20.1	19.1	15.5	14.4			24.5	

The ratio of administrative and support staff also sits at a 28-year, if not historical, low.

For fiscal 2022, the District employed more than double the Administrative & Support Staff per full-time student than it did during the peak of fiscal 2011.

Never have so many employees supported so few students – and many of those students from afar.



Compensation – salaries, wages and benefits – is a controllable cost. And, at the college level, they are the lion's share of the budget.

The following table was extracted, from page 16, of the fiscal 2024 MCCCD Adopted Budget. Tens of millions, of dollars, expended at each of the Colleges.

Expenditures by Unit	General Fund Fund 1	Auxiliary Fund 2	Unexpended Plant	Restricted Fund 3	Total All Funds
Chandler-Gilbert College	$ 61,762,860	$ 1,165,036		$ 15,274,457	$ 78,202,353
Estrella Mountain College	45,335,513	1,141,580		21,968,660	68,445,753
Glendale College	88,219,479	2,654,123		28,713,421	119,587,023
GateWay College	38,576,345	13,872,214		22,517,472	74,966,031
Mesa College	105,963,719	3,919,984		30,001,227	139,884,930
Phoenix College	63,377,989	2,134,177		24,515,877	90,028,043
Paradise Valley College	43,669,850	1,233,036		9,298,011	54,200,897
Rio Salado College	61,922,234	11,401,829		24,253,570	97,577,633
Scottsdale College	55,108,934	1,935,234		11,062,586	68,106,754
South Mountain College	29,760,384	478,177		11,157,169	41,395,730
District Office	79,773,153	963,240		3,842,855	84,579,248
College Capital Projects			63,125,000		63,125,000
District-Wide	57,788,444	-	19,679,562	16,395,666	93,863,672

The author has chosen the Budget because actual compensation amounts, by College, are not publicly available. If the devil is in the details, the Budget has details.

Four pages later in the 2024 Budget, detail of each of the colleges' **General Fund** expenditures is provided. Four of the District's colleges are shown below.

Description	MC	PC	PV	RS
Salaries & Wages	63,108,200	41,583,540	29,603,631	36,557,462
Employee Benefits	21,810,820	11,991,503	8,746,788	10,516,456
Contractual Services	8,429,400	3,838,221	1,358,466	9,113,207
Supplies & Materials	2,024,600	902,448	941,022	706,608
Fixed Charges	1,935,200	574,314	289,304	315,100
Communications & Utilities	2,344,500	1,404,252	1,757,932	1,478,661
Travel	691,300	109,500	84,492	157,889
Capital & Equipment	2,890,100	1,016,500	-	-
Scholarships/Awards	1,923,600	1,725,051	593,209	1,211,128
Bad Debt/Carryforward	556,000	44,290	135,967	1,748,552
Transfers/Pending Allocation	250,000	188,370	159,039	117,170
Total Expenses	**$ 105,963,719**	**$ 63,377,989**	**$ 43,669,850**	**$ 61,922,234**

The two outlined rows reflect Total Compensation by college. (The reader is cautioned that these are budgeted amounts and presumably variances exist when actuals are available at year-end.)

For the above colleges, the Total Compensation when divided by the Total Expenses is 76.0% at Rio Salado – the District low. Rio and Gateway receive the highest percentage of funding outside of the General Fund. (See previous page.)

Glendale holds the distinction for the highest percentage budgeted for General Fund Compensation at 89.0%. District-wide, including the District Office, 83.8% of the General Fund budget is for Total Compensation.

If a college, or District, were looking to save on expenses and pass that savings on to students, Compensation should be the first place to look.

Questions to Ponder

What is the proper class size for online courses?

What would the savings be if full-time faculty, administrative and staff reverted to their 28-year average? Over one hundred million dollars each year (two calculations follow).

Cost Savings from Rolling Employee Levels Back to 2019

For the first time, on page 7 of the District's fiscal 2013 Annual Report, the following was found (underlining added for emphasis).

Residential/Adjunct Faculty Ratio

The District has initiated a plan that calls for 60% of the instructional load at each college to be taught by residential faculty. By implementing the 60:40 ratio, the District will support student success and retention through increased workforce stability, <u>enhanced learning environments, and improved student engagement</u>. To achieve this goal, the District plans to add about 300 new residential faculty to the colleges over the next 8 to 10 years.

At adoption, this initiative had substantial merit. Today, with much fewer students on-campus and more faculty spending substantial time off-campus, this initiative has far less punch. The author would guess (no data to support this) that 80%+ of current employees were with the District during fiscal 2019 - the year before the pandemic hit. How much would be saved if employee levels relative to FTSE were rolled back to fiscal 2019?

Maricopa County Community College District
Calculation of Excess Staff
When Rolling Employees Back to 2019 Levels

28-Year Average * (Reference)	Employee Class	2022 FTSE ex-Dual *	2019 Staffing Level Per FTSE *	Staffing at 2019 Level *	2022 Staffing *	2022 Excess Staff
46.8	FT Faculty	46,507	41.4	1,123	1,435	312
24.5	Admin/Support	46,507	20.1	2,314	3,222	908

*** See tables on pages 31 & 33**

The MCCCD 2023 Annual Report will not be issued until at least December 2023. The second column from the right employs the most current staffing levels available.

If the District rolled back employee levels, as measured by the ratio of FTSE (ex-Dual) to employee class, to the 2019 levels, faculty are currently overstaffed by 312 and administrative and support by 908.

The reader is gently reminded that during fiscal 2019 far less classes were online.

What would be the cost savings of such a reduction?

Maricopa County Community College District __Annual__ Cost of Excess Staff			
Employee Class	**Excess Staff**	**Total Compensation**	**Total Savings**
Full-Time Faculty	**312**	**$110,000**	**$34,320,000**
Admin/Support	**908**	**73,000**	**66,284,000**
	Annual Savings		**$100,604,000**

Notes concerning the above table:

1) No, the average faculty member does not earn $110,000. But, that most likely is a conservative amount. Approximately, five to six years ago, there was a page on the District Budget Department's site that showed the cost of fringe benefits. If the author's memory serves correct, it was approximately 30% in addition to salary. Currently, the District matches 7.65% in FICA (Social Security & Medicare) and 12.29% in ASRS. There's 20% of it. That web page detailing employee fringe benefits has disappeared from public scrutiny.

2) The total compensation for Admin/Support implies an average salary of approximately $56,000. In the author's opinion, that is low.

3) The 2019 staffing levels employed are considerably higher than the 28-year average (see table on previous page).

4) **Rolling back employee levels to those last seen pre-pandemic, during fiscal 2019, would save approximately $100 million per year or $1 billion during the next decade.** Neither of those amounts address the notion that online does not require that same level of staffing that in-person does, or the considerable savings that can be found in the District's excess physical capacity.

Rhetorical Question to District Employees with ≥ 5 Years of Service
Was your job that onerous during fiscal 2019?

What Would $100 Million Buy Annually?

In the past, the District prepared ***and posted*** their 15-year financial plan. It would be hard to imagine that an entity this size does not prepare a strategic (long-term) budget. The difference is they no longer post it for public viewing.

The following was taken from the final 15-year plan that was posted.

