

## 2012 Legislative Agenda

### Table of Contents

Executive Summary .....	3
Introduction .....	5
Operating Budget .....	9
Retirement/Pension Benefits .....	10
Capital Budget .....	10
Enhancement of College Completion Rates .....	13



## Executive Summary

For many years Maryland has been a primary beneficiary of federal research dollars and defense spending that has buffered the State from much of the severity of the nation's recession. The Federal Government is by far the State's largest employer, accounting for nearly \$9 billion dollars annually. Even small changes in the national budget will mean large consequences for Maryland. As the State prepares for continued government cut backs at both the federal and state levels, there is no better partner than Maryland's 16 community colleges:

- 80% of the fastest growing jobs of the future will require postsecondary education and training. The majority of these jobs can be filled by those obtaining an Associate Degree or certificate through a local area community college.
- In fact, 47% of the jobs available in Maryland are considered "middle skill" jobs – those that require education beyond high school, but not a bachelor's degree. Community colleges are the primary training providers for middle-skill professions.
- Unmet need for student financial aid is at an historic high. Costs of attending a local area community college for an associate degree are less than half the costs of tuition and fees at a four-year public institution and nearly one-eighth of the average cost of attending a private college or university. In addition, 90% of the population of the State is within an hour's driving time to one of Maryland's 16 community colleges, thereby eliminating separate residency fees.

Community colleges seek assistance in the 2012 Session of the Maryland General Assembly to:

1. Maintain the integrity of the Cade and the Baltimore City Community College funding formulas that ties the annual state aid appropriation to the four-year colleges and universities.
2. Seek level funding for fiscal 2013 by incorporating the \$5 million *Keeping Community College Affordable Grant* into the base appropriation for community colleges. This would increase the direct aid to the community colleges while maintaining level funding at \$214,270,000. The increase in direct aid will permit greater utilization of scarce resources. The colleges could then choose to either offset tuition increases or to address critical workforce training needs of their communities.
3. Recognize that state aid to community colleges has eroded 24% per FTE since 2008. Oppose any further budgetary decisions that will erode the community college operating budgets and specifically:
  - a) Repeal those measures enacted last Session that require our institutions to pay fees for State services. This includes: 1) fees for the MHEC program approval process, and 2) the per employee administrative fee for the services of the State Retirement Agency.
  - b) Oppose any shift in the costs of the retirement and pension benefits that would directly impact the college operating budgets. State funding for teacher pensions is a long-standing part of a complex balance between the state and local jurisdictions for both revenue and expenditures. A shift does not save the taxpayers of Maryland any further costs.
  - c) Oppose further expansion of tuition waivers at community colleges. Waivers of any kind have serious financial implications on college operating budgets. For each student for whom tuition is waived, the college still incurs costs. These costs are addressed by raising tuition for all students.
4. Support MACC's capital request of \$67,519,000 to fund 21 projects at 10 community colleges, plus an additional \$11.7 million for two projects at Baltimore City Community College for a total of \$79.2 million. (As a State institution, BCCC is not a part of the MACC Capital Improvement Programs.)

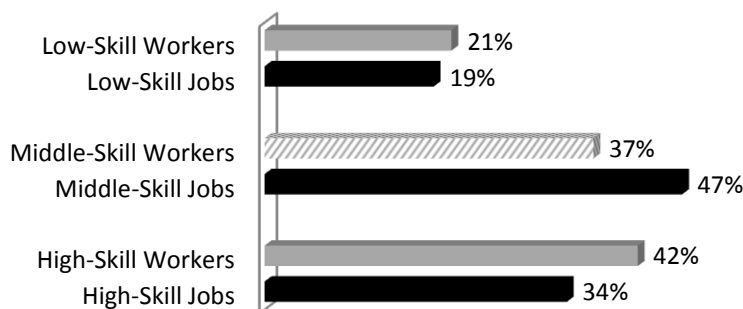


## Introduction

The Maryland Association of Community Colleges (MACC) remains at the forefront in its statewide efforts to support President Obama’s national graduation initiative as well as Governor O’Malley’s state goal of having at least 55 percent of Marylanders attain a college degree by 2025. Maryland’s community colleges have been proactive with these completion initiatives despite the national economic downturn. Without compromising quality, community colleges have been successful in identifying and transforming both administrative and academic barriers within current resources. It is well documented that the number one resource for the 21<sup>st</sup> century is an educated workforce. At stake is more than degree attainment but Maryland’s ability to attain its full economic potential. Never has there been a greater need to strengthen partnerships with state and local governments.

