

Department of Legislative Services
 Maryland General Assembly
 2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 740 (Senator Pinsky, *et al.*)
 Education, Health, and Environmental Affairs Ways and Means and Appropriations
 and Budget and Taxation

College and Career Readiness and College Completion Act of 2013

This bill establishes a number of requirements aimed at increasing college and career readiness and college completion in the State.

The bill takes effect July 1, 2013.

Fiscal Summary

State Effect: General fund expenditures increase by \$187,300 in FY 2014 for the Maryland Higher Education Commission (MHEC) to hire two full-time program managers and a contractual IT specialist. The Maryland State Department of Education (MSDE) can develop the required plan using existing resources. General fund expenditures increase by approximately \$2.0 million annually beginning in FY 2015 to encompass the marketing campaign and incentive program for near completers. Higher education tuition revenues at some public four-year institutions of higher education and Baltimore City Community College (BCCC) may decrease minimally beginning in FY 2014 due to setting the standard number of credit hours for a degree; however, this will be mostly mitigated by admitting additional students. Using one set of assumptions, due to the formula for tuition for dually enrolled students, beginning in FY 2014 higher education tuition revenues at the public four-year institutions of higher education decrease by at least \$8,800 annually and at BCCC decrease by at least \$3,700. Future years assume a 3% annual tuition increase and students continuing to take one three-credit course each year.

(\$ in millions)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Higher Ed Rev.	\$0	\$0	\$0	\$0	\$0
GF Expenditure	\$.2	\$2.0	\$2.0	\$2.0	\$2.0
Net Effect	(\$2)	(\$2.0)	(\$2.0)	(\$2.0)	(\$2.0)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Using one set of assumptions due to the formula for tuition for dually enrolled students, beginning in FY 2014 local community college tuition revenues decrease by a total of at least \$391,000 annually; however, any tuition revenue decrease for an individual dually enrolled student may be offset by additional students dually enrolling. Local school system expenditures may increase or decrease to pay tuition (as calculated by the formula) for students to attend institutions of higher education; however, any increase may be partly offset by fees charged to certain students to recoup most or all of the tuition paid by the local school system. Local community college tuition revenues may decrease minimally beginning in FY 2016 due to the standard 60 credit hours for a degree. Local school system expenditures may increase beginning in FY 2016 to ensure that all students complete a mathematics course in each year of high school and to implement transition courses in grade 12. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary:

High School Curriculum and Graduation Requirements

The State Board of Education must establish high school curriculum and graduation requirements for all public schools that meet the following requirements:

- beginning with the 2015-2016 school year, no later than grade 11, all students must be assessed for college readiness in English language arts, literacy, and mathematics using acceptable college placement cut scores; and
- beginning with the 2016-2017 school year, MSDE must, in collaboration with local school systems and public community colleges, develop and implement transition courses or other instructional opportunities to be delivered in grade 12 to students who have not yet achieved college and career readiness by the end of grade 11.

The implementation of transition courses or other instructional opportunities under the bill must include an assessment or reassessment of the student after completion of the course and may not preclude or replace enrollment in a course otherwise required for graduation from high school.

It is the goal of the State that all students achieve mathematics competency in Algebra II. Beginning with the grade 9 class of 2014, each student must enroll in a mathematics course in each year of high school that the student attends. MSDE must adopt regulations that establish the mathematics and math-related courses that fulfill the requirements of the bill, which may include math-related career and technology courses.

A transitional mathematics course or other instructional opportunities required to be delivered to grade 12 students who have not achieved college and career readiness by the end of grade 11 may only count toward the requirement that each student enroll in a mathematics course in each year of high school if the student has completed all credit-bearing mathematics courses required for graduation (*e.g.*, Algebra, Geometry).

Transition Courses and College and Career Readiness Assessment Study

MSDE, in collaboration with the local boards of education and MHEC, and with input from other stakeholders, must study the transition courses required by the bill and examine the development, content, and implementation of transition courses to be delivered to students in grade 12 who are not college and career ready at the end of grade 11. The study must include the alignment of transition courses with the Common Core State Curriculum as well as whether the courses should be credit-bearing and should be considered to meet the requirements for high school graduation. The study must determine the appropriate assessment to be used to determine college and career readiness and include the number of credits toward graduation that students have accumulated upon entering grade 12 in each local school system. The study must also address how students' level of college and career readiness will be reflected on high school transcripts. It is the intent of the General Assembly that separate high school diplomas not be established. A report including any recommendations must be submitted by December 15, 2013.

College and Career Counseling Plan

MSDE must develop a plan, in consultation with institutions of higher education, to improve college and career counseling that is provided to students in middle and high schools. The plan should (1) identify best practices used in the State and nationally and (2) include recommendations for a competitive grant program that would be used to implement these best practices across the State as well as recommendations for implementing the College Readiness Outreach Program.

MSDE must submit the plan by October 1, 2013, to ensure that appropriate funding for the plan may be considered for inclusion in the fiscal 2015 operating budget.

MHEC Coordinating Responsibilities and State Education Goals

It is the duty of MHEC to coordinate institutions of higher education throughout the State to ensure the State achieves specified educational goals. The bill adds two goals: (1) that at least 55% of Maryland's adults who are age 25 to 64 will hold at least an associate's degree by the year 2025; and (2) that all degree-seeking students enrolled in a public community college earn an associate's degree before leaving the community college or transferring to a public four-year institution of higher education.

Transfer Agreement, Reverse Transfer Agreement, and Associate's Degree Incentives

MHEC, in collaboration with the public institutions of higher education, must develop and implement the following:

- a statewide transfer agreement whereby at least 60 credits of general education, elective, and major courses that a student earns at any community college in the State toward an associate's of art or associate's of science degree must be transferrable to any public four-year higher education institution in the State for credit toward a bachelor's degree by July 1, 2016; and
- a statewide reverse transfer agreement whereby at least 30 credits that a student earns at any public four-year higher education institution in the State toward a bachelor's degree are transferrable to any community college in the State for credit toward an associate's degree by July 1, 2016.

MHEC and each public institution of higher education must develop and implement incentives for students to obtain an associate's degree before enrolling in a public four-year institution of higher education.

Near Completers

A "near completer" is defined as an individual who has completed some college credits but does not have a college degree and is no longer attending an institution of higher education.

