

**R62I0005**  
**Aid to Community Colleges**  
**Maryland Higher Education Commission**

***Executive Summary***

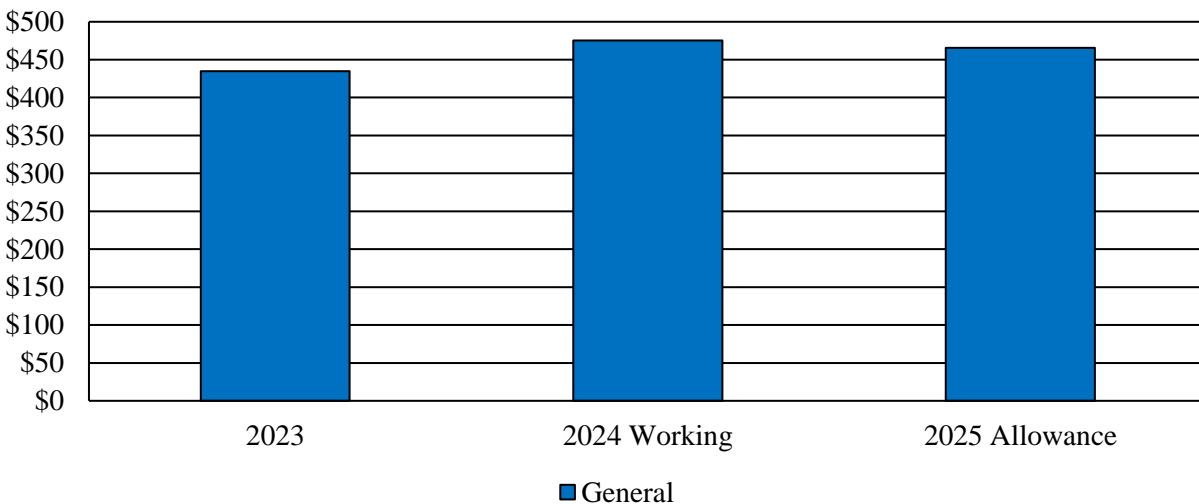
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The Aid to Community Colleges budget contains State funding for local community colleges as administered by the Maryland Higher Education Commission (MHEC). The majority of this funding is determined under various aid programs, most significantly the Senator John A. Cade (Cade) Funding Formula. The budget also contains funding to support retirement payments for employees of local community colleges.

***Operating Budget Summary***

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**Fiscal 2025 Budget Decreases \$9.9 Million, or 2.1%, to \$465.5 Million**  
**(\$ in Millions)**



Note: Numbers may not sum due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2025 allowance accounts for reductions contingent on legislation.

- Language in the fiscal 2025 Budget Bill reduces the Cade Funding Formula by \$22.6 million in fiscal 2025 contingent on the Budget Reconciliation and Financing Act (BRFA) of 2024, which changes the funding formula.
- Funding for community colleges through the Cade Funding Formula decreases by \$18.5 million, or 4.7%, in the fiscal 2025 allowance relative to the 2024 working appropriation after accounting for the contingent reduction.

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## ***Key Observations***

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- ***Persister Rates Continue to Signify Importance of Completing Developmental Coursework:*** Preliminary data shows that the 2018 cohort of students attending Maryland’s community colleges have successfully persisted at a rate of 71.8%, a slight decrease from the prior cohort. Students who complete developmental coursework persist at a rate of 77.5%, while those who do not persist at a rate of only 37.4%. This shows the importance of community college students completing developmental coursework.
- ***Community College Enrollment Increases:*** In the preliminary opening fall 2023 enrollment dataset, total community college headcount enrollment grew to 102,662, or an 8.3% increase, relative to fall 2022. Total headcount enrollment has fallen by 30.9%, or 46,008 students, when compared to the fall 2011 enrollment high mark.

## **Operating Budget Recommended Actions**

1. Adopt committee narrative requesting a report on developmental education.

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## ***Operating Budget Analysis***

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### **Program Description**

State aid for the 15 local community colleges is provided through the Cade Funding Formula under § 16-305 of the Education Article, under the administration of MHEC. The current formula has been used to determine funding since 1998. The amount of aid is based on a percentage of the current year's State aid per full-time equivalent student (FTES) at selected four-year public higher education institutions and the total number of FTES at the community colleges. The total is then distributed to each college based on the previous year's direct grant, enrollment, and a small-size factor. Under current law, funding is based on an amount equal to 29% of the State aid per FTES at the selected four-year schools.

Additional grants are provided through the following programs.

- ***Small Community College Grants:*** distributed to the smallest community colleges in order to provide relief from the disproportionate costs that they incur. Chapter 284 of 2000 increased the grants distributed by MHEC to seven small community colleges beginning in fiscal 2003. Chapter 330 of 2017 created the requirement that all schools receiving grants receive the same amount. The amount of the unrestricted grants increases annually by the same percentage of funding per FTES at the selected institutions used by the Cade Funding Formula. Additional grants are received by Allegany College of Maryland and Garrett College, which are referred to as Appalachian Mountain grants. These grants do not increase annually.
- ***Health Manpower Shortage Grant:*** permits some students to attend out-of-county community colleges and pay in-county tuition rates. The grants reimburse colleges for out-of-county tuition waivers. If funding in a single year is not enough to cover the entire program, MHEC prorates funding based on the size of the total submissions of all the institutions.
- ***English for Speakers of Other Languages (ESOL):*** provides funding for instructional costs and services for ESOL students. Funding is capped at \$800 per eligible FTES and \$8 million in total State aid for the program.
- ***Garrett/West Virginia Reciprocity Program:*** allows West Virginia residents to attend Garrett College at in-county tuition rates and provides reimbursement for tuition waivers. The Somerset County Reimbursement Program similarly provides in-county rate tuition waiver reimbursement to colleges, permitting students who reside in Somerset County, which has no community college, to attend at in-county tuition rates.

Certain community college employees are eligible to participate in a defined benefit retirement plan maintained and operated by the State. Alternatively, the employees may participate in the Optional Retirement Program (ORP), a defined contribution plan. Under current law, the State funds the costs associated with the various retirement plans, with the exception of State Retirement Agency administration costs.

The goals that MHEC has set for providing State aid to community colleges are:

- to ensure that Maryland community college students are progressing successfully toward their goals;
- to attain diversity reflecting the racial/ethnic composition of the service areas of the community colleges;
- to support regional economic and workforce development by producing graduates and by supplying training to the current employees of businesses; and
- to achieve a competitive ORP to recruit and retain quality faculty.

## ***Performance Analysis: Managing for Results***

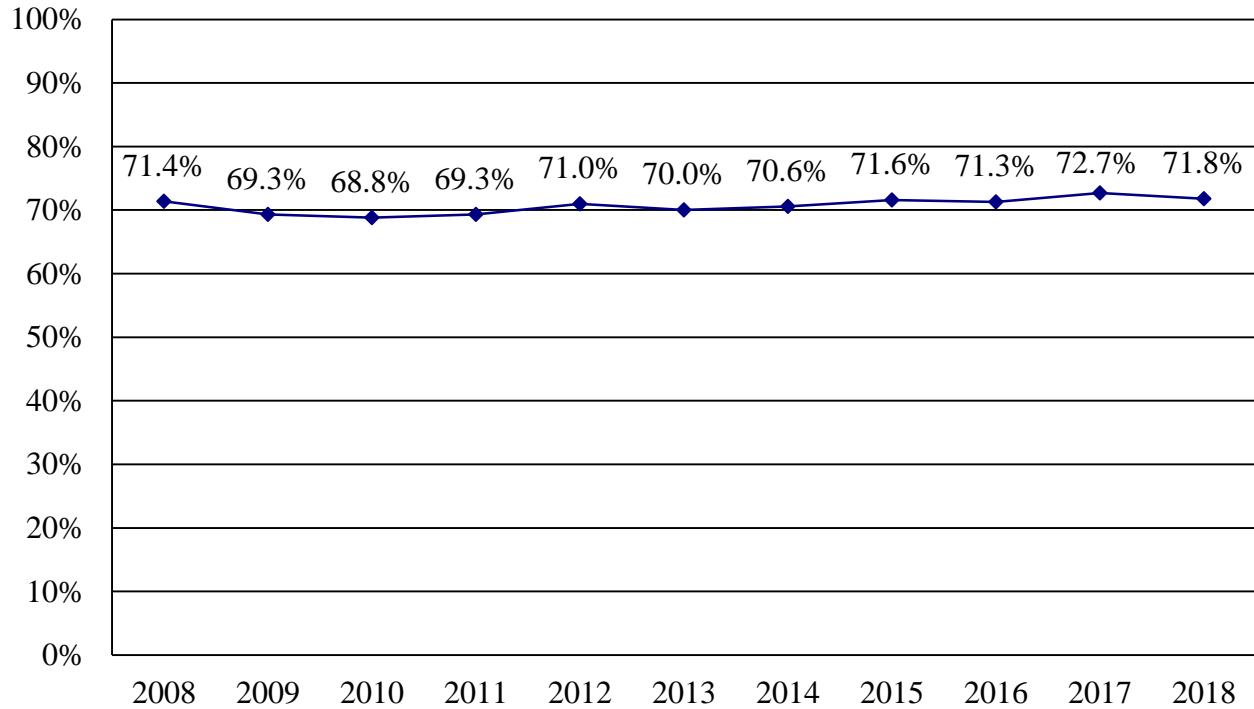
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### **1. Successful Persister Rates**

Students enrolling at community colleges often have different goals than those at traditional four-year institutions. Community college students tend to have higher developmental educational needs, are more likely to enroll part-time, and may be less degree focused. With these differences, it is difficult to directly compare the outcomes between the two segments. For community college students, successful persister rates are one metric used to measure student performance. A successful persister is a student who attempts at least 18 credits within the first two years, and who, after four years, is still enrolled, has graduated, or has transferred.

