
Higher Education Fiscal 2021 Budget Overview

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

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Note: Numbers may not sum to total due to rounding.

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Analysis of the FY 2021 Maryland Executive Budget, 2020

Higher Education Fiscal 2021 Budget Overview

State Funding Changes for Higher Education (\$ in Thousands)

	<u>Actual 2019</u>	<u>Working Adjusted 2020¹</u>	<u>Allowance 2021</u>	<u>Allowance Adjusted 2021²</u>	<u>Change 2020 - 2021 Adj.</u>	<u>% Change 2020 - 2021</u>
Public Four-year Institutions						
University System of Maryland (USM)	\$1,398,074	\$1,503,086	\$1,548,689	\$1,586,346	\$83,260	5.5%
Morgan State University	\$97,412	102,717	\$115,265	\$116,765	\$14,048	13.7%
St. Mary's College of Maryland	\$25,834	27,158	\$28,228	\$28,506	\$1,349	5.0%
Subtotal – Public Four-year	\$1,521,320	\$1,632,961	\$1,692,181	\$1,731,617	\$98,656	6.0%
Other Higher Education						
Maryland Higher Education Commission						
Administration	7,170	7,637	7,303	7,382	-\$255	-3.3%
Financial Aid	111,335	124,829	135,072	135,072	10,243	8.2%
Educational Grants ³	1,248	4,585	4,710	4,710	125	2.7%
College Savings Plan Match	6,327	10,068	10,068	10,068	0	0.0%
Non-USM Regional Higher Education Centers ⁴	1,251	1,610	1,610	1,610	0	0.0%
Independent Institutions	56,273	59,025	91,060	59,025	0	0.0%
Aid to Community Colleges	321,796	330,670	367,217	349,020	18,350	5.5%
Baltimore City Community College	39,431	40,130	40,088	40,088	-42	-0.1%
Subtotal – Other Higher Education	\$544,831	\$578,553	\$657,127	\$606,974	\$28,421	4.9%
Total Higher Education	\$2,066,150	\$2,211,514	\$2,349,309	\$2,338,592	\$127,077	5.7%

¹The 2020 working is adjusted to reflect deficiencies, reversions, and a general salary increase effective January 1, 2020. St. Mary's College of Maryland's (SMCM) budget is adjusted to reflect funds to be transferred to SMCM for the DeSousa-Brent Scholarship currently budgeted in the Maryland Higher Education Commission.

²The 2021 allowance is adjusted to include the annualization of the fiscal 2020 general salary increase, the fiscal 2021 general salary increase, and reductions contingent on the Budget Reconciliation and Financing Act.

³Fiscal 2020 and 2021 include funds to be transferred to the University of Maryland, Baltimore Campus for the Wellmobile.

⁴Includes funds to be transferred to the University of Maryland Global Campus to administer the Waldorf Center in fiscal 2020 and 2021 by budget amendment.

Note: Does not include pay-as-you-go funding for the Community Colleges Facilities Renewal Grant Program.

Source: Department of Budget and Management; Department of Legislative Services

Executive Summary

The Higher Education Overview provides a summary of the changes in State funding for higher education. These changes include a review of the Maryland public four-year institutions, independent institutions, aid to community colleges, and funding for Baltimore City Community College. Additionally, an evaluation of changes in funding for the Maryland Higher Education Commission, financial aid and educational grant programs, the College Savings Plan Match, and funding for non-University System of Maryland regional higher education centers is also provided.

A comparative analysis is also provided to review performance indicators against peer states. These metrics include State funding support, changes in tuition and fee levels, enrollment, outcome measures, and an evaluation of Maryland's 55% degree attainment goal.

Operating Budget Recommended Actions

1. Adopt narrative requesting a report on faculty workload.

Budget Reconciliation and Financing Act Recommended Actions

1. Clarify that the award allocation in the State Funding Match administered by Maryland 529 be limited to one match per beneficiary.

Higher Education

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Operating Budget Overview

Fiscal 2020 Actions

The fiscal 2020 adjusted working appropriation includes a general salary increase of 1%; an \$800,000 anticipated transfer to St. Mary's College of Maryland (SMCM); two Maryland Higher Education Commission (MHEC) deficiencies totaling \$4.0 million; three reversions, two in MHEC totaling \$10.1 million and one in Aid to Community Colleges totaling \$0.3 million, and is \$145.4 million, or 7.0%, above the fiscal 2019 actual.

Fiscal 2021 Allowance

State support for higher education grows \$127.1 million in fiscal 2021, or 5.7%, after accounting for the annualized 1% general salary increase; an additional 2% general salary increase effective January 1, 2021; and three MHEC reductions contingent on legislation totaling \$54.5 million.

Funding for the State's four-year public higher education institutions from fiscal 2016 to the 2021 adjusted allowance is shown in **Exhibit 1**. The State funds increase for fiscal 2021 is 6.0%, or \$98.7 million, higher than the fiscal 2020 adjusted allowance. Morgan State University (MSU) receives the largest increase of 13.7%, or \$14.1 million, including \$4.7 million for equipment for the new student services support building, \$5.0 million for safety purposes, \$3.5 million for health insurance, and \$1.5 million in general salary increases. Four other institutions experience increases of over 7%: University of Baltimore (UB) (11.5%); Towson University (TU) (9.2%); University of Maryland Baltimore County (UMBC) (7.9%); and Salisbury University (SU) (7.8%). Additionally, the University System of Maryland Office receives an increase of 9.1%.

Exhibit 1
State Support for Public Universities
Fiscal 2016-2021
(\$ in Thousands)

<u>Institution</u>	<u>Actual 2016</u>	<u>Actual 2017</u>	<u>Actual 2018</u>	<u>Actual 2019</u>	<u>Adjusted Working 2020</u>	<u>Adjusted Allowance 2021</u>	<u>Annual % Change 2016-2021</u>	<u>\$ Change 2020-2021</u>	<u>% Change 2020-2021</u>
University of Maryland, Baltimore Campus	\$217,009	\$225,154	\$231,774	\$236,403	\$253,988	\$259,880	3.7%	\$5,892	2.3%
University of Maryland, College Park Campus	446,755	466,337	462,493	488,442	527,721	559,585	4.6%	31,864	6.0%
Bowie State University	41,695	44,830	44,813	46,014	48,326	50,055	3.7%	1,729	3.6%
Towson University	110,088	117,803	118,507	120,317	132,744	144,938	5.7%	12,193	9.2%
University of Maryland Eastern Shore	37,168	40,347	40,240	41,803	42,963	44,997	3.9%	2,034	4.7%
Frostburg State University	39,281	41,501	41,418	42,341	44,834	46,677	3.5%	1,843	4.1%
Coppin State University	44,755	47,320	46,878	47,294	48,983	49,536	2.1%	552	1.1%
University of Baltimore	35,023	37,317	37,018	37,952	41,062	45,780	5.5%	4,718	11.5%
Salisbury University	48,092	51,702	54,097	55,095	58,659	63,226	5.6%	4,567	7.8%
University of Maryland Global Campus	39,459	41,835	43,518	43,838	44,481	46,426	3.3%	1,944	4.4%
University of Maryland Baltimore County	112,365	118,331	122,121	131,479	147,388	159,101	7.2%	11,713	7.9%
University of Maryland Center for Environmental Science	22,382	22,868	22,574	22,812	23,700	24,067	1.5%	367	1.6%
University System of Maryland Office	23,722	26,050	26,672	37,961	40,996	44,742	13.5%	3,746	9.1%
Morgan State University	86,135	93,203	93,661	97,412	102,717	116,765	6.3%	14,048	13.7%
St. Mary's College of Maryland	25,107	25,160	24,535	25,834	27,158	28,506	2.6%	1,349	5.0%
Total Funding for Public Four-Year Institutions	\$1,329,035	\$1,399,758	\$1,410,320	\$1,474,996	\$1,585,721	1,684,282	4.9%	\$98,561	6.2%
Total with Other Higher Education Funding*	1,368,565	1,443,701	1,455,928	1,521,320	1,632,961	1,731,617	4.8%	\$98,656	6.0%

* Other Higher Education funding includes funding for agricultural extension and experimental station programs and the Maryland Fire and Rescue Institute.

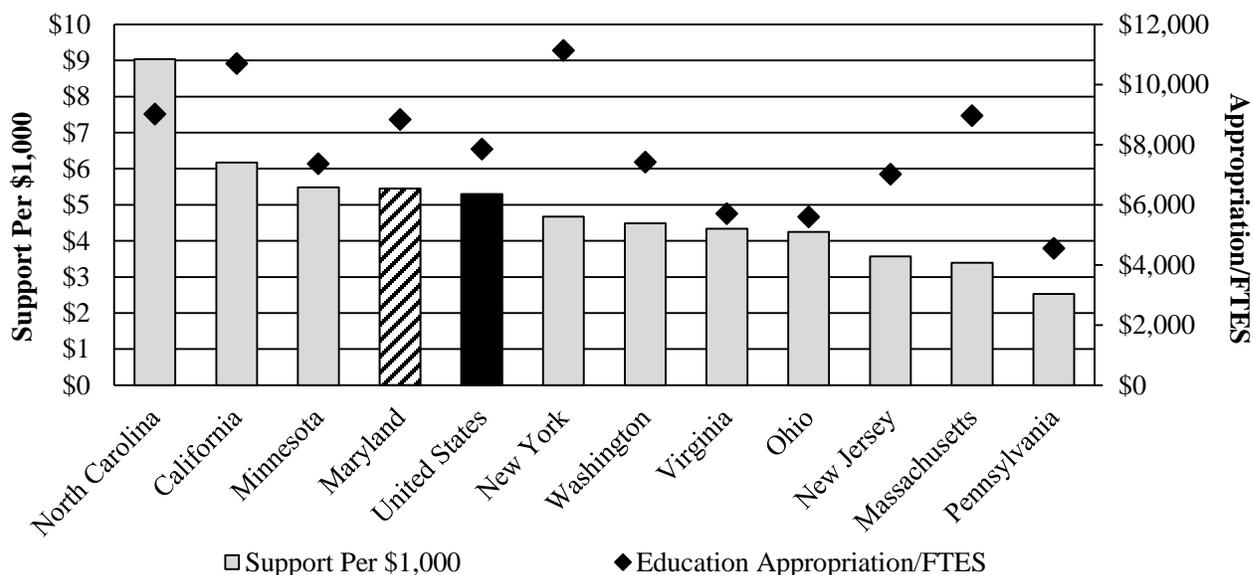
Note: Office for Civil Rights enhancement funds to the Historically Black Colleges and Universities are included beginning in the fiscal 2019 for those institutions.

Source: Governor's Fiscal 2017-2021 Budget Books; Department of Legislative Services

Comparing Funding of Higher Education

States’ decisions on how to fund higher education are based on numerous factors, and while there are no standards to evaluate the appropriate level of funding, comparative information can help to inform decisions. Maryland public four-year institution funding can be seen in **Appendices 3 and 4**. State support for higher education per \$1,000 in personal income shows the relative investment made by states, but this does not necessarily indicate a state’s budget priority. **Exhibit 2** compares Maryland fiscal 2018 support for higher education to the 10 states that it principally competes with for employers – California, Massachusetts, Minnesota, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia, and Washington. Support for higher education ranges from \$9.04 per \$1,000 in personal income in North Carolina to \$2.53 in Pennsylvania. Overall, at \$5.45 per \$1,000 in personal income, Maryland’s support for higher education exceeds some of the wealthier competitor states as well as the national average of \$5.30. However, a high level of support per \$1,000 in personal income does not necessarily equate to higher spending per full-time equivalent student (FTES) enrolled. As also shown in the exhibit, while New York spends less than Maryland on an income basis, on a per FTES basis, it outspends the other states at \$11,135 per FTES. Similarly, Massachusetts’ income ratio of \$3.39 per \$1,000 in personal income is below most other states, yet its state appropriation per FTES of \$8,965 slightly exceeds Maryland at \$8,833 per FTES.

Exhibit 2
State Support Per \$1,000 in Personal Income and State Appropriation
Per Full-time Equivalent Enrollment
Fiscal 2018



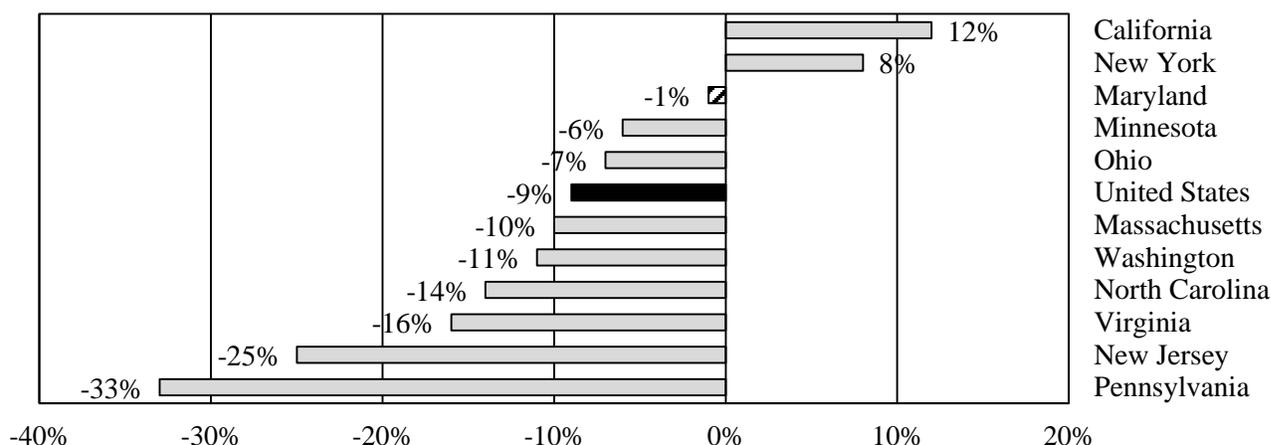
FTES: full-time equivalent student

Source: Grapevine Summary Tables, State Higher Education Executive Officers Association

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Nationally, from fiscal 2008 and 2018, state funding per FTES on average declined 9% (adjusted for inflation), as shown in **Exhibit 3**. This is unsurprising considering that generally state spending on higher education remains below prerecession levels. Overall, only 10 states did not experience a decline, including New York and California, where funding increased 8% and 12%, respectively. Among the competitor states, New Jersey and Pennsylvania showed the largest decline in state funding per FTES, 25% and 33%, respectively. The College Board notes that even though Pennsylvania experienced modest enrollment growth, funding declined over the decade. Funding by FTES for Maryland public four-year institutions can be seen in **Appendices 5 and 6**, while total FTES enrollment trends can be seen in **Appendix 7**.

Exhibit 3
Ten-year Percentage Change in State Funding Per FTES
Fiscal 2008 and 2018



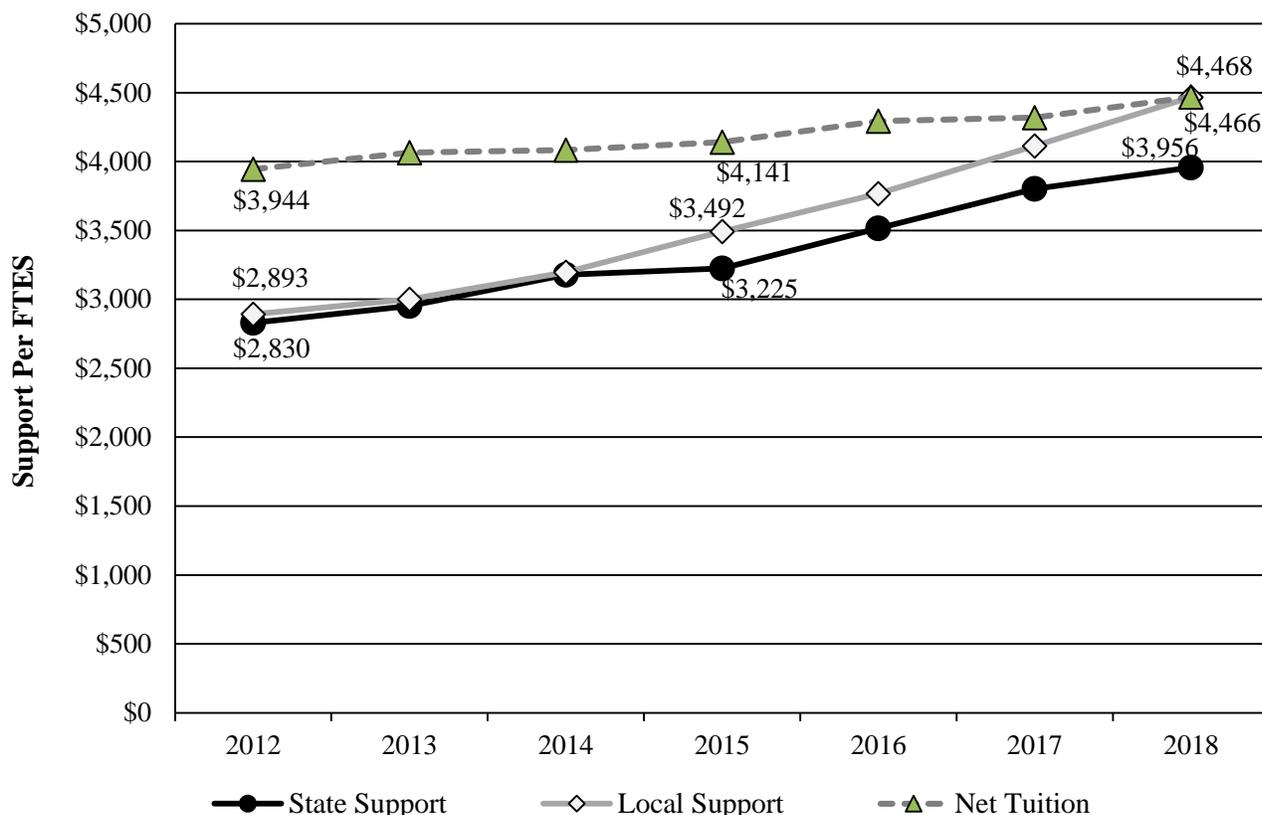
FTES: full-time equivalent student

Source: The College Board, *Trends in College Pricing*

State Funding by Segment

Exhibit 4 shows the source of funding per FTES for Maryland’s two-year public institutions. State and local support were nearly equal from fiscal 2012 to 2014. State funding per FTES remained fairly flat in fiscal 2015 due to cost containment measures but increased 9.0% in fiscal 2016, followed by an additional increase of 8.1% in fiscal 2017 and 4.1% in fiscal 2018. Local support grew 8.6%, exceeding State support by \$510 per FTES by fiscal 2018 when compared to fiscal 2017. The growth in State and local funding per FTES of 34.0% and 48.9 %, respectively, between fiscal 2013 and 2018 is mainly due to enrollment falling 15.4%. Tuition increases resulted in revenue per FTES increasing 9.9% from fiscal 2013 to 2018.

Exhibit 4
State and Local Support and Net Tuition Per FTES for
Maryland’s Two-year Public Institutions
Fiscal 2012-2018



FTES: full-time equivalent student

Note: Net tuition includes tuition, required fees, books and supplies, room and board, and other related expenses.

