R62I0001
Maryland Higher Education Commission

Operating Budget Data

($ in Thousands)

	FY 17 Actual	FY 18 Working	FY 19 Allowance	FY 18-19 Change	% Change Prior Year
General Fund	$59,018	$63,302	$72,003	$8,701	13.7%
Adjustments	0	-4,598	-12,330	-7,732	
Adjusted General Fund	**$59,018**	**$58,704**	**$59,673**	**$969**	**1.6%**
Special Fund	18,912	21,064	19,505	-1,558	-7.4%
Adjustments	0	-9	6	15	
Adjusted Special Fund	**$18,912**	**$21,054**	**$19,511**	**-$1,543**	**-7.3%**
Federal Fund	1,579	1,514	330	-1,184	-78.2%
Adjustments	0	-4	2	6	
Adjusted Federal Fund	**$1,579**	**$1,511**	**$332**	**-$1,178**	**-78.0%**
Reimbursable Fund	391	462	463	0	0.1%
Adjustments	0	0	1	1	
Adjusted Reimbursable Fund	**$391**	**$462**	**$464**	**$1**	**0.3%**
Adjusted Grand Total	**$79,900**	**$81,732**	**$79,980**	**-$1,752**	**-2.1%**

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- After adjusting for a $4.5 million reversion from the new State 529 Contribution Program and an across-the board health insurance reduction in fiscal 2018 and contingent reductions and the general salary increase in fiscal 2019, general funds increase $1 million, or 1.6%, in fiscal 2019. The allowance includes contingent reductions of $7.4 million to Sellinger formula aid and $5 million to the State 529 Contribution Program. Federal funds decrease 78%, or $1.2 million, related to the expiration of two grants.

- Overall, total funds decrease 2.1%, or $1.8 million, in fiscal 2019.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	FY 17 Actual	FY 18 Working	FY 19 Allowance	FY 18-19 Change
Regular Positions	54.60	54.60	54.60	0.00
Contractual FTEs	6.55	11.33	8.00	-3.33
Total Personnel	**61.15**	**65.93**	**62.60**	**-3.33**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	2.68	5.10%
Positions and Percentage Vacant as of 12/31/17	4.00	7.33%

- Positions reflect all Maryland Higher Education Commission (MHEC) positions, including those that support Student Financial Assistance programs and the programs providing State support to community colleges and independent institutions.

- The allowance does not provide any new regular positions.

- Contractual positions decrease by 3.33 full-time equivalent (FTE) positions: a total of 4.3 FTEs were eliminated – 3.33 were supported by federal funds related to grants that expired and 1 FTE supported by special funds in academic review. One FTE was added for the Nurse Support Program II that is supported with special funds.

Analysis in Brief

Major Trends

Performance of Pell Recipients: When comparing the transfer and graduation rates of the 2008 and 2011 community college cohorts, most show improvement, with Chesapeake College showing the most improvement. However, at the public four-year institutions, there is a significant gap between the graduation rate of Pell recipients and all students.

Remediation Rates: Due to the open door policies, a majority of students who enroll in community colleges require some remediation. On average, 70% of Maryland high school students who enroll in a community college require some remediation, while approximately 40% who enroll in a public four-year institution require remediation.

Enrollment in Teacher Preparation Programs: The Associates of Arts in Teaching provides students an alternative pathway to earn a four-year teaching degree with 278 students who possess this degree transferring to a four-year institution in fall 2016. The number of students completing a teacher preparation program at a public or independent institution increased by 449, totaling 3,388 in fiscal 2015.

Issues

Student Loan Debt Tax Credit: The tax credit program was implemented for the first time in the 2017 tax year, providing tax relief and assistance to residents in paying back their student loans. In its first year, 4,988 applications were received, of which 4,422 were eligible for the tax credit.

Revising the Annual Report on Student Success: Since fiscal 2010, MHEC has been required to submit reports on the outcomes of the cohort of students who participated in Access and Success programs at the Historically Black Colleges and Universities (HBCU). Due to limitations of the report, MHEC recommends that the reports be discontinued.

2017-2021 State Plan for Postsecondary Education: The 2017-2021 *State Plan for Postsecondary Education: Student Success with Less Debt* was recently released, which focuses on improving the success of all students including nontraditional students, who comprise the majority of students, and those from all backgrounds.

Update on HBCU Lawsuit: A lawsuit was filed in 2006 alleging that Maryland's system of higher education remains segregated and in violation of the federal equal opportunity laws. In 2013, the federal court ruled that unnecessary program duplication has the effect of segregation that the State could not justify. In 2015, each side submitted proposals to remedy the situation, but none were ruled proper by the court; the judge ordered that a special master would be appointed to develop a Remedial Plan that both sides are currently appealing.

Operating Budget Recommended Actions

		Funds
1.	Add language authorizing transfer of funds for Southern Maryland Higher Education Center.	
2.	Reduce funding for State 529 Contribution Program.	$ 4,000,000
3.	Adopt narrative requesting a report on best practices and progress toward the 55% completion goal.	
4.	Adopt narrative requesting a final report on students participating in Access and Success and Office for Civil Rights enhancement programs.	
	Total Reductions	**$ 4,000,000**

Budget Reconciliation and Financing Act Recommended Actions

1. Amend the Budget Reconciliation and Financing Act of 2018 to reduce the mandated funding for the State 529 Contribution Program by $4 million. The committees may wish to also amend other legislation to increase the cap for the student loan tax credit program by $4 million.

Operating Budget Analysis

Program Description

The Maryland Higher Education Commission (MHEC) is the State's coordinating body for the University System of Maryland (USM), Morgan State University (MSU), St. Mary's College of Maryland, 16 community colleges, the State's independent colleges and universities, and private career schools and other for-profit institutions. The mission of MHEC is to ensure that Maryland residents have access to a high-quality, adequately funded, effectively managed, and capably led system of postsecondary education. The vision of MHEC is to have all Maryland residents equally prepared to be productive, socially engaged, and responsible members of a healthy economy. The Secretary of Higher Education is the agency's head and serves at the 12-member commission's pleasure.

The key goals of MHEC are as follows:

- Maryland will enhance its array of postsecondary education institutions and programs, which are recognized nationally and internationally for academic excellence, and more effectively fulfill the evolving educational needs of its students, the State, and the nation;

- Maryland will achieve a system of postsecondary education that advances the educational goals of all by promoting and supporting access, affordability, and completion;

- Maryland will ensure equitable opportunity for academic success and cultural competency for Maryland's population;

- Maryland will seek to be a national leader in the exploration, development, and implementation of creative and diverse education and training opportunities that will align with State goals, increase student engagement, and improve learning outcomes and completion rates;

- Maryland will stimulate economic growth, innovation, and vitality by supporting a knowledge-based economy, especially through increasing education and training and promoting the advancement and commercialization of research; and

- Maryland will create and support an open and collaborative environment of quality data use and distribution that promotes constructive communication, effective policy analysis, informed decision making, and achievement of State goals.

