

Arizona Community Colleges

	FY 2025 ACTUAL	FY 2026 ESTIMATE	FY 2027 BASELINE
Equalization Aid			
Equalization Aid - Cochise	10,575,800	11,812,600	12,715,600
Equalization Aid - Graham	21,132,400	22,496,500	24,422,600
Equalization Aid - Navajo	12,016,200	12,885,200	13,698,200
Equalization Aid - Yuma/La Paz	896,400	1,786,400	2,019,800
<i>Subtotal – Equalization Aid</i>	44,620,800	48,980,700	52,856,200
Operating Aid			
Operating Aid - Cochise	4,000,800	3,818,600	3,708,100
Operating Aid - Coconino	1,392,500	1,426,500	1,404,400
Operating Aid - Gila	149,700	158,700	147,100
Operating Aid - Graham	1,758,900	1,808,100	1,872,900
Operating Aid - Mohave	961,500	1,056,600	1,226,800
Operating Aid - Navajo	1,375,600	1,430,400	1,564,900
Operating Aid - Pinal	1,032,900	1,082,900	1,261,800
Operating Aid - Santa Cruz	54,600	45,100	51,300
Operating Aid - Yavapai	371,300	555,900	683,900
Operating Aid - Yuma/La Paz	2,262,400	2,402,000	2,562,200
<i>Subtotal – Operating Aid</i>	13,360,200	13,784,800	14,483,400
STEM Aid			
STEM Aid - Cochise	833,400	1,021,100	976,000
STEM Aid - Coconino	300,700	314,300	305,200
STEM Aid - Gila	88,100	91,700	86,900
STEM Aid - Graham	446,300	465,900	492,300
STEM Aid - Maricopa	8,073,700	8,441,600	8,818,600
STEM Aid - Mohave	392,600	430,500	500,000
STEM Aid - Navajo	273,600	295,500	350,400
STEM Aid - Pima	1,768,900	1,855,600	1,973,000
STEM Aid - Pinal	634,800	654,800	727,900
STEM Aid - Santa Cruz	41,800	38,000	40,500
STEM Aid - Yavapai	636,600	710,200	762,500
STEM Aid - Yuma/La Paz	778,200	820,600	870,400
<i>Subtotal – STEM Aid</i>	14,268,700	15,139,800	15,903,700
Rural Aid			
Rural Aid - Cochise	2,999,100	2,703,600	2,451,300
Rural Aid - Coconino	892,800	901,800	838,100
Rural Aid - Gila	258,000	252,800	226,600
Rural Aid - Graham	1,239,300	1,244,500	1,241,300
Rural Aid - Mohave	1,149,000	1,202,500	1,313,400
Rural Aid - Navajo	815,000	852,600	944,700
Rural Aid - Pinal	1,794,100	1,807,400	1,884,700
Rural Aid - Santa Cruz	113,800	99,900	100,800
Rural Aid - Yavapai	1,833,600	1,955,300	1,988,600
Rural Aid - Yuma/La Paz	2,905,300	2,979,600	3,010,500
<i>Subtotal – Rural Aid</i>	14,000,000	14,000,000	14,000,000
Additional Rural Aid			
Rural County Allocation	6,109,000	6,989,000	6,989,000 ^{1/}
Rural County Reimbursement Subsidy	1,082,900	1,082,900	1,082,900 ^{2/}
<i>Subtotal – Additional Rural Aid</i>	7,191,900	8,071,900	8,071,900
Tribal Aid			
Tribal Community Colleges	1,474,700	1,474,700	1,474,700 ^{3/}
Dine College Remedial Education	1,000,000	1,000,000	1,000,000 ^{4/}
<i>Subtotal – Tribal Aid</i>	2,474,700	2,474,700	2,474,700
Other Aid			
Additional Gila Workforce Development Aid	200,000	200,000	200,000

	FY 2025 ACTUAL	FY 2026 ESTIMATE	FY 2027 BASELINE
Eastern Arizona College Expenses	0	1,000,000	0
Maricopa Wrestling Scholarships	0	250,000	0
<i>Subtotal – Other Aid</i>	200,000	1,450,000	200,000
AGENCY TOTAL	96,116,300	103,901,900	107,989,900 ^{5/}

