

# **CE Ball 2021 - SB 433 Cade Formula.pdf**

Uploaded by: Ball, Calvin

Position: FAV



## HOWARD COUNTY OFFICE OF COUNTY EXECUTIVE

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Calvin Ball  
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February 2, 2021

Senator Guy Guzzone, Chair  
Budget and Taxation Committee  
Miller Senate Office Building, 3 West  
11 Bladen Street  
Annapolis, MD 21041

Re: Testimony **IN SUPPORT** of SB 433: Community Colleges- State Funding - Revision

Dear Chair Guzzone and Members of the Committee,

I commend Senator King for sponsoring Senate Bill 433, which would allow for a better accounting of State support of our community colleges and the 108,300 students they serve as of Fall 2020. Since the Senator John A. Cade Funding Formula was enacted in 1996, the State has made a formal commitment to our community colleges that they would receive fair and proportional funding to ensure predictable operational support and affordable tuition for their students.

Often in times of uncertain economic times, our community colleges become a refuge for students and parents seeking more affordable options for higher education. In light of the COVID-19 pandemic, our investment in our two-year institutions are that much more critical.

As County Executive and a former educator, I understand the power of education provides critical pathways to advancement. I am proud of the work that Howard Community College-one of the best colleges in the nation- has been able to achieve to create a highly skilled workforce. In 2019, Howard Community College received the prestigious *Malcolm Baldrige National Quality Award*, which measures organizational success and performance excellence. This presidential-level honor highlights the critical services our college provides our community. Increased graduation rates, expanded opportunities for economic mobility, and empowering learners of all ages and background creates a significant return on investment for our county and therefor, the state.

In FY 2021, my Administration allocated \$36.5 million to Howard Community College, a 2 percent increase of the previous fiscal year, which included adequate support to provide for 3 new full-time faculty positions and an associate financial aid director to help the growing number of students in need. And with the assistance of a State match, the County provided \$5.4 million to complete the design phase and start construction of a new mathematics and athletic complex to meet growing enrollment needs and community demand.

Our community colleges are the most affordable options for our students to gain the knowledge and skills they need to thrive in a competitive workforce, keeping Maryland open for business. Maryland's 16 community colleges will be better positioned to meet this mission through continued State support by fully funding the Cade Funding Formula and ultimately benefiting every student in our institutions of higher learning. I welcome your support and urge a favorable report on SB 433.

All the Best,

Calvin Ball  
Howard County Executive

**SB 433 - MoCo (GA 21).pdf**

Uploaded by: Boucher, Kathleen

Position: FAV



# Montgomery County

## Office of Intergovernmental Relations

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ROCKVILLE: 240-777-6550

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**SB 433**

**DATE: January 29, 2021**

**SPONSOR: Senator King**

**ASSIGNED TO: Budget and Taxation**

**CONTACT PERSON: Kathleen Boucher (kathleen.boucher@montgomerycountymd.gov)**

**POSITION: Support**

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### **Community Colleges – State Funding – Revision**

This bill specifies that the calculation of State appropriations to four-year public institutions of higher education that is used in the Senator John A. Cade Funding Formula for community colleges must include appropriations, regardless of where they are budgeted, that are designated for the general operation of the institutions, including personnel-related appropriations. An identical bill that was introduced last year would have resulted in an increase of \$6.7 million distributed Statewide under the Cade formula in fiscal year 2021, with \$1.2 million for Montgomery College.

Funding distributed under the Cade formula is determined by enrollment at community colleges and a percentage, set in statute, of the level of funding received by selected public four-year institutions. Specifically, the formula bases per student funding on a set statutory percentage of current year State appropriations per full-time equivalent student (FTES) at the selected four-year institutions, including noncapital appropriations from the Higher Education Investment Fund. The resulting community college per student amount is multiplied by the number of FTES enrolled in the colleges in the second preceding fiscal year to identify a total formula amount.

