

Arizona Community Colleges

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DESCRIPTION	FY 2003	FY 2004	FY 2005	
	ACTUAL	ESTIMATE	OSPB	JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	5.0	0.0		0.0
Personal Services	140,100	0		0
Employee Related Expenditures	27,700	0		0
Professional and Outside Services	26,200	0		0
Travel - In State	8,500	0		0
Other Operating Expenditures	21,300	0		0
Equipment	2,000	0		0
OPERATING SUBTOTAL	225,800	0		0
SPECIAL LINE ITEMS				
Operating State Aid				
Cochise	5,540,500	5,540,500		5,540,500
Coconino	2,905,500	2,905,500		2,905,500
Graham	5,252,400	5,252,400		5,252,400
Maricopa	46,613,700	46,613,700		46,613,700
Mohave	3,630,300	3,630,300		3,630,300
Navajo	4,210,300	4,210,300		4,210,300
Pima	18,125,700	18,125,700		18,125,700
Pinal	5,659,100	5,659,100		5,659,100
Yavapai	4,589,200	4,589,200		4,589,200
Yuma/La Paz	5,222,600	5,222,600		5,222,600
<i>Subtotal - Operating State Aid</i>	101,749,300	101,749,300		101,749,300
Capital Outlay State Aid				
Cochise	681,800	681,800		681,800
Coconino	319,300	319,300		319,300
Graham	616,700	616,700		616,700
Maricopa	8,309,800	8,309,800		8,309,800
Mohave	440,400	440,400		440,400
Navajo	466,500	466,500		466,500
Pima	2,654,800	2,654,800		2,654,800
Pinal	658,800	658,800		658,800
Yavapai	567,400	567,400		567,400
Yuma/La Paz	718,600	718,600		718,600
<i>Subtotal - Capital Outlay State Aid</i>	15,434,100	15,434,100		15,434,100
Equalization Aid				
Cochise	2,006,500	2,208,300		2,208,300
Graham	6,612,900	7,273,300		7,273,300
Navajo	1,289,800	1,441,300		1,441,300
Yuma/La Paz	250,800	202,400		202,400
<i>Subtotal - Equalization Aid</i>	10,160,000	11,125,300		11,125,300
Tribal Community Colleges	1,750,000	1,750,000		1,750,000
AGENCY TOTAL	129,319,200	130,058,700		130,058,700
FUND SOURCES				
General Fund	129,319,200	130,058,700		130,058,700
SUBTOTAL - Appropriated Funds	129,319,200	130,058,700		130,058,700
Other Non-Appropriated Funds	11,972,900	12,743,200		13,501,100
TOTAL - ALL SOURCES	141,292,100	142,801,900		143,559,800

CHANGE IN FUNDING SUMMARY

FY 2004 to FY 2005 JLBC

	\$ Change	% Change
General Fund	0	0.0%
Total Appropriated Funds	0	0.0%
Non Appropriated Funds	757,900	5.9%
Total - All Sources	757,900	0.5%

AGENCY DESCRIPTION — The Arizona community college system is comprised of 10 college districts. 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 2003 Appropriation	FY 2003 Actual	FY 2004 Appropriation	FY 2005 Recommend.
• % of upper-division students at universities who transfer from an Arizona Community College with 12 or more credits	40	NA	48	48
• % of students who transfer to Arizona public universities without loss of credits	95	NA	96	96
• No. of applied Baccalaureate programs collaboratively developed with universities	12	NA	8	8
• % of community college campuses that offer 2-way interactive TV courses	100	NA	100	100

Comments: The community colleges did not submit information for any measure labeled as “NA.”

RECOMMENDED CHANGES FROM FY 2004

Special Line Items

Operating State Aid

The JLBC recommends \$101,749,300 from the General Fund for Operating State Aid in FY 2005. This amount is unchanged from FY 2004.

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

The Operating State Aid formula adjusts state aid in an amount that reflects only growth in the full-time student equivalent (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 2005, the last actual FTSE data was from FY 2003.) The formula “holds harmless” districts with declining FTSE enrollment as the formula *does not* adjust state aid downward for these districts. Audited enrollment is 109,803 FTSE and grew by 7,230 FTSE, or 7%.

The JLBC recommends freezing the Operating State Aid to community college districts at the appropriated FY 2004 level. Fully funding the statutory formula for Operating State Aid would require a General Fund increase of \$7,598,500. A.R.S. § 15-1466 would have to be

notwithstanding to appropriate an amount for Operating State Aid that differs from the statutory formula. (*See JLBC Recommended Statutory Changes for more information.*)

Capital Outlay State Aid

The JLBC recommends \$15,434,100 from the General Fund for Capital Outlay State Aid in FY 2005. This amount is unchanged from FY 2004.

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 year’s actual audited FTSE. The statutory formula multiplies \$210/FTSE for districts with 5,000 or less FTSE or \$160/FTSE for districts with greater than 5,000 FTSE by the district’s actual audited FTSE.

The JLBC recommends freezing the Capital Outlay State Aid to community college districts at the appropriated FY 2004 level. Fully funding the statutory formula for Capital Outlay State Aid would require a General Fund increase of \$3,352,800. Of that amount, \$1,186,900 represents the incremental increase in the formula from FY 2004 to FY 2005. A.R.S. § 15-1464 would have to be notwithstanding to appropriate an amount for Capital Outlay State Aid that differs from the statutory formula. (*See JLBC Recommended Statutory Changes for more information.*)

Equalization Aid

The JLBC recommends \$11,125,300 from the General Fund for Equalization Aid in FY 2005. This amount is unchanged from FY 2004.

