

State Board of Directors for Community Colleges

A.R.S. § 15-1424

Executive Director: Donald E. Puyear

JLBC Analyst: Bruce Groll

	FY 2000 Actual	FY 2001 Estimate	FY 2002 Approved	FY 2003 Approved
PROGRAM BUDGET				
State Board Support	728,700	748,000	788,900	812,000
Arizona Transfer Articulation Support				
System SLI	221,900	225,700	225,700	225,700
Arizona Learning Systems SLI	2,419,900	0	0	0
<i>Program Subtotal - State Board Support</i>	3,370,500	973,700	1,014,600	1,037,700
Teacher Certification	147,200	196,900 ^{1/}	169,000 ^{2/}	185,600 ^{2/}
Operating State Aid				
Cochise SLI	6,115,000	6,321,400	6,321,400	6,454,200
Coconino SLI	3,201,300	3,130,800	3,259,700	3,313,500
Graham SLI	5,484,500	5,645,600	5,821,700	5,995,700
Maricopa SLI	44,804,900	47,945,800	49,973,900	52,553,400
Mohave SLI	3,980,200	4,048,800	4,142,000	4,227,900
Navajo SLI	4,424,100	4,326,300	4,434,500	4,434,500
Pima SLI	19,790,000	19,963,100	20,439,600	21,117,400
Pinal SLI	6,180,100	6,165,100	6,276,700	6,322,500
Yavapai SLI	5,165,300	5,079,600	5,177,400	5,275,900
Yuma/La Paz SLI	5,496,900	5,312,700	5,746,600	5,886,300
<i>Program Subtotal - Operating State Aid</i>	104,642,300	107,939,200	111,593,500 ^{3/}	115,581,300 ^{3/}
Capital Outlay State Aid				
Cochise SLI	683,600	750,100	743,400	767,800
Coconino SLI	314,400	313,300	336,800	346,700
Graham SLI	553,800	606,700	638,800	670,700
Maricopa SLI	7,660,000	8,299,400	8,581,300	8,941,800
Mohave SLI	450,900	482,400	499,400	515,100
Navajo SLI	441,400	419,600	439,300	436,400
Pima SLI	2,664,300	2,784,600	2,850,900	2,945,600
Pinal SLI	639,200	662,600	682,900	691,300
Yavapai SLI	580,200	588,000	605,900	623,900
Yuma/La Paz SLI	671,200	662,800	741,900	767,600
<i>Program Subtotal - Capital Outlay State Aid</i>	14,659,000	15,569,500	16,120,600 ^{3/}	16,706,900 ^{3/}
Equalization Aid				
Cochise SLI	1,892,300	2,092,200	2,113,500	2,479,900
Graham SLI	7,001,700	7,275,100	7,655,900	8,128,200
Navajo SLI	997,200	1,263,600	1,270,300	1,597,800
Pinal SLI	33,000	0	96,000	0
Yuma/La Paz SLI	68,800	117,800	0	269,100
<i>Program Subtotal - Equalization Aid</i>	9,993,000	10,748,700	11,135,700	12,475,000
Rural County Reimbursement	3,253,700	0	0	0
Workforce Development	0	0	12,479,300	13,641,000
Tribal Assistance	0	0	370,000	383,600
TOTAL APPROPRIATIONS	136,065,700	135,428,000	152,882,700	160,011,100

^{1/} The \$147,700 appropriation for FY 2000 and \$148,300 of the appropriation for FY 2001 from the Community College Certification Fund are intended for the specific purpose of defraying teacher certification costs and include \$137,700 and \$138,300, respectively, for total direct certification costs of staff salaries, employee related expenditures and all other direct operating expenses, \$10,000 for related indirect costs for administrative expenses incurred by the board. (General Appropriation Act footnote, as amended by Laws 2001, Chapter 232)

^{2/} \$169,000 of the appropriation for FY 2002 and \$185,600 of the appropriation for FY 2003 from the Community College Certification Fund are intended for the specific purpose of defraying teacher certification costs and include \$157,700 and \$160,300, respectively, for total direct certification costs of staff salaries, employee related expenditures and all other direct operating expenses, \$1,300 and \$15,300, respectively, for additional office lease expenses, and \$10,000 for related indirect costs for administrative expenses incurred by the board. (General Appropriation Act footnote, as adjusted for statewide salary and other allocations)

