

# Arizona Community Colleges

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	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 BASELINE
<b>SPECIAL LINE ITEMS</b>			
Operating State Aid			
Cochise	7,660,600	7,488,700	7,679,700
Coconino	2,994,300	2,679,400	2,710,300
Gila	657,800	658,400	774,900
Graham	4,772,900	4,243,900	4,553,700
Maricopa	51,128,000	45,327,400	45,653,100
Mohave	3,748,900	3,682,900	3,885,300
Navajo	3,921,400	3,590,000	3,598,600
Pima	17,413,600	15,942,100	16,361,500
Pinal	5,401,300	4,935,100	5,400,000
Yavapai	4,524,000	4,196,000	4,321,900
Yuma/La Paz	5,086,000	4,812,900	4,954,300
<i>Subtotal - Operating State Aid</i>	107,308,800	97,556,800	99,893,300
Capital Outlay State Aid			
Navajo	500,000	0	0
<i>Subtotal - Capital Outlay State Aid</i>	500,000	0	0
Equalization Aid			
Cochise	5,833,400	7,841,800	9,348,300
Graham	14,775,700	17,465,400	19,826,100
Navajo	5,386,500	6,624,000	7,608,900
Yuma/La Paz	1,931,400	2,938,300	3,234,200
<i>Subtotal - Equalization Aid</i>	27,927,000	34,869,500	40,017,500
Rural County Reimbursement	3,645,200	0	0
Rural County Reimbursement Subsidy	1,000,000	1,000,000	1,000,000
Tribal Community Colleges	1,723,700	1,918,000	1,918,000
<b>AGENCY TOTAL</b>	<b>142,104,700</b>	<b>135,344,300</b>	<b>142,828,800</b>

## FUND SOURCES

General Fund	142,104,700	135,344,300	142,828,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>142,104,700</b>	<b>135,344,300</b>	<b>142,828,800</b>
Other Non-Appropriated Funds	15,540,800	14,336,400	15,108,300
<b>TOTAL - ALL SOURCES</b>	<b>157,645,500</b>	<b>149,680,700</b>	<b>157,937,100</b>

## CHANGE IN FUNDING SUMMARY

	FY 2010 to FY 2011 Baseline	
	\$ Change	% Change
General Fund	7,484,500	5.5%
Total Appropriated Funds	7,484,500	5.5%
Non-Appropriated Funds	771,900	5.4%
Total - All Sources	8,256,400	5.5%

**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.



assessed valuation increased 11.9% to \$1.7 billion. (See Table 2 for the calculation of the growth rate.)

**Table 2  
Equalization Growth Factor for Tax Years (TY) 2008-2009**

<u>District</u>	<u>TY 2008 Primary AV</u>	<u>TY 2009 Primary AV</u>	<u>TY 2008- 2009 % Growth</u>
Cochise*	\$ 902,389,900	\$ 986,677,800	9.3%
Graham*	175,053,000	221,874,600	26.7%
Navajo*	908,254,800	998,764,600	10.0%
Yuma/LaPaz*	1,271,166,000	1,432,962,500	12.7%
Coconino	1,686,709,700	1,840,775,000	9.1%
Mohave	2,286,744,000	2,533,640,800	10.8%
Pinal	2,471,639,600	2,880,552,100	16.5%
Yavapai	2,956,557,400	3,274,078,300	10.7%
<b>Total</b>	<b>\$12,658,514,400</b>	<b>\$14,169,325,700</b>	<b>11.9%</b>

\* These districts qualify to receive Equalization Aid under the state funding formula.

Equalization Aid is paid out based on the difference between the minimum assessed valuation and the most recent actual assessed valuation for the district. Equalization Aid is calculated at the lesser of \$1.37 per \$100 of the district's assessed valuation or the district's levy rate. (See Table 3 for a breakdown of Equalization Aid funding for qualifying districts.)

**Table 3  
FY 2011 Additional Equalization Funding**

<u>District</u>	<u>FY 2011</u>	<u>FY 2010-2011 % Growth</u>
Cochise	\$1,506,500	19.2%
Graham	2,360,700	13.5%
Navajo	984,900	14.9%
Yuma/LaPaz	295,900	10.0%
<b>Total</b>	<b>\$5,148,000</b>	<b>14.8%</b>

### **Rural County Reimbursement**

The Rural County Reimbursement Special Line Item reimburses community college districts for students enrolled from counties that are not a part of an established community college district. The appropriation is funded from the General Fund. Pursuant to A.R.S. § 15-1469.01, the FY 2009 expenditure of \$3,645,200 was offset by a corresponding reduction in the counties' sales tax apportionment. The payments made on behalf of the counties are not included in county expenditure limits established in the Arizona Constitution. The FY 2010 and FY 2011 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 Baseline includes \$1,000,000 from the General Fund for Rural County Reimbursement Subsidy in FY 2011. This amount is unchanged from FY 2010.

