Aid to Community Colleges

Parris N. Glendening
Governor

John J. Oliver, Jr.
Chairman

Karen R. Johnson
Secretary of Higher Education

Senate Budget and Taxation Subcommittee on
Education, Business, and Administration

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Response to Issues Raised in the Department of Legislative Services Analysis

1. **Statewide and Regional Programs, Somerset Grant, and Garrett/West Virginia Community College Reciprocity Grant**

   The Department of Legislative Services recommends that MHEC be prepared to comment on how it might better predict the fiscal year costs for the statewide and regional programs, the Somerset grant, and the Garrett/West Virginia reciprocity grant, given that some of the programs have experienced significant reversions in fiscal 2000 and 2001.

   The Commission acknowledges the need to better predict the fiscal costs associated with these programs. Currently, funding allocations to eligible colleges are based on current year enrollment and the Commission must predict enrollment in these programs a year or more before the actual State appropriation. The Commission will work with the community colleges to develop a better method of forecasting program enrollments.

2. **Performance Analysis: Managing for Results – Accountability**

   DLS recommends MHEC be prepared to comment on whether 2002 will be the only year in which the community colleges will be allowed to change their benchmarks without MHEC approval. DLS is concerned that, if the four- or five- year benchmarks are changed too frequently, no meaningful measures of progress will be available.

   The guidelines for the community college performance accountability report state that the benchmarks "accompanying the 2002 report will be considered final." The guidelines also state that "the Commission must approve the benchmarks." The Commission also must approve all future changes. The Commission agrees with DLS and will scrutinize carefully any requests for revisions in benchmarks after this year and particularly as the benchmark year approaches. In the past, the Commission has turned down many requests from campuses for benchmark changes, and it will not be reluctant to do so in the future.

3. **Performance Analysis: Managing for Results - Priorities**

   DLS recommends MHEC be prepared to comment on whether it could provide a comprehensive chart of community college performance and benchmarks so that looking at the chart would provide a simple comparison of which community colleges are achieving their benchmarks.

16 Francis Street • Annapolis, Maryland 21401-1781 • www.mhec.state.md.us
(410) 260-4500 • (800) 974-0203 • FAX (410) 974-3513 • TTY for the Deaf: (800) 735-2258

Since the 2001 accountability report represented the first year of a new process and the benchmarks are preliminary, the preparation of such a table would not be meaningful at this time. However, the Commission could provide this information in future accountability cycles.

4. **The Maryland Higher Education Commission Predicts a Significant Increase in Future Full-time Community College Attendance**

DLS recommends that MHEC be prepared to address:

- how more full-time students on community college campuses will impact capacity, facilities, parking, surrounding neighborhoods, and the availability of qualified professors;

- whether four-year institutions' anticipated selectivity and capacity issues will affect the community college transfer rate; and

- what plans, if any, the community colleges have in place to handle the anticipated increases.

Enrollment projections are an important factor considered in facilities planning. The anticipated increase in enrollment will have a significant impact on future space needs. Additional facilities construction at Maryland's community colleges will be necessary to support the anticipated increase in both full-time and part-time enrollment. To plan for these needs, the Commission and the Department of Budget and Management assess the impact of enrollment on both the current and ten-year space needs of the colleges. Space needs are determined by evaluating both the deficiencies and surpluses in all facilities categories. In addition, the State uses space allocation guidelines to determine changes in current and future facilities needs.

With respect to whether a four-year institutions' anticipated selectivity and capacity issues would affect the community college transfer rate, it is possible. While COMAR states that any community college student who completes an associate degree or at least 56 semester hours of credit with a cumulative grade point average of 2.0 or above may not be denied transfer to a public four-year institution, there are exceptions. Campuses may require higher performance standards for admission to some programs. Further, four-year campuses may turn away transfer students if the number seeking admission exceeds those that can be accommodated. The Commission does not collect the information needed to determine whether community college transfer rates have been affected by selectivity and capacity issues but has requested the data from University System of Maryland.

The Commission requests that the community college respond to the last bullet.

Responses to Recommended Actions Raised in the Department of Legislative Services Analysis

1. **Reduce funding for the Senator John A. Cade Funding Formula - $14,689,341**

   The Commission does not accept the analyst's recommendation. Reductions made to the Cade funding formula should be aligned with those reductions proposed in the Budget Reconciliation Act which would maintain the formula in FY 2004.

2. **Delete funds for the new Appalachian Mountain Community Colleges grant - $1,077,631**

   The Commission does not accept the analyst's recommendation. Despite the additional funding provided under the small community college grant, funding disparities continue to exist for Allegany and Garrett Community Colleges. In the five-year history of the Cade formula (between FY 1998 and FY 2002), the overall increase in funding was 61 percent. However, for Allegany and Garrett, the rates of increase, including the additional funding provided to small community colleges through the flat grant, were 23 percent and 16 percent respectively, the lowest in the State. Table 1 illustrates the funding received by Allegany and Garrett Community Colleges over the past 5 years as compared to other community colleges.

