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**R62I0005**  
**Aid to Community Colleges**

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

**February 17 & 18, 2016**

**Performance Analysis – Managing For Results**

- 1. DLS recommends that the Cade formula be recalculated to include the across-the-board health insurance reduction to public four-year institutions and to include hold harmless funding for all eligible community colleges. This would be a reduction from the allowance of \$466,018. This will provide every college with at least as much State funding in fiscal 2017 as they are receiving in fiscal 2016. – pg. 17**

MHEC concurs with this recommendation on the basis that this would be the calculation of the Cade formula if the public four-year institutional appropriations were reduced for health insurance in the fiscal 2017 budget.

- 2. DLS recommends restricting the fiscal 2017 appropriation for Chesapeake College in the amount of \$1,674 and Garrett College in the amount of \$12,021 pending final fiscal 2016 local support figures, which are expected in October 2016. If these colleges fail to meet the local support MOE requirement, the funds shall revert to the general fund and may not be used for any other purpose. – pg. 19**

MHEC concurs with this recommendation on the basis that it is consistent with the Maintenance of Effort provision in §16-305(d) of the Education Article of the Annotated Code of Maryland, which states, “In each fiscal year, in order for a board to receive an increase in the State share of support or a hold harmless component amount, the county share, in the aggregate, that supports the community college or colleges shall equal or exceed the aggregate amount of operating fund appropriations made to the board by the county or all of the counties supporting the college in the previous fiscal year.”

## Issues

1. **The Secretary and MACC director should comment on the growing unaffordability of out-of-service area tuition and fee rates and what this means for having an open and accessible community college system for all Marylanders given that not all institutions offer all programs.** – pg. 22

Maryland community colleges provide lower-division undergraduate education and continuing, adult, and workforce training education, granting certificates, diplomas, and associate's degrees primarily to students from the local community, and are supported by tuition and fees, and state and local tax revenue.

As local entities supported by county resident tax revenue, their primary purpose is to provide education opportunities to county residents whose local taxes support the college. For students who are nonresidents, the colleges charge higher tuition rates to compensate for the lack of local tax revenue from those students in accordance with §16-310(a) and (b) of the Education Article of the Annotated Code of Maryland.

The Statewide - Health Manpower grant program was presented in the analysis. This program allows students who enroll from counties outside the community college service area to enroll in specified courses or programs at the in-county tuition level. This Health Manpower program is designed to assist in addressing the State's need for properly trained allied health professionals. Courses and programs under the Statewide program are determined to be eligible for resident tuition either because: a) MHEC has identified the program as being needed on a Statewide basis; or b) the course or program is a high-cost, low utilization program for which it would not be in the State's best interest to make available at all community colleges across the State. The latter category would include a program such as Automotive Technician certification, a program that uses expensive, dedicated equipment that only one or a few students can use during any given period.

The Statewide Health Manpower program has served the State well in training out-of-county students in these types of programs.

2. **The Secretary should comment on the effect free community college would have on access-oriented four-year institutions who are already struggling with enrollment concerns in the current academic year.** – pg. 26

Predicting the effect of a free-community-college program on four-year institutions must be considered speculative, because the details of any such program will have a considerable impact on its results. That said, it is instructive to consider the effects of a new free-community-college program on enrollment in Tennessee. The Tennessee Promise, as it is called, offers to cover tuition costs for two and a half years of full-time enrollment at community colleges by high school graduates who meet certain eligibility requirements. In fall 2015, 16,291 Tennessee Promise students enrolled in colleges, at a cost to the state of \$10.6 million in 2015-2016. Overall, the net increase in the number of first-time freshmen was approximately 4,700 students, or 10 percent. Tennessee's community and technical colleges enrolled approximately 32,000 first-time freshmen, up from 26,000 in fall 2014. The number of first-time freshmen at four-year

colleges and universities declined from 20,000 in fall 2014 to 18,500 in fall 2015. The Tennessee Higher Education Commission has not yet determined how much of the enrollment decline at four-year institutions can be definitely attributed to Tennessee Promise. However, it has determined that four-year institutions appear to have enrolled more students from out of state than in previous years. In addition, four-year institutions report higher ACT scores than in previous years. More data is expected to become available from the Tennessee Higher Education Commission in the next 90 days.

It is reasonable to suppose that a similar free-community-college program in Maryland would lead to a decline in enrollment at four-year institutions by first-time students, but it appears that the effect would be small. However, Tennessee also expects that four-year institutions will see an increase in transfer students as Promise students complete their associate's degrees and pursue bachelor's degrees, and this pattern would also likely hold in Maryland.

