

## Arizona Community Colleges

	FY 2017 ACTUAL	FY 2018 ESTIMATE	FY 2019 APPROVED
<b>SPECIAL LINE ITEMS</b>			
Operating State Aid			
Cochise	4,670,000	4,589,600	4,677,300
Coconino	1,756,400	1,731,100	1,749,200
Gila	315,200	298,400	324,900
Graham	2,249,700	2,288,300	2,357,900
Mohave	1,315,000	1,195,500	1,152,700
Navajo	1,606,000	1,649,000	1,576,500
Pinal	1,724,700	1,621,400	1,507,800
Santa Cruz	81,200	96,800	84,100
Yavapai	800,200	639,400	589,900
Yuma/La Paz	2,690,100	2,622,100	2,613,500
<i>Subtotal - Operating State Aid</i>	<u>17,208,500</u>	<u>16,731,600</u>	<u>16,633,800</u>
STEM and Workforce Programs State Aid			
Cochise	1,008,200	986,400	1,010,800
Coconino	418,000	409,000	415,600
Gila	142,500	136,500	146,200
Graham	595,200	609,000	634,400
Mohave	505,200	462,500	446,900
Navajo	353,700	369,100	342,600
Pinal	96,500	96,500	96,500
Santa Cruz	61,400	67,000	62,400
Yavapai	774,400	717,000	699,000
Yuma/La Paz	864,000	845,500	843,100
<i>Subtotal - STEM and Workforce Programs State Aid</i>	<u>4,819,100</u>	<u>4,698,500</u>	<u>4,697,500</u>
Equalization Aid			
Cochise	4,878,400	5,210,200	5,848,200
Graham	14,695,800	15,028,600	15,717,800
Navajo	6,081,500	6,672,100	7,107,100
<i>Subtotal - Equalization Aid</i>	<u>25,655,700</u>	<u>26,910,900</u>	<u>28,673,100</u>
Rural County Allocation	2,730,600	2,596,700	2,902,300 <sup>1/</sup>
Rural County Reimbursement Subsidy	1,273,800	1,273,800	1,273,800 <sup>2/</sup>
Tribal Community Colleges	2,625,000	2,625,000	2,825,000 <sup>3/</sup>
Additional Gila Workforce Development Aid	0	250,000	200,000
<b>AGENCY TOTAL</b>	<b><u>54,312,700</u></b>	<b><u>55,086,500</u></b>	<b><u>57,205,500<sup>4/</sup></u></b>
<b>FUND SOURCES</b>			
General Fund	54,312,700	55,086,500	57,205,500
<b>SUBTOTAL - Appropriated Funds</b>	<b><u>54,312,700</u></b>	<b><u>55,086,500</u></b>	<b><u>57,205,500</u></b>
Other Non-Appropriated Funds	18,869,500	19,674,400	19,674,400
<b>TOTAL - ALL SOURCES</b>	<b><u>73,182,200</u></b>	<b><u>74,760,900</u></b>	<b><u>76,879,900</u></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 budget includes \$16,633,800 from the General Fund in FY 2019 for Operating State Aid. FY 2019 adjustments are as follows:

**Enrollment Changes**

The budget includes a decrease of \$(97,800) from the General Fund in FY 2019 to fund the statutory formula for Operating State Aid.

This amount funds statutory formula costs for a (127), or (0.4)% decrease in Full Time Student Equivalent (FTSE) students in rural community colleges (see Table 1). The (127) net FTSE decrease consists of a (213) FTSE decrease in non-dual enrollment students and an 86 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.

As permanent law, the FY 2016 Higher Education Budget Reconciliation Bill (BRB) (Laws 2015, Chapter 16) eliminated Operating State Aid for Maricopa and Pima. The FY 2018 Higher Education BRB (Laws 2017, Chapter 310), however, restored Maricopa and Pima County's eligibility for Operating State Aid in permanent law. A session law provision, however, suspended the formula for FY 2018. Maricopa and Pima County received no Operating State Aid in FY 2018. The FY 2019 Higher Education BRB (Laws 2018, Chapter 281) continues to suspend Maricopa and Pima funding in FY 2019.

