

## Arizona Community Colleges

|   | FY 2015<br>ACTUAL | FY 2016<br>ESTIMATE | FY 2017<br>BASELINE |
|---|-------------------|---------------------|---------------------|
| <b>SPECIAL LINE ITEMS</b>                               |                   |                     |                     |
| Operating State Aid                                     |                   |                     |                     |
| Cochise   | 5,343,400         | 5,206,000           | 4,670,000           |
| Coconino  | 1,775,800         | 1,771,200           | 1,756,400           |
| Gila  | 346,300           | 368,100             | 315,200             |
| Graham  | 2,261,300         | 2,175,600           | 2,249,700           |
| Maricopa  | 7,409,500         | 0                   | 0                   |
| Mohave  | 1,543,300         | 1,524,000           | 1,315,000           |
| Navajo  | 1,618,200         | 1,582,100           | 1,606,000           |
| Pima  | 6,493,500         | 0                   | 0                   |
| Pinal   | 2,023,900         | 1,903,500           | 1,724,700           |
| Santa Cruz  | 47,900            | 57,300              | 81,200              |
| Yavapai   | 887,000           | 890,300             | 800,200             |
| Yuma/La Paz   | 2,726,600         | 2,702,500           | 2,690,100           |
| <i>Subtotal - Operating State Aid</i>                   | <i>34,476,700</i> | <i>18,180,600</i>   | <i>17,208,500</i>   |
| STEM and Workforce Programs State Aid                   |                   |                     |                     |
| Cochise   | 1,236,700         | 1,150,000           | 1,008,200           |
| Coconino  | 426,900           | 423,200             | 418,000             |
| Gila  | 142,800           | 160,900             | 142,500             |
| Graham  | 640,500           | 569,500             | 595,200             |
| Maricopa  | 1,400,000         | 0                   | 0                   |
| Mohave  | 593,700           | 577,700             | 505,200             |
| Navajo  | 375,400           | 345,500             | 353,700             |
| Pima  | 600,000           | 0                   | 0                   |
| Pinal   | 1,009,300         | 96,500              | 96,500              |
| Santa Cruz  | 45,400            | 53,100              | 61,400              |
| Yavapai   | 802,900           | 805,700             | 774,400             |
| Yuma/La Paz   | 882,500           | 867,300             | 864,000             |
| <i>Subtotal - STEM and Workforce Programs State Aid</i> | <i>8,156,100</i>  | <i>5,049,400</i>    | <i>4,819,100</i>    |
| Equalization Aid  |                   |                     |                     |
| Cochise   | 3,870,500         | 4,332,800           | 4,878,400           |
| Graham  | 15,025,500        | 14,538,800          | 14,695,800          |
| Navajo  | 5,283,300         | 5,849,400           | 6,081,500           |
| <i>Subtotal - Equalization Aid</i>                      | <i>24,179,300</i> | <i>24,721,000</i>   | <i>25,655,700</i>   |
| Rural County Allocation                                 | 3,195,500         | 2,523,400           | 2,523,400           |
| Rural County Reimbursement Subsidy                      | 1,273,800         | 1,273,800           | 1,273,800           |
| Tribal Community Colleges                               | 2,625,000         | 2,625,000           | 2,625,000           |
| <b>AGENCY TOTAL</b>                                     | <b>71,906,400</b> | <b>54,373,200</b>   | <b>54,105,500</b>   |
| <b>FUND SOURCES</b>                                     |                   |                     |                     |
| General Fund  | 71,906,400        | 54,373,200          | 54,105,500          |
| <b>SUBTOTAL - Appropriated Funds</b>                    | <b>71,906,400</b> | <b>54,373,200</b>   | <b>54,105,500</b>   |
| Other Non-Appropriated Funds                            | 17,526,900        | 18,200,300          | 18,200,300          |
| <b>TOTAL - ALL SOURCES</b>                              | <b>89,427,300</b> | <b>72,573,500</b>   | <b>72,305,800</b>   |

**AGENCY DESCRIPTION** — The Arizona community college system is comprised of 10 college districts and 2 provisional districts. Arizona's community colleges provide programs and training in the arts, sciences and humanities, and vocational education leading to an Associate's degree, Certificate of Completion, or transfer to a Baccalaureate degree-granting college or university.

