

2021-2022 Introductory Budget Analysis

Summary:

General Fund Revenues

	FY2122 Option 1 (Max Prop Tax & Gov Bud)	FY2122 Option 2 (TNT Prop Tax & Gov Bud)	FY2021 Board Approved Budget
Property Tax Levy Rate	\$ 1.8042	\$ 1.7505	\$ 1.7827
Revenues:			
Property Taxes	\$ 16,445,192	\$ 15,955,424	\$ 15,726,233
Operating State Aid	1,511,700	1,511,700	1,554,800
Equalization	9,171,000	9,171,000	8,444,300
Rural Funding / pending	1,153,600	1,153,600	
Tuition & Fees	4,400,000	4,400,000	2,600,000
Fund Balance - Tuition 50% discount	-	-	2,000,000
Govt Grants/Contracts	2,000,000	2,000,000	1,400,000
Investment Income	500,000	500,000	500,000
Other	200,000	200,000	200,000
Transfers to Other Funds	(3,953,600)	(3,953,600)	(2,900,000)
Fund Balance	500,000	1,000,000	
Total Revenues	31,927,892	31,938,124	29,525,333
Expenditures:			
Total Expenditures	31,927,892	31,938,124	29,525,333
Net Deficit/Surplus	\$ -	\$ -	\$ -

- **Property taxes** cannot exceed the maximum allowable by statute, which includes a 2% increase and the impact of new construction. Options for setting the primary property taxes are listed below:
 - Option 1 – set the levy rate at the maximum of \$1.8042 generating \$16,445,192. This will require TNT notices and a hearing.
 - Option 2 – set the levy rate at the TNT rate of \$1.7505 generating \$15,955,424. This would not require TNT notices nor a hearing.
- Risks to property taxes include:
 - Transwestern Pipeline Litigation - NPC will refund property tax revenues of \$299,000, excluding interest, for prior tax years. State legislators are pursuing appropriations to help with a portion of the refund. The decreased property valuation will impact future property tax revenues.



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- Cholla Power Plant – as the coal plant continues to shut down operations it will continue to be a risk to future property tax revenues.
- **State funding** in total is expected to increase compared to the current year.
 - **Operating aid** – is estimated at \$1,511,700 decreasing over the current year by \$43,100. Operating aid is based on enrollment two years in arrears.
 - **Equalization** – is estimated at \$9,171,000 increasing over the current year by \$726,700. Equalization aid is provided to community college districts with property tax bases that are less than the minimum assessed value for their rural district or county (populations less than 500,000 persons). There are currently four community college districts in Arizona who receive equalization aid – Cochise (Cochise county), Eastern (Graham county), Arizona Western (Yuma/LaPaz county) and NPC (Navajo county).
 - **Rural funding** – is estimated at \$1,153,600 but legislation to provide additional funding is not yet approved.
- **Tuition** is estimated at \$4,400,000 which considers declining enrollment and introduction of a new discounted “In-District” tuition rate.
- **Government grants and contracts** is estimated at \$2,000,000 an increase of \$600,00 compared to the current year. NPC has been conservative in prior year estimates and is adjusting its estimate to reflect actual revenues.
- **Investment income** is estimated at \$500,000, the same as the current year.
- **Other income** is estimated at \$200,000, the same as the current year. This is revenue from Cosmetology retail sales and Microwave Tower rentals.

Capital Fund Revenue Trend

The state funding for **STEM** activities is estimated at \$319,700 a decrease of \$15,100 compared to the current year. Other Capital Fund revenue will be transferred from the General Fund or Fund Balance. The budget for facility expansion at Show Low is \$20 million to be spent over several years.

Restricted and Auxiliary Funds Revenue Trend

With the passage of **Proposition 207**, legalizing the sale of recreational marijuana, the district is expected to see an increase in revenue for workforce development of \$508,000. Other revenues remain stable.



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BUDGET DEVELOPMENT CALENDAR

FISCAL YEAR 2021 – 2022

APPROVED 9/15/20

ACTIVITY	RESOURCE	DUE BY
1. Receive & approve calendar	DGB	✓ 15 September 2020
2. Receive and approve budget assumptions & overview	DGB	✓ 15 December
3. Distribute budget materials for operational & capital	Director of Budget	✓ 18 December
4. Review budget process and calendar at convocation	CFO	✓ 11 January 2021
5. Director of Budget receives budget	Department Managers & Director of Budget	✓ 19 January
6. Exec Team receives staffing requests	Department Managers & Exec Team	✓ 19 January
7. President, CHRO, faculty, CASO meet on compensation	Pres, CHRO, FA, CASO	✓ 1 February
8. Exec Team finalizes staffing needs	Executive Team	✓ 8 February
9. Review of operational & capital plans/budget requests	Executive Team	✓ 8 February
10. Receive introductory budget analysis	DGB	✓ 16 February
11. Receive tuition and fee schedules	DGB	✓ 16 February
12. President receives compensation recommendation	Pres, CHRO, FA, CASO	✓ 1 March
13. Budget hearing	Executive Team	5 March
14. Receive preliminary budget analysis	DGB	✓ 16 March
15. Receive compensation recommendation	DGB	✓ 16 March
16. Approve tuition and fee schedules	DGB	✓ 16 March
17. Approve compensation	DGB	20 April
18. Receive complete budget analysis	DGB	20 April
19. Develop and adopt preliminary budgets (June 5)	DGB	20 April
20. Publish notice of public budget & TNT hearing (15 days prior)	CFO	3 May
21. Publish budget on website & other publication (15 days prior)	CFO	3 May
22. 2 nd notice of public budget & TNT hearing (5 days prior)	CFO	13 May
23. 2 nd publication of budget (5 days prior)	CFO	13 May
24. Conduct taxpayer public hearings (June 20)	DGB	18 May
25. Adopt property tax levy & final budgets at special meeting (June 20)	DGB	18 May
26. Notify PTOC of primary property tax levy (3 days after adoption)	CFO	21 May
27. Submit tax levy to Navajo County	CFO	21 May

✓ Completed

* Partial completion

Northland Pioneer College
Preliminary Budget Development Assumptions
FY 2021-22

GENERAL ASSUMPTIONS

- Budget Development Calendar will establish the due dates.
- Introductory budget analysis for DGB in February will be prior to budget hearings and will be limited to an overview of expenditure and revenue trends.
- Preliminary budget analysis for DGB in March will include a detailed examination of budget planning.
- Expenditure limit breaches will use carry forward amounts to comply with statutory limits. Legislative action is necessary to pursue formula changes.

REVENUE ASSUMPTIONS

- Overall revenues may increase slightly. Information available in January and February will provide updated estimates.
- State appropriations related to equalization may increase slightly compared to current fiscal year.
- Tuition revenues will show an increase compared to the prior year. The upcoming year will not include a tuition waiver that was implement to help with the impacts of COVID-19 in the current year. Enrollment is declining.
 - The District Governing Board adopted a three-year tuition plan in FY1920.
 - FY2021 \$79 per in-state credit hour
 - FY2122 \$82 per in-state credit hour
 - FY2223 \$85 per in-state credit hour
 - Tuition and general fees are set at a rate that:
 - (A) gives consideration to the impact on students, student enrollment, and student retention rates,
 - (B) increases incrementally, and
 - (C) is competitive in our market by maintaining a comparative position to the average overall tuition and general fees at other Arizona community colleges.
- Course fees will be set at a rate to offset expendable supplies and equipment.
- Primary property tax levy will be set at the maximum rate, which is two percent higher than current year tax plus an increase for new construction. Setting the tax levy at the maximum will require a truth-in-taxation hearing. Property tax valuation of the pending closure of Cholla Power Plant will be available in February.
- Other revenues will be based on historical information and emerging trends.

EXPENDITURE ASSUMPTIONS

- Overall expenditures will match revenues.
- Budget request that are higher than current budget **or** actual historical spending will require **justification and review during the budget hearing process.**
- Budget requests from Department Managers for operational and capital expenditures are due **January 19, 2021.**

- SALARY SCHEDULES will be developed with:
 - (A) consideration to increasing rates balanced with available funds and impact to expenditure limit,
 - (B) consideration to competitive market conditions with the goal to maintain a comparative position to the average increases/rates at other local public entities, other Arizona community colleges, and other similar institutions, and
 - (C) consideration to salary recommendations received through the shared governance process.
- BENEFITS will be developed with:
 - (A) consideration on impacts from third-party partnerships including:
 - (1) Employee benefit trust for medical insurance, and
 - (2) Arizona State Retirement System for retirement contributions.
- Education partner relationships will be maintained with:
 - (A) Apache County,
 - (B) NAVIT,
 - (C) Dual enrollment, and
 - (D) others.

- OPERATING budget requests cover a one-year period.
- CAPITAL budget requests cover a three-year period (FY2122, FY2223 and FY2324).
- GRANT funding will continue to be identified and pursued.
- AUXILIARY fund activities will be maintained.

**Northland Pioneer College
Budget Development Guidelines
FY 2021-22**

Budget Categories & Targets:

Revenues	<ul style="list-style-type: none">• Administrative Services will prepare the budget.
Salaries/Wages & Benefits	<ul style="list-style-type: none">• HR and Administrative Services will prepare the budget for contract positions and the benefits for all positions.• Budget Managers will prepare budget for non-contract positions and include in their department budget requests. These include:<ul style="list-style-type: none">○ Adjunct faculty○ Faculty overload○ Temporary employee○ Lab aid○ Substitute faculty
Operating Expenditures	<ul style="list-style-type: none">• Budget to remain level.• Any new programs/services must demonstrate linkage to the strategic plan.
Capital Expenditures	<ul style="list-style-type: none">• Budget requests to align with revenues from the operational budget, grant funds, or reserved funds.

Arizona Community Colleges
FY 2022 State Aid Request for M&O, Equalization Assistance and STEM Workforce Programs

FY 2022 State Aid Request	Cochise	Coconino	Gila	Graham	Maricopa	Mohave	Navajo	Pima	Pinal	Santa Cruz	Yavapai	Yuma/La Paz	Total
Maintenance & Operation	\$ 4,370,500	\$ 1,625,800	\$ 290,900	\$ 1,984,200	\$ -	\$ 1,013,400	\$ 1,511,700	\$ -	\$ 1,339,200	\$ 15,400	\$ 596,500	\$ 2,410,300	\$ 15,157,900
Equalization Assistance	7,925,300	-	-	18,189,700	-	-	9,171,000	-	-	-	-	616,700	35,902,700
STEM Workforce Programs	928,400	371,800	134,100	502,400	10,327,800	397,600	319,700	2,268,200	707,800	29,100	701,300	787,800	17,476,000
Total Request	\$ 13,224,200	\$ 1,997,600	\$ 425,000	\$ 20,676,300	\$ 10,327,800	\$ 1,411,000	\$ 11,002,400	\$ 2,268,200	\$ 2,047,000	\$ 44,500	\$ 1,297,800	\$ 3,814,800	\$ 68,536,600

Maintenance and Operations, Pursuant to ARS 15-1466													
FTSE Change:	Cochise	Coconino	Gila	Graham	Maricopa	Mohave	Navajo	Pima	Pinal	Santa Cruz	Yavapai	Yuma/La Paz	Total
FY 2019 Audited FTSE (Total)	6,376	1,986	683	3,033	67,498	2,228	1,742	14,058	3,033	113	3,472	4,942	109,164
FY 2020 Unaudited FTSE (Total)	5,829	1,877	688	2,435	67,467	2,005	1,648	14,477	3,400	139	3,530	5,036	108,531
Increase/(Decrease)	(547)	(109)	5	(598)	(31)	(223)	(94)	419	367	26	58	94	(633)
FY 2019 Audited Non Dual Enr	6,305	1,799	612	2,944	62,168	1,981	1,447	13,690	2,999	113	3,171	4,819	102,048
FY 2020 Audited Non Dual Enr	5,776	1,664	589	2,350	61,630	1,782	1,396	13,875	3,341	139	3,149	4,811	100,502
Increase/(Decrease)	(529)	(135)	(23)	(594)	(538)	(199)	(51)	185	342	26	(22)	(8)	(1,546)
FY 2019 Audited Dual Enrollment	71	187	71	89	5,330	247	295	368	34	-	301	123	7,116
FY 2020 Unaudited Dual Enrollment	53	213	99	85	5,837	223	252	602	59	381	225		8,029
Increase/(Decrease)	(18)	26	28	(4)	507	(24)	(43)	234	25	-	80	102	913

State Aid Adj. for FTSE Change and Dual Enrollment:													
FY 2021 State aid M&O	\$ 4,690,700	\$ 1,698,400	\$ 296,300	\$ 2,338,800	\$ -	\$ 1,138,900	\$ 1,554,800	\$ -	\$ 1,128,300	\$ -	\$ 585,800	\$ 2,384,800	\$ 15,816,800
Non Dual Enrollment Growth	(314,800)	(80,300)	(13,700)	(353,400)	-	(118,400)	(30,300)	-	203,500	15,400	(13,100)	(4,800)	(709,900)
Dual Enrollment Growth ⁽¹⁾	(5,400)	7,700	8,300	(1,200)	-	(7,100)	(12,800)	-	7,400	-	23,800	30,300	51,000
FY 2022 Appropriation	4,370,500	1,625,800	290,900	1,984,200	-	1,013,400	1,511,700	-	1,339,200	15,400	596,500	2,410,300	15,157,900
Increased State approp.	\$ (320,200)	\$ (72,600)	\$ (5,400)	\$ (354,600)	\$ -	\$ (125,500)	\$ (43,100)	\$ -	\$ 210,900	\$ 15,400	\$ 10,700	\$ 25,500	\$ (658,900)

⁽¹⁾ Reflects funding adjustment for Dual Enrollment based on Dual Enrollment FTSE * Average Appropriation* 50%

<u>Formula calculated according to statute</u>	
FY 2021 Total M&O Appropriation	\$ 15,816,800
FY 2020 Unaudited FTSE (Total)	26,587
Average Appropriation Per FTSE (Non Dual Enrollment)	\$ 595
Average Appropriation Per FTSE (Dual Enrollment)	\$ 298

Equalization FY 2022 Calculation, Pursuant to ASRS 15-1468													
	Cochise	Coconino	Gila	Graham	Maricopa	Mohave	Navajo	Pima	Pinal	Santa Cruz	Yavapai	Yuma/La Paz	Total
FY 2022 Equalization Aid	\$ 7,925,300	\$ -	\$ -	\$ 18,189,700	\$ -	\$ -	\$ 9,171,000	\$ -	\$ -	\$ -	\$ -	\$ 616,700	\$ 35,902,700
FY 2021 Equalization Aid	7,227,100	-	-	17,469,100	-	-	8,444,300	-	-	-	-	155,200	33,295,700
Increase/(Decrease)	\$ 698,200	\$ -	\$ -	\$ 720,600	\$ -	\$ -	\$ 726,700	\$ -	\$ -	\$ -	\$ -	\$ 461,500	\$ 2,607,000

The STEM Support request shown below was calculate using the formula in ARS 15-1464