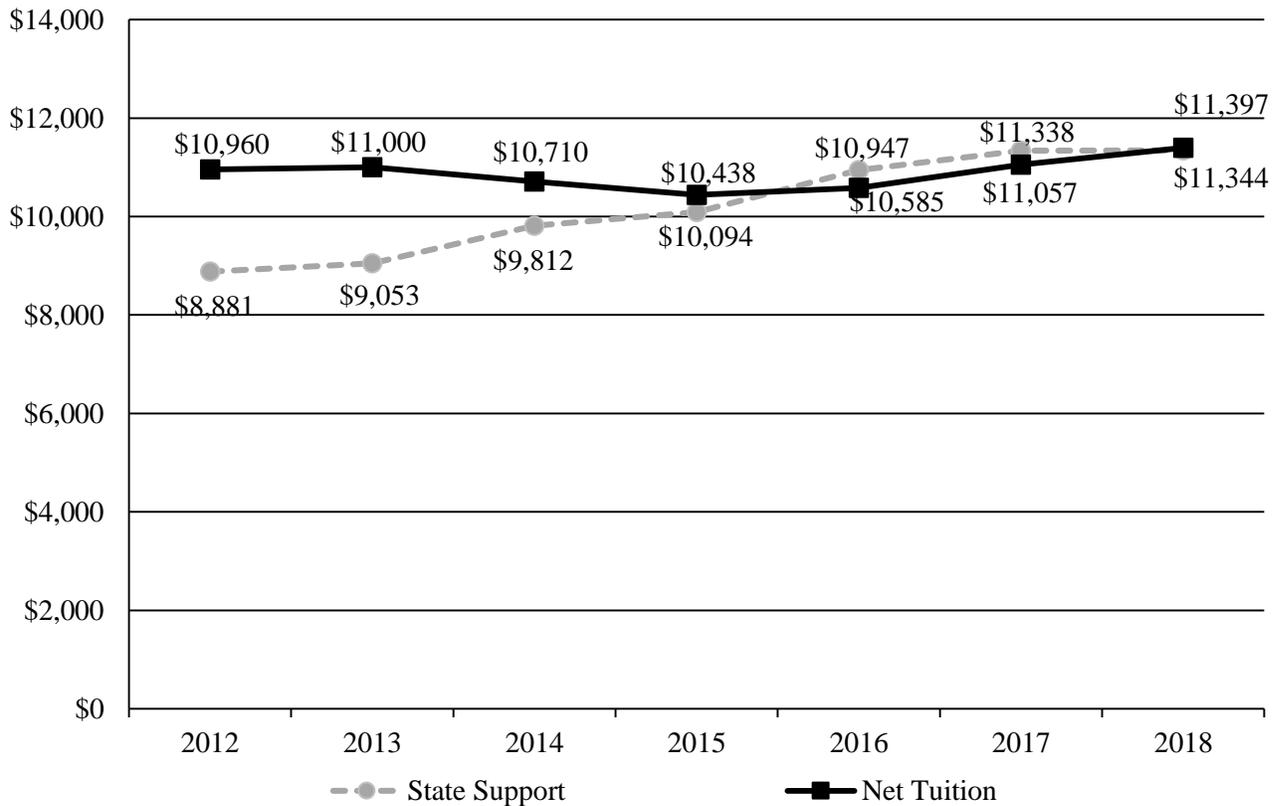
Source: State Higher Education Finance: Fiscal 2018, State Higher Education Executive Officers Association; Maryland Higher Education Commission

Net tuition per FTES in fiscal 2018 exceeded State funding at Maryland’s public four-year institutions for the first time since fiscal 2015, as shown in **Exhibit 5**. The 5.1% decline in tuition per FTES from fiscal 2013 to 2015 can be attributed to moderate tuition increases coupled with declining or low enrollment growth, particularly at the University of Maryland Global Campus (UMGC). Tuition per FTES increased to \$11,397 per FTES in fiscal 2018, above the high point of \$11,000 in fiscal 2013. After remaining relatively flat in fiscal 2015 due to cost containment measures, State funding per FTES

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spiked 8.5%, or \$853 per FTES, in fiscal 2016, exceeding tuition by \$362 per FTES. State funding continued to exceed tuition in fiscal 2017, totaling \$11,338, while net tuition totaled \$11,057. State funding per FTES marginally increased to \$11,344 per FTES in fiscal 2018, while net tuition increased 3.1%, exceeding State support by 0.5%, or \$53 per FTES. Overall, State funding has increased by 27.7% from fiscal 2013 to 2018.

**Exhibit 5
State Support and Net Tuition Per FTES for Four-year Public Institutions
Fiscal 2012-2018**



FTES: full-time equivalent student

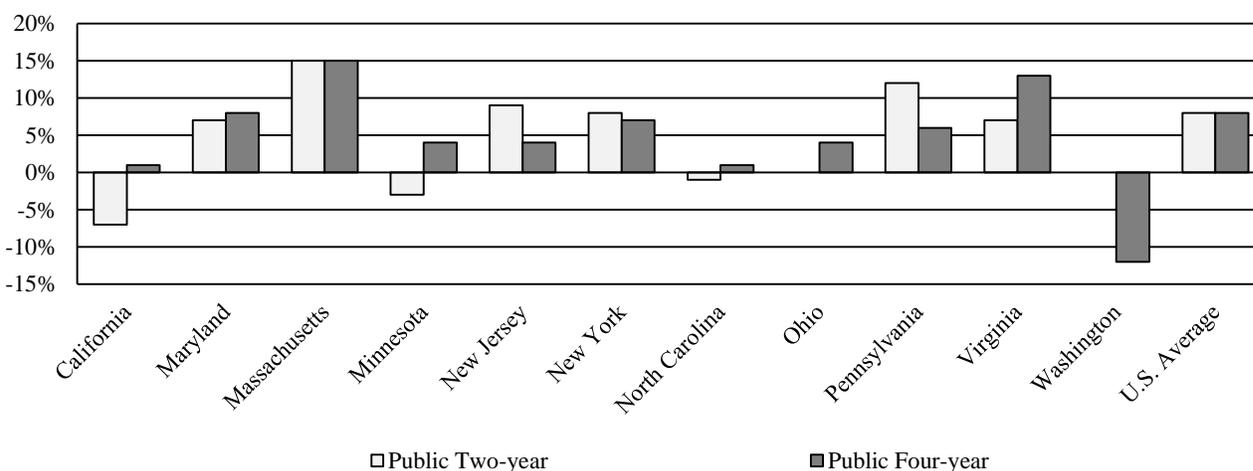
Note: Net tuition includes tuition, required fees, books and supplies, room and board, and other related expenses.

Source: State Higher Education Finance: Fiscal 2018, State Higher Education Executive Officers Association

Tuition and Fees

Exhibit 6 shows the percentage change in in-state tuition and fees at Maryland’s and its competitor states’ two- and four-year institutions between fiscal 2015 and 2020. Nationally, the average tuition and fees at two-year institutions declined in five states of which three are competitor states – California, Minnesota, and North Carolina. Except for California and North Carolina, the average tuition and fee rate in Maryland and its competitor states exceeded the national average by at least \$123. Rates at Maryland’s two-year institutions grew 7%, below the national average of 8% and slower than four of the competitor states. According to the College Board, for the 2019-2020 academic year, the average rate for Maryland was \$4,782, making it the nineteenth (excluding Alaska) most expensive in the country with seven competitor states having higher rates.

Exhibit 6
Five-year Percentage Change for In-state Tuition and Fees at Two- and Four-year Public Institutions
Fiscal 2015-2020



Note: There was no change for in-state tuition and fees at public two-year institutions in Ohio and Washington. Five-year percentage change for in-state tuition and fees at two- and four-year public institutions are the average published tuition and fees in 2019 dollars.

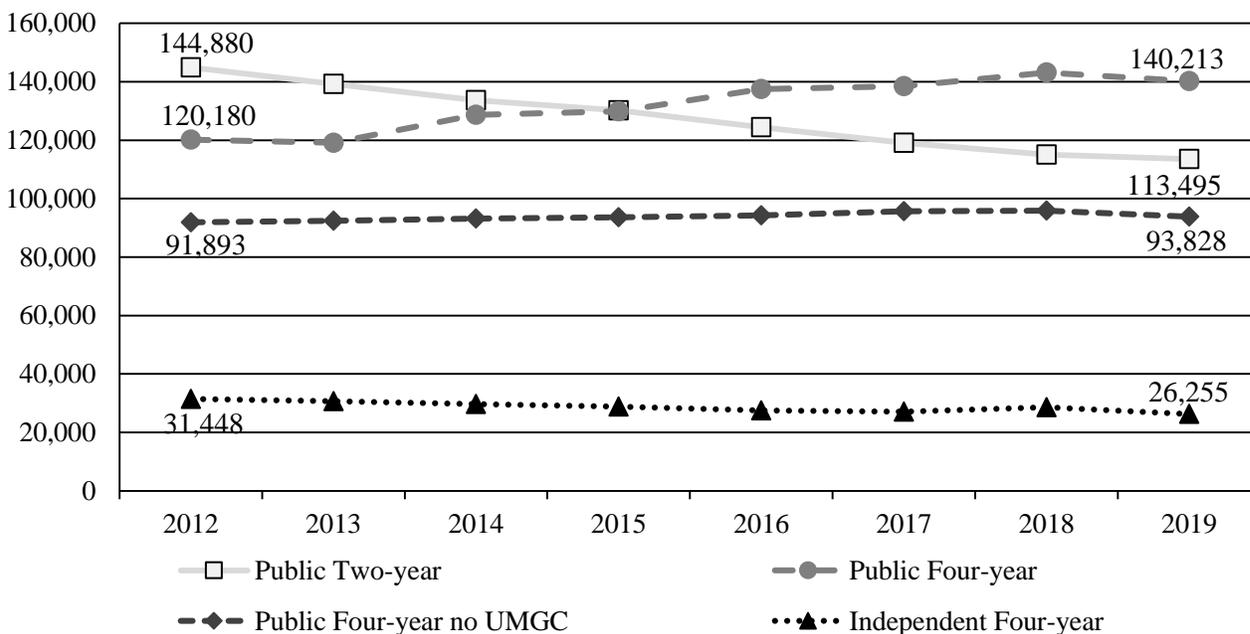
Source: The College Board, Annual Survey of Colleges

Over the past five years, average tuition and fees at public four-year institutions increased in all competitor states except Washington, where rates decreased 12%. Maryland’s rates increased 8%, slightly below the national average of 10%. According to the College Board, when compared to all states, at \$10,115, Maryland has the twenty-fourth most expensive rate in the country. This is below the national average of \$10,323 and that of six competitor states – Massachusetts, Minnesota, New Jersey, Ohio, Pennsylvania, and Virginia. **Appendices 8** and **9** show the tuition and fee rates at Maryland’s public four- and two-year institutions, respectively.

Undergraduate Enrollment

Total undergraduate enrollment at Maryland’s public institutions and independent institutions decreased across all sectors by 2.4% in fall 2019. As shown in **Exhibit 7**, enrollment continued to decline by 1.3% and 8.3%, respectively, at the two-year public institutions and four-year independent institutions. Enrollment at the four-year public institutions also experienced a decrease of 2,902 students, a decline of 2.0%, when compared to the fall 2018 total. Higher education enrollment trends by FTES at Maryland’s public four-year institutions can be seen in Appendix 7.

Exhibit 7
Maryland Total Fall Undergraduate Headcount Enrollment by Segment
Fall 2012-2019



UMGC: University of Maryland Global Campus

Note: The increase at the public four-year institutions in fall 2014 was due to a change in federal reporting requirements for UMGC in which all students are now included in its stateside student count.

Source: Maryland Higher Education Commission

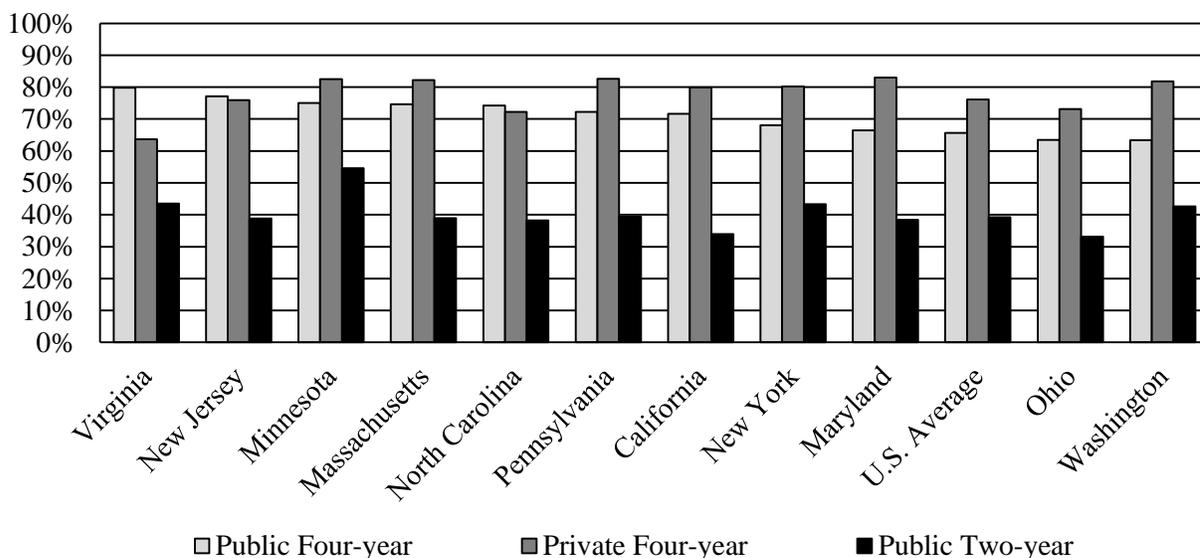
Nationally, according to the National Student Clearinghouse (NSC), enrollment across all segments declined 1.3%, or 242,517 students, in fall 2019. Enrollment at the nation’s public two-year institutions decreased 1.4%, or 77,093 students, while the public four-year institutions decreased by 1.2%, or 97,426 students. Enrollment at the four-year private nonprofit institutions also decreased by 0.6%, or 22,027 students.

Productivity Measures

Graduation rates are one metric used to gauge an institution’s performance. Specifically, they measure student persistence and success in completing a degree. Traditional graduation rates only measure the progress of first-time, full-time cohorts – those students enrolled at an institution at the start of the academic year and continuously enrolled as full-time students until graduation. However, most students today are neither exclusively full- or part-time but rather change their enrollment status over the course of their college career. In addition, according to NSC, two-thirds of all bachelor’s degree graduates and about half of those who earned an associate’s degree attended more than one institution. Therefore, NSC tracks the completion rate of all students six years after they enter college.

Exhibit 8 shows the six-year completion rates of all students who enrolled in an institution in fall 2012 across the three sectors in Maryland and the competitor states. Maryland’s private institutions, many of which are nonprofit institutions represented by the Maryland Independent College and University Association (MICUA), graduate students at among the highest rates in the country. The completion rate of Maryland’s public four-year institutions of 66.4% is greater than the national average of 65.7% but of the competitor states, only exceeds Ohio and Washington. The traditional six-year graduation rates, as reported by MHEC, are shown by institution in **Appendix 10**. Maryland’s two-year institutions completion rate of 38.4% is 0.8 percentage points below the national average and is above only California, North Carolina, and Ohio.

Exhibit 8
Comparison of Six-year Outcomes for All Students at
Four- and Two-year Institutions
Fall 2012 Cohort

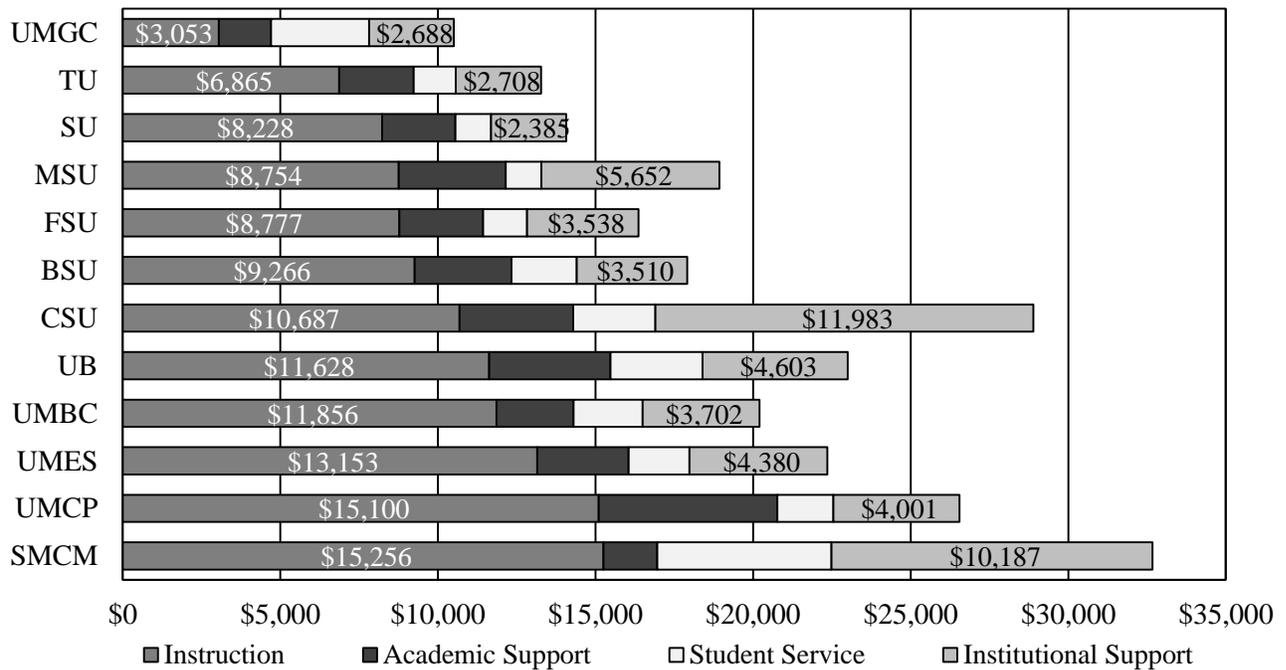


Source: National Student Clearinghouse

Maryland Public Four-year Institution Comparison

While it is difficult to directly compare outcomes associated with the public four-year institutions given the differing institution types and missions, it is possible to examine how each institution allocates their resources. **Exhibit 9** shows the funding per FTES by institutional function in fiscal 2018 at the Maryland public four-year institutions, excluding UMB, given its uniquely high instruction costs. Four-year institutions have a broad range of instructional programs at the undergraduate level, leading to bachelor’s degrees; additionally, each Maryland public four-year institution also offers graduate-level programs. Accordingly, instruction expenses per FTES was the largest expense category for all but two institutions in fiscal 2018; institutional support for Coppin State University (CSU) and student service for UMGC exceeded expenses on instruction.

