

OFFICE OF THE CHANCELLOR

University System of Maryland

Higher Education FY2026 Budget Overview

Response to Department of Legislative Services Analysis

House Appropriations Committee

*Education and Economic Development
Subcommittee*

Stephanie M. Smith, Chair

January 29, 2025

Senate Budget and Taxation Committee

*Education, Business and Administration
Subcommittee*

Nancy J. King, Chair

January 30, 2025

Members of the subcommittee, I appreciate this opportunity to join my colleagues in commenting on the higher education analysis by the Department of Legislative Services. And I thank you for the support you've shown to higher education and to the USM over the years—support that allows us to better serve the state, its citizens, and our students.

I'll make a few general comments, then turn to select aspects of the DLS analysis.

ACCESS | AFFORDABILITY | ATTAINMENT

I start with the good news of enrollment. Our enrollment grew last fall for the second year in a row, to nearly 171,000 students. Our undergraduate enrollment is the fourth-highest in USM history, and back to pre-pandemic levels. We enrolled our second-largest class of first-time, full-time students. And, together, our HBCUs have their largest freshman class in 15 years. Our graduate enrollment is up, as well—nearly 5% over last year.

These enrollment numbers are a product primarily of two things: our success in recruiting students into our system of excellence (a point on which I'll elaborate later), and our success in retaining them until graduation. We're proud that our second-year retention rate (82%) and six-year graduation rate (70%) well exceed U.S. averages among public universities.

Enabling our success in both of *these* efforts—recruitment and retention—is our affordability. Twenty years ago, Maryland's public universities were among the most expensive in the nation for in-state undergraduates. Today, 26 states are more expensive than Maryland. Our in-state undergraduates pay less than the U.S. average in tuition and fees and *far* less than students in our neighboring states.

As the DLS analysis notes, in-state tuition and fees at our flagship campus, the University of Maryland, College Park, are the second-lowest among peer institutions. The analysis notes, as well, that inflation has for several years outpaced the modest tuition increases we've maintained for Maryland students.

Holding tuition prices relatively constant during this period of high inflation is enabled by the support we receive from the state. That support per FTE student (Exhibit 4) shows rising state appropriations in FY23—fueled by salary and financial aid increases, HBCU settlement funding, and restoration of prior cuts—against a comparatively flat line of net tuition. That flat line is largely explained by two factors: one, challenging; the other, encouraging. Fiscal year 2023 was marked by pandemic-induced drops in new students, but also by climbing graduation rates among those already enrolled.

Of course, affordability comes not only from keeping tuition costs down, but from providing aid to those students who still need financial help. Last year, our universities awarded \$101 million to 27,000+ students with unmet financial need. Institutional aid to students Systemwide has nearly *doubled* over the last 10 years.

The demonstrable impact of these twin affordability efforts is significant: Last year, 59% of USM undergraduates earned their degree without any student loan debt whatsoever.

In terms of degree attainment, Maryland public higher education is doing its part to meet state targets. With a 2023–24 goal just shy of 28,000 bachelor's degrees awarded, the state's public four-year institutions, together, conferred 30,834. We exceeded the MHEC target by nearly 3,000 degrees. As Maryland's biggest contributor of undergraduate degrees, we're proud to drive the state's progress toward its 55% attainment goal.

Underpinning the entire enterprise of degree attainment is, first, opening access to our universities. And access is a factor of more than affordability. As noted in the DLS analysis, the USM submitted an extensive report to the legislature last year on the efforts we undertake to recruit Maryland high school students from every region of the state. These university efforts are both targeted and expansive.

Their success is reflected in the number of applications we receive from Maryland high school seniors. Between FY19 and FY24, applications ranged from 40,000 (a pandemic-era low) to nearly 55,000. Over those same years, our universities accepted for admission 73–75% of all Marylanders who applied.

This is a feature of the USM and our work: Our foundational mission of access-for-all means we consider our purpose to structure and sustain a system of public higher education that's available to all Marylanders who choose college—for whatever reason they choose it.

