

CLARENCE K. LAM, M.D., M.P.H.  
*Legislative District 12*  
Anne Arundel and Howard Counties



Miller Senate Office Building  
11 Bladen Street, Room 420  
Annapolis, Maryland 21401  
410-841-3653  
800-492-7122 Ext. 3653  
Clarence.Lam@senate.state.md.us

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Howard County Senate Delegation

*Secretary*

Asian-American & Pacific-Islander Caucus

THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

SB439 – Higher Education – High Impact Economic Development Activities – Alterations

*Background*

- USM institutions are permitted by statute to create High Impact Economic Development Activities, or “HIEDA”s, for the purpose of economically benefiting the state.
- In 2024, the Office of Legislative Audits completed a report on University of Maryland Global Campus, citing the use of HIEDAs to support the university’s IT department.
- There was not documentation that these HIEDAs economically benefited the state, despite the fact that UMGC made up a substantial amount of their revenues and used sole source procurement for their services.

*What this bill does*

- SB439 places guardrails on the creation and use of HIEDAs by requiring USM Board of Regents to report annually the amount of state money used by a HIEDA, its net benefit, and whether the Board believes it is in the state’s best interest.
- Requires the Board to adopt policies that ensure that HIEDAs are used in the best interest of the state.
- Precludes cost savings related to reducing the number of university employees from being considered a High Impact Economic Development Activity
- Removes the exemption that allowed institutions to use single-source procurement with HIEDAs

*Why this bill is needed*

- The Office of Legislative Audits released an audit reporting that HIEDAs created by the University of Maryland Global Campus were receiving sole source contracts from UMGC, and UMGC was unable to account for their cost efficiency and benefit to the state.
- It is important to ensure that taxpayer money is used in the most cost-efficient manner possible. This bill recognizes that HIEDAs can have benefits to the state, but creates important guardrails to preserve taxpayer funds.