

Department of Legislative Services  
Maryland General Assembly  
2013 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 527  
Appropriations

(Delegate Clagett)

Education, Health, and Environmental Affairs

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Frederick Regional Higher Education Advisory Board

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This bill establishes the Frederick Regional Higher Education Advisory Board (FRHEAB) and specifies board membership and duties. FRHEAB must conduct an assessment of unmet higher education needs in the region and must assist in establishing a Frederick Regional Higher Education Center (RHEC).

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Fiscal Summary

**State Effect:** To the extent that this bill facilitates creation of an RHEC in Frederick County, general fund and higher education expenditures and tuition revenues increase in the out-years. Based on current RHEC funding, State expenditures for a new RHEC, excluding start-up expenses, will be at least \$303,000 per year. The FY 2014 State budget includes \$120,000 in general funds to conduct a study for Frederick Regional Higher Education and for the Northeast Maryland Higher Education Advisory Board, contingent on enactment of this bill or its cross file establishing FRHEAB.

**Local Effect:** Local government officials appointed to FRHEAB can participate without affecting local budgets. To the extent that this bill facilitates the creation of an RHEC, Frederick County expenditures may increase significantly. Any expenditures may be partially offset by increased State aid for the RHEC.

**Small Business Effect:** Minimal.

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Analysis

**Bill Summary:** The Frederick County Chamber of Commerce Major Employers Group must appoint the initial members of FRHEAB by November 1, 2013.

Each member serves for a term of three years and until a successor is appointed and qualifies. A member may not serve more than two full consecutive terms. A member appointed to fill a vacancy in an unexpired term serves only for the remainder of that term and until a successor is appointed and qualifies. The chair of the board must be elected by the board from among its members; however, a member who represents an out-of-state institution may not serve as chair.

FRHEAB members may not receive compensation, but they are entitled to reimbursement for expenses under the standard State travel regulations.

FRHEAB must:

- assist and support the development of higher education in the Frederick region;
- assist in establishing a Frederick RHEC;
- assist in setting the missions of and accomplishing the goals and objectives of the sites (*i.e.*, four-year institutions that offer programs at the center) in Frederick County;
- assist with the marketing and promotion of programs offered at the center and sites; and
- facilitate interactions among the business, nonprofit, education, military, and Frederick National Laboratory communities.

FRHEAB is also required to keep separate records and minutes and to adopt reasonable rules, regulations, or bylaws to carry out the provisions of the bill. In addition, the advisory board must ensure that all academic programs and policies of the center and sites are in compliance with the policies of and approved by the Maryland Higher Education Commission (MHEC).

**Current Law:** MHEC has authority to approve RHECs to operate in the State and has statewide coordinating responsibility for RHECs. MHEC may distribute strategic incentive funds to an institution of higher education or an RHEC to encourage attainment of the goals and priorities set forth in the State Plan for Higher Education.

MHEC *may* (1) require RHECs to submit strategic plans and (2) provide grants to RHECs for ongoing operating expenses and lease payments if consistent with the State Plan for Higher Education and the approved mission statements of the RHECs. MHEC *must* (1) administer programs of State support and financial assistance for the RHECs and (2) assure that courses and programs offered are within the scope of the approved mission of the RHECs and specifically satisfy the duties and goals set forth for RHECs in statute. MHEC must assure that State funds for the RHECs not administered by the University System of Maryland (USM) are spent prudently and in accordance with State guidelines.

USM must assure that State funds for the RHECs it administers are spent prudently and in accordance with State guidelines.

**Background:** Frederick County has one community college and two private nonprofit institutions of higher education.

- Frederick Community College (FCC): Founded in 1957, FCC enrolled more than 4,600 full-time equivalent students (FTES) in 2011. USM received a total of 372 FCC transfer students in 2008. As 1 of the State's 15 locally operated community colleges, the college receives funding from Frederick County and the State in addition to the tuition revenues.
- Hood College: A private nonprofit institution located in the City of Frederick, Hood College enrolled a total of 2,422 students in fall 2012: 1,434 undergraduates and 988 students seeking master's degrees, certificates, or certifications.
- Mount St. Mary's University: A private nonprofit institution with campuses in Emmitsburg and the City of Frederick, Mount St. Mary's University enrolled a total of 2,305 students in fall 2012.