**Exhibit 1** shows the statewide successful persister rates for the 2008 through 2018. The successful persister rate for the 2018 cohort is 71.8%, a slight decrease compared to the 2017 cohort. Despite the decrease, the 2018 cohort successful persister rate is 1 percentage point above the 70.7% average over this period and is the second highest rate since the 2008 cohort.

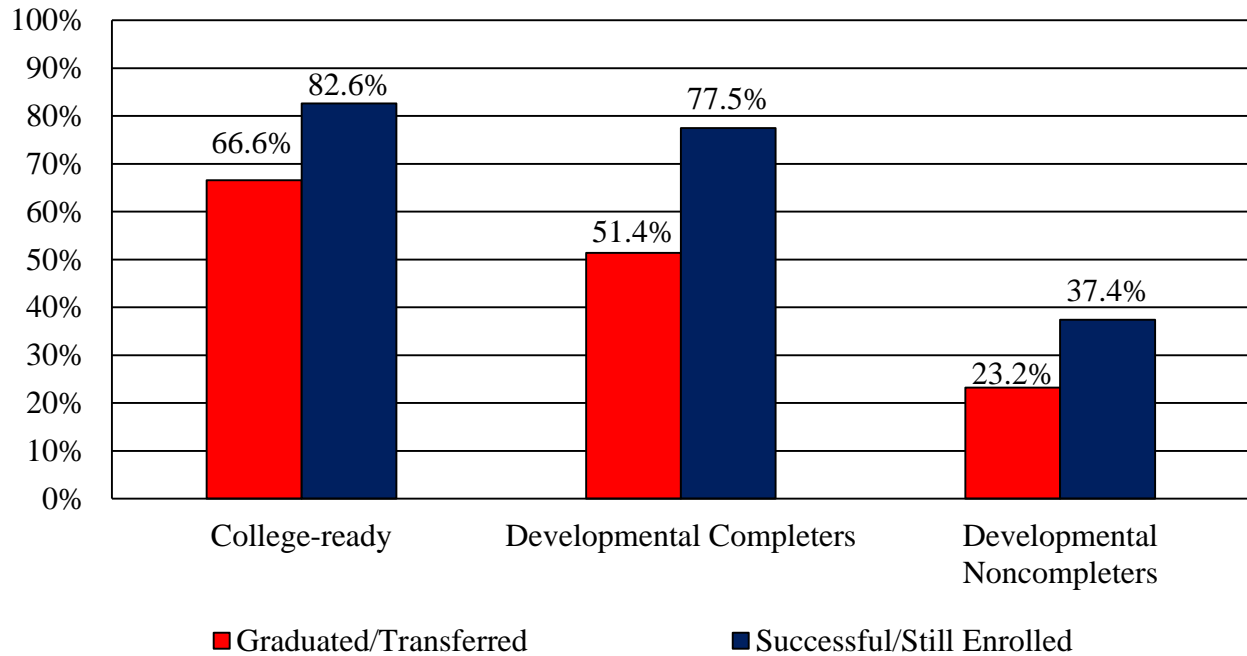
**Exhibit 1**  
**Four-year Successful Persister Rate**  
**2008-2018 Cohorts**



Source: Maryland Higher Education Commission

The successful persister rates for three separate subgroups of students are tracked by the Maryland Association of Community Colleges (MACC): (1) college-ready students; (2) developmental completers (students who required developmental education and who completed the recommended developmental coursework or completed a college-level course in the recommended areas within four years); and (3) developmental noncompleters (students who failed to complete all recommended developmental coursework after four years). **Exhibit 2** shows the successful persister rates for those three subgroups in the 2018 cohort.

**Exhibit 2**  
**Degree Progress Four Years after Initial Enrollment**  
**Fall 2018 Cohort**

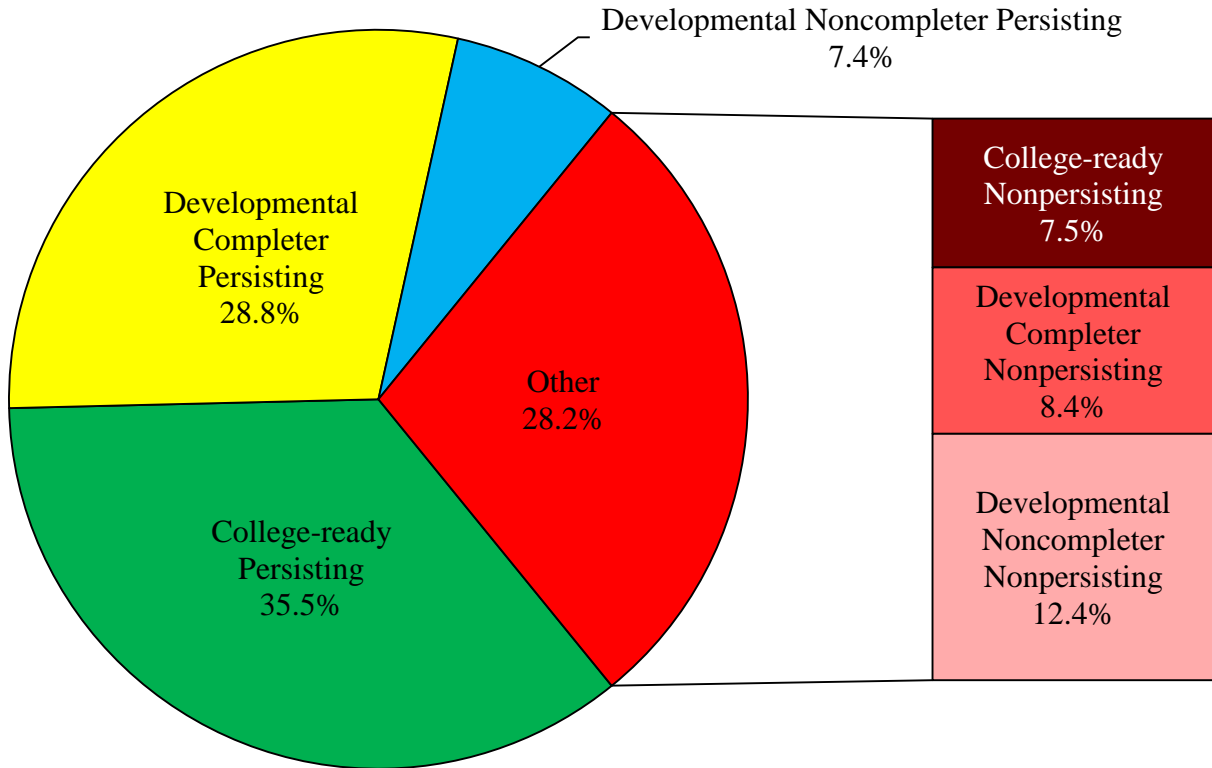


Source: Maryland Higher Education Commission

Results from the successful persister rate data emphasize the importance of students completing developmental coursework. College-ready students and developmental completers both persist at rates over 70% in the 2018 cohort. However, actual student outcomes for these groups are slightly less equal, as college-ready students graduate or transfer after four years at a rate of 66.6%, while developmental completers only graduate or transfer after four years at a rate of 51.4%. Meanwhile, outcomes for both college-ready students and developmental completers far outpace those of developmental noncompleters, who only have a persister rate of 37.4% and graduate or transfer at a rate of 23.2%. The importance of getting students to complete developmental coursework is emphasized by the fact that most students (57.0%) in the 2018 cohort tested into developmental education.

**Exhibit 3** shows the entire fall 2018 cohort sorted into the categories of college-ready, developmental completer, and developmental noncompleter as well as whether or not they are persisting. Comparing persister and nonpersister rates emphasizes how much more likely developmental noncompleters are to become nonpersisters. Of students who cease persisting, 43.9% are developmental noncompleters.

