

**PIMA COUNTY COMMUNITY COLLEGE DISTRICT
GOVERNING BOARD MEETING NOTICE AND AGENDA
June 14, 2017**

NOTICE OF SPECIAL GOVERNING BOARD MEETING

5:15 p.m.
District Office
Community/Board Room
4905 E. Broadway
Tucson, AZ 85709-1010

or immediately following the Public Hearing beginning at 5:00 p.m.

AGENDA FOR MEETING*

General Matters/Reports

1. Call to Order

Action Items

2. Fiscal Year 2018 Property Tax Rates and Levies
[Roll call vote by Board of Governors to consider approval of Pima County Community College District's increase in property tax rates and levies for fiscal year 2017-2018]
- 3a. Discussion of the adoption of the Fiscal Year 2018 Proposed Budget
[Adoption of Fiscal Year 2018 Proposed Budget presentation](#)
- 3b. Roll call vote by Board of Governors to consider adoption of the proposed budget for the Pima County Community College District for fiscal year 2017-2018

Adjournment

* **Option to recess into legal advice executive session** — Pursuant to A.R.S. §38-431.03(A)(3) the Governing Board may vote to go into executive session for the purpose of obtaining legal advice from its legal counsel with respect to any item listed on this agenda or any addendum thereto.

* The Governing Board reserves the right to take action on any agenda item.

* **Additional Information** — Additional information about the above agenda items can be found in the Governing Board packet that is available for review at the Campus Libraries and on the College's website at www.pima.edu/board/packets.

* To request a reasonable accommodation for individuals with disabilities, a minimum of 5 business days before the event is requested. Contact Phone: (520) 206-4539; Fax: (520) 206-4567.

Members of the Governing Board may participate by telephone, video or internet conferencing.

Meeting presentations will be posted within a reasonable time following the meeting.

PimaCountyCommunityCollegeDistrict

Governing Board

4905C East Broadway/Tucson, Arizona 85709-1010

ACTION ITEM

Meeting Date: 6/14/17

Item Number: 2

Item Title	Contact Person
Fiscal Year 2018 Property Tax Rates and Levies	Dr. David Bea Executive Vice Chancellor for Finance and Administration (206-4519)

Recommendation:

The Chancellor recommends that the Governing Board, through a roll call vote, approve Pima County Community College District's primary and secondary property tax rates and levies for Fiscal Year 2017-2018.

Justification:

Primary property taxes provide funds to meet a wide variety of College needs, allowing Pima Community College to better serve our community. Such needs include funding to cover cost increases in health benefits, utilities, and other contractual agreements. Secondary taxes fund voter approved general obligation debt service (bonds).

Pursuant to Arizona Revised Statute § 15-1461.01, Pima Community College will hold a public hearing on its intention to raise primary property taxes on existing property. This statute was passed during the 1996 Legislative session with the intent to increase public awareness of property tax levies. In compliance with this statute, a Truth in Taxation Notice was published in the Arizona Daily Star on May 26 and June 5, 2017. The advertisement copy follows the report.

The proposed primary tax levy change will increase the primary tax rate from the levy neutral rate of \$1.3484 to a rate of \$1.3890 per \$100 of assessed valuation. The proposed primary tax rate will result in a tax bill of \$138.90 for a home with full cash value of \$100,000. The proposed secondary tax levy will be zero.

Financial Considerations:

The total increase in primary property tax revenues from both new and existing property compared to the Fiscal Year 2016-2017 budget will be approximately \$4.8 million; about \$1.5 million from growth of existing property, and \$3.3 million from the proposed 3.01% levy increase. The total primary tax levy for Fiscal Year 2018 is projected to be \$112.2 million.

The total secondary tax levy for Fiscal Year 2017 is zero. The combined tax revenues will be \$112.2 million, an increase of \$4.8 million from the current year.

(Continued)

PimaCountyCommunityCollegeDistrict

Governing Board

4905C East Broadway/Tucson, Arizona 85709-1010

ACTION ITEM

Meeting Date: 06/14/17

Item Number: 3

Item Title	Contact Person
Adoption of Fiscal Year 2018 Proposed Budget	Dr. David Bea Executive Vice Chancellor for Finance and Administration (206-4519)

Recommendation:

The Chancellor recommends that the Governing Board adopt the proposed budget for the Pima County Community College District for Fiscal Year July 1, 2017 through June 30, 2018. The budget contains parameters set by the Board at their May 2017 meeting.

