

Department of Legislative Services  
 Maryland General Assembly  
 2015 Session

FISCAL AND POLICY NOTE  
 Revised

House Bill 779

(Delegate A. Washington, *et al.*)

Ways and Means

Education, Health, and Environmental Affairs

Maryland Higher Education Outreach and College Access Pilot Program

This bill establishes the Maryland Higher Education Outreach and College Access Pilot Program targeting low-income Maryland high school students. It is a two-year pilot grant program for eligible nonprofit organizations that meet specified requirements to be administered by the Maryland Higher Education Commission (MHEC). By December 1, 2017, and December 1, 2018, MHEC must report to the General Assembly on specified information about the program.

The bill terminates September 30, 2019.

Fiscal Summary

**State Effect:** General fund expenditures increase by \$180,500 in FY 2017 and \$177,300 in FY 2018 for the pilot program, which includes funds for MHEC to hire a half-time grants administrator and \$150,000 in grant funds each year for the duration of the pilot program. Revenues are not affected.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	180,500	177,300	0	0
Net Effect	\$0	(\$180,500)	(\$177,300)	\$0	\$0

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

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** 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 must establish a grant program. MHEC must publish the grant program on its website through which nonprofit organizations may learn about eligibility, application, and compliance requirements and apply for funding. MHEC must develop application requirements and review and approve applications, develop a process for verifying that matching funds are available, and allocate funding to approved nonprofit organizations on a competitive basis.

To be eligible for participation in the 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.

By December 1, 2017, and December 1, 2018, MHEC must prepare a report on the program that includes (1) a summary of the reports received regarding the program; (2) the amount of funds distributed each fiscal year; and (3) if an eligible wait list exists, the number of nonprofit organizations on the wait list.

**Current Law/Background:** 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.

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 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.

**State Expenditures:** MHEC reports that current outreach efforts for the general student population are funded by a federal College Access Challenge Grant, which has expired with final current grant expenditures 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 low-income students is not approved under the current grant. Thus, to implement the Maryland Higher Education Outreach and College Access Pilot Program, MHEC advises it needs to hire a full-time grants administrator on a contractual basis. The Department of Legislative Services advises that only a half-time grants administrator is required to meet the requirements of the bill.

Thus, general fund expenditures increase by \$180,472 in fiscal 2017 and \$177,348 in fiscal 2018 for MHEC to hire a half-time grants administrator beginning July 1, 2016 (fiscal 2017), through June 30, 2018 (fiscal 2018) when the two-year pilot program ends, and for \$150,000 in grant funds to be distributed in both years. It is assumed that a half-time grants administrator hired July 1, 2016, can develop the application requirements and post them on MHEC's website with adequate time for nonprofit organizations to apply and for MHEC to evaluate and award grants for fiscal 2017. If additional time is required to develop the application prior to July 1, 2016, and the half-time grants administrator needs to be hired earlier, additional funds are required in fiscal 2016.

Under the assumptions stated above, MHEC expenditures for a half-time grants administrator increase by \$30,492 in fiscal 2017 and \$27,348 in fiscal 2018. It is assumed that a viable pilot program requires \$150,000 per year in grant funds to distribute to qualified nonprofit organizations; thus, general fund expenditures increase by \$150,000 in fiscal 2017 and 2018 for this purpose. 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 \$300,000 in funds for the Maryland Higher Education Outreach and College Access Pilot Program will be available in both fiscal 2017 and 2018.

	<u>FY 2017</u>	<u>FY 2018</u>
Contractual Position	0.5	
Salary and Fringe Benefits	\$25,891	\$27,050
Start-up and Operating Costs	4,581	298
Grant Funds	<u>150,000</u>	<u>150,000</u>
<b>Total General Fund Expenditures</b>	<b>\$180,472</b>	<b>\$177,348</b>

Future year expenditures reflect elimination of the contractual position and the termination of the two-year grant pilot program on June 30, 2018 (fiscal 2018).

The estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

**Additional Comments:** The bill states that it is a two-year pilot program; thus, this fiscal and policy note assumes the pilot ends after two years, even though the bill does not terminate until September 30, 2019.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 816 (Senator Rosapepe) - Education, Health, and Environmental Affairs.

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

**Fiscal Note History:** First Reader - March 3, 2015  
md/rhh Revised - House Third Reader - April 1, 2015  
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