	FY 2000 Actual	FY 2001 Estimate	FY 2002 Approved	FY 2003 Approved
OPERATING BUDGET				
Full Time Equivalent Positions	13.0	13.0	13.0	13.0
Personal Services	617,400	615,000	632,000	663,700
Employee Related Expenditures	102,800	111,900	108,600	107,700
Professional and Outside Services	23,400	12,800	12,800	12,800
Travel - In State	28,400	32,100	32,100	32,100
Travel - Out of State	3,800	3,200	3,200	3,200
Other Operating Expenditures	85,900	165,600	153,400	167,300
Equipment	14,200	4,300	15,800	10,800
<i>Operating Subtotal</i>	875,900	944,900	957,900	997,600
Special Line Items (SLI)	135,189,800	134,483,100	151,924,800	159,013,500
TOTAL APPROPRIATIONS	136,065,700	135,428,000	152,882,700 ^{4/5/6/}	160,011,100 ^{4/5/6/}
FUND SOURCES				
General Fund	135,918,500	135,231,100	139,864,400	145,800,900
General Fund - Dedicated	0	0	12,849,300	14,024,600
<i>Subtotal - General Fund</i>	135,918,500	135,231,100	152,713,700	159,825,500
Other Appropriated Funds				
Community College Certification Fund	147,200	196,900	169,000	185,600
<i>Subtotal - Other Appropriated Funds</i>	147,200	196,900	169,000	185,600
TOTAL APPROPRIATIONS	136,065,700	135,428,000	152,882,700	160,011,100

AGENCY DESCRIPTION — *The Arizona community college system is comprised of the State Board of Directors (State Board) and 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.*

- ^{3/} Each district has the option of using up to 20% of its total Capital Outlay Aid appropriation for Operating Aid purposes, or this same amount may be taken out of its total Operating State Aid appropriation and used for Capital Outlay purposes (A.R.S. § 15-1464F).
- ^{4/} It is the intent of the Legislature that the Community Colleges and Universities cooperate in operating a Statewide Articulation and Transfer System, including the process for transfer of lower division general education credits, general elective credits and curriculum requirements for majors, to ensure that community college students may transfer to Arizona public universities without a loss of credits toward a baccalaureate degree. It is also the intent of the Legislature that the Higher Education Study Committee continue the collaborative process that assures that the postsecondary education needs of students statewide are met without unnecessary duplication of programs. The committee shall focus its efforts on potential students who reside in rural areas or who cannot meet the regular class schedule due to their employment and family matters. The Arizona Board of Regents and the State Board of Directors for Community Colleges shall submit an annual report of their progress on both articulation and meeting statewide postsecondary education needs to the Joint Legislative Budget Committee by December 15, 2001 and December 15, 2002. (General Appropriation Act footnote)
- ^{5/} All community college districts shall provide articulation information to students for classes that transfer for credit to an Arizona public university, including references to advisement, counseling and appropriate Web sites, in all catalogues, course schedules and Internet course guides. (General Appropriation Act footnote)
- ^{6/} General Appropriation Act funds are appropriated as an Operating Lump Sum with district-by-district Special Line Items and Other Special Line Items.

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Estimate	Estimate
• % of upper-division students at universities who transfer from an Arizona Community College with 12 or more credits	NA/34	NA/35	36	40
• % of students who transfer to Arizona public universities without loss of credits	NA/50	NA/65	75	85/95
• No. of applied Baccalaureate programs collaboratively developed with universities	NA/5	NA/6	8	10/12
• % of community college campuses that offer 2-way interactive TV courses	NA/30	NA/42	65	85/100
• % of students completing vocational education programs who enter jobs related to training	85/85	85/85	85	88/90
• Administration as a % of total cost	NA/0.7	0.7/0.7	0.7	0.7/0.7
• Customer satisfaction rating for districts receiving board services (Scale 1-8)	NA	NA	6.0	6.0

State Board Support Program — This program provides general administrative support to the State Board including budget, personnel, computer services, strategic management, policy development and implementation. The program also reviews and makes recommendations concerning community college district budget requests, curriculum, tuition and fees, and facilities. The approved appropriation is funded from the General Fund.

The State Board consists of 17 members: one from each county appointed by the Governor; a representative of the Arizona Board of Regents; and the Superintendent of Public Instruction or the Superintendent's designee. The State Board enacts ordinances for the governance of the community colleges, sets standards for their operation, and fixes student tuition and fees.

