
By: Senators Cade, Kasemeyer, Hogan, Van Hollen, Currie, and Middleton (Senate Members of the Joint Study Group on Community College Financing)

Introduced and read first time: February 1, 1996

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Higher Education - Community College Funding**

3 FOR the purpose of altering the formula for the computation of certain State aid for
4 community colleges; requiring the State to provide funding to community colleges in
5 a certain amount; defining certain terms; requiring the Governor to include a
6 certain deficiency appropriation in the Budget Bill for certain community college
7 funding under certain circumstances; and generally relating to the formula for the
8 computation of certain State aid for community colleges.

9 BY repealing and reenacting, with amendments,
10 Article - Education
11 Section 16-403 and 16-407
12 Annotated Code of Maryland
13 (1992 Replacement Volume and 1995 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article - Education
16 Section 16-406
17 Annotated Code of Maryland
18 (1992 Replacement Volume and 1995 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article - Education**

22 16-403.

23 (a) In this section the following words have the meanings indicated.

24 (1) "Assessed valuation of real property" means assessed valuation of real
25 property as determined for purposes of the State aid calculated under §5-202 of this
26 article.

27 (2) "Board" means:

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1 (i) In a county that has 1 or more community colleges, the board of
2 community college trustees for the county; or

3 (ii) Where 2 or more counties establish a region to support a regional
4 community college, the board of regional community college trustees.

5 (3) "Community college" means a community college established under this
6 title but does not include Baltimore City Community College.

7 (4) "County share" means the total amount of money for operating funds to
8 be provided each fiscal year to a board by the county that supports the community college
9 or colleges or, in the case of a regional community college, the total amount of money for
10 operating funds to be provided each fiscal year to the board by all counties that support
11 the regional community college.

12 (5) "Direct grants" means the sum of the following components of the State
13 share:

14 (i) Fixed costs;

15 (ii) Marginal costs; AND

16 (iii) Size factor[; and

17 (iv) Wealth factor].

18 (6) "Full-time equivalent student" is the quotient of the number of student
19 credit hours produced in the fiscal year 2 years prior to the fiscal year for which the State
20 share is calculated divided by 30, as certified by the Maryland Higher Education
21 Commission.

22 (7) "Population" means population as determined for purposes of
23 calculating the State share of the library program using the definition in § 23-401 of this
24 article.

25 (8) "Region" means the counties supporting a regional community college
26 established under Subtitle 3 of this title.

27 (9) "State share" means the amount of money for community college
28 operating funds to be provided each fiscal year to a board by the State.

29 (10) "Student credit hours" means student credit hours or contact hours
30 which are eligible, under the regulations issued by the Maryland Higher Education
31 Commission, for inclusion in State funding calculations.

32 (11) "Total State operating fund" means the sum of community college State
33 appropriations for direct grants [and for challenge grants].

34 [(12) "Wealth" means wealth as determined for purposes of the State aid
35 calculated under § 5-202 of this article.]

36 (b) (1) The total State operating fund per full-time equivalent student to the
37 community colleges for each fiscal year as requested by the Governor shall be [not less

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1 than an amount equal to the total State operating fund per full-time equivalent student in
2 the previous fiscal year]:

3 (I) IN FISCAL YEAR 1997, NOT LESS THAN AN AMOUNT EQUAL TO
4 22% OF THE STATE'S GENERAL FUND APPROPRIATION PER FULL-TIME EQUIVALENT
5 STUDENT TO THE 4-YEAR PUBLIC INSTITUTIONS OF HIGHER EDUCATION IN THE
6 STATE AS DESIGNATED BY THE COMMISSION FOR THE PURPOSE OF ADMINISTERING
7 THE JOSEPH A. SELLINGER PROGRAM UNDER TITLE 17 OF THIS ARTICLE IN THE
8 PREVIOUS FISCAL YEAR;