The full formula funding for Maricopa and Pima County cannot be calculated for FY 2019. The Operating State Aid formula adjusts the prior year's appropriation based on the changes in FSTE enrollment count. Maricopa and Pima County have not received Operating State Aid since FY 2015.

*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

- 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 2019, that amount is estimated to be \$2,902,300. Because this appropriation is in permanent statute, it is not included in the General Appropriation Act.
- 2/ 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. (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/ General Appropriation Act funds are appropriated as District-by-District Special Line Items.

**Table 1**

**Community College Enrollment**

<u>District</u>	<u>FY 2016 FTSE</u>	<u>FY 2017 FTSE</u>	<u>Percentage Change</u>
Cochise	6,195	6,353	2.6%
Coconino	2,007	2,048	2.0%
Gila	667	735	10.2%
Graham	2,951	3,075	4.2 %
Mohave	2,347	2,270	(3.3)%
Navajo	1,940	1,827	(5.8) %
Pinal	3,900	3,688	(5.4)%
Santa Cruz	319	298	(6.6) %
Yavapai	3,585	3,498	(2.4)%
Yuma/La Paz	<u>5,313</u>	<u>5,305</u>	<u>(0.2)%</u>
<b>Total</b>	<b>29,224</b>	<b>29,097</b>	<b>(0.4)%</b>

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 2019, the last actual FTSE data was from FY 2017.)

**STEM and Workforce Programs State Aid**

The budget includes \$4,697,500 from the General Fund in FY 2019 for Science, Technology, Engineering and Mathematics (STEM) and Workforce Programs State Aid (formerly Capital Outlay State Aid). FY 2019 adjustments are as follows:

**Enrollment Changes**

The budget includes a decrease of \$(1,000) from the General Fund in FY 2018 to fund reduced formula costs for STEM and Workforce Programs State Aid.

As permanent law, the FY 2016 Higher Education BRB eliminated STEM and Workforce Program State Aid for Maricopa and Pima County. The FY 2018 Higher Education BRB (Laws 2017, Chapter 310) restored eligibility for STEM and Workforce Programs State Aid funding for Maricopa and Pima County in permanent law. As session law, however, the FY 2018 Higher Education BRB suspended the program's funding formula for FY 2018 and instead funded the amounts specified in the General Appropriation Act.

The FY 2019 Higher Education BRB continues to fully fund the STEM and Workforce Program State Aid 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 \$672,600. If the formula were fully funded, Maricopa would receive \$11,149,000 and Pima would receive \$2,350,200 in FY 2019.

*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 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 budget includes \$28,673,100 from the General Fund in FY 2019 for Equalization Aid. FY 2019 adjustments are as follows:

##### Property Value Changes

The budget includes an increase of \$1,762,200 from the General Fund in FY 2019 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 2018	Year-over- Year Change	FY 2019
Cochise	\$ 5,210,200	\$ 638,000	\$ 5,848,200
Graham	15,028,600	689,200	15,717,800
Navajo	6,672,100	435,000	7,107,100
<b>Total</b>	<b>\$26,910,900</b>	<b>\$1,762,200</b>	<b>\$28,673,100</b>

*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. For the FY 2019 Equalization Aid formula calculation, the minimum assessed valuation increased 3.9% to \$1.34 billion. (See *Table 3* for the calculation of the growth rate.)

