

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1277 (Delegate Smith)
 Appropriations and Ways and Means

Education - Maryland Institute for Literacy and Equity - Establishment

This bill establishes the Maryland Institute for Literacy and Equity as a State-funded research and technical assistance center organized as a partnership between the University of Maryland, College Park Campus (UMCP) and Morgan State University (MSU) to promote literacy statewide. The institute must provide research, educator training, technical assistance, and community engagement to support effective literacy instruction. The Governor must include funding for both UMCP and MSU to establish the institute (\$1.5 million each) in fiscal 2028; required funding increases in subsequent years until it reaches \$6.0 million annually beginning in fiscal 2031. By October 1, 2027, and annually thereafter, the institute must report on its activities, outcomes, and financial expenditures to the University System of Maryland and the Maryland State Department of Education (MSDE). **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: No effect in FY 2027. General fund expenditures increase by \$3.0 million in FY 2028 and, *under one set of assumptions*, as much as \$7.2 million annually beginning in FY 2031 due to the bill’s mandated appropriations and higher education funding formula impacts. Higher education revenues and expenditures increase correspondingly, with UMCP and MSU each receiving \$1.5 million in FY 2028 and a combined \$6.0 million annually at full implementation (not reflected below). *Under these assumptions*, Baltimore City Community College (BCCC) revenues and expenditures also increase under the funding formulas. **This bill establishes mandated appropriations and increases other mandated appropriations beginning in FY 2028.**

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	3.0	4.0	5.9	7.2
Net Effect	\$0.0	(\$3.0)	(\$4.0)	(\$5.9)	(\$7.2)

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

Local Effect: *Under one set of assumptions, local community college revenues and expenditures increase by an estimated \$706,400 in FY 2030 and \$934,700 in FY 2031, grow through FY 2033 as the funding is fully phased in, and continue at comparable levels annually thereafter.*

Small Business Effect: None.

Analysis

Bill Summary: The Governor must include, in the annual budget bill for fiscal 2028, an appropriation of \$1.5 million each to UMCP and MSU to establish the institute. In fiscal 2029, the Governor must include \$4.0 million for the *institute*; this amount increases to \$5.0 million in fiscal 2030 and then \$6.0 million annually beginning in fiscal 2031.

The institute must:

- provide technical assistance to MSDE and local boards of education and coordinate access to programs and resources to enhance and expand effective literacy instruction and intervention;
- conduct research on language and literacy to develop innovative, evidence-based literacy practices that increase literacy achievement and opportunity for children and adults statewide;
- offer educational opportunities for undergraduate and graduate students at the partner institutions on evidence-based literacy practices responsive to diverse populations; and
- engage with community organizations and out-of-school learning environments, including libraries and after-school programs, to promote awareness of evidence-based literacy practices relevant to the students served.

The bill specifies that appropriations to the institute must be used to:

- expand capacity to provide technical assistance to MSDE, local boards, and the communities they serve on the implementation of effective literacy instruction and intervention;
- enhance research capacity through partnerships with schools and communities to develop innovative practices that increase literacy achievement and opportunity;
- provide programs, training opportunities, and resources for literacy professionals on evidence-based literacy practices that support diverse learners;

- facilitate partnerships among educators, researchers, community leaders, and policymakers to promote knowledge and understanding of literacy policies and practices;
- assist MSDE, local boards, and school leaders in analyzing and interpreting data to inform decision-making, develop action plans, and improve literacy outcomes;
- provide insight into the impact of literacy-related policies through collaboration with relevant organizations; and
- promote literacy awareness and community involvement through outreach programs and partnerships.

Current Law: The Blueprint for Maryland’s Future established that the foundation of a world-class education in Maryland requires an instructional system fully aligned to a college and career readiness standard. The standard states that by the end of grade 10, a student must process the requisite literacy in English and mathematics to be successful in first-year, credit bearing coursework at a Maryland community college or open enrollment postsecondary institution.

