

# SENATE BILL 434

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CF HB 556

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By: **Senators King, Waugh, Currie, Ferguson, Madaleno, ~~and Serafini~~ Serafini, and Middleton**

Introduced and read first time: January 27, 2017

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 2, 2017

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Higher Education – St. Mary’s College of Maryland – Funding**

3 FOR the purpose of ~~altering the calculation of the General Fund grant for St. Mary’s College~~  
4 ~~of Maryland, beginning in a certain fiscal year; requiring the amount of the grant to~~  
5 ~~be augmented by certain funds for a certain portion of the grant that supports certain~~  
6 ~~costs; requiring the amount of the grant to be augmented by certain funds~~ providing  
7 additional funds to St. Mary’s College of Maryland if certain funding is provided for  
8 certain wage increases for certain ~~University System of Maryland employees;~~  
9 ~~requiring the amount of the grant to be augmented by certain funds if certain~~  
10 ~~funding is provided to the University System of Maryland to pay for~~ State employees  
11 in certain fiscal years; providing additional funds to the College for a certain increase  
12 in certain health and retirement costs for certain employees ~~insurance costs of the~~  
13 ~~College; authorizing~~ requiring the amount of the grant to include certain funds  
14 General Fund grant to increase by a certain percent if a certain condition is met;  
15 stating the ~~goal of the State~~ legislative intent regarding certain appropriations for  
16 the purpose of ~~stabilizing~~ moderating tuition costs for certain students at the College  
17 ~~in a certain fiscal year; requiring the Governor to include in the State budget for a~~  
18 ~~certain fiscal year a certain appropriation to the College for certain expenses;~~  
19 requiring the inclusion of certain appropriations to the College in a certain fiscal  
20 year in the calculation of the General Fund grant in the following fiscal year;  
21 prohibiting the inclusion of a certain ~~appropriation~~ appropriations to the College in  
22 ~~a certain fiscal year~~ certain fiscal years in the calculation of the General Fund grant  
23 for any following fiscal year; ~~defining a certain term;~~ and generally relating to  
24 funding for St. Mary’s College of Maryland.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,  
 2 Article – Education  
 3 Section 14-405 ~~and 14-410~~  
 4 Annotated Code of Maryland  
 5 (2014 Replacement Volume and 2016 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
 7 That the Laws of Maryland read as follows:

8 **Article – Education**

9 14-405.

10 (a) The Board of Trustees shall prepare and implement both a capital and  
 11 operating budget for the management of the College.

12 (b) (1) In order to [establish] **ENSURE** a **STABLE AND** predictable level of  
 13 funding, the Governor shall include in the annual budget submission a General Fund grant  
 14 to St. Mary's College of Maryland.

15 (2) ~~[(i)]~~ For fiscal year 1993, the grant shall be as provided for in the  
 16 State fiscal year 1993 appropriation.

17 ~~[(ii)]~~ ~~(3)~~ For fiscal ~~[year]~~ **YEARS** 1994 ~~[and each year thereafter]~~  
 18 ~~THROUGH 2018~~, the proposed grant shall be equal to the grant of the prior year augmented  
 19 by funds required to offset inflation as indicated by the implicit price deflator for State and  
 20 local government.

21 ~~(4) (i) FOR FISCAL YEAR 2019 AND EACH FISCAL YEAR~~  
 22 ~~THEREAFTER, THE PROPOSED GRANT SHALL BE EQUAL TO THE GRANT OF THE~~  
 23 ~~PRIOR FISCAL YEAR AUGMENTED BY FUNDS AS PROVIDED IN SUBPARAGRAPHS (ii)~~  
 24 ~~THROUGH (v) OF THIS PARAGRAPH.~~

25 ~~(ii) 1. IN THIS SUBPARAGRAPH, "NONPERSONNEL COSTS"~~  
 26 ~~MEANS ALL OF THE COLLEGE'S EDUCATIONAL AND GENERAL EXPENSES EXCEPT~~  
 27 ~~FOR EXPENSES FOR WAGES AND BENEFITS OF FULL TIME EMPLOYEES OF THE~~  
 28 ~~COLLEGE.~~

29 ~~2. THE STATE SHALL PROVIDE TO THE COLLEGE FUNDS~~  
 30 ~~REQUIRED TO OFFSET INFLATION AS INDICATED BY THE IMPLICIT PRICE DEFLATOR~~  
 31 ~~FOR STATE AND LOCAL GOVERNMENT FOR THAT PORTION OF THE GRANT THAT~~  
 32 ~~SUPPORTS NONPERSONNEL COSTS.~~

