

## Arizona Community Colleges

	FY 2019 ACTUAL	FY 2020 ESTIMATE	FY 2021 APPROVED
<b>SPECIAL LINE ITEMS</b>			
Operating State Aid			
Cochise	4,677,300	4,623,500	4,690,700
Coconino	1,749,200	1,703,400	1,698,400
Gila	324,900	293,700	296,300
Graham	2,357,900	2,389,600	2,338,800
Mohave	1,152,700	1,175,300	1,138,900
Navajo	1,576,500	1,567,700	1,554,800
Pinal	1,507,800	1,452,000	1,128,300
Santa Cruz	84,100	0	0
Yavapai	589,900	601,400	585,800
Yuma/La Paz	2,613,500	2,399,500	2,384,800
<i>Subtotal - Operating State Aid</i>	16,633,800	16,206,100	15,816,800
STEM and Workforce Programs State Aid			
Cochise	1,010,800	996,200	1,014,500
Coconino	415,600	399,200	397,400
Gila	146,200	135,000	136,000
Graham	634,400	645,800	627,600
Maricopa	0	1,600,000 <sup>1/</sup>	1,600,000 <sup>1/</sup>
Mohave	446,900	455,000	441,900
Navajo	342,600	339,500	334,800
Pima	0	400,000	400,000 <sup>1/</sup>
Pinal	96,500	96,500	96,500
Santa Cruz	62,400	26,900	23,700
Yavapai	699,000	703,100	697,500
Yuma/La Paz	843,100	1,030,200	1,024,900
<i>Subtotal - STEM and Workforce Programs State Aid</i>	4,697,500	6,827,400	6,794,800
Equalization Aid			
Cochise	5,848,200	6,389,500	7,227,100
Graham	15,717,800	16,506,200	17,469,100
Navajo	7,107,100	7,751,900	8,444,300
Yuma/La Paz	0	0	155,200
<i>Subtotal - Equalization Aid</i>	28,673,100	30,647,600	33,295,700
Rural Community College Aid <sup>2/</sup>			
Cochise	0	3,140,100	0
Coconino	0	1,003,100	0
Gila	0	343,200	0
Graham	0	1,568,100	0
Mohave	0	1,152,100	0
Navajo	0	889,200	0
Pinal	0	1,795,400	0
Santa Cruz	0	64,200	0
Yavapai	0	1,761,300	0
Yuma/La Paz	0	2,483,300	0
<i>Subtotal - Rural Community College Aid</i>	0	14,200,000	0
Rural County Allocation	2,902,300	3,420,800	3,658,200 <sup>2/</sup>
Rural County Reimbursement Subsidy	1,273,800	1,273,800	1,273,800 <sup>3/</sup>
Tribal Community Colleges	2,856,100	2,856,100 <sup>4/</sup>	2,856,100 <sup>5/</sup>
Additional Gila Workforce Development Aid	200,000	200,000	200,000
Diné College Remedial Education	0	1,000,000	1,000,000 <sup>6/</sup>
Maricopa Health Care Specialty Expansion	0	5,800,000	0
Pima Aviation Center Expansion	0	15,000,000	0
<b>AGENCY TOTAL</b>	<b>57,236,600</b>	<b>97,431,800</b>	<b>64,895,400<sup>7/</sup></b>

	FY 2019 ACTUAL	FY 2020 ESTIMATE	FY 2021 APPROVED
<b>FUND SOURCES</b>			
General Fund	57,236,600	97,431,800	64,895,400
<b>SUBTOTAL - Appropriated Funds</b>	<b>57,236,600</b>	<b>97,431,800</b>	<b>64,895,400</b>
Other Non-Appropriated Funds	21,759,100	20,121,600	20,121,600
<b>TOTAL - ALL SOURCES</b>	<b>78,995,700</b>	<b>117,553,400</b>	<b>85,017,000</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.

**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 2021, 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/ The FY 2020 estimate from the enacted budget was increased by \$31,100 to match the actual FY 2019 Transaction Privilege Tax (TPT) distribution. The actual amounts distributed for FY 2020 will depend on TPT collections during the fiscal year.
- 5/ 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.
- 6/ 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)
- 7/ General Appropriation Act funds are appropriated as District-by-District Special Line Items.