9 (II) IN FISCAL YEAR 1998, NOT LESS THAN AN AMOUNT EQUAL TO
10 23% OF THE STATE'S GENERAL FUND APPROPRIATION PER FULL-TIME EQUIVALENT
11 STUDENT TO THE 4-YEAR PUBLIC INSTITUTIONS OF HIGHER EDUCATION IN THE
12 STATE AS DESIGNATED BY THE COMMISSION FOR THE PURPOSE OF ADMINISTERING
13 THE JOSEPH A. SELLINGER PROGRAM UNDER TITLE 17 OF THIS ARTICLE IN THE
14 PREVIOUS FISCAL YEAR;

15 (III) IN FISCAL YEAR 1999, NOT LESS THAN AN AMOUNT EQUAL TO
16 24% OF THE STATE'S GENERAL FUND APPROPRIATION PER FULL-TIME EQUIVALENT
17 STUDENT TO THE 4-YEAR PUBLIC INSTITUTIONS OF HIGHER EDUCATION IN THE
18 STATE AS DESIGNATED BY THE COMMISSION FOR THE PURPOSE OF ADMINISTERING
19 THE JOSEPH A. SELLINGER PROGRAM UNDER TITLE 17 OF THIS ARTICLE IN THE
20 PREVIOUS FISCAL YEAR;

21 (IV) IN FISCAL YEAR 2000 AND EACH FISCAL YEAR THEREAFTER,
22 NOT LESS THAN AN AMOUNT EQUAL TO 25% OF THE STATE'S GENERAL FUND
23 APPROPRIATION PER FULL-TIME EQUIVALENT STUDENT TO THE 4-YEAR PUBLIC
24 INSTITUTIONS OF HIGHER EDUCATION IN THE STATE, AS DESIGNATED BY THE
25 COMMISSION FOR THE PURPOSE OF ADMINISTERING THE JOSEPH A. SELLINGER
26 PROGRAM UNDER TITLE 17 OF THIS ARTICLE IN THE PREVIOUS FISCAL YEAR.

27 (2) The State share shall be distributed to each board and shall be limited
28 by the provisions of subsection (c) of this section.

29 (3) Subject to subsection (c) of this section, the total State share for each
30 board shall be the sum of:

31 (i) The fixed costs component;

32 (ii) The marginal costs component; AND

33 (iii) The size factor component[;

34 (iv) The wealth factor component; and

35 (v) The challenge grant component].

36 (4) (i) The funds available for the fixed costs component shall be [70%]
37 A SET PERCENTAGE of the year's total State operating fund AS FOLLOWS:

38 1. FOR FISCAL YEAR 1997, 36% OF TOTAL FUNDING;

39 2. FOR FISCAL YEAR 1998, 37% OF TOTAL FUNDING;

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1 3. FOR FISCAL YEAR 1999, 38% OF TOTAL FUNDING; AND

2 4. FOR FISCAL YEAR 2000 AND EACH FISCAL YEAR
3 THEREAFTER, 39% OF TOTAL FUNDING.

4 (ii) The funds available for the fixed costs component shall be divided
5 and distributed to the community colleges in the same proportion in which the direct
6 grants were distributed in the prior fiscal year.

7 (5) (i) For each board, the marginal costs component shall be the product
8 of the dollar amount per full-time equivalent student multiplied by the number of
9 full-time equivalent students at the board's community college or colleges.

10 (ii) The dollar amount per full-time equivalent student shall be
11 calculated by dividing [27%] 60% of the total State operating fund for the fiscal year by
12 the total number of full-time equivalent students at community colleges statewide.

13 (iii) In determining the marginal costs component for a board, the
14 number of full-time equivalent students at all campuses and colleges operated by the
15 board shall be added together.

16 (6) (i) [Except as provided in subparagraph (ii) of this paragraph, the]
17 THE size factor component shall be [determined by dividing and distributing equally
18 1.75%] A SET PERCENTAGE of the YEAR'S total State operating fund [to each board
19 which operates a community college or colleges at which the total number of full-time
20 equivalent students is less than or equal to 80% of the statewide median] AS FOLLOWS:

21 1. FOR FISCAL YEAR 1997, 4% OF TOTAL FUNDING;

22 2. FOR FISCAL YEAR 1998, 3% OF TOTAL FUNDING;

23 3. FOR FISCAL YEAR 1999, 2% OF TOTAL FUNDING; AND

24 4. FOR FISCAL YEAR 2000 AND EACH FISCAL YEAR
25 THEREAFTER, 1% OF TOTAL FUNDING.

