

R62I0005
Aid to Community Colleges

Operating Budget Data

(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$252,403	\$286,579	\$304,722	\$18,143	6.3%
Contingent & Back of Bill Reductions	0	-2,634	-7,216	-4,582	
Adjusted General Fund	\$252,403	\$283,945	\$297,506	\$13,561	4.8%
Special Fund	19,918	0	0	0	
Adjusted Special Fund	\$19,918	\$0	\$0	\$0	
Adjusted Grand Total	\$272,320	\$283,945	\$297,506	\$13,561	4.8%

- Across-the-board pension contribution changes reduce State payments on behalf of community colleges by \$2.6 million in fiscal 2014 and \$2.6 million in fiscal 2015. A reduction contingent on the Budget Reconciliation and Financing Act of 2014 further reduces State support in fiscal 2015 by \$4.6 million.
- After adjustments, general funds grow \$13.6 million, or 4.8%. Special funds shown in fiscal 2013 are a result of Budget Restoration Funds used to offset a decrease in general funds in the fiscal 2013 budget.
- Special funds that represent local government support for the administration of teachers' retirement programs are no longer part of community college aid overseen by the Maryland Higher Education Commission and are instead directly budgeted within the State Retirement Agency.

Note: Numbers may not sum to total due to rounding.

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Analysis in Brief

Major Trends

Successful Persister Rate Falls 2 Percentage Points: The successful persister rate for Maryland's community college students declined 2.3 percentage points to 71.4% for the 2008 cohort. Since the majority of community college students require developmental education, raising the number of students who complete developmental education is key to reaching the State's degree completion goals.

Achievement Gap Unchanged: The gap in the four-year graduation/transfer rate of minority students compared to all students did not change for the 2008 cohort. After fluctuating between 8.2 and 10.1 percentage points, the gap has remained at 7.5 percentage points.

Issues

Tuition, Fees, and Student Aid at Community Colleges: Though much more affordable than the State's public four-year institutions, Maryland's community colleges were still about \$300 more expensive than the national average in fall 2013. Colleges offered students \$14.3 million in need-based institutional aid in fiscal 2012.

Enrollment Declines Statewide: Opening fall 2013 community college student headcount enrollment declined 5,887, or 4.1%, across the State. Most campuses are experiencing moderate enrollment declines, particularly among part-time students. This issue will look at possible causes of this decline and what this means for the future of Maryland's community colleges.

Reverse Transfer and Pathways Aim to Increase Completion Rates: Reverse transfer programs are systems to award associate's degrees to students who transfer from a community college to a four-year institution once he or she satisfies the associate's degree requirements. Additionally, community colleges are to implement more intrusive forms of advising by providing pathways to graduation for students.

The 60-credit Hour Rule and Remediation Rates: Beginning in fall 2015, associate's degrees are to require no more than 60 credit hours of coursework unless more are required for accreditation reasons. Additionally, community colleges have a challenging mission to serve students with high remediation needs. The degree cap plus redesigned courses may provide a streamlined path toward degree completion.

Recommended Actions

	<u>Funds</u>
1. Strike contingent reduction language on the Cade formula.	
2. Reduce the community college formula grant by \$4,595,627.	\$ 4,595,627
3. Adopt narrative requesting a report on course redesign efforts.	
Total Reductions	\$ 4,595,627

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Aid to Community Colleges

Operating Budget Analysis

Program Description

State aid for the 15 local community colleges is provided through the Senator John A. Cade Funding Formula under Section 16-305 of the Education Article. The current formula has been used in determining funding since 1998. The amount of aid is based on a percentage of the current year's State aid to selected four-year public higher education institutions and the total number of full-time equivalent students (FTES) at the community colleges. The total is then distributed to each college based on the previous year's direct grant, enrollment, and a small-size factor. Chapter 333 of 2006 phased in a 5 percentage point increase in the formula over five years, ending in fiscal 2013. State fiscal difficulties have delayed the formula enhancement, and full funding is currently expected in fiscal 2023.

Additional grants are provided through the following programs.

- The Small Community College Grants are distributed to the smallest community colleges in order to provide relief from the disproportionate costs they incur. Chapter 284 of 2000 increased the grants distributed by the Maryland Higher Education Commission (MHEC) to seven small community colleges beginning in fiscal 2004. The amount of the unrestricted grants increases annually by the same percentage of funding per FTES at the selected institutions used by the Cade formula. Additional grants are received by Allegany College of Maryland and Garrett College. These Appalachian Mountain grants do not increase annually.
- The Statewide and Health Manpower Grant programs permit some students to attend out-of-county community colleges and pay in-county tuition rates. The grants reimburse colleges for out-of-county tuition waivers. If funding in a single year is not enough to cover the entire program, MHEC prorates funding based on the number of participating students.
- The English for Speakers of Other Languages (ESOL) program provides funding for instructional costs and services for ESOL students. Funding is capped at \$800 per eligible FTES and \$8 million in total State aid for the program.
- The Garrett County/West Virginia Reciprocity Program allows West Virginia residents to attend Garrett College at in-county tuition rates providing reimbursement for tuition waivers. The Somerset County Reimbursement Program similarly provides tuition waiver reimbursement to colleges permitting students who reside in a county with no community college to attend at in-county tuition rates.

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Certain community college employees are eligible to participate in a defined benefit retirement plan maintained and operated by the State. Alternately, the employees may participate in the Optional Retirement Program (ORP), a defined contribution plan. Under current law, the State funds the costs associated with the various retirement plans, with the exception of State Retirement Agency (SRA) administration costs.

The goals that MHEC has set for providing State aid to community colleges are:

- to ensure that Maryland community college students are progressing successfully toward their goals;
- to attain diversity reflecting the racial/ethnic composition of the service areas of the community colleges;
- to support regional economic and workforce development by producing graduates and by supplying training to the current employees of businesses; and
- to achieve a competitive ORP to recruit and retain quality faculty.

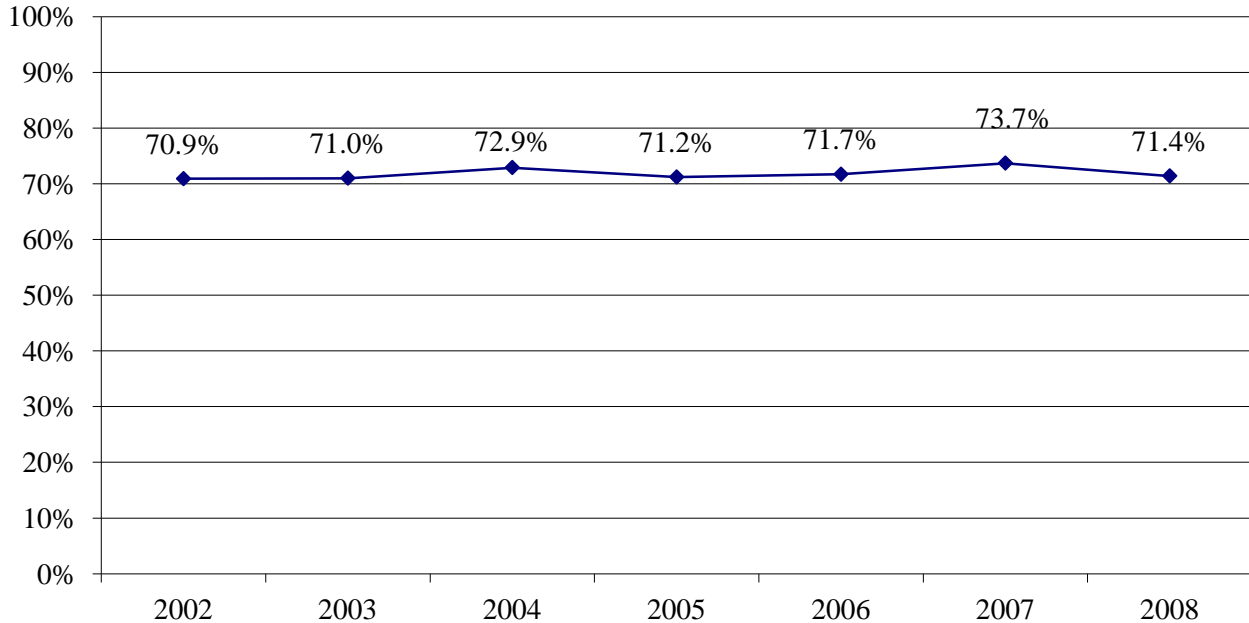
Performance Analysis: Managing for Results

Students enrolling at community colleges often have different goals than those at traditional four-year institutions. Community college students tend to have higher developmental education needs, and obtaining an associate's degree may not be the top priority. With these differences, it is difficult to directly compare the outcomes between the two segments. For community college students, successful persister rates are used to measure student performance. A successful persister is a student who attempts at least 18 credits in his or her first two years, and who, after four years, is still enrolled, has graduated, or has transferred.

1. Successful Persister Rate Falls 2 Percentage Points

The statewide successful persister rate for cohorts from 2002 through 2008 is shown in **Exhibit 1**. The rate declined by 2.3 percentage points to 71.4% for the 2008 cohort, placing it lower than the prior two cohorts' rates. Increasing this rate is necessary to meet the State's degree completion goals. However, from the 2002 cohort to the 2008 cohort, the rate has only increased by 0.5%, with no clear trend.

