

**R62I0001**  
**Maryland Higher Education Commission**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$68,827	\$51,926	\$66,000	\$14,074	27.1%
Contingent & Back of Bill Reductions	0	0	-22,106	-22,106	
<b>Adjusted General Fund</b>	<b>\$68,827</b>	<b>\$51,926</b>	<b>\$43,894</b>	<b>-\$8,032</b>	<b>-15.5%</b>
Special Fund	4,585	16,894	14,647	-2,247	-13.3%
Contingent & Back of Bill Reductions	0	0	-3	-3	
<b>Adjusted Special Fund</b>	<b>\$4,585</b>	<b>\$16,894</b>	<b>\$14,644</b>	<b>-\$2,250</b>	<b>-13.3%</b>
Federal Fund	3,729	3,484	3,452	-32	-0.9%
Contingent & Back of Bill Reductions	0	0	-9	-9	
<b>Adjusted Federal Fund</b>	<b>\$3,729</b>	<b>\$3,484</b>	<b>\$3,443</b>	<b>-\$41</b>	<b>-1.2%</b>
Reimbursable Fund	1,106	429	273	-156	-36.3%
Contingent & Back of Bill Reductions	0	0	-3	-3	
<b>Adjusted Reimbursable Fund</b>	<b>\$1,106</b>	<b>\$429</b>	<b>\$270</b>	<b>-\$158</b>	<b>-36.9%</b>
<b>Adjusted Grand Total</b>	<b>\$78,247</b>	<b>\$72,732</b>	<b>\$62,251</b>	<b>-\$10,481</b>	<b>-14.4%</b>

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. The actual allocations are to be developed by the Administration.

- Total funds increase 16.0% in the fiscal 2011 allowance over fiscal 2010. The Administration's budget plan is balanced assuming a \$21.9 million reduction to Sellinger aid and across-the-board reductions. Based on these contingent and across-the-board reductions, total funds decrease 14.4% from fiscal 2010.
- Special funds decrease 13.3% due mainly to the replacement of Higher Education Investment Fund special funds for educational grants with general funds and the elimination of one-time special funds related to a major information technology development project.
- A proposed deficiency appropriation of \$2.45 million in general funds transferring Office for Civil Rights enhancement funds from the Maryland Higher Education Commission (MHEC) to each of the historically black institutions (HBI) is not reflected above.

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

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***Personnel Data***

	<b><u>FY 09 Actual</u></b>	<b><u>FY 10 Working</u></b>	<b><u>FY 11 Allowance</u></b>	<b><u>FY 10-11 Change</u></b>
Regular Positions	68.60	64.60	52.60	-12.00
Contractual FTEs	<u>9.00</u>	<u>3.00</u>	<u>4.00</u>	<u>1.00</u>
<b>Total Personnel</b>	<b>77.60</b>	<b>67.60</b>	<b>56.60</b>	<b>-11.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	3.42	6.50%
Positions and Percentage Vacant as of 12/31/09	5.00	7.74%

- The fiscal 2010 budget abolished 3 vacant positions. Due to Board of Public Works (BPW) actions in November 2009, 1 additional vacant position was abolished from the fiscal 2010 budget. The fiscal 2011 budget abolishes 12 positions, 3 of which are vacant, and adds 1 contractual position.
- As of December 31, 2009, the commission has 5 vacancies. Budgeted turnover for fiscal 2010 is 6.5%.

## ***Analysis in Brief***

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### **Major Trends**

***Two-year Retention Rates Increase:*** Two-year retention rates increased significantly for all students, African American students, and students attending HBIs in fiscal 2009. Despite these increases, two-year retention remains below fiscal 2003 levels.

***Achievement Gap Continues to Increase:*** Six-year graduation rates increased slightly for all students attending public four-year institutions while the graduation rate for African American students attending public four-year institutions declined. As a result, the achievement gap widened for the third consecutive year to 21.3 percentage points.

### **Issues**

***Maryland Independent Institutions Receive the Most Dedicated Funding Per Dollar of Total State Financial Aid Among Selected Competitor States:*** Judged against several competitor states identified by the Commission to Develop the Maryland Model for Funding Higher Education (MMFHE), Maryland provided the most dedicated aid per dollar of total state financial aid to independent institutions in fiscal 2009, at \$0.47 per dollar spent. Virginia provided the next greatest amount at \$0.44, and Pennsylvania, New Jersey, and New York all provided \$0.10 or less. After cost containment actions in fiscal 2010 reduced Sellinger aid 26.3% to \$38.4 million, Maryland provided \$0.37 per dollar of total financial aid, bringing it below Virginia levels, but significantly above the other selected competitor states.

***Best Practices for Accelerating Student Success at Maryland's Public Historically Black Institutions:*** The General Assembly added budget language to the fiscal 2010 budget bill restricting the expenditure of \$1.5 million in general funds for each of the HBI's Access and Success programs until a report was submitted on the programs needed at the HBIs to improve graduation and retention among underprepared students. The joint MHEC – HBI report identifies seven best practices to improve the academic success of underprepared students at public HBIs: summer bridge programs, effective advising policies and practices, first-year experience seminars, course redesign, learning communities, honors programs, and supplemental instruction.

***Higher Education Commission Approves Online Program for Out-of-state Students Only:*** Maryland continues to wait for a decision by the U.S. Office for Civil Rights on compliance with the Partnership Agreement and federal civil rights laws and obligations. Meanwhile, MHEC's decision to approve an online program proposed by the University College, and objected to by Morgan State University, for out-of-state students only has again raised issues about Maryland's continuing obligations and the State's academic program approval process. Finally, litigation concerning Maryland's compliance with civil rights laws continues in federal District Court, but no trial date has been set.

**Health Services Cost Review Commission Suspends Revenue Collection for the Nurse Support Program II for 23 Months:** In response to the Nurse Support Program II's (NSP II) increasing fund balance, the Health Services Cost Review Commission (HSCRC) suspended the 0.1% hospital assessment that funds the program on February 1, 2009, and is not expected to reinstate the assessment until January 1, 2011. Meanwhile, nursing program proposals that received funding in Round One of NSP II are nearing completion. Though NSP II has awarded \$15.4 million in competitive institutional grants to increase the capacity of nursing education programs in the State, the year-over-year increase in students graduating from Maryland nursing programs is expected to be lower in fiscal 2009 and 2010 than it was before NSP II began.