   This disparity in funding is a result of an enrollment driven formula that does not take into consideration the special circumstances confronting Allegany and Garrett. For example, Allegany and Garrett are located in a rurally isolated, sparsely populated area and like other Appalachian mountain areas, these counties suffer from historically high unemployment. In addition, the median family incomes for the residence of Allegany and Garrett counties are the lowest in the State. Both Allegany and Garrett County have the highest level of tuition rates when compared to median county household income (see Table 2).

   These additional funds will be targeted to decrease the rate of in-county tuition growth, replace instructional equipment, increase faculty and staff salaries to remain competitive and address deferred maintenance needs.

3. **Reduce funding for the Innovative Partnerships for Technology grants - $907,744**

   The Commission does not accept the analyst's recommendation. The Commission supports funding levels identified in the Governor's proposed FY 2003 budget.

4. **Reduce funding for the Garrett/West Virginia reciprocity grant - $67,192**

   The Commission concurs with this reduction. Full-time equivalent student enrollment in this program decreased from 93.19 in FY 1998 to 42.5 in FY 2001, lowering needed funding from over $323,000 to slightly more than $163,000 in FY 2001. If the requests under this program exceed the state appropriation for FY 2003, the Commission may

request a deficiency appropriation through a budget amendment to the Department of Budget and Management.

Table I.
Aid to Community Colleges: FY 1998 to FY 2002

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 98-02 $ Change	FY 98-03 % Change
Anne Arundel Community College	$ 10,835,327	$ 12,263,637	$ 14,918,478	$ 17,827,403	$ 20,500,033	$ 9,664,706	89%
Community College of Baltimore County	21,320,877	21,806,998	24,223,878	28,967,719	31,548,039	10,227,162	48%
Carroll Community College	3,048,623	3,286,154	3,522,914	3,979,153	4,466,560	1,417,937	47%
Cecil Community College	2,374,822	2,513,021	2,675,645	2,952,792	3,214,250	839,428	35%
Chesapeake College	2,633,658	2,894,631	3,141,617	3,780,564	4,374,731	1,741,073	66%
College of Southern Maryland	4,436,255	4,775,677	5,744,506	6,514,080	7,346,934	2,910,679	66%
Frederick Community College	3,255,769	3,446,830	4,024,159	4,869,734	5,635,250	2,379,481	73%
Hagerstown Community College	3,468,798	3,722,650	4,113,902	4,656,344	4,922,223	1,453,425	42%
Harford Community College	4,678,162	4,834,367	5,627,204	6,827,225	7,539,806	2,861,644	61%
Howard Community College	4,643,110	5,023,690	5,892,965	6,925,809	7,917,887	3,274,777	71%
Montgomery College	15,690,205	16,634,635	19,222,958	22,881,777	26,479,488	10,789,283	69%
Prince George's Community College	11,164,785	12,011,281	14,082,752	16,777,925	18,486,414	7,321,629	66%
Wor-Wic Community College	2,771,090	3,102,933	3,421,697	3,999,422	4,525,095	1,754,005	63%
Average	$ 6,947,806	$ 7,408,962	$ 8,508,667	$ 10,073,842	$ 11,304,362	$ 4,356,556	61%
Allegany College of Maryland	$ 3,378,077	$ 3,617,216	$ 3,617,216	$ 3,910,809	$ 4,156,891	$ 778,814	23%
Garrett Community College	1,920,338	2,228,893	2,228,893	2,228,893	2,228,893	308,555	16%

Note: For FY 98 to 02, State aid includes funding formula and additional funding under SB 795 and HB 258.

Source: Maryland Higher Education Commission

Table II.
Tuition as a Percentage of Household Income: 1999

Maryland Community College	Median County Household Income	Annual In-County Full-Time Tuition	Percent of Income	Rank
Allegany College of Maryland	$ 29,000	$ 2,310	7.97%	16
Anne Arundel Community College	63,600	2,310	3.63%	8
Baltimore City Community College	34,500	1,800	5.22%	14
Community College of Baltimore Couty	51,700	1,800	3.48%	7
Carroll Community College	60,100	1,890	3.14%	4
Cecil Community College	51,600	1,800	3.49%	8
Chesapeake College[1]	41,400	1,950	4.71%	11
College of Southern Maryland[2]	60,200	1,950	3.24%	5
Garrett Community College	31,300	2,100	6.71%	15
Hagerstown Community College	42,400	2,100	4.95%	13
Harford Community College	58,400	1,800	3.08%	2
Howard Community College	75,500	2,370	3.14%	3
Frederick Community College	63,900	2,100	3.29%	6
Montgomery College	68,100	2,010	2.95%	1
Prince George's Community College	54,600	2,070	3.79%	10
Wor-Wic Community College[3]	33,600	1,620	4.82%	12

[1] Includes Caroline, Dorchester, Kent, Queen Anne's, and Talbot Counties

[2] Includes Charles, St. Mary's, and Calvert Counties

[3] Includes Wicomico, Worcester, and Somerset Counties