

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

Senate Bill 187 (Chair, Education, Health, and Environmental Affairs Committee)
 (By Request – Departmental – Higher Education Commission)

Education, Health, and Environmental Affairs Appropriations

Institutions of Postsecondary Education - Certificate of Approval

This departmental bill authorizes the Maryland Higher Education Commission to require an application fee from institutions of postsecondary education that are seeking certification to operate in Maryland.

Fiscal Summary

State Effect: General fund revenues would increase by an estimated \$15,000 to \$30,000 annually beginning in FY 2009 to recover costs associated with reviewing approximately three applications per year from degree-granting institutions pursuing certification to operate in the State. Expenditures would not be affected.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
GF Revenue	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500

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

Local Effect: None.

Small Business Effect: MHEC has determined that this bill has minimal or no impact on small businesses (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: With a few exceptions, institutions of postsecondary education are not allowed to operate in Maryland without a certificate of approval from MHEC. MHEC is

not authorized to charge application fees to institutions of higher education seeking certification to operate in the State. Through regulations, MHEC is authorized to charge application fees to private career schools seeking certification.

Background: MHEC advises that there is currently no deterrent for institutions of higher education to repeatedly apply to operate and grant degrees in Maryland. Due in part to the costs of expert consultants and team visits to applying institutions, MHEC incurs expenses of \$5,000 to \$10,000 to process each application. MHEC suggests that the imposition of a fee would allow the State to recoup its costs and would deter institutions from abusing their right to reapply. MHEC also notes that Delaware and Virginia currently charge fees to process applications from new degree-granting institutions.

State Revenues: General fund revenues would increase by an estimated \$15,000 to \$30,000 annually beginning in fiscal 2009. The new fees would be collected from institutions of higher education seeking approval to operate and grant degrees in Maryland. The fees would be set at a level that would allow the State to recoup its costs.

MHEC already charges application fees to private career schools, so there would be no additional revenue generated from these schools.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 4, 2008
ncs/rhh

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