MHEC, in collaboration with institutions of higher education, must create a statewide communication campaign to identify near completers in the State and to encourage near completers to re-enroll in an institution of higher education to earn a degree.

The communication campaign must (1) make use of a variety of marketing media, including billboards, brochures, and electronic resources; (2) provide a centralized contact point for near completers to get information about, and assistance with, re-enrolling; (3) make readily available contact information for each public institution of

higher education in the State; and (4) focus on specified near completers. Specifically, the campaign must focus on near completers who earned a minimum grade point average of 2.0 on a scale of 4.0 while in college and earned either at least 45 credit hours at a community college or at least 90 credit hours at a four-year institution of higher education.

MHEC must develop and implement a plan that would provide an incentive to (1) a near completer to re-enroll and earn a degree and (2) a college to identify and graduate near completers. The incentive plan must use all available resources, including institutional funds, private-sector funds, and State funds. MHEC and institutions of higher education may implement other near completer initiatives in addition to the campaign and incentive plan required by the bill.

By December 1, 2013, MHEC must submit a report on the details of the statewide communication campaign and the incentive plan, including the expected timeline for implementation. MHEC must also report by December 1, 2013, on obstacles and barriers, if any, toward facilitating the sharing of student information among institutions of higher education in the State in furtherance of the near completers communication campaign established by the bill.

Degree Plan

A “degree plan” is defined as a statement of the course of study requirements that an undergraduate student enrolled in a public higher education institution must complete to graduate from the institution.

Each undergraduate student enrolled in a public four-year higher education institution must file a degree plan with the institution as soon as practicable but not later than by the completion of 45 credit hours of course work. Each degree-seeking undergraduate student enrolled at a community college must file a degree plan with the institution on entering the institution. Each undergraduate student who transfers to a public four-year institution with at least 45 credit hours of course work must file a degree plan with the institution during the student’s first semester at the institution. A degree plan must be developed in consultation with an academic advisor in the student’s degree program or, if an academic advisor is not available in the student’s degree program, any academic advisor at the institution. The degree plan must also follow a pathway to a degree as described below.

Pathways to a Degree

Each public institution of higher education in the State must:

- develop a pathway system whereby public institutions of higher education establish graduation progress benchmarks for each academic major and for the general education program for students who have not declared a major;
- require the pathway for each first-time, degree-seeking student to include credit-bearing mathematics and English courses in the first 24 credit hours; and
- require the pathway for each degree-seeking student enrolled in a developmental course in mathematics, reading, or English concurrent with or in the semester immediately following completion of the developmental course.

The benchmarks established must specify the credit and course criteria that indicate satisfactory progress toward a degree. Academic units must establish schedules for regular periodic review of student progress. Students who are in danger of falling behind the program benchmarks must be required to consult with an academic advisor before registration.

Financial Aid for Community College Transfer Students

Each public four-year institution of higher education must dedicate a portion of institutional financial aid to provide financial assistance to resident undergraduate students that transfer with an associate's degree from a community college in the State.

Standard Number of Credit Hours

Except as discussed below, the standard number of credits required for a baccalaureate degree from a public four-year higher education institution is 120 credit hours; beginning with fall 2015, the standard number of credits for an associate's degree from a public community college is 60 credit hours.

The standard number of credits required for a baccalaureate degree (*i.e.*, 120) does not apply if (1) the degree program is defined as a five-year baccalaureate degree program; (2) professional accreditation requires a higher number of credit hours or requires course work that cannot be completed in 120 credit hours; or (3) certification requirements result in a need for credit hours in excess of 120.

The standard number of credits required for an associate's degree (*i.e.*, 60) does not apply if (1) the degree program is defined as more than a two-year associate's degree; (2) professional accreditation requires a higher number of credit hours or requires course

work that cannot be completed in 60 credits; or (3) certification requirements result in a need for credit hours in excess of 60.

The governing board of a public institution of higher education, in consultation with MHEC, may approve additional exceptions to the credit hour requirements.

Dual Enrollment

The requirement that a recipient of an Early College Access Grant be a resident of the State is repealed.

A public institution of higher education may not charge tuition to a dually enrolled student. For each dually enrolled student who is enrolled in a public school in a jurisdiction, the local board of education must pay, for *up to four* courses in which the student is enrolled, while a student is in a public secondary school in the State:

- for a public four-year institution of higher education, 75% of the cost of tuition; and
- for a community college, the lesser of 5% of the target per pupil foundation amount or 75% of the cost of tuition.

For each course *in excess of four* in which a dually enrolled student is enrolled, the local board of education must pay:

- for a public four-year institution of higher education, 90% of the cost of tuition; and
- for a community college, the lesser of 5% of the target per pupil foundation amount or 90% of the cost of tuition.

For up to four courses, a local board of education may charge a dually enrolled student a fee of up to 90% of the amount paid by the local school system to the higher education institution for the course. For each course in excess of four, a local board of education may charge a dually enrolled student up to 100% of the amount paid by the local school system to the higher education institution for the course. A local board of education must consider the financial ability of students when setting fees and waive the fee for students who are eligible for free and reduced-price meals.

If there is an agreement before July 1, 2013, between a public school and a public institution of higher education in which the public institution of higher education charges less than 75% of the cost of tuition to a dully enrolled student, the local board must pay the cost of tuition under the agreement.

Likewise, if there is an agreement between a public school and a public institution of higher education in which a public school agrees to pay for more than four courses at a public institution of higher education for a dually enrolled student, the public school must pay for the number of courses under the agreement.

Each local board of education must make all high school students who meet mutually agreed-on enrollment requirements aware of the opportunity to dually enroll.

By December 15 of each year, the Maryland Longitudinal Data Center must report to the Governor and the General Assembly, disaggregated by local school system, on (1) the number of students who are dually enrolled and (2) the number and course name of the courses in which these students enroll at the high school and at the public institution of higher education.

By December 31, 2017, MHEC, in collaboration with the State Board of Education, the University System of Maryland (USM), Morgan State University (MSU), St. Mary's College of Maryland (SMCM), and the Maryland Association of Community Colleges, must report on the academic, enrollment, and financial impacts of being a dually enrolled student. The report must include information disaggregated by local school system and by public institution of higher education and the identification of obstacles to expanded participation in dual enrollment.

