

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 575

(Senator Ruben, *et al.*)

Budget and Taxation

Ways and Means

**Community Colleges - Cade Funding Formula - Grants for English for Speakers
of Other Languages Programs**

This bill increases to \$6 million per year the maximum State funding for English for speakers of other languages (ESOL) programs at locally-operated community colleges.

The bill takes effect June 1, 2006.

Fiscal Summary

State Effect: General fund expenditures would increase by \$546,900 in FY 2007 to provide a deficiency appropriation to pay the full \$800 per full-time equivalent (FTE) ESOL student. Beginning in FY 2008, mandated expenditure estimates reflect projected growth in the community college ESOL population. Revenues would not be affected.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	546,900	643,000	814,000	985,100	1,156,200
Net Effect	(\$546,900)	(\$643,000)	(\$814,000)	(\$985,100)	(\$1,156,200)

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

Local Effect: Community college revenues from State aid would increase by an estimated \$546,900 in FY 2007 and by an estimated \$1.2 million in FY 2011. The additional funding would be used for ESOL programs at the colleges.

Small Business Effect: Minimal.

Analysis

Current Law: Locally-operated community colleges receive \$800 per FTE ESOL student enrolled in the colleges. The annual State appropriation for the programs is limited to \$2.5 million. Subject to this limit, if funding is insufficient to pay the full \$800 per ESOL student, the Governor must include a deficiency appropriation in the budget bill the following year to fund the full amount. State ESOL grants may not be transferred to any other program or category.

Background: Community college ESOL grants were initially established by Chapter 434 of 1995. The legislation capped the State's annual contribution to the programs at \$1 million for locally-operated community colleges and \$200,000 for Baltimore City Community College (BCCC), which is operated by the State. Chapters 537 and 538 of 1999 increased the limit on annual State appropriations to \$2.5 million for local colleges and \$500,000 for BCCC. State funding for local colleges has been at the limit since fiscal 2004, meaning colleges have received less than the full \$800 per ESOL student. The proposed fiscal 2007 State budget includes \$2.5 million for the grants, or approximately \$656 per FTE ESOL student.

In addition to ESOL funding, the proposed budget includes a total of \$203.4 million for locally-operated community colleges, a 7.4% increase over the fiscal 2006 appropriation. **Exhibit 1** shows State funding for the colleges from last fiscal year, as appropriated for the current fiscal year, and as proposed for fiscal 2007.

Exhibit 1
State Funding for Community Colleges
Fiscal 2005 to 2007
(\$ in Thousands)

	<u>Actual</u> <u>FY 2005</u>	<u>Approp.</u> <u>FY 2006</u>	<u>Proposed</u> <u>FY 2007</u>	<u>Avg.</u> <u>Annual</u> <u>Increase</u>
Cade Formula	\$146,555	\$154,143	\$164,830	6.1%
ESOL Grants	2,500	2,500	2,500	0.0%
Small College Grants	3,100	3,100	3,200	1.6%
Teachers' Retirement	25,289	25,464	27,601	4.5%
Other Programs	<u>6,603</u>	<u>6,456</u>	<u>7,752</u>	8.4%
Total	\$184,047	\$191,662	\$205,883	5.8%
Increase from Prior Fiscal Year		4.1%	7.4%	

State Expenditures: General fund expenditures will increase by \$546,875 in fiscal 2007 if the spending cap for ESOL grants is raised to \$6 million. The additional aid will be provided as a deficiency appropriation in the fiscal 2008 State budget and will increase fiscal 2007 funding to the full \$800 per FTE funding level.

Beginning in fiscal 2008, the additional general fund expenditures will be mandated and will depend on the number of FTE ESOL students who attend the community colleges. Projected increases for each local community college in each fiscal year are shown in **Exhibit 2**. The estimates represent the additional funding above the current \$2.5 million spending cap and assume annual increases in ESOL students of 3% to 5%.

Exhibit 2
Estimated Increase in Funding for Community Colleges
Fiscal 2007 to 2011

College	FY 2007	FY 2008	Projected		FY 2011
			FY 2009	FY 2010	
Allegany	\$158	\$186	\$235	\$285	\$334
Anne Arundel	42,704	50,206	63,566	76,925	90,284
Carroll	6,367	7,485	9,477	11,469	13,461
Baltimore County	72,744	85,524	108,282	131,039	153,796
Cecil	1,351	1,589	2,011	2,434	2,857
Southern Maryland	414	486	616	745	874
Chesapeake	5,247	6,169	7,810	9,451	11,093
Frederick	4,351	5,115	6,476	7,837	9,198
Garrett	0	0	0	0	0
Hagerstown	5,456	6,415	8,122	9,829	11,536
Harford	7,463	8,774	11,109	13,444	15,778
Howard	67,560	79,430	100,566	121,702	142,837
Montgomery	293,561	345,134	436,974	528,813	620,648
Prince George's	37,807	44,449	56,277	68,105	79,932
Wor-Wic	1,693	1,990	2,520	3,050	3,579
Total	\$546,876	\$642,952	\$814,041	\$985,128	\$1,156,207

Local Revenues: As shown in Exhibit 2, local community college revenues from State aid will increase by \$546,876 in fiscal 2007 and by an estimated \$1.2 million in fiscal 2011. The State funding increases must be used to provide ESOL services to eligible students at the colleges.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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