

**A FUNDING STRATEGY PROPOSAL FOR THE
REGIONAL HIGHER EDUCATION CENTERS**

Prepared By:

Maryland Higher Education Commission
Division of Finance Policy

As Requested by the
Report of the Chairmen of the
Senate Budget and Taxation Committee
And
House Appropriations Committee

2005 Session of
The Maryland General Assembly
Page 189

Kevin O'Keefe
Chairman

Calvin W. Burnett
Secretary

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The 2005 Joint Chairmen’s report requires the Maryland Higher Education Commission to develop an equitable, consistent, and ongoing funding strategy for the regional higher education centers. The language of the committee narrative is as follows:

***Regional Higher Education Centers:** In 2004, the Maryland Higher Education Commission issued a report on Maryland’s Regional Higher Education Centers. The narrative that led to the report asked MHEC to examine a number of issues, including “equitable funding mechanisms that will ensure the State’s goals for these centers are achieved.” The MHEC report states, “Funding for regional higher education centers should be provided to centers in a manner that is equitable, consistent, and ongoing so that they can plan for and deliver the needed programs to local citizens and address local workforce needs.” The committees ask MHEC to follow up on its 2004 report by making recommendations for an equitable, consistent, and ongoing funding strategy for regional higher education centers. Recommendations should address all regional higher education centers in Maryland, ensure that centers must meet appropriate standards to be eligible for State funding, and provide a framework for future centers to seek State funding when appropriate.*

The Commission convened a work group with the representatives from the regional higher education centers, the University System of Maryland, the Maryland Association of Community Colleges, and the Maryland Independent College and University Association to implement the recommendations from the 2004 MHEC report. This work group also agreed to address the concerns identified in the 2005 Joint Chairmen’s Report regarding the development of a consistent funding strategy for the regional centers. This report recommends changes to MHEC Guidelines for RHEC and addresses the committees’ concerns by recommending a funding strategy for regional higher education centers.

Background

The General Assembly enacted Chapter 542, Laws of Maryland 2000, which revised the Maryland Charter for Higher Education to include regional higher education centers. According to statute, a regional higher education center is a higher education facility in the State that: (1) includes participation by two or more institutions of higher education in the State; (2) consists of an array of program offerings; (3) offers multiple degree levels; and (4) is either affiliated with an institution of higher education or is established by statute.

The Maryland Higher Education Commission is charged with statewide coordinating responsibility for the regional higher education centers (RHEC) under Sections 10-101, 10-212, 11-105, 11-302–11-303, and 12-104 of the Education Article, Annotated Code of Maryland. This responsibility includes approving center mission statements and ensuring that courses and programs offered by the centers are within the scope of their approved missions. The Commission is also charged with making recommendations for State funding for the centers to the Governor and General Assembly, as well as, administering funds provided to the centers that are not governed by the University System of Maryland Board of Regents. These centers include: Southern Maryland Higher Education Center, Eastern Shore Higher Education Center, the Waldorf Center for Higher Education, the Higher Education and Applied Technology Center

(HEAT), Laurel College Center and Arundel Mills Center. The University System of Maryland administers operating funding for the Shady Grove and Hagerstown Centers.

To carry out these statutory responsibilities, the Commission developed guidelines in 2001 for mission statements, strategic plans and budget requests for the centers. The RHEC work group reviewed these guidelines and recommended appropriate revisions to provide a more comprehensive State policy to guide the growth, development, and state support for these centers (see Appendix A). The revised guidelines:

- Recognize the essential role of RHEC in providing access to needed programs in unserved and underserved areas of the state and addressing a portion of the projected growth in the coming decade;
- Establish procedures for applying for RHEC status;
- Provide a funding strategy and accountability standards for the centers;
- Require RHEC to clearly demonstrate the unmet need in their proposed location and the needs of businesses and industries in the area as specified under Education Article 10-212 (b) and a commitment from potential 4-year institution partners to offer the needed programs;
- Require regular reports from each center receiving funds in accordance with Education Article 11-105 (d)(1)(v) and 11-105 (d)(2); and
- Require that RHEC work closely with local community colleges in offering baccalaureate programs.

Funding of Regional Centers

The Maryland Higher Education Commission is charged with oversight of State funding for regional higher education centers that are not governed by the University System of Maryland (USM) Board of Regents. RHEC under the purview of the Commission may submit a request for State funding each year. RHEC governed by USM will submit their requests as part of the total USM request. A prospective RHEC must have official designation as an RHEC to be considered for State funding. Further, State funding is contingent upon whether the request is consistent with the RHEC's mission and strategic plan and the State's goals as described in Chapter 542, Laws of Maryland 2000.

A major challenge for the work group was to develop a funding approach that takes into account the differences in each center. RHEC are structured and administered in different ways, may have different relationships with the state as defined in state code, offer different levels of degree programs, and have different possible revenue sources. SMHEC is operated by an independent body established in statute, while the Eastern Shore, HEAT, Laurel and Arundel Mills centers are operated by the local community college. The Waldorf Center is operated jointly by the College of Southern Maryland and UMUC. Shady Grove and Hagerstown centers are operated

as independent entities through USM. Another major distinction is that some centers offer lower division, upper division and graduate courses at their centers, while others offer only upper division and graduate. See Table I for current and projected enrollment figures by program level for each center.

The differences in administrative structure at each center impact on the revenue sources available to support the operation of the center. All centers may generate funds through usage fees and auxiliary activities and are eligible for direct state and local appropriations or grants. Table II lists general fund appropriations awarded to RHEC in the past few years.

Under the RHEC work group's proposal, State funding is intended to help defray expenses associated with the operations of the center inclusive of utilities, lease, administration, support services and other operating expenses that support baccalaureate and graduate programs at the center. All programs should address the needs of citizens in unserved or underserved areas of the state and that respond to the needs of businesses and industries in the areas that they serve. Furthermore, the work group proposal takes into consideration the different types of RHEC and the different revenue sources available to each type of RHEC. The funding strategy is designed to support center activities for FTES enrolled in upper division and graduate programs and lower division FTES enrollments in the 2 + 2 programs that are offered at the center. It is important that distinctions remain clear and demonstrative between RHEC and off campus extension centers for funding purposes.

The proposed funding strategy includes the following components:

1. Base Allocation: The base allocation supports the basic operation of a RHEC. This may include a minimum amount of the cost to maintain and operate center facilities as well as staff needed to support the core functions of the center (i.e. the administration of the facility and coordination of center activities). The RHEC work group recommends that the base allocation be funded at \$200,000 for each center.

2. Incentive Funding: Incentive funding is based on \$ per upper-division and graduate division full time equivalent student (FTES) enrollments and lower division FTES enrolled in 2 +2 programs offered at the center. Shady Grove's general fund appropriation per FTES is used to set the per FTE benchmark. These funds encourage the development of baccalaureate and graduate programs. The \$ per FTES are calculated by dividing the Shady Grove general fund appropriation (minus the base allocation amount) by the number of Shady Grove FTES. The resulting amount is multiplied by the number of upper division, graduate division, and 2 + 2 lower division FTES to determine that center's incentive funding amount.

3. Special Funding: Special funding is designated for initiatives such as start-up of new centers; support for high need, critical, and special programs to meet regional needs; one-time enhancement funding; and funding for non-capital equipment (i.e., any equipment with a useful life of less than 15 years and is not funded with debt and therefore must be financed through the operating budget). Each request is examined on a case-by-case basis.

4. Leasing Costs: Leasing costs are based on \$ per upper division and graduate FTES at centers that lease facilities. The leasing appropriation is calculated by dividing the annual lease cost by the number of total FTES at the center (lower, upper and graduate). The resulting number is multiplied by the total number of upper division and graduate FTES at the center to determine the amount of the grant.

Table III illustrates the impact of the proposed funding strategy on center funding. This example is for demonstration purposes only and uses actual and estimated 2005 FTES, expenses and appropriations provided by the Centers. It assumes a \$200,000 base allocation per center and \$ per 2 + 2 lower division, upper division, graduate FTES at each center according to the proposed funding strategy. There was no 2 + 2 FTES information available at publication time to determine the FTES for students enrolled in these programs. However, MHEC will work with these centers to develop a methodology.

Review of Annual Funding Requests

The Commission will review all RHEC's annual budget requests and recommend funding according to the funding strategy. The Commission will administer funds for those centers under its purview (Arundel Mills, Eastern Shore, HEAT, Laurel, Southern Maryland, Waldorf). USM will administer funds for those centers under its purview (Shady Grove and Hagerstown).