## Recommended Actions

	<u>Funds</u>
1. Reduce general fund support for rent.	\$ 298,626
2. Reduce general funds for federally funded abolished positions.	151,523
3. Strike contingent reduction language on Sellinger formula.	
4. Reduce Sellinger aid to nonpublic institutions.	21,983,458
5. Reduce educational grants.	1,189,706
6. Adopt committee narrative requesting a report on outcomes of students participating in Access and Success programs by cohort.	
<b>Total Reductions</b>	<b>\$ 23,623,313</b>

## Updates

**Maryland First to Develop Associate of Science in Engineering:** In September 2009, MHEC approved the Associate of Science in Engineering degree (ASE) in computer and electrical engineering, which allows credits to transfer as a block rather than on a course-by-course basis from community colleges to four-year institutions. Maryland's ASE is the first known block transfer program between community colleges and four-year institutions in the nation. In the future, block-transfer degree options may be expanded to include other concentrations in engineering and the biological sciences.

**State Plan for Higher Education:** The 2004 State Plan for Postsecondary Education set a goal to identify a stable funding model for postsecondary education in Maryland. In 2007, the General Assembly established the Commission to Develop the Maryland Model for Funding Higher

Education to address this goal, and production of the next State Plan was deferred until 2009 so that recommendations developed by the commission could be considered. The *Plan* was finalized in June 2009.

***Implementing the Maryland Model for Funding Higher Education in a Constrained Budget Climate:*** Narrative in the 2009 *Joint Chairmen's Report* requested MHEC with institutions of higher education, the P-20 Council, and other stakeholders to submit a report to the budget committees on efforts to implement as many recommendations of the Commission to Develop the Maryland Model for Funding Higher Education as possible given the State's current economic situation. Progress to date includes the MMFHE's incorporation in the 2009 *State Plan for Postsecondary Education*, work by the P-20 Council and the Maryland State Department of Education to develop a definition of college-readiness, and development of a plan for the creation of an Educational Longitudinal Data System.

***Regional Higher Education Centers Receive Appropriation Increase in Fiscal 2010:*** In fiscal 2010, funding to the State's six non-University System of Maryland (USM) Regional Higher Education Centers (RHECs) increased \$500,000, providing the full \$200,000 base appropriation component of the RHEC funding strategy for the first time since the strategy was developed. The RHECs have used the additional funds to replace outdated technologies, increase marketing, offset operating and enrollment costs, and reduce reliance on pass-through funding from supporting institutions.

***Maryland Student Loan Marketplace:*** In September 2009, the Maryland Independent College and University Association launched the Maryland Student Loan Marketplace, a web site providing a transparent way for students to evaluate private student lenders after submitting a single personal information form and a credit check. To date, eight student lenders are participating. Though invited, no USM members or community colleges have joined.

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***Operating Budget Analysis***

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**Program Description**

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

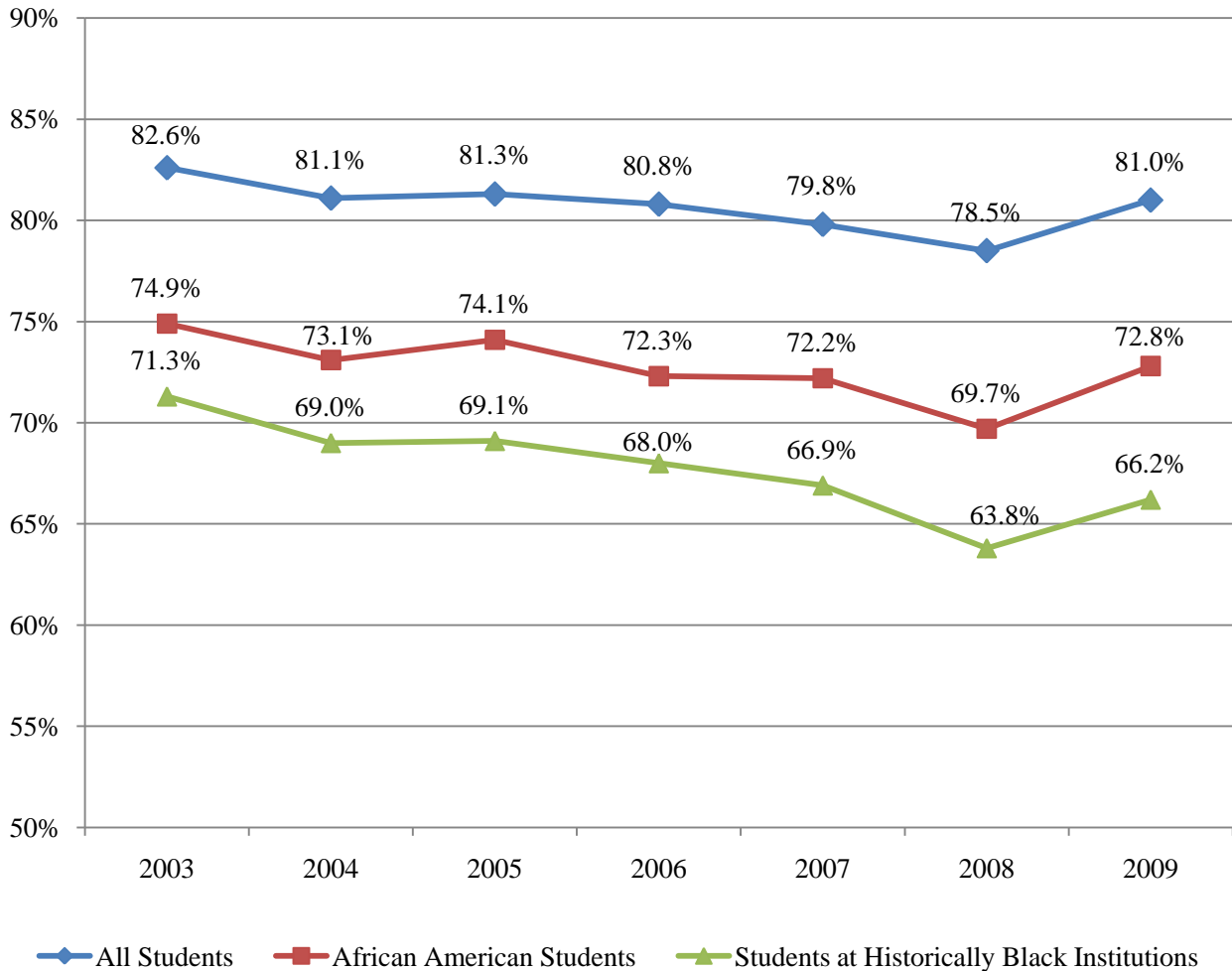
MHEC's key goals:

- Maintain and strengthen a system of postsecondary education institutions recognized nationally for academic excellence and effectiveness in fulfilling the educational needs of students and the economic and societal development needs of the State and the nation.
- Achieve a system of postsecondary education that promotes accessibility and affordability for all Marylanders.
- Ensure equal opportunity for Maryland's diverse citizenry.
- Achieve a system of postsecondary education that promotes student-centered learning to meet the needs of all Marylanders.
- Promote economic growth and vitality through the advancement of research and the development of a highly qualified workforce.

