

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 745 (Senator Jennings)
 Education, Energy, and the Environment

Virginia-Maryland College of Veterinary Medicine - Funding

This bill increases, by 12, the number of Maryland residents in the student body of the Virginia-Maryland College of Veterinary Medicine – so that 42 Maryland residents may be admitted each year and counted toward the Maryland allocation of students. The Department of Legislative Services (DLS) must notify the appropriate officials of the Commonwealth of Virginia of the enactment of the bill. By July 1, 2024, the Dean of the College of Agriculture and Natural Resources of the University of Maryland, College Park Campus (UMCP) must request a determination letter from the Executive Vice President and Provost of the Virginia Polytechnic Institute and State University (Virginia Tech) confirming concurrence in the revisions. The determination letter must be forwarded to DLS as specified. **The bill takes effect June 1, 2024; however, it is contingent on the Commonwealth of Virginia concurring with the revisions.**

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$746,800 as early as FY 2025. Future year mandated general fund expenditures reflect the cumulative impact of the State paying for 12 additional Maryland residents per cohort to attend the Virginia-Maryland College of Veterinary Medicine as well as the impact of higher funding on higher education formulas. UMCP revenues and expenditures increase correspondingly (not shown below). Special fund revenues may increase minimally to the extent additional veterinarians obtain licenses as early as FY 2028 (not shown). **This bill increases mandated appropriations beginning in FY 2026.**

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0.7	1.6	2.5	3.4	3.5
Net Effect	(\$0.7)	(\$1.6)	(\$2.5)	(\$3.4)	(\$3.5)

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

Local Effect: Local community college revenues increase by a total of \$53,000 as early as FY 2025, increasing to \$510,800 by FY 2029. Expenditures increase correspondingly.

Small Business Effect: Minimal.

Analysis

Current Law: There is a Virginia-Maryland Regional College of Veterinary Medicine (renamed in the bill to reflect that “regional” is no longer part of the name) that is operated as one school with an administrative head at UMCP and at Virginia Tech. The college operates under specified agreements between the State of Maryland and the Commonwealth of Virginia and the two colleges.

Statute specifies that the student body must consist of 50 Virginia residents, 30 Maryland residents, and 10 other students, classified as at-large. (In practice, the student body limitations are specific to each admission class.)

The Budget and Program Review Board: The Budget and Program Review Board, which consists of seven specified members, is responsible for determining, annually, the resource needs of the professional instructional program of the college. The board must determine the cost share for each state, set the proportion of costs to be funded by tuition, and periodically review and adjust the building use fees charged to the students of the college. The appropriate fiscal support staff of each university, which must include the Vice Chancellor for Administration and Finance of the University System of Maryland, must provide fiscal support to the board.

Calculation of Costs: To calculate the actual costs of the professional instructional program of the college, costs associated with graduate education, continuing education, the agricultural experiment stations, cooperative extension services, and expenditures associated with contractual grant research are excluded. The Executive Vice President and Chief Business Officer of Virginia Tech is responsible for providing the board with the cost data on which the actual costs of the professional instructional program of the college must be determined, after consulting with the fiscal support staff of both partner colleges. To determine the appropriate level of general fund contributions for meeting the actual costs of the professional instructional program of the college – to be requested from the executives and legislatures of the State of Maryland and the Commonwealth of Virginia, respectively – revenues estimated to be generated by tuition fees and charges, appropriate federal funds, instructional fees, and other instructional sources of income must be subtracted from the calculations. The State of Maryland must provide the appropriate level of general funds to meet the financial requirements of the professional instructional program of the college.

Higher Education Funding Formulas

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 Joseph A. 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 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 Expenditures: This estimate reflects the Commonwealth of Virginia concurring in the revisions, funding being provided for fiscal 2025 (likely through a deficiency appropriation in the fiscal 2026 budget bill), and a 2% annual increase in costs. As shown in **Exhibit 1**, general fund expenditures increase by a combined total of \$746,825 in fiscal 2025, which reflects \$647,888 for the Virginia-Maryland College of Veterinary Medicine and \$99,137 for higher education formulas, due to increasing the average per student funding used in the formulas.

Out-years reflect the cumulative impact of increasing the number of slots available for Maryland students by 12 for each cohort of newly admitted students, for a total of 48 additional students as early as fiscal 2028, which reflects four years of veterinary college. BCCC revenues do not increase during this period due to the hold harmless provision of its funding formula. Beginning in fiscal 2026, the funding is mandated for inclusion in the annual budget bill.

Exhibit 1
Estimated General Fund Fiscal Impact on Higher Education Funding under the Bill
Fiscal 2025-2029
(\$ in Thousands)

	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
College of Veterinary Medicine					
Total Additional Students	12	24	36	48	48
Related Funding Support	\$648	\$1,321	\$2,022	\$2,749	\$2,804
<i>Public Four-year Total</i>	<i>\$648</i>	<i>\$1,321</i>	<i>\$2,022</i>	<i>\$2,749</i>	<i>\$2,804</i>
Funding Formulas					
Baltimore City Community College	n/a	n/a	n/a	n/a	n/a
Local Community Colleges	\$53	\$212	\$354	\$502	\$511
Sellinger	46	94	142	193	195
<i>Other Higher Education Funding</i>	<i>\$99</i>	<i>\$306</i>	<i>\$496</i>	<i>\$694</i>	<i>\$706</i>
Total General Fund Expenditures	\$747	\$1,627	\$2,518	\$3,444	\$3,511

Notes: Numbers may not sum to totals due to rounding. There is no increase for Baltimore City Community College due to the hold harmless provision in its funding formula. Sellinger reflects the effect on the Joseph A. Sellinger Grant Program for independent institutions.

Source: Department of Legislative Services

Additional Comments: Revenues for private institutions eligible for Sellinger funding increase by a total of \$46,117 as early as fiscal 2025 increasing to \$195,424 by fiscal 2029.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1494 (Delegate Nawrocki, *et al.*) - Rules and Executive Nominations.

Information Source(s): University System of Maryland; Maryland Department of Agriculture; Department of Legislative Services

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