



# **ICCB ICCCFO Spring Conference**

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# **Part I: Topics in brief**



## **Adequacy and Equity Funding Workgroup**

### **FY 26 Budget Proposal**

# Adequacy & Equity in Community College Funding Working Group

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

# Adequacy & Equity in Community College Funding Working Group

## Defining Adequacy & Equity

### Adequacy:

The allocation of financial resources to ensure all community colleges have the necessary funds to provide high-quality education and effectively serve their students. This approach acknowledges that colleges face differences due to factors such as enrollment size, variation in local tax revenue, regional differences, and student characteristics.

### Equity:

The prioritization of financial resources to recruit, enroll, retain, and complete populations underrepresented and underserved by higher education. This approach recognizes that additional resources may be needed to support students' success and prioritizes funding to community colleges serving those populations.

# 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- **Limitations of the Current Funding Formula:** The existing formula is based on outdated cost structures and does not account for modern instructional methods, workforce demands, or the true costs of delivering education and student support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

**Recommendation 1:** Conduct comprehensive analyses to address key funding challenges and inform the future development of data-informed solutions.

**Recommendation 2:** Establish a base funding amount that provides each district with a foundational level of operational support.

**Recommendation 3:** Adopt an equity-driven funding approach that provides districts with adequate resources aligned to their students' needs, supported by targeted investments to improve outcomes while allowing districts the flexibility to determine the best strategies for implementation.

**Recommendation 4:** Evaluate and enhance the existing equalization formula and identify solutions to address factors that lead to wide disparities from year to year, enabling greater predictability and stabilization.

**Recommendation 5:** Analyze existing dual credit funding structures and mechanisms to explore opportunities for greater consistency and alignment across the system.



# Adequacy & Equity in Community College Funding 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

# Adequacy & Equity in Community College Funding Working Group Next Steps

## Establishing a technical modeling workgroup

- Focus on developing, testing, and refining technical models to evaluate impacts of proposed changes
- Comprised of experts in data analysis, finance, and policy

## Board analysis of recommendations



# **Part I: Topics in brief**



☒ **Adequacy and Equity Funding Workgroup**

☐ **FY 26 Budget Proposal**

# Governor's FY26 Budget Recommendation

## Higher Education Budget Highlights:

- ❖ MAP increase: +\$10 million (total \$721.6 million)
- ❖ CC System operating increase: \$9 million (3%)
- ❖ Common App: \$3 million
- ❖ Continued funding: Dual Credit, Noncredit & PATH

# FY26 Operating Budget

(\$ in thousands)

Grant	FY25 Appropriation	FY26 Recommended	Change (\$)	Change (%)
Base Operating (EAF)	100,636.0	106,822.2	6,186.2	6%
Base Operating (PPRT)	105,570.0	105,570.0	-	0%
<b>Base Operating Grants</b>	<b>\$206,206.0</b>	<b>\$212,392.2</b>	<b>\$6,186.2</b>	<b>3%</b>



# FY26 Operating Budget

(\$ in thousands)

Grant	FY25 Appropriation	FY26 Recommended	Change (\$)	Change (%)
City Colleges Grant	15,201.8	15,657.9	456.1	3%
Equalization Grant	81,597.6	84,045.5	2,447.9	3%
Performance Based Funding	359.0	359.0	-	0%
Small College Grants	548.4	548.4	-	0%
<b>System Operating Grants</b>	<b>\$303,912.8</b>	<b>\$303,912.8</b>	<b>\$2,904.0</b>	<b>3%</b>



# FY26 Operating Budget

(\$ in thousands)

Statewide Initiatives (Restricted Grants)	FY25 Appropriation	FY26 Recommended	Change (\$)	Change (%)
Career & Technical Education	18,972.9	18,975.0	2.1	0%
Adult Education Basic Grant	23,783.6	23,791.8	8.2	0%
Adult Education Performance	11,798.5	11,798.5	-	0%
Advanced Manufacturing Grant	9,000.0	9,000.0	-	0%
Alternative Schools Network	4,000.0	4,000.0	-	0%
Bridge & Workforce Programs	28,794.4	28,794.4	-	0%



# FY26 Operating Budget

(\$ in thousands)

