



Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

Anwer Hasan
Chairperson

James D. Fielder, Jr., Ph. D.
Secretary

**R62I0005
Aid to Community Colleges
Fiscal 2019 Budget**

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

February 14 & 19, 2018

Issues

1. Based on using the revised total State funding and FTES count for selected public four-year institutions, and including hold harmless funding for all eligible community colleges, the Department of Legislative Services (DLS) recommends reducing the allowance by \$977,902. This will still provide every college with at least as much State funding in fiscal 2019 as it received in fiscal 2018. - Pg. 13

MHEC Response: MHEC concurs with this technical correction.

2. The Secretary of MHEC should comment on what kinds of in-kind contributions could be included in calculations of whether or not a county has met MOE requirements, and whether any counties since fiscal 2014 have not met MOE when accounting for these kinds of contributions. - Pg. 17

MHEC Response: In-kind contribution refers to goods, services, and transactions not involving the direct expenditure by the college but provided on their behalf by the local government. The expenditures in support of this contribution are recorded on the college's financial statements as expenditures and reflected as revenue received from the county to offset these expenditures.

In-kind contribution for financial reporting is that portion of the annual college operating budget supported by the local jurisdiction(s) through other means than providing local fund appropriations (maintenance and operations of county-owned buildings used by the college, utility charges paid directly by the county, county provided other support/services through non-cash support)

In-Kind Services are regarded as necessary to carry out the functions of the community college but are provided directly by the local government. They represent services or functions that are typically conducted in house by most of the community colleges in Maryland and therefore are part of the County's budget appropriation to those colleges. In the case of an in-kind contribution the equivalent value of the service, as reflected by the actual cost incurred by the County, is reflected on the financial books of the community college as an equivalent value so as to allow

reporting of financial obligation is to be consistent throughout the community college system. However, the in-kind contribution is not part of the annual cash appropriation provided to the college by the local government.

3. DLS recommends that language in the fiscal 2019 allowance be amended to include the provisions regarding BCCC and unexpended funds that were added to the fiscal 2018 grant. - Pg. 19

MHEC Response: MHEC concurs with this recommendation.

4. The Secretary of MHEC should comment on the costs and benefits between promise scholarships and alternative methods of providing community college education at lower costs for students. – Pg. 26

MHEC Response: The principal advantage of a Promise program to the State of Maryland would be to increase the number of individuals who would potentially enroll in college. This should also lead to an increase in the number of individuals who graduate with certificates and two-year degrees or who transfer to four-year institutions and earn four-year degrees. The benefits the State would include:

- Additional qualified people in the workforce;
- Increased the projected standard of living for the participants; and
- Decreased student debt and decreased student loan defaults.

Several states and municipalities have established variations of the Promise programs; as an example some programs are funded and administered to cover need to provide last dollar funds to cover in-state tuition and fees or to provide full scholarships based on need. Other state programs are based on merit and achievement and are not based on financial measures

From a macro perspective, the state of Tennessee reported that in the initial years these programs typically produce an increase in enrollment at the community colleges and a decrease in freshmen enrollment at the four year institutions. Oregon reported similar enrollment results; however there is a lack of substantial longitudinal data that demonstrates the direct correlation to enrollment changes.

The State of Maryland has supported numerous other programs to enroll students at community colleges, including:

- Dual enrollment programs;
- P-TECH programs- Pathways in Technology Early College High School Program (open access) not merit or need ;
- Early College programs align with apprenticeship programs;
- AP courses; and
- CTE, Career Technology Education through the Maryland State Department of Education.

Recommended Actions

1. Amend the following language to the general fund appropriation: - Pgs. 2 & 31

General Fund Appropriation, provided that \$2,000,000 of this appropriation made herein for the one-time supplemental grant for community colleges shall be used only for that purpose. A community college is eligible to receive a portion of funding from this grant if it raises tuition by no more than 2% for the 2018–2019 academic year. Total grant funding is to be distributed among eligible institutions, as determined by the Maryland Higher Education Commission (MHEC), in proportion to each institution’s share of Cade formula-eligible enrollments in fiscal 2017, also as determined by MHEC. If found eligible, Baltimore City Community College (BCCC) (R95C00) may receive funding from this grant through a budget amendment. Funding for the one-time grant shall not be incorporated into the Cade formula or in BCCC’s funding formula when calculating State support in fiscal 2020. Funds restricted for this specific purpose may not be transferred by budget amendment or otherwise to any other purpose and if not expended for this purpose shall revert to the General Fund.

Explanation: There is a \$2 million grant for community colleges in fiscal 2019. To be eligible for the grant, community colleges must meet the requirement of not raising tuition by more than 2% in fall 2018. This is the second straight fiscal year in which this type of grant has been in place. This amended language restores language from the fiscal 2018 budget bill that allows for transferring a portion of funding to Baltimore City Community College, which is budgeted under a separate program code, if that institution is determined to be eligible, and that funds that are not expended shall revert to the general fund. Funding is one-time only and shall not be included in any funding formulas for community colleges in fiscal 2020.

MHEC Response: MHEC concurs with this recommendation.

	Amount Reduction
2. This reduction corrects the Senator John A. Cade Funding Formula for the fiscal 2019 allowance.	\$977,902
Total General Fund Reductions	\$977,902

MHEC Response: MHEC concurs with this technical correction.