

Arizona Community Colleges

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DESCRIPTION	FY 2007 ACTUAL	FY 2008 ESTIMATE	FY 2009 JLBC
SPECIAL LINE ITEMS			
Operating State Aid			
Cochise	8,349,000	8,401,400	8,619,600
Coconino	3,322,500	3,334,600	3,369,100
Gila	294,800	620,500	740,200
Graham	5,370,400	5,370,400	5,370,400
Maricopa	57,528,300	57,528,300	57,528,300
Mohave	4,196,900	4,196,900	4,218,200
Navajo	4,412,300	4,412,300	4,412,300
Pima	19,593,500	19,593,500	19,593,500
Pinal	6,014,700	6,052,000	6,077,400
Yavapai	4,738,700	4,820,400	5,090,300
Yuma/La Paz	5,657,200	5,722,700	5,722,700
<i>Subtotal - Operating State Aid</i>	119,478,300	120,053,000	120,742,000
Capital Outlay State Aid			
Cochise	1,052,300	1,060,600	1,095,000
Coconino	421,300	423,800	430,900
Gila	65,500	133,400	158,100
Graham	525,800	510,100	504,200
Maricopa	11,421,900	11,204,000	11,129,800
Mohave	597,500	591,200	601,900
Navajo	568,900	1,505,700	1,483,800
Pima	3,262,900	3,198,900	3,169,100
Pinal	3,789,800	797,600	802,800
Yavapai	678,500	703,900	759,800
Yuma/La Paz	911,200	924,800	898,600
<i>Subtotal - Capital Outlay State Aid</i>	23,295,600	21,054,000	21,034,000
Equalization Aid			
Cochise	3,857,400	4,669,700	6,055,700
Graham	11,504,000	13,146,500	15,338,900
Navajo	3,373,200	4,305,200	5,591,800
Yuma/La Paz	1,278,100	1,372,400	2,005,000
<i>Subtotal - Equalization Aid</i>	20,012,700	23,493,800	28,991,400
Tribal Community Colleges	1,750,000	1,944,000	1,960,700
Rural County Reimbursement	3,188,000	0	0
Rural County Reimbursement Subsidy	1,000,000	1,200,000	1,200,000
AGENCY TOTAL	168,724,600	167,744,800	173,928,100

FUND SOURCES

General Fund	168,724,600	167,744,800	173,928,100
SUBTOTAL - Appropriated Funds	168,724,600	167,744,800	173,928,100
Other Non-Appropriated Funds	18,520,600	19,294,700	19,677,500
TOTAL - ALL SOURCES	187,245,200	187,039,500	193,605,600

CHANGE IN FUNDING SUMMARY

	FY 2008 to FY 2009 JLBC	
	\$ Change	% Change
General Fund	6,183,300	3.7%
Total Appropriated Funds	6,183,300	3.7%
Non Appropriated Funds	382,800	2.0%
Total - All Sources	6,566,100	3.5%

AGENCY DESCRIPTION — The Arizona community college system is comprised of 10 college districts and 1 provisional district. Arizona’s community colleges provide programs and training in the arts, sciences and humanities, and vocational education leading to an Associates degree, Certificate of Completion, or transfer to a Baccalaureate degree-granting college or university.

PERFORMANCE MEASURES	FY 2005	FY 2006	FY 2007	FY 2009
	Actual	Actual	Actual	JLBC
<ul style="list-style-type: none"> % of students who transfer to Arizona public universities without loss of credits <p>Comments: The community colleges did not submit information for this measure for FY 2007 as required by the General Appropriation Act. The reporting body for the community colleges, the Arizona Community College Association (ACCA) has determined that the districts do not have sufficient data to report on this measure.</p>	NA	NA	NA	--
<ul style="list-style-type: none"> No. of applied Baccalaureate programs collaboratively developed with the universities. 	NA	NA	32	34

Operating State Aid

The JLBC includes \$120,742,000 from the General Fund for Operating State Aid in FY 2009. FY 2009 adjustments would be as follows:

Operating State Aid Formula GF 689,000

This adjustment would be an increase of \$689,000 from the General Fund in FY 2009 to fully fund the statutory formula for Operating State Aid.

