

Arizona Community Colleges

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DESCRIPTION	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 JLBC
SPECIAL LINE ITEMS			
Operating State Aid			
Cochise	8,401,400	8,303,100	8,818,700
Coconino	3,334,600	3,245,400	3,245,400
Gila	620,500	713,000	773,900
Graham	5,370,400	5,173,200	5,173,200
Maricopa	57,528,300	55,416,100	55,416,100
Mohave	4,196,900	4,063,300	4,335,300
Navajo	4,412,300	4,250,300	4,250,300
Pima	19,593,500	18,874,100	18,874,100
Pinal	6,052,000	5,854,300	5,854,300
Yavapai	4,820,400	4,903,400	4,962,300
Yuma/La Paz	5,722,700	5,512,600	5,682,500
<i>Subtotal - Operating State Aid</i>	120,053,000	116,308,800	117,386,100
Capital Outlay State Aid			
Cochise	1,060,600	0	0
Coconino	423,800	0	0
Gila	133,400	0	0
Graham	510,100	0	0
Maricopa	11,204,000	0	0
Mohave	591,200	0	0
Navajo	1,505,700	500,000	0
Pima	3,198,900	0	0
Pinal	797,600	0	0
Yavapai	703,900	0	0
Yuma/La Paz	924,800	0	0
<i>Subtotal - Capital Outlay State Aid</i>	21,054,000	500,000	0
Equalization Aid			
Cochise	4,669,700	5,833,400	7,841,800
Graham	13,146,500	14,775,700	17,465,400
Navajo	4,305,200	5,386,500	6,624,000
Yuma/La Paz	1,372,400	1,931,400	2,938,300
<i>Subtotal - Equalization Aid</i>	23,493,800	27,927,000	34,869,500
Rural County Reimbursement	3,111,600	0	0
Rural County Reimbursement Subsidy	1,200,000	1,000,000	1,000,000
Tribal Community Colleges	1,750,000	1,944,000	1,724,000
AGENCY TOTAL	170,662,400	147,679,800	154,979,600

FUND SOURCES

General Fund	170,662,400	147,679,800	154,979,600
SUBTOTAL - Appropriated Funds	170,662,400	147,679,800	154,979,600
Other Non-Appropriated Funds	17,827,800	17,179,500	17,030,600
TOTAL - ALL SOURCES	188,490,200	164,859,300	172,010,200

CHANGE IN FUNDING SUMMARY

	FY 2009 to FY 2010 JLBC	
	\$ Change	% Change
General Fund	7,299,800	4.9%
Total Appropriated Funds	7,299,800	4.9%
Non-Appropriated Funds	(148,900)	(0.9%)
Total - All Sources	7,150,900	4.3%

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 2006	FY 2007	FY 2008	FY 2010
	Actual	Actual	Actual	JLBC
• No. of applied Baccalaureate programs collaboratively developed with the universities.	NA	32	8	13

Comments: The community colleges did not submit information for any measure labeled as “NA” as required by the General Appropriation Act. The reporting body for the community colleges, the Arizona Community College Association (ACCA), was not aware of this performance measure for the colleges at that time.

Operating State Aid

The JLBC includes \$117,386,100 from the General Fund for Operating State Aid in FY 2010. The FY 2010 adjustments would be as follows:

Enrollment Growth GF \$1,077,300

This adjustment would increase Operating State Aid funding by \$1,077,300 from the General Fund in FY 2010 to fund growth in statutory formula costs for the program. This amount would not backfill \$(4,433,200) in Operating State Aid that was deducted from the program’s budget in FY 2009 as part of a lump sum reduction for that year. To do so would require a total funding increase of \$5,510,500 for FY 2010.

Background – The Operating State Aid Special Line Items provide each community college district with funds for continuing operating and maintenance expenses pursuant to A.R.S. § 15-1466.

Operating State Aid funding for FY 2010 is based on audited FY 2008 enrollment of 118,434 Full Time Student Equivalent (FTSE), which has increased by 126 FTSE, or 0.1% from FY 2007. (See Table 1 for additional FTSE information.) This growth results in a net increase of \$1,077,300 to fund enrollment growth under the statutory formula in FY 2010. 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 2010, the last actual FTSE data was from FY 2008.)

The formula “holds harmless” districts with declining FTSE enrollment, as the formula does not adjust state aid downward for these districts. The Operating State Aid formula, however, prohibits a district from receiving growth funding unless its 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.

