

## Arizona Community Colleges

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
<b>Equalization Aid</b>			
Equalization Aid - Cochise	9,759,600	10,575,800	11,812,600
Equalization Aid - Graham	19,912,000	21,132,400	22,496,500
Equalization Aid - Navajo	11,189,600	12,016,200	12,885,200
Equalization Aid - Yuma/La Paz	716,100	896,400	1,786,400
<i>Subtotal – Equalization Aid</i>	41,577,300	44,620,800	48,980,700
<b>Operating Aid</b>			
Operating Aid - Cochise	4,423,700	4,000,800	3,818,600
Operating Aid - Coconino	1,415,900	1,392,500	1,426,500
Operating Aid - Gila	151,400	149,700	158,700
Operating Aid - Graham	1,661,900	1,758,900	1,808,100
Operating Aid - Mohave	924,400	961,500	1,056,600
Operating Aid - Navajo	1,346,100	1,375,600	1,430,400
Operating Aid - Pima	2,000,000	0	0
Operating Aid - Pinal	1,090,900	1,032,900	1,082,900
Operating Aid - Santa Cruz	0	54,600	45,100
Operating Aid - Yavapai	373,000	371,300	555,900
Operating Aid - Yuma/La Paz	2,260,700	2,262,400	2,402,000
<i>Subtotal – Operating Aid</i>	15,648,000	13,360,200	13,784,800
<b>STEM Aid</b>			
STEM Aid - Cochise	954,700	833,400	1,021,100
STEM Aid - Coconino	309,500	300,700	314,300
STEM Aid - Gila	88,700	88,100	91,700
STEM Aid - Graham	409,700	446,300	465,900
STEM Aid - Maricopa	7,927,600	8,073,700	8,441,600
STEM Aid - Mohave	378,600	392,600	430,500
STEM Aid - Navajo	262,500	273,600	295,500
STEM Aid - Pima	1,769,000	1,768,900	1,855,600
STEM Aid - Pinal	656,700	634,800	654,800
STEM Aid - Santa Cruz	21,200	41,800	38,000
STEM Aid - Yavapai	637,200	636,600	710,200
STEM Aid - Yuma/La Paz	777,700	778,200	820,600
<i>Subtotal – STEM Aid</i>	14,193,100	14,268,700	15,139,800
<b>Rural Aid</b>			
Rural Aid - Cochise	5,769,700	2,999,100	2,703,600
Rural Aid - Coconino	1,520,600	892,800	901,800
Rural Aid - Gila	439,500	258,000	252,800
Rural Aid - Graham	1,917,800	1,239,300	1,244,500
Rural Aid - Mohave	1,866,800	1,149,000	1,202,500
Rural Aid - Navajo	1,322,400	815,000	852,600
Rural Aid - Pinal	3,110,400	1,794,100	1,807,400
Rural Aid - Santa Cruz	97,000	113,800	99,900
Rural Aid - Yavapai	3,084,400	1,833,600	1,955,300
Rural Aid - Yuma/La Paz	4,871,400	2,905,300	2,979,600
<i>Subtotal – Rural Aid</i>	24,000,000	14,000,000	14,000,000
<b>Additional Rural Aid</b>			
Rural County Allocation	5,722,300	6,109,000	6,989,000 <sup>1/</sup>
Rural County Reimbursement Subsidy	1,082,900	1,082,900	1,082,900 <sup>2/</sup>
<i>Subtotal – Additional Rural Aid</i>	6,805,200	7,191,900	8,071,900
<b>Tribal Aid</b>			
Tribal Community Colleges	517,400	1,441,100	1,441,100 <sup>3/</sup>
Dine College Capital Improvements	10,000,000	0	0
Dine College Remedial Education	1,000,000	1,000,000	1,000,000 <sup>4/</sup>

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 APPROVED
San Carlos Apache Community College Remedial Education	2,000,000	0	0
Tohono O'odham Community College Remedial Education	2,000,000	0	0
<i>Subtotal – Tribal Aid</i>	15,517,400	2,441,100	2,441,100
<b>Other Aid</b>			
Additional Gila Workforce Development Aid	200,000	200,000	200,000
Arizona Western College CTE Workforce	15,000,000	0	0
Santa Cruz Provisional Community College Funding	200,000	0	0
Eastern Arizona College Expenses	0	0	1,000,000
Maricopa Wrestling Scholarships	0	0	250,000
<i>Subtotal – Other Aid</i>	15,400,000	200,000	1,450,000
<b>AGENCY TOTAL</b>	<b>133,141,000</b>	<b>96,082,700</b>	<b>103,868,300 <sup>5/</sup></b>