**Exhibit 3  
Persisting and Nonpersisting Students  
Fall 2018 Cohort**

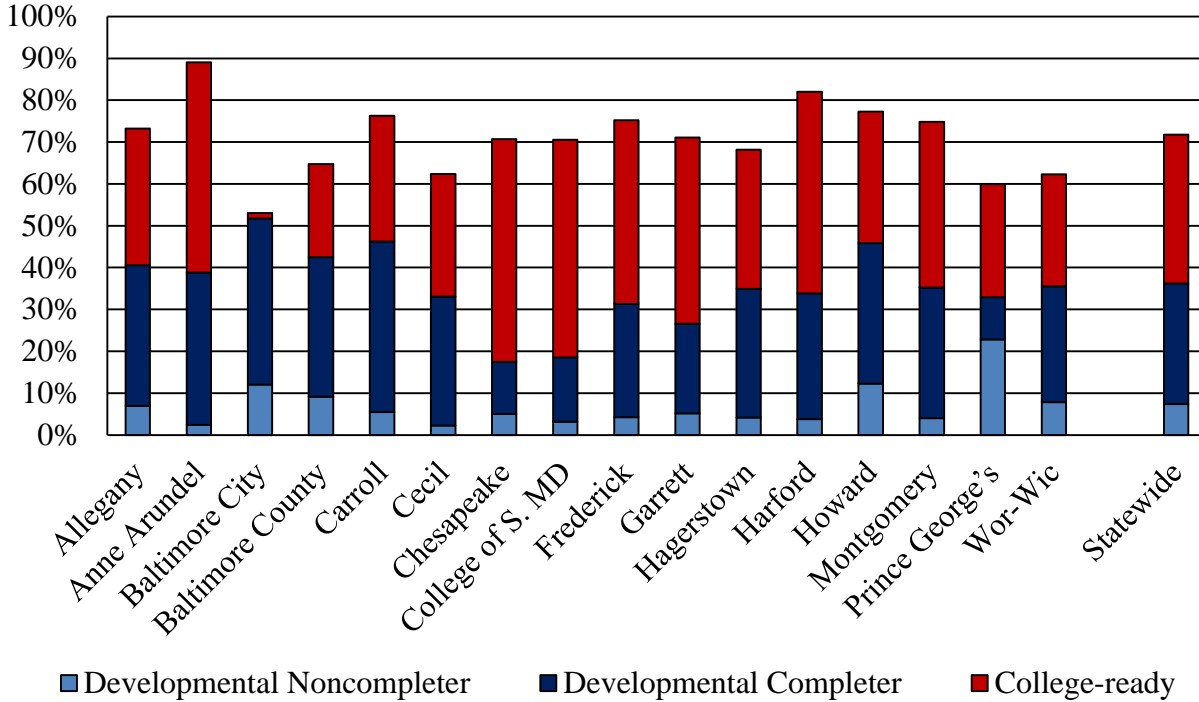


Persisters: 10,253  
 Nonpersisters: 4,036  
**Cohort Total: 14,289**

Source: Maryland Higher Education Commission

**Exhibit 4** shows the college-by-college breakdown of the same three categories of students for the 2018 cohort persister rates. Overall, persister rates by college range from 53% at Baltimore City Community College (BCCC) to 89% at Anne Arundel Community College (AACC). In general, community colleges with high numbers of college-ready students and students completing developmental coursework had higher overall persister rates.

**Exhibit 4**  
**Successful Persister Rate by Community College**  
**Fall 2018 Cohort**



S. MD: Southern Maryland

Source: Maryland Higher Education Commission

**Exhibit 5** provides college-by-college details on students who needed developmental coursework in the fall 2018 cohort. As shown, BCCC had the highest percentage of students who required developmental coursework at 98%. The next highest, Community College of Baltimore County, had 72% of students requiring developmental coursework. Chesapeake College and College of Southern Maryland had the lowest percentage, at 30% and 33%, respectively. In general, there is a connection between an institution’s overall persister rate and the percentage of the cohort that consisted of successful developmental completers, which emphasizes the importance of successfully completing developmental coursework. For instance, of the 46% percent of the cohort that was required to take developmental coursework at AACC, 92% successfully completed this work, with the institution having an overall persistence rate of 89%. Conversely, at BCCC, of the 98% of the cohort that were required to take developmental coursework, only 60% successfully completed that work, while the institution had an overall persister rate of 53%. Statewide, the number of students requiring developmental coursework decreased to 57% for the fall 2018 cohort from 61% in the fall 2017 cohort. However, the change



was not consistent across community colleges, with some community colleges experiencing increases. Given that nondevelopmental completers continue to display lower persisting rates, it is important to take a deeper look into why some colleges might be performing better than others in the share of those requiring development coursework who complete it and in the percentage of those that successfully persist. **The Department of Legislative Services (DLS) recommends adopting committee narrative requesting that MACC submit a report on the developmental education strategies of Maryland’s community colleges.**

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**Exhibit 5**  
**Students Taking Developmental Coursework**  
**Fall 2018 Cohort**

	<b>Cohort Who Required Developmental Coursework</b>	<b>Developmental Completers</b>	<b>Developmental Noncompleters</b>
Allegany	61%	68%	32%
Anne Arundel	46%	92%	8%
Baltimore City	98%	60%	40%
Baltimore County	72%	59%	41%
Carroll	66%	70%	30%
Cecil	59%	84%	16%
Chesapeake	30%	62%	38%
College of Southern Maryland	33%	68%	32%
Frederick	47%	81%	19%
Garrett	50%	64%	36%
Hagerstown	60%	73%	27%
Harford	46%	81%	19%
Howard	63%	59%	41%
Montgomery	52%	75%	25%
PGCC	64%	27%	73%
Wor-Wic	66%	58%	42%
Statewide	57%	65%	35%

PGCC: Prince George’s Community College

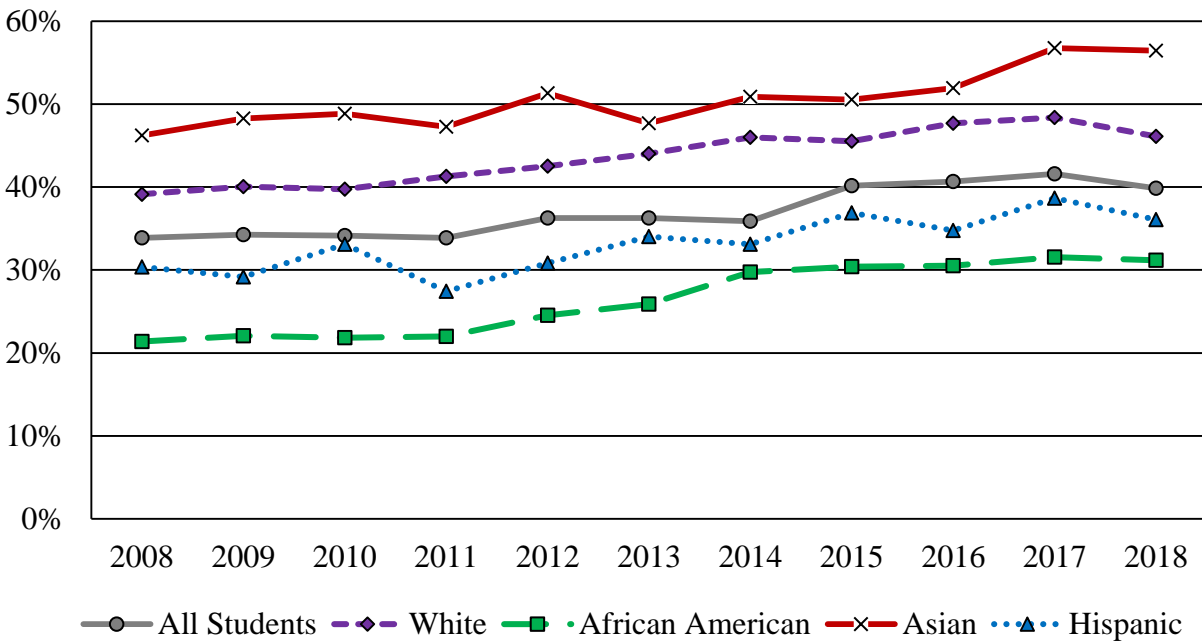
Source: Maryland Higher Education Commission

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## 2. Achievement Gap for Minority Students

Another goal of the State is to narrow the achievement gap in the four-year graduation/transfer rate of minority students compared to all students. **Exhibit 6** shows the average rates that first-time, full-time White, African American, Asian, and Hispanic students graduated or transferred from Maryland community colleges for the 2008 through 2018 cohorts compared to all students. All students graduated or transferred at a rate of 39.9% for the fall 2018 cohort, a 1.7 percentage point decrease from the 2017 cohort and the first decrease since the 2014 cohort. Among the fall 2018 cohort, Asian students graduated or transferred at the highest rate, 56.4%; White students at a rate of 46.1%; Hispanic students at a rate of 36.1%; and African American students at a rate of 31.2%. This results in a gap of 8.7 percentage points and 3.8 percentage points below the All Students average for African American and Hispanic students, respectively. The four-year graduation or transfer rate of African American students remains the lowest in the State, at 31.2%. The achievement gap for African American students declined to 8.7 percentage point for the fall 2018.

**Exhibit 6**  
**Four-year Graduation and Transfer Achievement Gap**  
**2008-2018 Cohorts**

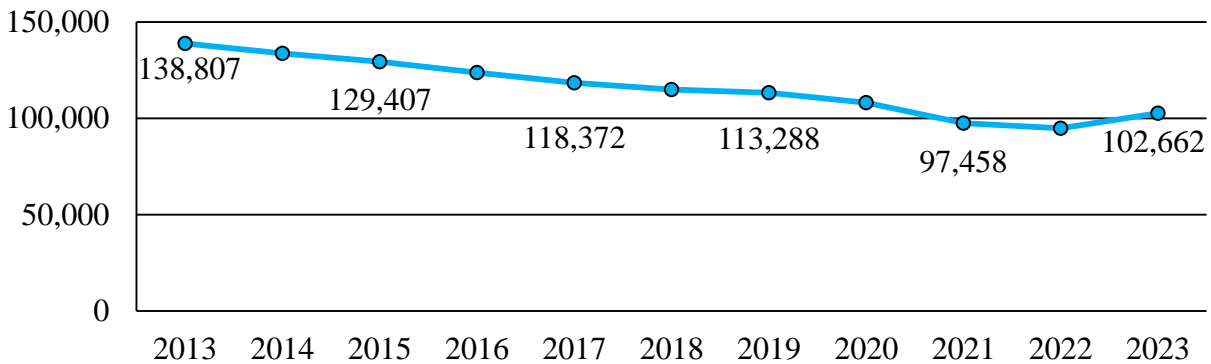


Source: Maryland Higher Education Commission

### 3. Community College Enrollment

Enrollment in Maryland community colleges reached its peak in the years following the Great Recession of 2008, as students usually enroll at community colleges in greater numbers when the economy is struggling, and job prospects are low. However, as shown in **Exhibit 7**, the typical recessionary trend did not occur in fall 2020 or 2021 despite the dramatic economic dislocation caused by the COVID-19 pandemic. In fall 2023, total enrollment increased for the first time since fall 2011, increasing by 8.3%, or 7,828 students, between fall 2022 and 2023. Despite this increase, fall 2023 enrollment was 9.4% below the fall 2019 level in fall 2023. The fall 2023 total of 102,622 represents a decline of 46,008 students from the fiscal 2011 record high, a decrease of 30.9%.

