

Department of Legislative Services

Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE

Third Reader - Revised

House Bill 762

(Chair, Appropriations Committee)(By Request -
Departmental - Higher Education Commission)

Appropriations

Education, Energy, and the Environment

Maryland Higher Education Commission - Higher Education Goals - Revisions

This departmental bill repeals statutory goals regarding postsecondary degree attainment. Instead, the Maryland Higher Education Commission (MHEC) must set higher education goals for the State regarding (1) adults with postsecondary degrees; (2) annual postsecondary credential completion rates; and (3) any other policy MHEC determines necessary to ensure that institutions of higher education provide the greatest possible benefit to the citizens of the State and to foster economic development.

Fiscal Summary

State Effect: MHEC can develop any postsecondary goals using existing resources. Overall, public four-year and Baltimore City Community College finances are likely not materially impacted; however, revenues and expenditures may shift from current priorities to new priorities. Any such impact cannot be reliably estimated.

Local Effect: Overall, local community college finances are likely not materially impacted; however, revenues and expenditures may shift from current priorities to new priorities. Any such impact cannot be reliably estimated.

Small Business Effect: MHEC has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: Statute establishes that it is the duty of MHEC to coordinate institutions of higher education throughout the State to ensure the State achieves specified educational

goals. Specifically, it is the goal of the State that at least 55% of Maryland's adults aged 25 to 64 will hold at least an associate's degree by the year 2025 and that all degree-seeking students enrolled in a public community college earn an associate's degree before transferring to a public four-year institution of higher education.

Statute also specifies that institutions of higher education should utilize educational resources to provide the greatest possible benefit to citizens of the State and to foster economic development. In each region of the State, institutions of higher education should cooperate to ensure an effective and efficient education system. In developing missions and programs, MHEC and each governing board and its constituent institutions must consider the role, mission, and function of other public four-year higher education institutions, particularly those institutions offering unique programs and services in the same geographical region.

Background: To maintain a competitive workforce, Maryland set a goal for at least 55% of adults aged 25 to 64 to hold a degree by 2025. According to the Lumina Foundation, as of 2022, Maryland exceeded this goal when including short-term credentials, with 58.4% of adults holding a credential, surpassing the national average of 54.3%. However, when excluding short-term credentials, Maryland fell slightly short at 52.7%, though still above the national average of 46.5%.

In 2012, MHEC developed a model to guide degree attainment, last revised in 2023, setting degree targets for institutions to reach in order for the State to reach its 55% completion goal. The model estimated that 1.7 million Marylanders would need a degree to meet the goal. Factoring in migration and mortality rates, MHEC projected that public institutions must increase degree production by 2.0% annually.

While public four-year institutions have generally exceeded their targets, degree production peaked in fiscal 2021 before declining in subsequent years, reaching 30,509 degrees in fiscal 2023 before a slight rebound in fiscal 2024. Community colleges initially surpassed targets but have seen a 12.2% decline in degree production since fiscal 2016, aligning with enrollment trends. Independent institutions have consistently fallen short of their targets since fiscal 2017. Overall, for fiscal 2024, MHEC estimates the degree attainment rate for the State to be 51.9% and, over the course of the model, the average annual change per year has been 0.5%. At this rate, Maryland's degree attainment rate would be 52.4% by 2025, which is below the 55% by 2025 goal set in statute.

Additional Information

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

Designated Cross File: None.

Information Source(s): Maryland Higher Education Commission; University System of Maryland; Morgan State University; St. Mary's College of Maryland; Maryland Independent College and University Association; Department of Legislative Services

Fiscal Note History: First Reader - February 7, 2025
km/ljm
Third Reader - March 31, 2025
Revised - Amendment(s) - March 31, 2025

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Higher Education Commission - Higher Education Goals - Revisions

BILL NUMBER: HB 762

PREPARED BY: Maryland Higher Education Commission

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS