

R62I0001
Maryland Higher Education Commission

Operating Budget Data

(\$ in Thousands)

| | <u>FY 06</u> | <u>FY 07</u> | <u>FY 08</u> | <u>FY 07-08</u> | <u>% Change</u> |
|--------------------|----------------------|-----------------------|-------------------------|------------------------|--------------------------|
| | <u>Actual</u> | <u>Working</u> | <u>Allowance</u> | <u>Change</u> | <u>Prior Year</u> |
| General Fund | \$71,739 | \$73,187 | \$80,002 | \$6,815 | 9.3% |
| Special Fund | 716 | 6,421 | 9,598 | 3,177 | 49.5% |
| Federal Fund | 967 | 2,993 | 1,487 | -1,506 | -50.3% |
| Reimbursable Fund | <u>589</u> | <u>541</u> | <u>246</u> | <u>-295</u> | <u>-54.5%</u> |
| Total Funds | \$74,010 | \$83,141 | \$91,333 | \$8,191 | 9.9% |

- A fiscal 2007 deficiency appropriation to fund administrative costs of \$1,750,000 is proposed.
- General funds increase by \$6.8 million, or 9.3% over the fiscal 2007 working appropriation. Federal funds decrease by \$1.5 million, or 50.3%. Special funds from the Nurse Support Program II increase by about 50%. Overall total funds increase 9.9% over the fiscal 2007 working appropriation.
- The underlying fiscal 2008 increase is \$8.5 million, or 10.28%, after accounting for one-time health insurance savings.

Personnel Data

| | <u>FY 06</u> | <u>FY 07</u> | <u>FY 08</u> | <u>FY 07-08</u> |
|------------------------|----------------------|-----------------------|-------------------------|------------------------|
| | <u>Actual</u> | <u>Working</u> | <u>Allowance</u> | <u>Change</u> |
| Regular Positions | 71.60 | 75.10 | 75.10 | 0.00 |
| Contractual FTEs | <u>1.00</u> | <u>1.00</u> | <u>1.00</u> | <u>0.00</u> |
| Total Personnel | 72.60 | 76.10 | 76.10 | 0.00 |

Vacancy Data: Regular Positions

| | | |
|-----------------------------------|------|-------|
| Turnover, Excluding New Positions | 4.90 | 6.84% |
| Positions Vacant as of 12/31/06 | 5.00 | 6.57% |

- As of December 31, 2006, the commission has five vacancies. Of these, three have been vacant 0 to 6 months and two for 7 to 12 months. Budgeted turnover for fiscal 2008 is 6.84%, or 4.9 positions.
- The allowance does not include any new positions.

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

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Analysis in Brief

Major Trends

Graduation Rate Continues to Increase for Public Four-year Colleges: The graduation rate of first-time, full-time students is expected to increase to 64% by fiscal 2009.

Number of Nursing Graduates Expected to Continue Increasing: The number of nursing graduates increased significantly in fiscal 2006 and is expected to continue increasing in fiscal 2007 and 2008.

Issues

Office for Civil Rights Partnership Agreement: The Office for Civil Rights (OCR) agreement expired in December 2005 and is under review. This discussion will provide an update on recent events related to the OCR.

Academic Program Approval Process and Senate Bill 998 of 2006: At the 2006 session, the General Assembly passed a bill to provide judicial review regarding appeals of duplicative programs. Budget language was added making \$2 million contingent upon the enactment of Senate Bill 998. Governor Robert L. Ehrlich, Jr. vetoed the legislation resulting in a \$2 million reduction to the fiscal 2007 appropriation. This issue will discuss the current approval process and provide an update on the Maryland Higher Education Commission's (MHEC) operating budget as a result of Senate Bill 988 not being enacted.

Professional Development Schools: This issue will examine Professional Development Schools (PDS) and provide an update on the \$2 million PDS received in the fiscal 2007 budget.

Formulas Calculated Using Budgeted Enrollment: The fiscal 2008 allowance for the funding formulas for community colleges and private institutions is based on budgeted enrollment in fiscal 2007. The General Assembly added intent language to the fiscal 2007 budget that the Maryland Higher Education Commission's enrollment projections should be used beginning in fiscal 2008.

Students Needing Remediation: The 2006 Student Outcome and Achievement Report provides information on students needing remedial help in math, English, and reading. This issue will examine the relationship between students' academic performance and experiences in high school to determine how well they did in their initial year of college.

Nurse Support Program II: This discussion will examine the Nurse Support Program II which focuses on expanding the capacity to educate nurses. Several grants were awarded for fiscal 2007 and more are scheduled to be awarded to nursing educational systems, including schools offering nursing programs and hospitals.

Recommended Actions

| | <u>Funds</u> |
|---|---------------------|
| 1. Reduce funds budgeted for outside IT consulting services. | \$ 52,500 |
| 2. Add language to the general fund appropriation to restrict funding until the commission reports on funding plans for the State's HBIs. | |
| 3. Delete funding for Professional Development Schools. | 2,000,000 |
| Total Reductions | \$ 2,052,500 |

Updates

Program Approval: MHEC has developed a web site that tracks academic proposals and applications for new institutions that have been received and are currently under review. This update will provide information on the new web site.

Enrollment Projections: MHEC's enrollment projections in light of the University System of Maryland's enrollment initiative is discussed.

Meeting Maryland's Postsecondary Challenges: The 2004 *Maryland State Plan for Postsecondary Education* presented a goal for MHEC to develop a comprehensive plan to guide decisions relating to postsecondary education in Maryland. An update on the report *Meeting Maryland's Postsecondary Challenges* which addresses this goal will be provided.

R62I0001 – Maryland Higher Education Commission

R62I0001
Maryland Higher Education Commission

Operating Budget Analysis

Program Description

The Maryland Higher Education Commission (MHEC) is the State's coordinating body for the 13 campuses of the University System of Maryland (USM), Morgan State University (MSU), St. Mary's College of Maryland, 16 community colleges, the State's private colleges and universities, and private professional schools. The mission of MHEC is to ensure that the people of Maryland have access to a high quality, adequately funded, effectively managed, and capably led system of postsecondary education. The vision of MHEC is to have all the citizens of Maryland equally prepared to be productive, socially engaged, and responsible members of a healthy economy. The Secretary of Higher Education is the head of the agency and serves at the pleasure of the 12-member commission.

The key goals for MHEC:

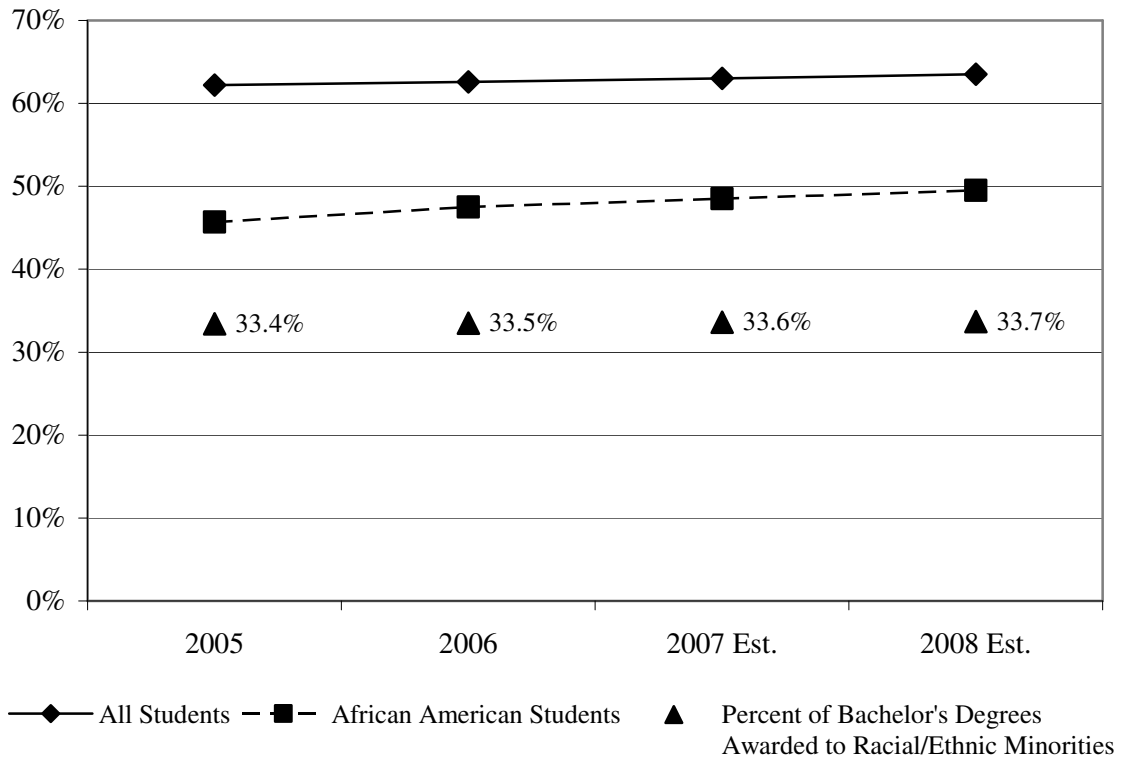
- to achieve and sustain a preeminent statewide array of postsecondary educational institutions that are recognized for their distinctiveness and their excellence nationally and internationally;
- to provide affordable and equitable access for every qualified Maryland citizen;
- to strengthen teacher preparation and improve the readiness of students for postsecondary education; and
- to contribute to the further development of Maryland's economic health and vitality.

Performance Analysis: Managing for Results

It is the role of MHEC to focus and coordinate the various segments of higher education in Maryland and ensure that progress is made toward the State goals for higher education. MHEC's performance measures provide an overview of institutional data in the many areas for which it has oversight, including college preparation; minority student achievement; graduates of workforce shortage degree programs; and the connection between community colleges and four-year institutions.

One of MHEC's key goals is to maintain and strengthen postsecondary institutions by increasing the percentage of bachelor's degrees awarded at Maryland campuses. From fiscal 2005 to 2006, graduation rates have slowly increased for first-time, full-time students at public four-year colleges, as shown in **Exhibit 1**. This trend is also evident in the bachelor's degrees awarded to all racial/ethnic students enrolled at public four-year colleges. Graduation rates for all students are

Exhibit 1
Six-year Graduation Rates of All Students and African American Students and
Degrees Awarded to Racial/Ethnic Minority Students
Fiscal 2005-2008 Estimates