#### FUND SOURCES

General Fund	133,141,000	96,082,700	103,868,300
<b>SUBTOTAL - Appropriated Funds</b>	<b>133,141,000</b>	<b>96,082,700</b>	<b>103,868,300</b>
Other Non-Appropriated Funds	87,974,400	91,580,600	91,580,600
<b>TOTAL - ALL SOURCES</b>	<b>221,115,400</b>	<b>187,663,300</b>	<b>195,448,900</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 Associates degree, Baccalaureate degree, Certificate of Completion, or transfer to a Baccalaureate degree-granting college or university.

#### FOOTNOTES

- 1/ A.R.S. § 15-1469.01 provides that the General Fund will pay the initial cost of students attending community colleges who are from counties that are not part of an established community college district, and then the state will withhold these counties' sales tax revenues to offset that cost. In FY 2026, that amount is estimated to be \$6,989,000. Because this appropriation is in permanent statute, it is not included in the General Appropriations Act.
- 2/ Of the \$1,082,900 appropriated to the rural county reimbursement subsidy line item, Apache county receives \$699,300 and Greenlee county receives \$383,600. (General Appropriations 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 Appropriations Act.
- 4/ On or before October 15, 2026, 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 2025-2026 academic year. (General Appropriations Act footnote)
- 5/ General Appropriations Act funds are appropriated as District-by-District Special Line Items.

#### Equalization Aid

The budget includes \$48,980,700 from the General Fund in FY 2026 for Equalization Aid. Adjustments are as follows:

#### Property Value Changes

The budget includes an increase of \$4,359,900 from the General Fund in FY 2026 to reflect increased formula costs for funding Equalization Aid due to assessed valuation changes. Detail of specific district changes is shown in *Table 1*.

**Table 1****FY 2026 Equalization Funding Changes**

<u>District</u>	<u>FY 2025</u>	<u>Year-over- Year Change</u>	<u>FY 2026</u>
Cochise	\$10,575,800	\$1,236,800	11,812,600
Graham	21,132,400	1,364,100	22,496,500
Navajo	12,016,200	869,000	12,885,200
Yuma/La Paz	896,400	890,000	1,786,400
<b>Total</b>	<b>\$44,620,800</b>	<b>\$4,359,900</b>	<b>\$48,980,700</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, according to the most recent decennial census data. Actual assessed valuation for rural districts was 7.0% higher in FY 2024 than in the preceding year. Therefore, for the FY 2026 Equalization Aid formula calculation, the minimum assessed valuation increased 7.0% to approximately \$1.98 billion. (See Table 2 for the calculation of the growth rate.)

**Table 2****Equalization Growth Factor  
for Tax Years (TY) 2023-2024**

<u>District</u>	<u>TY 2023 Primary AV</u>	<u>TY 2024 Primary AV</u>	<u>TY 2023- 2024 % Growth</u>
Cochise*	\$ 1,074,552,900	\$ 1,114,080,000	3.7 %
Graham*	303,998,800	334,238,400	10.0 %
Navajo*	969,413,100	1,035,790,900	6.9 %
Yuma/La Paz*	1,781,073,400	1,845,925,300	3.6 %
Coconino	2,171,931,000	2,298,821,800	5.8 %
Mohave	2,427,679,000	2,569,180,300	5.8 %
Pinal	3,390,905,700	3,772,917,900	11.3 %
Yavapai	3,556,683,100	3,806,627,200	7.0 %
<b>Total <sup>1/</sup></b>	<b>\$15,676,236,900</b>	<b>\$16,777,581,800</b>	<b>7.0 %</b>
<b>Minimum AV</b>	<b>\$1,846,507,600</b>	<b>\$1,976,317,100</b>	<b>7.0 %</b>

<sup>1/</sup> May not add to total due to rounding.

