AN OVERVIEW OF THE ILLINOIS COMMUNITY COLLEGE SYSTEM FUNDING FORMULAS

Jennifer Franklin, Deputy Director for Finance and Operations
Illinois Community College Board
System Grants

Unrestricted Grants
Distributed for the general operations of the colleges.

Base Operating
Equalization

Illinois Veterans/National Guard
Small College Grants
Performance-Based Funding
SYSTEM GRANTS

RESTRICTED GRANTS
Distributed to the system for special activities.

- Adult Education & Literacy
- Career & Technical Education
- Special Initiatives
  - *CURES/CARES/CRSSA/ARPA
  - *Innovative Bridge & Transition
  - *Workforce Equity Initiative
  - *Early Childhood Education
  - *PATH
BASE OPERATING GRANTS

Base operating grants are unrestricted funds disbursed to community colleges based on credit hours generated in six reimbursable instructional categories.

Base Operating Grants formula = 

Funded Credit Hours  x  Effective Credit Hour Rate
**Base Operating Grants**

- Funded credit hours - Greater of most recent FY certified unrestricted credit hours, or 3-year average.

- Credit hour rate - Instructional cost per credit hour, adjusted for inflation*; Less district tuition & fees, and local tax revenue.

- Effective credit hour rate – Proration factor applied to the net reimbursable credit hour rate as necessary to equal State appropriations.

*Inflationary adjustments are necessary due to the two-year lag in data.
# Base Operating Grants

## Credit Hour Grant Rates by Category for Fiscal Year 2023

<table>
<thead>
<tr>
<th></th>
<th>Baccalaureate</th>
<th>Business</th>
<th>Technical</th>
<th>Health</th>
<th>Remedial</th>
<th>ABE/ASE</th>
<th>Totals/Averages</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2021 Unit Cost</td>
<td>$422.57</td>
<td>$456.97</td>
<td>$430.15</td>
<td>$572.29</td>
<td>$300.81</td>
<td>$443.01</td>
<td>$431.56</td>
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<tr>
<td>FY2022 Weighted Cost</td>
<td>$505.36</td>
<td>$546.50</td>
<td>$514.43</td>
<td>$684.41</td>
<td>$359.75</td>
<td>$529.81</td>
<td>$516.11</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>$149.03</td>
<td>$149.03</td>
<td>$149.03</td>
<td>$149.03</td>
<td>$149.03</td>
<td>-</td>
<td>$124.19</td>
</tr>
<tr>
<td>Local Tax Revenue</td>
<td>$193.16</td>
<td>$193.16</td>
<td>$193.16</td>
<td>$193.16</td>
<td>$193.16</td>
<td>$193.16</td>
<td>$193.16</td>
</tr>
<tr>
<td>Total</td>
<td>$342.19</td>
<td>$342.19</td>
<td>$342.19</td>
<td>$342.19</td>
<td>$342.19</td>
<td>$193.16</td>
<td>$317.35</td>
</tr>
<tr>
<td>Credit Hour Rate</td>
<td>$163.17</td>
<td>$204.31</td>
<td>$172.24</td>
<td>$342.22</td>
<td>$17.56</td>
<td>$336.65</td>
<td>$198.76</td>
</tr>
<tr>
<td>State Adjustment*</td>
<td>$(125.69)</td>
<td>$(157.38)</td>
<td>$(132.68)</td>
<td>$(263.61)</td>
<td>$(13.53)</td>
<td>$(259.32)</td>
<td>$(153.11)</td>
</tr>
<tr>
<td>Effective Credit Hour Rate</td>
<td>$37.48</td>
<td>$46.93</td>
<td>$39.57</td>
<td>$78.61</td>
<td>$4.03</td>
<td>$77.33</td>
<td>$45.66</td>
</tr>
</tbody>
</table>

*Proration factor applied to meet State appropriation.
## Base Operating Grants

<table>
<thead>
<tr>
<th></th>
<th>Baccalaureate</th>
<th>Business</th>
<th>Technical</th>
<th>Health</th>
<th>Remedial</th>
<th>ABE/ASE</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funded Hours</td>
<td>2,963,885</td>
<td>276,920</td>
<td>469,916</td>
<td>364,809</td>
<td>256,342</td>
<td>213,910</td>
<td>4,545,782</td>
</tr>
<tr>
<td>Effective Rate</td>
<td>37.48</td>
<td>46.93</td>
<td>39.57</td>
<td>78.61</td>
<td>4.03</td>
<td>77.33</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>111,093,820</td>
<td>12,996,187</td>
<td>18,592,559</td>
<td>28,678,516</td>
<td>1,033,965</td>
<td>16,542,152</td>
<td>188,937,200</td>
</tr>
</tbody>
</table>
BASE OPERATING GRANTS

Impacts to annual grant allocations:

- Funded Hours
- Instructional Cost
- Tuition & Fees
- Local Tax Revenue
- State Appropriations
BASE OPERATING GRANTS

ANNUAL DEFICIT IN FUNDING

Reimbursable Credit Hours Earned    Credit Hour Appropriation    Annual Deficit
BASE OPERATING GRANT
UNRESTRICTED CREDIT HOURS
**Equalization Grants**

- Grants were established by statute to reduce disparity of local property tax funds available per student between districts.