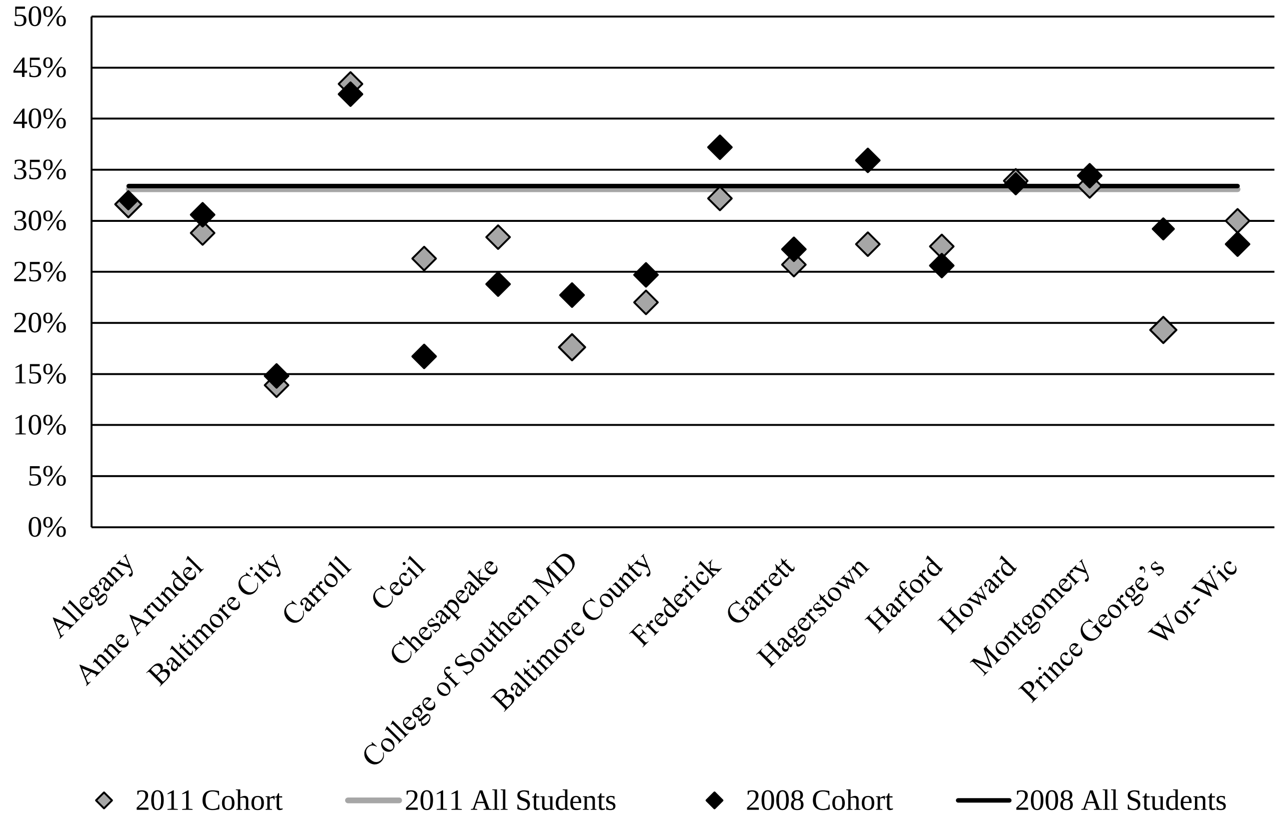
Performance Analysis

1. Performance of Pell Recipients

Two of the goals of the new 2017-2021 *State Plan for Postsecondary Success* are to ensure equitable access to affordable and quality postsecondary education and to promote and implement practices and policies to ensure all students succeed. Strategies of the plan support the State's goal that at least 55% of Maryland adults will hold at least one degree credential by 2025. In order to meet this goal, institutions will need to improve the success of students from those typically underserved populations including minorities, first generation, and those with low incomes. These students come from various backgrounds with varying levels of college readiness, including how to pay for college.

Exhibit 1 compares the percentage of 2008 and 2011 cohorts of Pell recipients at community colleges who either transferred to a four-year institution or graduated. Overall, on average, the outcomes for Pell recipients declined by 2 percentage points while outcomes of all students remained fairly stable. Only six colleges saw improvement in Pell recipient outcomes. Cecil College experienced the largest increase with the rate improving from 16.7% with the 2008 cohort to 24.8% with the 2011 cohort; however, this is 7.8 percentage points lower than the average of all students statewide. Prince George's Community College experienced the largest decrease with the rate declining from 29.2% with the 2008 cohort to 19.3% with the 2011 cohort. A relatively large gap between Pell recipients and all students persisted at Baltimore City Community College (BCCC), the College of Southern Maryland, and Community College of Baltimore County indicating there are opportunities for these colleges to improve outcomes by targeting programs or services to help improve the success rates of these students. Pell recipients continue to excel at Carroll Community College and Montgomery College, with outcomes exceeding the average of all students.

Exhibit 1
Comparison of Four-year Transfer and Graduation Rate of Pell Recipients by Community College
2008 and 2011 Cohorts

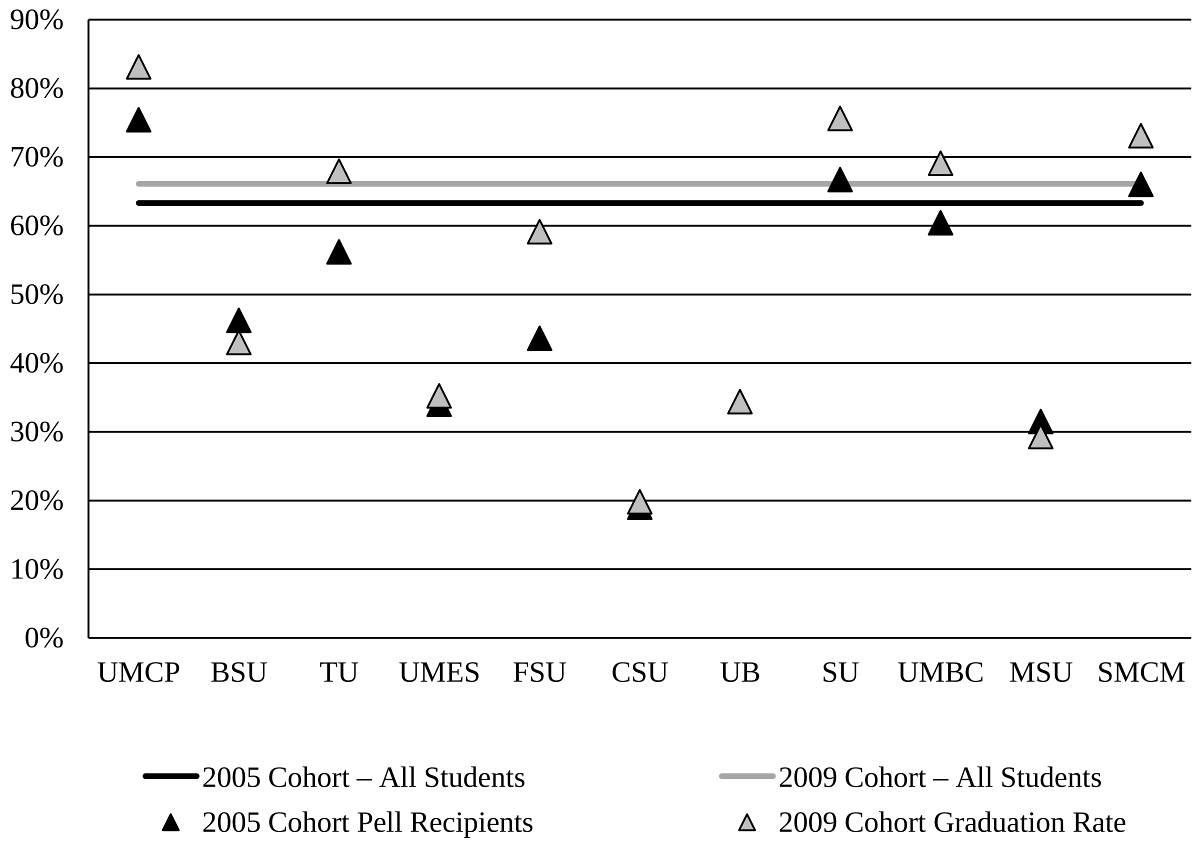


Note: Transfer rates represent students who enrolled at a four-year institution with or without a degree after four years, and graduation rate reflects students who earned a degree after four years but did not transfer. Data reflects students receiving a Pell grant during the year of entry to the community college.

Source: Maryland Higher Education Commission

There is a significant gap in the six-year graduation rate between Pell recipients and all students at the public four-year institutions as illustrated in **Exhibit 2**. In general, the gap slightly decreased from 17.0 percentage points with the 2005 cohort to 15.9 percentage points with the 2009 cohort. This indicates that there are opportunities for institutions to do more to address the needs of this population by creating support systems to help ensure that these students progress and graduate. While some institutions made progress in reducing the gap, others such as MSU, the University of Baltimore (UB), Coppin State University, and University of Maryland Eastern Shore (UMES) have rather significant gaps between the graduation rates of Pell recipients and the statewide rate for all students.

Exhibit 2
Six-year Graduation of Pell Recipients at Public Four-year Institutions
2005 and 2009 Cohorts



BSU: Bowie State University
CSU: Coppin State University
FSU: Frostburg State University
MSU: Morgan State University
SMCM: St. Mary's College of Maryland
SU: Salisbury University
TU: Towson University
UB: University of Baltimore
UMBC: University of Maryland Baltimore County
UMCP: University of Maryland, College Park Campus
UMES: University of Maryland Eastern Shore

Note: Graduation rates are for first-time, full-time (FT/FT) students who received a Pell grant during the year of entry to the institution. The University of Baltimore first enrolled FT/FT students in 2007.