The Commission's recommendations will be based on the following:

- Funding priority for the base allocation to ensure consistency and predictability in funding;
- The number of FTES at the upper-division and graduate level in the RHEC and FTES enrolled in 2 + 2 programs offered at the center;
- Special funding such as support for the start-up for new centers or new initiatives in high need areas;
- Evidence that the center meets mission and strategic plan goals and objectives as set forth by the RHEC and strives to be fully utilized;
- Programs provided or to be provided that address the needs of citizens in unserved or underserved areas of the State; and
- Programs provided or to be provided that respond to the needs of businesses and industries in the areas in which the RHEC serves.

Other factors that may be considered include:

- State funds do not supplant local or county support identified in the RHEC's five-year strategic plan; and

- Demonstration of effective and efficient business practices. Audits and records management that is consistent with sound business practices including accounting records using generally accepted accounting principles.

Funding requests may be denied if the requesting RHEC has a delinquent report from a previous fiscal year.

Table I. RHEC ENROLLMENT - ACTUAL AND PROJECTED FTES 2004 -2010

FTE Students	FY 2004 FTES	FY 2005 FTES	FY 2006 FTES	FY 2007 FTES	FY 2008 FTES	FY 2009 FTES	FY 2010 FTES
ARUNDEL MILLS¹							
Lower-Division							
Upper-Division	35.1	25.5	25.7	31.8	34.6	35.6	36.6
Graduate	31.5	46.7	46.7	56.0	72.2	82.8	85.7
<i>Institution Sub-Total</i>	<i>66.6</i>	<i>72.2</i>	<i>72.4</i>	<i>87.8</i>	<i>106.8</i>	<i>118.4</i>	<i>122.3</i>
EASTERN SHORE							
Lower-Division							
Upper-Division	2.8	3.4	20.4	23.5	26.6	29.0	32.0
Graduate	20.0	34.5	37.5	42.5	42.5	52.5	53.0
<i>Institution Sub-Total</i>	<i>22.8</i>	<i>37.9</i>	<i>57.9</i>	<i>66.0</i>	<i>69.1</i>	<i>81.5</i>	<i>85.0</i>
HEAT⁵							
Lower-Division							
Upper-Division	15.6	22.4	23.0	23.6	24.2	24.8	25.5
Graduate	77.6	63.2	65.7	67.8	70.0	72.1	74.3
<i>Institution Sub-Total</i>	<i>93.2</i>	<i>85.6</i>	<i>88.7</i>	<i>91.4</i>	<i>94.2</i>	<i>96.9</i>	<i>99.8</i>
LAUREL²							
Lower-Division PGCC & HCC	296.9	295.1	369.4	378.0	386.9	396.0	405.3
Upper-Division		19.1	50.0	50.0	50.0	75.0	75.0
Graduate			12.5	12.5	27.5	27.5	42.5
<i>Institution Sub-Total</i>		<i>314.2</i>	<i>431.9</i>	<i>440.5</i>	<i>464.4</i>	<i>498.5</i>	<i>522.8</i>
SOUTHERN MARYLAND							
Lower-Division							
Upper-Division	17.0	23.0	29.0	29.0	22.0	15.0	15.0
Graduate	371.0	341.0	370.0	360.0	359.0	382.0	372.0
<i>Institution Sub-Total</i>	<i>388.0</i>	<i>364.0</i>	<i>399.0</i>	<i>389.0</i>	<i>381.0</i>	<i>397.0</i>	<i>387.0</i>
WALDORF³							
Lower-Division	219.5	215.0	221.5	228.1	234.9	242.0	249.2
Upper-Division	81.4	91.7	91.7	99.9	104.3	108.9	113.7
Graduate			5.0	5.3	5.5	5.8	6.1
<i>Institution Sub-Total</i>	<i>300.9</i>	<i>306.7</i>	<i>318.2</i>	<i>333.2</i>	<i>344.7</i>	<i>356.7</i>	<i>369.0</i>
SHADY GROVE							
Lower-Division							
Upper-Division	800.6	853.4	976.1	1,024.8	1,076.1	1,129.9	1,186.4
Graduate	325.3	331.8	338.5	345.2	352.2	359.2	366.4
<i>Institution Sub-Total</i>	<i>1,125.9</i>	<i>1,185.2</i>	<i>1,314.5</i>	<i>1,370.1</i>	<i>1,428.3</i>	<i>1,489.1</i>	<i>1,552.7</i>
Total Upper Division Enrollments	952.5	1,038.5	1,215.9	1,282.6	1,337.8	1,418.2	1,484.2
Total Graduate Enrollments	825.4	836.3	875.9	889.3	929.0	981.9	999.9

¹ Arundel Mills: only consortium FTES enrollment reported. Lower Division AACC FTES not available via budget request submission.

² Laurel: At time of this report unclear whether 19.1 upper/grad FTES reported in 2005 are upper division or graduate or a mix of both.

³ Waldorf: Lower Division FTEs reported here do not include continuing ed credits

⁴ Hagerstown was opened in Spring 2005. No FTES breakdowns by level were available at the time of this report.

⁵ HEAT: Only 2004 estimated FTES available at time of report publication

Source: 2007 Regional Higher Education Center Budget Requests

Table II. Regional Higher Education Centers' General Fund Appropriations: FY 1995-2005

Center	FY 1995 Actual	FY 1996 Actual	FY1997 Actual	FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Appropriation ³
Arundel Mills												
Operating: General Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PAYGO	-	-	-	-	-	-	-	-	-	-	-	-
G.O. Bonds	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Eastern Shore												
Operating: General Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
PAYGO	-	-	-	-	-	-	-	6,645,000	-	-	-	-
G.O. Bonds	-	-	-	-	-	-	525,000	-	600,000	-	-	-
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525,000	\$ 6,645,000	\$ 600,000	\$ -	\$ -	\$ 100,000
HEAT Center												
Operating: General Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
PAYGO	-	-	-	-	-	-	-	-	-	-	-	-
G.O. Bonds	-	-	1,000,000	-	-	-	-	-	-	-	-	-
TOTAL	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 100,000					
Laurel												
Operating: General Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
PAYGO	-	-	-	-	-	-	-	-	-	-	-	-
G.O. Bonds	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Southern Maryland												
Operating: General Funds	\$ -	\$ 140,000	\$ 100,000	\$ 100,000	\$ 185,000	\$ -	\$ 85,000	\$ 368,000	\$ 100,000	\$ 92,000	\$ 92,000	\$ 100,000
PAYGO	-	-	-	-	300,000	-	-	1,368,000	-	-	-	-
G.O. Bonds	-	-	-	-	-	-	5,177,000	-	-	-	-	-
TOTAL	\$ -	\$ 140,000	\$ 100,000	\$ 100,000	\$ 485,000	\$ -	\$ 5,262,000	\$ 1,736,000	\$ 100,000	\$ 92,000	\$ 92,000	\$ 100,000
Waldorf Center												
Operating: General Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
PAYGO	-	-	-	-	-	-	-	-	-	-	-	-
G.O. Bonds	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
USM Downtown Baltimore Center ¹												
Operating: General Funds	\$ 262,320	\$ 263,868	\$ 263,868	\$ 263,868	\$ 307,137	\$ 314,309	\$ 314,309	\$ -	\$ -	\$ -	\$ -	\$ -
PAYGO	-	-	-	-	-	-	-	-	-	-	-	-
G.O. Bonds	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 262,320	\$ 263,868	\$ 263,868	\$ 263,868	\$ 307,137	\$ 314,309	\$ 314,309	\$ -	\$ -	\$ -	\$ -	\$ -
USM The Universities at Shady Grove ²												
Operating: General Funds	\$ -	\$ 400,000	\$ 865,000	\$ 1,227,000	\$ 1,227,000	\$ 1,227,000	\$ 2,327,000	\$ 2,327,000	\$ 2,331,000	\$ 2,331,000	\$ 2,331,000	\$ 2,831,000
PAYGO	-	-	-	-	-	-	-	1,425,000	-	-	-	-
G.O. Bonds	10,926,604	1,205,000	-	-	-	-	800,000	-	1,000,000	-	-	46,940,000
TOTAL	\$ 10,926,604	\$ 1,605,000	\$ 865,000	\$ 1,227,000	\$ 1,227,000	\$ 1,227,000	\$ 3,127,000	\$ 3,752,000	\$ 3,331,000	\$ 2,331,000	\$ 2,331,000	\$ 49,771,000
USM Hagerstown Center												
Operating: General Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 2,000,000
PAYGO	-	-	-	-	-	150,000	697,000	870,000	-	-	-	-
G.O. Bonds	-	-	-	-	-	-	-	-	12,394,000	1,250,000	-	-
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ 697,000	\$ 870,000	\$ 12,394,000	\$ 1,250,000	\$ 1,000,000	\$ 2,000,000
TOTAL												
Operating	\$ 262,320	\$ 803,868	\$ 1,228,868	\$ 1,590,868	\$ 1,719,137	\$ 1,541,309	\$ 2,726,309	\$ 2,695,000	\$ 2,431,000	\$ 2,423,000	\$ 3,423,000	\$ 5,331,000
Capital	10,926,604	1,205,000	1,000,000	-	300,000	150,000	7,199,000	10,308,000	13,994,000	1,250,000	-	46,940,000

Notes:

¹Funding for the Downtown Baltimore Center was provided through the Operating budgets for the University of Baltimore and Bowie State University. The Center was closed in FY 2001.

