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ARIZONA TAX RESEARCH ASSOCIATION

ATRA SUPPORTS HB2442

Community College Expenditure Limit Accountability

Background:

One of the foundational pillars in the Arizona Constitution is the expenditure limits on taxing jurisdictions. The state, city, counties, community colleges and K-12 schools all must abide by them. They grow based on population and inflation. Expenditure limits prevent sharp swings in spending, creating stability for government and predictability for taxpayers. However, the only jurisdictions that hold the keys to their own expenditure limit are community college districts, who can estimate their population or student counts.

For years, ATRA has tracked student count over-estimations by community college districts. For a time, the State Board of Community Colleges provided oversight for these student count estimates and was required to approve their inputs. However, that agency was cut nearly fifteen years ago due to budget constraints and there remains no state-level oversight.

Basis for ATRA's Support:

Allowing the community colleges to actually establish their own expenditure limits by letting them solely determine the estimate of their student population makes a mockery of those constitutional limits. Statewide, in the last three years, estimations have exceeded actual student counts by 16.5%, 19.5%, and 21.9%, respectively. Some of the districts fully admit their student estimates are exaggerated and it is because they desire a larger budget. However, the Constitution requires that if a district desires to exceed its limit, it must ask the voters for an override, much in the same way our cities and K-12 districts do.

After hearing concerns of the community college districts, an amendment was developed to avoid the recalculation of the expenditure limit and continue using an estimate, provided the estimates are reviewed and approved by the Joint Legislative Budget Committee. ATRA feels this compromise will allow community college districts to provide an estimate while adding a reasonable level of oversight.

ATRA ASKS FOR LAWMAKERS TO VOTE YES ON HB2442!