

FINAL REPORT

TO

ARIZONA COMMUNITY COLLEGE PRESIDENTS'
COUNCIL

FROM

AD HOC STUDY COMMITTEE ON COMMUNITY COLLEGE
FUNDING

Gherald L. Hoopes, Jr., Chair
President, Eastern Arizona College

James R. Carruthers, President, Arizona Western College
Arthur W. DeCabooter, President, Scottsdale Community College
Jeff Hockaday, Chancellor, Pima Community College
Wayne M. McGrath, Executive Director, State Board for Community Colleges
Linda B. Rosenthal, Governing Board Member, Maricopa County Community College District
Donna J. Schober, Executive Director, Arizona Community College Association
Sandra S. Voelker, Chair, Yavapai County Community College District Board

November 14, 1991

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ENDORSEMENTS

The entities listed have endorsed this Final Report of the Ad Hoc Study Committee on Community College Funding of the Arizona Community College Presidents' Council through adoption of the resolution below.

RESOLUTION
ENDORISING THE FINAL REPORT
OF THE
AD HOC STUDY COMMITTEE ON COMMUNITY COLLEGE FUNDING
SUBMITTED TO
THE ARIZONA COMMUNITY COLLEGE PRESIDENTS' COUNCIL
NOVEMBER 14, 1991

WHEREAS, in June of 1991 the Arizona Community College Presidents' Council established the Ad Hoc Study Committee on Community College Funding (Ad Hoc Committee) composed of presidents, a chancellor, governing board members and state-wide representatives of the community college system; and

WHEREAS, the charge to the Ad Hoc Committee was "to analyze the current community college funding structure and develop a funding structure that best meets the needs of the ten community college districts"; and

WHEREAS, a goal of the Ad Hoc Committee was to present its Final Report and Recommendations to the Joint Legislative Committee on Community College Finance established by law in 1991 to aid the Joint Legislative Committee in its responsibility to study the current revenue and expenditure structure of the community college system; and

WHEREAS, after much research, analysis and debate the Ad Hoc Committee has recommended that the community college funding structure be revised in a number of ways, including establishing a "base plus" maintenance and operating state aid formula; calling for full funding of the current capital outlay aid formula; revising the equalization aid funding formula; providing authority for flexible use of capital outlay aid for operating purposes and operating state aid for capital outlay purposes; and providing for no change in the use of projected enrollment for setting the expenditure limitations of the districts;

NOW, THEREFORE, BE IT RESOLVED by the members of the _____ that they endorse the Final Report and Recommendations of the Ad Hoc Study Committee on Community College Funding and pledge to work toward the adoption of the recommendations through the state legislative process.

INTRODUCTION

The Ad Hoc Study Committee on Community College Funding (Ad Hoc Committee) of the Arizona Community College Presidents' Council (ACCPC) was given the charge "to analyze the current community college funding structure and develop a funding structure that best meets the needs of the ten community college districts."

This new funding structure was to be reviewed and endorsed by the Arizona Community College Presidents' Council, the individual District Governing Boards, the Arizona Association of District Governing Boards, and the State Board of Directors for Community Colleges of Arizona. This proposal would then be presented to the Joint Legislative Committee on Community College Finance established by Chapter 288, Laws of 1991 (S.B. 1318) which was charged with reviewing the current revenue and expenditure structure of the community colleges.

The Ad Hoc Committee has met seven times since its appointment and held one teleconference (June 13, June 26, July 11, July 23, July 30, September 12, October 25 meetings and a November 12 teleconference). In addition, much research and analysis were conducted during many hours of preparation for the meetings. The Arizona Community College Presidents' Council met four times, on August 15, September 26, October 25, and November 14, to discuss the proposed recommendations of the Ad Hoc Committee.

The recommendations contained herein were adopted by the ACCPC on November 14 and they have been endorsed by the entities listed on page 3. This Final Report is for presentation to the Joint Legislative Committee on Community College Finance.