²Funding for the Universities at Shady Grove and the USM Hagerstown Center is provided through the operating budget of the USM Office.

³Regional Higher Education Centers administered by MHEC received a \$1,000,000 restricted appropriation for FY 2006. \$500,000 was allocated evenly among five centers. The remaining \$500,000 is earmarked for Southern Maryland and Eastern Shore (\$250,000 additional funds for each) but has not been released.

Table III. Impact of Proposal on Regional Higher Education Center Funding Using 2005 Data

	2005 2+2 Lower Division, Upper Division & Grad FTES ¹	Funding per 2+2 Lower Division, Upper Division & Graduate FTES (2005 ² & ⁵)	Leasing Costs Based on \$ per Upper Division & Graduate FTES	State Grant: Base, Incentive & Lease Funding	Special Funding ³ TBD	TOTAL Grant: Sum of Base, Incentive, Lease & Special Funding
<i>Maryland Higher Education Center</i>						
Arundel Mills	\$200,000	72.2	\$154,941	\$7,003	\$361,945	
Eastern Shore	200,000	37.9	81,333	0	281,333	
HEAT	200,000	85.6	183,698	0	383,698	
Laurel Center	200,000	19.1	40,989	38,124	279,112	
Southern Maryland	200,000	364.0	781,144	0	981,144	
Waldorf	200,000	91.7	196,788	110,315	507,103	
Sub-Total	\$1,200,000		\$1,438,893	\$155,442	\$2,794,335	
<i>University System of Maryland</i>						
Shady Grove	\$200,000	1086.0	\$2,330,556	0	\$2,530,556	
Hagerstown ⁴	200,000	140.5	301,513	0	501,513	
Sub-Total	\$400,000		\$2,632,069	\$0	\$3,032,069	
Total - All Centers	\$1,600,000		\$4,070,962	\$155,442	\$5,826,404	

Notes:

¹Lower Division FTES enrolled in 2 + 2 programs were not available at time of chart publication. Calculations do not currently include those enrollments.

²The Shady Grove Center was used as a model to determine funding per upper division and graduate FTES. See Note⁵ Input for calculations. 2005 data from RHECs' 2007 budget submissions used, includes some estimates and some actuals.

³The special funding centers receive will depend on their budget requests and may include funding for initiatives such as start-up of new centers; support for high need, critical, and special programs to meet regional needs; and one-time enhancement funding

⁴Hagerstown opened Spring 2005, therefore FTES for one full FY are not available.

⁵Input for calculations based on actuals and estimates provide by Centers
\$200,000 **BASE ALLOCATION** recommended by RHEC Work Group

\$1,962 **INCENTIVE FUNDING** Per upper division & graduate FTES & FTES enrolled in 2+2 programs offered at the center.
Formula: 20XX Shady Grove General Funds Allocation divided by 20XX upper div & grad Shady Grove FTES less \$200,000 proposed base allocation.
\$2,331,000 - 200,000 / 1086 = \$962, where \$2,331,000 = 2005 GF appropriation & 1086 = 2005 actual grad/up div FTES.

LEASING COSTS: Formula - (total cost of lease divided by total center FTES) multiplied by # up div/ grad FTES

\$97 **Arundel Mills** - \$89,891 lease payment / 929.25 total FTES using 2005 data * Arundel Mills also has a CAM fee of \$16,851 and it is unclear whether CAM should be included in any of the lease calculations.

\$1,996 **Laurel** - \$626,953 lease payment / 314.18 total FTES using 2005 data

\$1,203 **Waldorf** - \$397,824 annual lease / 330.77 total FTES using 2005 data

Appendix A:
Regional Higher Education Center Guidelines

DRAFT

**REGIONAL HIGHER EDUCATION CENTER
GUIDELINES**

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**MARYLAND HIGHER EDUCATION COMMISSION
DIVISION OF FINANCE POLICY**

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Background

The General Assembly enacted Chapter 542, Laws of Maryland 2000, which revised the Maryland Charter for Higher Education to include regional higher education centers (RHEC). The Maryland Higher Education Commission is charged with statewide coordinating responsibility for the regional higher education centers under §§ 10-101, 10-212, 11-105, 11-302–11-303, 12-104 and 24-305 of the *Education Article, Annotated Code of Maryland* (see Appendix III). To carry out its statutory responsibilities for RHEC, the Maryland Higher Education Commission developed policies in June 2001 for RHEC. These policies included guidelines for mission statements, strategic plans, and operating and capital budget requests.

The 2004 Joint Chairmen’s report required the Commission to submit a report examining Maryland’s RHEC. The language of the Committee Narrative is as follows:

Maryland has six regional higher education centers, two overseen by the University System of Maryland and four overseen by the Maryland Higher Education Commission (MHEC). Four of these centers have received funding from the State, but funding is inconsistent. For example, the Eastern Shore Center was completed in 2003 but has received no start-up funding to date, while the Hagerstown Center will be completed in 2004 and will receive substantial start-up funding. Therefore, the committees ask that MHEC, in consultation with the University System of Maryland, the Maryland Association of Community Colleges, and the Maryland Independent College and University Association, examine the State’s interests and goals for higher education centers, their appropriate role in the delivery of higher education, their potential to provide greater access to higher education in underserved areas of the State, the barriers to academic program delivery, and equitable funding mechanisms that will ensure the State’s goals for these centers is achieved.

A follow-up letter was received in May 2004 from the chairs of the legislative budget committees that clarified that this examination be conducted in consultation with the University System of Maryland (USM), the Maryland Association of Community Colleges (MACC), and the Maryland Independent College and University Association (MICUA). The Commission convened a workgroup with the representatives from the regional higher education centers, USM, MACC, and MICUA to address the concerns identified in the Joint Chairmen’s Report. A response to the report was presented in October 2004. It included recommendations to amend the statutes governing RHEC and to revise the 2001 MHEC guidelines for RHEC. The background information provided here comes largely from that response, and the revised guidelines reflect the input of the workgroup.

During the 2005 legislative session, the General Assembly asked MHEC to develop an equitable, consistent, and ongoing funding strategy for regional higher education centers. This funding strategy is included in the guidelines.

Purpose

Regional higher education centers (RHEC) are designed to ensure access to baccalaureate and

graduate education in both unserved and underserved areas of Maryland at a reasonable cost to students and the State. RHEC can also provide linkages between higher education, local government, and business communities to address workforce needs. RHEC offer the State an opportunity to address workforce needs in high-demand areas, particularly for nontraditional students, and to support State, regional, and local economic and workforce development goals that make the State an attractive destination for companies.

RHEC meet these objectives by providing baccalaureate and graduate programs in areas of the state in which students do not have access to these programs due to geographical distance, commute time or the limited capacity of local 4-year institutions. RHEC can extend the existing program resources of higher education in the State to unserved and underserved areas. Through this network, all regions of the State can be provided with a well-educated workforce critical to the economic development of the regions and the state as a whole.

Definition

According to statute (§10-101, *Education Article, Annotated Code of Maryland*, as amended in 2005, found in Appendix III), a regional higher education center is a higher education facility in the state that:

- (1) *Is operated by a public institution of higher education in the State or a nonpublic institution of higher education operating under a charter granted by the General Assembly and includes participation by two or more institutions of higher education in the State;*
- (2) *Consists of an array of program offerings from institutions of higher education approved to operate in the State by the Commission or criteria set forth in §10-212(B) of this title;*
- (3) *Offers multiple degree levels; and*
- (4) *Is approved by the Commission to operate in the State or is established by a statute.*

State Role and Responsibilities

The State may provide operating and capital funds to RHEC to support the delivery of higher education to unserved and underserved areas of the State or to support areas where it is determined that there is a need (e.g., specific workforce development or skills training).

The State develops policies to guide the growth, development, and State support for RHEC. It identifies the appropriate role of RHEC, establishes policies and procedures to apply for RHEC status, provides standards to ensure that RHEC are meeting defined regional needs, and sets guidelines for appropriate State funding and accountability reporting to ensure that State funds provided to RHEC are achieving their stated purpose and the mission of the RHEC. Funding for RHEC should be equitable, consistent, and ongoing to ensure that all unserved or underserved state regions have access to centers that offer needed baccalaureate and graduate programs.

