

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 754 (Delegate Heller)
 Ways and Means

Higher Education - Community Colleges - State Funding

This bill restores full State funding for community colleges by fiscal 2005 instead of 2006.

The bill is effective July 1, 2003.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$7.3 million in FY 2005 to enhance funding for community colleges. There is no effect after FY 2005.

(\$ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	7.3	0	0	0
Net Effect	\$0	(\$7.3)	\$0	\$0	\$0

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

Local Effect: Community college revenues from State aid would increase by \$7.3 million in FY 2005.

Small Business Effect: None.

Analysis

Current Law: Full funding for the formula that determines the State appropriation for Baltimore City Community College and the Senator John A. Cade Funding Formula, which determines State aid for the other 15 community colleges in Maryland, will be restored in fiscal 2006.

Background: State funding for community colleges was reduced in fiscal 2003 due to the fiscal crisis. To enact the reduction, the formulas that determine State funding were adjusted downwards and were positioned to rebound to their full funding levels by fiscal 2006.

Mandated fiscal 2004 funding for community colleges through the Senator John A. Cade formula was initially calculated at \$162 million. However, this amount will be reduced by \$9.7 million contingent upon a proposed reduction in fiscal 2003 State funding for public four-year institutions of higher education. The Cade formula is based on the prior year funding for the public four-year institutions, so a fiscal 2003 reduction in funding for four-year institutions impacts the fiscal 2004 funding for community colleges.

State and Local Fiscal Effect: State general fund support for community colleges would increase in fiscal 2005 by an estimated \$7.3 million. The increase for each of the community colleges is shown in **Exhibit 1**. Full State funding will be restored in fiscal 2006 under current law, so this legislation would only impact fiscal 2005.

Exhibit 1
Estimated State Funding Increases for Community Colleges
Senate Bill 623/House Bill 754
Fiscal 2005

Allegany	\$154,115	Frederick	\$206,948
Anne Arundel	902,169	Garrett	26,312
Baltimore City	1,321,615	Hagerstown	196,268
Baltimore County	930,261	Harford	324,028
Carroll	196,537	Howard	357,693
Cecil	125,820	Montgomery	1,121,494
Charles	332,788	Prince George's	763,093
Chesapeake	181,936	Wor-Wic	207,884
Total State		\$7,348,961	

Additional Information

Prior Introductions: None.

Cross File: SB 623 (Senator Kramer, *et al.*) – Budget and Taxation.

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

Fiscal Note History: First Reader - February 18, 2003
mdf/jr

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