MARICOPA COMMUNITY COLLEGES®

15-YEAR FINANCIAL PLAN FY2014-15 | 11/14/2013

FINANCIAL SENSITIVITY ANALYSIS

REVENUE INCREASES

- Every $1.00 tuition increase yields $2.6 million in additional revenue
- Every $1 billion in Assessed Valuation yields $13 million in additional Property Tax receipts
- A 1% property tax levy increase yields approximately $4.2 million in additional tax revenue

SALARY & BENEFITS CHANGES

- Every 1% COLA increase would cost $4.5 million; a step increase would cost $8.7 million
- Every 1% increase in FLEX Benefits costs $491 thousand
- Every 1% increase in ASRS (retirement) benefits costs the District $3.15 million

Circumstances have changed since the above document was prepared nearly ten years ago. The reader is left to ponder the possibilities of $100 million/year.

If the District rolled back employee staffing levels, it should be done through attrition and/or buyouts. *This is not the employees' fault.*

It is the fault of every employee from department chair up - through the Chancellor and Governing Board.

When the cry goes out to add a faculty position, it ripples through each of those positions. The number of faculty the Budget outlines is suggested by the Chancellor and approved by the Board. The new faculty member arrives and has classes approved, in some cases, with 8, 10 and 12 students. The chair and dean should not allow this routinely. The chair and dean should not have requested the position. A strong argument for limiting the number of faculty is the proliferation of online classes. The 60:40 ratio has a very weak defense with the current mix of class offerings.

If <u>one-half</u> of the, conservatively estimated $100 million, annual cost savings were applied against the tuition rate, it would knock $20 off of the admission price per credit hour.

And, that would just get the ball rolling, with more opportunities ahead.

Cost Savings from Rolling Employee Levels Back to 28-Year Average

On pages 36-37, a calculation was made to roll back employee levels to 2019.

This time the calculation rolls back employee levels to the 28-year average.

Maricopa County Community College District When Rolling Employees Levels Back to 28-Year Average					
Employee Class	**2022 FTSE ex-Dual ***	**28-Year Average ***	**Staffing at 2019 Level ***	**2022 Staffing ***	**Current Excess Staff**
FT Faculty	**46,507**	**46.8**	**994**	**1,435**	**441**
Admin/Support	**46,507**	**24.5**	**1,898**	**3,222**	**1,324**
*** See tables on page 35 and 37**					

The above would put employee levels at approximately fiscal 1997, when FTSE was roughly the same as today.

Maricopa County Community College District Annual Cost of Excess Staff			
Employee Class	**Excess Staff**	**Total Compensation**	**Total Savings**
FT Faculty	**441**	**$110,000**	**$48,538,675**
Admin/Support	**1,324**	**73,000**	**96,634,122**
	Annual Savings		**$145,172,798**

Pre-pandemic, the bulk of the 28-year average, online courses were a fraction of what they are currently. An argument could be made that online courses require less staffing. Following this page, tuition could be dropped to the $50 per credit hour range.

Failure to call the faculty home will necessitate the following option.

Closing Time

Shopping Malls Closed When Their Customers Went Online, Should Select MCCCD Campuses Do the Same?

When shopping from home, a major predecessor to online sales was mail order catalogs. Montgomery Ward, in 1872, was the first *significant* mail order catalog. Sears was close behind in 1888. Both had multiple decades with physical stores, primarily in shopping malls. The last of the Sears stores will be closing in 2023. One of the primary reasons cited for their demise is shoppers moving online.

Toys R Us had a shorter lifespan than both of the above and one of the primary reasons cited for their closing was online competition.

Locally Hi-Health, a Scottsdale based corporation, has predominantly moved online after closing most of their physical stores.

JC Penney teeters on the brink of extinction. Online sales, from other retailers, has taken more than a bite out of their profitability.

The list is much longer.

As online sales grew, physical stores disappeared which led to the closing of shopping malls.

Down goes Paradise Valley Mall. Down goes Metro Center and more.

As retail shoppers moved online, investments in physical stores – and, ultimately, shopping malls – did not provide sufficient returns.

As more students have moved online, should the District abandon some of their nine physical colleges?

The author stated, on page 4, that if the District could increase enrollment by 3% each year, 2011 peak enrollment would be regained during fiscal 2037.

Mathematics does not lie.

Let's look at the same mathematical exercise from a different angle. Page 25 disclosed the following:

Students attending physical campuses during fiscal 2023: 18,388

Students attending physical campuses during fiscal 2011: 61,971

Students Attending MCCCD's Nine Physical Campuses

With 18,388 students assumed to be attending during fiscal 2023, at a compounded annual growth rate of 3%, it would take approximately 41 years for MCCCD to reach its historical high of 61,971 students.

The reader is gently reminded that the above enrollment figures do not include Rio Salado, dual enrollment and online students.

During fiscal 1986 (the earliest records the author can readily find), the District serviced 27,974 students. Twenty-five years later, the District hit peak enrollment of 84,544 during fiscal 2011.

This is a similar triple, in enrollment, to what MCCCD would need to get back to a much better utilization of its physical campuses.

During that twenty-five-year period, MCCCD had a better competitive advantage, lower relative tuition and stronger population growth at its back.

The generational wildcard – artificial intelligence – is lying in the wings with unknown ramifications, from minor to massive, to enrollment and employment.

Simply stated, MCCCD reaching peak enrollment *at its physical campuses* has two chances in the next 30 years – slim and none.

Calling the faculty home would be an assist.

The property that was once Paradise Valley Mall no longer appears as it did over two years ago. The demolition of Metro Center Mall is close behind. Online shopping was a contributor to their demise.

The rapid growth of MCCCD online enrollment screams the need for demolition.

Administrative, faculty, network, support, maintenance, grounds and many more personnel are challenging to justify when a paying student body is deficient in numbers and staying home. Not to mention maintenance and renovations.

The only way to keep the game going and salaries competitive is to hit the students' pocketbooks harder and harder. (For some unknown reason, property owners are getting a pass.)

Kindly allow the author to take a quick detour.

Two Local Universities Increasing Their Enrollment

Arizona State University (ASU)

ASU is increasing their enrollment in two ways.

Arizona State University Fall Semester Headcount In Total and as a Percentage						
	2022	**2019**	**2016**	**2013**	**2010**	**2007**
Resident	**59,954**	**54,861**	**50,350**	**50,400**	**50,374**	**46,538**
Non-Resident	**75,799**	**56,430**	**41,007**	**22,978**	**17,690**	**16,740**
Resident	**44.2%**	**49.3%**	**55.1%**	**68.7%**	**74.0%**	**73.5%**
Non-Resident	**55.8%**	**50.7%**	**44.9%**	**31.3%**	**26.0%**	**26.5%**

Source: https://cfo.asu.edu/financial-reports (Statistical Section near end)