These Special Line Items provide additional state aid to qualifying community college districts whose tax base is insufficient to provide adequate funding for continuing operations and maintenance pursuant to A.R.S. § 15-1468.

Equalization Aid is paid to community college districts with property tax bases that are less than the minimum assessed value specified in A.R.S. § 15-1402. Under the Equalization Aid formula, the minimum assessed valuation is increased by the average growth in actual assessed valuation for the 2 most recent years for all rural districts with populations of less than 500,000 persons.

Equalization Aid is paid out on the basis of the difference between minimum assessed valuation and the most recent year’s 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.

The JLBC recommends freezing the Equalization Aid to community college districts at the appropriated FY 2004 level. Fully funding the statutory formula for Equalization Aid would require a General Fund increase of \$4,354,800. Of that amount, \$1,915,600 represents the incremental increase in the formula from FY 2004 to FY 2005. A.R.S. § 15-1468 would have to be notwithstanding to appropriate an amount for Equalization Aid that differs from the statutory formula. *(See JLBC Recommended Statutory Changes for more information.)*

Tribal Community Colleges

The JLBC recommends \$1,750,000 from the General Fund for Tribal Community Colleges in FY 2005. This amount is unchanged from FY 2004.

This Special Line Item provides tribal community colleges with funding for maintenance, renewal, and capital expenses. Pursuant to A.R.S. § 42-5031.01, the State Treasurer shall annually transmit to the colleges a total of up to \$1,750,000 in Transaction Privilege Tax revenues collected from sources located on Indian reservations. Diné College is currently the only college eligible to receive funds, and therefore, receives all available funding. Given the language of A.R.S. § 42-5031.01, these monies will not appear in the General Appropriation Act.

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JLBC RECOMMENDED FORMAT — District-by-District Special Line Items

JLBC RECOMMENDED FOOTNOTES

Deletion of Prior Year Footnotes

The JLBC recommends deleting the footnote concerning transfer articulation information. The footnote is no longer necessary.

JLBC RECOMMENDED STATUTORY CHANGES

The JLBC recommends notwithstanding the formulas for Operating State Aid, Capital Outlay State Aid, and Equalization Aid and establishing that the appropriations for aid to districts shall be the amounts appropriated in the General Appropriation Act. *(See Operating State Aid, Capital Outlay State Aid, and Equalization Aid Special Line Items for more information.)*

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
Community College Certification (CMA2009/A.R.S. § 15-1425)		Appropriated
Source of Revenue: Fees collected for the issuance and renewal of occupational and professional teaching certificates and monies appropriated by the Legislature.		
Purpose of Fund: To certify instructors of classes at community colleges. Laws 2002, Chapter 6 eliminated Teacher Certification as of June 30, 2002. Laws 2001, Chapter 1, 1 st Special Session transferred \$88,700 to the General Fund in FY 2003 and Laws 2003, Chapter 264 reverted \$400 in unspent monies to the state General Fund on July 1, 2003.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Federal Grants (CMA2000/A.R.S. § 15-1424)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: To fund various federal programs at community colleges statewide in the areas of adult training, articulation, literacy, vocational training, and English proficiency, and to provide State Board support for administration of funds. Laws 2002, Chapter 330 transferred the responsibility for administering the benefits of the Carl D. Perkins Vocational Education Act to the State Board for Vocational and Technical Education. In FY 2003 \$46,900 was transferred to the Arizona Department of Education and \$100 was transferred to the Department of Commerce.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
Les Aries Memorial (CMA3321/A.R.S. § 15-1424)		Non-Appropriated
Source of Revenue: Interest on investment of principal, the source of which is private donations.		
Purpose of Fund: To provide scholarships to community college students pursuing an education in real estate. In FY 2003 \$40,900 was transferred to the Arizona Board of Realtors. Laws 2003, Chapter 264 reverted \$100 in unspent monies to the state General Fund on July 1, 2003.		
Funds Expended	0	0
Year-End Fund Balance	0	0
State Community College Board (CMA2500/A.R.S. § 15-1424)		Non-Appropriated
Source of Revenue: Fees to administer the State Community College Board Association, an informal association of community colleges.		
Purpose of Fund: To aid the State Board in supporting the efforts of the Association to reduce and monitor its members in the area of worker's compensation claims and to reimburse the agency for its efforts. Laws 2003, Chapter 264 reverted \$28,000 in unspent monies to the state General Fund on July 1, 2003.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Tribal Assistance (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 college to receive distributions in the same manner as the transfers to individual community college district workforce development accounts. A "qualifying Indian tribe" means an Indian tribe that owns, operates, and charters any community college located on its own reservation in this state. In FY 2003 and FY 2004 Diné College and Tohono O'odham Community College qualified for this distribution.		
Purpose of Fund: To provide support to one or more community colleges owned, operated, or chartered by a qualifying Indian tribe and shall be used in a manner consistent with A.R.S. § 15-1472B for workforce development and job training.		
Funds Expended	487,100	490,300
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 transferred to individual community college district workforce development accounts. These accounts were authorized by voter approval of Proposition 301 in the November 2000 General Election.		
Purpose of Fund: To fund workforce development and training activities. 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 - Capital	1,000,000	1,000,000
Funds Expended - Operating	10,485,800	11,252,900
Year-End Fund Balance	0	0

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