



## 2009 Annual Report

June 10, 2009

### Introduction

Fiscal 2009 was a very challenging year for our State and for community colleges. Sharp declines in State tax revenues led to huge budget deficits that required major reductions in spending. For example, State law (the Cade Funding Formula) required an appropriation increase of approximately \$50 million for locally supported community colleges in the fiscal 2010 budget. The actual increase in the appropriation (after amending the law) was just over \$7 million. Community colleges are slowly gaining long overdue respect from the General Assembly. Of course, there are both positive and negative exceptions: On the plus side, a number of Members have been and continue to be strong supporters of community colleges. On the other hand, there are still those who can only appreciate the four year sector of higher education.

In addition to legislative issues, MACC represented community colleges in a wide variety of activities including: development of the State Plan for Higher Education; work on the transition of Adult Basic Education from the State Department of Education (MSDE) to the Department of Labor Licensing and Regulation (DLLR); improving transfer and access for community college students; and more.

### Legislative Session

**Operating Budget.** As mentioned above, community colleges were one of the few areas of the budget that received an increase in funding over fiscal 2009. The average increase for locally supported community colleges was 3.8% on the base formula. When funding for employee retirement and other grants are added in, the total increase in funding was **4.9%**. The Assembly directed that none of the increased State funding could be used to pay for raises to college employees. This is a prudent course, even without the legislative directive, given the strong possibility that some or all of the increase will be rescinded, as happened in FY 2009.

The Assembly also directed the Maryland Higher Education Commission (MHEC) to conduct a study, in cooperation with MACC, outlining the procedures used in auditing community college enrollments, including: how enrollments are counted and audited; how categories of enrollments are defined, including credit, noncredit, eligible and ineligible for State aid; standards used to ensure uniformity; and checks MHEC employs to ensure accuracy. MACC will work closely with MHEC to complete this study in a timely manner.

**Capital Budget.** The General Assembly adopted an unusual approach to **capital funding**. In 2007, the Assembly budget committees requested that MACC submit a list of community

college capital projects in priority order. This was done for the first time in 2008 for the fiscal 2009 budget. This year, MACC again submitted a prioritized list, which the Governor funded (in the capital budget) in priority order up to \$84 million. This amount only funded six out of 22 projects. Funding the entire list would have required \$145.6 million.

When the capital budget bill (HB 102) was considered by the House Appropriations Committee, the Department of Legislative Services (DLS) recommended that certain construction projects be “split funded,” which means funding roughly half of the construction costs in FY 2010, with the remaining funds pre-committed in FY 2011. The idea is that with large construction projects, the full amount of State funds cannot be spent within one year, so it does not delay the construction of the project if part of the funds are deferred a year. Further, the money that is freed up by split funding can be distributed to other projects on the list.

After much discussion among the presidents and testimony before the House and Senate budget committees (too involved to describe here), the Assembly decided to split fund the construction phase of four projects at PGCC, Montgomery, Wor-Wic, and Hagerstown. The money that was freed up was distributed to the remaining projects on the list. In sum, split funding allowed the State to fund (in whole or in part) all the projects on the list, rather than only six, without adding more money to the budget.

This has both positive and negative consequences: It is good that more projects were funded, particularly funding for design to get projects started. On the other hand, some \$39.5 million is already pre-committed for FY 2011 to pay the remaining amounts due for construction on the split funded projects. When funding for completion (furniture and equipment) of other projects is added to this, less than \$40 million may be available for additional projects next year, *unless the CIP is increased well beyond \$84 million*. The presidents will discuss the implications of split funding in the months ahead. They normally develop the prioritized list of capital projects at their annual retreat in August.

**Textbook Affordability.** Members of the Assembly have continued to wrestle with the complex issue of textbook prices. Everyone agrees that the cost of textbooks is too high and, particularly for community college students, a disproportionately high percentage of the cost of higher education. Yet, there is wide divergence of opinion on the most effective way to address this problem. The Assembly determined that the best approach is to foster more competition between campus book stores and third-party online book sellers. The Textbook Competition and Affordability Act of 2009 (HB 85/SB 183) is the Assembly’s proposed solution to the high cost of textbooks. The Act attempts to make faculty more cognizant of the price of textbooks and requires college bookstores to provide online book sellers with the identifying information for textbooks selected by the faculty at the earliest practicable time. [There was much debate over what time is “practicable.”] A college is also required to post on its website the ISBN number and other information about the textbook for every course, so that the student will be able to shop around for the best price for the book.

**Maryland Workforce Corporation.** DLLR successfully sponsored legislation (HB 1526) to create the Maryland Workforce Corporation (MWC), a quasi-governmental entity modeled after a similar corporation in Massachusetts. Unlike a State agency, MWC, as a non-profit tax exempt corporation, will be eligible to receive private corporate and foundation grants. MWC's Board of Directors will consist of 14 people appointed by the Governor, plus the MACC Executive Director, the USM Chancellor, the State Superintendent of Schools, the Secretaries of various State Departments, including DLLR, DBED, MHEC, and the Chair of the Governor's Workforce Investment Board (GWIB). MWC is empowered to hire a President and other staff. Although MACC supported HB 1526, there is some concern that MWC will become a separate training provider in competition with existing providers, including community colleges. It will be interesting to see what direction MWC takes, particularly since its primary advocate, DLLR Sec. Tom Perez, is leaving to take a position as Assistant Attorney General in charge of the U.S. Department of Justice Civil Rights Division.

