



2011 Annual Report

June 22, 2011

Introduction

Next year marks the 20th anniversary of the Maryland Association of Community Colleges as a corporation. However, it was 20 years ago this August that the leadership of the Maryland General Assembly contacted the community college presidents and board chairs and challenged them to “create an advocacy mechanism” for Maryland’s 16 community colleges. The State Board for Community Colleges was set to be abolished in July of 1992, and elected leaders were concerned there was no entity that could represent the collective interests of the community colleges before the State. A number of structures were suggested, including placing this role under the responsibility of the newly created Maryland Higher Education Commission and establishing an “undersecretary” for community colleges. However, at that time, the General Assembly strongly believed that the leaders of the community colleges themselves should develop a structure. As a result, and after numerous meetings and addressing many conflicting points of view, the Maryland Association of Community Colleges was incorporated in April 1992.

Since that time, the Association has appointed three executive directors - each contributing to the growth and direction of the Association. As our fourth executive director assumes his new role, the presidents and trustees are to be congratulated for developing a sound organizational structure that has not only withstood the test of time, but has become a model for community colleges across the nation. Over the twenty year period, MACC has benefited from the assistance of 44 presidents, and hundreds of dedicated trustees. Although there are no presidents that have endured the full 20 years, two trustees have served community colleges since the inception of MACC; they are Mr. Merle Elliott of Hagerstown Community College, and Mr. Robert Lawrence of Wor-Wic Community College, both former presidents of MACC.

The presidents and trustees are to be thanked, not only for their guidance, but for contributing countless hours to shape and address the statewide needs of Maryland’s community colleges.

Operating Budget

State aid to community colleges has remained virtually the same since 2008 in spite of an enrollment growth of approximately 20,000 more students. To state this in another way, this three year system-wide growth at the community colleges is equivalent to establishing another higher education institution in Maryland that would be the approximate size of Towson University. During this period of time the State aid allocation has fallen \$440 per full-time equivalent student from \$2,307 per FTE in 2008 to \$1,868 per FTE in the 2012 budget. This is a

24% reduction. State aid has dwindled to approximately 22% of the cost of a community college education.

The final enactment of the fiscal 2012 State budget totaled \$34.1 billion. This is a 2.6% increase over the current year's budget. The legislature focuses most of its attention on the *General Fund* portion of the budget. The general fund excludes federal funds and those funds that are legally dedicated to particular purposes. The 2012 general fund budget totaled \$14.7 billion, which is about a 10.6% increase over last year's budget. Of this amount, community colleges received the following for FY 2012:

- \$194,407,432 State aid distributed to the 15 colleges through the Cade formula
- \$ 3,916,670 Small Community College Grant/Appalachian Grant
- \$ 6,000,000 Statewide and Health Manpower
- \$ 79,377 Garrett/ W. Va. Reciprocity
- \$ 485,334 Somerset Reciprocity
- \$ 4,380,728 ESOL Grants
- \$ 47,500,000 Employee Retirement Benefits

Keeping Community Colleges Affordable Grant

In addition, community colleges received a \$5 million grant to be allocated among the institutions to keep tuition increases at or below a 3% increase. All 16 community colleges met this commitment and additional funding was appropriated to the institutions on an in-county credit FTE basis. However, as with all grant funding, future use of this appropriation remains uncertain. MACC has been meeting with the Department of Budget & Management and the Governor's policy advisor to incorporate these funds in the base allocation for next year.

In light of the State's fiscal situation, community colleges acceded to the level funding of the base appropriation that was received last year; however there were several dangerous precedents established with this year's enactment of the Budget, Finance and Reconciliation Act (HB 72) that will permanently erode the community college operating budgets and alter the way the colleges do business:

First, funding changes were made to the Health Manpower Shortage program. 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;

Second, community colleges are now charged by the State Retirement System at the rate of \$163 per employee for each member of the State Retirement System; and,

Third, (and perhaps the most troubling) community colleges are now charged by the Maryland Higher Education Commission for the program approval process.

These modifications in the State budget will undoubtedly change the way our institutions perform. To make these changes without regard to the associated policy issues or the impact on our institutions and the students we serve sets a very distributing trend in balancing the State budget.

Although State revenues across the nation are increasing, it is anticipated that the fiscal 2013 budget will mark the fifth consecutive year that the Governor will address a budget deficit. Several solutions have been offered that are still being formulated: 1) a possible expansion of the sales tax base, 2) an increase in the gasoline tax that, if enacted, will likely be restricted to the Transportation Trust Fund for highway construction, and 3) the transfer of a portion of the teachers' pension costs to the counties. Although there is growing agreement among elected officials that a transfer in pension costs to local government entities would need to be tied to some type of local revenue enhancement, there is no doubt that this will have a direct impact on community college operating budgets.

Capital Budget

On behalf of the 15 Cade-funded community colleges, MACC submits an annual consolidated capital request to the Governor. This year 18 projects were funded at 11 institutions across the state. However, for the third consecutive year, the General Assembly chose to split-fund several community college projects. This ultimately brought MACC's \$85 million capital request to a \$58 million final appropriation. Although the \$58 million funded all projects that were ready for funding, there is concern that the decreased appropriation will become a cap for the community college grant program in subsequent years. Currently, the Maryland community college capital improvement grant is allocated at \$80 million per year for the next five years.