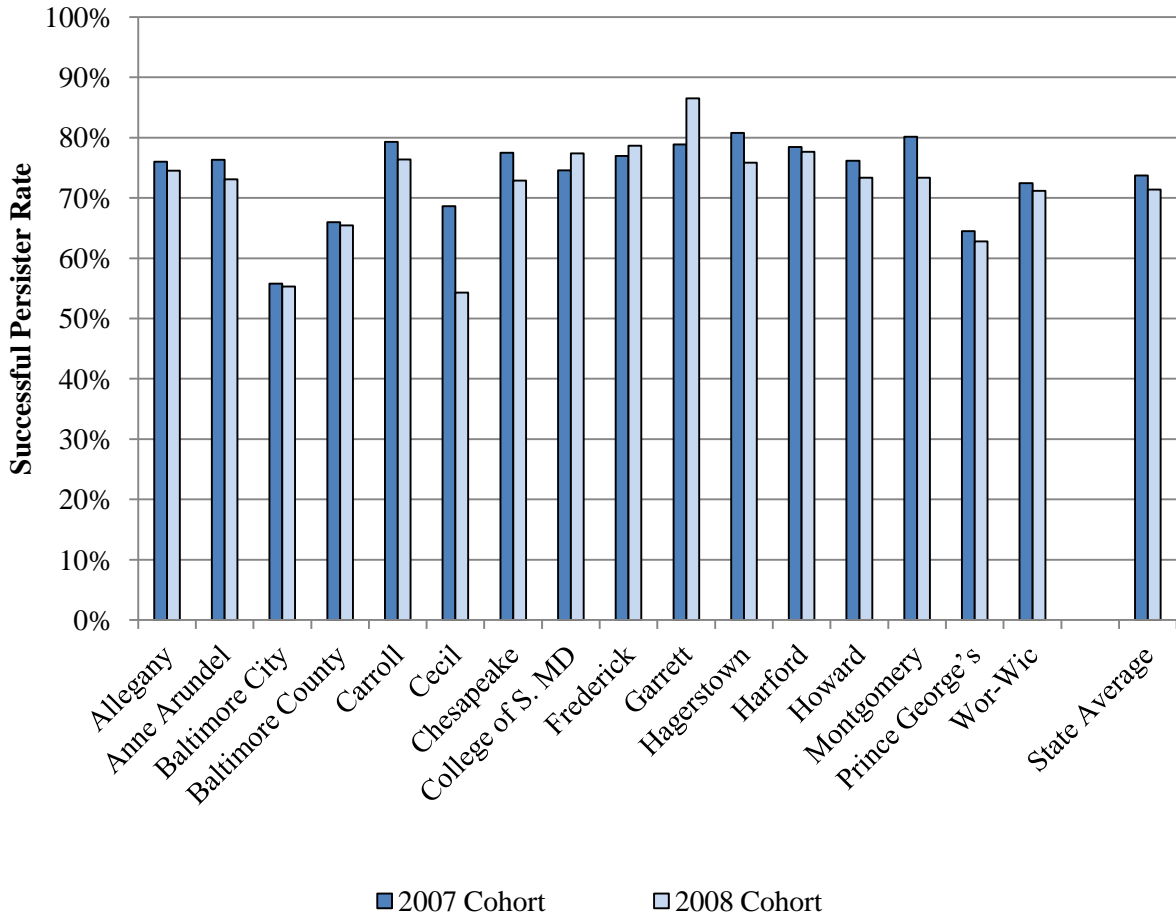
Exhibit 1
Four-year Successful Persister Rate
2002-2008 Cohorts



Source: Maryland Association of Community Colleges

Exhibit 2 shows the college-by-college breakdown of the 2007 and 2008 cohort persister rates. For the 2008 cohort, colleges range from 54.3% at Cecil Community College and 55.3% at Baltimore City Community College (BCCC) up to 86.6% at Garrett College, although 11 of the 16 colleges are between 73.0 and 79.0%. A few low performers pull the State average down to 71.4%. Differences are expected given varying demographics and, generally, the colleges with a higher number of students with developmental education needs have lower successful persister rates. Unfortunately, only 3 colleges saw improvement in persister rates in the 2008 cohort, while 13 saw declines. Cecil Community College, in particular, declined 14 percentage points.

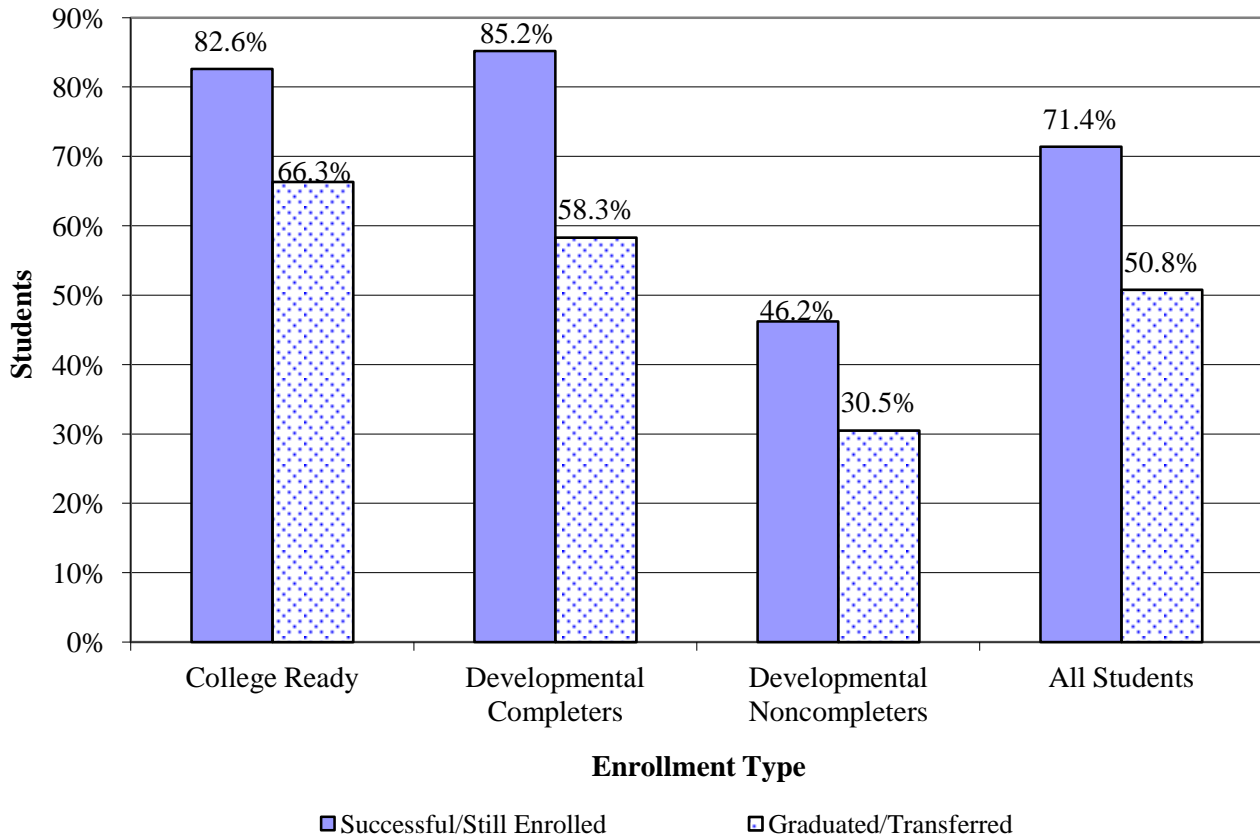
Exhibit 2
Successful Persister Rates by College
2007 and 2008 Cohorts



Source: Maryland Association of Community Colleges

The successful persister rates for three separate subgroups of students are tracked by the Maryland Association of Community Colleges (MACC) – college-ready students, developmental completers (students who require developmental education and who complete it within four years), and developmental noncompleters (students who require developmental education and have not completed coursework after four years). **Exhibit 3** shows successful persister rates for those three subgroups and for all students in the 2008 cohort.

**Exhibit 3
Degree Progress Four Years after Initial Enrollment
Fall 2008 Cohort**



Note: Figures include Baltimore City Community College. The students included in this analysis represent the outcomes of first-time students who attempted at least 18 course hours in their first two years.

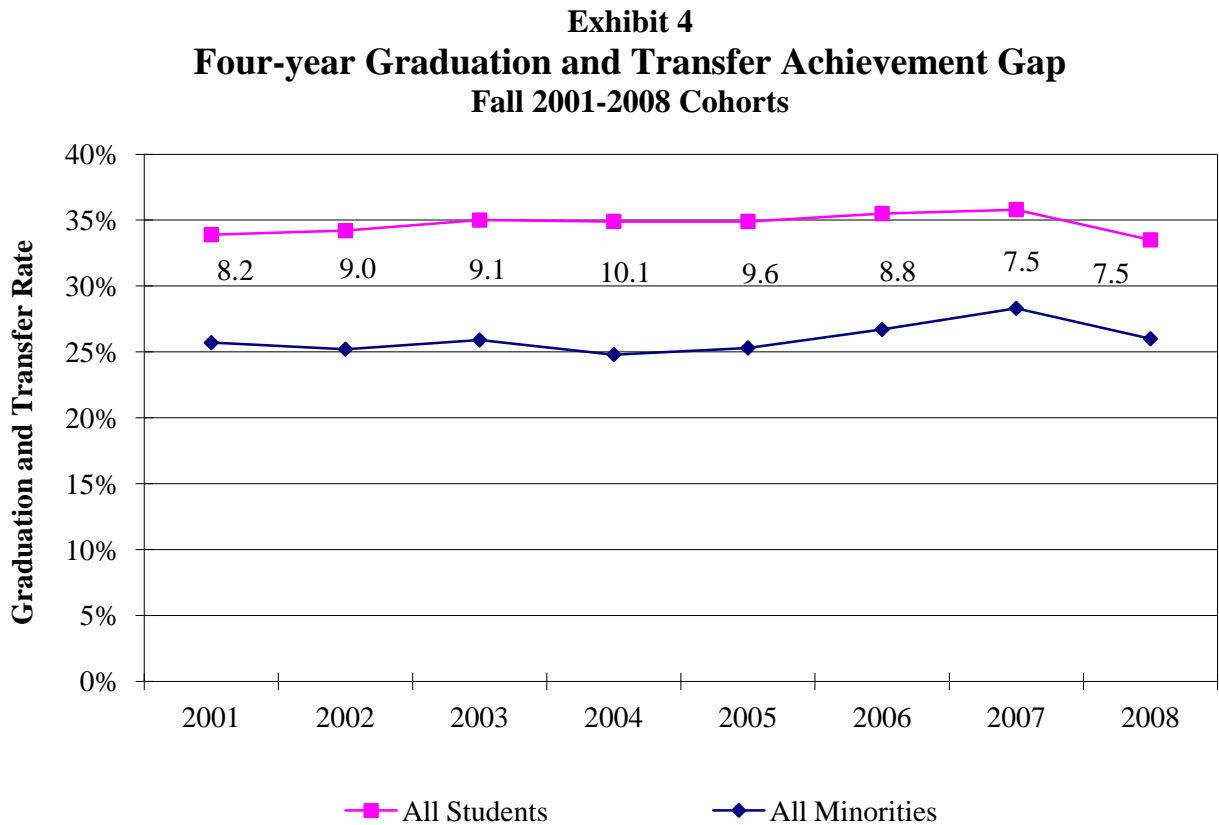
Source: Maryland Association of Community Colleges

The highest success rate is that for developmental completers, or students who required and completed developmental education before beginning credit-bearing coursework. The successful persister rate for this type of student has outpaced college-ready students for the past three cohorts, and the gap between these two types of students has increased from 1.4 percentage points in the 2007 cohort to 2.6 percentage points in the 2008 cohort. Year over year, the biggest change was in the graduation/transfer rate for college-ready students, which declined 2.1 percentage points. The metrics for developmental noncompleters each decreased about one percentage point from the prior year. Further detail within these types of students, such as how many are graduating versus transferring, would be useful, but this data is not currently reported.

The majority of students who enter community colleges test into developmental education, but few of them complete the required coursework. This is explored further in Issue 4. Exhibit 3 shows that the students who do complete developmental education are more successful than those who enter as college ready.

2. Achievement Gap Unchanged

Another goal for the State is to narrow the achievement gap in the four-year graduation/transfer rate of minority students compared to all students. **Exhibit 4** shows that for the first time in four years, this gap has not decreased but rather remained unchanged at 7.5 percentage points for the 2008 cohort as both groups declined at the same rate. Since the 2004 cohort, the achievement gap has narrowed by 2.6 percentage points. Many of the initiatives focused on redesigning developmental courses are expected to have a disproportionately positive impact on minority students, as they are more likely to be enrolled in these courses.