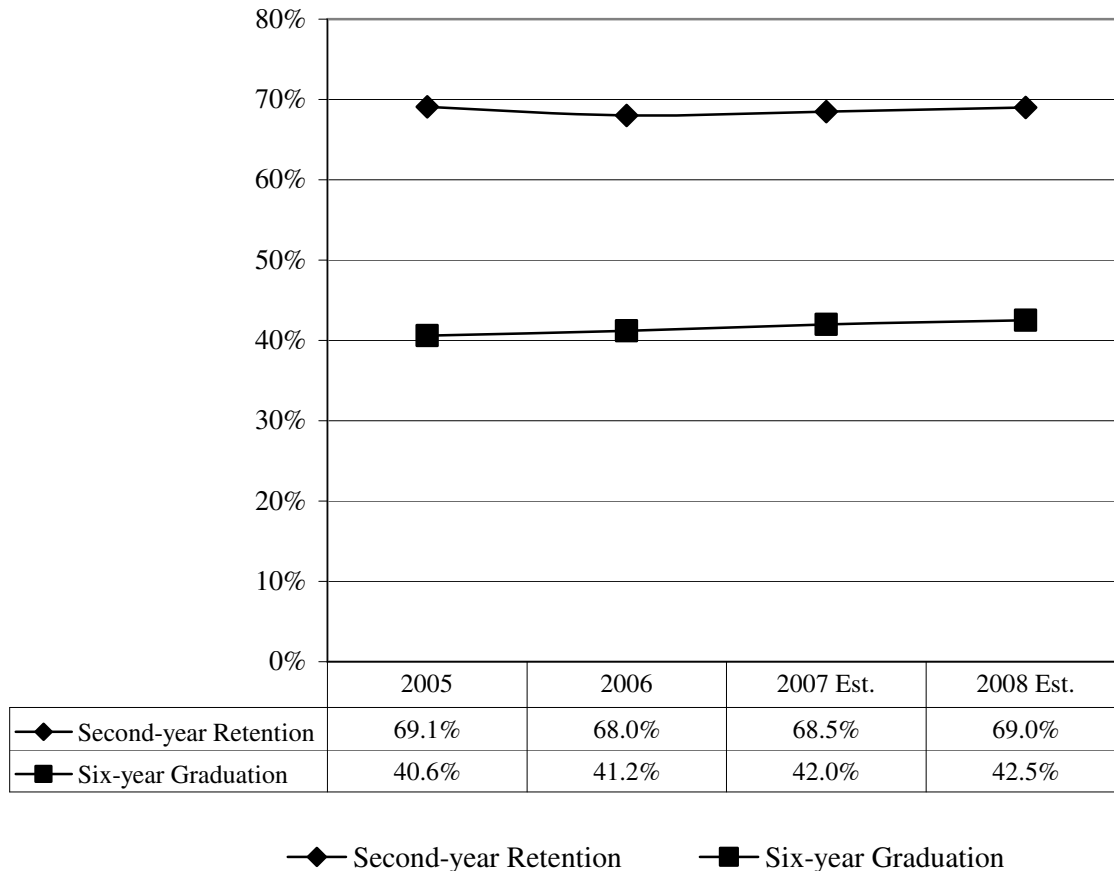


Source: Governor's Budget Books, Fiscal 2008

estimated to continue increasing slightly in fiscal 2007 and 2008. Although, the graduation rate for African American students continues to be below all students, the percent increase is slightly more than all students in 2006, and this trend is expected to continue in fiscal 2007 and 2008. MHEC expects the graduation rate of first-time, full-time students to increase to 64% by fiscal 2009. **The Secretary should comment on why six-year graduation rates for all students and degrees awarded to racial ethnic minorities are essentially flat.**

In order to ensure equal educational opportunity for Maryland's diverse citizenry, MHEC's goal is to improve retention and graduation rates at historically black institutions (HBIs). As shown in **Exhibit 2**, in fiscal 2006, second-year retention of students at HBIs declined by 1.1 percentage points from fiscal 2005 and is expected to slightly increase in fiscal 2007 and 2008. The graduation rate in fiscal 2006 slightly increased, and this trend is expected to continue in fiscal 2007 and 2008. By fiscal 2009, MHEC expects the second-year retention rate to improve at HBIs and reach 70%, while the six-year graduation rate is expected to reach 43%.

Exhibit 2
Second-year Retention and Six-year Graduation Rates at HBIs
Fiscal 2005-2008 Estimate

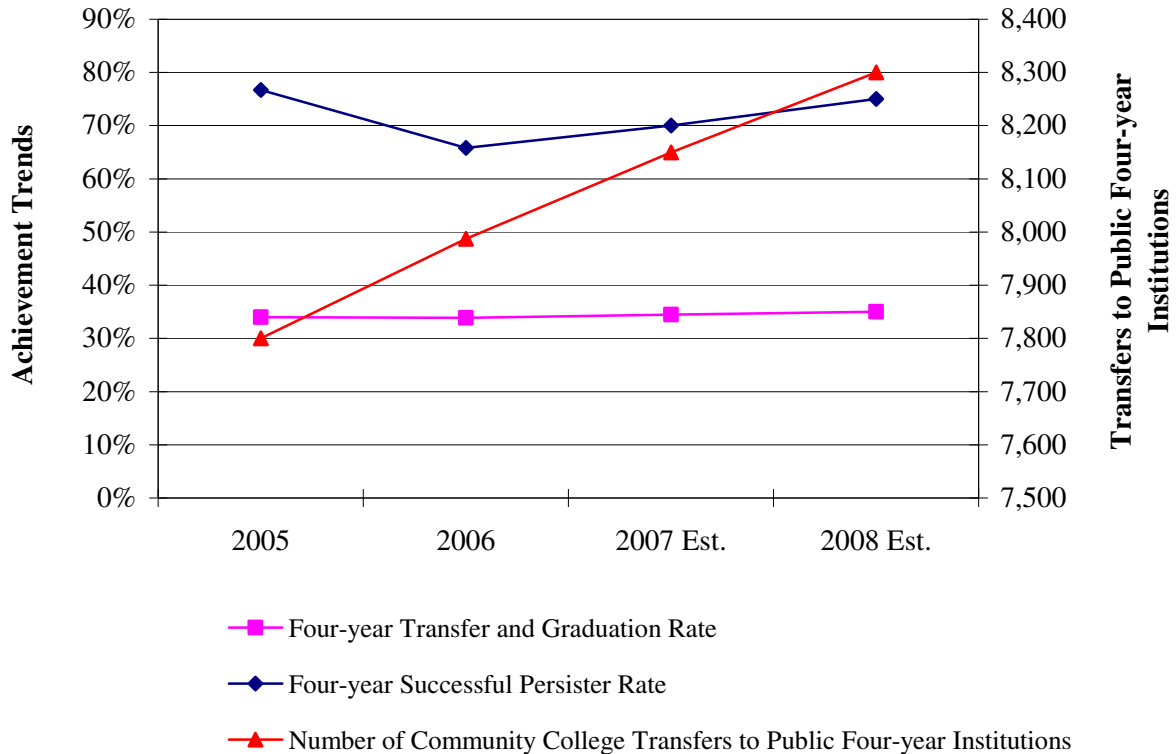


HBI: Historically Black Institutions

Source: Governor's Budget Books, Fiscal 2008

MHEC is also the coordinating body for the State's community colleges and collects data regarding the community college transfer rate. MHEC wants to ensure community college students are progressing successfully toward their goals. **Exhibit 3** shows the four-year transfer and graduation rate, educational goal achievement of graduates, and the number of community college transfers to public four-year institutions. In fiscal 2006, the four-year transfer and graduation rate decreased but is expected to increase in fiscal 2007 and 2008. The percentage of students who graduate, transfer, or are still enrolled after four years declined in fiscal 2005 and continued to decrease in fiscal 2006. MHEC estimates the percent will increase in fiscal 2007 and 2008. By fiscal 2009, MHEC expects 75% of community college students to successfully persist. The number of community college transfers to public four-year institutions increased in fiscal 2006, and this trend is expected to continue in fiscal 2007 and 2008. **The Secretary should comment on why the four-year transfer and graduation rate is not improving despite the continuous increase in the number of students transferring to public four-year institutions.**

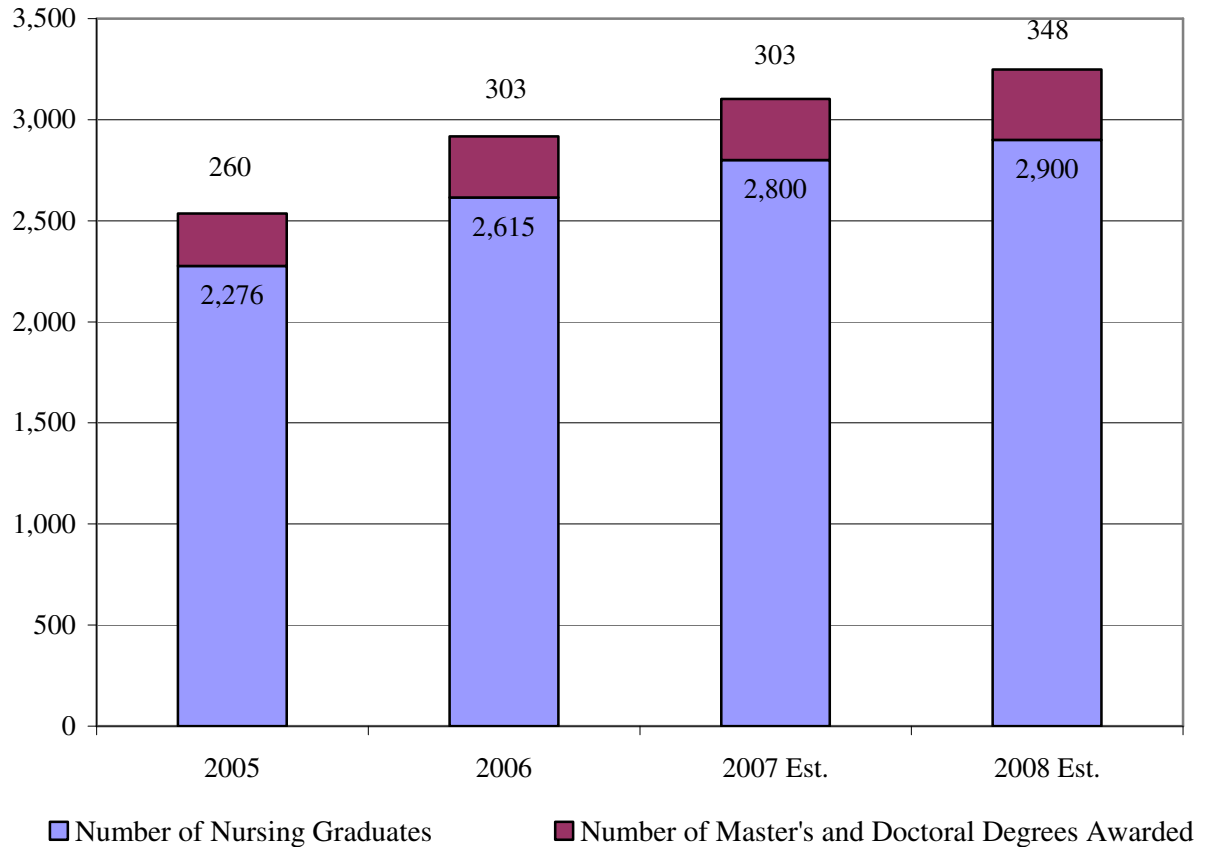
Exhibit 3
Community College Performance Measures
Fiscal 2005-2008 Estimates



Source: Governor's Budget Books, Fiscal 2008

It is the role of MHEC to focus and coordinate programs that support Maryland's economic health. It is imperative that higher education recruit and educate qualified applicants to meet the demand of critical workforce shortages. Two of the most critical areas are nursing and teaching. Currently, there is a shortage on the production of master's level nursing programs that may impact the supply of eligible nurse faculty as well as limit the ability of nursing programs to expand enrollments. **Exhibit 4** shows the number of nursing graduates and the number of master's and doctoral degrees awarded. The number of nursing graduates increased significantly in fiscal 2006 and is expected to continue increasing in fiscal 2007 and 2008, with MHEC estimating it will meet the goal of 3,000 graduates by fiscal 2009. In fiscal 2006, the number of master's and doctoral degrees awarded increased but is expected to remain flat in fiscal 2007 and increase in fiscal 2008.