STEM Workforce Programs													
	Cochise	Coconino	Gila	Graham	Maricopa	Mohave	Navajo	Pima	Pinal	Santa Cruz	Yavapai	Yuma/La Paz	Total
FY 2020 Audited Non Dual Enr	5,776	1,664	589	2,350	61,630	1,782	1,396	13,875	3,341	139	3,149	4,811	100,502
FY 2020 Unaudited Dual Enrollment	53	213	99	85	5,837	223	252	602	59	-	381	225	8,029
FY 2021 Amount for Non Dual Enroll (1)	\$ 924,200	\$ 349,400	\$ 123,700	\$ 493,500	\$ 9,860,800	\$ 374,200	\$ 293,200	\$ 2,220,000	\$ 701,600	\$ 29,100	\$ 661,300	\$ 769,800	\$ 16,800,800
FY 2021 Amount for Dual Enrollment	4,200	22,400	10,400	8,900	467,000	23,400	26,500	48,200	6,200	-	40,000	18,000	675,200
FY 2022 Formula Calculation (2)	\$ 928,400	\$ 371,800	\$ 134,100	\$ 502,400	\$ 10,327,800	\$ 397,600	\$ 319,700	\$ 2,268,200	\$ 707,800	\$ 29,100	\$ 701,300	\$ 787,800	\$ 17,476,000
FY 2021 STEM Aid	1,014,500	397,400	136,000	627,600	1,600,000	441,900	334,800	400,000	96,500	23,700	697,500	1,024,900	6,794,800
Increase/(Decrease)	\$ (86,100)	\$ (25,600)	\$ (1,900)	\$ (125,200)	\$ 8,727,800	\$ (44,300)	\$ (15,100)	\$ 1,868,200	\$ 611,300	\$ 5,400	\$ 3,800	\$ (237,100)	\$ 10,681,200

⁽¹⁾ FY 2021 FTSE times rate per FTSE: rate is <5,000 FTSE @ \$210 per FTSE, > 5,000 FTSE @ \$160 per FTSE

⁽²⁾ Reflects funding at 50% of STEM amount for Dual Enrollment Students

Community Colleges

Link to the **AGENCY'S STRATEGIC PLAN**

Link to the **AGENCY'S WEBSITE:** https://www.aztransfer.com/community_colleges/

All dollar amounts are expressed in thousands.

Agency Budget Summary

	FY 2020 Actual	FY 2021 Exp. Plan	FY 2022 Net Change	FY 2022 Exec. Bud.
General Fund	97,431.8	64,895.4	1,422.0	66,317.4
Agency Total	97,431.8	64,895.4	1,422.0	66,317.4

Executive Budget Baseline Changes

Equalization Aid

The Executive Budget includes an increase in funding for Equalization Aid to Cochise, Graham, Navajo, and Yuma/La Paz counties.

The Equalization Aid formula established in A.R.S. § 15-1468 supports community college districts that have an insufficient property tax base compared to the minimum assessed value as described in A.R.S. § 15-1402.

Funding	FY 2022
General Fund	2,607.0
Issue Total	2,607.0

Operating State Aid

The Executive Budget includes a decrease in funding for Operating State Aid to community colleges.

The Operating State Aid formula established in A.R.S. § 15-1466 is based on each community college district's enrollment change from the previous year. In FY 2020, full-time student enrollment declined by 633 students statewide, generating a reduction in Operating State Aid.

Funding	FY 2022
General Fund	(658.9)
Issue Total	(658.9)

STEM and Workforce Aid

The Executive Budget includes a decrease in funding for STEM and Workforce Programs Aid to community colleges.

In FY 2020, full-time student enrollment (FTSE) declined by 633 students statewide, generating a reduction in STEM and Workforce Programs Aid.

The STEM and Workforce Programs Aid formula established in A.R.S. § 15-1464 is allocated based on FTSE enrollment. Community college districts with enrollment over 5,000 FTSE receive \$160 per FTSE, while districts with less than 5,000 receive \$210 per FTSE.

Laws 2019, Chapter 266 appropriated from the General Fund \$1.6 million and \$400,000 for the community colleges in, respectively, Maricopa and Pima counties for STEM and Workforce Programs Aid for three years beginning in FY 2020. Additionally, Chapter 266 appropriated \$96,500 for Pinal County.

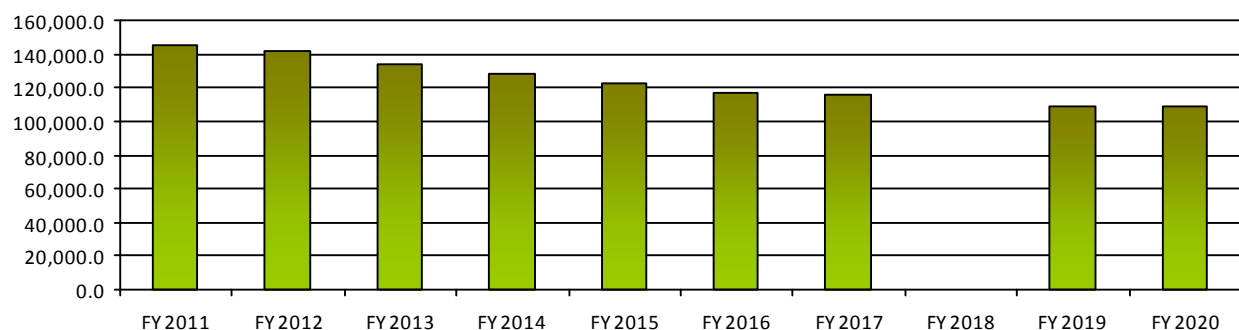
The advance appropriations to Maricopa, Pima, and Pinal counties remain unchanged.

Funding	FY 2022
General Fund	(526.1)
Issue Total	(526.1)

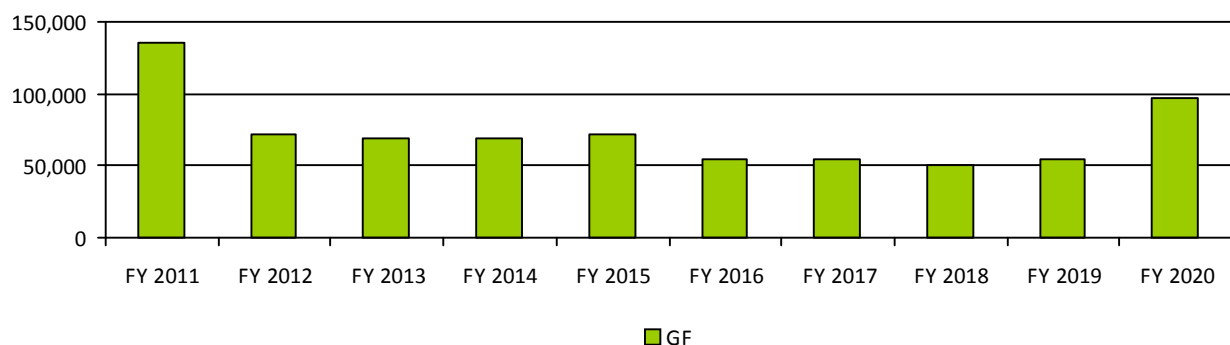
In addition to the funding amounts for this agency shown in this section, the Executive Budget also includes funding changes for this agency in the **STATEWIDE ADJUSTMENTS** section, which is immediately after Capital section. Statewide Adjustments for FY 2022 include changes for health insurance premiums, retirement contributions, risk management, rent charges, AFIS upgrade, and state motor vehicle fleet charges. There could also be funding for this agency in the capital or the statewide and large automation projects section, which follow the Department of Water Resources.

Link to **EXECUTIVE BUDGET LEGISLATIVE CHANGES**

Full-Time Equivalent Student Enrollment Data provided by agency



Agency Expenditures (in \$1,000s)



In FY 2012, there was a total operating expenditure reduction of (6.2)% allocated across the Community College system, reflected here in the reduction between General Fund expenditures in FY 2011 and FY 2012.

