

**STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES**

A.R.S. § 15-1424

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<b>General Fund and Community College Certification Fund</b>	<b>FY 1998 Actual</b>	<b>FY 1999 Estimate</b>	<b>FY 2000 Approved</b>	<b>FY 2001 Approved</b>
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Program Summary

State Board Administration	6,003,000	994,600	950,700	973,600
Teacher Certification	146,400	148,900	148,100	150,400
State Aid to College Districts	<u>112,098,700</u>	<u>120,495,400</u>	<u>129,294,300</u>	<u>132,521,000</u>
<b>Total Appropriations</b>	<b>118,248,100</b>	<b>121,638,900</b>	<b>130,393,100</b>	<b>133,645,000</b>

Expenditure Detail

FTE Positions	13.0	13.0	13.0	13.0
Personal Services	548,000	579,800	603,000	615,000
Employee Related Expenditures	93,900	87,600	102,500	111,900
Professional and Outside Services	10,300	12,800	12,800	12,800
Travel - In State	33,100	32,000	32,000	32,000
Travel - Out of State	7,000	3,200	3,200	3,200
Other Operating Expenditures	119,600	119,800	119,100	119,100
Equipment	<u>22,500</u>	<u>8,300</u>	<u>4,300</u>	<u>4,300</u>
<b>Operating Subtotal</b>	<b>834,400</b>	<b>843,500</b>	<b>876,900</b> <sup>1/</sup>	<b>898,300</b> <sup>1/</sup>

## Operating State Aid

Cochise	5,083,000	5,583,000	5,965,900	6,348,800
Coconino	2,553,900	3,130,800	3,130,800	3,130,800
Graham	4,656,300	5,328,800	5,363,000	5,397,200
Maricopa	38,886,300	41,481,500	43,464,500	45,447,500
Mohave	3,368,500	3,879,500	3,880,600	3,881,700
Navajo	3,826,300	4,326,300	4,326,300	4,326,300
Pima	16,483,700	17,233,700	19,119,800	21,005,900
Pinal	5,540,600	6,040,600	6,040,600	6,040,600
Yavapai	4,361,500	4,861,500	5,038,100	5,214,700
Yuma/La Paz	<u>4,588,700</u>	<u>5,195,300</u>	<u>5,312,700</u>	<u>5,430,100</u>

<b>Total - Operating State Aid</b>	<b>89,348,800</b>	<b>97,061,000</b>	<b>101,642,300</b>	<b>106,223,600</b>
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## Capital Outlay State Aid

Cochise	632,700	613,000	683,600	754,100
Coconino	318,800	333,500	314,400	314,400
Graham	571,800	547,500	553,800	560,100
Maricopa	7,185,800	7,381,600	7,660,000	7,938,400
Mohave	448,600	450,700	450,900	451,100
Navajo	454,000	446,900	441,400	441,400
Pima	2,511,700	2,399,500	2,664,300	2,929,100
Pinal	685,000	646,600	639,200	639,200
Yavapai	570,800	547,700	580,200	612,800
Yuma/La Paz	<u>629,200</u>	<u>649,500</u>	<u>671,200</u>	<u>692,800</u>

<b>Total - Capital Outlay State Aid</b>	<b>14,008,400</b>	<b>14,016,500</b>	<b>14,659,000</b> <sup>2/</sup>	<b>15,333,400</b> <sup>2/</sup>
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Equalization Aid				
Cochise	1,616,300	1,738,300	1,892,300	2,020,000
Graham	6,467,200	6,731,300	7,001,700	7,224,800
Navajo	634,500	896,200	997,200	1,163,700
Pinal	0	0	33,000	555,500
Yuma/La Paz	23,500	52,100	68,800	0
	<u>8,741,500</u>	<u>9,417,900</u>	<u>9,993,000</u>	<u>10,964,000</u>
<b>Total - Equalization Aid</b>	<b>8,741,500</b>	<b>9,417,900</b>	<b>9,993,000</b>	<b>10,964,000</b>
Technology Assisted Learning	0 <sup>3/</sup>	0	0	0
Technology and Special Initiatives	5,215,000	0	0	0
Arizona Transfer Articulation Support System	100,000	300,000	221,900	225,700
	<u>100,000</u>	<u>300,000</u>	<u>221,900</u>	<u>225,700</u>
<b>Total</b>	<b>118,248,100</b>	<b>121,638,900</b>	<b>127,393,100</b>	<b>133,645,000</b>
<b>Additional Appropriations -</b>				
Appropriation; Community Colleges, Ch. 348	0	0	3,000,000	0
	<u>0</u>	<u>0</u>	<u>3,000,000</u>	<u>0</u>
<b>Total Appropriations</b>	<b>118,248,100</b>	<b>121,638,900</b>	<b>130,393,100<sup>4/5/</sup></b>	<b>133,645,000<sup>4/5/</sup></b>
<u>Fund Summary</u>				
General Fund	118,001,700	121,490,000	130,245,000	133,494,600
Community College Certification Fund	246,400	148,900	148,100	150,400
	<u>246,400</u>	<u>148,900</u>	<u>148,100</u>	<u>150,400</u>
<b>Total Appropriations</b>	<b>118,248,100</b>	<b>121,638,900</b>	<b>130,393,100</b>	<b>133,645,000</b>