Source: Maryland Higher Education Commission

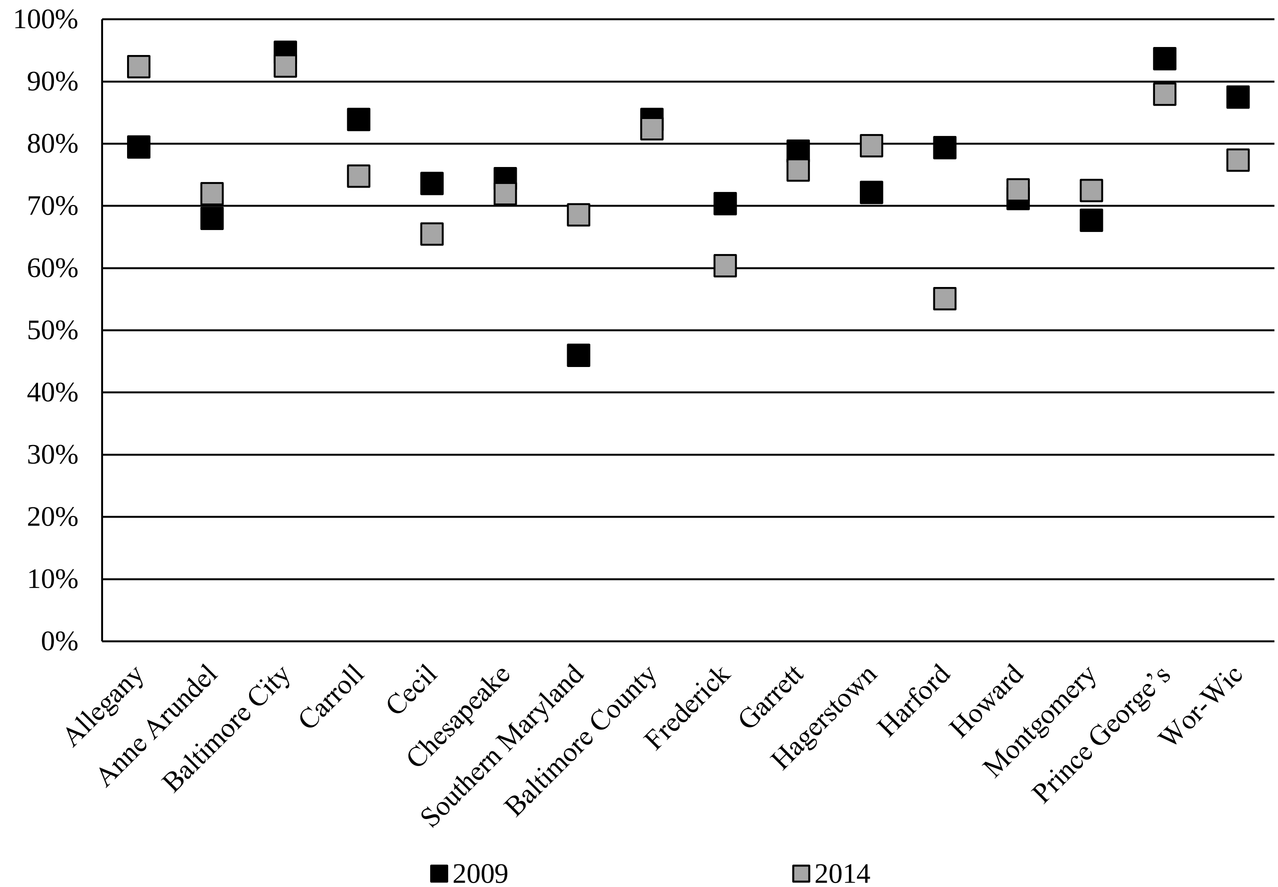
2. Remediation Rates

One of the strategies of the new 2017-2021 *State Plan for Postsecondary Success* is to improve college readiness among K-12 students and, in particular, high school students. Since a high school diploma does not necessarily indicate that a student is ready for college coursework, institutions use other methods to determine readiness such as placement tests.

Before implementation of the College and Career Readiness and College Completion Act of 2013 (CCRCCA), more than 50% of students in the 2013-2014 academic year were assessed to need remedial coursework, according to MHEC. The CCRCCA created numerous initiatives to improve the readiness of high school graduates for college and careers. One requirement is that students must be evaluated no later than grade 11 for college and career readiness. The Maryland State Department of Education is using the Partnership for Assessment of Readiness for College and Career exam as the assessment tool along with other measures such as Advance Placement scores and dual enrollment to determine readiness. These standards were implemented during the 2015-2016 school year. Thus, the impact of these programs will be seen in the coming years.

Due to the open door policies, a majority of students who enroll in community colleges require some remediation. As shown in **Exhibit 3**, on average, over 70% of Maryland high school students who enrolled in a community college in fiscal 2009 and 2014 required some remediation. In fiscal 2014, Allegany College of Maryland and BCCC have the highest remediation rates of over 90%, with Prince George's Community College having the third highest rate of 88%. The College of Southern Maryland experienced the largest increase in students needing remediation, jumping from 46% to 68.6% between fiscal 2009 and 2014, while conversely, rates declined at Harford Community College from 79.4% to 55.1% during the same time period. According to Complete College America, nearly 4 in 10 remedial students at community colleges will never complete the remedial course, and of those that complete a course, less than a quarter will complete college-level English and math courses. The rate of developmental noncompleters is further discussed in the Aid to Community Colleges budget analysis.

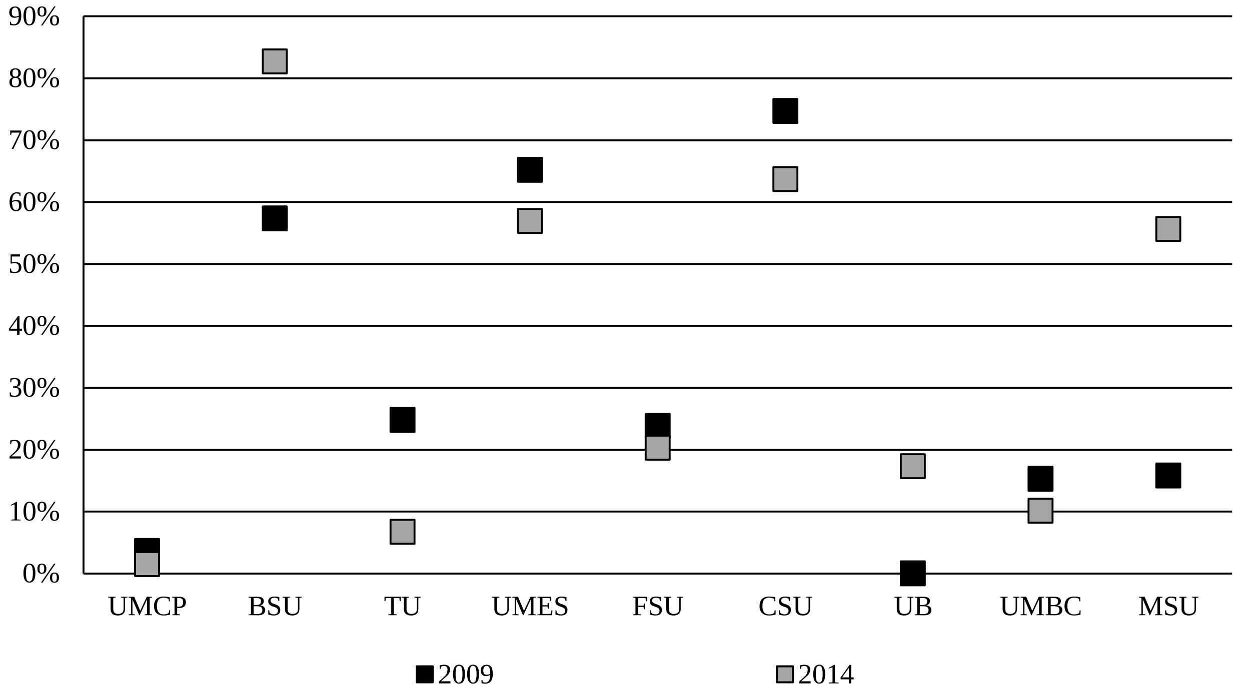
Exhibit 3
Remediation Rate of Maryland High School Graduates Enrolled in Community Colleges
Fiscal 2009 and 2014



Source: Maryland Higher Education Commission

On average, approximately 16% of Maryland high school graduates entering a public four-year institution in fiscal 2014 required some remediation, a decrease from 19% in fiscal 2009. As shown in **Exhibit 4**, in general, Historically Black Colleges and Universities (HBCU) admit a higher number of students needing remediation, partly reflective of their missions of providing students access to affordable education. At 83%, Bowie State University had the highest percentage of students requiring remediation in fiscal 2014. MSU experienced the largest increase in the percentage of students requiring remediation, growing from 16% in fiscal 2009 to 56% in fiscal 2014. Being a more selective institution, the percentage requiring remediation at the University of Maryland, College Park Campus (UMCP) was 1.5% in fiscal 2014.

Exhibit 4
Remediation Rate of Maryland High School Graduates Enrolled in Public Four-year Institutions
Fiscal 2009 and 2014



BSU: Bowie State University
CSU: Coppin State University
FSU: Frostburg State University
MSU: Morgan State University
TU: Towson University
UB: University of Baltimore
UMBC: University of Maryland Baltimore County
UMCP: University of Maryland, College Park Campus
UMES: University of Maryland Eastern Shore

Note: Salisbury University and St. Mary's College of Maryland do not offer remedial course work. For the fiscal 2009 cohort, the University of Baltimore offered full scholarships and could be selective in the students it enrolled; therefore, none needed remediation.

Source: Maryland Higher Education Commission

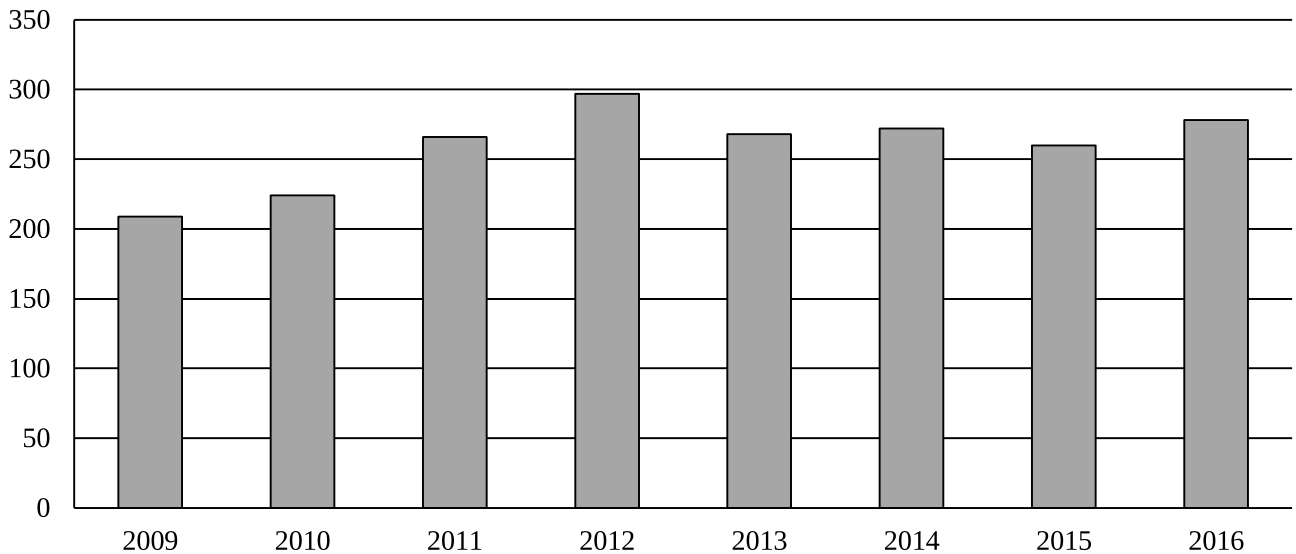
3. Enrollment in Teacher Preparation Programs

The Associates of Arts in Teaching (AAT) provides students an alternative pathway to earn a four-year teaching degree. Students satisfy the lower division requirements of a teacher's education program at a community college. This is an outcomes-based transfer degree, built upon State and national standards, developed between the two- and four-year public and independent institutions. Students must have a minimum grade point average of 2.75 and have acceptable scores on State-approved basic skills tests. While the AAT does not guarantee admission to a four-year institution, it does provide assurance of eligibility. As shown in **Exhibit 5**, students are using this pathway toward earning a teachers degree with the number of students with an AAT transferring to a four-year institution steadily increasing from 209 in fall 2009 to 297 in fall 2012. While 37 fewer students used this pathway between fall 2013 to 2015, the number of transfers increased to 278 in fall 2016.