Note: Figures in the exhibit represent the percentage point gap between rates for all students and minorities.

Source: Governor’s Budget Books, Fiscal 2009-2015.

Fiscal 2014 Actions

Proposed Deficiency

While the fiscal 2014 allowance included a \$3.0 million deficiency appropriation for fiscal 2013 to address an accrued liability within the Statewide and Health Manpower Grant programs, no additional funding is in the fiscal 2015 budget to reduce outstanding obligations charged by this program. The outstanding liability of the grant reached over \$9.0 million in fiscal 2011 but has declined, according to MHEC, to about \$2.9 million in fiscal 2014. The liability grew over several years as each year's appropriation did not fully fund the program. The grant reimburses colleges for admitting out-of-county students at in-county rates when they are enrolling in degree programs that are considered a workforce shortage for the State and are not offered at the students' local community college.

This grant was changed in the Budget Reconciliation and Financing Act (BRFA) of 2011 from mandated to discretionary spending. Before the change, statute required the Governor to include a deficiency appropriation for the program if the appropriation was not enough to fully fund it in that year. The BRFA of 2011 removed that requirement beginning in fiscal 2012 and requires that funds be prorated among the colleges if funding is not sufficient; some accumulated liability remains, however, as noted above.

The ORP also had an accrued liability of \$5.9 million two years ago. Starting in fiscal 2011, the appropriation has been higher than anticipated expenses to pay down the liability. MHEC reports that the liability will be fully paid down by the end of fiscal 2014.

Cost Containment

There are three across-the-board withdrawn appropriations. The only effect upon State aid for community colleges comes from the retirement reinvestment, resulting in a reduction of \$2.6 million in fiscal 2014. This action is fully explained in the SRA analysis.

An identical action occurs in the fiscal 2015 budget, also for approximately \$2.6 million.

Proposed Budget

Exhibit 5 shows the budget changes for Aid to Community Colleges between fiscal 2014 and 2015. Beginning in fiscal 2014, administration of teachers' retirement programs is budgeted in SRA rather than MHEC, so State aid to community colleges no longer contains any special funds.

Exhibit 5
Proposed Budget
Aid to Community Colleges
(\$ in Thousands)

How Much It Grows:	General Fund	Total
2014 Working Appropriation	\$283,945	\$283,945
2015 Allowance	<u>297,506</u>	<u>297,506</u>
Amount Change	\$13,561	\$13,561
Percent Change	4.8%	4.8%

Where It Goes:

Changes

Senator John A. Cade Funding Formula.....	\$15,298
Faculty and staff retirement	2,205
Small Community College and Appalachian grants	347
English for Speakers of Other Languages grants	239
Optional Retirement Program	40
Somerset and Garrett grants	14
Contingent reductions to Cade Formula	-4,582
Total	\$13,561

Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

There are three components to State support for community colleges. The first and largest source of State support is the Cade formula, calculated based on actual community college enrollments from two years prior and a percentage (19.7% for fiscal 2015) of the proposed per student funding at selected public four-year institutions. Cade formula funding grows \$15.3 million before the \$4.6 million contingent reduction. The second major component is comprised of the miscellaneous grant programs, such as the Statewide and Health Manpower Grant programs, small college grants, and ESOL. Exhibit 5 shows that there are minimal funding changes with these programs and, when combined, they grow slightly more than \$0.6 million, primarily in the small college/Appalachian grants and ESOL. Finally, State support for community college employee benefits grows \$2.2 million, after accounting for the across-the-board reduction to retirement accounts in fiscal 2014 and 2015.

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Unadjusted, the Cade formula overall increases \$15.3 million, or 7.2%. However, the Governor's BRFA of 2014 reduces Cade formula funding in fiscal 2015 and specifies an amount per college. The cut reduces overall growth from 7.2 to 5.0%. Unlike in recent prior years, there is no action contingent on the BRFA or other legislation that changes the appropriation or funding formula in the out-years.

Exhibit 6 shows the Cade formula for fiscal 2014 and three alternatives in fiscal 2015: the original allowance; the allowance with the contingent reduction proposed in the BRFA; and the allowance with no BRFA reduction but adjusted for across-the-board actions affecting four-year-institutions. The exhibit shows that the audited enrollments used in the 2015 formula, which are from fiscal 2013, decreased 2.5% from fiscal 2014, but overall the formula increases due to rising State support for public four-year institutions. The 2014 spending per FTES reflects the initial amount used by the Department of Budget and Management to calculate the formula and is not adjusted to the 2014 working appropriation because the General Assembly chose not to allow reductions made to four-year institutions to flow through the Cade formula to the community colleges.

The proposed BRFA action would limit growth to 5%. However, as shown in Exhibit 6, the Administration could have specified a statutory percentage of 19.3% if it had wanted to keep the link between four-year spending and community college funding intact. A similar situation affects the Sellinger Aid Formula and is discussed in the MHEC administration budget analysis.

Exhibit 7 shows the resulting college-by-college distribution of funding from the Cade formula in fiscal 2014 and 2015, as proposed by the Governor, in addition to each college's change in enrollment. While the Cade formula percentage determines how much is appropriated to community colleges as a whole, the formula itself distributes funding based on three factors: enrollment, prior year funding, and size, with a hold harmless provision to ensure that no college receives less than it did the prior year. In fiscal 2015, every college receives at least as much as it did in the prior year, so no college receives hold harmless funding. In the manner specified by the BRFA, community college State support increases for every institution by at least 1.2% except for Chesapeake College, which is level funded in absolute dollars. The distribution of funds in the BRFA-adjusted 2015 column is not strictly by prior funding, enrollment, and size, so as to ensure that Chesapeake College comes out at exactly 0.0% year-over-year change in order to avoid enacting the hold harmless clause. This means both the 5.0% growth cap and the contingent cut's redistribution of aid sever the link between the Cade formula and funding to public four-year institutions.

Exhibit 8 shows the fiscal 2015 allowance, the allowance as reduced by the BRFA, and the formula as recalculated to consider the across-the-board reductions to State support for the public four-year institutions. As shown in Exhibit 6, this last component decreases from \$10,930 per student in the allowance to \$10,853 in the ATB-adjusted allowance, which lowers overall Cade support by \$1.6 million from the initial allowance. If recalculated, even Chesapeake College would see some absolute growth in State support.

Exhibit 6
Cade Aid Formula
Fiscal 2014-2015

	<u>Allowance*</u> <u>2014</u>	<u>Allowance</u> <u>2015</u>	<u>Adjusted</u> <u>for BRFA</u> <u>2015</u>	<u>Recalculated</u> <u>with ATBs</u> <u>2015</u>
Per FTES General Funds Per Selected Public Institutions	\$9,939	\$10,930	\$10,930	\$10,853
Statutory Cade Percentage	19.7%	19.7%	19.3%	19.7%
General Funds Per FTES x Percentage	\$1,958	\$2,153	\$2,110	\$2,138
Audited Enrollment	108,736	106,015	106,015	106,015
Cade Appropriation	\$212,967,178	\$228,265,595	\$223,669,968	\$226,665,833

ATB: across-the-board reductions to public four-year institutions in fiscal 2015

BRFA: Budget and Reconciliation and Financing Act of 2014

FTES: full-time equivalent student

*The General Assembly did not allow reductions to public four-year institutions to change the Cade formula in fiscal 2014.

Note: The fiscal 2014 amount contains a rounding error explained in the prior analysis.

Source: Governor's Budget Books, Fiscal 2015

Exhibit 7
Analysis of Fiscal 2015 Allowance
Senator John A. Cade Funding Formula

<u>College</u>	<u>Working Appropriation FY 2014</u>	<u>Allowance FY 2015</u>	<u>Adjusted FY 2015</u>	<u>% Change FY 2014-15 (Adj.)</u>	<u>% Change Enrollment FY 2014-15</u>	<u>% Change \$/FTE FY 2014-15</u>
Allegany	\$4,773,622	\$4,974,229	\$4,872,898	2.1%	1.2%	0.9%
Anne Arundel	28,108,491	29,601,973	28,998,941	3.2%	-3.2%	6.6%
Baltimore County	37,412,630	39,800,798	38,990,003	4.2%	-4.7%	9.4%
Carroll	7,119,211	7,644,271	7,488,547	5.2%	-0.2%	5.4%
Cecil	4,940,229	5,326,189	5,217,687	5.6%	-1.0%	6.7%
College of Southern Maryland	12,088,571	13,391,427	13,118,626	8.5%	0.5%	8.0%
Chesapeake	6,134,108	6,206,086	6,134,108	0.0%	-13.7%	15.9%
Frederick	8,839,215	9,198,201	9,010,822	1.9%	-8.0%	10.8%
Garrett	2,497,547	2,649,475	2,595,501	3.9%	-8.8%	13.9%
Hagerstown	7,365,785	7,950,103	7,788,149	5.7%	-0.5%	6.3%
Harford	10,345,648	11,140,936	10,913,980	5.5%	0.2%	5.3%
Howard	14,073,508	15,618,320	15,300,154	8.7%	0.3%	8.4%
Montgomery	37,835,544	41,242,346	40,402,184	6.8%	1.2%	5.5%
Prince George's	24,412,142	26,257,083	25,722,191	5.4%	-4.1%	9.9%
Wor-Wic	7,020,911	7,264,158	7,116,177	1.4%	-7.1%	9.1%
Total	\$212,967,162	\$228,265,595	\$223,669,968	5.0%	-2.5%	7.7%

FTES: full-time equivalent student

Source: Governor's Budget Books, Fiscal 2015

Exhibit 8
Fiscal 2015 Allowance Actions
Senator John A. Cade Funding Formula

College	Allowance			BRFA			Recalculated		
	FY 2013 Audited FTES	FY 2015 Direct Grants	% Growth Allowance	FY 2015 BRFA	Cut from BRFA	% Growth BRFA	Recalculated with ATBs	Cut from ATBs	% Growth Adjusted
Allegany College	1,860.71	\$4,974,229	4.2%	\$4,872,898	\$101,331	2.1%	\$4,939,369	\$34,861	3.5%
Anne Arundel Community College	14,049.14	29,601,973	5.3%	28,998,941	603,032	3.2%	29,394,513	207,460	4.6%
Community College of Baltimore County	19,009.40	39,800,798	6.4%	38,990,003	810,795	4.2%	39,521,861	278,937	5.6%
Carroll Community College	3,167.11	7,644,271	7.4%	7,488,547	155,724	5.2%	7,590,698	53,574	6.6%
Cecil Community College	2,059.96	5,326,189	7.8%	5,217,687	108,502	5.6%	5,288,862	37,327	7.1%
College of Southern Maryland	6,553.40	13,391,427	10.8%	13,118,626	272,801	8.5%	13,297,575	93,852	10.0%
Chesapeake College	2,364.54	6,206,086	1.2%	6,134,108	71,978	0.0%	6,162,592	43,494	0.5%
Frederick Community College	4,332.34	9,198,201	4.1%	9,010,822	187,379	1.9%	9,133,737	64,464	3.3%
Garrett College	758.37	2,649,475	6.1%	2,595,501	53,974	3.9%	2,630,907	18,568	5.3%
Hagerstown Community College	3,326.08	7,950,103	7.9%	7,788,149	161,954	5.7%	7,894,386	55,717	7.2%
Harford Community College	5,361.05	11,140,936	7.7%	10,913,980	226,956	5.5%	11,062,857	78,079	6.9%
Howard Community College	7,651.16	15,618,320	11.0%	15,300,154	318,166	8.7%	15,508,861	109,459	10.2%
Montgomery College	19,991.87	41,242,346	9.0%	40,402,184	840,162	6.8%	40,953,305	289,041	8.2%
Prince George's Community College	12,625.71	26,257,083	7.6%	25,722,191	534,892	5.4%	26,073,064	184,019	6.8%
Wor-Wic Community College	2,903.88	7,264,158	3.5%	7,116,177	147,981	1.4%	7,213,248	50,910	2.7%
Total	106,014.72	\$228,265,595	7.2%	\$223,669,968	\$4,595,626	5.0%	\$226,665,833	\$1,599,761	6.4%

ATB: across the board
BRFA: Budget Reconciliation and Financing Act
FTES: full-time equivalent student

Note: ATBs are across-the-board actions that reduce State support to public four-year institutions, which is a component of the Cade formula.