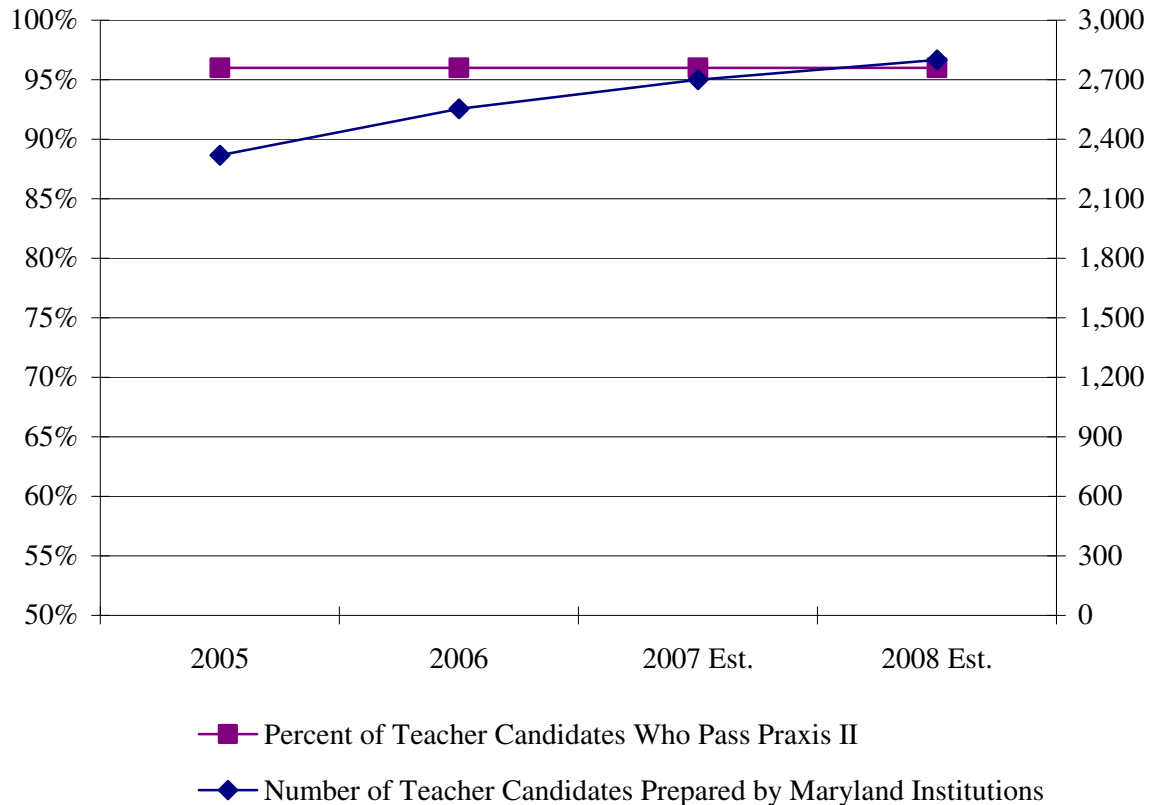
Exhibit 4
Trends in Nursing Graduates
Fiscal 2005-2008 Estimates



Source: Governor's Budget Books, Fiscal 2008

Another workforce area in which qualified applicants are needed is teaching. **Exhibit 5** shows the percentage of Maryland teacher candidates who pass Praxis II and the number of teacher candidates educated by Maryland institutions. As the exhibit shows, the Praxis II pass rate remains flat at 96% from fiscal 2005 to 2006, and this is expected to continue in fiscal 2007 and 2008. However, the number of teacher candidates prepared by Maryland institutions increased in fiscal 2006 and is expected to increase significantly in fiscal 2007 and 2008 by 7% and 3.7%, respectively.

Exhibit 5
Teacher Candidates Who Pass Praxis II and Are Hired in Maryland
Fiscal 2005-2008 Estimates



Source: Governor's Budget Books, Fiscal 2008

Fiscal 2007 Actions

Proposed Deficiency

A \$1,750,000 deficiency appropriation is requested for fiscal 2007 to provide funds to cover a shortfall in operating costs. The shortfall is the result of a \$2 million reduction in the operating budget which went into effect when the Governor vetoed Senate Bill 998 of 2006. Due to the budgetary reduction, funds will not be available for payroll and operational expenses beginning in March. A \$1,250,000 deficiency appropriation will support these general administrative costs and provide \$500,000 for the College Preparation Intervention Program to replace \$500,000 transferred by budget amendment to cover administrative costs until the deficiency appropriation is available in April. MHEC states that it will have a \$250,000 shortfall after receiving the \$1,750,000 deficiency appropriation. MHEC plans to cover the shortfall by delaying until July (fiscal 2008) the payment of several bills that are due in June 2007. **The Secretary should comment on how rolling fiscal 2007 bills into fiscal 2008 will impact the fiscal 2008 budget.**

Governor's Proposed Budget

As shown in **Exhibit 6**, the fiscal 2008 allowance increases MHEC's general fund budget by \$6.8 million, or 9.3%. The allowance provides an \$8.6 million increase to the Sellinger grant and a \$3.2 million increase to the Nurse Support Program II. Educational grants decrease by \$3.5 million due to the fulfillment of the \$5 million State commitment to support the University of Maryland Baltimore County (UMBC) School of Aging Studies. UMBC received \$1.5 million in fiscal 2006 and the remaining \$3.5 million in fiscal 2007.

Exhibit 6 Governor's Proposed Budget Maryland Higher Education Commission (\$ in Thousands)

| How Much It Grows: | <u>General Fund</u> | <u>Special Fund</u> | <u>Federal Fund</u> | <u>Reimb. Fund</u> | <u>Total</u> |
|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|---------------------|
| 2007 Working Appropriation | \$73,187 | \$6,421 | \$2,993 | \$541 | \$83,141 |
| 2008 Governor's Allowance | <u>80,002</u> | <u>9,598</u> | <u>1,487</u> | <u>246</u> | <u>91,333</u> |
| Amount Change | \$6,815 | \$3,177 | -\$1,506 | -\$295 | \$8,191 |
| Percent Change | 9.3% | 49.5% | -50.3% | -54.5% | 9.9% |

Where It Goes:

Personnel Expenses

| | |
|---|---------|
| Restoration of fiscal 2007 contingent reduction to administrative costs | \$2,000 |
| Turnover adjustment | 88 |
| Increments and other compensations | 79 |
| Employee retirement contribution rate change | 45 |
| Health insurance costs decline due to one-time savings | -316 |

Other Changes

| | |
|--|--------|
| Sellinger Aid Funding | 8,586 |
| Nurse Support II | 3,177 |
| Rent and utilities | 230 |
| Consulting services | 63 |
| Postage and equipment rental based on actual fiscal 2006 experience | 55 |
| Replacement equipment | 19 |
| Other operating costs | 34 |
| Grant for UMBC School of Aging Studies completed | -3,500 |
| College Prep Intervention Program decrease due to a decline in federal funds | -1,500 |
| Private Donation Incentive Grant | -569 |
| Major Information Technology Project | -300 |

| | |
|--------------|----------------|
| Total | \$8,191 |
|--------------|----------------|

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

Joseph A. Sellinger Formula

The commission administers funding to eligible independent colleges and universities through the Joseph A. Sellinger funding formula. The annual aid is calculated by multiplying the number of full-time equivalent students enrolled at the independent institutions by 16% of the prior year's State general fund appropriation per full-time equivalent student at selected four-year public institutions. Due primarily to the general fund increases public four-year institutions received in fiscal 2007, the formula increases \$8.6 million, or 17.2% over fiscal 2007.

Private Donation Incentive Program

The Private Donation Incentive Program (PDIP) provides State matching funds to promote private fundraising within Maryland's public colleges and universities and to encourage public institutions of higher education to pursue gifts and donations to the institutions' endowments. First created by the General Assembly in 1990 for a seven-year period, the State provided matching funds for donations made to the endowments of public institutions and their affiliated foundations. By the end of the seven-year program, the endowments of these institutions increased \$47 million; \$34 million of which came from private donations and \$13 million from State matching funds.

In 1999, the General Assembly reauthorized the program for an additional six-year period for eligible institutions. The grant period began in fiscal 1999, and with the exception of the State's HBIs, all donation payments were to be made by June 30, 2004. As part of the implementation of the State's agreement with the U.S. Department of Education, Office for Civil Rights, the General Assembly extended the eligibility period for Maryland's HBIs to January 2010 and increased the maximum payments to \$1.5 million.

Private Donation Incentive matching grants are budgeted at \$2.34 million in the fiscal 2008 allowance, which meets the State's statutory obligation. The fiscal 2007 appropriation provided \$2.47 million for matching grants (a total of \$2.91 million was appropriated in fiscal 2007, but the General Assembly restricted \$433,076 of the appropriation to implement the 2006 Child Welfare Accountability Act). The State deferred \$8.3 million in owed payments to institutions in fiscal 2004 and 2005 except the HBIs. Currently \$4.61 million is owed to institutions but will decrease to \$2.27 million after the fiscal 2008 allowance is applied to the balance.

The PDIP has been an important fundraising tool for Maryland's HBIs. Overall, HBIs have raised over \$7.8 million from private sources, of which \$5 million is eligible for the match. Morgan State University, the University of Maryland Eastern Shore, and Coppin State University have met the maximum State match, while Bowie State University has until January 2010 to meet the maximum participation. This program is also a success among the State's other four-year public institutions. All of the research institutions (the University of Maryland, Baltimore; the University of Maryland Baltimore County, and the University of Maryland College Park) have met the maximum State match and have raised over \$18.6 million. Among the State's other eligible four-year public institutions, five of the six institutions have met the maximum State match and raised over \$11.6 million from private sources.

Educational Grants

The educational grants program provides miscellaneous educational grants and special financial assistance to various State, local, and private entities. The grants are intended to foster and enrich the quality of higher education within the goals set by the 2004 State Plan for Postsecondary Education. **Exhibit 7** shows the list of educational grants from fiscal 2006 to 2008. Overall, there are no new grants in the allowance. Educational grants decrease by \$3.5 million over fiscal 2007 in the fiscal 2008 allowance due to the end of the \$5 million State commitment to the University of Maryland Baltimore County School of Aging Studies.

Exhibit 7
Maryland Higher Education Commission
Educational Grants
Fiscal 2006-2008

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>\$ Change 2007-2008</u> |
|---|---------------------|---------------------|---------------------|--------------------------------|
| Improving Teacher Quality State Grants | \$511,920 | \$1,034,823 | \$1,034,823 | \$0 |
| Henry H. Welcome Grants | 200,000 | 200,000 | 200,000 | 0 |
| Diversity Grants | 180,000 | 180,000 | 180,000 | 0 |
| Access and Success Grants ¹ | 6,000,000 | | | 0 |
| HBCU Enhancement Fund | 6,000,000 | 4,900,000 | 4,900,000 | 0 |
| Doctoral Grant | 60,000 | 60,000 | 60,000 | 0 |
| Washington Center for Internships and Academic Seminars | 76,000 | 200,000 | 200,000 | 0 |
| Interstate Educational Compacts in Optometry | 165,500 | 165,500 | 165,500 | 0 |
| BCCC Surge Space | 175,000 | | | 0 |
| UMBI, Maryland-Israeli Partnership | 250,000 | 250,000 | 250,000 | 0 |
| Higher Education Heritage Action Committee/IMPART | | 200,000 | 200,000 | 0 |
| UMB Wellmobile Program | 295,500 | 570,500 | 570,500 | 0 |
| Aging Studies at UMBC | 1,500,000 | 3,500,000 | 0 | -3,500,000 |
| Regional Higher Education Centers. | 750,000 | 850,000 | 850,000 | 0 |
| Academy of Leadership | 500,000 | 500,000 | 500,000 | 0 |
| Maryland Go For It! Outreach Activities | | 100,000 | 100,000 | 0 |
| First Year Experience Program | | 100,000 | 100,000 | 0 |
| Community College Disability Demonstration Project | | 500,000 | 500,000 | 0 |
| Maryland Industrial Partnerships | | 1,000,000 | 1,000,000 | 0 |
| Professional Development Schools | | 2,000,000 | 2,000,000 | 0 |
| Small Business Development Centers ² | 250,000 | | | 0 |
| Total | \$16,913,920 | \$16,310,823 | \$12,810,823 | -3,500,000 |

HBCU: Historically Black Colleges and Universities

¹Access and Success Grants were transferred to the institutions budgets in fiscal 2007.