To sustain the State’s economic advantage and outstanding position in the new economy, more needs to be done to close the skills gap between those at the top and bottom of the economic spectrum. According to the Maryland Department of Labor, Licensing, and Regulation & U.S. Census Bureau, the largest skills gap is in training middle-skill workers (See Figure 1).

**Figure 1. Maryland's Jobs and Workers by Skill Level, 2007**

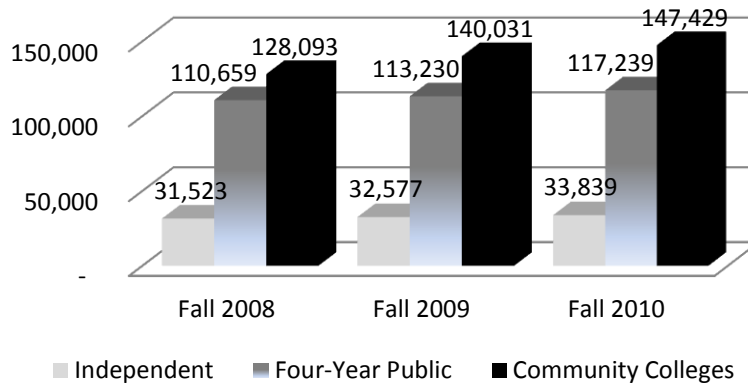


A middle-skill job is defined as one that requires more than a high school diploma but less than a four-year degree. These jobs are in STEM-related fields, nursing and other allied health professions, public safety, construction and many more vital occupational areas. The National Skills Coalition, of which Maryland is a member, says in their *Maryland's Forgotten Middle-Skill Jobs* report that “Middle-skill jobs represent the largest share of jobs in Maryland – some 47 percent – and the largest share of future job openings.” Maryland’s economic recovery and long term future depend upon whether or not employers can find qualified workers in these fields.

This requires investing in higher education, and in particular community colleges, which are the primary provider of middle-skill training.

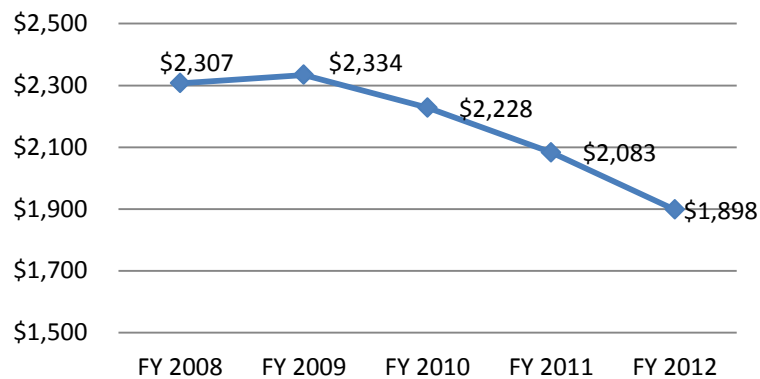
The two year institutions also enroll the largest percentage of undergraduate credit students (49 percent of all Maryland undergraduates), more than any other segment of higher education in Maryland (See Figure 2). Furthermore, from 2008 to 2010, Maryland’s community colleges have increased enrollment by approximately 20,000 students. To state another way, this three year system-wide growth at the community colleges is equivalent to establishing another higher education institution in Maryland the approximate size of Towson University.

**Figure 2. Maryland Undergraduate Total Credit Students: 2008-2010**



Despite the record number of Marylanders accessing community colleges and despite being the primary provider of skills training for of the largest segment of Maryland’s economy, the downturn has caused a decline in state support. The overall total state aid to community colleges has remained the same since 2008 in spite of an enrollment growth of approximately 20,000 more students. During this time period, state aid has fallen \$440 per full-time equivalent student (FTES) from \$2,307 per FTES in 2008 to \$1,868 per FTES in 2012, a 24 percent reduction. State aid has dwindled to approximately 22 percent of the cost of a community college education.

**Figure 3. Funding Per FTE FY 2008-2012**



Maryland’s community colleges are doing their part to improve the investment already being made by the State in increasing degrees awarded by removing academic and administrative barriers. In order for Maryland to move forward and achieve the 55 percent degree attainment goal set by Maryland’s leadership, the State must strengthen its partnership with two year colleges. As the labor market continues to demand more and more middle-skilled workers, it’s more critical for the State to recognize the long term economic impact of its support for Maryland’s community colleges.