FUND SOURCES

General Fund	96,116,300	103,901,900	107,989,900
SUBTOTAL - Appropriated Funds	96,116,300	103,901,900	107,989,900
Other Non-Appropriated Funds	93,145,200	92,291,000	92,291,000
TOTAL - ALL SOURCES	189,261,500	196,192,900	200,280,900

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 2027, 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, 2027, 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 2026-2027 academic year. (General Appropriations Act footnote)
- 5/ General Appropriations Act funds are appropriated as District-by-District Special Line Items.

Equalization Aid

The Baseline includes \$52,856,200 from the General Fund in FY 2027 for Equalization Aid. Adjustments are as follows:

Property Value Changes

The Baseline includes an increase of \$3,875,500 from the General Fund in FY 2027 to reflect increased formula costs for funding Equalization Aid due to assessed valuation changes. Detail of specific district changes is shown in *Table 1*.

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

Table 1

FY 2027 Equalization Funding Changes

<u>District</u>	<u>FY 2026</u>	<u>Year-over- Year Change</u>	<u>FY 2027</u>
Cochise	\$11,812,600	\$903,000	12,715,600
Graham	22,496,500	1,926,100	24,422,600
Navajo	12,885,200	813,000	13,698,200
Yuma/La Paz	1,786,400	233,400	2,019,800
Total	\$48,980,700	\$3,875,500	\$52,856,200

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 5.9% higher in FY

Table 2

**Equalization Growth Factor
for Tax Years (TY) 2024-2025**

	TY 2024	TY 2025	TY 2024- 2025
District	Primary AV	Primary AV	% Growth
Cochise*	\$ 1,114,080,000	1,163,982,700	4.5 %
Graham*	334,238,400	309,454,800	(7.4)%
Navajo*	1,035,790,900	1,092,262,900	5.5 %
Yuma/La Paz*	1,845,925,300	1,944,700,100	5.4 %
Coconino	2,298,821,800	2,429,299,500	5.7 %
Mohave	2,569,180,300	2,720,367,700	5.9 %
Pinal	3,772,917,900	4,073,510,900	8.0 %
Yavapai	3,806,627,200	4,026,883,900	5.8 %
Total	\$16,777,581,800	\$17,760,462,500	5.9 %
Minimum AV	\$1,976,317,100	\$2,092,129,300	5.9 %

* These districts qualify to receive Equalization Aid under the state funding formula in FY 2027 since they fall below the minimum assessed value threshold of \$2.09 billion.

2025 than in the preceding year. Therefore, for the FY 2027 Equalization Aid formula calculation, the minimum assessed valuation increased 5.9% to approximately \$2.09 billion. (See Table 2 for the calculation of the growth rate.)

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 (\$2.09 billion in FY 2027), 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 Baseline includes \$14,483,400 from the General Fund in FY 2027 for Operating State Aid. Adjustments are as follows:

Enrollment Changes

The Baseline includes an increase of \$698,600 from the General Fund in FY 2027 to fund the statutory formula for Operating State Aid.

This amount funds statutory formula costs for a 1,441, or 5.7%, increase in Full Time Student Equivalent (FTSE) students in rural community colleges (see Table 3). The 1,441 net FTSE increase consists of a 1,276 FTSE increase in non-dual enrollment students and a 165 FTSE increase in dual enrollment students. A.R.S. § 15-1466.01 requires

Table 3

Community College Enrollment

	FY 2024 FTSE	FY 2025 FTSE	Percentage Change
Rural Districts			
Cochise	4,899	4,694	(4.2)%
Coconino	1,634	1,605	(1.8)%
Gila	458	434	(5.2)%
Graham	2,255	2,377	5.4 %
Mohave	2,179	2,515	15.4 %
Navajo	1,545	1,809	17.1 %
Pinal	3,275	3,609	10.2 %
Santa Cruz	181	193	6.6 %
Yavapai	3,543	3,808	7.5 %
Yuma/La Paz	5,399	5,765	6.8 %
Subtotal	25,368	26,809	5.7 %
Urban Districts			
Maricopa	56,294	58,705	4.3 %
Pima	12,147	12,958	6.7 %
Total	93,809	98,472	5.0 %

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 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 2027, the last actual FTSE data was from FY 2025.)