Statewide Initiatives (Restricted Grants)	FY25 Appropriation	FY26 Recommended	Change (\$)	Change (%)
Digital Instruction for AE	2,000.0	2,000.0	-	0%
Dual Credit	3,175.0	3,175.0	-	0%
East St. Louis Higher Ed Center	1,447.9	1,447.9	-	0%
English Language Services	750.0	750.0	-	0%
High School Equivalency (GED)	1,348.4	1,365.3	16.9	1%
Homelessness Prevention	250.0	250.0	-	0%





# FY26 Operating Budget

(\$ in thousands)

Statewide Initiatives (Restricted Grants)	FY25 Appropriation	FY26 Recommended	Change (\$)	Change (%)
Lincoln's Challenge	60.2	60.2	-	0%
Mental Health Early Action	6,000.0	6,000.0	-	0%
Non-Credit Workforce	5,175.0	5,175.0	-	0%
PATH Program	15,000.0	15,000.0	-	0%
SWIC – Belleville Campus	5,900.0	5,900.0	-	0%
Trade Schools	5,000.0	5,000.0	-	0%



# FY26 Operating Budget

(\$ in thousands)

Statewide Initiatives (Restricted Grants)	FY25 Appropriation	FY26 Recommended	Change (\$)	Change (%)
Transitional Instruction	1,000.0	1,000.0	-	0%
Veterans/National Guard Grant	4,264.4	4,264.4	-	0%
<b>Total Statewide Initiatives</b>	<b>178,220.3</b>	<b>147,747.5</b>	<b>(30,472.8)</b>	<b>(20.6%)</b>

\*Includes reduction of legislative initiatives (\$30.5 million).



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OVERVIEW

**Capital Projects**  
**RAMP**  
**updated FMM**

## **Part II: Topics in brief**



**Capital Projects Budget**

**RAMP, Deferred Maintenance**

**updated Financial Management Manual**

# **FY26 Capital Budget**

**APPROPRIATES \$52.6 BILLION FOR CONTINUED INVESTMENT IN  
REBUILD ILLINOIS**

**REAPPROPRIATES \$125 MILLION FOR COMMUNITY COLLEGES FOR  
CONSTRUCTION AND DEFERRED MAINTENANCE**

**FUNDING FOR CAPITAL PROJECTS IS MOSTLY FROM STATE ISSUED  
BONDS WITH SOME LIMITED NUMBER SOURCED FROM GENERAL  
FUNDS. THE REBUILD ILLINOIS CAPITAL PROGRAM IS IN YEAR 7  
(FY2020 - FY2026).**

# **FY26 Capital Budget**

**CDB IS MANAGING 80 PROJECTS AT IL COMMUNITY COLLEGES  
WITH \$ 602.4 M IN FUNDING.**

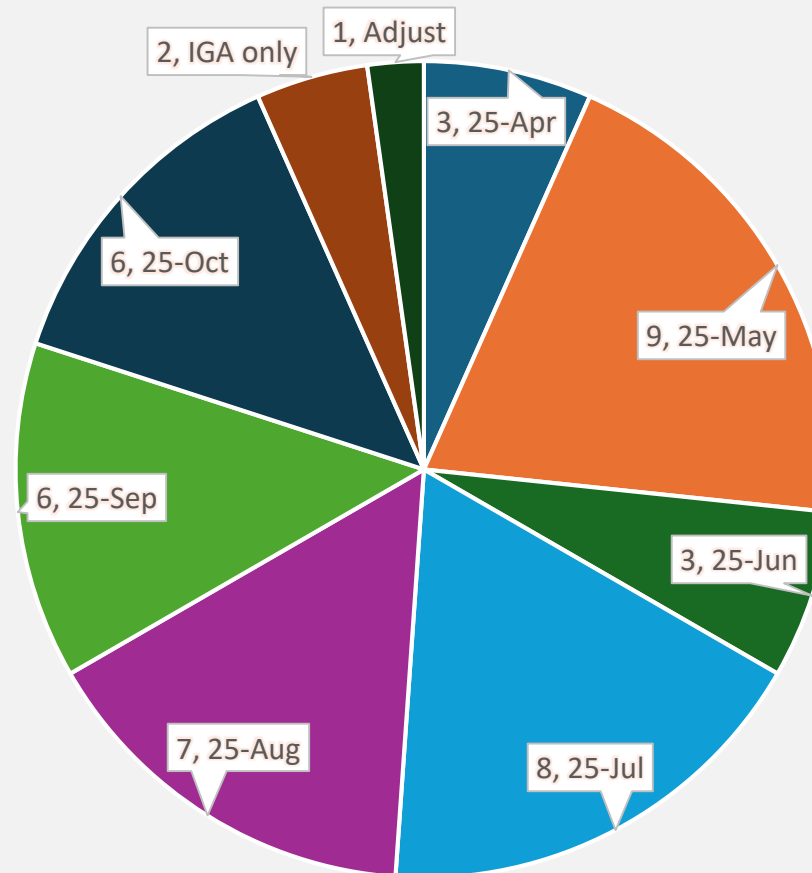
**DEFERRED MAINTENANCE PROJECTS, TOP PRIORITY FOR EACH  
COMMUNITY COLLEGE, WILL BE MOVING THROUGH CDB APPROVAL  
APRIL '25 TO OCT '25. THESE ARE FUNDED 75% STATE, 25% LOCAL  
MATCH (REQUIRED FOR CAPITAL AND DM PROJECTS).**