**Agency Description** — *The Arizona community college system is comprised of a state board of directors and 10 college districts. The board consists of 15 members — one from each county, appointed by the Governor; a representative of the Arizona Board of Regents (ABOR); and the Superintendent of Public Instruction or the Superintendent's designee. The State Board of Directors for Community Colleges (State Board); a) enacts ordinances for the governance of the community colleges; b) sets standards for their operation; c) arranges for certification of community college teachers, and fixes and collects fees for issuance and renewal of certificates; and d) fixes student tuition and fees. 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.*

- <sup>1/</sup> The \$148,100 appropriation for FY 2000 and the \$150,400 appropriation for FY 2001 from the Community College Certification Fund are intended for the specific purpose of defraying teacher certification costs and include \$138,100 and, \$140,400, respectively, for total direct certification costs of staff salaries, Employee Related Expenditures and all other direct operating expenses, and \$10,000 for related indirect costs for administrative expenses incurred by the board. (General Appropriation Act footnote, as adjusted for state employee pay increase)
- <sup>2/</sup> 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).
- <sup>3/</sup> A total of \$2,756,000 was appropriated from the General Fund for FY 1998 for Technology Assisted Learning. Of this amount, no more than \$328,400 may be expended for initial operating and system development costs. The release of the \$2,427,600 balance is dependent upon construction of a network infrastructure by private industry and access to the network at a distance-insensitive price. This appropriation is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.
- <sup>4/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with district-by-district Special Line Items and Other Special Line Items.
- <sup>5/</sup> 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, 1999 and December 15, 2000. (General Appropriation Act footnote)

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**Reassignments and Special Market Adjustments** — The approved amounts for FY 2000 and FY 2001 include an increase of \$14,400 from the General Fund for salary requirements related to increased workload reassignments and special market adjustments for 4 support staff positions. Of the \$14,400 total approved amount, \$13,000 is for Personal Services and \$1,400 is for Employee Related Expenditures.

**Indirect Costs** — The approved amounts for FY 2000 and FY 2001 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** — The approved amounts for Operating State Aid include increases of \$4,581,300 for FY 2000, and an additional \$4,581,300 for FY 2001 above FY 2000:

- \$2,788,700 in FY 2000, and an additional \$2,788,700 in FY 2001, to fully fund the growth-only statutory formula, A.R.S. § 15-1466, for each district; and
- \$1,792,600 in FY 2000, and an additional \$1,792,600, in FY 2001 to fund Adult Basic Education FTSE per Laws 1997, Chapter 300.

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 nearly 7,900, or 4.7%, in each year of the biennium. The audited net enrollment growth used for FY 2000 is 3,868 FTSE, and the estimated net enrollment growth used for FY 2001 is 4,020 FTSE. However, while several districts' enrollment actually declined or remained constant, the approved additional \$2,788,700 Operating State Aid appropriations for FY 2000 and FY 2001 are based on a growth-only total of 4,020 FTSE.

**Capital Outlay State Aid** — The approved amount for Capital Outlay State Aid for FY 2000 includes a net increase of \$642,500, or 4.6%, and an additional \$674,400, or 4.6%, for FY 2001 to fully fund the statutory formula, A.R.S. § 15-1464, for each district. This sum is 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. Unlike Operating Aid, however, the formula does not provide a “hold harmless” provision for Capital Aid. Thus, while overall capital funding increased, 7 of the 10 community college districts actually had enrollment growth as previously noted.