District	TY 2016 Primary AV	TY 2017 Primary AV	TY 2016- 2017 % Growth
Cochise*	\$ 909,774,000	\$ 913,002,900	0.4%
Graham*	193,098,400	192,589,700	(0.3)%
Navajo*	803,062,500	821,107,800	2.2%
Coconino	1,569,812,800	1,648,531,000	5.0%
Mohave	1,696,200,000	1,739,751,600	2.6%
Pinal	2,119,750,900	2,239,027,300	5.6%
Yavapai	2,344,409,900	2,463,150,000	5.1%
Yuma/LaPaz	1,316,941,500	1,358,691,500	3.2%
<b>Total</b>	<b>\$10,953,050,000</b>	<b>\$11,375,851,800</b>	<b>3.9%</b>
<b>Minimum AV</b>	<b>\$1,290,079,600</b>	<b>\$1,339,876,700</b>	<b>3.9%</b>

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

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 3.9%, in TY 2017. In comparison, Cochise increased by 0.4%, Graham declined by (0.3)%, and Navajo increased by 2.2%. Because their primary assessed value increased by less than the average rural 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 (\$1.34 billion in FY 2019), 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 budget includes \$2,902,300 from the General Fund in FY 2019 for Rural County Allocation. FY 2019 adjustments are as follows:

##### Enrollment Increase

The budget includes an increase of \$305,600 from the General Fund in FY 2019 to fund increased 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. 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 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 2018, the JLBC Staff reported the amount to be \$2,902,300 for FY 2019.

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 \$1,273,800 from the General Fund in FY 2019 for Rural County Reimbursement Subsidy. This amount is unchanged from FY 2018.

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 budget allocates \$699,300 to Apache and \$574,500 to Greenlee.

#### **Tribal Community Colleges**

The budget includes \$2,825,000 from the General Fund in FY 2019 for Tribal Community Colleges. FY 2019 adjustments are as follows:

##### **Tohono O'Odham Funding**

The budget includes an increase of \$200,000 from the General Fund in FY 2019 for Tohono O'Odham Community College.

*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 2019 will depend on FY 2019

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 already qualify for the funding. Tohono O'Odham entered into a compact with the Executive in 2017, so now also qualifies.

Laws 2016, Chapter 148 increased the term of an initial compact from 10 to 20 years and changed the time of a JLBC review required for a compact renewal from the last year of the term to the fourth year prior to the expiration of the term. The Navajo Nation compact is set to expire in 2020. If the Navajo Nation enters into a new 20-year compact with the Executive, the next JLBC review would be in 2036.

The budget assumes that \$1,750,000 will be distributed to Diné College and \$875,000 will be distributed to Navajo Technical College in FY 2019. 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 2019. The budget also assumes that \$200,000 will be distributed to Tohono O'Odham Community College.

#### **Additional Gila Workforce Development Aid**

The budget includes \$200,000 for Additional Gila Workforce Development Aid in FY 2019. FY 2019 adjustments are as follows:

##### **Remove One-Time Funding**

The budget includes a decrease of \$(50,000) from the General Fund in FY 2019 for Gila County.

*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). The FY 2018 budget provided General Fund money for this purpose. Of the \$250,000, \$50,000 was labeled as one-time. The FY 2018 budget's 3-year spending plan included \$200,000 for Gila County in FY 2019 and FY 2020.