# FY26 Capital Budget

- ❖ The CDB uses Professional Services Bulletins (PSBs) to solicit proposals from qualified firms for design services.
- ❖ CDB uses a Qualifications Based Selection (QBS) process (30 ILCS 535) to select design professionals, with 75% of the selection criteria weighted towards technical evaluation and 25% towards cost and schedule.
- ❖ Board Action is taken at CDB meetings on the Architecture/Engineering Selection Recommendations from a PSB.

Upcoming CDB meetings & # of CC DM projects



■ 25-Apr ■ 25-May ■ 25-Jun ■ 25-Jul ■ 25-Aug ■ 25-Sep ■ 25-Oct ■ IGA only ■ Adjust



# **Community Colleges Capital RAMP (Resource Allocation Management Program)**

**THE COMMUNITY COLLEGE CAPITAL REQUESTS (OR RAMP) ARE  
SUBMITTED TO THE ICCB AUGUST 1<sup>ST</sup> OF EACH YEAR. ICCB STAFF  
REVIEW ALL REQUESTS SUBMITTED FOR FUNDING ELIGIBILITY  
UNDER THE ADMINISTRATIVE RULES**

**CAPITAL PROJECT SUBMISSIONS COLLECTED THIS AUGUST WILL BE  
REVIEWED AS PART OF THE FY27 STATE CAPITAL BUDGET  
PROPOSALS.**

# Eligibility and Review

**23 IL ADMIN CODE SECTION 1501.603 STATE-FUNDED CAPITAL PROJECTS**

**SECTION A REVIEWS THE TYPE OF PROJECTS THAT MAY BE FUNDED.**

**SECTION B LISTS ELEMENTS FOR NEW CONSTRUCTION.**

**PROJECTS ARE THEN RATED AND PRIORITIZED IN ACCORDANCE WITH THE SYSTEM RULES {1501.603(h)}.**

# **Review and ranking (1 of 2)**

## **MAIN FACTORS:**

- ☐ **TYPE OF SPACE**  
**(INSTRUCTIONAL, STUDY, GARAGE, ASSEMBLY, ATHLETIC, ETC.)**
- ☐ **CORE CAMPUS CONSIDERATIONS**  
**(CLASSROOM, LABS, LEARNING RESOURCES, BUSINESS/  
INDUSTRY TRAINING, OTHER TO SUPPORT HIGH  
ENROLLMENT PROGRAMS)**
- ☐ **SPACE UTILIZATION**

# **Review and ranking (2 of 2)**

## **MAIN FACTORS (CONTINUED):**

- ❑ PROGRAM CONSIDERATIONS (LACK OF AVAILABILITY, LABOR MARKET DEMAND...)**
- ❑ RANKING BY THE COLLEGE AMONG PROPOSALS AND A FEW OTHER CRITERIA IN THE RULE.**

**FUNDING FOR RAMP PROPOSALS MUST BE SPLIT 75% STATE FUNDS AND 25% LOCAL FUNDS.**



# **CAPITAL BUDGET RECOMMENDATIONS**

**ANNUAL RECOMMENDATIONS BY ICCB ARE:**

- **RECOMMENDATIONS FOR RELEASE OF FUNDS  
THESE ARE THE PREVIOUSLY APPROPRIATED PROJECTS**
- **RECOMMENDATION FOR NEW APPROPRIATIONS FOR  
PROJECTS FROM THE REVIEW AND RANKING OF RAMP  
PROPOSALS**
- **THESE ARE USUALLY PART OF A DECEMBER MEETING**





