

**PRIVATE COLLEGES AND UNIVERSITIES
CAPITAL DISTRIBUTION FORMULA**

Submitted for: Information.

Summary: This item provides an update to the Board on the Independent Colleges Capital (ICCAP) grant program and the distribution of proceeds from the sale of Build Illinois bonds pursuant to the Private Colleges and Universities Capital Distribution Formula (30 ILCS 769/Art. 25).

Action Requested: None.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION

PRIVATE COLLEGES AND UNIVERSITIES CAPITAL DISTRIBUTION FORMULA

This agenda item is provided as an update regarding the capital grant program for private non-profit institutions. On February 7, 2012, the Illinois Board of Higher Education (IBHE) authorized the Executive Director to continue administering the grant program with the promise of regular updates.

Background

In 2009, a new capital grant program for non-profit private colleges and universities was created pursuant to the Private Colleges and Universities Capital Distribution Formula Act (30 ILCS 769/Art. 25). This program is also known as the Independent Colleges Capital Program or ICCAP. The program was appropriated \$300.0 million from the Build Illinois Fund as part of the Illinois Jobs Now Capital program. The Build Illinois Fund is a depository for revenues collected from the sale of Build Illinois bonds. A total of \$110.0 million has been released from the fund for distribution by IBHE.

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 (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)

Two 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.

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

<u>1-200 FTE</u>	<u>201-500 FTE</u>	<u>501-4,000 FTE</u>	<u>More than 4,000</u>
\$200,000	\$1,000,000	\$2,000,000	\$5,000,000

- 2) 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 Application 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.

In June, \$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.

FY 2012 Grant Application and Distribution of \$75.0 Million

In preparation for a second distribution 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.

With the distribution of \$75.0 million in pro rata shares to 67 institutions came a new requirement. After July 16, 2010, the ICCAP grantees must comply with the Business Enterprise Program (BEP) practices prior to receiving their pro rata share of the \$75 million from the IBHE. The BEP requirement includes the submission of a written certification and a plan for contacting and hiring minority-owned businesses, female-owned businesses, and businesses owned by persons with disabilities (30 ILCS 575). The Capital Development Board (CDB) works with the grantees to determine the appropriate goals for each project. IBHE's role is to identify the projects that are not yet completed and to provide contact information and the descriptions of the capital projects to the CDB. Once the CDB approves the BEP plan and goals, the IBHE releases the grant funds for the project.

Future Activities

The IBHE will continue to administer the grant program pursuant to the applicable statutes and administrative rules. These activities will continue into fiscal year 2015 since the five-year grant period ends on July 12, 2014. Upon the end of the grant period, an additional distribution may be made if unexpended funds are available to be redistributed. Shown below is Table 1 with the institutions that have received grant funds and the dollar amounts for the first and second distributions of proceeds from Build Illinois Bond sales.

