Maryland Higher Education Commission
FY 2025 Operating Budget
Maryland Higher Education Commission
Response to Department of Legislative Services Analysis

Senate Budget and Taxation
Subcommittee on Education, Business, and Administration
Senator Nancy King
February 23, 2024

House Appropriations
Subcommittee on Education and Economic Development
Delegate Stephanie Smith
February 29, 2024

Pg. 17 - DLS also recommends that USM, MSU, and SMCM convene a workgroup to develop a uniform methodology for calculating graduate FTES to be used by the public four-year institutions when calculating their total FTES.

Response: MHEC respectfully requests to be included as a member of the workgroup to develop a uniform methodology for calculating graduate FTES.

Pg. 24 - The Secretary should comment if the current Program Review Unit staff will be able to support the requirements and increased responsibilities proposed under SB 1020/HB 1224.

Response: Response: As noted in the analysis, the Program Approval Process Workgroup made 23 specific recommendations. The 23 recommendations can be reorganized into 10 new tasks and are reflected in SB1022/HB1244, including a "letter of intent" process, a new report evaluating harm to Maryland's HBCUs, clarifying the review process for mission statements at public institutions, and clarifying the distinction between unreasonable and unnecessary academic program duplication. The new program review team can take on the majority of these tasks, with the likely exception of 2 new duties: a coordinated effort between MHEC, Department of Labor, and Department of Commerce, and the implementation of a Proposed Programs Collaborative Grant Fund.

Pg. 24 - The Secretary should comment on why DPA funds were not used in fiscal 2023 and on the expected development cost and use of DPA funds to cover expenses. The Secretary should also discuss when the fiscal 2025 funding is expected to be appropriated.

Response: Major IT project budgets are not directly assigned within the agency budget but are rather allocated under the Department of Information Technology's (DoIT) Major IT project budget. Although the initial projection for spending on the New Financial Aid System in FY 2023 was $300,216, a substantial portion of our project personnel, such as the Business Analyst and Project Manager, were brought on board later in the fiscal year, post-March 2023. Consequently, the anticipated amount of $300,216 was not fully utilized in FY 2023.

Once expenditures are incurred, it is anticipated that we will need to request the Department of Budget and Management (DBM) to transfer funds from the Dedicated Purpose Account (DPA). Due to lower-than-anticipated expenditures in FY 2023 and a significant number of vacancies, we were able to cover expenses using the general fund appropriation. There was no request made for a special fund appropriation or a fund transfer from the DPA. Looking ahead, since there are expenditures anticipated in FY 2024 due to project personnel (Business Analyst and Project Manager) being actively engaged, we will be requesting the fund transfer during FY 2024.

There is $9.9 million designated for the New Unified Financial Aid System for Higher Education in the Major Information Technology Development Projects FY 2025 budget in the Department of Information Technology.

Pg. 25 - Add the following language to the general fund appropriation:

, provided that since the Maryland Higher Education Commission (MHEC) has had four or more repeat audit findings in the most recent fiscal compliance audit issued by the Office of Legislative Audits (OLA), $250,000 of this agency's administrative appropriation may not be expended unless:

(1) MHEC has taken corrective action with respect to all repeat audit findings on or before November 1, 2024; and

(2) a report is submitted to the budget committees by OLA listing each repeat audit finding along with a determination that each repeat finding was corrected. The budget committees shall have 45 days from the receipt of the report to review and comment to allow for funds to be released prior to the end of fiscal 2025.

Explanation: The Joint Audit and Evaluation Committee (JAEC) has requested that budget bill language be added for each unit of State government that has four or more repeat audit findings in its most recent fiscal compliance audit. Each agency is to have a portion of its administrative budget withheld pending the adoption of corrective action by the agency and a determination by OLA that each finding was corrected. OLA shall submit a report to the budget committees on the status of repeat findings. If OLA reports that an agency failed to completely resolve or make adequate progress toward resolving those repeat audit findings, JAEC requests that $250,000 in general funds is withheld from each agency's appropriation in the fiscal year following the OLA report until more satisfactory progress has been made toward resolution of those repeat findings.

Information Request	Author	Due Date
State of corrective actions related to the most recent fiscal compliance audit	OLA	45 days before the release of funds

Response: MHEC has worked over the past four years to adjust its operations to implement recommendations from the Office of Legislative Audits in its 2021 audit of MHEC. MHEC will cooperate with OLA on their review of repeat findings and resolve any outstanding issues.

