

Arizona Community Colleges

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
Equalization Aid			
Equalization Aid - Cochise	8,771,400	9,759,600	10,575,800
Equalization Aid - Graham	19,114,000	19,912,000	21,132,400
Equalization Aid - Navajo	9,912,900	11,189,600	12,016,200
Equalization Aid - Yuma/La Paz	530,200	716,100	896,400
<i>Subtotal - Equalization Aid</i>	<u>38,328,500</u>	<u>41,577,300</u>	<u>44,620,800</u>
Operating State Aid			
Operating Aid - Cochise	4,230,000	4,423,700	4,000,800
Operating Aid - Coconino	1,369,600	1,415,900	1,392,500
Operating Aid - Gila	155,300	151,400	149,700
Operating Aid - Graham	1,532,300	1,661,900	1,758,900
Operating Aid - Mohave	903,000	924,400	961,500
Operating Aid - Navajo	1,393,400	1,346,100	1,375,600
Operating Aid - Pima	0	2,000,000	0
Operating Aid - Pinal	818,200	1,090,900	1,032,900
Operating Aid - Santa Cruz	0	0	54,600
Operating Aid - Yavapai	300,400	373,000	371,300
Operating Aid - Yuma/La Paz	1,898,200	2,260,700	2,262,400
<i>Subtotal - Operating Aid</i>	<u>12,600,400</u>	<u>15,648,000</u>	<u>13,360,200</u>
STEM Aid			
STEM Aid - Cochise	895,200	954,700	833,400
STEM Aid - Coconino	293,800	309,500	300,700
STEM Aid - Gila	91,900	88,700	88,100
STEM Aid - Graham	361,500	409,700	446,300
STEM Aid - Maricopa	8,584,900	7,927,600	8,073,700
STEM Aid - Mohave	373,800	378,600	392,600
STEM Aid - Navajo	283,600	262,500	273,600
STEM Aid - Pima	1,776,600	1,769,000	1,768,900
STEM Aid - Pinal	551,100	656,700	634,800
STEM Aid - Santa Cruz	21,800	21,200	41,800
STEM Aid - Yavapai	611,100	637,200	636,600
STEM Aid - Yuma/La Paz	877,500	777,700	778,200
<i>Subtotal - STEM Aid</i>	<u>14,722,800</u>	<u>14,193,100</u>	<u>14,268,700</u>
Rural Aid			
Rural Aid - Cochise	5,267,500	5,769,700	2,999,100
Rural Aid - Coconino	1,343,400	1,520,600	892,800
Rural Aid - Gila	421,800	439,500	258,000
Rural Aid - Graham	1,633,200	1,917,800	1,239,300
Rural Aid - Mohave	1,714,400	1,866,800	1,149,000
Rural Aid - Navajo	1,305,600	1,322,400	815,000
Rural Aid - Pinal	2,476,600	3,110,400	1,794,100
Rural Aid - Santa Cruz	97,800	97,000	113,800
Rural Aid - Yavapai	2,782,200	3,084,400	1,833,600
Rural Aid - Yuma/La Paz	3,957,500	4,871,400	2,905,300
<i>Subtotal - Rural Aid</i>	<u>21,000,000</u>	<u>24,000,000</u>	<u>14,000,000</u>
Additional Rural Aid			
Rural County Allocation	4,582,000	5,722,300	6,109,000 ^{1/}
Rural County Reimbursement Subsidy	1,082,900	1,082,900	1,082,900 ^{2/}
<i>Subtotal - Additional Rural Aid</i>	<u>5,664,900</u>	<u>6,805,200</u>	<u>7,191,900</u>
Tribal Aid			
Tribal Community Colleges	1,372,200	1,372,200	1,372,200 ^{3/}
Dine College Capital Improvements	0	10,000,000	0
Dine College Remedial Education	1,000,000	1,000,000	1,000,000 ^{4/}

