

**HB341\_USM\_FAV\_B&T.pdf**

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**SENATE BUDGET AND TAXATION COMMITTEE**  
**House Bill 341**  
**Higher Education - Cost-of-Living Adjustment - Non-State-Supported Employees**  
**March 26, 2024**  
**Favorable**

Chair Guzzone, Vice Chair Rosapepe and members of the committee, thank you for the opportunity to offer testimony on House Bill 341.

The University System of Maryland (USM) is comprised of twelve distinguished institutions, and three regional centers. We award eight out of every ten bachelor's degrees in the State. Each of USM's 12 institutions has a distinct and unique approach to the mission of educating students and promoting the economic, intellectual, and cultural growth of its surrounding community. These institutions are located throughout the state, from Western Maryland to the Eastern Shore, with the flagship campus in the Washington suburbs. The USM includes three Historically Black Institutions, comprehensive institutions and research universities, and the country's largest public online institution.

The bill requires the State to provide to non-State-supported employees of Bowie State University, Coppin State University, University of Maryland, Eastern Shore, and University of Maryland, Global Campus, a certain percentage of the cost-of-living adjustment the State provides to State employees. Essentially providing full funding for cost-of-living (COLA) to all employees. Amended in the House, the bill now requires a report regarding employee hiring and retention.

As you know, the State negotiates and announces salary and wage increases for all State employees. Historically, funding for these increases has been provided for only those employees paid from state supported activities. Currently 65% of USM salaries are state supported; 35% are funded from other than state fund resources. These are self-supporting activities where the revenue received must cover the expenses.

In order to fund salary increases announced by the state, institutions often resort to raising student fees or reducing student services to balance operating budgets. For each 1% of COLA left unfunded for non-state supported employees USM-wide, around \$14.2 million must be covered by increased revenue ultimately shifting the cost burden onto students and their families through increased fees as outlined below in the institution responses.

Many of these State employees work in university dining halls, housing units and other functions. Their salaries are paid from the proceeds of fees charged to students at our institutions of higher learning. As university employees they are eligible for State-announced COLA increases and in fact may be the employees who will benefit the most from increasing their pay to keep up with inflation.

The state has an interest in ensuring that these employees realize the same wage increases as other state employees without passing that cost along to other Marylanders in the form of additional fees.

Again, the USM appreciates the efforts of the General Assembly and their consideration in supporting this legislation to ensure the State funds the COLA increases it announces for state employees.

The USM urges a Favorable Report on House Bill 341.



**HH341\_Solomon\_FAV-B&T.pdf**

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DEPUTY SPEAKER PRO TEM

Appropriations Committee

*Subcommittees*

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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**HB 341 Testimony**  
**Higher Education – Cost-of-Living-Adjustment**  
**Non-State Supported Employees**  
**March 26, 2024**

**Senate Budget and Taxation Committee**

Chair Guzzone, Vice Chair Rosapepe, Colleagues, thank you for the opportunity to present on my bill HB 341. As introduced, the original legislation proposed to allocate Cost of Living Adjustment (COLA) funding for all non-state-supported employees within the University System of Maryland and state supported institutions of higher education. Because of the significant fiscal note, the Appropriations Committee chose to narrow the scope and create a pilot to support the following institutions:

1. Bowie State University
2. Coppin State University
3. Morgan State University
4. University of Maryland Eastern Shore
5. University of Maryland Global Campus

As you know, this is an ongoing issue that the General Assembly Budget Committees have grappled with for years. The State negotiates and announces salary and wage increases for all State employees however, **not** all State employees' increases are paid for from State funds.

Many of these State employees work in university dining halls, housing units and other functions. Their salaries are paid from the proceeds of fees charged to students at our institutions of higher learning.

These employees are rightly included in being eligible for State-announced COLA increases and in fact may be the employees who will benefit the most from increasing their pay to keep up with inflation.

But the State does not pay for these increases. Rather these increases are absorbed by our institutions of higher education or passed along in the form of higher costs to our Maryland students and their families. You will see the impact on each university outlined in the fiscal note in regard to percentage of employees that are not covered by our traditional COLA's and the cost to each institution.

With incredibly diverse staff and faculty, again we believed these institutions were a good place to begin to change this policy. The House of Delegates voted 96-33 in favor of HB 341. Thank you for your consideration and I ask for a favorable report on HB 341.

**DBM HB 341 Statement of Information.docx.pdf**

Uploaded by: Dana Phillips

Position: INFO



# Maryland

DEPARTMENT OF BUDGET  
AND MANAGEMENT

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Governor

ARUNA MILLER  
Lieutenant Governor

HELENE GRADY  
Secretary

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Deputy Secretary

## HOUSE BILL 341 Higher Education- Cost of Living Adjustment- Non-State-Supported Employees

### STATEMENT OF INFORMATION

**DATE:** March 26, 2024

**COMMITTEE:** Finance Committee

**SUMMARY OF BILL:** House Bill 341 would require that when the State provides cost-of-living (COLA) funding to State employees, then the State would have to provide 100% of the COLA funding to non-State supported employees at Morgan State University, St. Mary's University, and all of the institutions of the University System of Maryland (USM).

**EXPLANATION:** The fiscal impact is dependent on the number of applicable staff members, which varies by institution. Based on the Department of Budget and Management's (DBM) estimates, for every 1% incremental increase to Statewide salary actions, almost \$13.1 million in new general fund expenditures would be added under this legislation. Assuming this legislation was effective for the current proposed actions in the Governor's Allowance, the fiscal 2025 additional costs would total \$86.1 million. Based on the salary assumptions from the out-year forecast, DBM estimates that out-year General Fund costs would increase by more than \$50 million every year between fiscal 2026 and fiscal 2029. Cumulative costs are shown below (in millions).

	<b>FY 25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>
General Fund	\$86.1	\$144.0	\$206.5	\$273.7	\$345.9

It should be noted that non-state-supported employees receive the same salary adjustments as State-supported employees of public higher education institutions. This legislation shifts which funding sources support these increases. Currently, salary increases for non-State supported employees are covered by the auxiliary or other funds that support the activity and services provided by these employees, such as room and board fees or research grants, and the higher education business model is designed to support this structure (e.g., federal research awards should fund their share of the salary increases associated with effort on the funded research). It is not clear why the General Assembly would look to shift this aspect of the higher education business model. Additionally, in light of current



projected general fund deficits in fiscal 2026 and onward, DBM urges caution in passing legislation increasing mandated general fund expenditures.

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