State Appropriations

BY PROGRAM	FY 2020 Actual	FY 2021 Approp.	FY 2022 Net Change	FY 2022 Exec. Bud.
Dine College	1,000.0	1,000.0	0.0	1,000.0
Equalization Aid	30,647.6	33,295.7	2,369.9	35,665.6
Gila Provisional Community College	200.0	200.0	0.0	200.0
Maricopa Nursing Center	5,800.0	0.0	0.0	0.0
One-Time Student Count Funding	14,200.0	0.0	0.0	0.0
Operating State Aid	16,206.1	15,816.8	(658.9)	15,157.9
Pima Aviation Center	15,000.0	0.0	0.0	0.0
Rural County Allocation	3,420.8	3,658.2	0.0	3,658.2
Rural County Reimbursement Subsidy	1,273.8	1,273.8	0.0	1,273.8
STEM and Workforce Programs	6,827.4	6,794.8	(289.0)	6,505.8
Tribal Community Colleges	2,856.1	2,856.1	0.0	2,856.1

Agency Total - Appropriated Funds	97,431.8	64,895.4	1,422.0	66,317.4
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BY EXPENDITURE OBJECT	FY 2020 Actual	FY 2021 Approp.	FY 2022 Net Change	FY 2022 Exec. Bud.
Aid to Others	97,431.8	64,895.4	1,422.0	66,317.4
Agency Total - Appropriated Funds	97,431.8	64,895.4	1,422.0	66,317.4

BY APPROPRIATED FUND	FY 2020 Actual	FY 2021 Approp.	FY 2022 Net Change	FY 2022 Exec. Bud.
General Fund	97,431.8	64,895.4	1,422.0	66,317.4
Agency Total - Appropriated Funds	97,431.8	64,895.4	1,422.0	66,317.4

FOR MORE DETAIL ABOUT EACH FUND SEE THE STATE FUNDS BOOK

Special Line Appropriations

	FY 2020 Actual	FY 2021 Approp.	FY 2022 Net Change	FY 2022 Exec. Bud.
Operating State Aid Cochise	4,623.5	4,690.7	(320.2)	4,370.5
Operating State Aid Coconino	1,703.4	1,698.4	(72.6)	1,625.8
Operating State Aid Gila	293.7	296.3	(5.4)	290.9
Operating State Aid Graham	2,389.6	2,338.8	(354.6)	1,984.2
Operating State Aid Mohave	1,175.3	1,138.9	(125.5)	1,013.4
Operating State Aid Navajo	1,567.7	1,554.8	(43.1)	1,511.7
Operating State Aid Pinal	1,452.0	1,128.3	210.9	1,339.2
Operating State Aid Santa Cruz	0.0	0.0	15.4	15.4
Operating State Aid Yavapai	601.4	585.8	10.7	596.5
Operating State Aid Yuma/La Paz	2,399.5	2,384.8	25.5	2,410.3
STEM and Workforce Programs State Aid Cochise	996.2	1,014.5	(86.1)	928.4
STEM and Workforce Programs State Aid Coconino	399.2	397.4	(25.6)	371.8
STEM and Workforce Programs State Aid Gila	135.0	136.0	(1.9)	134.1
STEM and Workforce Programs State Aid Graham	645.8	627.6	(125.2)	502.4
STEM and Workforce Programs State Aid Maricopa	1,600.0	1,600.0	0.0	1,600.0
STEM and Workforce Programs State Aid Mohave	455.0	441.9	(44.3)	397.6
STEM and Workforce Programs State Aid Navajo	339.5	334.8	(15.1)	319.7
STEM and Workforce Programs State Aid Pima	400.0	400.0	0.0	400.0
STEM and Workforce Programs State Aid Pinal	96.5	96.5	0.0	96.5
STEM and Workforce Programs State Aid Santa Cruz	26.9	23.7	5.4	29.1
STEM and Workforce Programs State Aid Yavapai	703.1	697.5	3.8	701.3
STEM and Workforce Programs State Aid Yuma/La Paz	1,030.2	1,024.9	0.0	1,024.9
Equalization Aid Cochise	6,389.5	7,227.1	698.2	7,925.3
Equalization Aid Graham	16,506.2	17,469.1	720.6	18,189.7
Equalization Aid Navajo	7,751.9	8,444.3	726.7	9,171.0
Equalization Aid Yuma/La Paz	0.0	155.2	224.4	379.6
Rural Community College Aid Cochise	3,140.1	0.0	0.0	0.0
Rural Community College Aid Coconino	1,003.1	0.0	0.0	0.0
Rural Community College Aid Gila	343.2	0.0	0.0	0.0
Rural Community College Aid Graham	1,568.1	0.0	0.0	0.0
Rural Community College Aid Mohave	1,152.1	0.0	0.0	0.0
Rural Community College Aid Navajo	889.2	0.0	0.0	0.0
Rural Community College Aid Pinal	1,795.4	0.0	0.0	0.0
Rural Community College Aid Santa Cruz	64.2	0.0	0.0	0.0
Rural Community College Aid Yavapai	1,761.3	0.0	0.0	0.0
Rural Community College Aid Yuma/La Paz	2,483.3	0.0	0.0	0.0
Rural County Allocation	3,420.8	3,658.2	0.0	3,658.2
Rural County Reimbursement Subsidy	1,273.8	1,273.8	0.0	1,273.8
Tribal Community Colleges	2,856.1	2,856.1	0.0	2,856.1
Additional Gila Workforce Development Aid	200.0	200.0	0.0	200.0
Dine College Remedial Education	1,000.0	1,000.0	0.0	1,000.0
Maricopa Health Care Specialty Expansion	5,800.0	0.0	0.0	0.0
Pima Aviation Center Expansion	15,000.0	0.0	0.0	0.0
Agency Total - Appropriated Funds	97,431.8	64,895.4	1,422.0	66,317.4

The special-line appropriations shown in this table are also included in the amounts displayed in the preceding tables.

The Executive Budget provides a lump-sum appropriation to the agency with special lines.

Arizona Community Colleges

	FY 2020 ACTUAL	FY 2021 ESTIMATE	FY 2022 BASELINE
SPECIAL LINE ITEMS			
Operating State Aid			
Cochise	4,623,500	4,690,700	4,373,500
Coconino	1,703,400	1,698,400	1,626,500
Gila	293,700	296,300	271,500
Graham	2,389,600	2,338,800	1,936,100
Mohave	1,175,300	1,138,900	1,205,500
Navajo	1,567,700	1,554,800	1,512,300
Pinal	1,452,000	1,128,300	1,356,500
Santa Cruz	0	0	17,100
Yavapai	601,400	585,800	590,500
Yuma/La Paz	2,399,500	2,384,800	2,391,900
<i>Subtotal - Operating State Aid</i>	16,206,100	15,816,800	15,281,400
STEM and Workforce Programs State Aid			
Cochise	996,200	1,014,500	928,400
Coconino	399,200	397,400	371,800
Gila	135,000	136,000	127,200
Graham	645,800	627,600	484,200
Maricopa	1,600,000	1,600,000	1,600,000 ^{1/}
Mohave	455,000	441,900	465,700
Navajo	339,500	334,800	319,700
Pima	400,000	400,000	400,000 ^{1/}
Pinal	96,500	96,500	96,500
Santa Cruz	26,900	23,700	29,800
Yavapai	703,100	697,500	699,200
Yuma/La Paz	1,030,200	1,024,900	1,027,400
<i>Subtotal - STEM and Workforce Programs State Aid</i>	6,827,400	6,794,800	6,549,900
Equalization Aid			
Cochise	6,389,500	7,227,100	7,925,300
Graham	16,506,200	17,469,100	18,193,200
Navajo	7,751,900	8,444,300	9,171,000
Yuma/La Paz	0	155,200	616,700
<i>Subtotal - Equalization Aid</i>	30,647,600	33,295,700	35,906,200
Rural Community College Aid			
Cochise	3,140,100	0	0
Coconino	1,003,100	0	0
Gila	343,200	0	0
Graham	1,568,100	0	0
Mohave	1,152,100	0	0
Navajo	889,200	0	0
Pinal	1,795,400	0	0
Santa Cruz	64,200	0	0
Yavapai	1,761,300	0	0
Yuma/La Paz	2,483,300	0	0
<i>Subtotal - Rural Community College Aid</i>	14,200,000	0	0
Rural County Allocation	3,420,800	3,658,200	3,658,200 ^{2/}
Rural County Reimbursement Subsidy	1,273,800	1,273,800	1,273,800 ^{3/}
Tribal Community Colleges	2,856,100	2,856,100	2,856,100 ^{4/}
Additional Gila Workforce Development Aid	200,000	200,000	200,000
Dine College Remedial Education	1,000,000	1,000,000	1,000,000 ^{5/}
Maricopa Health Care Specialty Expansion	5,800,000	0	0