State oversight of RHEC is divided between the Maryland Higher Education Commission and the University System of Maryland.

A. Maryland Higher Education Commission Role and Responsibilities

The Maryland Higher Education Commission is charged with statewide coordinating responsibility for the Regional Higher Education Centers (RHEC) under §§ 10-101, 10-212, 11-105, 11-302–11-303, and 12-104 of the *Education Article, Annotated Code of Maryland* (see appendices III and IV). This responsibility includes approving center mission statements and ensuring that courses and programs offered by the centers are within the scope of their approved missions and consistent with their strategic plans. All new academic programs offered at a regional center must be consistent with new program offerings outlined in the strategic plan. The Commission is also charged with making recommendations for State funding for all centers to the Governor and General Assembly. The Commission is responsible for administering funds provided to the centers that are not governed by the University System of Maryland Board of Regents (Arundel Mills, Eastern Shore, HEAT, Laurel, Southern Maryland, Waldorf). USM provides administrative oversight to the centers under their purview (Hagerstown, Shady Grove). The Commission reviews all applications for designation as a regional higher education center and approves regional higher education centers to operate in the state. In addition, the Commission will conduct annual evaluations of centers to ensure that centers continue to fulfill goals and objectives as specified in the State Plan and continue to meet both State and regional needs.

B. University System of Maryland Role and Responsibilities

The University System of Maryland administers operating funding for the Shady Grove and Hagerstown centers as well as any other RHEC it may successfully establish. It may establish new regional higher education centers subject to the concurrence of the Maryland Higher Education Commission. At its discretion, the University System of Maryland Board of Regents may close any RHEC it has established.

Regional Higher Education Center Responsibilities

It is the responsibility of the regional higher education center to ensure that its mission and strategic plan are aligned with the State Plan for Higher Education, with the mission statements of its partners, and with the educational and workforce needs of the region it serves. It must abide by other pertinent statutes, requirements, and guidelines for higher education institutions. RHEC under the purview of MHEC must also abide by these RHEC guidelines.

A. Partners

To be eligible to operate a regional higher education center, an institution must be a public institution of higher education in the state or a nonpublic institution of higher education operating under a charter granted by the General Assembly. A regional higher education center must have at least two participating institutions of higher education offering programs at the center.

All partners offering programs at an RHEC must be approved by the Commission to operate in Maryland or must be approved by an act of the General Assembly that specifically satisfies the criteria set forth in §10-212(b) of the *Education Article, Annotated Code of Maryland* as follows:

- (1) *Provide access to affordable higher education programs to citizens in unserved or underserved areas of the State;*
- (2) *Respond to the needs of businesses and industries in the areas in which they serve;*
and
- (3) *Encourage participation by institutions of higher education for the benefit of students and serve the needs of, and provide programs to, elementary and secondary schools, business and industry, and governmental agencies.*

B. Governance

Each regional higher education center should have clearly established governing and administrative structures as specified below under “Strategic Plans.” Each RHEC should be appropriately staffed with professional personnel capable of administering the RHEC activities effectively.

C. Mission Statements

Institutional mission statements are essential to the overall success of higher education in the State of Maryland. They ensure that the purveyors of Maryland higher education support and endorse the State’s goals and objectives of bringing postsecondary education to all qualified Maryland citizens. RHEC serve an important role in achieving the State’s higher education goals, as they bring higher education to communities that do not offer baccalaureate and graduate-level degree programs in their regions. It is therefore essential that the State’s RHEC each prepare a mission statement of their goals and objectives.

As the statewide coordinating board for higher education, the Maryland Higher Education Commission is responsible for reviewing, negotiating, and approving the mission statements developed by Centers in the state.

A regional higher education center’s mission statement should be written in clear and concise language, specifically demonstrating consistency of the mission with the State Plan for Higher Education and incorporating the applicable mandates and priorities established by the legislature. To this end, mission statements should address the following:

1. Summary of Identity and Purpose:

Provide a brief description of the RHEC, including the names of the higher education institution affiliates and the various levels of degree programs offered at the RHEC. Identify the unique assets the RHEC contributes to the State’s diversity of programs, including bringing higher education to underserved regions of the State. RHEC priorities for instructional program emphasis and aspirational degree levels should also be included.

2. Performance and Outcomes:

Describe the RHEC’s essential functions (teaching, research, and/or public service) as they relate to regional needs. Describe how the RHEC will reach its full potential as a resource to the community. Describe how the unique strengths of the RHEC, as outlined above (Summary of Identity and Purpose), apply and contribute to the RHEC’s goals and objectives, e.g., workforce training, economic development, K-16 partnerships, and collaborative efforts with government, business, and industry.

D. Strategic Plans

Pursuant to §11-105 of the *Annotated Code of Maryland, Education Article*, the Maryland Higher Education Commission may require submission of strategic plans by regional higher education centers. The Commission shall review each strategic plan to determine whether the strategic plan is consistent with the State Plan for Higher Education developed under §11-105(b)(2), as well as, with the mission of the RHEC and with the missions of the participating institutions.

Each proposed new regional higher education center or existing center requesting or receiving State funds must develop and submit a strategic plan at least once every four years and the strategic plan should be updated if a center has made significant changes to its mission statement. These strategic plans are to be developed and approved by the planning body of the proposed center or by the governing structure of an existing center.

The strategic plan for both new and existing centers shall include

1. Needs and Economic Analysis:

This section of the plan should document and describe how the proposed center provides access to unserved and underserved areas of the State and how the proposed center meets a regional and/or statewide need, including the needs of businesses and industries in the area as specified under Education Article §10-212(b). This section should:

- a. Provide demographic information concerning the population’s level of participation in higher education and educational attainment level;
- b. Demonstrate the lack of nearby higher education facilities offering the baccalaureate- and graduate-level programs to be offered at the RHEC or demonstrate a lack of access in terms of commute time or limited capacity to these programs at nearby institutions;
- c. Identify the level of need by programmatic areas based on State and/or local workforce studies and market demands;
- d. Evaluate the current workforce in the area and the economy to determine the area’s current and future employment base and employment needs; and

- e. Provide a plan to address the workforce and economic needs of the area.

2. *Goals, Priorities and Consistency with the State Plan for Higher Education*

This section should describe how the RHEC will specifically meet the goals and objectives stated in the State Plan for Post-Secondary Education. This section should list the short-range and long-range goals and objectives that warrant the investment of State resources in the RHEC and address to what extent these objectives will meet the State's present and future needs as outlined in the State Plan for Higher Education.

3. *Partnerships and Collaborations:*

This is an assessment of opportunities for partnerships and collaborations at the RHEC. It should include:

- a. A letter of intent or memorandum of understanding from each partner institution;
- b. A description of the level of participation by each partner institution, including documentation on the academic programs to be offered; and
- c. A description of partnerships with the private sector and/or county and local governments, as appropriate, to address the educational needs of the workforce in the region.

4. *Governance:*

This section is an outline of the governance structure. It should describe:

- a. The governing structure;
- b. The constituent groups represented in the governing structure; and
- c. An overview of the administrative structure of the RHEC.

5. *Program Offerings:*

This is an analysis of program offerings that should:

- a. Identify the academic programs to be offered by each participating institution;
- b. Provide a five-year projection of anticipated academic program additions by each participating institution.
- c. For existing RHEC submitting an updated strategic plan, this analysis should identify what programs have been offered for the past three years and include a five-year projection of anticipated program additions. Furthermore, centers offering lower division courses should provide information on how these

courses are part of a planned sequence of courses leading to a baccalaureate degree that is offered at the center.

6. *Enrollment Projections:*

This section should describe the student population to be served by the RHEC. It should include:

- a. Total headcount within each program.
- b. The number of lower-division FTES enrolled in 2 + 2 programs offered at the center, lower division FTES that are not enrolled in 2 + 2 programs, upper-division, and graduate level FTEs enrolled in each program. Undergraduate FTE are the total number of full-time and part-time undergraduate semester credit hours (or equivalent) divided by 30; graduate FTE are the total number of full-time and part-time graduate semester credit hours (or equivalent) divided by 24.
- c. A five-year projection of enrollment. For existing RHEC submitting an updated strategic plan, enrollments from the previous three years should also be included. This information should be included in table form. (See Appendix I for sample blank table for Projected Enrollment and Appendix II for sample blank table for Enrollment.)

7. *Student Support Services:*

This section should describe the student support services that will be provided by the RHEC or by participating institutions. It should include:

- a. A description of the type of services (i.e., academic advising, library, placement testing, registration, bookstore, etc.) planned to be offered on-site; and
- b. A description of how these services are to be delivered.