**Performance Analysis: Managing for Results**

Among MHEC's goals are to maintain and strengthen postsecondary institutions by increasing the percentage of bachelor's degrees awarded at Maryland campuses and to ensure equal opportunity for Maryland's diverse citizenry. **Exhibit 1** shows two-year retention rates for all students, African American students, and students attending historically black institutions. After steadily declining from fiscal 2003 to 2008, two-year retention increased for all sub-groups in fiscal 2009, with retention rates for African American students increasing the most to 72.8%. Two-year retention for all sub-groups, however, remains below fiscal 2003 levels. MHEC attributes the increase to State,

**Exhibit 1**  
**Two-year Retention**  
**Fiscal 2003-2009**

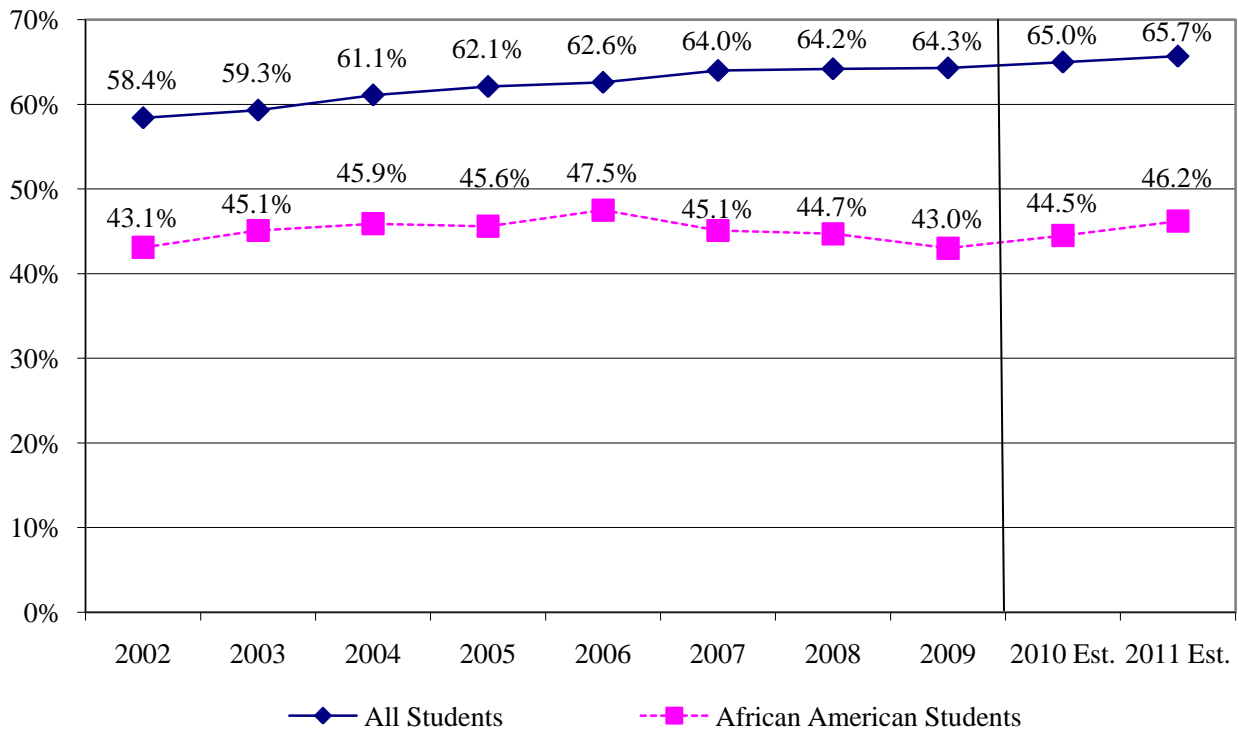


Source: Governor’s Budget Books, 2005, 2007, 2009, and 2011

segment, and institutional efforts to improve retention and graduation rates. For example, the University of Maryland Eastern Shore has implemented intrusive interventions such as monitoring and tracking the academic progress of the freshman class. Frostburg State University developed the *University Learning Community Program*, which links students in a set of courses that explore a common theme, career path and/or potential major.

From fiscal 2002 to 2009, six-year graduation rates slowly increased for all first-time, full-time students at public four-year institutions to 64.3% in fiscal 2009, as shown in **Exhibit 2**. Exhibit 2 also shows that the six-year graduation rate for African American students has declined from 47.5% in fiscal 2006 to 43.0% in fiscal 2009. As a result, the achievement gap between African American and all students increased from 15.1 percentage points in fiscal 2006 to 21.3 percentage points in fiscal 2009. MHEC attributes the growing achievement gap in part to differing levels of academic preparation by race. In the 2006 cohort of entering freshman, larger percentages of African American students required developmental coursework in math, English, and reading, and were less likely than others to earn a passing grade in their first college math or English courses. In addition, African American students on average have lower cumulative grade point averages after their first year of postsecondary study than students from other backgrounds. Research suggests that if students are not able to make adequate progress through their entry level courses and their first year of college, their chances of graduating decrease significantly. MHEC reports that many of the steps taken at the State and institutional level to improve two-year retention will also improve graduation rates. For example, in 2007, the University System of Maryland launched a *Closing the Achievement Gap* initiative to cut in half the graduation rate gap between minority and majority students, though many of these efforts have been curtailed due to institutional budget constraints.

