



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
HB1374

Introduced 02/09/05, by Rep. Kevin A. McCarthy

SYNOPSIS AS INTRODUCED:

110 ILCS 805/2-16.02

from Ch. 122, par. 102-16.02

Amends the Public Community College Act. Makes changes concerning equalization grants to community college districts. Provides that equalization grants shall be distributed to districts based upon the higher of (i) an EAV-based equalization calculation using the equalized assessed valuation of property within the district or (ii) a PTE-based equalization calculation using the property tax extension within the district. Effective July 1, 2005.

LRB094 03691 RAS 33696 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning education.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Public Community College Act is amended by
5 changing Section 2-16.02 as follows:

6 (110 ILCS 805/2-16.02) (from Ch. 122, par. 102-16.02)

7 Sec. 2-16.02. Grants.

8 (a) Any community college district that maintains a
9 community college recognized by the State Board shall receive,
10 when eligible, grants enumerated in this Section. Funded
11 semester credit hours or other measures or both as specified by
12 the State Board shall be used to distribute grants to community
13 colleges. Funded semester credit hours shall be defined, for
14 purposes of this Section, as the greater of (1) the number of
15 semester credit hours, or equivalent, in all funded
16 instructional categories of students who have been certified as
17 being in attendance at midterm during the respective terms of
18 the base fiscal year or (2) the average of semester credit
19 hours, or equivalent, in all funded instructional categories of
20 students who have been certified as being in attendance at
21 midterm during the respective terms of the base fiscal year and
22 the 2 prior fiscal years. For purposes of this Section, "base
23 fiscal year" means the fiscal year 2 years prior to the fiscal
24 year for which the grants are appropriated. Such students shall
25 have been residents of Illinois and shall have been enrolled in
26 courses that are part of instructional program categories
27 approved by the State Board and that are applicable toward an
28 associate degree or certificate. Courses that are eligible for
29 reimbursement are those courses for which the district pays 50%
30 or more of the program costs from unrestricted revenue sources,
31 with the exception of courses offered by contract with the
32 Department of Corrections in correctional institutions. For

1 the purposes of this Section, "unrestricted revenue sources"
2 means those revenues in which the provider of the revenue
3 imposes no financial limitations upon the district as it
4 relates to the expenditure of the funds.

5 (b) Base operating grants shall be paid based on rates per
6 funded semester credit hour or equivalent calculated by the
7 State Board for funded instructional categories using cost of
8 instruction, enrollment, inflation, and other relevant
9 factors. A portion of the base operating grant shall be
10 allocated on the basis of non-residential gross square footage
11 of space maintained by the district.

12 (c) Equalization grants shall be distributed to qualified
13 districts based upon the higher of (i) an EAV-based
14 equalization calculation using the equalized assessed
15 valuation of property within the district or (ii) a PTE-based
16 equalization calculation using the property tax extension
17 within the district. The State Board shall maintain the same
18 relative funding level between both calculations of the
19 equalization grant if the appropriated amount is less than the
20 calculated amount.

21 EAV-based equalization funding ~~Equalization grants~~ shall
22 be calculated by the State Board by determining a local revenue
23 factor for each district by: (A) adding (1) each district's
24 Corporate Personal Property Replacement Fund allocations from
25 the base fiscal year or the average of the base fiscal year and
26 prior year, whichever is less, divided by the applicable
27 statewide average tax rate to (2) the district's most recently
28 audited year's equalized assessed valuation or the average of
29 the most recently audited year and prior year, whichever is
30 less, (B) then dividing by the district's audited full-time
31 equivalent resident students for the base fiscal year or the
32 average for the base fiscal year and the 2 prior fiscal years,
33 whichever is greater, and (C) then multiplying by the
34 applicable statewide average tax rate. The State Board shall
35 calculate a statewide weighted average threshold by applying
36 the same methodology to the totals of all districts' Corporate

1 Personal Property Tax Replacement Fund allocations, equalized
2 assessed valuations, and audited full-time equivalent district
3 resident students and multiplying by the applicable statewide
4 average tax rate. The difference between the statewide weighted
5 average threshold and the local revenue factor, multiplied by
6 the number of full-time equivalent resident students, shall
7 determine the amount of EAV-based equalization funding that
8 each district is eligible to receive. A percentage factor, as
9 determined by the State Board, may be applied to the statewide
10 threshold as a method for allocating EAV-based equalization
11 funding.