**Operating State Aid**

The Baseline includes \$17,208,500 from the General Fund in FY 2017 for Operating State Aid. FY 2017 adjustments would be as follows:

| Enrollment Changes  | GF | FY 2017<br>\$(972,100) |
|---|----|------------------------|
| The Baseline includes a decrease of \$(972,100) from the General Fund in FY 2017 to fund the statutory formula for Operating State Aid. |    |                        |

This amount funds statutory formula costs for a (1,614), or (5.1%), decrease in Full Time Student Equivalent (FTSE) students in rural community colleges (see Table 1). The (1,614) net FTSE decrease consists of a (1,600) FTSE decrease in non-dual enrollment students and a (14) FTSE decrease in dual enrollment students. A.R.S. § 15-1466.01 requires dual enrollment students be funded at 50% for state aid purposes. Dual enrollment refers to high school students who are enrolled in community college courses for both high school and community college credit.

As permanent law, the FY 2016 Higher Education Budget Reconciliation Bill (BRB) (Laws 2015, Chapter 16) eliminated Operating State Aid for Maricopa and Pima.

*Background* – With the exception of Maricopa and Pima, 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. The Operating State Aid formula adjusts state aid in an amount that reflects changes in the FTSE enrollment count. This enrollment adjustment is calculated by multiplying the change 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 2017, the last actual FTSE data was from FY 2015.)

**STEM and Workforce Programs State Aid**

The Baseline includes \$4,819,100 from the General Fund in FY 2017 for Science, Technology, Engineering and Mathematics (STEM) and Workforce Programs State Aid (formerly Capital Outlay State Aid). FY 2017 adjustments would be as follows:

| Enrollment Changes  | GF | (230,300) |
|---|----|-----------|
| The Baseline includes a decrease of \$(230,300) from the General Fund in FY 2017 to fund STEM and Workforce Programs State Aid. |    |           |

As session law, the FY 2016 Higher Education BRB suspended the program's funding formula in A.R.S. § 15-1464 for FY 2016 and instead funded the amounts

**Table 1  
Community College Enrollment**

| District     | FY 2014       | FY 2015       | Percentage    |
|--------------|---------------|---------------|---------------|
|              | FTSE          | FTSE          | Change        |
| Cochise      | 7,221         | 6,338         | (12.2)%       |
| Coconino     | 2,092         | 2,066         | (1.2)%        |
| Gila         | 785           | 702           | (10.6)%       |
| Graham       | 2,785         | 2,897         | 4.8%          |
| Mohave       | 2,939         | 2,554         | (12.5)%       |
| Navajo       | 1,825         | 1,853         | 1.5%          |
| Pinal        | 4,354         | 4,069         | (6.5)%        |
| Santa Cruz   | 254           | 293           | 15.4%         |
| Yavapai      | 4,002         | 3,849         | (3.9)%        |
| Yuma/La Paz  | 5,451         | 5,433         | (0.3)%        |
| <b>Total</b> | <b>31,668</b> | <b>30,054</b> | <b>(5.1)%</b> |

specified in the General Appropriation Act, which totaled \$5,049,400. That amount provides full formula funding for all rural districts in FY 2016 except for Pinal, which is limited to \$96,500 in STEM and Workforce Programs State Aid.

The Baseline continues to fully fund the formula for all rural districts except for Pinal, which has been kept flat at \$96,500. If Pinal was fully funded it would cost an additional \$751,000.

As permanent law, the FY 2016 Higher Education BRB eliminated STEM and Workforce Programs State Aid for Maricopa and Pima.

*Background* – The STEM and Workforce Programs Special Line Items provide the community college districts with funds for partnerships, faculty, technology equipment, student services, facilities, and property needs pursuant to A.R.S. § 15-1464.

