

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

Senate Bill 553

(Senator King, *et al.*)

Education, Health, and Environmental Affairs

Appropriations

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Universities at Shady Grove Regional Higher Education Center

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This bill establishes the Universities at Shady Grove (USG) Regional Higher Education Center in the University System of Maryland (USM) and specifies its purpose and funding. The bill codifies current practice. **The bill takes effect July 1, 2020.**

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Fiscal Summary

**State Effect:** None. The bill codifies current practice.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** The purpose of USG is to provide students access to established, cutting edge, and high-demand academic programs of degree-granting institutions. The programs must be upper division undergraduate, graduate, and advanced postgraduate, as specified. Funding for USG must be as provided in the State budget.

**Current Law/Background:** USG is not established specifically in statute; however, current law includes “any other center, component, or institute established and operated by USM in accordance with its mission” in the definition of “center” under the jurisdiction of the USM Board of Regents. In practice, USG exists as part of USM, offers the specified types of programs, and receives State funding each year.

USM provides access to its institutions through three regional higher education centers: USG, USM at Hagerstown, and USM at Southern Maryland, which merged with USM in fiscal 2019. USG typically receives the vast majority of the higher education center funding each year. For example, USG received about \$22 million out of \$26 million in funding in fiscal 2020. Separately, the Maryland Higher Education Commission provides funding for six non-USM regional higher education centers, about \$1.6 million annually in total in recent years.

Over the past few years, there have been concerns about the financial sustainability of USG. General funds comprise an increasingly larger portion of its State-supported budget, growing from 84.0% in fiscal 2018 to 91.9% in the Governor's proposed fiscal 2021 budget, while institutions continue to subsidize programs offered at the center. In addition, a steady enrollment decline has led to concerns regarding whether the new Biomedical Sciences and Engineering building will be fully utilized. These concerns led to the *Joint Chairmen's Report* in 2018 and 2019 requiring the University of Maryland, College Park Campus and the USM Office, respectively, to submit plans to ensure the long-term sustainability of USG. The reports largely focused on changes to leadership and revenue stability, including swapping institutional and student fee revenues with general funds. Neither report fundamentally addressed how to stabilize USG finances or enrollment.

A more thorough discussion of USG's funding can be found in the Fiscal 2021 Operating Budget Analysis for the USM Office on the Department of Legislative Service's website.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** University System of Maryland; Maryland Higher Education Commission; Department of Legislative Services

**Fiscal Note History:** First Reader - February 9, 2020  
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Analysis by: Stephen M. Ross

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