# **ONLY THE BEGINNING**

**RECOMMENDATIONS FROM ICCB AND IBHE ARE SUBMITTED TO  
THE GOVERNOR'S OFFICE**

**FUNDING SOURCES EVALUATED**

**MAY BE INTRODUCED AS PIECE OF A CAPITAL LEGISLATION**

**GENERAL ASSEMBLY REVIEW AND VOTES ON LEGISLATION**

**GOVERNOR ACTS ON LEGISLATION INCLUDING BOND  
AUTHORIZATION**

**BONDS ISSUED AS DETERMINED**

**FUNDS RELEASED FOR PROJECTS**



# KEY FACTS

**PROJECTS COLLECTED IN AUGUST ARE PART OF THE NEXT FY BUDGET CYCLE (DUE FY26 FOR FY27)**

**ONCE APPROPRIATED THEN THAT PROJECT IS NO LONGER SUBMITTED AS A RAMP PROJECT TO ICCB**

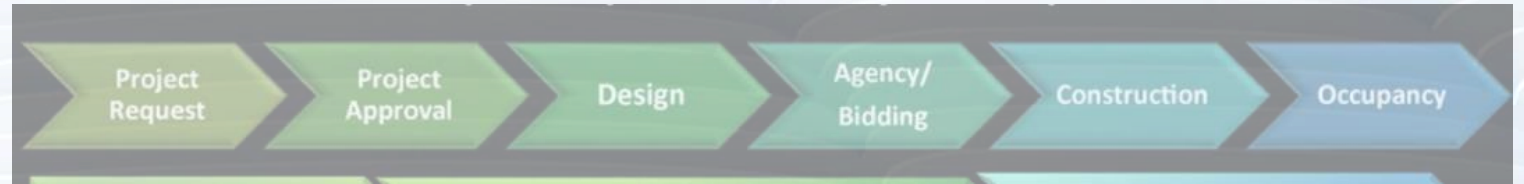
**IF NOT APPROPRIATED THEN EVALUATE FOR NEXT RAMP AS DESIRED**

**DEFERRED MAINTENANCE IS NOT DONE ANNUALLY BUT RATHER PERIODICALLY WHEN CALLED FOR BY CDB/GOMB.**



# DEVELOPMENT AND IMPLEMENTATION STEPS IN BRIEF

**PROPOSED**



**APPROPRIATED**

**REAPPROPRIATED**

**RELEASED (SPENDING AUTHORIZED)**

**OBLIGATED**

**SPENT**

## **Part II: Topics in brief**



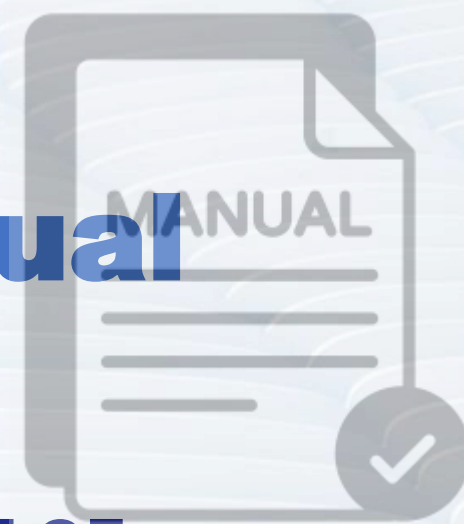
☒ **Capital Projects Budget**

☒ **RAMP, Deferred Maintenance**

☐ **updated Financial Management Manual (aka FMM)**



# **Financial Management Manual**



**PROVIDES GUIDANCE TO COLLEGE BUSINESS OFFICERS REGARDING ACCOUNTING CODES, THE APPROPRIATE USE OF FUNDS, AND ILLINOIS COMMUNITY COLLEGE BOARD (ICCB) FINANCIAL REPORTING REQUIREMENTS.**

**ESTABLISHES THE FUNDS AND CODIFICATION SYSTEM TO BE USED BY ALL ILLINOIS PUBLIC COMMUNITY COLLEGES IN REPORTING FINANCIAL DATA TO THE ICCB**