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 Baseline includes \$15,903,700 from the General Fund in FY 2027 for Science, Technology, Engineering and Mathematics (STEM) and Workforce Programs State Aid. Adjustments are as follows:

Enrollment Changes

The Baseline includes an increase of \$763,900 from the General Fund in FY 2027 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 2025.

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 2027 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 Baseline includes \$14,000,000 from the General Fund in FY 2027 for Rural Aid. This amount is unchanged from FY 2026.

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 2027 allocations are based on FY 2025 enrollment counts.

Additional Rural Aid

Rural County Allocation

The Baseline includes \$6,989,000 from the General Fund in FY 2026 for Rural County Allocation. This amount is unchanged From FY 2026.

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 2026, 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 Baseline includes \$1,082,900 from the General Fund in FY 2027 for Rural County Reimbursement Subsidy. This amount is unchanged from FY 2026.

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 Baseline 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 Baseline includes \$1,474,700 from the General Fund in FY 2026 for Tribal Community Colleges. This amount is unchanged from FY 2026.

The FY 2026 budget assumed tribal community colleges would receive \$1,441,100 from the General Fund in FY 2025 and FY 2026 based on FY 2024 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 \$517,400 would be distributed to Tohono O'odham Community College.

Based on FY 2025 actual distributions, the Baseline adjusts the assumption upward to \$1,474,700 in FY 2026 and FY 2027. This includes a distribution of \$984,100 to the Navajo Nation, comprised of \$656,100 for Diné College and \$328,000 for Navajo Technical College. The Baseline also assumes \$490,600 will be distributed to Tohono O'odham Community College.

As described below, each of these amounts will depend on actual FY 2027 TPT revenue collections and the FY 2027 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 2027 will depend on FY 2027 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 Baseline includes \$1,000,000 from the General Fund in FY 2027 for Diné College Remedial Education. This amount is unchanged from FY 2026.

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 2026-2027 academic year to the JLBC, Governor's office, and legislative leaders on or before October 15, 2027.

Other Aid

Additional Gila Workforce Development Aid

The Baseline includes \$200,000 from the General Fund in FY 2027 for Additional Gila Workforce Development Aid. This amount is unchanged from FY 2026.

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 Baseline includes no funding in FY 2027 for Eastern Arizona College (Graham County) expenses. Adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(1,000,000) from the General Fund in FY 2027 to remove one-time funding for expenses at Eastern Arizona College in Graham County.

Maricopa Wrestling Scholarships

The Baseline includes no funding in FY 2027 for Maricopa Wrestling Scholarships. Adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(250,000) from the General Fund in FY 2027 to remove one-time funding for Maricopa County Community College District wrestling scholarships.

Other Issues

Statutory Changes

The Baseline would:

- 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 2027 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 2027 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 \$4,492,300 in FY 2028 above FY 2027 and increase by \$4,799,200 in FY 2029 above FY 2028. These estimates are based on:

- Flat enrollment growth (no change in costs for Operating State Aid or STEM and Workforce Programs State Aid for FY 2028 and FY 2029).
- An increase of \$4,492,300 for Equalization Aid in FY 2028 above FY 2027 and \$4,799,200 in FY 2029 above FY 2028. These estimates assume total Net Assessed Value (NAV) growth of 6.4% in FY 2027 and 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 3.7% of their revenues (excluding bond proceeds) from state aid.

