

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 324 (Senator Augustine)
Education, Energy, and the Environment

Higher Education - Public Senior Higher Education Institutions - Direct Admission Program

This bill establishes a Direct Admission Program at participating public senior (four-year) higher education institutions for eligible high school students who meet the college and career ready (CCR) standard beginning in the 2027-2028 academic year. The Maryland State Department of Education (MSDE) and the Maryland Higher Education Commission (MHEC) must jointly establish a process for notifying MHEC of each high school student in the State who has met the CCR standard each school year. MHEC must administer the program through its financial aid system and the Common Application. However, admission to an institution under the Direct Admission Program does not guarantee a student placement in any specific program or specific college, school, or functional equivalent at the institution. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: *Under one set of assumptions*, general fund expenditures increase by up to \$3.0 million annually beginning in FY 2027 to administer a statewide Direct Admission Program for eligible high school students. Participation by public senior higher education institutions is optional; therefore, any higher education expenditure or revenue impact depends on institutional participation.

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	3.0	2.9	2.9	2.9	3.0
Net Effect	(\$3.0)	(\$2.9)	(\$2.9)	(\$2.9)	(\$3.0)

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

Local Effect: Local school system expenditures and revenues are not directly affected.

Small Business Effect: None.

Analysis

Bill Summary:

Eligible Students

A high school student is eligible for direct admission to a participating public senior higher education institution if the student has completed or is expected to complete all of the prerequisite courses, has met the CCR standard, applied for admission as specified, meets other course requirements, if any, and meets additional criteria, if any.

Participating Institutions

If a public senior higher education institution chooses to participate in the Direct Admission Program, the participating institution must (1) determine additional courses or criteria for a student to qualify for direct admission to the institution, if any, and report them to MHEC each year; (2) waive the application fee for students who apply for direct admission to the institution; and (3) offer conditional direct admission to each high school student who meets the eligibility criteria.

A participating institution may verify any information required by the institution and provided by a high school student indicating eligibility for direct admission; it may also revoke a student's offer of direct admission as specified, including for not meeting the CCR standard.

MHEC must establish a process to offer conditional direct admission from each participating institution to each eligible high school student based on (1) the CCR standard data provided by MSDE and (2) the eligibility criteria provided by each participating institution. MHEC must generate a customized list of participating institutions for each eligible high school student that includes the specific participating institutions from which the student is being offered conditional direct admission in MHEC's financial aid system and the Common Application.

Current Law:

College and Career Ready Standard

The CCR standard is established by the State Board of Education and is intended to measure whether a high school student is prepared to succeed in entry-level, credit-bearing college coursework or postsecondary training at a State community college. A student meets the CCR standard by demonstrating proficiency in English language arts and mathematics, and, when practicable, science.

The State's goal is for students to meet the CCR standard by the end of tenth grade and no later than graduation. Students are assessed no later than tenth grade using assessments adopted by the State board, with the CCR standard periodically reviewed and updated based on empirical studies of college readiness conducted in consultation with the Accountability and Implementation Board.

Students who do not meet the CCR standard by the end of tenth grade must be provided additional instructional supports and transition courses designed to help them achieve readiness. Students who meet the CCR standard are entitled to participate, at no cost, in post-college and career readiness pathways, including college preparatory programs, dual enrollment, and career and technical education programs.

College and Career Ready Standard – Implementation

From the 2021-2022 school year through the 2024-2025 school year, an interim CCR standard, based on math and English scores on standardized assessments, was in effect. Beginning with the 2023-2024 school year, the CCR standard that was adopted by the State Board of Education on January 23, 2024, was used. Under that standard, there were two options: (1) academic success (an unweighted grade point average of 3.0 or higher) *and* math mastery (course grade of A, B, or C in Algebra I or proficient score on the Algebra I Maryland Comprehensive Assessment Program (MCAP) assessment); or (2) proficient assessment on both the English 10 MCAP assessment *and* the Algebra I MCAP assessment.

In March 2025, the State board adopted a new CCR standard which expanded the options for students to demonstrate CCR through advanced academics, career and workforce credentials, and other national assessments beginning with the 2025-2026 school year.

Public Senior Higher Education Institutions

The public senior higher education institutions in Maryland are the constituent institutions of the University System of Maryland (USM) and the University of Maryland Center for Environmental Science, Morgan State University (MSU), and St. Mary's College of Maryland (SMCM).

State Expenditures:

Maryland State Department of Education

Under the bill, MSDE, jointly with MHEC, must establish a process to notify MHEC each school year of high school students who have met the CCR standard. MSDE advises that local school systems track and update CCR status throughout the school year; however,

statewide CCR data are currently collected and validated on a lagged schedule through the High School Data Collection, which captures records from the *prior* school year and is finalized in late September or early October.

