ATRA SPECIAL REPORT
September 2015
Action without information is dangerous. Information without action is futile.

FY 2016 Community College District Finance

STATEWIDE OVERVIEW

Note: The overview section was published in the August 2015 ATRA Newsletter. The subsequent sections provide a district by district finance update.

For the first time in at least the last 15 years, Arizona community college districts witnessed a net decrease to their General Fund (GF) budgets, contracting 2.3% to $1.2 billion for FY 2016. This is mostly the result of a contraction in cash spending from Maricopa Community College District (CCD) whose GF budget reduced from $774 million to $731 million. Arizona CCDs have witnessed significant reductions in enrollment, which follows nationwide post-recession trends. The most recent audited enrollment data from FY 2014 shows full time student equivalents (FTSE) at 128,085, down 13% from the 2011 peak of 145,470. As designed, the decreased enrollment led to a 4.8% decline in constitutional expenditure limits. However, as has been the historical trend, property tax levies continued their ascent despite the reduction. Total primary property tax levies increased 5.1% in FY 2016 totaling $745 million statewide with most CCDs adopting a levy accessing the maximum tax rate. College enrollments are roughly back to pre-recession levels but their primary levies are 30% higher and their GF budgets are 20% higher than FY 2009.

GF expenditures per FTSE are up 8% in FY 2016 to $9,109. The FTSE number used in the ratio is taken from official college FY 2016 estimates except for Pima CCD, where ATRA used an updated and more accurate FTSE based on district data. District spending per student varies substantially in Arizona. Of the traditional districts, Cochise CCD spends the least per student at $6,391 and Navajo CCD spends the most at $13,373. Taxpayer effort, measured by combining state aid with local property taxes, also shows a wide range. The taxpayer effort per FTSE grew by 12.5% for FY 2016 (though much of that growth has to do with correcting FTSE estimates in FY 2016 which were high in FY 2015). On average, the taxpayer effort per FTSE is just under $6,000. The highest is Navajo CCD at $11,421 with Yavapai close behind at $11,091. Pinal CCD surpassed the

FY 2016 General Fund Expenditures

CCD	Expenditure Limit	% Change	Budgeted GF Expenditures	% Change
Cochise	$50,816,985	-18.7%	$40,266,315	-0.6%
Coconino	$14,811,935	-0.5%	$18,460,827	3.4%
Gila	$5,580,076	-3.4%	$7,115,533	11.3%
Graham	$32,725,875	1.9%	$41,455,336	2.6%
Maricopa	$451,524,053	-6.7%	$731,059,890	-5.6%
Mohave	$27,785,046	-1.5%	$32,065,033	0.1%
Navajo	$13,327,460	-0.6%	$26,077,253	1.0%
Pima	$114,444,168	1.9%	$169,378,000	-0.5%
Pinal	$46,455,464	-2.7%	$48,200,000	2.6%
Santa Cruz	$2,015,027	1.9%	$1,797,239	18.3%
Yavapai	$42,312,883	-0.5%	$44,110,000	4.9%
Yuma/La Paz	$52,266,576	0.7%	$42,562,579	4.6%
Total	**$854,065,548**	**-4.8%**	**$1,202,548,005**	**-3.0%**

$9,000 per FTSE mark this year with their large tax increase. Most district's taxpayer effort is in the range of $4,500 to $6,000 per FTSE. Statewide taxpayer contributions represent 65% of all GF expenditures (does not include Federal revenue spending).