P-20 Leadership Council

The bill adds to the duties of the P-20 Leadership Council the following: ensuring college and career readiness and college completion strategies are implemented. By December 1, 2014, and every two years thereafter, the council must report on the progress of implementing college and career readiness and college completion strategies established in the bill.

MHEC Data

By December 1 of each year, MHEC must submit to the Department of Legislative Services de-identified data in compliance with the federal Family Educational Rights and Privacy Act that is collected from institutions of higher education and submitted to Complete College America (CCA).

Maryland High School Diploma Study

By December 1, 2014, MSDE must report on the feasibility of awarding a Maryland high school diploma regardless of whether a student has completed the minimum requisite credits or four years of high school if the student (1) is assessed as college and career

ready and (2) meets the student service and other assessment graduation requirements established in regulations. If found to be feasible, the report must include an implementation plan for awarding a Maryland high school diploma regardless of whether a student has completed the minimum requisite credits or four years of high school.

Academic Course Articulation Data System and Academic Course Transferability Study

By December 31, 2013, MHEC's Segmental Advisory Council must submit a report on Maryland's academic course articulation data system and academic course transferability between institutions of higher education in the State. The report must include:

- a review of the online articulation data system currently in use, known as the Articulation System of Maryland Colleges and Universities (ARTSYS), and whether improvements to the transparency and user-friendly functionality of ARTSYS can be accomplished in a timely manner;
- a review of whether there is an alternative articulation data system available and, if so, the cost and schedule of implementation of the alternative system;
- an analysis of any gaps and deficiencies in the articulation of academic course equivalencies amongst segments of higher education;
- recommendations to establish a course articulation system that is transparent and user-friendly for students and administrators at institutions of higher education; and
- recommendations on how to maximize degree credit transferability in a cost- and time-efficient manner.

Current Law/Background: The United States is one of the most well-educated countries in the world with 42% of those age 25 to 64 having attained a postsecondary degree, well above the 31% average of the Organization for Economic Co-operation and Development (OECD) countries. According to the OECD's *Education at a Glance 2012*, only four countries have higher rates: the Russian Federation (54%), Canada (51%), Israel (46%), and Japan (45%). However, many countries have surpassed the United States in the percentage of young adults with a postsecondary education degree. Overall, the United States ranks fourteenth in the percentage of 25- to 34-year-olds who have attained a higher degree at 42%, above the OECD average of 38% but behind Korea (65%), Canada (56%), the Russian Federation (55%), and Ireland (48%).

Attainment levels in the United States have been high mainly due to that of its older workers (age 55 to 64) who have a rate of 41%. The slight difference in attainment rates between younger and older workers indicates that the United States has not made much progress in increasing the percentage of young adults with a postsecondary degree compared to other countries.

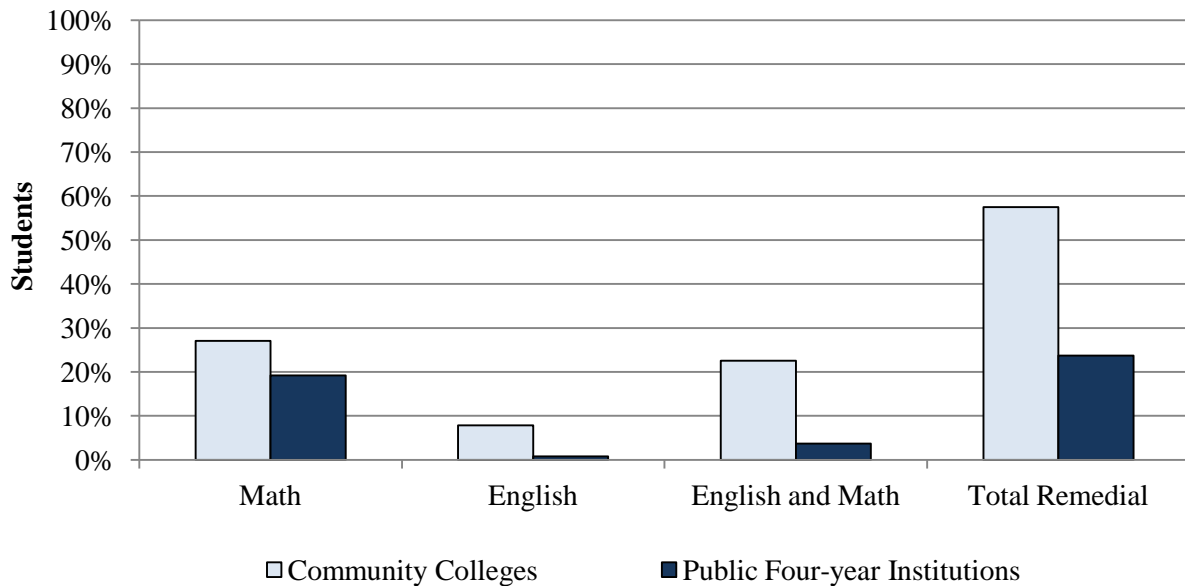
In 2009, 17 states, including Maryland, joined the CCA Alliance of States. The alliance now comprises 33 states that have made completion a top priority – establishing degree and credential completion goals. In 2009, the Governor announced Maryland’s completion goal – by 2025, at least 55.0% of the State’s residents age 25 to 64 will hold at least an associate’s or bachelor’s degree. This would be a 10.6 percentage point increase from 2009, when 44.4% of those age 25 to 64 held an associate’s degree or higher. This rate improved to 45.4% in 2011, ranking Maryland eighth in the nation according to the National Center for Higher Education Management Systems.

According to *Help Wanted* by the Georgetown University Center on Education and Workforce, by 2018, 66% of Maryland’s jobs will require some postsecondary education or training.

Overall, attainment rates are greatly influenced by time – the longer it takes to graduate, the more likely that a student will drop out as finances, work, and family responsibilities compete with classes. Additionally, the added costs related to the long time in obtaining a degree not only impact the student but the state and institution, as both have invested funds in the education of students. This trend is particularly important as the student mix changes from the traditional first-time college students to nontraditional students who postpone college after graduating from high school, attend part time, and/or have full-time jobs. According to the U.S. Department of Education, only a quarter of college students attend a residential campus full time, with most of the bills being paid by their parents. Overall, 3 out of 10 full-time students starting at a community college will receive an associate’s degree within three years, while 50% of those attending a four-year institution will graduate within six years, according to CCA.