## Why should the State support community colleges?

- 50 percent of the State's undergraduate students are enrolled in Maryland's 16 community colleges.
- Maryland's community colleges hold the record for the longest enrollment growth trend in the State, with over 30 straight semesters of growth. Enrollments at the State's community colleges have risen sharply since the economic downturn and are expected to continue to increase through the next decade.
- Approximately 9,000 transfer annually to a four-year institution. Community colleges award 12,000 associate degrees or program certificates annually.
- Approximately 500,000 Marylanders enroll annually in one of Maryland's 16 community colleges – 147,429 in credit courses and another 386,668 in non-credit courses or in workforce training programs to upgrade their employment skills.
- Approximately half of all Maryland jobs are considered 'middle-skill' jobs. Middle skills are defined as one that requires more than a high school diploma but less than a four-year degree. Community colleges are the primary source of middle-skill training.
- State aid per FTES has declined \$440 or 22 percent, since FY 2008 as enrollment has grown approximately 20,000 students.
- 94% of the students who attend community colleges are Marylanders who choose to stay in Maryland after receiving their degree.
- 80% of the State's employment growth is in jobs that can be mastered at a Maryland community college.
- Maryland's community colleges are the State's largest providers of Registered Nurses, graduating nearly 1,200 nurses annually and showing a 90% licensure passing rate, which is well above the national average.
- Over 80 programs of study in various Allied Health Fields are offered at Maryland's community colleges.
- For many Marylanders, community colleges are the only available postsecondary option. Community colleges offer programs in every political subdivision in the state and have course offerings at approximately 1,100 different sites.
- Community colleges continue to be less than half the cost of tuition at one of Maryland's four-year public colleges or universities and one-eighth the cost of a private institution.
- For every tax dollar spent on community colleges, taxpayers get \$2 back in higher tax revenues and avoided social costs.

- For every dollar a student invests in a community college, they get \$5 back in higher earnings throughout their career.
- Each credit earned at a community college boosts average annual income by \$174.
- Maryland's community colleges are the first in the country to set completion goals and are fully engaged in meeting President Obama's and Governor O'Malley's 55% degree attainment goal.
- MACC hosts an annual completion summit to review best practices as they relate to increasing completion in order to reach 55 percent degree attainment.

## Operating Budget

**MACC fully supports maintenance of the Cade and BCCC funding formulas** that determine the annual state aid to community colleges and requests the Governor's and General Assembly's assistance in expediting the percent tie to its full statutory intent of 29 percent and 68.5 percent of the per full-time equivalent student (FTES) at select four-year colleges and universities. Current law places the percentage tie at 19% and 63.5% respectively.

Last year community colleges received the *Keeping Maryland Community Colleges Affordable Grant* (KMCCAG). The grant allocated \$5 million to those institutions that were able to keep tuition increases at 3 percent or below. All 16 Maryland community colleges agreed to participate in the grant program.

**In order for community colleges to receive adequate and predictable funding, MACC requests that the \$5 million be incorporated into the base appropriation.** This permits the colleges to use these funds to support the substantial growth of the institution. Distributing these funds through the Cade formula provides equity among the community colleges.

The Cade and BCCC funding formulas are the primary method for keeping tuitions low at community colleges. Tuition policies are set after state and local revenues are determined and are the sole responsibility of the community colleges' Boards of Trustees. A Board's decision to raise tuition is the last component of enacting a community college's operating budget.

**MACC requests the Governor's and General Assembly's assistance in advancing the percentage to its full statutory intent of 29 percent (Cade) and 68.5 percent (BCCC) of the per full-time equivalent student at select four-year colleges and universities and incorporating the KMCCAG of \$5 million into the base allocation for Cade funded community colleges and BCCC.**

Last year's enactment of the Budget, Finance and Reconciliation Act (BFRA) set several alarming precedents, eroding community college budgets and setting up new barriers to the completion agenda.

First, funding changes were made to the Health Manpower Shortage programs. After years of successfully addressing the workforce shortage needs of the State, these programs are no longer fully funded. Instead an allocation in the State budget will be designated and colleges are to be reimbursed on a prorated basis. While we accept the changes made in the BFRA moving forward, it has left the community colleges with a \$7.6 million debt as a result of past balances of which the State has not fully reimbursed the community colleges from previous fiscal years.