FY 2016 Primary Property Tax Levies					% of Limit	Levy per	
CCD	**Levy Limit**	**% Change**	**Primary Levy**	**% Change**	**Levied**	**FTSE**	**% Change**
Cochise	$20,028,212	3.1%	$20,028,212	3.1%	100.0%	$2,460	18.8%
Coconino	$7,478,002	3.2%	$7,478,002	3.2%	100.0%	$3,382	0.8%
Gila	$4,111,994	3.0%	$4,111,994	3.0%	100.0%	$4,569	8.7%
Graham	$5,887,078	4.2%	$5,887,078	4.2%	100.0%	$1,757	5.4%
Maricopa	$469,150,732	3.8%	$437,227,709	1.7%	93.2%	$5,398	11.1%
Mohave	$21,792,188	3.3%	$21,792,188	3.3%	100.0%	$6,918	4.9%
Navajo	$14,509,355	3.4%	$14,509,355	3.4%	100.0%	$7,441	6.0%
Pima	$104,315,120	4.0%	$104,315,120	4.0%	100.0%	$4,535	4.0%
Pinal	$56,722,470	3.9%	$47,323,593	23.5%	83.4%	$9,014	29.4%
Santa Cruz	$4,565,380	5.3%	$1,483,708	3.2%	32.5%	$5,495	3.2%
Yavapai	$45,403,613	3.4%	$42,667,700	3.4%	94.0%	$10,667	6.0%
Yuma/La Paz	$28,623,364	5.1%	$28,623,364	8.5%	100.0%	$5,022	9.8%
Total/Avg	**$782,587,508**	**3.8%**	**$735,448,023**	**3.7%**	**91.9%**	**$5,555**	**9.1%**

All CCDs except Maricopa and Santa Cruz Provisional have approved tax increases for FY 2016. Of those, all but Pinal and Yuma/La Paz CCD took a 2% increase plus revenue from new construction. Pinal CCD initially voted to adopt their maximum tax levy, a 48% total increase to their levy but after significant local backlash, reduced the levy increase to 23.5%. Yuma/La Paz CCD joined the eight CCDs who levy to their maximum tax rate with a 5.1% levy increase this year, leaving only four jurisdictions who do not levy the maximum: Maricopa, Pinal, Yavapai, and Santa Cruz Provisional. Primary property tax rates increased 3.4% statewide. There was strong assessed value growth in Maricopa and Gila counties which induced rate reductions. The rest of the state saw low or negative assessed value growth for FY 2016.

State aid to CCDs decreased by 27.5% this year, representing an increasingly smaller portion of CCD budgets except for the three CCDs who receive equalization aid. Cochise, Graham, and Navajo CCDs continue to receive significant state equalization aid which is designed to offset their inferior assessed property value relative to other counties. The biggest decreases in state aid were to Maricopa and Pima whose state aid was statutorily eliminated. Most CCDs either had no change or a formulaic cut due to enrollment decreases. Pinal took a 34% cut ($1 million) mostly in a reduction to their STEM/Capital aid.

Revenue derived from tuition and fees is projected to decrease 2.8% which is the result of CCD's adjusting their expected enrollment downward. All CCDs increased tuition for FY 2016 except Maricopa. Tuition and fees are slated to generate $363 million, which equates to 30% of GF spending. Tuition averages $79 per credit hour for Arizona residents and $316 for nonresidents.

CCDs continue to maintain extraordinary cash balances, averaging 66% of their budgeted GF (excluding the Provisional colleges). In total, CCDs have $713 million of unrestricted cash in the bank. Maricopa has over half the total with $447 million. Navajo has the greatest percentage of their budget at 173%. Some are storing funds for capital purchases to avoid debt financing projects. Equalization aid districts remain concerned the state could remove funding. Some point to a lack of ability to expend the funds for M&O due to expenditure limit capacity, which causes CCDs to stockpile cash. ATRA will continue to encourage districts to resist the desire to increase taxes in the face of significant cash surpluses.

COCHISE COMMUNITY COLLEGE DISTRICT

Arizona's third largest CCD, Cochise College grew substantially in the 2000's due largely to an increased presence at Ft. Huachuca which boosted the local population. Whereas most colleges began to see post-recession enrollment corrections more immediately, Cochise's slide began in FY 2013 and now envisions serious enrollment reductions. Downsizing at Ft. Huachuca and federal sequestration spelled the departure of thousands of jobs and a decreased populace. Coming down from a high of 9,500 FTSE in 2011, Cochise expects just 6,300 in FY 2016. This downward trend reduces their constitutional expenditure limit by 19%. The decrease should not be problematic for the district who has not been near their limit.

