HB 600

Department of Legislative Services

Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 600 (Delegate F. Turner, *et al.*)
Ways and Means

Higher Education - Community Colleges - Innovative Partnerships for Technology Program

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This bill restarts the Innovative Partnerships for Technology Program with fewer requirements to qualify for State matching funds.

The Innovative Partnerships for Technology Program provides State matches for technology contributions made to community college campuses in Maryland. For each of two two-year time periods established in the bill, fiscal 2007 to 2008 and fiscal 2009 to 2010, all contributions up to a total of $250,000 must be matched by the State. State matching funds must be paid in the second fiscal year after the contributions are made.

Fiscal Summary

State Effect: General fund expenditures would increase by approximately $2.8 million per year from FY 2009 to 2012 to provide State matching funds to qualifying community colleges. Revenues would not be affected.

($ in millions)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	$0	$0	$0	$0	$0
GF Expenditure	0	0	2.8	2.8	2.8
Net Effect	$0	$0	($2.8)	($2.8)	($2.8)

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

Local Effect: State aid to locally-operated community colleges would increase by approximately $2.6 million per year from FY 2009 to 2012.

Small Business Effect: Minimal.

Analysis

Current Law: The Innovative Partnerships for Technology Program requires the State to match technology donations made to community college campuses during two time periods, fiscal 2003 to 2004 and fiscal 2005 to 2006. Technology donations include both monetary contributions and contributions of technology equipment. The State must match the monetary value of the donations made to a campus during the first period, up to a maximum State match of $150,000 per college. If a college reaches the maximum State match during the first period, it is eligible to participate in the program during the second period. In the second period, a community college campus may again earn a State match of up to $150,000. The State match is paid in the third 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 2006. The Budget Reconciliation and Financing Act (BRFA) legislation of 2003, 2004, and 2005 deferred portions of State match payments due in fiscal 2004, 2005, and 2006.

To determine what donations are eligible for a State match, private technology donations are compared to the donations each institution received in fiscal 2002. To be eligible, donations must be from new donors or represent increases over the amounts given by donors in fiscal 2002. Donations must be specifically designated for technology.

Background: Chapter 601 of 1998 established the initial 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 matching funds. The original program provided for State matching funds of up to $200,000 in each of two eligible time periods. The program was restarted for another four years by Chapter 413 of 2002, although the two-year maximum State match was reduced to $150,000 the following year by the BRFA of 2003.

The fiscal 2007 State budget includes $2.9 million for State matching funds, which includes a portion of the fiscal 2006 obligation that was deferred in the 2005 BRFA ($1.8 million) and obligations that are due in fiscal 2007 ($1.1 million). Fiscal 2009 will be the final year for paying out State matching funds mandated by Chapter 413.

The proposed fiscal 2007 State budget includes a total of $241.0 million for community colleges, a 7.4% increase over the fiscal 2006 appropriation. This total includes $2.9 million for the current innovative partnerships program. **Exhibit 1** shows State funding for community colleges from last fiscal year, as appropriated for the current fiscal year, and as proposed for fiscal 2007.

Exhibit 1
State Funding for Community Colleges
Fiscal 2005 to 2007
($ in Thousands)

	Actual FY 2005	Approp. FY 2006	Proposed FY 2007	Avg. Annual Increase
Cade Formula	$146,555	$154,143	$164,830	6.1%
ESOL grants	2,500	2,500	2,500	0.0%
Small College Grants	3,100	3,100	3,200	1.6%
Teachers' Retirement	25,289	25,464	27,601	4.5%
Other Programs	6,603	6,456	7,752	8.4%
BCCC Appropriation	30,425	32,814	35,110	7.4%
Total	**$214,472**	**$224,475**	**$240,993**	**6.0%**
Increase from Prior Fiscal Year		4.7%	7.4%	

There are 16 community colleges in Maryland and 22 community college campuses. The Community College of Baltimore County, Montgomery College, and the College of Southern Maryland all have three campuses.

State Expenditures: General fund expenditures will increase by up to $5.5 million over each two-year contribution period ($250,000 x 22 campuses). Assuming these costs are incurred equally in each of the four years of the program, general fund expenditures will increase by $2.75 million annually from fiscal 2009 to 2012. Under the current program, three community colleges did not raise enough donations to receive the maximum State match. However, this bill imposes fewer restrictions on funds the State will match. To the extent that community college campuses are unable to qualify for the full State matches, costs will be reduced.

Local Revenues: All community colleges in Maryland except the Baltimore City Community College are operated locally. State aid to the 21 locally-operated campuses will increase by up to $10.5 million from fiscal 2009 to 2012. Assuming equal annual payments over the four years, State aid will increase by $2.6 million per year.

Additional Information

Prior Introductions: None.

Cross File: SB 499 (Senator Hogan, et al.) – Education, Health, and Environmental Affairs and Budget and Taxation.

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

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