

F I N A L(?) D R A F T – 4/5/07
Political/Economic Subcommittee Report
To the Strategic Planning Advisory Committee (SPAC)
Glendale Community College
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Subcommittee Members:

Bill Bonnell, Faculty, Mathematics
Gay Garesché, Faculty, Economics
Pamela Hall, Faculty, Art
Steve Kadel, Faculty, Geology
George A. Martinez, Chair; Director, Institutional Advancement
Scott Schulz, Manager, Career Services

Introduction

The Subcommittee acknowledges the findings of the 2005-06 Political/Economic Subcommittee Report and determined that some trends it identified are still playing out/evolving, while new ones have emerged. This report reflects those changes. The report also reflects, where appropriate, that more challenges faced by GCC in the political/economic arena are often District-level in nature rather than unique to GCC. As a result, the report presents, selectively, questions that GCC should ask as it considers trends as both threats and opportunities in planning. Although many issues in the political/economic arena should command the attention of decision-makers, listed below are three high priority issues/trends for the next three to five years and one for six to 10 years that will likely impact GCC's core educational mission.

Short-Term Trend #1: Re-examination and scrutiny of Arizona community college districts' oversight, mission, governance and structure will continue; resulting effects are unknown but inevitable.

Projections and Implications for GCC

Recent Maricopa County law enforcement investigations into allegations of theft, misuse of funds, and nepotism at MCCCCD colleges have generated extensive negative publicity, negative public comment, and shaken public confidence in the

District. These investigations of the system were catalyzed by media coverage; scrutiny by print and broadcast media can be expected to continue as well into the indefinite future. Reactions to this broader trend of enhanced scrutiny can be seen in the following:

* Bills proposed and pending in the 48th Legislature, First Regular Session reflect various limitations on community college operations, such as a bill that would place a moratorium on public funding spent on international travel (SB1363); a bill that would re-establish a state-level oversight board, with implications for the nature of MCCCDC governance (HB2317); and a bill that would prohibit any instructor in a public K-12 or postsecondary institution from endorsing, supporting or opposing any political candidate or office, legislation, litigation or court action...”that is a matter of partisan controversy” (SB1612/HB1542).

* New Governing Board policies that address needed reforms throughout MCCCDC, all directly affecting GCC: mandatory public stewardship and ethics training; enhanced whistleblower provisions and establishment of an ombudsperson office; expanded internal audit functions; adoption of employment standards; and clearly defined travel policies. These reforms hold unknown budget and personnel implications. Budget adjustments at the college level may be necessary to accommodate them.

The effectiveness of these and possibly other pending measures in helping restore public trust in the District remains unknown. Significantly, in this context, “public trust” may hold the greatest implications among legislators rather than prospective students whose educational decisions may not necessarily be swayed by the need for institutional reforms.

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Trend #2: Change in economic uncertainties, revenue streams and demographics will continue, challenging GCC's capacity to adapt; competition for enrollment will remain relentless.

Background/snapshot/trends in MCCCCD financing

- * Property tax revenues have grown about 8% per year for the past five years.
- * Tuition for two-year public colleges nationally rose about 8.7% since 2004. MCCCCD full-time tuition has risen by about 9% per in-state credit hour in each of the past three years; 7.3% since 2003; since 2000-01, MCCCCD tuition has risen 59%. Many full-time students are employed full-time as well.
- * State support of Arizona's community college districts was originally intended to provide one-third of districts' operating budgets, supplementing property tax and tuition. Increases in housing values have increased property taxes. Approximately 11 percent of the overall MCCCCD budget comes from state funds—its lowest level ever. Although MCCCCD secured full funding for 2006-07, funding levels for 2007-08 are unknown. State support as a percentage of the budget has declined steadily over the past 10 years.

Projections, Implications and Related Questions for GCC

Many forecasts indicate that income disparities throughout the U.S. are likely to grow. Such growing gaps are increasingly acknowledged as stemming from, and reflecting, disparities in educational attainment. If this general projection holds true, local economic disparities exacerbated by differences in educational attainment will be seen throughout the West Valley as well.