	FY 2020 ACTUAL	FY 2021 ESTIMATE	FY 2022 BASELINE
Pima Aviation Center Expansion	15,000,000	0	0
AGENCY TOTAL	97,431,800	64,895,400	66,725,600 ^{6/}
FUND SOURCES			
General Fund	97,431,800	64,895,400	66,725,600
SUBTOTAL - Appropriated Funds	97,431,800	64,895,400	66,725,600
Other Non-Appropriated Funds	23,219,000	23,873,200	23,873,200
TOTAL - ALL SOURCES	120,650,800	88,768,600	90,598,800

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

FOOTNOTES

- 1/ The following amounts are appropriated from the state General Fund in each of FY 2020, FY 2021 and FY 2022 to the following Arizona community college districts for STEM and workforce development:
 1. Maricopa \$1,600,000
 2. Pima \$400,000 (FY 2020 General Appropriation Act footnote)
- 2/ 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 2022, that amount is estimated to be \$3,658,200. Because this appropriation is in permanent statute, it is not included in the General Appropriation Act.
- 3/ 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)
- 4/ 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.
- 5/ On or before October 15, 2021, 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 2020-2021 academic year. (General Appropriation Act footnote)
- 6/ General Appropriation Act funds are appropriated as District-by-District Special Line Items.

Operating State Aid

The Baseline includes \$15,281,400 from the General Fund in FY 2022 for Operating State Aid. FY 2022 adjustments are as follows:

Enrollment Changes

The Baseline includes a decrease of \$(535,400) from the General Fund in FY 2022 to fund the statutory formula for Operating State Aid.

This amount funds statutory formula costs for a (782), or (2.8)%, decrease in Full Time Student Equivalent (FTSE) students in rural community colleges (see Table 1). The (782) net FTSE decrease consists of a (1,034) FTSE

decrease in non-dual enrollment students and a 252 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.

Unaudited enrollment figures indicate a decline in student enrollment in FY 2021 as a result of the COVID-19 pandemic. The number of students decreased by 15% across multiple districts. However, given that the Operating State Aid formula funds the current fiscal year based on enrollment changes from 2 years prior, enrollment declines would not affect operating state aid until FY 2023.

Table 1**Community College Enrollment**

	<u>FY 2019 FTSE</u>	<u>FY 2020 FTSE</u>	<u>Percentage Change</u>
<u>Rural Districts</u>			
Cochise	6,376	5,829	(8.6)%
Coconino	1,986	1,877	(5.5)%
Gila	683	655	(4.1)%
Graham	3,033	2,348	(22.6)%
Mohave	2,228	2,370	6.4%
Navajo	1,742	1,648	(5.4)%
Pinal	3,033	3,432	13.2%
Santa Cruz	113	142	25.7%
Yavapai	3,472	3,520	1.4%
Yuma/La Paz	4,942	5,005	1.3%
Subtotal	27,608	26,826	(2.8)%
<u>Urban Districts</u>			
Maricopa	67,498	67,472	0%
Pima	14,058	13,874	(1.3)%
Total	109,164	108,172	(0.9)%

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 2022, the last actual FTSE data was from FY 2020.)

Maricopa and Pima County 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 effectively be calculated for FY 2022. 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 Operating State Aid since FY 2015.

STEM and Workforce Programs State Aid

The Baseline includes \$6,549,900 from the General Fund in FY 2022 for Science, Technology, Engineering and Mathematics (STEM) and Workforce Programs State Aid. FY 2022 adjustments are as follows:

Enrollment Changes

The Baseline includes a decrease of \$(244,900) from the General Fund in FY 2022 to fund decreased formula costs for STEM and Workforce Programs State Aid. This

reduction is the result of a net decline in rural district enrollment in FY 2020.

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 and \$160 per FTSE for districts with greater than 5,000 FTSE.

The FY 2020 and FY 2021 Higher Education BRBs suspended this formula and funded districts as specified in the FY 2020 and FY 2021 General Appropriation Acts. The FY 2022 Baseline continues these adjustments:

- 1) All rural districts except Pinal receive funding in the same amount as the full formula.
- 2) Pinal receives \$96,500. Full funding for Pinal would cost an additional \$618,100.
- 3) Maricopa and Pima were appropriated \$1,600,000 and \$400,000, respectively, for FY 2020, FY 2021 and FY 2022 in the FY 2020 General Appropriation Act. Because this funding was advance appropriated, it will not appear in the FY 2022 General Appropriation Act. Fully funding Maricopa and Pima according to the formula would cost an additional \$8,723,000 for Maricopa and \$1,771,700 for Pima.

Equalization Aid

The Baseline includes \$35,906,200 from the General Fund in FY 2022 for Equalization Aid. FY 2022 adjustments are as follows:

Property Value Changes

The Baseline includes an increase of \$2,610,500 from the General Fund in FY 2022 to reflect increased formula costs for funding Equalization Aid due to assessed valuation changes. Detail of specific district changes is shown in Table 2.

Table 2**FY 2022 Equalization Funding Changes**

<u>District</u>	<u>FY 2020</u>	<u>Year-over- Year Change</u>	<u>FY 2021</u>
Cochise	\$ 7,227,100	\$ 698,200	\$ 7,925,300
Graham	17,469,100	724,100	18,193,200
Navajo	8,444,300	726,700	9,171,000
Yuma/La Paz	155,200	461,500	616,700
Total	\$33,295,700	\$2,610,500	\$35,906,200

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 5.6% higher in TY 2020 than in the preceding year. Therefore, for the FY 2022 Equalization Aid formula calculation, the minimum assessed valuation increased 5.6% to approximately \$1.6 billion. (See Table 3 for the calculation of the growth rate.)

Table 3

**Equalization Growth Factor
for Tax Years (TY) 2019-2020**

<u>District</u>	<u>TY 2019 Primary AV</u>	<u>TY 2020 Primary AV</u>	<u>TY 2019- 2020 % Growth</u>
Cochise*	\$ 941,485,600	\$ 973,084,500	3.4 %
Graham*	193,896,000	223,604,200	15.3 %
Navajo*	852,640,200	882,158,100	3.5 %
Yuma/LaPaz*	1,457,683,800	1,506,557,400	3.4 %
Coconino	1,831,089,300	1,929,724,100	5.4 %
Mohave	1,908,201,500	2,010,693,400	5.4 %
Pinal	2,521,252,100	2,689,422,200	6.7 %
Yavapai	2,765,677,100	2,957,724,700	6.9 %
Total	\$12,471,925,600	\$13,172,968,600	5.6 %
Minimum AV	\$1,469,014,000	\$1,551,572,600	5.6 %

* These districts qualify to receive Equalization Aid under the state funding formula in FY 2022.

