

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

Senate Bill 555 (Senator Hooper, *et al.*)
 Budget and Taxation

Higher Education - Aid to Nonpublic Institutions - Calculation of Joseph A. Sellinger Program Grant

This bill reduces State aid to nonpublic institutions of higher education by altering the methodology for calculating the full-time equivalent (FTE) student count that is used to determine aid under the Joseph A. Sellinger formula. FTE counts for in-state and out-of-state students at each institution will be computed separately, and the out-of-state FTE student enrollment will be reduced by 25% to arrive at a lower count. Sellinger formula aid for each institution will be calculated using the reduced FTE computation.

Fiscal Summary

State Effect: General fund expenditures would decrease by \$5.9 million in FY 2005 due to the reduction in Sellinger formula aid. Future year expenditure reductions reflect increased per pupil amounts provided through the formula. Revenues would not be affected.

(\$ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	(5.9)	(6.5)	(6.8)	(7.1)
Net Effect	\$0	\$5.9	\$6.5	\$6.8	\$7.1

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Joseph A. Sellinger formula does not differentiate between in-state and out-of-state students in computing an FTE student enrollment count. The formula provides State aid to qualifying nonpublic institutions of higher education based on FTE student enrollment counts at the institutions in the prior fiscal year and per pupil State general fund support for public four-year institutions of higher education.

Background: Mandated fiscal 2004 State funding for nonpublic institutions of higher education through the Joseph A. Sellinger formula was initially calculated at \$47.3 million. However, this amount will be reduced by \$3.5 million due to fiscal 2003 cost containment measures at public four-year institutions of higher education. The Sellinger formula is based on prior year State funding for public four-year institutions, so a fiscal 2003 reduction in funding for four-year institutions impacts the fiscal 2004 funding for nonpublic institutions.

State Expenditures: Due to the bill's October 1, 2003 effective date, it is assumed that the change in formula methodology would not impact State finances in fiscal 2004. In fiscal 2005, general fund expenditures for the Sellinger formula would decrease by an estimated \$5.9 million. The savings would increase to an estimated \$7.1 million in fiscal 2008, which reflects projected increases to the per pupil funding amount. **Exhibit 1** compares projected current law State aid for nonpublic institutions to State aid that would be provided under the bill. **Exhibit 2** displays the estimated reductions by institution. Finally, current law aid projections and aid projections using the bill's reduced FTE methodology are shown in **Exhibit 3**.

Exhibit 1 Comparison of Estimated Current Law and Senate Bill 555 Appropriations for the Joseph A. Sellinger Formula Fiscal 2005 to 2008

<u>Sellinger Aid</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Current Law	\$45,818,442	\$50,436,053	\$52,756,809	\$55,160,075
Senate Bill 555	<u>39,886,506</u>	<u>43,906,243</u>	<u>45,926,527</u>	<u>48,018,671</u>
Reduction in Aid	\$5,931,936	\$6,529,810	\$6,830,282	\$7,141,404

Exhibit 2
Estimated State Aid Reductions to Nonpublic Institutions of Higher Education
Under Senate Bill 555
Fiscal 2005 to 2008

<u>Institution</u>	<u>Percent</u>				
	<u>Out-of-state</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Baltimore Hebrew University	6%	\$1,957	\$2,149	\$2,257	\$2,353
Baltimore International College	21%	31,780	34,981	36,593	38,254
Capitol College	26%	38,685	42,576	44,546	46,576
College of Notre Dame	9%	40,181	44,239	46,273	48,369
Columbia Union College	53%	140,409	154,560	161,678	169,042
George Meany Center - NLC	89%	191,595	210,910	220,614	230,670
Goucher College	56%	277,927	305,943	320,014	334,598
Hood College	26%	79,091	87,059	91,071	95,217
Johns Hopkins University	67%	3,082,735	3,393,414	3,549,559	3,711,248
Loyola College	60%	860,889	947,662	991,258	1,036,421
Maryland Institute, College of Art	70%	328,079	361,144	377,765	394,962
McDaniel College	30%	223,787	246,350	257,680	269,425
Mount St. Mary's College	47%	228,536	251,567	263,140	275,137
St. John's College	82%	160,848	177,064	185,205	193,650
Sojourner-Douglass College	1%	3,353	3,703	3,873	4,046
Villa Julie College	3%	20,477	22,545	23,583	24,651
Washington College	50%	<u>221,607</u>	<u>243,944</u>	<u>255,173</u>	<u>266,785</u>
Total Reductions	--	\$5,931,936	\$6,529,810	\$6,830,282	\$7,141,404

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 3, 2003
 mdf/cer

Analysis by: Mark W. Collins

Direct Inquiries to:
 (410) 946-5510
 (301) 970-5510

Exhibit 3
Estimated State Aid Under Current Law and Under Senate Bill 555
Fiscal 2005 to 2008
(\$ in Thousands)

<u>Institution</u>	<u>Aid Under Current Law</u>				<u>Aid Under Senate Bill 555</u>			
	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Baltimore Hebrew University	\$130	\$143	\$150	\$157	\$128	\$141	\$148	\$155
Baltimore International College	605	666	697	729	573	631	660	690
Capitol College	595	655	685	716	556	613	641	670
College of Notre Dame	1,786	1,966	2,056	2,150	1,746	1,922	2,010	2,102
Columbia Union College	1,060	1,167	1,220	1,276	919	1,012	1,059	1,107
George Meany Center - NLC	861	948	992	1,037	670	737	771	806
Goucher College	1,985	2,185	2,286	2,390	1,707	1,879	1,966	2,055
Hood College	1,217	1,339	1,401	1,465	1,138	1,252	1,310	1,370
Johns Hopkins University	18,404	20,259	21,191	22,157	15,322	16,866	17,642	18,445
Loyola College	5,739	6,318	6,608	6,909	4,878	5,370	5,617	5,873
Maryland Institute, College of Art	1,875	2,064	2,159	2,257	1,547	1,703	1,781	1,862
McDaniel College	2,984	3,285	3,436	3,592	2,760	3,038	3,178	3,323
Mount St. Mary's College	1,945	2,141	2,240	2,342	1,716	1,889	1,976	2,066
St. John's College	785	864	903	945	624	687	718	751
Sojourner-Douglass College	1,343	1,479	1,547	1,617	1,340	1,475	1,543	1,613
Villa Julie College	2,731	3,006	3,144	3,287	2,710	2,983	3,121	3,263
Washington College	<u>1,773</u>	<u>1,952</u>	<u>2,041</u>	<u>2,134</u>	<u>1,551</u>	<u>1,708</u>	<u>1,786</u>	<u>1,868</u>
Total Aid	\$45,818	\$50,436	\$52,757	\$55,160	\$39,887	\$43,906	\$45,927	\$48,019