²Funding restricted for the Eastern Shore Higher Education Center that was not released and subsequently reverted to the general fund. A \$250,000 fiscal 2006 deficiency appropriation provided to Small Business Development Centers.

Source: Governor's Budget Books, Fiscal 2008

Issues

1. Office for Civil Rights Partnership Agreement

In October 1999, the U.S. Department of Education's Office for Civil Rights (OCR) initiated a review of Maryland's compliance with State obligations under federal law, particularly Title VI of the Civil Rights Act of 1964 and the 1992 *Fordice* decision of the U.S. Supreme Court. Maryland was targeted due to its status as a state with a system of public higher education that was once racially segregated. Maryland is 1 of 10 states that formerly operated a dual higher education system in violation of Title VI and applicable federal law.

In 1992 the U.S. Supreme Court issued a decision in *United States v. Fordice* (505 U.S. 717) that set legal standards and requirements for desegregation of a previously segregated higher education system. The court found that race neutral admissions policies alone are not sufficient to determine that a state has effectively desegregated a formerly segregated higher education system. Furthermore, policies found to be traceable to the formerly segregated system must be reformed to the extent practicable and consistent with sound educational practices. In January 1994, OCR informed Maryland that the *Fordice* decision required a reevaluation of its desegregation efforts in the public higher education system.

In December 2000, the State of Maryland entered into a five-year partnership agreement with OCR to eliminate any remaining vestiges of segregation in Maryland's public institutions of higher education. The State's commitments under the agreement total more than 20 and fall into 9 broad areas including teacher recruitment; strengthening recruitment, retention, and graduation; improving campus environments; improving the diversity of faculty and staff and governing or advisory boards; and improving affordability and financial aid programs. The State also made specific commitments to enhance the State's four public historically black institutions: Bowie State University; Coppin State University; the University of Maryland Eastern Shore; and Morgan State University. The agreement specifically called for the revitalization of Coppin State University based on a study of the college's operating and capital program needs.

OCR Partnership Agreement Expires

As part of the partnership agreement, which expired on December 31, 2005, the State and OCR are charged with making a determination as to whether the nine commitments contained in the agreement have been fully implemented. In fall 2005, MHEC convened two committees to review the progress made toward the nine commitments since December 2000. Committee I reviewed commitments one through eight and Committee II reviewed commitment nine regarding enhancing the State's HBIs. The two committees met in fall 2005 and early 2006 and submitted their reports to MHEC in spring 2006.

On June 20, 2006, MHEC submitted a letter and the two committee reports to OCR to support MHEC's conclusion that Maryland has satisfied the nine commitments. The letter states that Maryland will continue to be committed to equal access to higher education for all and to the

continued development of Maryland's HBIs. The letter also proposes that MHEC undertake the development of measurable indicators on areas required to achieve parity among the traditionally white institutions (TWIs) and HBIs. These indicators should include measures such as funding guideline attainment; capital projects, retention, and graduation rate; square footage of academic facilities per full-time equivalent students (FTES); and other measurable indicators of the State's progress. The annual reports will highlight the continued progress on the established benchmarks and be submitted to the Governor and General Assembly. **The Secretary should comment on when the indicators and report will be published. The Secretary should also comment on the status of the review process being undertaken by the U.S. Department of Education Office for Civil Rights.**

Although the OCR Agreement had expired, the fiscal 2007 budget maintained State funding enhancements for HBIs and also included language stating the General Assembly's intent to continue its commitment to enhance HBIs. The fiscal 2008 allowance includes HBI enhancement funding at the same level as fiscal 2007 – \$4.9 million in enhancement grants. In total, the State has provided \$67.5 million in operating funds from fiscal 2002 through 2007 as well as \$367.6 million in capital funds and additional funding in the fiscal 2008 capital budget, including \$112.4 million for a new physical education complex at Coppin.

If OCR determines that the State has fully implemented the commitments, then OCR will formally acknowledge in writing that Maryland has eliminated all vestiges of segregation in the public system of higher education. If the parties are not able to resolve matters by this process, then both the State and OCR reserve the legal right to utilize other established judicial processes. As of fall 2006, OCR has not initiated any enforcement action against the State nor made a final determination of the State's progress under the partnership agreement.

Issue of OCR Compliance

In 2005, MHEC Secretary, Calvin Burnett, Ph.D., approved an application by Towson University and the University of Baltimore to offer a joint Master of Business Administration (MBA) program. An appeal objecting to the Secretary's decision on the grounds that it violated the State's OCR Agreement was filed by Morgan State University. The appeal argued that the program would duplicate the MBA program offered for more than 30 years at Morgan State University and would thus lead to greater segregation at Baltimore area colleges. In fall 2005, MHEC voted to uphold the decision by Secretary Burnett.

On October 13, 2006, the Coalition for Equity and Excellence in Maryland Higher Education filed a lawsuit in Baltimore circuit court arguing that the State has failed to desegregate its higher education system. The lawsuit specifically charges the State with failing to adhere to eliminating all unnecessary academic program duplication as contained in the OCR Partnership Agreement and requests the elimination of several new academic programs at TWIs, including the joint MBA program at Towson University and the University of Baltimore. Since the case involves claims of rights arising under the U.S. Constitution and laws of the United States, the case has been moved to the United States District Court.

2. Academic Program Approval Process and Senate Bill 998 of 2006

Current Approval Process

There are two processes for implementing new academic programs at institutions of higher education, one for new programs that can be implemented with existing resources and one for programs that require additional resources. When an institution of higher education determines that it can implement a new program with existing resources, the president of the institution must submit the proposal to the institution's governing board and to MHEC, and MHEC must distribute the proposal to all higher education institutions in the State. MHEC or another institution may file an objection to the proposal within 30 days based on the following: (1) inconsistency with the mission of the institution proposing the program; (2) not meeting a regional or statewide need consistent with the State Plan for Postsecondary Education; (3) unreasonable program duplication that would cause demonstrable harm to another institution; or (4) violation of the State's equal educational opportunity obligations under State and federal law.

If no objection is filed, the program is approved. If an objection is filed and MHEC determines that it is justified, MHEC negotiates with the proposing institution to resolve the objection. If the objection cannot be resolved within 30 days of receipt, MHEC must make a final decision on approval of the new program or, in the case of nonpublic institutions, a final recommendation on implementation of the new program.

Institutions seeking to implement new programs with new resources, or to make substantial modifications to existing programs, must submit the proposals to MHEC. MHEC reviews each proposed program and must act within 60 days of submission. MHEC must provide a written explanation if it disapproves a program.

During the approval process, the Secretary may make a determination that unreasonable duplication exists on its own initiative or after receiving objection from a public institution affected by the program duplication. In determining whether a program or course of study is unreasonably duplicative, the Secretary shall consider:

- the degree to be awarded;
- the area of specialization;
- the purpose or objectives of the program or course of study to be offered;
- the specific academic content of the program or course of study;
- evidence of the quality of the proposed program in comparison to existing programs; and
- an analysis of the market demand for the program.

If it is determined that there is unreasonable duplication, MHEC may require the institution to submit a plan to resolve the duplication. If the plan does not adequately address the duplication, MHEC may revoke the institution's authority to offer the program in the case of an existing program,

or disapprove a new program. While the institution must be given the opportunity to present an objection to MHEC's decision, MHEC's decision is final. In the event a program received objections from another institution but was not determined to be unreasonably duplicative by MHEC, the institution posing the objection is able to appeal the decision. Currently, the appealing party submits a letter of appeal along with information supporting its appeal. The appealing party is scheduled for a hearing before the commission or committee depending on the reasons for the Secretary's decision. During the hearing, the Secretary's staff representative and the appealing party are able to provide oral testimony. Upon completion of the testimonies, the commission shall send a final written decision to the appealing party. The decision of the commission is final and not subject to further review or appeal.

Issue of Duplicative Programs

Questions regarding the program approval and appeal process surfaced after the final decision was rendered by MHEC concerning the TU/UB MBA program. In response, the 2006 General Assembly passed Senate Bill 998 entitled the Maryland Higher Education Commission – Review of Duplicative Academic Programs. The bill would have authorized judicial review in the circuit court of a decision by MHEC regarding the duplication of academic programs. Judicial review would only have been required when an institution of higher education requests a determination about program duplication or has filed an objection to the implementation of a new program based on unreasonable duplication. The bill also clarified that MHEC must make a determination about the duplication of academic programs that are approved or implemented after July 1, 2006, upon receiving a request from a public institution directly affected by the duplication. The appropriation of \$2 million in the fiscal 2007 State budget for MHEC administration was contingent on the enactment of the legislation.

Senate Bill 998 passed the General Assembly but was vetoed by the Governor; therefore, \$2 million was reduced from MHEC's operating budget, which caused a shortfall in operating costs. The shortfall has the potential to affect MHEC's ability to make payroll for its employees. The Governor has submitted a \$1,750,000 deficiency to supplement MHEC's current fiscal 2007 appropriation. Legislation similar to Senate Bill 998 as passed by the General Assembly has been introduced this session, Senate Bill 29/House Bill 81 of 2007. **The Secretary should comment on what steps MHEC is taking to ensure unreasonable duplication of programs does not occur. The Secretary should also comment on MHEC's current operational budget status in light of the \$2 million reduction.**

3. Professional Development Schools

The *Redesign of Teacher Education*, State policy adopted by the Maryland State Department of Education (MSDE) and MHEC in 1995, requires an institution of higher education (IHE) to provide a one-year internship in a professional development school (PDS) setting to students enrolled in undergraduate teacher preparation programs. In Maryland, teacher preparation accreditation by the National Council for Accreditation of Teacher Education (NCATE) and program approval by MSDE are contingent upon providing a PDS experience as required in the *Redesign*.

A PDS is a collaborative partnership for the academic and clinical preparation of intern teachers. The ultimate goal of a PDS is to provide competent teachers in order to ensure that all students receive a high quality education. Therefore, the focus of a PDS partnership is to improve student performance through research-based teaching and learning. A PDS may involve a single or multiple schools, school systems, and IHEs and may take different forms to reflect specific partnership activities and approaches to improving both teacher education and PreK-12 schools. Intern teachers spend a minimum of 100 days over two consecutive semesters at a PDS site. The difference between traditional student teaching and the PDS experience is that PDS interns are immersed in the school community. The intern teachers experience all of the typical teacher duties such as setting up their own classroom, attending faculty meetings, and holding parent-teacher conferences. In addition, all of the intern teachers attend their IHE classes at the PDS site. The goal is for the intern teacher to become more comfortable with all of their upcoming teaching responsibilities and more knowledgeable about the school, the students and other teachers, and the instructional program.

Since a PDS is a partnership between IHE and the school, IHE faculty and in-service teachers and administrators are very involved as well. IHE faculty are involved in the school community by holding their classes for the intern teachers on-site, providing professional development opportunities for all teachers and administrators, and serving on school improvement teams. In-service teachers also benefit from the partnership through professional development sessions and opportunities to serve as mentors to intern teachers or as PDS site coordinators.

According to a report by MHEC and the K-16 Leadership Council, during the 2004-2005 academic year, 20 IHEs in Maryland participated in 403 PDS sites that served 2,115 intern teachers and provided approximately 1,300 professional development sessions to more than 9,500 in-service teachers.

