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Chair

**Maryland Higher Education Commission
FY 2024 Operating Budget
Maryland Higher Education Commission
Response to Department of Legislative Services Analysis**

**House Appropriations
Subcommittee on Education and Economic Development
Delegate Stephanie Smith
February 27, 2023**

**Senate Budget and Taxation
Subcommittee on Education, Business, and Administration
Senator Nancy King
March 2, 2023**

Pg. 23. MHEC should comment on the status of the project.

As noted in the analysis, the project charter has been approved and MHEC continues to work with the Department of Information Technology's (DoIT) Delivery Program Management Office (DPMO) to secure a senior project manager (PM). The PM will be assigned to this project for its duration and therefore the anticipated cost exceeds \$1 million dollars, which requires Board of Public Works (BPW) approval. The selected PM is still available and DPMO will present it to the Board of Public Works at the March 1, 2023 meeting. MHEC anticipates having the PM on-board by March 15, 2023. In the absence of a PM, monthly status reports have been submitted as required by DoIT's Enterprise Project Management Office (EPMO) and work has begun on the project management plan (PMP).

In addition to the PM resource, MHEC submitted a business analyst position for approval to begin with recruitment efforts. This position is crucial to the project for evaluation and improvement of business processes, defining and gathering system requirements, and developing a Request for Proposal (RFP). MHEC looks forward to completing the recruitment and building the project management team.

Finally, MHEC has been proactive by preparing for possible RFP responses by reaching out to other states to inquire about system development, companies they contract with, initial costs, annual maintenance cost, and customizations. Maryland's most recent RFP template has been retrieved for early review.

Recommended Actions

1. Adopt the following narrative:

Institutional Aid, Pell Grants, and Loan Data by Expected Family Contribution (EFC)

Category: In order to more fully understand all types of aid available to students, the committees request that data be submitted for each community college, public four-year institution, and independent institution on institutional aid, Pell grants, and student loans. Data should include, by EFC, the number of loans and average loan size of federal subsidized and unsubsidized loans and loans from private sources as reported to the Maryland Higher Education Commission (MHEC). Additionally, data should be provided on Pell grants, including the number and average award size by EFC. Finally, data should include the number of institutional aid awards and average award size by EFC for institutional grants, institutional athletic scholarships, and other institutional scholarships. The data in the response should differentiate between need-based aid and merit scholarships. Data should also include the number of institutional aid awards and average award size by EFC for tuition waivers/remissions of fees to employees and dependents and students. Waiver information for students should be reported by each type of waiver in State law. This report should cover fiscal 2022 data received by MHEC from State institutions and is to be submitted in an electronic format (Excel file).

Information Request

Institutional aid, Pell grants,
and loan data by EFC

Author

MHEC

Due Date

June 30, 2023

2. Adopt the following narrative:

Report on Best Practices and Annual Progress Toward the 55% Completion Goal: The budget committees understand that in order to meet the State's goal to have at least 55% of Maryland's residents ages 25 to 64 holding at least one degree credential by 2025, accurate and timely information on degree progression and best practices is needed to ensure that the State is on track to meet the goal. The budget committees request that the Maryland Higher Education Commission (MHEC) annually collect and analyze student and transcript-level data on progression, graduation, and other relevant metrics from each public institution of higher education, including community colleges and regional higher education centers. MHEC should submit a report by December 15 each year that analyzes the data and shows each institution's progress toward the State and institutional goals in 2025. The report should also include a summary of best practices and findings on the effectiveness of institutions' programs as well as any concerns regarding lack of progress or best practices that are not being implemented by institutions.

Information Request

Report on best practices and
annual progress toward the 55%
completion goal

Author

MHEC

Due Date

December 15, 2023

MHEC Response: MHEC concurs with the recommended action.

3. Adopt the following narrative:

Report on Nontraditional Pathways: Nationally, nontraditional students, those 25 years and older, comprise approximately 40% of undergraduate students and, according to the Maryland Higher Education Commission (MHEC), these students account for about one-third of undergraduates in community colleges and the public four-year institutions. While there is no standard definition of a nontraditional student, age is often used as a defining characteristic of this population. Nontraditional students face different obstacles than traditional students in obtaining a college education such as having to balance school, work, and life. In order to grow enrollment, institutions will need to develop programs and initiatives targeting this population to help it succeed. MHEC will work with the University System of Maryland (USM) and the Maryland Association of Community Colleges to develop a strategy to strengthen pathways for nontraditional students. MHEC intends to use the \$5 million provided in the fiscal 2024 budget to provide grants to USM institutions and community colleges to execute the strategy. The committees request that MHEC submit a report on how the funds are used to strengthen the pathways for nontraditional students.