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
Dine College Student Center	8,000,000	0	0
Navajo Technical University Laboratory	4,000,000	0	0
San Carlos Apache College Remedial Education	0	2,000,000	0
Tohono O'odham Community College Remedial Education	0	2,000,000	0
<i>Subtotal – Tribal Aid</i>	14,372,200	16,372,200	2,372,200
Workforce Development Aid			
Additional Gila Workforce Development Aid	200,000	200,000	200,000
Arizona Western College CTE Workforce	0	15,000,000	0
Santa Cruz Provisional Community College Funding	0	200,000	0
<i>Subtotal – Workforce Development Aid</i>	200,000	15,400,000	200,000
Capital Aid			
Cochise First Responders Academy	6,250,000	0	0
AGENCY TOTAL	113,138,800	133,995,800	96,013,800 ^{5/}
FUND SOURCES			
General Fund	113,138,800	133,995,800	96,013,800
SUBTOTAL - Appropriated Funds	113,138,800	133,995,800	96,013,800
Other Non-Appropriated Funds	84,489,700	89,692,200	89,692,200
TOTAL - ALL SOURCES	197,628,500	223,688,000	185,706,000

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 Associates degree, Baccalaureate degree, Certificate of Completion, or transfer to a Baccalaureate degree-granting college or university.

FOOTNOTES

- 1/ A.R.S. § 15-1469.01 provides that the General Fund will pay the initial cost of students attending community colleges who are from counties that are not part of an established community college district, and then the state will withhold these counties’ sales tax revenues to offset that cost. In FY 2025, that amount is estimated to be \$6,109,000. Because this appropriation is in permanent statute, it is not included in the General Appropriation Act.
- 2/ Of the \$1,082,900 appropriated to the rural county reimbursement subsidy line item, Apache county receives \$699,300 and Greenlee county receives \$383,600. (General Appropriation Act footnote)
- 3/ A.R.S. § 42-5031.01 directs the State Treasurer to annually transmit to the tribal colleges 10% of Transaction Privilege Tax (TPT) revenues collected from sources located on the reservation, or \$1,750,000, whichever is less, as well as 5% of TPT revenues collected on the reservation, or \$875,000, whichever is less, to a technical college on the same reservation. Because this appropriation is in permanent statute, it is not included in the General Appropriation Act.
- 4/ On or before October 15, 2025, the Diné college board of regents shall submit to the governor, the speaker of the house of representatives, the president of the senate, the secretary of state and the joint legislative budget committee a report that details the course completion rate for students who received remedial education during the 2024-2025 academic year. (General Appropriation Act footnote)
- 5/ General Appropriation Act funds are appropriated as District-by-District Special Line Items.

Equalization Aid

The budget includes \$44,620,800 from the General Fund in FY 2025 for Equalization Aid. Adjustments are as follows:

Property Value Changes

The budget includes an increase of \$3,043,500 from the General Fund in FY 2025 to reflect increased formula costs for funding Equalization Aid due to assessed valuation changes. Detail of specific district changes is shown in *Table 1*.

Table 1
FY 2025 Equalization Funding Changes

<u>District</u>	<u>FY 2024</u>	<u>Year-over- Year Change</u>	<u>FY 2025</u>
Cochise	\$ 9,759,600	\$816,200	10,575,800
Graham	19,912,000	1,220,400	21,132,400
Navajo	11,189,600	826,600	12,016,200
Yuma/La Paz	<u>716,100</u>	<u>180,300</u>	<u>896,400</u>
Total	\$41,577,300	\$3,043,500	\$44,620,800

Background – The Equalization Aid 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, according to the most recent decennial census data. Actual assessed valuation for rural districts was 6.4% higher in TY 2023 than in the preceding year. Therefore, for the FY 2025 Equalization Aid formula calculation, the minimum assessed valuation increased 6.4% to approximately \$1.85 billion. (See Table 2 for the calculation of the growth rate.)

Table 2
**Equalization Growth Factor
for Tax Years (TY) 2022-2023**

<u>District</u>	<u>TY 2022 Primary AV</u>	<u>TY 2023 Primary AV</u>	<u>TY 2022- 2023 % Growth</u>
Cochise*	\$ 1,023,219,900	\$ 1,074,552,900	5.0 %
Graham*	282,173,500	303,998,800	7.7 %
Navajo*	918,845,900	969,413,100	5.5 %
Yuma/La Paz*	1,683,333,600	1,781,073,400	5.8 %
Coconino	2,077,032,200	2,171,931,000	4.6 %
Mohave	2,298,472,300	2,427,679,000	5.6 %
Pinal	3,118,901,200	3,390,905,700	8.7 %
Yavapai	<u>3,333,228,500</u>	<u>3,556,683,100</u>	<u>6.7 %</u>
Total ^{1/}	\$14,735,207,000	\$15,676,236,900	6.4 %
Minimum AV	\$1,735,602,600	\$1,846,507,600	6.4 %

^{1/} May not add to total due to rounding.
* These districts qualify to receive Equalization Aid under the state funding formula in FY 2025 since they fall below the minimum assessed value threshold of \$1.85 billion.