**Operating State Aid**

The budget includes \$15,816,800 from the General Fund in FY 2021 for Operating State Aid. FY 2021 adjustments are as follows:

**Enrollment Changes**

The budget includes a decrease of \$(389,300) from the General Fund in FY 2021 to fund the statutory formula for Operating State Aid.

This amount funds statutory formula costs for a (691), or (2.4)%, decrease in Full Time Student Equivalent (FTSE) students in rural community colleges (see Table 1). The (691) net FTSE decrease consists of a (665) FTSE decrease

in non-dual enrollment students and a (26) FTSE decrease 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.

*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

**Table 1****Community College Enrollment**

	<u>FY 2018</u> <u>FTSE</u>	<u>FY 2019</u> <u>FTSE</u>	<u>Percentage</u> <u>Change</u>
<u>Rural Districts</u>			
Cochise	6,258	6,376	1.9%
Coconino	1,999	1,986	(0.7)%
Gila	684	683	(0.1)%
Graham	3,125	3,033	(2.9)%
Mohave	2,296	2,228	(3.0)%
Navajo	1,772	1,742	(1.7)%
Pinal	3,578	3,033	(15.2)%
Santa Cruz	128	113	(11.7)%
Yavapai	3,510	3,472	(1.1)%
Yuma/La Paz	<u>4,949</u>	<u>4,942</u>	<u>(0.1)%</u>
Subtotal	28,299	27,608	(2.4)%
<u>Urban Districts</u>			
Maricopa	70,344	67,498	(4.0)%
Pima	<u>14,783</u>	<u>14,058</u>	<u>(4.9)%</u>
<b>Total</b>	<b>113,426</b>	<b>109,164</b>	<b>(3.8)%</b>

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 2021, the last actual FTSE data was from FY 2019.)

As permanent law, the FY 2016 Higher Education Budget Reconciliation Bill (BRB) eliminated Operating State Aid for Maricopa and Pima. The FY 2018 Higher Education BRB subsequently restored Maricopa and Pima County's eligibility for FY 2019 Operating State Aid in permanent law. Since then, however, a session law provision has suspended the formula. As a result, Maricopa and Pima County continued to receive no Operating State Aid.

The full formula funding for Maricopa and Pima County cannot be calculated for FY 2021. 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 budget includes \$6,794,800 from the General Fund in FY 2021 for Science, Technology, Engineering and Mathematics (STEM) and Workforce Programs State Aid. FY 2021 adjustments are as follows:

#### **Enrollment Changes**

The budget includes a decrease of \$(32,600) from the General Fund in FY 2021 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.

*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.

The FY 2020 Higher Education BRB suspended this formula and funded districts as specified in the FY 2020 General Appropriation Act. The FY 2021 Higher Education BRB continues the suspension and the monies are distributed as follows:

- 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 \$536,900.
- 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 does not appear in the FY 2021 General Appropriation Act. The cost to fully fund the 2 counties according to the formula in FY 2021 would have been an additional \$8,773,300 for Maricopa and \$1,819,800 for Pima.

### **Equalization Aid**

The budget includes \$33,295,700 from the General Fund in FY 2021 for Equalization Aid. FY 2021 adjustments are as follows:

#### **Property Value Changes**

The budget includes an increase of \$2,648,100 from the General Fund in FY 2021 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 2021 Equalization Funding Changes**

<u>District</u>	<u>FY 2019</u>	<u>Year-over-</u> <u>Year Change</u>	<u>FY 2020</u>
Cochise	\$ 6,389,500	\$ 837,600	\$ 7,227,100
Graham	16,506,200	962,900	17,469,100
Navajo	7,751,900	692,400	8,444,300
Yuma/La Paz	<u>0</u>	<u>155,200</u>	<u>155,200</u>
<b>Total</b>	<b>\$30,647,600</b>	<b>\$2,648,100</b>	<b>\$33,295,700</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 2021 Equalization Aid formula calculation, the minimum assessed valuation increased 5.3% to approximately \$1.5 billion. (See Table 3 for the calculation of the growth rate.)