**SERVES AS A HANDBOOK FOR EXTERNAL AUDITORS**

# **Select Updates and Changes (1 of 3)**



## **RELEVANT GASB UPDATES**

- **TRUST AND AGENCY FUNDS – GASB 84 (PERIODS POST-12/15/2019)**

## **WORKING CASH FUND CHANGES PER P.A. 103-278 (EFF. 7-28-23)**

- **CHANGES TO MIRROR IL SCHOOL DISTRICT PROVISIONS**

## **STATE AND FEDERAL GRANT REGULATORY UPDATES, INCLUDING GATA COVERED AND GATA EXEMPT AWARDS**

- **STATE FUNDED GRANT AWARDS TO COMMUNITY COLLEGE SYSTEM  
ARE EXEMPT FROM THE GATA**

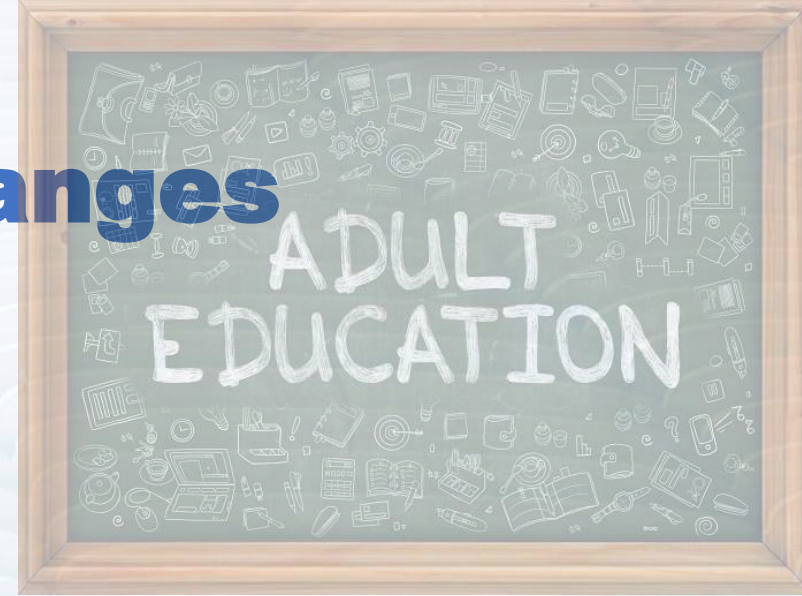


# Select Updates and Changes (2 of 3)



- **UPDATES TO THE GUIDELINES FOR EXTERNAL AUDITORS**
- **REMOVAL OF TEXT OF ADMINISTRATIVE RULES**
- **REVISED SU/SR AUDIT PROTOCOL**
- **CERTIFICATE OF PER CAPITA COST**
- **DISCUSSION OF GRANTS-IGAS- SYSTEM FUNDING**

# **Select Updates and Changes (3 of 3)**



## **ADULT EDUCATION UPDATES**

- **GENERATION (NO LONGER REQUIRED)**
- **NO LONGER REQUIRES 45% TO DIRECT INSTRUCTION**
- **CONTINUE REQUIRING 51% OF DIRECT INSTRUCTIONAL COSTS PAID WITH ICC AEL FUNDS – NECESSARY FOR INSTRUCTION TO COUNT TOWARD FUNDING FORMULA**
- **CLARIFY INDIRECT AND LOCAL ADMIN COSTS**

# **GRANTS, NOT-GRANTS AND IGAs**

**TRUE GRANT: PRESENCE OF GRANT AGREEMENT AND SPECIFIC GRANT REGULATIONS (THE UNIFORM GUIDANCE/IL CODES) WHICH DICTATE ADMINISTRATIVE REQUIREMENTS INCLUDING GRANTEE'S RESPONSIBILITY TO USE THE FUNDS FOR THE STATED PURPOSE AND COMPLY WITH THESE REGULATIONS. ALSO CALLED RESTRICTED GRANT.**

**OTHER AWARDS: BASE OPERATING GRANT, PERFORMANCE GRANTS, SMALL COLLEGE GRANTS, EQUALIZATION GRANTS, CTE ALLOCATIONS (CTE EDUCATION FUNDING). ALSO CALLED UNRESTRICTED GRANTS.**

**IGA: CONTRACTUAL ARRANGEMENTS BETWEEN GOVERNMENTAL ENTITIES TO ACCOMPLISH PUBLIC GOALS.**



# Financial Advisory Committee



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