MARYLAND EARLY COLLEGE

I'd like to acknowledge a point made in the DLS analysis regarding the need to develop pathways and programs that boost enrollment and degree completion, especially among first-generation and low-income students. The USM couldn't agree more.

Our priority remains to build a sustainable Maryland Early College model that allows high school students, often starting as underclassmen, to attend college full-time. By the time these students complete secondary school, they will have earned both their high school diploma and transferable college credit up to a full associate degree.

Early College is a more intentional and immersive experience than dual-enrollment programs, as students are fully integrated into a college curriculum and may take many of their courses at the partnering college or university. While dual enrollment primarily serves students *already* on a college track, Early College targets low-income, first-generation, and other underserved students—those with limited exposure to higher education, who likely don't see themselves as college-bound. The programs offer wraparound academic, advising, and mentoring supports intended to level the playing field and defray the time and cost incurred in earning a college degree.

We're focusing our efforts now on Baltimore City and Maryland's rural regions and on providing access to courses that will transfer to any USM university. We're grateful for your support of innovative pathway programs as a means of achieving education access and education equity.

SOME COLLEGE, NO CREDENTIAL

The DLS analysis rightly points to opportunities in reengaging students with some college but no credential as a means of increasing enrollment and accelerating progress toward the state's degree attainment goal. Again, the USM enthusiastically agrees.

All of our universities have initiatives aimed at reenrolling students who have stopped out of college. These efforts are most intensive in the 18 months following the stop, the window during which non-completers are most likely to be reenrolled and most easily get back on their degree path. With online options made available during the pandemic, many of our universities adopted digital platforms to engage with these students, accommodating their schedules and their unique pressures, goals, and needs.

SIMPLIFYING READMISSION

Our universities have simplified readmission processes so that they don't deter returning students, and some have developed interdisciplinary majors with built-in flexibility that allow students to complete

their degrees without starting over in a major. USM universities serving a higher percentage of older and working students have developed more flexible continuous enrollment policies at the undergraduate level, so that students who have had to stop out of their education for a few semesters can reenroll without reapplying for admission.

NEAR-COMPLETER PROGRAMS

Every USM university has some version of a near-completer program, aimed at luring back stopped-out students who are within about 30 credits of graduation. Some have reached out to students with outstanding balances and negotiated payment plans with them. In fact, the USM Foundation offers universities scholarship funds targeted to students in these near-completer programs.

REVERSE TRANSFER

Our universities also help students through the reverse transfer process, transferring credits from their university to a community college. Reverse transfer helps prevent students from leaving a four-year university—even for a short while—with no credential to show for the time and money they invested in their education.

FOR THE GOOD OF MARYLAND

Maryland wouldn't be Maryland without a strong and thriving USM. We appreciate your partnership and support as we work toward our mutual goals: Putting a four-year degree within reach of any Marylander who wants one. Training a workforce that powers Maryland's growth and innovation. Sustaining Maryland as one of the most successful, most productive, and most prosperous states in the nation by reaffirming our commitment to education access, equity, and excellence.

ST MARY'S COLLEGE *of* MARYLAND

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Higher Education Overview

**House Appropriations Committee
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Delegate Stephanie Smith, Chair
January 29, 2025**

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**Senate Budget and Taxation Committee
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**Dr. Tuajuanda C. Jordan, President
Ms. Paula Collins, Trustee
Mr. Brandon Engle, Director of Government Affairs**

Introduction – The Public Honors College

As the State's designated public honors college, St. Mary's College of Maryland provides a premier liberal arts education that is both affordable and accessible. The College awards a variety of undergraduate degrees, as well as a Master of Arts in Teaching graduate degree. With a faculty of gifted teachers and distinguished scholars, a talented and diverse student body, and a low student/faculty ratio, St. Mary's College provides a challenging curriculum within an academically nurturing environment. In addition, the College fosters a sense of social responsibility and community among its students through its curriculum and campus initiatives.

*The Nation's 1st Public
Honors College*

Supporting the two goals articulated by the State's historical vision for the College – the educational requirements of an honors program and the promise of access – sets St. Mary's College uniquely apart in the State and in the national higher education sector. The College has been highly successful in supporting State-wide goals with among the highest retention and completion rates among Maryland public institutions, a commitment to diversity, and in providing financial resources for students with need.

