

Senate Budget and Taxation Committee

March 4, 2026

SB 284 – Budget Reconciliation and Financing Act of 2026

Position: Favorable with Amendments

The Maryland Association of Community Colleges (MACC), representing Maryland’s 16 community colleges and the more than 300,000 students they serve annually, respectfully submits this testimony on **SB 284**, the Budget Reconciliation and Financing Act of 2026 (BRFA). MACC recognizes the significant fiscal challenges facing the State and appreciates the continued partnership of the General Assembly in supporting Maryland’s community colleges and the students and communities they serve.

Maryland’s community colleges remain central to the State’s workforce, economic mobility, and talent development strategies. As open-access institutions operating in every region of the State, community colleges provide affordable pathways to postsecondary education and workforce training aligned with Maryland’s economic priorities. In light of this role, **MACC respectfully requests several targeted amendments** to the BRFA to ensure that community colleges can continue to meet enrollment demand, maintain affordability, and support Maryland’s workforce and economic growth.

Cade Funding Formula – 3% Cap on State Aid Growth

The BRFA proposes to limit increases in the State share of the Senator John A. Cade funding formula for community colleges to 3% annually for fiscal years 2027 through 2029. MACC appreciates the inclusion of funding stability for fiscal year 2027 and understands the State’s current fiscal constraints. However, extending the 3% cap into fiscal years 2028 and 2029 will create significant inequities among institutions and undermine the intent of the Cade formula.

When enrollment growth exceeds the capped rate of funding, the State funding provided per full-time equivalent student declines. Colleges experiencing strong enrollment growth are therefore required to serve more students with comparatively fewer resources per student. This dynamic creates an unintended disincentive for enrollment growth and penalizes institutions that are successfully expanding access and meeting workforce demand in their regions. Even in the current fiscal year, the effects of the cap are producing disparities in State funding per student among colleges with differing enrollment patterns.

MACC respectfully requests that the 3% cap on annual increases apply only to fiscal year 2027 and be removed for fiscal years 2028 and 2029 to preserve the integrity and equity of the Cade funding formula.¹

Restoration of Hold Harmless Provision in the Cade Formula

Recent structural changes to the Cade funding formula reduced the number of formula components and altered long-standing calculation methods. These changes, implemented without corresponding policy guidance or transition protections, have resulted in funding reductions for several colleges despite enrollment growth and increased service demands. Institutions including the Community College of Baltimore County, Garrett College, the College of Southern Maryland, and Hagerstown Community College have experienced significant impacts due to these changes.

The absence of a hold harmless provision has created instability and unpredictability in State support from year to year. For example, one-time mitigation funding provided to address formula impacts is not incorporated into future base calculations, resulting in recurring funding losses unrelated to enrollment or performance. A statutory hold harmless provision would provide reasonable stability while allowing the formula to operate as intended.

MACC respectfully requests restoration of a hold harmless component within the Cade funding formula beginning in fiscal year 2028 to ensure that no college receives less in State support than in the prior fiscal year solely as a result of formula restructuring.²

Baltimore City Community College Funding Percentage

The BRFA proposes to reduce the State funding percentage tied to Baltimore City Community College (BCCC) from 68.5% to 67.5% of the State per-student funding provided to four-year public institutions. BCCC serves a unique mission within Maryland's higher education system, providing critical access to affordable postsecondary education, workforce training, and credential attainment for Baltimore City residents.

Maintaining a strong and stable funding relationship for BCCC is essential to supporting student success, workforce preparation, and economic mobility in Baltimore City. A reduction in the State funding percentage will create additional challenges for an institution that already operates with limited resources while serving a high-need student population.

MACC respectfully requests restoration of the 68.5% funding level to ensure continued stability and support for BCCC and the students it serves.

Maryland Community College Promise Scholarship

The BRFA reduces the required annual appropriation for the Maryland Community College Promise Scholarship program. This program plays a critical role in supporting affordability and access for Maryland residents pursuing workforce training and degree programs at community colleges. Demand for Promise scholarships remains strong, and the program continues to support students entering high-demand workforce fields across the State.

Reducing the program's funding will limit access for eligible students and undermine the State's efforts to strengthen workforce pipelines and expand economic opportunity. Maintaining the current funding level will ensure continuity and predictability for students and institutions alike.

MACC respectfully requests restoration of the prior funding level for the Maryland Community College Promise Scholarship program.

Maryland's community colleges remain committed partners in advancing the State's economic competitiveness, workforce readiness, and educational attainment goals. The targeted amendments outlined above will help ensure that community colleges can continue to serve growing numbers of students, respond to workforce needs, and maintain affordability for Maryland residents. For these reasons, MACC respectfully requests a **FAVORABLE report WITH AMENDMENTS** on **SB 284**.

Please contact Brad Phillips (bphillips@mdacc.org) or Drew Jabin (djabin@mdacc.org) with questions.

MACC Suggested Amendment Language

1. Cade Funding Formula – 3% Cap on State Aid Growth

EDUCATION ARTICLE 16-305 (D)

(2) FOR FISCAL YEARS 2027 ~~THROUGH 2029~~, THE STATE SHARE, AS DETERMINED UNDER SUBSECTION (C)(3) OF THIS SECTION, MAY NOT EXCEED AN INCREASE OF 3% OVER THE STATE SHARE PROVIDED TO EACH COMMUNITY COLLEGE IN THE IMMEDIATELY PRECEDING FISCAL YEAR.

2. Restoration of Hold Harmless Provision in the Cade Formula

EDUCATION ARTICLE 16-305 (C) (3)

(C) (3) (III) A HOLD HARMLESS COMPONENT

(6) (I) A BOARD SHALL BE ELIGIBLE FOR A HOLD HARMLESS COMPONENT BEGINNING IN FISCAL YEAR 2028 IF THE SUM OF THE BOARDS BASE COST COMPONENT AND SIZE FACTOR COMPONENT FOR THE FISCAL YEAR IS LESS THAN THE BOARD'S TOTAL STATE SHARE IN THE PRIOR FISCAL YEAR.

(II) THE HOLD HARMLESS COMPONENT AMOUNT SHALL BE DETERMINED BY SUBTRACTING THE SUM OF AN ELIGIBLE BOARDS BASE COST COMPONENT AND SIZE FACTOR COMPONENT FOR THE FISCAL YEAR FROM THE BOARDS TOTAL STATE SHARE FO THE PRIOR FISCAL YEAR.