Exhibit 9
Institutional Funding by Function per FTES
Fiscal 2018



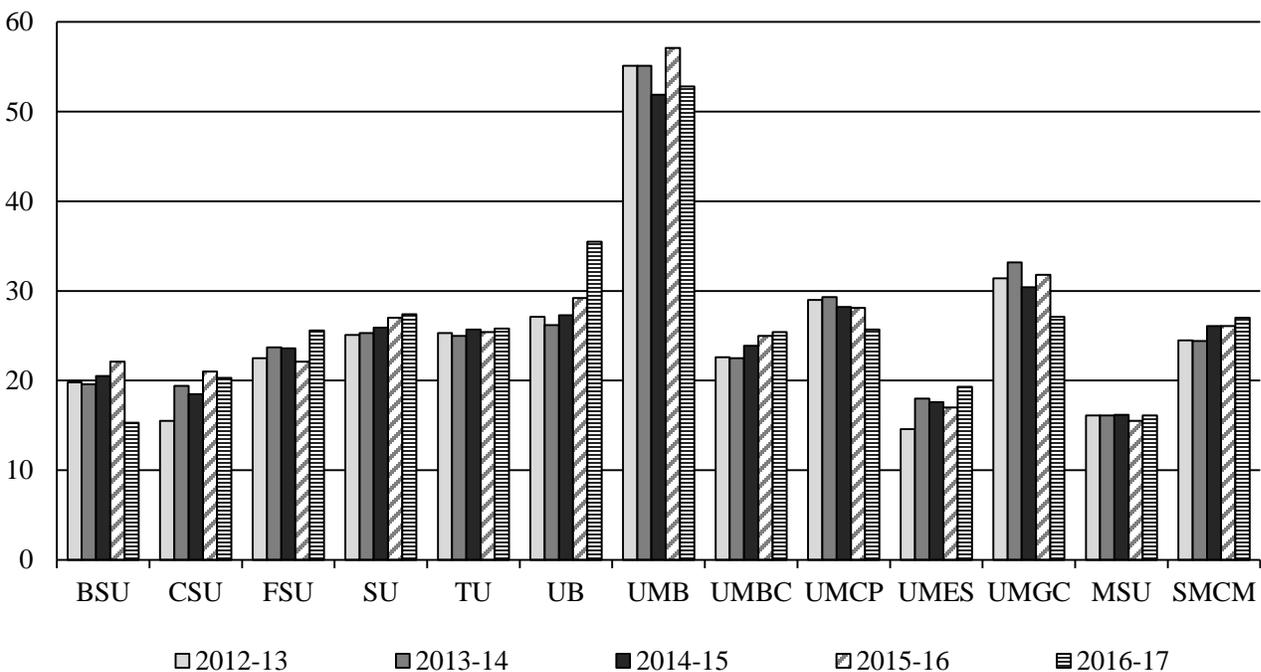
BSU: Bowie State University
 CSU: Coppin State University
 FSU: Frostburg State University
 MSU: Morgan State University
 SMCM: St. Mary’s College Of Maryland
 SU: Salisbury University

TU: Towson University
 UB: University of Baltimore
 UMBC: University of Maryland, Baltimore County
 UMCP: University of Maryland, College Park Campus
 UMES: University of Maryland Eastern Shore
 UMGC: University of Maryland Global Campus

Source: Integrated Postsecondary Education Data System

One method that can be utilized to evaluate the productivity of a public four-year institutions is effectiveness, *i.e.*, how well an institution meets the demands of the students; stated another way, the more students that graduate, the more productive an institution is. **Exhibit 10** provides the bachelor’s degrees produced per 100 students, which is a snapshot of enrollment as well as a snapshot of how many students attained a degree in a specified year. The University of Maryland, Baltimore (UMB) has achieved the highest degrees per 100 students from fall 2012 through fall 2016. Institutions that have experienced increases include CSU, Frostburg State University, Salisbury University, UB, UMBC, University of Maryland Eastern Shore, and SMCM. TU and MSU have remained relatively flat. Bowie State University; University of Maryland, College Park Campus; and UMGC have experienced declines.

Exhibit 10
Bachelor’s Degrees Per 100 Full-time Equivalent Students
Academic Years 2012-2016



BSU: Bowie State University
 CSU: Coppin State University
 FSU: Frostburg State University
 MSU: Morgan State University
 SMCM: St. Mary’s College Of Maryland
 SU: Salisbury University

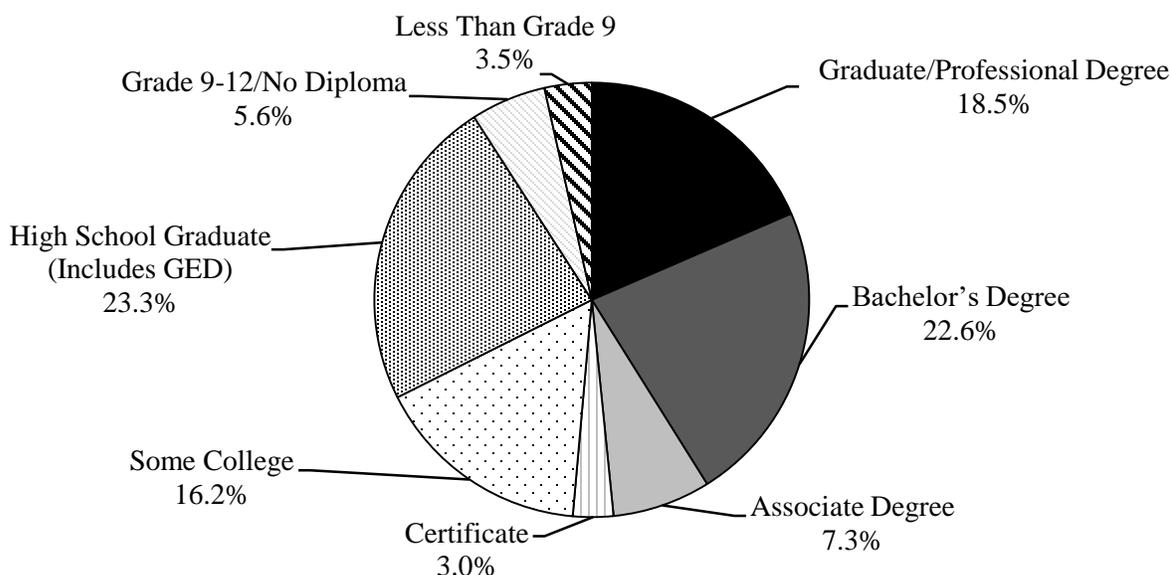
TU: Towson University
 UB: University of Baltimore
 UMB: University of Maryland, Baltimore Campus
 UMBC: University of Maryland, Baltimore County
 UMCP: University of Maryland, College Park Campus
 UMES: University of Maryland Eastern Shore
 UMGC: University of Maryland Global Campus

Source: Integrated Postsecondary Education Data System

Progress Toward 55% Degree Attainment

To maintain a competitive and productive workforce, Maryland has a college completion goal that at least 55% of adults 25 to 64 years old will hold at least one degree credential by 2025. As of 2017, as shown in **Exhibit 11**, over half (51.4%) of Marylanders hold at least one degree credential, exceeding the national average of 47.6%. However, almost a quarter of Marylanders (23.3%) only have a high school diploma. In looking at attainment levels by county, only four counties have over 50% of adults with at least an associate degree, as shown in **Exhibit 12**, showing areas in which the State could target resources to increase completion among residents.

Exhibit 11
Maryland Education Attainment Adults 25 to 64 Years Old
2017



Source: Lumina Foundation; A Stronger Nation

Exhibit 12
Percentage of Maryland Adults (25-64) with at least an Associate’s Degree
By County
2017

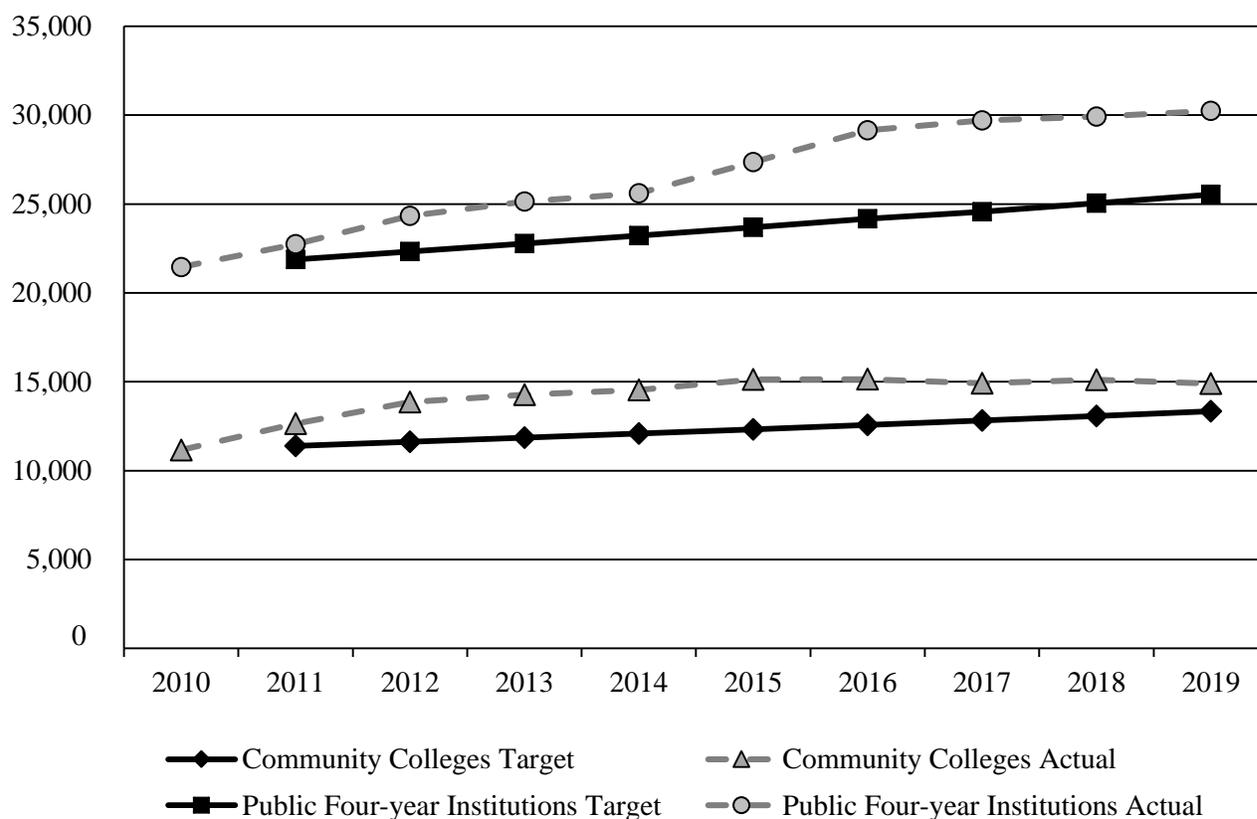
<u>County</u>	<u>Attainment</u>	<u>County</u>	<u>Attainment</u>
Howard	69.6%	Charles	39.0%
Montgomery	64.6%	Prince George’s	38.9%
Frederick	51.5%	Calvert	38.6%
Anne Arundel	50.1%	Baltimore City	37.5%
Baltimore	47.4%	Wicomico	36.9%
Harford	47.2%	Cecil	32.1%
Carroll	46.7%	Washington	31.5%
Queen Anne’s	45.7%	Allegany	30.7%
Talbot	42.1%	Garrett	30.4%
St. Mary’s	41.0%	Dorchester	26.9%
Worcester	39.9%	Caroline	24.4%
Kent	39.3%	Somerset	19.1%

Source: Lumina Foundation; A Stronger Nation

MHEC estimated that a total of 1.8 million Marylanders would have to possess a degree to meet the 55% goal. MHEC estimates that in 2025, 903,511 residents aged 25 to 49 who held at least an associate degree in 2010 will still be in the target group. Therefore, when excluding this population from the target of 1.8 million, Maryland will need to have an additional 924,909 degree holders between 2010 (the base year) and 2025. Public two- and four-year and independent and other private institutions would account for 719,035 of the additional degree holders, while the remaining would be due to migration of individuals from other states and countries who already hold a college degree.

After factoring in migration and mortality rates, MHEC’s model determined that the goal can be reached if the public sector annually increases degree production by 2.0% and the private sector by 1.3%. As shown in **Exhibit 13**, community colleges and public four-year institutions have consistently surpassed their respective targets. However, the rate of growth in the number of degrees at community colleges has slowed and even declined since fiscal 2015, resulting in an average decline of 0.4% since fiscal 2015. Since fiscal 2017, the rate of growth in degrees at the public four-year institutions slowed from an average of 5.3% from fiscal 2011 to 2016 to 1.2% from fiscal 2017 to 2019. As of fiscal 2019, a total of 471,759 degrees (including independent and other private institutions), or 65.6% of the target, have been conferred. However, if the trend in degree production continues, the State will not meet its target. It should also be noted that starting in fiscal 2015, the number of degrees awarded by public four-year institutions are overstated due to a change in the reporting requirements for UMGC in which all associate’s and bachelor’s degrees conferred to all students, stateside and overseas, are included in the total number of degrees.

Exhibit 13
55% Degree Attainment Goals by Public Segments
Fiscal 2010-2019

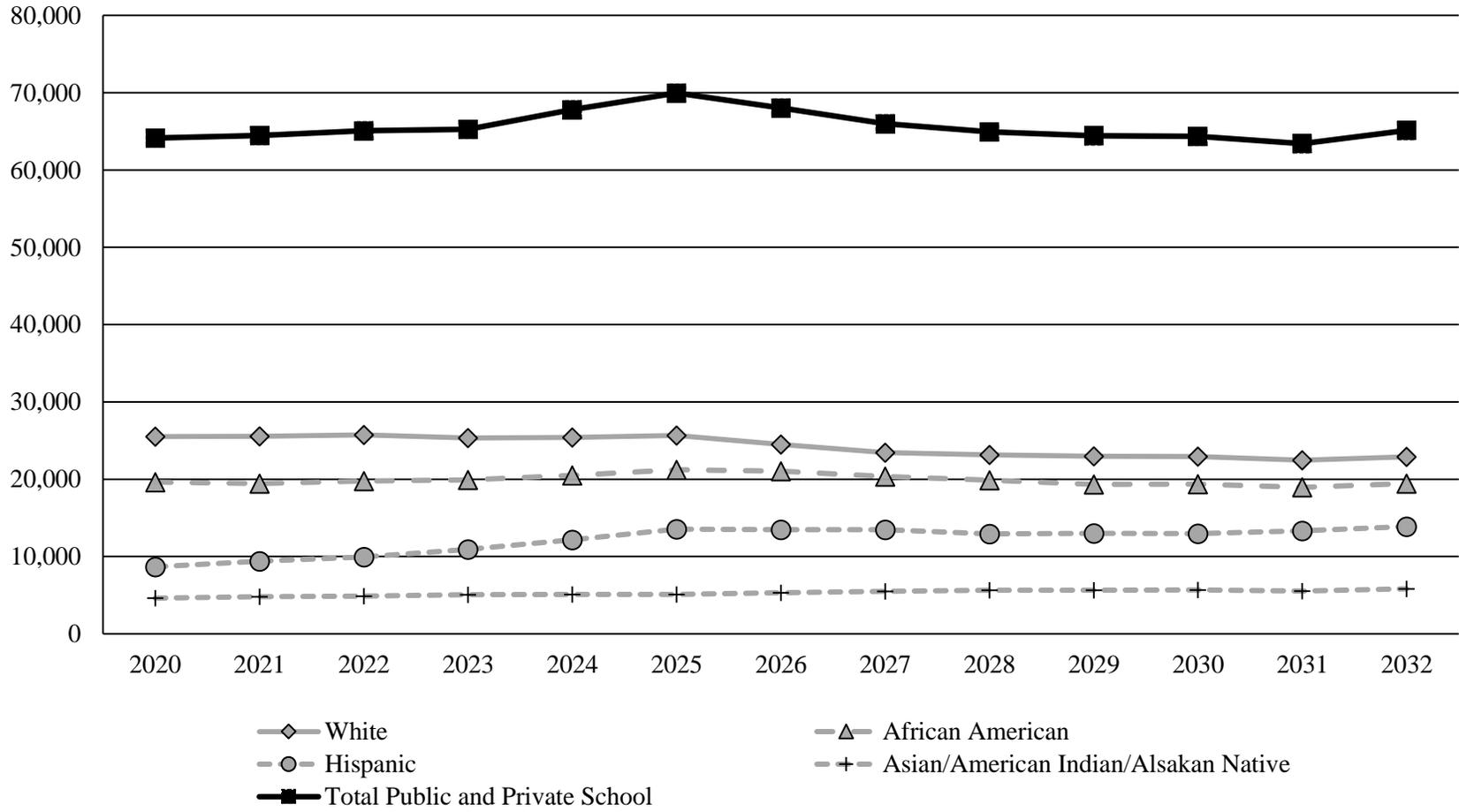


Source: Maryland Higher Education Commission

Postsecondary Pipeline

In order to meet its 55% degree attainment goal, Maryland needs to improve student progression from high school into postsecondary education and eventually completion. Overall, the number of students entering the pipeline (both public and private high school graduates) is projected to increase by 5.8% from fiscal 2020 to 2025, as shown in **Exhibit 14**. However, maintaining the 55% goal may be challenging as the number of graduates is expected to decline 6.9% by fiscal 2032. In addition, public high school graduates will become increasingly more diverse with white graduates comprising 38.3% of all graduates by fiscal 2032. In order to maintain or increase enrollment, institutions will need to recruit and develop pathways and programs to retain and graduate first-generation and low-income students.

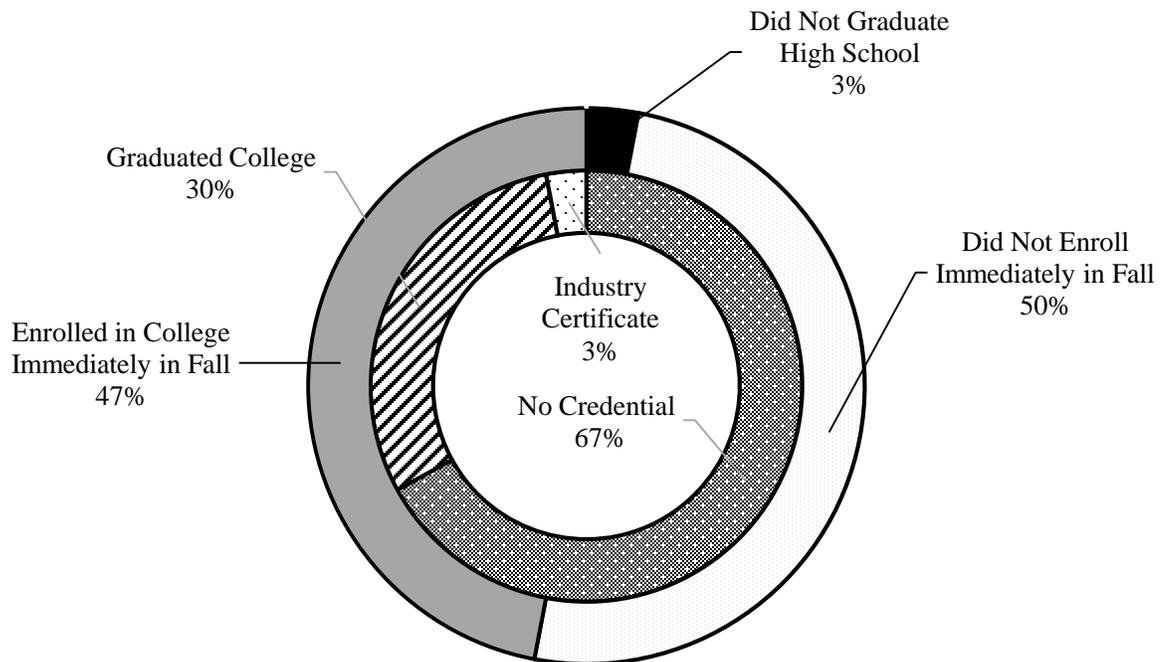
Exhibit 14
Estimated High School Graduates
Fiscal 2020-2032



Source: Western Interstate Commission for Higher Education

The postsecondary pipeline highlights student progress as a continuum from high school to postsecondary education and completion and the relative strengths and weaknesses at each stage of transition, thereby indicating where the State should focus its policies in order to improve outcomes. **Exhibit 15** shows the outcomes of students who exited grade 12 from a Maryland public high school in 2010. The first leakage in the pipeline is the 50% of students who decide not to pursue postsecondary education, including for-credit certificates or certifications at a public institution immediately in the fall after graduation. It is not clear what happened to these students, but they may have pursued other options such as joining the workforce, military, or postsecondary apprenticeship. These students may not have even considered attending college for a variety of reasons including cost, preparation, or family expectations. It should be noted that a small percentage of these students may enroll in college two or more years after graduating high school. The other major leakage is that only 30% of those who enrolled in college in the fall immediately after high school graduation, graduated from college before the age of 25. This indicates that there is room at the institutional level to improve student success to earn a degree. In addition, the State can target policy and resources to those with some college but no degree (SCND).