Maryland received a \$1 million CCA grant in fiscal 2012 and is submitting data on various progression metrics to CCA. The data reported to CCA tracks student progress in college. It also distinguishes between students needing remediation in one subject compared to those who need it in more than one subject – those who are even further behind academically. **Exhibit 1** shows the rates of students enrolling in a remedial course at Maryland community colleges and public four-year institutions in fall 2007, the most recent year available. For community colleges, 27.1% took a math remediation course only, 7.8% took an English remediation course only, and 22.6% took both math and English remediation courses. In total, 57.5% of community college students took a remediation course in fall 2007. The rates are lower for public four-year institutions, but most public four-year colleges offer only math remediation, so this is not unexpected. Overall, 23.7% of public four-year students enrolled in a remediation course in fall 2007.

Exhibit 1
Total Remediation Enrollments at Maryland Public Institutions
Fall 2007
First-time Degree-seeking (at Entry) Students



Source: Maryland data reported to Complete College America, Maryland Higher Education Commission

High School Curriculum and Graduation Requirements

Maryland is a member of the Partnership for Assessment of Readiness for College and Career (PARCC) Governing Board, which is developing assessments aligned with the new Common Core State Curriculum. Assessments in both English language arts/literacy and mathematics will be administered to all Maryland public school students in the 2014-2015 school year; however, MSDE reports that the achievement levels will not be set until the summer of 2015. The mathematics PARCC assessment will include items on Algebra II content as well as earlier content areas to ensure that students have retained critical content information.

The Southern Regional Education Board (SREB) is developing bridge (transition) courses for grade 12 students who do not meet the college readiness standards that are developed by PARCC and aligned with the common core curriculum. The bridge courses will be modular and available online. MSDE anticipates that there will be no charge from SREB to use the bridge courses because Maryland is a member of the SREB consortium.

With the advice of the State Superintendent of Schools, the State Board of Education establishes basic policy and guidelines for the program of instruction for public schools. Subject to State law and the bylaws, policies, and guidelines established by the State Board of Education, each local board of education must establish the curriculum guides and courses of study for schools in its jurisdiction. Policies, rules, and regulations for the graduation of students from Maryland public schools are established by local boards of education and the State Board of Education.

To receive a Maryland high school diploma, a student must complete 3.0 credits of math, including 1.0 credit of Algebra/Data Analysis and 1.0 credit of Geometry. Local school systems may set stricter requirements.

Twelve local school systems (Anne Arundel, Calvert, Carroll, Cecil, Dorchester, Frederick, Garrett, Harford, Kent, Montgomery, Somerset, and Washington counties) require 4.0 credits of math to graduate. Beginning with the class of 2015, students in Baltimore City must also complete 4.0 credits of math. In St. Mary's County, students following the University Sequence must take 4.0 credits of math; however, students following the Career and Technology Education Sequence must only take 3.0 credits of math. Students in Talbot County must take a math or personal finance course in their senior year. The other nine school systems follow the current State requirement for 3.0 math credits.

USM Admissions

Beginning with students entering grade 9 in the 2011-2012 school year, among the minimum qualifications for admission, USM institutions are requiring students to take four years of mathematics in high school that must include Algebra II. Students who complete Algebra II before their senior year must take a nontrivial math course.

College and Career Counseling Plan

According to Code of Maryland Regulations (COMAR), each local school system must (1) provide in the public schools a systematic instructional program in career development and decisionmaking in accordance with the Maryland Career Clusters and Maryland Career Development Framework, which are incorporated by reference for all students in pre-kindergarten through grade 12 and (2) ensure that before grade 9 each student develops an individual academic and career plan and updates it in subsequent years.

The Maryland Career Development Framework consists of six career development content standards: (1) self awareness; (2) career awareness; (3) career exploration; (4) career preparation; (5) job seeking and advancement; and (6) career satisfaction and

transition. The framework has standards to be met for the following five grade-band levels: pre-kindergarten through grade 2, grades 3 through 5, grades 6 through 8, grades 9 through 12, and postsecondary and adult. MSDE reports it partnered with multiple organizations to develop the standards outlined in the framework including USM; local community colleges; local school systems; the Governor's Workforce Investment Board; Maryland Department of Labor, Licensing, and Regulation; One Stop Center; and Workforce Investment Areas. In 2009, the local school systems' superintendents certified that an instructional program for career development is in place for pre-kindergarten through grade 12, and they must do this every five years. MSDE's Division of Student, Family, and School Support monitors the implementation of the systematic instructional program in career development as part of local school system pupil services review.

Chapters 315 and 429 of 2002 (SB 453/HB 661) codified the recommendations of the Task Force to Study College Readiness for Disadvantaged and Capable Students, including establishing the College Readiness Outreach Program. The program allows a student in grade 9 or 10 to prequalify on the basis of financial need for a Guaranteed Access Grant to be awarded at the time of enrollment in an institution of higher education. The student must agree to (1) satisfy the attendance policy at the school the student is attending; (2) refrain from substance abuse; (3) file for federal financial aid each year that the student plans to enroll in postsecondary education; and (4) participate in the College Readiness Outreach Program until graduating from high school and matriculating at an institution of higher education.

MHEC and MSDE, in collaboration with local boards of education, local school superintendents, and institutions of higher education, must administer the College Readiness Outreach Program. The program must provide guidance to students who qualify for Guaranteed Access Grants while in grade 9 or 10 to help them graduate from high school and matriculate at institutions of higher education. MHEC and MSDE must designate statewide and regional program coordinators who will publicize the program and work with local school systems to provide professional guidance and one-on-one mentoring to participating students. MHEC and MSDE may use existing organizations to provide counseling and mentoring and may supplement professional mentors with postsecondary students receiving work-study assistance and students in grades 11 and 12 who are successfully completing their high school graduation requirements.

Funding to implement the program is as provided in the State budget. To the extent that funds are provided, the State must provide 50% of the costs associated with the local administration and one-on-one mentoring components of the program or 75% of the costs in "One Maryland" jurisdictions.

The legislation declared that it was the intent of the General Assembly that the College Readiness Outreach Program be implemented over a five-year period beginning in fiscal 2004. However, the program was never funded due to fiscal constraints.

