

Department of Legislative Services
 Maryland General Assembly
 2013 Session

FISCAL AND POLICY NOTE
 Revised

House Bill 964
 Ways and Means

(Delegate Hixson, *et al.*)

Budget and Taxation

Community Colleges - Grants for English for Speakers of Other Languages Programs

This bill increases from \$6 million to \$8 million the maximum State funding level for English for speakers of other languages (ESOL) programs at local community colleges. Likewise, the bill increases from \$1.0 million to \$1.3 million the maximum State funding level for the ESOL program at Baltimore City Community College (BCCC).

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: The bill does not likely have an effect until FY 2016 when general fund expenditures increase by \$199,800 to pay the full \$800 per full-time equivalent (FTE) ESOL student at local community colleges and BCCC. Future years reflect the estimated growth in the number of FTE ESOL students and costs remaining below the increased caps for local community colleges and BCCC until FY 2020 and FY 2019, respectively. However, due to the volatility of ESOL enrollments, the current cap could be exceeded as early as FY 2015. **This bill increases a mandated appropriation.**

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	0	199,800	765,400	1,375,400
Net Effect	\$0	\$0	(\$199,800)	(\$765,400)	(\$1,375,400)

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

Local Effect: Local community college revenues from the State for the ESOL program increase beginning in FY 2016 due to the State paying the full \$800 per FTE ESOL student. Actual increases depend on the number of FTE ESOL students at each community college and are capped at \$2 million by the bill.

Small Business Effect: None.

Analysis

Current Law: The 15 local community colleges receive \$800 per FTE ESOL student enrolled in the college, up to a maximum annual State appropriation for the program of \$6 million. Subject to this limit, if funding is insufficient to pay the full \$800 per ESOL student, each grant must be prorated by the amount necessary to reduce the total amount of the grants to \$6 million and the Governor must include a deficiency appropriation in the budget bill the following year to fund the full amount. Likewise, BCCC receives \$800 per FTE ESOL student enrolled at the college, up to a maximum annual State appropriation for the program of \$1 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 (HB 1054). The legislation capped the State's annual contribution to the programs at \$1 million for locally operated community colleges and \$200,000 for BCCC, which is operated by the State. Chapters 537 and 538 of 1999 (SB 283/HB 483) increased the limit on annual State appropriations to \$2.5 million for local colleges and \$500,000 for BCCC. Chapter 262 of 2006 (SB 575) further increased the maximum State appropriation for local community colleges to \$6 million, and Chapter 106 of 2007 (HB 1421) increased the maximum State appropriation for BCCC to \$1 million. As of fiscal 2014, neither the \$6 million cap for local community colleges nor the \$1 million cap for BCCC has been met.

State Expenditures: General fund expenditures increase by an estimated \$199,776 in fiscal 2016 due to the spending cap for ESOL grants for local community colleges and BCCC being increased. Based on the current five-year average of ESOL enrollments, it is estimated that enrollment in the program will increase by 7.81% annually. However, annual enrollment in the ESOL programs is volatile and, thus, difficult to predict. Therefore, general fund expenditures may increase as early as fiscal 2015. Annual increases in State ESOL enrollment and funding at local community colleges and BCCC are estimated in **Exhibit 1** and will result in an estimated \$2.3 million increase in total spending through fiscal 2018.

Using the same volatile enrollment projections, it is estimated that the ESOL programs at local community colleges could exceed their \$8 million cap in fiscal 2020, and the ESOL program at BCCC could exceed its \$1.3 million cap in fiscal 2019. If so, the grants would be prorated so that total funding is within the maximum limits established by the bill.

Exhibit 1
Estimated Funding Increase for Local Community Colleges and BCCC
ESOL Grants
Fiscal 2014-2018

	Actual		Estimated		
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
LCC FTE ESOL Students*	6,597.53	7,112.79	7,668.31	8,267.21	8,912.86
Under the Bill	\$5,278,024	\$5,690,232	\$6,134,648	\$6,613,768	\$7,130,288
Current Law	5,278,024	5,690,232	6,000,000	6,000,000	6,000,000
Additional Cost for LCCs	\$0	\$0	\$134,648	\$613,768	\$1,130,288
BCCC FTE ESOL Students*	1,138.94	1,231.42	1,331.41	1,439.52	1,556.41
Under the Bill	\$911,152	\$985,136	\$1,065,128	\$1,151,616	\$1,245,128
Current Law	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Additional Costs for BCCC	\$0	\$0	\$65,128	\$151,616	\$245,128
Total Additional Cost	\$0	\$0	\$199,776	\$765,384	\$1,375,416

FTE = full-time equivalent
ESOL = English for speakers of other languages
LCC = local community college
BCCC = Baltimore City Community College

*FTE ESOL students from the second prior fiscal year are used in the formula.

Source: Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: SB 410 (Senator Raskin, *et al.*) - Budget and Taxation.

Information Source(s): Baltimore City Community College, Department of Budget and Management, Maryland Higher Education Commission, Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2013
ns/rhh Revised - House Third Reader - April 2, 2013
Revised - Enrolled Bill - May 15, 2013

Analysis by: Caroline L. Boice

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