Funding

Historically, funding for PDS was provided through IHEs' budgets and various grants. **Exhibit 8** shows the actual 2005-2006 (fiscal 2006) budget for PDS by funding source compared to the budget for 2004-2005 (fiscal 2005). During fiscal 2005, a total of \$5.5 million from all funding sources was spent on PDS. More specifically, 82% came out of the IHEs' budgets (the University System of Maryland also provides some funding to system IHEs); the local school systems (LSS) provided 8%; another 8% came from grants through MHEC and MSDE in the form of Eisenhower (Improving Teacher Quality), Goals 2000, and Title II Teacher Quality Enhancement federal grants; and in-kind contributions comprised 2%. MHEC and the K-16 Council stated as of fiscal 2006, federal funding is no longer available to support PDS. However, during fiscal 2006, a total of \$262,325 in federal grants was spent on PDS activities in eight IHEs. Overall grants increased by \$24,782 from fiscal 2005 to 2006. A total of \$9.2 million from all funding sources was spent on PDS which was a 67% increase from fiscal 2005. Improved accounting of in-kind contributions is the primary reason for the increase. Funds provided from the LSS remain relatively low compared to the overall total, but funds increased 43% in fiscal 2006. Although the total number of interns increased to 2,154 in fiscal 2006, seven of the IHEs declined in the number of interns served.

Exhibit 8
Budget for Professional Development Schools by Funding Source
Fiscal 2005-2006

| Institutions of Higher Education | # PDS Interns | | In-kind Contributions | | LSS | | IHE | | **Grants | | Total | |
|----------------------------------|---------------|--------------|-----------------------|--------------------|------------------|------------------|--------------------|--------------------|------------------|------------------|--------------------|--------------------|
| | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> |
| Bowie State Univ. | 45 | 65 | \$0 | \$67,900 | \$75,700 | \$61,168 | \$159,550 | \$33,045 | \$23,500 | \$16,850 | \$258,75 | \$178,963 |
| Coll. of Notre Dame of MD | 56 | 56 | 91,385 | 7,362 | 7,050 | 16,423 | 121,700 | 203,308 | 53,750 | 67,029 | 273,885 | 294,122 |
| Columbia Union College | 9 | 5 | 500 | 880 | 0 | 4,000 | 4,250 | 4,046 | 0 | 0 | 4,750 | 8,926 |
| Coppin State University | 14 | 16 | 0 | 32,650 | 0 | 2,400 | 23,080 | 44,718 | 36,750 | 40,000 | 59,830 | 119,768 |
| Frostburg State Univ. | 172 | 185 | 0 | 89,642 | 1,000 | 5,360 | 239,595 | 131,167 | 25,000 | 0 | 265,595 | 226,169 |
| Goucher College | 40 | 32 | 0 | 178,760 | 10,150 | 26,771 | 121,450 | 74,292 | 0 | 0 | 131,600 | 279,823 |
| Hood College | 40 | 62 | 0 | 61,950 | 10,000 | 10,374 | 82,440 | 13,804 | 20,000 | 1,955 | 112,440 | 88,083 |
| Johns Hopkins University | 32 | 63 | 0 | 133,379 | 20,000 | 120,105 | 148,930 | 26,960 | 0 | 4,050 | 168,930 | 284,494 |
| Loyola College in MD | 66 | 49 | 600 | 34,063 | 14,420 | 48,302 | 72,665 | 283,816 | 0 | 0 | 87,685 | 366,181 |
| MD Inst. College of Art* | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| McDaniel College | 41 | 55 | 0 | 15,902 | 825 | 1,450 | 130,554 | 151,230 | 0 | 0 | 131,379 | 168,582 |
| Morgan State University | 25 | 33 | 0 | 63,230 | 0 | 3,728 | 63,750 | 12,500 | 165,500 | 86,000 | 229,250 | 165,458 |
| Mount St. Mary's Univ. | 121 | 73 | 0 | 27,988 | 4,600 | 17,924 | 114,994 | 107,273 | 0 | 0 | 119,594 | 153,185 |
| Peabody Institute* | 0 | 0 | 0 | 15,200 | 0 | 0 | 0 | 4,670 | 0 | 0 | 0 | 19,870 |
| Salisbury University | 197 | 240 | 19,576 | 53,892 | 7,226 | 8,227 | 127,179 | 108,952 | 11,000 | 13,018 | 164,981 | 184,089 |
| St. Mary's College of MD | 30 | 34 | 0 | 64,661 | 0 | 0 | 53,000 | 0 | 3,500 | 0 | 56,500 | 64,661 |
| Towson University | 762 | 739 | 0 | 3,139,764 | 107,012 | 116,674 | 1,774,095 | 1,027,611 | 27,566 | 109,355 | 1,908,673 | 4,393,404 |
| Univ. of MD Baltimore County | 71 | 55 | 0 | 143,256 | 19,500 | 36,606 | 230,382 | 142,802 | 2,500 | 62,082 | 252,382 | 384,746 |
| Univ. of MD, College Park | 318 | 279 | 0 | 154,500 | 158,512 | 143,716 | 824,794 | 1,168,427 | 13,553 | 0 | 996,859 | 1,466,643 |
| Univ. of MD Eastern Shore | 22 | 19 | 0 | 33,804 | 3,657 | 1,865 | 17,354 | 17,888 | 54,433 | 64,745 | 75,444 | 118,302 |
| Villa Julie College | 33 | 66 | 0 | 20,300 | 4,000 | 10,000 | 122,870 | 99,780 | 23,000 | 19,750 | 149,870 | 149,830 |
| Washington College | 21 | 28 | 0 | 34,210 | 674 | 0 | 47,525 | 51,650 | 0 | 0 | 48,199 | 85,860 |
| Total | 2,115 | 2,154 | \$112,061 | \$4,373,293 | \$444,326 | \$635,093 | \$4,480,157 | \$3,707,939 | \$460,052 | \$484,834 | \$5,496,596 | \$9,201,159 |

*These institutions do not field professional development schools but received funds from the \$2 million PDS grant.

**Includes State, federal, and private grants.

Source: MHEC and K-16 Council

The sources of funding for a PDS vary depending on the IHE that is involved and the county in which the PDS is located. Some LSS provide funding for PDS while others have certain funding requirements such as requiring an IHE to pay in-service teacher mentors a specified amount for the time they serve as mentors. The federal No Child Left Behind Act and its accountability measures are a large influence on educational activities in all schools. It seems mutually beneficial for the local school systems and IHEs to share in the responsibility for training and developing both new and in-service teachers. **The Secretary should comment on steps, if any, MHEC is taking to encourage local school systems to provide more financial support for professional development schools.**

Additional Fiscal 2007 Funding

The fiscal 2007 budget included \$2 million in MHEC's budget to support PDS activities. The 2006 *Joint Chairmen's Report* required MHEC and the K-16 Leadership Council to provide a plan for distributing the funds prior to expending the \$2 million. The report submitted to the budget committees noted that the PDS funding will enhance, but not supplant, existing funding for professional development schools. The fiscal 2007 appropriation for PDS schools allowed institutions of higher education the ability to enhance the capabilities of their professional development schools. The report proposed that the \$2 million allocation assure a base level of staffing and resources for PDS throughout the State. IHEs will be able to enhance and expand PDS in the areas of strategic planning, portfolio review, coordination, mentoring, and professional development. A small portion of the funding allocated to the IHEs will go toward strategic planning and data collection. Strategic planning includes both school and university representatives working together to determine the current developmental level of a PDS and the ways in which PDS will move forward during the yearly cycle.

Each of the 20 IHEs with professional development schools will receive either \$5,000 or \$10,000 for purposes of strategic planning. Institutions with at least 2,000 FTES and accreditation by NCATE will receive \$10,000 for strategic planning while institutions with fewer than 2,000 FTES without NCATE accreditation will receive \$5,000 for strategic planning. Each of the 20 eligible IHEs and two other institutions, Peabody Institute and Maryland Institute College of Art, will receive \$5,000 for data collection. The remaining balance of the PDS funding, which is \$1,720,000, will be distributed to the 20 eligible IHEs based on the number of PDS students served and the average State appropriation per intern, which is \$813.24 (remaining funding divided by total number of interns). The number of interns will be based on data for academic year 2004-2005 reported by the institutions. **Exhibit 9** shows the fiscal 2007 funding allocations for PDS by institution. Five IHEs serving over 100 interns will receive over \$100,000. Four IHEs serving between 45-75 interns will receive between \$50,000-\$75,000. Ten IHEs serving between 14-41 interns will receive between \$25,000-\$49,999 and 3 IHEs serving less than 10 interns will receive between \$5,000-\$20,000.

Exhibit 9
Professional Development Schools
Grant Funding Allocation by Institution
Fiscal 2007

| <u>Institutions of Higher Education</u> | <u>NCATE Accreditation</u> | <u>#Interns 2004-2005</u> | <u>Funding for Planning</u> | <u>Funding for Data Collection</u> | <u>Additional Funding</u> | <u>Total PDS Funding</u> |
|---|--------------------------------|-------------------------------|-------------------------------------|--|-------------------------------|------------------------------|
| Bowie State Univ. | Yes | 45 | \$10,000 | \$5,000 | \$36,596 | \$51,596 |
| College of Notre Dame of MD | Yes | 56 | 10,000 | 5,000 | 45,541 | 60,541 |
| Columbia Union Coll. | No | 9 | 5,000 | 5,000 | 7,319 | 17,319 |
| Coppin State Univ. | Yes | 14 | 10,000 | 5,000 | 11,385 | 26,385 |
| Frostburg Univ. | Yes | 172 | 10,000 | 5,000 | 139,877 | 154,877 |
| Goucher College | No | 40 | 5,000 | 5,000 | 32,529 | 42,529 |
| Hood College | No | 40 | 5,000 | 5,000 | 32,529 | 42,529 |
| Johns Hopkins Univ. | Yes | 32 | 10,000 | 5,000 | 26,024 | 41,024 |
| Loyola College in MD | Yes | 66 | 10,000 | 5,000 | 53,674 | 68,674 |
| Maryland Institute College of Art* | No | | 0 | 5,000 | 0 | 5,000 |
| McDaniel College | Yes | 41 | 10,000 | 5,000 | 33,343 | 48,343 |
| Morgan State Univ. | Yes | 25 | 10,000 | 5,000 | 20,331 | 35,331 |
| Mount St. Mary's Univ. | No | 121 | 5,000 | 5,000 | 98,402 | 108,402 |
| Peabody Institute* | No | 0 | 0 | 5,000 | 0 | 5,000 |
| Salisbury University | Yes | 197 | 10,000 | 5,000 | 160,208 | 175,208 |
| St. Mary's College of Maryland | No | 30 | 5,000 | 5,000 | 24,397 | 34,397 |
| Towson University | Yes | 762 | 10,000 | 5,000 | 619,689 | 634,689 |
| University of Maryland Baltimore County | Yes | 71 | 10,000 | 5,000 | 57,740 | 72,740 |
| Univ. of Maryland, College Park | Yes | 318 | 10,000 | 5,000 | 258,610 | 273,610 |
| Univ. of Maryland Eastern Shore | Yes | 22 | 10,000 | 5,000 | 17,891 | 32,891 |
| Villa Julie College | Yes | 33 | 10,000 | 5,000 | 26,837 | 41,837 |
| Washington College | No | 21 | 5,000 | 5,000 | 17,078 | 27,078 |
| Total | | 2,115 | \$170,000 | \$110,000 | \$1,720,000 | \$2,000,000 |

*These institutions do not sponsor professional development schools.

Source: MHEC and K-16 Council

During the fiscal 2007 budget deliberations, representatives of the K-16 Council and higher education institutions stated that the State funds were needed to replace lost federal grant funds and to maintain PDS. In the 2006 report, however, MHEC and the K-16 Council noted that the fiscal 2007 PDS funding will enhance but not supplant existing funding for professional development schools. The \$2 million has allowed IHEs to expand and enhance the capabilities of their PDS. In light of the structural budget deficit and forecasted revenues, DLS recommends deletion of the \$2 million in MHEC's budget for PDS. The deletion of funds should not affect the operation of PDS activities. In addition, given the importance of hiring highly qualified teachers and the significant 14% increase in State aid in fiscal 2008, local school systems should play a greater role in financially supporting professional development schools.