According to COMAR, the School Counseling Program is a planned, systematic program of counseling, consulting, appraisal, information, and placement services for students in kindergarten through grade 12. The services are intended to help a student demonstrate personal and academic growth, make appropriate educational and career decisions, and have productive interactions with others.

A ratio of school counselors to students is not mandated in COMAR; however, generally elementary schools have one certified school counselor, and middle and high schools have two to five certified school counselors, depending on the size of the school. To become a certified school counselor, an applicant must meet a number of qualifications including having a master's degree in school guidance and counseling.

Transfer Agreement, Reverse Transfer Agreement, and Associate's Degree Incentives

The following strategies have been used in other states to increase degree attainment: common course numbering, transfer agreements, and reverse transfer agreements. Several states have some degree of a common course numbering system or a common core curriculum to ease transferring between institutions of higher education within the state.

In Texas, every public institution of higher education has a common core curriculum that ranges from 42 to 48 credit hours. The common core credit hours are divided into eight or nine categories that are common across the state. If a student takes a course from an approved course in a particular category at one institution, any other Texas public institution must accept that course as fulfilling credit hours for that category. In addition, if a student completes the core curriculum at one institution, it substitutes for the core curriculum at any other public institution in Texas. However, there are exceptions for some of the more rigorous majors, such as science or math.

The MHEC website offers a *Student Guide to Transfer* that provides information about transfers among Maryland institutions and recommendations to ensure that earned credits are not lost as a result of transfers. The guide notes that Maryland's public colleges and universities follow statewide policies that make transfers among the institutions easier. For example, courses designated as meeting general education requirements at any public institution of higher education in Maryland are likewise applicable to the general education requirements at any other public institution in Maryland. In addition, ARTSYS, an information system developed and maintained by USM, informs students and advisors at community colleges about the transferability of each community college

course. ARTSYS is available at community college campuses and on the Internet. The MHEC transfer guide also suggests that students seek advice from academic advisors and campus transfer coordinators at their schools in order to make transfers as smooth as possible. Maryland has three statewide articulation (*i.e.*, transfer) agreements among public and independent higher education institutions in teaching, nursing, and engineering.

Degree Plans and Pathways to a Degree

Some students are starting off their higher education experience taking courses that do not put them on the pathway to a degree. Sometimes this is due to students not knowing what course work is required to graduate; these students need a degree plan to get them on the right pathway to reach their goal of earning a degree. This can lead to students accumulating many more credits than are required for a degree and increasing the time needed for a student to earn a degree.

For example, it should typically take a full-time student two years to complete 60 credits and attain an associate's degree. However, the average at Maryland's community colleges is 3.8 years and 75 credits, which is on par with the other states participating in CCA. BCCC had the highest accumulated credits at 114. At public four-year institutions, it should typically take about four years and 120 credits to earn a bachelor's degree. In Maryland, the average is 4.3 years and 124 credits. The USM Board of Regents adopted a standard 120-credit degree policy, with certain exceptions, in 2005. The MSU Board of Regents is considering a similar policy. The SMCM Board of Trustees has a 128-credit policy in line with its public honors college mission.

Near Completers

According to the U.S. Census Bureau, approximately 19.6% of Marylanders have completed some college, but they do not have an associate's or bachelor's degree. Not all of those who have begun college will qualify as a near completer, but many will.

Many community college students are tempted to transfer to a four-year institution prior to completing their associate's degree. However, for various reasons many of those students never complete their bachelor's degree and are, thus, left without any degree for their effort. These students are then only able to present an accumulated number of college credits to a potential employer rather than being able to state on their resume that they have earned an associate's degree despite generally having acquired the credits and knowledge required for an associate's degree. In addition, sometimes credits without a degree may be deemed obsolete when presented later in life, either to employers or when returning to school to obtain a bachelor's degree.

Dual Enrollment

Chapter 297 of 2007 (HB 538) created the Dual Enrollment Grant to provide financial assistance to students taking courses in both high school and college. Since a program was being created specifically for dually enrolled students, the Part-time Grant Program, which allowed institutions to use funds for dually enrolled students, was amended to remove all references to dually enrolled students. However, the Dual Enrollment Grant was never fully funded; it only received approximately \$120,200 in carry forward funds in both fiscal 2008 and 2009.

Chapter 459 of 2009 (HB 1396) expanded eligibility for the Part-time Grant Program to include dually enrolled students. Chapter 459 clarified that a dually enrolled student does need to receive both high school and college credit from a course to be eligible for a Part-time Grant. Chapter 459 also renamed the Dual Enrollment Grant the Early College Access Grant Program. In addition to any funds allocated under the Early College Access Grant Program, institutions may use up to 10% of the Part-time Grant allocation to provide grants to students who are dually enrolled. The fiscal 2014 State budget includes \$5.1 million for the Part-time Grant Program.

MHEC reports that there were 5,046 dually enrolled students in the State in fiscal 2011, of which 4,933 were at community colleges, 51 were at public four-year institutions, and 62 were at nonprofit four-year institutions.

P-20 Leadership Council

Chapter 191 of 2010 (SB 286) codified the Governor's P-20 Leadership Council of Maryland, which is primarily charged with aligning pre-kindergarten through postsecondary education and ensuring that Maryland will produce and maintain a competitive workforce. The council is charged with investigating ways to improve education, advance workforce creation, and make the State more competitive.

State Revenues: Higher education tuition revenues may decrease minimally beginning in fiscal 2014 at MSU due to setting the standard number of credit hours for a baccalaureate degree at 120 and beginning in fiscal 2016 at BCCC due to setting credit hours for an associate's degree at 60. However, any decrease in revenues may be mitigated by admitting additional students. As a community college, BCCC is an open enrollment institution.

Using one set of assumptions, due to the formula for tuition for dually enrolled students, beginning in fiscal 2014 higher education tuition revenues decrease by at least \$8,825 a year at the public four-year institutions of higher education (as shown in **Exhibit 2**) and by at least \$3,740 at BCCC. The following information and assumptions were used in this estimate.