Table 4

## Total Estimated Community College Revenues – FY 2018

District	State Aid	Tuition/Fees	Property Taxes	Grants	Other <sup>1/</sup>	FY 2018 Total <sup>2/</sup>	FY 2017 Total <sup>3/</sup>	% Change from FY 2017
Cochise	\$10,786,200	\$8,821,400	\$21,670,100	\$13,683,000	\$1,162,900	\$56,123,600	\$51,698,500	8.6%
Coconino	2,140,100	7,988,800	10,124,300	6,713,800	1,001,300	27,968,300	25,636,800	9.1%
Gila <sup>4/</sup>	434,900		4,511,900	130,000	375,000	5,451,800	5,353,500	1.8%
Graham	17,925,900	8,249,600	6,044,000	9,391,000	9,835,500	51,446,000	45,581,800	12.9%
Maricopa		254,264,900	539,211,600	229,517,300	28,444,600	1,051,438,400	999,793,000	5.2%
Mohave	1,658,000	7,958,300	23,364,900	8,314,300	845,000	42,140,500	41,554,300	1.4%
Navajo	8,690,200	4,800,000	14,835,000	6,030,900	2,559,100	36,915,200	35,504,600	4.0%
Pima		48,178,000	112,161,200	52,684,000	5,308,800	218,332,000	198,668,400	9.9%
Pinal	1,717,900	13,545,000	56,937,000	25,700,000	1,780,000	99,679,900	91,367,300	9.1%
Santa Cruz <sup>4/</sup>	163,800	900	1,583,000	24,900	17,500	1,790,100	1,812,300	(1.2)%
Yavapai	1,356,400	10,746,500	48,614,300	13,098,500	4,185,800	78,001,500	76,388,600	2.1%
Yuma/La Paz	3,467,600	14,062,900	35,611,800	19,154,500	5,567,200	77,864,000	79,787,000	(2.4)%
<b>Total</b>	<b>\$48,341,000</b>	<b>\$378,616,300</b>	<b>\$874,669,100</b>	<b>\$384,442,200</b>	<b>\$61,082,700</b>	<b>\$1,747,151,300</b>	<b>\$1,653,146,100</b>	<b>5.7 %</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 \$2,150,583,100 for FY 2018.

<sup>3/</sup> Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are \$1,729,783,600 for FY 2017.

<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.

### Other Issues

#### Long-Term Budget Impacts

As part of the budget's 3-year spending plan, the Arizona Community College General Fund costs are projected to increase by \$1,084,500 in FY 2020 above FY 2019 and \$1,248,500 in FY 2021 above FY 2020.

These estimates assume:

- Flat enrollment growth (so no change in costs for Operating State Aid or STEM and Workforce Programs State Aid for FY 2019 and FY 2020).
- No funding changes for Operating State Aid or STEM and Workforce Programs State Aid for Maricopa and Pima County.
- Gila Community College Workforce Development aid remains at \$200,000 for FY 2020 and FY 2021.
- An increase of \$1,084,500 for Equalization Aid in FY 2020 and \$1,248,500 in FY 2021. These estimates assume Net Assessed Value (NAV) growth of -1.5% in FY 2019 and 2.0% growth in FY 2020 for counties overall, but a (0.5)% NAV decline in both years for the 3 counties that receive Equalization Aid based on past trends. This would cause NAV in those 3 districts to grow farther from the statewide NAV average for rural counties in both years, entitling them to more Equalization Aid in both years.

### Additional Legislation

#### Course Prerequisite Ban

As permanent law, the FY 2019 Higher Education BRB prohibits community colleges from requiring a student to be a member of a labor organization or participating in an industry apprenticeship program as a prerequisite for course enrollment.

### 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 2.8% of their revenues (excluding bond proceeds) from state aid.

For FY 2018, base operating revenues from all sources are estimated to be \$1,747,151,300, which would be an increase of 5.7% from FY 2017. (See Table 4 for a summary of FY 2018 total revenue estimates.)

Property taxes are the single largest revenue source for the community colleges, accounting for 50.1% 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 FY 2018 property tax rates.)

**Table 5**  
**Community College Tax Rates – FY 2018**

District	Primary Rate	Secondary Rate	Combined Rate	% Change in Combined Rate from FY 2017
Cochise	\$2.37	\$0.00	\$2.37	3.8 %
Coconino	0.48	0.13	0.61	(1.2) %
Gila	0.94	0.00	0.94	7.2 %
Graham	3.14	0.00	3.14	2.0 %
Maricopa	1.20	0.21	1.41	(3.8) %
Mohave	1.34	0.00	1.34	1.1 %
Navajo	1.81	0.00	1.81	1.0 %
Pima	1.39	0.00	1.39	1.1 %
Pinal	2.23	0.31	2.54	(3.2) %
Santa Cruz	0.50	0.00	0.50	(0.6) %
Yavapai	1.78	0.20	1.98	(3.6) %
Yuma/La Paz	2.26	0.23	2.49	(5.3) %

In 2012, Proposition 117 capped annual property value increases on any single parcel of real property to 5% starting in FY 2016 (see the FY 2017 Appropriations Report for more information). 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.