8. *Technological Needs:*

This section is a discussion of technological needs of the RHEC. It should include:

- a. An analysis of the internal needs of the RHEC to provide appropriate technical support for faculty, staff, and students; and
- b. An analysis of the technological needs for distance learning courses to be provided at the RHEC.

9. Site/Facility Evaluation:

The site evaluation of the area in which the proposed center is to be located should include:

- a. An analysis of the proposed site and structures and a projection of future needs;
- b. A discussion of location alternatives with justification(s) of why the proposed site is the ideal location; and
- c. A discussion of future expansion capabilities.

The site evaluation for current RHEC should include a discussion of current capacity, future expansion capabilities, as well as, a projection of future needs.

10. Marketing Plan:

This is to be a description of the components of the plan for marketing the RHEC. This narrative section should include:

- a. A discussion of publication, press releases, newspaper and/or radio advertisements, and other marketing tools that will be used to promote the RHEC.

11. Financial Plan:

This is a five-year financial plan for the RHEC. The Financial Plan should include:

- a. Tables on Projected Revenue and Projected Expenditures. Narrative explanation attached to each table. Data should be presented for the five upcoming fiscal years and then totaled by category for each year. Refer to Appendix II.
- b. Existing RHEC submitting an updated strategic plan should also include a financial summary of the past three years, which should appear in the same table and narrative format. The specific format for these tables and definitions for line items appear in Appendix II.

E. Budget Requests

1. Annual Budget Request

As a component of its oversight authority for RHEC, the Commission will review all RHEC annual budget requests. This annual review will consist of: 1) an analysis of the funding request to determine if the request is in alignment with the RHEC's individual

mission and strategic plan; and 2) an analysis to determine whether center activities are meeting the goals and objectives as identified in the strategic plan. The Commission will make specific recommendations for State funding to the Governor and General Assembly. Refer to Appendix II for specific instructions. Furthermore, the Commission has administrative responsibility for non USM RHEC budget requests. These funds will be provided as grants through the Commission's operating budget. USM has administrative oversight over centers under their purview.

2. Budget Request with Application for Designation as an RHEC

Application for designation as a regional higher education center is the first step in applying for State funds. Refer to "Procedure for Designation as a Regional Higher Education Center", page 14. If a budget request accompanies the application for designation as an RHEC, it is included in the strategic plan as part of the financial plan and follows the same format as the annual budget request, with the exception of the enrollment data table. The enrollment data table is included in the strategic plan portion of the application. Refer to the Review of Funding Requests section D "Strategic Plans" on page 7.

Instructions for the application process for designation as an RHEC and samples of the tables to be included in the financial plan can be found in Appendix I.

F. Reporting

As part of its charge to assure that State funds for RHEC are spent prudently and in accordance with State guidelines (§11-105(8)(d)(v)), the Commission requires that each RHEC receiving State funds to conduct an audit. The audit may be a separate audit of the center or performed as part of an audit of a larger entity. An audit should be conducted annually and should be available on request.

In addition, the RHEC should provide a report that describes how funds were used, list and describe the degree programs offered and provide enrollments by lower division, upper division and graduate for the degree programs for the prior year. RHEC receiving special funding are required to submit a report to the Commission that specifically outlines how these funds were spent during the fiscal year. This report is due to the Commission September 1 of each year.

Funding of Regional Higher Education Centers

The Maryland Higher Education Commission is charged with oversight of State funding for regional higher education centers that are not governed by the University System of Maryland (USM) Board of Regents. RHEC under the purview of the Commission may submit a request for State funding each year. RHEC governed by USM will submit their requests as part of the total USM request. A prospective RHEC must have official designation as an RHEC to be considered for State funding. Further, State funding is contingent upon whether the request is

consistent with the RHEC's mission and strategic plan and the State's goals as described in Chapter 542, Laws of Maryland 2000.

State funding is intended to help defray expenses associated with the operations of the center inclusive of utilities, lease, administration, support services and other operating expenses that support baccalaureate and graduate programs and 2 + 2 programs offered at the center. All programs should address the needs of citizens in unserved or underserved areas of the state and that respond to the needs of businesses and industries in the areas that they serve. Furthermore, the funding model takes into consideration the different types of RHEC and the different revenue sources available to each type of RHEC. The funding strategy is designed to support center activities for FTES enrolled in upper division and graduate programs and lower division FTES enrollments in the 2 + 2 programs that are offered at the center. It is important that distinctions remain clear and demonstrative between RHEC and off campus extension centers for funding purposes.

The proposed funding strategy includes the following components:

1. Base Allocation: The base allocation supports the basic operation of a RHEC. This may include a minimum amount of the cost to maintain and operate center facilities as well as staff needed to support the core functions of the center (i.e. the administration of the facility and coordination of center activities). The RHEC work group recommends that the base allocation be funded at \$200,000 for each center.

2. Incentive Funding: Incentive funding is based on \$ per upper-division and graduate division full time equivalent student (FTES) enrollments and lower division FTES enrolled in 2 + 2 programs offered at the center. Shady Grove's general fund appropriation per FTES is used to set the per FTE benchmark. These funds encourage the development of baccalaureate and graduate programs. The \$ per FTES are calculated by dividing the Shady Grove general fund appropriation (minus the base allocation amount) by the number of Shady Grove FTES. The resulting amount is multiplied by the number of upper division, graduate division, and 2 + 2 lower division FTES to determine that center's incentive funding amount.

3. Special Funding: Special funding is designated for initiatives such as start-up of new centers; support for high need, critical, and special programs to meet regional needs; one-time enhancement funding; and funding for non-capital equipment (i.e., any equipment with a useful life of less than 15 years and is not funded with debt and therefore must be financed through the operating budget). Each request is examined on a case-by-case basis.

4. Leasing Costs: Leasing costs are based on \$ per upper division and graduate FTES at centers that lease facilities. The leasing appropriation is calculated by dividing the annual lease cost by the number of total FTES at the center (lower, upper and graduate). The resulting number is multiplied by the total number of upper division and graduate FTES at the center to determine the amount of the grant.

Review of Annual Funding Requests

A. Funding Recommendations

The Commission will review all RHEC's annual budget requests and recommend funding according to the funding strategy. The Commission will administer funds for those centers under its purview (Arundel Mills, Eastern Shore, HEAT, Laurel, Southern Maryland and Waldorf). USM will administer funds for those centers under its purview (Hagerstown and Shady Grove). The Commission's recommendations will be based on the following:

- Funding priority for the base allocation to ensure consistency and predictability in funding;
- The number of FTES at the upper-division and graduate level in the RHEC and FTES enrolled in 2 + 2 programs offered at the center;
- Special funding such as support for the start-up for new centers or new initiatives in high need areas;
- Evidence that the center meets mission and strategic plan goals and objectives as set forth by the RHEC and strives to be fully utilized;
- Programs provided or to be provided that address the needs of citizens in unserved or underserved areas of the State; and
- Programs provided or to be provided that respond to the needs of businesses and industries in the areas in which the RHEC serves.

Other factors that may be considered include:

- State funds do not supplant local or county support identified in the RHEC's five-year strategic plan; and
- Demonstration of effective and efficient business practices. Audits and records management that is consistent with sound business practices including accounting records using generally accepted accounting principles.

Funding requests may be denied if the requesting RHEC has a delinquent report from a previous fiscal year.

Procedure for Designation as a Regional Higher Education Center

A prospective regional higher education center must apply to the Maryland Higher Education Commission in order to be established as a regional higher education center. The center will not have approval to operate without this designation.

A. Partnership Agreements

A public institution of higher education or a nonpublic institution of higher education operated by a charter granted by the General Assembly that wishes to operate a regional higher education center develops partnership agreements or memorandums of understanding with other institutions of higher education approved to operate in the state by the Commission or by an act of the General Assembly (see §10-212(B), *Education Article, Annotated Code of Maryland*).

These agreements are made in order to offer at the proposed center an array of academic programs at multiple degree levels that are not otherwise available in the area to be served by the RHEC. Institutions negotiate individually with the proposing institution, and there must be a commitment from potential four-year institution partners to offer the needed academic programs.

There is no statewide effort or Commission involvement at this level unless an institution seeks counsel.

B. Application Process

1. Institutions submit an application for designation as a regional center to the Maryland Higher Education Commission for review and approval. The application will consist of, at least, (1) a signed approval by the chief executive of the submitting institution(s) that will operate the RHEC; (2) a mission statement; and (3) a strategic plan. (See Appendix I for application form and instructions.)
2. The Commission forwards the application for approval as a regional higher education center to all Maryland public and private higher education institutions and all established regional higher education centers in Maryland for a 30-day review and comment period. At the end of the 30-day comment period, the Commission reviews all comments received and seeks additional information from the proposing or objecting institutions and/or established regional higher education centers.
3. The Commission makes a decision on the request to be designated as a regional center or not after reviewing all information received regarding the proposed regional higher education center.
4. The Commission reports the final outcome of this review to the Department of Budget and Management, the Governor, and the General Assembly of Maryland.
5. Funding for the RHEC will be considered once the prospective RHEC is designated by Maryland Higher Education Commission as an RHEC and receives Maryland Higher Education Commission approval to operate in the State.
6. Annual budget requests are required to be submitted to the Commission by May 1 of the fiscal year two years before funding would be received (e.g., May 1, 2005 deadline for funds to be received July 1, 2006).

