MACC
MARYLAND ASSOCIATION OF COMMUNITY COLLEGES

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Senate Budget and Taxation Committee
February 29, 2024

SB 362 – Budget Reconciliation and Financing Act of 2024

Position: Oppose

The Maryland Association of Community Colleges (MACC), representing Maryland's 16 community colleges, strongly opposes **SB 362**. This legislation would cut the Senator John A. Cade (Cade) Funding Formula and harm community colleges disproportionately by hurting the most vulnerable and underserved college-going population in Maryland. Maryland's community colleges enroll the majority of low-income students, more people of color than all our HBCUs combined, and serve the most underrepresented populations who are seeking to join the middle class. Most of our students are considered nontraditional and are working adults, many with families, and attend part-time, making their journey all the more challenging. Maryland's community colleges are the key to fighting poverty, enhancing equity, preparing a strong workforce, and building thriving communities for all. **In other words, this cut hurts the most vulnerable college-going population in our State.**

The Budget Reconciliation and Financing Act (BRFA) of 2024 would result in a permanent "rebasing" of the Cade Funding formula from 29% to 26.5%, resulting in Maryland's 15 Cade-funded community colleges losing $22.6 million in FY 2025, $27 million in FY26, $28 million in FY27, $29 million in FY28, $30 million in FY29, and so on, according to the Department of Legislative Services. Over the next five years alone, the total reduction would be over $136 million during a time when 72% of job openings will require postsecondary education and training.

Maryland's community colleges rely heavily on the State for stable and predictable funding. Yet, since the beginning of the Cade formula in 1996, the State has historically dealt with structural deficits by changing the percentage tie, thereby reducing the policy commitment to fund community colleges at an equitable level of support appropriated to the public four-year institutions. The total difference between the statutory formula amount and the actual amount over the nearly three decades of the formula has resulted in over $164 million being cut from community colleges.

The 2024 BRFA would reduce Cade over the next five years nearly as much as the total amount cut from the formula over the past 27 years. Not only does this cut harm student success, access, and affordability, but it devalues working families at a time when more attention has been properly paid to diversity, equity, and inclusion for all Marylanders. Despite the gains in DEI efforts and the Cade formula over the past two years, the State is reverting to the same old methods of balancing the budget, by reducing support to economically disadvantaged students with the greatest educational needs.

Maryland's community colleges have been striving to make up ground in our funding that occurred during the BRFA of 2011, where achieving the policy goal of 29 percent funding per full-time equivalent student (FTES) was pushed out until 2023. The State has been incrementally returning to the 29 percent tie for 12 years and finally achieved the long-standing policy goal of equitable funding for community colleges.

Achieving that policy goal has accomplished results. Enrollment is up over 8% from last year (the most significant growth of any higher education segment), allowing community colleges to provide more support to students, resulting in more successful completions. Community colleges are producing completers not just in credit programs but also in other workforce credentials such as licensures, certificates, and apprenticeships. We are expanding dual enrollment opportunities to high school students as a direct result of the Blueprint legislation. The BRFA completely separates our funding from what we have been asked to accomplish by the State.

Much has been said about the impact on students, but the cuts to Maryland's community colleges also impact our ability to compete in the higher education labor market, especially during a period when our colleges are implementing collective bargaining. It was only three years ago that SB433/HB173 was enacted, which required all State appropriations that are designated for the general operation of four-year public higher education institutions, specifically including all cost-of-living increases and personnel-related appropriations, to be used in calculating Cade and BCCC's formulas. One of the drivers for increases at our public four-year institutions is the cost-of-living adjustments. However, the formula's "rebasing" prevents community colleges from competing equitably for faculty and staff. All higher education is struggling to attract quality employees, and this permanent reduction makes it even harder for community colleges to attract the talent needed to accomplish our work.

Expecting Maryland's community colleges to accomplish more with less, to improve student completion rates, to close achievement gaps, to shrink workforce shortages, to close the skills gap, to aid displaced, unhoused, disabled, foster, and food insecure students, to waive tuition for dual enrolled students, to expand access to post college and career pathways as outlined in Maryland's Blueprint legislation, to attract talented and quality faculty and staff, all while maintaining quality and accessibility is untenable without State support.

The challenge of reducing economic inequality does not fall at our doorstep alone. It requires support from elected officials to establish equitable funding that leads to student access, affordability, and success. For Maryland to prosper, a high school diploma simply is not enough. Maryland must invest in postsecondary educational opportunities if we are to achieve economic growth for the State and social and economic mobility for our residents. **Accordingly, we respectfully request that you reject the proposed "rebasing" of the Senator John A. Cade Funding formula.**

For questions, please contact Brad Phillips (bphillips@mdacc.org).