

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 1599
 Appropriations

(Delegates Bohanan and Conway)

Budget and Taxation

Higher Education - Funding for Independent Regional Higher Education Centers

This bill requires \$5 million to be included in the State budget each year for independent regional higher education centers beginning in fiscal 2007. Each center must receive \$500,000 in basic operating funding and is eligible to receive up to \$750,000 in additional grant funding to support new programs and initiatives, technology, and upgrades to noncapital equipment. In consultation with the centers, the Maryland Higher Education Commission (MHEC) must adopt regulations and procedures to ensure that incentive grants are allocated in an equitable and consistent manner. The governing body of a regional higher education center may not transfer the funding it receives under the bill.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: General fund expenditures would increase by \$5 million annually beginning in FY 2007 to provide State grants to independent regional higher education centers. Revenues would not be affected.

| (\$ in millions) | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|------------------|---------|---------|---------|---------|---------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| Higher Ed Exp. | 0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Net Effect | \$0 | (\$5.0) | (\$5.0) | (\$5.0) | (\$5.0) |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Regional higher education centers must: (1) provide access to affordable higher education programs to citizens in unserved and underserved areas; (2) respond to the needs of local businesses and industries; and (3) encourage participation by institutions of higher education for the benefit of students and serve the needs of, and provide programs to, elementary and secondary schools, business and industry, and governmental agencies. The State is not required to provide funding for the regional higher education centers.

Background: Currently, there are seven regional higher education centers in Maryland serving more than 6,000 students and offering more than 120 different academic programs. Five of the centers are independent: the Southern Maryland Higher Education Center, the Eastern Shore Higher Education Center, the Waldorf Center for Higher Education, the Higher Education and Applied Technology Center located in Harford County, and the Laurel Center. These centers are operated through partnerships with a number of academic institutions as well as local governments and businesses. Two regional higher education centers, Shady Grove and Hagerstown, are operated by the University System of Maryland and are not considered independent centers. An eighth center at Arundel Mills has applied to MHEC for recognition as a regional higher education center, and its application is pending.

In response to a requirement in the 2004 *Joint Chairmen's Report*, MHEC convened a workgroup to examine the State's goals for regional higher education centers and funding mechanisms that will allow the centers to achieve the goals. In a report from October 2004, the workgroup notes that State operating and capital funding for regional higher education centers has been sporadic. The report suggests that "consistent and equitable" State funding would enable the centers to meet the needs of their regions.

State Expenditures: General fund expenditures would increase by \$5 million annually beginning in fiscal 2007. The funding would be distributed by MHEC to the five independent regional higher education centers currently operating in Maryland. If more independent regional higher education centers are approved in the future, up to three additional centers could share in the funding.

MHEC could develop an equitable method for distributing the funds with existing personnel and resources.

Additional Information

Prior Introductions: None.

Cross File: SB 989 (Senator Middleton, *et al.*) – Budget and Taxation.

Information Source(s): Maryland Higher Education Commission, Department of Legislative Services

Fiscal Note History: First Reader - March 22, 2005
n/rhh

Analysis by: Mark W. Collins

Direct Inquiries to:
(410) 946-5510
(301) 970-5510