APPENDIX I

Application to Establish a Regional Higher Education Center

Application to Establish a Regional Higher Education Center

Instructions:

- A. Consult the Regional Higher Education Center Guidelines, including “Procedure for Designation as a Regional Higher Education Center.”
- B. Complete a proposal cover sheet, obtaining the necessary signatures, as indicated by the blank cover sheet included here.
- C. Attach the mission statement of the proposed RHEC, which is to follow the RHEC guidelines.
- D. Attach the strategic plan. The narrative section of the strategic plan must not exceed fifteen pages (single-spaced twelve-point font with one-inch margins). The enrollment section should include the Projected Enrollment table provided in Appendix II. The financial plan section of the strategic plan will include the Projected Revenue and Projected Enrollment tables included in Appendix II as well as, any appropriate budget narrative. Definitions for line items are included in the Annual Budget Request appendix.
- E. Submit the package to the Commission. Although application for designation may be submitted at any time, funding requests attached to applications will be subject to the same timeline as annual budget requests (May 1 for consideration for funding in the fiscal year budget to be prepared that fall).

* * * * *

**Regional Higher Education Center
Proposal**

Institution(s) Submitting Proposal

Title of Proposed Regional Higher Education Center

Partner Institutions:

Proposed Initiation Date:

President/Chief Executive Approval
for Submitting Institution(s):

Signature/Date

Signature/Date

Signature/Date

Date Endorsed/Approved by
Governing Structure(s) of Submitting
Institution(s):

Date Received by the Secretary of
Higher Education:

APPENDIX II

Annual Budget Request to Maryland Higher Education Commission

Instructions for Preparation of Regional Higher Education Centers Annual Budget Requests to Maryland Higher Education Commission

The Maryland Higher Education Commission is charged with statewide coordinating responsibility for the regional higher education centers (RHEC) under Sections 10-101, 10-212, 11-105, 11-302–11-303, and 12-104 of the Education Article, Annotated Code of Maryland. . The Commission is charged with making recommendations for State funding for the centers to the Governor and General Assembly as well as administering funds provided to the centers that are not governed by the University System of Maryland Board of Regents. These centers include: Southern Maryland Higher Education Center, Eastern Shore Higher Education Center, the Waldorf Center for Higher Education, the Higher Education and Applied Technology Center (HEAT), the Laurel College Center and the Arundel Mills Center. The University System of Maryland administers operating funding for the Shady Grove and Hagerstown Centers.

Refer to the RHEC Guidelines under “Review of Annual Funding” for a detailed list review criteria. Regional Higher Education Centers, which request annual budgets through the Maryland Higher Education Commission should use the request format described below. Applications are due May 1. The Budget requests will be made the following fall for the upcoming fiscal year. Direct completed requests and any questions regarding the requests to:

Director of Finance Policy
Maryland Higher Education Commission
839 Bestgate Road, Suite 400
Annapolis, MD 21401
(410) 260-4583

Budget Preparation Instructions

The budget request should include information in narrative and table format that address the items detailed below. Center enrollment, revenue and expenditure data should be reported using Tables I, II and III (template attached).

1. ***Justification for State Fund Request:*** Describe the funding request in terms of the following funding strategy: base allocation, incentive funding, special funding, and leasing costs (Refer to RHEC Guidelines, section G, “Funding of RHEC”). Describe the exact purpose of the request as well as the need for operating funds. Explain how the funds will assist in attaining the goals and objectives of the RHEC’s mission statement and strategic plan. Explain any factors used to estimate resource requirements and workload (number of students, square feet of space, number of hours of utilization, etc). Discuss the impact of not receiving State funding on the operations of the RHEC.

2. ***Revenue and expenditure information directly related to the specific operation of the RHEC.*** For example, when reporting expenditures, include only those expenses pertaining to the higher education component of the RHEC. Do not include faculty salaries and benefits paid by participating institutions. Identify the total estimated

expenditures for the year for which funding is requested and the four years following the year of the request. Existing centers should also include this information for the previous three years of operation. Definitions for revenue and expenditure categories are provided with the Annual Budget Request (see Appendix II). Revenue and expenditure information is to be reported in table or spreadsheet form.

3. ***Gifts and Donations received:*** Specify any gifts and/or donations received by entities or individuals that are not for the purpose of paying for services at the RHEC. Each gift or grant should be reported separately.
4. ***Tuition and Fees Charged by Participating Institutions:*** Specify tuition and fee rates per credit hour charged by institutions participating at the RHEC. Specify undergraduate tuition and fee rates per credit hour and graduate tuition and fee rates per credit hour separately.
5. ***Other RHEC Activities:*** Specify the number of businesses served, non-credit continuing education programs offered and public service activities conducted at the RHEC. Each activity should be reported separately.

Definitions for Line Items to be Reported in Budget Request Tables

Full-Time Equivalent Student Information (Table I):

Use Table I to report the lower-division FTES enrolled in 2 + 2 programs offered at the center, all other lower division FTES, upper-division FTES and graduate FTES by program for each institution offering courses at the center. Undergraduate FTES (lower or upper division) are the total number of full- and part-time undergraduate semester credit hours (or equivalent) divided by 30. Please note that you need separate lower division counts for FTES enrolled in 2 + 2 programs and FTES enrolled in associates degree programs that are not part of a 2 + 2 program at your center. MHEC will work with those centers with 2 + 2 programs to establish a counting methodology. Graduate FTES are the total number of full- and part-time graduate semester credit hours (or equivalent) divided by 24. Existing RHEC should indicate enrollment for the three previous years and project enrollment for five years. These counts are critical for the funding formula and must be provided precisely as specified here.

Revenue (Table II)

1. Report revenue directly related to the specific operation of the RHEC.
2. ***Direct Governmental Appropriations:*** These appropriations may be unrestricted or restricted (required by outside entities to be expended for specific purposes). Governmental appropriations should be classified to identify the governmental level: federal, state, or local. This classification does not include governmental grants or contracts. It should be clear what the requested State funds for operation of the RHEC are to be. *For RHEC operated by community colleges, identify separately any State*

funding provided by the Cade formula for lower division FTES generated at the center as well as local support provided for the community college based on a \$/FTES calculation.

3. *Tuition and Student Fees.* Tuition and student fees that may be paid to the institution offering courses that are used to support Center operations.
4. *Generated Fees and Usage Income:* Fees charged to entities by the RHEC for use of RHEC facilities. May be charged to institutions for classrooms or labs, corporations or companies for training or other classes or meetings, or students for library, instruction, academic, or auxiliary support.
5. *Grants and Contracts:* Include all amounts received or made available by grants, contracts, and cooperative agreements from governmental agencies or from public or private entities or individuals. These should be grants and contracts that are not considered to be contributions. Each grant or contract should be tracked and reported separately.
6. *In-Kind Support:* Include donations of any non-capital asset for which the RHEC does not have to provide payment. Each donation should be tracked and reported separately.
7. *Institutional Subsidy:* Include all funding directly provided to the RHEC by an institution for the purpose of establishing or maintaining RHEC operations with no expectation of reimbursement. Each subsidy should be tracked and reported separately.
8. *Transfers To and From Fund Balances:* In accounting, for additions to fund balances, pledges of gifts may or may not be recorded in the accounts. If recorded, they should be accounted for at their estimated net realized value. Estimated net realized value means that (1) estimated uncollectible pledges are deducted and (2) long-term pledges are recorded at their net present value. If not recorded, pledges must be disclosed in the notes, along with the nature of the restrictions and the estimated timing of receipt.
9. *Other Revenue:* Specify any other revenue for the RHEC, allowing a line item for each source.

Expenditures (Table III)

1. *Contracted Services:* Include all expenditures for any contracted services performed directly on behalf of the RHEC. These can include legal, information technology, auditing, insurance, facility maintenance, grounds, and janitorial services. Each contract should be listed separately with a brief description.
2. *Communications:* Include all expenditures related to communications for the RHEC. These include postage, telephone and telecommunications, marketing, and other communications expenditures.