BACKGROUND

The Arizona Community College System was established by the State Legislature in 1960. At that point the Community Colleges were to be funded by an equal amount of state aid and local taxes. As the Community College System grew, the State's intention to fund 50% of the operating costs of the colleges was not sustained. Student tuition became a third component of the funding of the colleges when it was instituted in the early 1980's largely due to the passage of Proposition 106 (levy and expenditure limits). In 1985, a revised funding system was established by the Legislature; the State's commitment to operate the colleges became 33% of the cost of the colleges. Local taxpayers, students and other sources of funding were to pay the remaining costs. This commitment has fallen to tight economic times. In the current year, the State contributed about 21% of the funding to operate the colleges. As a result, local taxpayers now pay the largest share of the costs of operating the community colleges.

As State resources began to diminish, the Community College System was evolving from a typical "Junior College" System (i.e., one providing the first two years of a baccalaureate education) into the Community College System of today, a system that has a far-reaching mission that includes much more than preparing students to transfer to a four-year college or university to obtain a baccalaureate degree. The System was experiencing explosive growth just as the State itself was growing.

Arizona's Community College System is one of the largest in the nation in terms of enrollment, ranking seventh among the twenty largest community college systems. More than 154,800 students were enrolled each semester throughout the State in fiscal year 1990-91. Even by conservative estimates the number of students enrolling in the Community Colleges will continue to grow. From fiscal year 1987-88 through fiscal year 1990-91, full-time student equivalent (FTSE) grew by 30%. Community College classes are held where the people are, answering the

diverse and immediate needs of local communities throughout the State. For citizens across Arizona of various ages and aspirations, they are the great equalizers of opportunity for higher education: accessible, flexible, cost-effective and responsive. Arizona's Community Colleges are an integral part of post-secondary education and economic development throughout the State. The System enjoys strong support and an excellent reputation for quality teaching and learning both inside and outside the State.

The Ad Hoc Committee examined the valuation base and tax rate of each district. It became apparent that an equity problem exists among the districts. Some districts have a low valuation base and are unable to raise sufficient revenue to support a community college. Even the districts that at one time enjoyed rapid valuation increases are experiencing slow growth in assessed valuation which means that the ability of local taxpayers to pay for the costs of a community college district is diminished. Some districts are currently saddled with very high primary tax rates - up to \$1.74 per \$100 of assessed valuation.

The Ad Hoc Committee believes that one way to address the tax rate/assessed valuation inequity among the districts is by expanding equalization aid to help remedy the inequity. The proposal for changing the equalization aid formula will provide aid to additional districts by revising the amount of primary assessed valuation necessary to qualify for equalization aid. At the same time, the 7% annual growth rate for primary assessed valuation will be eliminated; the primary assessed valuation base will increase by the percentage change in total primary assessed valuation of the rural community college districts using the actual primary assessed valuation numbers of the rural districts from the prior two years. This will enable a few more districts to maintain their quality educational programs and services.

At the same time, there is concern about equity for the urban districts. Both the Maricopa and Pima Districts have enjoyed healthy growth, yet the fact that state funding has diminished over the years means that they are being paid a much smaller amount per FTSE and their share of state operating aid as a percentage of their total budget is much smaller. The proposal for revising maintenance and operating (M&O) state aid is an attempt to preserve the "base" amount of operating aid provided to each district while allowing for inflationary adjustment, and ensuring that enrollment growth is recognized and funded.

Additional funding will be a necessity for the community colleges to maintain their quality of teaching and learning and, at the same time, provide for the increased enrollment and the local citizens' demands placed on these educational institutions. Arizona's Community Colleges - the colleges of the people - are very vulnerable. They have seen State financial support erode dramatically even as enrollment growth and educational demands have increased significantly. The enrollment growth requires more faculty and staff to teach and advise and otherwise provide for the needs of students. The educational demands include providing for the job training and re-training needs of the workers and employers of today and tomorrow so we remain competitive in the nation and the rapidly-changing world. Local taxpayers are reaching the limits imposed by the State Constitution on raising local revenues. Students are annually required to pay more for their education - to such an extent that we may soon be charging more than those who most need the educational services can afford to pay. The tuition treadmill seems to be without an end as other resources decrease.

These were the realities faced by the Ad Hoc Committee and these are the realities and challenges to be faced by the Joint Legislative Committee on Community College Finance.

After much deliberation the Ad Hoc Committee developed the Assumptions and Recommendations included in this document. The Assumptions of the Ad Hoc Committee, which represent the conclusions and concerns of the representatives of the entire System at the outset, could be met only by developing a comprehensive package. The Ad Hoc Committee also believes that it will be

important to evaluate this new funding structure on a regular basis to determine whether it is working as we believe it should.