FY 2016 Tax Rates

CCD	Primary	% Change	Secondary	% Change	TOTAL
Cochise	2.1756	7.0%	0.0000	0.0%	2.1756
Coconino	0.4864	1.6%	0.1241	-2.1%	0.6105
Gila	0.8522	-11.2%	0.0000	0.0%	0.8522
Graham	2.8860	8.0%	0.0000	0.0%	2.8860
Maricopa	1.2824	-0.6%	0.2363	-3.9%	1.5187
Mohave	1.2927	5.8%	0.0000	0.0%	1.2927
Navajo	1.7423	4.9%	0.0000	0.0%	1.7423
Pima	1.3689	2.6%	0.0000	0.0%	1.3689
Pinal	2.3000	20.4%	0.3498	-0.9%	2.6498
Santa Cruz	0.4675	4.4%	0.0000	0.0%	0.4675
Yavapai	1.8721	0.6%	0.1946	-12.8%	2.0667
Yuma/La Paz	2.1650	8.0%	0.3725	-1.9%	2.5375
Average	**1.5743**	**4.3%**	**0.1064**	**-1.8%**	**1.6807**

Cochise's budgeted GF decreased slightly for FY 2016 to $40.3 million with most reductions in spending coming from a decreased reliance on adjunct faculty. Full-time staffing levels remain even. Following a 2.5% COLA adjustment in FY 2015, the college is adopting a 2% adjustment to salaries in FY 2016 which includes equity adjustments. Total expenditures per FTSE are lowest of all traditional CCD's in the state at $6,391.

Cochise has budgeted $13 million for renovating a hospital gifted to the district which will become the Downtown Center and a medical training facility.

Like all other CCD's that receive equalization aid, Cochise CCD leadership elects to raise taxes to their maximum rate each year. The primary rate increased $0.14 to $2.17, third highest in the state. The levy with new construction increased $600,000 to $20 million. Their levy per FTSE is second lowest in the state at $2,460. With a decrease in assessed value, their state equalization aid increased 12% to $4.3 million. Including capital and operational aid, their total state aid increased 2.3% to $10.7 million. Like most schools, tuition rates increased 3% for a per credit resident rate of $77.

Overall, Cochise appears to have a slight structural deficit in the GF at current enrollment levels. While they have $20 million in cash balance (equates to 51% of their GF), they plan to use a substantial portion of it for capital projects like the hospital renovation.

COCONINO COMMUNITY COLLEGE DISTRICT

One of the smaller college districts, Coconino CCD did not ride the nationwide enrollment roller coaster, with only modest increases and subsequent decreases. Their FTSE in FY 2014 was 2,092 and they project the same for FY 2016.

Coconino has one of the lowest primary tax rates in the state at $0.48 and has a $0.12 secondary tax rate to pay off voter approved bonds. There are four remaining years of repayment on the $25 million in bonds which built the new main campus and expanded operations at Page amongst other capital purchases.

Coconino raised taxes in FY 2016, maintaining the maximum levy limit which grew $235,000 for a total of $7.5 million. The district cited costs for providing additional services such as student advisory for their tax increase. State aid is even at $2.2 million and tuition/fee revenue is up slightly with an increase in rates. Coconino has the highest tuition rates in the state at $92 per credit for residents.

Spending in the GF is up 3% to $18 million, which in part is funding 3.3% COLA salary adjustments for staff, which they attempt every other year and approximately a 1% raise for adjunct faculty. However total spending on salaries and benefits is down due to decreased FTEs.

FY 2016 Full Time Student Equivalents (FTSE)

CCD	Estimate	% Change
Cochise	6,300	-20.3%
Coconino	2,091	-2.4%
Gila	900	-5.3%
Graham	3,350	0.0%
Maricopa	81,000	-8.5%
Mohave	3,150	-1.6%
Navajo	1,950	-2.5%
Pima	23,000	0.0%
Pinal	5,250	-4.5%
Santa Cruz	325	0.0%
Yavapai	4,000	-2.4%
Yuma/La Paz	5,700	-1.2%
Total	**$137,016**	**-6.6%**

With $14.7 million in the bank, Coconino has a substantial cash reserve, measuring 80% of their GF.

