

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 136 (Senator Ellis)
Education, Health, and Environmental Affairs

**College of Southern Maryland - Charles County Campus - Transition to Charles
County Community College**

This bill establishes the Charles County Community College (CCCC) and the Board of Community College Trustees for Charles County by transitioning the College of Southern Maryland (CSM) Charles County campuses to CCCC. The new college begins operations on July 1, 2023. **The bill takes effect July 1, 2023, except for the provision that requires the Board of Trustees of CSM to endeavor to secure a stable transition of the CSM Charles County campus and programs, which takes effect July 1, 2022.**

Fiscal Summary

State Effect: None. It is assumed that the bill does not materially affect overall community college enrollment (and, thus, community college formula funding) or funding for the Community College Capital Funding Program. Accordingly, there is no material long-term effect on State expenditures. Revenues are not materially affected.

Local Effect: Overall, it is assumed that college enrollment remains the same; thus, local revenues from the State community college (Cade) funding formula remain the same. It is assumed that community college expenditures for Calvert, Charles, and St. Mary's counties remain the same; however, the counties may choose to increase funding to maintain service levels, as explained below. Community college capital projects in Charles County may receive less funding due to a lower State contribution level for nonregional community colleges. It is assumed that funding for capital projects in Calvert and St. Mary's counties remains the same.

Small Business Effect: None.

Analysis

Bill Summary:

Board of Community College Trustees for Charles County

CCCC is governed by a seven-member Board of Trustees, who are appointed by the Governor, with the advice and consent of the Senate, to no more than two consecutive five-year terms. Each member must be a resident of Charles County and have completed at least 60 semester hours of accredited college work. A member may not be an elected official of the State, a county, a municipal corporation, or the Charles County Board of Education. Each member of the board is entitled to receive a maximum of \$600 each year for expenses.

Any members of the CSM Board of Trustees who reside in Charles County must be transferred to the CCCC Board of Trustees, as specified.

Transition

The bill specifies measures that must be taken to transition the CSM Charles County campus to CCCC as established by the bill on July 1, 2023, including (1) removing Charles County from CSM; (2) reducing the CSM Board of Trustees from nine to six members; (3) actions that must be taken when transferring employees; and (4) transferring powers, duties, and property.

Further, beginning July 1, 2022, the CSM Board of Trustees must endeavor to secure a stable transition of the CSM Charles County campus and programs to CCCC before July 1, 2023, through advertising, changing the college letterhead and signs, and preparation of materials, processes, and activities as stated and implied by the bill.

To ease the transition, for the 2023-2024 academic year, CCCC may offer the same degree programs that CSM is approved to offer and may operate without approval from the Maryland Higher Education Commission (MHEC). However, to continue to operate beyond the 2023-2024 academic year, CCCC must meet current program approval requirements.

The bill specifies that, in calculating Cade funding for CCCC in fiscal 2024, the State must use the enrollment of Charles County residents at CSM in fiscal 2022.

Current Law: CSM is a public, regional community college serving Calvert, Charles, and St. Mary's counties. It was established in statute by Chapter 695 of 1999 from the then-existing Charles County Community College. CSM operates four campuses in the

tri-county area: two in Charles County and one each in Calvert and St. Mary's counties. CSM is governed by a nine-member Board of Trustees, who are appointed for five-year terms by the Governor, with the advice and consent of the Senate.

Calvert, Charles, and St. Mary's counties may appropriate money to pay the cost of operating CSM.

Unless otherwise agreed to by the county commissioners, the capital expenditures for each campus are the responsibility of the county in which the campus is located. The distribution of shared costs is that of a regional community college.

Each year the Board of Trustees and the President of CSM must prepare and submit to the county commissioners (1) an annual report; (2) an operating budget; (3) a capital budget; and (4) if required, a long-term capital improvement program. The county commissioners in each county must review and approve the budget request to that county, and they may reduce it.

Community College Capital Funding

State capital funds for locally owned community colleges are provided through the Maryland Community College Construction Grant Program, which was established by Chapter 373 of 1961 to assist in the acquisition of property and in the design, construction, renovation, and equipping of public and regional community college buildings, site improvements, and facilities. In addition, the grant program provides funds for the systemic renovation of buildings, the improvement of existing infrastructure, and the installation of modern telecommunications infrastructure. Based on the cost-sharing formula, the State contributes between 50% and 70% of eligible costs of a project for a community college and 75% for regional community colleges.

Senator John A. Cade Funding Formula for Community Colleges

The formula used for the distribution of funds to community colleges is known as the Senator John A. Cade Funding Formula. The State's annual contribution to the Cade funding formula is determined by enrollment at community colleges and a percentage, set in statute, of the level of funding received by selected public four-year institutions. Specifically, the formula bases per student funding on a set statutory percentage of current year State appropriations per full-time equivalent student (FTES) at the selected four-year institutions, including noncapital appropriations from the Higher Education Investment Fund. The resulting community college per student amount is multiplied by the number of FTES enrolled in the colleges in the second preceding fiscal year to identify a total formula amount.

State Expenditures: State operating expenditures for community colleges distributed through the Senator John A. Cade Funding Formula are based on FTES enrollment. It is assumed that overall community college enrollment remains level; thus, there is no material long-term impact on State formula funding. If community college enrollment increases or decreases due to the bill, State community college funding increases or decreases accordingly. There may be short-term enrollment impacts due to the transition; however, any such impact cannot be reliably estimated.

The Maryland Community College Construction Grant Program receives a set amount of funding in the State budget; the bill does not impact this amount.

Local Fiscal Effect: Overall, it is assumed that college enrollment remains the same; thus, local revenues from the Cade funding formula remain the same.

Although community college expenditures for Calvert, Charles, and St. Mary's counties are assumed to remain the same, the counties may choose to increase funding to maintain service levels. Operating two community colleges (*i.e.*, CCCC and CSM) is likely less efficient than operating one community college (*i.e.*, CSM). Therefore, to offer the same level of services, local expenditures and/or tuition and fees may need to increase. However, the bill does not require the community colleges to maintain services; thus, any increase in local revenues and/or expenditures is optional.

Community college capital projects in Charles County may receive less State funding due to a lower State contribution level for nonregional community colleges. As a regional community college, the county share for the capital program is 25%; however, as a single county community college, it increases to at least 30% and as much as 50%. Thus, fewer capital improvements can be undertaken for CCCC or Charles County expenditures must increase.

It is assumed that funding for capital projects in Calvert and St. Mary's counties remains the same as they remain a part of CSM, a regional community college.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Calvert, Charles, and St. Mary's counties; Maryland Higher Education Commission; Department of Budget and Management; Department of Legislative Services

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