District	Equalization Growth Factor for Tax Years (TY) 2018-2019		TY 2018- 2019
	TY 2018 Primary AV	TY 2019 Primary AV	% Growth
Cochise*	\$ 928,290,400	\$ 941,485,600	1.4 %
Graham*	189,842,100	193,896,000	2.1 %
Navajo*	828,848,100	852,640,200	2.9 %
Yuma/LaPaz*	1,401,182,900	1,457,683,800	4.0 %
Coconino	1,726,579,800	1,831,089,300	6.1 %
Mohave	1,811,189,500	1,908,201,500	5.4 %
Pinal	2,355,433,500	2,521,252,100	7.0 %
Yavapai	2,599,537,800	2,765,677,100	6.4 %
<b>Total</b>	<b>\$11,840,904,100</b>	<b>\$12,471,925,600</b>	<b>5.3 %</b>
<b>Minimum AV</b>	<b>\$1,394,677,700</b>	<b>\$1,469,014,000</b>	<b>5.3 %</b>

\* These districts qualify to receive Equalization Aid under the state funding formula in FY 2021.

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 5.3% in TY 2019. In comparison, Cochise increased by 1.4%, Graham increased by 2.1%, and Navajo increased by 2.9%. Because their primary assessed value increased by less than the average rural district, Cochise, Graham, and Navajo qualify for more aid. Additionally, the Yuma/La Paz assessed value increased by 4.0% in TY 2019, but has 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 (\$1.47 billion in FY 2021), 2) whether the district’s change in assessed value was less than the rural districts’ average change, and 3) the applicable tax rate.

**Rural Community College Aid**

The budget includes no funding from the General Fund in FY 2021 for Rural Community College Aid. FY 2021 adjustments are as follows:

**Remove One-Time Rural Funding**

The budget includes a decrease of \$(14,200,000) from the General Fund in FY 2021 to remove one-time aid to the 10 rural community college districts.

Rural Community College Aid was distributed proportionally according to enrollment of the 10 rural community college districts. The use of this funding was not restricted and could be used for operating and/or capital expenses.

**Rural County Allocation**

The budget includes \$3,658,200 from the General Fund in FY 2021 for Rural County Allocation. FY 2021 adjustments are as follows:

**Enrollment Increase**

The budget includes an increase of \$237,400 from the General Fund in FY 2021 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 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 budget includes \$1,273,800 from the General Fund in FY 2021 for Rural County Reimbursement Subsidy. This amount is unchanged from FY 2020.

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 \$2,856,100 from the General Fund in FY 2021 for Tribal Community Colleges. This amount is unchanged from FY 2020.

The budget 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 budget 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 budget includes \$231,100 for the Tohono O'odham Community College in FY 2021 based on a projection of 10% of the collected TPT revenues from the reservation. These amounts continue the assumed funding levels in FY 2020.

The FY 2021 budget adjusts the line item to reflect increased distributions during FY 2019. The enacted FY 2020 budget assumed an estimated \$200,000 distribution for the Tohono O'odham Community College, but actual TPT distribution for 2019 was \$231,100. The line item was increased by \$31,100 in FY 2019, FY 2020, and FY 2021 to reflect current distributions. The enacted FY 2021 budget estimates a \$230,000 distribution, but actual amounts depend on TPT collections during the fiscal year.

*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 budget includes \$200,000 from the General Fund for Additional Gila Workforce Development Aid in FY 2021. This amount is unchanged from FY 2020.

*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 budget includes \$1,000,000 from the General Fund in FY 2021 for Diné College Remedial Education. This amount is unchanged from FY 2020.

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, a General Appropriations Act footnote requires on or before October 15, 2021, the Diné college board of regents shall 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. .

### **Maricopa Health Care Specialty Expansion**

The budget includes no funding in FY 2021 for Maricopa Health Care Specialty Expansion. FY 2021 adjustments are as follows:

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

The budget includes a decrease of \$(5,800,000) from the General Fund in FY 2021 to remove costs associated with the expansion of the health care specialty program in the Maricopa County Community College District.

The FY 2020 funding was expected to double the enrollment capacity at the Paradise Valley Community College's Integrated Health Science Center. The expansion would focus on 6 specialty areas: operating room, emergency care, telemetry, oncology, intensive care unit, and home care.

### **Pima Aviation Center Expansion**

The budget includes no funding in FY 2021 for Pima Aviation Center Expansion. FY 2021 adjustments are as follows:

### Remove One-Time Funding

The budget includes a decrease of \$(15,000,000) from the General Fund in FY 2021 to remove costs related to the expansion of the Pima Community College District Aviation Center.

The FY 2020 appropriation funds the construction of a new hangar, 5 classrooms, additional lab space, and offices. This expansion is expected to double the program's student capacity.