In recent years, the Department of Budget and Management (DBM) has not included cost-of-living adjustments (COLAs) for State agencies, including public four-year higher education institutions, in the appropriations for the agencies/institutions. Instead, these costs have been appropriated centrally in the DBM budget. As a consequence, COLA increases for the upcoming fiscal year are not included in the per FTES amount used in the Cade funding formula. The COLA funding is later transferred into the institutions' budgets and is reflected in formula calculations in subsequent years. Effectively, this means that the impact of State COLAs on the Cade formula lags by one fiscal year.

Montgomery County supports this bill because it ensures that the impact of State COLAs on the Cade formula is accurately reflected in the current fiscal year and respectfully requests that the Budget and Taxation Committee give this bill a favorable report.

# **SEIU Testimony In Favor of SB433 Community College**

Uploaded by: Cavanagh, Terry

Position: FAV



## SEIU MARYLAND & DC STATE COUNCIL

1410 Bush Street, Suite F  
Baltimore, Maryland 21230

Testimony in FAVOR of SB 433  
Community Colleges – State Funding - Revision  
Senate Budget and Taxation Committee  
February 2, 2021  
1:30 PM

Presented to: Guy Guzzone, Chairman  
By: Terry Cavanagh, Executive Director

SEIU Maryland & DC State Council strongly urges a **Favorable Report to SB433.**

With over two million members, SEIU is the largest union in North America. We are focused on uniting workers in the sectors health care, public services, including in public education, and property services to improve lives and the services we provide. In the Maryland, Washington, DC, and Virginia area, we represent over 50,000 workers.

We have long supported the mission of community colleges. Our members are largely working class and their opportunity for higher education lays mostly with access to community colleges. Over the years, what was once affordable for almost everyone, is now slipping through the hands of our members and their families. This is happening at the same time as wages, especially for lower skilled workers has either been stagnant or decreased.

The state needs to up its game. Local governments have met their obligation – and in some case, increased their funding beyond Cade. Students have been picking up the slack left by state government. That is unfair and undermines the very mission of community colleges – to make higher education available for all.

As both consumers and providers of higher education, SEIU members have a unique perspective on this issue. Increase funding. We will all benefit in the future.

We wish to thank Senator King for sponsoring this important legislation.

. **We ask a Favorable Report on SB 433.** Thank you.

**BaltimoreCounty\_FAV\_SB0433.pdf**

Uploaded by: Conner, Charles

Position: FAV



JOHN A. OLSZEWSKI, JR.  
*County Executive*

CHARLES R. CONNER III, ESQ.  
*Director of Government Affairs*

JOEL N. BELLER  
*Deputy Director of Government Affairs*

**BILL NO.:**            **SB 433**

**TITLE:**                Community Colleges – State Funding – Revision

**SPONSOR:**            Senator King

**COMMITTEE:**        Budget and Taxation

**POSITION:**          **SUPPORT**

**DATE:**                February 2, 2021

Baltimore County **SUPPORTS** Senate Bill 433 – Community Colleges – State Funding – Revision. Under this proposed legislation, appropriations calculated under the Senator John A. Cade Funding Formula and appropriations for the Baltimore City Community College would require that a portion of the funds be designated for the general operation of four-year public institutions of higher education in the State.

This adjustment would provide much-needed support to Maryland’s community colleges, including the Community College of Baltimore County. Devoting a certain portion of funds to these institutions every year is a commitment to equitable access to education across the state. Additionally, strong higher education facilities often serve as the hub to economic and cultural centers within the community. The Community College of Baltimore County stands to benefit greatly by an adjustment to the formula.

As an alumnus of the University of Maryland Baltimore County (UMBC), County Executive Olszewski has seen the positive impact of Baltimore County’s higher education firsthand. Our institutions deserve the funding they need to run, and our residents deserve an affordable higher education.

Accordingly, Baltimore County requests a **FAVORABLE** report on SB 433. For more information, please contact Chuck Conner, Director of Government Affairs, at [cconner@baltimorecountymd.gov](mailto:cconner@baltimorecountymd.gov).