The Arizona Legislature has an opportunity now to move the State's Community College System a quantum leap ahead in its ability to meet the educational needs of the citizens of this State in the 21st century.

ASSUMPTIONS OF THE AD HOC COMMITTEE

The Ad Hoc Committee's recommendations were based on the following assumptions agreed upon by the members at the outset:

- ** The Ad Hoc Committee's recommendations should serve as the foundation for work by the Joint Legislative Committee on Community College Finance.
- ** The funding structure should be acceptable to all districts and should not negatively impact any of the districts.
- ** The funding structure could have short-term and long-term implications.
- ** The funding structure should provide consistent, predictable and stable state funding.
- ** The current governance structure of the community college system should be retained (i.e., "shared governance" between the State Board and local district governing boards).
- ** Funding solutions should be possible to implement under current constitutional constraints so a vote of the people would not be required immediately to implement the recommendations.
- ** The funding structure should distribute dollars equitably in good economic times and bad economic times.
- ** The funding structure should consider fairly the question of economies of scale in allocating the state funding.
- ** The funding structure should consider the varying local tax rates of the districts.
- ** The funding formula should use actual, audited FTSE numbers.
- ** State funding should reflect student enrollment growth and inflationary changes.

SUMMARY OF RECOMMENDATIONS

- Revised Maintenance and Operating (M&O) State Aid Formula.
- No Change in the Capital Outlay Aid Formula and Full Funding of the Formula.
- Revised Equalization Aid Formula.
- Flexible Use of Capital Outlay Aid for M&O Purposes and M&O State Aid for Capital Outlay Purposes.
- No Change in the Use of Projected Enrollment for Setting the Expenditure Limitations of the Districts.

RECOMMENDATIONS OF THE AD HOC COMMITTEE

** MAINTENANCE AND OPERATING (M&O) STATE AID

BASE PLUS FORMULA

For fiscal year 1992-93, the Ad Hoc Committee recommends that all M&O state aid appropriated to the ten community college districts be appropriated by line item to each district in the same proportion as the current year's (fiscal year 1991-92) appropriations for M&O state aid. See APPENDIX A on page 12 for draft statutory session law language to implement this recommendation.

For fiscal year 1993-94 and thereafter, the Ad Hoc Committee recommends that an M&O State Aid formula be established to provide for an inflation-adjusted base amount of state operating aid for each community college district in conjunction with a payment for any FTSE growth over the previous fiscal year. This could be described as a "base plus" formula and is further explained, as follows:

- The current fiscal year's (1992-93) state operating aid amount for each of the ten community college districts will serve as the district's base and will be adjusted by the GNP implicit price deflator to arrive at the base amount of state operating aid for each district for the next fiscal year (1993-94). This calculation will always occur first and will always be paid first.
- A rate per FTSE will be established which will be used to pay for annual FTSE growth. The rate per FTSE will be computed annually as the average appropriation per FTSE for all of the districts. The rate will be calculated by dividing the total M&O state aid received by the districts in the previous year by the total actual system FTSE for the previous year. The FTSE growth payment, along with the inflation-adjustment, will become the new base for each district.
- The FTSE growth payment each year will be based on the difference between the last two prior fiscal years' actual, audited FTSE (e.g., the fiscal year 1993-94 appropriation would be based on the difference between fiscal year 1990-91 actual, audited FTSE and fiscal year 1991-92 actual, audited FTSE). Adjustments will be made to accurately reflect the FTSE numbers of Yavapai and Coconino Districts when this formula is implemented. See APPENDIX B on page 13 for draft statutory session law language to implement the FTSE adjustment recommendation.

See APPENDIX C on page 14 for draft statutory language to implement the recommendation for M&O state aid noted above and APPENDIX D for worksheets showing the actual calculations. The worksheet on page 15 shows the calculations for fiscal year 1992-93 and pages 16 through 18 show projected M&O state aid funding under the "base plus" formula for fiscal years 1993-94 through 1995-96.