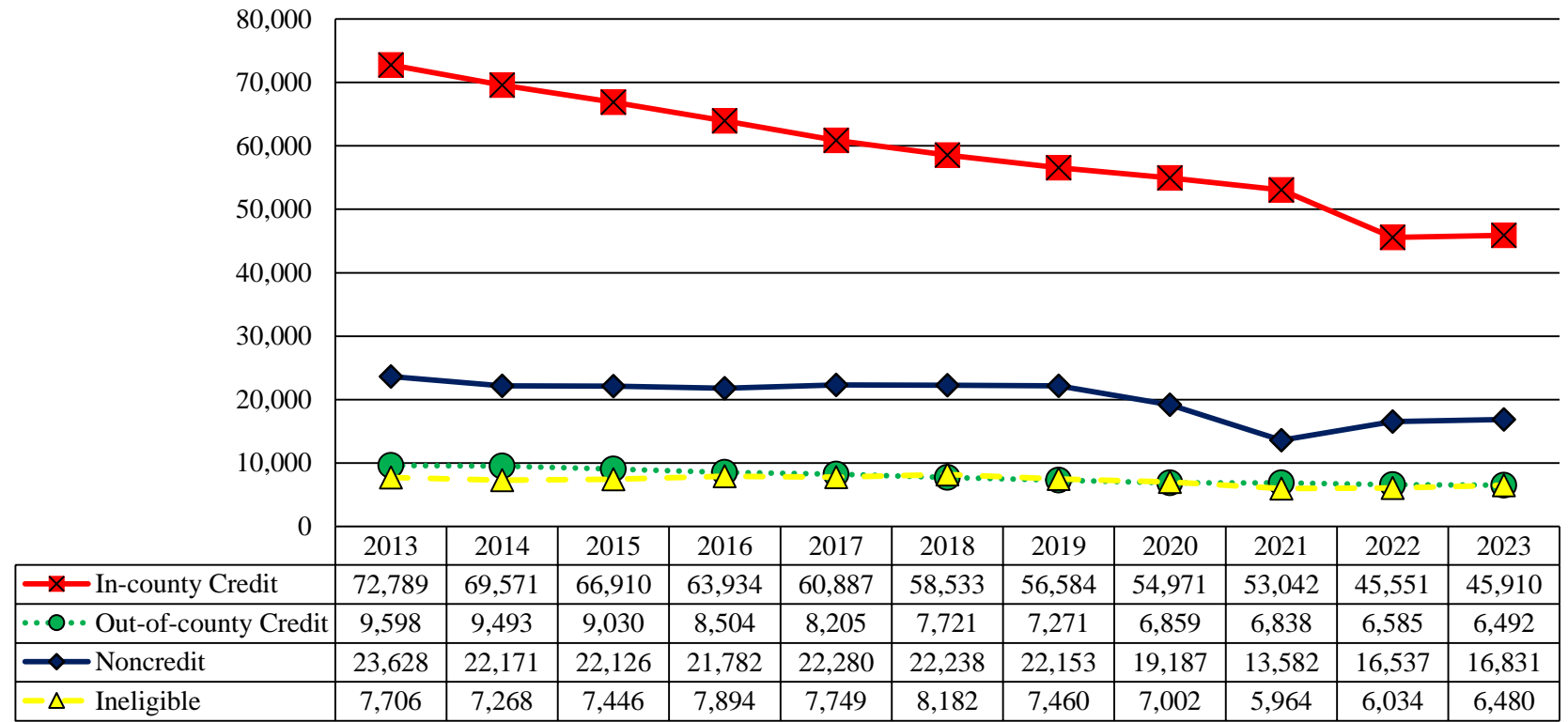
**Exhibit 7**  
**Total Enrollment at Maryland Community Colleges**  
**Fall 2013-2023**



Source: Maryland Higher Education Commission

**Exhibit 8** displays FTES enrollment from fiscal 2013 to 2023 for the three current Cade-eligible enrollments as well as ineligible enrollments, which are primarily composed of out-of-state students. MACC has attributed the noncredit enrollment decline that began in fiscal 2019 and continued through fiscal 2021 to be a direct result of the COVID-19 pandemic as many noncredit, continuing education courses require more hands-on, face-to-face involvement and were not easily converted to a hybrid or online environment, and as a result, many community colleges canceled these courses until the institutions had the ability to accommodate a safe return. Since that time, noncredit enrollment has experienced two consecutive years of growth, growing by 1.8%, or 294 students, between fiscal 2022 and 2023 but remains below the fiscal 2020 level. In-county credit enrollment segment had a slight increase in fiscal 2023, increasing by 0.8%, or 359 students, from 45,551 students in fiscal 2022 to 45,910 in fiscal 2023. Overall, eligible FTES enrollment increased by 0.8%, or 560 students, in fiscal 2023 compared to fiscal 2022.

**Exhibit 8**  
**FTES Enrollment at Maryland Community Colleges**  
**Fiscal 2013-2023**



FTES: full-time equivalent student

Note: Data does not include Baltimore City Community College.

Source: Maryland Higher Education Commission

## **Fiscal 2024 Working Budget**

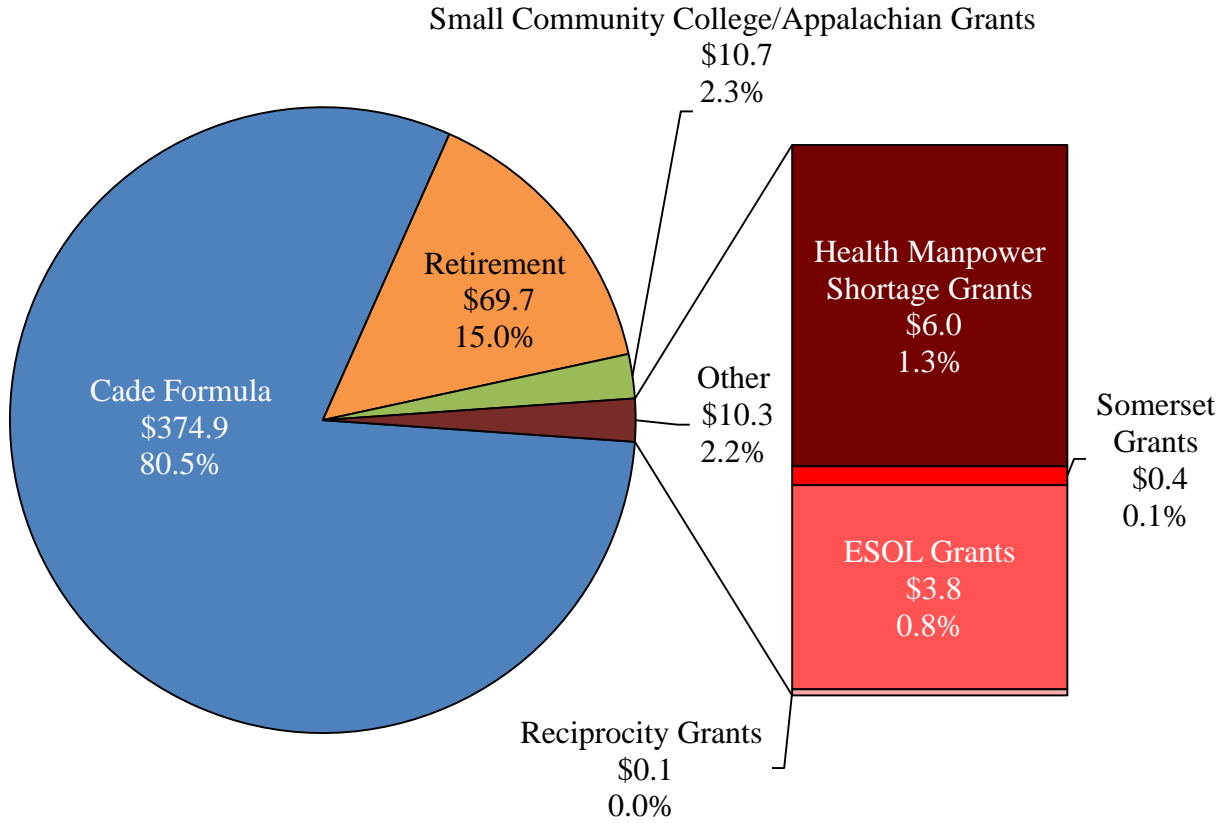
### **Proposed Deficiency Appropriation**

The fiscal 2024 working appropriation includes one proposed deficiency appropriation of \$56,000 to provide funds to AACC. These funds are realigned from other areas of MHEC.