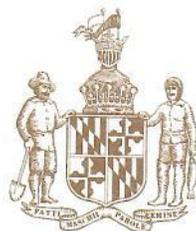
# **SB433 Sponsor Testimony.pdf**

Uploaded by: Horton, Patty

Position: FAV

NANCY J. KING  
Legislative District 39  
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MAJORITY LEADER



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THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

SPONSOR STATEMENT

Senate Bill 433 – Community Colleges –  
State Funding - Revisions

February 2, 2021

Mister Chairman and Members of the Budget and Taxation Committee:

Over twenty years ago the legislature adopted the Cade Funding Formula. The intent of the legislation was to have funding for Community Colleges shared by the state, local government and students, with each providing one third of the funding. The formula for the state is based on a percentage of the amount given to the University System of Maryland (USM). This formula was supposed to increase over time to reach the state's one third commitment.

Unfortunately, over the life of the Cade formula, increases have not always been realized and there were several fiscal years where there were no increases even though increases were made to the University System of Maryland. And in fiscal 2020, when \$40 million was given to USM for cost of living increases, that increase was not included in the Cade calculation.

Senate Bill 433 will require that appropriations calculated under the CADE formula include all non-capital appropriations designated for the general operation of our four-year public institutions regardless of where these appropriations are budgeted. This will include personnel related appropriations.

At a time when we are calling upon our community colleges to provide an affordable option for students to gain the degrees and skills needed in today's workforce we must provide our community colleges with the resources they need, and the resources that we have agreed to provide.

I respectfully request a favorable report on Senate Bill 433.

**SB0433-BT\_MACo\_SUP.pdf**

Uploaded by: Jabin, Drew

Position: FAV



## **Senate Bill 433**

### *Community Colleges – State Funding - Revision*

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: February 2, 2021

From: Drew Jabin

The Maryland Association of Counties (MACo) **SUPPORTS** SB 433. The bill would clarify and strengthen the funding connection between four-year and two-year schools, each with an important role in Maryland’s higher education and job readiness strategy.

The bill requires non-capital appropriations, regardless of where or how they are budgeted, to be included in the annual calculation of community college aid under the State’s Senator John A. Cade Funding Formula. In Fiscal Year 2021, a targeted cost of living increase provided to the University System of Maryland institutions was excluded from the basis for community college funding, simply because it did not obviously fit the too-strict statutory definition for operating revenues constituting the base for that formula. SB 433 offers a pragmatic clarification to ensure community colleges are not similarly left behind.

When state funding for community colleges lags, additional pressure builds on already tight county budgets and on student tuition. When county budgets face distress from the economic climate or state actions, the local contributions cannot reliably offset these cutbacks. For the past several years, this combined dynamic has led to increased tuition costs for Maryland community college students, at a time when training and education opportunities are most needed for economic recovery from the COVID-19 pandemic.

SB 433 would sensibly clarify the calculation of appropriations provided to Maryland’s community colleges. Strong community colleges contribute directly to Maryland’s workforce and will help keep Maryland as a leader in education. For this reason, MACo urges the committee to issue a **FAVORABLE** report on SB 433.

# **SB 433 - Community Colleges State Funding - Revisi**

Uploaded by: Phillips, Brad

Position: FAV



Senate Budget & Taxation Committee

TESTIMONY

Submitted by Dr. Bernard J. Sadusky, Executive Director

February 2, 2021

**BILL: SB 433** – Community Colleges – State Funding - Revision

POSITION: Support

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The Maryland Association of Community Colleges, representing all of Maryland's 16 community colleges, strongly supports SB 433, that would clarify the requirement that the Maryland Department of Budget and Management (DBM) include all funding to the selective public universities in the calculation of the Senator John A. Cade Funding Formula. Excluding cost of living adjustments (COLA) from calculating our Cade funding represents an approach by DBM that excludes State aid from Maryland's community colleges. Prior to this practice, all decreases in State support to the community colleges would have to be voted on by the Maryland General Assembly through the Budget Reconciliation and Financing Act. By simply excluding the 2 percent COLA increases, DBM effectively reduced community college funding by \$6.7 million in FY 2021, leaving community colleges with no ability to advocate except through legislative action.

