

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 534

(Senator Madaleno, *et al.*)

Education, Health, and Environmental Affairs

Ways and Means

Higher Education - College Admissions Outreach Program for High-Achieving Students - Establishment

This bill establishes the College Admissions Outreach Program for High-Achieving Students. The purpose of the program is to encourage more low-income, high-achieving students to enroll in an institution of higher education that is a good academic and financial fit for the student. The Maryland Higher Education Commission (MHEC) and the Maryland State Department of Education (MSDE), in collaboration with local boards of education, local superintendents, and institutions of higher education, must jointly administer the program, including a grant program for public and private, nonprofit four-year institutions that enroll and graduate eligible students through an approved admissions program.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: General fund expenditures increase by \$70,000 in FY 2016 for MHEC to implement the College Admissions Outreach Program for High-Achieving Students. Beginning in FY 2020, general fund expenditures also increase by \$588,000 for the grant program for institutions under the assumptions discussed below. Future years reflect elimination of one-time costs, ongoing expenses, annualization, and inflation. Higher education revenues increase at public four-year institutions of higher education that decide to implement an approved admissions program for eligible students for each eligible student that graduates, but not until FY 2020.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Higher Ed Rev.	\$0	\$0	\$0	\$0	-
GF Expenditure	\$70,000	\$62,000	\$63,900	\$66,000	\$656,200
Net Effect	(\$70,000)	(\$62,000)	(\$63,900)	(\$66,000)	(\$656,200)

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

Local Effect: Local school systems can administer the program using existing resources.

Small Business Effect: None.

Analysis

Bill Summary: An academically high-achieving student in grade 10, 11, or 12 at a high school in the State who has an annual family income below a poverty index determined by MHEC is eligible for the program. The program must provide the following information to each eligible student at no cost to the student: (1) information on college admissions and college application fee waivers; and (2) material encouraging students to apply to at least four institutions of higher education during the student's application process.

The program must also collaborate with the College Board, local boards of education, and local superintendents to identify students eligible for the program and make the contact information of eligible students available to the institutions of higher education that agree to develop and implement an admissions program as described below.

A public or private, nonprofit institution of higher education in the State that does not allow open access to its institution may access the list of eligible students compiled by MHEC if the institution agrees to submit to and get approved by MHEC a promotion plan that (1) admits eligible students without an application or (2) markets directly to eligible students to encourage these students to apply to an institution of higher education and describes in detail the institution of higher education's streamlined application process for eligible students.

Finally, the program must establish a grant program that makes an award to an institution of higher education for each eligible student who enrolls in the institution using one of the admissions processes described above.

MHEC and MSDE must adopt regulations to define a "high-achieving student" and may adopt any other regulations necessary to implement the bill. Funds for the program are as provided in the State budget.

By November 1, 2015, MHEC must submit a report to the Senate Education, Health, and Environmental Affairs Committee and the House Committee on Ways and Means on MHEC's plan, developed in collaboration with each of the four-year institutions of higher education in the State, to inform students who attend public high schools in which at least 75% of the student population is enrolled in the National School Lunch Program (NSLP) about the College Admissions Outreach Program for High-Achieving Students.

Current Law/Background: The Guaranteed Access (GA) Grant is a component of the Delegate Howard P. Rawlings Educational Excellence Awards program that covers 100% of need when combined with a federal Pell grant for the State's lowest income students. The maximum award is capped at the cost of education at the highest cost four-year University System of Maryland institution, excluding the University of Maryland, Baltimore and the University of Maryland University College. The maximum award in fiscal 2014 was \$16,100, and the maximum award in fiscal 2015 is \$16,500. Students that meet all program criteria, such as enrolling directly from high school and having certain family income limits, are guaranteed funding.

Qualified applicants must have a cumulative high school grade point average of at least 2.5 on a 4.0 scale. In addition, a recipient must be age 22 or younger at the time of receiving the first award, have successfully completed a college preparatory program in high school, enroll in college as a full-time student, and meet any additional criteria established by MHEC.