Exhibit 5

Associate of Arts in Teaching Graduates Who Transferred to Four-year Institutions

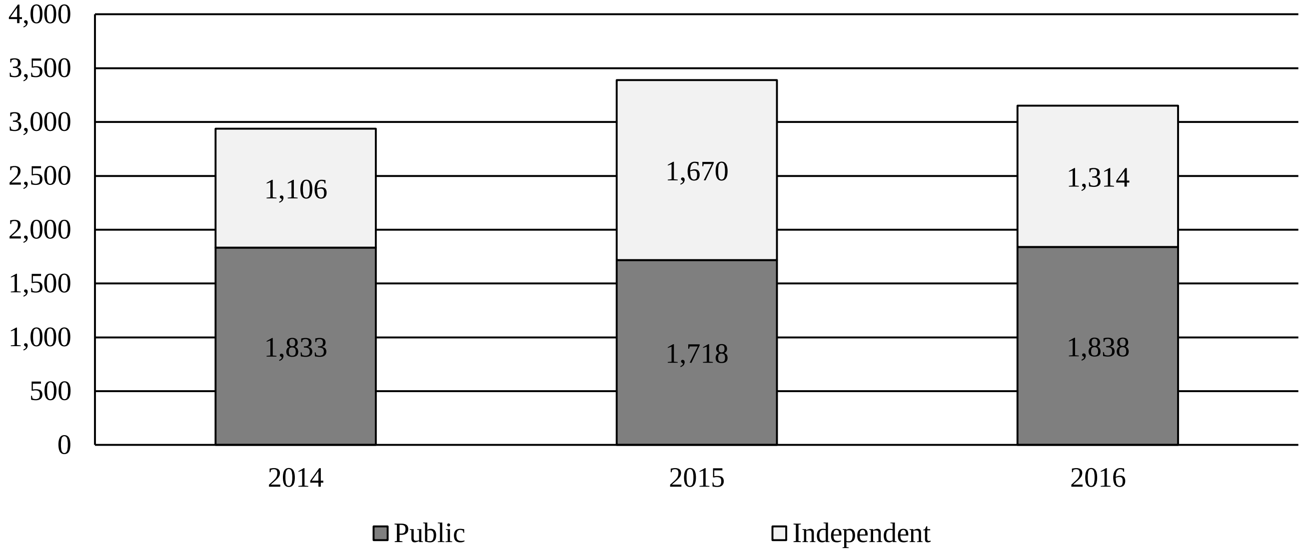
Fall 2009-2016



Source: Maryland Higher Education Commission

The number of students completing a teacher preparation program at a four-year public or independent institution increased by 449, totaling 3,388 in fiscal 2015, as shown in **Exhibit 6**. While the number of completers at public institutions decreased by 115 students in fiscal 2015, this was offset by 564 more students completing programs at independent institutions. However, in fiscal 2016, completers at independent institutions declined by 356 students, while at public institutions completers increased by 120 students. On average, public institutions accounted for 57.1% of the students completing a teacher preparation program.

Exhibit 6
Completers of Maryland Teacher Preparation Program at Public and Independent Four-year Institutions
Fiscal 2014-2016



Source: Maryland Higher Education Commission

Fiscal 2018 Actions

The September 2017 Board of Public Works (BPW) action reduced MHEC's appropriation for the Joseph A. Sellinger formula funding by $2.1 million. Also in fiscal 2018, $4.5 million of funds for the State 529 Contribution Program will revert to the General Fund due to the program being undersubscribed (discussed further in Maryland 529 budget analysis).

Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. MHEC's share of this reduction is $51,644 in general funds, $9,496 in special funds, and $3,572 in federal funds.

Proposed Budget

As shown in **Exhibit 7**, after adjusting for reversions and the across-the-board health insurance reduction in fiscal 2018 and the contingent reductions and general salary increase in fiscal 2019, the allowance decreases $1.8 million, or 2.1%.

Exhibit 7
Proposed Budget
Maryland Higher Education Commission
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2017 Actual	$59,018	$18,912	$1,579	$391	$79,900
Fiscal 2018 Working Appropriation	58,704	21,054	1,511	462	81,732
Fiscal 2019 Allowance	59,673	19,511	332	464	79,980
Fiscal 2018-2019 Amount Change	$969	-$1,543	-$1,178	$1	-$1,752
Fiscal 2018-2019 Percent Change	1.6%	-7.3%	-78.0%	0.3%	-2.1%

Where It Goes:	
Personnel Expenses	
Employee and retiree health insurance, primarily the impact of the fiscal 2018 health insurance deduction holidays	$65
General salary increase (2% effective on January 1, 2019)	43
Retirement contributions	40
Turnover adjustments	8
Other salary adjustments	7
Other fringe benefit adjustments	1
Other Changes	
Increase funding for State 529 Contribution Program	1,546
Reductions in shared human resources services	-159
End of the two-year Maryland Higher Education Outreach and College Access Pilot Programs	-250
One-time administrative grants provided in fiscal 2018 for State 529 Contribution Program and Achieving a Better Life Experience Grant	-295
Expiration of two federal grants – Improving Teacher Quality State Grants and College Access Challenge Grant Program	-1,210
Reduction in Nursing Support Program II special funds	-1,493
Other adjustments	-56
Total	**-$1,752**

Note: Numbers may not sum to total due to rounding.

Joseph A. Sellinger Formula

Exhibit 8 compares the total Sellinger aid that would be provided under current law to the allowance. Under current law, the Sellinger appropriation would have increased $7.4 million, or 15.1%, to $56.0 million over fiscal 2018. However, the Budget Reconciliation and Financing Act (BRFA) of 2018 includes a provision to fund the formula at the fiscal 2018 level thereby reducing the funding by $7.4 million. The amount of funding for the Sellinger formula in the fiscal 2019 allowance exceeds the mandated formula amount under current law by $271,332. This is due to a miscalculation in the allowance formula that overstates the total funding for the selected public four-year institutions by:

- including $2 million for the strategic partnership between the UMCP and the University of Maryland, Baltimore Campus; and

- understating the full-time equivalent student (FTES) count at the selected four-year institutions by 289.

The Department of Legislative Services (DLS) recommends that if the BRFA provision is rejected, the allowance should be reduced by $0.3 million from $56.3 million to $56.0 million.

Exhibit 8
Comparison of Funding Joseph A. Sellinger Aid
Allowance and Current Law
Fiscal 2018-2019

	Working 2018	Allowance 2019	Current Law 2019
Per FTES State Funds Per Selected Public Institutions[1]	$11,728	$11,950	$11,892
Statutory Sellinger Percentage	10.5%	10.8%	10.8%
General Funds Multiplied by Percentage	$1,231	$1,291	$1,284
Projected Independent Enrollment	$43,357	$43,604	$43,604
Sellinger Appropriation	**$53,391,542**	**$56,273,000**	**$56,001,668**
Reductions	*-$4,482,875*	*-$7,364,333*	
Adjusted Sellinger Appropriation	**$48,908,667**	**$48,908,667**	
Over Funding of Statutory Formula			**$271,332**

FTES: full-time equivalent student

[1] This is based on the allowance without any subsequent changes such as across-the-board or contingent reductions.

Source: Department of Budget and Management; Department of Legislative Services

Level funding the Sellinger formula in fiscal 2019 results in a large increase in State funding in fiscal 2020. DLS currently projects that in fiscal 2020, Sellinger aid will grow to $12.5 million, or 25%, over the BRFA of 2018 level. It should be noted that under current law funding of the Sellinger formula increases from 11.1% of the State funding per FTES in fiscal 2020 to 15.5% in fiscal 2021. This would result in an even greater increase in funding in fiscal 2021 to $90.4 million total, an increase of nearly 50% over fiscal 2020.

The BRFA of 2018 also includes a provision that funding to the institutions is allocated in the same amount as in fiscal 2018. **Exhibit 9** compares how the Sellinger funds are allocated in fiscal 2019 after adjusting for the provision in the BRFA of 2018 to how funds would be distributed using the most recent audited enrollment information, which is how funds are to be allocated under current law. In general, those institutions experiencing an increase in total enrollment (undergraduate and graduate) would lose funding based on the allocation in the BRFA of 2018.