All segments of higher education must compete in the same highly competitive market for faculty and staff. Disadvantaging community colleges by excluding \$40 million that is provided to the public four-year institutions from the Cade calculation has very significant consequences for community colleges to compensate our faculty at the market rate. The consequence of doing so from a State policy perspective is to advantage one segment of higher education at the expense of another.

Maryland's community colleges are dependent on State funding and variations in the formula, such as excluding cost of living increases at the public four-year intuitions can impact our ability to remain competitive, which in turn impacts tuition and fees for our students. Therefore, MACC is in full support of this legislation and view it as a step forward to having a more equitable public financing model.

**SB 433 Letter of Information 02022021.pdf**

Uploaded by: Towers, Lee

Position: INFO



Larry Hogan  
Governor

Boyd K. Rutherford  
Lt. Governor

Andrew R. Smarick  
Chair

James D. Fielder, Jr., Ph. D.  
Secretary

**Bill Number:** Senate Bill 433 **Position:** Letter of Information  
**Title:** Community Colleges – State Funding - Revision  
**Committee:** Budget and Taxation Committee  
**Hearing Date:** February 2, 2021

**Bill Summary:**

Senate Bill 433 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 appropriates 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 into 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 Mr. Geoffrey Newman, Assistant Secretary for Finance and Administration, at [geoff.newman@maryland.gov](mailto:geoff.newman@maryland.gov).

# **SB 433 Comm College-St Funding-Revisions (King) B&**

Uploaded by: Wilkins, Barbara

Position: INFO



# Maryland

DEPARTMENT OF BUDGET  
AND MANAGEMENT

LARRY HOGAN  
*Governor*

BOYD K. RUTHERFORD  
*Lieutenant Governor*

DAVID R. BRINKLEY  
*Secretary*

MARC L. NICOLE  
*Deputy Secretary*

## **SENATE BILL 443 Community Colleges-State Funding-Revisions (King)**

### **STATEMENT OF INFORMATION**

**DATE: February 2, 2021**

**COMMITTEE: Senate Budget & Taxation**

**SUMMARY OF BILL:** SB 443 modifies the Senator John A. Cade Funding Formula for community colleges by including appropriations, regardless of where they are budgeted, designated for the general operation of 4-year public institutions of higher education, in calculating the per FTE amount.

**EXPLANATION:** Cost of Living Allowances (COLAs) are budgeted in the statewide account, rather than in each agency's budget. As pointed out in a past budget analysis by the Department of Legislative Services, community colleges receive the benefit of COLA-related growth in the following year's calculation (of the funding formula) when the COLA is carried forward in the base appropriation for the four-year institutions.

There is no FY 2022 COLA. The FY 2022 budget for community colleges includes the annualized FY 2021 COLA, which is included in the calculation of the Cade formula. FY 2022 funding for community colleges in the amount of \$263 million provides an increase that is consistent with FY 2022 projected revenue growth of 5.5%.

The provisions of this legislation, if they had been in effect in any year in which a COLA is provided, would have an additional fiscal impact of several millions of dollars in the budget year in which the COLA is granted. Increases in entitlement spending make it exceedingly difficult for the Administration to achieve structural balance.

Economic conditions remain precarious as a result of COVID-19, making revenue predictions for the remainder of FY 2021 and FY 2022 highly volatile. Many individuals and households are unemployed or underemployed, with many industry sectors operating at much less than 100% capacity. The impact of the COVID-19 pandemic is a significant budgetary vulnerability.

The highest priority of the Administration is to work with the 2021 General Assembly in enacting the Governor's emergency Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families Act (SB 496/HB 612 RELIEF Act). The RELIEF Act provides \$1 billion in direct stimulus and tax relief for Maryland working families, small businesses, and those who have lost their jobs as a result of the COVID-19 pandemic. Senate amendments include \$15 million for aid to community colleges.

**For additional information, contact Barbara Wilkins at  
(410) 260-6371 or [barbara.wilkins1@maryland.gov](mailto:barbara.wilkins1@maryland.gov)**