**Table 1.
Estimated ICCAP Grant Award and Distributions, by Institution**

Name of Institution	Estimated Amount of Base Grant Plus FTE Grant (\$300 million)	First Distribution (\$35 million)	Second Distribution (\$75 million)	Recent Adjustments (see notes)	Total Distribution (\$110 million)	Name of Institution	Estimated Amount of Base Grant Plus FTE Grant (\$300 million)	First Distribution (\$35 million)	Second Distribution (\$75 million)	Recent Adjustments (see notes)	Total Distribution (\$110 million)
		June 2010	May 2012					June 2010	May 2012		
Adler School of Prof. Psychology	\$ 1,361,643	\$ 247,525	\$ 518,455		\$ 765,980	Monmouth College	\$ 3,208,332	\$ 495,049	\$ 1,036,911		\$ 1,531,960
Augustana College	4,252,982	495,049	1,036,911		1,531,960	Moody Bible Institute	2,434,485	495,049	1,036,911		1,531,960
Aurora University	4,917,136	495,049	1,036,911		1,531,960	Morrison Institute of Technology	318,262	49,505	103,691		153,196
Benedictine University	5,090,245	495,049	1,036,911		1,531,960	National University of Health Sciences	2,867,257	495,049	1,036,911		1,531,960
Blackburn College	2,550,177	495,049	1,036,911		1,531,960	National-Louis University	4,740,600	495,049	1,036,911		1,531,960
Bradley University	9,606,230	1,237,623	2,592,278		3,829,901	North Central College	4,196,422	495,049	1,036,911		1,531,960
Chicago School of Prof. Psych (see notes)	3,174,053	495,049	1,036,911	(1,455,859)	76,101	North Park University	3,922,190	495,049	1,036,911		1,531,960
Columbia College Chicago	14,477,264	1,237,623	2,592,278		3,829,901	Northwestern University	20,652,612	1,237,623	2,592,278		3,829,901
Concordia University	4,122,722	495,049	1,036,911		1,531,960	Olivet Nazarene University	4,752,597	495,049	1,036,911		1,531,960
DePaul University	22,354,560	1,237,623	2,592,278		3,829,901	Principia College (see notes)	2,446,483				-
Dominican University	4,037,882	495,049	1,036,911		1,531,960	Quincy University	3,095,211	495,049	1,036,911		1,531,960
East-West University	2,978,663	495,049	1,036,911		1,531,960	Robert Morris University-Illinois	8,974,641	1,237,623	2,592,278		3,829,901
Elmhurst College	4,689,181	495,049	1,036,911		1,531,960	Rockford College	2,962,381	495,049	1,036,911		1,531,960
Eureka College	2,649,586	495,049	1,036,911		1,531,960	Roosevelt University	9,405,698	1,237,623	2,592,278		3,829,901
Greenville College	3,254,608	495,049	1,036,911		1,531,960	Rosalind Franklin Univ, Med & Science	4,472,367	495,049	1,036,911		1,531,960
Hebrew Theological College	1,399,349		765,980		765,980	Rush University	3,222,900	495,049	1,036,911		1,531,960
Illinois College	2,817,552	495,049	1,036,911		1,531,960	School of the Art Inst. Chicago	4,499,790	495,049	1,036,911		1,531,960
Illinois College of Optometry	2,881,825	495,049	1,036,911		1,531,960	Shimer College	275,414		153,196		153,196
Illinois Institute of Technology	10,541,187	1,237,623	2,592,278		3,829,901	Spertus College of Judaica	244,563	49,505	103,691		153,196
Illinois Wesleyan University	3,960,754	495,049	1,036,911		1,531,960	Springfield College in Illinois (see notes)	1,284,515	247,525	518,455	(518,455)	247,525
John Marshall Law School, The	3,202,333		1,531,960		1,531,960	St. Anthony College of Nursing	351,684	49,505	103,691		153,196
Judson University	2,721,571	495,049	1,036,911		1,531,960	St. Augustine College	2,677,866	495,049	1,036,911		1,531,960
Knox College	3,213,474	495,049	1,036,911		1,531,960	St. Francis Medical Center, Nursing	1,286,229	247,525	518,455		765,980
Lake Forest College	3,216,902	495,049	1,036,911		1,531,960	St. Johns College	264,273	49,505	103,691		153,196
Lake Forest Graduate School of Mgmt.	1,261,377	247,525	518,455		765,980	St. Xavier University	8,452,744	1,237,623	2,592,278		3,829,901
Lakeview College of Nursing	1,213,386	247,525	518,455		765,980	Trinity Christian College	3,064,360	495,049	1,036,911		1,531,960
Lewis University	8,804,103	1,237,623	2,592,278		3,829,901	Trinity College of Nursing & Health Sci	314,834	49,505	103,691		153,196
Lincoln University	2,821,837	495,049	1,036,911		1,531,960	Trinity International University	2,840,691	495,049	1,036,911		1,531,960
Loyola University of Chicago	16,857,078	1,237,623	2,592,278		3,829,901	University of Chicago	13,371,769	1,237,623	2,592,278		3,829,901
MacCormac College	298,552	49,505	103,691		153,196	University of St. Francis	3,959,040	495,049	1,036,911		1,531,960
MacMurray College	2,489,332	495,049	1,036,911		1,531,960	VanderCook College of Music	1,172,252	247,525	518,455		765,980
McKendree University	4,140,719	495,049	1,036,911		1,531,960	Wheaton College	3,913,621	495,049	1,036,911		1,531,960
Methodist College of Nursing	303,694	49,505	103,691		153,196	Column B	\$ 129,646,083	\$ 15,594,048	\$ 32,815,893	\$ (518,455)	\$ 47,891,486
Midwestern University	4,678,898		1,531,960		1,531,960	Column A	170,353,885	18,663,352	42,921,446	(1,455,859)	60,128,939
Millikin University	4,013,030	495,049	1,036,911		1,531,960	Total	\$ 299,999,968	\$ 34,257,400	\$ 75,737,339	\$ (1,974,314)	\$ 108,020,425
Column A	\$ 170,353,885	\$ 18,663,352	\$ 42,921,446	\$ (1,455,859)	\$ 60,128,939						

Notes: The Chicago School of Professional Psychology is not eligible for the second distribution (\$1,036,911) and on December 5, 2012 the school refunded the unexpended funds from the first distribution (\$418,948). Principia College is eligible for the program but decided not to participate in the first and second distributions. It appears that Springfield College of Illinois is no longer eligible for this grant program and the second distribution (\$518,455) is being held.