GRAHAM COMMUNITY COLLEGE DISTRICT

Graham CCD is presently in a tough position as it continues to lose enrollment. Since 2000 its enrollment has strongly followed the economic counter-cycle: dropping in good years, booming during the recession and fading of late. In addition to economic trends, district leaders point to changes in LDS Church rules allowing high school graduates to begin mission trips immediately which created a generational gap they expect to recover from. Their most recent audit showed 2,765 FTSE in FY 2014 and their FY 2016 EEC estimate of 3,350 is almost certainly a high estimation. Graham does have expenditure limit capacity concerns as they have maxed out the last several audits. A drop in EEC FTSE estimate would further constrain their GF spending, which has only increased the last several years. School leadership is aware of their expenditure limit constraints and expect growth will alleviate the situation. The FY 2016 GF is projected to rise 2.6% to $41.5 million, creating a structural deficit against ongoing revenues of just $37.4 million. Leadership is cautiously optimistic their growth will resolve the deficit and in the meantime will lean on cash balances. Graham has $34 million in cash balance, second highest in the state measuring 82% of their GF expenditures.

Along with Cochise and Navajo, Graham routinely levies their maximum tax rate and did so in FY 2016 by adopting a $0.21 rate increase, which brings an additional $235,000 to the levy- the lowest of all traditional CCD's (excluding the Provisionals) in the state at $5.9 million. Their $2.88 primary rate is the highest in the state and well above the $1.57 average. However, their levy per FTSE is the lowest in the state at $1,757.

Graham receives the largest quantity of state aid, totaling $17.3 million, 85% of which is equalization aid. With a $3 per credit hour increase and expected enrollment growth, Graham estimates a 4.5% increase in tuition and fees. Graham has a unique tuition structure which encourages full-time students; their $69 per credit hour resident rate is the lowest in the state. Their expenditures per FTSE are third highest in the state at $10,251.

Graham expects insignificant changes to the number of FTEs and is awarding longevity steps of 3% as well as normal salary schedule movement at the cost of $1.3 million. Budgeted salaries and benefit costs rose by 4.6%. FY 2016 plans for $6 million in plant spending for ongoing capital and IT projects.

MARICOPA COMMUNITY COLLEGE DISTRICT

The MCCD did not adopt a tuition or property tax increase for FY 2016. However, Chancellor Glasper said in media reports he would spend the next year educating newer board members on the importance of increasing access to the property tax levy. Like many districts, MCCD officials project their FY 2015 enrollment numbers as even with FY 2014 levels and expect mild enrollment growth in FY 2016. Estimated FTSE decreases have driven two years of expenditure limit decreases. MCCD's GF budget is set to shrink 5.6% this year, which is mostly a reduction in the use of the fund balance ($84m to $42m). The FY 2016 GF budget is $731 million and total spending approaches $1.49 billion.

Increased property tax revenue from new construction and SRP in-lieu amounted to $8.23 million. Their entire state aid was cut; a total of $8.8 million. The primary rate dropped $0.02 to $1.26, for a levy of $437 million. SRP in-lieu totals $9.5 million. Secondary property taxes for debt service on bonds amounts to $80 million; the rate remains at $0.23.

FY 2016 State Aid

CCD	Total	% Change	M&O	Capital/STEM	Equalization
Cochise	$10,688,800	2.3%	$5,206,000	$1,150,000	$4,332,800
Coconino	$2,194,400	-0.4%	$1,771,200	$423,200	$0
Gila	$529,000	34.7%	$368,100	$160,900	$0
Graham	$17,283,900	-1.2%	$2,175,600	$569,500	$14,538,800
Maricopa	$0	-100.0%	$0	$0	$0
Mohave	$2,101,700	-1.7%	$1,524,000	$577,700	$0
Navajo	$7,762,000	6.7%	$1,582,200	$345,500	$5,834,300
Pima	$0	-100.0%	$0	$0	$0
Pinal	$2,000,000	-34.1%	$1,900,000	$100,000	$0
Santa Cruz	110,400	18.3%	57,300	53,100	0
Yavapai	$1,696,000	0.4%	$890,300	$805,700	$0
Yuma/La Paz	$3,569,800	-1.1%	$2,702,500	$867,300	$0
Total	**$47,936,000**	**-26.7%**	**$18,177,200**	**$5,052,900**	**$24,705,900**

The budget projects an increase of 63 employees, mostly in management and support staff related to IT enterprises and the districts "seamless-student experience." New hires grow the total salaries and benefits by $3 million but there were no changes to salaries for existing staff outside of a few longevity adjustments.

Unrestricted cash assets are projected to grow 3.8% to $447 million, which amounts to 61% of the GF. To put that in perspective, twenty years ago in 1996, Maricopa CCD had just $30 million, or 10% the value of its GF in the bank.