The STEM and Workforce Programs State Aid formula provides per capita funding to districts other than Maricopa and Pima based on the district's size and the most recent year's actual audited FTSE. The statutory formula provides \$210 per FTSE for districts with 5,000 or less FTSE or \$160 per FTSE for districts with greater than 5,000 FTSE.

**Equalization Aid**

The Baseline includes \$25,655,700 from the General Fund in FY 2017 for Equalization Aid. FY 2017 adjustments would be as follows:

| Property Value Changes  | GF | 934,700 |
|---|----|---------|
| The Baseline includes an increase of \$934,700 from the General Fund in FY 2017 to reflect increased formula costs for funding Equalization Aid due to assessed valuation |    |         |

changes. Detail of specific district changes is shown in Table 2.

| District     | FY 2016             | Year-over-<br>Year Change | FY 2017             |
|--------------|---------------------|---------------------------|---------------------|
| Cochise      | \$ 4,332,800        | \$545,600                 | \$ 4,878,400        |
| Graham       | 14,538,800          | 157,000                   | 14,695,800          |
| Navajo       | 5,849,400           | 232,100                   | 6,081,500           |
| <b>Total</b> | <b>\$24,721,000</b> | <b>\$934,700</b>          | <b>\$25,655,700</b> |

*Background* – The Equalization Special Line items provide additional state aid 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 revised by the average change in actual assessed valuation for the most recent year for all rural districts with populations of less than 500,000 persons. For the FY 2017 Equalization Aid formula calculation, the minimum assessed valuation increased 0.4% to \$1.28 billion. (See Table 3 for the calculation of the growth rate.)

Equalization Aid is paid 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.

As noted in Table 3, the average rural district assessed value increased by 0.4%, in TY 2015. In comparison, Cochise declined by (3.7)%, Graham declined by (3.5)%, and Navajo declined by (1.4)%. By declining more than the average district, Cochise, Graham, and Navajo qualify for more aid.

In any one year a district's equalization assistance will depend on 1) whether the district falls below the minimum threshold (\$1.28 billion in FY 2017) and 2) whether the district's change in assessed value was less than the rural districts' average and 3) the applicable tax rate.

#### Rural County Allocation

The Baseline includes \$2,523,400 from the General Fund in FY 2017 for Rural County Allocation. This amount is unchanged from FY 2016.

*Background* – The Rural County Allocation Special Line Item facilitates payment to community college districts for students enrolled from counties that are not a part of an established community college district. If a county is not

| District          | TY 2014<br>Primary AV   | TY 2015<br>Primary AV   | TY 2014-<br>2015<br>% Growth |
|-------------------|-------------------------|-------------------------|------------------------------|
| Cochise*          | \$ 955,783,500          | \$ 920,583,400          | (3.7)%                       |
| Graham*           | 211,469,600             | 203,987,400             | (3.5)%                       |
| Navajo*           | 845,018,200             | 832,770,200             | (1.5)%                       |
| Coconino          | 1,512,794,300           | 1,537,418,200           | 1.6%                         |
| Mohave            | 1,727,793,400           | 1,685,788,500           | (2.4)%                       |
| Pinal             | 2,005,151,800           | 2,057,547,500           | 2.6%                         |
| Yavapai           | 2,217,272,800           | 2,279,183,400           | 2.8%                         |
| Yuma/LaPaz        | 1,318,262,100           | 1,322,095,300           | 0.3%                         |
| <b>Total</b>      | <b>\$10,793,545,700</b> | <b>\$10,839,373,900</b> | <b>0.4%</b>                  |
| <b>Minimum AV</b> | <b>\$1,271,334,900</b>  | <b>\$1,276,674,500</b>  | <b>0.4%</b>                  |

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

part of a community college district, it is responsible for the cost of their students attending community college in another county. A.R.S. § 15-1469.01 provides that the General Fund will pay the initial cost for these counties and then the state will withhold these counties' sales tax revenues to offset that cost; therefore there is no net General Fund impact. The FY 2015 expenditure of \$3,195,500 was offset by corresponding reductions 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 county payments are partially offset by a state subsidy. (See next line item.)

