

**PRIVATE COLLEGES AND UNIVERSITIES CAPITAL DISTRIBUTION  
FORMULA, FISCAL YEAR 2012**

**Submitted for:** Action.

**Summary:** This item presents a recommendation to approve the final fall 2008 student enrollment of four new applicants to the Independent Colleges Capital Program (ICCAP) and the distribution schedule of Build Illinois bond proceeds pursuant to the Private Colleges and Universities Capital Distribution Formula (30 ILCS 769/Art. 25).

This grant program has an appropriation of \$300.0 million in Build Illinois Bond sales for fiscal year 2010 (Public Act 96-35), and these funds were re-appropriated in subsequent years. Funds are released to the Illinois Board of Higher Education (IBHE) as state bonds are sold and revenues collected. On June 21, 2010, the Board approved the final fall 2008 student enrollment of the initial 63 grantees, the initial distribution of \$35.0 million, and authorized the Executive Director to distribute grant awards as funds were made available. The release of \$35.0 million has been distributed to the institutions. It is anticipated that an additional \$75.0 million in bond sale proceeds will be transferred to the IBHE in the near future. Board approval is needed before a prorated share of these funds may be distributed to the four new applicants and before the distribution of FTE grants, also on a pro rata basis, to the anticipated 67 eligible grantees.

**Action Requested:** That the Illinois Board of Higher Education approves the final fall 2008 student enrollment in full time equivalents (FTE) for 4 additional institutions of higher education pursuant to the Private Colleges and Universities Capital Distribution Formula Act (30 ILCS 769/Art. 25) as presented in Table 1 and the award of FTE Grants as shown in Table 2. The Board also authorizes the Executive Director to (1) distribute grant awards for eligible capital projects to eligible institutions as funds are made available to the IBHE pursuant to the aforementioned Act; (2) determine the eligibility of capital projects pursuant to the standards established by the Act and the administrative rules (23 Ill. Adm. Code 1039); and (3) hold grant awards until furnished with the requisite grant application materials and information pursuant to the administrative rules.



STATE OF ILLINOIS  
BOARD OF HIGHER EDUCATION

**PRIVATE COLLEGES AND UNIVERSITIES CAPITAL DISTRIBUTION FORMULA  
FISCAL YEAR 2012**

On July 13, 2009, Governor Quinn signed Public Act 96-37 into law creating a new capital grant program for non-profit private colleges and universities. Sixty-three institutions that applied for the grant have previously been determined to be eligible to receive a distribution of bond proceeds. The initial distribution was approximately \$35.0 million in June 2010, and was distributed to institutions in prorated shares since the amount of funds was not sufficient to award the total amount of the base grant awards. An addition four institutions have applied and have been determined by staff to be eligible. It is anticipated that the Capital Development Board will release \$75.0 million to the Illinois Board of Higher Education (IBHE) for the second distribution in the near future.

**Eligibility**

There are two eligibility requirements for this program. First, eligible institutions must have been independent colleges as of the fall 2008 term. An independent college is a private, not-for-profit institution of higher education in Illinois that has been authorized to operate in the State pursuant to statute. Any institution that provided more than 75 percent of its courses online or had more than 75 percent of students enrolled in theology and religious vocation programs is not an eligible institution for this program. (23 Ill. Adm. Code 1039.20)

Second, grants can be awarded only for capital projects. Pursuant to the Build Illinois Act, a capital project is the “construction, repair, renovation, and miscellaneous capital improvements, including the planning, engineering, acquisition, reconstruction, remodeling, improvement, repair and installation of capital facilities and costs of planning, supplies, equipment, materials, services, and all other required expenses.” (30 ILCS 425/4(c)) Capital projects do not include work on (1) facilities used for sectarian instruction, religious worship or a school or department of divinity or (2) the proportional share of joint use facilities that either provide personal residential space for those who are not students or provide space for business activities unrelated to the educational mission of the institution. (23 Ill. Adm. Code 1039.20)

**Grant Awards**

Each independent college is eligible for a base grant and an FTE grant. Both grants were created by law and are based on the number of fall 2008 full-time equivalent students (FTE). The process by which the 2008 FTE is calculated is verified by an independent auditor and submitted by each institution.

