



WAYS AND MEANS COMMITTEE

February 11, 2020

TESTIMONY

Submitted by
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Maryland Association of Community Colleges

BILL: Community Colleges - State Funding – Revision

POSITION: Favorable

House Bill 423 exposes how Maryland's community colleges are disadvantaged when it comes to public financial support. When the Cade Funding Formula calculation for FY 2020 did not include the cost of living increases to the University System of Maryland institutions, it placed community colleges in a weak position when it comes to financing our associated costs, especially regarding compensation for our faculty and staff. Nearly 80 percent of all expenditures at Maryland community colleges are labor costs.

All segments must compete in the same highly competitive market for faculty and staff. For a segment of higher education where the state has made a policy commitment, excluding \$40 million from the aid calculation has very significant consequences for being able to compensate our faculty at the market rate.

Research done by the National Bureau of Economic Research (NBER) concludes that *part* of the growth in part-time, non-tenure track faculty at public institutions is to generate the revenues necessary to pay for higher salaries for tenure track faculty (Ehrenberg, 2002). This trend impacts community colleges more than any other segment.

Maryland's community colleges do not have a fund balance to draw from when the state reduces its support nor billion-dollar endowments to compensate the lack of state support when attracting quality instructors. We simply do not have the resources that our segmental counterparts have in order to remain competitive and are dependent on the State, the counties, and tuition as our revenue sources. HB ## seeks to address this issue, which will help close the variance in salaries that have spread to a level that has become more challenging to correct because of this loophole.

When the public four-year institutions find their funding reduced, it is true that we are also reduced, however, that is not the complete picture. Since community colleges are primarily dependent upon public funding, we have only one option to make up the difference, which is to raise tuition.

The General Assembly needs to understand how dependent community colleges are on state funding and how variations in the formula, such as excluding cost of living increases at the public four-year intuitions can impact our ability to remain competitive, which in turn impacts the level of postsecondary instruction our students receive. Therefore, MACC is in full support of this legislation and view it as a small step forward to having a more equitable public financing model.

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