\* These districts qualify to receive Equalization Aid under the state funding formula in FY 2026 since they fall below the minimum assessed value threshold of \$1.98 billion.

Equalization Aid is paid based on the difference between the minimum assessed valuation and the most recent actual assessed valuation for the district. Equalization Aid is calculated at the lesser of \$1.37 per \$100 of the district's assessed valuation or the district's levy rate. In any one year a district's equalization assistance will depend on 1) whether the district falls below the minimum threshold (\$1.98 billion in FY 2026), 2) whether the district's dollar change in assessed value was less than

the rural districts' average change, and 3) the applicable tax rate.

**Operating State Aid**

The budget includes \$13,784,800 from the General Fund in FY 2026 for Operating State Aid. Adjustments are as follows:

**Enrollment Changes**

The budget includes an increase of \$424,600 from the General Fund in FY 2026 to fund the statutory formula for Operating State Aid.

This amount funds statutory formula costs for an 889, or 3.6%, increase in Full Time Student Equivalent (FTSE) students in rural community colleges (see Table 3). The 889 net FTSE increase consists of a 723 FTSE increase in non-dual enrollment students and a 166 FTSE increase in dual enrollment students. A.R.S. § 15-1466.01 requires dual enrollment students be funded at 50% for state aid purposes. Dual enrollment refers to high school students who are enrolled in community college courses for both high school and community college credit.

**Table 3****Community College Enrollment**

	<u>FY 2023 FTSE</u>	<u>FY 2024 FTSE</u>	<u>Percentage Change</u>
<u>Rural Districts</u>			
Cochise	5,244	4,899	(6.6)%
Coconino	1,561	1,634	4.7%
Gila	451	458	1.6%
Graham	2,167	2,255	4.1%
Mohave	2,009	2,179	8.5%
Navajo	1,425	1,545	8.4%
Pinal	3,137	3,275	4.4%
Santa Cruz	199	181	(9.0)%
Yavapai	3,206	3,543	10.5%
Yuma/La Paz	5,080	5,399	6.3%
<b>Subtotal</b>	<b>24,479</b>	<b>25,368</b>	<b>3.6%</b>
<u>Urban Districts</u>			
Maricopa	53,964	56,294	4.3%
Pima	11,568	12,147	5.0%
<b>Total</b>	<b>90,011</b>	<b>93,809</b>	<b>4.2%</b>

**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 2026, the last actual FTSE data was from FY 2024.)* Maricopa and Pima Counties are also statutory recipients of Operating State Aid. However, a session law provision suspends the formula.

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

#### **STEM and Workforce Programs State Aid**

The budget includes \$15,139,800 from the General Fund in FY 2026 for Science, Technology, Engineering and Mathematics (STEM) and Workforce Programs State Aid. Adjustments are as follows:

##### **Enrollment Changes**

The budget includes an increase of \$871,100 from the General Fund in FY 2026 to fund increased formula costs for STEM and Workforce Programs State Aid. This increase is the result of a net growth in enrollment in FY 2024.

*Background* – The STEM and Workforce Programs State Aid line items provide the community college districts with funds for partnerships, faculty, technology equipment, student services, facilities, and property needs pursuant to A.R.S. § 15-1464.

The STEM and Workforce Programs State Aid formula provides per capita funding to districts based on the district's size and the most recent year's actual audited FTSE. The FY 2026 budget continues to suspend the inflation adjustment required by statute and provides \$210 per FTSE for districts with 5,000 or less FTSE and \$160 per FTSE for districts with greater than 5,000 FTSE.

#### **Rural Aid**

The budget includes \$14,000,000 from the General Fund in FY 2026 for Rural Aid. This amount is unchanged from FY 2025.

The budget year funding is allocated to the 10 rural community college districts based on each district's share of the last year's actual enrollment counts. The FY 2026 allocations are based on FY 2024 enrollment counts.

#### **Additional Rural Aid**

#### **Rural County Allocation**

The budget includes \$6,989,000 from the General Fund in FY 2026 for Rural County Allocation. Adjustments are as follows:

##### **Technical Adjustment**

The budget includes an increase of \$880,000 from the General Fund in FY 2026 for a technical adjustment associated with changes in student enrollment.