Other factors contributing to the broader trend include:

- * At the broadest economic level, it is increasingly unclear if traditional local economic indicators (such as the unemployment rate) can still be counted upon as primary indicators of enrollment patterns in community colleges. More factors than ever may account for enrollment patterns' increase or decrease, including students' lifestyle needs, online access, and duration and scheduling of classes.
- * The new state minimum wage increase to \$6.75 from \$5.15 may result in layoffs or contribute to employment contraction, particularly among small

businesses. Proposals at the federal level may increase the federal minimum wage as well.

* The MCCCCD funding formula is punitive for those colleges whose enrollments decline or regress back to what may be historic averages after spikes. The funding formula therefore merits a comprehensive re-examination for equity among colleges and efficiencies District-wide.

* Rapidly changing student demographic profile: more Hispanic students – representing the fastest growing demographic in the GCC Main Campus immediate vicinity and whose primary language may be Spanish; fewer students indicating university transfer as their intent; more traditional age, younger students.

* The effects of Prop. 300, requiring proof of immigration status, can be expected to remove an unknown number of current students from re-enrolling and is likely to inhibit prospective students from enrolling. Budget effects of implementing Prop. 300 provisions (signage, staffing, etc.) are being determined but remain unknown long-term.

* Recent surveys have documented that students are increasingly turning to private loans to pay for higher education. In fact, student borrowing from non-federal sources has risen 147% in three years. Similar trends indicate growing stressors in students' ability to pay for tuition, fees and books.

* Fundamentally, financial aid (scholarships, grants, etc.) serves as a reward for enrollment and follows enrollment rather than preceding enrollment as an incentive. A re-examination of this sequencing is needed for GCC to better serve the educationally under-served.

* Veterans returning from the Iraqi war present a new and growing prospective student pool, especially considering the presence of Luke Air Force Base in Glendale.

Another significant trend that has not abated in concern since 2005-06 is the changing relationship with Arizona State University and how it underscores increased competitive pressures for student recruitment and retention. ASU appears to be competing for all students. This fact is compounded by aggressive outreach by all three state universities into western Maricopa County and the presence of more higher education institutions (13+) in Western Maricopa County

than in any other part of the state. This concentration of higher education entities has grown since 2004 and is exacerbated by the expansion plans of several colleges/universities and the recent announcements of out-of-state colleges to locate campuses in the West Valley (University of St. Francis, Franklin Pierce College and University of the Incarnate Word). The nature of competition for students is also changing as more institutions offer alternative delivery of curriculum, especially online and/or hybrid courses.

As a result, GCC will need to focus on/act on key questions regarding its relationship to ASU at the West Campus: why is West's enrollment up despite increases in tuition? what lower division courses previously not offered at ASU West are now offered there? what is the profile of students GCC may be losing to ASU West? how can that knowledge inform marketing strategies?

Several "sub-trends" in this regard are particularly noteworthy: admissions policies that make ASU more of an open enrollment institution; articulation agreements that are frequently changing and increasingly restrictive for the community colleges; and increased numbers of ASU recruiters in high schools operating more from a business model. These realities lead to implications and select questions to be addressed in strategic planning:

* As MCCCCD tuition approaches 50 percent of in-state ASU tuition and reaches \$1,000 plus fees for a 15-credit semester, is the general public perception of the value of community college lessening? Is this a "tipping point" that is affecting enrollment patterns throughout MCCCCD?

* How will GCC more effectively compete for and retain students in an increasingly crowded higher education marketplace?

* GCC should continue moving toward a business model for enrollment management (student recruitment and retention/success) that is data-driven, competitive and entrepreneurial.

* MCCCCD/GCC funding would be vulnerable if property tax revenues fall as a result of housing prices leveling off and decrease from their recent annual average increase of about 25% ("the housing bubble").

* What would/could happen to GCC enrollments in the aftermath of a terrorist attack or natural disaster? This may be low-probability but high impact. How

can GCC anticipate the most likely scenarios, as has been done recently among State of Arizona officials for disaster preparedness?

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Short-Term Trend #3 and Long-Term Trend #4: The diversity of Arizona's employers, increased awareness of effects of globalization, industry growth, rapidly changing workforce demographics, and anticipated labor trends will present GCC with new, unique opportunities and challenges.

"I never perfected an invention that I did not think about in terms of service it might give others...I find out what the world needs, then I proceed to invent."

This quote from Thomas Edison points out the importance of understanding the needs of the communities GCC serves. Through sustaining current relationships and fostering new partnerships with business and industry, GCC can ensure it meets and anticipates current and projected needs.

Projections, Implications and Related Questions for GCC

- All 10 of the fastest growing occupations projected for 2003 to 2013 are in the health care sector (Bureau of Labor Statistics). Plus, there are existing workforce shortages in many health care fields
- Are financial resources and college personnel available to respond to industry needs and at the pace business requires?

Through economic development efforts, the West Valley continues to "court" new companies requiring high-skilled labor. Results from these intensive efforts have materialized in bringing notable employers to the West Valley, including AAA, which will add about 1,400 skilled positions in Glendale. One must question whether the qualified workforce is available to accommodate this burgeoning economy.

Shortage of Labor and Shortage of Skill Sets

The proportion of workers ages 25-44 will decrease by about 7% of the workforce between 1998 and 2008, those ages 45 and older will increase from 33% to 40% of the workforce during the same time frame. Included in the older cohort are Baby Boomers who turn 60 in 2006 and now represent 40% of the U.S. workforce, and in the next five years will reach the age of 64. Additionally, the growth of workers ages 65 to 74 has been increasing since 1982 and is projected to increase another 3.2% to 23.6% between 2000 and 2012.

Throughout employment sectors, the aging workforce requires detailed analysis and planning. For example, the federal government is the country's largest single employer with 1.8 million civilian employees. Some 50% of them may be eligible for retirement in the next five years.

In Arizona, a survey conducted by AARP indicated more than half of Arizona employers believe their organization will face a shortage of qualified workers in the next five years. Currently, employers site the most common strategy to retain the aging workforce is training to upgrade skills.

Over the 2002-2012 decade, total employment is projected to increase by 21.3 million jobs and that the labor force is projected to increase by 17.4 million during that same time period.

Good news – U.S. Census Bureau's population projections indicate Arizona will lead the nation in the increase of 25 year olds from 2005 through 2003, which equates to a 63% increase.

“By ensuring that our workforce development efforts match the needs of current and future businesses, the Greater Phoenix region will be poised to compete in the new global market. (Competing with Talent-High Technology Manufacturing's Future in Greater Phoenix.)

Employment growth by job type has dramatically changed over the course of the last fifty years. In 1950, 60% of jobs were considered “unskilled” (required little or no training). Conversely, in 2000, 15% of jobs were considered “unskilled.”

There are thousands of trained, dedicated workers who could work in jobs- but the jobs do not exist, as they did in the past. For example, production/assembly positions have evolved into advanced manufacturing, requiring more extensive skills sets. During the past few years, many computer programmers have lost employment because they didn't have updated skills. "Just as electricity reduced the role of American candle makers, and the automobile reduced the role of carriage makers, today's economy will reduce the role of outmoded occupations in America" (*The Jobs Revolution*). For many West Valley residents, there is an incongruence between skill sets and "in demand" occupations.

Workforce development programs, such as the Workforce Investment Act and the North American Free Trade Act-Trade Adjustment Act Programs, provide financial assistance to unemployed individuals or dislocated workers to acquire new skills set to be competitive in the labor force. However, potential candidates are frequently unaware of the availability of such assistance. Additionally, those individuals who do participate find the application process very time consuming and muddled in bureaucratic paperwork.

Under-utilized Workforce

Currently, Arizona Department of Corrections houses 32,000 inmates in facilities throughout the state. This number is equivalent to the number of students who graduate from the Maricopa County Community Colleges District each year! Additionally, the Federal Corrections Institution in North Phoenix has 1000+ inmates. With impending labor shortages and attempts to reduce recidivism, opportunities exist for offering occupational training in prison facilities, as well as establishing Community Reintegration programs.

In Addition to the Technical Skills.....

"We have a generation of needed employees who are not learning the fundamental work habits that keep them employed: getting out of bed, coming to work drug-free, on-time and dressed appropriately, speaking language that fits the employer's culture." (*The Jobs Revolution: Changing How America Works*).

Equally as important as technical skills, employees must have certain "soft skills" to be successful in the workplace. Employers are consistently

seeking employees with skills in communication, time management, customer service, team work, ethics, problem solving, leadership and creativity. GCC needs to explore opportunities to assist students with further developing these skills either through imbedding in curriculum or promotion of extra-curricular activities, volunteer opportunities or internships.

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