



House Appropriations Committee

Testimony: HB 173 – Community Colleges – State Funding – Revision

Testimony Submitted by: Dr. Kathleen Hetherington, President, Howard Community College

Position: Support

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On behalf of Howard Community College and my colleagues at Maryland's community colleges, I want to thank Delegate Feldmark for her support in proposing HB 173, which is written to ensure that community colleges receive their fair share of funding to support over 300,000 students that we serve annually.

Approximately 24 years ago, the Maryland General Assembly adopted the Cade funding formula to ensure that Maryland's community colleges would receive a percentage of the amount given to the University System of Maryland (USM) based on a specific formula. The intent was that the state, local government, and students would each provide one-third of the funding support to community colleges. The Cade funding formula was to increase the percentage tie to reach one-third funding. Please note that the one-third in the Cade funding formula is calculated at less than 33%. It is only 29%.

The community colleges over the last 24 years have never seen the intended increase, and in some years, did not receive any increase. This lack of funding has resulted in over a \$100 million loss in operating fund support. To make matters worse, when the Cade funding formula was used in FY 2020 to calculate state aid to community colleges, \$40 million that was given to USM for cost of living increases was not included in the calculation of the Cade funding formula. This resulted in community colleges being short-changed once again.

The Cade funding formula has never been fully realized. In fact, at Howard Community College, for fiscal year 2020, the state provided only 20 percent, the county provided 37 percent, and students provided the largest share at 40 percent (the remaining three percent came from other sources, such as auxiliary). In the meantime, due to the lack of state support, more students rely on financial aid, including student loans, to meet college costs. The counties also have the financial pressure to support their local community colleges.

Governor Hogan's FY 2021 budget originally funded the community colleges at the 25 percent, which is indicated in the Cade funding formula. However, by instituting the Budget Reconciliation and Financing Act of 2020, the original increase was cut in half, resulting in a significant step backward in complying with the Cade funding formula legislation. For FY 2022, the Cade formula mandates a 16.2 percent over FY 2021. However, Governor Hogan's introduction of the Budget Reconciliation and Financing Act (BRFA), shows his intention to reduce the Cade formula by \$26,615,554. In FY2021, the community colleges did not receive any increase in operating funds from the state at the time we were in, and continue to be, the middle of a pandemic. Community colleges are being asked to do more as resources from the state continue to dwindle.

In addition, the Governor intends to do away with the Cade funding formula and tie future funding to general fund growth. By doing so, the Governor would further reduce the efforts started 24 years ago by the legislators to ensure community colleges were on their way to their fair share.

Community colleges are often the primary workforce trainers in their counties, as Howard Community College is for Howard County. Community colleges offer an affordable and accessible quality education for citizens of their counties and the state. If the state continues to go backwards rather than forward, the students and local governments cannot continue to pick up the slack. The state needs to step up and support its community colleges.

High praise is given to community colleges for the work they do to prepare the workforce of the future. Many students save tens of thousands of dollars by starting their education at community colleges and then transferring to four-year institutions of higher education. If community colleges become unaffordable due to lack of state support, the impact will be felt not only on students and their families but also on the state. By short-changing community colleges, the state will not have the trained workers desperately needed by employers, and it will also lose tax revenues that those workers could generate.

I ask the committee to give full consideration of HB 173. Think about the existing loss of more than \$100 million to Maryland's community colleges in state funding over the years, the growing student debt of Maryland's citizens, and the need to fill jobs with trained workers now and in the years ahead. This bill will ensure that community colleges can continue to provide the quality instruction and services that Maryland's citizens need.

Thank you for this opportunity to provide support for this important legislation.