



Larry Hogan
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James D. Fielder, Jr., Ph. D.
Secretary

R62I0005
Aid to Community Colleges
Fiscal 2018 Budget

**Testimony of Dr. James D. Fielder, Jr., Secretary of Higher Education,
to the House Appropriations Subcommittee on Education and Economic Development and
the Senate Budget and Taxation Subcommittee on Education, Business and Administration**

February 22 & 23, 2017

Issues

1. The Secretary of the Maryland Higher Education Commission and Director of the Maryland Association of Community Colleges (MACC) should comment on why initiatives to date have not moved the needle of the successful persister rate and what the two-year sector will do going forward. - Pg. 5

MHEC Response: MHEC defers to the Director of MACC for the bulk of this answer, but would like to offer two observations.

First, the requirements of the CCRCCA were not implemented until after the 2011 cohort had begun its studies, so any impact on six-year outcomes is still at least two to three years away from appearing in the Degree Progress Analysis.

Second, increasing the number of successful students depends on either an increase in the success rate or an increase in the number of students, or both. When it comes to successful persisters, there has been significant growth in the number of students in the cohort and therefore an increase in the number of successful students. The 2001 cohort, as reported to MHEC and published in MHEC's report *Retention, Graduation, and Transfer Rates at Maryland Community Colleges, June 2007*, included 15,436 students; the 2011 cohort included 18,883 students, an increase of 3,447 students, or 22.3 percent. That translates into an increase of 2,916 successful students in the 2011 cohort as compared to the 2001 cohort. That is equivalent to increasing the successful-persister rate from 70.9 percent to 84.7 percent.

This is particularly striking given that the increase in the cohort has been driven almost entirely by developmental students. In 2001, there were 4,414 college-ready students in the 2001 cohort, and there were 4,433 college-ready students in the 2011 cohort, an increase of 19 students. By contrast, the number of developmental non-completers grew from 5,182 to 6,137, and the number of developmental completers grew from 5,840 to 8,302. Taken together, the number of developmental students grew by 3,417 students. In addition, more than two-thirds of those "additional" developmental students completed their remedial coursework, which is another indicator that community colleges are working to improve student success.

In addition, when the successful-persister rate for each sub-group is compared, we can see further improvements. The rate for college-ready students improved from 75.6 percent to 82.1 percent. The rate for developmental completers improved from 78.6% to 82.1%. Only the rate for developmental non-completers declined, from 43.0 percent to 42.6 percent.

In that context, then, holding the overall successful persister rate steady represents a laudable success on the part of the community colleges.

2. The director of MACC should comment on what successful outcomes are possible for a developmental noncompleter still enrolled in courses and what percent ultimately graduate with any certificate or degree. In addition, MACC should comment on how the requirement in the CCRCCA that students complete required developmental coursework within their first 24 credits is affecting the developmental noncompleters. - Pg. 9

3. The Department of Legislative Services (DLS) recommends that the Cade formula be recalculated with the correct enrollment at CSM and to include hold harmless funding for all eligible community colleges. This would be a reduction from the allowance of \$296,405. This will provide every college with at least as much State funding in fiscal 2018 as it received in fiscal 2017. - Pg. 12

MHEC Response: MHEC concurs with this recommendation on the basis that it is a recalculation consistent with the Governor's Allowance.

4. The Secretary should comment on whether there should be a maximum hold harmless grant level beyond which a local community college's aid would be rebased given long-term enrollment declines. – Pg. 13

MHEC Response: The Hold Harmless provision in the Cade formula is designed to provide stability when colleges experience changes in enrollment, or other factors. At this time, MHEC cannot recommend whether there should be a maximum hold harmless grant level or whether a college's aid be rebased given long-term enrollment declines. At this point in time, the duration of enrollment declines is uncertain. Moreover, there is no standard for identifying a "long-term" enrollment decline. It is true that in the last five years, community college enrollment has declined by an average of 2.5% per year. But if the term expands to the last ten years, enrollment has increased by an average of 0.9% per year, and if the term is expanded to fifteen years, enrollment has increased by an average of 1.6% per year.

The Cade formula establishes no limit on hold-harmless funding and no provision for rebasing because of enrollment changes. If there is a desire to revisit the Cade formula or other components of the Aid to Community Colleges, MHEC would recommend that this be performed through an intersegmental workgroup or task force to study funding to community colleges.

5. The Secretary should comment on whether Garrett College should be considered as in compliance with the MOE in fiscal 2016 and 2017. – Pg. 14

MHEC Response: Garrett College should be considered in compliance with the MOE in fiscal 2016 and 2017 since, as noted in the analysis, the annual operating appropriation to the college in each of those years was unchanged and the county has maintained its MOE requirement.

6. The Secretary should comment on how MHEC can monitor MOE requirements while also ensuring that community colleges are not punished for the actions of counties. – Pg. 14

MHEC Response: MHEC monitors MOE requirements through the components and required documentation, particularly the MHEC CC-4 Report, for community colleges under the Cade program. MHEC receives annual audited financial statements, specifically the MHEC CC-4 report, that provide the required information for the annual Cade program.

Through this reporting, MHEC works with the colleges to administer Cade funding. When an issue arises within the reporting, MHEC works with the affected college to establish an understanding, and work towards a resolution of the issue. MHEC worked closely with Chesapeake College on the Caroline County funding issue, and has worked closely with Carroll Community College and other colleges on other issues through the years.

MHEC will continue to work closely with the colleges through the Cade program to assist when necessary to ensure that colleges are not punished for the actions of the counties.