Source: Governor's Budget Books, Fiscal 2015; Department of Legislative Services

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Enrollment will be discussed further in Issue 2 of this analysis; in summary, overall enrollment declined 2.5% in the most recent audited data, though there is wide variation among the colleges. Five colleges had enrollment increases, led by Allegany College and Montgomery College at 1.2%, while three colleges declined by 8.0% or more, with Chesapeake College declining 13.7%. Because of rising State support and falling enrollment, even with the contingent reduction, overall funding per student grows 7.7% in the adjusted allowance versus 6.5% going into fiscal 2014.

Local Maintenance of Effort

A county government is required to maintain or increase the total dollar support for the local community college or risk losing an increase in State support, a concept known as maintenance of effort.

In fiscal 2014, each college received an increase in State support. **Exhibit 9** shows that the local appropriation for each college also increased for 10 colleges and was held level at 5 colleges. In the prior year, 6 colleges had been flat funded by counties. The exhibit also shows changes in funding since fiscal 2010 to show changes since the recession. In recent years, when the State appropriation was held flat or declined, some local governments chose to reduce appropriations as well, with no risk of losing State funds. Local appropriations to 7 colleges decreased over that period. At one point, Wor-Wic Community College (Wor-Wic) was down nearly 15.0%; however, Worcester and Wicomico counties have recently increased funding significantly to Wor-Wic. On average, local funding increased only 0.1% between fiscal 2010 and 2014. In comparison, State funding increased 14.2% from fiscal 2010 to 2014. Figures for fiscal 2015 are not yet available as the local appropriation is typically not set until the State's fiscal 2015 appropriation is finalized.

Exhibit 9
Local Support of Community Colleges
Fiscal 2010-2014

<u>College</u>	<u>2010</u>	<u>2012</u>	<u>2013</u>	<u>Working 2014</u>	<u>Change 2013-2014</u>	<u>% Change 2013-2014</u>	<u>% Change 2010-2014</u>
Allegany	\$7,425,000	\$7,425,000	\$7,425,000	\$7,555,000	\$130,000	1.8%	1.8%
Anne Arundel	33,822,700	28,556,400	32,047,700	35,137,700	3,090,000	9.6%	3.9%
Baltimore	36,855,145	38,462,795	38,462,795	38,462,795	0	0.0%	4.4%
Carroll	8,473,274	8,479,061	8,542,027	8,924,024	381,997	4.5%	5.3%
Cecil	8,124,929	8,025,706	8,025,308	8,197,009	171,701	2.1%	0.9%
College of Southern Maryland	14,965,275	16,119,594	16,946,578	17,477,362	530,784	3.1%	16.8%
Chesapeake	5,885,590	5,885,591	5,885,591	5,885,591	0	0.0%	0.0%
Frederick	14,579,999	13,414,859	13,966,874	14,279,055	312,181	2.2%	-2.1%
Garrett	4,273,000	4,273,000	4,523,000	4,523,000	0	0.0%	5.9%
Hagerstown	9,045,010	8,865,010	8,865,010	8,965,010	100,000	1.1%	-0.9%
Harford	15,939,806	14,961,612	14,961,612	14,961,612	0	0.0%	-6.1%
Howard	25,195,470	25,951,335	27,093,286	29,131,683	2,038,397	7.5%	15.6%
Montgomery	107,999,261	95,848,755	96,263,605	100,529,527	4,265,922	4.4%	-6.9%
Prince George's	30,484,600	29,245,200	29,545,200	29,545,200	0	0.0%	-3.1%
Wor-Wic	5,298,980	4,346,000	4,507,360	5,273,134	765,774	17.0%	-0.5%
Total	\$328,368,039	\$309,859,918	\$317,060,946	\$328,847,702	\$11,786,756	3.7%	0.1%

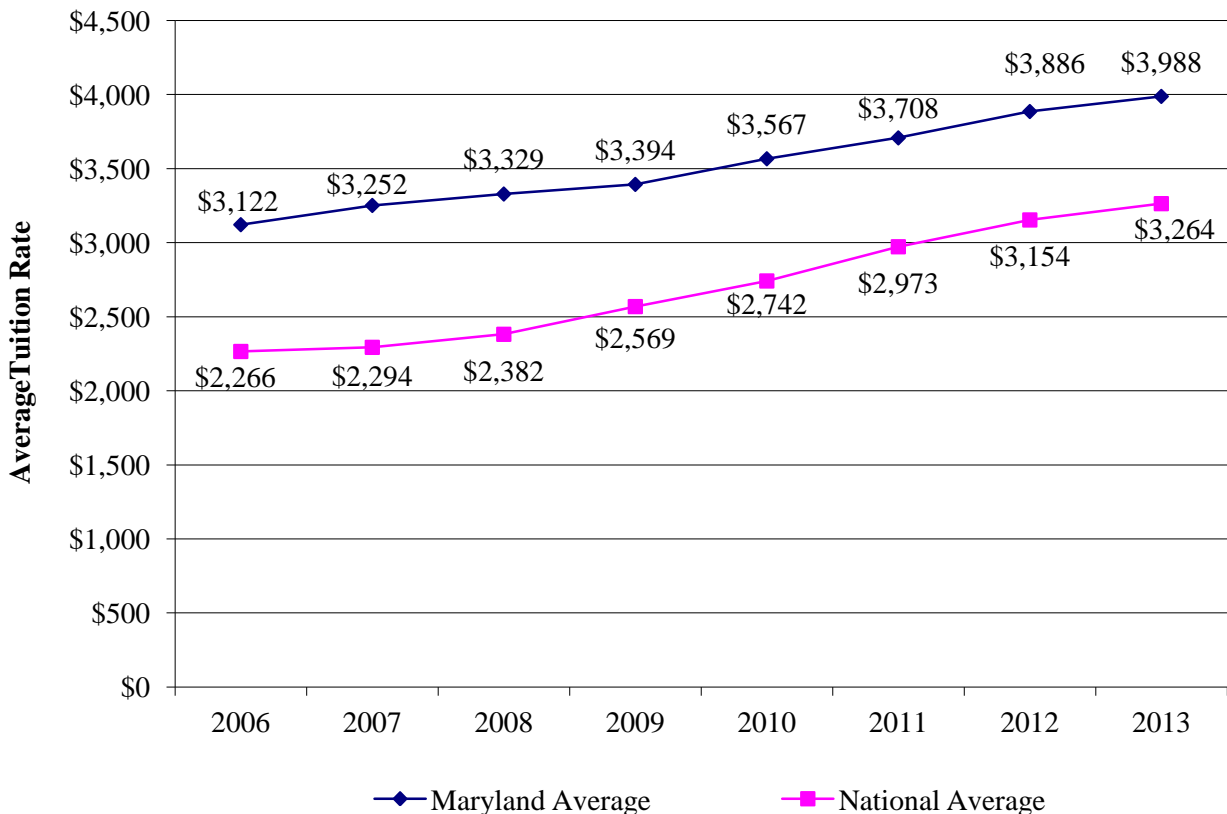
Source: Maryland Higher Education Commission

Issues

1. Tuition, Fees, and Student Aid at Community Colleges

Community colleges offer a significantly lower entry cost into higher education compared to four-year institutions. In Maryland, the average public four-year institution’s tuition and fee rate was \$8,538 in fall 2013, compared to \$3,799 at the State’s community colleges. However, the State’s community college tuition and fee rates are higher than the national average. **Exhibit 10** shows the difference from fall 2006 to 2013 in unadjusted dollars. Although the gap has narrowed somewhat from a high of \$958 in fall 2007, Maryland remains \$724 higher than the national average.

Exhibit 10
Community College Tuition and Fee Rates
Maryland and National Average
Fall 2006-2013



Note: Weighted average is used.

Source: College Board *Annual Survey of Colleges – Trends in College Pricing*

Although the average student paid \$3,799 in fall 2013 (using the simple average), **Exhibit 11** shows that tuition and fee rates varied between institutions. Montgomery College is the State’s most expensive community college at \$4,452. The statewide average was an increase of \$131, or 3.6%, although two colleges held tuition and fee rates flat in fall 2013 – Cecil College at \$3,090 and Montgomery College at \$4,452. The largest increase was at the Community College of Baltimore County, which grew \$450, or 12.4%.