**Exhibit 2**  
**Six-year Graduation Rates**  
**Fiscal 2002-2011**

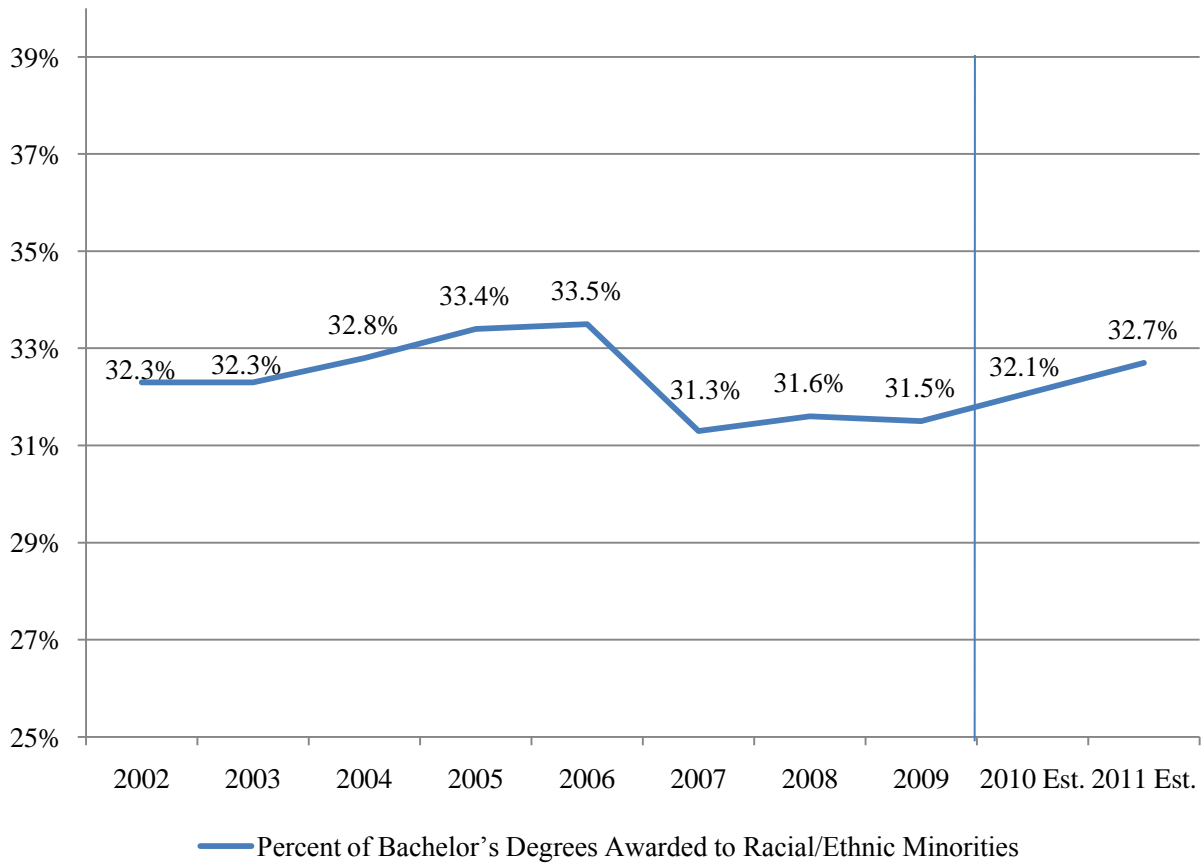


Source: Governor’s Budget Books, Fiscal 2005, 2007, 2009, and 2011

The achievement gap is also evident in the percent of bachelor’s degrees awarded to racial and ethnic minorities in Maryland, as show in **Exhibit 3**. Though the fastest growing segments of Maryland’s population are minorities, the percentage of bachelor’s degrees awarded to minority students declined to 31.3% in fiscal 2007 and has increased only modestly to 31.5% through fiscal 2009. **The Secretary should comment on the actions taken to reduce the achievement gap since fiscal 2006, particularly in light of existing budget constraints. The Secretary should also comment on the growing achievement gap’s impact on the State’s goal to have the greatest percentage of residents with post secondary degrees and credentials nationwide by 2020.**

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**Exhibit 3**  
**Percent of Bachelor’s Degrees Awarded to Racial and Ethnic Minorities**  
**Fiscal 2002-2011**



Source: Governor’s Budget Books, Fiscal 2005, 2007, 2009, and 2011

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## Fiscal 2010 Actions

### Proposed Deficiency

A deficiency appropriation for the fiscal 2010 budget transfers \$2,450,000 in general funds designated as Office for Civil Rights (OCR) enhancement funds from MHEC to Bowie State University, Coppin State University, Morgan State University, and the University of Maryland Eastern Shore to sustain American Recovery and Reinvestment Act (ARRA) maintenance of effort requirements. While the amount and use of these funds will not change, moving general funds to the institutions' budgets raises fiscal 2010 State support for higher education to 2009 levels as required by the ARRA. In fiscal 2011 and in future years, OCR enhancement funds will be appropriated to MHEC and distributed as an educational grant.

### Impact of Cost Containment

Cost containment actions by the Board of Public Works in fiscal 2010 reduced MHEC's budget \$14,985,673. Detail of these cost containment measures appear in **Exhibit 4**.

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#### Exhibit 4 Fiscal 2010 Cost Containment

<u>Impact</u>	<u>Reduction</u>
<b>Administration</b>	
Employee furloughs, health insurance savings, abolish one vacant position, hiring freeze, delay software procurement, general operating cost savings	\$670,092
<b>Grants</b>	
Reduce funding for the Washington Center; University of Maryland, Baltimore Wellmobile; Academy of Leadership; and Harry Hughes Agro-Ecology Center.	510,250
Eliminate Physician Assistant Nurse Practitioner grant program	73,538
<b>Sellinger</b>	
Reduce aid to nonpublic institutions by 26.3%	13,731,793
<b>Total</b>	<b>\$14,985,673</b>

Source: Department of Budget and Management

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## **Proposed Budget**

As shown in **Exhibit 5**, the fiscal 2011 allowance increases MHEC's general funds \$14.1 million, or 27.1%, primarily due to a \$13.5 million increase to Sellinger aid to private colleges and universities, as mandated by statute.

### **Impact of Cost Containment**

The fiscal 2011 budget reflects several across-the-board actions to be allocated by the Administration. This includes a combination of employee furloughs and government shut-down days similar to the plan adopted in fiscal 2010; a reduction in overtime based on accident leave management; streamlining of State operations; hiring freeze and attrition savings; a change in the injured workers' settlement policy and administrative costs; and a savings in health insurance to reflect a balance in that account. For purposes of illustration, the Department of Legislative Services (DLS) has estimated the distribution of selected actions relating to employee furloughs, health insurance, and the Injured Workers' Insurance Fund cost savings.

The allowance also assumes a \$21.9 million contingent reduction to Sellinger Aid.

**Exhibit 5**  
**Proposed Budget**  
**Maryland Higher Education Commission**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Reimb. Fund</b>	<b>Total</b>
2010 Working Appropriation	\$51,926	\$16,894	\$3,484	\$429	\$72,732
2011 Allowance	<u>66,000</u>	<u>14,647</u>	<u>3,452</u>	<u>273</u>	<u>84,373</u>
Amount Change	\$14,074	-\$2,247	-\$32	-\$156	\$11,640
Percent Change	27.1%	-13.3%	-0.9%	-36.3%	16.0%
Contingent Reduction	-\$22,106	-\$3	-\$9	-\$3	-\$22,121
Adjusted Change	-\$8,032	-\$2,250	-\$41	-\$158	-\$10,481
Adjusted Percent Change	-15.5%	-13.3%	-1.2%	-36.9%	-14.4%

**Where It Goes:**

**Personnel Expenses**

Furlough savings in fiscal 2011 above fiscal 2010 levels .....	-\$17
Abolished positions .....	-811
Employee and retiree health insurance (as adjusted by Section 19) .....	39
Workers' compensation premium assessment .....	-2
Turnover adjustments .....	77
Other fringe benefit adjustments .....	-13

