

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE

House Bill 873 (Harford County Delegation)
 Ways and Means

Higher Education - Harford Community College - Baccalaureate Degree Pilot Program

This bill establishes a Harford Community College (HCC) Baccalaureate Degree Pilot Program that will allow HCC to offer programs leading to Bachelor of Applied Science, Bachelor of Technology, and Bachelor of Technical and Professional Studies degrees. State funding for HCC continues under the Senator John A. Cade formula. The Maryland Higher Education Commission (MHEC) must conduct a comprehensive evaluation of the pilot program after fiscal 2007 to determine if: (1) the program has increased access to bachelor's degrees in Harford County; and (2) has addressed the State's workforce needs.

The bill is effective January 1, 2003 and sunsets June 30, 2008.

Fiscal Summary

State Effect: General fund expenditures for the Cade formula would increase by an estimated \$146,500 in FY 2005 due to increased student enrollment at HCC in FY 2003. Future year expenditures represent increases in enrollment and estimated annual increases in per pupil formula funding. MHEC could conduct the required evaluation with existing resources.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	0	146,500	322,200	531,700
Net Effect	\$0	\$0	(\$146,500)	(\$322,200)	(\$531,700)

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

Local Effect: Increase in HCC tuition revenues and revenues from the Cade formula. Revenue increases would be offset by increased expenditures for the bachelor's degree programs.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: To be able to issue bachelor degrees, the bill requires the HCC Board of Trustees to seek expanded accreditation from the Middle State Association of Colleges and Schools. The board must decide what bachelor's degree programs to offer based on workforce needs in Harford County and the State. HCC must maintain separate records for students in community college level courses and students in bachelor's degree courses, and may not recruit students from outside of Harford County for the program. HCC must maintain the mission of the community college and the distinction between HCC and its existing Higher Education Applied Technology (HEAT) Center.

Current Law: Community colleges in Maryland do not offer bachelor's degrees.

Background: Mandated fiscal 2003 funding for community colleges through the Senator John A. Cade formula was calculated at \$175 million. However, the Budget Reconciliation Act of 2002 proposed by the Administration (SB 323) includes a reduction of \$15.4 million in fiscal 2003 Cade formula funding for community colleges.

State Expenditures: HCC estimates that it could enroll as many as 50 full-time equivalent (FTE) students in bachelor's degree programs in the 2002-2003 academic year, and that this number would increase to a maximum of 200 FTE students by the 2005-2006 academic year. The Senator John A. Cade formula distributes funding to community colleges based on FTEs from the second prior fiscal year; therefore, State expenditures for the formula would be affected beginning in fiscal 2005. Assuming annual growth of 10% in per pupil Cade formula funding, general fund expenditures would increase by \$146,450 in fiscal 2005. Expenditure increases would escalate to approximately \$322,200 in fiscal 2006 and \$531,600 in fiscal 2007. If the proposed cut to community college aid is enacted, these expenditure increases would be somewhat lower.

Local Fiscal Effect: HCC tuition revenues would increase beginning in fiscal 2003 and revenues from the Cade formula would increase beginning in fiscal 2005. It is assumed that increased HCC revenues would be offset by increased expenditures to implement programs leading to bachelor's degrees.

Local appropriations to HCC would not be affected by the bill.

Additional Comments: Projections from MHEC for the number of students who would participate in the program are significantly higher than HCC's projections. MHEC's estimates are based on the assumption that a significant portion of students attending HCC for two-year degrees would choose to pursue four-year degrees at HCC after completing their initial degrees. HCC assumes that only students earning Associate's of Applied Science (AAS) degrees who are not continuing their studies at another four-year institution would pursue a bachelor's degree at HCC. HCC advises that it would not be able to accommodate the number of students that MHEC projects and would limit participation in the pilot program if too many students applied.

Additional Information

Prior Introductions: None.

Cross File: SB 502 (Senator Collins) - Education, Health, and Environmental Affairs.

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

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