ATRA SUPPORTS HB2126

Community College Expenditure Limit Accountability

Background:
One key component of the Arizona Constitution is the expenditure limitations on taxing jurisdictions. The state, cities, counties, community colleges and K-12 schools all 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 fifteen years ago due to budget constraints and there remains no state-level oversight. College district officials have publicly conceded this process is untenable and requires reform.

Basis for ATRA's Support:
Allowing a district to establish its expenditure limit with an arbitrary estimate of its population makes a mockery of those constitutional limits. In the past four years, statewide estimations have exceeded actual student counts by an average of 19.4%. This bill proposes a three-option formula whereby annually a college governing board selects either an average of their last five audited students counts, last years audited student count or a JLBC-approved increase up to 5% of their most recent audited student count. This transparent formula allowing districts to choose between different growth models will both recognize the fluctuations in college enrollment and create adherence to the Constitution by leveraging audited student counts.

One concern broached by colleges during the interim was the only relief option available is a temporary expenditure limit override which sets the school up for a fiscal cliff when it expires after seven years. This bill addresses that concern by allowing districts to ask their voters for a permanent adjustment to the base year, similar to the authority retained by cities and counties. Finally, this compromise bill addresses another community college district concern by allowing districts to exclude royalty fees and other private revenues raised from entrepreneurial activity.

ATRA ASKS FOR LAWMAKERS TO VOTE YES ON HB2126!