Campus of Major

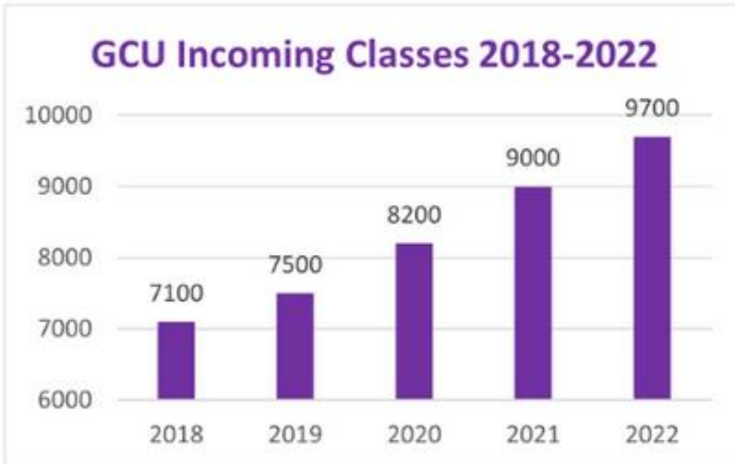
Tempe	40.4%
Downtown Phoenix	7.8%
Polytechnic	4.1%
West	3.5%
Other Locations	0.4%
ASU Online	43.9%

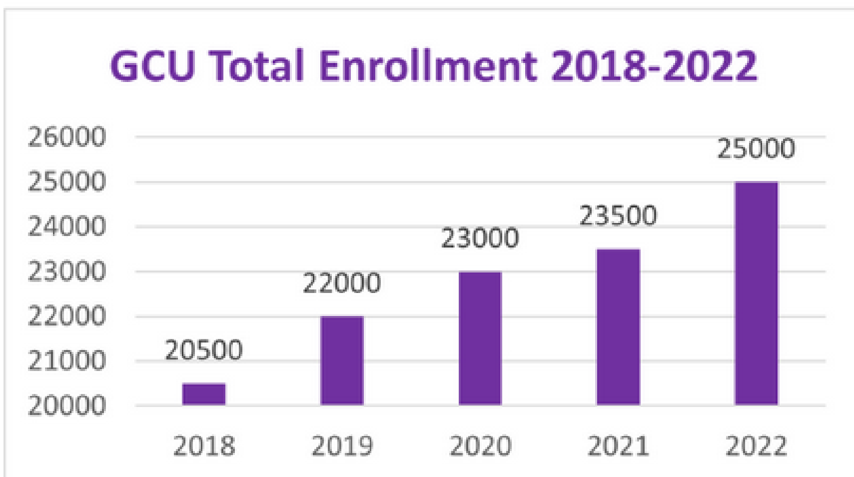
Source: https://uoia.asu.edu/

Well done, especially considering their online programs' national rankings.

Unfortunately, the District would be challenged to copy their success.

Grand Canyon University (GCU)





GCU has much larger enrollment than what is seen above.

The top graph reflects incoming campus-based enrollment. The author reads that to mean, predominantly, freshmen and transfer students.

The bottom graph reflects total campus-based enrollment. On-campus students totaled 7,602 in 2012 and approximately 25,000 in 2022.

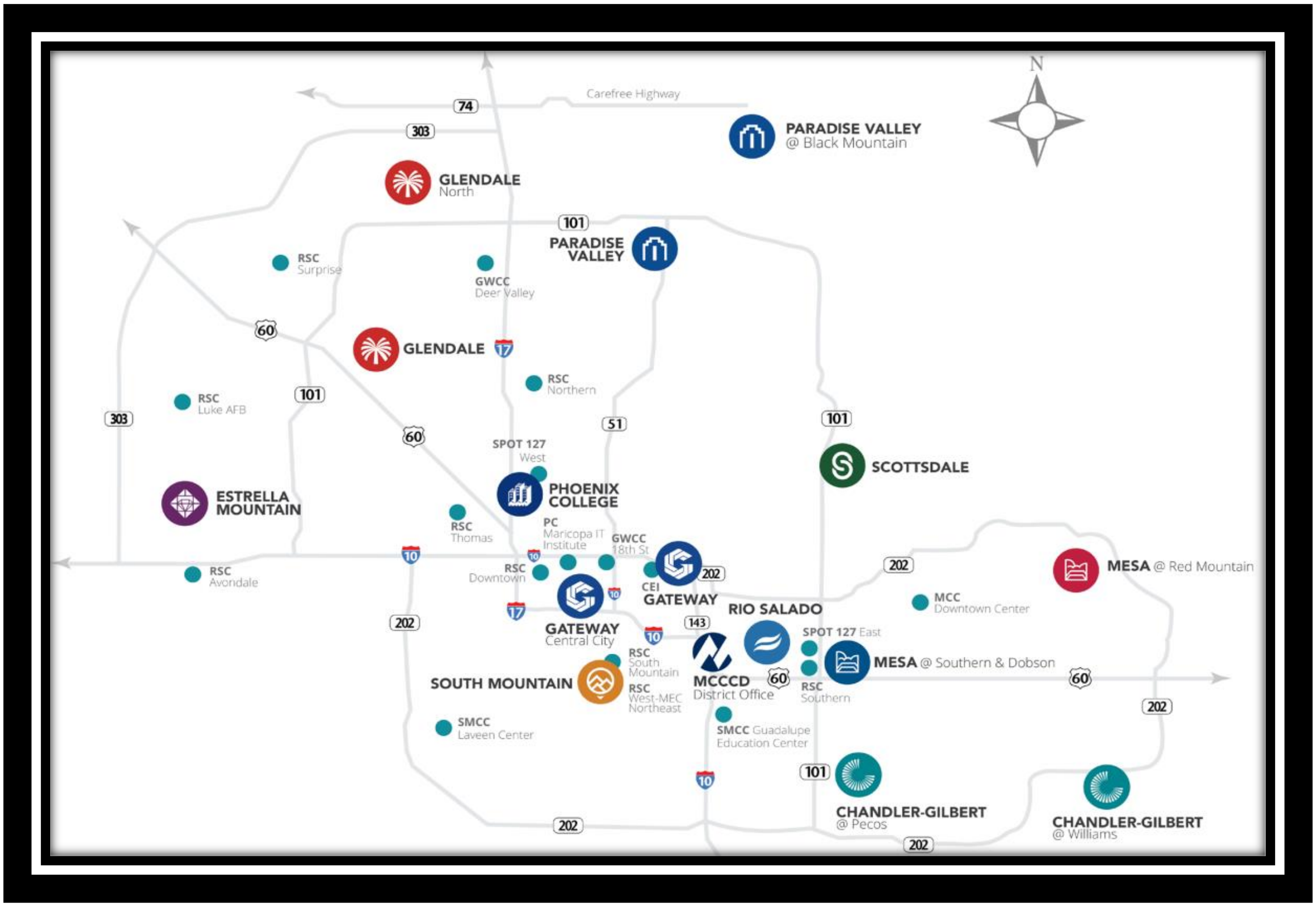
According to their President (Brian Mueller), "In the next 10 years or less it will grow (to) somewhere around 50,000 students. We have acquired the land and have the building process in place to do that."

"**We haven't raised tuition in 10 years**," Mueller said, "And the average student graduates with less debt that the average state university student."

A Fox News article states, (GCU) ***Costs are kept low by employing a small staff to serve both in-person and online students.*** (Author: It does work that way.)

Detour concluded, back to the main road.

Opportunity Two – Sell or Lease Select Campuses



If this option is chosen, there will be weeping, wailing and gnashing of teeth. That would include employees as well as prospective and current students.