These Special Line Items provide each community college district with funds for continuing operating and maintenance expenses pursuant to A.R.S. § 15-1466.

Audited FY 2007 enrollment is 118,308 Full Time Student Equivalent (FTSE) and has declined by (198) FTSE, or (0.2%) from FY 2006. (See Table 1 for additional FTSE information.) Despite the decrease in enrollment, there is a net increase in funding. The Operating State Aid formula adjusts state aid in an amount that reflects only growth in the FTSE enrollment count. This enrollment adjustment is calculated by multiplying the increase in the most recent year’s actual FTSE for each district by the average state aid per FTSE appropriated in the current fiscal year. (For FY 2009, the last actual FTSE data was from FY 2007.)

The formula “holds harmless” districts with declining FTSE enrollment, as the formula does not adjust state aid downward for these districts. The FY 2006 Higher Education Budget Reconciliation Bill (Laws 2005, Chapter 330) amended the Operating State Aid formula to prohibit a district from receiving growth funding unless the district’s most recent audited FTSE count exceeds its highest audited FTSE count recorded from and after FY 2004.

Under this formula, district funding is still held harmless against declining enrollment; however, a district with declining enrollment in 1 year will not qualify for growth funding in subsequent years until the district’s new

enrollment total exceeds its highest enrollment total prior to any decline.

District	FY 2006	FY 2007	Percentage
	FTSE	FTSE	Change
Cochise	6,629	6,844	3.2%
Coconino	2,018	2,052	1.7%
Gila	635	753	18.6%
Graham	2,429	2,401	(1.2%)
Maricopa	70,025	69,561	(0.7%)
Mohave	2,815	2,866	1.8%
Navajo	2,408	2,304	(4.3%)
Pima	19,993	19,807	(0.9%)
Pinal	3,798	3,823	0.7%
Yavapai	3,352	3,618	7.9%
Yuma/La Paz	4,404	4,279	(2.8%)
Total	118,506	118,308	(0.2%)

Capital Outlay State Aid

The JLBC includes \$21,034,000 from the General Fund for Capital Outlay State Aid in FY 2009. FY 2009 adjustments would be as follows:

Capital Outlay GF (20,000)

This adjustment would be a decrease of \$(20,000) from the General Fund in FY 2009 to fully fund the statutory formula for Capital Outlay State Aid.

These Special Line Items provide the community college districts with funds for capital land, building, and equipment needs pursuant to A.R.S. § 15-1464.

The Capital Outlay State Aid formula provides per capita funding to districts based on the district’s size and the most recent years actual audited FTSE. The statutory formula provides \$210 per FTSE for districts with 5,000 or less FTSE or \$160 per FTSE for districts with greater than 5,000 FTSE.

established in the Arizona Constitution. The FY 2008 and FY 2009 dollar amounts are not yet known. Given the language of A.R.S. § 15-1469.01, these monies do not appear in the General Appropriation Act.

Rural County Reimbursement Subsidy

The JLBC includes \$1,200,000 from the General Fund for Rural County Reimbursement Subsidy in FY 2009. This amount is unchanged from FY 2008.

This subsidy partially reduces the amount that counties are required to pay for rural county reimbursement. Once the subsidy is taken into account, counties are still responsible for paying the remaining reimbursement amount.

This funding partially offsets the cost to counties that are not part of an established community college district. The funding is appropriated to Apache, Greenlee, and Santa Cruz Counties. Of the total \$1,200,000 appropriation, Apache receives \$559,200, Greenlee \$459,300, and Santa Cruz \$181,500.

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FORMAT — District by District Special Line Items

FOOTNOTES

Standard Footnotes

Of the \$1,483,800 Navajo Community College receives in Capital Outlay State Aid, \$1,000,000 shall be used to construct a public safety and emergency services training facility in Navajo County to be operated and controlled by the Northland Pioneer Community College. The appropriation is exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations.

Of the \$1,200,000 appropriated to the Rural County Reimbursement Subsidy line item, Apache County will receive \$559,200, Greenlee County \$459,300, and Santa Cruz County \$181,500.

Deletion of Prior Year Footnotes

The JLBC deletes the footnote pertaining to the intent of the Legislature to fund \$1,000,000 in FY 2009 for construction of a public safety training facility operated and controlled by Northland Pioneer Community College.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Nursing Education

Laws 2005, Chapter 330 established the Arizona Partnership for Nursing Education Demonstration Project. The purpose of the project is to enhance nursing education programs in Arizona, with the goal of doubling the current number of nursing graduates in the state by FY 2010.

Chapter 330 also established the Nursing Education Demonstration Project Fund. Monies in the fund are allocated to Arizona public universities and community colleges based on a comparison of the number of nursing students graduating in FY 2005 from those institutions. Monies allocated to the universities are administered by the Arizona Board of Regents, while monies allocated to the community colleges are passed through the Department of Commerce.

Chapter 330 annually appropriates \$4,000,000 from the General Fund to the Nursing Education Demonstration Project Fund from FY 2006 through FY 2010. Of the total \$4,000,000 annual appropriation, \$1,368,000 is allocated to the universities and \$2,632,000 is allocated to the community colleges. These amounts are based on FY 2005 nursing graduation rates. Total grant amounts are higher than the \$2.6 million appropriation in FY 2007 through FY 2009 given the carry forward amounts from previous years.

The community college funds are distributed using a competitive grant process. Three criteria were used to determine funding: the quality of the nursing program, how the program meets the geographic and diverse needs of its community, and the program budget.

In FY 2009, the Department of Commerce plans to distribute a total of \$3,039,500 in grants to community colleges. Grant awards declined slightly from FY 2008, due to non-renewals for several colleges. (Table 4 shows grant distribution amounts.)

Community College	FY 2007	FY 2008	FY 2009
Chandler/Gilbert	\$172,700	\$174,200	\$ -
Estrella Mountain	159,300	79,600	119,200
Gateway	370,100	383,200	257,700
Glendale College	162,700	292,800	393,500
Phoenix College	214,700	332,500	484,300
Rio Salado College	221,500	351,800	121,100
Scottsdale	370,500	171,500	-
Arizona Western	-	261,300	445,300
Eastern Arizona	310,500	127,600	-
Central Arizona	89,900	257,800	437,000
Coconino	1,500	94,600	107,500
Mohave	160,700	157,900	158,000
Northland Pioneer	174,900	183,000	120,100
Pima	134,900	215,800	-
Yavapai	268,900	401,400	395,800
Total	\$2,812,800	\$3,485,100	\$3,039,500

Community College Revenue Sources

In addition to state General Fund monies, Arizona's community colleges receive revenues from a number of other sources, including student tuition and fees, local property taxes, grants, and other monies generated by the colleges. Of the total, the community colleges receive 11% of their revenues from state aid.

Table 5**Total Estimated Community College Revenues – FY 2008**

<u>District</u>	<u>State Aid</u>	<u>Tuition/Fees</u>	<u>Property</u>			<u>Other</u> ^{1/}	<u>FY 2008</u>	<u>FY 2007</u>	<u>% Change from FY 2007</u>
			<u>Taxes</u>	<u>Grants</u>	<u>Total</u> ^{2/}		<u>Total</u> ^{3/}		
Cochise	\$14,131,700	\$6,339,600	\$14,098,800	\$8,898,600	\$3,085,800	\$46,554,500	\$42,798,600	8.8%	
Coconino	3,758,400	5,094,300	7,632,300	4,293,400	1,154,100	21,932,500	20,285,800	8.1%	
Gila ^{4/}	753,900	-	2,712,600	35,000	475,000	3,976,500	3,244,200	22.6%	
Graham	19,027,000	4,851,800	2,706,800	5,640,000	6,789,300	39,014,900	35,032,200	11.4%	
Maricopa	68,732,300	224,134,600	396,885,100	122,818,400	136,595,200	949,165,600	741,860,900	27.9%	
Mohave	4,788,100	7,628,700	15,543,400	7,515,900	450,900	35,927,000	27,081,900	32.7%	
Navajo	10,223,200	3,550,000	11,615,600	4,635,000	2,325,000	32,348,800	28,626,100	13.0%	
Pima	22,792,400	37,572,000	88,537,000	31,688,000	8,437,000	189,026,400	176,860,500	6.9%	
Pinal	6,849,600	7,977,000	32,304,300	11,960,000	932,800	60,023,700	57,730,200	4.0%	
Yavapai	5,524,300	8,925,300	38,308,800	5,684,200	7,114,600	65,557,200	63,604,500	3.1%	
Yuma/La Paz	<u>8,019,900</u>	<u>7,013,100</u>	<u>25,002,100</u>	<u>12,197,200</u>	<u>5,310,200</u>	<u>57,542,500</u>	<u>59,502,900</u>	<u>(3.3%)</u>	
Total	\$164,600,800	\$313,086,400	\$635,346,800	\$215,365,700	\$172,669,900	\$1,501,069,600	\$1,256,627,800	19.5%	

1/ Includes auxiliary programs, interest incomes, workforce development funds, and transfers.

2/ Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are estimated to be \$2,054,576,300 for FY 2008.

3/ Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are estimated to be \$1,663,134,900 for FY 2007.

4/ Gila Provisional Community College contracts with Graham County's Eastern Arizona College (EAC) in order to provide degree programs. Therefore, Gila's tuition and fee revenues are collected by Graham according to their contract agreement.

For FY 2008, base operating revenues from all sources are estimated to be approximately \$1.5 billion, an increase of 20% from FY 2007. (See Table 5 for a summary of FY 2008 total revenue estimates.)

Property taxes are the single largest revenue source for the community colleges, accounting for over 42% of their revenues. There are 2 types of property taxes: primary and secondary. For the community colleges, primary property taxes are levied for operating purposes and secondary property taxes are levied to pay for capital outlay expenses. Each community college district determines its primary and secondary property tax rates.

Combined rates declined for all districts from FY 2007, largely as the result of local property assessed valuation increases. (See Table 6 for a summary of FY 2008 property tax rates.)

Table 6**Community College Tax Rates – FY 2008**

<u>District</u>	<u>Primary Rate</u>	<u>Secondary Rate</u>	<u>Combined Rate</u>	<u>% Change in Combined Rate from FY 2007</u>
Cochise	\$1.74	\$0.00	\$1.74	(2.8%)
Coconino	0.37	0.11	0.49	(6.4%)
Gila	0.60	0.00	0.60	(3.4%)
Graham	2.00	0.00	2.00	(3.2%)
Maricopa	0.82	0.15	0.98	(7.9%)
Mohave	0.82	0.00	0.82	(8.7%)
Navajo	1.23	0.19	1.42	(4.7%)
Pima	1.02	0.17	1.18	(5.2%)
Pinal	1.80	0.00	1.80	(14.3%)
Yavapai	1.34	0.18	1.52	(8.3%)
Yuma/La Paz	1.74	0.44	2.18	(7.9%)

The community colleges also collect tuition and fees from enrolled students. These collections account for approximately 21% of total revenues. Tuition and fees are assessed on a per credit hour basis. FY 2008 average tuition was \$1,770, an increase of 2.7% from FY 2007. Annual tuition costs range from \$1,056 at Navajo, to

\$1,950 at Maricopa. (See Table 7 for FY 2008 resident tuition and fee rates.)

Community colleges also receive grants and "other" revenue from a variety of sources. Combined, they account for approximately 26% of community college revenues. Grants traditionally come from the federal government, including: the U.S. Department of Education, Small Business Administration, National Science Foundation, and Health and Human Services. Revenue listed in the "other" category includes auxiliary programs, interest incomes, workforce development funds, and transfers.