26 (ii) [For each board which operates a community college or colleges at
27 which the total number of full-time equivalent students is greater than 80% of the
28 statewide median but less than or equal to 200% of the statewide median, the size factor
29 component shall be determined by dividing and distributing equally 0.25% of the total
30 State operating fund to each eligible board] THE FUNDS AVAILABLE FOR THE SMALL
31 SIZE FACTOR SHALL BE DIVIDED AND DISTRIBUTED EQUALLY TO EACH
32 COMMUNITY COLLEGE AT WHICH THE TOTAL NUMBER OF FULL-TIME EQUIVALENT
33 STUDENTS IS LESS THAN OR EQUAL TO 80% OF THE STATEWIDE MEDIAN.

34 (iii) In determining the eligibility of a board for a size factor
35 component, the number of full-time equivalent students at all campuses and colleges
36 operated by the board shall be added together.

37 (7) (i) A board shall be eligible for a wealth factor component if:

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1 1. The county share for the previous fiscal year divided by the
2 total assessed valuation of real property in the supporting county or region is greater than
3 or equal to the statewide median; and

4 2. The per capita wealth of the supporting county or region is
5 less than 80% of the statewide per capita wealth or the total assessed valuation of real
6 property in the supporting county or region is less than \$1,000,000,000.

7 (ii) The wealth factor component shall be determined by dividing and
8 distributing equally among eligible boards 1/2% of the total State operating fund.

9 (iii) For purposes of this section, per capita wealth is wealth divided by
10 population.

11 (iv) For the purpose of calculating the wealth factor component under
12 this subsection, statewide per capita wealth includes only those counties that support a
13 community college or colleges.

14 (v) In determining the eligibility of a board of a regional community
15 college for a wealth factor component, the wealth, population, and assessed valuation of
16 real property of the supporting counties shall be considered in the aggregate as a region.

17 (8) (i) Any portion of the total State operating fund not distributed as
18 direct grants shall be available for challenge grants.

19 (ii) The purpose of the challenge grant component is to address
20 statewide initiatives and economic development needs.

21 (iii) The challenge grants shall be distributed in amounts determined
22 by the Commission to eligible boards based upon criteria developed by the Commission in
23 cooperation with the Department of Business and Economic Development.

24 (9) Any employer Social Security contributions required by federal law for
25 any employee of a board of community college trustees shall remain the obligation of the
26 employer.

27 [[10]] (8) The State contribution to retirement and fringe benefit costs is not
28 included in the calculations of amounts under this subsection.

29 (c) In each fiscal year, in order for a board to receive an increase in the State
30 share of support, the county share, in the aggregate, that supports the community college
31 or colleges shall equal or exceed the aggregate amount of operating fund appropriations
32 made to the board by the county or all of the counties supporting the college in the
33 previous fiscal year.

34 (d) (1) (i) Beginning in Fiscal Year 1996, a grant in the amount provided in
35 paragraph (2) of this subsection shall be distributed to each board in order to provide
36 instruction and services to students enrolled in an English for Speakers of Other
37 Languages ("ESOL") program.

38 (ii) To qualify for a grant under this subsection, each participant in the
39 program shall be a student:

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1 1. Born outside of the United States or whose native language
2 is not English;

3 2. Who comes from an environment where a language other
4 than English is dominant; or

5 3. Who is an American Indian or Alaskan native and comes
6 from an environment where a language other than English has had a significant impact on
7 the student's level of English language proficiency.

8 (2) (i) Subject to the provisions of subparagraph (ii) of this paragraph,
9 the amount of the grant shall be \$800 times the number of qualified full-time equivalent
10 students who are enrolled in a county ESOL program and at the community college.

11 (ii) 1. The total amount of the grants under this paragraph may not
12 exceed \$1,000,000 for any fiscal year.

