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# **Community College Expenditure Limits**

**House Appropriations Subcommittee on  
Budgetary Funding Formulas**

**January 26, 2023**



# Community College Expenditure Limits

## - Overview

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- Constitutional expenditure limit for local revenues received by community college districts
- Based on FY 1980 expenditures and adjusted each year for changes in student population and inflation
- Excludes auxiliary, commercial activities, research/development, tribal government contracts, grants, and donations
- Districts need voter approval to adjust expenditure limits

# Community College Expenditure Limits

## - State Aid is Withheld if District Spending Exceeds the Limit

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- If excess expenditures are less than 5%:
  - Amount withheld is equal to the excess expenditures
- If excess expenditures are between 5% and 10%, or less than 5% and it's the district's second consecutive failure:
  - Amount withheld is 3 times the excess expenditures
- If excess expenditures are greater than 10%:
  - Amount withheld is 5 times the excess expenditures or one-third of the district's state aid monies, whichever is less.

# Community College Expenditure Limits

- Penalties Reduced for FY 2023 (Laws 2022, Chapter 367)

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- If excess expenditures are less than 5%:
  - Amount withheld is \$5,000
- If excess expenditures are between 5% and 10%:
  - Amount withheld is \$15,000
- If excess expenditures are between 10% and 12%:
  - Amount withheld is \$20,000
- If excess expenditures are 12% or more:
  - Amount withheld is 5 times the excess expenditures or one-third of the district's state aid monies, whichever is less.

# 5-Year History of Community College Expenditure Limits

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Cochise	59.6	63.2	68.8	67.6	69.2
Coconino	<b>16.5</b>	<b>16.8</b>	<b>16.8</b>	16.9	<b>16.7</b>
Gila	5.4	<b>5.1</b>	5.1	<b>5.2</b>	5.2
Graham	36.1	37.9	37.6	36.0	34.5
Maricopa	<b>464.1</b>	<b>470.1</b>	<b>472.4</b>	<b>472.7</b>	<b>470.7</b>
Mohave	<b>25.0</b>	<b>24.8</b>	<b>24.4</b>	<b>25.6</b>	<b>25.0</b>
Navajo	14.3	<b>14.7</b>	15.3	<b>15.5</b>	<b>15.3</b>
Pima	<b>101.2</b>	<b>101.4</b>	<b>87.1</b>	<b>138.8</b>	<b>137.2</b>
Pinal	<b>41.6</b>	<b>42.6</b>	<b>37.6</b>	<b>37.4</b>	<b>36.8</b>
Santa Cruz	2.1	1.8	1.6	<b>1.4</b>	<b>1.2</b>
Yavapai	45.1	46.4	<b>49.1</b>	48.0	48.4
Yuma/La Paz	55.2	54.5	55.3	55.9	55.7

**Bold** indicates districts with expenditures at the limit in each year