As permanent law, the FY 2019 Higher Education BRB allows Coconino County to increase its primary property tax levy, subject to approval by voters.

The community colleges also collect tuition and fees from enrolled students. These collections account for approximately 21.7% of total revenues. Tuition and fees are assessed on a per credit hour basis. FY 2018 weighted average tuition (weighted for each district's proportion of the statewide FTSE count) is \$2,547 if a full-time student attends for 30 hours a year. The FY 2018 amount represents an increase of 0.1% from FY 2017. (See Table 6 for FY 2018 resident tuition and fee rates.)

Community colleges also receive grants and "other" revenue from a variety of sources. Combined, they account for approximately 25.5% of community college revenues. Grants traditionally come from the federal government, including: the U.S. Department of Education, Small Business Administration, National Science

**Table 6**  
**Community College Resident Tuition and Fees – FY 2018**

District	Cost Per Credit Hour	Annual Cost <sup>1/</sup>	% Change from FY 2017
Cochise	\$82	\$2,460	3.8%
Coconino	105	3,150	2.9%
Gila	85	2,550	6.3%
Graham	85	2,550	6.3%
Maricopa	86	2,580	0.0%
Mohave	81	2,430	(8.0)%
Navajo	72	2,160	2.9%
Pima	82	2,445	(4.1)%
Pinal	86	2,580	2.4%
Santa Cruz	82	2,445	3.2%
Yavapai	83	2,490	5.1%
Yuma/La Paz	82	2,460	2.5%
<b>Weighted Average</b>	<b>\$85</b>	<b>\$2,547</b>	<b>0.1%</b>

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

Foundation, and Health and Human Services. Revenue 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 2018 community college expenditures. In FY 2018, total budgeted expenditures are \$2,150,583,100. As mentioned previously, base operating revenues for FY 2018 are \$1,747,151,300; however, this figure does not include allocated fund balances or bond proceeds. Including these amounts, total available revenues are \$2,150,583,100. Of the total \$2,150,583,100 in budgeted expenditures, \$1,615,236,000, or 75%, of these expenditures are from the community colleges' General and Restricted Funds. This includes about \$494,087,200, or 23%, for instruction and \$274,939,500, or 13%, for administrative support.

Expenditures for auxiliary enterprises, including revenue generating retail and business services such as parking lots, book stores, and food service, are \$163,549,200, or 8% of the total. Plant Fund expenditures, which generally include capital costs, are \$180,772,300, or 8% of the total. The remaining \$191,025,500 is for debt service.

Community College Expenditure Limitation - Laws 2016, Chapter 58 modified the method for calculating community college expenditure limits, excludes certain types of expenditures from counting against the limit, and allows for an adjustment to the base expenditure limit. (See FY 2018 Appropriations Report for more information.)

**Table 7**

**Community Colleges - FY 2018 Budgeted Expenditures**

<u>General/Restricted Funds</u>	<u>Total</u>	<u>% of Total</u>
Instruction	\$494,087,200	23%
Public Service	38,479,400	2%
Academic Support	160,128,500	7%
Student Services	166,531,600	8%
Institutional Support	274,939,500	13%
Operation & Maintenance	111,693,300	5%
Scholarships/Grants	283,966,300	13%
Contingency	<u>85,410,300</u>	4%
<b>Subtotal</b>	<b>\$1,615,236,100</b>	<b>75%</b>
Auxiliary Enterprises Fund	\$ 163,549,200	8%
Plant Fund	180,772,300	8%
Debt Service	<u>191,025,500</u>	9%
<b>Total</b>	<b>\$2,150,583,100</b>	<b>100%</b>

**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* and specified that the county board of supervisors will serve as the governing board to any community college tuition financing district. Gila and Santa Cruz are the only existing provisional districts and they were both established before December 31, 2014.

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 tuition financing district. A tuition financing district is required to contract with an existing community college district to provide instruction and services to students.