4. Formulas Calculated Using Budgeted Enrollment

In 2005, the Department of Legislative Services examined the enrollment figures provided in the State budget books and MHEC's enrollment projections and found that MHEC's projections were more accurate for the purposes of calculating State aid under the funding formulas for community colleges and private institutions. The General Assembly requested that MHEC use the most accurate enrollment figures available in calculating State aid under the funding formulas, and MHEC concluded that its enrollment projections are the most accurate. The fiscal 2007 budget included language stating the General Assembly's intent that MHEC use its enrollment projections when calculating the State general funds per full-time equivalent student for determining State aid under the Senator John A. Cade, the Joseph A. Sellinger, and the Baltimore City Community College (BCCC) funding formulas beginning in fiscal 2008.

The fiscal 2008 allowance for the funding formulas does not reflect MHEC's enrollment projections. Instead, State budget book enrollment figures were used when calculating State aid for the three funding formulas in the fiscal 2008 allowance. The formulas use full-time equivalent student (FTES) enrollment as well as State general funds at selected public four-year institutions in the prior fiscal year to determine State aid per FTES for the next fiscal year. The budgeted FTES for fiscal 2007 was 82,894 which resulted in State aid per FTES of \$9,140.59. MHEC's estimated FTES in fiscal 2007 was 82,486, which was slightly lower than budgeted FTES, which resulted in slightly higher State aid per FTES of \$9,185.80.

Exhibit 10 shows the difference in funding formula estimates based on budgeted FTES and MHEC's enrollment projections for Cade, Sellinger, and BCCC for fiscal 2008. In total, using MHEC's projections would increase fiscal 2008 funding for the formulas by \$977,375 for the Cade formula, \$289,854 for the Sellinger formula, and \$196,382 for BCCC's formula. **The Secretary should comment on the use of budgeted rather than projected FTES in the fiscal 2008 allowance.**

Exhibit 10
State Funding for Formulas Based on Different Enrollment Figures
Fiscal 2008

| | Fiscal 2007 Budgeted FTES from <u>Budget Books</u> | Fiscal 2007 MHEC Enrollment <u>Projections</u> | <u>Difference</u> |
|----------------------------------|---|---|--------------------------|
| John A. Cade Funding* | \$196,454,855 | \$197,432,230 | \$977,375 |
| Joseph A. Sellinger Program | 58,551,065 | 58,840,919 | 289,854 |
| Baltimore City Community College | 40,197,646 | 40,394,028 | 196,382 |
| Total | | | \$1,463,611 |

*Does not include grant funds.

Source: Governor's Budget Books, Fiscal 2008; Maryland Higher Education Commission

5. Students Needing Remediation

MHEC publishes a biennial report, *Student Outcome and Achievement Report* (SOAR), that tracks student outcomes at the State level. The report draws data from students who graduated from a Maryland high school and enrolled at a Maryland college or university in the subsequent academic year. MHEC collects information on the college performance of new high school graduates in remedial work needed in math, English, and reading; grades in their first math and English courses; and cumulative grade point average. The academic performance of students in their first year of study at a Maryland campus was examined in terms of whether they did or did not take a college-preparatory course in high school. Students who completed a college-recommended curriculum are called "core" and all others are "non-core."

The 2006 SOAR draws on the combined sets of data from students who graduated from a Maryland high school in the 2003-2004 school year and enrolled at a Maryland college or university during the 2004-2005 academic year. MHEC also examined the long-term graduation and transfer patterns of students enrolled at public institutions in fall 1994 through 2000 based on the SAT and ACT information.

College Performance of Core and Non-core Students Needing Remediation

Core students continue to outperform non-core students. Core students in academic year 2004-2005 performed better than non-core students on every measure of college academic achievement. Fewer core students required remedial assistance in math, English, and reading. **Exhibit 11** shows the percentage of core and non-core students needing remediation in college by institution. More non-core students (41%) than core students (30%) needed remedial assistance in math. More non-core students (21%) than core students (11%) also required remediation in English, and more non-core students (24%) than core students (15%) needed help in reading.

Exhibit 11
Percent of Core and Non-core Curriculum Students
Needing Remediation in College (by Institution)
2004-2005 Academic Year

| | Math | | English | | Reading | |
|------------------------------------|-------------|-----------------|----------------|-----------------|----------------|-----------------|
| | Core | Non-Core | Core | Non-Core | Core | Non-Core |
| Community Colleges | | | | | | |
| Allegany | 55% | 77% | 14% | 31% | 4% | 18% |
| Anne Arundel | 55% | 59% | 3% | 7% | 6% | 12% |
| Baltimore City | 85% | 96% | 48% | 76% | 62% | 83% |
| Baltimore County | 22% | 30% | 26% | 36% | 25% | 39% |
| Carroll | 68% | 81% | 5% | 17% | 22% | 36% |
| Cecil | 66% | 62% | 20% | 23% | 12% | 23% |
| Chesapeake | 43% | 64% | 38% | 40% | 29% | 52% |
| Frederick | 44% | 54% | 11% | 19% | 19% | 24% |
| Garrett | 49% | 73% | 18% | 55% | 3% | 18% |
| Hagerstown | 41% | 54% | 42% | 53% | 26% | 32% |
| Harford | 67% | 75% | 23% | 36% | 29% | 33% |
| Howard | 51% | 62% | 17% | 28% | 17% | 28% |
| Montgomery | 51% | 65% | 24% | 34% | 18% | 28% |
| Prince George's | 49% | 59% | 21% | 28% | 47% | 56% |
| Southern Maryland | 18% | 20% | 15% | 19% | 9% | 12% |
| Wor-Wic | 79% | 74% | 32% | 37% | 11% | 21% |
| All Community Colleges | 46% | 58% | 21% | 32% | 21% | 34% |
| University System of MD | | | | | | |
| Bowie | 88% | 91% | 35% | 44% | 100% | 99% |
| Coppin | 76% | 85% | - | - | - | - |
| Frostburg | 12% | 13% | 0% | 0% | 0% | 0% |
| Towson | 23% | 20% | * | * | 10% | 9% |
| UMBC | 2% | 1% | * | 0% | 5% | 7% |
| UMCP | 4% | 4% | - | - | - | - |
| UMES | 49% | 52% | 18% | 21% | 19% | 16% |
| All University System of MD | 16% | 20% | 3% | 4% | 8% | 10% |
| Morgan | 38% | 45% | 36% | 43% | 36% | 44% |
| All Public Four-year | 17% | 22% | 5% | 7% | 10% | 12% |
| Independents | | | | | | |
| Capitol College | 17% | 14% | 0% | 0% | - | - |
| Columbia Union | 53% | 71% | 21% | 7% | - | - |
| Hood | 37% | 28% | 10% | 11% | - | - |
| Loyola | 0% | 0% | - | - | - | - |
| MD Institute College of Art | - | - | 9% | 15% | - | - |
| McDaniel | 10% | 25% | 10% | 20% | - | - |
| Mount St. Mary's | 30% | 32% | - | - | - | - |
| Sojourner Douglass | 100% | 40% | 100% | 40% | 100% | 40% |
| Villa Julie | 0% | 0% | 0% | 1% | 13% | 24% |
| All Independents | 10% | 11% | 3% | 5% | 4% | 7% |
| All Campuses | 30% | 41% | 12% | 21% | 15% | 24% |

*Less than 0.5%.

Note: SU, SMCM, College of Notre Dame, Goucher, Johns Hopkins, and Washington College do not have remedial programs. UMCP, FSU, Loyola, and Mount St. Mary's do not offer remediation in English and reading; Maryland Institute College of Art and McDaniel do not offer these programs in math and reading; Coppin State University does not provide remediation in English; and Capitol and Columbia do not offer remediation in reading.

Source: Maryland Higher Education Commission's 2006 *Student Outcome and Achievement Report*

Students enrolled at community colleges required remedial courses more often than students at other institutions. In part, this reflects the open enrollment admissions policy at community colleges. The percentage of non-core students needing remediation is high but the number of core students needing remedial help is relatively high as well; about half of core students needed remedial help in math (46%) and nearly a quarter needed remedial help in English and reading (21%). Of the non-core students at community colleges, more than half (58%) needed remedial math, and about one-third required remedial help in English (32%) and reading (34%).

The share of core students enrolled at public four-year institutions, which includes MSU and many USM institutions, requiring remedial assistance was 17% in math, 5% in English, and 10% in reading. Among the public four-year institutions, the four historically black universities served the largest share of students needing remediation. The percentage of students requiring remedial courses was the lowest at independent institutions.

College Performance by Jurisdiction

Exhibit 12 shows the percent of core and non-core students needing remediation in college by jurisdiction. Non-core students from Baltimore City, Prince George's County, and the Susquehanna region (Cecil and Harford counties) had the highest remediation rates in math among the regions in the State. These areas were also among the greatest in terms of math remediation for core students. The largest remediation rates among core and non-core students in English were in Baltimore City, Western Maryland, and Prince George's County. Baltimore City and Prince George's County led all jurisdictions in the proportion of core and non-core students needing remedial help in reading.

Exhibit 12
Percent of Core and Non-core Curriculum Students Needing
Remediation in College (by Jurisdiction)

| | Math | | English | | Reading | |
|--------------------------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|
| | <u>Core</u> | <u>Non-core</u> | <u>Core</u> | <u>Non-core</u> | <u>Core</u> | <u>Non-core</u> |
| Anne Arundel | 32% | 39% | 3% | 6% | 6% | 11% |
| Baltimore City | 37% | 60% | 19% | 40% | 25% | 46% |
| Baltimore | 18% | 20% | 12% | 16% | 14% | 20% |
| Frederick | 26% | 38% | 7% | 13% | 10% | 16% |
| Lower Shore | 39% | 45% | 16% | 24% | 10% | 16% |
| Somerset | 70% | 64% | 33% | 21% | 21% | 7% |
| Wicomico | 40% | 41% | 15% | 23% | 8% | 18% |
| Worcester | 28% | 43% | 10% | 25% | 10% | 18% |
| Mid Maryland | 25% | 36% | 5% | 13% | 9% | 18% |
| Carroll | 32% | 44% | 3% | 12% | 11% | 20% |
| Howard | 20% | 32% | 6% | 14% | 7% | 17% |
| Montgomery | 30% | 41% | 13% | 20% | 11% | 17% |
| Prince George's | 44% | 54% | 18% | 26% | 31% | 43% |
| Southern Maryland | 15% | 18% | 8% | 12% | 8% | 11% |
| Calvert | 12% | 11% | 7% | 10% | 7% | 6% |
| Charles | 22% | 26% | 11% | 14% | 11% | 17% |
| St. Mary's | 9% | 16% | 6% | 12% | 6% | 7% |
| Susquehanna | 40% | 49% | 14% | 21% | 16% | 21% |
| Cecil | 43% | 44% | 12% | 14% | 7% | 17% |
| Harford | 39% | 50% | 14% | 22% | 17% | 22% |
| Upper Shore | 27% | 47% | 16% | 24% | 14% | 30% |
| Caroline | 25% | 46% | 22% | 29% | 16% | 32% |
| Dorchester | 28% | 50% | 15% | 31% | 22% | 33% |
| Kent | 13% | 39% | 9% | 17% | 9% | 17% |
| Queen Anne's | 31% | 43% | 13% | 15% | 9% | 23% |
| Talbot | 28% | 55% | 17% | 28% | 13% | 40% |
| Western Maryland | 31% | 46% | 19% | 33% | 11% | 20% |
| Allegany | 35% | 52% | 7% | 19% | 1% | 11% |
| Garrett | 20% | 38% | 6% | 19% | 2% | 0% |
| Washington | 31% | 45% | 28% | 39% | 18% | 26% |
| All Maryland | 30% | 41% | 12% | 21% | 15% | 24% |

