



MHEC
Creating a state of achievement

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R62I0005
Aid to Community Colleges
Fiscal 2020 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 20 & 22, 2019

Recommended Action

Adopt the following narrative:

Managing for Results Submission: In the annual Managing for Results (MFR) submissions, the Maryland Higher Education Commission (MHEC) reports on the gap in statewide graduation and transfer rates from community colleges as they compare between minority students and all students. However, the size of the gap for minority students is obscured by the fact that their graduation and transfer rates are included in the rate for all students. Therefore, the budget committees request that MHEC amend its annual MFR submission so that the size of the gap measures graduation and transfer rates as they compare between minority students and White students.

MHEC Response: MHEC agrees that comparing minority student performance to all students' performance can obscure trends and mask outcomes gaps among students. In an effort to be more transparent regarding the performance of students by race and ethnicity, MHEC proposes to provide data each year in the MFR submission that lists outcomes by all racial/ethnic groups. See examples below.

Two-, Four-, and Six-Year Outcomes by Race/Ethnicity 2011 Cohort Public Four Year Institutions			
	2nd Year Retention Rate	Four-Year Graduation Rate	Six-Year Graduation Rate
Non-resident Alien	80.3%	33.8%	56.1%
Hispanic (of any race)	86.0%	41.9%	71.1%
Black or African American	75.6%	21.8%	49.3%
White	85.6%	54.2%	77.0%
American Indian/Alaska Native	79.2%	37.5%	54.2%
Asian	90.6%	55.0%	81.6%

Hawaiian/Pacific Islander	100.0%	63.6%	90.9%
Two or More Races	79.5%	39.2%	62.8%
Unknown	79.7%	43.4%	68.1%

Four-Year Graduation-Transfer Rates by Race/Ethnicity for 2013 Cohort*	
White	44.0%
African American	25.9%
Asian	47.7%
Hispanic	34.0%

* For future submissions, MHEC would include all racial/ethnic groups in outcomes table. This format is a sample of what MHEC could provide.

MHEC Response:

Local Maintenance of Effort

MHEC should explain to the budget committees how and when it determines whether or not county governments meet MOE and why Garrett College did not have its Cade funding increase withheld until fiscal 2018 when Garrett County did not meet its MOE requirements in years prior.

MHEC Response: MHEC receives two budget reports from the community colleges annually. One report is the MHEC CC-5 report, which is a document designed to provide MHEC with the college’s estimated county approved operating budget. This report is due at the beginning of the fiscal year in July. The other report is the MHEC CC-4 report, which is a report designed to provide MHEC with information necessary to substantiate State aid payments to the community colleges for the upcoming fiscal year. This report is verified by the colleges’ respective independent certified public accountants to confirm eligible enrollment for Cade funding as well as State, local and other revenue to each college and is reported after the close of the nearest fiscal year. The CC-4 report is submitted to MHEC in the fall, depending upon when the respective college Boards of Trustees can vote on the report. It is from these reports that MHEC determines whether or not county governments meet Maintenance of Effort (MOE).

In the case of Garrett College, MHEC received the changes to Garret County’s local appropriation to the college on the college’s CC-4 report for FY 2016 in October 2016. The enrollment and county appropriation figures in that report were used to determine the level of Cade funding and MOE for the FY 2018 Cade appropriation to the college. Since the County appropriation reported for that year was lower for FY 2016 than FY 2015, the State appropriation for FY 2018 was reduced to the level provided in FY 2017.

Other Changes in State Funding

MHEC should explain to the budget committees how it estimates Cade funding and enrollment for Garrett College as it determines the correct grant amount for the Garrett College/West Virginia reciprocity program for the annual allowance.

MHEC Response: To estimate the enrollment for the Garrett/West Virginia grant, MHEC runs an estimated enrollment based upon a three-year rolling average of the enrollment in the grant for the three most recent prior years. Therefore, the estimate for the grant appropriation for that year's grant begins as an estimate. During the fiscal year, MHEC receives the actual grant enrollment report from the college. It's at that time that MHEC adjusts the funding to be expended on the grant.

The estimate for fiscal 2020 grant funding reflects that enrollment lowered from 13.74 FTE in FY 2017 to 5.71 FTE in FY 2018. This caused the projected FTE for the grant to be reduced, thereby reducing the estimate in FY 2020 funds. In addition, MHEC uses an estimated Cade appropriation for the college to determine the upcoming grant funding level. The level of grant funding must be adjusted once the actual appropriation has been determined.

Nonetheless, as the analysis states: "...if State appropriations for reimbursement for reciprocity agreements for this program do not provide sufficient funds to fully reimburse Garrett College, the Governor shall include in the budget bill for the next fiscal year a deficiency appropriation to provide the additional funds to fully reimburse the college." This is set out in § 16-310(a)(3)(ii) of the Education Article of the Annotated code of Maryland.