- Base grants must be awarded before the FTE grants and are distributed as follows:

<b><u>Fall 2008 FTE</u></b>	<b><u>Base Grant</u></b>
Between 1 and 200 FTE	\$ 200,000
Between 201 and 500 FTE	\$ 1,000,000
Between 501 and 4,000 FTE	\$ 2,000,000
Greater than 4,000 FTE	\$ 5,000,000

- Pursuant to statute, the remaining funds are to be used for FTE Grants and distributed on a pro rata share of the fall 2008 FTE. At the end of the five-year period, any unused funds shall be collected and redistributed based on the number of fall 2008 FTE.

The distribution of grant awards is subject to the availability of bond sale proceeds. If for any reason the amount of funds available for release is not sufficient to distribute the grant amounts as determined by the formula, the IBHE shall distribute a prorated share.

### **FY 2010 Grant Applications and Distribution of \$35.0 Million**

The first ICCAP grant application was released in February 2010 and more than 60 institutions applied for the grant program. Institutions submitted 477 capital projects with an estimated cost of \$772.3 million, more than double the amount of the appropriation. This information was presented to the Board at the June 21, 2010 meeting along with a request to approve the final fall 2008 FTE and the initial distribution of partial base grants. The requests were approved.

Concurrently, \$35.0 million in bond proceeds was made available to the IBHE for distribution. Since the amount of funds released was not sufficient to award the total amount of base grant awards (\$141.4 million), 63 institutions received prorated shares. Each institution received 24.8 percent of their base grant amount. No institution received an amount that was greater than the total amount of its eligible capital projects. See Appendix A for distribution by institution.

To expedite the distribution of future releases, the staff asked the Board to authorize the Executive Director to release the remainder of the base grants as funds became available without additional approval by the Board. However, there have been no additional funds made available until 2012.

### **FY 2012 Grant Applications and Distribution of \$75.0 Million**

In preparation for a second release of funds, the IBHE re-released the ICCAP grant application in November 2011. The re-release provided institutions with another opportunity to apply. Institutions that previously received an ICCAP grant award were not asked to re-apply.

Four new institutions submitted applications and requested funds for 10 capital projects with an estimated cost of \$53.6 million. Staff has reviewed these four applications for eligibility pursuant to the statute (30 ILCS 769) and the rules implementing that statute (23 Ill. Adm. Code 1039). The final fall 2008 FTE are shown below in Table 1 along with the base grant award and the amount of the first distribution (i.e., the amount received if these institutions had applied in FY 2010).

The source of the second round of \$75.0 million is the sale of tax-exempt Build Illinois Bonds. Since these bonds are tax-exempt, the State saves a considerable amount in interest payments. However, grantees are more limited in the use of these funds. The Internal Revenue Service allows a 60-day look-back period which allows expenses incurred up to 60 days prior to the date of the grant (i.e., when the grant document signed by both the grantee and IBHE) to be financed with tax-exempt debt. There is no opportunity to extend the 60-day period. Grantees may use the funds from this distribution of \$75.0 million only for new expenses and expenses incurred within the 60-day look back period.

**Table 1. Final Fall 2008 FTE and Amount of First Distribution  
Additional Institutions in FY 2012**

	<b>Final Fall 2008 FTE</b>	<b>Base Grant Award</b>	<b>Pro Rata Share (24.8%)</b>
Hebrew Theological College	466	\$ 1,000,000	\$ 247,525
John Marshall Law School, The	1,403	2,000,000	495,049
Midwestern University	3,126	2,000,000	495,049
Shimer College	88	200,000	49,505
<b>Total</b>	<b>5,083</b>	<b>\$ 5,200,000</b>	<b>\$ 1,287,128</b>

Prior to the distribution of the anticipated \$75.0 million, each grantee must comply with the business enterprise program practices pursuant to Public Act 96-1064. This includes the submission of a written certification and a business enterprise program plan for minority-owned businesses, female-owned business, and businesses owned by persons with disabilities (30 ILCS 575). The Central Management Services (CMS) and the Capital Development Board (CDB) will be working with each grantee to determine the appropriate business enterprise program goals. IBHE's role is to assist these state agencies by providing grantee contact information and information regarding the eligible capital projects.