**** CAPITAL OUTLAY AID**

The Ad Hoc Committee recommends a) no change in the capital outlay aid formula; and b) full funding of the current capital outlay aid formula. The current capital outlay aid formula provides for funding to each district for repair and maintenance of state-owned buildings based on actual, audited FTSE from a prior year with the rate per FTSE adjusted each year by the GNP implicit price deflator.

**** EQUALIZATION AID**

The Ad Hoc Committee recommends that the concept of equalization aid be retained. However, the current statutory formula driving the equalization aid appropriation should be modified by:

- increasing the primary assessed valuation base to \$550,000,000 (from the 1992-93 base level of \$459,614,303);
- using the prior year's actual primary assessed valuation for each district rather than an estimate of the current year's primary assessed valuation for each district;
- increasing the primary assessed valuation base in succeeding years by the percentage change in total primary assessed valuation in the rural community college districts (all districts except Maricopa and Pima) using the actual numbers from the two prior years;
- applying the lesser of: a) a tax rate (rather than the current \$1.37) which would be calculated by dividing the prior year's total actual primary assessed valuation of the rural community college districts (all districts except Maricopa and Pima) by \$100 and then dividing the prior year's total actual primary tax levy of the rural community college districts by that quotient; or b) the community college district's actual tax rate.

See APPENDIX E on page 19 for draft statutory language to implement the recommendations noted above and APPENDIX F on page 21 for a worksheet showing the actual calculations.

**** FLEXIBLE USE OF CAPITAL OUTLAY STATE AID FOR M&O PURPOSES AND M&O STATE AID FOR CAPITAL OUTLAY PURPOSES**

The Ad Hoc Committee recommends retaining the right to use up to 20% of the capital outlay state aid for M&O purposes or up to that same amount of M&O State Aid for capital outlay purposes.

**** NO CHANGE IN THE USE OF PROJECTED ENROLLMENT FOR
CALCULATING THE EXPENDITURE LIMITATIONS OF THE DISTRICTS**

The Ad Hoc Committee recommends that the calculation of the annual expenditure limitations of the community college districts by the Economic Estimates Commission continue to be based on projected enrollment.

DRAFT

DRAFT SESSION LAW TO IMPLEMENT THE RECOMMENDATION ON M&O STATE AID FOR FISCAL YEAR 1992-93 OF THE AD HOC COMMITTEE OF THE ACCPC

** M&O STATE AID FOR FISCAL YEAR 1992-1993

Sec. __. Maintenance and operating state aid for community college districts for fiscal year 1992-1993

All maintenance and operating state aid appropriated to the ten community college districts for fiscal year 1992-1993 shall be appropriated to each community college district proportionately according to the percentage of maintenance and operating state aid each community college district received in fiscal year 1991-1992.

DRAFT

DRAFT SESSION LAW TO IMPLEMENT THE RECOMMENDATION ON FTSE
ADJUSTMENT OF THE AD HOC COMMITTEE OF THE ACCPC

** ADJUSTMENT OF FTSE FOR FISCAL YEAR 1990-1991 FOR YAVAPAI AND
COCONINO COMMUNITY COLLEGE DISTRICTS.

Sec. . Yavapai and Coconino county community college districts: full-time student
equivalent adjustment for fiscal year 1990-91

For fiscal year 1993-1994 when determining the amount to be paid for growth in full-time student equivalent under section 15-1466, subsection C, Arizona Revised Statutes, as added by this act, the full-time student equivalent count for the Yavapai county community college district shall be adjusted to reflect a loss of 361 for fiscal year 1990-1991, which will result in a fiscal year 1990-1991 full-time student equivalent count of 2,291. The Coconino county community college district full-time student equivalent count for fiscal year 1990-1991 shall be 361.

DRAFT

DRAFT LEGISLATION TO IMPLEMENT THE PROPOSED FUNDING FORMULA OF THE AD HOC COMMITTEE OF THE ACCPC

** M&O STATE AID

Section 1. Repeal

Section 15-1466, Arizona Revised Statutes, is repealed.

Sec. 2. Title 15, chapter 12, article 4, Arizona Revised Statutes, is amended by adding a new section 15-1466, to read:

15-1466. State Aid; Eligibility; Limitations

A. THE COST OF MAINTAINING ANY DISTRICT POSSESSING THE QUALIFICATIONS AS PRESCRIBED IN THIS CHAPTER SHALL BE PAID BY THIS STATE FOR THE FISCAL YEAR 1993-1994 AND THEREAFTER IN THE MANNER PROVIDED IN SUBSECTIONS B THROUGH E IN THIS SECTION.

