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Bill Number: House Bill 423 **Position:** Letter of Information
Title: Community Colleges – State Funding - Revision
Committee: Appropriations Committee
Hearing Date: February 11, 2020

Bill Summary:

House Bill 423 modifies the calculation of the Senator John A. Cade Funding Formula and the Baltimore City Community College Funding Formula to include appropriations, regardless of where they are budgeted, designated for the general operation of 4–year public institutions of higher education.

Position:

This legislation unnecessarily adds a level of complexity to the calculation of the annual funding formulas for Maryland community colleges. Calculation of the Cade formula depends upon appropriations to the public four-year colleges and universities, which are budget decisions made by the Governor and the Department of Budget and Management late in the annual budget appropriation process. It is then composed of several components, including the fixed costs component, the marginal cost component, the size factor component, a maintenance of effort component, whereby each local jurisdiction must appropriate the same or additional funding in its appropriation to the college in a given year in order for the college to receive an increase in State funds, and a hold harmless provision, whereby the appropriation to the college cannot fall below the prior year’s appropriation should the calculation of the college’s Cade appropriation be lower than that of the prior year. In addition, these calculations are reliant upon the per student funding budgeted for certain public four-year colleges and universities for the same fiscal year.

The current method of calculating these formulas currently include both the General Fund and the Higher Education Investment Fund appropriations to the public four-year colleges and universities that are then divided by the budgeted full-time equivalent students (FTES) enrollment at each institution to determine the per student funding for the public four-year institutions. The percentage of this per-student funding is then run through all of the components listed above to determine both the aggregate level of funding for the formulas as well as the allocation by college within the Cade formula.

To add additional revenues to the calculation of the formulas will add yet another unnecessary level of complexity to the annual determination of funding to the colleges.

In addition, the additional funding appropriated to the public four-year colleges and universities are decisions that must be made during the annual budget decisions by the Governor and Department of Budget Management when determining how to build a fiscally sound budget. This includes particular attention to mandated appropriations built in to the budget by legislation that contain mandatory spending. These decisions are undertaken through a lengthy and deliberate process that is protected under Executive Privilege. To add the requirement for additional funding to be included in the calculation of these formulas would again add an unnecessary level of complexity.

For further information, contact Geoffrey Newman, Assistant Secretary for Finance and Administration, at 410-767-3085.