Maintaining large campuses while in-person enrollment is approximately 30% of the peak (see page 25) is financially wasteful.

For long-time Valley residents, Phoenix Union, East, and to a degree West High Schools went through gut wrenching physical closings for everyone involved. So, too, would the District in choosing this option.

Online shoppers do not require stores, nor malls.

Online students do not need campuses.

Shopping malls are limited in their functionality after the stores leave.

College campuses even more so.

The argument arises that substantial dollars have been invested in each of the District’s physical campuses since the 2004 Bond Election.   We can’t abandon now.

Sunk Cost

A cost that has already been incurred and that cannot be recovered.

The money spent, at each of the campuses, is gone. It is not part of the decision-making process going forward.

It is akin to a car owner making costly repairs to their aging auto and hanging on for dear life since they have formed a quasi-emotional bond after the expenditure. The past repair is irrelevant going forward.

The proper decision point is: what will it take to keep this - car or campus - going?

Potential Buyers or Tenants

Arizona Department of Education

Do any of MCCCD’s locations fit into any areas currently being underserved at the secondary level?

Brophy College Prep

Brophy College Preparatory is a Jesuit high school in Phoenix. They are located on North Central Avenue, just south of Camelback Road. And, they are land and canal locked with little room for expansion. The school has an all-male enrollment of approximately 1,400 students. It is operated independently of the Roman Catholic Diocese of Phoenix.

That last sentence eliminates some of the bureaucracy.

With a current tuition rate of $18,500 for the 2023 – 2024 academic year and a 65% acceptance rate, would they be interested in a satellite location in say, Paradise Valley or Scottsdale? It may be worth a discussion, although the numbers would be in the hundreds.

Phoenix Country Day School

Phoenix Country Day School is a college-preparatory school located in Paradise Valley, Arizona, United States. It has an enrollment of approximately 750 students in pre-kindergarten through grade 12 and follows a liberal-arts curriculum.

With the bio out of the way, let's look at the hard numbers.

Phoenix Country Day School Tuition and Fees 2023 - 2024 Academic Year	
Pre-K	**$ 27,200**
Grades 9 - 12	**33,300**

Source: https://www.pcds.org/admissions/tuition-financial-aid

The reader can appreciate why they are located in Paradise Valley.

Acceptance rate: 50%

Source: https://www.privateschoolreview.com/acceptance-rate-stats/arizona

Perhaps their low acceptance rate is limited by the size of their campus. They are turning away families willing to spend approximately $30,000 per year per child.

Maybe they would receive more applications if the odds of acceptance were increased.

Have they ever thought of splitting off their Grades 9 – 12 students to a separate location? MCCCD has a location (PVCC) just 20 minutes down the road.

PVCC could continue their skeleton offering of in-person classes and offer up a building or two to the prep school's older students.

This would only be a few hundred students, but every bit helps, as would the revenue.

There are other private schools and colleges worthy of investigation. (They may see increased demand for their services as the State is offering, on average, $7,200 private school vouchers.)

Arizona State University

Enrollment at ASU has been busting out at the seams for quite some time – albeit, much of it online. They have many Valley locations. Nothing out towards EMCC. Would they take the campus as is? Or, be willing to offer upper division courses at the same location where the District offers lower division.

Grand Canyon University

GCU's growing main campus is at approximately 33rd Avenue and Camelback in Phoenix. They have satellite locations in Tempe, Scottsdale and Tucson. And, nursing programs located in Chandler, Sun City and Tucson.

With the goal of doubling their on-campus enrollment in the next 10 years (see page 43), they might be interested in a partnership with one, or two, of the community colleges.

A partnership where both the community college and GCU offer classes at the same campus. GCU may be interested for the simple reason that the community colleges could continue to offer lower division courses and they could offer upper division courses at the same site(s).

Would they like to lease from MCCCD? Or, would they prefer a sale-and-leaseback? They buy and the District enters into a long-term leaseback of a portion of the facilities.

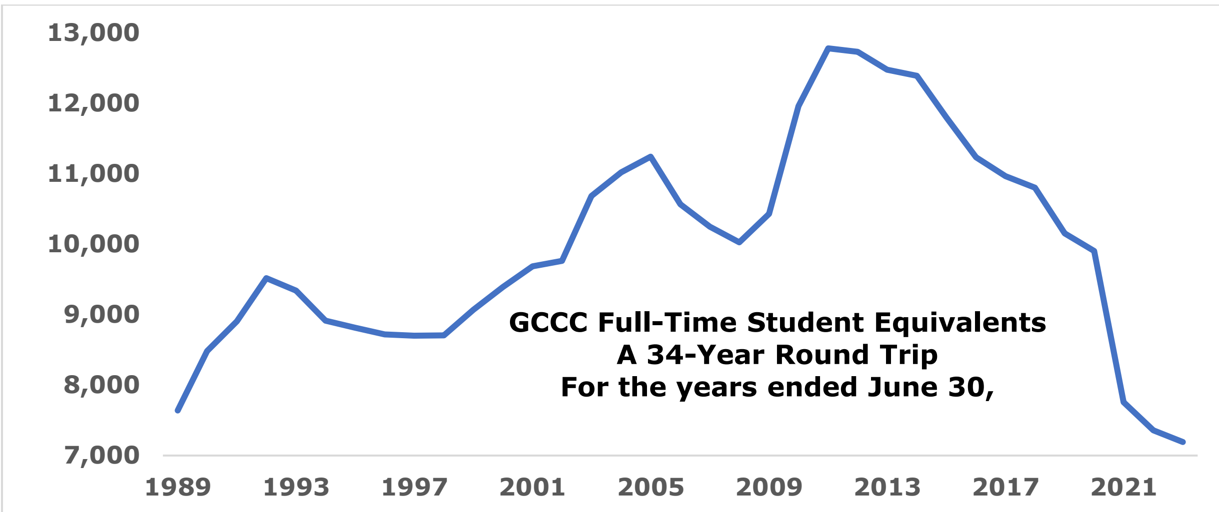
They have no idea the District *could be* interested in selling, or leasing, classroom ready facilities at various county locations. GCU appears to be the biggest opportunity.

MCCCD has been looking for revenue enhancing partnerships. Why not look to other educational institutions? The author would be sure those institutions have no idea the District would be willing to lease or sell their facilities.

It's either the preceding or the wrecking ball.

Glendale Community College: A Case Study

Full-time student equivalents, at Glendale Community College (GCC), have declined for twelve consecutive years. Estimated fiscal 2023 enrollment is lower than 1989.



If current trends continue, Chandler-Gilbert's enrollment will surpass GCC's shortly.

Glendale Community College Full-Time Student Equivalents
For the years ended June 30,

1988	1989	1990	1991	1992	1993	1994	1995	1996
6,619	7,637	8,485	8,904	9,517	9,342	8,912	8,816	8,718
1997	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
8,702	8,707	9,070	9,391	9,685	9,760	10,681	11,017	11,242
2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
10,566	10,248	10,023	10,428	11,959	12,777	12,728	12,473	12,390
2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023***
11,799	11,229	10,965	10,799	10,152	9,904	7,756	7,358	7,192

*** Estimated amount from District 2024 Adopted Budget**

With proceeds from the 2004 Bond Election, (2) two-story buildings: Life Science and Public Safety were constructed.