13 2. If, for any fiscal year, the total amount of the grants
14 calculated under subparagraph (i) of this paragraph would exceed \$1,000,000, then each
15 grant shall be prorated by the amount necessary to reduce the total amount of the grants
16 to \$1,000,000.

17 (3) (i) If the amount that is appropriated to a board under this subsection
18 for any fiscal year is more than the actual cost of providing ESOL programs to students
19 enrolled at the community college in that county or region, the excess funds shall be paid
20 back to the State and credited to the General Fund of the State.

21 (ii) A board may not transfer State funds received under this
22 subsection to any other program or category.

23 16-406.

24 (a) The Commission shall certify to the treasurer of each county:

25 (1) On or before September 30 and March 31 of each year, one half of the
26 amount it estimates to be the county's share under § 16-403 of this subtitle; and

27 (2) After the annual audit of each community college, any discrepancy
28 between the payments made and the actual amount of the county's share under § 16-403
29 of this subtitle for the preceding fiscal year, which shall be compensated for during the
30 fiscal year.

31 (b) (1) Except as provided in paragraph (2) of this subsection, within 5 days
32 after it receives a certification from the Commission, the county shall pay the amount due
33 to the board of trustees of the community college.

34 (2) The board of trustees of a community college and the governing body of
35 a county may agree in writing to a payment schedule for the county's share under §
36 16-403 of this subtitle. If, prior to the 5th day after receiving notification from the
37 Commission, there is a payment schedule agreed to in accordance with this paragraph,
38 the county shall make payments in accordance with that schedule. If a county fails to
39 make a payment in accordance with the schedule, all amounts certified by the
40 Commission but not yet paid by a county shall become due and payable immediately.

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1 16-407.

2 (a) (1) Subject to paragraphs (2) and (3) of this subsection and subsection (f) of
 3 this section, any student who attends a community college in this State and is not a
 4 resident of this State shall pay, in addition to the student tuition and fees payable by a
 5 county resident, an out-of-state fee, equal to the State share and the county share per
 6 full-time equivalent student as determined under § 16-403 of this subtitle.

7 (2) (i) A resident of the state of West Virginia who attends Garrett
 8 Community College under a negotiated reciprocity agreement between the states of
 9 Maryland and West Virginia is an in-county resident for tuition purposes.

10 (ii) For each full-time equivalent student participating in the
 11 reciprocity agreement, the State shall pay to Garrett Community College an amount
 12 equal to the net State support per full-time equivalent student as provided in § 16-403 of
 13 this subtitle. FOR ANY FISCAL YEAR, IF STATE APPROPRIATIONS FOR
 14 REIMBURSEMENT OF THE RECIPROCITY AGREEMENT UNDER THIS SECTION DO NOT
 15 PROVIDE SUFFICIENT FUNDS TO FULLY REIMBURSE THE COLLEGE, THE GOVERNOR
 16 SHALL INCLUDE IN THE BUDGET BILL FOR THE NEXT FISCAL YEAR A DEFICIENCY
 17 APPROPRIATION TO PROVIDE THE ADDITIONAL FUNDS TO FULLY REIMBURSE THE
 18 COLLEGE.

19 (iii) The Commission may make payments to effectuate the provisions
 20 of this paragraph from funds specifically appropriated for this purpose as provided in the
 21 State budget or any supplemental budget request.

22 (iv) The payments authorized by this paragraph are in addition to the
 23 State operating fund to community colleges authorized in § 16-403(b) of this subtitle.

24 (3) (i) Any student attending a community college in this State who is not
 25 a resident of this State and is enrolled in an education program leading to licensure in
 26 nursing shall be included as an in-county resident for tuition purposes and shall be
 27 included as an in-state resident for computation of the State aid to community colleges in
 28 accordance with § 16-403 of this subtitle.

29 (ii) The student shall furnish a surety bond or guaranteed promissory
 30 note to the State with security satisfactory to the Maryland Higher Education
 31 Commission, that on completion of the Nursing Education Program, the student will work
 32 for at least 2 years in a hospital or related institution as defined in § 19-301 of the Health
 33 - General Article in this State.

34 (iii) The Secretary of Health and Mental Hygiene may determine if
 35 there is a shortage of nurses.