## **Fiscal 2025 Proposed Budget**

The fiscal 2025 allowance, adjusted for the contingent reduction, provides \$465.5 million for community colleges in the State. **Exhibit 9** details how this funding is distributed among the various programs that provide funding from the State for community colleges. The most significant amount of funding is for the Cade Funding Formula, which is funded at \$374.9 million, or 80.5% of total funding. Funding for eligible employees participating in either the defined benefit retirement plan or ORP totals \$69.7 million, or 15.0% of total funding. Other grant programs including Small Community College and Appalachian Grants receive a combined \$20.9 million, or 4.5% of total funding.

**Exhibit 9  
Budgeted Allowance  
Fiscal 2025  
(\$ in Millions)**



Cade: Senator John A. Cade Funding Formula  
 ESOL: English for Speakers of Other Languages

Note: Numbers may not sum due to rounding.

Source: Governor’s Fiscal 2025 Budget Books; Department of Legislative Services

**Proposed Budget Change**

**Exhibit 10** shows the changes for Aid to Community Colleges between the fiscal 2024 working appropriation and the fiscal 2025 allowance, accounting for the proposed deficiency appropriation and the contingent reduction in fiscal 2025. In total, the fiscal 2025 allowance decreases by \$9.9 million in general funds, or 2.1%.

**Exhibit 10**  
**Proposed Budget**  
**MHEC – Aid to Community Colleges**  
**Fiscal 2025**  
**(\$ in Thousands)**

<b>How Much It Grows</b>	<b><u>General Fund</u></b>	<b><u>Total</u></b>
Fiscal 2023 Actual	\$435,344	\$435,344
Fiscal 2024 Working Appropriation	475,454	475,454
Fiscal 2025 Allowance	<u>465,513</u>	<u>465,513</u>
Fiscal 2024-2025 Amount Change	-9,941	-9,941
Fiscal 2024-2025 Percent Change	-2.1%	-2.1%
 <b>Where It Goes:</b>		<b><u>Change</u></b>
Senator John A. Cade Funding Formula.....		-\$18,480
Faculty and staff retirement contributions .....		7,902
English for Speakers of Other Languages grant .....		649
Garrett County and West Virginia reciprocity grant .....		-13
<b>Total</b>		<b>-\$9,941</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2025 allowance includes reductions contingent on legislation.

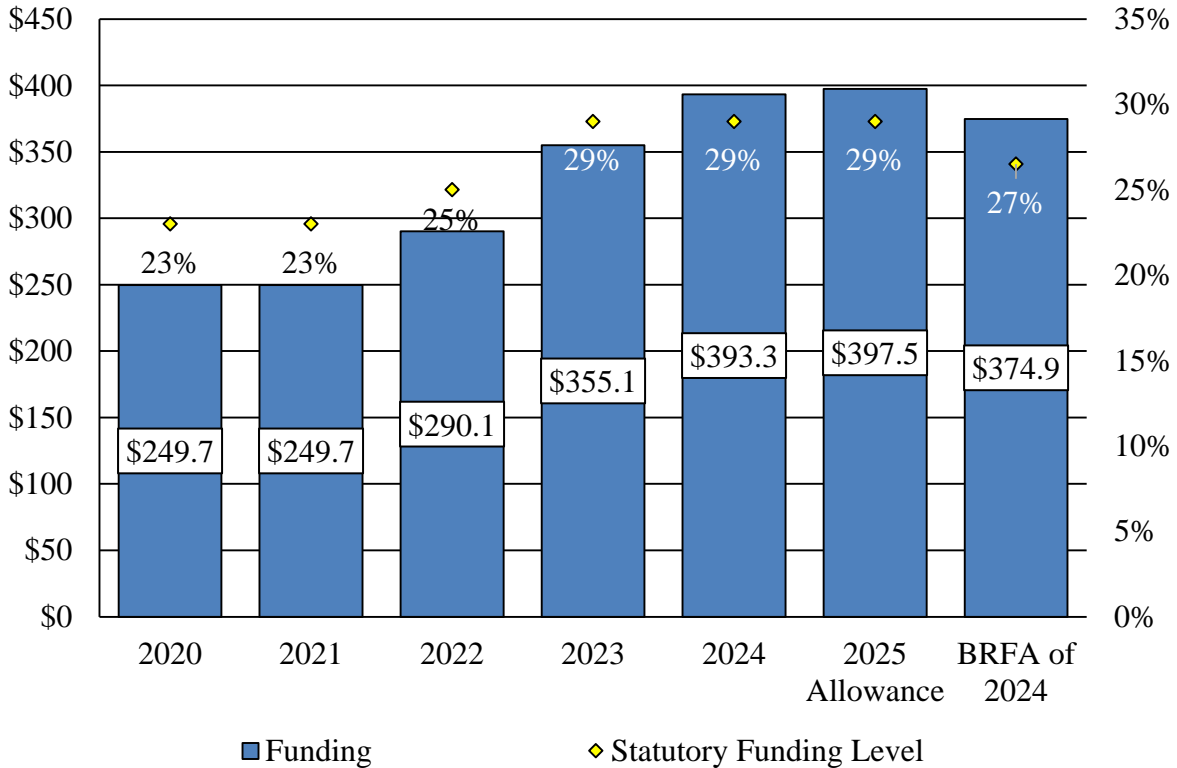
Source: Governor’s Fiscal 2025 Budget Books; Department of Legislative Services

**The Senator John A. Cade Formula**

The Cade formula is calculated based on audited community college enrollments from two years prior and a percentage (29.0%) of the proposed per student funding at selected public four-year institutions. Three different types of enrollment are included in the Cade formula: in-county credit; out-of-county credit; and eligible noncredit.

As funding has steadily increased at the selected public four-year institutions, funding provided to the community colleges through the Cade formula has also steadily increased. In addition, the formula reached the 29.0% maximum statutory funding level in fiscal 2023. Under this formula, as calculated for the fiscal 2025 budget, funding for the Cade Funding Formula in fiscal 2025 would increase by 1.1%, or \$4.2 million, to \$397.5 million. **Exhibit 11** shows how Cade funding has increased with the rise in statutory level funding.

**Exhibit 11**  
**Cade Funding and Statutory Level Funding by Fiscal Year**  
**Fiscal 2020-2025**  
**(\$ in Millions)**



BRFA: Budget Reconciliation and Financing Act

Source: Department of Legislative Services; Governor’s Fiscal 2022-2025 Budget Books

In prior years, the Department of Budget and Management (DBM) has used the four-year institutions self-reported FTES numbers in calculating the State funding per FTES used in the formula, but for fiscal 2025, DBM used the MHEC FTES counts for the selected institutions. MHEC routinely has higher FTES counts for institutions. Due to the higher enrollment count under MHEC numbers, the funding per FTES is lower than it would be under the calculation using the self-reported numbers. **Exhibit 12** illustrates the impact on the calculation of the total funding and the funding by community college of the fiscal 2025 allowance compared to the amount calculated under the traditional method. **Appendix 2** includes the community college FTES used in the calculation of the distribution.



**Exhibit 12**  
**Distribution of Cade Funding by Institution Based on Self-reported FTES of Selected Public Universities for Fiscal 2025 Compared to the Fiscal 2025 Allowance**

<b><u>Institution</u></b>	<b><u>Fiscal 2025 Allowance</u></b>	<b><u>Traditional Calculation</u></b>	<b><u>Change</u></b>	<b><u>Percent Change</u></b>
Allegany Community College	\$8,620,598	\$9,103,214	\$482,616	5.6%
Anne Arundel Community College	43,763,073	45,829,916	2,066,843	4.7%
Community College Baltimore County	71,703,077	72,623,177	920,100	1.3%
Carroll Community College	12,751,854	13,465,754	713,900	5.6%
Cecil Community College	8,127,775	8,582,801	455,026	5.6%
College of Southern Maryland	21,416,280	21,416,280	0	0.0%
Chesapeake College	9,867,824	10,420,265	552,441	5.6%
Frederick Community College	20,280,008	21,415,365	1,135,357	5.6%
Garrett Community College	4,324,485	4,533,511	209,026	4.8%
Hagerstown Community College	15,222,549	16,074,770	852,221	5.6%
Harford Community College	18,477,775	19,265,989	788,214	4.3%
Howard Community College	33,622,303	35,504,617	1,882,314	5.6%
Montgomery College	71,092,972	71,092,972	0	0.0%
Prince George’s Community College	45,922,277	48,493,194	2,570,917	5.6%

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<u>Institution</u>	<u>Fiscal 2025 Allowance</u>	<u>Traditional Calculation</u>	<u>Change</u>	<u>Percent Change</u>
Wor-Wic Community College	12,278,064	12,827,653	549,589	4.5%
<b>Total</b>	<b>\$397,470,914</b>	<b>\$410,649,478</b>	<b>\$13,178,564</b>	<b>3.3%</b>

CADE: Senator John A. Cade Funding Formula  
FTES: full-time equivalent student

Note: Traditional calculation uses FTES as self-reported by select public institutions. Fiscal 2025 Allowances uses Maryland Higher Education Commission enrollment projections which are often higher, leading to lower funding per FTES.

Source: Department of Legislative Services; Governor’s Fiscal 2025 Budget Books

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**BRFA**

The BRFA of 2024 would alter the Cade Funding Formula, leading to an allocation of \$374.9 million to the community colleges in fiscal 2025 rather than the \$397.5 million that would have been provided absent the proposed action. **Exhibit 13** provides a comparison of the provisions in the current law calculation of the formula compared to the provision as included in the BRFA of 2024. As a consequence of this alteration, the funding formula would be more closely tied to enrollment changes. Additionally, the altered formula would change the FTES calculation and lower the percentage of funding that is provided per FTES to the four-year public institutions of higher education in the State as designated by MHEC for the purpose of administering the Joseph A. Sellinger Program.