Exhibit 15
Postsecondary Pipeline
Outcomes of Grade 12 Students Who Exited Maryland Public Schools in 2010



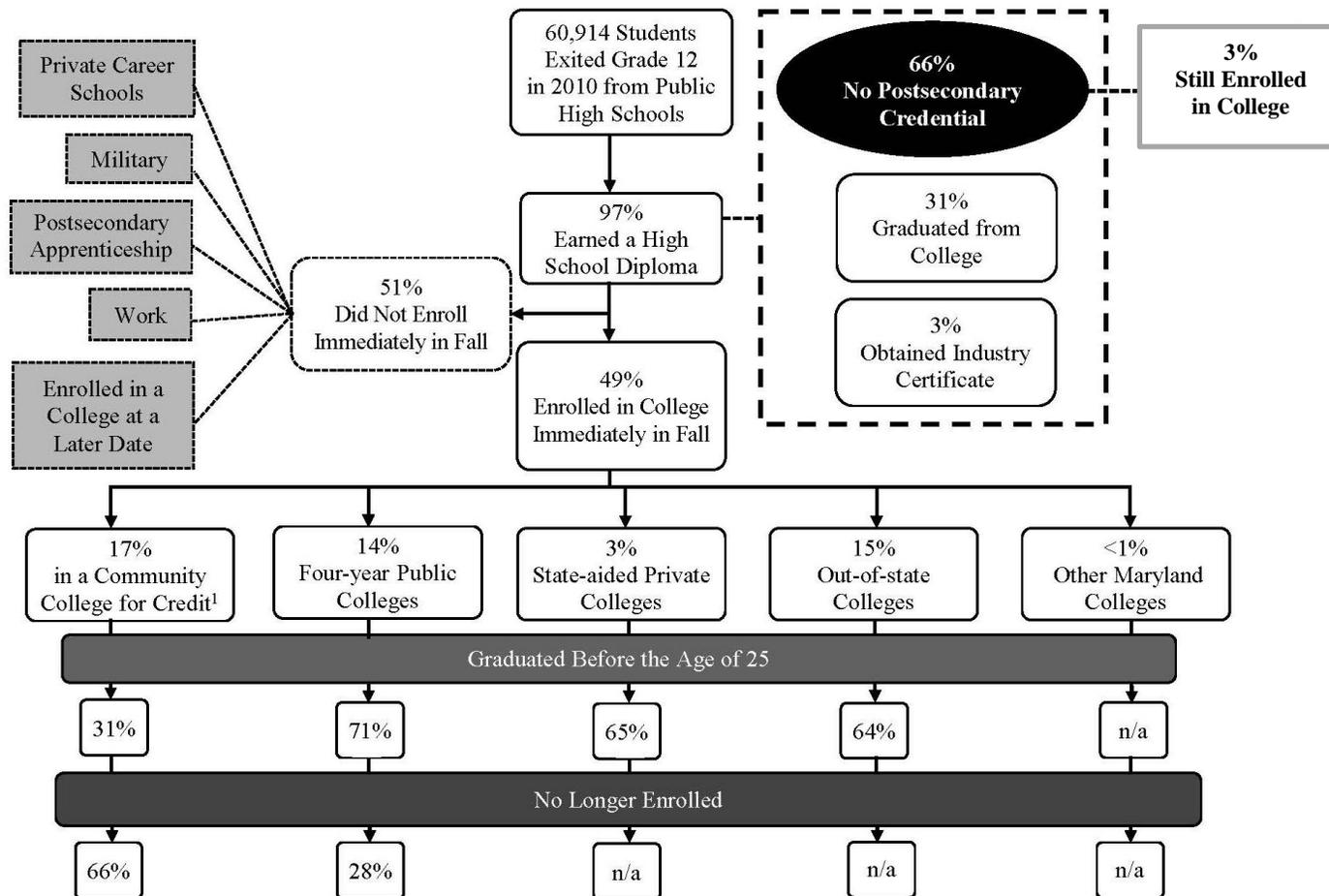
Source: Maryland Longitudinal Data System; National Center for Education and Economy

Higher Education – Fiscal 2021 Budget Overview

Exhibit 16 further illustrates the outcomes of the 2010 cohort. Overall, the leakage in the student pipeline occurs at all levels from high school to postsecondary education and it will take all the segments working together to improve student outcomes to help more students obtain a credential or certification.

The Chancellor, presidents of SMCM and MSU, MICUA, and the Maryland Association of Community Colleges (MACC) should comment on factors contributing to the decline in enrollment. Further, with the projected decline in high school graduates, they should also comment on efforts that will be taken to stabilize/grow enrollment.

Exhibit 16 Postsecondary Pipeline Eight Years After Exiting Grade 12 from a Maryland Public High School



Note: Graduation rates only include those students who graduated from sector in which they originally enrolled.

Source: Maryland Longitudinal Data System

Issues

1. Some College, No Degree

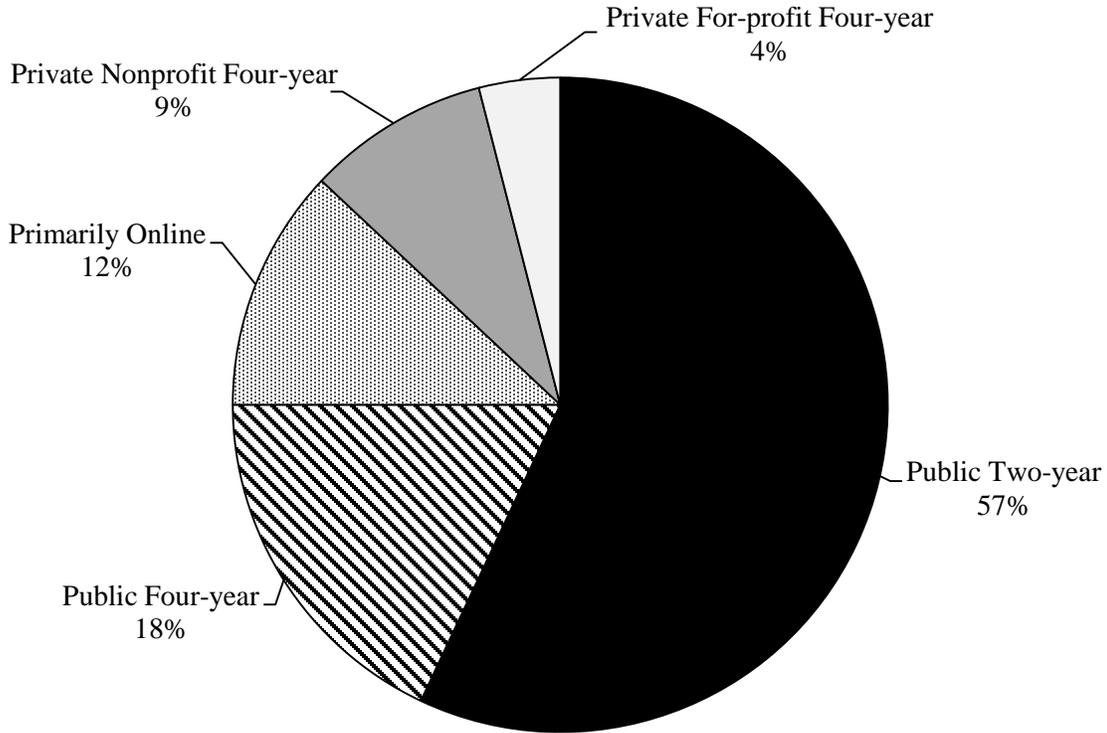
One of the leakages in the postsecondary pipeline, as previously discussed, are students who attended college but did not earn a credential. According to NSC Research Center, as of December 2018, there were 570,129 students whose last enrollment was in a Maryland institution that have some college, no degree (SCND). It should be noted that not all of these former students still reside in the State. Given the projected decline in high school graduates, this population of former students could help the State attain its completion goal and its objective to have an educated workforce. In addition, these students could also be a source of enrollment growth for colleges.

Nationally, according to NSC Research Center, between 1993 and 2018, 36 million people attended college but never earned a credential. In a report released in October 2019 the center found that 10% of this population with SCND, about 3.5 million, are potential completers: those who have at least two years of academic progress up to their last enrollment. These former students were found to be more likely than others to reenroll and finish college. By looking at the characteristics of students who reenrolled and completed college in the last five years (2013 to 2018) the center developed a profile of potential completers:

- 58% were below the age of 30;
- 75% were in their 20s when they last attended college;
- 47% were racial/ethnic minorities;
- 50% were women;
- 48% were last enrolled in a community college;
- 35% attended two institutions, and 25% attended three or more institutions; and
- 64% stopped out more than once.

In the past five years, 3.8 million SCND students reenrolled in college of which 940,000, or 25%, completed college, and 29% were still enrolled. As shown in **Exhibit 17**, 75% of SCND reenrolled at a public institution, with 57% enrolled at a community college. Only 38% of SCND students reenrolled at the institution they were last enrolled in. However, for completers this percentage was higher at 43%. A majority of new completers (60%) earned an associates degree or certificate. The median time that it took a new completer to earn a certificate was 1.4 years and 1.9 years and 2.1 years for an associate and bachelor's degree, respectively.

Exhibit 17
National Reenrollment by Institution Type
2014-2018

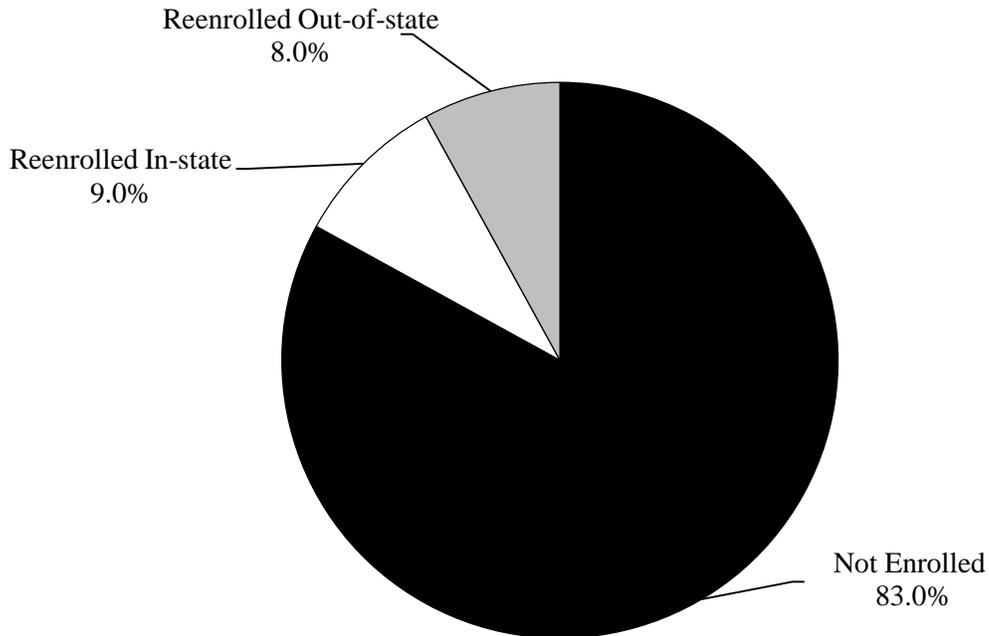


Source: National Student Clearinghouse Research Center

Maryland SCND

The center identified 457,706 SCND students whose last enrollment was at a Maryland institution, as of December 2013. As shown in **Exhibit 18**, 17%, or 77,615, of the SCND students reenrolled in college; 9% at in-State and 8% at an out-of-state institution. Between 2014 and 2018, 23.4%, or 18,161, of those who reenrolled completed college, and 32% are still enrolled in college.

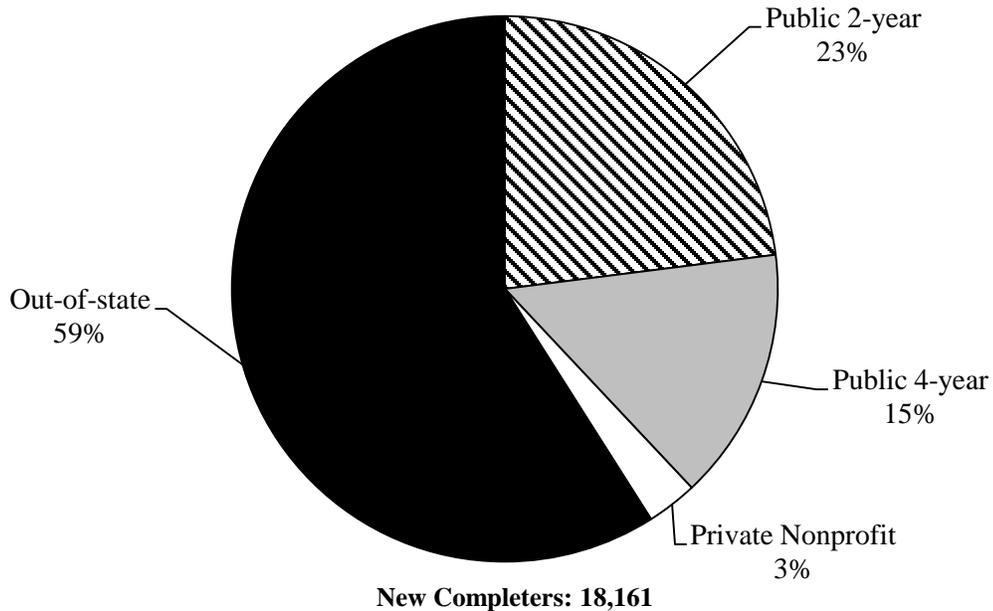
Exhibit 18
Status of Maryland Some College, No Degree Students
2014-2018



Source: National Student Clearinghouse Research Center

As shown in **Exhibit 19**, 23% and 15% of SCND students completed their degrees at a two- or four-year institution, respectively. However a majority (59%) completed at an out-of-state or multistate (primarily online institutions with more than 90% of students enrolled exclusively in distance education) institutions. Maryland is one of four states where the majority of completers did not complete in-state. The other states are Vermont (51%), Nevada (56%), and Alaska (60%).

Exhibit 19
Educational Pathways of New Completers
Fiscal 2014-2018



Source: National Student Clearinghouse Research Center

Maryland’s Near Completers Programs

MHEC administers two near completer programs: the One Step Away (OSA) and the Near Completer Programs. Both are designed to increase college completion of Maryland residents.

One Step Away

OSA was established in fiscal 2013 to improve Maryland’s college completion in support of the State’s 55% degree completion goal. OSA is a competitive grant program that provides funds to public and nonprofit independent institutions to support their efforts in identifying, reenrolling, and graduating near completers. Near completers are students who have earned 75% or more credits (45 for an associate’s degree and 90 for a bachelor’s degree) or may have enough credits for a degree but stopped or dropped out for 12 months or longer without graduating. Near completers are categorized as:

- **Degree Eligible:** Students who have accumulated the required number of credits, completed all course requirements, and are in good academic standing but did not receive a degree due to

various reasons, including not knowing that they met the degree requirements, financial holds, or incomplete paperwork.

- ***Degree Potential:*** Students who completed at least 75% of the credits needed for a degree but stopped or dropped out for at least 12 consecutive months.

Institutions may be awarded up to \$60,000 and are required to provide at least one-third of in-kind matching funds. After identifying near completers, institutions forward names to MHEC, who in collaboration with the Maryland Motor Vehicle Administration, obtains addresses in order for institutions to initiate contact with students. Grants support evidence-based best practices and initiatives including improving degree audit infrastructure; developing individualized or a more generalized degree program completion plan; enhancing or redesigning a degree program, *e.g.*, allowing transfer of credits from other institutions toward a degree; or establishing a “concierge” or near-completer specialist.

Since fiscal 2013, 17 institutions have received a grant: 8 community colleges; 6 four-year institutes; and 3 nonprofit independent institutions. Overall, 17,925 near completers were identified, and 14,209 were successfully contacted, leading to 1,221 students reenrolling. This resulted in 935 degrees being conferred.

Near Completer Program

In fiscal 2019, MHEC launched the Near Completer campaign. The goal of the communication campaign is to identify near completers and encourage these former students to reenroll in an institution to complete their degree. MHEC started the campaign with a social media push informing people that the Near Completer Grant would be available during the 2019-2020 academic year. The fiscal 2020 campaign will target those students that may not have completed their degree due to life circumstances such as finances, family responsibilities, and health reasons, encouraging them to complete their degree in Maryland, and that they may be eligible for the grant.

In order to target its campaign, MHEC contacted all institutions requesting them to identify students who were no longer enrolled and met the definition of a near completer. Four institutions chose not to participate, and several noted that they already have a near-completer-type program. MHEC received contact information for 12,877 near completers from 21 institutions (13 community colleges, 7 four-year institutions, and 1 nonprofit independent institution). MHEC expects to enter into an Interagency Agreement with Maryland Public Television to oversee all television, radio, and digital media buys over an eight-month period.

In July 2019, MHEC launched a match program webpage using Maryland’s existing academic program inventory. A near completer can use this website to match their original major with a two- or four-year institution that currently offers the same or similar program. Near completers can search either by academic program or programs by institution and degree level. Once a match has been made, the near completer is encouraged to contact the institution. MHEC will be notifying near completers of the match and grant program using the contact information provided by the institutions.

The fiscal 2020 budget provided \$250,000 to establish the Near Completers Grant Program. The grant may only be used to cover tuition and is a last dollar program in which the grant covers any remaining tuition cost after Pell awards and other financial aid are exhausted. A near completer is defined as an individual who attended a public two- or four-year institution; completed 45 or 90 credits hours at a two- or four-year institutions, respectively; and has a minimum 2.0 grade point average. As of the December 23, 2019 deadline, MHEC received 36 applications.

The Chancellor, presidents of SMCM and MSU, MICUA, and MACC should comment on programs or initiatives to re-enroll and ensure successful outcomes of those students with SCND.