B. THE AMOUNT OF STATE AID APPROPRIATED TO EACH DISTRICT IN THE FISCAL YEAR JUST PRIOR TO THE FISCAL YEAR FOR WHICH THE STATE AID IS BEING DETERMINED, SHALL BE ADJUSTED BY THE PERCENTAGE GROWTH IN THE GNP IMPLICIT PRICE DEFLATOR AS PROVIDED IN SECTION 15-901, SUBSECTION B, PARAGRAPH 2, SUBDIVISION (f), AND APPROPRIATED TO EACH DISTRICT.

C. IN ADDITION TO THE STATE AID PROVIDED IN SUBSECTION B OF THIS SECTION, EACH DISTRICT QUALIFIED UNDER THIS CHAPTER SHALL BE PAID BY THIS STATE BEGINNING IN FISCAL YEAR 1993-1994 AND THEREAFTER AN AMOUNT FOR GROWTH IN THE FULL-TIME STUDENT EQUIVALENT COUNT OF THE DISTRICT. THE AMOUNT PAID TO EACH DISTRICT SHALL BE CALCULATED BY DETERMINING THE DIFFERENCE BETWEEN THE TWO MOST RECENT FISCAL YEARS' ACTUAL FULL-TIME STUDENT EQUIVALENT COUNTS AND MULTIPLYING THAT NUMBER BY THE AMOUNT PER FULL-TIME STUDENT EQUIVALENT PROVIDED IN THIS SUBSECTION. THE AMOUNT PER FULL-TIME STUDENT EQUIVALENT TO BE PAID FOR GROWTH AS SPECIFIED IN THIS SUBSECTION SHALL BE CALCULATED BY DIVIDING THE TOTAL AMOUNT OF STATE AID RECEIVED BY THE DISTRICTS UNDER THIS SECTION IN THE MOST RECENT FISCAL YEAR BY THE PRIOR FISCAL YEAR'S ACTUAL FULL-TIME EQUIVALENT STUDENT COUNT OF ALL OF THE DISTRICTS. FUNDING FOR GROWTH APPROPRIATED IN ACCORDANCE WITH THIS SUBSECTION SHALL BE ALLOCATED EQUALLY AMONG ALL OF THE DISTRICTS ELIGIBLE TO RECEIVE FUNDING FOR GROWTH.

D. STATE AID APPROPRIATED TO THE DISTRICTS SHALL BE ALLOCATED AND PAID IN ACCORDANCE WITH SUBSECTION B OF THIS SECTION BEFORE ANY FUNDING IS ALLOCATED AND PAID IN ACCORDANCE WITH SUBSECTION C OF THIS SECTION.

E. THE TOTAL AMOUNT APPROPRIATED TO EACH DISTRICT EACH FISCAL YEAR IN ACCORDANCE WITH SUBSECTIONS B AND C OF THIS SECTION SHALL SERVE AS THE AMOUNT OF STATE AID TO BE ADJUSTED IN THE NEXT FISCAL YEAR AS REQUIRED BY SUBSECTION B OF THIS SECTION.

ARIZONA COMMUNITY COLLEGE SYSTEM
 M & O STATE AID FUNDING RECOMMENDATION
 FISCAL YEAR 1992-93
 - BASE FUNDING -

PROPOSED INCREASE TO FY 1991-92 FUNDING	
GNF/APPD ADJUSTMENT (EST. 1991)	3.5% \$2,412,100
FTSE GROWTH (FY 89-90 TO FY 90-91)	7.3% 4,999,400
TOTAL INCREASE	10.8% \$7,411,500

FY 91-92 FUNDING:	Cochise	Cocconino	Graham	Maricopa	Mohave	Navajo	Pima	Pinal	Yavapai	Yuma	SYSTEM TOTAL
	\$1,357,900 6.3%	\$1,000,900 1.5%	\$3,695,800 5.4%	\$29,736,300 43.1%	\$2,538,300 3.7%	\$3,262,400 4.7%	\$12,881,600 18.7%	\$4,458,300 6.5%	\$3,400,900 4.9%	\$3,585,000 5.2%	