Source: Maryland Higher Education Commission's 2006 *Student Outcome and Achievement Report*

First-year grades can be a great predictor of academic performance and success in college. Not surprisingly, core students earned higher grades in their initial math and English courses. **Exhibit 13** shows the cumulative grade point average after the first year for core and non-core students by jurisdiction. Statewide, core students earned a cumulative grade point average in college of 2.6 compared to 2.4 for non-core students. The averages earned by students who attended high school in Baltimore City (2.4 for core and 2.1 for non-core) and Prince George's County (2.4 for core and 2.2 for non-core) were the lowest in the State. Categorization of a core student is dependent on whether the student completes a course of study that closely fits college admission requirements. Yet core students performance is only slightly better if not the same as students who did not take a college recommended curriculum in high school in the report. Although majors may vary for core and non-core students, the first year is typically general education courses (math and English) that all students are required to take. It is presumed that the grade point averages of core students who have chosen a more rigorous academic program in high school would be higher than non-core students. **The Secretary should comment on why the gap between the performance of core students and non-core students is relatively small and whether the core/non-core classification will be maintained in future SOAR reports. The Secretary should comment on what recommendations, if any, MHEC plans to make to MSDE about the college preparatory high school curriculum in light of the SOAR report's findings.**

Exhibit 13
Cumulative Grade Point Average After First Year of Core and
Non-core Curriculum Students (by Jurisdiction)

| | <u>Core</u> | <u>Non-Core</u> |
|--------------------------|-------------|-----------------|
| Anne Arundel | 2.7 | 2.6 |
| Baltimore City | 2.4 | 2.1 |
| Baltimore | 2.6 | 2.5 |
| Frederick | 2.7 | 2.5 |
| Lower Shore | 2.5 | 2.4 |
| Somerset | 2.6 | 2.3 |
| Wicomico | 2.5 | 2.4 |
| Worcester | 2.6 | 2.4 |
| Mid Maryland | 2.8 | 2.5 |
| Carroll | 2.8 | 2.5 |
| Howard | 2.7 | 2.5 |
| Montgomery | 2.7 | 2.5 |
| Prince George's | 2.4 | 2.2 |
| Southern Maryland | 2.7 | 2.4 |
| Calvert | 2.6 | 2.5 |
| Charles | 2.6 | 2.4 |
| St. Mary's | 2.8 | 2.4 |
| Susquehanna | 2.6 | 2.4 |
| Cecil | 2.5 | 2.4 |
| Harford | 2.6 | 2.4 |
| Upper Shore | 2.6 | 2.3 |
| Caroline | 2.8 | 2.5 |
| Dorchester | 2.8 | 2.3 |
| Kent | 2.6 | 2.0 |
| Queen Anne's | 2.5 | 2.3 |
| Talbot | 2.6 | 2.4 |
| Western Maryland | 2.8 | 2.6 |
| Allegany | 2.9 | 2.5 |
| Garrett | 2.8 | 2.8 |
| Washington | 2.7 | 2.6 |
| All Maryland | 2.6 | 2.4 |

Source: Maryland Higher Education Commission's 2006 *Student Outcome and Achievement Report*

6. Nurse Support Program II

The demand for nurses and Maryland's higher education nursing programs continues to grow. However, the gap between supply and demand for nurses is narrowing, due to significant collaborative efforts by higher education, the State, and other professional institutions. Recent initiatives are increasing the supply of nurses as well as the nurse faculty needed to prepare additional nurses. The Nurse Support Program II (NSP II) was established to increase the number of bedside nurses in Maryland hospitals and the nurse faculty necessary to train these nurses.

NSP II is a 10-year program that annually will provide approximately \$8.8 million to support nursing programs. Through NSP II, hospitals will assist Maryland higher education institutions to increase the supply of critically needed nurses in the State. Funding for NSP II is provided through a 0.1% increase to the rate structure of all hospitals retroactive to July 1, 2005, adopted by the Maryland Health Services Cost Review Commission (HSCRC). Legislation enacted in 2006 (Chapter 221) created a non-lapsing special fund for the NSP II program so that funds can be carried forward to be awarded in future years. In addition to establishing the fund, the legislation requires that the guidelines established for NSP II provide that a portion of the Competitive Institutional Grants and Statewide Initiatives be used to attract and retain minorities to nursing and nurse faculty careers in Maryland. MHEC will provide the programmatic and administrative support for the NSP II program; MHEC will also administer the NSP II non-lapsing special funds account.

The Competitive Institutional Grants are designed to increase the structural capacity of Maryland nursing schools through shared resources, innovative educational designs, and streamlined processes to produce more nurse faculty. In the first round of funding, 26 proposals for the Competitive Institutional Grants were received. Applicants were asked to apply for one or more of the four types of competitive grants:

- initiatives to expand Maryland's nursing capacity through shared resources;
- initiatives to increase Maryland's nursing faculty;
- initiatives to increase nursing student retention; and
- initiatives to increase the pipeline for nursing faculty.

Exhibit 14 provides a summary of the seven funded Competitive Institutional Grant initiatives. MHEC and HSCRC deemed these programs to be the best at addressing the multiple aspects of the nursing shortage by accelerating the number of Associate Degree Nursing (ADN) graduates, increasing the pipeline of ADN to Bachelor of Science Nursing (BSN) students, and creating pathways to nursing faculty positions through Master's of Science Nursing and doctoral programs. The first-year funding for the seven Competitive Institutional Grant proposals is \$1,380,595 with a five-year total of \$6,170,497. The grant recipients included two community colleges, with the remaining including four-year institutions and a professional institution. In addition, 14 hospitals and higher education institutions are consortium members in the projects.

Exhibit 14
Competitive Institutional Grants Funded in the First Year of NSP II

| <u>Institution</u> | <u>Consortium Members</u> | <u>Program Description</u> | <u>Duration</u> | <u>Year One Funding</u> | <u>Total Funding</u> |
|--|--|---|-----------------|-------------------------|----------------------|
| Anne Arundel Community College | Villa Julie College, College of Southern Maryland | RN to BSN concurrent enrollment option for 48 additional students | 3 yrs. | \$200,000 | \$443,074 |
| College of Southern Maryland | Calvert Memorial Hospital, Civista Medical Center, St. Mary's Hospital | Increase faculty student retention initiative. Transition of new nurses into hospital setting. Increase enrollment by 25% (50 students) | 5 yrs. | 150,000 | 1,075,000 |
| Coppin State University | Maryland General Hospital, Kernan Hospital, Union Memorial Hospital | Master's preparation for 40 hospital-based nurses. Recruitment of 9 into faculty positions | 5 yrs. | 110,000 | 560,000 |
| Harford Community College | Upper Chesapeake | Fast-track 15 month ADN program for 96 additional graduates (student retention initiative) | 4 yrs. | 128,357 | 662,792 |
| University of Maryland School of Nursing | UMMC, Franklin Square Hospital | Master's preparation for 180 hospital-based nurses | 5 yrs. | 350,000 | 1,325,000 |
| University of Maryland School of Nursing | None | Practice-focused doctoral program for 125 - 184 nurses | 5 yrs. | 175,000 | 1,020,000 |
| Villa Julie College | Carroll Hospital Center, Union Memorial Hospital, Upper Chesapeake | RN-BSN program increasing baccalaureate nurse graduates (120 BSN students & 250 RN-BSN students) | 4 yrs. | 267,538 | 1,084,631 |
| Total Competitive Institutional Grant Funding | | | | \$1,380,895 | \$6,170,497 |

Source: Maryland Higher Education Commission, *Maryland Nursing Capacity Study*

Exhibit 15 provides a breakdown of the projected outcomes from the seven Competitive Institutional Grant initiatives funded in the first round of NSP II. In total, over 900 additional nursing enrollments are projected in the nursing programs offered by these institutions.

Exhibit 15
Projected Additional Nursing Enrollments from Competitive Institutional Grant Initiatives Funded through NSP II

| <u>Registered Nursing Programs</u> | <u>Additional Enrollment</u> |
|------------------------------------|------------------------------|
| ADN | 146 |
| RN-BSN | 298 |
| BSN | 120 |
| Subtotal | 564 |
| <u>Graduate Nursing Programs</u> | |
| MSN | 220 |
| DSN | 125-184 |
| Subtotal | 345-404 |
| Total | 909-968 |

ADN: Associate Degree Nursing
BSN: Bachelor of Science Nursing
DSN: Doctorate of Science in Nursing
MSN: Master's of Science Nursing
NSP II: Nurse Support Program II
RN: Registered Nurse

Source: Maryland Higher Education Commission, *Maryland Nursing Capacity Study*

HSCRC set aside \$2,885,600 for Statewide Initiatives to be awarded in round one for Graduate Nursing Faculty Scholarship and Living Expenses Grants and New Nursing Faculty Fellowships. While the scholarship awarding process is not complete at this time, 16 individuals were offered awards for the Graduate Nursing Faculty Scholarship. Because of the late start of the program, late applications will be accepted from Competitive Institutional Grant project participants. Five new faculty members were awarded the New Nursing Faculty Fellowships. The total first-year funding for the New Nursing Faculty Fellowships is \$50,000. Overall the total funding allocated for NSP II was approximately \$1.9 million in fiscal 2007, of that amount \$1.38 million was awarded to recipients of the Competitive Institutional Grant and the remainder went towards statewide initiatives. The fiscal 2008 allowance includes \$8.55 million for grants, not including funds not awarded in fiscal-2007.

Recommended Actions

- | | <u>Amount
Reduction</u> | |
|---|------------------------------------|----|
| 1. Reduce funds for outside IT consulting services. This reduction allows for approximately \$7,000 over fiscal 2006 appropriation to provide IT upgrades and support. | \$ 52,500 | GF |
| 2. Add the following language to the general fund appropriation: | | |
| <p><u>, provided that \$4,900,000 in general funds designated to enhance the State's four historically black institutions may not be expended until the Maryland Higher Education Commission submits a report to the budget committees outlining how the funds will be spent. The budget committees shall have 45 days to review and comment on the report.</u></p> | | |

Explanation: The language restricts the expenditure of funds until the commission reports to the budget committees on the plans for spending funds designated to enhance the State's four historically black institutions.

| Information Request | Author | Due Date |
|--------------------------------|---------------|-----------------|
| Enhancement expenditure report | MHEC | July 1, 2007 |

- | | <u>Amount
Reduction</u> | |
|--|------------------------------------|----|
| 3. Delete funds for professional development schools (PDS). The Maryland Higher Education Commission and the K-16 Council noted that the PDS funding will enhance but not supplant existing funding for PDS. The \$2 million allowed institutions of higher education to expand and enhance the capabilities of their PDS. The State is facing a significant structural deficit and local school systems should play a greater role in financing professional development schools. | 2,000,000 | GF |

| | |
|--------------------------------------|---------------------|
| Total General Fund Reductions | \$ 2,052,500 |
|--------------------------------------|---------------------|

R62I0001 – Maryland Higher Education Commission

Updates

1. Program Approval

The commission staff designed an academic program and institutional proposal web site which provides current information on academic program proposals that require full approval along with any objections or comments related to the proposals. The site also provides information regarding proposals for institutions seeking approval to operate as degree-granting institutions in the State and for out-of-state institutions requesting initial approval to operate in the State. The web site was developed to allow the academic program approval process to be reviewed by the general public. In addition, the web site will provide an outline of the proposal review process, the guidelines for submitting a new academic program or institution proposal, and links to the appropriate regulations, policies, and procedures.