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.

In any one year a district’s equalization assistance will depend on 1) whether the district falls below the minimum threshold (\$1.85 billion in FY 2025), 2) whether

the district’s dollar change in assessed value was less than the rural districts’ average change, and 3) the applicable tax rate.

Operating State Aid

The budget includes \$13,360,200 from the General Fund in FY 2025 for Operating State Aid. Adjustments are as follows:

Enrollment Changes

The budget includes a decrease of \$(287,800) from the General Fund in FY 2025 to fund the statutory formula for Operating State Aid.

This amount funds statutory formula costs for a (475), or (1.9)% decrease in Full Time Student Equivalent (FTSE) students in rural community colleges (see Table 3). The (475) net FTSE decrease consists of a (557) FTSE decrease in non-dual enrollment students and an 82 FTSE increase 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.

Table 3
Community College Enrollment

	<u>FY 2022 FTSE</u>	<u>FY 2023 FTSE</u>	<u>Percentage Change</u>
<u>Rural Districts</u>			
Cochise	5,999	5,244	(12.6)%
Coconino	1,581	1,561	(1.3)%
Gila	457	451	(1.3)%
Graham	1,994	2,167	8.7%
Mohave	1,941	2,009	3.5%
Navajo	1,375	1,425	3.6%
Pinal	3,234	3,137	(3.0)%
Santa Cruz	101	199	97%
Yavapai	3,207	3,206	0.0%
Yuma/La Paz	<u>5,065</u>	<u>5,080</u>	<u>0.3%</u>
<i>Subtotal</i>	<i>24,954</i>	<i>24,479</i>	<i>(1.9)%</i>
<u>Urban Districts</u>			
Maricopa	52,588	53,964	2.6%
Pima	<u>11,462</u>	<u>11,568</u>	<u>0.9 %</u>
Total	89,004	90,011	1.1%

Remove One-Time Pima Operating Aid

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 for the elimination of one-time Pima Community College District operating aid. This appropriation was not based on the statutory formula.

Background – With the exception of Maricopa and Pima, the Operating State Aid 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 2025, the last actual FTSE data was from FY 2023.)

Maricopa and Pima Counties are also statutory recipients of Operating State Aid. However, a session law provision suspends the formula.

The full formula funding for Maricopa and Pima County cannot be calculated. The Operating State Aid formula adjusts the prior year's appropriation based on the changes in FTSE enrollment count. Maricopa and Pima County have not received formulaic Operating State Aid since FY 2015.

STEM and Workforce Programs State Aid

The budget includes \$14,268,700 from the General Fund in FY 2025 for Science, Technology, Engineering and Mathematics (STEM) and Workforce Programs State Aid. Adjustments are as follows:

Enrollment Changes

The budget includes an increase of \$75,600 from the General Fund in FY 2025 to fund increased formula costs for STEM and Workforce Programs State Aid. This increase is the result of a net growth in enrollment in FY 2023.

Background – The STEM and Workforce Programs State Aid 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 based on the district's size and the most recent year's actual audited FTSE. The FY 2025 budget continues to suspend the inflation adjustment required by statute and provides \$210 per FTSE for districts with 5,000 or less FTSE and \$160 per FTSE for districts with greater than 5,000 FTSE.

Rural Aid

The budget includes \$14,000,000 from the General Fund in FY 2025 for Rural Aid. Adjustments are as follows:

Remove One-Time Rural Aid

The budget includes a decrease of \$(10,000,000) from the General Fund in FY 2025 for the elimination of one-time aid to the 10 rural community college districts.

This funding is allocated to the 10 rural community college districts based on each district's share of actual FY 2023 enrollment.

Additional Rural Aid

Rural County Allocation

The budget includes \$6,109,000 from the General Fund in FY 2025 for Rural County Allocation. Adjustments are as follows:

Technical Adjustment

The budget includes an increase of \$386,700 from the General Fund in FY 2025 for a technical adjustment associated with changes in student enrollment.