FY 92-93 FUNDING:	PRIOR YEAR APPROX.										
	\$1,357,900	\$1,000,900	\$3,695,800	\$29,736,300	\$2,538,300	\$3,262,400	\$12,881,600	\$4,458,300	\$3,400,900	\$3,585,000	\$68,917,400
ALLOCATED INC. (A) BASE FUNDING: % OF TOTAL	468,700	107,600	397,500	3,197,900	273,000	350,800	1,385,300	479,500	365,700	385,500	7,411,500
	\$1,826,600 6.3%	\$1,108,500 1.5%	\$4,093,300 5.4%	\$32,934,200 43.1%	\$2,811,300 3.7%	\$3,613,200 4.7%	\$14,266,900 18.7%	\$4,937,800 6.5%	\$3,766,600 4.9%	\$3,970,500 5.2%	\$76,328,900 100.0%

(A): The total proposed increase in funding for FY 1992-93 has been allocated to each district in the same proportion as total funding was allocated to each district in FY 1991-92.

ARIZONA COMMUNITY COLLEGE SYSTEM
M & O STATE AID FUNDING RECOMMENDATION
FISCAL YEAR 1994-95 (PROJECTED)
- BASE PLUS FORMULA FUNDING -

GNP/IPD AND FTSE GROWTH ASSUMPTIONS	
GNP/IPD ADJUSTMENT	3.5%
PROJECTED FTSE GROWTH:	
MARICOPA DISTRICT	5.0%
PIMA DISTRICT	5.0%
ALL OTHERS (Average)	5.0%
AVERAGE FTSE GROWTH	5.0%

	Cochise	Coconino	Graham	Maricopa	Mohave	Navajo	Pima	Pinal	Yavapai	Yuma	SYSTEM TOTAL
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FTSE	Cochise	Coconino	Graham	Maricopa	Mohave	Navajo	Pima	Pinal	Yavapai	Yuma	SYSTEM TOTAL
FY91-92 (Proj. Actual)	3,185	1,000	2,553	46,410	1,810	2,311	15,700	3,257	2,406	2,475	81,106
FY92-93 (Proj. Actual)	3,311	1,050	2,680	48,731	1,901	2,427	16,485	3,420	2,526	2,599	85,161

FY 94-95 FUNDING	Cochise	Coconino	Graham	Maricopa	Mohave	Navajo	Pima	Pinal	Yavapai	Yuma	SYSTEM TOTAL
PRIOR YEAR BASE	\$5,148,400	\$1,791,700	\$4,359,200	\$37,148,900	\$2,996,600	\$3,850,700	\$15,662,400	\$5,267,000	\$4,013,900	\$4,228,400	\$84,467,200
ADJUSTMENTS:											
GNP/IPD	180,200	62,700	152,600	1,300,200	104,900	134,800	548,200	184,300	140,500	148,000	2,956,400
FTSE GROWTH	165,800	52,100	132,900	2,416,700	94,300	120,300	817,500	169,600	125,300	128,900	4,223,400
TOTAL	346,000	114,800	285,500	3,716,900	199,200	255,100	1,365,700	353,900	265,800	276,900	7,179,800
ADJUSTED BASE	\$5,494,400	\$1,906,500	\$4,644,700	\$40,865,800	\$3,195,800	\$4,105,800	\$17,028,100	\$5,620,900	\$4,279,700	\$4,505,300	\$91,647,000

RATE/FTSE FOR GROWTH \$84,467,200 + 81,106 --> \$1,041

**ARIZONA COMMUNITY COLLEGE SYSTEM
M & O STATE AID FUNDING RECOMMENDATION
FISCAL YEAR 1995-96 (PROJECTED)
- BASE PLUS FORMULA FUNDING -**

GNP/PPD AND FTSE GROWTH ASSUMPTIONS	
GNP/PPD ADJUSTMENT	3.5%
PROJECTED FTSE GROWTH:	
MARIKOPA DISTRICT	5.0%
PIMA DISTRICT	5.0%
ALL OTHERS (Average)	5.0%
AVERAGE FTSE GROWTH	5.0%