**Exhibit 13**  
**Comparison of Current Cade Formula and BRFA Formula**

	<u>Current Cade Formula</u>	<u>BRFA Changes</u>
<b>Hold Harmless Provision</b>	Yes	No
<b>Statutory Level Funding</b>	29.0%	26.5%
<b>FTES</b>	Two years prior FTES	Greater of two year priors FTES, or average of two years prior, three years prior, four years prior FTES
<b>Fixed Component</b>	38.0%	0.0%
<b>Marginal Cost</b>	60.0%	100.0%
<b>Size Factor</b>	2.0%	2.0%

BRFA: Budget Reconciliation and Financing Act  
Cade: Senator John A. Cade Funding Formula  
FTES: full-time equivalent student

Source: Budget Reconciliation and Financing Act of 2024

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**Exhibit 14** displays the projected Cade Formula funding level through fiscal 2029, comparing current law to the BRFA of 2024. Over the five-year period, the total reduction in funding is projected to be \$138.0 million compared to current law.

**Exhibit 14**  
**Cade Funding Formula Comparison**  
**Fiscal 2025-2029**  
**(\$ in Millions)**

	<u>2025</u> <u>Allowance</u>	<u>2026</u> <u>Projected</u>	<u>2027</u> <u>Projected</u>	<u>2028</u> <u>Projected</u>	<u>2029</u> <u>Projected</u>
<b>Current Law</b>	\$397.5	\$410.6	\$420.2	\$431.2	\$443.9
<i>Statutory Funding Level</i>	29%	29%	29%	29%	29%
<b>BRFA</b>	\$374.9	\$383.5	\$391.4	\$401.9	\$413.7
<i>Statutory Funding Level</i>		26.5%	26.5%	26.5%	26.5%
<b>Difference Current Law/BRFA</b>	<b>-\$22.6</b>	<b>-\$27.2</b>	<b>-\$28.8</b>	<b>-\$29.3</b>	<b>-\$30.2</b>

BRFA: Budget Reconciliation and Financing Act  
Cade: Senator John A. Cade Funding Formula

Source: Department of Legislative Services

**Exhibit 15** compares the fiscal 2025 allowance prior to the contingent reduction by community college, with the allocation under the BRFA.

**Exhibit 15**  
**Senator John A. Cade Funding Formula Tools**  
**Fiscal 2024-2025**

	<u>2024</u>	<u>Current Law 2025</u>	<u>\$ Difference 2024-2025</u>	<u>% Difference 2024-2025</u>	<u>BRFA of 2024</u>	<u>\$ Difference BRFA to 2025 Current Law</u>	<u>% Difference BRFA to 2025 Current Law</u>
Allegany College of Maryland	\$7,840,829	\$8,620,598	\$779,769	9.9%	\$7,963,848	-\$656,750	-7.6%
Anne Arundel Community College	43,819,073	43,763,073	-56,000	-0.1%	41,821,380	-1,941,693	-4.4%
Community College of Baltimore County	71,703,077	71,703,077	0	0.0%	67,174,349	-4,528,728	-6.3%
Carroll Community College	12,418,047	12,751,854	333,807	2.7%	11,621,051	-1,130,803	-8.9%
Cecil College	8,114,572	8,127,775	13,203	0.2%	7,055,717	-1,072,058	-13.2%
College of Southern Maryland	21,416,280	21,416,280	0	0.0%	20,098,354	-1,317,926	-6.2%
Chesapeake College	9,735,020	9,867,824	132,804	1.4%	8,773,061	-1,094,763	-11.1%
Frederick Community Colleges	18,548,628	20,280,008	1,731,380	9.3%	20,209,612	-70,396	-0.3%
Garrett College	4,324,485	4,324,485	0	0.0%	3,415,930	-908,555	-21.0%

	<u>2024</u>	<u>Current Law 2025</u>	<u>\$ Difference 2024-2025</u>	<u>% Difference 2024-2025</u>	<u>BRFA of 2024</u>	<u>\$ Difference BRFA to 2025 Current Law</u>	<u>% Difference BRFA to 2025 Current Law</u>
Hagerstown Community College	14,747,044	15,222,549	475,505	3.2%	14,043,320	-1,179,229	-7.7%
Harford Community College	18,477,775	18,477,775	0	0.0%	17,582,140	-895,635	-4.8%
Howard Community College	33,574,567	33,622,303	47,736	0.1%	32,199,749	-1,422,554	-4.2%
Montgomery College	71,092,972	71,092,972	0	0.0%	68,090,586	-3,002,386	-4.2%
Prince George's Community College	45,246,966	45,922,277	675,311	1.5%	43,894,903	-2,027,374	-4.4%
Wor-Wic Community College	12,278,064	12,278,064	0	0.0%	10,913,648	-1,364,416	-11.1%
<b>Total</b>	<b>\$393,337,399</b>	<b>\$397,470,914</b>	<b>\$4,133,515</b>	<b>1.1%</b>	<b>\$374,857,648</b>	<b>-\$22,613,266</b>	<b>-5.7%</b>

Note: Another \$30,826 of BRFA savings are realized from the Small Community College Grant Program which increases by the same percentage of funding per full-time equivalent student at the selected institutions used by the Cade Funding Formula bring the total BRFA savings to \$22,644,092.

BRFA: Budget Reconciliation and Financing Act

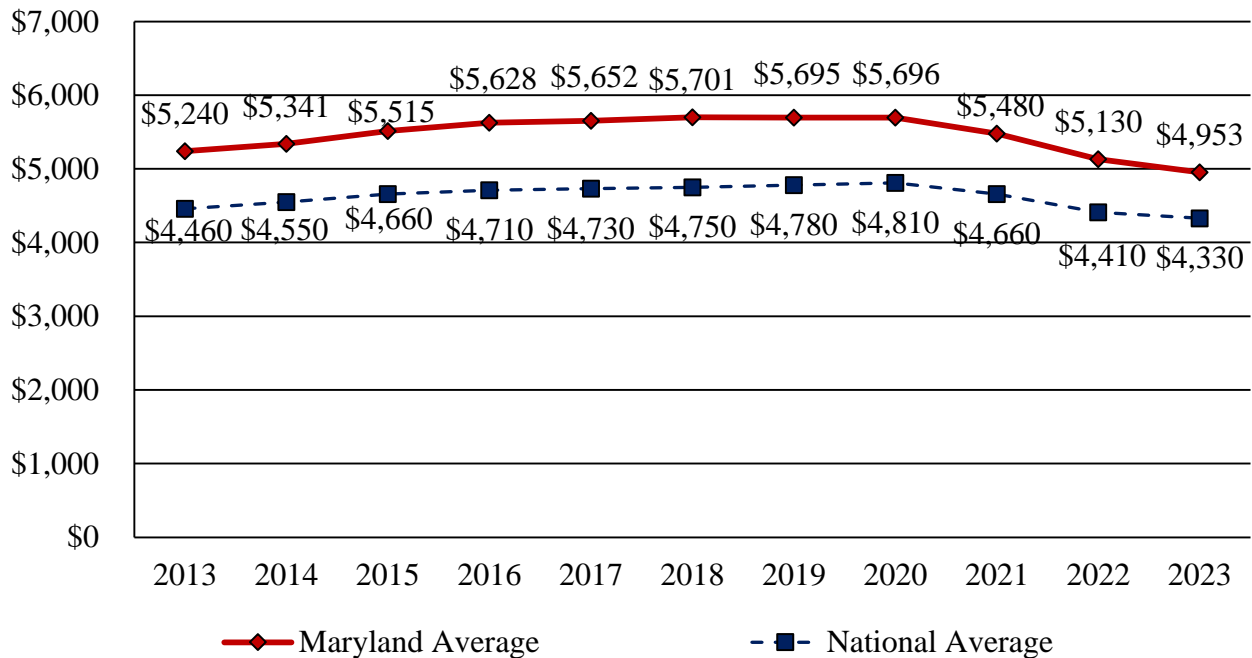
Source: Department of Legislative Services

## Issues

### 1. Tuition, Fees, and Student Aid to Community Colleges

Community colleges offer a significantly lower cost of entry into higher education compared to public four-year institutions for students living within the community college’s service area. According to the College Board, the enrollment weighted average of Maryland public four-year institutions’ tuition and fees was \$10,852 for fall 2023, compared to \$4,953 at the State’s community colleges. This means, on average, community colleges are 54.4% less expensive. However, the average community college tuition and fee rate in Maryland is higher than the national average. **Exhibit 16** shows the difference between the State and national average from fall 2013 to 2023. In fall 2023, the gap between the national average and the average at Maryland community colleges was \$623, the smallest amount for this time period.