The author will spare the reader the tables and graphs and simply state GCC's square footage as:

2006	652,200 square feet
2022	810,831 square feet

The above difference in square footage represents approximately (88) 1,800 square foot homes.

With proceeds from the 1994 Bond Election, the Humanities Building and Enrollment Center were added.

And with the same bond, the GCC North campus opened to serve students for the Fall of 2000.

It is mind numbing that estimated 2023 enrollment is over 400 students less than 1989 after the massive additions above.

Using the same methodology and assumptions the author employed, on page 25, yields the following two tables with respect to GCC.

GCC Classes Ex-Dual Enrollment Calculation of Percentage Offered In-Person Fall Semester 2023			
Category	**Total Classes**	**Percentage In-Person**	**Adjusted Classes In-Person**
In-Person	**942**	**100%**	**942**
Hybrid	**381**	**50%**	**191**
Hybrid Virtual	**37**	**0%**	**0**
Online	**754**	**0%**	**0**
Live Online	**79**	**0%**	**0**
Private (Music)	**65**	**40%***	**26**
Other	**17**	**10%**	**2**
Total	**2,275**		**1,160**
Percentage of Total Classes Offered In-Person			**51.0%**

- GCC has better utilization, with music classes, than the District.

Applying that percentage to the most recent enrollment produces the following.

Glendale Community College Enrollment (ex-Dual) Calculation of FTSE Attending In-Person For the Fiscal Years Ended June 30,		
	2011 Peak Enrollment	Estimated 2023 Most Recent
FTSE Enrolled at GCC	**12,777**	**7,192**
Dual Enrollment	**(109)**	**(150)**
FTSE Enrolled at GCC ex-Dual	**12,668**	**7,042**
% of Classes Offered In-Person	**90.0%**	**51.0%**
MCCCD FTSE Attending In-Person	**11,401**	**3,591**

If FTSE going forward grows at 3% each year, GCC will match peak on-campus enrollment in approximately 39 years. After twelve consecutive down years, GCC would be ecstatic with one up year.

Total enrollment, at the two GCC campuses, is at 1989 levels.

In-person GCC enrollment appears to be at 1970's levels.
(Please read the last sentence again.)

According to budget documents (and, a previously posted actual employee count by campus), the number of GCC full-time faculty from peak to current is within a handful. And, enrollment from peak 2011 (12,777) to 2023 (est. 7,192) is down 43.7% with a significant portion of the latter online.

The District's largest cost is compensation. With nearly half of enrollment at all campuses not attending in-person, the number of employees deserves intense scrutiny. The tremendous excess cost, from the outsized number of employees, is: a) being passed on to the students, and b) keeping a lid on enrollment.

Department chairs and deans are involved in staffing committees.

Presidents cast the final vote on the hiring of a new faculty member (and, higher level employees).

The Chancellor recommends the budget, with staffing levels, to the Board.

And, the Governing Board, adopts the budget with employee levels in plain sight.

Every administrative level from chairs, through deans, presidents, the Chancellor and Board are culpable.

And, students (and their families) are paying the freight for this continual financial blunder.

If the reader is in one of those categories and cannot see the big picture or does not have the intestines to put the students first, it's time to step down, aside or away and let someone that does.

Maricopa County Community College District Peak Enrollment at the Nine Physical Campuses Year of - and Current Decrease from - Peak					
Campus	**FY 2023 FTSE * Most Recent**	**First Year FY 2023 FTSE Was Breached**	**Peak FTSE**	**Fiscal Year of Peak**	**Decrease From Peak**
Phoenix	**5,287**	**1986**	**7,576**	**2011**	**-30.2%**
Glendale	**7,192**	**1989**	**12,777**	**2011**	**-43.7%**
Gateway	**2,622**	**2000**	**3,897**	**2011**	**-32.7%**
Mesa	**8,299**	**1989**	**16,097**	**2011**	**-48.4%**
Scottsdale	**3,714**	**1989**	**6,397**	**2011**	**-41.9%**
South Mountain	**1,814**	**2003**	**2,954**	**2011**	**-38.6%**
Chandler-Gilbert	**6,925**	**2011**	**8,047**	**2013**	**-13.9%**
Paradise Valley	**3,128**	**2001**	**5,715**	**2011**	**-45.3%**
Estrella Mountain	**5,056**	**2014**	**5,915**	**2020**	**-14.5%**
*** Estimated amount from District 2024 Adopted Budget**					

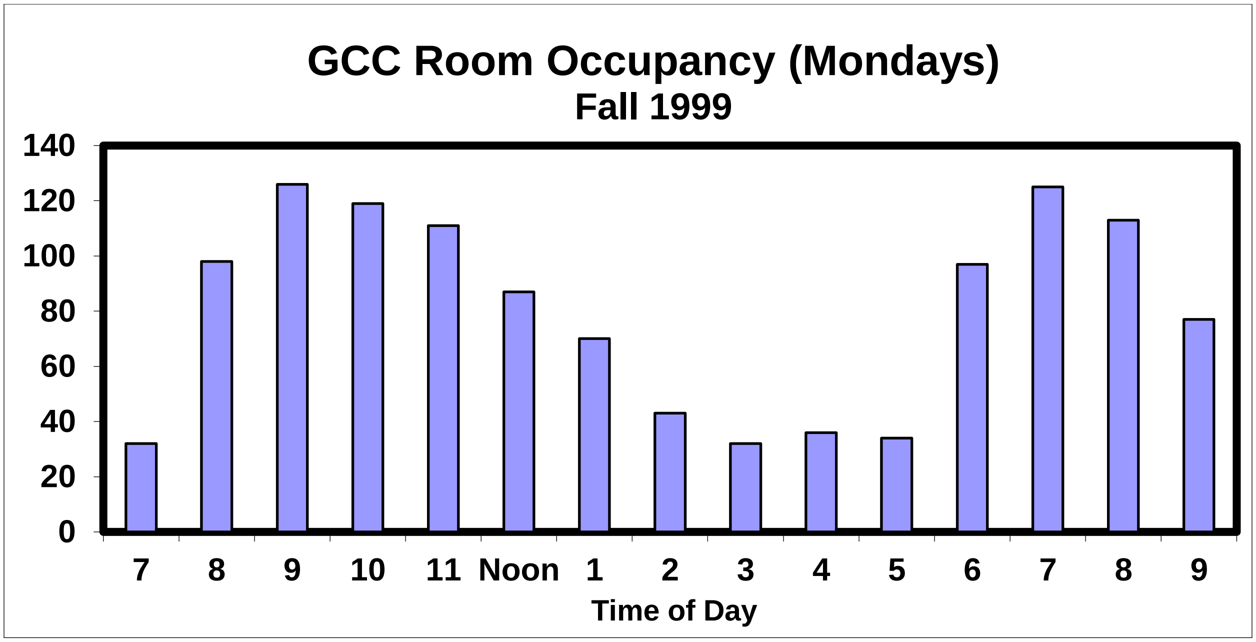
Important notes regarding the above table:

1) When enrollment declines 35%, it requires an increase of 53% to reclaim the previous peak.