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 5.6% in TY 2020. In comparison, Cochise increased by 3.4%, Navajo increased by 3.5%, and Yuma/La Paz increased by 3.4%. Because their primary assessed value increased by less than the average rural district, Cochise, Navajo, and Yuma/La Paz qualify for more aid. While Graham increased by 15.3%, more than the average rural district, its assessed value remains below the minimum assessed value. In TY 2019, the Yuma/La Paz assessed value dropped below the minimum assessed value, making it eligible for equalization aid in FY 2021. The last time Yuma/La Paz received equalization aid was FY 2012.

In any one year a district's equalization assistance will depend on 1) whether the district falls below the minimum threshold (\$1.55 billion in FY 2022), 2) whether the district's change in assessed value was less than the rural districts' average change, and 3) the applicable tax rate.

Rural County Allocation

The Baseline includes \$3,658,200 from the General Fund in FY 2022 for Rural County Allocation. This amount is unchanged from FY 2021.

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 2020, the JLBC Staff reported the amount to be \$3,658,200 for FY 2021.

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 2022 for Rural County Reimbursement Subsidy. This amount is unchanged from FY 2021.

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 Baseline continues a General Appropriation Act footnote that allocates \$699,300 to Apache and \$574,500 to Greenlee.

Tribal Community Colleges

The Baseline includes \$2,856,100 from the General Fund in FY 2022 for Tribal Community Colleges. This amount is unchanged from FY 2021.

The Baseline includes a distribution of \$2,625,000 to the Navajo Nation, comprised of \$1,750,000 for Diné College, and \$875,000 for Navajo Technical College. For the Navajo Nation, the Baseline assumes the maximum amounts allowed under statute since a net of 15% of their current TPT revenues would exceed the statutory distribution limits as described below. The Baseline includes \$231,100 for the Tohono O'odham Community College in FY 2022 based on a projection of 10% of the collected TPT revenues from the reservation. These amounts continue the assumed funding levels in FY 2021.

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 2021 will depend on FY 2021 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.)

Additional Gila Workforce Development Aid

The Baseline includes \$200,000 from the General Fund for Additional Gila Workforce Development Aid in FY 2022. This amount is unchanged from FY 2021.

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).

Diné College Remedial Education

The Baseline includes \$1,000,000 from the General Fund in FY 2022 for Diné College Remedial Education. This amount is unchanged from FY 2021.

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 Baseline continues a General Appropriations 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 2020-2021 academic year to the JLBC, Governor's office, and legislative leaders on or before October 15, 2021.

Other Issues

Statutory Changes

The Baseline would:

- As session law, continue to suspend the Operating State Aid funding formula in FY 2022 for Maricopa and Pima Counties.
- As session law, continue to suspend Maricopa, Pima, and Pinal's Science, Technology, Engineering and Mathematics and Workforce Programs funding formula for FY 2022. The Pinal funding of \$96,500 continues to be specified in the General Appropriation Act. Since the FY 2020 budget already appropriated \$1,600,000 for Maricopa County and \$400,000 for Pima County STEM and Workforce Funding for each of FY 2020, FY 2021, and FY 2022, the funding for FY 2022 for these 2 districts would not be specified in the General Appropriation Act.

Long-Term Budget Impacts

Beyond FY 2022 Baseline changes, the JLBC Staff estimates that Community College statutory caseload changes will require an additional \$2,207,900 in FY 2023 above FY 2022 spending and an additional \$2,307,000 in FY 2024 above FY 2023 spending.

These estimates assume:

- Flat enrollment growth (so no change in costs for Operating State Aid or STEM and Workforce Programs State Aid for FY 2023 and FY 2024).
- A reduction of \$(2,000,000) in FY 2023 below FY 2022 to remove Maricopa and Pima STEM and Workforce Programs funding appropriated in the FY 2020 budget for each of FY 2020, FY 2021, and FY 2022.
- An increase of \$2,207,900 for Equalization Aid in FY 2023 above FY 2022 and \$2,307,000 in FY 2024 above FY 2023. These estimates assume total Net Assessed Value (NAV) growth of 4.5% in FY 2023 and FY 2024 based on the statewide average. The counties receiving aid would see an average of 3.3% NAV increase. This would cause NAV in those districts to grow farther from the statewide NAV average for

Table 4

Total Estimated Community College Revenues – FY 2021

District	State Aid ^{1/}	Tuition/Fees	Property Taxes	Grants	Other ^{2/}	FY 2021 Total ^{3/}	FY 2020 Total ^{4/}	% Change from FY 2020
Cochise	\$11,917,800	\$9,915,900	23,373,500	10,475,700	\$1,272,000	\$56,954,900	\$55,341,500	2.9%
Coconino	1,698,400	7,177,300	8,664,500	5,792,000	799,100	24,131,300	24,823,100	(2.8)%
Gila ^{5/}	296,300	0	5,267,500	511,000	35,000	6,109,800	5,783,400	5.6%
Graham	19,807,900	7,560,800	6,988,800	11,926,000	10,505,000	56,788,500	55,220,000	2.8%
Maricopa	0	225,492,600	588,718,500	210,012,100	38,745,000	1,062,968,200	1,047,634,500	1.5%
Mohave	1,138,900	8,150,000	25,903,800	8,393,200	620,000	44,205,900	44,574,200	(0.8)%
Navajo	9,999,100	2,600,000	15,726,200	6,000,000	2,734,800	37,060,100	38,269,100	(3.2)%
Pima	0	48,354,000	122,107,000	47,836,000	7,999,100	226,296,100	248,578,000	(9.0)%
Pinal	1,128,300	11,449,000	48,141,300	17,832,000	1,883,000	80,433,600	87,110,100	(7.7)%
Santa Cruz ^{5/}	0	20,000	1,704,200	45,000	11,700	1,780,900	1,738,900	2.4%
Yavapai	585,800	11,647,000	49,749,700	14,851,000	3,678,100	80,511,600	80,988,800	(0.6)%
Yuma/La Paz	<u>2,540,000</u>	<u>14,000,100</u>	<u>38,529,500</u>	<u>28,500,000</u>	<u>8,323,600</u>	<u>91,893,200</u>	<u>87,848,600</u>	<u>4.6%</u>
Total ^{6/}	\$49,112,500	\$346,366,700	\$934,874,500	\$362,174,100	\$76,606,300	\$1,769,134,100	\$1,777,910,200	(0.5)%

1/ State Aid revenue includes Operating State Aid and Equalization Aid.

2/ Includes auxiliary programs, interest income, workforce development funds, and transfers. Federal coronavirus-related funds are not included.

3/ Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are estimated to be \$2,057,042,500 for FY 2021.

4/ Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are \$1,775,406,200 for FY 2020.

5/ 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.

6/ Columns may not add to total due to rounding.

rural counties in both years, entitling them to more Equalization Aid.

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 2.0% of their revenues (excluding bond proceeds) from state aid.

For FY 2021, base operating revenues from all sources are estimated to be \$1,769,134,100, which would be a decrease of (0.5)% from FY 2020. (See Table 4 for a summary of FY 2021 total revenue estimates.)

Property taxes are the single largest revenue source for the community colleges, accounting for 52.8% 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 2021 property tax rates.)

