

JLBC Analyst: Jake Corey

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	13.0	5.0	0.0
Personal Services	544,900	140,100	0
Employee Related Expenditures	97,900	27,700	0
Professional and Outside Services	29,500	26,200	0
Travel - In State	32,400	8,500	0
Travel - Out of State	1,300	0	0
Other Operating Expenditures	153,300	21,300	0
Equipment	25,500	2,000	0
OPERATING SUBTOTAL	884,800	225,800	0
SPECIAL LINE ITEMS			
Arizona Transfer Articulation Support System	224,000	0	0
Operating State Aid			
Cochise	5,976,700	5,540,500	5,540,500
Coconino	3,082,300	2,905,500	2,905,500
Graham	5,504,400	5,252,400	5,252,400
Maricopa	47,249,000	46,613,700	46,613,700
Mohave	3,916,200	3,630,300	3,630,300
Navajo	4,192,800	4,210,300	4,210,300
Pima	19,325,100	18,125,700	18,125,700
Pinal	5,934,400	5,659,100	5,659,100
Yavapai	4,895,200	4,589,200	4,589,200
Yuma/La Paz	5,433,200	5,222,600	5,222,600
<i>Subtotal - Operating State Aid</i>	105,509,300	101,749,300	101,749,300
Capital Outlay State Aid			
Cochise	743,400	681,800	681,800
Coconino	336,800	319,300	319,300
Graham	638,800	616,700	616,700
Maricopa	8,581,300	8,309,800	8,309,800
Mohave	499,400	440,400	440,400
Navajo	439,300	466,500	466,500
Pima	2,850,900	2,654,800	2,654,800
Pinal	682,900	658,800	658,800
Yavapai	605,900	567,400	567,400
Yuma/La Paz	741,900	718,600	718,600
<i>Subtotal - Capital Outlay State Aid</i>	16,120,600	15,434,100	15,434,100
Equalization Aid			
Cochise	2,113,500	2,006,500	2,208,300
Graham	7,655,900	6,612,900	7,273,300
Navajo	1,270,300	1,289,800	1,441,300
Pinal	96,000	0	0
Yuma/La Paz	0	250,800	202,400
<i>Subtotal - Equalization Aid</i>	11,135,700	10,160,000	11,125,300
Rural County Reimbursement	3,538,700	0	0
AGENCY TOTAL	137,413,100	127,569,200	128,308,700^{1/2/}

^{1/} 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)

^{2/} General Appropriation Act funds are appropriated as district-by-district Special Line Items.

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Approved
FUND SOURCES			
General Fund	137,240,100	127,569,200	128,308,700
<u>Other Appropriated Funds</u>			
Community College Certification Fund	173,000	0	0
SUBTOTAL - Other Appropriated Funds	173,000	0	0
AGENCY TOTAL	137,413,100	127,569,200	128,308,700

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 2002 Appropriation	FY 2002 Actual	FY 2003 Appropriation	FY 2004 Appropriation
• % of upper-division students at universities who transfer from an Arizona Community College with 12 or more credits	40	48	40	48
• % of students who transfer to Arizona public universities without loss of credits	85	NA	95	96
• No. of applied Baccalaureate programs collaboratively developed with universities	10	6	12	8
• % of community college campuses that offer 2-way interactive TV courses	85	100	100	100
• % of students completing vocational education programs who enter jobs related to training	88	NA	90	--

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

Operating Budget — The approved amount includes a General Fund decrease of \$(225,800) below FY 2003 due to the elimination of the State Board of Directors for Community Colleges. The Education Omnibus Reconciliation Bill (ORB) (Laws 2003, Chapter 264) eliminates the State Board. The responsibilities of the State Board will be assigned to other governmental bodies. (See *Additional Legislation for more information.*)

Special Line Items

Arizona Transfer Articulation Support System (ATASS) — Effective July 1, 2002, this Special Line Item was transferred to the Arizona Board of Regents pursuant to Laws 2002, Chapter 327, Section 65. ATASS funding 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. The approved appropriation is funded from the General Fund.

Operating State Aid — 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 approved appropriations are funded from the General Fund.

The approved amount includes \$101,749,300 in FY 2004. This amount is unchanged from FY 2003. (The Operating State Aid formula would have required a FY 2004 increase of \$5,053,100 above FY 2003. The Education ORB, however, notwithstanding the formula for FY 2004 and provides that the amount for Operating State Aid will be specified in the General Appropriation Act.)

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 2004, the last actual data was from FY 2002.) The formula "holds harmless" districts with declining FTSE enrollment as the formula *does not* adjust state aid downward for these districts. Audited enrollment is 102,573 FTSE and grew by 4,985 FTSE, or 5.1%.

Capital Outlay State Aid — 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 approved appropriation is funded from the General Fund.

The approved amount includes \$15,434,100 in FY 2004. This amount is unchanged from FY 2003. (The Capital Outlay State Aid formula would have required a FY 2004 increase of \$2,165,900 above FY 2003. The Education ORB, however, notwithstanding the formula for FY 2004 and provides that the amount for Capital Outlay State Aid will be specified in the General Appropriation Act.)

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 — 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. The approved appropriation is funded from the General Fund.

The approved amount includes a collective FY 2004 increase of \$965,300 above FY 2003. (The Equalization Aid formula would have required a FY 2004 increase of \$3,404,500 above FY 2003. The Education ORB, however, notwithstanding the formula for FY 2004 and provides that the amount for Equalization Aid will be specified in the General Appropriation Act.) The approved amount includes:

- Distributing \$1,013,700 on a pro-rata basis to the 3 districts who would qualify for an increase in statutory funding above FY 2003 (Cochise, Graham, and Navajo).
- Decreasing aid for Yuma/La Paz by \$(48,400) per the statutory funding formula.

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.

Rural County Reimbursement — This 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 2002 actual expenditure of \$3,538,700 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. The FY 2003 and FY 2004 payments will appear in future Appropriations Reports.

Additional Legislation: Education; Omnibus Budget Reconciliation; 2003-2004 (Chapter 264) — The bill makes the following changes:

- As session law, Section 44 requires Legislative Council to prepare conforming legislation pertaining to the elimination of the State Board and establishes a legislative study committee to direct preparation of the legislation.
- Section 7 amends A.R.S. § 15-1469 to transfer responsibility for determining the community college rural county reimbursement from the State Board to the Joint Legislative Budget Committee.
- Section 8 amends A.R.S. § 15-1483 to require community college districts to seek the Joint Committee on Capital Review's review for all projects funded with bond proceeds, not just the projects funded with bonds requiring voter approval.