**Recommendation**

The staff recommends the adoption of the following resolution:

*The Illinois Board of Higher Education hereby:*

- (1) Approves the final fall 2008 FTE and initial distribution of partial base grants for four additional institutions as shown in Table 1; and*
- (2) Approves the distribution of base grants and FTE grants as shown in Table 2; and*
- (3) Authorizes the Executive Director to distribute the remainder of base grants and FTE grants to the listed institutions as funds become available; and*
- (4) Authorizes the Executive Director to continue to monitor and determine eligibility of institutions and capital projects pursuant to the statute (30 ILCS 769/), the rules implementing that statute (23 Ill. Admin. Code 1039), and the Internal Revenue Service tax code;*
- (5) Authorizes the Executive Director to withhold grant awards until provided with signed grant agreements and other appropriate grant information and material as require by the Act and the rules; and*
- (6) Authorizes the Executive Director to modify grant agreements to comply with the tax-exempt financing section of the IRS code of 1986.*

**Table 2.**  
**Estimated ICCAP Grant Awards, by Institution**  
**\$300 Million in Build Illinois Bond Sales**

Institution Name	Final Fall 2008 FTE	Base Grant Award	FTE Grant Award	Total Grant Award	Institution Name	Final Fall 2008 FTE	Base Grant Award	FTE Grant Award	Total Grant Award
Adler School of Prof. Psychology	422	\$ 1,000,000	\$ 361,643	\$ 1,361,643	Monmouth College	1,410	\$ 2,000,000	\$ 1,208,332	\$ 3,208,332
Augustana College	2,629	2,000,000	2,252,982	4,252,982	Moody Bible Institute	507	2,000,000	434,485	2,434,485
Aurora University	3,404	2,000,000	2,917,136	4,917,136	Morrison Institute of Technology	138	200,000	118,262	318,262
Benedictine University	3,606	2,000,000	3,090,245	5,090,245	National University of Health Sciences	1,012	2,000,000	867,257	2,867,257
Blackburn College	642	2,000,000	550,177	2,550,177	National-Louis University	3,198	2,000,000	2,740,600	4,740,600
Bradley University	5,375	5,000,000	4,606,230	9,606,230	North Central College	2,563	2,000,000	2,196,422	4,196,422
Chicago School of Prof. Psychology	1,370	2,000,000	1,174,053	3,174,053	North Park University	2,243	2,000,000	1,922,190	3,922,190
Columbia College Chicago	11,059	5,000,000	9,477,264	14,477,264	Northwestern University	18,265	5,000,000	15,652,612	20,652,612
Concordia University	2,477	2,000,000	2,122,722	4,122,722	Olivet Nazarene University	3,212	2,000,000	2,752,597	4,752,597
DePaul University	20,251	5,000,000	17,354,560	22,354,560	Principia College	521	2,000,000	446,483	2,446,483
Dominican University	2,378	2,000,000	2,037,882	4,037,882	Quincy University	1,278	2,000,000	1,095,211	3,095,211