Justification:

The Fiscal Year 2018 proposed budget development process began in October 2016, with the Executive Leadership Team's review of the current finances of the College and the development of scenarios to plan for the future. The implementation of the Educational and Facilities Master Plans were taken into consideration as requests for capital projects were reviewed and prioritized.

The Governing Board's participation began with a study session in December 2016, in which the budget scenarios were reviewed, and has continued with a series of actions including the approval of tuition rates, contracts for employee benefits, capital projects, and lease financing agreements. The Governing Board reviewed the Fiscal Year 2018 proposed budget at its May 10, 2017 meeting, concluding with recommendations for salaries, debt service, and tax levies and rates, as well as approval to publish the proposed budget and Truth in Taxation notifications in the *Arizona Daily Star*. These parameters were utilized in the development of the proposed budget that will be presented at the June 14, 2017 public hearing.

The Governing Board must conduct the statutorily required public hearing on the Fiscal Year 2018 budget. Section 15-1461 of the Arizona Revised Statutes requires that "immediately following the public hearing the chairman shall call to order the special board meeting for the purpose of adopting the budget." Having met the requirements prescribed by law for the review of the proposed budget, the Chancellor recommends final adoption of the *Budget for Fiscal Year 2018*, which is summarized in the required official format and attached on the following pages.

Financial Considerations:

The Fiscal Year 2018 General Fund budget is \$153.1 million, and the total budget for All Funds is \$246.1 million. Significant items of note include:

- Revenues
 - \$3.00 per credit increase to in-state tuition
 - \$1.5 million increase in property tax revenue due to growth/new property added to the tax roll, with an additional \$3.3 million due to an increase in the primary tax rate to the levy maximum (3.01%)

- Expenditures
 - Benefits obligations expected to remain unchanged from Fiscal Year 2017
 - \$1.4 million increase in utilities and contractual services
 - \$6.3 million reduction through the closure of existing vacant positions
 - 2% increase to salaries and wages for regular employees; salary scales will be lifted temporarily and subsequently reviewed for the Fiscal Year 2019 budget cycle
 - 2% increase to the adjunct faculty contract rate
 - \$3.6 million in debt service (based on \$45 million in revenue bonds) to begin implementation of the Educational and Facilities Master Plans
 - \$1.7 million in lease financing for IT and various capital equipment
 - \$1.0 million to fund:
 - Compensation and classification study
 - Marketing campaign to further Pima’s brand

The budget provides balance between the need to revitalize the College for future growth while aligning fiscal resources with projected enrollment and capacity. In accordance with ARS 15-1461, the budget may not exceed the maximum expenditures set at the time of Board adoption.

Salaries and Wages

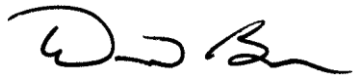
At the request of the Board Chair, additional options for salaries and wages are presented in the table below. To maintain compliance with state law, information is provided to demonstrate the method by which the budget will be balanced so as not to exceed the total maximum expenditures set in the published Fiscal Year 2018 Budget.

	Salaries and Wages for Regular Employees	Adjunct Faculty Rate	Additional Personnel Costs	Changes to Fiscal Year 2018 Budget
Proposed Fiscal Year 2018 Budget	2% increase to salaries and wages; salary scales will be temporarily lifted and reviewed for FY19.	2% increase, equaling \$816 per load hour.	\$2.1 million	None – a 2% increase has already been included in the budget for personnel expenditures.
Option 1	2.5% increase to salaries and wages; salary scales will be temporarily lifted and reviewed for FY19.	2.5% increase, equaling \$820 per load hour.	\$2.6 million	Increase of \$0.5 million to personnel expenditures. The additional 0.5% increase to salaries and wages will be funded through money previously budgeted for a compensation and classification study, as well as a marketing campaign to further Pima’s brand.
Option 2	2.5% increase to salaries and wages; salary scales will be lifted.	2.5% increase, equaling \$820 per load hour.	\$2.6 million	Increase of \$0.5 million to personnel expenditures. The additional 0.5% increase to salaries and wages will be funded through money previously budgeted for a compensation and classification study, as well as a marketing campaign to further Pima’s brand. Expenditures for this option will factor into the College’s budget beyond Fiscal Year 2018 and are above the projections in the scenarios previously discussed.

Strategic Plan:

This action item supports the 2017-2021 Strategic Plan.

Approvals

Contact Person  _____
David Bea, Ph.D.

Chancellor _____
Lee D. Lambert, J.D.

