

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 1198 (Delegate Heller, *et al.*)
Ways and Means and Appropriations

**Higher Education - Community Colleges - Funding of the Collaborative
Initiatives Grant Program**

This bill establishes the Collaborative Initiatives Grant Program for the purpose of implementing and maintaining cooperative programs at community colleges. To fund the program, the Maryland Higher Education Commission will receive an amount equal to 2% of the State aid provided to community colleges through the Senator John A. Cade funding formula and the Baltimore City Community College funding formula. The funding begins in fiscal 2004.

The bill is effective July 1, 2002.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$4.8 million in FY 2004 to fund the Collaborative Initiatives Grant Program. Future year expenditure increases reflect estimated increases to community college formula funding. Revenues would not be affected.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	4.8	5.2	5.5	5.9
Net Effect	\$0	(\$4.8)	(\$5.2)	(\$5.5)	(\$5.9)

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

Local Effect: Community college revenues could increase beginning in FY 2004, depending on the allocation of program funding.

Small Business Effect: None.

Analysis

Current Law: Community colleges are funded through the Senator John A. Cade funding formula on the basis of enrollment at the colleges. There is a separate funding formula for the Baltimore City Community College (BCCC).

Background: Mandated fiscal 2003 funding through the Cade formula was calculated at \$175 million. However, the Budget Reconciliation Act of 2002 proposed by the Administration (SB 323), includes a reduction of \$15.4 million in fiscal 2003 formula funding.

State Fiscal Effect: General fund expenditures would increase by an estimated \$4.8 million in fiscal 2004. Expenditure estimates for fiscal 2005 through 2007 assume 7% annual increases to funding provided through the Cade formula and the BCCC formula. If Cade formula funding is reduced in fiscal 2003 as proposed by SB 323, grant funding would be somewhat lower.

The Maryland Higher Education Commission (MHEC) advises that one program administrator would be needed to implement and administer the program. The fiscal 2004 cost for the position and operating expenses is estimated at \$62,800. Future year expenditures would reflect 3.5% annual salary increases, 3% employee turnover, and 1% annual increases in ongoing operating expenditures. It is assumed that this position would be supported with funds from the grant to MHEC established by this bill.

It is assumed that a portion of the funding for the Collaborative Initiatives Grant Program would be distributed to BCCC to support cooperative programs between BCCC and other community colleges. The amount of the BCCC allocation, however, cannot be reliably estimated at this time.

Local Revenues: It is assumed that a portion of the funding for the Collaborative Initiatives Grant Program would be distributed to local community colleges. The amount allocated to the colleges and the distribution of this funding would be determined by MHEC in cooperation with the Maryland Association of Community Colleges.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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