The educational attainment of residents of Frederick County is compared with the educational attainment of all Maryland residents in **Exhibit 1**. The exhibit shows that, relative to the statewide figures, higher percentages of county residents have completed high school, and similar percentages hold college degrees and advanced degrees.

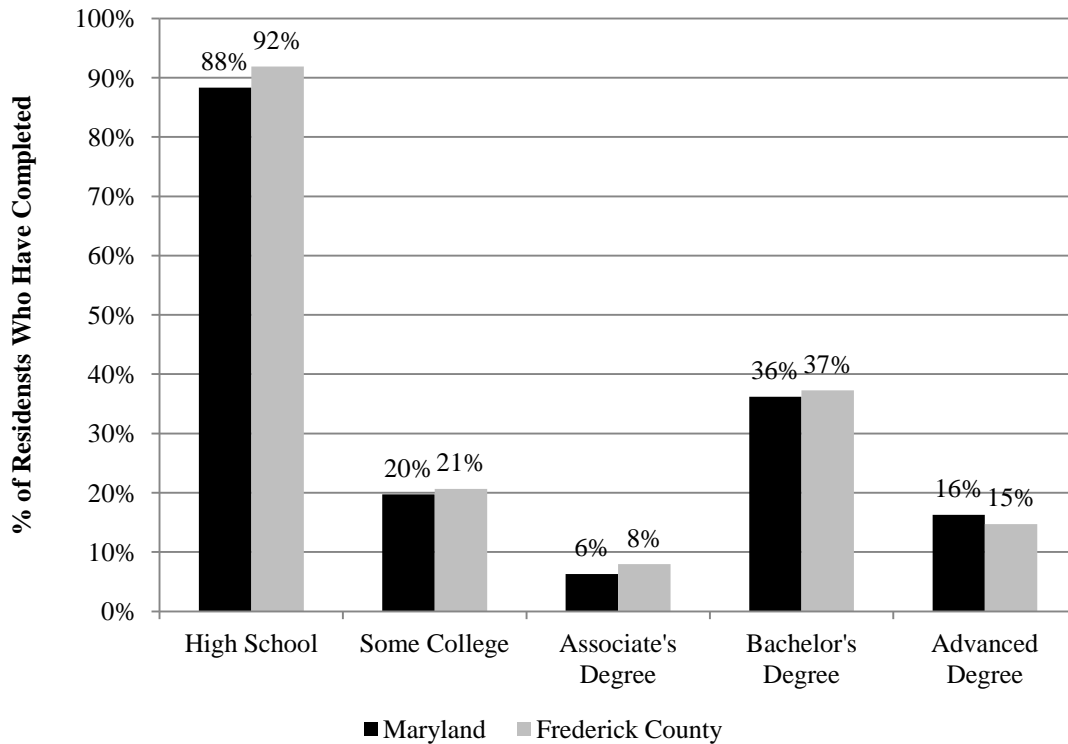
#### *Higher Education Demand Survey and Needs Analysis for Frederick County*

In 2011, USM produced a report titled *Higher Education Demand Survey and Needs Analysis for Frederick County*. As part of the report, USM conducted four surveys to gauge the level of interest for expanded higher education opportunity in Frederick County. The survey included four major stakeholder groups: FCC students (1,063 via online survey); senior (54%) and junior (46%) students at Walkersville High School (394 via in-class survey); Frederick County residents (400 via telephone survey); and Chamber of Commerce members/Frederick employers (84 via online survey).

The surveys revealed generally positive results for the expansion of postsecondary services across all respondents. However, one-third of Frederick County residents indicated that they were "negative" to "neutral" when asked about the effort to increase college course offerings within the county's border. It must be noted that the community survey of Frederick County residents drew 99% of their respondents from the City of Frederick, which may or may not accurately represent the entire county.

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**Exhibit 1**  
**Educational Attainment of Residents Age 25 and Older**  
**2009-2011**



Source: 2009-2011 American Community Survey 3-year Estimates; U.S. Census Bureau

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*Regional Higher Education Centers*

An RHEC is a facility that has the participation of two or more institutions of higher education, consists of a variety of program offerings, and offers multiple degree levels. RHECs are designed to ensure access to higher education in underserved areas of the State. The centers provide baccalaureate and graduate programs in places where students do not have access due to geographical distance, commute time, or the limited capacity of local four-year institutions. The centers offer the State an opportunity to address workforce needs in high-demand areas, particularly for nontraditional students, and to support State, regional, and local economic development goals. The Hagerstown Center in Washington County is one of eight RHECs currently located throughout Maryland.