*Background* – The Rural County Allocation line item facilitates payment to community college districts for students enrolled from counties that are not a part of an established community college district. If a county is not part of a community college district, it is responsible for the cost of their students attending community college in another county. In practice, this provision affects Apache and Greenlee Counties. A.R.S. § 15-1469.01 provides that the General Fund will pay the initial cost for these counties and that the state will then withhold these counties' Transaction Privilege Tax (TPT) revenues to offset a portion of that cost.

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

The payments made on behalf of the counties are not included in county expenditure limits established in the Arizona Constitution. The county payments are partially offset by a state subsidy. *(See next line item.)*

Each year, the amount is determined by enrollment counts submitted by the community colleges 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 2025, the JLBC Staff reported that the General Fund would pay a total \$6,989,000 in FY 2025, of which \$2,702,500 would be withheld from the two unestablished counties

(\$2,172,600 for Apache and \$529,900 for Greenlee). The net impact is further adjusted by the Rural County Reimbursement Subsidy line item below. After TPT revenue withholdings, the General Fund net cost is \$4,286,500.

Monies for the Rural County Allocation are authorized by A.R.S. § 15-1469.01, and therefore do not appear in the General Appropriations Act.

**Rural County Reimbursement Subsidy**

The budget includes \$1,082,900 from the General Fund in FY 2026 for Rural County Reimbursement Subsidy. This amount is unchanged from FY 2025.

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

After the reimbursement subsidy, FY 2026 net costs are \$1,473,300 to Apache and \$146,300 to Greenlee.

**Tribal Aid**

**Tribal Community Colleges**

The budget includes \$1,441,100 from the General Fund in FY 2026 for Tribal Community Colleges. This amount is unchanged from FY 2025.

The FY 2025 budget assumed tribal community colleges would receive \$1,372,200 from the General Fund in FY 2024 and FY 2025 based on FY 2023 actual TPT distributions. This assumption included a distribution of \$923,700 to the Navajo Nation, comprised of \$615,800 for Diné College and \$307,900 for Navajo Technical College. The budget also assumed that \$448,500 would be distributed to Tohono O'odham Community College.

Tohono O'odham Community College received a distribution of \$517,400 in FY 2024. Diné College and Navajo Technical College, however, received no TPT distributions. The Navajo Nation reported negative FY 2024 TPT revenue of \$(732,700). A negative amount is typically reported when large refund payments are made that exceed the overall level of gross TPT collections.

The budget adjusts the assumption upward to \$1,441,100 in FY 2025 and FY 2026. This assumption is based on the

most recent actual distribution for the Navajo Nation in FY 2023 (\$923,700, comprised of \$615,800 for Diné College and \$307,900 for Navajo Technical College) and Tohono O'odham Community College in FY 2024 (\$517,400).

As described below, each of these amounts will depend on actual FY 2026 TPT revenue collections and the FY 2026 appropriation will adjust automatically.

*Background* – This funding is limited to qualified tribes that instituted a compact with the state before September 1, 2017, to receive a portion of Transaction Privilege Tax (TPT) revenues for support of tribe's postsecondary institution(s). A.R.S. § 42-5031.01 allows any qualifying tribal community college to receive \$1,750,000, or 10% of the TPT revenues collected from all sources located on the reservation, whichever is less. A.R.S. § 42-5031.01 also allows any additional technical college located on the same reservation to receive \$875,000, or 5% of the TPT revenues collected from sources located on the reservation, whichever is less. Actual amounts for FY 2026 will depend on FY 2026 collections. Given the language of A.R.S. § 42-5031.01, these monies do not appear in the General Appropriations Act. (Please see the FY 2020 Appropriations Report for more information.)

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

**Diné College Remedial Education**

The budget includes \$1,000,000 from the General Fund in FY 2026 for Diné College Remedial Education. This amount is unchanged from FY 2025.

This line item provides additional funding to Diné College to provide remedial education to help students prepare for college-level courses such as reading, writing and mathematics. In addition, the budget continues a General 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 2025-2026 academic year to the JLBC, Governor's office, and legislative leaders on or before October 15, 2026.

**Other Aid**

**Additional Gila Workforce Development Aid**

The budget includes \$200,000 from the General Fund in FY 2026 for Additional Gila Workforce Development Aid. This amount is unchanged from FY 2025.

