

Maricopa district to vote on tax hike



Mary Beth Faller, The Republic | azcentral.com 9:25 a.m. MST May 27, 2014



(Photo: azcentral)

As it prepares to seek a property tax increase, the Maricopa County Community College District is facing questions about the large amount of money it has in reserve.

The governing board will vote Tuesday on whether to increase the district's property tax levy by 2 percent. That will mean an increase of about \$2.51 a year for every \$100,000 of assessed property, or a total tax of \$128.24 on that \$100,000 in property.

Last week, administrators presented the 2014-15 budget proposal and the district's financial picture to some of the county's largest taxpayers.

The 10-college district has about \$430 million in unrestricted net assets, meaning cash that's not allocated for any purpose. That sum has accumulated over the past several years in various ways, including savings from jobs that went unfilled, funds that were allocated but never spent and unexpected federal stimulus money.

Kevin McCarthy, president of the Arizona Tax Research Association, questioned the need for a tax increase when the district has a large cash reserve.

"When we're looking at the volume of cash that local governments are sitting on, we're looking at a kind of tension between what the taxpayers are picking up versus the desire of local governments to sleep better at night," he said.

"We understand the need to have cash to make it through the fiscal year, but the cash that this entity is sitting on has to be in the top five in the state."

The district is proposing to spend about \$190 million of the sum next year, according to Kim Granio, associate vice chancellor and controller.

Most of the expenditures are undetermined, but she said the district has committed to spending at least \$50 million on upgrades for four major computer systems. That amount would pay for the systems and consultants to install them.

Debra Thompson, vice chancellor for business services, said other large projects are being planned.

"You're going to see our net assets going down considerably over the next several years."

In addition, the net-assets funds are available in the event of liability. The district is currently facing two class-action lawsuits over a major computer breach last year that exposed the personal information of more than 2.4 million people. The district has authorized spending nearly \$20 million to address the breach.

Last month, the district increased tuition for the fourth time in seven years, to \$84 per credit. If the tax hike is approved Tuesday, it also would be the fourth in seven years. During that time, funding from the state has decreased from more than 10 percent of the district's operating budget to about 1 percent.

A public hearing on the tax increase will be held at 6:30 p.m. Tuesday in the governing board room of the district office, 2411 W. 14th St., Tempe. The board will vote on the issue after the hearing.

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