

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 866

(Senator Miller, *et al.*)

Budget and Taxation

College of Southern Maryland - Local Budget Process - Modifications

This bill changes the local budgetary process for the College of Southern Maryland (CSM). The county commissioners in each county that supports the college (*i.e.*, Calvert, Charles, and St. Mary's counties) must *jointly* review and approve the budget of CSM and may reduce it, rather than just for the campus in their county. The bill establishes that approval of the budget by a majority of the counties that support CSM constitutes approval of the budget and binds all the counties. The bill also repeals a number of reporting requirements including the annual report and specified elements of the operating budget. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: None. The bill is directed at local entities.

Local Effect: Calvert, Charles, and St. Mary's counties' expenditures are potentially impacted as explained below. CSM revenues and expenditures are potentially impacted as explained below. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: The operating budget is no longer required to show:

- specified direct expenditures for expenditures for each campus by major function;
- all indirect expenditures for institutional support; and
- all other indirect expenditures.

However, the operating budget must still show any information or supporting data required by the county commissioners as required under current law.

Current Law/Background: CSM is a public, regional community college serving Calvert, Charles, and St. Mary’s counties. It was established in statute by Chapter 695 of 1999 from the existing Charles County Community College. CSM operates four campuses in the tri-county area: two in Charles County; and one each in Calvert and St. Mary’s counties. CSM is governed by a nine-member Board of Trustees, who are appointed for five-year terms by the Governor with the advice and consent of the Senate.

Under current law, each year the Board of Trustees of CSM and the President of CSM must prepare and submit to the county commissioners specified documents including an annual report, an operating budget, a capital budget, and if required a long-term capital improvement plan. The operating budget must include specified elements.

The county commissioners in each county must review and approve the budget of the resident campus in that county and may reduce it.

The headcount enrollment at CSM in fall 2017 (fiscal 2018) of the three supporting counties is shown in **Exhibit 1**.

Exhibit 1
College of Southern Maryland
Headcount Enrollment by Place of Residence of Three Supporting Counties
Fall 2017 (Fiscal 2018)

	<u>Headcount</u> <u>Enrollment</u>	<u>% of</u> <u>Enrollment</u>
Calvert	1,639	24%
Charles	2,938	43%
St. Mary’s	2,188	32%
CSM Total	6,765	100%

CSM: College of Southern Maryland

Source: Maryland Higher Education Commission – Enrollment by Place of Residence April 2018; Department of Legislative Services

The actual fiscal 2018 and estimated fiscal 2019 local contributions to CSM from the three counties is shown in **Exhibit 2**.

Exhibit 2
College of Southern Maryland
Local Contributions
Fiscal 2018 and 2019 Estimate

	<u>FY 2018</u>	<u>Estimate FY 2019</u>	<u>% of Local Share FY 2019</u>
Calvert	\$4,542,192	\$4,646,943	25%
Charles	9,886,200	9,886,200	52%
St. Mary's	4,207,365	4,326,961	23%
CSM Total	\$18,635,757	\$18,860,104	100%

CSM: College of Southern Maryland

Source: Maryland Higher Education Commission; Department of Legislative Services

Local Fiscal Effect: Calvert, Charles, and St. Mary's counties' expenditures are potentially impacted due to the budget approval process established by the bill; however, the impact cannot be reliably estimated. Calvert, Charles, and St. Mary's counties expenditures potentially increase or decrease depending on the actions of a majority of the supporting counties.

Charles County reports that CSM has not developed a methodology for splitting the costs between the three counties; thus, the fiscal impact on CSM and the three counties cannot be reliably estimated.

The Department of Legislative Services concurs that without such a methodology the impact cannot be estimated and advises that the other regional community colleges in the State are required by statute to determine the local share of each of the supporting counties by using the proportion of full-time equivalent students that attend the college from all counties that support the college.

CSM revenues and expenditures are potentially impacted due to the budget approval process established under the bill; however, the impact cannot be reliably estimated. Revenues and expenditures could potentially increase or decrease under the bill. The actual impact will depend on the actions of a majority of the supporting counties (Calvert, Charles, and St. Mary's).

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Calvert County; Charles County; St. Mary's County; Maryland Higher Education Commission; Department of Legislative Services

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sb/rhh

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