**Equalization Aid** — The approved amount for FY 2000 adds \$575,100, or 6.1%, and an additional \$971,000, or 9.7%, for FY 2001 to fully fund the statutory formula, A.R.S. § 15-1468, for each qualifying district. Four districts that previously received aid (Cochise, Graham, Navajo, Yuma/La Paz) and one new district (Pinal) qualified for Equalization Aid in FY 2000. For FY 2001, only Yuma/La Paz did not continue to qualify for aid. 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 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.

**Arizona Transfer Articulation Support System (ATASS)** — The approved amount for FY 2000 reduces \$(78,100) for a total General Fund appropriation of \$221,900 to continue the state's 60% matching funds for on-going system operating and support services. For FY 2001, the approved amount adds \$3,800 for ATASS. ATASS is 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 capabilities.

**Additional Appropriations: Appropriation: Community Colleges, (Chapter 348)** — Appropriates \$3,000,000 from the General Fund for FY 2000 to districts for community college operations. The bill requires distribution of these monies pursuant to A.R.S. § 15-1466 and the specified percent multipliers as shown in *Table 1*.

This bill as originally passed also included an additional appropriation of \$3,000,000 from the General Fund in FY 2001. The FY 2001 appropriation, however, was line item vetoed by the Governor.

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**Table 1**

Community College Operations Funding Distribution				
Districts	% Multiplier	\$ Amount		Biennial Total
		FY 2000	FY 2001	
Cochise	0.0497	\$149,100	\$149,100	\$298,200
Coconino	0.0235	70,500	70,500	141,000
Graham	0.0405	121,500	121,500	243,000
Maricopa	0.4468	1,340,400	1,340,400	2,680,800
Mohave	0.0332	99,600	99,600	199,200
Navajo	0.0326	97,800	97,800	195,600
Pima	0.2234	670,200	670,200	1,340,400
Pinal	0.0465	139,500	139,500	279,000
Yavapai	0.0424	127,200	127,200	254,400
Yuma/LaPaz	<u>0.0614</u>	<u>184,200</u>	<u>184,200</u>	<u>368,400</u>
Total	<u>1.0000</u>	<u>\$3,000,000</u>	<u>\$3,000,000</u>	<u>\$6,000,000</u>

**Vetoed Appropriations:** Appropriation: Community Colleges; Campus Match (S.B. 1156) C Appropriated \$1,000,000 in each of the fiscal years FY 2000 through FY 2011 from the state General Fund for a total of \$12,000,000 for distribution to community college districts that have previously qualified for capital matching monies for new or additional campuses pursuant to A.R.S. ' 15-1463. The bill also would have required distribution of the monies for the community college districts and campuses as shown in *Table 2*. The Governor vetoed this bill.

**Table 2**

Distribution of Capital Monies for New or Additional Campuses			
Fiscal Year	District	Campus	Appropriation
2000	Navajo	Snowflake	\$ 1,000,000
2001	Navajo	Winslow	1,000,000
2002	Coconino	Page	1,000,000
2003	Coconino	Flagstaff	1,000,000
2004	Yuma/La Paz	Parker	1,000,000
2005	Pinal	Apache Junction	1,000,000
2006	Pima	Desert Vista	1,000,000
2007	Maricopa	Chandler/Gilbert	1,000,000
2008	Maricopa	Paradise Valley	1,000,000
2009	Maricopa	Estrella Mountain	1,000,000
2010	Maricopa	Williams Gateway	1,000,000
2011	Maricopa	East Mesa	<u>1,000,000</u>
		Total	<u>\$12,000,000</u>

**Additional Legislation:** Community Colleges; Additional Capital Outlay, (Chapter 228) C Requires the State Board of Directors for Community Colleges to include requests for additional capital monies in their agency budget submission. The bill allows the state to pay additional state aid to a community college district based on individual district requests and effectively eliminates the requirement for community college districts to make requests for additional capital through the Arizona Department of Administration. Additionally, the

legislation makes other technical changes regarding the powers and duties of district governing boards concerning the employment of chancellors, vice-chancellors, and presidents.

Postsecondary Institutions; Social Security Numbers (Chapter 239) C Prohibits community colleges and districts from displaying 4 or more consecutive digits of an individual's social security number on any internet site that is maintained by a community college or district. The bill also requires the college or district to notify faculty, staff and students of the option to obtain an alternative identification number and, upon request, to assign that individual an identification number that is different from their social security number. This legislation does not exempt any community college or district from complying with any federal law pertaining to the collection or use of social numbers, or protection of the privacy rights of faculty, staff and students.