*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).

#### **Eastern Arizona College Expenses**

The budget includes \$1,000,000 from the General Fund in FY 2026 for Eastern Arizona College (Graham County) expenses. Adjustments are as follows:

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

The budget includes a one-time increase of \$1,000,000 from the General Fund in FY 2026 for expenses at Eastern Arizona College in Graham County.

#### **Maricopa Wrestling Scholarships**

The budget includes \$250,000 from the General Fund in FY 2026 for Maricopa Wrestling Scholarships. Adjustments are as follows:

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

The budget includes a one-time increase of \$250,000 from the General Fund in FY 2026 for Maricopa County Community College District wrestling scholarships.

#### **Other Issues**

#### **Statutory Changes**

The Higher Education BRB makes the following statutory changes:

- As session law, continue to suspend the Operating State Aid funding at levels specified in the General Appropriations Act, which effectively means suspending the formula in FY 2026 for only Maricopa and Pima Counties.
- As session law, continue to set the Science, Technology, Engineering and Mathematics and Workforce Programs district funding at levels specified in the General Appropriations Act, which effectively means suspending the inflation adjustment in FY 2026 for all community college districts.

#### **Long Term Budget Impacts**

As part of the budget 3-year spending plan, Community College General Fund costs are projected to increase by \$4,326,000 in FY 2027 above FY 2026 and increase by \$4,691,200 in FY 2028 above FY 2027. These estimates are based on:

**Table 4**

#### **Total Estimated Community College Revenues – FY 2025 <sup>1/</sup>**

<b>District</b>	<b>State Aid <sup>2/</sup></b>	<b>Tuition/Fees</b>	<b>Property Taxes</b>	<b>Grants</b>	<b>Other <sup>3/</sup></b>	<b>FY 2025 Total <sup>4/</sup></b>	<b>FY 2024 Total <sup>5/</sup></b>	<b>% Change from FY 2024</b>
Cochise	\$17,575,700	\$9,943,700	\$27,232,600	\$17,533,400	\$1,692,900	\$73,978,300	\$83,870,700	(11.8)%
Coconino	2,285,300	6,866,000	15,792,900	9,844,200	1,423,600	36,212,000	31,993,900	13.2%
Gila <sup>6/</sup>	407,700	0	6,020,800	696,000	355,000	7,479,500	7,949,500	(5.9)%
Graham	24,130,600	8,226,000	8,225,300	14,624,800	13,410,100	68,616,800	65,689,900	4.5%
Maricopa	0	215,530,300	644,357,000	215,562,000	66,562,700	1,142,012,000	1,129,524,300	1.1%
Mohave	2,110,500	10,425,400	28,592,400	17,524,000	3,883,500	62,535,800	53,234,700	17.5%
Navajo	14,206,800	3,800,000	18,340,700	9,200,000	5,193,600	50,741,100	49,144,700	3.2%
Pima	0	43,941,000	141,019,000	97,439,000	13,954,000	296,353,000	246,783,600	20.1%
Pinal	2,827,000	8,636,600	68,395,500	20,811,400	11,863,000	112,533,500	103,917,200	8.3%
Santa Cruz <sup>6/</sup>	168,400	0	1,795,400	305,000	0	2,268,800	2,454,000	(7.5)%
Yavapai	2,204,900	14,111,000	56,931,900	18,275,700	10,098,300	101,621,800	93,504,900	8.7%
Yuma/La Paz	6,064,100	15,518,600	42,955,200	33,100,000	7,000,000	104,637,900	121,340,600	(13.8)%
<b>Total</b>	<b>\$71,981,000</b>	<b>\$336,998,600</b>	<b>\$1,059,658,700</b>	<b>\$454,915,500</b>	<b>\$135,436,700</b>	<b>\$2,058,990,500</b>	<b>\$1,989,408,000</b>	<b>3.5%</b>

<sup>1/</sup> The data in this table was provided by the Arizona Community College Coordinating Council.

<sup>2/</sup> State Aid revenue includes Operating State Aid and Equalization Aid.

<sup>3/</sup> Includes auxiliary programs, interest income, workforce development funds, and transfers.