**MACC requests that the state pay off the Health Manpower Shortage balance over the next 3 years, by allocating a third of the amount of the \$7.6 million until the remainder is paid off.**

Also, (and perhaps the most troubling) community colleges are now charged by the Maryland Higher Education Commission (MHEC) for the program approval process. MHEC has been given authority to charge the colleges and universities with a fee for program approval, in order to generate operating revenue for its budget. This is unprecedented, counterproductive to the mission of higher education and sets up new administrative barriers that will delay the colleges' ability to be responsive to workforce needs.

**MACC strongly supports rescinding the program approval fee structure and recommends that the Maryland Higher Education Commission receive its full operating appropriation.**

## Retirement/Pension Benefits

**MACC opposes a shift in the cost of retirement and pension benefits that would directly impact the college operating budgets.** State funding of teacher pensions is a long-standing part of the complex balance between the state and local jurisdictions on both revenue and expenditures. It is unfair to pass these expenses back to the counties without passing back revenue sources as well.

Retirement Benefits are important to employees and prospective employees. Community colleges compete for talent on a regional and sometimes national basis. MACC supports maintaining a competitive retirement system.

## Capital Budget

Each year, Maryland's 15 locally supported community colleges submit a consolidated list of projects for inclusion in the State's Capital Budget. Baltimore City Community College (BCCC), as a state institution, submits their projects separately. Each project in the consolidated request is an integral component of the institution's Master Plan, has the support of their Board of Trustees, and has a commitment for the required matching grant. In addition, each project is reviewed by the Maryland Higher Education Commission, the Department of Budget and Management and the Department of General Services to assure the project is ready for funding.

This is the fourth year that MACC has submitted the community college consolidated bond bill request to the State in priority order. This was done at the request of the General Assembly through language in the 2007 Joint Chairmen's Report.

For the past three years, the General Assembly has "split-funded" certain community college projects. Four projects have been preauthorized for FY 2013 totaling \$14.5 million; the College of Southern Maryland's renovation and expansion of the BU & CE buildings, The Community College of Baltimore County's construction of the Owings Mill Center, Harford Community College's renovation of the Susquehanna Center, and, Montgomery College's renovation of the Rockville Science East building.

In addition to the preauthorized funds for the 4 split-funded projects (indicated by shading), MACC is requesting an additional \$52.4 million for a total of \$67 million to fund the full 2013 CIP request. **The \$67 million will fund 21 projects at 10 community colleges across the State. All projects will receive matching funds, totaling \$54.8 million.**

Baltimore City Community College is a State institution; therefore the college's capital projects do not require local matching funds and are not funded through the Community College Construction Grant Program. **MACC supports BCCC's 2013 capital request of \$11,661,000 for two projects.**

**MACC Tentative Capital Prioritization Request: FY 2013**

<b>Aggregate Weight</b>	<b>Community College</b>	<b>Project Name</b>	<b>Project Phase</b>	<b>Project Cost</b>
<i>Preauthorized</i>	CSM	BU & CE Renovation/Exp.	Construction	\$ 4,572,000
<i>Split Funded</i>	CCBC	Owings Mill Center	Construction	2,700,000
<i>Projects from</i>	Harford CC	Susquehanna Renovation	Completion	1,164,000
<i>FY 2012</i>	Montgomery	Rockville Science E. Reno.	Construction	6,097,000
2.65	Howard CC	New Allied Health Building	Completion	\$ 3,300,000
2.64	Montgomery	Rockville Science E. Reno.	Completion	1,931,000
2.52	Cecil College	Engineering & Math Bldg.	Construction	11,138,000
2.36	Anne Arundel CC	Administration Bldg. Reno.	Construction	2,369,000
2.35	CSM	BU & CE Renovation/Exp.	Completion	563,000
2.34	CCBC	F Bldg. Reno. - Catonsville	Construction	9,510,000
1.95	Harford CC	Nursing /Allied Health Bldg.	Construction	7,703,000
1.41	Frederick CC	Science & Tech Hall	Completion	544,000
1.37	Hagerstown CC	Student Center Expansion	Design	379,000
1.23	Prince George's CC	Lanham Hall Renovation	Design	1,513,000
1.15	Prince George's CC	Fire Alarm Upgrade	Life Safety	1,901,000
1.06	Howard CC	Utilities Upgrade	Design+	1,974,000
0.94	Montgomery	Germantown Science Bldg.	Design	2,673,000
0.74	Harford CC	Parking/Site Improve.	Design+	357,000
0.59	Harford CC	Multi-Bldg. Roof Replace.	Design+	375,000
0.54	Frederick CC	Allied Health Center	Design	1,397,000
0.51	Montgomery College	Rockville Student Svcs. Ctr.	Design	5,359,000
<b>Total Request FY 2013</b>				<b>67,519,000</b>
	Baltimore City CC	Performing Arts Center	Planning	3,211,000
	Baltimore City CC	Main Bldg. Renovation –	Const./Equip.	\$ 8,450,000
<b>BCCC Request FY 2013</b>				<b>\$ 11,661,000</b>

