

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 256 (The Speaker. *et al.*)
(Administration)

Appropriations

Higher Education - Baltimore City Community College - Funding

This Administration bill requires the Governor to include a minimum appropriation in the State's annual budget for Baltimore City Community College (BCCC). The minimum appropriation is based on a percentage of the aid per full-time equivalent student at four-year public institutions of higher education or the amount the college received in the previous year, whichever is greater.

This bill takes effect July 1, 1998.

Fiscal Summary

State Effect: General fund expenditures could increase by \$1.4 million in FY 2000. Future year expenditures reflect continual adjustments to the minimum funding level. Revenues would not be affected.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	\$0	1,370,700	3,222,100	3,359,500	3,257,400
Net Effect	\$0	(\$1,370,700)	(\$3,222,100)	(\$3,359,500)	(\$3,257,400)

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

Local Effect: Baltimore City expenditures would increase by \$200,000 each year beginning in FY 2000. Revenues would not be affected.

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small businesses (attached). Legislative Services concurs with this assessment. (This assessment does not reflect amendments to the bill.)

Fiscal Analysis

Background: Since Baltimore City Community College is a State agency, it is not funded in the same manner as the State's other community colleges. During the 1996 Session, the General Assembly enacted legislation that based mandatory State community college funding on a percentage of the previous year's aid per full-time equivalent students at four-year public institutions of higher education. This bill proposes to utilize a similar approach in calculating the minimum State appropriation for the Baltimore City Community College.

State Effect: This bill requires the Governor to include a minimum level of funding in the State's budget for the Baltimore City Community College. The minimum funding level is based on the college's full-time equivalent enrollment multiplied by 60% of the previous year's aid per FTE at selected four-year public institutions of higher education. The percentage of the four-year aid per FTE increases by 3% in fiscal 2000 and by an additional 3% in fiscal 2001, as illustrated in **Exhibit 1**.

Exhibit 1

Fiscal Year	State Appropriation Per FTE at Four-Year Institutions (Previous Year)	Funding Ratio	BCCC Minimum Per FTE Grant
1999	\$6,834	60%	\$4,101
2000	\$7,330	63%	\$4,618
2001	\$7,815	66%	\$5,158
2002	\$8,091	66%	\$5,340
2003	\$8,299	66%	\$5,477

Based on the minimum funding level, Baltimore City Community College would receive \$19.4 million in fiscal 1999. However, the Governor's proposed fiscal 1999 State budget includes \$19.8 million in funding for the Baltimore City Community College, almost \$400,000 more than the required minimum funding level. Accordingly, this bill would not affect State finances in fiscal 1999. However, in fiscal 2000, the Governor's minimum appropriation for BCCC would total \$21.8 million, which is approximately \$1.4 million more than BCCC would have received if its State appropriation reflected historical trends. From fiscal 1994 through fiscal 1998, BCCC's State appropriation increased by an average of 3.4% annually. As shown in **Exhibit 2**, additional State funding for BCCC increases to \$3.4 million by fiscal 2002.

Exhibit 2

Fiscal Year	BCCC Audited FTEs¹	Proposed Minimum State Appropriation	Current Appropriation²	Funding Increase
1999	4,732	\$19,405,954	\$19,804,763	\$0
2000	4,732	\$21,854,762	\$20,484,013	\$1,370,749
2001	4,732	\$24,408,648	\$21,186,558	\$3,222,090
2002	4,732	\$25,272,655	\$21,913,200	\$3,359,455
2003	4,732	\$25,922,175	\$22,664,763	\$3,257,412

¹BCCC Audited FTEs is assumed to remain constant.

²Fiscal 1999 amount is based on the amount included in the Governor's proposed budget; fiscal 2000 through fiscal 2003 is based on an annual growth rate of 3.4%, which is the average growth rate for BCCC's State appropriation for fiscal 1994 through fiscal 1998.

Local Effect: This bill requires the City of Baltimore to increase its annual funding for scholarships and tuition reimbursements at the college, beginning in fiscal 2000, from \$300,000 to \$500,000. Accordingly, Baltimore City expenditures would increase by \$200,000 each year beginning in fiscal 2000.

Information Source(s): Department of Legislative Services, Maryland Higher Education Commission

Fiscal Note History: First Reader - February 11, 1998
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