Background – The Rural County Allocation 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 part of a community college district, it is responsible for the cost of their students attending community college in another county. In practice, this provision affects Apache and Greenlee Counties. A.R.S. § 15-1469.01 provides that the General Fund will pay the initial cost for these counties and that the state will then withhold these counties' Transaction Privilege Tax (TPT) revenues to offset a portion of that cost.

A.R.S. § 15-1469C prescribes the formula that calculates the amount that is owed by Apache and Greenlee Counties to the out of county community college districts. The formula is based on the number Apache and Greenlee students who attended school in an established community college district, as well as the average operating cost per student of that district. In calculating the TPT withholding for Apache and Greenlee Counties, however, the state only counts the average operating aid per student generated by the primary property tax levy. The difference between the average per student operating cost generated by primary property taxes and the average overall operating cost is effectively absorbed by the state General Fund.

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 JLBC Staff. The JLBC Staff is required by A.R.S. § 15-1469D to report the county withholdings to the Treasurer by May 15 for the upcoming fiscal year. In May 2024, the JLBC Staff reported that the General Fund would pay a total \$6,109,000 in FY 2025, of which \$2,317,400 would be withheld from the two unestablished counties (\$1,769,100 for Apache and \$548,300 for Greenlee). After TPT revenue withholdings, the General Fund net cost is \$3,791,600.

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 budget includes \$1,082,900 from the General Fund in FY 2025 for Rural County Reimbursement Subsidy. This amount is unchanged from FY 2024.

This line item partially offsets the remaining cost to counties that are not part of an established community college district. The funding is appropriated to Apache and Greenlee. The budget continues a General Appropriation Act footnote allocating these monies. Of the \$1,082,900 subsidy, \$699,300 is distributed to Apache and \$383,600 to Greenlee.

After the reimbursement subsidy, FY 2025 net costs are \$1,069,800 to Apache and \$164,700 to Greenlee.

Tribal Aid

Tribal Community Colleges

The budget includes \$1,372,200 from the General Fund in FY 2025 for Tribal Community Colleges. This amount is unchanged from FY 2024.

The FY 2024 budget assumed tribal community colleges would receive \$1,220,900 from the General Fund in FY 2023 and FY 2024 based on prior year TPT distributions. This included \$890,700 to the Navajo Nation and \$330,200 for Tohono O'odham Community College.

Based on FY 2023 actual distributions, the budget adjusts the assumption upward to \$1,372,200 in FY 2024 and FY 2025. This includes a distribution of \$923,700 to the Navajo Nation, comprised of \$615,800 for Diné College and \$307,900 for Navajo Technical College. The budget also assumes \$448,500 will be distributed to Tohono O'odham Community College.

As described below, each of these amounts will depend on actual FY 2025 TPT revenue collections and the FY 2025 appropriation will adjust automatically.

Background – This funding is limited to qualified tribes that instituted a compact with the state before September 1, 2017, to receive a portion of Transaction Privilege Tax (TPT) revenues for support of tribe's postsecondary institution(s). A.R.S. § 42-5031.01 allows any qualifying tribal community college to receive \$1,750,000, or 10% of the TPT revenues collected from all sources located on the reservation, whichever is less. 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 2025 will depend on FY 2025 collections. Given the language of A.R.S. § 42-5031.01, these monies do not appear in the General Appropriation Act. (Please see the FY 2020 Appropriations Report for more information.)

The monies received are used to support maintenance, renewal, and capital expenses on each college campus.

Diné College Capital Improvements

The budget includes no funding in FY 2025 for Diné College Capital Improvements. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(10,000,000) from the General Fund in FY 2025 for the elimination of one-time Diné College Capital Improvement funding.

Diné College Remedial Education

The budget includes \$1,000,000 from the General Fund in FY 2025 for Diné College Remedial Education. This amount is unchanged from FY 2024.

This line item provides additional funding to Diné College to provide remedial education to help students prepare for college-level courses such as reading, writing and mathematics. In addition, the budget continues a General Appropriation Act footnote that requires the Diné College Board of Regents to submit a report that details the course completion rate for students who received remedial education during the 2024-2025 academic year to the JLBC, Governor's office, and legislative leaders on or before October 15, 2025.

Tohono O'odham Community College Remedial Education

The budget includes no funding in FY 2025 for Tohono O'odham Community College Remedial Education. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 for the elimination of one-time Tohono O'odham Community College Remedial Education funding.