PIMA COUNTY COMMUNITY COLLEGE DISTRICT

BUDGET FOR FISCAL YEAR 2018
SUMMARY OF BUDGET DATA

	Budget 2018	Budget 2017	Increase/Decrease From Budget 2017 To Budget 2018	
			Amount	%
I. CURRENT GENERAL AND PLANT FUNDS				
A. Expenditures:				
Current General Fund	\$ 163,051,000	\$ 165,069,000	\$ (2,018,000)	-1.2%
Unexpended Plant Fund	24,796,000	24,005,000	791,000	3.3%
Retirement of Indebtedness Plant Fund	5,311,000	700,000	4,611,000	658.7%
TOTAL	\$ 193,158,000	\$ 189,774,000	\$ 3,384,000	1.8%
B. Expenditures Per Full-Time Student Equivalent (FTSE):				
Current General Fund	\$ 8,217 /FTSE	\$ 8,253 /FTSE	\$ (36) /FTSE	-0.4%
Unexpended Plant Fund	\$ 1,250 /FTSE	\$ 1,200 /FTSE	\$ 49 /FTSE	4.1%
Projected FTSE Count	19,842	20,000		
II. TOTAL ALL FUNDS ESTIMATED PERSONNEL COMPENSATION				
Employee Salaries and Hourly Costs	\$ 97,562,000	\$ 102,973,000	\$ (5,411,000)	-5.3%
Retirement Costs	10,154,000	10,578,000	(424,000)	-4.0%
Healthcare Costs	10,646,000	11,296,000	(650,000)	-5.8%
Other Benefit Costs	8,940,000	9,328,000	(388,000)	-4.2%
TOTAL	\$ 127,302,000	\$ 134,175,000	\$ (6,873,000)	-5.1%
III. SUMMARY OF PRIMARY AND SECONDARY PROPERTY TAX LEVIES AND RATES				
A. Amount Levied:				
Primary Tax Levy	\$ 112,161,162	\$ 107,346,737	\$ 4,814,425	4.5%
Secondary Tax Levy				
TOTAL LEVY	\$ 112,161,162	\$ 107,346,737	\$ 4,814,425	4.5%
B. Rates Per \$100 Net Assessed Valuation:				
Primary Tax Rate	1.3890	1.3733	0.0157	1.1%
Secondary Tax Rate				
TOTAL RATE	1.3890	1.3733	0.0157	1.1%
IV. MAXIMUM ALLOWABLE PRIMARY PROPERTY TAX LEVY FOR FISCAL YEAR 2018 PURSUANT TO A.R.S. §42-17051			\$ 112,161,162	
V. AMOUNT RECEIVED FROM PRIMARY PROPERTY TAXES IN FISCAL YEAR 2017 IN EXCESS OF THE MAXIMUM ALLOWABLE AMOUNT AS CALCULATED PURSUANT TO A.R.S. §42-17051			\$	

On June 14, 2017, at 5:00 p.m., the Pima County Community College District has scheduled a public hearing on its proposed fiscal year 2017/18 budget. Included in the proposed budget are those funds supported by a property tax levy. The hearing will be held in the Community/ Board Room, District Office, 4905C East Broadway, Tucson, Arizona 85709-1005. The special meeting to adopt the budget is scheduled at 5:15 p.m., or immediately following the public hearing. The public is invited to appear and make comments and ask questions concerning the proposed budget and the property tax levy of the District.