Exhibit 9
Joseph A. Sellinger Distribution of Aid
Fiscal 2018-2019

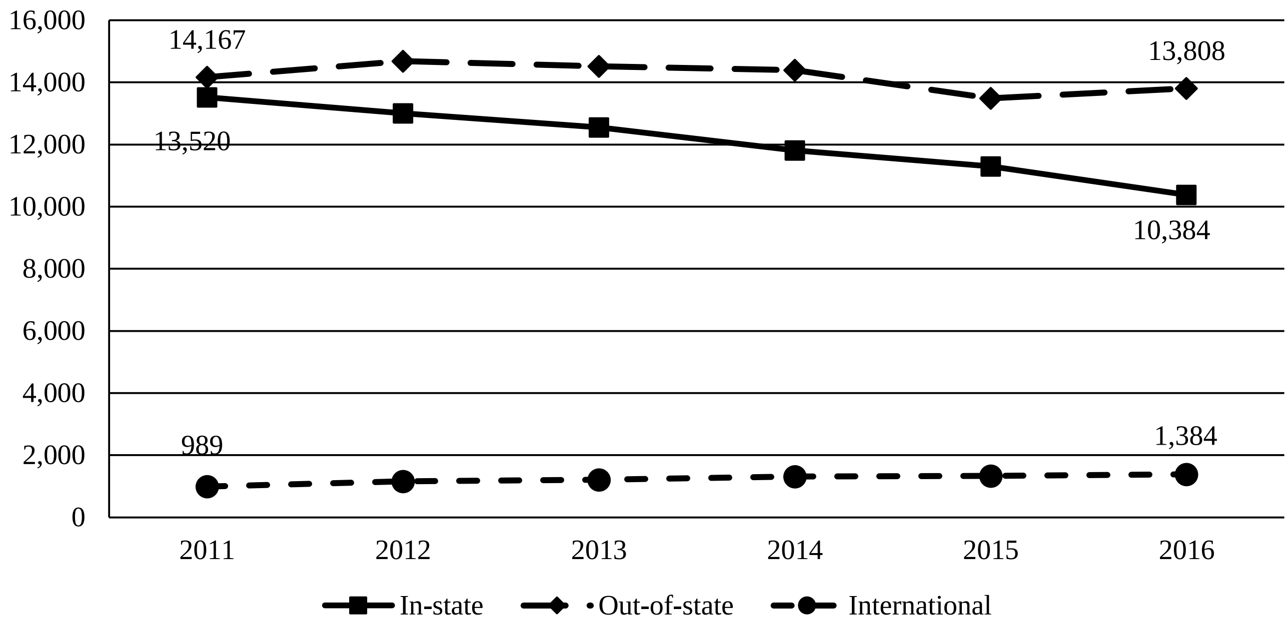
Institution	Working BRFA 2018/2019	Funding Distribution by Enrollment 2019	Loss or Gain in Funding Based on the BRFA of 2018 $	%
The Johns Hopkins University	$22,852,528	$23,673,467	-$820,939	-3.6%
Loyola College	5,803,650	5,504,695	298,955	5.2%
Stevenson University	4,146,197	3,872,275	273,922	6.6%
McDaniel College	2,461,333	2,356,127	105,206	4.3%
Maryland Institute College of Art	2,403,280	2,339,593	63,687	2.6%
Mount St. Mary’s College	2,118,577	2,163,571	-44,994	-2.1%
Goucher College	1,975,385	2,019,247	-43,862	-2.2%
Washington College	1,756,730	1,812,155	-55,425	-3.2%
Hood College	1,728,101	1,574,172	153,929	8.9%
College of Notre Dame	1,579,292	1,507,366	71,926	4.6%
Washington Adventist University	895,961	884,396	11,565	1.3%
St. John’s College	631,708	675,015	-43,307	-6.9%
Capitol Technology University	555,925	526,586	29,339	5.3%
Total	**$48,908,667**	**$48,908,667**		

BRFA: Budget Reconciliation and Financing Act

Source: Department of Budget and Management; Department of Legislative Services

Since the amount of funding that an institution receives is based on total enrollment, the amount of aid that an institution receives could increase even if undergraduate enrollment declines and, in particular, that of in-state students. This is mainly due to the formula being based on total FTES enrollment that includes undergraduate and graduate enrollment. In general, enrollment at independent institutions is growing largely among graduate students. Between fall 2011 and 2016, total undergraduate enrollment at the independent institutions fell 10.8%, or 3,100 students, of which 3,136 students were Maryland residents, as shown in **Exhibit 10**. In fall 2016, in-state enrollment at Sellinger institutions fell 8.1%, or 916 students, compared to the public four-year institutions at which enrollment of in-state students grew 0.6%, or 563 students. While the number of out-of-state students declined 2.5%, or 359 students, between fall 2011 and 2016, there was a 2.4% increase in fall 2016. Institutions seemed successful in recruiting international students with enrollment growing 39.9%, or 395 students, during this time period. The downward trend in undergraduate enrollment leads to concerns about the financial impact on institutions and that Sellinger funding may be used to support the operations of an institution rather than provide financial aid to Maryland students. **The Maryland Independent College and University Association should comment on the impact of the continual decline in undergraduate enrollment and the financial impact that this is having on institutions, especially the smaller institutions.**

Exhibit 10
Total Undergraduate Headcount Enrollment at Independent Institutions
Fall 2011-2016



Source: Maryland Higher Education Commission

Educational Grants

The Educational Grants program provides financial assistance to State, local, and private entities to enrich the quality of higher education within the goal defined by Maryland Ready. As shown in **Exhibit 11**, educational grant appropriations increase 34.6%, or $1.2 million, over fiscal 2018, which includes $0.7 million in grants that will be transferred by budget amendment in fiscal 2019. Federal funds for educational grants decline 98.1% due to the expiration of two grants.

Exhibit 11
Maryland Higher Education Commission Education Grants
Fiscal 2018-2019

Programs	**Adjusted Working 2018**	**Adjusted Allowance 2019**	**$ Difference**	**% Difference**
Federal Funds				
Improving Teacher Quality	$45,000	$0	-$45,000	-100.0%
College Access Challenge Grant Program	165,318	0	-165,318	-100.0%
John R. Justice Grant	5,760	4,000	-1,760	-30.6%
Subtotal	***$216,078***	***$4,000***	***-$212,078***	***-98.1%***
General Funds				
Complete College Maryland	$250,000	$250,000	$0	0.0%
Washington Center for Internships and Academic Seminars	175,000	175,000	0	0.0%
University of Maryland, Baltimore Campus – WellMobile[1]	0	285,000	285,000	
Regional Higher Education Centers[2]	2,038,047	1,900,261	-137,786	-6.8%
State 529 Contribution Program[3]	453,750	2,000,000	1,546,250	340.8%
State 529 Contribution Program Administrative Grant	100,000	0	-100,000	-100.0%
Achieving a Better Life Experience Grant	194,500	0	-194,500	-100.0%
Subtotal Including Grants to Be Transferred	***$3,211,297***	***$4,610,261***	***$1,398,964***	***43.6%***
Total Funds	**$3,427,375**	**$4,614,261**	***$1,186,886***	***34.6%***

[1]Funds were transferred in fiscal 2018 and will be transferred by budget amendment to the University of Maryland, Baltimore Campus in fiscal 2019.
[2]Funds for the administration of the Waldorf Center were transferred to University of Maryland University College (UMUC) by budget amendment in fiscal 2018. Fiscal 2019 includes $0.4 million for the Waldorf Center that will be transferred by budget amendment to UMUC. In fiscal 2019, funding for the Southern Maryland Higher Education Center is transferred to the University System of Maryland Office.
[3]State Contribution Program funding adjusted for planned fiscal 2018 reversion and fiscal 2019 contingent reduction of $5 million.

Note: Office for Civil Rights enhancement funds previously budgeted in the Maryland Higher Education Commission are budgeted in each Historically Black Colleges and Universities' base budget beginning in fiscal 2017. Fiscal 2018 adjusted to reflect reversion and fiscal 2019 adjusted to reflect contingent reductions.

Source: Department of Budget and Management

When excluding grants that will be transferred by budget amendment, general funds increase 22%, or $0.7 million, in fiscal 2019. Funding for the State 529 Contribution Program increases $1.5 million after adjusting for a $4.5 million reversion in fiscal 2018 due to the program being undersubscribed and a provision in the BRFA of 2018 reducing funding from $7 million as mandated in Chapter 689 of 2016 to $2 million.

