



# Montgomery County

## Office of Intergovernmental Relations

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**SB 433**

**DATE: January 29, 2021**

**SPONSOR: Senator King**

**ASSIGNED TO: Budget and Taxation**

**CONTACT PERSON: Kathleen Boucher (kathleen.boucher@montgomerycountymd.gov)**

**POSITION: Support**

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### **Community Colleges – State Funding – Revision**

This bill specifies that the calculation of State appropriations to four-year public institutions of higher education that is used in the Senator John A. Cade Funding Formula for community colleges must include appropriations, regardless of where they are budgeted, that are designated for the general operation of the institutions, including personnel-related appropriations. An identical bill that was introduced last year would have resulted in an increase of \$6.7 million distributed Statewide under the Cade formula in fiscal year 2021, with \$1.2 million for Montgomery College.

Funding distributed under the Cade 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.

In recent years, the Department of Budget and Management (DBM) has not included cost-of-living adjustments (COLAs) for State agencies, including public four-year higher education institutions, in the appropriations for the agencies/institutions. Instead, these costs have been appropriated centrally in the DBM budget. As a consequence, COLA increases for the upcoming fiscal year are not included in the per FTES amount used in the Cade funding formula. The COLA funding is later transferred into the institutions' budgets and is reflected in formula calculations in subsequent years. Effectively, this means that the impact of State COLAs on the Cade formula lags by one fiscal year.

Montgomery County supports this bill because it ensures that the impact of State COLAs on the Cade formula is accurately reflected in the current fiscal year and respectfully requests that the Budget and Taxation Committee give this bill a favorable report.