Pgs. 25, 26 - 2. 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 2023 data received by MHEC from State institutions and is to be submitted in an electronic format (Excel file).

Information Request	**Author**	**Due Date**
Institutional aid, Pell grants, and loan data by EFC	MHEC	July 1, 2024

Response: MHEC concurs with the recommendation and will provide the report.

Pg. 26 - 3. Adopt the following narrative:

Report on Best Practices and Annual Progress Toward the 55% Completion Goal:

The 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 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	**Author**	**Due Date**
Report on best practices and annual progress toward the 55% completion goal	MHEC	December 15, 2024

Response: MHEC concurs with the recommendation and will provide the report.

Pg. 26 - Budget Reconciliation and Financing Act Recommended Actions

1. Require the use of the selective public four-year institutions self-reported full-time equivalent student (FTES) data that is based on credit hours for calculating the funding per FTES for the Cade, Sellinger, and Baltimore City Community College formulas.

Response: MHEC will work collaboratively with the Department of Budget and Management to make any adjustments that the General Assembly enacts.

Appendix A

Exhibit 8
Recipients of Student Financial Assistance
Fiscal 2024-2025

Program	2024 Working		2025 Projected		Working Expenditure	Projected Expenditure
	Proj. Rec.	Proj. Avg. Award	Proj. Rec.	Proj. Avg. Award	2024	2025
Need-based Aid						
Maryland Community College Promise Scholarship	3,560	2,642	3,660	2,690	9,405,520	9,845,400
Near Completer Grant	34	1,609	Discontinued	Discontinued	54,706	0
Educational Assistance Grant	27,640	1,907	33,288	2,139	52,709,480	71,214,156
Campus-based Educational Assistance Grant	1,950	1,708	2,751	1,698	3,330,600	4,671,663
Guaranteed Access Grant	5,298	14,393	7,717	15,943	76,254,114	123,032,131
2+2 Transfer Scholarship	343	1,433	363	1,464	491,519	531,311
Part-time Grant Program	5,758	920	5,826	912	5,297,360	5,315,254
Graduate and Professional Scholarship	406	1,250	456	1,260	507,500	574,284
Subtotal	**44,989**	**3,233**	**54,061**	**3,729**	**3,291**	**3,980**
Legislative Programs	**16,500**	**1,075**	**16,500**	**1,078**	17,737,500	17,787,000
Merit-Based Programs[1]						
Career & Occupational Programs						
Charles Riley Reimbursement Program						
Charles Riley Scholarship Program	25	6,915	26	6,600	172,875	169,134
Workforce Shoratge Student Assistance Grant	312	2,928	342	3,117	913,536	1,064,628
Teaching Fellows for Maryland Scholarship	320	22,591	563	20,111	7,229,120	11,331,776
Hal & Jo Cohen Graduate Nursing Faculty Scholarship					0	0
Career & Occupational Programs	**657**	**24,313**	**931**	**11,747**	**12,657**	**13,502**
Unique Population Programs						

Cybersecurity Public Servic Scholarship	46	9,425	60	10,087	433,550	606,414
Jack F. Tolbert	141	500	153	500	70,500	76,431
Edward T. Conroy Memorial	714	4,475	899	6,031	3,195,150	5,424,201
Veterans of Afghanistan & Iraq Conflicts	139	5,301	147	5,300	736,839	780,924
Richard W. Collins III Leadership with Honors S	141	6,382	178	8,528	899,862	1,515,693
Workforce Development Sequence Scholarship	270	1,363	232	1,348	368,010	312,735
Maryland First Scholarshipm					0	0
Police Officers	30	3,710	90	3,284	111,300	295,515
Unique Population Programs	**1,481**	**4,574**	**1,759**	**5,299**	**3,927**	**5,122**
Loan Assistance Repayment Programs						
Janet L. Hoffman	97	6,500	118	5,718	630,500	674,724
Primary Care Physicians					0	0
Maryland Dent-Care	10	23,470	20	44,000	234,700	880,000
MLARP Foster Care Program	3	3,086	3	3,484	9,258	9,146
MLARP Nurses-Nursing Assistants					0	0
MLARP Police Officers	5	20,500	21	17,875	102,500	375,375
Loan Assistance Repayment Programs	**110**	**13,389**	**141**	**17,769**	**8,881**	**13,790**
Total	**63,737**	**2,559.87**	**73,392**	**3,252**	**163,158,499**	**238,700,896**