

POSITION PAPER

COMMUNITY COLLEGE OPERATING BUDGET

By far the largest barrier keeping a high school graduate from continuing their education is cost. Tuitions at Maryland's public colleges and universities have risen three-fold in the past decade. In order for community colleges to continue to serve all Marylanders who seek postsecondary education and training, we must keep tuitions affordable. Only with the help of the State can we do so.

- It was the intent of the Cade and Baltimore City Community College (BCCC) funding formulas to increase the State's commitment to community colleges and lessen the student's share of the cost of a community college education. The reverse has happened.
 - In 1996, when the Cade formula was established by the Maryland General Assembly, the State's share of the community college's operating budget was 29 percent, the county's share was 34 percent and the student's share was 35 percent.
 - In 2006, when the General Assembly agreed to enhance the Cade and BCCC funding formulas, the State's share had dropped to 25%; local governments 33%, with the student bearing the substantial burden of 40%.
 - If the State continues to support the enhancements to the Cade and BCCC funding formulas, projections show that the enhancements will bring the State's share to the full one-third share in 2013.
- Last year the community colleges received a significant increase in state funding. This was largely due to the large increase granted to the University System of Maryland in the previous year, coupled with the first year of the Cade and BCCC formula enhancements. However, this funding increase was only a piece of the funds necessary to catch up for years of funding that has not kept pace with community college enrollment. The 2007 State funding per FTE was actually LESS than funding per FTE received in FY 2001. In spite of this, last year's community colleges average annual statewide tuition and fees increased \$6.00 (from \$3,101 to \$3,107), considerably below inflationary costs.
- The Cade funded community colleges have suffered a \$148 per student reduction in State appropriation between 2002 and 2006. On an inflation adjusted basis, this is a \$265 per student decline. For BCCC, this is a decrease of \$845 per student and \$1,270 when adjusted for inflation.
- MACC projections showed that without the formula enhancement, community colleges would be operating with less State funding each year. At 25% per FTE to the four-year institutions, the Cade formula was projected to yield an average of \$5.6 million increase (3.4%) in State aid over the next four years. This was not enough to cover the increases in energy costs, healthcare coverage and insurance premiums.
- Community colleges are the largest suppliers of workforce training in the State. At any given time, one in thirteen incumbent workers is enrolled in a course at one of the state's 16 community colleges. An educated workforce continues to be the number one state resource to attracting business and industry to the region.

- With the tremendous increase in college tuitions at four-year colleges and universities, it has become even more important to keep tuitions low at Maryland's community colleges. In the past five years, the growth at community colleges has been in first-time, full-time freshman. In most subdivisions in Maryland, community colleges are the college of choice for the majority of high school seniors choosing to stay in Maryland for their postsecondary education. Affordability is a crucial factor for a growing number of these students.
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State Aid to Community Colleges

The State appropriation to community colleges is provided through funding formulas and enrollment reports that are defined in the *Education Article of the Annotated Code of Maryland, Section 16-305 and Section 16-512*.

The Cade Funding Formula

The Cade Funding formula provides unrestricted aid to Maryland's community colleges based on the amount of general funds allocated to designated 4-year public institutions of higher education for each full-time equivalent student (FTES).

The formula takes 26.25% of the 4-year funding per FTES and multiplies it by the eligible FTES enrolled at the community colleges. This figure is considered the direct grant to the community colleges.

The direct grant is then distributed to 15 of 16 locally supported community colleges based on: #1) a fixed cost component, #2) a marginal cost component, and #3) a small size factor component.

Baltimore City Community College Funding Formula

Because Baltimore City Community College is a state supported institution and receives very little local funding, the state appropriation is calculated under a separate formula that closely mirrors the Cade Funding Formula for the other 15 community colleges.

BCCC receives 67.25% of the average appropriation per FTES at the same four-year public institutions of higher education used in the Cade formula.

Background

The Cade Funding Formula for community colleges was enacted in 1996 and took effect in 1998. A year later, the Baltimore City Community College funding formula was enacted. It was the General Assembly's intent that these formulas increase the State's portion of the cost to operate community colleges while allocating a greater share of the State funds to those institutions with increasing enrollments. The formulas further instituted a "hold harmless" provision that guaranteed no community college would receive less aid from the State than it did the prior year.

Enhancements to the Cade and BCCC funding formulas were enacted in the 2006 Maryland General Assembly. These enhancements gradually increase the percentage to 30 % and 71% of the cost per FTES granted to the four-year public colleges and universities. The percentages reach the full statutory intent in fiscal 2013.