

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 45
Appropriations

(Delegate F. Turner)

Higher Education - Moratorium on New Programs

This bill prohibits institutions of postsecondary education from establishing new programs of study. The bill states that it is the intent of the General Assembly that the moratorium end when the Secretary of Higher Education determines that at least 50% of the State's teaching, nursing, and pharmacy workforce has graduated from institutions in the State. The Secretary of Higher Education must report to the General Assembly annually on the State's progress toward meeting this goal and provide recommendations for legislation relating to the goal.

Fiscal Summary

State Effect: Potential reduction in tuition revenues and higher education expenditures at Maryland institutions of higher education beginning in FY 2004 due to an inability to expand the number of new academic programs. The net fiscal impact would be minimal. The reporting requirements could be met with existing resources.

Local Effect: Potential reduction in community college tuition revenues and community college expenditures beginning in FY 2004. No impact on local government appropriations to community colleges.

Small Business Effect: Potential meaningful.

Analysis

Current Law: There are several different processes that institutions of postsecondary education must follow to add new programs. The process used is determined by the type

of institution, the type of program being proposed, and, for University System of Maryland (USM) institutions, the ability of the institution to establish the proposed program with existing resources.

A proposed program that can be established with existing resources by a USM institution must be approved by the USM Board of Regents. In addition, the Maryland Higher Education Commission (MHEC) and other institutions of higher education in the State may object to a proposal. If MHEC determines that an objection is justified, it must negotiate with the institution to modify the proposal. If the objection cannot be resolved within 30 days, MHEC must make a final determination on the approval of the proposal.

Private career schools and public institutions of postsecondary education not in USM may not establish programs without the prior approval of MHEC. If MHEC disapproves a proposal, it must provide reasons for the disapproval and allow the institution to resubmit the proposal with revisions. USM institutions proposing to add new programs that cannot be implemented with existing resources also follow this process.

MHEC may recommend against a proposal from a nonpublic institution of higher education, but it does not have the authority to disapprove the proposal.

An institution of higher education must notify MHEC of its intent to offer a Graduate Professional Certificate Program, and MHEC must approve the program.

Background: In response to the work of the Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland, the General Assembly passed legislation in 1999 (Chapter 515) that required additional higher education funding and defined more clearly the roles and responsibilities of MHEC, the USM Board of Regents, and USM member institutions. With respect to program approval, the task force found that “the duplication of new program review is unnecessary, overly bureaucratic, and inhibits institutions from responding to the needs of citizens.” The task force legislation, therefore, included new accelerated procedures that USM institutions were to follow in establishing new programs. The procedures were originally given a three-year term to allow USM to evaluate their effectiveness. USM argued last year that the three-year implementation period had not allowed for sufficient evaluation of the new process. As a result, the General Assembly passed legislation (House Bill 731/Chapter 244) to modify the procedures and extend the termination date.

In January 2002, prior to the passage of House Bill 731, MHEC submitted a report on the USM accelerated program approval process. In the report, MHEC noted that there is no mechanism for it or the State to receive assurance that the programs approved under the accelerated process are being implemented within existing resources or that the programs

are of a certain quality. The General Assembly, through the modifications made to the program approval process in last year's legislation, attempted to address these concerns.

As shown in **Exhibit 1**, there was a significant increase in new degree and certificate programs at Maryland institutions of higher education from the 30-month period before to the 30-month period after the implementation of the new program approval process for USM institutions. The growth occurred at both USM institutions and non-USM institutions, although growth in the number of programs at USM institutions outpaced growth at the other public four-year institutions, community colleges, and independent colleges. More than half of the total growth in the number of newly established USM programs can be attributed to the University of Maryland University College (UMUC). UMUC added more than 100 degree and certificate programs from July 1999 to December 2001 after adding just 10 in the previous 30-month period.

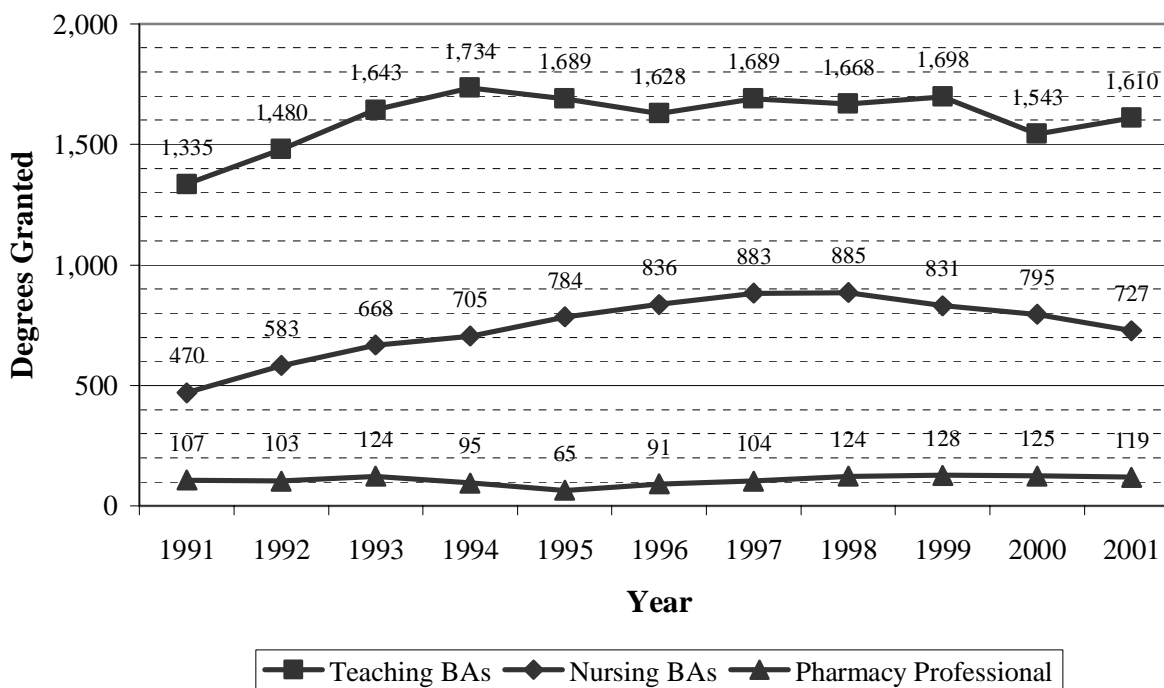
Exhibit 1
New Programs Established at Maryland Institutions of Higher Education
January 1997 to December 2001