2) The District employed 5 less faculty and 478 *more* administrative & staff during fiscal 2022 than fiscal 2011, despite having substantially less total, and more importantly in-person, enrollment.

3) **The most recent FTSE (2023) includes a substantial amount of online enrollment and potentially dual enrollment that earlier years did not. If each campus stripped out their online and dual enrollment, the first-time current year enrollment was breached would be much earlier.**

Rolling Back Tuition to Fiscal 2005 Levels
(Right Here, Right Now)



The author used the above, and much more, to lobby Chancellor Gaskin and then Chancellor Glasper to rethink the 2004 Bond Election.

The District argument was that additional capacity was needed.

The author's rebuttal was that we were not efficiently using the capacity we had.

Allow the author to play chancellor for a day, with thoughts recycled from over twenty years ago.

Off-Peak Pricing

The difference, in green fees, for a round of golf during the winter and summer can be staggering.

Discounts are available if you choose to push your dinner time earlier by an hour or two at some restaurants.

If one chooses to imbibe, there are savings to be had and perhaps free appetizers if you do so while the sun is still up.

A savings exists if you choose to attend the movie theater in the afternoon.

Each of the above businesses, and more, offer discounts to shift their demand to times/seasons when business is slack.

Such was the logic that the author communicated to both Chancellors' Gaskin and Glasper before the 2004 Bond Election.

The author reasoned that all campuses had excess capacity (think afternoons and currently, evenings) that could be used by offering students a discount for attending during off-peak hours. This could be done instead of constructing buildings that were only fully utilized during the peak semester of Fall and only at certain hours of the day (think 9 to noon).

No response was received from Chancellor Gaskin. Chancellor Glasper was kind enough to reply with the letter that starts on the next page.

Total enrollment today is less than the day of the Bond Election. When online and dual enrollment classes are subtracted from enrollment, it is more than embarrassing how much capacity was added and how low in-person enrollment has sunk.

GCC and All Students Need an Assist

Beginning on page 48, the author took a look at GCC – their enrollment and capacity. Tragic. They are not alone. The author is simply more familiar with their geography and situation.

The administration needs to give GCC a shot at off-peak pricing, starting with the Fall 2024 semester. Drop the resident tuition to either $50 or $60 per credit hour for a select group of classes during the afternoon. Happy hour pricing.

GCC has a strong Open Educational Resource (OER) contingent. If any of those faulty were willing to teach at those hours, the courses could be promoted as half-price, total cost, all-in. And, some of the larger classrooms would be wide open.

If the seats fill faster than a Taylor Swift concert, bells will ring that this is the path to pursue (lower cost fills seats).

The downside is negligible when compared to the tens of millions left on the floor *every month*.

MARICOPA COMMUNITY COLLEGES
www.maricopa.edu

EXECUTIVE OFFICES

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CHANCELLOR

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December 2, 2005

Chuck Vawter
Glendale Community College
6000 W. Olive Avenue
Glendale, AZ 85302

Dear Chuck,

Thank you for your recent comments on Maricopa enrollment and FTSE.

It is true that enrollment was down for Fall 45th day 2005. The individual colleges and the district are reviewing and discussing this change within the larger context of historical trends and current conditions.

Over the past twelve years, the district has grown each fiscal year. The last time we had a decline in fiscal year Full-time Student Equivalents (FTSE) was over 12 years ago, in 1992-93 and 1993-94. Since then the district has experienced continuous growth, with growth rates at times fluctuating considerably from year to year. Although there was a small decline of 1.1% in Fall 2005 FTSE, the district expects to continue the longer term history of enrollment growth.

A series of additional facts are helpful to frame the Fall 2005 FTSE decline. First, we are finding that the 45th day enrollment statistic is becoming less meaningful than it was ten years ago. In fiscal year 1996, Fall 45th FTSE comprised over 76% of the total fiscal year FTSE; in 2005 it comprised 71% of the total. Both Summer and Open Entry/Open Exit (OE/OE) FTSE have slightly increased over this same time period, to comprise 12.6% and 4.9%, of the total, from 11.2% and 3.2%. Short-term FTSE also has increased over this period to comprise 7.5% of the total, from 6.8%. Ultimately, it is the sum of all enrollments over the course of the year that serves as the enrollment level for the district.

As we look at the broader context for enrollment and FTSE, we must also look at the different ways in which we serve students. While dual enrollment and distance learning have outpaced the growth rate of in-classroom instruction over the past decade, all three have experienced real growth. For this time period, the average growth rate for Dual/Distance combined was 16%; for distance, 10%; and in-classroom nearly 4%. Furthermore, we anticipate that the growth in all three types of enrollment will increase with a resulting demand for additional space to serve as either classrooms or support space. Increased student interest in dual enrollment and distance learning courses served to relieve some pressure on the demand for in-classroom instruction, but the demand for classroom space is still there and it will grow. This demand created the need for the capital programs that the voters approved in both 1994 and 2004. All of our colleges continue to plan for full use of their facilities and ultimately continuous increases in the number of students attending the colleges require additional facilities.

Maricopa County is an area of rapid growth. We remain committed to supporting growth in a number of different ways including: scholarships; facilitating access to our programs, courses, and services; providing alternative options such as dual enrollment and distance delivery; and summer OE/OE.

Another issue you raised was Maricopa's tuition. It is true that the last several years have witnessed significant increases in tuition. Tuition is one of three major revenue sources for our system. State aid was underfunded in FY01-2, FY02-3 and FY03-4 during a period of state budget problems. However, our enrollment grew during that time, and therefore funding for additional part-time and full-time faculty was needed to address this growth. There were numerous other critical budget needs that occurred during this period, including rising state retirement contributions and employee health benefits. This created a need for somewhat larger tuition increases. Maricopa was not unique in this respect as we noticed the same pattern of tuition rate increases occurring throughout the state and nation.

We are paying careful attention to tuition increases. Maricopa's tuition is higher than the other community colleges in the state, yet we are under the national average for community colleges. We are also less costly than all universities in the state. We try to maintain affordability yet continue to offer the variety of programs, courses, and services of interest to and/or requested by our community. We also maintain a strong commitment to affordability and access through scholarships and other means of financial support.

Again, thank you for raising a number of important discussion points.

Sincerely,

Rufus G Glasper

Rufus Glasper, Ph.D., CPA
Chancellor

RG/lb

cc: MCCD Governing Board

Dual Enrollment Gets a Boost

This section was an eleventh-hour add-on given the dates cited.

Ten District Colleges Comparative Enrollment from All Sources For the Fiscal Years Ended June 30, 2022 and 2023			
Campus	**Estimated FY 2023 FTSE**	**Actual FY 2022 FTSE**	**Percentage Change**
Phoenix	**5,287**	**4,733**	**11.7%**
Glendale	**7,192**	**7,358**	**-2.3%**
Gateway	**2,622**	**2,598**	**0.9%**
Mesa	**8,299**	**8,485**	**-2.2%**
Scottsdale	**3,714**	**3,639**	**2.1%**
Rio Salado	**9,702**	**8,208**	**18.2%**
South Mountain	**1,814**	**1,787**	**1.5%**
Chandler-Gilbert	**6,925**	**6,736**	**2.8%**
Paradise Valley	**3,128**	**3,250**	**-3.8%**
Estrella Mountain	**5,056**	**4,625**	**9.3%**

A rising tide lifts all boats. The 2011 peak enrollment, bolstered by high unemployment, lifted FTSE throughout the District.