MHEC recently extended the income limits for renewals to 150% of the federal poverty level to prevent a student who may work in the summertime from exceeding the original 130% income cap for new awards. Almost all students receiving aid through this program have expected family contributions of \$3,850 or less.

Chapters 315 and 429 of 2002 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 ninth or tenth grade student to prequalify on the basis of financial need for a GA Grant, to be awarded at the time of enrollment in an institution of higher education, and established a mentoring and guidance program for those students. However, the program has never received State funding; thus, no high school students have prequalified for a GA Grant or received counseling or mentoring services through the program.

To prequalify for a GA Grant, an eligible 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.

If funded, the College Readiness Outreach Program would provide guidance to students who qualify for GA Grants while in ninth or tenth grades to help them graduate from high school and matriculate at institutions of higher education. Under the program, 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 eleventh and twelfth grade students who are successfully completing their high school graduation requirements.

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 cost in “One Maryland” jurisdictions.

The law 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.

In fiscal 2014, MHEC received 3,344 on-time GA Grant applications and granted awards to 1,406 individuals. The Governor’s proposed fiscal 2016 State budget includes \$80.0 million for the entire Delegate Howard P. Rawlings Educational Excellence Awards program. The number of GA Grants awarded between fiscal 2008 and 2009 increased by 165, 14.3%, although growth slowed from fiscal 2009 through 2012, before dropping by 148, or 10.2%, in fiscal 2013 for a total of only 1,316 awards. GA Grants grew by 90 awards, or 6.8%, in fiscal 2014, with estimates showing over 1,700 awards expected in fiscal 2016. While the drop in 2013 is related to an unforeseen decline in applications, the total expected growth from fiscal 2008 to the 2016 estimate is just over 50%.

NSLP is one of the federal programs for free and reduced-price meals in schools. To be eligible for free meals, a child must be from a family with an annual income at 130% or less than the federal poverty guidelines, which is \$31,005 for a child from a family of four for the 2014-2015 school year. To be eligible for reduced-priced meals, a child must be from a family with an annual income at 185% or less than the federal poverty guidelines, or \$44,123 for a child from a family of four for the 2014-2015 school year.

As of the 2014-2015 school year, there are 41 public high schools in which at least 75% of the student population is enrolled in the free and reduced-price meal program. Of those, 38 are in Baltimore City, 2 are in Baltimore County, and 1 is in Worcester County. There are approximately 16,600 students enrolled in those high schools. In the entire State, there are almost 94,000 high school students enrolled in the free and reduced-price meal program.

State Revenues: Higher education revenues increase at public four-year institutions of higher education that decide to implement an approved admissions program from grants for eligible students who enroll and graduate from the institution. The actual increase in revenues depends on the number of students MHEC determines are eligible, the number of eligible students who enroll using approved admissions programs, and the number of those students who graduate. For the purposes of this estimate, as described below, it is assumed

that an institution receives \$1,000 for each eligible student that is admitted to the institution using an approved program and graduates from the institution.

State Expenditures: MHEC reports that current outreach efforts for the general student population are funded by a federal College Access Challenge Grant (CACG), which has expired with final expenditures of the current grant expected by September 30, 2015, and a possible one-year extension stretching out to September 30, 2016. The current grant provides funding for two outreach positions, communication materials, and interventions. Specific targeting of high-achieving low-income students is not approved under the current grant. At present, no additional funds have been identified for outreach. Thus, to implement the College Admissions Outreach Program for High-Achieving Students, MHEC needs to hire a part-time outreach specialist and increase funding for communications and travel.

Currently, MSDE's college outreach efforts focus on the general student population and are supported by existing staff members. There is no specific focus on high-achieving students by MSDE staff. MSDE advises it needs an additional full-time staff member to fully support the program. The Department of Legislative Services advises that, since MHEC has a current GA Grant outreach program (although it is not targeted to high-achieving students) and administers the GA Grant, it is logical for MHEC to lead the effort for the outreach program under the bill. Thus, MSDE does not require additional staff under the bill; however, a more extensive outreach program could require additional MSDE staff. MSDE can provide local school system contact information using existing resources.