Exhibit 11
Community College Tuition and Fee Rates for Full-time, In-county Students
Fall 2012-2013

	<u>Fall 2012</u>	<u>Fall 2013</u>	<u>\$ Change</u> <u>2012-13</u>	<u>% Change</u> <u>2012-13</u>
Montgomery	4,452	4,452	\$0	0.0%
Prince George’s	4,200	4,400	200	4.8%
Howard	4,343	4,378	35	0.8%
Southern Maryland	4,096	4,170	74	1.8%
Carroll	3,912	4,128	216	5.5%
Chesapeake	3,960	4,100	140	3.5%
Baltimore	3,630	4,080	450	12.4%
Frederick	3,930	4,005	75	1.9%
Anne Arundel	3,640	3,740	100	2.8%
Garrett	3,420	3,600	180	5.3%
Hagerstown	3,560	3,594	34	1.0%
Allegany	3,390	3,450	60	1.8%
Harford	2,925	3,241	316	10.8%
Wor-Wic	3,026	3,240	215	7.1%
Baltimore City	3,112	3,120	8	0.3%
Cecil	3,090	3,090	0	0.0%
Simple Average	\$3,668	\$3,799	\$131	3.6%

Source: Maryland Association of Community Colleges; Department of Legislative Services

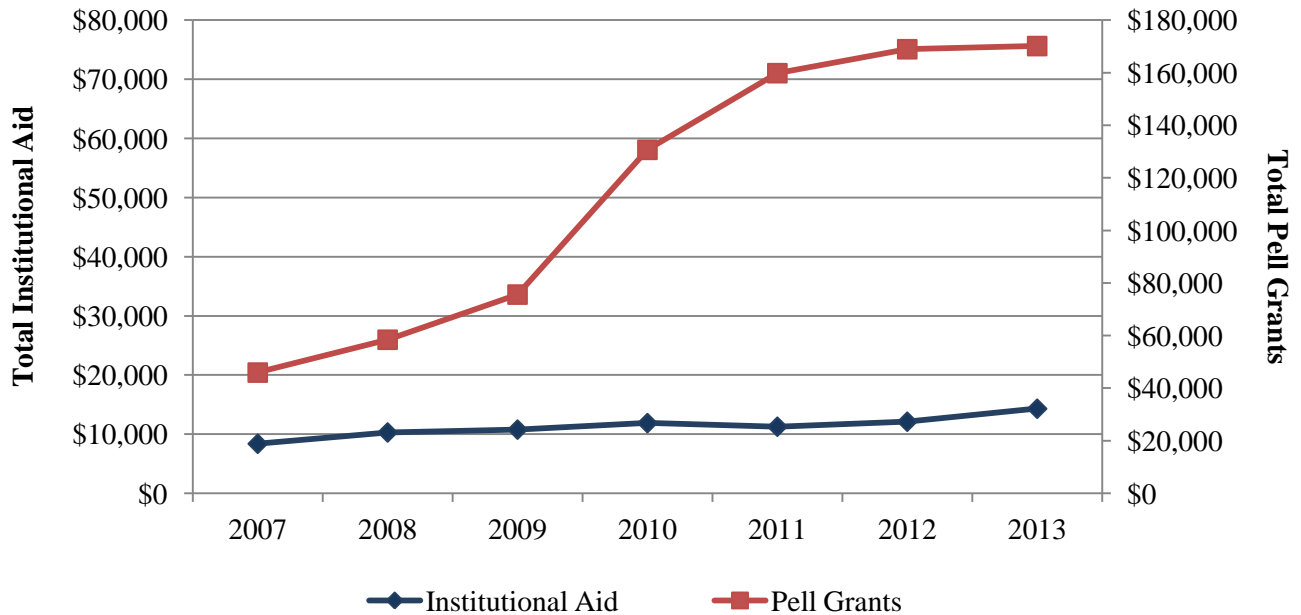
Institutional Aid Offered to Students

In addition to trying to keep costs low, colleges offer students institutional aid to bring down the “sticker” price, or total cost of tuition, fees, room, board, and other expenses. Institutional aid awards are usually made to students with few financial resources (need-based aid) or to reward

academic achievement (merit aid). Regardless of aid type, colleges typically require students to complete a Free Application for Federal Student Aid, which determines a student’s Expected Family Contribution, the amount of money a student’s family is expected to pay toward the cost of education.

Exhibit 12 shows the total amount of need-based and merit aid awarded by community colleges to students from fiscal 2007 to 2013, in addition to the amount of Pell grants students received. In fiscal 2013, Maryland’s community colleges awarded \$14.3 million in institutional aid. That amount is dwarfed by Pell grants, a federal low-income student financial aid program that totaled \$170.2 million in that year. Federal funding for Pell grants increased significantly in fiscal 2010 to help low-income individuals pursue a college education. Pell aid grew only 0.7% in fiscal 2013, compared to an average of 31.5% in the preceding five fiscal years. Students can receive Pell grants for up to \$5,500 annually in fiscal 2013 for a maximum of 12 semesters at all institutions. For many recipients, this may cover their full cost of attendance at a community college.

Exhibit 12
Total Need-based and Merit Institutional Aid and Pell Grants
Fiscal 2007-2013
(\$ In Thousands)

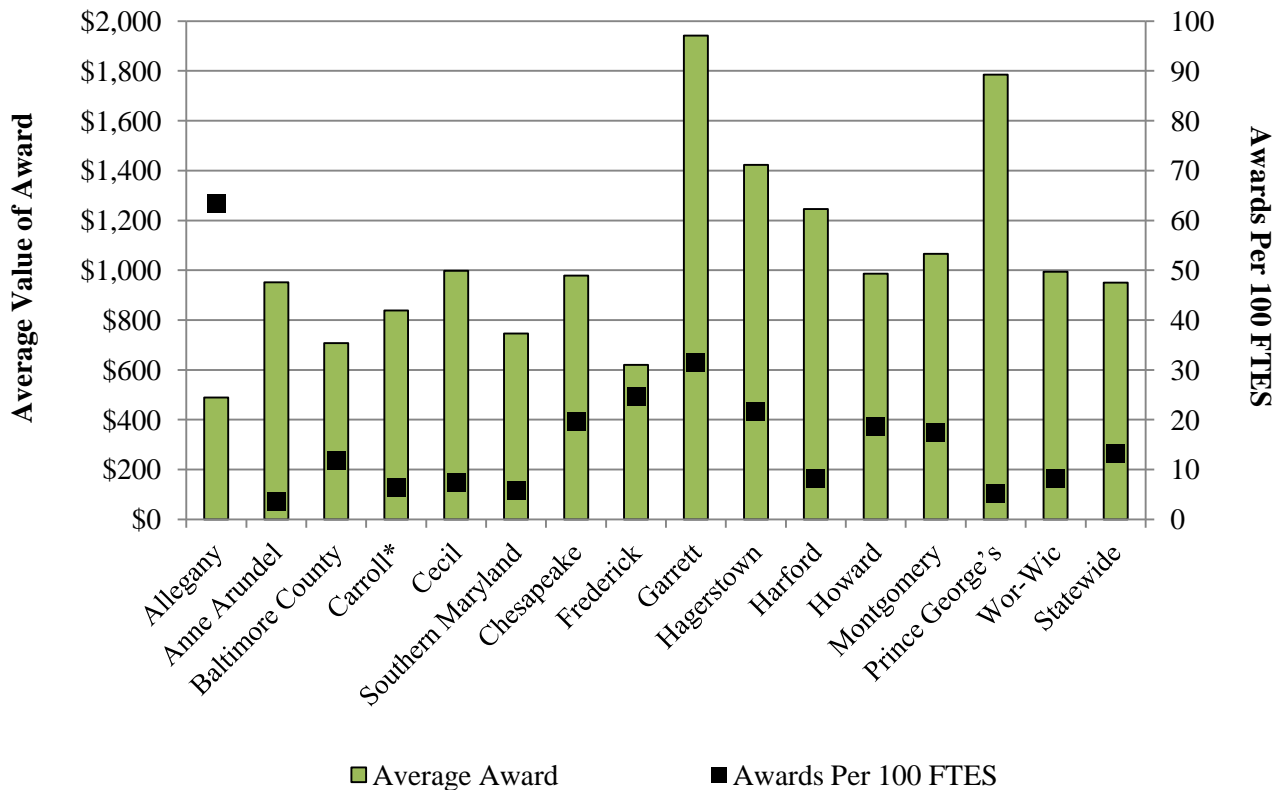


Note: Data does not include Baltimore City Community College.

Source: Maryland Association of Community Colleges

Exhibit 13 shows the average value of need-based and merit institutional aid awards and the average number of awards per 100 FTES by college. There is considerable variation in this data, which was reported to the Department of Legislative Services (DLS) for the second time this year. The exhibit may somewhat overstate awards per FTES and understate the amount received by a student, as an individual student may receive both a need-based and merit award, and both awards would be counted separately. In other words, this shows duplicated headcount data. Allegany College is an outlier, awarding many more awards per 100 FTES than any other college. This is due to a large dual enrollment program with students from neighboring counties, each of whom are receiving an institutional aid award.

Exhibit 13
Average Institutional Aid Awards and Number of Awards Per 100 FTES
Fiscal 2013



FTES: full-time equivalent student

*Carroll Community College’s data is adjusted to include institutional aid awarded by its foundation.

Source: Maryland Association of Community Colleges

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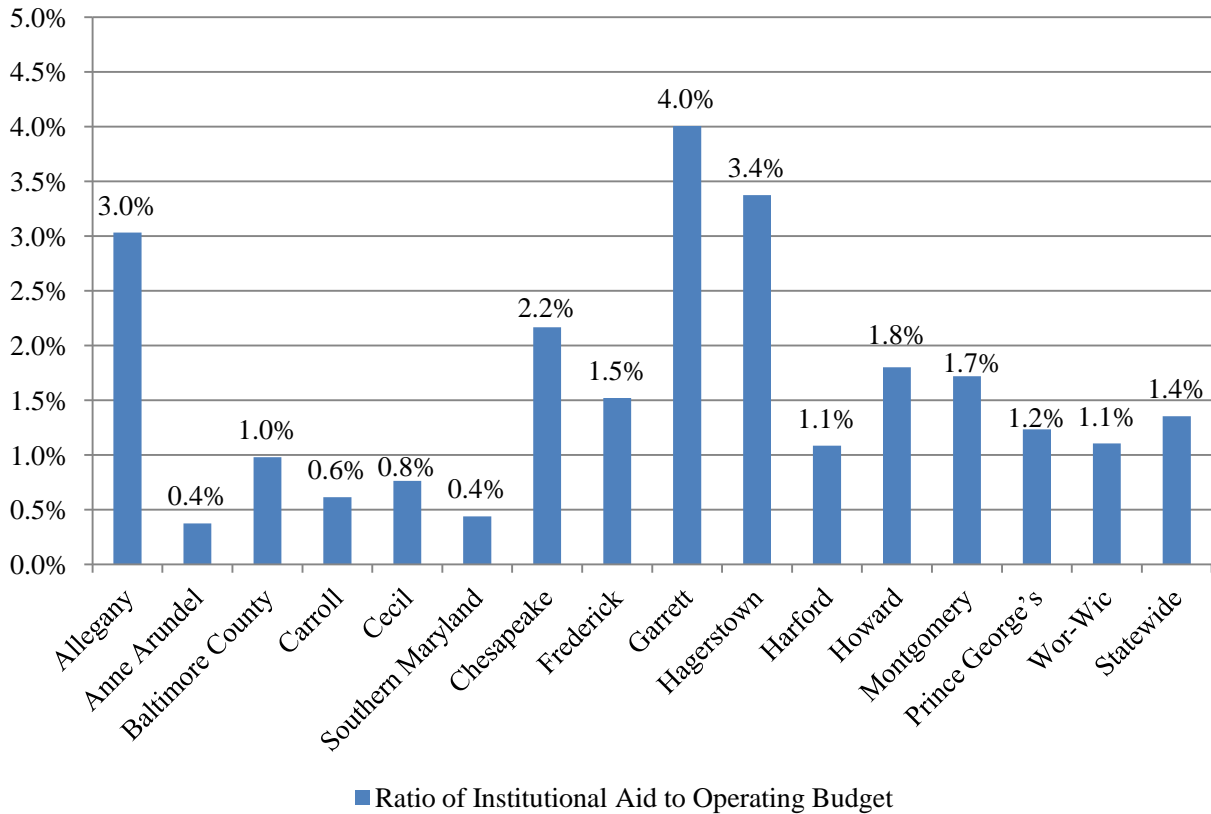
The statewide average institutional aid award is \$951, and an average of 12.9 awards is made per 100 FTES. The exhibit shows that colleges vary widely in the amount of aid offered, but most awards average between \$700 and \$1,000. Garrett College has the highest average award, at \$1,942, and Allegany College is the lowest, at \$489. Although Prince George's Community College has the second highest average award, the college averages only 4.8 awards per 100 FTES, the second lowest in the State. Garrett College has an especially high commitment to institutional aid, as it has the State's highest average award and the second highest number of awards per 100 FTES for the second year running. This is due to an effort begun by the Garrett County Commissioners in 2006 to pay for tuition and unmet financial need for any public high school graduate enrolling at Garrett College.