Each year, the amount is determined by enrollment counts submitted to the JIBC Staff. The JIBC Staff is required by A.R.S. § 1469D to report the county withholdings to the Treasurer by May 15 for the upcoming fiscal year. In May 2015, the JIBC Staff reported the amount to be \$2,523,400 for FY 2016.

Monies for the Rural County Allocation are authorized by A.R.S. § 15-1469.01, and therefore do not appear in the General Appropriation Act.

#### Rural County Reimbursement Subsidy

The Baseline includes \$1,273,800 from the General Fund in FY 2017 for Rural County Reimbursement Subsidy. This amount is unchanged from FY 2016.

This funding partially offsets the cost to counties that are not part of an established community college district. The funding is appropriated to Apache and Greenlee Counties. The FY 2017 Baseline allocates \$699,300 to Apache and \$574,500 to Greenlee.

### Tribal Community Colleges

The Baseline includes \$2,625,000 from the General fund in FY 2017 for Tribal Community Colleges. This amount is unchanged from FY 2016.

*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 (TPT) revenues collected from all sources located on the reservation, whichever is less. These monies provide tribal community colleges with funding for maintenance, renewal, and capital expenses. A.R.S. § 42-5031.01 also allows any additional technical college located on the same reservation to receive \$875,000, or 5% of the TPT revenues collected from sources located on the reservation, whichever is less. Actual amounts for FY 2017 will depend on FY 2017 collections. Given the language of A.R.S. § 42-5031.01, these monies do not appear in the General Appropriation Act.

This funding is limited to tribes that enter into a compact with the Executive. The FY 2016 Higher Education BRB extended the deadline for tribes to enter into a compact from September 1, 2012 to September 1, 2017. Diné College and Navajo Technical College on the Navajo Nation are the only schools that currently qualify to receive TPT revenues. The only other existing tribal community college in Arizona is Tohono O’Odham Community College. If Tohono O’Odham enters into a compact with the Executive before September 1, 2017 it would receive roughly \$168,600, which is 10% of the total FY 2014 TPT collections from the reservation.

The Baseline assumes that \$1,750,000 will be distributed to Diné College and \$875,000 will be distributed to Navajo Technical College in FY 2017. These amounts represent 10% and 5%, up to \$1,750,000 and \$875,000, respectively, of the estimated TPT revenues to be collected in the Navajo reservation in FY 2017.

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

#### FOOTNOTES

##### *Standard Footnotes*

Of the \$1,273,800 appropriated to the Rural County Reimbursement Subsidy line item, Apache County receives \$699,300 and Greenlee County receives \$574,500.

### STATUTORY CHANGES

The Baseline would:

- As session law, continue to suspend the STEM and Workforce Programs funding formula for FY 2017 and specify the funding in the General Appropriation Act, which for Pinal would equal \$96,500.
- As session law, continue to require each university and community college to deposit \$6 per each full-time student into the Department of Education’s Education Learning and Accountability Fund by December 1, 2016. This assessment is expected to generate \$879,666 from the universities and \$736,000 from the community colleges.

#### Other Issues

#### Long-Term Budget Impacts

Beyond FY 2017 Baseline changes, JLBC Staff estimates Community College statutory caseload changes will require an additional \$256,600 in FY 2018 and an additional \$388,600 in FY 2019.

These estimates are based on:

- Flat enrollment growth
- Assessed valuation growth of 1.0% in FY 2018 and 1.5% growth in FY 2019

#### 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 2.6% of their revenues (excluding bond proceeds) from state aid.

For FY 2016, base operating revenues from all sources are estimated to be \$1,828,917,100, which would be an increase of 11.0% from FY 2015. (See Table 4 for a summary of FY 2016 total revenue estimates.)

