MICUA

Maryland Independent College and University Association

140 SOUTH STREET
ANNAPOLIS, MD 21401

PHONE: 410-269-0306
FAX: 410-269-5905
www.micua.org



Support With Amendments

# TESTIMONY

## House Appropriations Committee

***House Bill 589 – Budget Reconciliation and Financing Act of 2021***

**Sara C. Fidler, President, Sfidler@micua.org**

March 3, 2021

On behalf of the 13 State-aided MICUA member institutions, I submit this testimony in **opposition** to several provisions in *House Bill 589 – Budget Reconciliation and Financing Act of 2021* and **request amendments to delete these provisions**.

The Joseph A. Sellinger Program, a program of State aid for private nonprofit institutions of higher education, operates pursuant to a formula that links the independent institutions to selected 4-year public institutions of higher education in the State. The BRFA eliminates this link. This link was established in the 1970's and fosters a longstanding partnership in which we have been proud and honored to be involved. This link encourages cooperation and collaboration among the State's public and private nonprofit colleges and universities. This link also strengthens the opportunities for, and access to, a choice in higher education for all of Maryland's students. **Most importantly, this link ensures that a rising tide lifts all boats.**

In lieu of this thoughtful and successfully linked formula, the BRFA caps future appropriations for the Sellinger Program to the amount of aid provided in the current fiscal year increased by 1% less than the General Fund revenue growth projected by the Board of Revenue Estimates. This new method of funding would severely undermine the purpose of the Sellinger formula and perhaps even more alarmingly, disrupt the ability of the General Assembly to establish fiscal priorities. Until Question 1 of 2020 takes effect, the Maryland General Assembly cannot increase an appropriation in the operating budget, add an item to the operating budget, or move funds around within the operating budget. The only mechanism the General Assembly has to establish budget priorities is to enact legislation mandating specific appropriations in future State budgets. If this new funding method of the BRFA is adopted, the General Assembly would relinquish its budgetary power in this regard. **We urge you to restore the link between the Sellinger Program and the 4-year public institutions of higher education in the State.**

Additionally, the legislation level-funds the Sellinger Program, but not at the amount that was envisioned by the Legislature for fiscal 2021. In July of 2020, the Board of Public Works voted to reduce the Legislature's fiscal 2021 funding of the Sellinger Program by $11 million. Although Treasurer Nancy Kopp spoke against this cut at the time, and Comptroller Peter Franchot has since expressed an interest in restoring the cut, the fiscal 2021 appropriation was leveled to the fiscal 2020 amount. Therefore, **the 2021 BRFA cuts the Sellinger appropriation by $29.8 million, on top of the $11 million cut by BPW, and actually level-funds the appropriation to the fiscal 2020 amount**. Further, the legislation does not distribute funds to each eligible institution in accordance with enrollment, as is intended under statute. If this provision is adopted by the General Assembly, Sellinger funds will not "follow the student."

Since our member institutions use the vast majority of Sellinger funding for financial aid for Maryland students, the reduction in the BRFA will be particularly painful for Maryland's students. **Last year, 87% ($51 million) of Sellinger funds were used to provide financial aid to Maryland students.** The remaining Sellinger funds were used to support the State's goals for higher education, including career preparation, mentorships, and internships. It is not always enough to get the student in the door of an institution; Sellinger funds also help to ensure that the student stays enrolled and completes the degree. Our retention and graduation rates are the best in the country and they indicate a strong return on the State's investment.

In Maryland, the generous support of the Legislature for our independent institutions has served as a national model and has allowed us to remain financially stable in service to our students, faculty, staff, and communities. This is not true of private, nonprofit colleges and universities in most other states. While federal stimulus funding has provided us some relief, there is still a gap created by our COVID losses and expenditures. Beyond the spring term losses of which we have already presented to you, we lost $50 million during the summer of 2020 as the result of canceled camps, concerts, and other events and auxiliary revenues; and we lost over $150 million during the fall of 2020. We anticipate losses of at least $110 million for the current (spring 2021) semester. In addition, we have spent more than $40 million on preparation relating to COVID including: providing personal protective equipment; testing; dedensification of residence halls, dining facilities, and classrooms; technology enhancements; HVAC upgrades; and dedicating quarantine facility space. We do not have the ability to "backfill" these losses, although we are doing the best that we can and keeping as many individuals employed as possible.

**We urge you to restore the Sellinger Program statutory appropriation to full funding and reject the $29.8 million cut in the BRFA.**

The Sellinger Program was established to ensure that Maryland's independent institutions remain viable and vibrant and to recognize the services and savings the independent colleges and universities bring to Maryland. Today, the MICUA institutions provide educational services at more than 180 locations throughout the State, offer over 1,600 approved academic programs, and serve over 60,000 students. The demographics of these students are similar to the demographics of students attending the State's public universities. To maintain this diverse student body, MICUA member institutions invest in student financial aid and are enrolling a greater number of low and very low-income students from Maryland's working class families. To increase access, the MICUA institutions have made good on their pledge to use their own resources to match the Guaranteed Access Grants awarded to some of the lowest income students under the Guaranteed Access Partnership Program. Last year, our institutions spent $285 million in institution-based funds on financial aid.

Thank you for the opportunity to comment on the Budget Reconciliation and Financing Act of 2021. **For all of these reasons, we request that you amend House Bill 589 as described.** Please find below draft amendments that would restore the linked formula and provide full funding to the Sellinger Program.

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**AMENDMENTS TO HB 589**

BY: Maryland Independent College and University Association (MICUA)

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On page 10, in line 4, strike the brackets; and in the same line, strike "**, (6), AND (7)**".

On page 11, in line 2, strike "**AND**"; and in lines 5 and 8, strike the brackets.

On pages 11 and 12, strike in their entirety the lines beginning with line 29 on page 11 down through line 19 on page 12, inclusive.