As a public college that is both accessible and affordable, St. Mary's College provides the opportunity for academically talented students from a broad socioeconomic, ethnic, and racial spectrum to acquire a rigorous liberal arts education. This diversity creates a rich academic and social environment that enhances the education provided by the College. Thus, St. Mary's College students graduate with low debt and are well prepared to be productive and engaged citizens of the world.

The College continues to evolve as an innovator within the national higher education sector. Our core curriculum, Learning through Experiential and Applied Discovery (LEAD), provides every student with theme-based integrated learning experiences, practical skills, internships, research and/or international experiences, capstone projects, and other faculty-directed activities that integrate career preparation with an honors curriculum within the context of the foundation of a liberal arts education. Our national standing and successes make us the leader among public liberal arts institutions. St. Mary's College has become **The National Public Honors College.**

LEAD

As always, the College is grateful to the Governor, the Legislature, and the Maryland Higher Education Commission for their ongoing commitment to higher education in general, and to St. Mary's College of Maryland specifically.

Enrollment

In the past five years, enrollment at the College has increased notably. As shown Exhibit 1, overall enrollment has increased **13% from Fall 2019 to Fall 2024**.

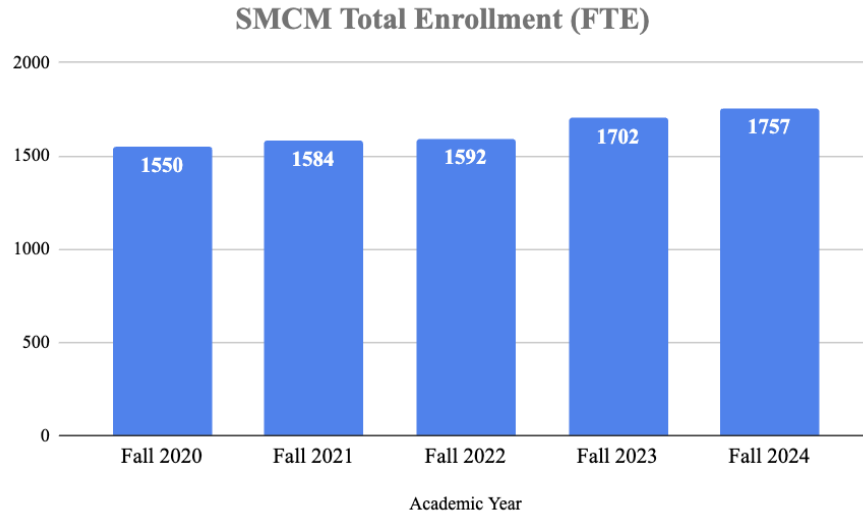


Exhibit 1

Enrollment increases are primarily the result of recruiting strong incoming classes of both first-year and transfer students, as well as strong retention rates. As shown in Exhibit 2, the number of **new first-year and transfer students increased more than 11%** from Fall 2020 to Fall 2023. The entering class of 2024 was slightly smaller than the entering class of 2023 as a result of the extremely flawed rollout of the simplified FAFSA; however early data for the Fall 2025 admission cycle suggests that the positive rate of enrollment growth has rebounded.