Exhibit 2
Estimated Tuition Loss at Public Four-year Institutions of Higher Education
Due to Dually Enrolled Students Enrolling in One Course
Fiscal 2014

<u>Public Four-year Institutions</u>	<u>Tuition¹</u>	<u>25% In-state Tuition</u>	<u># Dually Enrolled Students</u>	<u>Tuition Loss</u>
USM Institutions				
Coppin State	\$510	\$128	0	\$0
UM Eastern Shore	575	144	5	720
Bowie State University	640	160	0	0
Salisbury University	714	179	11	1,969
Frostburg State University	698	175	29	5,075
Towson University	760	190	2	380
University of Baltimore	822	206	0	0
UM College Park	924	231	0	0
UM Baltimore County	912	228	1	228
UM University College	776	194	0	0
UM Baltimore	1,014	254	0	0
Total USM			48	\$8,372
Other Public Four-year Institutions				
Morgan State University	655	164	0	0
St. Mary's College of Maryland	603	151	3	453
Total			51	\$8,825

¹Assumes one three-credit course and a 3% increase in per-credit-hour tuition rates in fiscal 2014.

USM = University System of Maryland; UM = University of Maryland

Source: Department of Legislative Services

- There were 51 dually enrolled students at public four-year institutions of higher education (as shown in Exhibit 2) and 55 dually enrolled students at BCCC in fiscal 2011; for the purposes of this estimate, it is assumed that the number of dually enrolled students remains stable.
- The tuition for one three-credit course in the 2012-2013 academic year (fiscal 2013) at BCCC was \$264. It is assumed that per-credit-hour tuition increases 3% for the 2013-2014 academic year (fiscal 2014) to \$272 for one three-credit course. After the 25% tuition reduction, local school systems will pay \$68 less for dually enrolled students. Thus, given 55 dually enrolled students,

BCCC will receive an estimated \$3,740 less in tuition revenue beginning in fiscal 2014 (assuming that each dually enrolled student takes one course in fiscal 2014).

- Likewise, based on the in-state tuition for one three-credit course during the 2012-2013 academic year (fiscal 2013), assuming a 3% increase in tuition, given a 25% reduction in tuition revenues per course, and the estimated distribution of dually enrolled students, public four-year higher education institutions' tuition revenues decrease by a total of at least \$8,825 in fiscal 2014.
- To the extent the dual enrollment population at public four-year institutions is greater or takes more than one three-credit course in a year, the loss in tuition revenues will be higher.
- For each course in excess of four in which a dually enrolled student is enrolled, the local board of education must pay a public four-year institution of higher education 90% of the cost of tuition. Likewise, local school systems must pay BCCC (the State-operated community college), the lesser of 5% of the target per pupil foundation amount or 90% of the cost of tuition. Thus, to the extent that a dually enrolled student enrolls in excess of four courses at a higher education institution, public four-year institutions of higher education and BCCC tuition revenues will decrease by 10% per course rather than by 25%.

Future years assume a 3% annual tuition increase and students continuing to take one three-credit course each year.

State Expenditures: In order to implement the bill, MHEC needs additional staff as well as one-time costs to update its website and data tracking. General fund expenditures increase by \$187,340 in fiscal 2014, which accounts for a 90-day start-up delay and reflects the cost of hiring a program manager and a program administrator to coordinate the transfer and reverse transfer initiatives, coordinate the near completer marketing campaign, and complete the required reports (*i.e.*, academic course articulation data system and academic transferability, barrier of sharing student information for near completers communication program, and financial impacts of dually enrolled students) as well as a contractor to update MHEC's website. The estimate includes two full-time salaries, fringe benefits, start-up costs, ongoing operating expenses, ongoing marketing expenses, and near completer incentive program expenses beginning in fiscal 2015, elimination of the contractual position on July 1, 2016, as well as one-time expenses associated with updating the website and data collection.

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Regular Positions	2			
Contractual Position	1			-1
Salaries and Fringe Benefits	\$172,201	\$236,650	\$247,529	\$199,736
Marketing Expenses	0	750,000	750,000	750,000
Incentive Program	0	1,000,000	1,000,000	1,000,000
Operating Expenses	1,294	1,742	1,760	1,185
Start-up Costs	<u>13,845</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$187,340	\$1,988,392	\$1,999,289	\$1,950,921

If the SREB bridge courses are determined to meet the requirements of the bill for transition courses for grade 12 students and are made available to the State at no cost, then it is assumed that the high school curriculum and graduation requirements can be met using existing resources. It is also assumed that the grade 11 college readiness assessment is implemented by MSDE when PARCC assessment achievement levels are set or that other available assessment tools, like Accuplacer, are used until PARCC is fully implemented. Due to activities already completed, MSDE can develop the required college and career counseling plan using existing resources. The plan developed by MSDE may request additional State and local resources.

Some additional advising hours may be required so that each undergraduate student enrolled at a public institution can file a degree plan developed in consultation with an academic advisor in the student's degree program or, if an academic advisor is not available in the student's degree program, any academic advisor. However, this requirement can be handled with existing budgeted resources. Each public four-year institution can dedicate a portion of institutional financial aid to provide financial assistance to resident undergraduate students that transfer with an associate's degree from a community college in the State without additional resources; however, they will have less financial aid for other purposes.

Local Fiscal Effect: Local community college tuition revenues decrease by a total of at least \$390,806 beginning in fiscal 2014 due to the prohibition against charging dually enrolled students tuition (assuming that each dually enrolled student takes one course in fiscal 2014) and the calculation for charging local school systems for dually enrolled students as described below; however, any tuition revenue decrease for an individual student may be offset by additional students dually enrolling due to no tuition being charged them. The following information and assumptions were used to calculate the tuition revenue decrease shown in **Exhibit 3**.

Exhibit 3
Estimated Tuition Loss at Local Community Colleges
Due to Dually Enrolled Students Enrolling in One Course
Fiscal 2014

<u>Community College</u>	<u>Tuition</u> ¹	<u>25% of Tuition</u>	<u># Dually Enrolled Students</u>	<u>Tuition Loss</u>
Allegany	\$324	\$81	625	\$50,625
Anne Arundel	300	75	887	66,525
Baltimore County	328	82	778	63,796
College of Southern Maryland	343	86	304	26,144
Chesapeake College	321	80	188	15,040
Carroll	331	83	150	12,450
Cecil	294	74	17	1,258
Frederick	337	84	264	22,176
Garrett	278	70	39	2,730
Hagerstown	328	82	300	24,600
Harford	269	67	337	22,579
Howard	383	96	131	12,576
Montgomery	346	87	525	45,675
Prince George's	303	76	164	12,464
Wor-Wic	287	72	169	12,168
Total			4,878	\$390,806

¹Assumes three-credit courses and a 3% increase in per-credit-hour tuition in fiscal 2014. Five percent of the target per pupil foundation amount is \$341 in fiscal 2014, higher than 75% of tuition at all of the community colleges.