MOHAVE COMMUNITY COLLEGE DISTRICT

Mohave CCD is taking a 2% property tax increase for FY 2016, which grew the total levy 3.3% to $21.8 million. Like a number of CCDs, Mohave CCD has consistently increased taxes annually over the last twenty years to remain at their levy limit. Mohave has one of the highest levies per FTSE in the state at $6,918 (which is based on the college's FY 2016 enrollment estimate). The primary tax rate is up seven cents to $1.29. Mohave also raised tuition $1 per credit hour for residents and 1% for nonresidents. Because of enrollment declines, Mohave projects a 3.5% decrease in tuition and fees, which is budgeted at $8 million. State aid is even at $2.1 million.

The FY 2016 budget is even at $32 million. Mohave is reducing staff by roughly 6 FTEs, which led to a small budgeted decrease in overall salary spending. They plan for a 2.4% COLA, or 1 step for full-time faculty and staff, at a cost of approximately $300,000. Plant spending is up $2.3 million in FY 2016 for a total of $5.7 million, which is mostly dedicated for a new building in Kingman to replace modular buildings.

The recession had a significant impact on enrollment at Mohave, causing the college to swell to 4,000 FTSE in FY 2010 and FY 2011 before it slipped back to FY 2008 levels in the following years. The college remains hopeful they can experience mild growth in FY 2016; they project 3,150 for this year.

NAVAJO COMMUNITY COLLEGE DISTRICT

While most Arizona community colleges face cyclical enrollment declines, Navajo CCD did not follow recession driven trends and presently finds its population at a 20-year low. The college had an audited FTSE of 1,825 in FY 2014. They expect a small increase with an estimated 1,950 for FY 2016. During the mid-2000's, the district routinely had 2,700 FTSE but did not witness a recession bump; they have been contracting in size since 2009. This has caused substantial pressure on their constitutional expenditure limit, which has decreased every year since 2011, meaning there is less flexibility to spend "local revenues" like state aid and property taxes in the GF. District officials cite local area population trends and lower enrollment at feeder K-12 schools for part of the decline.

As an equalization aid district, Navajo receives a total of $7.7 million in state aid, a 6.7% increase this year due to decreased assessed valuation. State aid remains a significant portion of their $26 million GF budget, which saw a 1% increase for FY 2016. Like the other equalization districts, Navajo consistently accesses the maximum local property tax levy. This year a $1.74 primary tax rate will generate a $14.5 million levy. Unlike urban areas, property values in Navajo County have continued to decline causing the primary rate to grow substantially. Since FY 2009, the property tax rate has grown 61 cents. The district is raising tuition rates 7% to $71 per credit hour for residents and 4% for nonresidents, which is second lowest in the state behind Graham CCD.

Navajo CCD spending per FTSE is the highest in the state at a projected $13,373 for FY 2016, well above the statewide average of $9,117. The total taxpayer contribution (local levy plus state aid) is also the highest at $11,421 per FTSE.

The 1% increase in the GF will fund a 0.5% overall pay schedule adjustment plus one step on the scale, which amounts to a 2% total pay increase. Administrators will see a baseline 1% increase.

Navajo has the largest relative cash balance in the state at $45 million, which represents 173% of the GF. Leadership has developed a capital improvement plan which includes maintenance on older buildings and potential for new construction and reorganization of campus facilities.

PIMA COMMUNITY COLLEGE DISTRICT

In the May 2015 newsletter, ATRA outlined the significant hurdles Pima CCD faces. With enrollment near its FY 2000 levels, the district would be experiencing significant expenditure limit challenges but has managed to sidestep a declining expenditure limit though continued exaggeration of their FTSE. Pima reported 23,000 FTSE for FY 2016, which is likely high by at least 5,000. Their audited FY 2014 FTSE count was 17,963 and they appeared to contract again in FY 2015. While all schools are cautiously optimistic to witness student growth, Pima CCD arguably has the loftiest expectations, hoping to grow back to their peak levels of students in the next four years.