Carroll Community College's data is adjusted because it does not fund any institutional aid through its operating budget but instead coordinates aid with its foundation. Only five institutional awards were made in fiscal 2013, compared to six in the prior year. For more meaningful comparisons, foundation awards are shown in Exhibit 13 for Carroll only. With that adjustment, Carroll performs similarly to other colleges its size, such as Wor-Wic.

Aid as a Share of Overall Budget

Exhibit 13 shows that the colleges vary in the value of institutional aid awards and the number made each year. The amount of money a college has to spend may depend on the size of the college's total budget, and **Exhibit 14** shows each college's need-based and merit institutional aid budget compared to its unrestricted fund operating budget. According to the financial aid categories used by MHEC, colleges may be reporting foundation grants as institutional aid, even though this funding is not technically within the institutions' operating budgets. For this reason, Exhibit 14 merely compares the relative size of the two budgets and does not represent the actual percentage of the operating budget dedicated to aid.

**Exhibit 14
Institutional Aid as a Ratio of Unrestricted Operating Budget
Fiscal 2013**



Source: Maryland Association of Community Colleges

The exhibit confirms that Garrett College makes a large commitment to institutional aid, as the college spends the most compared to its overall operating budget, 4.0%. The average for all colleges is 1.4%, though only five colleges are above average.

Issues with Data

The data used in Exhibits 12, 13, and 14 were produced in response to a 2013 *Joint Chairmen's Report* (JCR) information request on institutional aid awarded to students in fiscal 2013. The data, which was submitted directly from each college to MACC, was to be shown in the same format as submitted to MHEC. The JCR provided that either MACC or MHEC could submit this data to DLS; however, neither submitted any information to DLS in December 2013. DLS and MACC did coordinate a brief survey for data in January 2014, and all colleges promptly responded. In the 2014 request for updated information, DLS is specifying MHEC as the designated source for

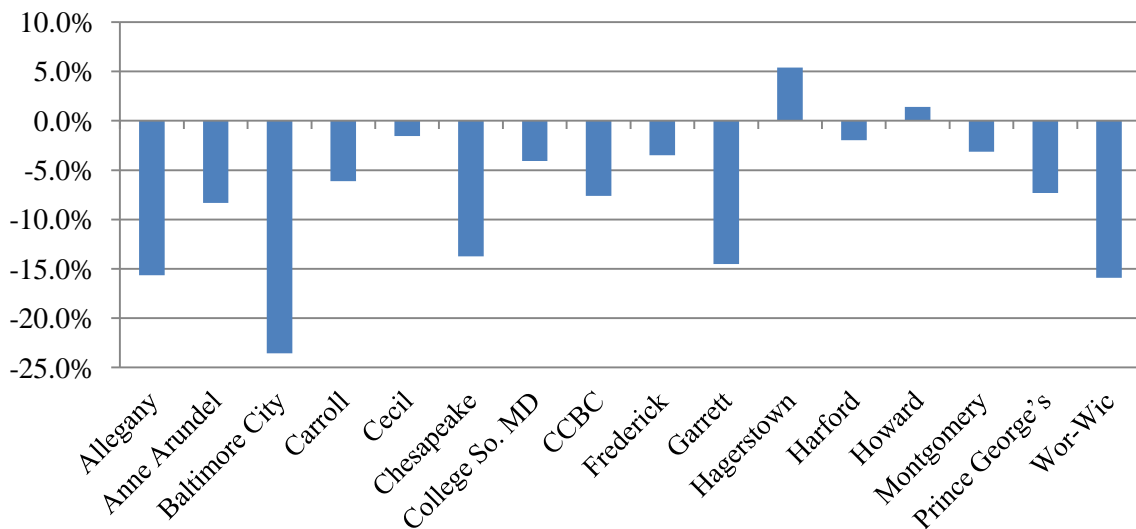
this information. **The Secretary and the MACC executive director should comment on how institutional aid will be allocated in coming fiscal years, given that enrollment is declining, and colleges will need to compete for students.**

2. Enrollment Declines Statewide

Compared to the prior year, fall 2013 enrollment at community colleges fell by the largest amount, by both headcount (5,887) and percentage (4.1%), in at least 20 years. This is also the first time since 1999-2000 that total headcount enrollment at Maryland’s community colleges has declined in consecutive years. Although individual institutions have fluctuated year to year, the overall headcount had grown steadily from fall 2001 to 2011. The enrollment declines varied by segment – while community colleges declined 4.1%, all public four-year institutions declined only 1.6%.

Exhibit 15 shows the enrollment changes at the State’s community colleges between fall 2011, when overall enrollment peaked, and fall 2013. Over these two years, students decreased 4.3%, or 9,472, but the distribution of this effect varied greatly. Only Hagerstown and Howard community colleges saw enrollment increases, while all other schools declined in enrollment. BCCC declined by 23.6% and Allegany College, Chesapeake College, Garrett College, and Wor-Wic all declined by about 15.0%. With the exception of Baltimore City, it appears Central Maryland is faring better than Western and Eastern Maryland.

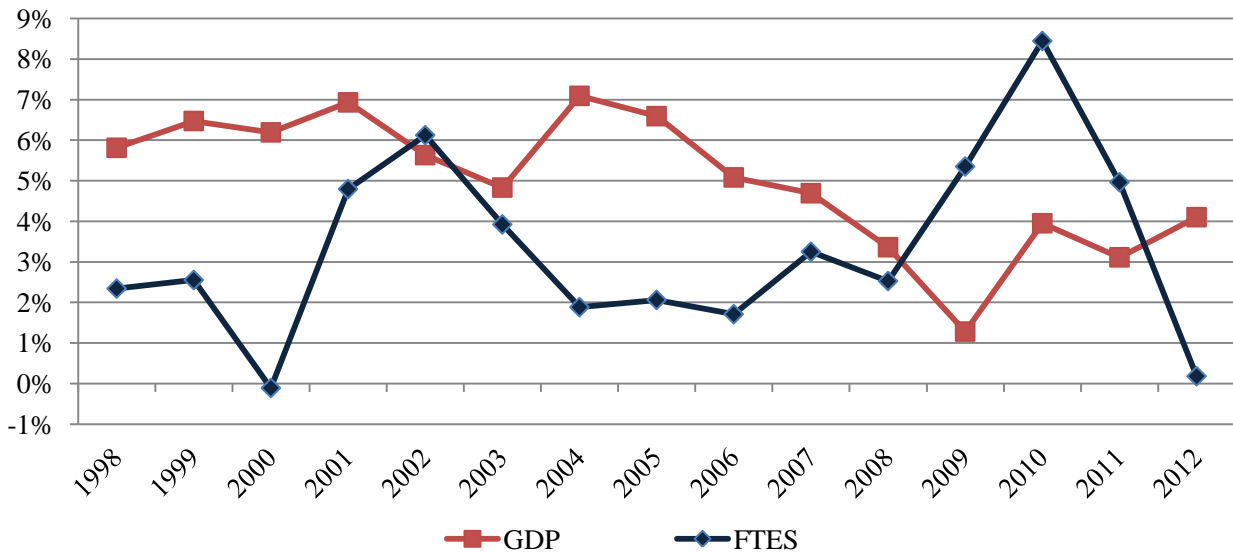
Exhibit 15
Change in Headcount Enrollment
Fall 2011-2013



Source: Maryland Higher Education Commission, Trend Books and Opening Fall Enrollments

Community colleges assert that their enrollments are closely correlated to the overall economy since 65.5% of fall 2013 enrollments are part-time students, whereas public four-year institutions only enroll 35.6% of students part-time. **Exhibit 16** shows community college FTES enrollment and Maryland’s annual change in Gross Domestic Product (GDP).

Exhibit 16
Change in FTES Enrollment and Maryland’s GDP
Calendar 1998-2012



FTES: full-time equivalent student
 GDP: Gross Domestic Product

Source: Maryland Higher Education Commission; Bureau of Economic Analysis

This exhibit shows data that is not directly comparable because GDP is based on calendar years, and enrollments are based on fiscal years. As official GDP data from the federal government is only available on an annual basis and community college enrollments are given in fiscal years, there is no simple conversion possible. In order to preserve the precision of the data points, the timing of each data point is compromised; however, overall, the trend is clear between the two. During times that GDP growth slows, community college enrollments grow at a faster rate. When GDP rises, enrollments either decline, as in 1999-2000, or grow at a slower rate, as in 2010-2012. The current Moody’s forecast for Maryland’s calendar 2013 GDP growth is 4.4%, and Global Insight’s is 3.1%.

The opening fall 2013 headcount enrollment shown in Exhibit 15 will be revised to include spring enrollment and subsequently audited for use in the Cade formula for fiscal 2016. This means the final academic year 2013-2014, or fiscal 2014, enrollment numbers will be adjusted twice. However, given the magnitude of the downward trend, it would be unlikely for revisions to undo the opening enrollment decline seen in fall 2013.

To the extent this decline translates into a decline in FTES enrollments in fiscal 2014, there may be a negative impact on funding levels in fiscal 2016. For example, the Cade formula for fiscal 2015 uses the most recent actual FTES enrollments (*i.e.*, fiscal 2013 or academic year 2012-2013) and the fiscal 2015 State funding for the selected public four-year institutions. If the change in funding to the selected four-year institutions is modest in fiscal 2016, a decline in FTES enrollments in fiscal 2014 could result in a fiscal 2016 allowance lower than fiscal 2015.

Given that both sources the State frequently cites in forecasting economic data predict moderate GDP growth, the Secretary and the community colleges should comment on how community colleges can budget for and adapt to declining enrollment statewide potentially for years to come.

3. Reverse Transfer and Pathways Aim to Increase Completion Rates

Given the low completion rates of community college students, policymakers, and educators are regularly looking at ways to grow the number of degrees awarded to students. The most recent data from MHEC shows that only 9.2% of community college students graduated with a two-year degree from the original institution of enrollment after four years. Many students transfer to four-year institutions before completing their degree, and although they may not continue on to complete a bachelor's degree, their work at the four-year institution may satisfy the community college's associate's degree requirements.