~~(III) FOR EACH FISCAL YEAR IN WHICH THE STATE PROVIDES FUNDS TO THE UNIVERSITY SYSTEM OF MARYLAND FOR WAGE INCREASES TO STATE-SUPPORTED EMPLOYEES OF THE UNIVERSITY SYSTEM OF MARYLAND, INCLUDING COST OF LIVING ADJUSTMENTS, MERIT ADJUSTMENTS, OR ANY OTHER WAGE INCREASE, THE STATE SHALL PROVIDE TO THE COLLEGE THE SAME PROPORTION OF ADDITIONAL STATE FUNDING PER EMPLOYEE FOR STATE-SUPPORTED EMPLOYEES OF THE COLLEGE.~~

~~(IV) FOR EACH FISCAL YEAR IN WHICH THE STATE PROVIDES FUNDS TO PAY FOR THE INCREASE IN HEALTH AND RETIREMENT COSTS FOR THE STATE-SUPPORTED EMPLOYEES OF THE UNIVERSITY SYSTEM OF MARYLAND, THE STATE SHALL PROVIDE TO THE COLLEGE FUNDS TO PAY FOR THE INCREASE IN HEALTH AND RETIREMENT COSTS FOR THE STATE-SUPPORTED EMPLOYEES OF THE COLLEGE.~~

~~(V) IF A NEW ACADEMIC BUILDING AT THE COLLEGE WILL BECOME OPERATIONAL DURING THE UPCOMING FISCAL YEAR, THE PROPOSED GRANT FOR THE UPCOMING FISCAL YEAR MAY INCLUDE FUNDS, TO THE EXTENT POSSIBLE, SUFFICIENT TO OPERATE THE BUILDING.~~

(III) BEGINNING IN FISCAL YEAR 2019, IF THE COLLEGE'S 6-YEAR GRADUATION RATE AS REPORTED BY THE MARYLAND HIGHER EDUCATION COMMISSION IS 82% OR GREATER IN THE SECOND PRECEDING FISCAL YEAR, THE PROPOSED GRANT FOR THE UPCOMING FISCAL YEAR SHALL BE INCREASED BY 0.25%.

(3) (I) BEGINNING IN FISCAL YEAR 2019, IN ADDITION TO THE GRANT PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION, THE COLLEGE SHALL RECEIVE THE AMOUNTS SPECIFIED UNDER THIS PARAGRAPH.

(II) FOR EACH FISCAL YEAR, THE STATE SHALL PROVIDE TO THE COLLEGE FUNDS TO PAY FOR THE INCREASE IN STATE-SUPPORTED HEALTH INSURANCE COSTS OF THE COLLEGE.

(III) FOR EACH FISCAL YEAR IN WHICH THE STATE PROVIDES A COST-OF-LIVING ADJUSTMENT FOR STATE EMPLOYEES, THE STATE SHALL PROVIDE TO THE COLLEGE 50% OF THE COST-OF-LIVING ADJUSTMENT WAGE INCREASE FOR STATE-SUPPORTED EMPLOYEES OF THE COLLEGE.

(IV) FOR EACH FISCAL YEAR IN WHICH THE STATE PROVIDES FUNDS TO OTHER PUBLIC SENIOR HIGHER EDUCATION INSTITUTIONS TO MODERATE UNDERGRADUATE RESIDENT TUITION INCREASES, IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE STATE SHALL PROVIDE TO THE COLLEGE FUNDS FOR THE SAME PURPOSE.

1           **(4) FUNDING PROVIDED UNDER PARAGRAPH (3) OF THIS**  
 2 **SUBSECTION:**

3           **(I) MAY NOT BE INCLUDED IN THE CALCULATION OF THE**  
 4 **PROPOSED GRANT UNDER PARAGRAPH (2) OF THIS SUBSECTION FOR ANY**  
 5 **FOLLOWING FISCAL YEAR; AND**

6           **(II) SHALL BE PROVIDED IN THE SAME AMOUNT IN EACH**  
 7 **FOLLOWING FISCAL YEAR.**

8           **[(3) (5)]** The State shall pay the General Fund grants under this  
 9 subsection to the College on a quarterly basis.

10           **[(4) (6)]** Nothing in this subsection may be construed to restrict the  
 11 budgetary power of the General Assembly.

12           **[(5) (7)]** ~~The~~ **EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**  
 13 **SUBSECTION, THE** College shall support all operating costs, including personnel and  
 14 retirement costs, from its General Fund grant and the other revenue sources of the College.

15           (c) (1) Subject to the approval of the Board of Public Works, the Board may  
 16 acquire, lease, encumber, sell, or otherwise dispose of real property held by the State for  
 17 the use of St. Mary's College of Maryland.

18           (2) The Board may acquire, lease, encumber, sell, or otherwise dispose of  
 19 personal property.

