

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1129 (Delegate Rosenberg)
 Appropriations

Maryland Higher Education Outreach and College Access Program – Funding

This bill increases to \$2.0 million, beginning in fiscal 2025, the amount the Governor must include in the annual budget bill for the Maryland Higher Education Outreach and College Access Program. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: No impact in FY 2024. General fund expenditures increase by \$1.3 million annually beginning in FY 2025, which reflects the difference between the mandated appropriation and the \$700,000 included in the FY 2024 budget as introduced (of which \$500,000 is mandated) for the program. Revenues are not affected. **This bill increases a mandated appropriation beginning in FY 2025.**

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	1.3	1.3	1.3	1.3
Net Effect	\$0.0	(\$1.3)	(\$1.3)	(\$1.3)	(\$1.3)

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. Chapter 23 of 2022 further increased the annual mandated appropriation for the program to \$500,000 beginning in fiscal 2024.

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 has established the grant program, including eligibility, application, and compliance requirements. MHEC allocates 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 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 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 2022-2023 award cycle is \$20,000. 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 \$1.3 million annually beginning in fiscal 2025 due to the higher funding level mandated. Under current law, the mandated appropriation for the program is \$500,000 annually beginning in fiscal 2024. Nevertheless, in both the final fiscal 2023 and proposed fiscal 2024 budgets, the program received an allocation of \$700,000. This analysis, therefore, assumes continued appropriations of \$700,000 in future fiscal years absent the bill.

These grant funds will leverage matching funds from the nonprofit organizations that receive the grants; therefore, an additional \$2.6 million may be used to meet the program's goals each year beginning in fiscal 2025. This is beyond the \$1.4 million available in fiscal 2024. Accordingly, beginning in fiscal 2025, a total of \$4.0 million may be used to meet the program's goals. This estimate assumes that eligible nonprofit organizations can match the entire \$2.0 million annually. MHEC advises that it can manage the additional funding with existing staff.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

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km/clb

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