General fund expenditures increase by \$27,076 in fiscal 2016 to hire a half-time outreach specialist at MHEC to implement the College Admissions Outreach Program for High-Achieving Students. This estimate assumes an October 1, 2015 start date following a 90-day start-up delay; final expenditures for the CACG positions on September 30, 2015; and a half-time salary, fringe benefits, and ongoing expenses. In addition, MHEC general fund expenditures in fiscal 2016 increase to design and print two posters for each high school in the State (\$13,000) and to produce short-form videos suitable for social media (\$7,000). Ongoing expenses include postage for direct mailing to all eligible high-achieving students in grades 10, 11, and 12; travel for the outreach specialist to visit each high school in the State; and an estimated \$588,000 in grant funds for institutions that graduate eligible students (as described below).

	<u>FY 2016</u>	<u>FY 2017</u>
Position	0.5	
Salary and Fringe Benefits	\$27,076	\$36,903
Poster Design and Printing	13,000	-
Video Production	7,000	-
Travel	6,000	8,080
Postage	12,375	16,665
Operating Expenses	220	296
Start-up Costs	<u>4,285</u>	<u>-</u>
Total State Expenditures	\$69,956	\$61,944

Beginning in fiscal 2020, general fund expenditures increase by an estimated \$588,000 per year to provide grants to qualifying public and private, nonprofit institutions of higher education in the State as established by the bill, under the assumptions below.

- For the purposes of this estimate, it is assumed that MHEC determines that students enrolled in the free and reduced-price meal program are eligible for the program.
- During the 2014-2015 school year, there are 93,962 high school students in the State enrolled in the free and reduced-price meal program. Thus, there are approximately 70,473 students in grades 10, 11, and 12 enrolled in the free and reduced-price meal program.
- For the purposes of this estimate, it is assumed that MHEC defines the top 20% of students as “high-achieving.” Thus, it is assumed that 14,095 students in grades 10, 11, and 12 receive direct mail from MHEC, and 4,698 students in grade 12 are eligible for the program.
- It is assumed that 25% of eligible students (*i.e.*, 1,175) enroll in a public or private, nonprofit institution of higher education eligible for the grant program. It is assumed that the other eligible students enroll in institutions without an eligible admissions program (*e.g.*, community colleges, out-of-state institutions, for-profit institutions), do not enroll through an approved admissions process, or choose not to enroll in any institution.
- Approximately 47.3% of students eligible for a federal Pell grant, which is for low-income students, graduate within six years according to MHEC’s latest published data. It is assumed that “high-achieving” students graduate at a higher rate; thus, it is assumed that 50% of students (588 students) graduate from the qualifying institution within four years.

- For the purposes of this estimate, it is assumed that an institution is awarded \$1,000 for each eligible student who enrolls using an admissions process approved by MHEC and graduates. It is assumed the first class of eligible students enrolls using an approved admissions process in fall 2016, and that the first students graduate in spring 2020. Although students may take longer than four years to graduate, for the purposes of this estimate, it is assumed that the funds for the program are included in the budget four years following the enrollment of students eligible for the program (fiscal 2020). Thus, it is assumed that, beginning in fiscal 2020, general fund expenditures increase by \$588,000 per year.
- The actual increase in expenditures depends on the number of students MHEC determines are eligible, the number of admissions programs at institutions approved by MHEC, the number of eligible students who enroll using approved admissions programs, the number of those students who graduate, and the amount of the award for each student who graduates.

Future year expenditures reflect elimination of one-time expenses after fiscal 2016, an annualized half-time salary with annual increases in employee turnover as well as annual increases in ongoing operating expenses and the continuation of \$1,000 grants to institutions for eligible students who graduate.

Additional Information

Prior Introductions: Similar legislation was considered in 2014. HB 854 of 2014 received a hearing in the House Ways and Means Committee, but no further action was taken. Its cross file, SB 766, received an unfavorable report from the Senate Education, Health, and Environmental Affairs Committee.

Cross File: HB 364 (Delegate Rosenberg, *et al.*) - Ways and Means.

Information Source(s): Baltimore City Community College, Maryland State Department of Education, Maryland Higher Education Commission, University System of Maryland, Department of Legislative Services

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