To recognize the work done by these students, colleges are beginning to implement reverse transfer programs. After completing the necessary requirements for an associate's degree, the four-year institution sends a copy of the student's transcript back to the community college, usually at no charge to the student. The community college then evaluates the student's work and awards an associate's degree if all requirements are met. The College and Career Readiness and College Completion Act of 2013 (CCRCCA) requires MHEC to develop and implement one statewide reverse transfer agreement by July 1, 2016. At least 30 credits must transfer back to a community college if those credits were earned toward a bachelor's degree.

Exhibit 17 shows that, so far, 542 degrees have been awarded in Maryland through MHEC's Associate Degree Award for Pre-degree Transfer Students (ADAPTS). More awards are likely as Allegany College and Prince George's Community College have not yet reported any awards made. MACC reports that some community colleges are working directly with their primary receiving four-year college. Funding for ADAPTS originally came from a Complete College America (CCA) grant but will be carried on by a joint grant from the Lumina Foundation and USA Funds. Managed by MHEC, the project was initially to be piloted with four colleges before expanding statewide. MACC reports that enough interest was shown from across the State that all community colleges are participating. MHEC's work with ADAPTS has been carried forward and expanded through the Credit When It's Due (CWID) grant from the Lumina Foundation, supported through USA Funds. Seven Maryland community colleges and five four-year institutions are receiving funds through the MHEC's CWID grant, awarded through a competitive process. MHEC has estimated that as many as 1,000 degrees a year could be awarded under ADAPTS.

**Exhibit 17
ADAPTS Program Outcomes**

<u>Community College</u>	<u>Students Identified as Potentially Eligible</u>	<u>Degrees Awarded as of September 2013</u>	<u>% Awarded a Degree</u>
Allegany College of Maryland ¹	834	0	0.0%
Anne Arundel Community College	432	26	6.0%
Carroll Community College	7	2	28.6%
Chesapeake College	100	9	9.0%
Community College of Baltimore County	514	117	22.8%
Garrett College	9	9	100.0%
Harford Community College	123	23	18.7%
Howard Community College	107	45	42.1%
Montgomery College	183	149	81.4%
Prince George’s Community College ²	175	0	0.0%
Wor-Wic Community College	325	72	22.2%
Total	2,809	452	16.1%

ADAPTS: Associate Degree Award for Pre-degree Transfer Students

¹Allegany College of Maryland identified 108 students who were degree-eligible, but degrees had not yet been awarded at the time of this report.

²Prince George’s Community College has not made any degree awards at the time of this report but was in the process of making determinations.

Note: The remaining community colleges did not respond to the Maryland Association of Community Colleges’ survey or were not ADAPTS Mini Grant Award Recipients.

Source: Maryland Higher Education Commission

The biggest challenge so far is the lack of automation. It is currently an extremely labor intensive process for a college employee to individually evaluate and update student transcript data. The Articulation System for Maryland Colleges and Universities (ARTSYS), first implemented by the University System of Maryland (USM) in 1989, is being updated to allow the transfer of transcript information electronically (ARTSYS-RT), but more work needs to be done before it is fully operational, and employees will have to be trained on how to use it. Although the new ARTSYS website was to go live in December 2013, as of February 2014, the website is not up. USM advises that video tutorials are being developed in response to focus groups, and the new website should be open to users by the end of February 2014. Much of this is currently under review by MHEC’s Student Transfer Advisory Committee.

The new Lumina component of reverse transfer required Maryland to submit information for a baseline study on reverse transfer grants from Lumina, which that organization calls Credit When It's Due. The October 2013 report notes that nationally, 78% of community college students transfer without an associate's degree, but that students who earn an associate's degree are 16 percentage points more likely to complete a bachelor's degree. While the results from this study are preliminary, it notes that one of the largest concerns regarding current transfer students is that four years after transferring, 33% of students in the baseline study had not received a bachelor's degree, and a further 15% were enrolled but had not yet graduated. Of these students, only 5% had been awarded an associate's degree. This demonstrates the great potential ADAPTS has to increase credential attainment for transfer students by awarding an associate's degree when enough credit has been earned. Finally, the study notes that transferring with more credits generally leads to a higher success rate. While only 38% of students who transfer with 15 to 30 credits graduate with a four-year degree, transfer students with 30 or more credits have a 48% chance of graduating, and for those transferring with 60 or more credits, the rate rises to 57%.

The Secretary and community colleges should comment on expanding the State's reverse transfer programs and when they expect an automated system to be fully operational. The Secretary should also comment on the expected number of degrees produced by ADAPTS in fiscal 2015.

Another New Benefit for Students: Pathways to Degrees

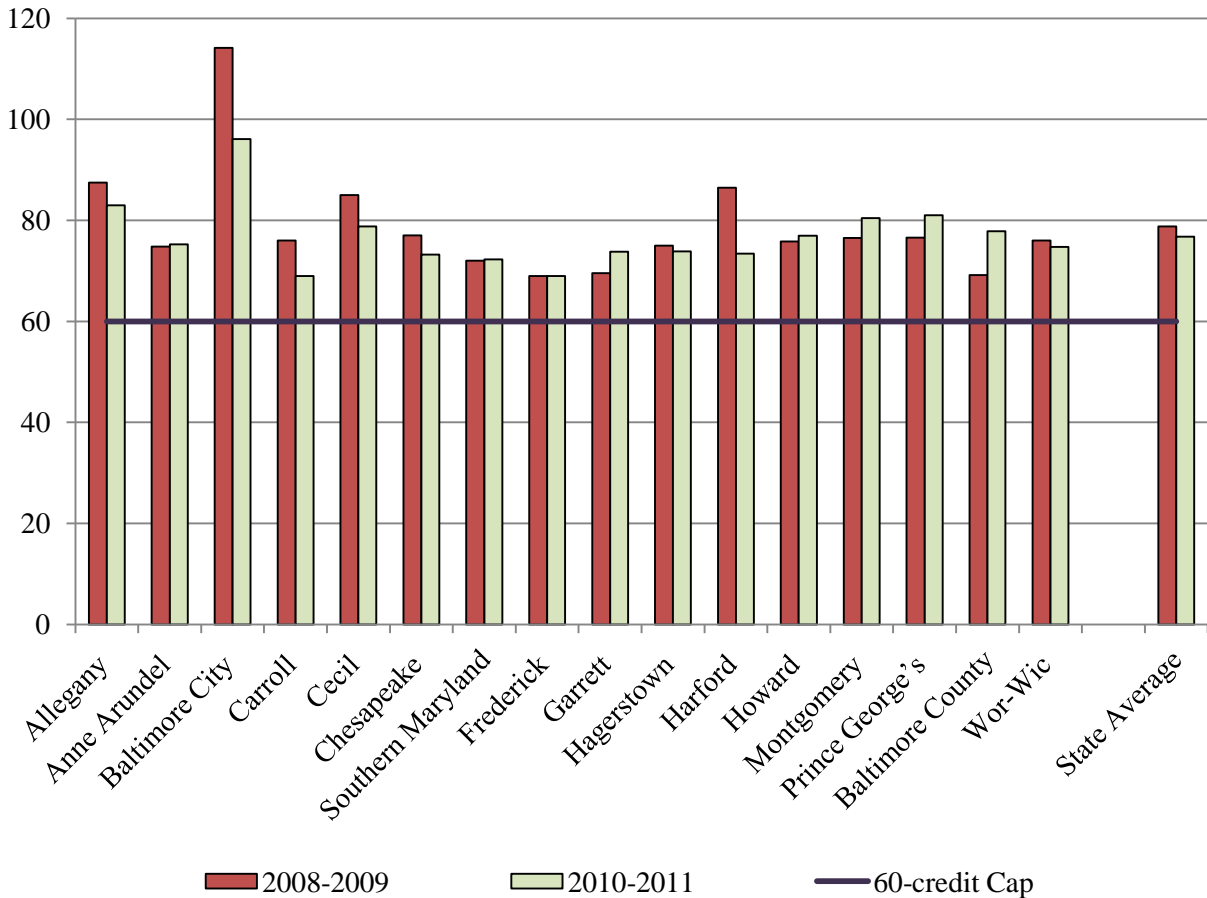
Reverse transfer programs benefit both the individual and the State. For the individual, having an associate's degree increases employability, income potential, and is something to show for his or her time spent in – and debt accumulated from – college. For the State, it helps reach degree completion goals and improves the statewide level of education attainment. In addition, the CCRCCA required that community colleges implement “pathways” to graduation for degree-seeking students. Pathways include benchmarks for general education and degree-specific requirements and require students to take credit-bearing math classes in the first year for first-time students. It also mandates intrusive advising. For example, if a student is falling behind in credit completion, the student must meet with the advisor before registration occurs. These actions should improve persistence rates and increase awareness of what students need to accomplish on an individual level and, in the long run, reduce the need for reverse transfer programs.

The Secretary and community colleges should comment on implementation of pathways in academic year 2013-2014.

4. The 60-credit Hour Rule and Remediation Rates

An additional concern is the amount of time and effort students expend in pursuing a higher education degree. **Exhibit 18** shows credits at graduation for community college students from data MHEC submitted to CCA. To provide more timely data, the most recent year of CCA reporting moved forward two cohorts, rather than one, so the exhibit covers academic years 2008-2009 and 2010-2011. As part-time students earn similar total amounts of credit at graduation as full-time students, only full-time students are shown here.

Exhibit 18
Credits to Associate Degree Completion – Full-time Students
Academic Years 2008-2009 and 2010-2011



Source: Maryland Higher Education Commission

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Overall, full-time students earn about 17 credits beyond what is necessary for an associate's degree. From the first cohort to the second cohort, eight community colleges saw decreases in credits received prior to graduation, while the other eight increased. Carroll and Frederick are both below 70 credits, while Allegany, BCCC, Montgomery, and Prince George's are all above 80 credits. BCCC, in particular, stands out for having students receiving over 90 credits before graduating, although this is much lower than the 114 credits earned by students who graduated in academic year 2008-2009. Although certain degree programs require more than 60 credits, it is more likely that students are taking more classes than necessary to graduate. While part-time students may have less flexibility in scheduling classes due to family or work, it is not clear why full-time students would accumulate so many extra credits, especially because Exhibit 18 only shows credits completed, not total credits attempted, which would be greater.

The CCRCCA requires community colleges to ensure that all associate's degree programs require no more than 60 credit hours of study unless there is a compelling reason, such as an accreditation requirement, for more hours to be necessary. A 2013 JCR request asked community colleges to provide status updates on meeting the 60 credit-hour limits imposed by the CCRCCA on associate's degrees. No status update from community colleges was received; however, MACC did report in January 2014 that all institutions are planning to meet the requirement currently in statute, which mandates the new cap beginning with academic year 2015-2016. Institutions are currently reviewing academic programs to comply, but MACC has raised a concern that there is a substantial cost to this change because program revisions can cost up to \$250 per course, which has brought an unexpected financial burden upon community colleges.

