**Section 1070.205 Community College Financing**

a) The State funding plan for public community colleges should be based upon the following principles:

1) Instruction which generates credit hours should be divided into categories determined on the basis of local and State purpose and on relative statewide unit costs;

2) Non-credit hour activities included in the missions of the community colleges should be considered a separate category. This includes community education, public service, and research activities;

3) For every instructional category generating credit hours the State will make flat grants per credit hour for a certain percentage of the difference between:

A) The statewide average cost in the system for that category, as adjusted for inflation, marginal cost savings, and productivity savings, and

B) The standard local contribution calculated from statewide average property taxes, tuition and fees, and other local revenues.

4) Either State or local financial resources should be provided for all categories. The State should fund a lower percentage of the difference between statewide average costs and the standard local contribution for credit hours in general studies categories other than vocational and remedial;

5) Additional financing for categories more locally oriented and total costs for activities in the non-credit hour category can be funded from local taxes, tuition and fees, and other revenues, including the special source described in (f);

6) One cent less than the average statewide tax rate should be used in determining the standard local contribution. This amount is intended to support a portion of the difference between the statewide cost of locally-oriented instructional categories plus the total cost of the non-credit category;

7) Special grants should also be funded by the State, as follows:

A) Equalization grants should be provided for districts unable to raise the portion of the standard local contribution funded by property taxes, using the statewide median tax rate. This method of equalization is thus built into the basic flat grant funding approach, and

B) Grants for the educationally disadvantaged student should be provided to all districts for a portion of the added costs of such education.

b) State and federal vocational education grants distributed through State agencies should be counted as part of State support for community college operations.

c) Local districts should be permitted to levy a 17½ cent (per $100 Equalized Assessed Valuation) educational fund tax rate and a 5 cent (per $100 Equalized Assessed Valuation) building and maintenance fund tax rate.

d) Enrollments for funding purposes should be counted at midterm. This should not prevent consideration of earlier payments of projected college claims to ease cash flow problems.

e) Either in 1980, or when State expenditures for community college operations exceed 50 percent of total operating costs, a committee should be appointed to review community college financing.

f) Procedures should be developed to integrate specific district enrollment projections into the funding mechanism so that financial planning at the State and local levels may be improved.