Regional Higher Education Centers

As shown in **Exhibit 12,** funding for the non-USM regional higher education centers (RHEC) decreases $0.5 million in fiscal 2019. This is due to $0.5 million in funding for the Southern Maryland Higher Education Center (SMHEC) being transferred to the University System of Maryland Office (USMO) in anticipation of a merger, although legislation is required to allow the merger. **It should be noted that the amount to be transferred in the budget bill does not include the $28,353 increase in funding for SMHEC in fiscal 2019. Therefore, DLS recommends authorizing MHEC to transfer those funds to USMO, contingent on enactment of SB 903 or HB 1143.**

Exhibit 12
State Support for Regional Higher Education Centers
Fiscal 2018-2019

	2018	2019	$ Change 2018-2019	% Change 2018-2019
Non-USM RHECs				
AACC RHEC at Arundel Mills	$310,599	$292,886	-$17,713	-5.7%
Eastern Shore Higher Education	346,739	360,957	14,218	4.1%
Frederick CREST	262,047	262,047	0	0.0%
Laurel College	320,086	306,565	-13,521	-4.2%
Southern Maryland[1]	512,739	28,353	-484,386	-94.5%
University Center	285,766	241,130	-44,636	-15.6%
Waldorf	374,071	408,324	34,253	9.2%
Total All Non-USM RHECs	**$2,412,047**	**$1,900,262**	**-$511,785**	**-21.2%**
USM RHECs				
Universities at Shady Grove	$10,780,092	$14,432,709	$3,652,617	33.9%
University System of Maryland at Hagerstown	2,209,242	2,072,933	-136,309	-6.2%
Southern Maryland		512,739		
Total USM RHECs	**$12,989,334**	**$16,505,642**	**$3,516,308**	**27.1%**

AACC: Anne Arundel Community College
CREST: Center for Research and Education in Science and Technology
RHEC: Regional Higher Education Center
USM: University System of Maryland

[1]The fiscal 2019 allowance transfers Southern Maryland Higher Education Center (SMHEC) funding to the University System of Maryland in anticipation of a merger. However, legislation needs to be enacted to allow for the merger. The allowance transfers $512,739, but based on the formula used to determine the allocation of funds, SMEHC is to receive an additional $28,353 in fiscal 2019; therefore, if SB 903 or HB 1143 is enacted, a budget amendment would be needed to transfer the remaining funds.

Source: Maryland Higher Education Commission

Funding for non-USM RHECs is based on each receiving $0.2 million in base funding with the remaining funds allocated based on the fiscal 2017 audited FTES enrollment in 2+2 and upper division courses. The Waldorf Center receives the largest increase in funding of $34,253 due to a 36.7 FTES increase in enrollment in those courses. Funding for the Fredrick Center for Research and Education in Science and Technology is flat because the center did not start offering programs until fiscal 2018. Funding received in fiscal 2018 is to support the launch of the center.

Unlike the formula-funded non-USM RHECs, USM RHECs are funded through USMO, which determines the allocation of funds to the Universities at Shady Grove (USG) and USM at Hagerstown (USMH). Total funding for the USM RHEC increases 27.1%, or $3.5 million, over fiscal 2018. Fiscal 2018 includes a one-time transfer of $0.6 million ($450,000 to USG and $150,000 to USMH) from BCCC to support new academic programs at the centers. When adjusting for the transfer and the September BPW action, funding for USMH decreases 6.2%. USG receives an increase of 33.9%, or $3.7 million, which is related to the opening of a new academic facility.

Issues

1. Student Loan Debt Tax Credit

According to College Insight, 54% of Maryland undergraduate students graduated with an average debt of $27,455 in fiscal 2016. To help these Marylanders with their debts, Chapters 689 and 690 of 2016 established a refundable tax credit of up to $5,000 for qualified student loans to Maryland residents beginning in tax year 2017.

Qualifying taxpayers must have at least $20,000 in total student loan debt and have a remaining balance of at least $5,000. Taxpayers must use the credit to pay down their student loan within two years of receiving it, or the money is required to be repaid to the State. Taxpayers can apply for the credit every year until they no longer qualify. MHEC authorized to approve $5 million in fiscal 2018 as tax credits and, depending on how many people qualified, applicants may not receive the full $5,000. In 2017, MHEC launched a marketing plan to make residents aware of the tax credit, relying mostly on social media. In total, 4,988 applications were received of which 4,422 were eligible for the credit. Tax credit recipients and the amount they received were prioritized by MHEC based on:

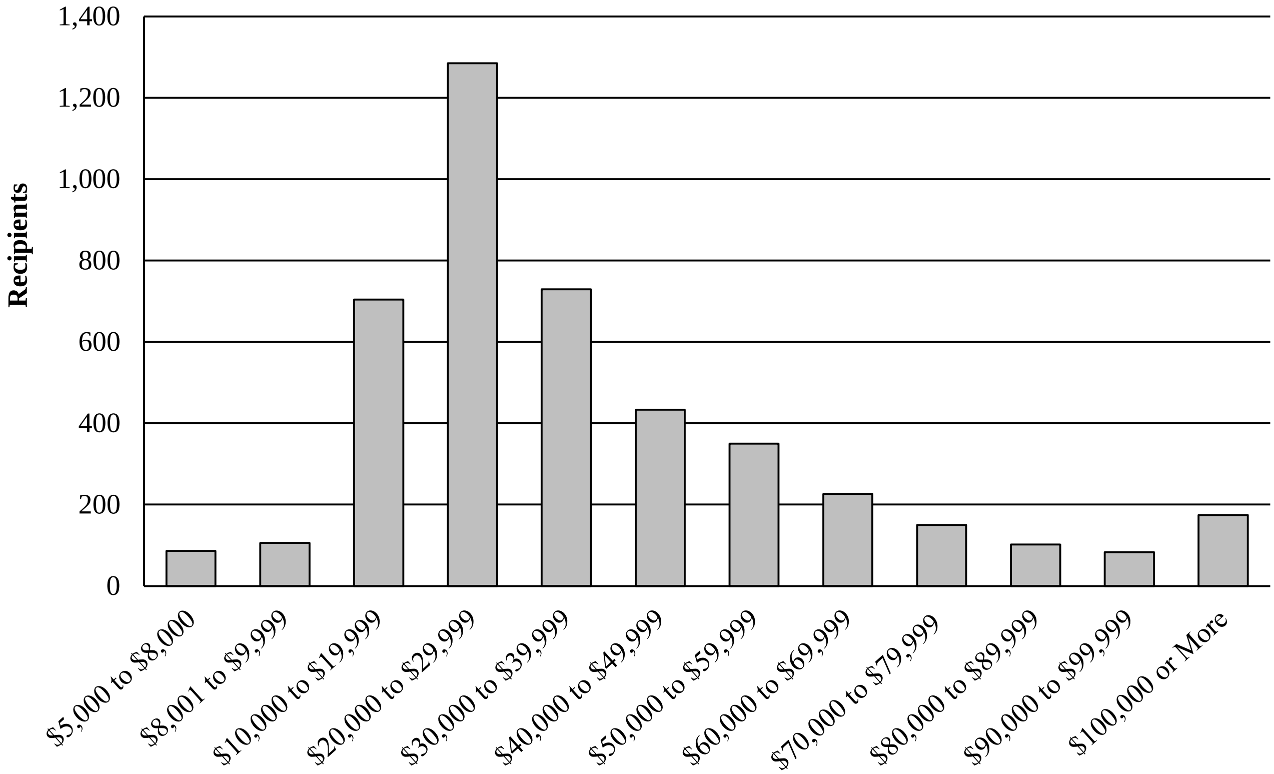
- higher debt burden to income ratio;
- graduated from an institution of higher education located in Maryland; or
- eligible for in-state tuition.

MHEC received 4,988 applications of which:

- 2,881 who were eligible for in-state tuition, received $1,201; and
- 1,541 who were not eligible for in-state tuition, received $1,000.

As shown in **Exhibit 13**, 1,285 recipients had balances between $20,000 and $29,999 while 174 recipients had balances of $100,000 or greater. Overall, recipients had an average debt balance of $40,207.

Exhibit 13
Outstanding Loan Balances of Student Loan Tax Credit Recipients
2017 Tax Year



Source: Maryland Higher Education Commission

Of the 566 applicants that were not eligible for the tax credit, 145 did not meet the eligibility criteria for debt level, and 421 were ineligible due to incomplete information.

As previously mentioned and discussed in the Maryland 529 budget analysis, enrollment in the State 529 Contribution Program was undersubscribed, resulting in the reversion of $4.5 million in fiscal 2018, and the BRFA of 2018 reduces mandated funding beginning in fiscal 2019 from $7 million to $2 million. Conversely, the tax credit program has proven to be popular, and as such, eligible recipients only received less than a quarter of the maximum $5,000 credit. Therefore, DLS recommends that $4 million budgeted for the State 529 Contribution Program in fiscal 2019 (leaving $3 million rather than $2 million proposed in the BRFA of 2018) be reduced and used instead for the student loan tax credit program. This action

requires amendment to the budget and the BRFA of 2018 (to reduce $4 million for the State 529 Contribution) and other legislation (to raise the cap of tax credit).

2. Revising the Annual Report on Student Success

Since fiscal 2010, annual committee narrative has required MHEC to submit a report on the outcomes of the cohort of students who participated in Access and Success (A&S) programs at HBCUs. In order to evaluate the impact of the programs, MHEC collected and analyzed data on the progression, retention, and graduation of the students participating in A&S programs. Over the years, DLS raised concerns that the funds were not used consistently and that program outcomes have been relatively poor. The 2017 *Joint Chairmen's Report* requested MHEC to submit a report not only on revising the A&S report but also to include how institutions are using Office for Civil Rights (OCR) enhancement funds to improve student success.

A&S Report

For the A&S report, institutions provided various student progression measures including credit accumulation; grade point average; year-to-year persistence; graduation; and completion of developmental or remedial coursework in math, English, and reading. Since each institution offered a summer bridge program that was wholly or in part supported by A&S funding, the report focused on those student's successes and outcomes.

Overall, several factors made it difficult to determine the impact that A&S funding had on student success including:

- Funds were used to support a variety of programs and initiatives from summer bridge programs to academic advising centers and, as a result, it was difficult to draw direct connections between these programs and student success.