Like Maricopa, Pima CCD's state aid was cut entirely for FY 2016, a $7 million reduction. As it has consistently done in most years, Pima raised property taxes to access 100% of its levy limit. A $1.37 rate will generate $104.3 million, a 4% total levy increase. The district is increasing tuition 7% to $82 per credit hour for residents and by a like percentage (7%) for nonresidents. The college also plans to use one-time reserves. Cash reserves total $82 million, which measures 48% of the GF budget.

Pima's GF budget was reduced by 0.5% which is forcing some cost reduction efforts including a new position freeze, the elimination of a few positions, higher medical insurance premiums, and no salary adjustments for FY 2016. The GF budget for FY 2016 is $169 million.

The taxpayer contribution per FTSE for Pima is roughly $5,800 and total GF spending is $9,400 when using a more accurate FTSE count of 18,000.

The college has developed a new two-year capital plan that includes $18.8 million for mostly soft capital and IT upgrades, of which $10.5 million is planned for FY 2016. Total plant fund spending is $26.8 million, a $3.5 million reduction from FY 2015.

PINAL COMMUNITY COLLEGE DISTRICT

After the ATRA May 2015 newsletter covered Pinal CCD's record setting 48% tax increase, the Governing Board reconvened and adopted a new FY 2016 budget with a reduced 23% primary property tax levy increase. Significant community backlash from the massive proposed tax increase led to a recall effort which spurred the Board to lower the levy. Media reports indicate the recall effort for the four members who voted for the tax increase continues.

The primary rate jumped 40 cents to generate a $47 million levy, a $9 million increase. The district explains the increase is in light of state aid cuts and a need to address deferred maintenance at the central campus. State aid to the district was cut $1 million this year and is roughly $4 million lower than its historic average. Pinal's property tax levy increases have outpaced state cuts by a 5:1 ratio. Pinal County voters approved $99 million in bonds in 2008 of which roughly half was slated for building renewal and taxpayers will be repaying the debt through 2034. The bond was slated to pay for certain renovations to the central campus. The secondary tax rate to repay the bonds remains at $0.35 this year, generating a $7.2 million levy. Pinal's primary levy per FTSE is the second highest in the state, jumping 30% to $9,014 but using a FTSE number closer to reality puts it closer to $10,800, which would make it the highest overall.

The unfortunate reality is this tax increase is a simple rate grab related to the constitutional 1% homeowner cap reforms (see May 2015 newsletter). Pinal CCD thought it wise to maximize their tax rate before the reforms were implemented and their rate potentially frozen. It likely won't matter: lawmakers can use prior year rates so as to avoid "grandfathering" in abusive rate increases.

Following the recession cycle, Pinal CCD has had multiple years of reduced enrollment, down 20% from their peak in 2012 which will cause a decrease in expenditure limit authority. Despite that, the GF budget is increasing this year 2.6% to $48 million which will enable a 4% COLA raise for faculty. Pinal's expenditures per FTSE are set to increase by $1,000 this year, assuming their FTSE estimates for both years are accurate.

Approximately $6 million of the $9 million tax increase will be moved to the capital fund. There is a total of $8 million in plant fund spending this year, of which $7 million is related to deferred maintenance and the rest for soft capital.

A tuition rate increase of $2 per credit hour for residents moves the rate to $82, which holds budgeted revenue from tuition and fees harmless against enrollment corrections. Pinal CCD has just 31% of the GF in cash balance at $15 million, the lowest of all traditional CCDs.

YAVAPAI COMMUNITY COLLEGE DISTRICT

Yavapai CCD has experienced fairly unique trends relative to other CCDs in the state. They did not experience an enrollment surge during the recession and have consistently grown steadily over the last 20 years. On the smaller side, Yavapai CCD reported an audited 4,000 FTSE in FY 2014 and projects the same in FY 2016. They have not had a particular issue with overestimating their FTSE even though they routinely maximize their expenditure limit capacity, meaning the financial incentive to do so is there.

Yavapai County's new construction boom over the last 20 years built substantial levy limit capacity. Yavapai CCD is one of the few CCDs to routinely not maximize their levy limit; nor should they: their primary property tax levy per FTSE ranks highest in the state at $10,667, nearly double the statewide average. Their expenditures per FTSE rank second highest in the state behind Navajo at $11,028. For FY 2016, they are raising taxes 2% plus new construction for a 3.4% increase to the levy; they remain at 94% of their levy capacity. A $1.87 primary rate will generate a $42.7 million levy; a $1.4 million increase. The secondary rate is down three cents to $0.19, garnering $5 million in debt service payments which last through 2020.