**Other Changes**

Return of Sellinger aid to private colleges and universities to statutory level .....	13,538
Reduction in Major Information Technology Development Project: Maryland College Aid Processing System.....	-956
Elimination of Maryland <i>Go For It!</i> Outreach grant; reduce Interstate Educational Compacts in Optometry and grants to Regional Higher Education Centers .....	-391
Funding of Private Donation Incentive Grants including those deferred in fiscal 2010 .....	69
Other miscellaneous savings .....	-32

**Contingent Reduction**

Reduction of Sellinger aid to private colleges and universities .....	-21,983
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**Total** **-\$10,481**

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

## **Administration and Personnel**

Personnel expenditures in the fiscal 2011 budget decrease \$587,171 due largely to the elimination of 12 positions, 3 of which are vacant. Six of these positions are in administration, including an Assistant Secretary for Finance position (vacant); 1 in grants; 1 in research (vacant); 1 in student financial services (vacant); 1 in information systems; 1 in academic affairs; and 1 in finance policy. These position eliminations include 1 position funded by special funds, 1 by reimbursable funds, and 2 federally funded positions. MHEC has 1 vacant skilled services position in the Office of Student Financial Aid that has not been abolished. Turnover expectancy was adjusted \$177,425 to account for the reduction in vacant positions.

## **Joseph A. Sellinger Formula**

Contingent upon the passage of the Budget Reconciliation and Financing Act (BRFA) of 2010, the Sellinger formula will be funded at \$30 million, or 7.5%, of the current year general fund appropriations per full-time equivalent student (FTES) at selected public institutions (Chapter 487 of 2009). The Governor has proposed furlough and health insurance reductions for USM in fiscal 2011, however, which will reduce the State appropriation per FTES for selected public four-year institutions. As a result, to maintain Sellinger funding at \$30 million in fiscal 2011, the formula would be funded at 7.6% per FTES. The Sellinger formula will be discussed in greater detail in Issue 1.

## **Educational Grants**

The educational grants program provides miscellaneous financial assistance to State, local, and private entities. Grants are intended to enrich the quality of higher education within the goals set by the *2009 State Plan for Postsecondary Education*. **Exhibit 6** shows educational grant appropriations from fiscal 2009 to 2011. Since fiscal 2009, the general fund appropriation has declined 29.6%, or \$4.1 million. The fiscal 2011 allowance eliminates Maryland *Go for It!* Outreach grants, which provide State matching funds for the federal College Access Challenge Grant program (CACG). Though Maryland's funds for the first round of this two-year federal program were fully obligated through grants awarded in fiscal 2009 and 2010, MHEC reports that CACG is likely to be extended through the American Graduation initiative in the second half of federal fiscal 2010. The CACG program supports college awareness and career planning activities for underrepresented middle school students in Maryland. To receive federal funds if the program is extended, the State must demonstrate a one-third match through cash or in-kind contributions provided by State resources, contributions from private organizations, or both. If the State is not able to identify an alternative source of matching funds, Maryland will be unable to receive CACG funds.

**Exhibit 6  
Educational Grants  
Fiscal 2009-2011**

<b><u>Program</u></b>	<b><u>2009 Actual</u></b>	<b><u>2010 Working</u></b>	<b><u>2011 Allowance</u></b>
Improving Teacher Quality	\$1,849,310	\$1,693,077	\$1,693,077
Henry C. Welcome Grants	150,000	-	-
Office for Civil Rights Enhancement Fund*	4,900,000	4,900,000	4,900,000
Doctoral Scholars Program	\$62,900	-	-
Washington Center for Internships & Academic Seminars	-	\$25,000	\$25,000
Interstate Educational Compacts in Optometry	165,500	165,500	124,125
Regional Higher Education Centers	1,250,000	1,750,000	1,500,000
University of Maryland Biotechnology Institute, Maryland – Israeli Partnership	250,000	-	-
Institute for Museum, Preservation, and Archaeology Research & Training	127,100	-	-
University of Maryland, Baltimore – Wellmobile	570,500	285,250	285,250
Academy of Leadership	500,000	100,000	100,000
Maryland <i>Go for It!</i> Outreach Grant	100,000	100,000	-
Community College Learning Disabilities Initiative	199,000	-	-
Maryland Industrial Partnerships	1,000,000	-	-
Harry Hughes Center for Agro-Ecology	381,809	200,000	200,000
Higher Education Investment Workforce Initiatives	2,000,000	864,706	864,706
College Access Challenge Grant	270,475	-	-
<b>Total</b>	<b>\$13,776,594</b>	<b>\$10,083,533</b>	<b>\$9,692,158</b>
General Funds	\$9,256,809	\$7,025,750	\$7,999,081
Special Funds	2,400,000	1,364,706	-
Federal Funds	2,119,785	1,693,077	1,693,077
<b>Total</b>	<b>\$13,776,594</b>	<b>\$10,083,533</b>	<b>\$9,692,158</b>

\*A proposed deficiency appropriation for fiscal 2010 transfers \$2.45 million to the historically black institutions. The fiscal 2011 allowance includes the full \$4.9 million in the Maryland Higher Education Commission's budget.

Source: Governor's Budget Books, Fiscal 2010

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The fiscal 2011 allowance also reduces funding for Interstate Educational Compacts in Optometry \$41,375. Funding for Regional Higher Education Centers (RHECs) is reduced to \$1.5 million, though the General Assembly added intent language to the 2009 supplemental budget bill specifying that \$1.75 million be the base funding level in future years. The funding methodology for the RHECs is unknown given this reduction. Historical funding of RHECs is discussed further in Update 4. Overall, education grants decreased by \$391,375, or 3.9%, in the fiscal 2011 allowance.

**Major Information Technology Development Projects**

The fiscal 2011 budget shows a \$955,556 decrease related to the development of the Maryland College Aid Processing System (MD CAPS). Of this decrease, \$805,800 is in special funds and \$149,756 in reimbursable funds. Once implemented, MD CAPS will replace the existing Student Financial Aid system (circa 1991), which manages almost \$110 million in State student financial aid. Funds for this and other major information technology development projects are budgeted in the Department of Information Technology and transferred into agency budgets as reimbursable funds. The MD CAPS project, which is scheduled to be fully implemented in May 2010, is budgeted to receive \$198,655 in fiscal 2011. The funds will extend the project manager's contract term to provide modification and enhancement services based on any system problems that emerge upon implementation.