The FY 2024 budget included a General Appropriation Act footnote that requires the Tohono O'odham Community College Board of Trustees to submit a report that details the course completion rate for students who received remedial education during the 2023-2024 academic year to the JLBC, Governor's office, and legislative leaders on or before October 15, 2024.

San Carlos Apache College Remedial Education

The budget includes no funding in FY 2025 for San Carlos Apache Community College Remedial Education. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(2,000,000) from the General Fund in FY 2025 for the elimination of one-time San Carlos Apache College Remedial Education funding.

The FY 2024 budget included a General Appropriation Act footnote that requires the San Carlos Apache College Board of Regents to submit a report that details the course completion rate for students who received remedial education during the 2023-2024 academic year to the JLBC, Governor's office, and legislative leaders on or before October 15, 2024.

Workforce Development Aid

Additional Gila Workforce Development Aid

The budget includes \$200,000 from the General Fund in FY 2025 for Additional Gila Workforce Development Aid. This amount is unchanged from FY 2024.

Background – As a provisional community college district, Gila County is not eligible for a \$200,000 annual Workforce Development allocation from Proposition 301 monies (see A.R.S. § 42-5029).

Arizona Western College CTE Workforce

The budget includes no funding in FY 2025 for Arizona Western College CTE Workforce. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(15,000,000) from the General Fund in FY 2025 for the elimination of one-time Career Technical Education (CTE) Workforce program funding at Arizona Western College.

Santa Cruz Provisional Community College Funding

The budget includes no funding in FY 2025 for Santa Cruz Provisional Community College Funding. Adjustments are as follows:

Remove One-Time Funding

The budget includes a decrease of \$(200,000) from the General Fund in FY 2025 for the elimination of one-time Santa Cruz Provisional Community College funding.

Other Issues

Statutory Changes

The Higher Education BRB makes the following statutory changes:

- As session law, continues to suspend the Operating State Aid funding at levels specified in the General Appropriation Act, which effectively means suspending the formula in FY 2025 for only Maricopa and Pima Counties.
- As session law, continues to set the Science, Technology, Engineering and Mathematics and Workforce Programs district funding at levels specified in the General Appropriation Act, which effectively means suspending the inflation adjustment in FY 2025 for all community college districts.
- As permanent law, establishes the Arizona Community Colleges Promise Program Fund to be administered by the Arizona Board of Regents (ABOR). (Please see the ABOR section for additional information).

Long-Term Budget Impacts

As part of the budget's 3-year spending plan, Community College General Fund costs are projected to increase by \$3,022,700 in FY 2026 above FY 2025 and increase by \$3,311,600 in FY 2027 above FY 2026. These estimates are based on:

- Flat enrollment growth (so no change in costs for Operating State Aid or STEM and Workforce Programs State Aid for FY 2026 and FY 2027).
- An increase of \$3,022,700 for Equalization Aid in FY 2026 above FY 2025 and \$3,311,600 in FY 2027 above FY 2026. These estimates assume total Net Assessed Value (NAV) growth of 6.0% in FY 2025 and 6.2% FY 2026.

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 4.2% of their revenues (excluding bond proceeds) from state aid.

For FY 2024, base operating revenues from all sources are estimated to be \$1,947,141,900 (See Table 4 for a summary of FY 2024 total revenue estimates.)

Property taxes are the single largest revenue source for the community colleges, accounting for 52.4% 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. Both taxes are levied on limited property values. Each community college district determines its primary and secondary property tax rates. (See Table 5 for a summary of TY 2023 property tax rates.)

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.

The community colleges also collect tuition and fees from enrolled students. These collections account for approximately 16.7% of total revenues. Tuition and fees are assessed on a per credit hour basis. FY 2024 weighted average tuition (weighted for each district's proportion of