Higher Education Funding Formulas

The formula used for the distribution of funds to community colleges is known as the Senator John A. Cade (Cade) Funding Formula. The State’s annual contribution to the Cade funding formula is determined by enrollment at community colleges and a percentage, set in statute, of the level of funding received by selected public four-year institutions. Specifically, the formula bases per student funding on a set statutory percentage of current year State appropriations per full-time equivalent student (FTES) at the selected four-year institutions, including noncapital appropriations from the Higher Education Investment Fund. The resulting community college per student amount is multiplied by the greater of the number of FTES enrolled in the colleges in the second preceding fiscal year or the three-year moving average, beginning with the second preceding year, to identify a total formula amount.

The BCCC and Joseph A. Sellinger (Sellinger) funding formulas operate in the same fashion. The BCCC percentages, which are set in statute, are higher than Cade, resulting in a higher per FTES amount. The Sellinger percentages for specified private nonprofit institutions, which are set in statute, are lower, resulting in a lower per FTES amount.

The BCCC funding formula has a hold harmless provision in current law that ensures the college receives at least as much State funding in total through the formula as in the prior fiscal year. The Cade and Sellinger formulas do not have a hold harmless provision.

State and Local Fiscal Effect: As the bill specifies that the fiscal 2028 funding is to establish the institute, this analysis assumes no discretionary funding is provided in fiscal 2027. General fund expenditures increase by \$3.0 million in fiscal 2028 to reflect the mandated appropriations of \$1.5 million each to UMCP and MSU, as required by the bill. Beginning in fiscal 2029, general fund expenditures increase further – to \$4.0 million that year, \$5.0 million in fiscal 2030, and \$6.0 million in fiscal 2031 and each year thereafter.

Under one set of assumptions, additional general fund expenditures for higher education funding formulas begin in fiscal 2030. If funding for the institute is included in the base budgets of UMCP and MSU in a manner that increases their State support levels, it increases required funding under the Cade formula, the Sellinger program, and funding for BCCC. Under this set of assumptions, formula-driven expenditures increase by an estimated \$907,000 in fiscal 2030 and \$1.2 million in fiscal 2031, as shown in **Exhibit 1**.

Exhibit 1
Estimated General Fund Impact on Higher Education Funding Under the Bill
Fiscal 2028-2031
(\$ in Thousands)

	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Public Four-year Institutions				
University of Maryland, College Park Campus	\$1,500	\$2,000	\$2,500	\$3,000
Morgan State University	1,500	2,000	2,500	3,000
Public Four-year Total	\$3,000	\$4,000	\$5,000	\$6,000
Funding Formulas				
Baltimore City Community College	\$0	\$0	\$77	\$102
Local Community College (Cade)	0	0	706	935
Sellinger	0	0	123	163
Higher Education Funding Formulas	\$0	\$0	\$907	\$1,200
Total General Fund Expenditures	\$3,000	\$4,000	\$5,907	\$7,200

Notes: This exhibit assumes that funding for the institute is evenly distributed between the University of Maryland, College Park Campus and Morgan State University in fiscal 2029 and beyond, which is not required by the bill. Numbers may not sum to total due to rounding.

Source: Department of Legislative Services

This estimate assumes that institute funding is evenly distributed between UMCP and MSU in fiscal 2029 and beyond; however, the bill does not require an equal allocation after the

first year of funding. If funding for the institute is structured outside the base budgets of UMCP and MSU (or otherwise excluded from formula calculations), no impact on higher education funding formulas occurs.

Additional Comments: *Under the assumptions described above,* revenues for private institutions eligible for Sellinger funding increase by an estimated \$122,900 in fiscal 2030 and \$162,900 in fiscal 2031. These amounts increase through fiscal 2033 as the adjustment is fully phased in and continue at comparable levels annually thereafter. These impacts depend on institute funding being included in the base budgets of UMCP and MSU in a manner that increases calculated State support for purposes of the Sellinger formula.

UMCP advises that it has a Literacy Initiative (known as MILE), which would essentially be codified under the bill. While MILE has been funded by sponsored contracts and grants (and would continue to seek such funding), the funding under the bill would enhance MILE's capacity to provide technical assistance to the State and local boards of education. Accordingly, the first annual report, due October 1, 2027, is assumed to be able to be completed, based primarily on existing activities of MILE.

Additional Information

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

Designated Cross File: None.

Information Source(s): Maryland State Department of Education; University System of Maryland; Department of Budget and Management; Montgomery County Public Schools; Department of Legislative Services

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