MSDE further advises that, *under one set of assumptions*, direct admission programs seek to notify students prior to or early in the twelfth grade, consistent with typical college application timelines, including early action and regular decision cycles in the fall and winter. Under current processes, the timing of finalized statewide CCR data does not align with these timelines, and MSDE is generally limited to using tenth-grade CCR data to identify students entering the eleventh grade. MSDE also indicates that students from lower-income households and other historically underserved groups are more likely to meet the CCR standard later in high school; as a result, reliance on earlier or incomplete CCR data may limit participation by these students if more current data are not available.

Based on this assumed implementation approach, MSDE advises that more frequent or earlier access to CCR data is necessary to support notification timelines aligned with college application cycles. MSDE estimates that providing such access requires either implementation of a new statewide student information system or significantly more frequent statewide data collection and validation cycles. Under this set of assumptions, MSDE estimates ongoing annual costs of up to approximately \$2.7 million, based on an assumed cost of \$3 per student for approximately 900,000 students statewide, as well as additional staffing and operational support to manage data validation, local education agency coordination, and system administration. MSDE further advises that modifying existing systems or developing a system limited only to high school students does not materially reduce costs and is comparable in cost to implementing a statewide system for all students, due to duplicative local data reporting and system support requirements. This estimate assumes costs beginning in fiscal 2027 to allow time to establish that the system operates as intended; however, students are not required to qualify for the Direct Admission Program until the 2027-2028 academic year (fiscal 2028).

The Department of Legislative Services (DLS) notes that the bill does not specify the timing, frequency, or technological method of CCR notification and that it cannot independently verify the necessity of a new statewide system for all students to implement the bill. However, under the assumptions described above, MSDE's estimate reflects the costs associated with administering the bill in a manner intended to support more timely identification and notification of eligible students. Accordingly, general fund expenditures may increase by up to \$2.7 million annually as estimated by MSDE; however, actual costs depend on implementation decisions made by MSDE in coordination with MHEC.

DLS further notes that it may be possible to implement a lower-cost Direct Admission Program using existing statewide CCR data collection without significant new system investments. However, such an approach relies on lagged or incomplete CCR data and

likely limits the number of students identified as eligible for direct admission, particularly students who meet the CCR standard later in high school. As a result, a lower-cost implementation is likely to reduce program participation and diminish the overall impact of the program relative to the approach assumed by MSDE.

Maryland Higher Education Commission

Under the bill, MHEC must administer a statewide Direct Admission Program through its financial aid system and the Common Application; coordinate annually with MSDE regarding students who have met the CCR standard; generate institution-specific conditional admission offers; and support participating public senior higher education institutions.

MHEC advises that five additional full-time regular positions (a program director, a data analyst, an administrative officer, and two public inquiry and outreach specialists), as well as system configuration costs, are required due to the recurring, statewide nature of the program and the annual volume of student eligibility determinations. DLS advises that the requirements of the bill are likely met with two additional full-time regular positions: (1) a program director to administer the program, coordinate with MSDE and participating institutions, and oversee compliance; and (2) a data analyst to manage annual CCR data exchanges, eligibility matching, system validation, and audit support.

In addition, MHEC advises that system configuration and integration with the financial aid system and the Common Application are required to implement the program, at an estimated cost of \$75,000 in fiscal 2027 and \$15,000 annually thereafter.

Accordingly, general fund expenditures increase by \$255,325 in fiscal 2027, which reflects the bill's July 1, 2026 effective date and a 90-day start-up delay. It is assumed that staff are needed beginning in fiscal 2027 even though the system does not need to be operational until the 2027-2028 academic year (fiscal 2028) because the staff need time to establish the system and data protocols. This estimate reflects the cost of hiring two full-time regular positions and includes salaries, fringe benefits, one-time start-up costs (including system configuration), and ongoing operating expenses.

Regular Positions	2.0
Salary and Fringe Benefits	\$162,043
System Upgrades	75,000
Operating Expenses	<u>18,282</u>
Total FY 2027 MHEC Expenditures	\$255,325

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Actual costs may vary depending on the level of participation by public senior higher education institutions and students. If few or no institutions elect to participate in the Direct Admission Program, MHEC's costs may be lower than estimated. Conversely, higher participation levels may increase the administrative workload and may require additional resources beyond those reflected in this estimate. This estimate assumes participation by at least one public senior (four-year) institution.

Public Senior Institutions of Higher Education

Participation in the Direct Admission Program by public senior (four-year) higher education institutions, that is USM institutions, MSU, and SMCM, is optional. Institutions that choose to participate may incur additional administrative costs related to establishing eligibility criteria, coordinating with MHEC, verifying student information, and responding to inquiries; institutions that do not participate incur no fiscal impact. Participating institutions may also experience changes in higher education tuition and fee revenues depending on student enrollment outcomes associated with the program. The extent of any cost increase depends on institutional and student participation levels.

Additional Information

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

Designated Cross File: HB 700 (Delegate Ivey) - Appropriations.

Information Source(s): Maryland State Department of Education; Maryland Higher Education Commission; University System of Maryland; Morgan State University; Maryland Department of Labor; Department of Legislative Services

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