Community Colleges; Correspondence; Extension Courses, (Chapter 340) C Adds statutory language (A.R.S. ' 15-1429) that codifies the current practice of delivering community college courses and services outside district boundaries. This legislation permits a community college district to offer courses for credit or no credit outside the district and requires the State Board of Directors for Community Colleges to promulgate and adopt rules pertaining to the delivery of courses and services outside district boundaries, including distance learning courses. The bill also prohibits a community college district from claiming and receiving state General Fund monies for full-time student equivalent (FTSE) generated from courses and services delivered outside the state or outside the country.

Additionally, this legislation adds statutory language (A.R.S. ' 15-1409) that enables counties without a community college district to form a provisional community college district subject to voter approval and exempts counties that are not part of an existing community college district from the statutory minimum requirements for county assessed valuation and population necessary to organize a community college district. The legislation explicitly prohibits a provisional community college district from receiving state matching funds for Capital Outlay for Initial or Additional Campuses pursuant to A.R.S. ' 15-1463, Capital Outlay aid pursuant to A.R.S. ' 15-1464, Operating State Aid pursuant to A.R.S. ' 15-1466, and Equalization Aid pursuant to A.R.S. ' 15-1468.

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**Other Fund Sources** — Table 3 summarizes the FY 1999 and FY 2000 estimated increases to community colleges from other revenue sources (excluding Secondary Property Tax). For FY 1999, districts will receive an additional \$23,442,600, or 6.3% increase, for a total Other Revenue Sources amount of \$393,477,600. For FY 2000, an additional \$23,013,900, or 5.9% increase is estimated, for a total Other Revenue Sources amount of \$416,491,500.

**Table 3**

ARIZONA COMMUNITY COLLEGES										
Other Fund Sources \$ and % Revenue Change Estimates <sup>1/</sup>										
Districts	FY 1998 to FY 1999					FY 1999 to FY 2000				
	Local Primary Property Tax	Tuition and Fees	Other Funds <sup>2/</sup>	Total \$ Change	% Change	Property Tax <sup>3/</sup>	Tuition and Fees <sup>4/</sup>	Other Funds	Total \$ Change	% Change
Cochise	\$155,677	\$250,000	\$ 0	\$405,677	3.52%	\$221,003	\$243,210	\$0	\$464,213	3.89%
Coconino	224,137	(44,510)	(2,180)	177,447	3.57%	290,653	0	0	290,653	5.65%
Graham	8,963	29,886	(115,073)	(76,224)	-1.22%	110,068	19,802	0	129,870	2.10%
Maricopa	11,800,223	3,205,555	289,224	15,295,002	6.97%	14,136,457	1,792,787	0	15,929,244	6.78%
Mohave	375,924	5,946	(8,000)	373,870	3.83%	294,265	987	0	295,252	2.91%
Navajo	249,568	55,244	(46,703)	258,109	3.06%	252,831	0	0	252,831	2.91%
Pima	2,823,304	965,000	125,000	3,913,304	6.06%	1,885,927	904,765	0	2,790,692	4.07%
Pinal	1,332,899	305,000	20,516	1,658,415	11.59%	866,141	0	0	866,141	5.42%
Yavapai	949,469	0	0	949,469	5.44%	1,190,034	112,759	0	1,302,793	7.08%
Yuma/LaPaz	<u>261,525</u>	<u>226,000</u>	<u>0</u>	<u>487,525</u>	<u>3.69%</u>	<u>596,647</u>	<u>95,552</u>	<u>0</u>	<u>692,199</u>	<u>5.05%</u>
<b>Total</b>	<b>\$18,181,689</b>	<b>\$4,998,121</b>	<b>\$262,784</b>	<b>\$23,442,594</b>	<b>6.34%</b>	<b>\$19,844,026</b>	<b>\$3,169,864</b>	<b>\$0</b>	<b>\$23,013,890</b>	<b>5.85%</b>

1/ Secondary Property Tax revenues are not included in the above data.  
 2/ Other Funds include Auxiliary Enterprise, Federal Funds, Gifts, Grants and Contracts, and Other Miscellaneous.  
 3/ Projected primary property tax rates for tax year 1999 are based on a projected statewide NAV growth of 6.5% (excluding SRP). It is assumed that growth attributable to new construction relative to total property value growth is the same in tax year 1999 as in tax year 1998. The property tax rate for each district is assumed to follow the pattern of tax rates in the past several years.  
 4/ Uses current district estimated tuition rates for FY 1999.