Note: For each course in excess of four taken by a dually enrolled student, a local school system will pay the community college the lesser of 5% of the target per pupil foundation amount or 90% the cost of tuition. Five percent of the per pupil foundation amount is higher than 90% of tuition at all the community colleges except Howard Community College. Thus, for each course in excess of four taken by a particular student, Howard Community College will receive \$341 (5% of the target per pupil amount) rather than \$345 (90% of tuition).

Source: Maryland Higher Education Commission; Maryland Association of Community Colleges; Department of Legislative Services

- There were 4,878 dually enrolled students at local community colleges in fiscal 2011; for the purposes of this estimate, it is assumed that the number of dually enrolled students remains stable.

- Based on the in-county tuition for one three-credit course during the 2012-2013 academic year (fiscal 2013), assuming a 3% increase in per-credit-hour tuition rates, given the 25% reduction in tuition required by the bill and the estimated distribution of dually enrolled students, local community college tuition revenues decrease by a total of at least \$390,806 in fiscal 2014.
- The target per pupil foundation amount for fiscal 2014 is \$6,829; 5% of that amount is \$341. Since this is higher than the estimated tuition for a three-credit course at every community college, it is assumed the colleges lose 25% of the tuition revenues for each course taken by a dually enrolled student.
- To the extent the dual enrollment population at local community colleges is greater or takes more than one three-credit courses in a year, the loss of tuition revenues will be higher. However, for each course in excess of four in which a dually enrolled student is enrolled, community college tuition revenues will decrease by 10% per course (rather than by 25%) – unless 5% of the target per pupil foundation amount is less than 90% of tuition. This is assumed to affect only one community college in fiscal 2014 – Howard Community College.

Future years assume a 3% annual tuition increase, the target per pupil amount remains higher than 75% of tuition for one course, and students continue to take one three-credit course each year.

Local school system expenditures for dually enrolled students may increase or decrease depending on the current practice of the jurisdiction. Expenditures increase for local school systems that do not currently pay tuition for dually enrolled students. Expenditures may decrease for those systems currently paying tuition due to the calculation that determines the percentage of the tuition paid by the local school system. *For illustrative purposes only*, local school systems could pay a total of at least \$1.1 million to institutions of higher education for dually enrolled students beginning in fiscal 2014. This may be offset by students being charged fees of up to 90% of the amount paid by the local school system for up to four courses taken (if more than four courses are taken by a student, the local school system may charge the student up to 100% of the amount paid); however, the local school system must waive *any* fee for students eligible for free and reduced-price meals. This illustrative estimate uses the following information and assumptions.

- Local school systems reported 4,558 dually enrolled students in their school systems in fall 2012, and BCCC reported that it had 55 dually enrolled students in fiscal 2011 (as shown in **Exhibit 4**). It is assumed that all of the dually enrolled students at BCCC are enrolled in the Baltimore City Public School System. For the purposes of this estimate, it is assumed that the number of dually enrolled students remains stable.

Exhibit 4
Estimated Tuition Paid by a Local School System for Dually Enrolled Students
Assuming All Dually Enrolled Students Attend Community College
Fiscal 2014

<u>Local School System</u>	<u># Dually Enrolled Students</u>	<u>75% of Tuition¹</u>	<u>Total Paid by Local School System</u>
Allegany County	101	\$243	\$24,543
Anne Arundel County	755	225	169,875
Baltimore City ²	55	204	11,220
Baltimore County	560	246	137,760
Calvert County	11	257	2,827
Caroline County	23	241	5,543
Carroll County	101	248	25,048
Cecil County	28	221	6,188
Charles County	94	257	24,158
Dorchester County	76	241	18,316
Frederick County	219	253	55,407
Garrett County	13	209	2,717
Harford County	341	202	68,882
Howard County ³	62	287	17,794
Kent County	13	241	3,133
Montgomery County	750	260	195,000
Prince George's County	680	227	154,360
Queen Anne's County	62	241	14,942
St. Mary's County	144	257	37,008
Somerset County ⁴	5	215	1,075
Talbot County	67	241	16,147
Washington County	348	246	85,608
Wicomico County	101	215	21,715
Worcester County	4	215	860
Total	4,613		\$1,100,126

¹For community colleges, local school systems pay the lesser of 75% of tuition or 5% of the target per pupil foundation amount, which is estimated to be \$341 for fiscal 2014 for up to four courses and 90% of tuition or 5% of the per pupil amount for each course in excess of four.

²Based on the number of students dually enrolled in BCCC in fall 2011.

³For Howard Community College, 90% of tuition (\$345) is more than 5% of the target per pupil foundation amount (\$341); thus, a local school system must pay \$341 for each course in excess of four taken by a student.

⁴Assumes students from Somerset County attend Wor-Wic Community College.

Note: Local school systems may charge students a fee of up to 90% (or 100% for each course in excess of four) of what is *paid* to the institutions. Any such fees must be waived for students eligible for free and reduced-price meals.

Source: Department of Legislative Services

- For the purposes of this estimate, it is assumed that all students attend their locally supported community college and that Somerset County students attend Wor-Wic Community College and Baltimore City students attend BCCC.
- For community colleges, local school systems pay the lesser of 5% of the target per pupil foundation amount (which is estimated to be \$341 for fiscal 2014) *or* (1) 75% of tuition for up to four courses or (2) 90% of tuition for each course in excess of four. Exhibit 4 shows 75% of the estimated tuition for one three-credit course for fiscal 2014 at the community colleges. In each case, 75% of tuition is less than 5% of the target per pupil foundation amount. Likewise, 90% of the tuition is the lesser amount in all but one case; 90% of tuition at Howard Community College is estimated to be \$345 in fiscal 2014, greater than 5% of the target per pupil foundation amount (\$341). Thus, a local school system will be required to pay 5% of the target per pupil foundation amount (\$341) for each course in excess of four taken by a student at Howard Community College.
- To the extent the dual enrollment population at local school systems is greater or takes more than one three-credit course in a year, or students attend four-year institutions, local school system expenditures will be higher. To the extent local school systems charge students the maximum payment-in-lieu-of-tuition as a fee, local school system revenues increase accordingly. School systems must waive the fee for students who are eligible for free and reduced-price meals. Based on the percentage of students eligible for free and reduced-price meals in each county (as shown below in **Exhibit 5**), approximately 1,813 dually enrolled students are prohibited from being charged a fee for taking a dual enrollment course.

