SB 464

Department of Legislative Services

Maryland General Assembly
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FISCAL AND POLICY NOTE
Revised

Senate Bill 464 (Senator Conway, *et al.*)

Education, Health, and Environmental Affairs Appropriations

Maryland Higher Education Commission - Unreasonable Duplication of Programs - Standards

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This bill requires the Maryland Higher Education Commission to adopt regulations by December 31, 2008 that set standards and definitions for determining whether two or more academic programs offered at Maryland institutions of higher education are unreasonably duplicative. The governing boards of public institutions of higher education that are affected by unreasonable academic program duplication must submit written input and a plan to resolve the duplication if MHEC has made a determination that unreasonable duplication exists. The plan must address the standards established in MHEC regulations, and MHEC must submit a written decision about the duplication that includes detailed findings, conclusions, and rationale for the determination of unreasonable duplication. Similarly, if MHEC determines, based on the standards it establishes, that an objection to a new proposed program is justified, MHEC must require a plan to address the standards.

The bill takes effect June 1, 2008.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated $55,800 in FY 2009 to meet the enhanced requirements for evaluating and reporting on programs that have been determined to be unreasonably duplicative. Future year expenditure estimates reflect annualization, salary increases, and inflation. In the long term, the bill could result in a slight redistribution of higher education tuition revenues and a more efficient statewide higher education system.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	$0	$0	$0	$0	$0
GF Expenditure	55,800	69,800	73,200	76,800	80,600
Net Effect	($55,800)	($69,800)	($73,200)	($76,800)	($80,600)

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

Local Effect: When necessary, community colleges could meet the bill's requirements with existing personnel and resources.

Small Business Effect: None.

Analysis

Bill Summary: The program approval regulations established by MHEC must include consideration of: • the degree to be awarded; • the area of specialization; • the objectives of the proposed program or course of study; • the academic content of the proposed program or course of study; • evidence of the quality of the proposed program relative to existing programs; • an analysis of the market demand for the program; • whether the expansion of an existing program would satisfy a growing need for the program; • whether cooperative programs between institutions may be feasible; and • the extent to which having separate programs advances the goals and objectives of the State Plan for Higher Education.

Current Law: There are two processes for implementing new academic programs at institutions of higher education, one for new programs that can be implemented with existing resources and another for new programs that will require additional resources. The processes are overseen by MHEC.

Institutions of higher education seeking to implement new programs with new resources must submit proposals for the new programs to MHEC, and MHEC must approve or disapprove the programs or, in the case of nonpublic institutions, recommend that the programs be implemented or not implemented.

When an institution of higher education determines that it can implement a new program with existing resources, the president of the institution must submit the proposal to the institution's governing board and to MHEC, and MHEC must distribute the proposal to other institutions. MHEC or another institution may file an objection to the proposal based on: (1) inconsistency with the mission of the institution proposing the program; (2) a lack of need for the program; (3) unreasonable program duplication that could cause harm to another institution; or (4) violation of the State's equal educational opportunity obligations. If MHEC determines that an objection is justified, it must negotiate with the institution's governing board and president to modify the proposal. If the objection cannot be resolved, MHEC must make a final determination about the approval of the proposed program.

MHEC may also review an existing program at a public institution if it has reason to believe that the academic program is unreasonably duplicative or inconsistent with the institution's adopted mission. MHEC may make a determination that unreasonable duplication exists on its own initiative or after receiving a request from a public institution affected by the program duplication. If MHEC determines that there is unreasonable duplication, it may require the institutions with duplicative programs to submit a plan to resolve the duplication. If the plan does not adequately address the duplication, MHEC may revoke an institution's authority to offer a duplicative program. MHEC must offer the institution an opportunity to present an objection to its decision, but MHEC's decision is final.

Background: Chapter 515 of 1999, which codified many of the recommendations of the Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland, defined more clearly the roles and responsibilities of MHEC, the USM Board of Regents, and USM member institutions with respect to program approval and elimination. At the time, the task force had 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 procedures that institutions were to follow in establishing new programs and abolishing existing programs. The procedures have been modified to include most higher education institutions in the State but remain in place largely as envisioned by the task force almost 10 years ago.

MHEC advises that it receives approximately 450 to 500 requests for program changes each year. Approximately one-half of these requests are to start new academic programs, and virtually all the new program requests are approved. Institutions raise objections to approximately 10 to 15 new program requests per year, and about 1 to 5 of these objections ultimately result in an MHEC determination that a program is unreasonably duplicative.

State Expenditures: General fund expenditures could increase by an estimated $55,751 in fiscal 2009, which accounts for a four-month start-up delay following the bill's June 1, 2008 effective date. This estimate reflects the cost of hiring a staff specialist at MHEC to help to draft program approval regulations, evaluate program duplication, and write up findings and decisions about program duplication. A salary, fringe benefits, one-time start-up costs, and ongoing operating expenses are included in the estimate.

	FY 2009	FY 2010
Salaries and Fringe Benefits	$50,628	$68,724
Start-up and Ongoing Operating Expenses	5,123	1,030
Total State Expenditures	**$55,751**	**$69,754**

Future year expenditures reflect • a full salary with 4.4% annual increases and 3% employee turnover; and • 2% annual increases in ongoing operating expenses.

The bill could also result in less overlap among the programs offered at institutions of higher education. If this happens, student enrollments for certain programs could be concentrated in fewer schools. This would have implications for the market shares retained by different universities but would probably not significantly impact total enrollment or total tuition revenues for Maryland's public institutions of higher education. Making greater use of existing academic programs could also lead to a more efficient higher education system with little or no program duplication among neighboring institutions. Any long-term savings that may result from a more economical statewide system cannot be reliably estimated.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Morgan State University, University System of Maryland, Maryland Higher Education Commission, Department of Legislative Services

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Analysis by: Mark W. Collins

Direct Inquiries to:
(410) 946-5510
(301) 970-5510