This bill requires each community college and public four-year institution of higher education to participate in a transfer platform to facilitate the transfer of students from community colleges to four-year institutions of higher education. A nonpublic institution that receives State funds (i.e., through the Joseph A. Sellinger Grant Program) must participate if a total of at least 50 students transfer from a community college in the State. A receiving institution must approve a transfer of credit or a course from a sending institution if at least 70% of the learning outcomes are equivalent. The Maryland Higher Education Commission (MHEC) must establish the transfer platform, or delegate the responsibility to the University System of Maryland (USM), under specified circumstances. Institutions must follow specified transfer protocols and complete specified tasks. The bill takes effect July 1, 2022.

Fiscal Summary

State Effect: For the purposes of this estimate, higher education expenditures for the existing transfer platform are assumed to continue as under current practice. Thus, overall higher education revenues and expenditures are likely not materially affected, as described below. However, unlike current practice, participation is required. Alternatively, general fund expenditures increase by an estimated $1.0 million annually, as discussed below.

Local Effect: For the purposes of this estimate, higher education expenditures for the existing transfer platform are assumed to continue as under current practice. Thus, overall, local community college revenues and expenditures are likely not materially affected, as described below. However, unlike current practice, participation is required.

Small Business Effect: None.
Analysis

**Bill Summary:** Specifically, if USM has a similar transfer platform, MHEC must delegate the design or establishment of the platform to USM. If the design and establishment of the transfer platform is delegated to USM, USM must adhere to the requirements for the transfer platform. Further, MHEC must retain enforcement control of the platform and access to all data in the platform.

The transfer platform must:

- allow students and advisors to determine if a course will transfer from any community college to any four-year institution of higher education that participates in the transfer platform;
- provide recommended courses to students for specific programs of study at four-year institutions of higher education; and
- include other options, as specified.

A nonpublic institution of higher education that receives State funds (*i.e.*, through the Sellinger funding formula) *may* participate in the transfer platform regardless of the number of students who transfer to the nonpublic institution from a community college in the State (but must participate at a specified threshold of transfers as noted above).

Each institution of higher education must:

- honor all course information in the transfer platform, including transfer information, unless an academic program no longer exists;
- update all course information in the transfer platform within 60 days of receipt of a course evaluation request;
- complete all transfer evaluations submitted through the transfer platform before registering a student for a course; and
- remove any credits, courses, or inaccurate information in the transfer platform before each academic year and not more than 60 days after the addition or termination of an academic program.

Each receiving institution must review all course evaluations submitted in the transfer platform by a sending institution and provide decisions to the sending institution in the transfer platform.

If a public institution of higher education does not honor the information in the transfer platform, the institution must report the failure to honor the information as a denial of transfer credit on the annual denial of credit report submitted to MHEC.

SB 540/ Page 2
Current Law:

Statute – Transfer Requirements

MHEC must establish procedures for the transfer of students between public segments of postsecondary education. MHEC must recommend cooperative programs among segments of postsecondary education to assure appropriate flexibility in the higher education system. In conjunction with the governing boards of institutions, MHEC must establish standards for articulation agreements.

The procedures established must require a receiving institution that denies the transfer of a credit or course to an enrolled student to notify the transfer coordinator or institutional designee of the sending institution and the enrolled student about the denial within a time period that MHEC determines to be the latest possible time for the notification and specify the rationale for the denial. The transfer coordinator or institutional designee of the sending institution must conduct a review, in conjunction with the receiving institution’s designee, within a time period MHEC determines to be appropriate. Each public institution of higher education must submit an annual report to MHEC listing any denials of transfer of a credit or a course and the reasons for the denials.

MHEC, in collaboration with the public institutions of higher education, was required to develop and implement, by July 1, 2016, a statewide transfer agreement whereby at least 60 credits of general education, elective, and major courses that a student earns at any community college in the State toward an associate of arts or associate of science degree must be transferable to any public four-year higher education institution in the State for credit toward a bachelor’s degree.