Table 7**Community College Resident Tuition and Fees – FY 2008**

<u>District</u>	<u>Cost Per Credit Hour</u>	<u>Annual Cost</u> ^{1/}	<u>% Change from FY 2007</u>
Cochise	\$49	\$1,470	4.3%
Coconino	56	1,690	15.4%
Gila ^{2/}	-	-	-
Graham	43	1,300	16.1%
Maricopa	65	1,950	0.0%
Mohave	57	1,700	7.6%
Navajo	35	1,056	10.0%
Pima	52	1,565	6.1%
Pinal	53	1,596	12.2%
Yavapai	49	1,470	8.9%
Yuma/La Paz	<u>46</u>	<u>1,380</u>	<u>15.0%</u>
Weighted Average	\$59	\$1,770	2.7%

1/ Annual cost is for 30 hours a year, or 15 hours per semester.

2/ Gila Provisional Community College contracts with Graham county's Eastern Arizona College (EAC) in order to provide degree programs. Therefore, Gila's tuition and fee amounts are the same as Graham's.

Total Community College Expenditures

Table 8 shows total budgeted FY 2008 community college expenditures. In FY 2008, total budgeted expenditures are approximately \$2.1 billion. As mentioned previously, base operating revenues for FY 2008 are \$1.5 billion; however, this figure does not include allocated fund balances or

bond proceeds. Including these amounts, total available revenues are \$2.1 billion. Of the total \$2.1 billion in expenditures, \$1.2 billion, or 58%, of these expenditures are from the community colleges' general and restricted funds. This includes about \$446.3 million, or 22%, for instruction and \$225.7 million, or 11%, for administrative support.

Expenditures for auxiliary enterprises, including revenue generating retail and business services such as parking lots, book stores, and food service, are \$178.7 million, or 9% of the total. Plant Fund expenditures, which generally include capital costs, are \$567.5 million, or 28% of the total. The remaining \$113.6 million is for debt service.

<u>General/Restricted Funds</u>	<u>Total</u>	<u>% of Total</u>
Instruction	\$446,328,700	22%
Public Service	39,445,600	2%
Academic Support	120,797,500	6%
Student Services	171,438,500	8%
Administration	225,694,500	11%
Operation & Maintenance	77,265,900	4%
Scholarships	62,323,500	3%
Contingency	50,038,200	2%
Subtotal	\$1,193,332,400	58%
Auxiliary Enterprises Fund	\$178,716,300	9%
Plant Fund	\$567,541,100	28%
Debt Service	\$113,582,400	6%
Total	\$2,053,172,200	

SUMMARY OF FUNDS	FY 2007 Actual	FY 2008 Estimate
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Tribal Assistance Fund (No Fund Number/A.R.S. § 42-5029)	Non-Appropriated
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Source of Revenue: A portion of the 0.6% education sales tax. The law directs each qualifying tribal college to receive distributions in the same manner as the transfers to individual community college district workforce development accounts. A "qualifying Indian tribe" is an Indian tribe that owns, operates, and charters any community college located on its own reservation in this state. In FY 2007 and FY 2008 Diné College and Tohono O'odham Community College qualified for this distribution.

Purpose of Fund: To fund workforce development and job training activities at a community college owned, operated, or chartered by a qualifying Indian tribe.

Funds Expended	548,900	564,500
Year-End Fund Balance	0	0

Workforce Development Accounts (varies by account/A.R.S. § 15-1472)	Non-Appropriated
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Source of Revenue: Three percent of collections from the 0.6% education sales tax, after debt service on state school facilities revenue bonds has been paid. This funding was authorized by voter approval of Proposition 301 in the November 2000 General Election.

Purpose of Fund: To fund workforce development and training activities at the community college districts. From FY 2002 to FY 2014, the first \$1 million is to be distributed to bring the state into compliance with the matching capital requirements for new community college campuses prescribed in A.R.S. § 15-1463.

Funds Expended	17,971,700	18,730,200
Year-End Fund Balance	0	0