



SENATE BUDGET AND TAXATION COMMITTEE

March 3, 2021

TESTIMONY

Submitted by

Dr. Brad Phillips, Deputy Executive Director

SB0493 – Budget Reconciliation and Financing Act (BRFA) of 2021

Position: Oppose

The Maryland Association of Community Colleges (MACC) representing all of Maryland's 16 community colleges strongly opposes SB0493, which alters the full-time pupil allocation for our community colleges as funded in the Governor's FY 22 budget and changes the methodology for funding community colleges in future years. MACC also opposes language changes in the bill. This legislation is being opposed on both a fiscal and conceptual basis.

This legislation removes decision-making powers from the duly elected legislature whose responsibility it is to determine budget reconciliation. In addition, the legislation does not provide affected organizations a voice prior to imposition of these decisions. This legislation would signify a major power shift in that responsibility.

Fiscal support for Maryland's community colleges has not fully recovered from the "Great Recession" during which time our community colleges lost approximately \$100 Million in funding. This reduction in funding was attributed to the State's fiscal condition and inability to adequately compensate community colleges for spiking enrollments brought about by a diminished labor market. In response to revenue losses, the State rebased the CADE formula 8 times since 2008 and legislatively pushed back the timeline for full implementation of full CADE formula funding to FY 2023.

Unfortunately, as the State approached its intended goal of fully funding community colleges, the COVID pandemic emerged and funding for community colleges was again reduced through recessions made by the Board of Public Works in July. For community colleges, those recessions amounted to \$36.2 Million in lost State aid and pushed back the State CADE participation to 21% from 25% of the FTE granted to the four-year public institutions. This action compounded the enormous fiscal losses experienced by our colleges during the pandemic.

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The proposed BRFA would decrease aid to the community colleges by \$26 Million. This BRFA signifies that this administration has no intention of fully funding CADE, ignoring the State's promise of being equal partners with county government and students in funding their fair share of the cost of a community college education. Astonishingly, this reduction of funds and abandonment of the CADE formula, along with decreasing enrollments and revenue loss will result in fiscal disaster for our colleges. This legislation signals a fundamental lack of understanding of the needs of our community colleges. The funding model proposed for future years would inhibit our colleges ability to innovate, provide program enhancements and address enrollment increases with predictability. It certainly would not be a value-based model.

MACC opposes this legislation as it pertains to community colleges and requests FULL CADE formula funding as per FY22 that ties the FTE funding granted the public four-year institutions to the funding granted to community colleges at 27% as presented in the Governor's submitted budget. We also request the Committee retain the General Assembly's budget making authority by rejecting Section (VII) on page 9 that would tie future state aid to committing colleges to the State's projected revenue growth. Investing in affordable education and skills enhancement for Maryland's workforce is the most cost-effective means to increase the State's future revenue growth.