20           (3) The title to any land acquired by St. Mary's College of Maryland shall  
 21 be held by the State of Maryland for the use of St. Mary's College of Maryland.

22           (d) (1) The Board may borrow money for the purposes and on the terms that  
 23 the Board determines.

24           (2) The Board may secure a loan with property acquired by the Board or  
 25 with revenues derived from the property.

26           (3) A loan under this section does not:

27           (i) Create or constitute a debt or obligation of the State or any unit  
 28 of the State other than the College; or

29           (ii) Create or constitute a debt or obligation contracted by the  
 30 General Assembly or pledge the faith and credit of the State within the meaning of Article  
 31 III, § 34 of the Maryland Constitution.

1 (e) (1) (i) The income of the College shall be deposited in the State  
2 Treasury or as the State Treasurer directs.

3 (ii) The State Treasurer shall invest the funds and credit to the  
4 College any interest or other income from the investment of the funds.

5 (2) The College may spend or encumber, within the fiscal year they are  
6 received, revenues received in excess of those estimated for any fiscal year.

7 (3) Any unexpended or unencumbered balances of the College's revenues  
8 shall not revert to the General Fund of the State at the end of each fiscal year.

9 (f) (1) Except as provided in § 11-203(e) of the State Finance and Procurement  
10 Article, the College is exempt from Division II of the State Finance and Procurement  
11 Article.

12 (2) (i) Subject to review and approval by the Board of Public Works and  
13 the Administrative, Executive, and Legislative Review Committee of the General  
14 Assembly, the Board of Trustees shall develop policies and procedures governing  
15 procurements by the College.

16 (ii) The policies and procedures developed under subparagraph (i) of  
17 this paragraph shall promote the purposes of the State procurement law as set forth in §  
18 11-201 of the State Finance and Procurement Article.

19 ~~14-410.~~

20 ~~(a) (1) In this section the following words have the meanings indicated.~~

21 ~~(2) "Academic year" means the period commencing with the fall semester~~  
22 ~~and continuing through the immediately following summer session at St. Mary's College of~~  
23 ~~Maryland.~~

24 ~~(3) "Fund" means the Higher Education Investment Fund established in §~~  
25 ~~15-106.6 of this article.~~

26 ~~(4) (i) "Tuition" means the charges approved by the Board of Trustees~~  
27 ~~of St. Mary's College of Maryland that are required of all undergraduate resident students~~  
28 ~~by the institution as a condition of enrollment regardless of the student's degree program,~~  
29 ~~field of study, or selected courses.~~

30 ~~(ii) "Tuition" does not include:~~

31 ~~1. Fees that are required of all undergraduate resident~~  
32 ~~students by the institution as a condition of enrollment regardless of the student's degree~~  
33 ~~program, field of study, or selected courses;~~

~~2. Fees dedicated to support auxiliary enterprises and other self-funded activities of the institution; or~~

~~3. A fee required only for enrollment in a specific degree program, field of study, or course when that fee is not required of undergraduate resident students at the institution for enrollment in other degree programs, fields of study, or courses.~~

~~(b) Notwithstanding any other provision of law, for the academic years beginning in the fall of 2013 and the fall of 2014, the Board of Trustees may not approve and may not impose an increase in the tuition charged for an academic year to a resident undergraduate student at the institution over the amount charged for tuition at the institution in the preceding academic year.~~

~~(c) From the Fund, the Governor shall appropriate to St. Mary's College of Maryland:~~

~~(1) For fiscal year 2014, \$800,000; and~~

~~(2) For fiscal year 2015, \$1,616,000.~~

~~(d) The calculation made under § 14-405 of this subtitle for the fiscal year 2016 General Fund grant shall include the fiscal year 2015 appropriation from the Fund made under this section.~~

~~**(E) IT IS THE GOAL OF THE STATE THAT ST. MARY'S COLLEGE OF MARYLAND RECEIVE GENERAL FUND APPROPRIATIONS OR APPROPRIATIONS FROM THE FUND FOR THE PURPOSE OF STABILIZING TUITION COSTS OF RESIDENT UNDERGRADUATE STUDENTS IN THE SAME PROPORTION AS THE UNIVERSITY SYSTEM OF MARYLAND IN THE SAME FISCAL YEAR.**~~

~~SECTION 2. AND BE IT FURTHER ENACTED, That the Governor shall include in the State budget for fiscal year 2019 an appropriation of \$720,000 to St. Mary's College of Maryland to reimburse the College for expenses incurred during previous fiscal years that were not covered by the General Fund grants to St. Mary's College of Maryland under § 14-405 of the Education Article for those fiscal years. The amount provided in fiscal year 2019 may not be included for the purpose of calculating the General Fund grant for any following fiscal year.~~

~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017.~~