Property taxes are the single largest revenue source for the community colleges, accounting for 45.4% 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. (See Table 5 for a summary of FY 2016 property tax rates.)

| District                 | State Aid           | Tuition/Fees         | Property Taxes       | Grants               | Other <sup>1/</sup> | FY 2016 Total <sup>2/</sup> | FY 2015 Total <sup>2/</sup> | % Change from FY 2015 |
|--------------------------|---------------------|----------------------|----------------------|----------------------|---------------------|-----------------------------|-----------------------------|-----------------------|
| Cochise                  | \$10,688,800        | \$8,363,900          | \$20,028,200         | \$15,204,700         | \$1,454,300         | \$56,739,900                | \$51,863,100                | 7.5%                  |
| Cocconino                | 2,194,400           | 7,693,200            | 9,467,400            | 7,336,000            | 1,038,100           | 27,729,100                  | 26,296,300                  | 5.4%                  |
| Gila <sup>4/</sup>       | 529,000             | 1,400,000            | 4,112,000            | 130,000              | 475,000             | 6,646,000                   | 5,285,600                   | 25.7%                 |
| Graham                   | 17,283,900          | 7,179,500            | 5,887,100            | 11,430,500           | 9,474,500           | 51,255,500                  | 44,043,100                  | 16.4%                 |
| Maricopa                 | -                   | 286,437,400          | 517,264,500          | 274,420,900          | 54,097,500          | 1,132,220,300               | 956,068,500                 | 13.7%                 |
| Mohave                   | 2,101,700           | 8,830,000            | 21,792,200           | 8,661,900            | 571,500             | 41,957,300                  | 42,016,600                  | (0.1)%                |
| Navajo                   | 7,777,000           | 4,600,000            | 14,479,800           | 6,054,500            | 2,985,500           | 35,887,800                  | 35,055,700                  | 2.4%                  |
| Pima                     | -                   | 54,899,000           | 104,315,000          | 62,394,000           | 5,462,000           | 227,070,000                 | 207,755,900                 | 9.3%                  |
| Pinal                    | 2,000,000           | 13,650,000           | 49,614,000           | 25,503,500           | 2,117,000           | 92,884,500                  | 81,896,600                  | 13.5%                 |
| Santa Cruz <sup>4/</sup> | 110,400             | 0                    | 1,483,700            | 20,000               | 11,200              | 1,625,300                   | 1,534,100                   | 5.9%                  |
| Yavapai                  | 1,696,000           | 12,273,000           | 47,635,600           | 14,559,000           | 4,329,000           | 80,502,600                  | 76,574,800                  | 5.1%                  |
| Yuma/La Paz              | 3,569,800           | 14,043,000           | 31,270,500           | 19,132,700           | 4,922,800           | 72,938,800                  | 78,762,600                  | (8.3)%                |
| <b>Total</b>             | <b>\$47,951,000</b> | <b>\$419,329,000</b> | <b>\$829,841,000</b> | <b>\$444,847,700</b> | <b>\$86,948,400</b> | <b>\$1,828,917,100</b>      | <b>\$1,647,132,900</b>      | <b>11.0%</b>          |

<sup>1/</sup> Includes auxiliary programs, interest income, workforce development funds, and transfers.  
<sup>2/</sup> Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are estimated to be \$2,272,268,600 for FY 2016.  
<sup>3/</sup> Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are \$1,755,482,100 for FY 2015.  
<sup>4/</sup> Gila Provisional Community College contracts with Graham County's Eastern Arizona College in order to provide degree programs. Therefore, Gila's tuition and fee revenues are collected by Graham according to their contract agreement. Santa Cruz Provisional Community College contracts with Cochise County's Community College in order to provide degree programs. Therefore, Santa Cruz's tuition and fee revenues are collected by Cochise according to their contract agreement.

In November 2012, Arizona voters approved Proposition 117, which requires primary and secondary taxes to be levied on the same tax base. Previously, taxes were levied on 2 valuations: full cash value and limited property value. Proposition 117 requires all property taxes to be levied on the limited property value.

Proposition 117 also capped annual property value increases on any single parcel of real property to 5% starting in FY 2016. The existing 2% "levy limit" remains in place. Under A.R.S. § 42-17051, community colleges are allowed to collect 2% more in property tax revenues annually, not including revenue from new construction. Any increase over 2% requires voter approval, unless the district has foregone increases in prior years and consolidates those increases into a single year.