Using estimated fiscal 2023 FTSE, subject to revision, three of the District's colleges delivered superlative enrollment gains.

In the aggregate, total FTSE (including Skill Centers and Adult Basic Education) grew 4.4%. The three shaded colleges accounted for over 100% of that increase. The other seven campuses had a combined enrollment decline of 0.5%.

Why is that Mr. Author? Given available records, it is a mystery.

The author is going to go out on a limb, which may be sawed off with him on it, and make an attempt to explain.

In this section, and all others, check the Sources Used document for links that may interest the reader.

In a story, dated June 10, 2023 and posted on KTAR.com, the following is found.

ElevateEdAZ, a Greater Phoenix Chamber Foundation initiative, received a $950,000 grant from the Helios Education Foundation to expand dual enrollment in two large Valley public school districts.

The Helios grant will be awarded over the next two years, allowing ElevateEdAZ to build upon a 2022-2023 project with Mesa Public Schools and the Phoenix Union High School District.

The ElevateEdAZ project led to dual enrollment increasing by 40% in the fall of 2022.

For fiscal 2011, the last year the author found dual enrollment broken out by college, Rio Salado accounted for 64% of the District's dual enrollment. They are the dominant player in this area.

Dual enrollment, at the Phoenix Union High School District, *may* have given a bump to Phoenix College's FTSE.

The above two paragraphs seem plausible when explaining the gains for Rio Salado and Phoenix Colleges. Estrella Mountain remains a mystery.

Enrollment, for the upcoming Fall 2024 semester, is trending higher in the District.

Why?

1) Students were allowed to register with no payments until August 7. Students enrolled earlier than normal. Time will tell, if/when enrollment gains hold or level out relative to the prior year.
2) Enrollment has finally caught a bounce from the debacle of fiscal 2021.
3) Dual enrollment incentives are providing a boost (likely).

In another story, posted June 14, 2023, the headline read:

State Budget Includes $15.5 Million for Dual Enrollment Tuition

Contained in the article was the following.

The state budget approved last month provides $15.5 million to reimburse dual enrollment tuition, with priority given to students who qualify for free or reduced lunch.

- ***Freshmen and sophomores can get up to $300 reimbursed and juniors and seniors can get $600.***

The author is befuddled by the statement: ***freshmen and sophomores can get up to $300 reimbursed.***

Presumably, high school freshman and sophomores have not finished junior level English and Math and they are earning college credits.

This is even more curious when one considers the decline in ACT scores and "college readiness" of high school students (see MCCCD Inflation essay – must read).

Rhetorical question: Has this initiative – dual enrollment – been pushed too far?

One of the author's fundamental education beliefs is that learning derives from spaced repetition. First exposure gains familiarity, later exposures allow for better understanding, application and critical thinking.

Dual enrollment bypasses that. One of dual enrollment's aims is to shorten the education process by counting one course as credit at two levels of education. With all the sarcasm the author can muster: what's next, biology in the seventh grade for high school credit?

Another headline, posted June 29, 2023, read:

Arizona's $15M Investment in Dual Enrollment Will Help More Low-income Students Access College

Found in the article:

About 20% of total headcount at Maricopa Community Colleges is dual-enrollment students and about 10% of enrollment for the fall 2022 was dual-enrollment students at Mesa Community College.

Dual-enrollment students have risen from 4% of Mesa Community Colleges' student population to 12%.

The fiscal 2023 dual enrollment total is not publicly available. It is available. But, it's a secret.

The author used a very conservative amount in the earlier pages. The certified dual enrollment count for fiscal 2021 and 2022 was 5,523 and 6,081, respectively. The author used 6,100 for fiscal 2023.

Given the preceding, he appears to be on the low side.

This translates into even more FTSE being generated away from MCCCD physical campuses that do not employ District faculty.

The preceding story continues:

At Maricopa Community Colleges, one lower division credit is $97 per credit hour for Maricopa County residents. If a student meets requirements, the school would receive $50 and the student would be billed the remaining $47.

The State’s appropriation has made it possible for students to earn MCCCD credits for $47 per credit hour.

From the text of Senate Bill 1717:

A student who obtains a passing grade in a qualifying dual enrollment course may receive a reimbursement of up to $50 per credit hour.

Source: https://legiscan.com/AZ/text/SB1717/id/2756985

On page 66, of this paper, and included in the bill:

A student who is enrolled in grade eleven or twelve may not receive more than $600 per school year.

Folks, that’s 12 credits per year. How many credits will remain for the District?

Upon graduation from high school, the student (and their family) will still need to dig deep for the $97 nut that the District charges.

It remains to be seen how this will affect District (ex-dual) enrollment in the long run. And, **MCCCD faculty have superior credentials when compared to the average high school instructor**.

There will be more students enrolled in dual enrollment courses. This may lead to more students at the community colleges. But, some of the students that previously had their sights set on the community colleges may show up with 24 credits on their transcript and take less directly from the District than originally planned.

Net/net the impact on the community colleges may not be as large as expected.

Currently, one-fourth of the District’s enrollment is supplied by dual enrollment and Rio Salado, with few faculty and no physical campuses. Will their slice of the pie continue to grow?

The $15.5 million appropriated is for fiscal 2024. A portion of the amount is a one-time $1,000 incentive to dual enrollment instructors.

Let’s have some fun with numbers. Conservatively $12 million, of the total, is used to discount dual enrollment tuition. At $50 per credit, that amounts to 240,000 discounted credits which translates into 20,000 FTSE if fully used.

FTSE that will be added to the District totals, elevating college enrollment figures, *that required no capacity and no faculty*. (Dear reader, keep repeating that last phrase to yourself.)

What happens when an enterprising member of the press, as they have with MCCCD salaries, makes a records request concerning detailed sources of enrollment and the numbers are laid bare? (What is the District's deepest fear?)

Dual enrollment may soon become larger than any college's FTSE. Dual enrollment needs to be broken out as the eleventh college so appropriate decisions can be made about staffing and capacity.

Trick or Treat

The Arizona Auditor General's Office certifies fiscal year full-time student equivalents at each of the community college districts, including dual enrollment.

Traditionally, their attestation letter is dated, on or about, October 15.

This is the only public source of MCCCD's dual enrollment. The Auditor General will not attest to dual enrollment by campus, but in the aggregate.

The report will not be posted on October 15, most likely by the end of October.

Follow the link below on October 31, if you would like to see the MCCCD's dual enrollment for fiscal 2023 (because the District is not going to tell).

https://www.azauditor.gov/reports-publications/community-colleges?field_audit_type_tid_selective%5B%5D=534&field_date_value%5Bmin%5D%5Bdate%5D=1%2F1%2F1970&field_date_value%5Bmax%5D%5Bdate%5D=7%2F23%2F2023&sort_by=field_date_value&items_per_page=20

Random Thoughts at Closing Time

- MCCCD has an adopted budget, for fiscal 2024, that is larger, or equal to, the vast majority of municipalities and counties in Arizona. This explains why it took so long to get here. The documenting of financial blunders added substantially to the chore.