7. Given that the Cade formula is fully funded in fiscal 2018 and that the one-time grant creates complications in tuition policy in future fiscal years, DLS recommends deleting the new one-time \$4 million supplemental grant for community colleges. – Pg. 17

MHEC Response: MHEC concurs with the Governor's Allowance. This funding is intended to be a one-time supplemental grant to assist the colleges with deferred maintenance, equipment purchases, and other one-time expenditures in fiscal 2018.

8. The Secretary and MACC director should comment on the unaffordability of out-of-service area tuition and fee rates, especially for low-income students, and what this means for having an open and accessible community college system for all Marylanders given that not all institutions offer all programs. – Pg. 20

MHEC Response: Community colleges are agencies of local governments with their own county based governing boards, and as such, receive tax support for their operations from the local governments supporting the colleges. Residents of those localities receive a lower in-county (or in-district) tuition level in since their county taxes create the revenue that the local governments provide in support of the community colleges. Noncounty residents do not receive the in-county rate, since they are not supporting the colleges with their local taxes.

The Statewide and Health Manpower programs provide the opportunity for out-of-county students to take certain programs at the in-county rate. Also, community college students can take advantage of financial aid to assist with their postsecondary education. MHEC recommends continuing with the in-county, out-of-county, and out-of-state tuition

9. Because several local jurisdictions in Maryland are already implementing Promise-like programs on their own initiative, the Director of MACC should comment on whether any additional State support is actually needed to make community colleges significantly more affordable for service area residents.

The Secretary should comment on the effect free community college would have on access-oriented four-year institutions, such as Coppin State University, which are already struggling with enrollment concerns. – Pg. 24

MHEC Response: Tennessee’s enrollment data relate that, overall, the Tennessee Promise led to an increase in the number of first-time students at community colleges by just over 20 percent, while at the same time the number of first-time students attending public four-year institutions declined by about 10 percent. (Tennessee has not yet established that the decline in four-year enrollment is directly related to the Tennessee Promise program.)

Oregon’s data are much less detailed and much less complete. However, early returns from Oregon suggest similar macro effects: the number of recent high school graduates in community college increased by about 14 percent, and the number in four-year institutions decreased by about 7 percent.

Tennessee also has institution-level data available, and those data show significant variation among four-year institutions. Two institutions saw small increases in first-time enrollment: the University of Tennessee Knoxville, the state’s flagship, and Austin Peay State University, which is one of the state’s less prestigious institutions. Tennessee State University, the state’s only public Historically Black College or University (HBCU), saw a very small decline, less than 2 percent. The other seven institutions saw decreases ranging from 6 percent to 18 percent. The largest of these declines occurred at Tennessee Tech University, and the second largest at the University of Tennessee Martin, both of which are in relatively remote parts of the state, but the third and fourth largest declines occurred at the University of Tennessee-Chattanooga and the University of Memphis, in large urban areas. It is difficult to tell which of these factors might affect Coppin State if a free-community-college program were made available. It is reasonable to think that it might experience relatively large declines because it is in an urban area, but equally reasonable to think that it might experience small declines because it is an HBCU.

The most salient question is the effect of a decline, of any size, on Coppin State University. This question may be better directed to representatives of the University System of Maryland or Coppin State itself.

10. The Secretary and director should comment on how to ensure equity of State support across smaller institutions given enrollment changes over time. – Pg. 26

MHEC Response: MHEC is aware of two pieces of legislation that have been introduced this session, House Bill 204 and Senate Bill 521, but is not taking a position on either of these bills. Small community colleges grants assist the colleges with lower enrollment cover overhead costs.

11. DLS concurs with MHEC’s expanded data collection on noncredit outcomes and recommends narrative on what MHEC collects and what MHEC plans to do with MLDS with regard to better understanding noncredit student outcomes and job placements. – Pg. 29

MHEC Response: MHEC concurs with the recommended action #3 below.

12. The Director of MACC should comment on the role of Commerce and DLLR in Maryland WorkSmart. The Director should also comment on how sustainable WorkSmart is as it is currently relying on the generosity of CCBC. – Pg. 29

13. The Director of MACC should comment on whether WorkSmart has identified any successful workforce training programs in states without centralized community college systems. – Pg. 30

Recommended Actions

1. Add the following language to the general fund appropriation: - Pgs. 2 & 31

, provided that the appropriation made herein for local community colleges be reduced by \$296,405.

Explanation: This \$0.3 million reduction in general funds for local community colleges corrects for an overstatement of enrollment in the fiscal 2018 allowance.

MHEC Response: MHEC concurs with recalculating the Cade formula with the corrected enrollment for the College of Southern Maryland on the basis that it is consistent with the Governor’s Allowance.

2. Add the following language to the general fund appropriation: - Pgs. 2 & 31

Further provided that the appropriation made herein for community colleges be reduced by \$4,000,000.

Explanation: This action deletes the new \$4 million one-time supplemental grant for community colleges.

MHEC Response: MHEC concurs with the Governor's Allowance. This funding is intended to be a one-time supplemental grant to assist the colleges with deferred maintenance, equipment purchases, and other one-time expenditures in fiscal 2018.

3. Adopt the following narrative: - Pgs. 2 & 31

Report on Noncredit Student Data from Fiscal 2016: The Maryland Higher Education Commission (MHEC) has informed the budget committees that it is piloting a new data collection effort regarding completion in noncredit workforce training programs in fiscal 2016. The committees request MHEC summarize the data that is received and explain how MHEC and Maryland Longitudinal Data System are working together to determine the effectiveness of noncredit sequences in meeting the State's workforce needs.

Information Request	Author	Due Date
Report on noncredit student data from fiscal 2016	MHEC	December 1, 2017

MHEC Response: MHEC concurs with the recommended action.