	Cochise	Coconino	Graham	Maricopa	Mohave	Navajo	Pima	Pinal	Yavapai	Yuma	SYSTEM TOTAL
FTSE											
FY92-93 (Proj. Actual)	3,341	1,050	2,680	48,731	1,901	2,427	16,485	3,420	2,526	2,599	85,161
FY93-94 (Proj. Actual)	3,511	1,103	2,814	51,167	1,996	2,548	17,309	3,591	2,652	2,729	89,419

	RATE/FTSE FOR GROWTH \$91,647,000 + 85,161 -->										\$1,076
FY 95-96 FUNDING											
PRIOR YEAR BASE	\$5,494,400	\$1,906,500	\$4,644,700	\$40,865,800	\$3,195,800	\$4,105,800	\$17,028,100	\$5,620,900	\$4,279,700	\$4,505,300	\$91,647,000
ADJUSTMENTS:											
GNP/PPD	197,000	66,700	162,600	1,430,300	111,900	143,700	596,000	196,700	149,800	157,700	3,207,700
FTSE GROWTH	179,000	56,500	144,200	2,622,100	102,300	1,306,400	887,000	184,000	135,900	139,800	4,582,300
TOTAL	372,200	123,200	306,800	4,052,400	214,200	274,300	1,483,000	380,700	285,700	297,500	7,790,000
ADJUSTED BASE	\$5,866,600	\$2,029,700	\$4,951,500	\$44,918,200	\$3,410,000	\$4,380,100	\$18,511,100	\$6,001,600	\$4,565,400	\$4,802,800	\$99,437,000

DRAFT

DRAFT LEGISLATION TO IMPLEMENT THE PROPOSED FUNDING FORMULA OF THE AD HOC COMMITTEE OF THE ACCPC

** EQUALIZATION AID

Section 1. Section 15-1402, Arizona Revised Statutes, is amended to read:

A. Community college districts may be organized under the provisions of this chapter for a single county, two or more contiguous counties or an existing community college district and contiguous counties not part of any existing community college district if the proposed district has a primary assessed valuation, based on the valuation for the preceding year, of at least two FIVE hundred fifty million dollars and a minimum population of forty thousand persons who are fifteen or more years of age, as determined by the most recent federal census.

B. Beginning with fiscal year 1984-1985 1993-1994, the minimum primary assessed valuation required to organize a community college district as provided in subsection A increases seven BY A per cent a EACH year WHICH IS THE PERCENTAGE CHANGE IN TOTAL PRIMARY ASSESSED VALUATION FOR ALL OF THE DISTRICTS WITH A POPULATION OF LESS THAN FIVE HUNDRED THOUSAND PERSONS AS DETERMINED BY THE MOST RECENT FEDERAL CENSUS USING ACTUAL PRIMARY ASSESSED VALUATION NUMBERS FROM THE PRIOR TWO YEARS.

Sec. 2. Repeal

Section 15-1468, Arizona Revised Statutes, is repealed.

Sec. 3. Title 15, chapter 12, article 4, Arizona Revised Statutes, is amended by adding a new section 15-1468, to read:

15-1468. Equalization aid for community college districts.

A. ANY DISTRICT WHICH BY VIRTUE OF SECTION 15-1402 IS A PART OF THE STATE COMMUNITY COLLEGE SYSTEM, BUT WHICH DISTRICT HAS LESS THAN THE AMOUNT OF PRIMARY ASSESSED VALUATION PRESCRIBED IN SECTION 15-1402, SHALL BE PAID BY THE STATE AN AMOUNT EQUAL TO THE FOLLOWING:

1. DETERMINE THE DIFFERENCE BETWEEN THE PRIOR YEAR'S ACTUAL PRIMARY ASSESSED VALUATION OF THE DISTRICT AND THE AMOUNT OF PRIMARY ASSESSED VALUATION PRESCRIBED IN SECTION 15-1402.

