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Written and Oral Testimony— Oppose

TESTIMONY

Senate Budget and Taxation Committee

SB 213 State Budget – Mandated Appropriations - Reductions

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January 31, 2018

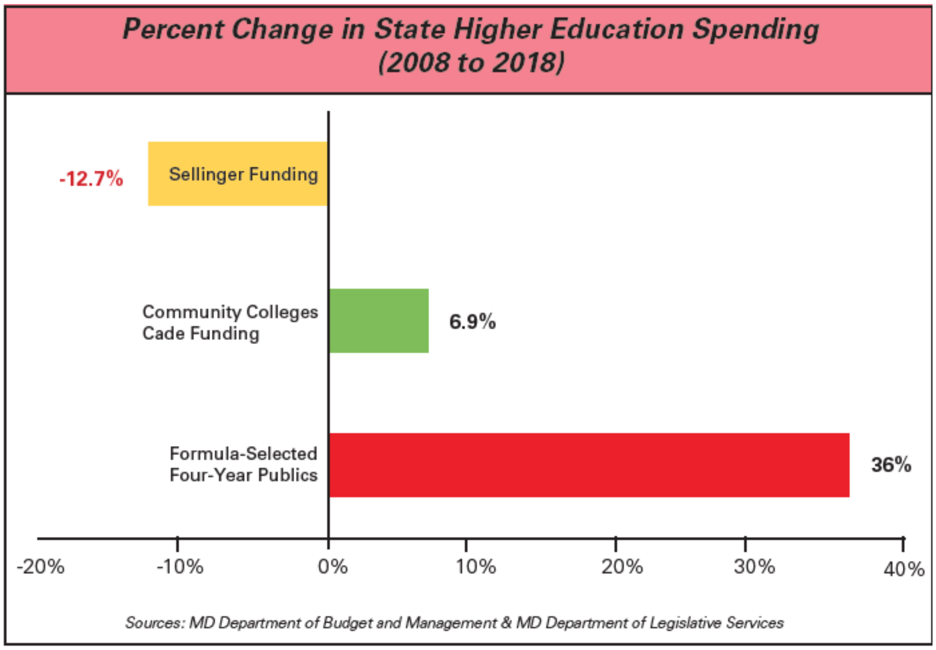
Thank you for the opportunity to provide this testimony in opposition to SB 213, *State Budget – Mandated Appropriations - Reductions*. If enacted, this bill would authorize the Governor to reduce the appropriation for mandated programs by up to 1% if the Board of Revenue Estimates projects future General Fund growth of less than 3%.

If enacted, this bill would limit the authority of the General Assembly to set budget priorities. The Governor of Maryland has more budgetary power than any other governor in the nation. The Maryland General Assembly cannot increase an appropriation in the State operating budget, it cannot add an item to the operating budget, and it cannot move funds around within the operating budget. The only mechanism the General Assembly has to establish budget priorities is to enact legislation mandating specific appropriations in future State budgets. If this legislation is adopted, the General Assembly would essentially relinquish some of its budgetary power to the Board of Revenue Estimates and the Governor.

Through the Sellinger formula and the Cade Community College funding formula, State aid for Maryland's public-purpose, nonprofit institutions of higher education rise and fall together. This link was established to provide a rational basis to compensate the independent institutions and the community colleges for the services they provide to the State and to foster collaboration between the sectors of higher education.

Unlike most mandated funding programs, the Sellinger formula does <u>not</u> include an inflation factor and does not have a "hold harmless" provision. Funding for the Program may increase or decrease depending on the State's appropriation on a per-student basis to Maryland's public universities and the enrollment changes at the eligible institutions.

While the Governor is required to include a mandated appropriation in the State operating budget, the Governor may introduce a Budget Reconciliation and Financing Act to reduce a mandated appropriation. In addition, the General Assembly retains the authority to reduce a mandated appropriation and may do so in any budget bill. Over the past decade, the Governor and the General Assembly have exercised this authority and have made numerous adjustments to mandated funding levels and formulas, including the Sellinger formula and the Cade formula. The attached chart shows the growth in State aid for public and private, nonprofit institutions of higher education from fiscal 2008 to present. As demonstrated, State aid to Maryland's independent colleges and universities has declined by almost 13% over this ten-year period. If the Program is fully funded in the fiscal 2019 budget, it will finally return to the fiscal 2008 level.



Partnering with Maryland's independent colleges and universities is an effective and efficient way to provide higher education services throughout the State. Working with its independent institutions, the State serves MORE students in MORE geographic regions of the State, offers MORE academic programs, awards MORE degrees, obtains MORE favorable outcomes, and SAVES taxpayer dollars. State taxpayers pay less than $3,900 per degree conferred at a MICUA member institution compared to more than $33,500 at a public university.

Today, 88% of Sellinger funding is used to provide financial aid to Maryland students, and the vast majority of that aid is distributed based on need. The remaining funds are used to support the State's goals for higher education, including diversity of students, administrators, faculty, and staff; expansion of programs in workforce shortage areas, such as teachers, nurses, and STEM fields; and college preparation and intervention services for at-risk students.

For these reasons, MICUA urges the Committee to give SB 213 an unfavorable Committee report.