Funding for each of FY 2020, FY 2021, and FY 2022, the funding for FY 2021 for these 2 districts was not specified in the General Appropriation Act.

### Long-Term Budget Impacts

As part of the budget's 3-year spending plan, the community college General Fund costs are projected to increase by \$2,434,200 in FY 2022 above FY 2021 and \$543,500 in FY 2023 above FY 2022.

These estimates assume:

- Flat enrollment growth (so no change in costs for Operating State Aid or STEM and Workforce Programs State Aid for FY 2022 and FY 2023).
- 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 \$2,434,200 for Equalization Aid in FY 2022 and \$2,543,500 in FY 2023. These estimates assume total Net Assessed Value (NAV) growth of 4.5% in FY 2022 and FY 2023 based on the statewide average. The counties receiving aid would see an average of 2.3% NAV increase. This would cause NAV in those districts to grow farther from the statewide NAV average for rural counties in both years, entitling them to more Equalization Aid.
- These estimates do not include any adjustments related to the current coronavirus pandemic.

### Other Issues

### Statutory Changes

The Higher Education BRB makes the following statutory changes:

- As session law, continue to suspend the Operating State Aid funding formula in FY 2021 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 2021. 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

Table 4

### Total Estimated Community College Revenues – FY 2020

District	State Aid <sup>1/</sup>	Tuition/Fees	Property Taxes	Grants	Other <sup>2/</sup>	FY 2020 Total <sup>3/</sup>	FY 2019 Total <sup>4/</sup>	% Change from FY 2019
Cochise	\$11,013,000	\$9,907,400	23,081,500	10,125,200	\$1,214,400	\$55,341,500	\$53,235,800	4.0%
Coconino	1,703,400	7,894,000	8,408,400	5,811,000	1,006,300	24,823,100	26,738,300	-7.2%
Gila <sup>5/</sup>	293,700	0	4,979,700	510,000	0	5,783,400	5,699,200	1.5%
Graham	18,895,800	8,507,200	6,486,000	10,926,000	10,405,000	55,220,000	47,999,700	15.0%
Maricopa	0	219,414,300	573,821,900	197,678,400	56,719,900	1,047,634,500	1,015,240,900	3.2%
Mohave	1,175,300	8,150,000	25,293,200	8,855,700	1,100,000	44,574,200	45,981,800	-3.1%
Navajo	9,319,600	4,860,000	15,487,400	6,000,000	2,602,100	38,269,100	38,793,300	-1.4%
Pima	0	50,190,000	120,106,900	50,139,000	28,142,100	248,578,000	216,262,500	14.9%
Pinal	1,452,000	11,535,000	51,073,100	21,395,000	1,655,000	87,110,100	80,229,200	8.6%
Santa Cruz <sup>5/</sup>	0	12,500	1,668,700	45,000	12,700	1,738,900	1,817,300	-4.3%
Yavapai	601,400	11,341,000	50,686,500	13,799,000	4,560,900	80,988,800	82,065,800	-1.3%
Yuma/La Paz	<u>2,399,500</u>	<u>13,178,100</u>	<u>37,478,500</u>	<u>25,407,700</u>	<u>9,384,800</u>	<u>87,848,600</u>	<u>76,974,700</u>	<u>14.1%</u>
<b>Total</b>	<b>\$46,853,700</b>	<b>\$344,989,500</b>	<b>\$918,571,800</b>	<b>\$350,692,000</b>	<b>\$116,803,200</b>	<b>\$1,777,910,200</b>	<b>\$1,691,038,500</b>	<b>5.1%</b>

<sup>1/</sup> State Aid revenue includes Operating State Aid and Equalization Aid.

<sup>2/</sup> Includes auxiliary programs, interest income, workforce development funds, and transfers.

<sup>3/</sup> Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are estimated to be \$2,008,620,300 for FY 2020.

<sup>4/</sup> Total revenues do not include bond proceeds or district fund balances. Including these amounts total revenues are \$1,775,594,100 for FY 2019.

<sup>5/</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 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.

### 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 2.6% of their revenues (excluding bond proceeds) from state aid.

For FY 2020, base operating revenues from all sources are estimated to be \$1,777,910,200, which would be an increase of 5.1% from FY 2019. (See Table 4 for a summary of FY 2020 total revenue estimates.)

Property taxes are the single largest revenue source for the community colleges, accounting for 49.9% 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 2020 property tax rates.)