For FY 2026, base operating revenues from all sources are estimated to be \$2,094,986,900. (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

Table 4

Total Estimated Community College Revenues – FY 2026 ^{1/}

District	State Aid ^{2/}	Tuition/Fees	Property Taxes	Grants	Other ^{3/}	FY 2026 Total ^{4/}	FY 2025 Total ^{5/}	% Change from FY 2025
Cochise	\$18,334,800	\$10,299,100	\$28,424,500	\$15,159,500	3,402,200	\$75,620,100	82,138,200	(7.9)%
Coconino	2,328,300	7,159,700	16,303,000	9,324,300	1,706,800	36,822,100	38,015,700	(3.1)%
Gila ^{6/}	411,500	-	-	-	-	411,500	1,862,400	(77.9)%
Graham	25,549,100	8,927,000	8,505,200	14,451,500	5,370,700	62,803,500	67,236,200	(6.6)%
Maricopa	-	230,494,900	657,525,100	245,652,900	56,398,300	1,190,071,200	1,148,488,900	(3.6)%
Mohave	2,259,100	11,177,500	29,270,100	20,246,100	1,839,500	64,792,300	64,016,900	1.2%
Navajo	15,168,200	4,100,000	19,127,700	7,140,000	7,131,200	52,667,100	64,132,200	(17.9)%
Pima	-	45,819,000	143,780,400	79,509,000	12,274,600	281,383,000	271,907,000	3.5%
Pinal	2,890,300	8,636,000	71,738,600	20,474,600	6,163,000	109,902,500	108,751,200	1.1%
Santa Cruz ^{6/}	145,000	-	1,853,500	323,600	-	2,322,100	2,414,800	(3.8)%
Yavapai	2,511,200	15,042,100	58,240,800	16,758,100	11,028,000	103,580,200	124,104,400	(16.5)%
Yuma/La Paz	7,168,000	17,253,600	43,767,400	39,187,300	7,235,000	114,611,300	117,467,000	(2.4)%
Total	\$76,765,500	\$358,908,900	\$1,078,536,300	\$468,226,900	\$112,549,300	\$2,094,986,900	\$2,090,534,900	0.2%

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

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

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

^{4/} Total revenues do not include bond proceeds or district fund balances. Including these amounts, total revenues are estimated to be \$2,388,850,200 for FY 2026.

^{5/} Total revenues do not include bond proceeds or district fund balances. Including these amounts, total revenues are \$2,158,418,000 for FY 2025.

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

property values. Each community college district determines its primary and secondary property tax rates. (See *Table 5* for a summary of TY 2025 property tax rates.) Under A.R.S. § 42-17051, community colleges are allowed to collect 2% more in property tax revenues annually, not

Table 5

Community College Tax Rates – TY 2025

<u>District</u>	<u>Primary Rate</u>	<u>Secondary Rate</u>	<u>Combined Rate</u>	<u>% Change Combined Rate from TY 2024</u>
Cochise	\$2.44	\$0.00	\$2.44	(0.1)%
Coconino	0.67	0.00	0.67	(2.3)%
Gila	0.00	0.00	0.00	(100.0)%
Graham	2.78	0.00	2.78	13.1%
Maricopa	1.06	0.02	1.08	(2.0)%
Mohave	1.08	0.00	1.08	(3.3)%
Navajo	1.75	0.00	1.75	(1.1)%
Pima	1.22	0.00	1.22	(2.8)%
Pinal	1.65	0.12	1.76	(2.9)%
Santa Cruz	0.40	0.00	0.40	(1.1)%
Yavapai	1.45	0.00	1.45	(3.3)%
Yuma/La Paz	1.99	0.26	2.25	(3.5)%

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 17.1% of total revenues. Tuition and fees are assessed on a per credit hour basis. FY 2026 weighted average tuition (weighted for each district's proportion of the statewide FTSE count) is \$2,918 if a full-time student attends for 30 hours a year. The FY 2026 amount represents an increase of 0.6% from FY 2025. (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 27.7% 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 2026 community college expenditures. In FY 2026, total budgeted expenditures are \$2,379,890,700. As mentioned previously, base operating revenues for FY 2026 are \$2,094,986,900,

