

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 553

(Chair, Appropriations Committee)(By Request -
Departmental - Higher Education Commission)

Appropriations

Higher Education - Program Proposals - Review and Objections

This departmental bill changes four time periods related to the review and objection of academic programs proposed by institutions of postsecondary education from “days” to “business days.” Thus, the bill extends the timeframe within which the Maryland Higher Education Commission (MHEC) or an institution must act.

The bill takes effect July 1, 2013.

Fiscal Summary

State Effect: None. Extending the timeframe within which MHEC or an institution must act in matters relating to the review and objection of proposed programs by institutions of postsecondary education does not materially affect State finances.

Local Effect: None.

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

Analysis

Current Law: MHEC reports that under current law “days” has been interpreted to mean “calendar days” for the 30- and 60-day time periods contained in the academic program review provisions of the Education Article.

Background: Chapter 157 of 2008 (SB 187) authorized MHEC to require an application fee from institutions of postsecondary education that are seeking certification to operate in Maryland. This includes both out-of-state institutions and new institutions seeking to operate in Maryland.

The Budget Reconciliation and Financing Act of 2011 (Chapter 397/HB 72) authorized MHEC to charge fees for conducting academic program reviews for institutions of postsecondary education (with the exception of reviews of actions relating to regional higher education centers) and redirected revenues collected from institutions seeking approval to operate in Maryland from the general fund to a special fund established to collect fees from the institutions. The special fund created by Chapter 397 may be used only for conducting institutional and academic program review and approval activities. At the end of each fiscal year, any amount in the special fund in excess of \$100,000 must revert to the general fund, and any investment earnings of the fund must be credited to the general fund. The schedule of fees MHEC developed for institution and academic program review are shown in the **Appendix**.

In total, these review fees (institution and academic program) were anticipated to generate \$253,208 in special fund revenue for MHEC in fiscal 2012 and \$254,581 in fiscal 2013. Based on the volume of academic program approval review requests from prior years, it was anticipated that a significant portion of those fees would be from academic program fees; however, MHEC never calculated exactly what portion would be from academic program approval fees and what portion would be from institution approval fees.

MHEC reports that the volume of program approval requests has decreased significantly (45% compared to the same period in 2010) since the fees were implemented on July 1, 2011. In the first seven months of fiscal 2013, MHEC has received \$39,000. MHEC reports that doubling this amount to \$78,000 would be a generous calculation for the academic program review fee revenues that MHEC can anticipate for the entire fiscal year. On the other hand, MHEC reports that in the first seven months of fiscal 2013 it has received approximately \$218,900 in institution review fees.

MHEC reports that there has been a dramatic growth in educational delivery models, which has caused a significant increase in the volume of proposals received for review, without an increase in the number of staff. Therefore, MHEC finds the time allowed to conduct a thorough analysis of a program proposal and provide a recommended action is insufficient. Changing the definition of “day,” as done in the bill, extends the timeframe within which MHEC must take action. MHEC advises that, under the bill, it will gain a minimum of 16 to 19 days of staff time to review a proposal.

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 17, 2013
mc/rhh

Analysis by: Caroline L. Boice

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

Appendix – MHEC Institution and Academic Program Review Schedule of Fees

Action	Fee
Articulation Agreement	\$0
Code Change	
Military Exemption	
Request for Proposal from Community College	
Change Program Title	\$50
Discontinue Program	
Nonsubstantial Program Change	
Reactivate Program	
Religious School Exemption	
Substantial Change of Area of Concentration	
Substantial Change of a Certificate Program	
Suspend Program	
Change of Institutional Designation	\$250
Closed Site Approval	
New Areas of Concentration	
New Certificate Program within an Existing Program	
Off-campus Program	
Statewide and Health Manpower Designation	
Substantial Change to Degree Program	
Bachelor of Technical/Professional Studies	\$850
Cooperative Degree Program	
New Academic Program	
New Academic Program at Approved Out-of-state	
Institution within a Nonrenewal Year	
New Standalone Certificate Program	
New Degree Level Approval	\$5,000 plus \$1,000 per program over the first two requested
Initial Out-of-state Application	\$7,500 plus \$850 per program over the first two requested
New In-state Institutional Stage One Application	
New In-state Institutional Stage Two Application	
Out-of-state Distance Education with Physical Presence	
Out-of-state Location Change/Addition	
Out-of-state Single Year Renewal Application	

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: MARYLAND HIGHER EDUCATION COMMISSION – PROGRAM
REVIEW – TIME PERIODS

BILL NUMBER: HB 553

PREPARED BY: MARYLAND HIGHER EDUCATION COMMISSION

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.