<sup>4/</sup> Total revenues do not include bond proceeds or district fund balances. Including these amounts, total revenues are estimated to be \$2,337,620,300 for FY 2025.

<sup>5/</sup> Total revenues do not include bond proceeds or district fund balances. Including these amounts, total revenues are \$2,060,632,500 for FY 2024.

<sup>6/</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.

- Flat enrollment growth (no change in costs for Operating State Aid or STEM and Workforce Programs State Aid for FY 2027 and FY 2028).
- An increase of \$4,326,000 for Equalization Aid in FY 2027 above FY 2026 and \$4,691,200 in FY 2028 above FY 2027. These estimates assume total Net Assessed Value (NAV) growth of 6.5% in FY 2027 and 6.6% FY 2028.

### 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 3.4% of their revenues (excluding bond proceeds) from state aid.

For FY 2025, base operating revenues from all sources are estimated to be \$2,058,990,500. (See Table 4 for a summary of FY 2025 total revenue estimates.)

Property taxes are the single largest revenue source for the community colleges, accounting for 51.5% of their revenues. There are 2 types of property taxes: primary and secondary. For the community colleges, primary property taxes are levied for operating purposes and secondary property taxes are levied to pay for capital outlay expenses. Both taxes are levied on limited property values. Each community college district determines its primary and secondary property tax rates. (See Table 5 for a summary of TY 2024 property tax rates.)

**Table 5**

### Community College Tax Rates – TY 2024

<u>District</u>	<u>Primary Rate</u>	<u>Secondary Rate</u>	<u>Combined Rate</u>	<u>% Change Combined Rate from TY 2023</u>
Cochise	\$2.44	\$0.00	\$2.44	0.6%
Coconino	0.69	0.00	0.69	12.6%
Gila	0.90	0.00	0.90	(1.7)%
Graham	2.46	0.00	2.46	(5.4)%
Maricopa	1.05	0.06	1.10	(3.1)%
Mohave	1.11	0.00	1.11	(3.2)%
Navajo	1.77	0.00	1.77	1.2%
Pima	1.25	0.00	1.25	(2.1)%
Pinal	1.69	0.12	1.81	(5.6)%
Santa Cruz	0.41	0.00	0.41	(5.4)%
Yavapai	1.50	0.00	1.50	(1.0)%
Yuma/La Paz	2.04	0.29	2.33	(1.6)%

Under A.R.S. § 42-17051, community colleges are allowed to collect 2% more in property tax revenues annually, not including revenue from new construction. Any increase

over 2% requires voter approval, unless the district has foregone increases in prior years and consolidates those increases into a single year.

The community colleges also collect tuition and fees from enrolled students. These collections account for approximately 16.4% of total revenues. Tuition and fees are assessed on a per credit hour basis. FY 2025 weighted average tuition (weighted for each district's proportion of the statewide FTSE count) is \$2,900 if a full-time student attends for 30 hours a year. The FY 2025 amount represents an increase of 13.6% from FY 2024. (See Table 6 for FY 2024 resident tuition and fee rates.)

Community colleges also receive grants and "other" revenue from a variety of sources. Combined, they account for approximately 28.7% of community college revenues.

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

**Table 6**

### Community College Resident Tuition and Fees – FY 2025

<u>District</u>	<u>Average Cost Per Credit Hour</u>	<u>Annual Cost <sup>1/</sup></u>	<u>% Change from FY 2024</u>
Cochise	\$95	\$2,850	2.2%
Coconino	142	4,248	4.4%
Gila	98	2,940	0.0%
Graham	98	2,940	0.0%
Maricopa	97	2,910	0.0%
Mohave	91	2,730	12.3%
Navajo	91	2,730	0.0%
Pima	101	3,015	9.2%
Pinal	75	2,250	0.0%
Santa Cruz	50	1,508	9.3%
Yavapai	86	2,592	4.9%
Yuma/La Paz	97	2,910	3.2%
<b>Weighted Average</b>	<b>\$97</b>	<b>\$2,900</b>	<b>13.6%</b>

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

### Total Community College Expenditures

Table 7 shows total budgeted FY 2025 community college expenditures. In FY 2025, total budgeted expenditures are \$2,334,978,100. As mentioned previously, base operating revenues for FY 2025 are \$2,058,990,500, however, this figure does not include allocated fund balances or bond proceeds. Including these amounts, total available revenues are \$2,337,620,300. Of the total \$2,334,978,100 in budgeted expenditures, \$1,885,142,200, or 80.7%, of these expenditures are from the community colleges' General and Restricted Funds.

