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Maryland
DEPARTMENT OF BUDGET AND MANAGEMENT

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 795 Community Colleges and Private Nonprofit Institutions of Higher Education – Funding (Guzzone)

STATEMENT OF INFORMATION

DATE: March 10, 2022

COMMITTEE: Senate Budget & Taxation

SUMMARY OF BILL:. SB 795 increases the State's share of funding for community colleges (Cade formula), Baltimore City Community College (BCCC), and private nonprofit institutions of higher education (Sellinger formula) as follows: (1) Cade Formula for Community Colleges (state share) is increased from 15.5% to 15.75% in FY 24 and each fiscal year thereafter as a percent of the State's per FTE funding for higher education; (2) BCCC (state share) is increased from 68.5% to 69% in FY 24 and each fiscal year thereafter; and (3) Sellinger Formula for private nonprofit institutions (state share) is increased from 15.5% to 15.75% in FY 24 and each fiscal year thereafter.

EXPLANATION: The Department of Budget and Management would note that funding for Cade, BCCC, and Sellinger formulas have all experienced significant budget growth despite the fact that enrollments are generally declining.

The FY 2023 Budget allocation and Supplemental Budget 1:

- increase funding for community colleges by 20% ,while enrollment declined 9%;
- increase funding for BCCC by 6%, while enrollment declined 17%; and
- increase funding for Sellinger by 34%, although enrollment did increase by 6%

The FY 2022 Budget:

- increased funding for community colleges by 16%, while enrollment declined 6%;
- increased funding for BCCC by 11%, while enrollment declined by 8%; and
- increased funding for Sellinger by 50%, while enrollment declined by 2%.

The increase in FY 2024 funding that is anticipated as a result of this legislation is: $12.5 million for community colleges and $2 million for Sellinger.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses.

Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Further, economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability.

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