36 (iv) Subject to subparagraphs (v) and (vi) of this paragraph, if the
 37 Secretary determines that there is no shortage of nurses, the Nonresident Student Tuition
 38 Reduction and State Aid Program established under this paragraph may not be applied to
 39 any courses required for the nursing program.

40 (v) Subparagraph (iv) of this paragraph applies only to students who
 41 enroll in a Nursing Education Program subsequent to the determination made under
 42 subparagraph (iv) of this paragraph.

1 (vi) Subparagraph (v) of this paragraph may not affect any student who
2 is participating in the Nonresident Tuition Reduction and State Aid Program prior to the
3 determination under subparagraph (iii) of this paragraph.

4 (b) (1) Subject to the provisions of paragraph (2) of this subsection, any student
5 who attends a community college not supported by the county in which the student
6 resides shall pay, in addition to the student tuition and fees payable by a resident of a
7 county that supports the community college, an out-of-county or out-of-region fee equal
8 to the county share per full-time equivalent student as determined under § 16-403 of this
9 subtitle.

10 (2) (i) Any student who resides in an incorporated municipality whose
11 corporate limits extend into 2 counties in the State is considered an in-county resident for
12 tuition purposes at a community college campus located within that municipality that is
13 supported by either county.

14 (ii) If a student is considered an in-county resident under this
15 paragraph and the student does not reside in the county that supports the community
16 college, the county in which the student resides shall pay the difference between the
17 out-of-county tuition and the in-county tuition.

18 (c) Any county may appropriate money to pay the out-of-county or out-of-region
19 fees for county residents who attend a community college in this State that is not
20 supported by that county.

21 (d) (1) Notwithstanding subsection (b) of this section, if any student is a
22 resident of this State and enrolls in an instructional program that the Commission
23 designates as a health manpower shortage program or a statewide or regional program,
24 the student shall pay only the student tuition and fees payable by a resident of a county
25 that supports the community college and the Commission shall pay any applicable
26 out-of-county fee. FOR ANY FISCAL YEAR, IF STATE APPROPRIATIONS TO THE
27 COMMISSION FOR PAYMENT OF ANY APPLICABLE OUT-OF-COUNTY FEE UNDER
28 THIS PARAGRAPH DO NOT PROVIDE SUFFICIENT FUNDS TO FULLY REIMBURSE
29 APPLICABLE OUT-OF-COUNTY FEES, THE GOVERNOR SHALL INCLUDE IN THE
30 BUDGET BILL FOR THE NEXT FISCAL YEAR A DEFICIENCY APPROPRIATION TO
31 PROVIDE THE ADDITIONAL FUNDS TO FULLY REIMBURSE THE OUT-OF-COUNTY
32 FEES.

33 (2) The Commission may make payments to effectuate the provisions of this
34 section from funds specifically appropriated for this purpose as provided in the State
35 budget or any supplemental budget request.

36 (e) (1) Notwithstanding subsection (b) of this section, if any student resides in a
37 county where the per capita wealth is below the State average and the county does not
38 support a community college or a branch campus of a community college, except for
39 Baltimore City, the student may enroll at a community college or a branch campus in the
40 State, either of which is located in a county adjacent to the one in which the student
41 resides, and pay only the tuition and fees applicable to a county resident that supports the
42 community college.

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1 (2) For any student determined to be eligible under paragraph (1) of this
2 subsection, the Commission shall pay:

3 (i) In fiscal year 1992, 75% of any applicable out-of-county fee
4 provided that the county in which the student resides pays 25 percent of that fee; and

5 (ii) In fiscal year 1993, and each fiscal year thereafter, 50% of any
6 applicable out-of-county fee provided that the county in which the student resides pays
7 50 percent of that fee.

8 (3) The Commission may make payments to effectuate the provisions of this
9 section from funds specifically appropriated for this purpose in the State budget or any
10 supplemental budget request.

11 (f) The provisions of this section shall be subject to any reciprocal interstate
12 agreement entered into by the Maryland Higher Education Commission under §
13 11-105(1)(2) of this article.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 October 1, 1996.