

JLBC Analyst: Jake Corey

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Approved
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			
<i>Operating State Aid</i>			
Cochise	5,540,500	5,540,500	6,232,700
Coconino	2,905,500	2,905,500	3,025,000
Graham	5,252,400	5,252,400	5,252,400
Maricopa	46,613,700	46,613,700	51,290,500
Mohave	3,630,300	3,630,300	3,710,000
Navajo	4,210,300	4,210,300	4,412,300
Pima	18,125,700	18,125,700	19,593,500
Pinal	5,659,100	5,659,100	5,659,100
Yavapai	4,589,200	4,589,200	4,724,500
Yuma/La Paz	5,222,600	5,222,600	5,447,800
<i>Program Subtotal - Operating State Aid</i>	<i>101,749,300</i>	<i>101,749,300</i>	<i>109,347,800</i>
<i>Capital Outlay State Aid</i>			
Cochise	681,800	681,800	912,200
Coconino	319,300	319,300	355,700
Graham	616,700	616,700	509,500
Maricopa	8,309,800	8,309,800	10,372,200
Mohave	440,400	440,400	492,000
Navajo	466,500	466,500	586,300
Pima	2,654,800	2,654,800	3,297,800
Pinal	658,800	658,800	711,100
Yavapai	567,400	567,400	683,800
Yuma/La Paz	718,600	718,600	866,500
<i>Program Subtotal - Capital Outlay State Aid</i>	<i>15,434,100</i>	<i>15,434,100</i>	<i>18,787,100</i>
<i>Equalization Aid</i>			
Cochise	2,006,500	2,208,300	3,151,300
Graham	6,612,900	7,273,300	9,588,000
Navajo	1,289,800	1,441,300	2,134,800
Yuma/La Paz	250,800	202,400	606,000
<i>Program Subtotal - Equalization Aid</i>	<i>10,160,000</i>	<i>11,125,300</i>	<i>15,480,100</i>
Gila Provisional Community College	0	0	325,000
Tribal Community Colleges	1,750,000	1,750,000 ^{1/}	1,750,000 ^{1/}
Rural County Reimbursement	3,309,600	0	0
AGENCY TOTAL	132,628,800	130,058,700	145,690,000^{2/}
FUND SOURCES			
General Fund	132,628,800	130,058,700	145,690,000
SUBTOTAL - Appropriated Funds	132,628,800	130,058,700	145,690,000
Other Non-Appropriated Funds	11,972,900	13,015,300	13,760,400
TOTAL - ALL SOURCES	144,601,700	143,074,000	159,450,400

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	FY 2003	FY 2004	FY 2005
	Appropriation	Actual	Appropriation	Appropriation
• % 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.”

Special Line Items

Operating State Aid

The budget provides \$109,347,800 from the General Fund for Operating State Aid in FY 2005. This amount includes a \$7,598,500 increase to fully fund the statutory Operating State Aid formula.

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%.

Capital Outlay State Aid

The budget provides \$18,787,100 from the General Fund for Capital Outlay State Aid in FY 2005. This amount includes a \$3,353,000 increase to fully fund the statutory Capital Outlay State Aid formula.

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.

Equalization Aid

The budget provides \$15,480,100 from the General Fund for Equalization Aid in FY 2005. This amount includes a \$4,354,800 increase to fully fund the statutory Equalization Aid formula.

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. For the FY 2005 Equalization Aid formula calculation, the minimum assessed valuation is \$800,431,500.

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.

1/ A.R.S. § 42-5031.01 directs the State Treasurer to annually transmit to the tribal colleges up to \$1,750,000 in Transaction Privilege Tax revenues collected from sources located on Indian reservations.
 2/ General Appropriation Act funds are appropriated as district-by-district Special Line Items.

Gila Provisional Community College

The budget provides \$325,000 from the General Fund for Gila Provisional Community College in FY 2005. No General Fund monies were provided to Gila in FY 2004.

The Gila Provisional Community College Special Line Item provides Gila College with one-time funding for operations in FY 2005.

A county may form a provisional community college district if the county does not meet the minimum assessed valuation and population requirements necessary to form a regular community college district. Voters must approve the formation of the provisional district and a primary property tax rate to fund the operations of the district. Provisional districts have the same powers and duties as existing districts, except that provisional districts must contract with existing districts to award degrees.

The statutory formulas for Operating State Aid and Capital Outlay State Aid fund provisional districts in the same manner as regular districts. Funding is based on the most recent year's actual FTSE. Gila, therefore, will begin to qualify for Operating State Aid and Capital Outlay State Aid in FY 2006.

Tribal Community Colleges

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

The Tribal Community Colleges 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 do not appear in the General Appropriation Act.

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 2003 actual expenditure of \$3,309,600 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. The FY 2004 and FY 2005 payments will appear in future Appropriations Reports.

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