Table 4

Total Estimated Community College Revenues – FY 2024 ^{1/}

District	State Aid ^{2/}	Tuition/Fees	Property Taxes	Grants	Other ^{3/}	FY 2024 Total ^{4/}	FY 2023 Total ^{5/}	% Change from FY 2023
Cochise	\$19,953,000	\$9,482,700	\$25,920,400	\$34,594,200	\$1,601,400	\$91,551,700	\$76,580,200	19.6%
Coconino	2,936,500	6,918,700	13,153,200	8,963,700	1,096,300	33,068,400	28,988,500	14.1%
Gila ^{6/}	590,900	0	5,843,200	615,400	355,000	7,404,500	6,525,500	13.5%
Graham	23,491,700	8,121,000	7,918,300	12,948,100	5,756,000	58,235,100	66,376,900	(12.3)%
Maricopa	0	209,884,300	623,177,700	208,529,100	24,686,200	1,066,277,300	1,083,656,400	(1.6)%
Mohave	2,791,200	9,591,900	28,030,000	17,721,200	445,400	58,579,700	50,546,900	15.9%
Navajo	13,858,100	3,800,000	16,999,600	6,457,800	3,879,500	44,995,000	47,146,600	(4.6)%
Pima	2,000,000	43,260,000	136,301,500	78,455,000	11,471,500	271,488,000	225,828,300	20.2%
Pinal	4,201,300	8,351,000	65,105,400	19,292,900	4,110,000	101,060,600	97,222,900	3.9%
Santa Cruz ^{6/}	97,000	800	1,778,100	274,800	25,900	2,176,600	2,104,200	3.4%
Yavapai	3,457,400	12,896,000	53,649,000	17,542,800	6,290,200	93,835,400	84,568,900	11.0%
Yuma/La Paz	<u>7,848,200</u>	<u>13,695,000</u>	<u>42,286,200</u>	<u>50,520,000</u>	<u>4,120,200</u>	<u>118,469,600</u>	<u>97,228,700</u>	<u>21.8%</u>
Total	\$81,225,300	\$326,001,400	\$1,020,162,600	\$455,915,000	\$63,837,600	\$1,947,141,900	\$1,866,774,000	4.3%

^{1/} The data in this table was provided by the Arizona Community College Coordinating Council.

^{2/} State Aid revenue includes Operating State Aid and Equalization Aid.

^{3/} Includes auxiliary programs, interest income, workforce development funds, and transfers.

^{4/} Total revenues do not include bond proceeds or district fund balances. Including these amounts, total revenues are estimated to be \$2,175,730,400 for FY 2024.

^{5/} Total revenues do not include bond proceeds or district fund balances. Including these amounts, total revenues are \$1,901,713,800 for FY 2023.

^{6/} 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 Pima County's Community College in order to provide degree programs. Therefore, Santa Cruz's tuition and fee revenues are collected by Pima according to their contract agreement.

Table 5
Community College Tax Rates – TY 2023

<u>District</u>	<u>Primary Rate</u>	<u>Secondary Rate</u>	<u>Combined Rate</u>	<u>% Change Combined Rate from TY 2022</u>
Cochise	\$2.43	\$0.00	\$2.43	0.0%
Coconino	0.61	0.00	0.61	17.3%
Gila	0.92	0.00	0.92	(2.1)%
Graham	2.60	0.00	2.60	(4.1)%
Maricopa	1.08	0.06	1.14	(4.2)%
Mohave	1.15	0.00	1.15	(3.4)%
Navajo	1.75	0.00	1.75	0.0%
Pima	1.28	0.00	1.28	(0.8)%
Pinal	1.78	0.14	1.92	(6.8)%
Santa Cruz	0.43	0.00	0.43	(4.4)%
Yavapai	1.51	0.00	1.51	0.7%
Yuma/La Paz	2.07	0.30	2.37	(2.1)%

the statewide FTSE count) is \$2,708 if a full-time student attends for 30 hours a year. The FY 2024 amount represents an increase of 7.8% from FY 2023. (See Table 6 for FY 2024 resident tuition and fee rates.)

Community colleges also receive grants and “other” revenue from a variety of sources. Combined, they account for approximately 26.7% of community college revenues.

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

Table 6
Community College Resident Tuition and Fees – FY 2024

<u>District</u>	<u>Average Cost Per Credit Hour</u>	<u>Annual Cost ^{1/}</u>	<u>% Change from FY 2023</u>
Cochise	\$93	\$2,790	17.7%
Coconino	136	4,068	0.0%
Gila	98	2,940	5.4%
Graham	98	2,940	5.4%
Maricopa	97	2,910	14.1%
Mohave	81	2,430	0.0%
Navajo	91	2,730	7.1%
Pima	92	2,760	3.4%
Pinal	75	2,250	50.0%
Santa Cruz	46	1,380	5.7%
Yavapai	83	2,472	5.1%
Yuma/La Paz	<u>94</u>	<u>2,820</u>	<u>2.2%</u>
Average	\$90	\$2,708	7.8%

^{1/} Annual cost is for 30 hours a year, or 15 hours per semester.