<u>Institution(s)</u>	<u>New Degree Programs Added</u>		<u>New Certificate Programs Added</u>	
	<u>1/97-6/99</u>	<u>7/99-12/01</u>	<u>1/97-6/99</u>	<u>7/99-12/01</u>
Bowie State	3	4	7	1
Coppin State	4	8	0	0
Frostburg State	2	8	0	7
Salisbury	1	13	0	1
Towson	16	21	3	12
University of Baltimore	6	8	5	6
UM Baltimore	2	3	2	0
UM Baltimore County	7	13	2	9
UM College Park	7	8	4	4
UM Eastern Shore	1	6	0	0
UM University College	<u>2</u>	<u>29</u>	<u>8</u>	<u>77</u>
USM Subtotal	51	121	31	117
Morgan State	2	6	0	0
St. Mary's	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Public Four-year Subtotal	5	6	0	0
Community Colleges Subtotal	17	37	39	49
Independent Institutions Subtotal	<u>39</u>	<u>49</u>	<u>33</u>	<u>61</u>
Total	112	213	103	227

Source: Maryland Higher Education Commission

The number of teaching and nursing students who earned Bachelor of Arts (BA) degrees and the number of pharmacy students who earned BA or professional degrees from 1991 to 2001 are shown in **Exhibit 2**. The exhibit reveals that the number of teaching graduates was relatively stable from 1993 to 2001. The number of BA degrees in nursing increased from 1991 to 2001, but it peaked in 1998 and has been declining steadily since then. Excluding the mid-1990s when there was a dip in the figures, the number of pharmacy graduates was fairly consistent at approximately 100 to 125 per year.

Exhibit 2
Number of Bachelor of Arts and Professional Degrees
Granted by Maryland Institutions of Higher Education
1991 to 2001



Source: Maryland Higher Education Commission

State Fiscal Effect: State general fund support for public and nonpublic institutions of higher education in Maryland would not be affected by a moratorium on new programs. Institutions of higher education, however, would be affected if they are planning to establish new programs in the upcoming years. Assuming that the establishment of new programs attracts additional students to institutions, enactment of the bill could result in forgone tuition revenues beginning in fiscal 2004. Reduced tuition revenues would presumably be offset by a reduction in the expenditures that would be required to

implement the new programs. The net fiscal effect of the moratorium, therefore, would be minimal.

Although the current percentages of the teaching, nursing, and pharmacy workforces trained in Maryland are not readily available, it is unlikely that the 50% thresholds would be met in the near future. By way of example, among the new teachers hired by local school systems in Maryland from the 1998-1999 school year to the 2001-2002 school year, 57% were trained in out-of-state institutions.

Any reduction in administrative costs for MHEC due to the elimination of new program review responsibilities would not impact State finances. The Secretary of Higher Education could handle the reporting requirements with existing resources.

Local Fiscal Effect: Community colleges could be affected by a moratorium on new programs of study if they are planning to establish new programs in the upcoming years. Assuming that the establishment of new programs attracts additional students to community colleges, enactment of the bill could result in forgone tuition revenues at the colleges beginning in fiscal 2004. Reduced tuition revenues would presumably be offset by a reduction in the expenditures that would be required to implement the new programs. The net fiscal effect of the moratorium, therefore, would be minimal.

The bill would not impact local government support for community colleges. If the bill forces the State's higher education system to focus greater attention on producing more teaching graduates, local school systems could benefit from an increase in the pool of teacher candidates.

Small Business Impact: To the extent that the bill directs institutions of higher education to focus greater attention on the production of teaching, nursing, and pharmacy graduates, small private schools and businesses that employ the graduates could benefit. However, businesses that might be served by the establishment of new academic programs would not have candidates from Maryland institutions to employ until sometime after the moratorium is lifted.

The moratorium on new programs could also impact nonpublic institutions of higher education and private career schools.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): University System of Maryland, Maryland Higher Education Commission, St. Mary's College, Morgan State University, Kent County, Prince George's County, Washington County, Worcester County, Department of Legislative Services

Fiscal Note History: First Reader - February 10, 2003
ncs/jr

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