East-West University	1,142	2,000,000	978,663	2,978,663	Robert Morris University-Illinois	4,638	5,000,000	3,974,641	8,974,641
Elmhurst College	3,138	2,000,000	2,689,181	4,689,181	Rockford College	1,123	2,000,000	962,381	2,962,381
Eureka College	758	2,000,000	649,586	2,649,586	Roosevelt University	5,141	5,000,000	4,405,698	9,405,698
Greenville College	1,464	2,000,000	1,254,608	3,254,608	Rosalind Franklin Univ, Med & Science	2,885	2,000,000	2,472,367	4,472,367
Hebrew Theological College	466	1,000,000	399,349	1,399,349	Rush University	1,427	2,000,000	1,222,900	3,222,900
Illinois College	954	2,000,000	817,552	2,817,552	School of the Art Inst. Chicago	2,917	2,000,000	2,499,790	4,499,790
Illinois College of Optometry	1,029	2,000,000	881,825	2,881,825	Shimer College	88	200,000	75,414	275,414
Illinois Institute of Technology	6,466	5,000,000	5,541,187	10,541,187	Spertus College of Judaica	52	200,000	44,563	244,563
Illinois Wesleyan University	2,288	2,000,000	1,960,754	3,960,754	Springfield College in Illinois	332	1,000,000	284,515	1,284,515
John Marshall Law School, The	1,403	2,000,000	1,202,333	3,202,333	St. Anthony College of Nursing	177	200,000	151,684	351,684
Judson University	842	2,000,000	721,571	2,721,571	St. Augustine College	791	2,000,000	677,866	2,677,866
Knox College	1,416	2,000,000	1,213,474	3,213,474	St. Francis Medical Center, Nursing	334	1,000,000	286,229	1,286,229
Lake Forest College	1,420	2,000,000	1,216,902	3,216,902	St. Johns College	75	200,000	64,273	264,273
Lake Forest Graduate School of Mgmt.	305	1,000,000	261,377	1,261,377	St. Xavier University	4,029	5,000,000	3,452,744	8,452,744
Lakeview College of Nursing	249	1,000,000	213,386	1,213,386	Trinity Christian College	1,242	2,000,000	1,064,360	3,064,360
Lewis University	4,439	5,000,000	3,804,103	8,804,103	Trinity College of Nursing & Health Sci	134	200,000	114,834	314,834
Lincoln University	959	2,000,000	821,837	2,821,837	Trinity International University	981	2,000,000	840,691	2,840,691
Loyola University of Chicago	13,836	5,000,000	11,857,078	16,857,078	University of Chicago	9,769	5,000,000	8,371,769	13,371,769
Mac Cormac College	115	200,000	98,552	298,552	University of St. Francis	2,286	2,000,000	1,959,040	3,959,040
MacMurray College	571	2,000,000	489,332	2,489,332	VanderCook College of Music	201	1,000,000	172,252	1,172,252
McKendree University	2,498	2,000,000	2,140,719	4,140,719	Wheaton College	2,233	2,000,000	1,913,621	3,913,621
Methodist College of Nursing	121	200,000	103,694	303,694	Column B	75,202	\$ 65,200,000	\$ 64,446,083	\$ 129,646,083
Midwestern University	3,126	2,000,000	2,678,898	4,678,898	Column A	104,967	80,400,000	89,953,885	170,353,885
Millikin University	2,349	2,000,000	2,013,030	4,013,030	Total	180,169	\$ 145,600,000	\$ 154,399,968	\$ 299,999,968
Column A	104,967	\$ 80,400,000	\$ 89,953,885	\$ 170,353,885					