Table 1

Community College Enrollment

District	FY 2007 FTSE	FY 2008 FTSE	Percentage Change
Cochise	6,844	7,369	7.7%
Coconino	2,052	1,989	(3.1%)
Gila	753	815	8.2%
Graham	2,401	2,273	(5.3%)
Maricopa	69,561	68,054	(2.2%)
Mohave	2,866	3,143	9.7%
Navajo	2,304	2,501	8.6%
Pima	19,807	20,222	2.1%
Pinal	3,823	3,813	(0.3%)
Yavapai	3,618	3,678	1.7%
Yuma/La Paz	4,279	4,577	7.0%
Total	118,308	118,434	0.1%

Capital Outlay State Aid

The JLBC includes no funding from the General Fund for Capital Outlay State Aid in FY 2009. The FY 2010 adjustments would be as follows:

Eliminate One-Time Funding GF (500,000)

This adjustment would decrease funding for the Northland Pioneer Community College Training Facility by \$(500,000) from the General Fund to eliminate one-time funding in FY 2010.

Continue Suspension of Capital Outlay Formula GF 0

The JLBC would continue to suspend Capital Outlay State Aid for FY 2010. This would forgo \$20,088,800 in formula costs for that program for FY 2010, which includes \$20,054,000 already suspended for FY 2009 plus \$34,800 in forgone formula growth for the formula in FY 2010.

Table 5

Total Estimated Community College Revenues – FY 2009

District	State Aid	Tuition/Fees	Property Taxes	Grants	Other ^{1/}	FY 2009 Total ^{2/}	FY 2008 Total ^{3/}	% Change from FY 2008
Cochise	\$ 14,136,500	\$ 6,854,500	\$15,002,100	\$ 8,714,800	\$ 5,400,300	\$ 50,108,200	\$ 48,193,100	4.0%
Coconino	3,245,400	5,535,800	7,974,500	4,137,700	934,500	21,827,900	21,974,000	-0.7%
Gila ^{4/}	713,000		2,872,400	35,000	475,000	4,095,400	4,120,900	-0.6%
Graham	19,948,900	5,340,700	3,295,500	5,640,000	3,776,300	38,001,400	41,201,400	-7.8%
Maricopa	55,416,100	227,316,700	443,204,200	148,525,500	131,951,500	1,006,414,000	949,091,500	6.0%
Mohave	4,063,300	9,974,000	16,355,100	8,145,000	408,100	38,945,500	35,958,900	8.3%
Navajo	10,136,800	3,800,000	12,306,200	4,475,000	4,743,700	35,461,700	32,613,500	8.7%
Pima	18,874,100	40,271,000	95,027,000	32,433,000	6,915,000	193,520,100	188,996,600	2.4%
Pinal	5,854,300	8,347,000	32,812,500	12,797,000	1,061,600	60,872,400	60,054,300	1.4%
Yavapai	4,903,400	7,939,800	40,711,200	6,026,300	6,252,600	65,833,300	65,883,100	-0.1%
Yuma/La Paz	7,444,000	8,526,800	26,385,300	10,900,000	6,544,600	59,800,700	58,148,800	2.8%
Total	\$144,735,800	\$323,906,300	\$695,946,000	\$241,829,300	\$168,463,200	\$1,574,880,600	\$1,506,236,100	4.6%

^{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 \$2,072,337,600 for FY 2009.

^{3/} 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.

^{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.

In FY 2010, the Department of Commerce plans to distribute a total of \$2,993,600 in grants to community colleges. (Table 4 shows grant distribution amounts.)

Table 4

Distribution of Nursing Grants

Community College	FY 2008	FY 2009	FY 2010
Chandler/Gilbert	\$ 174,200	\$ -	\$ -
Estrella Mountain	79,600	119,200	244,100
Gateway	383,200	257,700	500,400
Glendale College	292,800	393,500	334,800
Phoenix College	332,500	484,300	267,000
Rio Salado College	351,800	121,100	-
Scottsdale	171,500	-	-
Arizona Western	261,300	445,300	1,181,000
Eastern Arizona	127,600	-	-
Central Arizona	257,800	437,000	346,200
Coconino	94,600	107,500	-
Mohave	157,900	158,000	-
Northland Pioneer	183,000	120,100	120,100
Pima	215,800	-	-
Yavapai	401,400	395,800	-
Total	\$3,485,100	\$3,039,500	\$2,993,600

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 9% of their revenues from state aid.

