



Wes Moore
Governor

Aruna Miller
Lt. Governor

Cassie Motz
Chair

Sanjay Rai, Ph.D.
Acting Secretary

**Maryland Higher Education Commission
FY 2025 Operating Budget
Maryland Higher Education Commission
Response to Department of Legislative Services Analysis**

**Senate Budget and Taxation
Subcommittee on Education, Business, and Administration
Senator Nancy King
February 23, 2024**

**House Appropriations
Subcommittee on Education and Economic Development
Delegate Stephanie Smith
February 29, 2024**

Pg. 17 - DLS also recommends that USM, MSU, and SMCM convene a workgroup to develop a uniform methodology for calculating graduate FTES to be used by the public four-year institutions when calculating their total FTES.

Response: MHEC respectfully requests to be included as a member of the workgroup to develop a uniform methodology for calculating graduate FTES.

Pg. 20 – MHEC should brief the committees on plans for allocating the security grants.

Response: MHEC has held conversations with the Governor's Office to work with the Governor's Office of Homeland Security to develop a competitive grant proposal program for colleges and universities to request campus security funding. MHEC will also be exploring providing funds to conduct campus security audits of college and university campuses and providing funds for one-time security enhancements to eligible campuses.

Pg. 24 - The Secretary should comment if the current Program Review Unit staff will be able to support the requirements and increased responsibilities proposed under SB 1020/HB 1224.

Response: As noted in the analysis, the Program Approval Process Workgroup made 23 specific recommendations. The 23 recommendations can be reorganized into 10 new tasks and are reflected in SB1022/HB1244, including a "letter of intent" process, a new report evaluating harm to Maryland's HBCUs, clarifying the review process for mission statements at public institutions, and clarifying the distinction between unreasonable and unnecessary academic program duplication. The new program review team can take on the majority of these tasks, with the likely exception of 2 new duties: a coordinated effort between MHEC, Department of Labor, and Department of Commerce, and the implementation of a Proposed Programs Collaborative Grant Fund.

Pg. 24 - The Secretary should comment on why DPA funds were not used in fiscal 2023 and on the expected development cost and use of DPA funds to cover expenses. The Secretary should also discuss when the fiscal 2025 funding is expected to be appropriated.

Response: Major IT project budgets are not directly assigned within the agency budget but are rather allocated under the Department of Information Technology's (DoIT) Major IT project budget. Although the initial projection for spending on the New Financial Aid System in FY 2023 was \$300,216, a substantial portion of our project personnel, such as the Business Analyst and Project Manager, were brought on board later in the fiscal year, post-March 2023. Consequently, the anticipated amount of \$300,216 was not fully utilized in FY 2023.

Once expenditures are incurred, it is anticipated that we will need to request the Department of Budget and Management (DBM) to transfer funds from the Dedicated Purpose Account (DPA). Due to lower-than-anticipated expenditures in FY 2023 and a significant number of vacancies, we were able to cover expenses using the general fund appropriation. There was no request made for a special fund appropriation or a fund transfer from the DPA. Looking ahead, since there are expenditures anticipated in FY 2024 due to project personnel (Business Analyst and Project Manager) being actively engaged, we will be requesting the fund transfer during FY 2024.

There is \$9.9 million designated for the New Unified Financial Aid System for Higher Education in the Major Information Technology Development Projects FY 2025 budget in the Department of Information Technology.

Pg. 25 - Add the following language to the general fund appropriation:

, provided that since the Maryland Higher Education Commission (MHEC) has had four or more repeat audit findings in the most recent fiscal compliance audit issued by the Office of Legislative Audits (OLA), \$250,000 of this agency's administrative appropriation may not be expended unless:

(1) MHEC has taken corrective action with respect to all repeat audit findings on or before November 1, 2024; and

(2) a report is submitted to the budget committees by OLA listing each repeat audit finding along with a determination that each repeat finding was corrected. The budget committees shall have 45 days from the receipt of the report to review and comment to allow for funds to be released prior to the end of fiscal 2025.

Explanation: The Joint Audit and Evaluation Committee (JAEC) has requested that budget bill language be added for each unit of State government that has four or more repeat audit findings in its most recent fiscal compliance audit. Each agency is to have a portion of its administrative budget withheld pending the adoption of corrective action by the agency and a determination by OLA that each finding was corrected. OLA shall submit a report to the budget committees on the status of repeat findings. If OLA reports that an agency failed to completely resolve or make adequate progress toward resolving those repeat audit findings, JAEC requests that \$250,000 in general funds is withheld from each agency's appropriation in the fiscal year following the OLA report until more satisfactory progress has been made toward resolution of those repeat findings.

Information Request

State of corrective actions related to the most recent fiscal compliance audit

Author

OLA

Due Date

45 days before the release of funds

Response: MHEC has worked over the past four years to adjust its operations to implement recommendations from the Office of Legislative Audits in its 2021 audit of MHEC. MHEC will cooperate with OLA on their review of repeat findings and resolve any outstanding issues.

Pgs. 25, 26 - 2. Adopt the following narrative:

Institutional Aid, Pell Grants, and Loan Data by Expected Family Contribution (EFC) Category: In order to more fully understand all types of aid available to students, the committees request that data be submitted for each community college, public four-year institution, and independent institution on institutional aid, Pell grants, and student loans. Data should include, by EFC, the number of loans and average loan size of federal subsidized and unsubsidized loans and loans from private sources as reported to the Maryland Higher Education Commission (MHEC). Additionally, data should be provided on Pell grants, including the number and average award size by EFC. Finally, data should include the number of institutional aid awards and average award size by EFC for institutional grants, institutional athletic scholarships, and other institutional scholarships.

The data in the response should differentiate between need-based aid and merit scholarships. Data should also include the number of institutional aid awards and average award size by EFC for tuition waivers/remissions of fees to employees and dependents and students. Waiver information for students should be reported by each type of waiver in State law. This report should cover fiscal 2023 data received by MHEC from State institutions and is to be submitted in an electronic format (Excel file).

Information Request	Author	Due Date
Institutional aid, Pell grants, and loan data by EFC	MHEC	July 1, 2024

Response: MHEC concurs with the recommendation and will provide the report.

Pg. 26 - 3. Adopt the following narrative:

Report on Best Practices and Annual Progress Toward the 55% Completion Goal:

The committees understand that in order to meet the State's goal to have at least 55% of Maryland's residents ages 25 to 64 holding at least one degree credential by 2025, accurate and timely information on degree progression and best practices is needed to ensure that the State is on track to meet the goal. The committees request that the Maryland Higher Education Commission (MHEC) annually collect and analyze student- and transcript-level data on progression, graduation, and other relevant metrics from each public institution of higher education, including community colleges and regional higher education centers. MHEC should submit a report by December 15 each year that analyzes the data and shows each institution's progress toward the State and institutional goals in 2025. The report should also include a summary of best practices and findings on the effectiveness of institutions' programs as well as any concerns regarding lack of progress or best practices that are not being implemented by institutions.

Information Request	Author	Due Date
Report on best practices and annual progress toward the 55% completion goal	MHEC	December 15, 2024

Response: MHEC concurs with the recommendation and will provide the report.

Pg. 26 - Budget Reconciliation and Financing Act Recommended Actions

1. Require the use of the selective public four-year institutions self-reported full-time equivalent student (FTES) data that is based on credit hours for calculating the funding per FTES for the Cade, Sellinger, and Baltimore City Community College formulas.

Response: MHEC will work collaboratively with the Department of Budget and Management to make any adjustments that the General Assembly enacts.