**Appendix A.**  
**Schedule of First Distribution, \$35.0 Million in Build Illinois Bond Sales, June 2010**

Institution Name	Base Grant Award	Pro Rata Share (24.8% )	Institution Name	Base Grant Award	Pro Rata Share (24.8% )
Adler School of Prof. Psychology	\$ 1,000,000	\$ 247,525	Moody Bible Institute	\$ 2,000,000	\$ 495,049
Augustana College	2,000,000	495,049	Morrison Institute of Technology	200,000	49,505
Aurora University	2,000,000	495,049	National University of Health Sciences	2,000,000	495,049
Benedictine University	2,000,000	495,049	National-Louis University	2,000,000	495,049
Blackburn College	2,000,000	495,049	North Central College	2,000,000	495,049
Bradley University	5,000,000	1,237,623	North Park University	2,000,000	495,049
Chicago School of Prof. Psychology	2,000,000	495,049	Northwestern University	5,000,000	1,237,623
Columbia College Chicago	5,000,000	1,237,623	Olivet Nazarene University	2,000,000	495,049
Concordia University	2,000,000	495,049	* Principia College (Eligible, not participating)		
DePaul University	5,000,000	1,237,623	Quincy University	2,000,000	495,049
Dominican University	2,000,000	495,049	Robert Morris University-Illinois	5,000,000	1,237,623
East-West University	2,000,000	495,049	Rockford College	2,000,000	495,049
Elmhurst College	2,000,000	495,049	Roosevelt University	5,000,000	1,237,623
Eureka College	2,000,000	495,049	Rosalind Franklin Univ. Med & Science	2,000,000	495,049
Greenville College	2,000,000	495,049	Rush University	2,000,000	495,049
Illinois College	2,000,000	495,049	School of the Art Inst. Chicago	2,000,000	495,049
Illinois College of Optometry	2,000,000	495,049	Spertus College of Judaica	200,000	49,505
Illinois Institute of Technology	5,000,000	1,237,623	Springfield College in Illinois	1,000,000	247,525
Illinois Wesleyan University	2,000,000	495,049	St. Anthony College of Nursing	200,000	49,505
Judson University	2,000,000	495,049	St. Augustine College	2,000,000	495,049
Knox College	2,000,000	495,049	St. Francis Medical Center, Nursing	1,000,000	247,525
Lake Forest College	2,000,000	495,049	St. Johns College	200,000	49,505
Lake Forest Graduate School of Mgmt.	1,000,000	247,525	St. Xavier University	5,000,000	1,237,623
Lakeview College of Nursing	1,000,000	247,525	Trinity Christian College	2,000,000	495,049
Lewis University	5,000,000	1,237,623	Trinity College of Nursing & Health Sci	200,000	49,505
Lincoln College	2,000,000	495,049	Trinity International University	2,000,000	495,049
Loyola University of Chicago	5,000,000	1,237,623	University of Chicago	5,000,000	1,237,623
MacCormac College	200,000	49,505	University of St. Francis	2,000,000	495,049
MacMurray College	2,000,000	495,049	VanderCook College of Music	1,000,000	247,525
McKendree University	2,000,000	495,049	* W. Suburban CON (not eligible)		
Methodist College of Nursing	200,000	49,505	Wheaton College	2,000,000	495,049
Millikin University	2,000,000	495,049	Column B	\$ 61,000,000	\$ 15,098,999
Monmouth College	2,000,000	495,049	Column A	\$ 77,400,000	\$ 19,158,401
Column A	\$ 77,400,000	\$ 19,158,401	Total	\$ 138,400,000	\$ 34,257,400