District	Primary Rate	Secondary Rate	Combined Rate	% Change Combined Rate from TY 2018
Cochise	\$2.45	\$0.00	\$2.45	2.1%
Coconino	0.46	0.00	0.46	-22.9%
Gila	0.96	0.00	0.96	0.0%
Graham	3.35	0.00	3.35	0.5%
Maricopa	1.16	0.17	1.33	-3.4%
Mohave	1.33	0.00	1.33	-1.2%
Navajo	1.82	0.00	1.82	0.0%
Pima	1.38	0.00	1.38	-1.6%
Pinal	2.08	0.13	2.21	-6.3%
Santa Cruz	0.48	0.00	0.48	-1.5%
Yavapai	1.69	0.15	1.84	-5.5%
Yuma/La Paz	2.23	0.34	2.57	0.1%

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 21.0% of total revenues. Tuition and fees

Table 6

### Community College Resident Tuition and Fees – FY 2020

District	Cost Per Credit Hour	Annual Cost <sup>1/</sup>	% Change from FY 2019
Cochise	\$88	\$2,640	3.5%
Coconino	111	3,330	1.8%
Gila	80	2,400	0.0%
Graham	90	2,700	0.0%
Maricopa	85	2,550	0.0%
Mohave	81	2,430	0.0%
Navajo	77	2,310	1.8%
Pima	85	2,535	2.4%
Pinal	86	2,580	0.0%
Santa Cruz	85	2,535	2.4%
Yavapai	73	2,184	-16.3%
Yuma/La Paz	86	2,580	2.4%
<b>Weighted Average</b>	<b>\$85</b>	<b>\$2,555</b>	<b>0.2%</b>

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

are assessed on a per credit hour basis. FY 2020 weighted average tuition (weighted for each district's proportion of the statewide FTSE count) is \$2,555 if a full-time student attends for 30 hours a year. The FY 2020 amount represents an increase of 0.2% from FY 2019. (See Table 6 for FY 2020 resident tuition and fee rates.)

Community colleges also receive grants and "other" revenue from a variety of sources. Combined, they account for approximately 26.3% 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 2020 community college expenditures. In FY 2020, total budgeted expenditures are \$2,008,620,300. As mentioned previously, base operating revenues for FY 2020 are \$1,777,910,200; however, this figure does not include allocated fund balances or bond proceeds. Including these amounts, total available revenues are \$2,008,620,300. Of the total \$2,008,620,300 in budgeted expenditures, \$1,597,551,000, or 79.5%, of these expenditures are from the community colleges' General and Restricted Funds. This includes about \$487,849,800, or 24%, for instruction and \$332,329,400, or 16.6%, for institutional support.

Expenditures for auxiliary enterprises, including revenue generating retail and business services such as parking lots, book stores, and food service, are \$86,618,700, or 4.3% of the total. Plant Fund expenditures, which

**Table 7****Community Colleges - FY 2020 Budgeted Expenditures**

<u>General/Restricted Funds</u>	<u>Total</u>	<u>% of Total</u>
Instruction	\$487,849,800	24.3%
Public Service	\$26,479,900	1.3%
Academic Support	\$136,611,100	6.8%
Student Services	\$173,527,100	8.6%
Institutional Support	\$332,329,400	16.6%
Operation & Maintenance	\$116,340,300	5.8%
Scholarships/Grants	\$278,862,300	13.9%
Contingency	<u>\$45,551,100</u>	<u>2.3%</u>
<b>Subtotal</b>	<b>\$1,597,551,000</b>	<b>79.5%</b>
Auxiliary Enterprises Fund	\$86,618,700	4.3%
Plant Fund	\$210,436,700	10.5%
Debt Service	<u>\$114,013,900</u>	<u>5.7%</u>
<b>Total</b>	<b>\$2,008,620,300</b>	<b>100%</b>

generally include capital costs, are \$210,436,700, or 10.5% of the total. The remaining \$114,013,900 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.)*

<b>Higher Education Emergency Relief Fund</b>
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Section 18004(a)(1) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act distributes funds from the Higher Education Emergency Relief Fund (HEERF) to institutions of higher education (IHE) 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. 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 Servings 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.



**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	4,528,738	284,360		4,813,098
<b>Total</b>	<b>72,712,674</b>	<b>9,310,304</b>	<b>263,877</b>	<b>82,286,855</b>

\* indicates institutions in the Maricopa County Community College District.