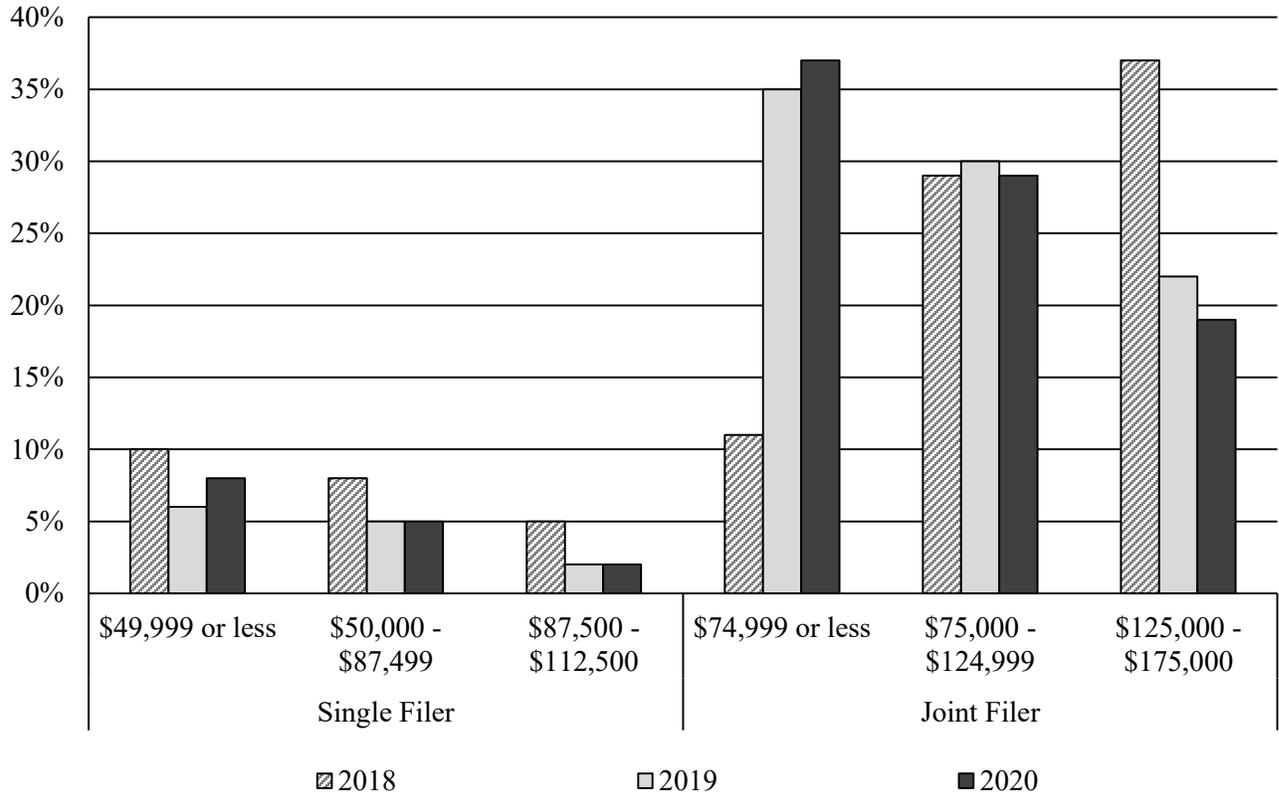
The Secretary of MHEC should comment on factors attributing the high percentage of SCND whose last enrollment was at a Maryland institution completing at an out-of-state institution.

2. Update on 529 Matching Program

The College Affordability Act of 2016 (Chapters 689 and 690) was developed to ensure that all families throughout Maryland, especially low-income families, had the opportunity to start saving for college for their children. To help students and families before and during college, Maryland 529 (formerly the College Savings Plan of Maryland) manages the Save4College State Contribution Program (Save4College Program) and provides flexible and affordable 529 plans to help Maryland families save for future education expenses and reduce dependence on student loans. Maryland 529 is an independent State agency that provides applicants within certain income limitations a matching contribution of up to \$500 to a college savings investment account.

In fiscal 2018, the Save4College Program received applications that totaled 15.8% of the total available funding (\$5 million). To increase enrollment, marketing strategies were developed to reach lower- and middle-income families during the 2019 fiscal year. These strategies proved to be effective with joint filers who had taxable income of \$74,999 or less increasing from 11% to 30% of total applications. These marketing strategies have continued to be effective in fiscal 2020; single filers with taxable income of \$49,999 or less increased from 6% to 8%, while joint filers with taxable income of less than \$74,999 increased from 35% to 37%. These two categories represented 45% of total applications in fiscal 2020 compared to 41% in fiscal 2019 as shown in **Exhibit 20**.

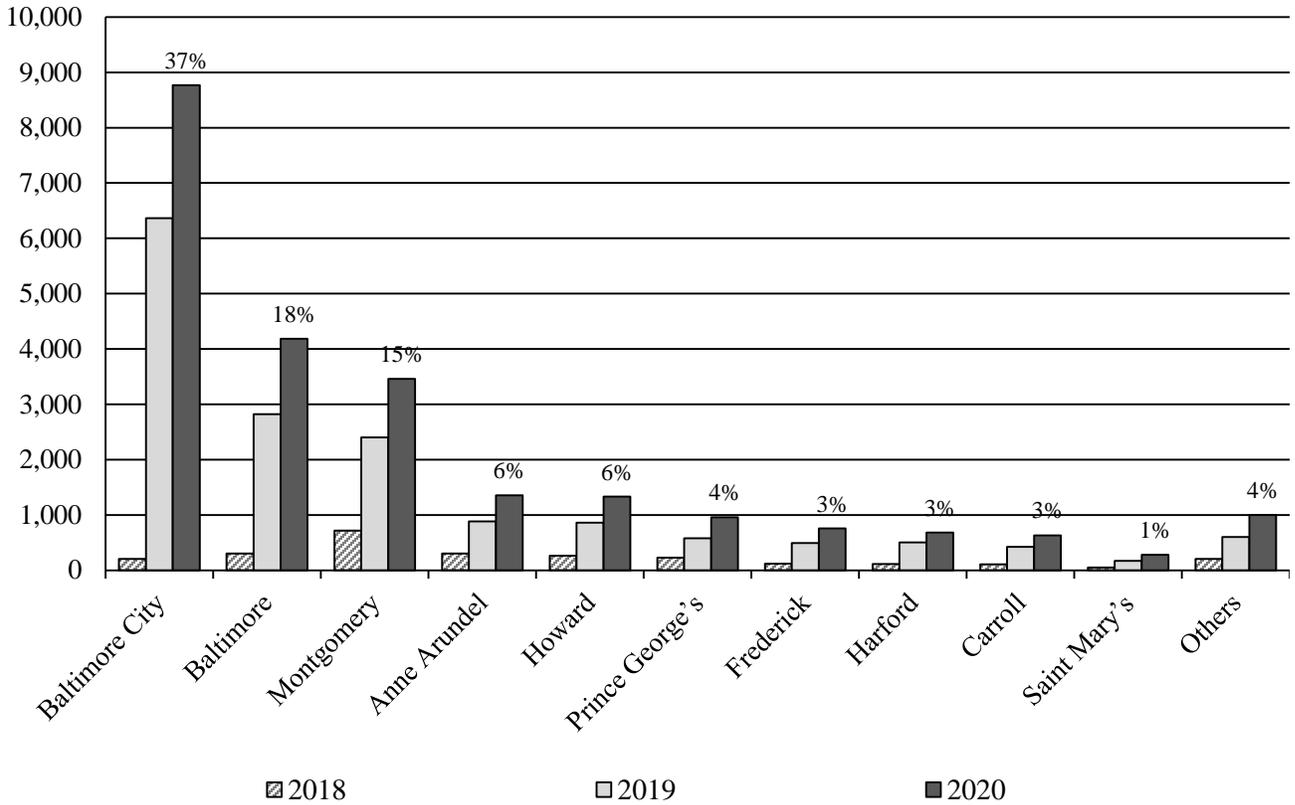
Exhibit 20
Applications by Income Brackets
Fiscal 2018-2020



Source: Maryland 529

Certain geographic regions were targeted in fiscal 2020: Baltimore City, the Eastern Shore (Caroline, Cecil, Dorchester, Kent, Queen Anne’s, Somerset, Wicomico, and Worcester Counties), Prince George’s County, Southern Maryland (Calvert, Charles, and Saint Mary’s Counties), and Western Maryland (Allegany, Garrett, and Washington Counties). There were increased applications across all regions, with Baltimore City and Baltimore County experiencing the largest numeric increases as shown in **Exhibit 21**.

**Exhibit 21
County Applicant Breakdown
Fiscal 2018-2020**

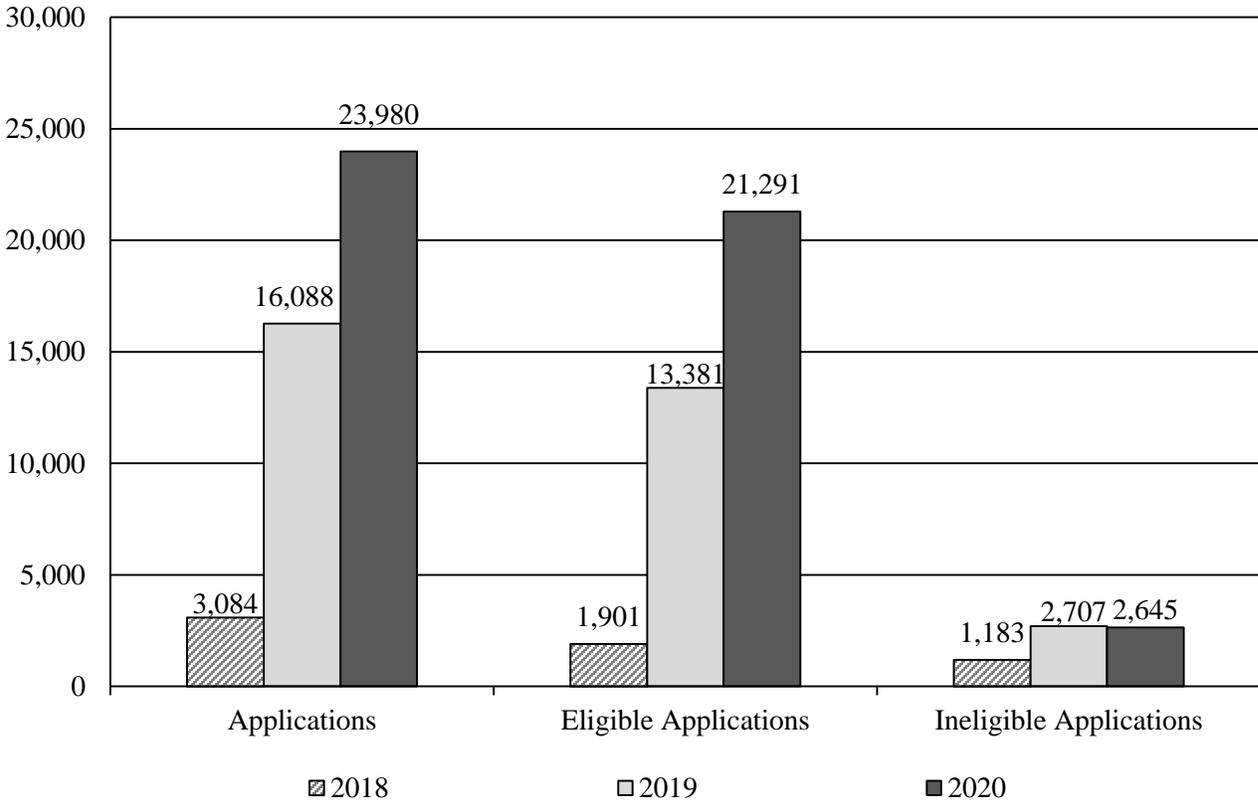


Note: Total applications in fiscal 2020 were 23,980. Percentage totals on the fiscal 2020 bars indicate the percentage of the total applications.

Source: Maryland 529

In conjunction with the marketing strategies to reach low-income families, the State match was raised from \$250 to \$500 in fiscal 2019 for all but the highest income range contribution groups to further entice participation. As a result of the marketing strategies and increased State matching award, the Save4College Program received 23,980 applications in the third year of the program of which 21,291 applicants were deemed eligible to receive the matching funds from the State, as shown in **Exhibit 22**. This total represented a 47% increase in the number of applications received and an increase of 59% in the number of eligible applications when compared to the previous fiscal year. A total of 7,177 applicants are due to receive the \$500 match (76% of applicants), while 1,329 are due to receive the \$250 match (14% of applicants), for a total of \$10,067,500. A total of 2,645 applications were not eligible for a State match, 62 fewer than fiscal 2019, because they did not meet the required minimum contribution amount during the contribution window or did not fully complete the application requirements.

Exhibit 22
Total Application Numbers
Fiscal 2018-2020

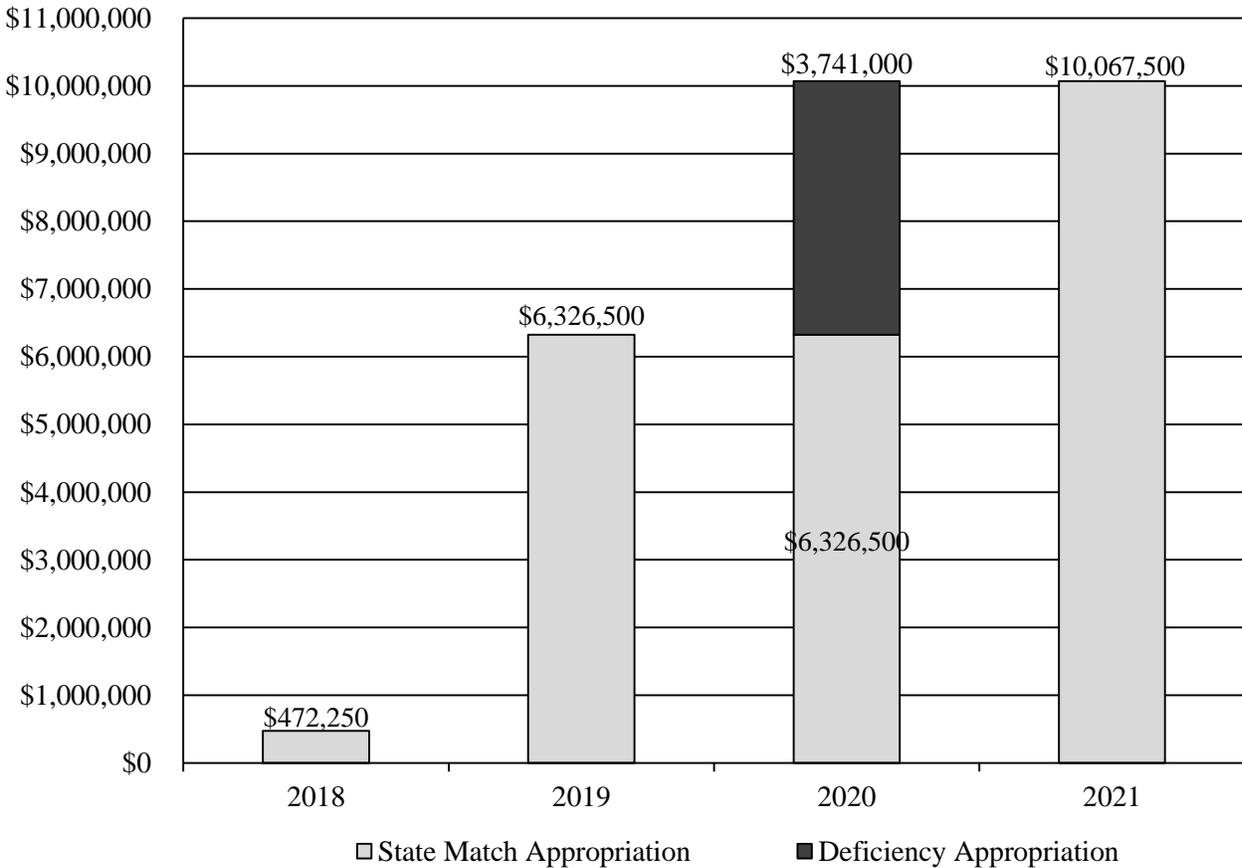


Note: 44 applicants were rescinded in Fiscal 2020.

Source: Maryland 529

Chapter 419 of 2018 required the Governor to allocate no less than \$3,000,000 annually in the Save4College Program. The fiscal 2020 budget allocated \$6.33 million for the program; this amount was selected as it was the total needed to fully fund the fiscal 2019 eligible applicant total. The funds necessary from the State to meet the completed applications for fiscal 2020 would total \$10.1 million, as shown in **Exhibit 23**. Chapter 419 further stipulated that if funding provided in a fiscal year was not sufficient to fully fund all State contributions authorized, contributions would be provided in the order in which the applications were received, and priority would be given to applications of account holders who did not receive a contribution in any prior year. However, the Governor’s fiscal 2021 budget includes a fiscal 2020 deficiency appropriation of \$3.7 million for the Save4College Program in order to ensure that all eligible applicants would receive their State match contribution and level funds the program at \$10.1 million for fiscal 2021.

Exhibit 23
State Match Funding and Total Applicant Funds
Fiscal 2018-2021



Source: Maryland 529

3. 529 Matching Program Applications Per Beneficiary

The Save4College Program was designed to help lower- to middle-income families in Maryland save money for higher education expenses. Currently a \$500 State matching contribution is available for single filers with incomes under \$87,500 and joint filers under \$125,000, and \$250 for single filers between \$87,500 to \$112,500, and joint filers between \$125,000 and \$175,000.

Currently, Maryland 529 allows for an individual beneficiary to have multiple accounts established for that single individual. Under this structure, a single beneficiary has the ability to have multiple State funding matches awarded since Maryland 529 interprets each individual account to constitute a new beneficiary claim. This runs counter to the intent of the legislature when enacting the match which intended to limit the match to one per beneficiary, not one per account. In an example provided by Maryland 529, in fiscal 2020, one family was able to open 195 accounts for their four children as shown in **Exhibit 24** with a State funding match of \$97,500 being awarded.

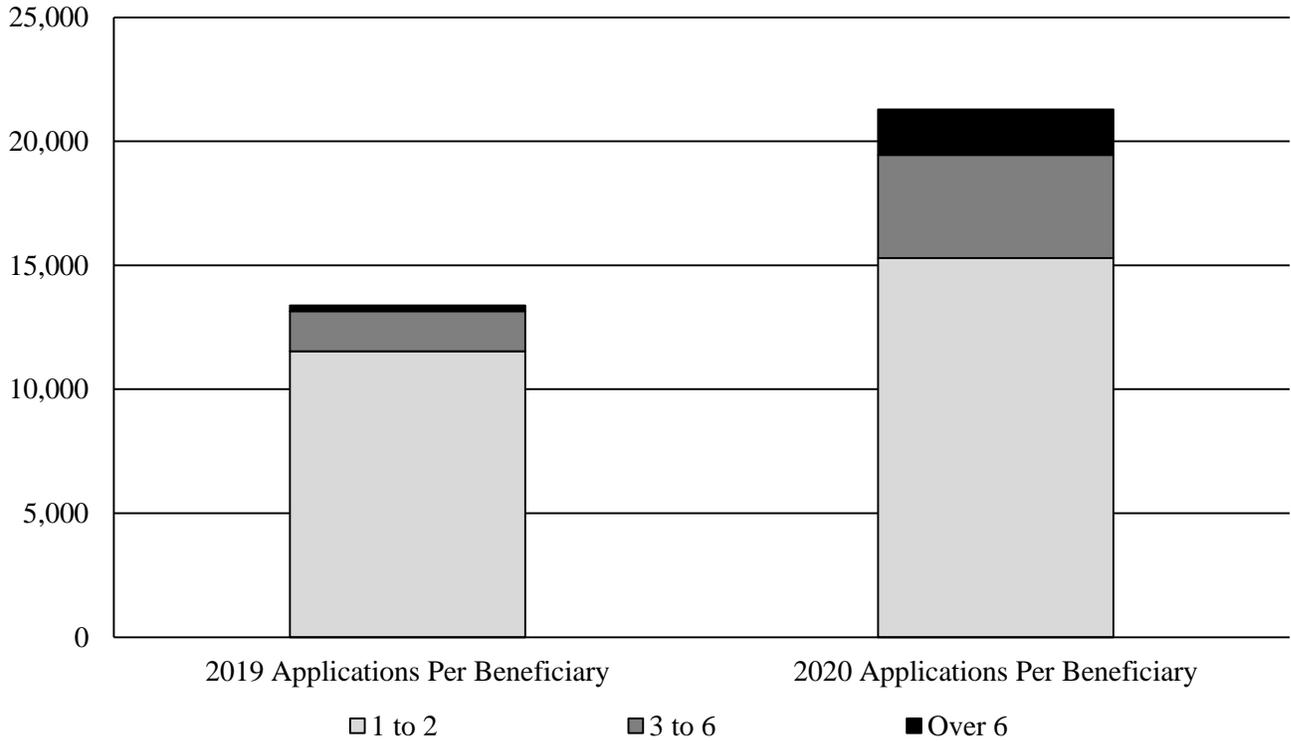
Exhibit 24
Multiple Accounts by Beneficiary

	<u>Accounts Opened</u>	<u>Matching Money Awarded</u>
Child 1A	49	\$24,500
Child 1B	49	24,500
Child 1C	49	24,500
Child 1D	48	24,000
TOTAL	195	\$97,500

Source: Maryland 529

While this scenario is an extreme example of how the State funding match program has been manipulated, there has been a considerable rise in the “over six” population from fiscal 2019 to 2020. The over six population includes individual beneficiaries who have had greater than six applications filed on their behalf for the State funding match. The count of applications per beneficiary for the over six population has grown from fiscal 2019, when 223 applications were made for 26 beneficiaries, or 1.7% of the total number of applications, to 1,827 applications made for 180 beneficiaries, or 8.6% of the total number of applications in fiscal 2020 as seen in **Exhibit 25**.