## *Issues*

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### **1. Maryland Independent Institutions Receive the Most Dedicated Funding Per Dollar of Total State Financial Aid Among Selected Competitor States**

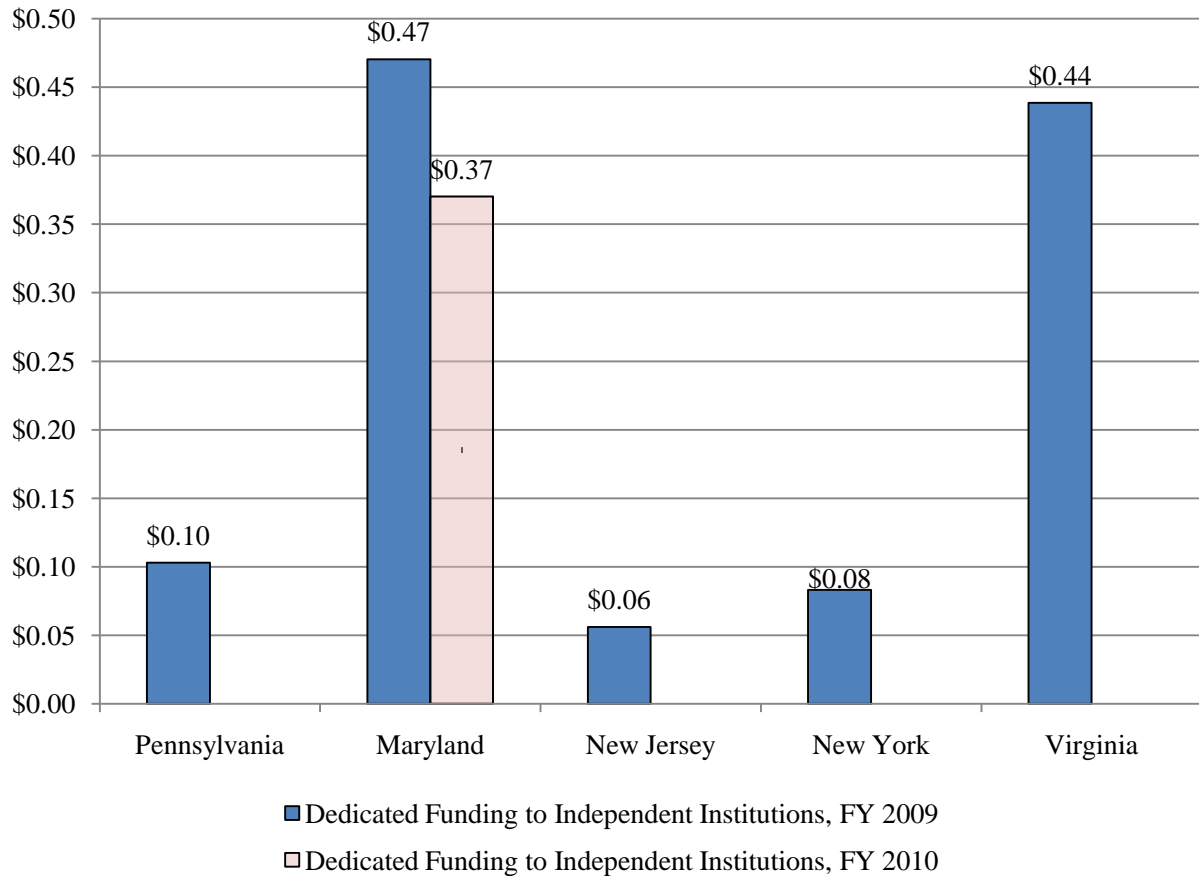
MHEC administers funding to eligible independent colleges and universities through the Joseph A. Sellinger funding formula (Section 17-101 of the Education Article). In fiscal 2011, this aid is calculated by multiplying the number of FTES enrolled at independent institutions by 13% of the current year State general fund appropriation per FTES at selected public four-year institutions (Chapter 487 of 2009).

Maryland and several competitor states, as identified by the Commission to Develop the Maryland Model for Funding Higher Education, provide dedicated funding to independent institutions through a formula. Independent institutions in Maryland report using 80% of Sellinger funding for financial aid to Maryland residents, and such institutions in New York and New Jersey report a similar use of funds. Virginia provides funding to independent colleges and universities through financial aid dedicated to students attending such institutions. **Exhibit 7** shows the amount of dedicated state aid provided to independent institutions per dollar of total state financial aid in selected competitor states for fiscal 2009. Maryland provides the most dedicated aid to independents, at \$0.47 per dollar spent on State financial aid. Virginia provides the next greatest amount at \$0.44; and Pennsylvania, New Jersey, and New York all provide \$0.10 or less.

Exhibit 7 also shows the amount of dedicated funding Maryland provided to independent institutions per dollar of State financial aid after fiscal 2010 cost containment actions reduced the Sellinger program 26.3% to \$38.4 million. These reductions bring dedicated aid in Maryland below Virginia levels, but well above the dedicated funding levels in Pennsylvania, New Jersey, and New York. Data on fiscal 2010 funding levels is not fully available for all states.

Unlike in Maryland, Virginia students attending independent institutions are not eligible for financial aid through the state's primary need-based aid program. Students attending such institutions in Virginia received \$1.2 million, or 0.9%, of state need-based aid in fiscal 2009, compared to \$14.6 million, or 19.1%, in Maryland. Still, Maryland and Virginia both provide the majority of state aid to independent institutions through dedicated funding. In contrast, independent institutions in New Jersey and New York receive the majority of state aid through need-based financial aid awarded to their students. Students attending independent institutions in New Jersey and New York respectively receive \$78.4 million and \$234.1 million, or 28.8% and 26.9%, respectively, of total state-need based aid. In fiscal 2010, though the amount of dedicated funding provided to Maryland institutions declined, the percent of total state need-based aid provided to students attending independent institutions increased to 20.3%.

**Exhibit 7**  
**Dedicated Funding to Independent Institutions**  
**Per Dollar of Total State Financial Aid**



Source: Grapevine, Maryland Higher Education Commission, State Council for Higher Education for Virginia

**Origin of the Sellinger Formula**

The Sellinger formula was established in 1973 to improve the financial position of independent institutions in Maryland in an era in which a number faced significant financial challenges. During this period, four independent institutions in Maryland discontinued operations and a fifth, the University of Baltimore, requested a public takeover to remain open due to financial difficulties. The Pear Commission, established to study these issues and ways in which the State could assist, found evidence indicating that most independent institutions would experience increasing gaps between operating revenues and expenditures without additional State assistance and recommended what today is known as the Sellinger formula. The Sellinger formula is designed to provide financial assistance to all eligible institutions, regardless of financial stability.