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. The FY 2010 budget appropriated \$466,000 to Apache, \$382,800 to Greenlee, and \$151,200 to Santa Cruz. The Baseline assumes the FY 2010 amounts will remain unchanged for FY 2011.

### **Tribal Community Colleges**

The Baseline includes \$1,918,000 from the General Fund for Tribal Community Colleges in FY 2011. This amount is unchanged from FY 2010.

*Background* – A.R.S. § 42-5031.01 allows any qualifying tribal community college to receive \$1,750,000, or 10% of the Transaction Privilege Tax revenues collected from sources located on Indian reservations, whichever is less. Laws 2007, Chapter 265 repealed the statute that previously limited distribution of these monies to Diné College. As a result, Tohono O'odham College became eligible to receive General Fund monies starting in FY 2008.

The Tribal Community Colleges Special Line Item provides tribal community colleges with funding for maintenance, renewal, and capital expenses. Actual amounts will depend on FY 2011 collections. Given the language of A.R.S. § 42-5031.01, these monies do not appear in the General Appropriation Act.

The budget assumes that \$1,724,000 will be distributed to Diné College in FY 2011 and that \$194,000 will be distributed to Tohono O'odham Community College. These amounts represent 10% of the estimated Transaction Privilege Tax revenues collected in each reservation. Actual Tohono O'odham program funding will be contingent upon a compact with the Executive that has not been finalized as of this writing.

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**FORMAT** — District-by-District Special Line Items

### **FOOTNOTES**

#### *Standard Footnotes*

Of the \$1,000,000 appropriated to the Rural County Reimbursement Subsidy line item, Apache County will receive \$466,000, Greenlee County \$382,800, and Santa Cruz County \$151,200.

*Deletion of Prior Year Footnotes*

The Baseline would delete the footnote that prohibited the use of appropriated monies for the implementation of the Centennial Scholars Program, as the program has not been established.

**STATUTORY CHANGES**

The Baseline would:

- As session law, continue to suspend Capital Outlay funding for FY 2011.
- As session law, notwithstanding the 20% cap to the districts’ ability to use capital outlay monies for operating.

**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. There is no new funding for the project in FY 2011 due to the expiration of the Nursing Education Demonstration Project Fund disbursements, although carry-forward monies may remain (data was not available as of this writing).

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 appropriated \$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 was allocated to the universities and \$2,632,000 was allocated to the community colleges. These amounts were based on FY 2005 nursing graduation rates. Total grant amounts were higher than the \$2,632,000 appropriation in FY 2008 through FY 2010 given the carry-forward amounts from previous years. (Table 4 shows grant distribution amounts.) The project was set to expire at the end of FY 2010; however, Laws 2009, 1<sup>st</sup> Regular Session, Chapter 92 extended the expiration date through FY 2015.

The community college funds were 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.

**Table 4**

**Distribution of Nursing Grants**

<b>Community College</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011*</b>
Chandler/Gilbert	\$ -	\$ -	\$ -
Estrella Mountain	119,200	244,100	-
Gateway	257,700	500,400	-
Glendale College	393,500	334,800	-
Phoenix College	484,300	267,000	-
Rio Salado College	121,100	-	-
Scottsdale	-	-	-
Arizona Western	445,300	1,181,000	-
Eastern Arizona	-	-	-
Central Arizona	437,000	346,200	-
Coconino	107,500	-	-
Mohave	158,000	-	-
Northland Pioneer	120,100	120,100	-
Pima	-	-	-
Yavapai	395,800	-	-
<b>Total</b>	<b>\$3,039,500</b>	<b>\$2,993,600</b>	<b>-</b>

\* FY 2011 does not reflect potential distributions from carry-forward amounts.

***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 2010, base operating revenues from all sources are estimated to be \$1,678,004,700, an increase of 17.4% from FY 2009. (See Table 5 for a summary of FY 2010 total revenue estimates.)

Property taxes are the single largest revenue source for the community colleges, accounting for approximately 43% 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 but one district from FY 2010, largely as the result of local property assessed valuation increases. (See Table 6 for a summary of FY 2010 property tax rates.)