3. *Fixed Costs*: Include costs not included in the categories listed above. These should include rent, subscriptions, association dues, insurance coverage, lease payments, bond payments, licenses, interest, interest on late payments, and interest on treasury deposits, bad debt expense, corporate purchasing card, and other fixed cost expenditures.
4. *Furniture and Equipment — Additional*: Include expenditures for new furniture or equipment purchased directly for the RHEC. This furniture or equipment will be housed at the RHEC and be used for RHEC purposes. Do not include computers or other information technology related equipment.
5. *Furniture and Equipment — Replacement*: Include expenditures for any furniture or equipment purchased to replace existing furniture or equipment that has become outdated or has been damaged. This furniture or equipment must be located at the RHEC and be used solely for RHEC operations. Do not include computers or other information technology related equipment.
6. *Grants/Subsidies*: Include all expenditures related to grants or subsidies for the RHEC.
7. *In-kind Contributions*: Expenditures associated with tangible or intangible contributions that create value directly for the RHEC.
8. *Information Technology*: Expenditures made for computers or any other information technology hardware or software.
9. *Education*: Any equipment, software, or software modifications purchased for the delivery of education directly at the RHEC.
10. *Administrative*: Any equipment, software, or software modifications for administrative functions performed directly for the Center.
11. *Motor Vehicle Operations and Maintenance*: Include all expenditures made for operating and maintaining RHEC-owned or leased motor vehicles.
12. *Professional Development/Travel*: Include all professional development and travel expenditures made on behalf of the RHEC. May include trips to other parts of the county, state, country, or world for the purposes of training, conferences, educational seminars, or other purposes for which travel is required. Also include conference expenses, seminars, meetings, airfare, car rental, hotel charges, mileage and all meal allowance expenditures.
13. *Salaries and Wages*:
 - i. *Administrative or Professional*: Include all salaries, wages, and benefits expenditures made for all administrative or professional positions that are directly for the RHEC. These can include an executive director, a budget officer, a director of educational services, technical support personnel,

academic advisors, and any other position acting in an administrative or professional capacity for the RHEC.

- ii. *Support Staff*: Include all salaries, wages and benefits expenditures for all support positions working on behalf of the RHEC. These can include assistants to directors and any other support staff in other areas such as bookkeeping, marketing, information technology, and coordination for the RHEC.
 - iii. *Facility Support*: Include all salaries, wages and benefits expenditures for all personnel working in operations, maintenance, or machine positions on behalf of the physical plant of the RHEC.
 - iv. *Faculty*: For RHECs operated by a community college that offer their community college level courses at the center, provide information on faculty costs.
14. *Supplies and Materials*: Include expenditures for all supplies and materials purchased for direct use by the RHEC for education, administrative, support or any other function.
15. *Utilities*: Include all expenditures for utilities directly for the RHEC. These should include electric, gas, water, and any other utility expenditure. List each category separately.
16. *Other (specify)*: Include other expenditures and include mandatory transfers which are transfers that arise from binding legal agreements related to the financing of educational plant, such as amounts for debt retirement, interest, and required provisions for renewals and replacements of plant not financed from other sources and grants agreements with agencies of the federal government, donors, and other organizations to match gifts and grants to loan and other funds.

[INSERT NAME OF CENTER]

Table I. ENROLLMENT

FTE Students	FY 200x Actual	FY 200y Actual	FY 200z Actual	Year 1	Year 2	Year 3	Year 4	Year 5
<hr/>								
<i>Institution 1 (Name)</i>								
<i>Academic Program 1 (Name)</i>								
	Lower-Division							
	Lower-Division 2 + 2							
	Upper-Division							
	Graduate							
<i>Academic Program 2 (Name)</i>								
	Lower-Division							
	Lower-Division 2 + 2							
	Upper-Division							
	Graduate							
<i>Academic Program 3 (Name)</i>								
	Lower-Division							
	Lower-Division 2 + 2							
	Upper-Division							
	Graduate							
	Institution Sub-Total							
<hr/>								
<i>Institution 2 (Name)</i>								
<i>Academic Program 4 (Name)</i>								
	Lower-Division							
	Lower-Division 2 + 2							
	Upper-Division							
	Graduate							
<i>Academic Program 5 (Name)</i>								
	Lower-Division							
	Lower-Division 2 + 2							
	Upper-Division							
	Graduate							
	Institution Sub-Total							
<hr/>								
<i>Institution 3 (Name)</i>								
	Lower-Division							
	Lower-Division 2 + 2							
	Upper-Division							
	Graduate							
	Institution Sub-Total							
<hr/>								
	Total Enrollment							
<hr/>								

[INSERT NAME OF CENTER]								
Table II. REVENUE								
	FY 200x	FY 200y	FY 200z					
Revenue	Actual	Actual	Actual	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Fiscal Year 5
<i>Direct Governmental Appropriations</i>								
State Appropriation (1)								
County Appropriation (2)								
Federal								
<i>Tuition and Student Fees</i>								
<i>Institutional Subsidy (Specify)</i>								
<i>Grants and Contracts</i>								
Federal								
State								
Local								
Private								
<i>Fees and Usage Income</i>								
Institutional								
Corporate/Nonprofit Organizations								
Student								
Other								
<i>Transfers to and from fund balance</i>								
<i>Other</i>								
Sub-Total Revenue								
<i>In-Kind Support (specify)</i>								
Total Revenue								
Notes: (1) Include direct funding and funding provided by or passed through an institution. Centers operated by Community Colleges should identify separately any State funding provided by the Cade formula for lower division FTES generated at the center.								

Table III. EXPENDITURES

Expenditures	FY	FY	FY 200z					
	200x	200y	Actual	Fiscal Year	Fiscal	Fiscal Year	Fiscal Year	Fiscal Year
	Actual	Actual		1	Year 2	3	4	5
Salaries and Wages (include benefits) (1)								
Administrative								
Clerical								
Facility Support								
Faculty								
Contracted Services								
Supplies and Materials								
Communications								
Marketing								
Other Communications								
Grants/Subsidies (2)								
Utilities								
Fixed Costs (3)								
Furniture and Equipment - Replacement								
Furniture and Equipment - Additional								
Information Technologies								
Educational								
Administrative								
Travel								
Motor vehicle operation and maintenance								
Other (Specify)								
Sub-Total Expenditures								
In-Kind Contributions (4)								
Total Expenditures								

Notes:

- (1) Please list the number of positions and the title/function of each position.
- (2) Provide an itemized list. Show the purpose and amount of these contracts.
- (3) Provide a detailed list of fixed costs
- (4) Provide a detailed list. Specify the amount and purpose.

APPENDIX III

Related Statutes from the Annotated Code Of Maryland, Education Article

**Related Statutes from the Annotated Code Of Maryland,
Education Article**

AUTHORITY and RESPONSIBILITY OF THE COMMISSION

Title 10.

Definitions and Maryland Charter for Higher Education

Section 10-101. Definitions.

(e) *“Governing Board” means*

(4) the governing entity of a regional higher education center.

(k) Regional Higher Education Center. – “Regional higher education center” means a higher education facility in the State that: (1) Includes participation by two or more institutions of higher education in the State;

(2) Consists of an array of program offerings;

(3) Offers multiple degree levels; and

(4) Is either affiliated with an institution of higher education or is established by statute.

Section 10-203 Funding; financial aid programs

(d) *Same - Contents* (1) - Funding proposals contents - Funding proposals for regional higher education centers may include: -

(i) Ongoing operating support to provide access to affordable postsecondary education in unserved and underserved areas of the State;

(ii) Incentive funding to promote collaboration among the institutions of higher education and regional higher education centers; and

(iii) Capital funding to support construction, operation, and maintenance a physical plant consistent with the approved mission statement of the center

(2) Operating funds for each regional higher education center that is administered by the University System of Maryland shall be included in the appropriation of the system office as a separate line item in the Governor’s operating budget.

Section 10-207. Duties of Commission.

The Maryland Higher Education Commission shall:

(4) Review, negotiate as necessary, and grant final approval of mission statements for each public institution of higher education and each regional higher education center that requests or receives state funding;

Section 10-212. Regional higher education centers.

(a) *Importance of function.* – Regional higher education centers in the State are important educational resources and are vital to the delivery of postsecondary education in the State.

(b) *Duties; goals.* – A regional higher education center shall:
provide access to affordable higher education programs to citizens in unserved or underserved areas of the State;
Respond to the needs of businesses and industries in the areas in which they serve; and
Encourage participation by institutions of higher education for the benefit of students and serve the needs of, and provide programs to, elementary and secondary schools, business and industry, and governmental agencies.

Title 11.

Maryland Higher Education Commission

Section 11-105. General powers and duties

(b) *Coordination and supervision of postsecondary education*

(7) The Commission has statewide coordinating responsibility for regional higher education centers.

(8) The Commission may distribute strategic incentive funds to an institution of higher education or regional higher education center to encourage attainment of the goals and priorities set forth in the State Plan for Higher Education.