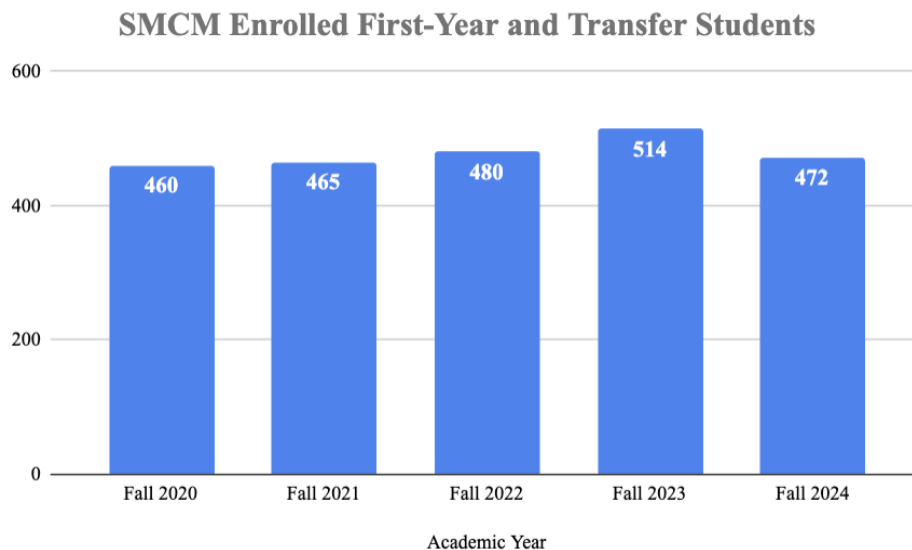


Exhibit 2

The increase in new students is the result of the College's varied efforts to enhance its position within the higher education market. These include:

- implementation of the *LEAD* curriculum, which integrates the proven long-term benefits of a traditional liberal arts education with the applied professional skills demanded in today's economy, and enhanced engagement with high-impact practices (HIPs)
- implementation of new majors (e.g., Marine Science and Business Administration – the College's second and third most popular majors in just three years), as well as integrating new curricula such as embedding Data Science in multiple majors, and
- enhanced nation-wide efforts to market the College as *The National Public Honors College*.

Together, these initiatives have made St. Mary's College increasingly relevant and more competitive compared to our peer institutions. As shown in Exhibit 3, over the past five years **applications to the College have increased by 22%**.