*Note: Final Prioritization will be approved by the MCCC in August 2011*

*Baltimore City CC does not prioritize capital projects through the MACC prioritization process.*



## Enhancement of College Completion Rates

As the State has shown more interest in increasing the number of degrees awarded, Maryland's community colleges have responded and in many ways are currently leading the nation in providing completion goals. Maryland's community colleges are the only statewide system to have completion goals. Community colleges support the Governor's ambitious goal of having at least 55 percent of Marylanders attain a college degree by 2025. Adoption or changes to the following programs are of particular importance to community college students and will enhance completion at Maryland's community colleges:

### Financial Aid

Community colleges lower the cost of postsecondary education for the individual as well as for the State. Our institutions are less than half the cost of the first two years at a public four-year institution and one-tenth the cost of the first two years at a private institution in Maryland. The number one reason students choose to attend their first two years at a community college is cost. Although community colleges are lower cost institutions, there are a growing number of students in need of financial assistance.

**MACC endorses increasing all need-based aid, simplifying the State financial aid process, and extending the application deadline in order to allocate a greater portion of State financial aid to students choosing to enter community colleges.**

#### Transfer Scholarship (need-based)

**MACC seeks more state need-based financial aid for community college transfer students.**

**Transfer Scholarship provides tuition assistance for students transferring with a degree from a two-year institution to a four-year institution.**

#### Part-Time Grant

MACC recognizes that part-time students are a critical segment of Maryland public postsecondary education, and currently represent 62 percent of enrollment at community colleges. Although Maryland offers part-time grants, the majority of State need-based aid programs require full-time attendance. The Maryland Part-Time Grant Program represents only seven percent of the total State grant aid available for students. **MACC supports increasing the part-time grant program to reflect increasing part-time enrollments.**

### Early College Access

Community colleges are working with their local school districts to allow qualified students to obtain college-level credits or to earn an industry-recognized credential while still in high school. Early College Access Programs pose a tremendous benefit for some students. They can provide an alternative educational pathway for "at risk" students, expedite the time to a degree, and enrich the senior year in high school. **MACC supports expansion and publicity to increase public awareness of the Early College Access Programs.**

### Regional Higher Education Centers

**MACC supports an equitable, consistent and ongoing funding source for Regional Higher Education Centers to facilitate baccalaureate access across the State.**

### **Online Education**

Students taking online courses at community colleges have more than doubled in the last 5 years. **MACC supports expanded access to high-quality online education for all Marylanders.**

### **Adult Education**

With over 80% of the job growth in the future requiring postsecondary education and/or occupational training beyond high school, the need to address the growing segment of the State's population that lack basic literacy skills has become critical. Currently nearly one million Marylanders are in need of adult basic education (ABE) services and one in five lacks a high school diploma or GED. Unfortunately Maryland lags far behind other states in funding ABE programs. This is particularly shocking in view of our high levels of income and education per capita. Statistics show that obtaining a high school diploma or its equivalent will double lifetime earnings and that acquiring an advanced degree will quadruple lifetime earnings. In addition to increasing the State's revenues, employed citizens reduce State welfare rolls and prison population. ABE programs offer literary skills, ESOL training and GED prep services. These programs are vital in setting the stage for a substantial number of Marylanders to enter postsecondary education and further job training. Therefore, in order to serve more Marylanders in need of these services, MACC supports additional state funding for Adult Basic Education Programs.

### **Tuition Waivers**

Tuition waivers of any kind have serious financial implications for college operating budgets. For each of the students for whom tuition is waived, the college still incurs costs related to their education and must cover those costs out of general operating funds, thus limiting revenues for other initiatives. An informal survey of the impact of waivers for the colleges conducted in 2009 showed that the waivers were provided to over 8,800 students with the impact in foregone tuition collected by the institutions amounting to over \$6 million.