



SENATE BUDGET & TAXATION COMMITTEE
FRIDAY, MARCH 6, 2009

Testimony of William Kirwan, Chancellor
Support with amendments SB 275

Chairman Currie, Vice Chairman Kasemeyer, and Committee members, thank you for the opportunity to testify on SB 275. The University System of Maryland (USM) supports SB 275 with clarifying amendments.

I first want to commend and thank Governor O'Malley for his strong support for higher education and introducing this bill to make permanent the Higher Education Investment Fund (HEIF). I also want to thank you the Members of the Maryland General Assembly for taking this courageous action during the 2007 Special Session and establishing the HEIF.

As you recall during the 2007 Special Session the Governor proposed increasing the corporate income tax rate and dedicating a portion of that increase to the HEIF. In the two years (FY 2008 and FY 2009) that this fund has existed it has enabled you and the Governor to do the following: freeze tuition, provide for enrollment growth, work towards closing the achievement gap, and move Maryland Higher Education towards the top tiers in the country.

It is imperative that we continue this momentum. It is necessary and appropriate that the HEIF be made permanent. The business community supported the increase in the corporate tax rate with the understanding that part of it would be used to fund higher education. The USM Board of Regents are requesting that this commitment be honored and the HEIF be made permanent.

We are requesting two amendments to the legislation to clarify the intent of the fund.

First, when the legislation was passed the term "PUBLIC SENIOR HIGHER EDUCATION INSTITUTION" was used. Shortly after passage it was realized that the intent was to cover all of public higher education and unfortunately the USM research institutions, University of Maryland Center for Environmental Science, and the University of Maryland Biotechnology Institute did not fall within that definition. Therefore we are requesting the following amendment to clarify the definition.

15-106.6.

(a) (1) In this section the following words have the meanings indicated.

(2) "Fund" means the Higher Education Investment Fund.

(3) "PUBLIC SENIOR HIGHER EDUCATION INSTITUTION AND INSTITUTE" MEANS THE CONSTITUENT INSTITUTIONS AND RESEARCH INSTITUTES OF THE UNIVERSITY SYSTEM OF MARYLAND, MORGAN STATE UNIVERSITY, AND ST.MARY'S COLLEGE OF MARYLAND.

Second, we believe that the legislative intent of the HEIF was to dedicate a new and additional funding source to public higher education, not to simply replace or supplant general fund support.

The language in the education Article 15-106.6 is as follows:

Money in the Fund may be expended only:

(i) To supplement General Fund appropriations to public senior higher education institutions;

Therefore as clarifying language we are requesting that section be amended to read:

(i) To supplement **NOT SUPPLANT** General Fund appropriations to public senior higher education institutions;

Thank you for allowing the University System of Maryland to share these thoughts about SB 275. We deeply appreciate this committees' support for higher education.