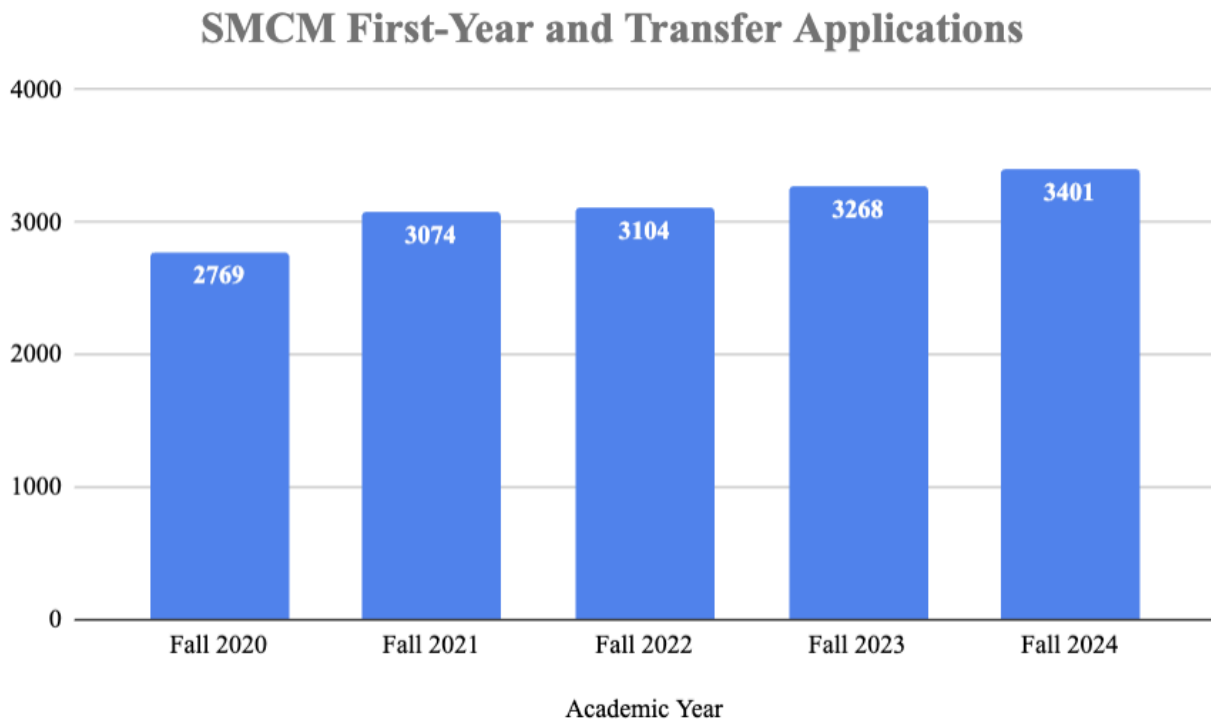


Exhibit 3

Affordability

St. Mary's College of Maryland's unique mission, to provide an honors-level liberal arts education that is both accessible and affordable to all Marylanders, is challenging since a liberal arts education is both the best and most expensive form of undergraduate education. Through a combination of institutional efforts to control expenses, coupled with State support, tuition pricing was lowered in FY15 and has since been successfully moderated, making St. Mary's College more affordable for Maryland families. As shown in Exhibit 4, in-state tuition for the 2023-2024 academic year (\$12,116) **was frozen for the fifth consecutive year** without State tuition relief funding, and **tuition remains less than it was for the 2013-2014 academic year.**

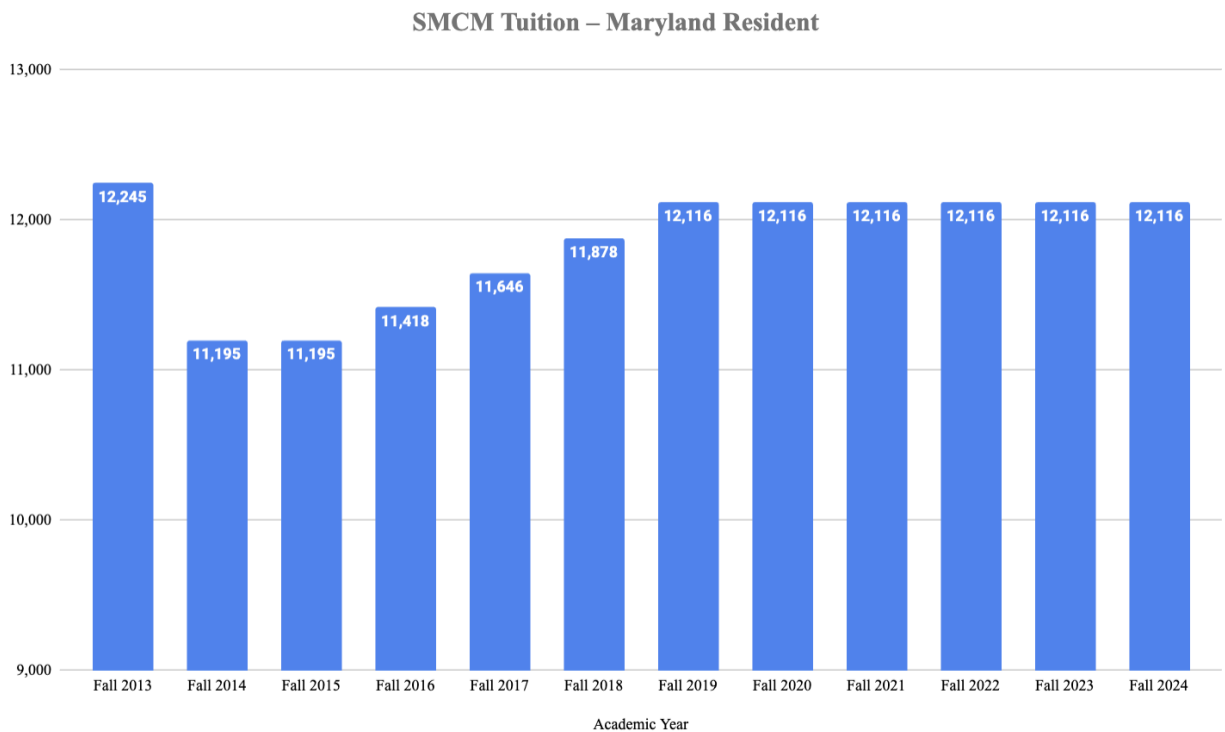


Exhibit 4