**Appendix B.**  
**Schedule of Second Distribution, \$75.0 Million of Build Illinois Bond Sales, January 2012**

Institution Name	Base Grant Award	First Distribution (24.8% of Base)	Remaining	Pro Rata Share of Remaining (68.9%)	Institution Name	Base Grant Award	First Distribution (24.8% of Base)	Remaining	Pro Rata Share of Remaining (68.9%)
		\$35,000,000		\$75,000,000			\$35,000,000		\$75,000,000
Adler School of Prof. Psychology	\$ 1,000,000	\$ 247,525	\$ 752,475	\$ 518,455	Monmouth College	\$ 2,000,000	\$ 495,049	\$ 1,504,951	\$ 1,036,911
Augustana College	2,000,000	495,049	1,504,951	1,036,911	Moody Bible Institute	2,000,000	495,049	1,504,951	1,036,911
Aurora University	2,000,000	495,049	1,504,951	1,036,911	Morrison Institute of Technology	200,000	49,505	150,495	103,691
Benedictine University	2,000,000	495,049	1,504,951	1,036,911	National University of Health Sciences	2,000,000	495,049	1,504,951	1,036,911
Blackburn College	2,000,000	495,049	1,504,951	1,036,911	National-Louis University	2,000,000	495,049	1,504,951	1,036,911
Bradley University	5,000,000	1,237,623	3,762,377	2,592,278	North Central College	2,000,000	495,049	1,504,951	1,036,911
Chicago School of Prof. Psychology	2,000,000	495,049	1,504,951	1,036,911	North Park University	2,000,000	495,049	1,504,951	1,036,911
Columbia College Chicago	5,000,000	1,237,623	3,762,377	2,592,278	Northwestern University	5,000,000	1,237,623	3,762,377	2,592,278
Concordia University	2,000,000	495,049	1,504,951	1,036,911	Olivet Nazarene University	2,000,000	495,049	1,504,951	1,036,911
DePaul University	5,000,000	1,237,623	3,762,377	2,592,278	Principia College (eligible, not participating)				
Dominican University	2,000,000	495,049	1,504,951	1,036,911	Quincy University	2,000,000	495,049	1,504,951	1,036,911
East-West University	2,000,000	495,049	1,504,951	1,036,911	Robert Morris University-Illinois	5,000,000	1,237,623	3,762,377	2,592,278
Elmhurst College	2,000,000	495,049	1,504,951	1,036,911	Rockford College	2,000,000	495,049	1,504,951	1,036,911
Eureka College	2,000,000	495,049	1,504,951	1,036,911	Roosevelt University	5,000,000	1,237,623	3,762,377	2,592,278
Greenville College	2,000,000	495,049	1,504,951	1,036,911	Rosalind Franklin Univ, Med & Science	2,000,000	495,049	1,504,951	1,036,911
Hebrew Theological College	1,000,000	247,525	752,475	518,455	Rush University	2,000,000	495,049	1,504,951	1,036,911
Illinois College	2,000,000	495,049	1,504,951	1,036,911	School of the Art Inst. Chicago	2,000,000	495,049	1,504,951	1,036,911
Illinois College of Optometry	2,000,000	495,049	1,504,951	1,036,911	Shimer College	200,000	49,505	150,495	103,691
Illinois Institute of Technology	5,000,000	1,237,623	3,762,377	2,592,278	Spertus College of Judaica	200,000	49,505	150,495	103,691
Illinois Wesleyan University	2,000,000	495,049	1,504,951	1,036,911	Springfield College in Illinois	1,000,000	247,525	752,475	518,455
John Marshall Law School, The	2,000,000	495,049	1,504,951	1,036,911	St. Anthony College of Nursing	200,000	49,505	150,495	103,691
Judson University	2,000,000	495,049	1,504,951	1,036,911	St. Augustine College	2,000,000	495,049	1,504,951	1,036,911
Knox College	2,000,000	495,049	1,504,951	1,036,911	St. Francis Medical Center, Nursing	1,000,000	247,525	752,475	518,455
Lake Forest College	2,000,000	495,049	1,504,951	1,036,911	St. Johns College	200,000	49,505	150,495	103,691
Lake Forest Graduate School of Mgmt.	1,000,000	247,525	752,475	518,455	St. Xavier University	5,000,000	1,237,623	3,762,377	2,592,278
Lakeview College of Nursing	1,000,000	247,525	752,475	518,455	Trinity Christian College	2,000,000	495,049	1,504,951	1,036,911
Lewis University	5,000,000	1,237,623	3,762,377	2,592,278	Trinity College of Nursing & Health Sci	200,000	49,505	150,495	103,691
Lincoln University	2,000,000	495,049	1,504,951	1,036,911	Trinity International University	2,000,000	495,049	1,504,951	1,036,911
Loyola University of Chicago	5,000,000	1,237,623	3,762,377	2,592,278	University of Chicago	5,000,000	1,237,623	3,762,377	2,592,278
MacCormac College	200,000	49,505	150,495	103,691	University of St. Francis	2,000,000	495,049	1,504,951	1,036,911
MacMurray College	2,000,000	495,049	1,504,951	1,036,911	VanderCook College of Music	1,000,000	247,525	752,475	518,455
McKendree University	2,000,000	495,049	1,504,951	1,036,911	Wheaton College	2,000,000	495,049	1,504,951	1,036,911
Methodist College of Nursing	200,000	49,505	150,495	103,691	Column B	\$ 63,200,000	\$ 15,643,553	\$ 47,556,447	\$ 32,766,388
Midwestern University	2,000,000	495,049	1,504,951	1,036,911	Column A	\$ 80,400,000	\$ 19,900,975	\$ 60,499,025	\$ 41,683,823
Millikin University	2,000,000	495,049	1,504,951	1,036,911	Total	\$ 143,600,000	\$ 35,544,528	\$ 108,055,472	\$ 74,450,211
Column A	\$ 80,400,000	\$ 19,900,975	\$ 60,499,025	\$ 41,683,823					