Exhibit 25
529 Matching Program: Count of Applications Per Beneficiary
Fiscal 2019-2020



Source: Maryland 529

In fiscal 2020, the total State funding match awarded to the over six population was \$898,500, or 8.9% of the total \$10,067,500 State funding match awarded for the fiscal year. In fiscal 2019, the total State funding match awarded to the over six population was \$108,500, or 1.7% of the total \$6,326,500 State funding match awarded for the 2019 fiscal year.

The executive director should comment on whether the agency has correctly interpreted the State funding match law by allowing a single beneficiary to potentially receive multiple funding matches if several accounts are opened for that individual beneficiary.

The Department of Legislative Services recommends that if necessary, the 529 State funding match program statute be modified in the Budget Reconciliation and Financing Act to ensure that an individual beneficiary only be eligible for a single match.

4. Maryland’s Historically Black Colleges and Universities Litigation Remains Unresolved

The Coalition for Equity and Excellence in Maryland Higher Education, a group of former, current, and prospective students at Maryland’s historically black colleges and universities (HBCU), is suing the State and MHEC, alleging violations of the Civil Rights Act of 1964 and the Equal Protection Clause of the Fourteenth Amendment. The lawsuit was initially filed in 2006 in Baltimore City but was moved a few weeks later to the U.S. District Court. After attempts at mediation failed, and after a long process of discovery, a six-week bench trial ensued in January and February 2012.

The District Court found that, under Maryland’s current funding system, HBCUs are not underfunded by the State relative to traditionally white institutions (TWI); rather, the court found that Maryland appropriated slightly more per FTES at HBCUs than at TWIs. Further, the court determined that Maryland’s HBCUs are funded at or above their peer-based funding targets.

The District Court did find that the State had failed to eliminate unnecessary program duplication for Maryland’s HBCUs and concluded that this policy was traceable to the *de jure* segregation era. The court cited MHEC’s decision to approve a joint UB/TU Masters of Business and Administration program over the objections of MSU in 2005 as an example of how the State failed to prevent additional unnecessary duplication.

There have been attempts to financially resolve this case in recent years.

- In February 2018, the Governor proposed a \$100 million settlement to be allocated over a 10-year period beginning in fiscal 2020 that would supplement State appropriations to Maryland HBCUs. The coalition rejected this proposal.
- In September 2019, the attorneys representing the coalition submitted a letter to the President of the Senate and the Speaker of the House of Delegates proposing a settlement amount of \$577 million “spread over a reasonable time period.” The coalition specified that the funds would be used to develop and launch new programs, hire faculty, and provide scholarships.
- In September 2019, the Governor proposed a “final offer” to settle the coalition’s lawsuit for \$200 million allotted over a 10-year period starting in fiscal 2021.

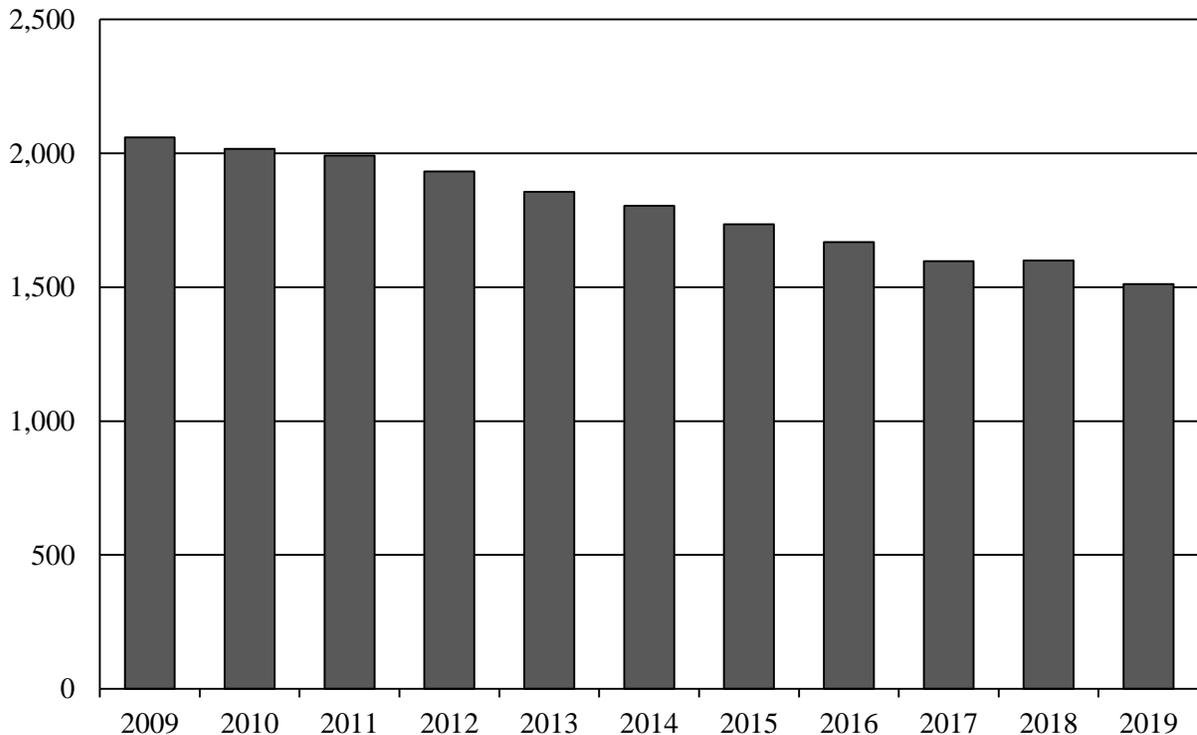
As of publication of this analysis, the parties have yet to reach an agreement, keeping the case in federal appeals court for further proceedings.

5. Enrollment Decline continues at St. Mary’s College

SMCM enrollment has steadily declined from 2008 through 2017. Falling from a record high in 2008 of 2,065 total students, the 2017 cohort totaled 1,598 students, or a reduction of 22.6%. Total enrollment for the fall 2018 cohort gained two students. However, as shown in **Exhibit 26**, the fall

2019 cohort again declined, falling to 1,512 total students, a reduction 88 students, or a decrease of 5.5% from the 2018 total. The fall 2019 cohort total is the lowest total enrollment SMCM has experienced in over 20 years and is a decrease of 26.8% from the 2008 record high.

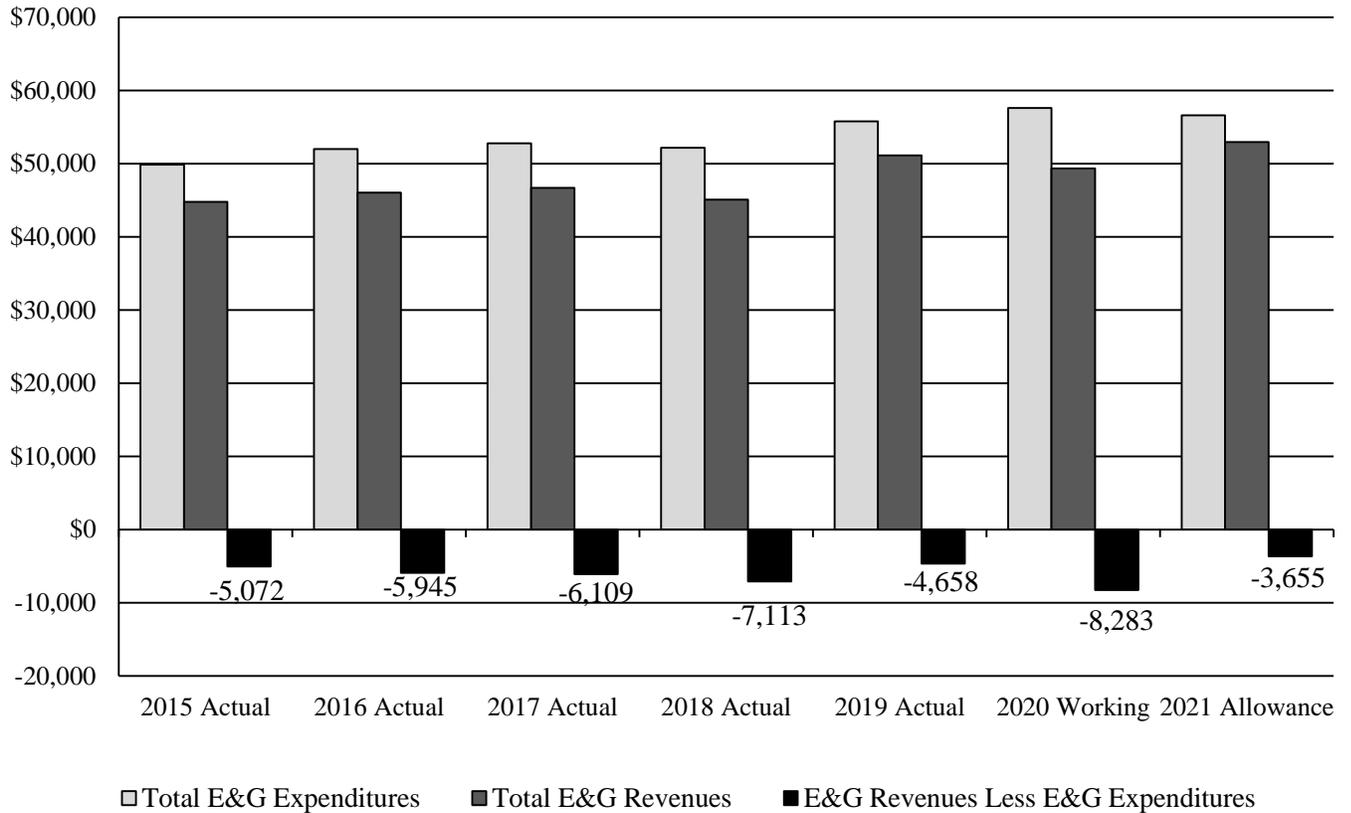
Exhibit 26
St. Mary’s College of Maryland Total Enrollment
Fall 2009-2019



Source: Maryland Higher Education Commission

Despite enrollment steadily declining, education and general (E&G) expenditures have steadily increased. As shown in **Exhibit 27**, E&G expenditures have on average been over \$5.8 million more than revenues between fiscal 2015 through the adjusted fiscal 2021 allowance. In order to cover the shortfall, SMCM has used its surplus auxiliary revenues. Since auxiliary enterprises are self-supporting, they typically generate a profit, which is generally transferred to the fund balance to be used to fund future projects such as renovation and construction of auxiliary-related facilities. In times when E&G revenues may not cover academic expenses, institutions will use excess auxiliary revenues to help offset the shortfalls.

Exhibit 27
Education and General Expenditures and Revenues
Fiscal 2015-2021
(\$ in Thousands)

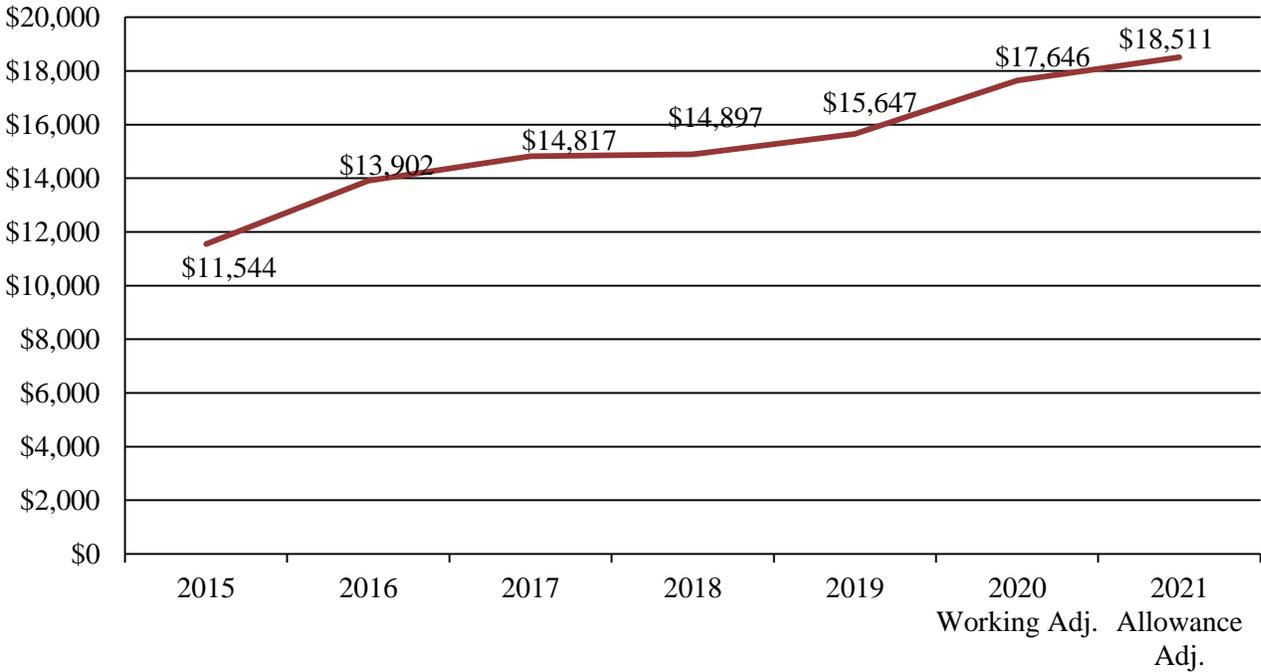


E&G: education and general

Source: Department of Budget and Management; Department of Legislative Services

A consequence of the declining enrollment and the mandated funding formula of the institution, which bases fiscal year funding at an equal level to the grant of the prior year augmented by inflation, State-supported health insurance costs and 50% of cost-of-living adjustments for State-supported employees, is that the amount of State funds spent per FTES has steadily increased. Beginning in fiscal 2016, SMCM has received the third largest amount of State funds spent per FTES for the public four-year institutions, a trend that has continued through fiscal 2021. As shown in **Exhibit 28**, State funds spent per FTES at SMCM have increased by \$6,967, or 60.3%, from \$11,544 in fiscal 2015 compared to \$18,511 in the fiscal 2021 adjusted allowance. Since fiscal 2016, SMCM has been behind only UMB, an institution that has high costs per FTES given the institution’s unique programmatic offerings (not included in this exhibit), and CSU, an institution that has also experienced enrollment declines over the past decade.

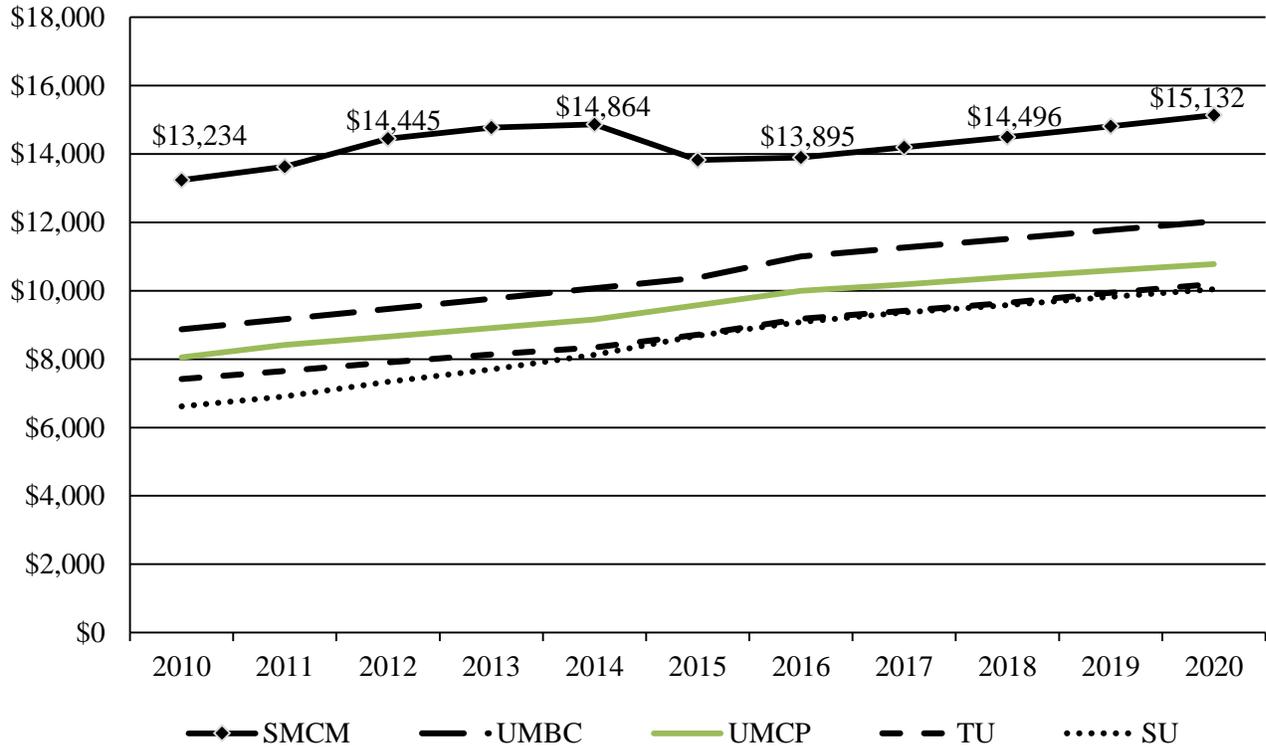
Exhibit 28
State Funds Spent at SMCM Per Full-time Equivalent Students
Fiscal 2015-2021



Source: Department of Legislative Services

Despite the steady enrollment decline, tuition and fees at SMCM for an in-state undergraduate student have consistently remained the highest in the State when compared to the other public four-year institutions, excluding UMB. As shown in **Exhibit 29**, from fiscal 2010 to 2020, total tuition and fees at SMCM averaged \$14,299 for an in-state undergraduate student. While tuition and fees have gradually increased at all the public four-year institutions, this total was \$3,816 more than the next closest institution, UMBC, which averaged \$10,484 during the same period. From fiscal 2010 to 2020, the smallest margin between SMCM and the institution with the next highest tuition and fee total was \$2,889. It should be noted that while tuition and fees have increased, SMCM has had a consistently high six-year graduation rate, averaging 82.9% over the last 10 cohort years of review.