- As the fall semester begins and the weather cools, the reader is asked to visit the campus of their choice. Take a walk on a weekday between 9 and noon. This is prime academic time during the peak semester of the year. Is what you see an efficient use of public resources or closer to a shopping mall in its terminal stage?

- Enrollment, for the approaching semester, is higher. How much of it is from subsidized education occurring at the high schools?

- There has never been a valid reason for dual enrollment numbers to be rolled into each campus's FTSE. These classes do not use the campus's faculty or facilities. If the tide went out on this practice there might be colleges swimming naked. Dual enrollment should be centrally administered.

- Online courses should be centralized. Hypothetically speaking, a specialty course is offered online through four different colleges. Each class is allowed to make with 12 students each. It's online. No campus is used. If online courses were centralized this would be, *at most*, two courses. As it is, payment would be made for four courses.

- The 2022 Annual Report contains the following on page 9 (underling added for emphasis). **As a community of colleges serving a large and diverse metropolitan area, <u>shifting our culture from 10 individual colleges to a system of colleges working together</u> to support students and the community, <u>will enable the District to</u> be more entrepreneurial, <u>increase efficiency</u> and collaboration, <u>and better leverage resources across the system</u>.** This is categorically false in light of the previous two bullet points.

- The definition of faculty load should be redefined by number of students served. This would eliminate classes allowed to make, by chairs and deans, with 8 or 10 students. The faculty would veto the make if they were credited with less than one class. This is a tremendous waste of money. This practice is allowed to continue as colleges must assure that faculty members make their contractual load. That would not be an issue if the number of faculty was not so massive relative to the student body.

- The oversized number of faculty has caused departments to adjust their maximum class sizes lower. The students are picking up the tab. Classes that were traditionally 24 students are now offered with a cap of 18 students. For every sixty sections following this practice, an extra four full-time faculty members is required. A class size of 24, which is not large, saves large dollars District-wide.

- It is truly ironic that enrollment is at current depressed levels with multitudes of unique course offerings added to the course bank since peak enrollment.

- For over a decade, the author has surveyed his students on opening day. Ninety percent of his Accounting students are desirous of transferring to a university. Two-thirds are desirous of enrolling at nationally ranked ASU WP Carey where the degree of difficulty can increase considerably. Will the grade inflation, they have experienced, give them a false sense of higher education as they are emboldened to lay down (via cash or their student loan) $14,000 for their first year of professional program studies?

- Good habits will enhance a student's chances when interested in successful university transfer and completion. In many of the professional programs, the offering of online courses is more limited than at the lower levels. Rhetorical question: Which community college student will have a better chance of success at the next level? The one that took the majority to all of their classes in-person or the one that went online. A wave of the hand, in front of the face, will not instantaneously change their habits to those needed for a different modality at the next level. Habits need to be learned and reinforced over time. It's akin to asking employees to start a diet and/or exercise program next Monday. How many will make it to the second month?

- Grade inflation has planted roots in the District. Dual enrollment is taking a larger and larger slice of MCCCD's enrollment. It would be instructive to know the grade distribution for dual enrollment students in isolation. If dual enrollment were treated as a separate college, this would be accomplished.

- Some faculty postings list online teaching as a requirement. That should be replaced with must be able to teach in-person.

- The author sat on a hiring committee where the desired qualifications included Master's degree, CPA license and teaching experience. The salary range began with a level that might be rejected by a freshly minted ASU Accounting graduate, with no experience. The author suggested including the possibility of overload, summer and other duties in the description. Human Resources did not approve. Human Resources has issues.

- The salary schedule needs improvement. The author, with an alphabet soup after his name which is great for accreditation, gets out advanced by individuals, with less, advancing from home via Zoom. His continuing education, with two certifications, bears no fruit. With this project complete, the author will begin diagramming sentences in an effort to understand the July 14, 2023 form letter he received concerning what happened to his pay.

- Over one-half of active members in State Retirement require 85 points (age plus years of service) to retire. Those who started earlier need 80 points. Public Safety Retirement has three different tiers, with different contributions and benefits, based on hire date. Is it time for two Faculty Agreements with different rights and privileges, based on hire date, to tighten the screws?

- Assume an employee retires qualifying salary of $80,000 for State Retirement purposes. With years of service, they have earned an annual benefit of $40,000. Further assume the District did <u>*not*</u> miss 10% of the salary adjustments foregone with the calculation in the Inflation document (mandatory reading). This retiree would be receiving an additional $4,000 each year for the rest of their life. The District gets you coming and going.

- Is it any wonder that so much previously posted data concerning the operations of the District – employee count by campus and class, 15-year financial plan, trend enrollment data, dual enrollment statistics, cost of fringe benefits, historical step and cost of living increases, and more – have been suppressed from public view? Much of what remains requires a password to access. Every student – current and potential, taxpayer, employee has a vested interest and unqualified right to see such data. They are shareholders. Student and taxpayer funds pay the salaries and keep the lights on. Employees' standard of living depends on the health of the organization. Yet, only a few administrators have full access. **Witness what has happened as a result of a few holding a monopoly over the data. Staffing is at nosebleed levels, relative to enrollment, and capacity is only fractionally used. Both are an enormous financial drain on the students. Those few employees have, for the most part caused an enrollment, staffing and capacity <u>mess that will take years to over a decade to remedy</u>.**

- In light of the previous paragraph, the word transparency (and, all of its derivatives) should be dropped from the MCCCD working vocabulary.

- How many of the preceding administrators have long known of the financial waste from capacity, enrollment and employment imbalances? They should be asked to leave. How many of the preceding did not know? They should be asked to leave (it's their job to know).

- The following is found in the District Vision, Mission and Institutional Values

  Integrity: We foster a culture of honesty, trust and transparency.

  Inclusiveness: We value all contributions and diverse perspectives. (Would that include the author?)

- Found, on page 16, of the 2022 MCCCD Annual Report:

  We are accountable to our communities for the efficient and effective use of resources …

  Contained, on page 8, of the District 2024 Adopted Budget:

  The District strives to maximize the resources entrusted to us by the taxpayers and students.

  Resources include campuses and employees.

- The author has little confidence in any individual elected or employed at a District financial decision-making level. All have contributed to the waste that has driven tuition to dizzying heights and kept enrollment contained. In the next decade, there is over one billion dollars laying on the ground – more, when underutilized capacity is considered. Economies of scale are denied. (Four Governing Board seats are up for election in 2024. Any candidate, filing a petition to run, will receive this report.)

- If any of those administrators were forced to defend their position to a group of students, parents, taxpayers, accreditors they would be in the weakest position. They possess the most knowledge of the situation but *their actions would be indefensible*. The adding of capacity, employees and decline in enrollment has happened in real time over more than a decade, not overnight. They did not stop it and suppressed reports.

- If a student, parent, taxpayer or accreditor followed an employee for one week, both on-campus and on the road as they went about their job, what type of evaluation would that employee receive?

- **The batting order for MCCCD is, was and always will be:**

  Students first,

  taxpayers next and

  employees last.

  The student is currently batting last, as they grapple with a crushing and needless tuition increase.