Table 6

Community College Resident Tuition and Fees – FY 2026

<u>District</u>	<u>Average Cost Per Credit Hour</u>	<u>Annual Cost ^{1/}</u>	<u>% Change from FY 2025</u>
Cochise	96	2,880	1.1%
Coconino	149	4,470	5.2%
Gila	98	2,940	0.0%
Graham	98	2,940	0.0%
Maricopa	97	2,910	0.0%
Mohave	95	2,850	4.4%
Navajo	94	2,820	3.3%
Pima	101	3,030	0.5%
Pinal	75	2,250	0.0%
Santa Cruz	50	1,500	(0.5)%
Yavapai	90	2,700	4.2%
Yuma/La Paz	100	3,000	3.1%
Weighted Average	\$97	\$2,918	0.6%

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

however, this figure does not include allocated fund balances or bond proceeds. Including these amounts, total available revenues are \$2,388,850,200. Of the total \$2,379,890,700 in budgeted expenditures, \$1,903,157,200, or 80.0%, of these expenditures are from the community colleges' General and Restricted Funds. This includes \$560,189,700, or 23.5%, for instruction and \$438,322,100, or 18.4%, for institutional support.

Expenditures for auxiliary enterprises, including revenue-generating retail and business services such as parking lots, bookstores, and food service, are \$98,437,900 or 4.1% of the total. Plant Fund expenditures, which generally include capital costs, are \$315,894,600, or

Table 7

Community Colleges - FY 2026 Budgeted Expenditures

<u>General/Restricted Funds</u>	<u>Total</u>	<u>% of Total</u>
Instruction	560,189,700	23.5%
Public Service	26,024,400	1.1%
Academic Support	187,690,500	7.9%
Student Services	218,244,800	9.2%
Institutional Support	438,322,100	18.4%
Operation & Maintenance	145,724,600	6.1%
Scholarships & Grants	255,699,800	10.7%
Auxiliary Enterprises	25,000	0.0%
Contingency	71,236,400	3.0%
Subtotal ^{1/}	\$1,903,157,300	80.0%
Auxiliary Enterprises Fund	98,437,900	4.1%
Plant Fund	315,894,600	13.3%
Debt Service	62,401,000	2.6%
Total ^{1/}	\$2,379,890,800	100%

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

13.3% of the total. The remaining \$62,401,000, or 2.6%, 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 2026 expenditure limits and the estimated expenditures reported by the districts. Of the 12 districts, 7 currently estimate that they will be at the limit in FY 2025. Mohave Community College district is reporting estimated expenditures that exceed the expenditure limit by \$5,800.

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

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

Table 8

Community College Expenditure Limits – FY 2026

District	Expenditure Limit	Estimated Expenditures
Cochise	\$70,987,479	\$59,568,583
Coconino	\$16,823,100	\$16,823,100
Gila*	\$4,560,527	\$0
Graham	\$65,511,398	\$65,511,398
Maricopa	\$948,603,685	\$948,603,685
Mohave	\$28,552,272	\$28,558,052
Navajo	\$15,982,010	\$15,982,010
Pima	\$145,506,429	\$145,506,428
Pinal	\$48,226,773	\$48,226,772
Santa Cruz*	\$3,267,555	\$3,193,248
Yavapai	\$60,012,291	\$60,012,291
Yuma/La Paz	\$73,737,948	\$58,599,000

* Indicates provisional community college district

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 Estimate
Smart and Safe Arizona Fund (varies by account/A.R.S. § 36-2856)		Non-Appropriated
Source of Revenue: The fund receives revenues from a 16.0% excise tax on the sale of recreational marijuana products and license and registration fees.		
Purpose of Fund: To pay costs incurred by state agencies to implement the provisions of Proposition 207, which legalized the adult use of recreational marijuana. After agencies pay administrative costs, the remaining funds are distributed 33.0% to community college districts, 31.4% to municipal police and fire departments, 25.4% to the Highway User Revenue Fund, 10.0% to the Justice Reinvestment Fund, and 0.2% to the Attorney General.		
Funds Expended	56,727,500	54,398,900
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2025 Actual	FY 2026 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	1,373,500	1,480,100
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	35,044,200	36,412,000
Year-End Fund Balance	0	0