**Table 7****Community Colleges - FY 2025 Budgeted Expenditures**

<b>General/Restricted Funds</b>	<b>Total</b>	<b>% of Total</b>
Instruction	\$546,646,300	23.4%
Public Service	31,685,800	1.4%
Academic Support	175,548,900	7.5%
Student Services	198,326,400	8.5%
Institutional Support	424,778,100	18.2%
Operation & Maintenance	135,841,700	5.8%
Scholarships & Grants	293,263,900	12.6%
Auxiliary Enterprises	25,000	0.0%
Contingency	<u>79,026,000</u>	<u>3.4%</u>
<b>Subtotal <sup>1/</sup></b>	<b>\$1,885,142,200</b>	<b>80.7%</b>
Auxiliary Enterprises Fund	\$98,398,000	4.2%
Plant Fund	289,080,300	12.4%
Debt Service	<u>62,357,700</u>	<u>2.7%</u>
<b>Total <sup>1/</sup></b>	<b>\$2,334,978,100</b>	<b>100%</b>

<sup>1/</sup> May not add to subtotal and total due to rounding.

This includes \$546,646,300, or 23.4%, for instruction and \$424,778,100, or 18.2%, for institutional support.

Expenditures for auxiliary enterprises, including revenue-generating retail and business services such as parking lots, bookstores, and food service, are \$98,398,000 or 4.2% of the total. Plant Fund expenditures, which generally include capital costs, are \$289,080,300, or 12.4% of the total. The remaining \$62,357,700, or 2.7%, is for debt service.

**Community College Expenditure Limitations**

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

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

As part of the annual budget submission process, the community college districts calculate their expenditures for the current year. These figures are then audited by the Auditor General after the end of each fiscal year. *Table 8* includes the FY 2025 expenditure limits and the estimated expenditures reported by the districts. Of the 12 districts, 9 currently estimate that they will be at the

limit in FY 2025. Santa Cruz Community College district is reporting estimated expenditures that exceed the expenditure limit by \$2,900.

**Table 8****Community College Expenditure Limits – FY 2025**

<b>District</b>	<b>Expenditure Limit</b>	<b>Estimated Expenditures</b>
Cochise	\$73,173,322	\$55,300,562
Coconino	\$16,741,573	\$16,741,573
Gila*	\$4,831,807	\$4,831,807
Graham	\$32,181,287	\$32,181,287
Maricopa	\$466,516,664	\$466,516,664
Mohave	\$26,429,139	\$26,429,139
Navajo	\$15,282,620	\$15,282,620
Pima	\$137,938,978	\$137,938,978
Pinal	\$47,302,104	\$47,302,104
Santa Cruz*	\$3,266,362	\$3,269,239
Yavapai	\$53,180,239	\$53,180,239
Yuma/La Paz	\$62,690,700	\$58,078,224

\* Indicates provisional community college district

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

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

Laws 2023, Chapter 184 modified the penalties for community college district expenditure limit exceedances for FY 2024 and FY 2025. This session law stipulates that a community college district that exceeds its expenditure limitation without authorization will have the following amount of operating state aid withheld, based on the percentage of the excess expenditure:

- If the excess expenditures are less than 5% of the limitation, the amount withheld is \$5,000.
- If the excess expenditures are between 5 and 10% of the limitation, the amount withheld is \$15,000.
- If the excess expenditures are between 10 and 12% of the limit, the amount withheld is \$20,000.

- If the excess expenditures are equal to or greater than 12% of the limitation, the amount withheld is equal to 5 times the excess expenditures or one-third of the district's allocation of state aid, whichever is less. For provisional districts, the maximum amount withheld cannot exceed 1% of the district budget.

Additionally, Maricopa County Proposition 486 was approved by voters in the November 2024 election, permanently adjusting the community college district's FY 1980 base expenditure limit upward by \$52,841,800. Maricopa Community College district estimates that this adjustment will increase the FY 2026 expenditure limit to \$902,317,300.