## **National Labor College Announces Joint Venture with For-profit Organization**

On January 14, 2010, the National Labor College (NLC) announced plans for a joint venture with the Princeton Review and its subsidiary, Penn Foster Education Group, Inc. (a for-profit organization), to offer online degree programs to AFL-CIO members and their families through a College for Working Families. As a nonprofit independent institution in Maryland, NLC is a recipient of Sellinger aid. By statute, institutions receiving Sellinger funds must be a nonprofit college or university established in the State, approved by MHEC, and accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools. Though Penn Foster Education Group is a for-profit organization, NLC's program expansion could significantly impact the State's liability under the Sellinger formula if the College for Working Families was approved as a nonprofit entity and its online enrollments became eligible for Sellinger funds. **The Secretary should comment on the potential implications for the Sellinger formula of the proposed joint venture between the National Labor College and Penn Foster Education Group.**

## **BRFA of 2010 Reduces Sellinger Aid**

The BRFA reduces Sellinger funding to \$30.0 million in fiscal 2011, \$21.9 million below the 13% per FTES at selected public four-year institutions as required by statute. It also changes Sellinger's future year funding levels as shown in **Exhibit 8**.

**The Department of Legislative Services recommends reducing Sellinger aid to nonpublic institutions \$21,983,458 as proposed by the Governor. DLS also recommends that the Sellinger formula be frozen at the fiscal 2011 per FTES percentage of State appropriation to selected public four-year institutions, projected to be 7.6%.**

**Exhibit 8  
Sellinger Projections  
(\$ in Thousands)**

**BRFA of 2010 Recommendation**

	<u>Working FY 2010</u>	<u>Allowance FY 2011</u>	<u>Estimate FY 2012</u>	<u>Estimate FY 2013</u>	<u>Estimate FY 2014</u>	<u>Estimate FY 2015</u>	<u>Estimate FY 2016</u>	<u>Estimate FY 2017</u>
Sellinger %	12.9%	7.6%	7.2%	8.5%	10.0%	11.5%	13.5%	15.5%
<b>Projected Appropriation</b>	<b>\$38,446</b>	<b>\$30,000</b>	<b>\$30,000</b>	<b>\$37,056</b>	<b>\$45,634</b>	<b>\$54,973</b>	<b>\$67,586</b>	<b>\$81,286</b>

**Department of Legislative Services Recommendation**

	<u>Working FY 2010</u>	<u>Allowance FY 2011</u>	<u>Estimate FY 2012</u>	<u>Estimate FY 2013</u>	<u>Estimate FY 2014</u>	<u>Estimate FY 2015</u>	<u>Estimate FY 2016</u>	<u>Estimate FY 2017</u>
Sellinger %	12.9%	7.6%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%
<b>Projected Appropriation</b>	<b>\$38,446</b>	<b>\$30,000</b>	<b>\$32,923</b>	<b>\$34,409</b>	<b>\$36,018</b>	<b>\$37,729</b>	<b>\$39,515</b>	<b>\$41,392</b>

**Difference Between Department of Legislative Services Recommendation and BRFA**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
	\$0	\$2,923	-\$2,647	-\$9,616	-\$17,243	-\$28,072	-\$39,894

BRFA: Budget Reconciliation and Financing Act

Source: Budget Reconciliation and Financing Act; Department of Legislative Services Analysis

## **2. Best Practices for Accelerating Student Success at Maryland’s Public Historically Black Institutions**

The General Assembly added budget language to the fiscal 2010 budget bill restricting the expenditure of \$1.5 million in general funds for each of the historically black institutions’ (HBI) Access and Success programs until a report was submitted from MHEC in conjunction with the HBIs on the programs needed at the HBIs to improve graduation and retention among underprepared students. The request specified that the programs indentified should be best practices, having “shown success in promoting academic achievement” among underprepared students. The Access and Success programs were created by the State in 1999 to increase underprepared students’ access to the HBIs and improve their success rates. Each HBI was also required to submit a report on how these funds would be spent to support the programs identified by the MHEC-HBI report, and identify measures common to all HBIs that would be used to evaluate these programs. According to the 2009 *Joint Chairmen’s Report* (JCR) request, the program measures were to include graduation rate as the primary criterion.

MHEC submitted a report on October 1, 2009, identifying seven best practices that HBIs should implement or enhance as part of the revised Access and Success Program. The following best practices were highlighted in the report:

- **Summer Bridge Programs:** On-campus intervention programs that take place before the official start of the academic year allowing students to receive academic support in areas of weakness, complete required developmental course work, and become acclimated to campus.
- **Effective Advising Policies and Practices:** Utilize academic advising centers and/or make special provisions for undeclared students, ensure that all students take placement tests and enroll in appropriate courses, and implement early alert tracking programs to identify and assist at risk students.
- **First-year Experience Seminars:** An extension of a university’s orientation program that promotes student engagement in curricular and co-curricular life on campus, familiarizes students with available resources and support services, and facilitates successful transition by conveying faculty and university expectations.
- **Course Redesign:** Reorganize the way high enrollment courses, particularly introductory level “killer” courses, are delivered by introducing online tutoring, continuous assessment and feedback, on-demand support, increased interaction among students, and adequate structure to allow steady progress toward course completion.
- **Learning Communities:** Small cohorts of students taking the same cluster of courses together taught by faculty members who integrate thematic concepts across various classes. Effective structures include team teaching, freshmen interest groups, and coordinated studies.

- **Honors Programs:** Promote academic success among students from a variety of backgrounds by challenging the most academically talented students.
- **Supplemental Instruction:** Target courses with failure and withdrawal rates of at least 30% and provide regularly scheduled, out-of-class, peer facilitated sessions that offer students an opportunity to discuss and process course information.

Each HBI subsequently submitted a report explaining how the campus would employ the best practices outlined in the MHEC-HBI report. With the exception of learning communities and course redesign, each HBI had implemented the recommended best practices prior to the MHEC-HBI report's publication.

### **Cost Containment**

Morgan State University reduced Access and Success programs by \$225,000 in response to fiscal 2010 cost containment actions taken by BPW, and several other HBIs report considering reductions to these programs to meet cost containment requirements.

**The Secretary should comment on whether a framework has been developed that will facilitate the collection and analysis of data to evaluate the impact of these best practices across the HBIs.**

### **3. Higher Education Commission Approves Online Program for Out-of-state Students Only**

The United States Office for Civil Rights entered into a partnership agreement with Maryland in December 2000 to further enhance the State's four public HBIs and improve higher educational opportunities for African American students. Maryland previously submitted to OCR plans showing that the vestiges of its formerly de jure system of segregation in higher education was adequately dismantled, most recently in 1991. The Partnership Agreement expired December 31, 2005. On June 19, 2006, Maryland submitted a final report on the Partnership Agreement Commitments to OCR, which acknowledged receipt of the report in 2008. OCR has yet to reply or to find Maryland in compliance with the Partnership Agreement and federal civil rights laws.