PIMA COUNTY COMMUNITY COLLEGE DISTRICT

BUDGET FOR FISCAL YEAR 2018
RESOURCES

	CURRENT FUNDS			PLANT FUNDS		Other Funds 2018	Total All Funds 2018	Total All Funds 2017	% Increase/Decrease	
	General Fund 2018	Restricted Fund 2018	Auxiliary Fund 2018	Unexpended Plant Fund 2018	Retirement of Indebtedness 2018					
BEGINNING BALANCES-July 1*										
Restricted	\$	5,097,000	\$	\$	745,000	\$	5,842,000	\$	4,122,000	41.7%
Unrestricted	79,592,000		9,914,000	16,063,000			105,569,000	96,745,000	9.1%	
Total Beginning Balances	\$ 79,592,000	\$ 5,097,000	\$ 9,914,000	\$ 16,063,000	\$ 745,000	\$	\$ 111,411,000	\$ 100,867,000	10.5%	
REVENUES AND OTHER INFLOWS										
Student Tuition and Fees										
General Tuition	\$ 37,439,000	\$	\$	\$	\$	\$	37,439,000	38,086,000	-1.7%	
Out-of-District Tuition										
Out-of-State Tuition	4,220,000						4,220,000	4,651,000	-9.3%	
Student Fees	7,695,000		2,000	1,000,000			8,697,000	8,388,000	3.7%	
Tuition and Fee Remissions or Waivers	(2,178,000)						(2,178,000)	(2,942,000)	-26.0%	
State Appropriations										
Maintenance Support										
Equalization Aid										
Capital Support										
Property Taxes										
Primary Tax Levy	112,161,162						112,161,162	107,346,737	4.5%	
Secondary Tax Levy										
Gifts, Grants, and Contracts	2,481,000	50,684,000					53,165,000	58,052,000	-8.4%	
Sales and Services	825,000		1,254,000				2,079,000	2,628,000	-20.9%	
Investment Income	330,000		1,000				331,000	319,000	3.8%	
State Shared Sales Tax		2,000,000					2,000,000	2,200,000	-9.1%	
Other Revenues	30,838		385,000				415,838	307,263	35.3%	
Proceeds from Sale of Bonds						45,000,000	45,000,000		--	
Total Revenues and Other Inflows	\$ 163,004,000	\$ 52,684,000	\$ 1,642,000	\$ 1,000,000	\$	\$ 45,000,000	\$ 263,330,000	\$ 219,036,000	20.2%	
TRANSFERS										
Transfers In	16,920,000	57,000		7,733,000	5,311,000		30,021,000	9,353,000	221.0%	
(Transfers Out)	(27,700,000)	(1,599,000)	(722,000)				(30,021,000)	(9,353,000)	221.0%	
Total Transfers	(10,780,000)	(1,542,000)	(722,000)	7,733,000	5,311,000					
Less:										
Emergency and cash reserves	(13,692,000)		(2,300,000)				(15,992,000)	(15,598,000)	2.5%	
Future capital projects	(55,073,000)		(7,001,000)		(745,000)	(45,000,000)	(107,819,000)	(52,687,000)	104.6%	
Indirect cost recovery		(4,830,000)					(4,830,000)	(3,789,000)	27.5%	
Total Resources Available for the Budget Year	\$ 163,051,000	\$ 51,409,000	\$ 1,533,000	\$ 24,796,000	\$ 5,311,000	\$	\$ 246,100,000	\$ 247,829,000	-0.7%	

*These amounts exclude amounts not in spendable form (i.e., prepaids, inventories, and capital assets) or amounts legally or contractually required to be maintained intact.

PIMA COUNTY COMMUNITY COLLEGE DISTRICT

BUDGET FOR FISCAL YEAR 2018
EXPENDITURES AND OTHER OUTFLOWS

	CURRENT FUNDS			PLANT FUNDS		Other Funds 2018	Total All Funds 2018	Total All Funds 2017	% Increase/Decrease
	General Fund 2018	Restricted Fund 2018	Auxiliary Fund 2018	Unexpended Plant Fund 2018	Retirement of Indebtedness 2018				
TOTAL RESOURCES AVAILABLE FOR THE BUDGET YEAR (from Schedule B)	\$ 163,051,000	\$ 51,409,000	\$ 1,533,000	\$ 24,796,000	\$ 5,311,000	\$	\$ 246,100,000	\$ 247,829,000	-0.7%
EXPENDITURES AND OTHER OUTFLOWS									
Instruction	\$ 55,108,216	\$ 5,539,510	\$	\$	\$	\$	\$ 60,647,726	\$ 67,937,338	-10.7%
Public Service									
Academic Support	25,269,471	4,329,642					29,599,113	28,913,013	2.4%
Student Services	27,885,855	4,811,359					32,697,214	32,377,978	1.0%
Institutional Support (Administration)	35,829,343	25,310					35,854,653	36,226,027	-1.0%
Operation and Maintenance of Plant	13,997,691	361,000					14,358,691	14,743,104	-2.6%
Scholarships	1,243,000	33,342,000	31,000				34,616,000	39,257,099	-11.8%
Auxiliary Enterprises			1,502,000				1,502,000	1,851,500	-18.9%
Capital Assets				22,698,000			22,698,000	24,005,000	-5.4%
Debt Service-General Obligation Bonds									
Debt Service-Other Long Term Debt					5,311,000		5,311,000		--
Other Expenditures									
Contingency	3,717,424	3,000,179		2,098,000			8,815,603	2,517,941	250.1%
Total Expenditures and Other Outflows	\$ 163,051,000	\$ 51,409,000	\$ 1,533,000	\$ 24,796,000	\$ 5,311,000	\$	\$ 246,100,000	\$ 247,829,000	-0.7%