

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 661

(Senator Gladden)

Budget and Taxation

**Nonpublic Institutions of Higher Education Community Relations Agreement -
Funding for Capital Projects**

This bill requires a nonpublic institution of higher education to enter into an agreement with residents who live within one-mile of the institution's campus to establish a community relations council. The purpose of the agreement is to safeguard the residential character and quality of life of the surrounding neighborhoods while recognizing the need for the institution to maintain its autonomy. A copy of the agreement must be sent to the Maryland Higher Education Commission (MHEC). The State may not expend funds for a capital project for the institution unless the agreement is in place.

Fiscal Summary

State Effect: Assuming nonpublic institutions of higher education could reach agreements with community relations councils, there would be no impact on State finances. However, bond expenditures for nonpublic institutions could decrease beginning in FY 2006 if agreements with community relations councils cannot be negotiated.

Local Effect: None.

Small Business Effect: Meaningful impact on nonpublic institutions of higher education.

Analysis

Bill Summary: A community agreement must include: (1) negotiated student enrollment caps; (2) protocols for community participation in the development and implementation of the institution's master plan; (3) an inventory of the institution's leased and owned property; (4) disclosure of any proposed acquisitions by the institution; (5) disclosure of any proposed capital projects with associated parking and traffic projections; (6) off-campus housing restrictions; (7) off-campus parking restrictions in neighborhoods surrounding the institution's campus; and (8) protocols for construction projects, commercial deliveries, and sanitation service.

Current Law: Nonpublic institutions of higher education are not required to enter into community agreements to qualify for State funding for capital projects.

Background: The proposed fiscal 2006 State capital budget includes \$8.0 million for nonpublic institutions of higher education. If approved by the General Assembly, this funding will help to support the construction of a new computational science center at Johns Hopkins University (\$2.75 million), the renovation and expansion of the library at Loyola College of Maryland (\$2.75 million), and the renovation of Mt. Royal Station at the Maryland Institute College of Art (\$2.50 million).

State Fiscal Effect: Bond expenditures for nonpublic institutions of higher education could decrease, depending on the ability of institutions to reach agreements with community relations councils. It is assumed that the institutions would come to agreements to ensure that they qualify for State funding, so any reduction in expenditures for the institutions would be minimal. The fiscal 2005 capital budget includes \$8.5 million for nonpublic institutions of higher education, and the proposed fiscal 2006 capital budget includes \$8.0 million.

MHEC currently reviews capital projects proposed by the Maryland Independent Colleges and Universities Association (MICUA) for which State funding is requested. MHEC could incorporate the requirement for community agreements into this process with existing resources.

Small Business Effect: Nonpublic institutions of higher education would incur costs to hire outside planners, consultants, and attorneys to help negotiate with the community relations councils that would be established. The costs would depend, in large part, on the difficulty of the negotiations but would be significant in some cases. According to MICUA, the 18 nonpublic institutions it represents have campuses at over 100 locations across Maryland, so many of the institutions would be required to negotiate agreements

with multiple community groups. If agreements cannot be reached, institutions would be ineligible for State capital funding.

In addition to the costs associated with negotiating community agreements, the agreements themselves could have financial implications. For example, negotiated student enrollment caps would limit tuition revenues at the institutions.

Additional Information

Prior Introductions: None.

Cross File: HB 759 (Delegate Rosenberg, *et al.*) – Appropriations.

Information Source(s): Maryland Independent Colleges and Universities Association, Maryland Higher Education Commission, Department of General Services, Board of Public Works, Department of Legislative Services

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