Information Request	Author	Due Date
Report on nontraditional pathways	MHEC	December 15, 2023

MHEC Response: MHEC concurs with the recommended action.

Maryland529

**Maryland Higher Education Commission
FY 2024 Operating Budget**

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Testimony by Anthony Savia, Executive Director, Maryland 529

As the Executive Director for Maryland 529 (MD529), it is my pleasure to provide these responses to the questions raised by the legislative analyst. Since our inception in 1998 with the launch of the Maryland Prepaid College Trust (“MPCT”), our goal has been to help make college more affordable for Maryland families. We have made many significant strides toward that goal through our two college savings programs, the Maryland College Investment Plan (“MCIP”) and the Prepaid College Trust. In 2017 we added a disability savings program, Maryland ABLE, which allows individuals with disabilities to save money and pay for qualified disability-related

expenses without jeopardizing State or federal means-tested benefits such as SSI or Medicaid. At present we have over \$9 billion in assets under management across all three programs.

I recognize this has been a challenging year for MD529. The earnings calculation issue with the Prepaid College Trust has caused great concern with account holders and Maryland residents. Since assuming the position of Executive Director just five months ago, it has been my goal to be as transparent as possible to the account holders while working to resolve this issue. We have made great progress and I renew my commitment to ensure we meet our fiduciary obligation to both the account holders and the State of Maryland.

Pg. 24. Maryland 529 should address the ongoing calculation issue and provide a status update on the manual review of accounts.

Agency Response: As of February 23, 2023, the calculation of attributable earnings from the overall Maryland Prepaid College Trust on prepaid accounts is now fixed. Maryland 529 has provided the corrected calculation of earnings to approximately 431 out of the 678 requests received. Approximately 80 of the remaining 247 outstanding have data anomalies that much be researched. The remaining requests (167) were received in the past couple of weeks and are in the queue for data pull and calculation. Maryland 529 continues to pay tuition and mandatory fees to any and all account holders. Maryland 529 is also working with the Program Manager who is in the process of having the corrected calculation programmed into the automated system for the Prepaid College Trust so that we may return to regular business operations in the near future. Once the programing is complete, beta testing has to be performed. An independent auditor will then review to verify the accuracy of the calculation.

The agency continues to communicate with account holders directly, as well as posting information and updating our FAQ page on our website. The Board intends to provide a written update to account holders on a monthly basis until we are fully automated.

Pg. 29 - Maryland 529 should address the continuing decline to applications particularly in targeted regions despite the marketing efforts.

Agency Response: The Save4College State Contribution Program (SCP) continues to be successful. For the “Class of 2022”, the Program ended with a 26% decrease in applications compared to last year partially due to new legislative guardrails, as well as 13% decrease in the total number of new applicants.

When viewing the past year’s Program results, it should be with the approach that it’s more of a “new” Program due to the legislative changes over the last two years, which were implemented to reduce/eliminate abuse of the program. The majority of qualified applications received in 2022 continued to be from the targeted lower- or middle-income ranges and applicants received 80% of the total State contribution (\$5,898,750 in State contributions out of the total \$7,352,000). The largest percentage of the final qualified applicants residing in Maryland continue to be from Baltimore City followed by Montgomery and Baltimore counties.

“The Road Ahead” Takeaways for 2023:

We launched new tactics in December 2022 to increase awareness of the SCP opening on January 1 to include geotargeted programmatic ads and Facebook “Ready, Set, Go” prelaunch campaign with messaging around “open your MCIP Account now to be ready to apply”. We are very pleased with the initial results - applications are up 18% over this time last year.

We are continuing to utilize Facebook, Programmatic, CTV/OTT, and Streaming Audio as the key digital channels. We are reinvesting in streaming audio ads, expanding the use of geotargeted programmatic ads to complement the OOH and partnership campaigns, and expanding in-flight runs of TV and Radio. With their widespread distribution and extensive impressions, continue a traditional media-mix of TV, Radio, and outdoor/transit advertising to aid in higher recall and motivate target audiences to apply. We are increasing PR efforts to promote SCP as an investment tool for lower-income families via earned and paid media opportunities, as well as bloggers and influencers.

We will be participating in the CASH Campaign of Maryland's Money Power Day, a largely attended financial education "festival" in March, that has finally resumed in-person after three years. This draws thousands of attendees, primarily from Baltimore City, and surrounding counties, offering financial workshops, activities for children, and live entertainment.

We are meeting with Prince George's County Public Schools in March to discuss a new partnership opportunity where the school system may be able to provide seed funding for eligible State Contribution Program applicants. We believe this partnership will help increase participation in Prince Georges County.