- Many factors, and not just a single intervention, affect retention and graduation rates. For instance, a student may have benefited from a summer bridge program but may not have graduated due to financial reasons.

- Since fiscal 2007, A&S funds were incorporated into each institution's base funding, thereby making it difficult to connect outcomes with a specific stream of funding.

MHEC notes other limitations of the report including:

- data on student outcomes would be more useful if it was compared to similar data for the traditionally white institutions (TWI);

- focusing on summer bridge programs obscured wider successes and challenges to student success, and direct comparisons of these programs could not be made due to their differences; and

- the report was of limited use to institutions in exchanging best practices due to their unique attributes in that what worked at one institution may not work at another.

Due to above stated limitations, MHEC recommends that the report be discontinued, and if the General Assembly agrees, one final summative report should be requested, in which institutions summarize the use of the funds over the last 20 years and discuss lessons learned.

MHEC notes that when it redesigned its data collection in 2012, one objective was to expand its ability to report on intermediate outcomes that HBCUs have provided in the A&S report since 2010. Now that MHEC has at least five years of data on intermediate outcomes, it will be producing reports on these data for all institutions in the next 12 to 18 months.

OCR Enhancement Funds

HBCUs report that OCR funds will be spent in the coming fiscal year. It should be noted that starting in fiscal 2017, these funds were included in each institution's base budget at the request of the General Assembly. Institutions generally include a brief explanation of how the expenditures fit into its operational and strategic goals. While each spends its OCR funds differently, over the past five years, a pattern emerged with institutions spending funds to:

- maintain and upgrade facilities;

- purchase and implement campuswide administrative and academic computing systems;

- purchase equipment for new facilities;

- improve information technology infrastructure;

- subsidize academic program development;

- support enrollment activities; and

- pay debt service.

DLS recommends that MHEC submit a report summarizing the use of both A&S and OCR funding by the institutions and lessons learned.

3. 2017-2021 *State Plan for Postsecondary Education*

MHEC is required by statute to provide a State plan for postsecondary education every four years and recently released the 2017-2021 *State Plan for Postsecondary Education: Student Success with Less Debt*. It should be noted that MHEC was supposed to submit the plan to the Governor and General Assembly by July 1, 2017, but it was not approved by the commission until December 2017. **The Secretary should comment on the delay in submitting the plan to the Governor and the General Assembly.**

As indicated by the title, the plan focuses on improving the success of all students including nontraditional students who comprise the majority of students and from all backgrounds such as first-generation, veteran, returning adults, and low-income students. Improving student success and keeping postsecondary education accessible and affordable to all should result in students accumulating less debt. Several strategies were developed and are categorized into one of three goals:

- ***Access:*** Ensure equitable access to affordable and quality postsecondary education for all Maryland residents. Strategies include:

  - improve college readiness among K-12 students;

  - promote greater financial literacy of students and families to encourage financial planning for postsecondary education; and

  - expand efforts to reach out to nontraditional students.

- ***Success:*** Promote and implement practices and policies that will ensure student success. Strategies include:

  - ensure equal educational opportunities for all Maryland residents;

  - ensure that laws, policies, and regulations support and encourage the success of all students;

  - provide options and services designed to facilitate prompt completion of degree requirement; and

  - enhance and integrate career advising and planning services into academic advising and planning.

- ***Innovation:*** Foster innovation in all aspects of Maryland higher education to improve access and student success. Strategies include:

  - developing new partnerships between colleges and businesses to support workforce development and improve workforce readiness;

- strengthening and sustaining development and collaboration in addressing teaching and learning challenges; and
- expanding support for research and research partnerships and encouraging a culture of risk-taking and experimentation.

4. Update on HBCU Lawsuit

The Coalition for Equity and Excellence in Maryland Higher Education, a group of former, current, and prospective students at Maryland's HBCUs, is suing the State and MHEC alleging violations of the Civil Rights Act of 1964 and the Equal Protection Clause of the Fourteenth Amendment. The lawsuit was initially filed in 2006 in Baltimore City but was moved a few weeks later to the U.S. District Court. After attempts at mediation failed and after a long process of discovery, a six-week bench trial was held in January and February 2012 with closing oral arguments in October 2012.

The parties have never disputed that Maryland operated a *de jure* (as a matter of law) system of segregated public higher education before 1969, when the U.S. Department of Education's OCR found the State in violation of Title VI of the Civil Rights Act of 1964. In the coalition's lawsuit, three policies of the Maryland system of higher education allegedly traceable to the prior *de jure* system were at issue: (1) limited institutional missions; (2) operational funding deficiencies; and (3) unnecessary program duplication.

On October 7, 2013, the U.S. District Court issued a memorandum (which in its current form is not a final decision of the court) of its findings of fact and conclusions of law. Although the court noted that the institutional missions of HBCUs are linked to the *de jure* era, the court held that the coalition was unable to demonstrate that the State is responsible for limiting, perpetuating, or imposing missions on HBCUs.

The court rejected the coalition's allegation that operational funding deficiencies at HBCUs were entrenched in or a continuation of funding practices that were segregative and traceable from the *de jure* era. Maryland's current funding framework is structurally different than prior funding policies and practices. In fact, the court found that under Maryland's current funding system, HBCUs are not underfunded by the State, relative to TWIs, but rather Maryland appropriates slightly more per FTES at HBCUs than at TWIs. Further, the court found that Maryland's HBCUs are funded at or above their peer-based funding targets. While the court noted that HBCUs struggle financially because of factors such as lower tuition revenue, insufficient fundraising capacity, and difficulty in attaining external grants, the court found that these factors are outside of State control. The court held that additional funding, in excess of what the State has already provided HBCUs in enhancement funding, is not required. (The court previously ruled in summary judgment that another of the coalition's claims related to capital funding deficiencies was not proved and, therefore, that claim did not proceed to trial.)

However, the court did find that the State failed to eliminate unnecessary program duplication for Maryland's HBCUs and that this policy is traceable to the *de jure* era.

Unnecessary Program Duplication

The court concluded that the coalition proved that unnecessary program duplication continues and is a policy traceable to prior *de jure* segregation. The court, applying the law established by the Supreme Court in *United States v. Fordice*, defined unnecessary duplication as the offering by two or more institutions of the same nonessential or noncore programs; nonbasic liberal arts and sciences course work at the bachelor's level; and all duplication at the master's level and above. The court cited MHEC's decision to approve a joint UB/Towson University (TU) Masters of Business Administration program (MBA), despite the objections of MSU in 2005 as an example of how the State failed to prevent additional unnecessary duplication. (TU and UB did not renew the Memorandum of Understanding when it expired in October 2015, resulting in the program reverting back to UB).

The court found that the State's "sound educational justification" for program duplication consisted of justifications for the approval of the MBA program at UB/TU rather than a thorough and thoughtful assessment and analysis of whether the same goals could be accomplished with less segregative results, such as offering MSU additional funding for its MBA program or establishing a program at another HBCU instead of a TWI. The court also found that, in addition to failing to disapprove new duplicative high-demand programs at TWIs within close proximity to HBCUs, MHEC also failed to analyze and eliminate existing high-demand programs that are duplicated at TWIs and HBCUs.

The strong collaborative partnership between UMES and Salisbury University (SU) that currently exists demonstrated to the court that unnecessary program duplication can be minimized. The court found that only 9% of HBCU programs are unnecessarily duplicated on the Eastern Shore, while 38% are unnecessarily duplicated in the Baltimore area. In 2009, UMES had a 13.3% white student population, which is significantly more desegregated than the 1% to 4% white student population at HBCUs in the Baltimore area, which the court attributed to the lack of unnecessary duplication at UMES and SU.

Determining a Remedy

The court deferred entry of judgment pending mediation or further proceedings to establish a remedy. The case was referred back for mediation with a suggested starting point that each HBCU "should develop programmatic niches of areas or areas of excellence in at least two high-demand clusters within the next three to four years." The niche areas identified by the court include Green Sustainability Studies, Computer Sciences, Aging Studies, and Health Care Facilities Management. However, mediation was unsuccessful.

In January and February 2017, a six-week hearing on remedies took place. Following oral argument, on November 8, 2017, the court found that neither party's remedial plan was "practicable, educationally sound, and sufficient to address the segregative harms of program duplication at the [HBCUs]." Therefore, the court will appoint a special master to develop a Remedial Plan. In crafting the plan, the special master must consult with relevant actors. The plan must incorporate elements of both parties' remedial proposals and propose a set of new unique programs, or high-demand programs, or both at each HBCU. These should be determined by taking into account areas of strength, physical building capacity, and programmatic niches. The plan may not include program transfers or closings of institutions absent agreement from the impacted institutions of higher education. Finally, the plan must provide funding to HBCUs to be used to support student recruitment, financial aid, marketing, and related initiatives. The court will receive periodic reporting regarding implementation of the special master's plan.

The plaintiffs' have nominated H. Patrick Swygert and John W. Garland as potential special masters, and the State has nominated Dr. Richard Rhoda. As of February 5, 2018, a special master has not been appointed.

Next Steps

Both the coalition and the State have appealed the decision of the court regarding the appointment of the special master. The State's motion to stay the court remedy pending appeal has been fully briefed and is awaiting Judge Blake's decision. Opening briefs on appeal are due March 14, 2018, with further briefs due in April and May.