**Exhibit 29
Tuition and Fees at SMCM and Maryland Public Four-year Institutions
Fiscal 2010-2020**



SMCM: St. Mary’s College of Maryland
 SU: Salisbury University
 TU: Towson University
 UMBC: University of Maryland, Baltimore County
 UMCP: University of Maryland, College Park Campus

Note: The University of Maryland, Baltimore, is not included. Comparison institutions selected as these institutions, on average, had the highest tuition and fees for in-state undergraduate students from fiscal 2010 to fiscal 2020.

Source: Department of Legislative Services

The President should comment on what actions are being taken to address the declining enrollment at the institution. The President should also comment on whether SMCM has undertaken efforts to identify administrative and academic efficiencies and, if so, what actions have or will be taken to achieve cost savings. The President should also discuss what actions are being taken to address the high tuition and fees for in-state undergraduate students at SMCM and the extent to which these high tuition and fee levels are making SMCM uncompetitive and unattractive to potential students.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Instructional Faculty Workload Report: The committees request that the University System of Maryland (USM), Morgan State University (MSU), and St. Mary’s College of Maryland (SMCM) continue to provide annual instructional workload reports for tenured/tenure-track faculty. By focusing on these faculty, the committees gain a sense of the teaching activities for the regular core faculty. However, there are other types of instructional faculty at institutions such as full- and part-time nontenured/nontenure-track faculty including adjunct faculty, instructors, and lecturers. Focusing on only tenured/tenure-track faculty provides an incomplete picture of how students are taught. Therefore, the report should also include the instructional workload when all types of faculty are considered. Additional information may be included at the institution’s discretion. Furthermore, the USM report should include the percent of faculty meeting or exceeding teaching standards for tenured/tenure-track faculty for the University of Maryland, Baltimore Campus.

Information Request	Authors	Due Date
Annual report on faculty workload	USM MSU SMCM	December 14, 2020

Budget Reconciliation and Financing Act Recommended Actions

1. Clarify that the State Funding Match Program award allocation shall be limited to one match per beneficiary.

Appendix 1
2019 Joint Chairmen’s Report Responses from Agencies

The 2019 *Joint Chairmen’s Report* (JCR) requested that the public four-year institutions prepare three reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Instructional Faculty Workload Report:*** Morgan State University’s (MSU) tenure and tenure-track faculty taught 101% of expected course units, Full-time contractual faculty taught 102% of expected course units, and department chairs taught 137% of expected course units. St. Mary’s College of Maryland (SMCM) full-time tenure-track faculty taught an average of 22.2 credits, while part-time faculty taught an average of 5.5 credits. Tenured/tenure track faculty at the University System of Maryland (USM) produced 40% of the total credit hours, full-time nontenure-track instructional faculty produced 26% of the total credit hours, and part-time faculty produced 29% of the total credit hours produced; others produced 6%.
- ***Improving Student Completion:*** MSU’s Office of Student Success and Retention works to improve the six-year graduation rate; the Starfish Early Alert and Starfish Connect tools are utilized to provide counseling and coach high risk students; the Reclamation Initiative for near-completers works to reenroll students who have stopped out; and additional strategies have also been developed. SMCM has undergone a pathway analysis to predict retention and persistence; two new professional development courses have been piloted in 2018-2019 for first-year students; and Campus Labs Beacon is a student retention and early alert platform utilized by the college to identify at risk students. USM initiatives vary from institution. However, across the system, there are academic advising initiatives to evaluate, refine, and promote effective experiences, pathway programs for transfer students, and intensive advising for students who demonstrate difficulty maintaining good academic standing; retention initiatives for students who have financial difficulties; and assessment to help students identify learning deficits and participate in high-quality peer-assisted tutoring, academic coaching, study groups, and workshops.
- ***Report on Mental Health Services:*** A joint report was produced by the public four-year institutions that identified the types of mental health and counseling services provided by institution. The report identified the challenges of meeting the demands of the students due to a lack of staffing, resources, volume, and type of students’ needs. This report also identified new strategies that have been developed by institutions to meet the varied needs of the student populations.

**Appendix 2
Maryland 529 Audit Findings**

Audit Period for Last Audit:	November 18, 2014 – June 30, 2018
Issue Date:	December 2019
Number of Findings:	9
Number of Repeat Findings:	1
% of Repeat Findings:	11%
Rating: (if applicable)	n/a

- Finding 1:** A significant lack of documentation raised questions regarding the adequacy of the Maryland 529 Board’s oversight over Maryland Prepaid College Trust (MPCT) operations and whether appropriate actions were taken in response to several issues discovered by Maryland 529 after the departure of the chief executive officer and the chief financial officer in May 2015.
- Finding 2:** Maryland 529’s procedures did not require that independent supervisory reviews of calculations supporting disbursement transactions be documented and our testing of a limited number of disbursements disclosed certain errors in the amounts paid.
- Finding 3:** Adjustments to Maryland 529 MPCT amounts were unilaterally processed and were not subject to independent supervisory review and approval. Such transactions exceeded \$32.1 million for fiscal 2018.
- Finding 4:** Maryland 529 did not prepare adequate bank reconciliations for three bank accounts used to administer MPCT activities, and certain reconciliations reviewed by the Office of Legislative Audits (OLA) lacked documentation of supervisory review.
- Finding 5:** **Maryland 529 did not determine the disposition of uncashed checks from 2014 nor did it take action to determine the applicability of the Maryland Abandoned Property Act to its trust accounts.**
- Finding 6:** Maryland 529’s methodology for calculating disbursement amounts for MPCT account holder refunds and rollovers (transfers), in the opinion of OLA, often resulted in excessive payments.
- Finding 7:** Maryland 529 did not adequately monitor access granted to the automated system used to administer MPCT. OLA identified improper access for 26 system users, including 11 former employees whose access had not been disabled.
- Finding 8:** Maryland 529 lacked assurance that the automated system used for administration of MPCT was sufficiently protected against operational and security risks.
- Finding 9:** Controls were not established to ensure that all mail collections for MPCT were properly accounted for and deposited.

*Bold denotes item repeated in full or part from preceding audit report.

Appendix 3
Trends in Education and General Revenues¹
Public Four-year Institutions
Fiscal 2015-2020
(\$ in Thousands)

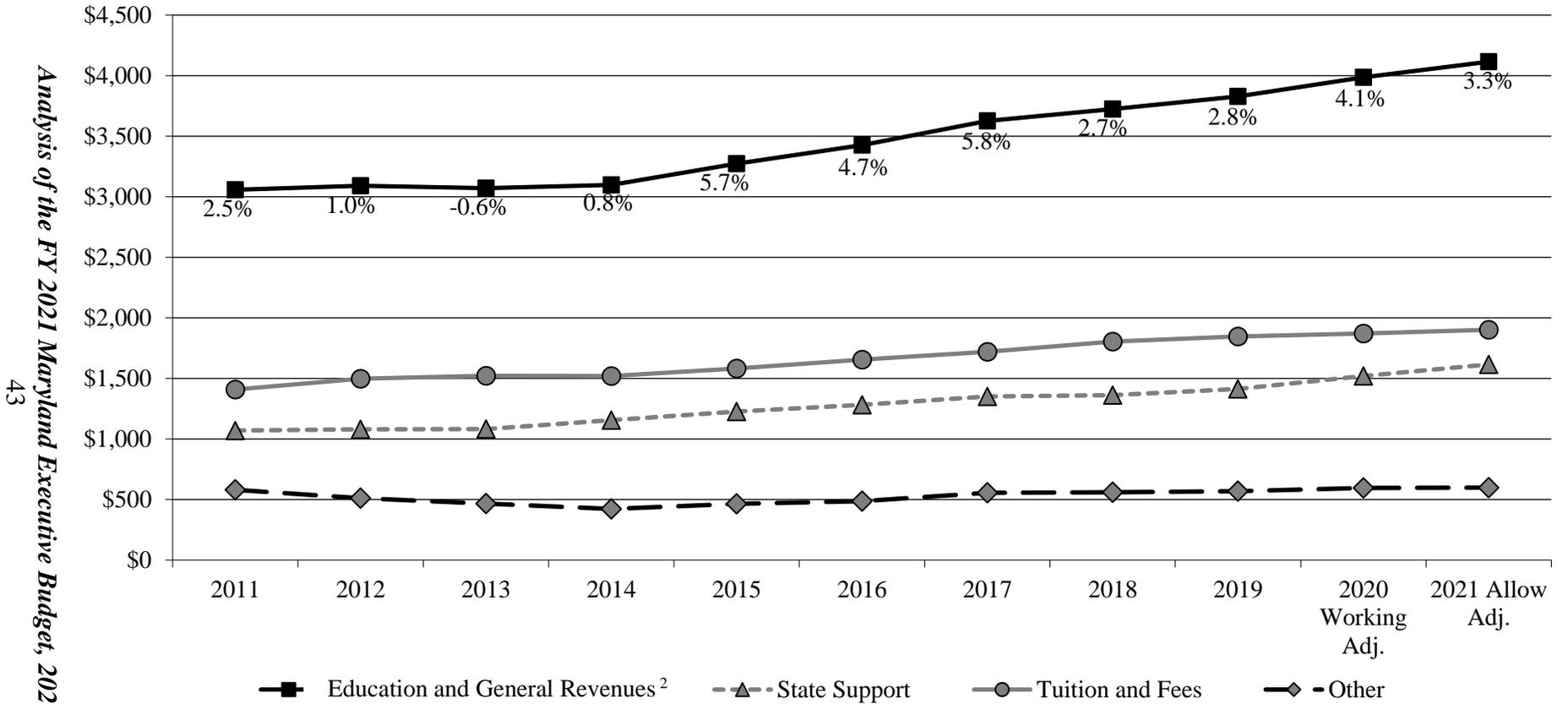
<u>Institution</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Adjusted Working 2020</u>	<u>Adjusted Allowance 2021</u>	<u>Annual % 2016-2021</u>	<u>% Change 2020-2021</u>
University of Maryland, Baltimore Campus	\$541,561	\$571,239	\$582,599	\$594,979	\$619,042	\$631,567	3.1%	2.0%
University of Maryland, College Park Campus	1,217,662	1,319,576	1,367,157	1,422,222	1,486,294	1,537,393	4.8%	3.4%
Bowie State University	79,568	84,798	91,486	94,915	98,234	101,151	4.9%	3.0%
Towson University	306,732	318,100	326,266	334,685	348,698	367,562	3.7%	5.4%
University of Maryland Eastern Shore	74,765	77,973	72,968	72,732	73,739	76,834	0.5%	4.2%
Frostburg State University	81,029	82,671	81,251	83,477	85,402	87,824	1.6%	2.8%
Coppin State University	60,956	62,528	61,950	63,311	65,739	66,807	1.8%	1.6%
University of Baltimore	104,033	104,552	103,084	100,038	107,463	109,573	1.0%	2.0%
Salisbury University	123,281	129,975	130,602	134,898	140,301	146,889	3.6%	4.7%
University of Maryland Global Campus	375,625	393,670	414,475	415,624	410,724	402,996	1.4%	-1.9%
University of Maryland Baltimore County	264,261	269,334	280,769	293,180	322,083	337,805	5.0%	4.9%
University of Maryland Ctr. for Env. Science	31,701	30,611	31,524	30,290	30,870	31,238	-0.3%	1.2%
Morgan State University	150,908	165,154	166,579	170,567	179,116	197,025	5.5%	10.0%
St. Mary's College of Maryland	46,036	46,681	44,923	47,606	49,394	53,232	2.9%	7.8%
Total	\$3,426,419	\$3,626,251	\$3,724,110	\$3,828,234	\$3,986,229	\$4,116,657	3.7%	3.3%

¹ Education and general revenues represent tuition and fees, State funds (general and the Higher Education Investment Fund), grants and contracts (federal, state, and local), and sales and services of educational activities less auxiliary program enterprise revenue. For the University of Maryland, Baltimore Campus, hospital revenues are general revenue, and for the University of Maryland, College Park Campus and the University of Maryland Eastern Shore, agriculture experimental station and cooperative extension programs are excluded.

Numbers may not sum to total due to rounding.

Source: Maryland State Budget, Fiscal 2016-2021

Appendix 4
Education and General Revenues at Four-year Institutions¹
Fiscal 2011-2021
(\$ in Millions)



Analysis of the FY 2021 Maryland Executive Budget, 2020

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Higher Education – Fiscal 2021 Budget Overview

¹ State support for the University System of Maryland Office and the University Center of Maryland Center for Environmental Sciences are not included. Figures also exclude funding for agriculture experimental station and cooperative extension programs and the Maryland Fire and Rescue Institute. For the University of Maryland, Baltimore Campus, hospital expenditures are excluded.

² Education and general revenues represent tuition and fees, State support (general funds and Higher Education Investment Funds), grants and contracts (federal, State, and local), and sales and services of educational activities less auxiliary enterprise revenue.

Note: The fiscal 2020 working includes a general salary increase. The fiscal 2021 working includes general salary increases.

Source: Governor’s Fiscal 2011-2021 Budget Books; Department of Legislative Services

Appendix 5
Education and General Revenues¹
Per Full-time Equivalent Student
Public Four-year Institutions
Fiscal 2016-2021

<u>Institution</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Working 2020</u>	<u>Adjusted 2021</u>	<u>Annual % Change 2016-2021</u>	<u>% Change 2020-2021</u>
University of Maryland, Baltimore Campus	\$84,369	\$85,171	\$84,631	\$86,129	\$90,464	\$92,578	1.9%	2.3%
University of Maryland, College Park Campus	37,886	39,857	40,603	41,808	43,395	44,887	3.4%	3.4%
Bowie State University	18,212	18,104	17,949	18,647	19,299	19,873	1.8%	3.0%
Towson University	16,512	17,132	17,373	17,664	18,430	19,335	3.2%	4.9%
University of Maryland Eastern Shore	18,024	21,357	21,998	24,755	25,586	26,134	7.7%	2.1%
Frostburg State University	17,351	18,035	18,730	19,843	20,451	20,910	3.8%	2.2%
Coppin State University	25,505	26,439	25,802	29,571	30,142	30,603	3.7%	1.5%
University of Baltimore	24,752	26,269	27,920	30,105	35,130	36,127	7.9%	2.8%
Salisbury University	15,795	16,413	16,675	17,456	17,891	18,500	3.2%	3.4%
University of Maryland Global Campus	11,437	11,562	11,658	11,563	11,623	11,637	0.3%	0.1%
University of Maryland Baltimore County	23,446	24,282	25,018	25,890	28,860	29,681	4.8%	2.8%
Morgan State University	22,717	24,672	23,396	23,963	24,922	27,135	3.6%	8.9%
St. Mary's College of Maryland	25,491	27,492	27,276	28,835	32,095	34,657	6.3%	8.0%
Average (Weighted)	\$24,959	\$26,069	\$26,309	\$27,086	\$28,378	\$29,346	3.3%	3.4%

¹ Education and general (E&G) revenues represent tuition and fees, general funds, grants and contracts (federal, State, and local), and sales and services of educational activities less auxiliary program enterprise revenue. For the University of Maryland, Baltimore Campus, hospital expenditures are excluded from E&G revenue. Agricultural and cooperative extension programs are also excluded.

Note: The fiscal 2020 working includes a general salary increase. The fiscal 2021 adjusted allowance includes general salary increases.

Source: Department of Budget and Management; Department of Legislative Services

Appendix 6
Fiscal 2021 Revenues Per FTES by Revenue Source¹
Public Four-year Institutions

<u>Institution</u>	<u>Total E&G Revenues</u>	<u>State Funds</u>	<u>Tuition and Fees</u>	<u>FTES</u>	<u>E&G Revenues Per FTES</u>	<u>State Funds Per FTES</u>	<u>Tuition and Fees Per FTES</u>	<u>ST as % of E&G</u>	<u>T&F as % of E&G</u>
University of Maryland, Baltimore Campus	\$695,200,019	\$259,879,666	\$164,441,808	6,822	\$101,906	\$38,094	\$24,105	37%	24%
University of Maryland, College Park Campus	1,537,392,535	559,585,060	\$681,652,222	34,250	44,887	16,338	19,902	36%	44%
Bowie State University	101,151,213	50,055,009	\$48,224,849	5,090	19,873	9,834	9,474	49%	48%
Towson University	367,562,429	144,937,868	\$207,239,591	19,010	19,335	7,624	10,902	39%	56%
University of Maryland Eastern Shore	76,833,561	44,997,468	\$25,884,300	2,940	26,134	15,305	8,804	59%	34%
Frostburg State University	87,824,047	46,677,375	\$38,549,638	4,200	20,910	11,114	9,178	53%	44%
Coppin State University	66,806,739	49,535,851	\$16,840,888	2,183	30,603	22,692	7,715	74%	25%
University of Baltimore	109,572,760	45,780,143	\$60,033,212	3,033	36,127	15,094	19,793	42%	55%
Salisbury University	146,889,035	63,226,293	\$80,775,992	7,940	18,500	7,963	10,173	43%	55%
University of Maryland University College	402,995,582	46,425,660	\$339,859,199	34,631	11,637	1,341	9,814	12%	84%
University of Maryland Baltimore County	337,804,836	159,100,800	\$144,133,598	11,381	29,681	13,980	12,664	47%	43%
Morgan State University	197,024,935	116,764,858	\$72,185,077	7,261	27,135	16,081	9,941	59%	37%
St. Mary's College of Maryland	53,371,171	28,506,292	\$22,998,386	1,540	34,657	18,511	14,934	53%	43%
Total Higher Ed	\$4,116,657,008	\$1,615,472,343	\$1,902,818,760	140,281	\$29,346	\$11,516	\$13,564	39%	46%

E&G: Education and General
 FTES: full-time equivalent student

ST: State
 T&F: tuition and fees

¹ E&G revenues include tuition and fees, general funds, Higher Education Investment Funds, grants and contracts (federal, State, and local), and the sales and services of educational activities minus auxiliary program enterprise revenue. For the University of Maryland, Baltimore Campus, hospital expenditures are excluded from E&G revenue. Agricultural and cooperative extension programs are also excluded.

Note: Fiscal 2021 reflects general salary increases.