- A base foundation level of expected tax revenue per student is calculated from EAV and PPRT.

- Districts with EAV PPRT rate below the calculated foundation level are eligible for funding.

- Proration factor applied if State appropriations do not meet the fully funded threshold level.

- A minimum $50,000 grant is awarded to districts that qualify for Equalization but become ineligible due to the proration factor.
**EQUALIZATION GRANTS**

Calculation of Grant Allocation

- District’s tax revenue per FTE
  $ < Base Foundation Level =

- Eligible full funding; proration factor applied to Base Foundation Level if necessary.

- Minimum $50,000 grant for districts who qualify for full funding, but not under prorated funding.
<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2023 Formula</td>
<td></td>
</tr>
<tr>
<td>Lesser of 2021 CPPRT or two-year average:</td>
<td>$59,777,477</td>
</tr>
<tr>
<td>Statewide Weighted Average Tax Rate: divide 0.0024545</td>
<td></td>
</tr>
<tr>
<td>CPPRT inflated by Statewide Avg.: equals $24,354,237,930</td>
<td></td>
</tr>
<tr>
<td>Adjusted CPPRT:</td>
<td>$24,354,237,930</td>
</tr>
<tr>
<td>&lt; of 2020 EAV or 2yr Avg.: plus 371,429,938,210</td>
<td></td>
</tr>
<tr>
<td>Total:</td>
<td>$395,784,176,140</td>
</tr>
<tr>
<td>In-District FTE: divide 144,431</td>
<td></td>
</tr>
<tr>
<td>Local Rev. per In-District FTE: $2,740,299</td>
<td></td>
</tr>
<tr>
<td>Statewide Weighted Average Tax Rate: times 0.0024545</td>
<td></td>
</tr>
<tr>
<td>Statewide Threshold: equals $6,726</td>
<td></td>
</tr>
</tbody>
</table>
## Equalization Grants

<table>
<thead>
<tr>
<th></th>
<th>equals $</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide Threshold:</td>
<td>6,726</td>
<td></td>
</tr>
<tr>
<td>Underfunding Prorated Factor</td>
<td>0.786634458</td>
<td></td>
</tr>
<tr>
<td>Prorated Threshold:</td>
<td>5,292</td>
<td></td>
</tr>
</tbody>
</table>

- Statewide threshold is prorated to equal State appropriations.
- Districts with a EAV CPPRT rate below the Statewide threshold and Prorated threshold qualify for Prorated funding.
- Formula = (District EAV CPPRT rate - Prorated Threshold) x FTE.
- Districts qualifying for full funding, but ineligible under prorated funding, will receive a minimum $50,000 grant.
EQUALIZATION GRANTS

ANNUAL DEFICIT IN FUNDING

[Bar chart showing annual deficit in funding from FY 2000 to FY 2022. The chart includes bars for Formula Calculation, Appropriation, and Annual Deficit.]
**EQUALIZATION GRANTS**

Impacts to annual grant allocations:

- EAV
- FTE
- PPRT
- State Appropriations
Performance-Based Funding:
• Beginning in fiscal year 2013, the Illinois public higher education budget is statutorily required to include a performance-based component in the annual funding allocations.
• Community college performance funding measures were developed by a group of representatives from the system.
• As outlined in Public Act 97-320, the measures award community college performance for advancing success of students who are academically or financially at risk and focus on increasing college course, certificate, and degree completion.
**Other Unrestricted Grants**

Measures for Performance-Based Funding:
1. Degree & Certificate Completion
2. Degree & Certificate Completion of At-Risk Students
3. Transfer to a 4-year Institution
4. Developmental Advancement
5. Momentum Points
6. Transfer to a Community College
Other Unrestricted Grants

Small College Grants:

• A flat grant of $50,000 is distributed to districts with 2,500 or less full-time equivalent (FTE).

• Districts below 2,000 FTE, below $850 million equalized assessed valuation (EAV), and qualify for an equalization grant, receive an additional $50,000 grant.

• These districts have fewer discretionary dollars and a greater percentage of their budget allocated to fixed costs than do larger districts.
Veterans Grants

• Prior to FY20, annual appropriations were line item by institution. The appropriation language did not allow claims for tuition waivers for Illinois National Guard veterans.

• In FY20, Public Act 100-0007 was amended to include reimbursement for tuition waivers associated with Illinois National Guard veterans in addition to Veterans grants.

• In FY22, Public Act 102-0017 appropriated the full amount to ICCB to be allocated equitably among the colleges.
**Restricted Grants**

- Adult Education Grants
  - MOE
  - Allocations based on formula
  - Grant Agreements
  - Restricted Accounts

- Career and Technical Education
  - MOE
  - Allocations based on formula
  - Grant Agreements
  - Restricted Accounts
Restricted Grants

- Special Initiatives
  - Federal or State funded
  - Grant Agreements
  - Allocations may be formula-based
  - Restricted Accounts
Questions?

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