**Exhibit 16**  
**Community College Tuition and Fee Rates**  
**Comparison Maryland Average and National Average**  
**Fall 2013-2023**

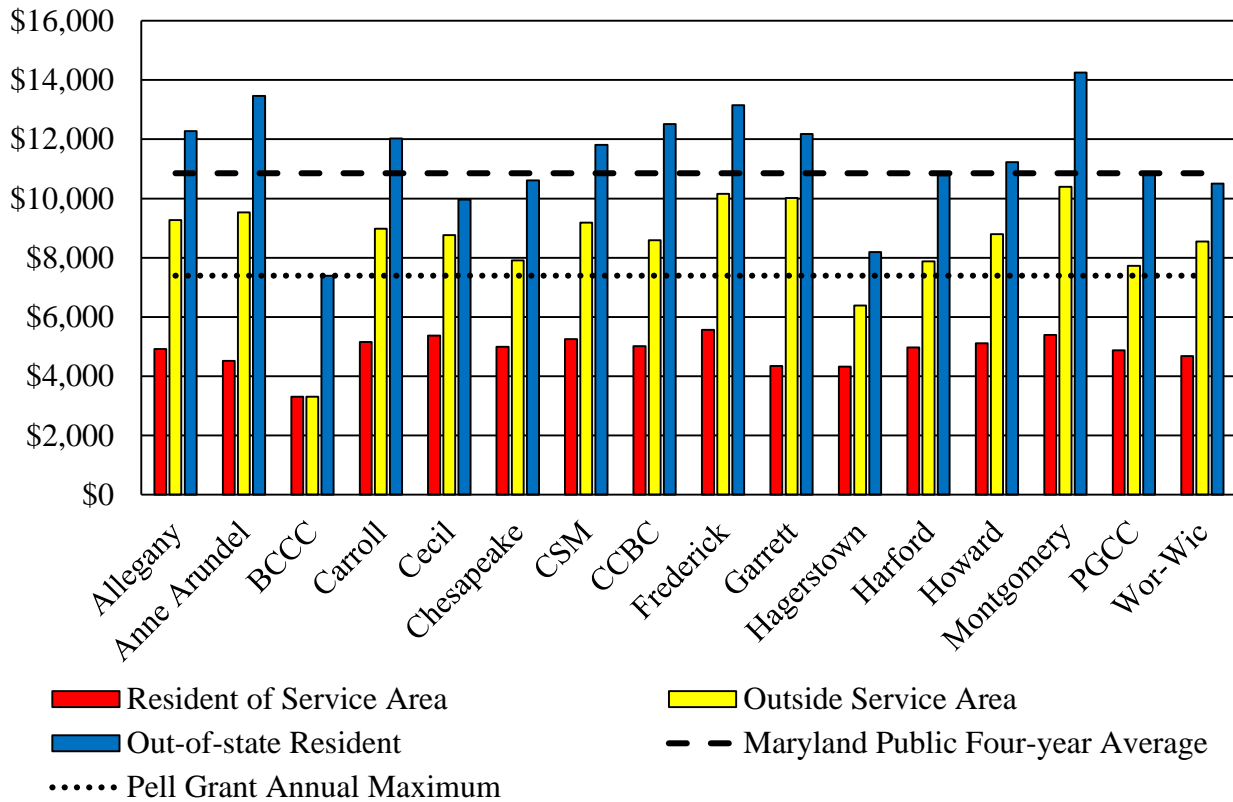


Note: Data presented in 2023 dollars.

Source: The College Board, *Trends in College Pricing and Student Aid*, 2023

**Exhibit 17** shows the annual tuition and fee rates by community college for full-time students for fall 2023. Among the Cade-funded institutions, Frederick Community College is the State’s most expensive community college for resident students at \$5,564, while BCCC has the lowest rate, \$3,314. Including BCCC, the statewide average for tuition and fees is \$4,864 for a service-area resident, \$8,466 for all other Marylanders, and \$11,321 for out-of-state residents.

**Exhibit 17**  
**Tuition and Fee Rates by Community College**  
**Fall 2023**



BCCC: Baltimore City Community College  
 CSM: College of Southern Maryland

CCBC: Community College of Baltimore County  
 PGCC: Prince George’s Community College

Source: Maryland Association of Community Colleges; the College Board; U.S. Department of Education

### Institutional Aid Offered to Students

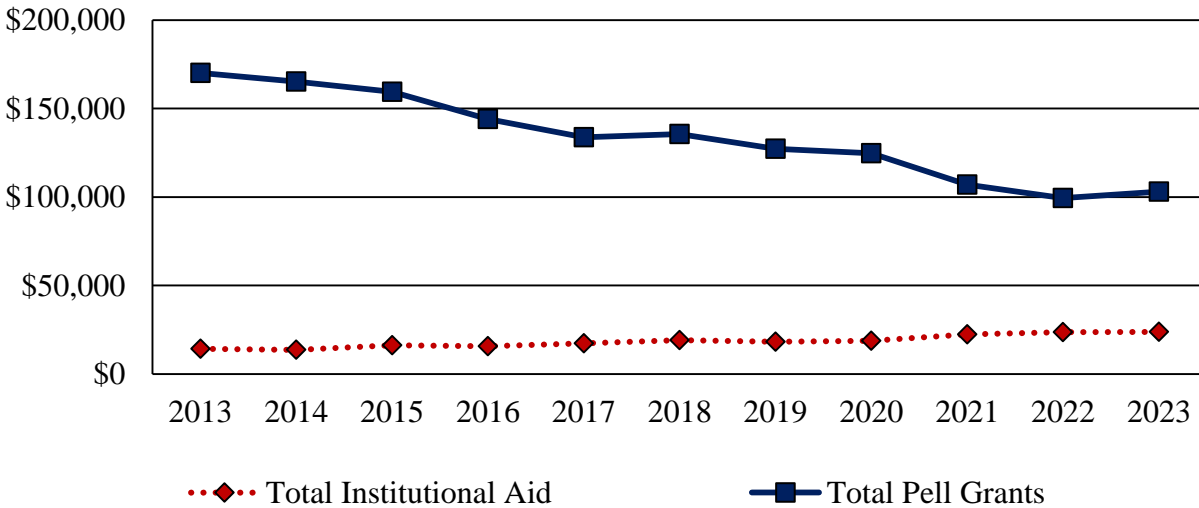
In addition to trying to keep costs low, colleges offer students institutional aid to bring down the “sticker” price, or total cost of tuition, fees, housing, and other related expenses. Institutional aid awards are usually made to students with few financial resources (need-based aid)



or to reward academic achievement or athletic ability (merit and athletic awards). Regardless of aid type, colleges typically require students to complete a Free Application for Federal Student Aid, which determines a student’s expected family contribution, *i.e.*, the amount of money a student’s family is expected to pay toward the cost of education.

**Exhibit 18** shows the total amount of need-based and merit aid awarded by community colleges to students from fiscal 2013 to 2023 as well as the amount of Pell grants students received. In fiscal 2023, when excluding emergency financial aid assistance that was provided through the various Higher Education Emergency Relief Fund stimulus packages, Maryland community colleges awarded \$23.8 million in institutional aid, a minimal increase of \$74,068 compared to fiscal 2022. The amount of institutional aid provided is dwarfed by Pell grants (81.3% of total aid provided in fiscal 2023), which totaled \$103.0 million in fiscal 2023 for Maryland students attending community college. Total Pell aid for community college students increased by \$3.7 million in fiscal 2023, reversing a downward trend that began again in fiscal 2019.

**Exhibit 18**  
**Total Institutional Aid and Pell Grants**  
 Fiscal 2013-2023  
 (\$ in Thousands)

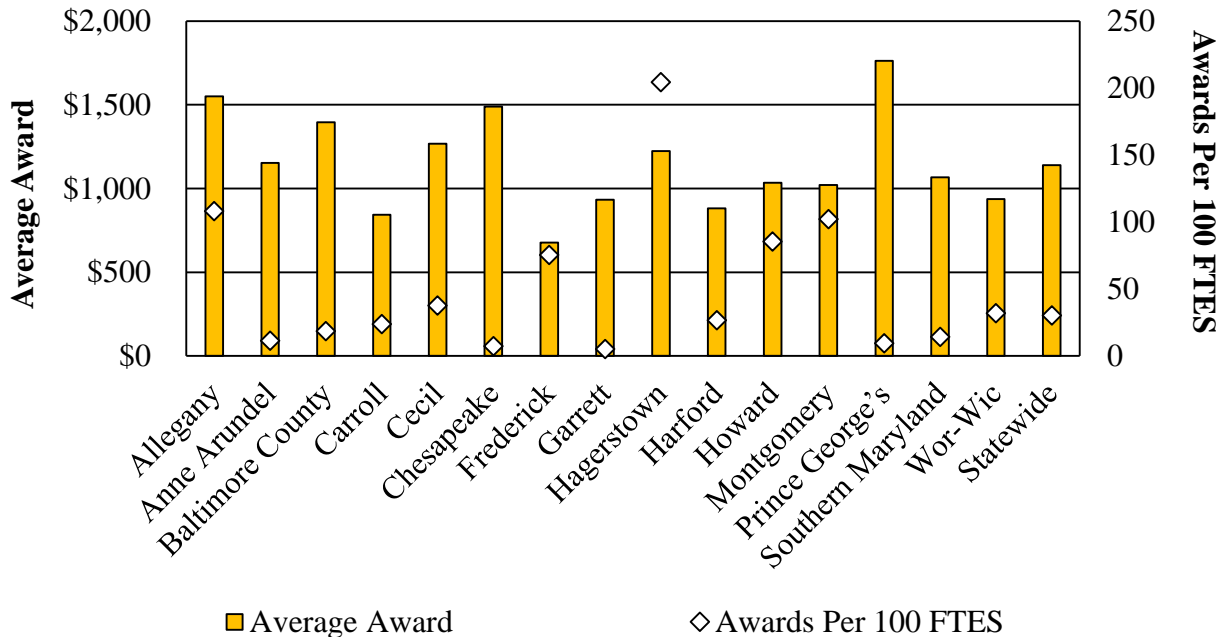


Note: All data is self-reported by the institutions. Data does not include Baltimore City Community College. Institutional aid in fiscal 2020 and 2021 excludes any Higher Education Emergency Relief Funds for emergency student financial assistance from the various stimulus packages.