The community colleges also collect tuition and fees from enrolled students. These collections account for approximately 20% of total revenues. Tuition and fees are assessed on a per credit hour basis. FY 2010 weighted average tuition was \$1,957, an increase of 2.2% from FY 2009. Annual tuition costs range from \$1,520 at Graham, to \$2,130 at Maricopa. (See Table 7 for FY 2010 resident tuition and fee rates.)

Community colleges also receive grants and “other” revenue from a variety of sources. Combined, they account for approximately 29% of community college revenues. Grants traditionally come from the federal government, including:

**Table 5**

**Total Estimated Community College Revenues – FY 2010**

<u>District</u>	<u>State Aid</u>	<u>Tuition/Fees</u>	<u>Property</u>			<u>FY 2010</u>	<u>FY 2009</u>	<u>% Change from FY 2009</u>
			<u>Taxes</u>	<u>Grants</u>	<u>Other</u> <sup>1/</sup>	<u>Total</u> <sup>2/</sup>	<u>Total</u> <sup>3/</sup>	
Cochise	\$ 15,330,500	\$ 7,628,800	\$15,824,800	\$ 18,412,900	\$ 1,424,200	\$ 58,621,200	\$ 55,336,900	5.9%
Coconino	2,679,400	5,976,000	8,136,700	5,216,600	958,200	22,966,900	22,590,400	1.7%
Gila <sup>4/</sup>	658,400		3,177,100	35,000	475,000	4,345,500	3,646,500	19.2%
Graham	21,709,300	5,904,100	3,987,100	6,000,000	8,901,300	46,501,800	41,830,400	11.2%
Maricopa	45,327,400	232,292,700	452,628,000	178,995,600	154,975,300	1,064,219,000	838,191,800	27.0%
Mohave	3,682,900	10,476,300	17,206,300	11,262,700	477,100	43,105,300	40,615,800	6.1%
Navajo	10,214,000	4,335,000	11,344,700	5,050,000	2,420,000	33,363,700	33,907,300	(1.6)%
Pima	15,942,100	41,541,000	98,020,000	43,809,000	5,619,000	204,931,100	199,895,100	2.5%
Pinal	4,935,100	9,009,000	40,130,300	14,800,000	7,843,600	76,718,000	63,424,300	21.0%
Yavapai	4,196,000	9,173,000	42,061,700	6,899,400	3,305,400	65,635,500	63,186,300	3.9%
Yuma/La Paz	<u>7,751,200</u>	<u>9,684,800</u>	<u>27,162,300</u>	<u>10,900,000</u>	<u>2,098,400</u>	<u>57,596,700</u>	<u>66,553,300</u>	<u>(13.5)%</u>
<b>Total</b>	<b>\$132,426,300</b>	<b>\$336,020,700</b>	<b>\$719,679,000</b>	<b>\$301,381,200</b>	<b>\$188,497,500</b>	<b>\$1,678,004,700</b>	<b>\$1,429,178,100</b>	<b>17.4%</b>

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 \$2,221,396,000 for FY 2010.

3/ Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are \$1,830,100 for FY 2009.

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.

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 2010 community college expenditures. In FY 2010, total budgeted expenditures are \$2,064,556,500. As mentioned previously, base operating revenues for FY 2010 are \$1,678,004,700; however, this figure does not include allocated fund balances or bond proceeds. Including these amounts, total available revenues are \$2,221,396,000. Of the total \$2,064,556,500 in expenditures, \$1,216,603,200, or 59%, of these expenditures are from the community colleges’ general and restricted funds. This includes about \$483,065,700, or 23%, for instruction and \$170,236,100, or 8%, for administrative support.

**Table 7**

**Community College Resident Tuition and Fees – FY 2010**

<u>District</u>	<u>Cost Per Credit Hour</u>	<u>Annual Cost</u> <sup>1/</sup>	<u>% Change from FY 2009</u>
Cochise	\$54	\$1,630	5.8%
Coconino	75	2,250	14.2%
Gila <sup>2/</sup>	-	-	-
Graham	51	1,520	10.1%
Maricopa	71	2,130	0.0%
Mohave	67	2,020	8.0%
Navajo	54	1,630	13.2%
Pima	56	1,675	3.1%
Pinal	58	1,736	3.3%
Yavapai	58	1,740	11.5%
Yuma/La Paz	<u>60</u>	<u>1,800</u>	<u>7.1%</u>
<b>Weighted Average</b>	<b>\$65</b>	<b>\$1,957</b>	<b>7.4%</b>

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.