Total Community College Expenditures

Table 7 shows total budgeted FY 2024 community college expenditures. In FY 2024, total budgeted expenditures are \$2,283,941,800. As mentioned previously, base operating revenues for FY 2024 are \$1,947,141,900, however, this figure does not include allocated fund balances or bond proceeds. Including these amounts, total available revenues are \$2,175,730,400. Of the total \$2,283,941,800 in budgeted expenditures, \$1,816,810,400, or 79.5%, of these expenditures are from the community colleges’ General and Restricted Funds. This includes \$556,591,500, or 24.4%, for instruction and \$305,939,200, or 13.4%, for institutional support.

Table 7
Community Colleges - FY 2024 Budgeted Expenditures

<u>General/Restricted Funds</u>	<u>Total</u>	<u>% of Total</u>
Instruction	\$ 556,591,500	24.4%
Public Service	117,147,000	5.1%
Academic Support	187,631,500	8.2%
Student Services	351,407,100	15.4%
Institutional Support	305,939,200	13.4%
Operation & Maintenance	73,875,200	3.2%
Scholarships & Grants	156,107,400	6.8%
Contingency	<u>68,111,400</u>	<u>3.0%</u>
Subtotal ^{1/}	\$1,816,810,400	79.5%
Auxiliary Enterprises Fund	\$ 78,918,900	3.5%
Plant Fund	307,262,500	13.5%
Debt Service	<u>80,950,000</u>	<u>3.5%</u>
Total ^{1/}	\$2,283,941,800	100%

^{1/} May not add to subtotal and total due to rounding.

Expenditures for auxiliary enterprises, including revenue-generating retail and business services such as parking lots, bookstores, and food service, are \$78,918,900 or 3.5% of the total. Plant Fund expenditures, which generally include capital costs, are \$307,262,500, or 13.5% of the total. The remaining \$80,950,000, or 3.5%, is for debt service.

Community College Expenditure Limitations

The Arizona Constitution requires the Economic Estimates Commission to calculate the expenditure limitation for community college districts based on FY 1980 expenditures. The base limit is adjusted each year for enrollment and inflation.

The expenditure limitation does not apply to certain monies received by community college districts, such as tuition and fees or federal grants. A.R.S. § 15-1444 also excludes from the expenditure limitation auxiliary fees, entrepreneurial and commercial activities, research and

development agreements, and grants from the state, political subdivisions, tribal governments, or special taxing districts.

As part of the annual budget submission process, the community college districts calculate their expenditures for the current year. These figures are then audited by the Auditor General after the end of each fiscal year. *Table 8* includes the FY 2024 expenditure limits and the estimated expenditures reported by the districts. Of the 12 districts, 7 currently estimate that they will be at the limit in FY 2024.

A.R.S. § 41-1279.07 stipulates that a community college district that exceeds its expenditure limitation without authorization will have the following amount of operating state aid withheld, based on the percentage of the excess expenditure:

- If the excess expenditures are less than 5% of the limitation, the amount withheld is equal to the excess expenditures.
- If the excess expenditures are between 5% and 10% of the limitation or are less than 5% of the limitation and it is at least the second consecutive instance of excess expenditures, the amount withheld is equal to 3 times the excess expenditures.
- If the excess expenditures are equal to 10% or more of the limitation, the amount withheld is equal to 5 times the excess expenditures or one-third of the district's allocation of state aid, whichever is less.

Table 8

Community College Expenditure Limits – FY 2024

District	Expenditure Limit	Estimated Expenditures
Cochise	\$73,550,812	\$67,378,021
Coconino	17,110,159	17,110,159
Gila*	5,076,198	4,822,388
Graham	33,994,988	32,295,239
Maricopa	476,167,690	476,167,690
Mohave	26,196,489	26,196,489
Navajo	15,470,441	15,470,441
Pima	140,472,699	140,472,699
Pinal	44,910,384	44,910,384
Santa Cruz*	1,812,166	1,810,749
Yavapai	51,167,433	51,167,433
Yuma/La Paz	60,908,539	53,111,277

* Indicates provisional community college district