Table 5

Community College Tax Rates – TY 2020

District	Primary Rate	Secondary Rate	Combined Rate	% Change from TY 2019
Cochise	\$2.40	\$0.00	\$2.40	(2.0)%
Coconino	0.45	0.00	0.45	(2.2)%
Gila	0.96	0.00	0.96	0.0%
Graham	3.12	0.00	3.12	(6.9)%
Maricopa	1.13	0.16	1.29	(3.0)%
Mohave	1.29	0.00	1.29	(3.0)%
Navajo	1.78	0.00	1.78	(2.2)%
Pima	1.34	0.00	1.34	(2.9)%
Pinal	2.02	0.28	2.30	4.1%
Santa Cruz	0.47	0.00	0.47	(2.1)%
Yavapai	1.61	0.08	1.69	(8.2)%
Yuma/La Paz	2.19	0.36	2.56	(0.4)%

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 19.6% of total revenues. Tuition and fees are assessed on a per credit hour basis. FY 2021 weighted

Table 6**Community College Resident Tuition and Fees – FY 2021**

District	Average Cost Per Credit Hour	Annual Cost ^{1/}	% Change from FY 2020
Cochise	\$91	\$2,730	3.4%
Coconino	113	3,390	1.8%
Gila	90	2,700	12.5%
Graham	90	2,700	0.0%
Maricopa	68	2,040	(20.0)%
Mohave	81	2,430	0.0%
Navajo	79	2,370	2.6%
Pima	87	2,610	3.0%
Pinal	86	2,580	0.0%
Santa Cruz	85	2,535	0.0%
Yavapai	76	2,280	4.4%
Yuma/La Paz	88	2,640	2.3%
Weighted Average	\$75	\$2,259	(11.6)%

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

average tuition (weighted for each district's proportion of the statewide FTSE count) is \$2,259 if a full-time student attends for 30 hours a year. The FY 2021 amount represents a decrease of (11.6)% from FY 2020. (See Table 6 for FY 2021 resident tuition and fee rates.)

Community colleges also receive grants and "other" revenue from a variety of sources. Combined, they account for approximately 24.8% of community college revenues.

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 2021 community college expenditures. In FY 2021, total budgeted expenditures are \$1,950,911,900. As mentioned previously, base operating revenues for FY 2021 are \$1,769,134,100; however, this figure does not include allocated fund balances or bond proceeds. Including these amounts, total available revenues are \$2,057,042,500. Of the total \$1,950,911,900 in budgeted expenditures, \$1,662,757,700, or 85.2%, of these expenditures are from the community colleges' General and Restricted Funds. This includes about \$494,367,800, or 25.3%, for instruction and \$343,481,400, or 17.6%, for institutional support.

Expenditures for auxiliary enterprises, including revenue generating retail and business services such as parking lots, book stores, and food service, are \$73,883,000, or 3.8% of the total. Plant Fund expenditures, which

Table 7**Community Colleges - FY 2021 Budgeted Expenditures**

General/Restricted Funds	Total	% of Total
Instruction	\$494,367,800	25.3%
Public Service	\$30,846,000	1.6%
Academic Support	\$140,987,200	7.2%
Student Services	\$173,035,600	8.9%
Institutional Support	\$343,481,400	17.6%
Operation & Maintenance	\$119,547,600	6.1%
Scholarships/Grants	\$307,430,500	15.8%
Contingency	\$53,061,500	2.7%
Subtotal ^{1/}	\$1,662,757,700	85.2%
Auxiliary Enterprises Fund	\$73,883,000	3.8%
Plant Fund	\$213,199,200	10.9%
Debt Service	\$1,072,000	0.1%
Total ^{1/}	\$1,950,911,900	100%

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

generally include capital costs, are \$213,199,200, or 10.9% of the total. The remaining \$1,072,000 is for debt service.

Higher Education Emergency Relief Fund

The Coronavirus Aid, Relief, and Economic Security (CARES) Act established the Higher Education Emergency Relief Fund (HEERF). There are 3 components of this funding available for institutions of higher education (IHEs).

Section 18004(a)(1) of the CARES Act distributes HEERF monies to IHEs based 75% on the relative share of full-time equivalent students of in-person Pell grant recipients and 25% on in-person non-Pell grant recipients enrolled at the institution. Low-income students who are enrolled in degree-granting programs may be eligible for Pell Grants. The CARES Act requires that 50% of monies received under this section be distributed to students as emergency financial aid grants.

Section 18004(a)(2) of the CARES Act requires additional monies be distributed according to the above formula to Historically Black Colleges and Universities, American Indian Tribally Controlled Colleges and Universities, Minority Serving Institutions, and Strengthening Institutions Program participants.

Section 18004(a)(3) of the CARES Act allocates funding to ensure all nonprofit IHEs receive at least \$500,000 in HEERF monies.

Arizona community colleges have received a total of \$82,286,855 in HEERF monies. Of this amount, at least

\$36,356,337 must be distributed to students as emergency financial aid grants. Please see *Table 8* for distributions by community college.

Proposition 207 – Recreational Marijuana

Proposition 207, approved by voters in the November 2020 general election, legalizes the sale and consumption of marijuana and marijuana products for adults 21 years of age and older. The initiative established the Smart and Safe Arizona Fund, which receives monies from a 16.0% excise tax and is used by state agencies to carry out certain requirements of the initiative. After monies in the fund are used by state agencies for administrative costs of the initiative, the community college districts and provisional community college districts will receive a distribution of 33% from the fund. In the third year of recreational marijuana sales, community colleges are estimated to receive a distribution of \$53,241,200. *(Please see the Department of Health Services - Other Issues Section for more information.)*

Of this amount, 15.0% will be divided equally among each district, 0.5% divided equally among each provisional district, and 84.5% divided among the districts according to enrollment. Please see *Table 9* for distributions by community college district.

Table 9

Prop 207 Community College Distributions

<u>District</u>	<u>Distribution</u>
Cochise	\$3,222,900
Coconino	1,579,300
Gila*	405,500
Graham	1,775,100
Maricopa	28,860,300
Mohave	1,784,300
Navajo	1,484,000
Pima	6,568,800
Pinal	2,226,000
Santa Cruz*	192,200
Yavapai	2,262,600
Yuma/La Paz	2,880,200
Total	\$53,241,200