For more detailed information on the bills mentioned above and many others, MACC has published a complete legislative report on the 2009 session. It is available in hard copy and on our website [www.mdacc.org](http://www.mdacc.org).

## Association Activities

**State Plan for Higher Education.** Throughout this year, MACC has worked closely with the Maryland Higher Education Commission on development of a new State Plan for Higher Education. The Plan is scheduled to be completed by June 30. Early on, MHEC decided to adopt the same goals as contained in the last State Plan in 2004. These are as follows: Quality and Effectiveness; Access and Affordability; Diversity; A Student-Centered Learning System; and Economic Growth and Vitality.

**Adult Basic Education.** In the 2008 session of the General Assembly, legislation was passed, with the support of MACC to transfer responsibility for Adult Basic Education (ABE) from the State Department of Education (MSDE) to the Department of Labor Licensing and Regulation (DLLR). Throughout this past fiscal year, MACC worked with the Transition Council created by the legislation to work through a host of issues related to moving ABE to DLLR. As of January 1, the Transition Council was replaced by the Adult Learning Oversight Committee, which will be a standing Committee of the Governor's Workforce Investment Board (GWIB). The MACC Executive Director is a member of the Oversight Committee. MACC looks forward to working with the Committee and all concerned parties to strengthen ABE and expand services to the many thousands of Marylanders who need them.

**Improving Transfer and Access.** For several years, community colleges, along with representatives of public and private four year institutions, have worked with MHEC to develop a transfer degree in engineering. We expect that sometime this summer, the Higher Education Commission will approve the Associate of Science in Engineering Degree.

Initially, the degree will be limited to Electrical Engineering and Computer Engineering, the areas where there is the greatest demand for engineers in Maryland. Community colleges expect to start offering the new degree in 2010.

**Trustee Leadership Conference.** The annual Trustee Leadership Conference and Legislative Reception took place on January 26 at Calvert House in Annapolis. About 100 trustees, foundation board representatives, presidents and other college staff attended. The luncheon keynote speaker was Sec. of Higher Education Dr. James Lyons, Sr. The student speakers were Shirley Lake from Chesapeake College and Jeffrey Steele from Wor-Wic Community College. Despite the problems with the economy, we had excellent support from sponsors. A large number of legislators attended the somewhat scaled back reception. Generally, the Conference was one of the best ever.

**Student Advocacy Day.** For the first time in three years, weather was not an issue for Student Advocacy Day in Annapolis. As a result, we had a huge (SRO) turnout of students for the opening meeting in the Miller Senate Office Building. We were honored to have Speaker of the House Mike Busch and Senator Ulysses Currie, Chair of the Budget & Taxation Committee, among others, take time out of their busy schedules to speak to the students. The students always bring a lot of energy and enthusiasm to the State Capital and they are an important part of our advocacy strategy.

**Statewide Media Coverage.** MACC has established itself with the news media as a critical source of information and quotes relating to community colleges. For example, in January, there was extensive newspaper coverage of the Governor's insistence on freezing tuition at the University System of Maryland, while simultaneously holding community colleges to the fiscal 2008 funding level. MACC responded to numerous requests from newspapers and online news outlets for comment on the Governor's budget, and whether community colleges would raise tuition if State funding was held to the FY '08 level, among other topics. Later in 2009, MACC participated in a radio program called "Maryland Morning" on the public radio station in Baltimore, which featured Cecil College President Steve Pannill, and Kate Hetherington, President of Howard Community College.

## **Conclusion: Where do we go from here?**

It is clear that our State will continue to face very challenging economic conditions for the next two years. Tax revenues (as they did in March) continue to fall below even pessimistic projections. The Department of Budget and Management has asked all State agencies (including Baltimore City Community College) to submit plans for reducing their FY 2010 budgets in order to cover a projected \$200 million shortfall in revenue. These cuts should be made official by the Board of Public Works in late July. Federal stimulus funds, though helpful, will only be available for the next two budget years. In fiscal 2011, or 2012 at the latest, the State will be faced with replacing \$14 million in federal funds currently substituted for general

fund dollars in the fiscal 2010 appropriation for locally supported (Cade Formula) community colleges.

At the same time, President Obama (and others in the Administration, such as Dr. Jill Biden and Sec. of Education Duncan) continues to stress the importance of community colleges to the economic recovery. A recent report by the Brookings Institution “Transforming America’s Community Colleges: A Federal Policy Proposal to Expand Opportunity and Promote Economic Prosperity” calls for increased federal spending on community colleges. On June 3, the community college presidents and various college and MACC staff met with Sen. Ben Cardin and Congressman John Sarbanes to discuss potential federal assistance.

The Maryland Council of Community College Presidents will meet at Anne Arundel Community College in August to discuss operating and capital funding issues, and other challenges. As we move forward in fiscal 2010, MACC will continue to be a strong voice for community colleges in a variety of venues, including federal and state government, the news media, and various committees and commissions.

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