Lease Increase — The approved amount includes an increase of \$21,200 from the General Fund in both FY 2002 and FY 2003 above FY 2001 for increased annual lease expenses for office space.

Equipment — The approved amount includes one-time increases of \$7,600 in FY 2002 and \$4,300 in FY 2003 above FY 2001 from the General Fund for computer equipment and software replacement.

Arizona Transfer Articulation Support System (ATASS) Special Line Item — This Special Line Item supports a joint initiative of the community colleges and universities to facilitate better course transfer articulation and to develop a shared statewide student and financial information database for enhancing reporting and accountability (*See footnote #4 above*). The approved appropriation is funded from the General Fund.

The approved amount includes an increase of \$225,700 in both FY 2002 and FY 2003 above FY 2001 to continue the state's matching funds for ongoing system operating and support services. The approved amount funds

approximately 36% of the \$628,100 total required to fully fund ATASS in FY 2002 and approximately 39% of the \$581,900 total required for FY 2003. The Legislature intends that the \$402,400 difference in FY 2002 and \$356,200 in FY 2003 required to fully fund ATASS be provided in equal matching amounts of \$201,200 and \$178,100 from the community colleges and public state universities for FY 2002 and FY 2003, respectively.

Arizona Learning Systems (ALS) Special Line Item — This Special Line Item supports a consortium of Arizona's 10 community college districts under the auspices of the State Board to promote distance learning across district boundaries using Internet, interactive videoconferencing, and other technologies. The FY 2000 actual expenditure of \$2,419,900 from the General Fund was used to establish connectivity for distance learning to each main campus of the state's 10 college districts. ALS began offering classes in January 2001.

Teacher Certification Program — This program reviews applications, issues certificates in specific disciplines to individuals who are qualified to teach in Arizona community colleges, and fixes and collects fees for issuance and renewal of certificates. The approved appropriation is funded from the Community College Certification Fund.

Lease Increase — The approved amount includes a FY 2002 increase of \$12,300 above FY 2001 and a FY 2003 increase of \$26,300 above FY 2001 from the Community College Certification Fund for increased annual lease expenses for office space.

Laws 2001, Chapter 232, Section 5 of the Supplemental Appropriations omnibus bill appropriated \$46,500 from the Community College Certification Fund for FY 2001 to the State Board for increased annual lease expenses for office space.

Equipment — The approved amount includes one-time increases of \$3,900 in FY 2002 and \$2,200 in FY 2003 above FY 2001 from the Community College Certification Fund for computer equipment and software replacement.

Indirect Costs — The approved amounts for FY 2002 and FY 2003 include \$10,000 from the Community College Certification Fund to defray reasonable expenditures incurred by the State Board for administration of the fund. These costs include a share of the Executive Director's salary, financial services, and other State Board staff whose efforts indirectly support the certification process.

Operating State Aid Program and Special Line Items

— This program provides the community college districts with funds for continuing operating and maintenance expenses pursuant to A.R.S. § 15-1466. The approved appropriation is funded from the General Fund. Each district's funding is provided in its own Special Line Item.

The approved amount includes a collective FY 2002 increase of \$3,654,300 above FY 2001 and a collective FY 2003 increase of \$7,642,100 above FY 2001 to fully fund the growth-only statutory formula for each community college district.

The community college funding formula "holds harmless" districts with declining full-time student equivalent (FTSE) enrollment by adjusting 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. Therefore, Operating State Aid equals the sum of the current year base plus the FTSE enrollment growth adjustment, and also becomes the base amount to be adjusted in the next fiscal year. Statewide, FTSE is estimated to grow by 6,658, or 3.5%, in each year of the biennium. The audited enrollment growth used for FY 2002 is 3,175 FTSE and the estimated enrollment growth used for FY 2003 is 3,483 FTSE. The approved FY 2003 funding formula increase is based on the JLBC Staff district enrollment estimates using the 5-year average percent change of actual audited FTSE by district for FY 1995 to FY 2000 and may need to be adjusted for actual audited FY 2001 enrollment.

Capital Outlay State Aid Program and Special Line Items

— This program provides the community college districts with funds for capital land, building, and equipment needs pursuant to A.R.S. § 15-1464. The approved appropriation is funded from the General Fund. Each district's funding is provided in its own Special Line Item.