In addition, MHEC, in collaboration with the public institutions of higher education, was required to develop and implement, by July 1, 2016, a statewide reverse transfer agreement whereby at least 30 credits that a student earns at any public four-year institution in the State toward a bachelor’s degree are transferable to any community college in the State for credit toward an associate’s degree.

Regulations – Transfer of Courses and Credits

The Code of Maryland Regulations establishes detailed transfer requirements that specify which types of credits and courses must transfer. In general, credit earned at any public institution in the State is transferable to any other public institution if (1) the credit is from a college or university parallel course or program; (2) grades in the block of courses transferred averaged 2.0 or higher; and (3) acceptance of the credit is consistent with the policies of the receiving institution governing native students following the same program. In addition, community college courses taken as part of a recommended transfer program...
degree must be applicable to related programs at the receiving public institution granting
the degree if successfully completed in accordance with the receiving institution’s policies
governing native students in the same program.

In general, a completed general education program must transfer (as lower-division credits)
without further review or approval by the receiving institution and without the need for a
course-by-course match. The assignment of credit through a nationally recognized
standardized exam such as the Advanced Placement (known as AP) exam must be
determined according to the same standards that apply to native students in the receiving
institution and consistent with the State minimum requirements. Other nontraditional
credit, such as technical courses from career programs, must be evaluated on a
course-by-course basis according to the same standards that apply to native students.

_**Regulations – Student Transfer Responsibilities**_

According to regulations, a student is held accountable for the loss of credits that (1) result
from changes in the student’s selection of the major program of study; (2) were earned for
remedial course work; or (3) exceed the total course credits accepted in transfer. A student
is also responsible for meeting all requirements of the academic program of the receiving
institution.

_**Regulations – General Education Courses Transfer Mediation Committee**_

According to regulations, sending and receiving institutions that disagree on the
transferability of _general education courses_ must submit their disagreements to the
Secretary of Higher Education, who must appoint a Transfer Mediation Committee to
adjudicate the disagreement. Members appointed to the committee must be representative
of the public four-year colleges and universities and the community colleges. The
committee must address general education issues at the course or curricular level, not
individual student cases. As appropriate, the committee must consult with faculty on
curricular issues. The findings of the committee are considered binding on both parties.

_**Regulations – Denial of Credit**_

According to regulations, the receiving institution must inform the student of the denial in
writing no later than the middle of the student’s first semester at the institution and must
additionally inform the student of their right to appeal the decision. If the student exercises
their right to appeal, the institution must respond within 10 working days, and their decision
must be conveyed to the student in writing and be consistent with the applicable
regulations. If the appeal is denied, the student may, within 10 working days, request that
the transfer coordinator of their sending institution intercede on their behalf.
Representatives of both institutions must affirm, modify, or reverse the initial decision
within 15 working days of the request. This decision is final and must be conveyed to the student in writing.

**Regulations – Transfer Coordinator**

A public institution of higher education must designate a transfer coordinator, who serves as a resource person to transfer students at either the sending or receiving campus. The transfer coordinator is responsible for overseeing the application of the policies and procedures and interpreting transfer policies to the individual student and to the institution.

**Student Transfer Advisory Committee**

The Student Transfer Advisory Committee (STAC) was codified in statute by Chapter 327 of 2012 for a 10-year period; thus, it terminates June 30, 2022. According to regulations, MHEC must establish a permanent STAC. STAC is expected to review and analyze (1) matriculation and student support services, including admission and advising practices and (2) any other student transfer-related issues referred to it by MHEC. STAC is required to report by December 1 in odd-numbered years.

**State/Local Fiscal Effect:** USM operates the existing transfer platform known as ARTSYS (Articulation System for Maryland Colleges and Universities). ARTSYS was created to facilitate the transfer of students from Maryland community colleges to USM institutions and other participating institutions. Participating institutions pay a fee to help offset the costs to operate the system. According to USM, the costs to operate ARTSYS through fiscal 2024 (when the current contract ends) total approximately $1.0 million annually. These costs include a full-time position and vendor subscription fees for the technology infrastructure.