Source: Maryland State Budget, Fiscal 2021

Appendix 7
Higher Education Enrollment Trends
Full-time Equivalent Student
Public Four-year Institutions
Fiscal 2016-2021

<u>Institution</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Working 2020</u>	<u>Allowance 2021</u>	<u>Annual % 2016-2021</u>	<u>% Change 2020-2021</u>
University of Maryland, Baltimore Campus	6,419	6,707	6,884	6,908	6,843	6,822	1.2%	-0.3%
University of Maryland, College Park Campus	32,140	33,108	33,671	34,018	34,250	34,250	1.3%	0.0%
Bowie State University	4,369	4,684	5,097	5,090	5,090	5,090	3.1%	0.0%
Towson University	18,576	18,568	18,780	18,947	18,920	19,010	0.5%	0.5%
University of Maryland Eastern Shore	4,148	3,651	3,317	2,938	2,882	2,940	-6.7%	2.0%
Frostburg State University	4,670	4,584	4,338	4,207	4,176	4,200	-2.1%	0.6%
Coppin State University	2,390	2,365	2,401	2,141	2,181	2,183	-1.8%	0.1%
University of Baltimore	4,203	3,980	3,692	3,323	3,059	3,033	-6.3%	-0.8%
Salisbury University	7,805	7,919	7,832	7,728	7,842	7,940	0.3%	1.3%
University of Maryland Global Campus	32,843	34,050	35,553	35,944	35,338	34,631	1.1%	-2.0%
University of Maryland Baltimore County	11,271	11,092	11,223	11,324	11,160	11,381	0.2%	2.0%
Morgan State University	6,643	6,694	7,120	7,118	7,187	7,261	1.8%	1.0%
St. Mary's College of Maryland	1,806	1,698	1,647	1,651	1,539	1,540	-3.1%	0.1%
Total	137,283	139,100	141,555	141,337	140,467	140,281	0.4%	-0.1%

Source: Department of Budget and Management

Appendix 8
Tuition and Fee Rates at Public Four-year Institutions
Fiscal 2020-2021

	<u>Tuition</u>	<u>2020 Fee</u>	<u>Total</u>	<u>Tuition</u>	<u>2021 Fee</u>	<u>Total</u>	<u>% Tuition Change</u>	<u>% Fee Change</u>	<u>% Total Change</u>
In-State Full-time Undergraduate									
University of Maryland, College Park Campus	\$8,824	\$1,955	\$10,779	\$9,000	\$1,946	\$10,946	2.0%	-0.5%	1.5%
Bowie State University	5,647	2,798	8,445	5,760	2,898	8,658	2.0%	3.6%	2.5%
Towson University	6,962	3,236	10,198	7,100	3,358	10,458	2.0%	3.8%	2.5%
University of Maryland Eastern Shore	5,418	3,140	8,558	5,526	3,203	8,729	2.0%	2.0%	2.0%
Frostburg State University	6,700	2,710	9,410	6,834	2,766	9,600	2.0%	2.1%	2.0%
Coppin State University	4,648	2,068	6,716	4,741	2,068	6,809	2.0%	0.0%	1.4%
University of Baltimore	7,014	2,082	9,096	7,154	2,202	9,356	2.0%	5.8%	2.9%
Salisbury University	7,264	2,780	10,044	7,408	2,860	10,268	2.0%	2.9%	2.2%
University of Maryland Global Campus ¹	9,000	450	9,450	9,000	450	9,450	0.0%	0.0%	0.0%
University of Maryland Baltimore County	8,704	3,324	12,028	8,878	3,422	12,300	2.0%	2.9%	2.3%
Morgan State University	5,476	2,582	8,058	5,587	2,531	8,118	2.0%	-2.0%	0.7%
St. Mary's College of Maryland	12,116	3,016	15,132	12,116	3,016	15,132	0.0%	0.0%	0.0%
Out-of-state Full-time Undergraduate									
University of Maryland, College Park Campus	\$34,936	\$1,955	\$36,891	\$35,635	\$1,946	\$37,581	2.0%	-0.5%	1.9%
Bowie State University	16,338	2,798	19,136	16,501	2,898	19,399	1.0%	3.6%	1.4%
Towson University ²	21,098	3,236	24,334	22,152	3,358	25,510	5.0%	3.8%	4.8%
University of Maryland Eastern Shore ³	15,828	3,140	18,968	16,144	3,203	19,347	2.0%	2.0%	2.0%
Frostburg State University ⁴	20,800	2,710	23,510	21,320	2,766	24,086	2.5%	2.1%	2.5%
Coppin State University	11,045	2,068	13,113	11,266	2,068	13,334	2.0%	0.0%	1.7%
University of Baltimore	19,374	2,082	21,456	19,762	2,202	21,964	2.0%	5.8%	2.4%
Salisbury University ²	17,330	2,780	20,110	18,110	2,860	20,970	4.5%	2.9%	4.3%
University of Maryland Global Campus ^{1,2}	14,970	450	15,420	14,970	450	15,420	0.0%	0.0%	0.0%
University of Maryland Baltimore County	24,338	3,324	27,662	25,068	3,422	28,490	3.0%	2.9%	3.0%
Morgan State University	15,949	2,582	18,531	16,267	2,531	18,798	2.0%	2.3%	2.0%
St. Mary's College of Maryland	28,193	3,016	31,209	28,193	3,016	31,209	0.0%	0.0%	0.0%

¹ Based on 30 credit hours.

² Towson University, Salisbury University, and the University of Maryland Global Campus have separate, lower out-of-state rate for students enrolled at University System of Maryland at Hagerstown.

³ University of Maryland Eastern Shore has a separate, lower regional rate for non-Maryland students residing in Delaware and the eastern shore of Virginia.

⁴ Frostburg State University has a separate, lower out-of-state rate for non-Maryland students residing within 120 miles of campus.

Note: All rates are pending approval by the institution or system's governing boards.

Source: Morgan State University; St. Mary's College of Maryland; University System of Maryland

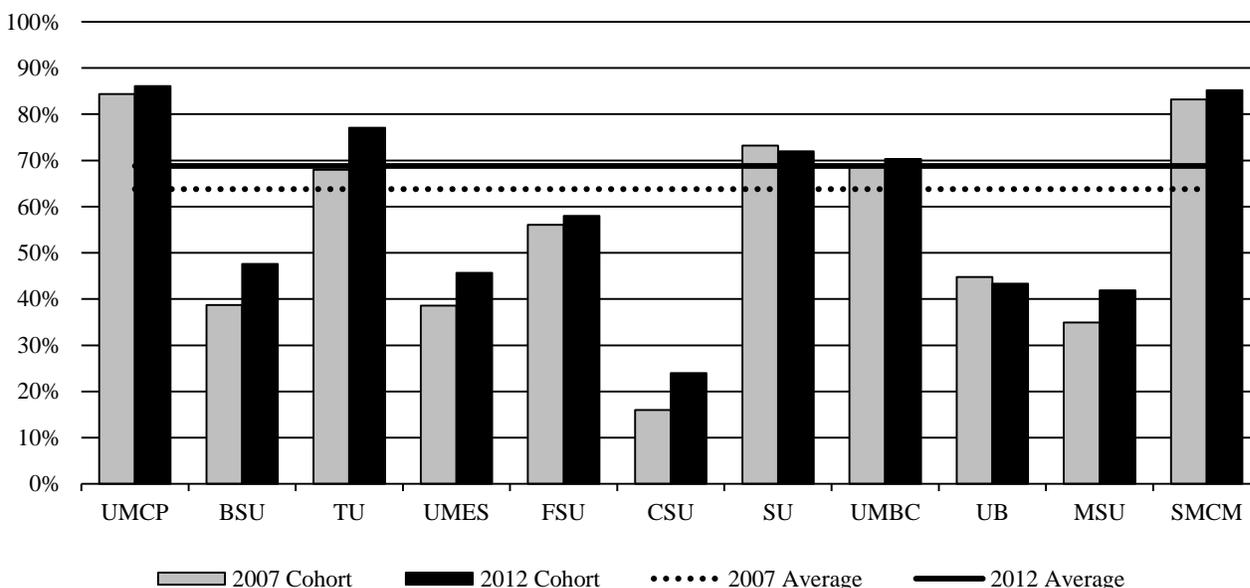
Appendix 9
Tuition and Fee Rates at Public Two-year Institutions
Fall 2019

<u>Community College</u>	Resident of Service Area			Outside Service Area			Out-of-state Resident		
	<u>Tuition</u>	<u>Fees</u>	<u>Total</u>	<u>Tuition</u>	<u>Fees</u>	<u>Total</u>	<u>Tuition</u>	<u>Fees</u>	<u>Total</u>
Allegany College of Maryland	\$3,750	\$1,050	\$4,800	\$7,200	\$1,050	\$8,250	\$9,120	\$1,050	\$10,170
Anne Arundel Community College	3,480	800	4,280	6,930	800	7,730	11,850	800	12,650
Baltimore City Community College	2,640	724	3,364	2,640	724	3,364	6,720	724	7,444
Community College of Baltimore County	3,660	1,326	4,986	7,050	1,326	8,376	10,710	1,326	12,036
Carroll Community College	4,080	1,020	5,100	6,270	1,568	7,838	8,310	2,137	10,447
Cecil College	3,660	990	4,650	6,960	990	7,950	8,490	990	9,480
Chesapeake College	3,750	1,100	4,850	5,790	1,130	6,920	8,100	1,130	9,230
College of Southern Maryland	3,930	983	4,913	6,870	1,718	8,588	8,820	2,205	11,025
Frederick Community College	3,750	829	4,579	8,190	829	9,019	11,100	829	11,929
Garrett College	3,270	1,250	4,520	7,680	1,250	8,930	9,420	1,250	10,670
Hagerstown Community College	3,720	570	4,290	5,835	570	6,405	7,665	570	8,235
Harford Community College	3,986	797	4,783	6,783	797	7,580	9,580	797	10,377
Howard Community College	4,200	791	4,991	7,020	791	7,811	8,520	791	9,311
Montgomery College	3,960	1,362	5,322	8,070	2,184	10,254	11,220	2,814	14,034
Prince George's Community College	3,210	1,490	4,700	6,060	1,490	7,550	9,120	1,490	10,610
Wor-Wic Community College	3,600	570	4,170	7,230	570	7,800	9,060	570	9,630
Average	\$3,665	\$978	\$4,644	\$6,661	\$1,112	\$7,773	\$9,238	\$1,217	\$10,455

Note: This assumes a student enrolls in 30 credits per academic year.

Source: Maryland Association of Community Colleges

Appendix 10
Six-year Graduation Rate for First-time, Full-time Students
2007 and 2012 Cohort

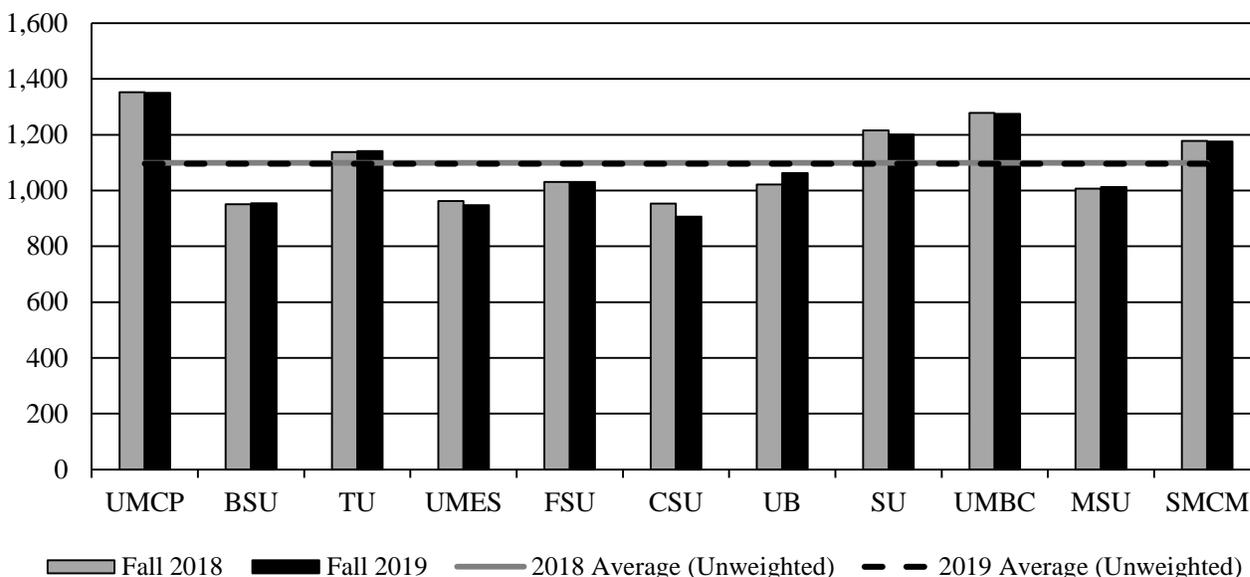


	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
University of Maryland, College Park Campus (UMCP)	84.4%	84.6%	86.3%	86.2%	85.0%	86.1%
Bowie State University (BSU)	38.7%	39.5%	44.2%	41.4%	42.1%	47.6%
Towson University (TU)	68.0%	70.6%	74.1%	74.1%	75.8%	77.1%
University of Maryland Eastern Shore (UMES)	38.6%	43.1%	37.9%	42.8%	44.3%	45.7%
Frostburg State University (FSU)	56.1%	55.6%	61.4%	55.2%	57.3%	58.0%
Coppin State University (CSU)	16.0%	18.0%	18.9%	20.0%	25.1%	24.0%
Salisbury University (SU)	73.2%	72.9%	75.1%	74.5%	76.2%	72.0%
University of Maryland Baltimore County (UMBC)	68.8%	66.9%	66.7%	67.4%	65.9%	70.3%
University of Baltimore (UB)	44.8%	48.5%	39.7%	39.3%	34.8%	43.3%
Morgan State University (MSU)	34.9%	33.7%	33.6%	34.7%	38.7%	41.9%
St. Mary's College of Maryland (SMCM)	83.2%	86.8%	83.2%	79.9%	81.3%	85.2%
All Students Average	63.8%	63.7%	66.1%	65.5%	67.4%	68.8%

Note: The data includes first-time, full-time students enrolled at an institution at the start of the academic year. Institution rates include those who graduated from the institution or those who transferred and graduated from any Maryland public four-year institution.

Source: Maryland Higher Education Commission

Appendix 11
Scholastic Aptitude Test Scores of First-year Students

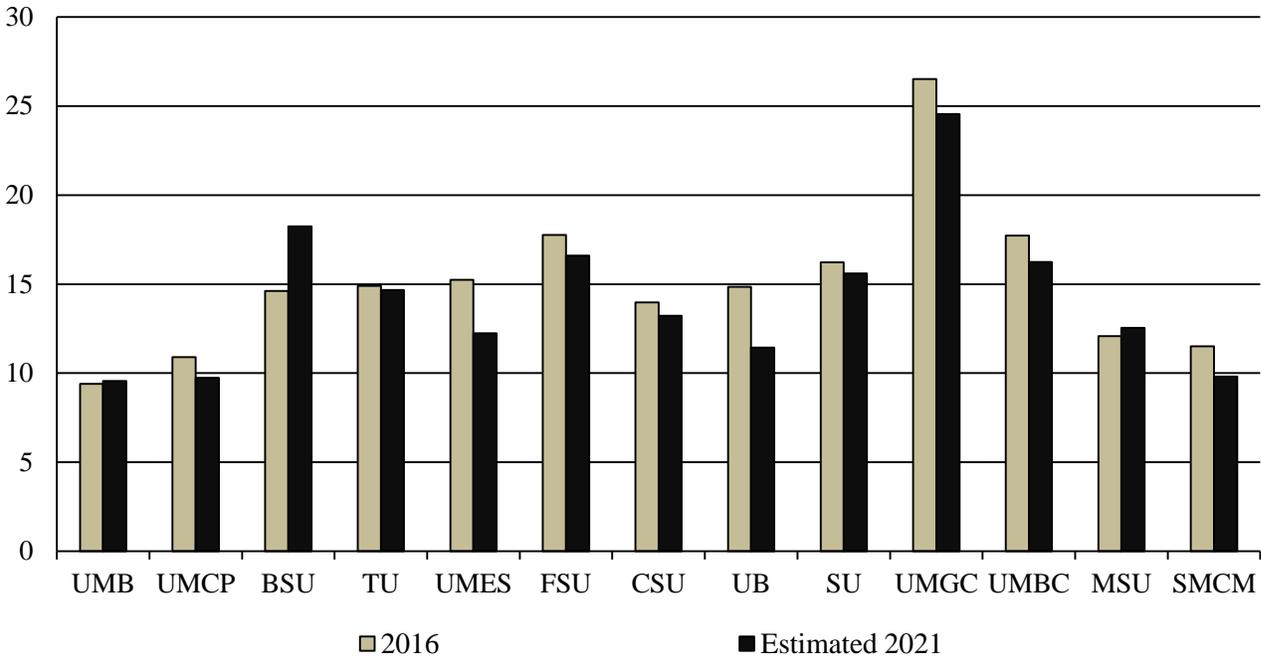


	<u>Fall 2014</u>	<u>Fall 2015</u>	<u>Fall 2016</u>	<u>Fall 2017</u>	<u>Fall 2018</u>	<u>Fall 2019</u>
University of Maryland, College Park (UMCP)	1,304	1,306	1,305	1,322	1,352	1,350
Bowie State University (BSU)	881	873	868	947	951	954
Towson University (TU)	1,084	1,087	1,072	1,133	1,138	1,141
University of Maryland Eastern Shore (UMES)	861	844	875	954	962	947
Frostburg State University (FSU)	985	969	972	1,025	1,031	1,031
Coppin State University (CSU)	890	895	839	930	953	906
University of Baltimore (UB)	925	974	924	1,003	1,021	1,063
Salisbury University (SU)	1,156	1,160	1,156	1,209	1,215	1,201
University of Maryland Baltimore County (UMBC)	1,214	1,210	1,217	1,251	1,278	1,275
Morgan State University (MSU)	889	890	938	1,001	1,007	1,012
St. Mary's College of Maryland (SMCM)	1,173	1,149	1,127	1,169	1,178	1,176
Average (Unweighted)	1,033	1,032	1,027	1,086	1,099	1,096

Note: The College Board implemented a redesigned SAT in 2016 that was taken by a majority of the entering students, which the Maryland Higher Education Commission (MHEC) attributes to the increase in the average scores in fall 2017. According to MHEC, the College Board states that due to the test redesign that includes new questions and format, different College Board data systems, and changes in test takers time, a comparison cannot be made between the 2017 and prior year scores. Prior to 2017, data reflects verbal (maximum 800) and math (maximum 800). Beginning in 2017, data reflects evidence-based reading and writing (maximum 800) and math (maximum 800) scores only.

Source: Maryland Higher Education Commission

Appendix 12
Student-to-faculty Ratio
Fiscal 2016-2021



	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Est. 2021</u>
University of Maryland, Baltimore Campus (UMB)	9.4	10.2	9.8	9.8	9.6	9.6
University of Maryland, College Park Campus (UMCP)	10.9	11.2	9.9	9.7	9.8	9.7
Bowie State University (BSU)	14.6	15.9	17.6	18.6	18.2	18.2
Towson University (TU)	14.9	14.9	14.8	14.9	14.6	14.7
University of Maryland Eastern Shore (UMES)	15.3	13.8	13.3	12.3	12.3	12.3
Frostburg State University (FSU)	17.8	16.6	16.2	16.6	16.5	16.6
Coppin State University (CSU)	14.0	14.2	13.7	13.2	13.2	13.2
University of Baltimore (UB)	14.9	14.0	13.8	12.2	11.4	11.4
Salisbury University (SU)	16.2	16.7	15.8	15.2	15.4	15.6
University of Maryland Global Campus (UMGC)	26.5	26.6	26.2	25.5	25.0	24.5
University of Maryland Baltimore County (UMBC)	17.7	17.1	16.7	16.8	15.9	16.2
Morgan State University (MSU)	12.1	11.8	12.5	12.3	12.4	12.5
St. Mary’s College of Maryland (SMCM)	11.5	10.7	10.4	10.7	9.8	9.8

Note: Full-time equivalent.

Source: Department of Budget and Management