



ICCCFO Fall Conference

William Dart

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Compliance

Adequacy & Equity in Community College Funding Working Group

- Authorized by ICCB 6/7/2024
- Members included key community college stakeholders
- Subcommittees:
 - Adequacy Subcommittee
 - Equity Subcommittee
- Purpose – develop recommendations aimed at improving adequacy and equity of funding in community colleges
- [Report presented to Board March 31, 2025](#)

Adequacy & Equity in Community College Funding Working Group

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Adequacy & Equity in Community College Funding Working Group

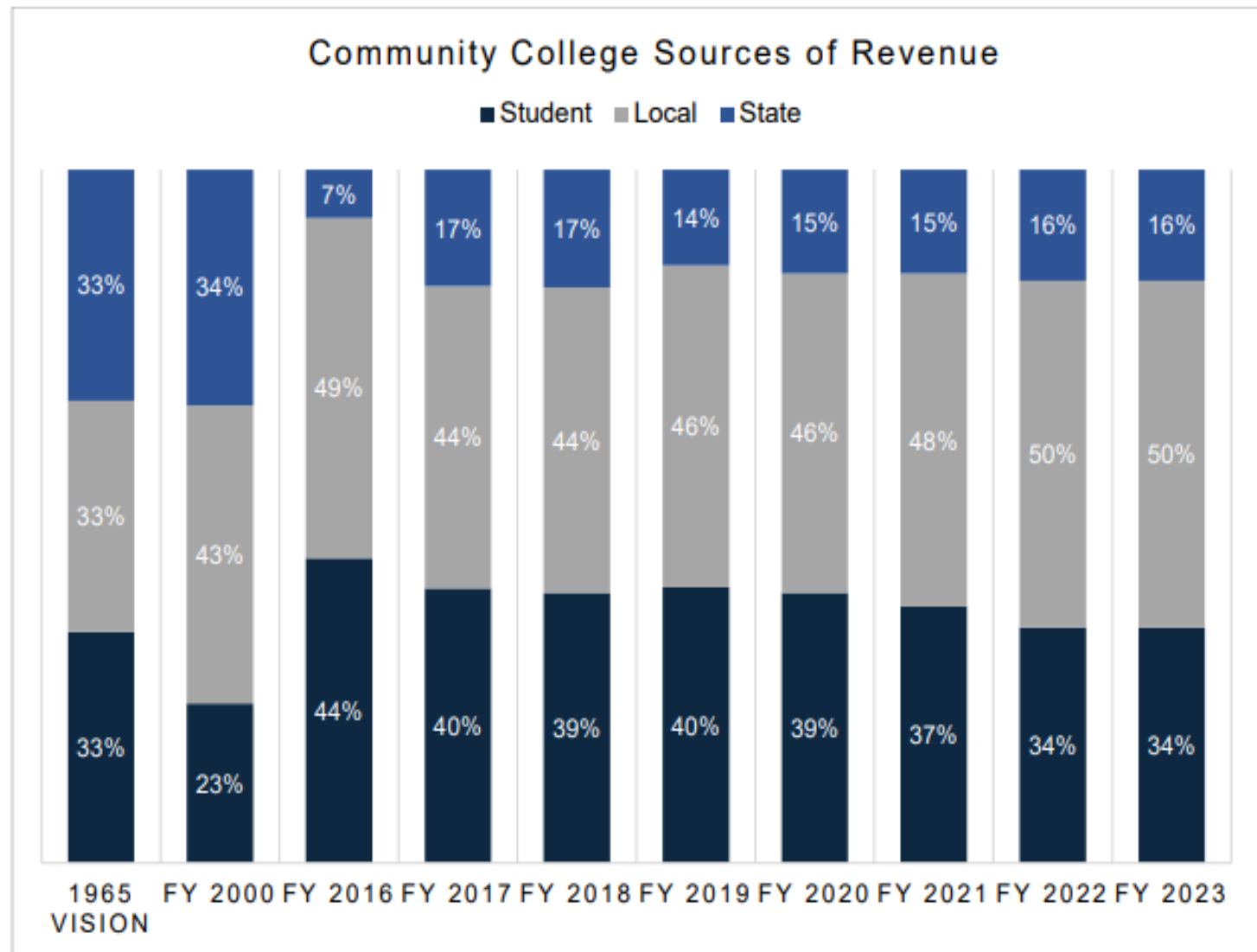


Figure 4. Illinois Community College Revenue Sources, 1965 Vision Compared to Fiscal Years 2000 – 2023