2. DETERMINE THE ACTUAL PRIOR YEAR'S PRIMARY PROPERTY TAX RATE FOR THE DISTRICT.

3. DETERMINE A TAX RATE WHICH WOULD BE CALCULATED BY DIVIDING THE PRIOR YEAR'S TOTAL ACTUAL PRIMARY ASSESSED VALUATION FOR THE DISTRICTS WITH A POPULATION OF LESS THAN FIVE HUNDRED THOUSAND PERSONS AS DETERMINED BY THE MOST RECENT FEDERAL CENSUS BY ONE HUNDRED DOLLARS AND THEN DIVIDING THE PRIOR YEAR'S TOTAL ACTUAL PRIMARY TAX LEVY OF THOSE SAME DISTRICTS BY THAT QUOTIENT.

4. MULTIPLY THE DIFFERENCE DETERMINED IN PARAGRAPH 1 OF THIS SUBSECTION BY THE LESSER OF THE TAX RATES DETERMINED IN PARAGRAPHS 2 AND 3 OF THIS SUBSECTION.

B. THE EQUALIZATION AID PROVIDED FOR IN SUBSECTION A OF THIS SECTION SHALL BE USED FOR THE SAME PURPOSES SPECIFIED IN SECTION 15-1462 AND SHALL BE APPORTIONED TO ANY QUALIFYING DISTRICT PURSUANT TO SECTION 15-1467.

NOTE:

Underscored = delete existing language
CAPITAL LETTERS = ADD NEW LANGUAGE

(NOTE: THERE WILL BE OTHER CONFORMING CHANGES THAT WILL NEED TO BE MADE IN THE STATUTES RELATING TO COMMUNITY COLLEGES IF THESE FUNDING FORMULA CHANGES ARE ADOPTED.)

EQUALIZATION AID MODEL
CALCULATION OF TAX RATES AND ASSESSED VALUATION BASE

District	ASSESSED VALUATION			PRIMARY TAX LEVY		TAX LEVY RATE	
	(A)	(B)	(C)	(D)	(E)	(F)	(E)
	Actual 91-92	Estimated 92-93	Change	Actual 91-92	Estimated 92-93	Actual 91-92	Estimated 92-93
Cochise	\$377,833,053	\$387,833,053		\$6,600,000	\$7,148,927	\$1.7468	\$1.8433
Coconino	\$609,567,677	\$644,230,738		\$2,200,000	\$2,371,413	\$0.3609	\$0.3681
Graham	\$60,547,951	\$61,000,000		\$1,001,403	\$1,029,070	\$1.6539	\$1.6870
Mohave	\$579,804,963	\$631,362,000		\$5,179,978	\$5,640,588	\$0.8934	\$0.8934
Navajo	\$506,833,382	\$496,000,000		\$4,440,871	\$4,492,768	\$0.8762	\$0.9058
Pinal	\$552,425,045	\$527,565,900		\$8,638,270	\$8,249,548	\$1.5637	\$1.5637
Yavapai	\$628,166,161	\$665,856,130		\$9,468,127	\$10,232,211	\$1.5073	\$1.5367
Yuma/La Paz	\$485,140,715	\$491,341,000		\$8,482,306	\$8,982,205	\$1.7484	\$1.8281
(1) RURAL TOTALS	\$3,800,318,947	\$3,905,188,821	\$104,869,874	\$46,010,955	\$48,146,730		

(2) PERCENTAGE CHANGE	C1/A1	2.76%
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(3) TAX RATE	D1/A1	\$1.2107	E1/B1	\$1.2329
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(4) BASE ASSESSED VALUATION	\$550,000,000
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District	FY1992-93		
	Equalized Base	Tax Rate	Equalization Aid
Cochise	\$172,166,947	1.2107	\$2,084,425
Coconino			
Graham	\$489,452,049	1.2107	\$5,925,796
Mohave			
Navajo	\$43,166,618	0.8762	\$378,226
Pinal			
Yavapai			
Yuma/La Paz	\$64,859,285	1.2107	\$785,251
			\$9,173,698

(5) BASE ASSESSED VALUATION	C2*A4	\$565,180,000
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District	FY1993-94		
	Equalized Base	Tax Rate	Equalization Aid
Cochise	\$177,346,947	1.2329	\$2,186,511
Coconino			
Graham	\$504,180,000	1.2329	\$6,216,035
Mohave			
Navajo	\$69,180,000	0.9058	\$626,632
Pinal	\$37,614,100	1.2329	\$463,744
Yavapai			
Yuma/La Paz	\$73,839,000	1.2329	\$910,361
			\$10,403,283