The approved amount includes a collective FY 2002 increase of \$551,100 above FY 2001 and a collective FY 2003 increase of \$1,137,400 above FY 2001 to fully

fund the statutory formula for each community college district.

These sums are derived by funding the statutory rates of \$210/FTSE for districts with 5,000 or less FTSE, and \$160/FTSE for districts with greater than 5,000 FTSE. The statutory 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. Again, the approved FY 2003 funding formula increase is based on JLBC Staff district enrollment estimates using the 5-year average percent change of actual audited FTSE by district for FY 1995 to FY 2000 and may need to be adjusted for actual audited FY 2001 enrollment.

Equalization Aid Program and Special Line Items

— This program provides 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. The approved appropriation is funded from the General Fund. Each district's funding is provided in its own special line item.

The approved amount includes a FY 2002 increase of \$387,000 above FY 2001 and a FY 2003 increase of \$1,072,900 above FY 2001 to fully fund the statutory formula for each qualifying community college district.

Four districts are eligible to receive aid in each year of the biennium. 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. In FY 2002, districts are eligible if their minimum assessed value is \$646,669,600. In FY 2003, that level is \$685,146,500.

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.

Rural County Reimbursement Program

— This program 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, the FY 2000 actual expenditure of \$3,253,700 is offset by a corresponding reduction in the county's sales tax apportionment. The payments made on behalf of the counties are not included in county expenditure limits established in the Arizona Constitution.

Workforce Development (Dedicated) Program — This program establishes individual community college district Workforce Development accounts to provide funding for workforce development and job training pursuant to “Education 2000” (Proposition 301), which voters enacted into law during the November 2000 General Election.

The approved amounts are estimates of monies that will be deposited into the accounts each year under Education 2000. Education 2000 increased the state Transaction Privilege Tax (TPT) (“sales tax”) rate from 5% to 5.6% and dedicated the new revenues from that rate increase to various programs in public education. The community college district Workforce Development accounts receive 3% of collections from the new sales tax revenues. The approved appropriation is funded from the education sales tax portion of the General Fund.

The approved amount includes a FY 2002 increase of \$12,479,300 above FY 2001 and a FY 2003 increase of \$13,641,000 above FY 2001 for workforce development and job-training purposes. Since district Workforce Development accounts did not exist in FY 2001, the recommended increases for FY 2002 and FY 2003 also equal total recommended funding for those years.

Under Education 2000, monies will be transferred monthly into each district’s Workforce Development account. These monies are to be distributed as follows:

- \$1,000,000 each fiscal year for 13 consecutive fiscal years beginning in FY 2002 for matching capital requirements pursuant to A.R.S. § 15-1463 to a district in the order that the campus qualified. In both FY 2002 and FY 2003, Navajo Community College District will receive the \$1,000,000 for its Snowflake and Winslow campuses, respectively.
- Thereafter, each district will receive \$200,000 plus a prorated share of the remaining monies based on their percentage of the most recent total statewide audited FTSE.

The approved detailed estimated distributions of these monies to community college districts for FY 2002 and FY 2003 are shown in *Table 1*.

Community college district boards are responsible for approving expenditures for workforce development and job training purposes. The district boards must submit annual reports on their workforce development plans, outlining purpose and goals, activities and expenditures authorized, actual expenditures, and general accounting of expenditures to the State Board, Governor, President of the Senate, Speaker of the House of Representatives, and the Department of Commerce.

District	Estimated Sales Tax Revenues ^{1/}	
	FY 2002	FY 2003
Cochise	\$ 557,800	\$ 600,100
Coconino	362,200	380,700
Graham	507,500	549,500
Maricopa	5,621,400	6,315,200
Mohave	440,400	468,400
Navajo ^{2/3/}	1,411,500	1,427,400
Pima	2,001,100	2,214,500
Pinal	528,700	560,200
Yavapai	491,600	525,100
Yuma/LaPaz	557,100	599,900
District Totals	\$12,479,300	\$13,641,000
Capital Matching Requirement	\$ 1,000,000	\$ 1,000,000
Fixed District Distribution	2,000,000	2,000,000
Prorata FTSE Distribution	9,479,300	10,641,000
Total Sales Tax Revenues	\$12,479,300	\$13,641,000

^{1/} Estimated sales tax revenues include \$200,000 to each district plus a prorata share of the remaining revenues based on actual audited FTSE for FY 2002 and estimated FTSE for FY 2003.