Source: Maryland Association of Community Colleges; Department of Legislative Services

**Exhibit 19** shows the average value of institutional aid awards and the average number of awards per 100 FTES by college. There is considerable variation in this data, but it is similar to the results from prior years. The exhibit may somewhat overstate awards per FTES and understate the amount received by students, as an individual student may receive both a need-based and merit award, and both awards would be counted separately. Hagerstown Community College is notable for giving the most awards per 100 FTES, with 204. This is in large part due to not having many FTES. Prince George’s Community College (PGCC) gave the largest average award at \$1,762. PGCC implemented a promise scholarship program in fiscal 2018 that may contribute to these large average award amounts. However, as only 9 students per 100 at PGCC received institutional aid in fiscal 2023, the number of students benefiting from this program appears to be limited.

**Exhibit 19**  
**Average Institutional Aid Awards and Awards Per 100 FTES**  
**Fall 2023**



FTES: full-time equivalent student

Note: All data is self-reported by the institutions.

Source: Maryland Association of Community Colleges; Department of Legislative Services

## **2. Use of Cade Funding to Address Workforce Shortages**

Committee narrative in the 2023 *Joint Chairmen’s Report* (JCR) requested that MACC submit a report about efforts to address enrollment declines and how the increased funding in fiscal 2021 through 2023 has been used to address the workforce shortage. To complete the response, MACC conducted a comprehensive survey of the 16 community colleges to gain a full view on how the individual colleges are addressing workforce shortages and enrollment decline. Response details were included in the response as an appendix.

While MACC acknowledges that funding has increased despite a decline in enrollment, it contended that the issue is not about funding per FTE but equity. MACC stated that the purpose of the current Cade funding formula is to fund community colleges at the equitable level of support that the State funds public four-year institutions. MACC argues that the recent increases are because the funding has reached statutory levels after being impacted by adjustments to the formulas in prior years that rebased the formula and delayed reaching the 29% of State per FTES funding from until fiscal 2023. MACC asserts that the reductions to the percentage tie due to past structural deficits has led to a reduction of \$164.0 million in funding to community colleges since fiscal 1998. Furthermore, MACC stated that inadequate State funding can lead to an increase in tuition and fees to cover costs and that increase can lead to decrease enrollment.

### **Efforts to Address Enrollment Declines**

To address enrollment, the community colleges have taken many approaches, such as expanding dual enrollment, improving workforce programs, offering flexibility in schedules and online courses, focusing on student retention and adjusting the admissions process, and intrusive advising. A few specific examples include AACC investing in software to streamline admissions and registration. Allegany College introducing new programs and establishing internships with associated industry leaders. Community College of Baltimore County is one of a number of community colleges with transfer paths to four-year institutions.

### **Use of Funds to Address Workforce Shortages**

MACC addressed the community colleges’ role in providing workforce credentials. In the report, MACC stated that there are over 240 licensure, certification, or credentialing courses offered by the community colleges. In fiscal 2022, 33% of credential completers were in the health care field. In addition, MACC explained that there are partnerships with the Registered Apprenticeship system, with community colleges providing 75.0% of the necessary instruction. Thirteen of the community colleges have formal apprenticeship training, for a total of 64 programs, 30 distinct programs. **Exhibit 20** shows the enrollment in the top apprenticeship occupations. MACC indicates that 80% of the apprenticeship programs are in noncredit or continuing education areas of colleges.

**Exhibit 20**  
**Enrollments in Apprenticeship Occupations**  
**Fiscal 2022**

<b><u>Occupation</u></b>	<b><u>Total</u></b>
Electrical	4,197
Plumbing	3,066
Steamfitter	2,095
Sheet Metal	1,682
Carpentry	945
Heating, Ventilation, and Air Conditioning	580
Heating, Ventilation, Air Conditioning, and Refrigeration	253
Independent Electrical Contractors Apprenticeship	216
Ironworker	208
Operating Engineer	142

Source: Maryland Association of Community Colleges

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## ***Operating Budget Recommended Actions***

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1. Adopt the following narrative:

**Developmental Education at Community Colleges:** The committees are interested in the impact that different developmental education strategies have on students’ outcomes. The committees request that the Maryland Association of Community Colleges (MACC) submit a report on the development education approach at the State’s community colleges. The report should include information related to, but not limited to, the use of corequisites, multiple measures placement, and math pathways. In addition to data on the methods of developmental education, the report should include how colleges work with students needing developmental education and ensure completion of necessary coursework. Recognizing that the Maryland Higher Education Commission data on developmental outcomes is not the most recent, the report should include any information on student outcomes related to recently implemented developmental education outcomes. This report shall be submitted by November 4, 2024.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on developmental education	MACC	November 4, 2024

**Appendix 1**  
**2023 Joint Chairmen’s Report Responses from Agency**

The 2023 JCR requested that Aid to Community Colleges prepare two reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Community College Enrollment Decline and Use of Funding:*** Committee narrative requested that MACC submit a report on efforts to address enrollment decline and how the increased funding has been used to address workforce shortages. MACC submitted a report documenting how the community colleges have approached enrollment and workforce shortages. Further discussion of this data can be found in Issue 2 of this analysis.
  
- ***Montgomery County Community College and Public Service Internships:*** Committee narrative requested the Montgomery County Community College submit a report on public service internships. Montgomery College indicated that for academic years 2021-2022, 2022-2023, and fall 2023, 104 students participated in internships cumulatively. Most internships (74) were at the National Institute of Standards and Technology, and 4 were at State agencies.

**Appendix 2**  
**Cade Full-time Equivalent Students by Institution**  
**Used for Fiscal 2024 and 2025 Formula Calculations**

<b>Institution</b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>Change</u></b> <b><u>2024-2025</u></b>	<b><u>% Change</u></b> <b><u>2024-2025</u></b>
Allegany Community College	1,062	1,339	277	26.1%
Anne Arundel Community College	7,740	8,101	361	4.7%
Community College Baltimore County	13,320	13,011	-309	-2.3%
Carroll Community College	1,926	2,048	122	6.3%
Cecil Community College	1,136	1,163	27	2.4%
College of Southern Maryland	3,814	3,893	79	2.1%
Chesapeake College	1,517	1,496	-21	-1.4%
Frederick Community College	3,386	3,914	529	15.6%
Garrett Community College	462	458	-3	-0.7%
Hagerstown Community College	2,404	2,517	113	4.7%
Harford Community College	3,314	3,406	91	2.7%
Howard Community College	6,142	6,237	95	1.5%
Montgomery College	12,598	13,189	591	4.7%
Prince George’s Community College	7,938	8,502	564	7.1%
Wor-Wic Community College	1,914	1,911	-3	-0.2%
<b>Total</b>	<b>68,672</b>	<b>71,184</b>	<b>2,512</b>	<b>3.7%</b>

Cade: Senator John A. Cade Funding Formula

Source: Governor’s Fiscal 2025 Budget Books

**Appendix 3**  
**Object/Fund Difference Report**  
**MHEC – Aid to Community Colleges**

<u>Object/Fund</u>	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u> <u>Appropriation</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24 - FY 25</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
<b>Objects</b>					
12 Grants, Subsidies, and Contributions	\$ 434,821,738	\$ 475,398,268	\$ 488,156,870	\$ 12,758,602	2.7%
<b>Total Objects</b>	<b>\$ 434,821,738</b>	<b>\$ 475,398,268</b>	<b>\$ 488,156,870</b>	<b>\$ 12,758,602</b>	<b>2.7%</b>
<b>Funds</b>					
01 General Fund	\$ 434,821,738	\$ 475,398,268	\$ 488,156,870	\$ 12,758,602	2.7%
<b>Total Funds</b>	<b>\$ 434,821,738</b>	<b>\$ 475,398,268</b>	<b>\$ 488,156,870</b>	<b>\$ 12,758,602</b>	<b>2.7%</b>

Note: The fiscal 2024 appropriation does not include deficiencies. The fiscal 2025 allowance does not include contingent reductions.



**Appendix 4**  
**Fiscal Summary**  
**MHEC – Aid to Community Colleges**

<u>Program/Unit</u>	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Work Approp.</u>	<u>FY 25</u> <u>Allowance</u>	<u>Change</u>	<u>FY 24 - FY 25</u> <u>% Change</u>
05 Senator John A. Cade Funding Formula for Community Colleges	\$ 373,147,474	\$ 413,590,660	\$ 418,446,938	\$ 4,856,278	1.2%
06 Aid to Community Colleges – Fringe Benefits	61,674,264	61,807,608	69,709,932	7,902,324	12.8%
<b>Total Expenditures</b>	<b>\$ 434,821,738</b>	<b>\$ 475,398,268</b>	<b>\$ 488,156,870</b>	<b>\$ 12,758,602</b>	<b>2.7%</b>
General Fund	\$ 434,821,738	\$ 475,398,268	\$ 488,156,870	\$ 12,758,602	2.7%
<b>Total Appropriations</b>	<b>\$ 434,821,738</b>	<b>\$ 475,398,268</b>	<b>\$ 488,156,870</b>	<b>\$ 12,758,602</b>	<b>2.7%</b>

Note: The fiscal 2024 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.