

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Revised

Senate Bill 596 (Senator Hoffman. *et al.*)

Budget and Taxation

Higher Education - Funding

This bill states that it is the intent of the General Assembly that, barring unforeseen economic conditions, the Governor shall include in the annual budget for fiscal 2000 and each year thereafter an amount of general fund support for “higher education” equal to or greater than the amount appropriated in the prior year. The bill also states that it is the goal of the State that annual general fund and capital support for higher education amount to no less than the following percentages of total general fund State revenues:

- 12.5% in fiscal 2000;
- 13.5% in fiscal 2001;
- 14.5% in fiscal 2002;
- 15% in fiscal 2003; and
- 15.5% in fiscal 2004.

The bill also sets forth goals for the various components of the higher education operating budget for fiscal 2000 through fiscal 2002.

Fiscal Summary

State Effect: General fund and capital expenditures for higher education would not need to increase over the amounts forecast for FY 2000 or FY 2001. However, general fund expenditures for higher education would need to increase by \$50.8 million in FY 2002 to meet the goals of the bill. Out-years reflect differentials between forecasted expenditures for higher education based upon current law and policy and projected expenditures for higher education based upon the percentage goals set forth in the bill. No direct effect on revenues.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	--	--	--	--	--

GF Expenditures	--	--	\$50.8	\$70.5	\$129.3
Net Effect	--	--	(\$50.8)	(\$70.5)	(\$129.3)

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

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Expenditures: Attachment 1 compares forecasted general fund and capital expenditures for higher education based upon current law and policy with projected general fund and capital expenditures for higher education based upon the percentage goals set forth in this bill, for fiscal 1999 through fiscal 2004. As is shown, total general fund expenditures for higher education are forecasted to be greater each year than the year before. Therefore, the bill's statement of intent that the Governor allocate for higher education at least as much money as the year before should be attained within the normal course of events. Likewise, the bill's goals that higher education funding amount to at least 12.5% of general fund revenues in fiscal 2000 and 13.5% of general fund revenues in fiscal 2001 should also be attained in due course. However, forecasted higher education funding falls increasingly short of the bill's percentage goals for fiscal 2002 through fiscal 2004. General fund expenditures must increase by \$50.8 million over forecast in fiscal 2002 to attain the bill's goals; \$70.5 million in fiscal 2003; and \$129.3 million in fiscal 2004.

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

Fiscal Note History: First Reader - February 17, 1998
 Inc Revised - Senate Third Reader - March 26, 1998
 Revised - Enrolled Bill - May 4, 1998

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Attachment 1
HIGHER EDUCATION FUNDING

(dollars in millions)	Forecasted GF Revenues*	Forecasted Higher Ed GF Funding**	Forecasted Higher Ed Capital Funding**	Higher Ed as a % of GF Revenues	SB 596 Higher Ed as a % of GF Revenues	SB 596 Higher Ed GF Funding	Additional Funding Needed for Higher Ed
FY 1999	\$8,168.4	\$959.5	\$83.3	12.77%	--	--	--
FY 2000	\$8,410.6	\$1,013.3	\$100.3	13.24%	12.5%	\$1,051.3	(\$62.3)
FY 2001	\$8,625.2	\$1,070.2	\$124.7	13.85%	13.5%	\$1,164.4	(\$30.5)
FY 2002	\$8,872.0	\$1,120.6	\$115.0	13.93%	14.5%	\$1,286.4	\$50.8
FY 2003	\$9,158.7	\$1,173.3	\$130.0	14.23%	15%	\$1,373.8	\$70.5
FY 2004	\$9,517.2	\$1,228.4	\$117.5	14.14%	15.5%	\$1,475.2	\$129.3

*GF = General Funds, * = Department of Legislative Services, ** = Department of Budget and Management*

Prepared by: Department of Legislative Services, May 1998