(d) *Duties with respect to regional higher education centers.* – (1) With respect to the regional higher education centers, the Commission:

(i) May require submission of strategic plans in accordance with the guidelines adopted by the Commission;

(ii) May provide grants to regional higher education centers for ongoing operating expenses and lease payments if consistent with the State Plan for higher education and the approved mission statements of the regional higher education centers;

(iii) Shall administer programs of State support and financial assistance for the regional higher education centers;

(iv) Shall assure that courses and programs offered are within the scope of the approved missions of the regional higher education centers; and

(v) Except as provided in paragraph (2) of this subsection, shall assure that State funds for the regional higher education centers are spent prudently and in accordance with State guidelines.

(2) With respect to the regional higher education centers administered by the University System of Maryland, the University System of Maryland shall assure that State funds for the regional higher education centers are spent prudently and in accordance with State guidelines.

(h) *Information; research; inspections; evaluations; assessment of and recommendations of funding* – The Commission:

(1) May secure, compile, and evaluate information on any matter within its authority, in the format it requires, from any person, agency, regional higher education center or institution subject to its authority;

(3) Through its representatives, may visit at any reasonable times and make reasonable inspections of any institution of postsecondary education or regional higher education center subject to its authority;

(5) In consultation with the Department of Budget and Management...

(i) *Budget; capital projects and improvements.* – (1) On or before a date set by the Commission, each of the following governing boards and agencies shall submit to the Commission its annual operating budget requests and proposals for capital projects, by constituent institutions and affiliated regional higher education centers for the next fiscal year:

(2) In consultation with the Department of Budget and Management, the Commission shall present to the Governor, on or before a date set by the Governor, and simultaneously submit a copy to the General Assembly, a consolidated operating and capital budget for higher education that includes the operating and capital budgets requests of the governing boards and institutions listed in paragraph (1) of the subsection, the operating budget request of the Commission, a report on the current funding of the adopted sets of peers institutions, and recommendations regarding the funding of higher education.

(3) In cooperation with the Department of Budget and Management, and without affecting the authority or responsibility of the Department under the State Finance and Procurement Article, the Commission shall:

(i) Review proposals for capital projects and improvements proposed by the public institutions of higher education in this State, by the Maryland Independent College and University Association, and by the regional higher education centers; and

(ii) Develop and submit to the Governor and the General Assembly recommendations as to these projects, which shall be consistent with the State Plan for Higher Education provided for in this section.

(4) In submitting recommendations pursuant to paragraph (2) of this subsection, the Commission shall comment on the overall level of funding for higher education in order to achieve the goals established in the State Plan for Higher Education, and may comment regarding funding priorities among segments of higher education and, within public senior higher education, among institutions. In reviewing the various budgets and submitting recommendations thereon, the Commission:

(i) May not require, of any segment or institution, a detailed budget presentation that tends to duplicate other presentations required in the budget process;

(ii) As to the funding priority of any institution, may comment only on the entity as a whole and not on any separate unit of the institution; and

(iii) As to the operating and capital budgets of the Board of Regents of the University System of Maryland:

1. May review and comment only within the broad context of the State Plan for Higher Education; and

2. May not recommend against a budget item approved by the Board of Regents unless the item is clearly inconsistent with the State Plan for Higher Education.

Section 11-302 Mission Statements – In general.

- (c) *Statements of regional higher education center:* - (1) Each Regional Higher Education Center shall:
- (i) Develop a mission statement;
 - (ii) Submit the mission statement to the governing body of the center; and
 - (iii) Upon direction of the governing body, update the mission statement every 4 years
- (2) The governing body of each regional higher education center:
- (i) Shall review the mission statement and may require the preparation of a revised mission statement;
 - (ii) May adopt the mission statement as submitted or with amendment; and
 - (iii) Shall submit the statement to the Commission.

Section 11 –303. Same – Format.

(c) *Statements of regional higher education centers.* – (1) The Commission, with the assistance of the regional higher education centers required to develop mission statements under this subtitle, shall establish and periodically update the format of mission statements to include specific short and long-range goals and measurable objectives consistent with the policies and guidelines of the commission. (1988, ch. 246, section 2; 1999, ch. 515, section 1; 2000m ch. 542,)

Title 12.

University System of Maryland.

Section 12-104. Same - General powers and duties

- (1) The Board may establish new institutions, regional higher education centers, and branches subject to:
- (i) The concurrence of the Maryland Higher Education Commission; and
 - (ii) The approval of the Governor and the General Assembly.
- (4) In its discretion, the Board may establish, merge, consolidate, or close any center or institute.

12-106. Plan for and administration of University [Amendment subject to abrogation].

- (a) *Development, review, modification and approval of overall plan; annual review.* -
- (1) In consultation with the presidents of the constituent institutions, the Chancellor shall develop an overall plan that:
- (iii) Incorporates the following priorities:
 - 6. Encourage and enhance, including the use of technology, regional higher education centers, such as the Shady Grove Center in Montgomery County, as points of collaboration and access for underserved areas of the State;

Title 24

Miscellaneous Education Agencies

Subtitle 3 Southern Maryland Higher Education Center

Section 24 –304. Powers and duties of Board

(a) *Limitations* - In addition to the other powers expressly granted and duties imposed by this title, and subject to the authority of the Commission, the Board has only the powers and duties set forth in this section.

(b) *Control, records, rules, regulations, and bylaws* - The Board shall:

- (1) Exercise general control over the Center;
- (2) Keep separate records and minutes; and
- (3) Adopt reasonable rules, regulations, or bylaws to carry out the

provisions of this subtitle.

(c) *Salaries* - The Board may fix the salaries and terms of employment of the Director and other employees of the Center.

(d) *Purchase, lease, or acquire property* - The Board may purchase, lease, or otherwise acquire any property it considers necessary for the operation of the Center, with the approval of the St. Mary's County Board of County Commissioners.

(e) *Disposition of assets or property*. - (1) The Board may sell, lease, or otherwise dispose of Center assets or property, with the approval of the St. Mary's County Board of County Commissioners.

(2) The Director of the Center or the chair of the Board may execute a conveyance or other legal document under an appropriate resolution of the Board.

(f) *Compliance with academic programs and policies* - The Board shall ensure that all academic programs and policies of the Center are in compliance with the policies of and approved by the Commission.

(g) *Submission of mission statements* - The Board shall submit an adopted mission statement to the Commission subject to the policies and guidelines of the Commission.

(h) *Contracts and agreements with institutions of higher education* - The Board may enter into contracts or other agreements with any institution of higher education for the provision of upper division undergraduate and graduate programs to meet the higher education needs of Southern Maryland, subject to the approval of the Commission.

(i) *Gifts, appropriations, or grants* - The Board may apply, accept, and expend any gift, appropriation, or grant from the State, county, or federal government or any other person.

(j) *Tuition, fees* -

(1) The Board shall ensure that the tuition and fees charged to students by any participating institutions are reasonable.

(2) The Board may also charge reasonable fees to cover the overhead costs associated with providing these programs.

(k) *Right to sue and be sued* - The Board may sue and be sued.

(l) *Agreements with governmental entities* - The Board may make agreements with the federal, State, or county governments or any other person, if it considers the agreement advisable for the operation of the Center.

(m) *Corporate Seal* - The Board may adopt a corporate seal.

(n) *Records and audits* - In addition to other reports that may be required by the Commission, the Board shall:

(1) Keep records that are consistent with sound business practices and accounting records using generally accepted accounting principles;

(2) Cause an audit by an independent certified public accountant to be made of the accounts and transactions of the Center at the conclusion of each fiscal year; and

(3) For any State moneys, be subject to an audit by the Office of Legislative Audits, in accordance with §§ 2-1220 through 2-1227 of the State Government Article.

(o) *Guidelines* - The Board shall enter into an agreement with St. Mary's County to establish guidelines for the use and operation of the Center.

Section 24-305. Southern Maryland Higher Education Center: Director of the Center

(a) The Board shall appoint a Director of the Center.

(b) *Duties and obligations* - The Director shall:

(1) Report directly to the Board;

(2) Recommend the appointment by the Board of employees necessary for the efficient administration of the Center;

(3) Recommend the discharge of employees for good cause and in accordance with applicable laws and policies;

(4) Be responsible to the Board for the conduct of the Center and for its administration and supervision;

(5) Attend all meetings of the Board, except those involving the Director's personal position;

(6) Subject to the policies and guidelines of the Commission:

(i) Develop a mission statement;

(ii) Submit the mission statement to the Board of Governors of the Centers; and

(iii) Upon the direction of the Board of Governors, update the mission statement every 4 years; and

(7) Perform other duties as assigned by the Board.