

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE
Revised

Senate Bill 678

(Senator Neall, *et al.*)

Education, Health, and Environmental Affairs and Budget and Taxation Appropriations

**Higher Education - Community Colleges - Innovative Partnerships for
 Technology Program**

This bill restarts the Innovative Partnerships for Technology Program beginning in fiscal 2003. Technology donations made to community colleges during fiscal 2003 and 2004 must be matched by the State, up to a maximum State match of \$200,000 per college. Colleges that earn the entire State match from fiscal 2003 and 2004 donations are eligible for additional State matches of up to \$200,000 for technology donations made in fiscal 2005 and 2006. State matches are paid in the second fiscal year following the fiscal year in which the donations were received. To determine what donations are eligible for a State match, private technology donations are compared to the donations each institution received in fiscal 1998. To be eligible, donations must be from new donors or represent increases over the amounts given by donors in fiscal 1998. Donations may be in the form of technology equipment or monetary contributions that are specifically designated for technology.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$2.2 million annually from FY 2005 to 2008 to pay State matches for technology donations made to community colleges. No effect on revenues.

| (\$ in millions) | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|------------------|---------|---------|---------|---------|---------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 0 | 0 | 2.2 | 2.2 | 2.2 |
| Net Effect | \$0 | \$0 | (\$2.2) | (\$2.2) | (\$2.2) |

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

Local Effect: Community college revenues could increase by up to \$2.2 million annually from FY 2005 and 2008.

Small Business Effect: None.

Analysis

Current Law: The Innovative Partnerships for Technology Program requires the State to match technology donations made to community colleges during two time periods, fiscal 1999 to 2000 and fiscal 2001 to 2002. Technology donations include both monetary contributions and contributions of technology equipment. The State must match the monetary value of the donations made to a college during the first eligible period, up to a maximum State match of \$200,000 per college. If a college reaches the maximum State match during the first eligible period, it is eligible to participate in the program during the second eligible period. In the second eligible period, a community college may again earn a State match of up to \$200,000. The State match is paid in the second fiscal year following the fiscal year in which the pledge was made. The State is not scheduled to pay matches on contributions received after fiscal 2002.

To determine what donations are eligible for a State match, private technology donations are compared to the donations each institution received in fiscal 1998. To be eligible, donations must be from new donors or represent increases over the amounts given by donors in fiscal 1998. Donations must be specifically designated for technology.

Background: Chapter 601 of 1998 established the Innovate Partnerships for Technology Program. The purpose of the program is to enhance the technology available in community colleges and to leverage private support for community colleges through the use of State matches.

Community colleges receive State aid through the Senator John A. Cade formula. Mandated fiscal 2003 funding through the 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.

State Expenditures: All 22 community college campuses earned the maximum State match during the first eligible period of the existing program, which included fiscal 1999 and 2000. Assuming colleges continue to earn the maximum State matches, each would earn a total of \$400,000 from the State from fiscal 2003 to 2006. State matches are paid in the second fiscal year following the year in which the donations were received. Therefore, general fund expenditures could increase by up to \$8.8 million from fiscal

2005 to 2008. Assuming the expenditures occur evenly over the four fiscal years, expenditures would increase by \$2.2 million annually from fiscal 2005 to 2008.

Local Revenues: If all 22 community college campuses earn the maximum State matches, community college revenues would increase by a total of \$8.8 million from fiscal 2005 to 2008, or by \$400,000 per college. Annual revenues would total approximately \$2.2 million from fiscal 2005 to 2008. To the extent that the Innovative Partnerships for Technology Program increases private technology donations, community college revenues from private sources would also increase.

Additional Information

Prior Introductions: None.

Cross File: HB 1237 (Delegate Turner) – Appropriations.

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

Fiscal Note History: First Reader - February 26, 2002
ncs/cer Revised - Senate Third Reader - March 27, 2002

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