Since 2000, MHEC has been responsible for the coordination of the eight RHECs. USM operates two of the centers, and the other six are independent centers that exist in areas

not served by comprehensive four-year institutions. MHEC is responsible for approving the mission statements of all eight of the centers, ensuring that the programs and courses offered are within the scope of the approved mission statements, and making recommendations for State funding for the centers to the Governor and the General Assembly. For the six centers independent of USM, the commission is also responsible for administering operating funding to the centers. USM administers operating funding for the Shady Grove and Hagerstown centers.

The two USM centers are funded as line items in the USM System Office operating budget. The other six centers are funded by grants through the MHEC operating budget. State capital funding for the USM centers is a part of USM's capital process. The other six centers' capital requests are handled on a case-by-case basis. In 2005, the General Assembly charged MHEC with developing an equitable, consistent, and ongoing funding strategy for the non-USM RHECs. The resulting strategy contains the following components:

- base allocation for each center (\$200,000);
- incentive funding for FTES (2+2 lower division, upper division, and graduate) tied to the inflation-adjusted fiscal 2005 general fund appropriation per FTES at the Universities at Shady Grove;
- lease funding for centers that lease space; and
- special funding for one-time projects or start-up costs.

Non-USM RHECs first received State operating funding in fiscal 2006, although as the only center established by State law, the Southern Maryland Center has generally received annual State operating support since fiscal 1995. The funding strategy was first partially funded in fiscal 2009. **Exhibit 2** shows the State appropriation for each center in fiscal 2012 and 2013 and the Governor's proposed funding for fiscal 2014.

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**Exhibit 2**  
**Regional Higher Education Centers State Funding**  
**Fiscal 2012-2014**

|                                   | <u>FY 2012</u>      | <u>FY 2013</u>      | <b>Proposed</b><br><u>FY 2014</u> |
|-----------------------------------|---------------------|---------------------|-----------------------------------|
| AACC RHEC at Arundel Mills        | \$228,826           | \$238,387           | \$302,900                         |
| Eastern Shore Higher Ed. Center   | 214,896             | 246,322             | 313,705                           |
| HEAT Center                       | 278,738             | 329,919             | 498,556                           |
| Laurel College Center             | 216,436             | 225,159             | 314,298                           |
| Southern Maryland Higher Ed. Ctr. | 320,798             | 422,855             | 718,587                           |
| Waldorf Center for Higher Ed.     | 240,306             | 287,358             | 401,954                           |
| <b>Total All Non-USM RHECs*</b>   | <b>\$1,500,000</b>  | <b>\$1,750,000</b>  | <b>\$2,550,000</b>                |
| <br>                              |                     |                     |                                   |
| Universities at Shady Grove       | 10,523,837          | 10,552,990          | 11,159,854                        |
| Hagerstown Center                 | 1,891,592           | 1,891,592           | 1,895,910                         |
| <b>Total USM RHECs</b>            | <b>\$12,415,429</b> | <b>\$12,444,582</b> | <b>\$13,055,764</b>               |
| <b>Total All RHECs</b>            | <b>\$13,915,429</b> | <b>\$14,194,582</b> | <b>\$15,605,764</b>               |

AACC: Anne Arundel Community College  
HEAT: Higher Education and Applied Technology  
RHEC: Regional Higher Education Center  
USM: University System of Maryland

Source: Maryland Higher Education Commission

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In fiscal 2012, the non-USM RHECs were appropriated \$1.5 million, which was distributed using the funding strategy, including the full \$200,000 base funding appropriation. In fiscal 2013, funding for the non-USM RHECs was increased to \$1.75 million; therefore, more per-student funding was available. The fiscal 2014 State budget increases the non-USM RHEC funding to \$2.55 million.

The State budget also includes \$120,000 in general funds contingent upon the enactment of this bill or SB 522 to conduct a study for Frederick Regional Higher Education and to conduct a study for the Northeast Maryland Higher Education Advisory Board.

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 522 (Senator Young) - Education, Health, and Environmental Affairs.

**Information Source(s):** Maryland Higher Education Commission, University System of Maryland, U.S. Census Bureau, Department of Legislative Services

**Fiscal Note History:** First Reader - February 17, 2013  
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Analysis by: Caroline L. Boice

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