Long term property value growth has been approximately 5%. From that perspective, Proposition 117 would tend to reduce the year-to-year volatility in property tax values rather than reduce the dollar amount of long term revenues. However, the property tax base might grow more slowly under Proposition 117 because the property tax values would not be able to increase by more than 5% to offset the years that experience growth that is less than 5%.

To the extent that the property value grows more slowly because of Proposition 117, the community colleges could still generate the same level of revenue by increasing their tax rates.

The community colleges also collect tuition and fees from enrolled students. These collections account for approximately 22.9% of total revenues. Tuition and fees are assessed on a per credit hour basis. FY 2016 weighted average tuition (weighted for each district's proportion of the statewide FTSE count) is \$2,469 if a full-time student attends for 30 hours a year. The FY 2016 amount represents an increase of 1.6% from FY 2015. (See Table 6 for FY 2016 resident tuition and fee rates.)

Community colleges also receive grants and "other" revenue from a variety of sources. Combined, they account for approximately 29.1% 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

| District    | Primary Rate | Secondary Rate | Combined Rate | % Change in Combined Rate from FY 2015 |
|-------------|--------------|----------------|---------------|--|
| Cochise     | \$2.18       | \$0.00         | \$2.18        | 7.0%                                   |
| Cocconino   | 0.49         | 0.12           | 0.61          | 0.8%                                   |
| Gila        | 0.85         | 0.00           | 0.85          | (11.2)%                                |
| Graham      | 2.89         | 0.00           | 2.89          | 8.0%                                   |
| Maricopa    | 1.26         | 0.23           | 1.49          | (1.6)%                                 |
| Mohave      | 1.29         | 0.00           | 1.29          | 5.8%                                   |
| Navajo      | 1.74         | 0.00           | 1.74          | 4.9%                                   |
| Pima        | 1.37         | 0.02           | 1.39          | 4.1%                                   |
| Pinal       | 2.30         | 0.35           | 2.65          | 17.1%                                  |
| Santa Cruz  | 0.47         | 0.00           | 0.47          | 4.4%                                   |
| Yavapai     | 1.87         | 0.22           | 2.09          | 0.3%                                   |
| Yuma/La Paz | 2.17         | 0.39           | 2.56          | 7.3%                                   |

| District                | Cost Per Credit Hour | Annual Cost <sup>1/2</sup> | % Change from FY 2015 |
|-------------------------|----------------------|----------------------------|-----------------------|
| Cochise                 | \$77                 | \$2,310                    | 2.7%                  |
| Cocconino               | 92                   | 2,760                      | 3.4%                  |
| Gila                    | 69                   | 2,080                      | 4.0%                  |
| Graham                  | 69                   | 2,080                      | 4.0%                  |
| Maricopa                | 84                   | 2,520                      | 0.0%                  |
| Mohave                  | 88                   | 2,640                      | 1.1%                  |
| Navajo                  | 68                   | 2,040                      | 3.0%                  |
| Pima                    | 82                   | 2,460                      | 7.0%                  |
| Pinal                   | 82                   | 2,460                      | 2.5%                  |
| Santa Cruz              | 77                   | 2,310                      | 2.7%                  |
| Yavapai                 | 75                   | 2,250                      | 4.2%                  |
| Yuma/La Paz             | 78                   | 2,340                      | 2.6%                  |
| <b>Weighted Average</b> | <b>\$79</b>          | <b>\$2,469</b>             | <b>1.6%</b>           |

<sup>1/2</sup> Annual cost is for 30 hours a year, or 15 hours per semester.

listed in the "other" category includes auxiliary programs, interest incomes, workforce development funds, and transfers.

#### Total Community College Expenditures

Table 7 shows total budgeted FY 2016 community college expenditures. In FY 2016, total budgeted expenditures are \$2,273,243,100. As mentioned previously, base operating revenues for FY 2016 are \$1,828,917,100, however, this figure does not include allocated fund balances or bond proceeds. Including these amounts, total available revenues are \$2,272,288,600. Of the total \$2,273,243,100 in expenditures, \$1,651,531,200, or 72%, of these expenditures are from the community colleges' General and Restricted Funds. This includes about \$525,218,100, or 23%, for instruction and \$259,787,600, or 11%, for administrative support.

