

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 708 (Senator Kasemeyer)
Education, Health, and Environmental Affairs

Maryland Higher Education Business Coalition and Fund

This bill establishes the Maryland Higher Education Business Coalition to promote partnerships and enhance cooperation between higher education and the business community in the State to achieve the State goals for higher education embodied in the State Plan for Postsecondary Education. The coalition is a quasi-public entity within State government that is required to work with the Governor's P-20 Council in order to achieve the coalition's purpose.

The bill also establishes a Maryland Higher Education Business Coalition Fund to leverage public, private, and foundation funding to promote the State's goals for higher education and to enhance cooperation and partnerships between higher education and the business community. The coalition must administer the fund.

Fiscal Summary

State Effect: General fund expenditures increase approximately \$64,500 in FY 2011 to hire a higher education specialist to staff the coalition and help administer the fund. Future year expenditures reflect annualization, regular salary increases, and inflation. General fund expenditures may increase as provided in the State budget to capitalize the Maryland Higher Education Business Coalition Fund. In addition funds from other sources may be used to capitalize the fund. Special fund revenues increase when money is added to the fund. Special fund expenditures increase in accordance with the decisions of the coalition. Legislative audits can be handled with existing resources.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
SF Revenue	-	-	-	-	-
GF Expenditure	\$64,500	\$81,900	\$85,800	\$90,000	\$94,300
SF Expenditure	-	-	-	-	-
Net Effect	(\$64,500)	(\$81,900)	(\$85,800)	(\$90,000)	(\$94,300)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: The fund must be used to:

- promote partnerships and enhance cooperation between the institutions of higher education in the State and the business community;
- facilitate the expansion and development of new partnership initiatives;
- promote college readiness, outreach, and financial aid awareness of Maryland families;
- evaluate and recommend methods to improve the efficiency and promote the growth of higher education and business partnerships; and
- encourage the donation of corporate and foundation money to promote the State goals for higher education and enhance cooperation and partnerships between higher education and the business community.

The fund consists of money appropriated in the State budget to the fund, investment earnings from the fund, and any other money accepted for the benefit of the fund. The fund is subject to audit by the legislative auditor.

Background: The Governor's P-20 Leadership Council of Maryland was created by Executive Order 01.01.2007.20 in October 2007 as a partnership between State educators and the business community. Under the Governor's leadership as chair, the council's mission is to better prepare Maryland students for the jobs of the 21st century while enhancing the State's economic competitiveness by creating a workforce with 21st century skills. One barrier the P-20 Council has faced in attracting federal and private funds to carry out its mission is not having a dedicated fund in which to accept the money.

State Fiscal Effect: The bill is silent on the structure and staffing of the coalition. It is assumed that, like staffing for the P-20 Council, existing State agencies and other entities participating in the council also support the coalition and fund; however, additional staff would be required.

Therefore, it is assumed that general fund expenditures increase by \$64,453 in fiscal 2011 to hire a higher education specialist to staff the coalition and help administer the fund.

This estimate includes one full-time salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Position	1		
Salary and Fringe Benefits	\$60,045	\$81,396	\$85,322
Start-up/Operating Expenses	<u>4,408</u>	<u>515</u>	<u>520</u>
Total	\$64,453	\$81,911	\$85,842

Future year expenditures reflect a full salary with 4.4% annual salary increases, 3% employee turnover, and 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): , Baltimore City Community College, Department of Business and Economic Development, Maryland Higher Education Commission, University System of Maryland, Department of Legislative Services (Office of Legislative Audits)

Fiscal Note History: First Reader - March 9, 2010
ncs/rhh

Analysis by: Caroline L. Boice

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