12 For the purposes of this subsection (c), "property tax
13 extension" means the taxes extended by a district's county
14 clerk through its tax extension levy process for all funds,
15 excluding the bond and interest fund and the public building
16 commission rental fund. PTE-based equalization funding shall
17 be calculated by the State Board by determining the difference
18 between the statewide-average property tax extension revenue
19 per funded semester credit hour and each district's property
20 tax extension revenue per funded semester credit hour. A
21 district's property tax extension revenue per funded semester
22 credit hour shall be calculated by dividing (1) the lower of
23 (A) the most recently audited property tax extension revenue or
24 (B) the 3-year average of audited property tax extension
25 revenue by (2) the greater of (A) the number of funded semester
26 credit hours less correctional credit hours for the base fiscal
27 year or (B) the average for the base fiscal year and the 2
28 prior fiscal years, as reported, to the State Board ("adjusted
29 funded semester credit hours"). For those districts whose
30 property tax extension revenue per adjusted funded semester
31 credit hour is below the calculated statewide-average property
32 tax extension revenue per adjusted funded semester credit hour,
33 the difference between the district's property tax extension
34 revenue per adjusted funded semester credit hour and the
35 statewide-average property tax extension revenue per adjusted
36 funded semester credit hour shall be multiplied by the

1 district's adjusted funded semester credit hours to determine
2 the grant amount that the district is eligible to receive under
3 this PTE-based equalization calculation. A percentage factor
4 that is equal to the appropriated percentage, as determined by
5 the State Board, shall be applied to the eligible amount as a
6 method for allocating PTE-based equalization funding.

7 A minimum equalization grant of an amount per district as
8 determined by the State Board shall be established for any
9 community college district which qualifies for an equalization
10 grant based upon the preceding criteria, but becomes ineligible
11 for equalization funding, or would have received a grant of
12 less than the minimum equalization grant, due to threshold
13 prorations applied to reduce equalization funding. As of July
14 1, 2004, a community college district must maintain a minimum
15 required combined in-district tuition and universal fee rate
16 per semester credit hour equal to 85% of the State-average
17 combined rate, as determined by the State Board, for
18 equalization funding. As of July 1, 2004, a community college
19 district must maintain a minimum required operating tax rate
20 equal to at least 95% of its maximum authorized tax rate to
21 qualify for equalization funding. This 95% minimum tax rate
22 requirement shall be based upon the maximum operating tax rate
23 as limited by the Property Tax Extension Limitation Law.

24 (d) The State Board shall distribute such other grants as
25 may be authorized or appropriated by the General Assembly.

26 (e) Each community college district entitled to State
27 grants under this Section must submit a report of its
28 enrollment to the State Board not later than 30 days following
29 the end of each semester, quarter, or term in a format
30 prescribed by the State Board. These semester credit hours, or
31 equivalent, shall be certified by each district on forms
32 provided by the State Board. Each district's certified semester
33 credit hours, or equivalent, are subject to audit pursuant to
34 Section 3-22.1.

35 (f) The State Board shall certify, prepare, and submit to
36 the State Comptroller during August, November, February, and

1 May of each fiscal year vouchers setting forth an amount equal
2 to 25% of the grants approved by the State Board for base
3 operating grants and equalization grants. The State Board shall
4 prepare and submit to the State Comptroller vouchers for
5 payments of other grants as appropriated by the General
6 Assembly. If the amount appropriated for grants is different
7 from the amount provided for such grants under this Act, the
8 grants shall be proportionately reduced or increased
9 accordingly.

10 (g) For the purposes of this Section, "resident student"
11 means a student in a community college district who maintains
12 residency in that district or meets other residency definitions
13 established by the State Board, and who was enrolled either in
14 one of the approved instructional program categories in that
15 district, or in another community college district to which the
16 resident's district is paying tuition under Section 6-2 or with
17 which the resident's district has entered into a cooperative
18 agreement in lieu of such tuition.

19 For the purposes of this Section, a "full-time equivalent"
20 student is equal to 30 semester credit hours.

21 (h) The Illinois Community College Board Contracts and
22 Grants Fund is hereby created in the State Treasury. Items of
23 income to this fund shall include any grants, awards,
24 endowments, or like proceeds, and where appropriate, other
25 funds made available through contracts with governmental,
26 public, and private agencies or persons. The General Assembly
27 shall from time to time make appropriations payable from such
28 fund for the support, improvement, and expenses of the State
29 Board and Illinois community college districts.

30 (Source: P.A. 93-21, eff. 7-1-03.)

31 Section 99. Effective date. This Act takes effect July 1,
32 2005.