State aid for Yavapai is even at $1.7 million, half of which is dedicated for STEM/Capital. Tuition and fee revenues are budgeted at 2% less than last year. Tuition for FY 2016 is up $3 per credit hour for residents and nonresidents will see a 4% increase.

The GF is budgeted to rise 5% to $44 million which will fund across the board 3% salary schedule raises, including a step increase for faculty and progression for staff. Twelve million is budgeted for plant, which includes renovation projects but not new construction.

Yavapai has $16.5 million in cash balance, second lowest in the state measuring 39% of the GF.

YUMA/LA PAZ COMMUNITY COLLEGE DISTRICT

In FY 2016, Yuma/La Paz CCD is accessing its full levy limit and raising the primary property tax levy by a total of 8.5%. In FY 2015, there was a modest tax increase which left the district using only 96.8% of their levy limit so they were able to raise taxes higher than 2% plus new construction this year. The primary rate is increasing 16 cents to $2.16. Yuma/La Paz CCD's tax rate has increased 20% in the last several years over their median historical rate of $1.80. The primary levy will generate $28.6 million, a $2.3 million increase over last year while a $0.37 secondary rate generates $5.1 million for debt service payments which run through 2031.

State aid is even for FY 2016 at $3.5 million while tuition and fee revenues are projected to increase 4% to $11 million after a $2 per credit hour increase to resident tuition and a 2% rise to nonresident tuition. The last audited FTSE count for Yuma/La Paz was 5,451 and they project 5,700 for FY 2016. While student count spiked during the recession years, their growth has mostly sustained itself and they remain far larger than their pre-recession enrollment levels.

Revenue increases afford a $2 million or 4.6% increase to the GF, which will be $42.5 million this year. There are no new FTEs projected for FY 2016 but there were 12 created in FY 2015, half of which were full-time. Salary and benefit spending is up 2.9% which is the result of a 3% COLA schedule adjustment. Staff and administrators will see a 2% increase and adjuncts a $25 per credit hour increase. The district has $24 million in unrestricted cash balance, which measures over half the GF at 56%.

GILA PROVISIONAL COMMUNITY COLLEGE DISTRICT

As a provisional community college district, Gila CCD contracts with Graham CCD and uses their accreditation. As such, their pupils pay the same rates as Graham and their staff are paid by Graham CCD. They levy a property tax in Gila County and receive state aid similarly to other districts. In each of the past nine years, Gila CCD has increased taxes to leverage the maximum tax rate. Due to substantial increases in NAV, the tax rate actually decreased 11 cents to $0.85 which will generate $4.1 million, a 3% levy increase. Gila has no secondary rate. Their levy per FTSE is under the statewide average at $4,569.

Gila's state aid is up 35% to $529,000 and it projects tuition and fee revenue even at $1.4 million. Gila's FTSE surged during the recession to 1,050 and has since reduced to FY 2007 levels and was last audited at 785 in FY 2014. Gila has two primary campuses in Globe and Payson and a satellite in San Carlos. They report just over $1 million in unrestricted cash reserves. The district has not completed an Expenditure

Limit audit since its FY 2008 report. They have also not completed a financial audit since 2008. In accordance with SB1066, a measure passed during the 2015 legislative session, the district must include an explanation in their FY 2017 budget on why they have failed to complete their financial audits.

SANTA CRUZ PROVISIONAL COMMUNITY COLLEGE DISTRICT

The smallest community college entity in the state, Santa Cruz's first operational year was FY 2013 and has had roughly 250 FTSE. Similar to Gila Provisional's relationship with Graham, Santa Cruz Provisional contracts with Cochise College and uses their accreditation. They have one campus in Nogales.

Santa Cruz Provisional CCD did not raise taxes in FY 2016, only taking the increased levy from new construction, which amounted to a 3.2% increase, or $46,600 for a total primary levy of $1.48 million. The tax rate increased 2 cents to $0.46 and there is no secondary tax rate. Santa Cruz is accessing just 32% of their constitutional levy limit. Their levy per FTSE is near the statewide average at $5,495.