

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 Third Reader

Senate Bill 595 (Senator Guzzone)

Education, Health, and Environmental Affairs
 and Budget and Taxation

Appropriations

University of Maryland – Institute for Public Leadership – Establishment

This bill establishes an Institute for Public Leadership at the University of Maryland, College Park Campus (UMCP) within the School of Public Policy, which must manage the institute according to the policies of the University of Maryland. Generally, the purpose of the institute is to support students, build an active community of practitioners, and serve as a resource for public leaders. For fiscal 2023 through 2027, the Governor must include \$1.5 million for the institute in the annual budget bill. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: General fund expenditures increase by \$1.5 million FY 2023 at the Governor’s discretion. Future year mandated general fund expenditures reflect the mandated appropriation from FY 2024 through 2027 and the impact of higher UMCP funding on higher education formulas. UMCP higher education revenues and expenditures increase correspondingly to general fund expenditures for the institute (not shown). **This bill establishes a mandated appropriation for FY 2024 through 2027.**

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.5	2.0	2.0	2.0	2.0
Net Effect	(\$1.5)	(\$2.0)	(\$2.0)	(\$2.0)	(\$2.0)

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

Local Effect: Local community college revenues and expenditures increase due to additional State aid under the John A. Cade Funding Formula from FY 2024 through 2027, as shown below.

Small Business Effect: None.

Analysis

Current Law: The formula used for the distribution of funds to community colleges is known as the Senator John A. Cade Funding Formula. The State's annual contribution to the Cade funding formula is determined by enrollment at community colleges and a percentage, set in statute, of the level of funding received by selected public four-year institutions. Specifically, the formula bases per student funding on a set statutory percentage of current year State appropriations per full-time equivalent student (FTES) at the selected four-year institutions, including noncapital appropriations from the Higher Education Investment Fund. The resulting community college per student amount is multiplied by the number of FTES enrolled in the colleges in the second preceding fiscal year to identify a total formula amount.

The Baltimore City Community College (BCCC) and Sellinger funding formulas operate in the same fashion. The BCCC percentages, which are set in statute, are higher than Cade, resulting in a higher per FTES amount. The Sellinger percentages for specified private nonprofit institutions, which are set in statute, are lower, resulting in a lower per FTES amount.

The Cade and BCCC funding formulas have a hold harmless provision in current law that ensures that each college receives at least as much State funding in total through the formula as in the prior fiscal year. (The Sellinger formula does not have a hold harmless provision.)

State/Local Fiscal Effect: From fiscal 2023 through 2027, general fund expenditures increase by \$1.5 million for UMCP, although fiscal 2023 funding is at the Governor's discretion. Funds are mandated in fiscal 2024 through 2027.

UMCP higher education revenues increase by an amount corresponding to general fund expenditures. UMCP higher education expenditures increase to the extent that UMCP would not have otherwise funded the institute or funds it at a higher level.

In addition, as shown in **Exhibit 1**, general fund expenditures for the higher education formulas increase by an estimated \$462,748 in fiscal 2024, due to increasing the average per student funding used in the formulas. It is assumed that formula funding does not increase in fiscal 2023 as the funding formulas are generally not recalculated when additional funding is added at the Governor's discretion. Out-years reflect the impact of the mandated funding for UMCP. BCCC revenues are not affected due to the hold harmless provision of its funding formula.

Exhibit 1
Estimated General Fund Spending Impact on Higher Education Funding
Fiscal 2023-2027

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
UMCP	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Community Colleges	0	347,863	346,854	347,668	348,727
Sellinger	0	114,885	113,605	113,707	113,807
Total	\$1,500,000	\$1,962,748	\$1,960,459	\$1,961,375	\$1,962,534

UMCP: University of Maryland, College Park Campus Institute for Public Leadership
Sellinger: Joseph A. Sellinger Grant Program

Notes: This estimate assumes that fiscal 2023 funding formulas are not recalculated to include the \$1.5 million. Eligible nonprofit higher education institutions receive additional aid under the Sellinger formula.

Source: Department of Legislative Services

Additional Information

Prior Introductions: None.

Designated Cross File: HB 511 (Delegate B. Barnes, *et al.*) - Appropriations.

Information Source(s): University System of Maryland; Department of Budget and Management; Department of Legislative Services

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Analysis by: Caroline L. Boice

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