



**R62I0005**

**Aid to Community College**

**Maryland Higher Education Commission**

**Fiscal Year 2027 Operating Budget**

**Response to Department of Legislative Service Analysis**

**Senate Budget and Taxation Committee Education, Business, and  
Administration Subcommittee**

**Senator Nancy King, Chair**

**March 2, 2026**

**House Appropriations Committee Education and Economic Development  
Subcommittee**

**Delegate Stephanie Smith, Chair**

**February 26, 2026**

**Background:** The Maryland Higher Education Commission (MHEC) appreciates the opportunity to provide responses and updates requested in the *Aid to Community Colleges Operating Budget Analysis* prepared by the Department of Legislative Services.

MHEC serves as the State’s coordinating and regulatory authority for postsecondary education. The Commission works to ensure that Maryland’s higher education system remains accessible, affordable, accountable, and aligned with the State’s workforce and economic priorities. The statutorily established Commission sets policy direction and adopts regulations, while the agency’s professional staff, under the leadership of the Secretary, implements those policies, administers programs, and ensures compliance, transparency, and fiscal stewardship.

Despite maintaining a comparatively small administrative footprint, MHEC manages a proposed Fiscal Year 2027 budget of \$891.9 million. The vast majority of these funds support direct student financial assistance and statewide higher education investments. Community college funding represents 61% of MHEC’s overall budget, with 51% allocated through the Senator John A. Cade Funding Formula and 10% supporting retirement contributions for eligible community college employees.

**Fiscal 2026 – Status of Legislative Additions (p.17): *Section 21 of the fiscal 2026 Budget Bill added \$300,000 to the appropriation for the Aid to Community Colleges for a grant to the College of Southern Maryland. MHEC should discuss the status of the grant distribution.***

Section 21 of the Fiscal 2026 Budget Bill added \$300,000 in general funds to program R62I00.05 within the Senator John A. Cade Funding Formula for the purpose of providing additional funding to the College of Southern Maryland. The budget language further specifies that funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

#### *Status of Distribution*

MHEC confirms that the full \$300,000 appropriation has been incorporated into the College of Southern Maryland’s (CSM) Cade funding formula allocation and is being distributed in accordance with the Commission’s designated statutory disbursement schedule found in Education Article §116-309.

The Senator John A. Cade Funding Formula operates on a three-payment, tiered distribution schedule to support fiscal oversight and enrollment reconciliation:

- **First Quarter (25%)** is distributed on or before July 31
- **Second Quarter (25%)** is distributed on or before November 30
- **Final Installment (50%)** is distributed by March 31, following final enrollment reconciliation

Consistent with this structure for the additional \$300,000 appropriated to CSM:

- One-quarter (\$75,000) was included in the first Cade payment.
- One-quarter (\$75,000) was included in the second Cade payment.
- The remaining one-half (\$150,000) will be included in the final installment.

*Compliance with Budget Language*

MHEC confirms that:

- The \$300,000 addition was included exclusively within the CSM's Cade allocation.
- No funds have been transferred by budget amendment or otherwise.
- No special conditions, reporting requirements, or restricted release provisions were included in the budget language beyond the reversion requirement.
- All disbursements remain in full compliance with statutory timelines and budgetary intent.

All Fiscal 2026 Cade formula payments are currently on schedule. MHEC remains committed to the timely and accurate distribution of formula aid to ensure that Maryland's community colleges, including the College of Southern Maryland, maintain the financial stability necessary to support student access, workforce development, and academic operations.

The Commission appreciates the Committee's continued support of Maryland's community colleges.