

Department of Legislative Services  
 Maryland General Assembly  
 2018 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

Senate Bill 631

(Senator Rosapepe)

Education, Health, and Environmental Affairs

Ways and Means

Higher Education Outreach and College Access Pilot Program - Alterations and Extension of Sunset

This bill extends the termination date for the Maryland Higher Education Outreach and College Access Pilot Program by three years (through September 2022) and specifies that the pilot program be established for a five-year period. The Maryland Higher Education Commission (MHEC) must continue to submit an annual report about the program through 2021. In addition to information that must be reported under current law, the report must include information regarding the effectiveness of the program, including whether students matriculate and remain continuously enrolled in higher education as a result of the program. **The bill takes effect July 1, 2018.**

Fiscal Summary

**State Effect:** General fund expenditures increase by \$250,000 annually from FY 2019 through 2021 for the program. Revenues are not affected.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	250,000	250,000	250,000	0	0
Net Effect	(\$250,000)	(\$250,000)	(\$250,000)	\$0	\$0

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

**Local Effect:** None.

**Small Business Effect:** None; however, nonprofit organizations continue to receive outreach grants for FY 2019 through 2021.

## Analysis

### **Current Law/Background:**

#### *Maryland Higher Education Outreach and College Access Pilot Program*

Chapters 200 and 201 of 2015 established the Maryland Higher Education Outreach and College Access Pilot Program as a two-year pilot grant program for eligible nonprofit organizations that meet specified requirements to be administered by MHEC.

The purposes of the program are to:

- encourage low-income Maryland high school students to attend and complete college;
- connect potential college and university students with nonprofit organizations that have a history of successful higher education outcomes for targeted youth;
- create an equal matching fund for nonprofit organizations to access in order to increase college outreach services to low-income students;
- provide funding for nonprofit organizations that are already established in communities to provide targeted outreach to encourage low-income students to enroll in college; and
- establish a two-year pilot program to determine if the program can lead to an increase in low-income students attending and succeeding in college.

To carry out the purposes of the program, MHEC established a grant program, including eligibility, application, and compliance requirements. MHEC allocated funding to nonprofit organizations on a competitive basis after verifying the nonprofits had matching funds available.

To be eligible for participation in the pilot program, a nonprofit organization must be located in the State, have a contract or memorandum of understanding with a local school system or an institution of higher education (or must establish one if one does not exist), and demonstrate an equal match for funds requested.

A nonprofit organization that receives funding through the program must (1) submit data on outreach programs; (2) track student progress through the higher education system; and (3) submit an annual report to MHEC on or before October 1 following the fiscal year in which funds were received.

The two-year pilot program received \$250,000 for grants for the program in each of fiscal 2017 and 2018. The Governor's proposed fiscal 2019 budget includes no funding

for the program as the two-year pilot program will finish in August 2018. Chapters 200 and 201 (and related authorization for the pilot program) terminate September 30, 2019.

As detailed in MHEC's initial annual [report](#) on the program, the pilot program is operating from September 1, 2016, through August 31, 2018. During the first award period, five organizations received approximately \$50,000 each. More than 1,585 grade 11 and 12 students and 180 parents were served in the first year of the grant program.

### *Value of Higher Education*

Obtaining a bachelor's degree increases the economic well-being of those with a degree. In Maryland, those with an associate's degree, on average, earn \$12,000 more annually than if they only had a high school diploma, and those with a bachelor's degree earn about \$10,000 more than if they had an associate's degree.

### *Guaranteed Access Grant*

Low-income students attend college at a lower rate than their more affluent peers, despite the availability of need-based financial aid including federal Pell grants and the State Guaranteed Access (GA) Grant. The 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 Campus and the University of Maryland University College. The maximum award in fiscal 2018 was \$18,400. Students that meet all program criteria, such as enrolling directly from high school and having certain family income limits, are guaranteed funding.

**State Expenditures:** MHEC advises that it has administered the two-year pilot program using existing resources; thus, it is anticipated that the pilot program can continue to be administered for three more years using existing resources. Since the pilot program received \$250,000 in both years of its operation, it is assumed that the funding to make it a five-year pilot program continues at \$250,000 annually – for fiscal 2019 through 2021. (As noted above, the Governor's proposed fiscal 2019 budget does not anticipate maintaining the program beyond the current fiscal year; thus, there is no funding for the pilot program in fiscal 2019.) These grant funds will be matched with funds from the nonprofit organizations that receive the grants; therefore, assuming all the grant funds are distributed, a total of \$500,000 in funds for the Maryland Higher Education Outreach and College Access Pilot Program will be available annually for the additional three years of the pilot program.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 982 (Delegate A. Washington) - Ways and Means.

**Information Source(s):** Maryland Higher Education Commission; Department of Legislative Services

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