Since USM operates ARTSYS, for the purposes of this estimate, it is assumed that MHEC delegates the responsibility to operate the transfer platform to USM. However, if ARTSYS does not meet the requirements of the bill, MHEC will need to establish a system that does (using the fee structure discussed below or general funds).

*For the purposes of this estimate,* it is assumed that USM continues to operate ARTSYS using the current funding model of fees paid by participating institutions. Under that model, (public and private) participating institutions pay $848,500 in annual fees to USM. It is assumed that USM expenditures to operate the transfer platform are not materially affected. If, in future years, costs to operate the transfer platform exceed current costs, fees charged to participating institutions may increase. Alternatively, MHEC general fund or USM general fund or higher education expenditures may increase to cover the costs.
It is assumed that public institutions continue to pay approximately $2,100 to $97,200 per institution annually to participate in the transfer platform, as is done under current practice. Although current law does not require public institutions to participate or pay a participation fee, in practice, public institutions do both. As under current practice, participation fees may increase in future years.

Further, according to information provided by the Maryland Independent College and University Association, there is a one-time implementation fee of $5,000 to $10,000 to connect to the transfer platform, if the current vendor is used. Any public institutions that are not currently connected to the transfer system must pay the fee; however, it is assumed that all Maryland public institutions have already done so.

It is assumed that meeting the transfer requirements of the bill does not materially impact expenditures. Under current law, institutions must determine whether credits and courses transfer. Thus, overall community college and public four-year institution higher education revenues and expenditures are likely not materially affected. However, unlike current practice, community colleges and public four-year institutions are required to participate in the transfer platform.

It is assumed that higher education expenditures are not materially affected by the transfer processes required by bill, including the requirement that a course that meets 70% of the learning objectives be accepted for credit. Further it is assumed that any improvement in the transfer process for students does not materially impact, overall, community college or public four-year institution revenues and expenditures, including tuition and fees.

Alternatively, if participating institutions do not pay an annual participation fee, as no fee is required under the bill, then general fund expenditures must increase by an estimated $1.0 million annually to support the transfer platform. MHEC staff advises that it is unclear how it could establish a transfer platform without dedicated mandated funding. It is assumed that if general fund expenditures were provided, higher education expenditures and revenues would not be materially affected. It is assumed that current direct expenditures on the transfer platform would be redirected to other expenses related to improving and supporting the transfer process.

Additional Comments: Independent four-year intuitions that receive State funding and have at least 50 students who transfer from a public institution must participate in the transfer platform established by the bill. Some participate in the current transform platform (ARTSYS), including Goucher College, Stevenson University, Hood College, McDaniel College, Washington College, Capitol College, and Notre Dame of Maryland University. Participating independent four-year institutions pay between $2,500 and $9,800 in ARTSYS fees annually according to USM. Like the public institutions, it is assumed that these institutions continue to pay a fee to participate in the platform.
A nonpublic institution that receives State funds (i.e., through the Joseph A. Sellinger Grant Program) must participate if a total of at least 50 students transfer from a public institution of higher education in the State. Thus, based on the number of students that transfer from a community college, Hood College, Notre Dame of Maryland University, and Stevenson University must participate. Additional independent four-year institutions may be required to participate if the number of transfer students increases. Like the public institutions, any institution that has not yet done so must pay the fee to connect to the transfer platform.

A nonpublic institution of higher education that receives State funds (i.e., through the Sellinger funding formula) may choose to participate in the transfer platform, regardless of the number of students who transfer to the nonpublic institution from a community college in the State. Any fiscal impact due to such a choice is due to institutional decisions and not the bill.

Further, like the public institutions, expenditures may increase minimally to meet the other transfer requirements of the bill; however, any such impact cannot be reliably estimated.

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**Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 598 (Delegate Solomon) - Appropriations.

**Information Source(s):** Baltimore City Community College; University System of Maryland; Morgan State University; Department of Budget and Management; Maryland Independent College and University Association; Department of Legislative Services

**Fiscal Note History:**

- First Reader - February 18, 2022
- Third Reader - April 4, 2022
- Revised - Amendment(s) - April 4, 2022

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