**Table 6**

**Community College Tax Rates – FY 2010**

<u>District</u>	<u>Primary Rate</u>	<u>Secondary Rate</u>	<u>Combined Rate</u>	<u>% Change in Combined Rate from FY 2009</u>
Cochise	\$1.61	\$0.00	\$1.61	(3.0%)
Coconino	0.34	0.09	0.43	(7.4%)
Gila	0.53	0.00	0.53	(5.3%)
Graham	1.80	0.00	1.80	(4.4%)
Maricopa	0.72	0.16	0.88	(6.2%)
Mohave	0.68	0.00	0.68	(4.9%)
Navajo	1.14	0.00	1.14	(14.8%)
Pima	0.94	0.14	1.08	(4.9%)
Pinal	1.38	0.08	1.46	3.5%
Yavapai	1.13	0.14	1.27	(5.2%)
Yuma/La Paz	1.51	0.32	1.83	(8.2%)

**Table 8**

**Community Colleges - FY 2010 Budgeted Expenditures**

<u>General/Restricted Funds</u>	<u>Total</u>	<u>% of Total</u>
Instruction	\$483,065,700	23%
Public Service	30,284,500	1%
Academic Support	119,727,900	6%
Student Services	227,994,400	11%
Administrative Support	170,236,100	8%
Operation & Maintenance	91,853,900	4%
Scholarships/Grants	81,135,500	4%
Miscellaneous	900	
Contingency	<u>12,304,300</u>	<u>1%</u>
<b>Subtotal</b>	<b>\$1,216,603,200</b>	<b>59%</b>
<b>Auxiliary Enterprises Fund</b>	<b>\$153,234,900</b>	<b>7%</b>
<b>Plant Fund</b>	<b>\$560,699,400</b>	<b>27%</b>
<b>Debt Service</b>	<b>\$134,019,000</b>	<b>6%</b>
<b>Total</b>	<b>\$2,064,556,500</b>	

Expenditures for auxiliary enterprises, including revenue generating retail and business services such as parking lots, book stores, and food service, are \$153,234,900, or 7% of the total. Plant Fund expenditures, which generally include capital costs, are \$560,699,400, or 27% of the total. The remaining \$134,019,000 is for debt service.

**American Recovery and Reinvestment Act**

The American Recovery and Reinvestment Act (ARRA) requires the U.S. Department of Education to distribute \$831,869,300 to Arizona as part of the State Fiscal Stabilization Fund (SFSF) for education programs. (Please see the ARRA summary pages for more information.)

A total of \$182,809,400 was distributed in FY 2010 from the SFSF for higher education programs. Of this amount, \$28,671,000 was allocated to the community colleges and \$154,138,400 to the universities. The community college amount was allocated among the districts according to a distribution plan established by the Governor (see Table 10

for the allocation). The community colleges may receive additional SFSF monies in FY 2010 and/or FY 2011. Due to limited availability of funds, this amount may not match the first distribution of \$28,671,000.

<u>District</u>	<u>Allocation</u>
Cochise	\$ 1,628,600
Coconino	649,300
Gila	175,400
Graham	873,200
Maricopa	15,093,500
Mohave	875,000
Navajo	1,304,000
Pima	4,523,700
Pinal	1,206,800
Yavapai	1,029,800
Yuma/La Paz	1,311,700
<b>Total</b>	<b>\$28,671,000</b>

<b>SUMMARY OF FUNDS</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Estimate</b>
<b>Tribal Assistance Fund</b> (No Fund Number/A.R.S. § 42-5029)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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 2009 and FY 2010 Diné College and Tohono O'odham Community College qualified for this distribution, contingent on a compact with the Executive.		
<b>Purpose of Fund:</b> To fund workforce development and job training activities at a community college owned, operated, or chartered by a qualifying Indian tribe.		
<b>Funds Expended</b>	510,300	496,200
<b>Year-End Fund Balance</b>	0	0
<b>Workforce Development Accounts</b> (varies by account/A.R.S. § 15-1472)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> 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.		
<b>Purpose of Fund:</b> To fund workforce development and training activities at the community college districts. From FY 2002 to FY 2014, the first \$1,000,000 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.		
<b>Funds Expended</b>	15,030,500	13,840,200
<b>Year-End Fund Balance</b>	0	0