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Maryland Higher Education Commission
Community College Facilities Grant Program (Statewide)

**Testimony of Dr. James D. Fielder, Jr., Secretary of Higher Education, to the
Senate Budget and Taxation Subcommittee for Capital Budget and the
House Appropriations Subcommittee for Capital Budget**

March 15 & 16, 2016

Responses to Recommended Bond Actions

1. Approve \$59.4 million in general obligation bonds for the Community College Facilities Grant Program [for fiscal 2017].

MHEC concurs with this recommendation.

2. Approve the pre-authorization for \$45.8 million in general obligation bonds for the Community College Facilities Grant Program for fiscal 2018.

MHEC concurs with this recommendation.

3. Approve the pre-authorization for \$13.5 million for the Community College Facilities Grant Program for fiscal 2019.

MHEC concurs with this recommendation.

4. Approve the pre-authorization for \$10.5 million for the Community College Facilities Grant Program for fiscal 2020.

MHEC concurs with this recommendation.

Budget Overview

The Secretary of MHEC should comment on how more colleges can receive funding for projects given the size of recently funded projects at several campuses. The Secretary should also comment on the merits of instituting a cap on the amount of State funding for projects as a means of spreading the funding support to more projects on the MHEC priority list to ensure that funds are available to more institutions.

The Community College Capital Project Prioritization Model, developed by the Maryland Association of Community Colleges and endorsed by MHEC, provides a valuable, equitable framework to structure project funding priorities. While the model is not a perfect tool, it works well to represent the project funding interests and needs of all colleges. With State and national initiatives supporting high demand, highly specialized STEM-related and workforce-related programs, costs continue to rise, compounding the effort to reduce or even level costs in construction.

Outside of the practice of current considerations and processes, approaches to providing funds to more colleges may include such concepts as:

1. Colleges self-funding project design to demonstrate need and commitment while freeing-up such funds to be available for construction;
2. Continue the practice of split-funding and pre-authorizing construction funds for large projects;
3. Encourage colleges to seek alternative financing through such means as public-private-partnerships and/or contracts with organizations such as the Maryland Health and Higher Education Facilities Authority (MHHEFA); or
4. Restricting funding to one project per campus.

Before implementing any of these concepts, each would require significant discussion and analysis in determining its feasibility and impact on the budget.

The State cost-sharing formula, calculated annually by the State Department of Education, applies to all public colleges participating in the Capital Grant Program and determines the percentage of total cost of a project for which each college is obligated. This formula, in practice, caps State funding as a percent of total cost and ensures that county and local funds meet the funding match before State funds can be allocated.

The Capital Improvement Plan (CIP) for the Capital Grant Program, which was capped at \$60 million last year, reflects a \$20 million funding decrease from prior years and establishes a cap for total State funding for projects in the community college budget request. However, \$60 million is consistent with state appropriations since FY 2012.