For FY 2009, base operating revenues from all sources are estimated to be approximately \$1.6 billion, an increase of 5% from FY 2008. (See Table 5 for a summary of FY 2009 total revenue estimates.)

Property taxes are the single largest revenue source for the community colleges, accounting for over 44% 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 2008, largely as the result of local property assessed valuation increases. (See Table 6 for a summary of FY 2009 property tax rates.)

Table 6

Community College Tax Rates – FY 2009

District	Primary Rate	Secondary Rate	Combined Rate	% Change in Combined Rate from FY 2008
Cochise	\$1.66	\$0.00	\$1.66	(4.6%)
Coconino	0.37	0.10	0.46	(4.6%)
Gila	0.56	0.00	0.56	(6.5%)
Graham	1.88	0.00	1.88	(6.0%)
Maricopa	0.78	0.16	0.94	(3.8%)
Mohave	0.72	0.00	0.72	(13.0%)
Navajo	1.17	0.17	1.34	(5.8%)
Pima	0.98	0.15	1.14	(4.1%)
Pinal	1.41	0.00	1.41	(21.7%)
Yavapai	1.20	0.14	1.34	(12.0%)
Yuma/La Paz	1.63	0.37	1.99	(8.7%)

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 2009 average tuition was \$1,770, an increase of 10.8% from FY 2008. Annual tuition costs range from \$1,380 at Graham, to \$2,130 at Maricopa. (See Table 7 for FY 2009 resident tuition and fee rates.)

Table 7
Community College Resident Tuition and Fees – FY 2009

<u>District</u>	<u>Cost Per Credit Hour</u>	<u>Annual Cost ^{1/}</u>	<u>% Change from FY 2008</u>
Cochise	\$51	\$1,540	4.8%
Coconino	66	1,970	16.6%
Gila ^{2/}	-	-	-
Graham	46	1,380	6.2%
Maricopa	71	2,130	9.2%
Mohave	62	1,870	10.0%
Navajo	48	1,440	36.4%
Pima	54	1,625	3.8%
Pinal	56	1,680	5.3%
Yavapai	52	1,560	6.1%
Yuma/La Paz	56	1,680	21.7%
Weighted Average	\$59	\$1,770	10.8%

^{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.

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.

Total Community College Expenditures

Table 8 shows total budgeted FY 2009 community college expenditures. In FY 2009, total budgeted expenditures are approximately \$2.1 billion. As mentioned previously, base operating revenues for FY 2009 are \$1.6 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 60%, of these expenditures are from the community colleges’ general and restricted funds. This includes about \$461.1 million, or 37%, for instruction and \$245.3 million, or 20%, for administrative support.

Expenditures for auxiliary enterprises, including revenue generating retail and business services such as parking lots, book stores, and food service, are \$175.5 million, or 8% of the total. Plant Fund expenditures, which generally include capital costs, are \$526.9 million, or 25% of the total. The remaining \$140.1 million is for debt service.

Table 8
Community Colleges - FY 2009 Budgeted Expenditures

<u>General/Restricted Funds</u>	<u>Total</u>	<u>% of Total</u>
Instruction	\$461,108,600	22%
Public Service	28,813,100	1%
Academic Support	122,073,700	6%
Student Services	189,060,400	9%
Administrative Support	245,324,200	12%
Operation & Maintenance	79,290,700	4%
Scholarships/Grants	59,850,200	3%
Auxiliary Enterprises	3,800	
Contingency	63,639,500	3%
Subtotal	\$1,249,164,300	60%
Auxiliary Enterprises Fund	\$175,511,700	8%
Plant Fund	\$526,922,600	25%
Debt Service	\$140,095,900	7%
Total	\$2,091,694,400	

SUMMARY OF FUNDS

FY 2008 Actual **FY 2009 Estimate**

Tribal Assistance Fund (No Fund Number/A.R.S. § 42-5029)

Non-Appropriated

Source of Revenue: A portion of the 0.6% education sales tax. The law directs each qualifying tribal community 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 2008 and FY 2009 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 555,800 542,500
Year-End Fund Balance 0 0

Workforce Development Accounts (varies by account/A.R.S. § 15-1472)

Non-Appropriated

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 17,272,000 16,637,000
Year-End Fund Balance 0 0