On February 7, 2018, the Governor proposed a $100 million settlement, which would supplement State appropriations to the HBCUs over a 10-year period. It is not known how the funds would be allocated among the institutions or if it would be used consistent with the judge's order. According to the Governor's office, these issues would have to be negotiated between the parties, resolved with the court, and included in the final settlement agreement.

Operating Budget Recommended Actions

1. Add the following language to the general fund appropriation:

   <u>, provided that $28,353 made for the purpose of the Southern Maryland Higher Education Center may be transferred by budget amendment to the University System of Maryland Office (R30B36.04) contingent on enactment of SB 903 or HB 1143.</u>

   Explanation: This language authorizes the transfer of funds related to the funding of the Southern Maryland Higher Education Center to the University System of Maryland Office contingent on enactment of SB 903 or HB 1143.

		Amount Reduction	
2.	Reduce funding for State 529 Contribution Program.	$ 4,000,000	GF

3. Adopt the following narrative:

   Report on Best Practices and Annual Progress Toward the 55% Completion Goal: The committees understand that in order to meet the State's goal to have at least 55% of Maryland's residents age 25 to 64 holding at least one degree credential by 2025, accurate and timely information on degree progression and best practices is needed to ensure that the State is on track to meet the goal. The committees request that the Maryland Higher Education Commission (MHEC) annually collect and analyze student- and transcript-level data on progression, graduation, and other relevant metrics from each public institution of higher education, including community colleges and regional higher education centers. MHEC should submit a report by December 15 each year that analyzes the data and shows each institution's progress toward the State and institutional goals in 2025. The report should also include a summary of best practices and findings on the effectiveness of institutions' programs, as well as any concerns regarding lack of progress or best practices that are not being implemented by institutions.

   In addition, the committees request that MHEC, in collaboration with the Governor's Prekindergarten-20 Council, convene a biennial Summit on Completion that provides a forum for representatives of all segments of education (including K-12), economic and workforce development, and other stakeholders to share best practices on college completion that are underway in Maryland and hear from experts on best practices in other states that may be replicated in Maryland. A summary of the summit should be included in the annual report on best practices and progress toward the 55% goal.

Information Request	Author	Due Date
Report on best practices and progress toward the 55% completion goal	MHEC	December 15, 2018, and annually thereafter

4. Adopt the following narrative:

Final Report on Access and Success and Office for Civil Rights Enhance Funds: As part of the State's agreement with the federal Office for Civil Rights (OCR), the State has provided annual funding known as Access and Success (A&S) funds to Maryland's Historically Black Colleges and Universities (HBCU) to improve retention and graduation rates. HBCU's also received OCR enhancement funds to support programs to enhance the campus and institution. Since fiscal 2007, A&S funds have been appropriated directly to HBCUs, and starting in fiscal 2017, OCR enhancement funds were included in the institution's base budget. Institutions were required to submit two separate reports to the Maryland Higher Education Commission (MHEC) on how A&S and OCR funds would be spent in the coming year. The annual reports should be discontinued due to the limitations of each in providing useful information. However, MHEC should submit a final report summarizing the use of A&S and OCR funds, the impact or outcomes from programs on projects supported with these funds, and lessons learned.

Information Request	Author	Due Date
Final report on the Access and Success and Office for Civil Rights funds	MHEC	October 15, 2018

Total General Fund Reductions	**$ 4,000,000**

Appendix 1
Current and Prior Year Budgets
MHEC – Administration
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2017					
Legislative Appropriation	$66,283	$20,432	$2,462	$481	$89,658
Deficiency Appropriation	4,012	0	0	0	4,012
Cost Containment	-3,995	0	0	0	-3,995
Budget Amendments	-6,609	1	5	0	-6,603
Reversions and Cancellations	-673	-1,522	-888	-90	-3,172
Actual Expenditures	**$59,018**	**$18,912**	**$1,579**	**$391**	**$79,900**
Fiscal 2018					
Legislative Appropriation	$70,953	$21,064	$1,514	$462	$93,993
Cost Containment	-2,091	0	0	0	-2,091
Budget Amendments	-5,559	0	0	0	-5,559
Working Appropriation	**$63,302**	**$21,064**	**$1,514**	**$462**	**$86,343**

MHEC: Maryland Higher Education Commission

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.

Fiscal 2017

In fiscal 2017, the general fund appropriation decreased by $7.3 million. General funds increased by $4 million due to a deficiency appropriation primarily for legal services related to an ongoing lawsuit. This was offset by November 2016 cost containment of $4 million in the Joseph A. Sellinger program and a reduction of $6.6 million through budget amendments. Specifically, a decrease of $6.7 million within the Maryland Higher Education Commission's (MHEC) Educational Grants that were dispersed as annual awards to various public Maryland institutions that was partially offset the by addition of centrally budgeted increments. At the end of the fiscal year, $0.7 million in general funds reverted due to need for legal services moving to the next fiscal year.

Special funds increased by $1,000 and federal funds by $5,000 due to centrally budgeted increments. At the end of the fiscal year, $1.5 million in special funds were canceled. Of that amount, $0.5 million was due to a decline in fees received for academic program and online program review, and $1 million was related to two allied health grant-giving programs that both received funds returned from prior years' grants being unable to fully disperse all the grant funding due to the number of applications received. Almost $0.9 million in federal funds were canceled due to MHEC not spending the entirety of the federal grants on teacher quality and college access within the fiscal year. Finally, $0.1 million in reimbursable funds were canceled due to a vacant position shared with the Maryland Longitudinal Data System Center.

Fiscal 2018

To date, general funds decreased $7.7 million due to $5.6 million transfer of funds within MHEC's Educational Grants that were dispersed as annual awards to various public Maryland institutions, and a September 2017 cost containment action by the Board of Public Works reduced general funds by $2.1 million in the Joseph A. Sellinger program.

Appendix 2
Object/Fund Difference Report
Maryland Higher Education Commission

Object/Fund	FY 17 Actual	FY 18 Working Appropriation	FY 19 Allowance	FY 18 - FY 19 Amount Change	Percent Change
Positions					
01 Regular	54.60	54.60	54.60	0.00	0%
02 Contractual	6.55	11.33	8.00	-3.33	-29.4%
Total Positions	**61.15**	**65.93**	**62.60**	**-3.33**	**-5.1%**
Objects					
01 Salaries and Wages	$ 4,818,400	$ 5,120,867	$ 5,176,776	$ 55,909	1.1%
02 Technical and Spec. Fees	418,670	657,961	494,248	-163,713	-24.9%
03 Communication	56,405	71,478	70,976	-502	-0.7%
04 Travel	281,417	80,216	90,798	10,582	13.2%
07 Motor Vehicles	62,839	69,114	79,673	10,559	15.3%
08 Contractual Services	4,469,980	1,021,597	698,581	-323,016	-31.6%
09 Supplies and Materials	33,093	21,848	38,800	16,952	77.6%
10 Equipment – Replacement	10,635	46,437	16,237	-30,200	-65.0%
11 Equipment – Additional	0	20,000	7,500	-12,500	-62.5%
12 Grants, Subsidies, and Contributions	69,366,772	78,776,214	85,164,157	6,387,943	8.1%
13 Fixed Charges	381,517	456,868	462,974	6,106	1.3%
Total Objects	**$ 79,899,728**	**$ 86,342,600**	**$ 92,300,720**	**$ 5,958,120**	**6.9%**
Funds					
01 General Fund	$ 59,017,782	$ 63,302,185	$ 72,002,697	$ 8,700,512	13.7%
03 Special Fund	18,911,820	21,063,508	19,505,095	-1,558,413	-7.4%
05 Federal Fund	1,578,964	1,514,439	330,085	-1,184,354	-78.2%
09 Reimbursable Fund	391,162	462,468	462,843	375	0.1%
Total Funds	**$ 79,899,728**	**$ 86,342,600**	**$ 92,300,720**	**$ 5,958,120**	**6.9%**

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 3
Fiscal Summary
Maryland Higher Education Commission

Program/Unit	FY 17 Actual	FY 18 Wrk Approp	FY 19 Allowance	Change	FY 18 - FY 19 % Change
01 General Administration	$ 10,156,361	$ 7,479,398	$ 7,044,217	-$ 435,181	-5.8%
02 College Prep/Intervention Program	750,000	750,000	750,000	0	0%
03 Joseph A. Sellinger Program	46,817,333	48,908,667	56,273,000	7,364,333	15.1%
07 Educational Grants	3,564,770	8,787,547	9,640,261	852,714	9.7%
38 Nurse Support Program II	17,718,350	20,166,988	18,593,242	-1,573,746	-7.8%
39 Health Personnel Shortage Incentive Grant	642,914	0	0	0	0%
43 College Access Pilot Program	250,000	250,000	0	-250,000	-100.0%
Total Expenditures	**$ 79,899,728**	**$ 86,342,600**	**$ 92,300,720**	**$ 5,958,120**	**6.9%**
General Fund	$ 59,017,782	$ 63,302,185	$ 72,002,697	$ 8,700,512	13.7%
Special Fund	18,911,820	21,063,508	19,505,095	-1,558,413	-7.4%
Federal Fund	1,578,964	1,514,439	330,085	-1,184,354	-78.2%
Total Appropriations	**$ 79,508,566**	**$ 85,880,132**	**$ 91,837,877**	**$ 5,957,745**	**6.9%**
Reimbursable Fund	$ 391,162	$ 462,468	$ 462,843	$ 375	0.1%
Total Funds	**$ 79,899,728**	**$ 86,342,600**	**$ 92,300,720**	**$ 5,958,120**	**6.9%**

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.