The Secretary and the MACC executive director should comment on progress toward meeting the 60-credit cap for associate's degrees and any potential challenges with implementation.

Another time burden on students is passing through remedial education courses, which do not count as credit toward a degree. **Exhibit 19** shows further CCA data on remedial class enrollment for first-time entry students. Overall, there is a wide range in students requiring developmental education from a low of 44.7% at the College of Southern Maryland to a high of 80.0% at BCCC. Ten colleges saw remediation rates increase in academic year 2010-2011, and the statewide average increased to 63.1%.

Exhibit 19
Students Enrolling in Remedial Courses
Academic Years 2008-2009 and 2010-2011

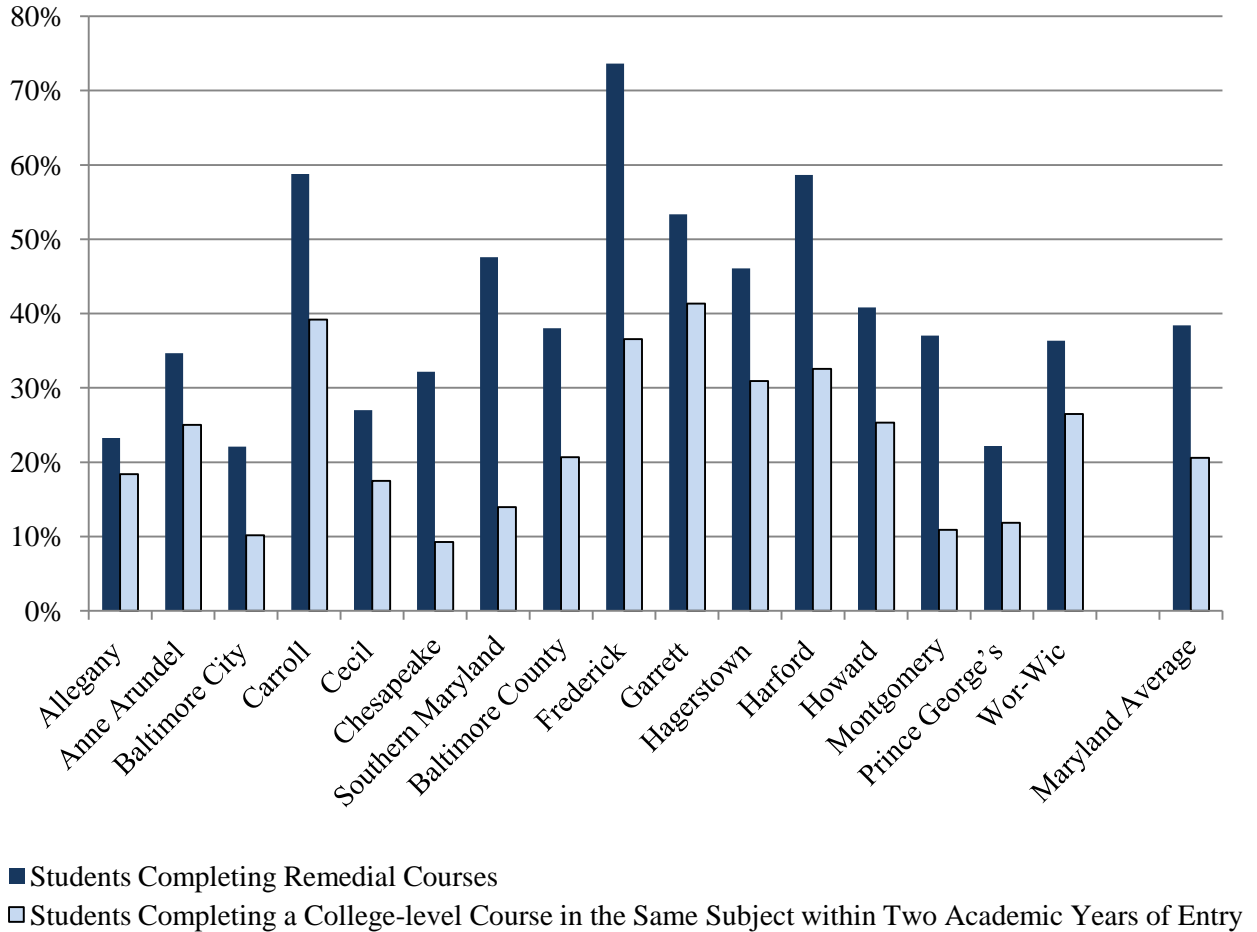
	Of First-time Entry Students		
	<u>2008-2009</u>	<u>2010-2011</u>	<u>Change</u>
Maryland Community College Average	59.1%	63.1%	3.9%
Allegany College of Maryland	50.6%	65.5%	14.9%
Anne Arundel Community College	53.7%	55.5%	1.8%
Baltimore City Community College	81.7%	80.0%	-1.7%
Carroll Community College	65.7%	73.8%	8.1%
Cecil College	49.4%	47.2%	-2.2%
Chesapeake College	75.9%	74.2%	-1.6%
College of Southern Maryland	46.7%	44.7%	-2.0%
Community College of Baltimore County	62.4%	71.2%	8.8%
Frederick Community College	54.3%	58.4%	4.1%
Garrett College	50.6%	74.0%	23.4%
Hagerstown Community College	51.7%	70.5%	18.8%
Harford Community College	62.5%	65.2%	2.7%
Howard Community College	60.5%	60.4%	-0.1%
Montgomery College	56.4%	55.0%	-1.4%
Prince George’s Community College	55.4%	68.4%	13.0%
Wor-Wic Community College	65.7%	79.8%	14.2%

Note: All data is based on unduplicated student headcounts.

Source: Maryland Higher Education Commission

As shown in **Exhibit 20**, despite having the highest need for developmental classes, BCCC has the lowest rate of students completing such classes at 22.1% in academic year 2010-2011. At the other end of the spectrum, Frederick Community College reported 73.6% of students completing remedial education. One concern raised by MHEC is the lack of through-put completion, or the number of students who enroll in a college-level course in the same subject as the developmental class within two years of entry. Of the students who complete developmental education, many lose the benefit of catching up by never enrolling in college-level classes. Exhibit 20 confirms this concern, showing that, on average, less than one quarter of students go on to pursue further classes in mathematics and English. Frederick Community College again leads the State with 63.3% of students pursuing college-level work, while only 9.2% do the same at Chesapeake College.

Exhibit 20
Remedial Education Metrics
Academic Year 2010-2011



Note: All data is based on unduplicated student headcounts.

Source: Maryland Higher Education Commission

In 2007, USM began a systemwide redesign effort and expanded this further in 2009 with funding from the Lumina Foundation. As highlighted in the Higher Education Overview, community colleges are also redesigning developmental math courses to boost student success, some using funds from a grant focused on redesign coordinated by MHEC. In previous testimony, MHEC reported an additional \$5,000 to \$15,000 per course would be sufficient to cover costs of scaling up redesign efforts to all remedial sections, assuming no additional computer laboratory space would be necessary, which is a constraint on some campuses.

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Given the increasing State funding per community college student and the demonstrated need for improved outcomes in developmental education, the Secretary and the MACC executive director should comment on whether course redesign efforts can be sustained or expanded through fiscal 2015 operating budgets.

Recommended Actions

1. Strike the following language from the general fund appropriation:

~~; provided that this appropriation shall be reduced by \$4,595,627 contingent upon the enactment of legislation limiting growth in aid to community colleges to five percent.~~

Explanation: This language is not necessary for the General Assembly to reduce the appropriation.

- | | <u>Amount
Reduction</u> |
|--|------------------------------------|
| 2. Reduce the community college formula grant. | \$ 4,595,627 GF |
| 3. Adopt the following narrative: | |

Sustaining Course Redesign Momentum: The committees are aware of the promising outcomes reported by mathematics course redesign at Maryland’s community colleges stemming from less than \$700,000 in funding from Complete College America. The committees request that the Maryland Higher Education Commission (MHEC) and the Maryland Association of Community Colleges (MACC) report on other courses that may be redesigned, the costs associated with this process, and whether funding for these initiatives may be found within existing operating budgets, given rising State support per student in fiscal 2015. MHEC and MACC should submit this report by December 1, 2014.

Information Request	Authors	Due Date
Report on sustaining course redesign momentum	MHEC MACC	December 1, 2014

Total General Fund Reductions	\$ 4,595,627
--------------------------------------	---------------------

Current and Prior Year Budgets

Current and Prior Year Budgets Aid to Community Colleges (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2013					
Legislative Appropriation	\$249,403	\$20,549	\$0	\$0	\$269,951
Deficiency Appropriation	3,000	0	0	0	3,000
Budget Amendments	0	-631	0	0	-631
Reversions and Cancellations	0	0	0	0	0
Actual Expenditures	\$252,403	\$19,918	\$0	\$0	\$272,320
Fiscal 2014					
Legislative Appropriation	\$286,579	\$0	\$0	\$0	\$286,579
Budget Amendments	0	0	0	0	0
Working Appropriation	\$286,579	\$0	\$0	\$0	\$286,579

Note: Numbers may not sum to total due to rounding. The fiscal 2014 working appropriation does not include deficiencies or contingent reductions.

Fiscal 2013

A deficiency appropriation increased general funds by \$3.0 million to partially pay down an accrued liability in the Statewide and Health Manpower Grants program. After this deficiency, the liability stands at \$2.8 million.

Special funds decreased about \$0.6 million due to SRA billing community colleges directly for pension-related administrative fees rather than running collections through other State agencies, such as MHEC.

**Object/Fund Difference Report
Aid to Community Colleges**

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
Objects					
12 Grants, Subsidies, and Contributions	\$ 272,320,198	\$ 286,578,715	\$ 304,721,809	\$ 18,143,094	6.3%
Total Objects	\$ 272,320,198	\$ 286,578,715	\$ 304,721,809	\$ 18,143,094	6.3%
Funds					
01 General Fund	\$ 252,402,587	\$ 286,578,715	\$ 304,721,809	\$ 18,143,094	6.3%
03 Special Fund	19,917,611	0	0	0	0.0%
Total Funds	\$ 272,320,198	\$ 286,578,715	\$ 304,721,809	\$ 18,143,094	6.3%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

**Fiscal Summary
Aid to Community Colleges**

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
05 Senator John A. Cade Funding Formula for Community Colleges	\$ 218,044,122	\$ 228,989,184	\$ 244,887,503	\$ 15,898,319	6.9%
06 Aid to Community Colleges – Fringe Benefits	54,276,076	57,589,531	59,834,306	2,244,775	3.9%
Total Expenditures	\$ 272,320,198	\$ 286,578,715	\$ 304,721,809	\$ 18,143,094	6.3%
General Fund	\$ 252,402,587	\$ 286,578,715	\$ 304,721,809	\$ 18,143,094	6.3%
Special Fund	19,917,611	0	0	0	0.0%
Total Appropriations	\$ 272,320,198	\$ 286,578,715	\$ 304,721,809	\$ 18,143,094	6.3%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.