

Department of Legislative Services  
 Maryland General Assembly  
 2013 Session

FISCAL AND POLICY NOTE

Senate Bill 410 (Senator Raskin, *et al.*)  
 Budget and Taxation

Community Colleges - Cade Funding Formula - Grants for English for Speakers  
 of Other Languages Programs

This bill removes the \$6 million cap on the maximum State funding level for English for speakers of other languages (ESOL) programs at local community colleges.

The bill takes effect June 1, 2013.

Fiscal Summary

**State Effect:** The bill does not likely have an effect until FY 2016 when general fund expenditures increase by \$134,600 to pay the full \$800 per full-time equivalent (FTE) ESOL student at local community colleges. Future years reflect the estimated growth in the number of FTE ESOL students. Due to the volatility of ESOL enrollments, the cap could be exceeded as early as FY 2015. **This bill establishes a mandated appropriation.**

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	0	134,600	613,800	1,120,300
Net Effect	\$0	\$0	(\$134,600)	(\$613,800)	(\$1,120,300)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

**Local Effect:** Local community college revenues from the State for the ESOL program increase beginning in FY 2016 due to the State paying the full \$800 per FTE ESOL student. Actual increases depend on the number of FTE ESOL students at each community college.

**Small Business Effect:** None.

## Analysis

**Current Law:** The 15 local community colleges receive \$800 per FTE ESOL student enrolled in the college, up to a maximum annual State appropriation for the program of \$6 million. Subject to this limit, if funding is insufficient to pay the full \$800 per ESOL student, each grant must be prorated by the amount necessary to reduce the total amount of the grants to \$6 million and the Governor must include a deficiency appropriation in the budget bill the following year to fund the full amount. State ESOL grants may not be transferred to any other program or category.

**Background:** Community college ESOL grants were initially established by Chapter 434 of 1995 (HB 1054). The legislation capped the State's annual contribution to the programs at \$1 million for locally operated community colleges and \$200,000 for Baltimore City Community College (BCCC), which is operated by the State. Chapters 537 and 538 of 1999 (SB 283/HB 483) increased the limit on annual State appropriations to \$2.5 million for local colleges and \$500,000 for BCCC. Chapter 262 of 2006 (SB 575) further increased the maximum State appropriation for local community colleges to \$6.0 million, and Chapter 106 of 2007 (HB 1421) increased the maximum State appropriation for BCCC to \$1 million. As of fiscal 2014, neither the \$6.0 million cap for local community colleges nor the \$1.0 million cap for BCCC have been met.

**State Expenditures:** General fund expenditures increase by an estimated \$134,648 in fiscal 2016 due to the spending cap for ESOL grants for local community colleges being removed. Based on the current five-year average of ESOL enrollments, it is estimated that enrollment in the program will increase by 7.81% annually. However, annual enrollment in the ESOL programs is volatile and, thus, difficult to predict. Therefore, general fund expenditures may increase as early as fiscal 2015. Annual increases in State ESOL enrollment and funding at local community colleges are estimated in **Exhibit 1** and will result in an estimated \$1.9 million increase in total spending through fiscal 2018.

---

**Exhibit 1**  
**Estimated Funding Increase for Local Community College ESOL Grants**

	<b>Actual</b>		<b>Estimated</b>		
	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>
FTE ESOL Students*	6,597.53	7,112.79	7,668.31	8,267.21	8,912.86
Under the Bill	\$5,278,024	\$5,690,232	\$6,134,648	\$6,613,768	\$7,130,288
Current Law	5,278,024	5,690,232	6,000,000	6,000,000	6,000,000
<b>Additional Cost</b>	<b>0</b>	<b>0</b>	<b>\$134,648</b>	<b>\$613,768</b>	<b>\$1,130,288</b>

\*FTE ESOL students from the second prior fiscal year are used in the formula.

Source: Department of Legislative Services

---

**Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 964 (Delegate Hixson, *et al.*) - Ways and Means.

**Information Source(s):** Baltimore City Community College, Department of Budget and Management, Maryland Higher Education Commission, Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2013  
ncs/rhh

---

Analysis by: Caroline L. Boice

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510