Data Source: Community College District Uniform Financial Statements

Adequacy & Equity in Community College Funding

Working Group Key Findings

- **Funding Challenges:** The original shared funding model for Illinois' community colleges balanced state appropriations, local taxes, and student tuition. However, declining state support has shifted the burden toward local and student-based funding, creating disparities among districts. This imbalance threatens institutional sustainability and limits student access.
- **Equity and Adequacy Gaps:** The current funding model does not adequately address differences in student demographics, regional cost variations, or institutional needs. As a result, colleges serving underrepresented populations face higher costs without proportional funding adjustments.
- **Unstable and Unpredictable Resources:** Fluctuations in funding—especially in equalization grants—cause financial instability, making it difficult for institutions to plan for the long term.
- **Limitations of the Current Funding Formula:** The existing formula is based on outdated cost structures and does not account for modern instructional methods, workforce demands, or the true costs of delivering education and student support services.

Adequacy & Equity in Community College Funding Working Group Recommendations

Recommendations

1. Conduct comprehensive analyses to address key funding challenges and inform the future development of data-informed solutions.	Base Operating Modeling Group
	Equalization Modeling Group
2. Establish a base funding amount that provides each district with a foundational level of operational support.	Base Operating Modeling Group
3. Allocate targeted resources to districts based on student demographics and institutional needs while providing flexibility in how funds are used to improve student success	Base Operating Modeling Group
4. Revise the equalization grant formula to reduce funding volatility, ensure fair distribution of resources, and create a more predictable and stable funding model for all districts.	Equalization Modeling Group
5. Evaluate existing dual credit funding mechanisms and explore ways to ensure that all community college districts can offer these programs without financial strain.	Dual Credit Modeling Group

Working Group Prioritization

Priority Challenges

- Interconnected and advance the broader goals of adequacy & equity in funding
- Progress in one area dependent on advancement in other areas
- Changes to funding model may need to occur in stages given complexities and resource requirements

Recommendation 1 Essential Subrecommendations:

Subrecommendation 1.1: True Cost Per Credit Hour

Subrecommendation 1.2: Instructional Categories Review

Subrecommendation 1.4: Funding Beyond Current Levels to Promote Quality

Additional Subrecommendations:

Subrecommendation 1.3: Credit Hour Funding Alternatives

Subrecommendation 1.6: Small Colleges

Subrecommendation 1.5: Infrastructure Evaluation

Subrecommendation 1.7: 1/3 Funding Model

Technical Modeling Groups (1 of 3)

- Technical Modeling Groups established for Base Operating, Equalization and Dual Credit*
- Kickoff meeting held August 1, 2025; groups meet twice per month
- Provided historical background and working definitions to both Base Operating and Equalization Groups
- Shared key findings identified by Adequacy & Equity in CC Funding Working Group

*Dual Credit study currently underway before group convenes.

Technical Modeling Groups (2 of 3)

- Technical modeling presented to the groups for discussion during subsequent meetings
- Model development to consider:
 - Do Base Operating funding categories capture actual cost of instruction, changes in instruction delivery methods, accounting for student need, etc.
 - Impact to Equalization for proration methods, uncertainty and instability of CPPRT, PTELL limitations on EAV.

Technical Modeling Groups (3 of 3)

- Workgroups includes experts in data analysis, finance, and higher education policy, and represent both system-wide and institutional perspectives.
- Expected to conclude final meetings this fall.
- Final recommendations from the modeling groups will be presented to the Board for further analysis and consideration.

Illinois FY2026 Budget Update

	Appropriated	Pending Approval*	Total FY2026
Base Operating Grant*	\$ 208,268,070	\$ 4,124,130	\$ 212,392,200
City Colleges*	\$ 15,353,818	\$ 304,082	\$ 15,657,900
Equalization	\$ 84,045,500	\$ -	\$ 84,045,500

- System increase of 3% in Base Operating, City Colleges and Equalization Grants
- *\$4.4 million pending Governor approval
- Other statewide initiatives continued at level funding