* indicates provisional community college district

Table 8

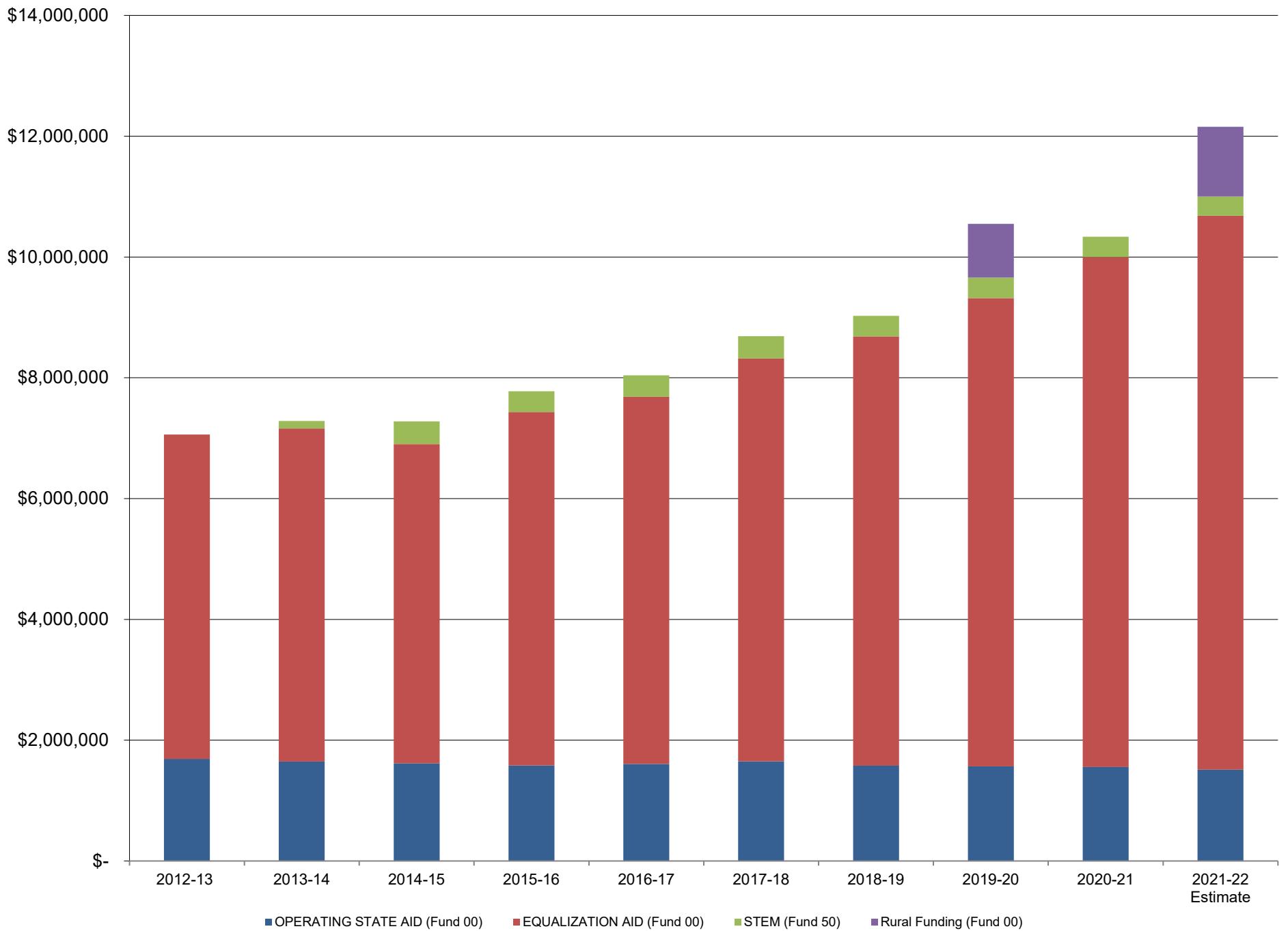
HEERF Allocations: Community Colleges

	<u>18004(a)(1)</u>	<u>18004(a)(2)</u>	<u>18004(a)(3)</u>	<u>Total</u>
*Chandler-Gilbert	4,350,989			4,350,989
Cochise	3,163,235	211,918		3,375,153
Coconino	1,104,730	137,894		1,242,624
Diné	1,346,931	4,844,910		6,191,841
East Valley Institute of Technology	236,123		263,877	500,000
Graham	2,222,272	111,481		2,333,753
*Estrella Mountain	4,856,585	307,658		5,164,243
*GateWay	2,707,626	156,881		2,864,507
*Glendale	8,301,836	533,479		8,835,315
*Mesa	7,352,103	478,185		7,830,288
Mohave	1,933,935	94,646		2,028,581
Navajo	643,137	83,277		726,414
*Paradise Valley	2,586,404			2,586,404
*Phoenix	4,772,192	304,728		5,076,920
Pima	9,989,049	640,229		10,629,278
Pinal	3,010,509	189,817		3,200,326
*Rio Salado	2,531,870			2,531,870
*Scottsdale	2,386,925			2,386,925
*South Mountain	2,098,614	132,246		2,230,860
Tohono O'odham	199,279	798,595		997,874
Yavapai	2,389,592			2,389,592
Yuma/La Paz	<u>4,528,738</u>	<u>284,360</u>		<u>4,813,098</u>
Total	72,712,674	9,310,304	263,877	82,286,855

* indicates institutions in the Maricopa County Community College District.

SUMMARY OF FUNDS	FY 2020 Actual	FY 2021 Estimate
Tribal Assistance Fund (No Fund Number/A.R.S. § 42-5029)		Non-Appropriated
Source of Revenue: 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 charters any community college located on its own reservation in this state.		
Purpose of Fund: To fund workforce development and job training activities at a community college owned, operated, or chartered by a qualifying Indian tribe.		
Funds Expended	1,049,800	1,097,100
Year-End Fund Balance	0	0
Workforce Development Accounts (varies by account/A.R.S. § 15-1472)		Non-Appropriated
Source of Revenue: 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.		
Purpose of Fund: To fund workforce development and training activities at the community college districts.		
Funds Expended	22,169,200	22,776,100
Year-End Fund Balance	0	0

NPC State Appropriations



2021 LEVY LIMIT WORKSHEET

Date: 2/10/2021

NAVAJO COUNTY - NORTHLAND PIONEER COLLEGE
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MAXIMUM LEVY	2020
A.1. Maximum Allowable Primary Tax Levy	\$16,445,192
A.2. A.1 multiplied by 1.02	\$16,774,096

CURRENT YEAR NET ASSESSED VALUE SUBJECT TO TAXATION IN PRIOR YEAR	2021
B.1. Centrally Assessed	\$198,022,926
B.2. Locally Assessed Real Property	\$684,743,460
B.3. Locally Assessed Personal Property	\$15,614,890
B.4. Total Assessed Value (B.1 through B.3)	\$898,381,276
B.5. B.4. divided by 100	\$8,983,813

CURRENT YEAR NET ASSESSED VALUES	2021
C.1. Centrally Assessed	\$200,661,019
C.2. Locally Assessed Real Property	\$695,202,180
C.3. Locally Assessed Personal Property	\$15,614,890
C.4. Total Assessed Value (C.1 through C.3)	\$911,478,089
C.5. C.4. divided by 100	\$9,114,781

LEVY LIMIT CALCULATION	2021
D.1. LINE A.2	\$16,774,096
D.2. LINE B.5	\$8,983,813
D.3. D.1/D.2 (MAXIMUM ALLOWABLE TAX RATE)	1.8671
D.4. LINE C.5	\$9,114,781
D.5. D.3 multiplied by D.4 = MAXIMUM ALLOWABLE LEVY LIMIT	\$17,018,207
D.6. Excess Collections/Excess Levy	
D.7. Amount in Excess of Expenditure Limit	
D.8. ALLOWABLE LEVY LIMIT (D.5 - D.6 - D.7)	\$17,018,207

<i>2021 New Construction</i>	\$13,096,813
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Enter data in yellow-shaded cells only.

Calculated data in tan should be used in published notice.

Reference updated language for published notice per Chapter 198 (HB 2286, Laws 2017).

Truth in Taxation Analysis

Calculation for Truth in Taxation Hearing Notice pursuant to A.R.S. § 42-17107

	Option 1 Maximum	Option 2 TNT Rate
Actual current primary property tax levy: (line F.1. actual levy from prior year's final levy limit worksheet)	\$ 15,726,233	\$ 15,726,233
Net assessed valuation: (line C.4. from current year's worksheet)	\$ 911,478,089	\$ 911,478,089
Value of new construction:	\$ 13,096,813	\$ 13,096,813
Net assessed value minus new construction: (line B.4. from current year's levy limit worksheet)	\$ 898,381,276	\$ 898,381,276
MAXIMUM TAX RATE THAT CAN BE IMPOSED WITHOUT A TRUTH IN TAXATION HEARING:	\$ 1.7505	\$ 1.7505
Growth in property tax levy capacity associated with new construction:	\$ 229,260	\$ 229,260
MAXIMUM PRIMARY PROPERTY TAX LEVY WITHOUT A TRUTH IN TAXATION HEARING:	\$ 15,955,424	\$ 15,955,424
Proposed primary property tax levy:	\$ 16,445,192	\$ 15,955,424
Proposed increase in primary property tax levy, exclusive of new construction	\$ 482,731	\$ -
Proposed percentage increase in primary property tax levy:	3.07%	0.00%
Proposed primary property tax rate:	\$ 1.8042	\$ 1.7505
Proposed increase in primary property tax rate:	\$ 0.0537	\$ 0.0000
Proposed primary property tax levy on a home valued at \$100,000	\$ 180.42	\$ 175.05
Primary property tax levy on a home valued at \$100,000 if the tax rate was not raised:	\$ 175.05	\$ 175.05
Proposed primary property tax levy increase on a home valued at \$100,000:	\$ 5.37	\$ 0.00