Tuition Rates for Undocumented Students

After multiple years of pursuing a change in the State law that would permit resident tuition rates for undocumented students who have graduated from our local area high schools, SB 167 was enacted. This bill has become one of the most controversial bills of the Session. The legislation bases tuition rates for these students on the location of the high school from which they graduate. The legislation is being petitioned to referendum. If 55,000 signatures are verified by State Board of Elections by July 20, the legislation will be placed on hold until the general election in November of 2012.

Community College Summit on Completion

MACC is exceptionally proud that Maryland's community colleges were the first in the nation to accept a statewide completion goal. All our colleges have specified the number of degree completions needed to do their part to reach the 55% degree attainment for Maryland. According to ACCT, Maryland community colleges are the first and only state system in the nation to accept President Obama's as well as Governor O'Malley's completion agenda. On December 3, 2010, MACC sponsored the first annual community college Completion Summit. Each of the 16 institutions sent a team of faculty and staff to share best practices to address

community college completion rates. The event featured Stan Jones, President of Complete College America and Dr. Martha Kanter, U.S. Under Secretary of Education. All 16 community college presidents signed a "Promise to Act" statement, thereby committing the colleges to meeting President Obama's goal of "*once again becoming the most educated nation in the world.*" The Statement can be viewed on the MACC website. Since that time, the campus chief academic offices, the research directors and student services have surveyed the colleges to further identify policies and barriers that impact community college completion. A follow-up summit is scheduled for December 9, 2011, at the Community College of Baltimore County.

Trustee Leadership Conference

The annual Trustee Leadership Conference and Legislative Reception took place on January 24 at Calvert House in Annapolis. About 100 trustees, foundation board representatives, presidents and other college staff attended. The luncheon keynote speaker was Dr. Walter G. Bumphus, President of the American Association of Community Colleges. Despite the problems with the economy, there was excellent support from sponsors. A large number of legislators attended the somewhat scaled back reception.

Student Advocacy Day

After having to cancel the Community College Student Advocacy Day in Annapolis for two consecutive years because of inclement weather, this year's event was extraordinarily successful. Approximately 300 community college students wore Support=Success badges and convened in the Legislative Joint Hearing Room. The group was addressed by Senate President Mike Miller; the Chair of the Senate Education, Business & Administration Subcommittee, Richard Madelano; and the Chair of the House Education and Economic Development Subcommittee, John Bohanan. The students always bring energy and enthusiasm to the State Capital and they are an important part of our advocacy strategy. Many of the students met with their respective delegations later in the day.

For the first time this year, the student services affinity group working with the campus public relations officers introduced a virtual Student Advocacy Day website. This website gives student testimonials at each of the community colleges across the state. It will be updated annually and plans are underway to incorporate it into the advocacy portion of our legislative agenda. The website is linked to the MACC homepage.

JCR Reports

Each year the budget committees of the General Assembly issue a Joint Chairmen's Report that expresses legislative intent or requests information on particular matters of interest during the interim session. As a result of the 2011 JCR, MACC will be working with the University System of Maryland to 1) outline the incentives for community college students to complete their associate degrees prior to transferring to a four year institution; 2) report on how the two- and four-year institutions work with local school systems, and 3) assist MHEC in staffing a task force

that is concerned about degree completion, student success rates and costs per degree at postsecondary institutions in Baltimore City.

Longitudinal Data Systems

MACC is heavily invested in the creation and formation of the center and warehouse for the Maryland Longitudinal Data System. Maryland is in the process of developing a data bank that will provide new research possibilities for detailed college and career policy questions. The LDS will combine unit record data across the segments of elementary, secondary, postsecondary education, and into the workforce. As a result of SB 275 that passed in 2010, the Governor has established a Maryland LDS Board, which is co-chaired by Brit Kirwin, Chancellor of USM, and Nancy Grasmick, Superintendent of Education. The MACC Executive Director is a member of the LDS Board that is charged with overseeing the design and implement, which will entail the establishment of a MLDS Policy Center that will have a director and staff and be responsible for reporting on an approved research agenda.

Conclusion

It is clear that our State will continue to face very challenging economic conditions through the next legislative session. We have received conflicting information regarding the issues to be addressed during the Special Session on redistricting that is scheduled to convene late October or early November. Correspondence from the Senate President has suggested that this Session may examine the gasoline tax and look to transfer a portion of the pension costs to local governments. Others have stated that the Special Session will be limited to redistricting.

As you meet with your elected officials across the state, MACC asks that you keep in mind a couple of salient points when addressing your concerns about community colleges. These points will help us set the stage for the upcoming session in January:

- 1) To balance the State budget by transferring pension costs to local government entities does not save taxpayers any money. It just places the responsibility elsewhere;
- 2) When it is alleged that community colleges were level funded, cite the fact that community colleges have absorbed enrollment increases over the past three years that are equivalent to creating another Towson University in the State and are operating with 24% less state funding per FTE than that allocated in 2008.
- 3) And, finally note that the budget now requires all colleges and universities to pay fees to other state agencies for services required by the State. Cite the fact that the colleges are now required to pay a fee to the State Retirement Agency for each employee who is a member of the State Retirement System for administrative services. In addition, colleges are now required to pay a fee to the Maryland Higher Education Commission for regulating the program approval process. Note that you understand the State's dilemma regarding the

revenue shortfall, but to enact a budget that requires one state agency to charge another government entity for services required by the State in order to enact a balanced budget borders on the absurd.

The Maryland Council of Community College Presidents will meet at Anne Arundel Community College in August to discuss operating and capital funding issues, and to redraft MACC's strategic plan and the legislative agenda. These will be presented to the Board for approval at the October meeting. As we move forward in fiscal 2012, MACC will continue to be a united voice for Maryland's community colleges.

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