Expenditures for auxiliary enterprises, including revenue generating retail and business services such as parking lots, book stores, and food service, are \$176,653,200, or 8% of the total. Plant Fund expenditures, which generally include capital costs, are \$266,031,400, or 12% of the total. The remaining \$179,027,300 is for debt service.

#### Community College Tuition Financing Districts

Laws 2015, Chapter 306 renamed provisional community college districts established after December 31, 2014, to *community college tuition financing districts*, specifies the county board of supervisors will serve as the governing board to any community college tuition financing district, and established the study committee on community college finance and expenditure limits.

| General/Restricted Funds   | Total                   | % of Total  |
|----------------------------|-------------------------|-------------|
| Instruction                | \$525,218,100           | 23%         |
| Public Service             | 32,327,700              | 1%          |
| Academic Support           | 150,546,500             | 7%          |
| Student Services           | 156,819,600             | 7%          |
| Institutional Support      | 259,787,600             | 11%         |
| Operation & Maintenance    | 113,936,100             | 5%          |
| Scholarships/Grants        | 333,083,200             | 15%         |
| Contingency                | <del>79,817,400</del>   | 3%          |
| <b>Subtotal</b>            | <b>\$1,651,531,200</b>  | <b>72%</b>  |
| Auxiliary Enterprises Fund | \$ 176,653,200          | 8%          |
| Plant Fund                 | 266,031,400             | 12%         |
| Debt Service               | 179,027,300             | 8%          |
| <b>Total</b>               | <b>\$ 2,273,243,100</b> | <b>100%</b> |

An area that wishes to form a community college but does not meet the minimum assessed valuation or population requirements in A.R.S. § 15-1402 may form a provisional community college district. A provisional community college district is required to contract with an existing community college district to provide instruction and services to students. Gila and Santa Cruz currently are the only established provisional districts.

The study committee is directed to examine community college district constitutional expenditure limits, review the impact of expenditure limits on community college districts, establish methods to move closer to actual full time FTSE calculations for funding, study any other relevant topic or issue that may be pertinent to community college finances, and recommend proposed statutory changes. As of this publishing, the study committee has not proposed any statutory changes.

| SUMMARY OF FUNDS  | FY 2015<br>Actual | FY 2016<br>Estimate     |
|---|-------------------|-------------------------|
| <b>Community College District Collegiate Special Plate Funds</b><br>(varies by account/A.R.S. § 15-1447)  |                   | <b>Non-Appropriated</b> |
| <i>Source of Revenue:</i> A deposit of \$17 of each \$25 original and annual renewal of the special plate fees, and interest earnings.  |                   |                         |
| <i>Purpose of Fund:</i> All monies in the fund shall be used for academic scholarships.   |                   |                         |
| Funds Expended  | 0                 | 0                       |
| Year-End Fund Balance   | 0                 | 0                       |
| <br>  |                   |                         |
| <b>Tribal Assistance Fund (No Fund Number/A.R.S. § 42-5029)</b>   |                   | <b>Non-Appropriated</b> |
| <i>Source of Revenue:</i> 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 chartered any community college located on its own reservation in this state. |                   |                         |
| <i>Purpose of Fund:</i> To fund workforce development and job training activities at a community college owned, operated, or chartered by a qualifying Indian tribe.  |                   |                         |
| Funds Expended  | 765,700           | 775,400                 |
| Year-End Fund Balance   | 0                 | 0                       |
| <br>  |                   |                         |
| <b>Workforce Development Accounts (varies by account/A.R.S. § 15-1472)</b>  |                   | <b>Non-Appropriated</b> |
| <i>Source of Revenue:</i> 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.  |                   |                         |
| <i>Purpose of Fund:</i> 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.  |                   |                         |
| Funds Expended  | 16,755,200        | 17,424,900              |
| Year-End Fund Balance   | 0                 | 0                       |