

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 648
(Delegate Washington)
Appropriations

Maryland Higher Education Outreach and College Access Program - Funding

This bill requires, beginning in fiscal 2024, the Governor to include \$7.0 million annually in the State budget for the Maryland Higher Education Outreach and College Access Program. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: No effect in FY 2023. General fund expenditures increase by \$6.8 million annually beginning in FY 2024. Revenues are not affected. **This bill increases a mandated appropriation beginning in FY 2024.**

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	6.8	6.8	6.8	6.8
Net Effect	\$0.0	(\$6.8)	(\$6.8)	(\$6.8)	(\$6.8)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law:

Maryland Higher Education Outreach and College Access 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 the Maryland Higher Education Commission (MHEC). Chapter 399 of 2018 extended the duration of the pilot program to five years (with authorization for it terminating September 30, 2022) and added more reporting requirements. Chapter 403 of 2021 made the program permanent and required the Governor to include \$200,000 annually in the State budget for the program, beginning in fiscal 2023.

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 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 that the nonprofit organizations had matching funds available.

To be eligible for program participation, a nonprofit organization is required to 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 each year, MHEC must [report](#) to the General Assembly with specified information on the program.

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 Global Campus. The [maximum award](#) for the 2021-2022 award cycle is \$19,300. Students who meet all program criteria, such as enrolling directly from high school and having certain family income limits, are guaranteed funding.

State Expenditures: General fund expenditures for MHEC increase by \$6.8 million annually beginning in fiscal 2024 due to the mandated appropriation.

These grant funds will leverage matching funds from the nonprofit organizations that receive the grants; therefore, an additional \$13.6 million may be used to meet the program's goals each year beginning in fiscal 2024. This is beyond the \$400,000 available in fiscal 2023. Thus, beginning in fiscal 2024, a total of \$14.0 million may be used to meet the program's goals. This estimate assumes that eligible nonprofit organizations can match the entire \$7.0 million annually. It further assumes that MHEC can manage the additional funding with existing staff.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Higher Education Commission; Department of Budget and Management; Department of Legislative Services

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