Another important factor, however, is capacity. Before the implementation of Tennessee Promise, Tennessee was a net importer of college students, and had the capacity to enroll every recent Tennessee high school graduate who goes to college. But Maryland is a net exporter of college students, and only has the capacity to enroll four of every five recent high-school graduates who go to college. It is possible that a free-community-college program may strain the capacity of community colleges and induce some students to seek enrollment at a four-year institution.

Many other factors could affect the results of a free-community-college program, including eligibility requirements, the impact of online education, the willingness of State and local jurisdictions to contribute funding, and other incentives that may be developed. MHEC stands ready to assist the State in evaluating programs that will encourage more students to enroll in college and complete degrees.

**3. The Secretary of MHEC and MACC director should comment on whether dual enrollment should be expanded to summer sessions and noncredit opportunities. – pg. 30**

The preamble to the College and Career Readiness and College Completion Act of 2013 (CCRCCA) (SB 740) framed the Act as an effort to encourage and assist Maryland high school students in attaining a postsecondary degree. Therefore, it appears consistent with the goals of the CCRCCA to allow students the option to participate in dual enrollment during summer sessions, consistent with the many potential uses that students may have for school vacations.

However, any expansion of dual enrollment would require some provision for funding of those courses. The CCRCCA provides that funding for dual enrollment courses is to be provided by the county boards of education, applying per-pupil foundation funding for the purpose, although county boards may choose to recoup some of those fees by charging families of dually enrolled students. Students receiving free and reduced meal subsidies may not be charged, and their attendance is entirely subsidized by per-pupil foundation funding. However, per-pupil foundation funding does not currently fund summer education. The State would need to determine how per-pupil foundation funding might be applied to underwrite dual enrollment in

summer, and find a way to ensure additional support for students receiving free and reduced meals.

By contrast, it does not appear appropriate to expand dual enrollment to include noncredit education. To be sure, noncredit education may help prepare students for the workforce, and may be indirectly related to many positive educational outcomes. However, since the intention of the CCRCCA is to increase postsecondary attainment, and noncredit education does not provide students with any credits that can be applied to the completion of a postsecondary degree, the inclusion of noncredit education does not appear to advance the goals of this statute.

**4. The Secretary should comment on how MHEC ensures that recipients of Senatorial, Conroy, and Cryor awards enrolled at a PCS pursue only transferrable credits, per statute. The Secretary should also comment on whether there is a need for a new scholarship program to provide aid for students enrolled in noncredit workforce training. – pg. 31**

It is the responsibility of the Private Career School (PCS) to certify that the courses taken by the recipient within a technical field will transfer to 2-year or 4-year degree programs for Senatorial, Conroy, and Cryor scholarship recipients. Since the inception of the Conroy and Cryor Scholarship program no funding has been allocated to PCSs. However, over the last four fiscal years an average of 13 recipients have been awarded funding in the Senatorial scholarship program at PCS institutions, accounting for an average expenditure of \$7,450 in the Senatorial program.

To ensure that PCSs are properly certifying student eligibility for any State grant and scholarship program the Office of Student Financial Assistance (OSFA) will perform an independent audit review of all State financial aid grant and scholarship programs. The OSFA is currently drafting a Request for Proposal (RFP) to secure independent auditors to verify the accuracy of each scholarship and grant program administered by MHEC and certified by the institution. This process will be implemented in fiscal year 2018 and a requirement that all institutions' must comply.

The types of programs that may meet these criteria are largely confined to allied health training fields where stackable credentials can lead to associate or baccalaureate degrees, especially in the nursing and medical assisting fields. MHEC could work with Private Career Schools to draft articulation agreements with 2-year and 4-year higher education institutions to provide additional rigor to the certification of transferability to higher education institutions (HEIs).

There is a need to provide aid to workforce development students at community colleges. Community colleges will need to put into place a mechanism to access these scholarships outside of the semester system. Any consideration of adding a scholarship program for noncredit workforce training courses or programs would have to be made in cooperation and collaboration with programs at the Department of Labor, Licensing and Regulation (DLLR) and the Department of Human Resources (DHR).

5. **DLS recommends MHEC submit a report on metrics for noncredit courses, with an emphasis on workforce development sequences; what data is available; and what the State can do to assist in collecting or incentivizing the reporting of any other data.**

**The Secretary should comment on how MHEC will explore ways of reporting noncredit information.** – pg. 33

MHEC is currently focused on collecting from the community colleges information on individuals who complete workforce-related course sequences leading to employer-required licensure and certification. These individuals are the ones who are most likely to see significant changes to their wage and employment status as a result of completing noncredit education sequences. They are also the ones for whom the community college continuing education units are already collecting and maintaining education data, as they must provide it to employers and entities offering licensure and certification. The community college presidents have already asked that these data be reported to them on an annual basis, and the community colleges have agreed to provide the data to MHEC as well.