^{2/} The FY 2002 amount to Navajo Community College District includes \$1,000,000 in state Capital Matching monies for the Snowflake campus pursuant to A.R.S. § 15-1463 .

^{3/} The FY 2003 amount to Navajo Community College District includes \$1,000,000 in state Capital Matching monies for the Winslow campus pursuant to A.R.S. § 15-1463 .

Tribal Assistance (Dedicated) Program — This program provides funding to qualifying tribal colleges for workforce development and job training pursuant to “Education 2000” (Proposition 301). The approved appropriation is funded from the education sales tax portion of the General Fund.

The approved amount includes a FY 2002 increase of \$370,000 above FY 2001 and a FY 2003 increase of \$383,600 above FY 2001 to qualifying Indian colleges for workforce development and job training purposes. Since Tribal Assistance did not exist in FY 2001, the recommended increases for FY 2002 and FY 2003 also equal total recommended funding for those years.

Each qualifying tribal college shall receive distributions as if it were a community college district under the jurisdiction of the State Board of Directors for Community Colleges. In other words, each qualifying tribal college will receive \$200,000 plus a prorated share based on their percentage of the most recent total statewide audited FTSE.

The approved amounts are estimates of monies that will be deposited into qualifying tribal college accounts each year under Education 2000. Currently, Dine College is the only

tribal college expected to be eligible to receive Education 2000 funds.

Vetoed Appropriations: Community College Funding; Study Committee, (H.B. 2333) — Section 1 of the bill would have established a Joint Legislative Study Committee on Community College Funding to examine community college operating costs, the adequacy of current funding arrangements, other states' funding arrangements, articulation, and other issues. A report of the committee's findings and recommendations would have been due by December 31, 2001.

Section 2 of this bill, as originally passed, would have appropriated \$250,000 from the state General Fund in FY2002 and FY2003 to the State Fire Marshal for distribution to Pinal County for a burn facility to be located at Central Arizona College.

Section 3 of this bill, as originally passed, would have appropriated \$250,000 from the state General Fund in FY2002 and FY2003 to the Arizona Peace Officer Standards and Training Board for completion of construction of a regional law enforcement training center in Pinal County at Central Arizona College, Signal Peak campus.

The Governor vetoed this bill.

Additional Legislation: Technological Districts; Elections; Appropriations, (Chapter 251) — Modifies the voting requirements relating to forming or enlarging a joint technological education district. Section 3 of the bill adds specific reporting requirements on joint student enrollment pertaining to community colleges. By September 1, 2001, each superintendent of a joint technological education district shall submit a report to the JLBC Staff that includes:

- The total number of students enrolled during the 2000-2001 school year at the joint technological education district.
- A description of the classes or courses offered by the joint technological education district and the total number of instructional hours provided for each course.
- The number of students enrolled in each course.
- The courses, if any, for which the student received community college credit.
- The courses, if any, that a community college may include the instructional hours toward the college's full-time equivalent student count.
- The amount of funding, if any, that the joint technological district provides to a community college for courses taught on a community college campus or by a community college instructor.

The bill also requires the JLBC Staff to develop the form and instructions for the reporting of this information.

Provisional Community College Districts, (Chapter 258) — Removes the statutory prohibition of a provisional community college district to receive Operating State Aid and Capital Outlay State Aid. The bill retains the prohibition of a provisional community college district from receiving state Equalization Aid under A.R.S. § 15-1468, but adds the prohibition of a provisional community college district from receiving state matching funds of up to \$1,000,000 for contributions for capital outlay for an initial or additional campus pursuant to A.R.S. § 15-1463. The bill also exempts a provisional community college district from the state aid eligibility requirements of A.R.S. § 15-1466G (1) and (2) for being equipped with suitable buildings, equipment, and campus approved by the State Board and for having 325 FTSE attending in the district, respectively.

Community Colleges; Dual Enrollment Programs, (Chapter 372) — Establishes requirements relating to the enrollment certification of students simultaneously enrolled in high school and college level courses.

- Requires school districts and charter schools to include a student level data element in the Student Accountability Information System (SAIS) that indicates if the student is enrolled in a joint technological education district or a community college for classes counting towards high school graduation requirements.
- Amends A.R.S. § 15-1425 to require the State Board to use the same student level data element to identify students simultaneously enrolled in a course for both high school and college credit.
- Requires the Auditor General to have access to the student level data element when certifying the full-time equivalent student enrollment of the school.

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