2. Enrollment Projections

MHEC prepares 10-year enrollment projections annually for the public colleges and universities in the State. These projections include headcounts for each higher education institution, with breakdowns by full- and part-time undergraduates and, as applicable, full- and part-time graduate/professional students. These projections help to provide information for education policies at the State level. Although MHEC has had some difficulty projecting part-time undergraduate students at public four-year institutions, overall the model, which was developed by the commission staff, has proved to be the most accurate in providing enrollment projections.

The enrollment projections MHEC provides are independent of those provided by the institutions and their governing boards. MHEC expects enrollment at public higher education institutions to grow moderately over the next 10 years while the University System of Maryland has a competing demand model that projects higher growth at USM institutions than MHEC. Last year's 10-year enrollment projection (2006-2015) was the greatest difference on record. MHEC and USM headcount enrollment projections continue to differ from fiscal 2007 to 2016 at USM institutions, not including the University of Maryland University College. The data include undergraduate and graduate students. MHEC projects a total of 116,222 students in fiscal 2016 while USM's model projects 122,587, a difference of 6,365 students. In terms of growth rates, USM projects that the average annual growth rate from fiscal 2007 to 2010 will be 2.4%, while MHEC projects a growth rate of 1.7%. For the period from fiscal 2010 to 2013, USM expects an average annual growth rate of 2.0% compared to MHEC's 1.4%. However, the MHEC and USM models project the same average annual growth rate of 1.0% from fiscal 2013 to 2016. Overall, USM estimates total enrollment growth of 17.5% and MHEC projects growth of 13.4% from fiscal 2007 to 2016. However, it is important to note that these growth rates are applied to different baselines; for fiscal 2007 USM projects 104,340 students compared to 102,511 students projected by MHEC.

3. Meeting Maryland's Postsecondary Challenges

The 2004 *Maryland State Plan for Postsecondary Education* presented an overarching goal that calls for the development of a comprehensive framework to guide decisions relating to postsecondary education in Maryland. To achieve this goal, MHEC contracted with Van de Water Consulting, Inc. to examine funding models in other states that effectively integrate policies on tuition levels, state appropriations to higher education, and state and federal financial aid. The consulting firm reviewed the State's planning documents, reports, national data and models; conducted interviews with over 30 Maryland leaders in State government, associations, and higher education institutions; identified peer states based on their relationship to the national average on the aid-to-tuition ratio; and collected data for Maryland and the peer states to formulate the report.

The report recommended a framework for financing Maryland postsecondary education and will be presented to and discussed further by the Commission to Develop a Maryland Model for Funding Higher Education in 2007. MHEC asked that the consultant's recommendations address the following:

- proposed policy changes that would integrate policies on tuition levels, State appropriations to higher education, and financial aid to ensure access for Maryland citizens to postsecondary education, and to meet the needs of the State for an educated workforce;
- the impact of proposed policies on the balance between the student share and the State share of the cost of higher education;
- a timeline for implementing policy changes; and
- possible accountability measures of outcomes to evaluate the effectiveness of the adopted model.

The consultant recommended a model for Maryland:

- define the State's goals for postsecondary access and affordability in measurable terms;
- better coordinate planning and budget development;
- align policy decisions about three funding components – appropriations to higher education, tuition and fees at public institutions, and allocations to student financial aid; and
- amend student aid programs to reflect and support the State's goals for postsecondary access and affordability.

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland Higher Education Commission (\$ in Thousands)

| | <u>General Fund</u> | <u>Special Fund</u> | <u>Federal Fund</u> | <u>Reimb. Fund</u> | <u>Total</u> |
|----------------------------------|--------------------------------|--------------------------------|--------------------------------|-------------------------------|---------------------|
| Fiscal 2006 | | | | | |
| Legislative Appropriation | \$71,629 | \$812 | \$1,489 | \$181 | \$74,111 |
| Deficiency Appropriation | 0 | 0 | 0 | 0 | 0 |
| Budget Amendments | 360 | 238 | 0 | 600 | 1,198 |
| Reversions and Cancellations | -250 | -334 | -523 | -192 | -1,299 |
| Actual Expenditures | \$71,739 | \$716 | \$967 | \$589 | \$74,010 |
| Fiscal 2007 | | | | | |
| Legislative Appropriation | \$73,121 | \$6,420 | \$1,493 | \$241 | \$81,276 |
| Budget Amendments | 66 | 0 | 1,500 | 300 | 1,866 |
| Working Appropriation | \$73,188 | \$6,420 | \$2,993 | \$541 | \$83,142 |

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

Fiscal 2006

General funds increased by \$360,078 due to the following:

- a \$57,581 budget amendment to cover costs associated with the fiscal 2006 general salary increase;
- a \$52,497 budget amendment that transferred funds from the HOPE scholarship to general administration to provide additional staff to handle the increased workload associated with the billing accounting for student repayment; and
- a \$250,000 deficiency that increased funds for educational grants to Small Business Development Centers to allow the centers to maximize federal grants.

General funds decreased by \$250,000 in reversions and cancellations because funds were not released for the Eastern Shore Higher Education Center.

Special funds increased \$237,500 due to the following:

- a \$120,000 budget amendment for educational grants to perform a study of the appropriate relationship between and among tuition levels, State appropriations, and financial aid from institutional, State, and federal sources;
- a \$92,500 budget amendment that provided additional funds for start-up cost for the Nurse-Support Program II; and
- a \$25,000 grant provided from USA Funds provided support for the production of a 16-month “Getting Ready for College” calendar.

Special funds decreased by \$334,317 in reversions due to the following:

- expenditures for the Guaranteed Student Loan were less than anticipated by \$214,247; and
- expenditures for the Health Personnel Shortage Incentive Grant were less than anticipated by \$120,070.

Federal funds decreased by \$522,902 in cancellations from federal grants for Improving Teacher Qualifications.

Reimbursable funds increased \$600,000 through a memorandum of understanding with the Department of Labor, Licensing, and Regulation to provide administrative support for the Teach for the Health of It program.

Reimbursable funds decreased by \$192,175 because actual awards for the Teach for the Health of It were less than anticipated.

Fiscal 2007

A budget amendment increased general funds by \$66,350 to cover costs associated with the fiscal 2007 general salary increase.

Federal funds increased by \$1,500,000 for College Preparation Intervention Program through a budget amendment. A budget amendment increased reimbursable funds by \$300,000 for major information technology projects.

**Object/Fund Difference Report
Maryland Higher Education Commission**

| <u>Object/Fund</u> | <u>FY06 Actual</u> | <u>FY07 Working Appropriation</u> | <u>FY08 Allowance</u> | <u>FY07-FY08 Amount Change</u> | <u>Percent Change</u> |
|---|------------------------|---|---------------------------|------------------------------------|---------------------------|
| Positions | | | | | |
| 01 Regular | 71.60 | 75.10 | 75.10 | 0 | 0% |
| 02 Contractual | 1.00 | 1.00 | 1.00 | 0 | 0% |
| Total Positions | 72.60 | 76.10 | 76.10 | 0 | 0% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 5,032,333 | \$ 3,576,347 | \$ 5,472,158 | \$ 1,895,811 | 53.0% |
| 02 Technical and Spec Fees | 220,985 | 87,882 | 87,882 | 0 | 0% |
| 03 Communication | 162,388 | 140,988 | 162,715 | 21,727 | 15.4% |
| 04 Travel | 42,042 | 27,171 | 28,171 | 1,000 | 3.7% |
| 06 Fuel and Utilities | 27,399 | 44,683 | 109,394 | 64,711 | 144.8% |
| 07 Motor Vehicles | -4,205 | 160 | 160 | 0 | 0% |
| 08 Contractual Services | 712,149 | 529,847 | 629,620 | 99,773 | 18.8% |
| 09 Supplies and Materials | 33,910 | 60,564 | 65,220 | 4,656 | 7.7% |
| 10 Equip – Replacement | 47,536 | 13,332 | 32,062 | 18,730 | 140.5% |
| 11 Equip – Additional | 11,724 | 11,214 | 0 | -11,214 | -100.0% |
| 12 Grants, Subsidies, and Contributions | 67,051,175 | 77,963,324 | 83,880,752 | 5,917,428 | 7.6% |
| 13 Fixed Charges | 672,194 | 685,975 | 864,373 | 178,398 | 26.0% |
| Total Objects | \$ 74,009,630 | \$ 83,141,487 | \$ 91,332,507 | \$ 8,191,020 | 9.9% |
| Funds | | | | | |
| 01 General Fund | \$ 71,738,995 | \$ 73,186,656 | \$ 80,001,696 | \$ 6,815,040 | 9.3% |
| 03 Special Fund | 715,564 | 6,420,622 | 9,597,631 | 3,177,009 | 49.5% |
| 05 Federal Fund | 966,559 | 2,993,079 | 1,486,903 | -1,506,176 | -50.3% |
| 09 Reimbursable Fund | 588,512 | 541,130 | 246,277 | -294,853 | -54.5% |
| Total Funds | \$ 74,009,630 | \$ 83,141,487 | \$ 91,332,507 | \$ 8,191,020 | 9.9% |

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.

**Fiscal Summary
Maryland Higher Education Commission**

| <u>Program/Unit</u> | <u>FY06 Actual</u> | <u>FY07 Wrk Approp</u> | <u>FY08 Allowance</u> | <u>Change</u> | <u>FY07-FY08 % Change</u> |
|---|------------------------|----------------------------|---------------------------|---------------------|-------------------------------|
| 01 General Administration | \$ 7,240,979 | \$ 5,232,528 | \$ 7,528,332 | \$ 2,295,804 | 43.9% |
| 02 College Prep/Intervention Program | 750,000 | 2,250,000 | 750,000 | -1,500,000 | -66.7% |
| 03 Joseph A. Sellinger Program for Aid To Non-Public | 45,830,264 | 49,964,598 | 58,551,065 | 8,586,467 | 17.2% |
| 07 Educational Grants | 17,058,920 | 16,310,823 | 12,810,823 | -3,500,000 | -21.5% |
| 19 Physician Assistant - Nurse Practitioner Training | 73,538 | 73,538 | 73,538 | 0 | 0% |
| 30 Private Donation Incentive Grants | 2,675,999 | 2,910,000 | 2,340,961 | -569,039 | -19.6% |
| 34 Major Information Technology Development Projects | 0 | 300,000 | 0 | -300,000 | -100.0% |
| 38 Nurse Support Program II | 0 | 5,600,000 | 8,777,788 | 3,177,788 | 56.7% |
| 39 Health Manpower Shortage Incentive Grant Program | 379,930 | 500,000 | 500,000 | 0 | 0% |
| Total Expenditures | \$ 74,009,630 | \$ 83,141,487 | \$ 91,332,507 | \$ 8,191,020 | 9.9% |
| General Fund | \$ 71,738,995 | \$ 73,186,656 | \$ 80,001,696 | \$ 6,815,040 | 9.3% |
| Special Fund | 715,564 | 6,420,622 | 9,597,631 | 3,177,009 | 49.5% |
| Federal Fund | 966,559 | 2,993,079 | 1,486,903 | -1,506,176 | -50.3% |
| Total Appropriations | \$ 73,421,118 | \$ 82,600,357 | \$ 91,086,230 | \$ 8,485,873 | 10.3% |
| Reimbursable Fund | \$ 588,512 | \$ 541,130 | \$ 246,277 | -\$ 294,853 | -54.5% |
| Total Funds | \$ 74,009,630 | \$ 83,141,487 | \$ 91,332,507 | \$ 8,191,020 | 9.9% |

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.