Some community colleges have suggested to MHEC that there are technical problems preventing the report of these data. Most community colleges already have the technical capacity to provide a report, but some have outdated information technology infrastructures and limited programming resources to develop new reports. To be sure, these lagging community colleges would benefit from some State funding dedicated to supporting IT development, although the identities of those colleges and the amount of funding needed are not clear at this time. MHEC will investigate this matter in more detail, and would be interested in any comments that the Executive Director of MACC might offer on the subject.

As for any further expansion of data collection beyond workforce-related sequence completers, there are three obstacles that exist at present.

1. *MHEC capacity.* As noted in the analysis, the number of students enrolled in noncredit education in FY2014 was 223,136. This number is 160% of the number of students enrolled in credit courses at community colleges, and adding this many individual student records would represent an increase of 80% over the current number of student records handled by MHEC annually. Capturing detailed unit-record data on everyone enrolled in noncredit education would overwhelm MHEC's existing capacity, which has already been stretched with the addition of new data collections to support the Maryland Longitudinal Data System Center and additional research on postsecondary education in conjunction with State initiatives to increase undergraduate degree completion. Accommodating the number of workforce-related sequence completers is much easier, especially as it does not require the maintenance of records on students who may take one or more workforce-related courses with no intention of completing a sequence.

The agency's capacity would be further strained if the State believed that noncredit education should be more regulated and supervised than it currently is. Any significant expansion, of either data collection or regulatory oversight, would require increasing the resources of MHEC.

2. *Burdens on community colleges.* Community colleges receive a relatively small amount of funding for each student enrolled in workforce-related noncredit education. Additional reporting and recordkeeping requirements would impose additional costs, weakening the value of the State’s support for noncredit education.
3. *Potential chilling effect on other noncredit enrollment.* As noted in the analysis, community colleges have suggested that some students are unwilling to provide personal information to them. It is difficult to estimate the actual effect of mandated data collection on enrollment in noncredit education related to basic skills or lifelong learning, but community colleges have natural incentives to encourage as much enrollment as possible.

**Recommended Actions**

**1. Add the following language to the general fund appropriation: - pg. 34**

, provided that \$13,695 in general funds designated to support the State’s local community colleges may not be expended until the Maryland Higher Education Commission (MHEC) submits a report by November 1, 2016, to the budget committees stating whether the counties that support Chesapeake College and Garrett College fulfilled Maintenance of Effort (MOE) requirements for local funding. The report should also provide updates on the other local community colleges. The budget committees shall have 45 days to review and comment on the report. Funds restricted pending receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Further provided that if a community college’s respective service area county or counties do not meet MOE requirements in fiscal 2016, MHEC shall reduce fiscal 2017 State funding to that college by the amount of any increase in State support received in fiscal 2016, including hold harmless funds.

Explanation: This language restricts the expenditure of funds that gave hold harmless funding to Chesapeake College and an increase in State support to Garrett College in fiscal 2016 until it can be determined in a report from MHEC that the colleges’ respective service area counties fulfilled their MOE requirements for community college funding. If the requirement was not met at an institution, MHEC will decrease fiscal 2017 support to colleges by the respective amount that should not have been disbursed in fiscal 2016.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Fiscal 2016 Community College Local Aid Report	MHEC	December 1, 2016

MHEC concurs with this recommendation on the basis that it is consistent with the Maintenance of Effort provision in §16-305(d) of the Education Article of the Annotated Code of Maryland, which states, “In each fiscal year, in order for a board to receive an increase in the State share of support or a hold harmless component amount, the county share, in the aggregate, that supports the community college or colleges shall equal or exceed the aggregate amount of operating fund

appropriations made to the board by the county or all of the counties supporting the college in the previous fiscal year.”

	<b>Amount Reduction</b>	
<b>2. Reduce general fund support for the Cade formula grant.</b>	<b>\$ 466,018 GF</b>	- pg. 34

MHEC concurs with this recommendation on the basis that this would be the calculation of the Cade formula for the public four-year institutional appropriations if they were reduced for the health insurance in the fiscal 2017 budget.

**3. Adopt the following narrative: - pgs. 34 & 35**

**Report on Continuing Education Outcomes:** The committees are interested in the Maryland Higher Education Commission’s (MHEC) work toward developing more outcomes measures for noncredit programs at Maryland’s community colleges, especially those oriented toward workforce development. MHEC should submit a report on what new data it will collect, how often, and what assistance it may need from other public or private agencies to provide better information so that this new data may be included in the Maryland Longitudinal Data System.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on continuing education outcomes	MHEC	December 15, 2016

MHEC concurs with this recommended action.