As shown in Exhibit 5, approximately 2,800 students may be charged a fee of up to 90% (or 100% for courses in excess of four) of what the local school system paid the institution of higher education. Thus, as shown in **Exhibit 6**, local school systems may be able to recoup a portion of the fees paid the institutions of higher education. *For illustrative purposes only*, continuing with the assumption that all dually enrolled students attend their local community colleges and take only one course and if it is assumed that local school systems charge students the maximum fee allowed, local school systems could recoup from students \$603,581 of the \$1.1 million paid to community colleges. Hence, local school system nonreimbursable expenditures will increase by a total of only \$496,545 in fiscal 2014. However, if students take more than one course at an institution of higher education a year, or if there are more dually enrolled students, local school system nonreimbursable expenditures will increase correspondingly. Once a student has enrolled in four courses at an institution of higher education, a local school system may charge a dually enrolled student who is not eligible for free and reduced-price meals up to 100% of the fee paid by the local school system for any additional courses taken.

Exhibit 5
Estimated Number of Dually Enrolled Students
Prohibited from Being Charged a Fee for Dual Enrollment Courses
Fiscal 2014

<u>Local School System</u>	<u># Dually Enrolled Students</u>	<u>% Eligible for FRPM</u>	<u># Dually Enrolled Students Eligible for FRPM</u>	<u># Dually Enrolled Students Not Eligible for FRPM</u>
Allegany County	101	53.6%	54	47
Anne Arundel County	755	29.3%	221	534
Baltimore City	55	83.9%	46	9
Baltimore County	560	45.3%	254	306
Calvert County	11	22.0%	2	9
Caroline County	23	56.7%	13	10
Carroll County	101	17.3%	18	83
Cecil County	28	40.1%	11	17
Charles County	94	30.7%	29	65
Dorchester County	76	61.4%	47	29
Frederick County	219	23.8%	52	167
Garrett County	13	47.2%	6	7
Harford County	341	27.7%	95	246
Howard County	62	17.8%	11	51
Kent County	13	49.8%	6	7
Montgomery County	750	31.7%	238	512
Prince George's County	680	58.6%	398	282
Queen Anne's County	62	24.9%	15	47
St. Mary's County	144	30.4%	44	100
Somerset County	5	66.7%	3	2
Talbot County	67	38.2%	26	41
Washington County	348	47.1%	164	184
Wicomico County	101	57.7%	58	43
Worcester County	4	43.6%	2	2
Total	4,613		1,813	2,800

Key: FRPM = Free and Reduced-price Meals

Source: Maryland Higher Education Commission, Maryland Department of Education, Department of Legislative Services

Exhibit 6
Estimated Total Amount Paid by Local School Systems to Community Colleges
Minus Fee Charged Eligible Students
Fiscal 2014

<u>Local School System</u>	<u>Student Fee per Dually Enrolled Course</u>	<u># Students that May Be Charged Fee</u>	<u>Total Fees Collected</u>	<u>Total Paid by LSS to CC Minus Student Fee</u>
Allegany County	\$219	47	\$10,293	\$14,250
Anne Arundel County	203	534	108,402	61,473
Baltimore City	184	9	1,656	9,564
Baltimore County	221	306	67,626	70,134
Calvert County	231	9	2,079	748
Caroline County	217	10	2,170	3,373
Carroll County	223	83	18,509	6,539
Cecil County	199	17	3,383	2,805
Charles County	231	65	15,015	9,143
Dorchester County	217	29	6,293	12,023
Frederick County	228	167	38,076	17,331
Garrett County	188	7	1,316	1,401
Harford County	182	246	44,772	24,110
Howard County	258	51	13,158	4,636
Kent County	217	7	1,519	1,614
Montgomery County	234	512	119,808	75,192
Prince George's County	204	282	57,528	96,832
Queen Anne's County	217	47	10,199	4,743
St. Mary's County	231	100	23,100	13,908
Somerset County	194	2	388	687
Talbot County	217	41	8,897	7,250
Washington County	221	184	40,664	44,944
Wicomico County	194	43	8,342	13,373
Worcester County	194	2	388	472
Total		2,800	\$603,581	\$496,545

Notes: Generally, a local school system may charge a dually enrolled student a fee up to 90% of the amount paid to the institution of higher education. However, for each course in excess of four, a local school system may charge a dually enrolled student a fee not to exceed 100% of the amount paid to the institution of higher education. Students eligible for free and reduced-priced meals may not be charged a fee. This estimate assumes that all dually enrolled students take only one three-credit course and attend their local community college, with students from Somerset County attending Wor-Wic Community College.

Key: FRPM = Free and Reduced-price Meals; LSS = Local School System; CC = Community College
Source: Maryland Higher Education Commission, Maryland Department of Education, Department of Legislative Services

Local school system expenditures may increase to ensure that all students complete a mathematics course in each year of high school and to implement grade 12 transition courses. Currently to receive a Maryland high school diploma, students must complete 3.0 credits of mathematics, which translates to three years of mathematics. Fifteen local jurisdictions require or will require 4.0 credits of math to graduate, and many students in the other nine jurisdictions currently complete four years of mathematics. Thus, local expenditures to meet this requirement are assumed to be minimal in Allegany, Baltimore, Caroline, Charles, Howard, Prince George's, Queen Anne's, Wicomico, and Worcester counties. Depending on the number of students who are assessed as not ready for college in grade 11 in each school system and the delivery method of transition course materials, local expenditures may increase for some school systems. The exact impact cannot be determined.

Additional Information

Prior Introductions: None.

Cross File: HB 833 (Delegates Kaiser and Bohanan) - Ways and Means and Appropriations.

Information Source(s): Maryland Higher Education Commission, Maryland State Department of Education, University System of Maryland, Complete College America, Department of Legislative Services

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