A 1992 Supreme Court decision in *United States v. Fordice*, 505 U.S. 717 (1992), concerning Mississippi's efforts to desegregate its system of higher education established the standard of "unnecessary duplication," a key measure to which Maryland would be held by OCR in evaluating its efforts to eliminate segregation. The standard set forth by *Fordice* prohibits states from allowing any traditionally white institution (TWI) to duplicate non-basic bachelor's or graduate level courses that are similar to existing courses at HBIs within close geographic proximity, unless sound educational justification exists.

Among the State's obligations outlined in the OCR Partnership Agreement is a commitment to develop high-demand academic programs at HBIs to promote racial diversity and to avoid duplicating such programs at nearby TWIs. Under State law, MHEC is responsible for reviewing and approving new academic programs in higher education, and the program approval process is designed to ensure that the State satisfies its responsibilities under federal civil rights law including the unnecessary duplication standard. Institutions seeking to establish new programs in Maryland must demonstrate to the commission that the program is not "unreasonably duplicative" of existing programs in close proximity; if duplication exists, the institution must demonstrate that the program meets a societal or State need consistent with the State plan. MHEC also circulates new program proposals to provide each campus the opportunity to raise issues like unnecessary duplication. After considering each new program, the Secretary of Higher Education either approves or denies the application. Institutions may appeal the Secretary's decision to MHEC. The commission's decision is final, and there is no course for further appeal.

### **MSU Objects to Proposed Online Program**

On December 19, 2008, MSU, which offers Maryland's only doctoral program in Community College Leadership, objected to an online doctoral program in Management in Community College Policy and Administration proposed by the University of Maryland University College (UMUC), a TWI, on the basis of unnecessary program duplication. MSU's program can be completed by attending weekend classes and is offered at two Regional Higher Education Centers. In contrast, UMUC's proposed program is Internet-based, though it requires two to three days of in-person weekend attendance each trimester.

After analyzing UMUC's proposal, the Secretary determined that the availability of UMUC's proposed Doctor of Management in Community College Policy and Administration in Maryland would adversely affect recruitment for MSU's existing program, causing it demonstrable harm. In a letter dated September 21, 2009, sent to UMUC's president regarding the decision, Secretary James E. Lyons, Sr. noted that while some Maryland residents may find the UMUC program more convenient due to its online nature, "the statutory test I must apply is demonstrable harm to Morgan." The Secretary denied UMUC's proposal to offer the program to Maryland residents but let stand his previous approval (on June 5, 2009) of the program for out-of-state students, citing UMUC's ability to help immediately address a national workforce shortage of community college administrators. This is the first known case in which a state has prohibited an online program due to the existence of a similar classroom-based program. The ruling has also created an unusual circumstance in which State residents are unable to enroll in a program offered by a public Maryland institution.

UMUC appealed the Secretary's decision to MHEC, which heard the appeal on October 14, 2009. During the hearing, MSU urged MHEC to reconsider the Secretary's approval of UMUC's program for out-of-state students, stating that this too would cause MSU demonstrable harm. On October 22, 2009, the commission sustained Secretary Lyons' ruling, allowing UMUC to offer its program to out-of-state students but not Maryland residents. The commissioners also resolved that a Maryland institution would offer an online doctoral program in community college leadership to State residents by September 2011 "either by Morgan State University if it is willing

and able, or by another public institution if Morgan State University cannot demonstrate to the Commission by June 1, 2011, that it is prepared to offer the program.” MSU has indicated its intention to incrementally move its doctorate in community college leadership online and has not specified how this will be accomplished.

Although there is no appeal process beyond MHEC authorized in State law, both institutions have indicated they will request guidance from the Attorney General’s Office on the legality of the decision and the program approval process. At a commission meeting on January 27, 2010, a motion was made and seconded to reconsider the commission’s October 2009 decision to uphold the Secretary’s decision on the UMUC proposal. After discussion, the motion was defeated by a vote of 7 to 2. Two commissioners were not in attendance.

### **Judicial and Legislative Remedies Sought for Unnecessary Duplication**

Prior to its appeal of UMUC’s program, MSU objected to a number of programs proposed by Maryland institutions based on unnecessary duplication, including a 2005 decision by the Secretary of Higher Education authorizing Towson University (TU) to offer a joint Masters of Business Administration (MBA) with the University of Baltimore (UB). MSU claimed that the new MBA program would unnecessarily duplicate its existing MBA program leading to further segregation in Baltimore-area universities. In this case, MHEC affirmed the Secretary’s decision, allowing the joint MBA program to proceed.

This decision prompted the introduction of legislation during the 2006-2009 legislative sessions to provide a course of appeal for MHEC decisions regarding program duplication, though none of the bills became law. In 2007, the Attorney General’s Office issued an opinion holding that current law does not allow State institutions of higher education to sue one another in circuit court and that judicial review of a commission decision regarding program duplication is expressly denied, though the U.S. Constitution does not prohibit legislation granting the right for judicial review. As a result, legislative action would be required to permit further challenge of the joint MBA or community college leadership decisions.

Though institutions of higher education cannot sue the State or other institutions regarding unnecessary duplication, a group of current and prospective students and alumni of several Maryland HBIs called the Coalition for Equity and Excellence in Maryland Higher Education is suing the State for failure to comply with federal civil rights laws and constitutional obligations, including elimination of unnecessary program duplication. The suit seeks the elimination of several new academic programs at TWIs, including the joint MBA program at TU and UB. The case has since been moved to the United States District Court.

An amended complaint was filed on December 31, 2007, against MHEC seeking declaratory and injunctive relief to require the State to honor its obligations under the OCR Partnership Agreement, Title VI of the Civil Rights Act of 1964, the Equal Protection Clause of the Fourteenth Amendment, *United States v. Fordice*, and any other applicable federal and State law. The court granted MHEC’s motion for partial summary judgment, eliminating a third count seeking to enforce the OCR Partnership Agreement. The two remaining counts allege violation of Title VI of the Civil

Rights Act and of the Fourteenth Amendment. Another preliminary motion filed by the plaintiffs seeking class action status was later withdrawn, though the court granted a request to maintain the option of refiling the motion at a later date. On October 21, 2009, the court granted a plaintiff's motion to amend the complaint to substitute student and alumni plaintiffs for original plaintiffs that dropped out of the suit. The parties are now in the midst of discovery, though no trial date has been set. Depositions of past and current MHEC officials, a representative from OCR, a member of the HBI Panel of the Commission on the Funding of Maryland Higher Education, Department of Budget and Management officials, and officials of Maryland's public four-year institutions begin February 4, 2010, and run through April 6, 2010.

**The Secretary should comment on the status of the lawsuit and on any recent moves by the commission to reevaluate the community college leadership decision. The Secretary should also comment on the status of the commission's planned task force charged with reviewing the program approval process.**

#### **4. Health Services Cost Review Commission Suspends Revenue Collection for the Nurse Support Program II for 23 Months**

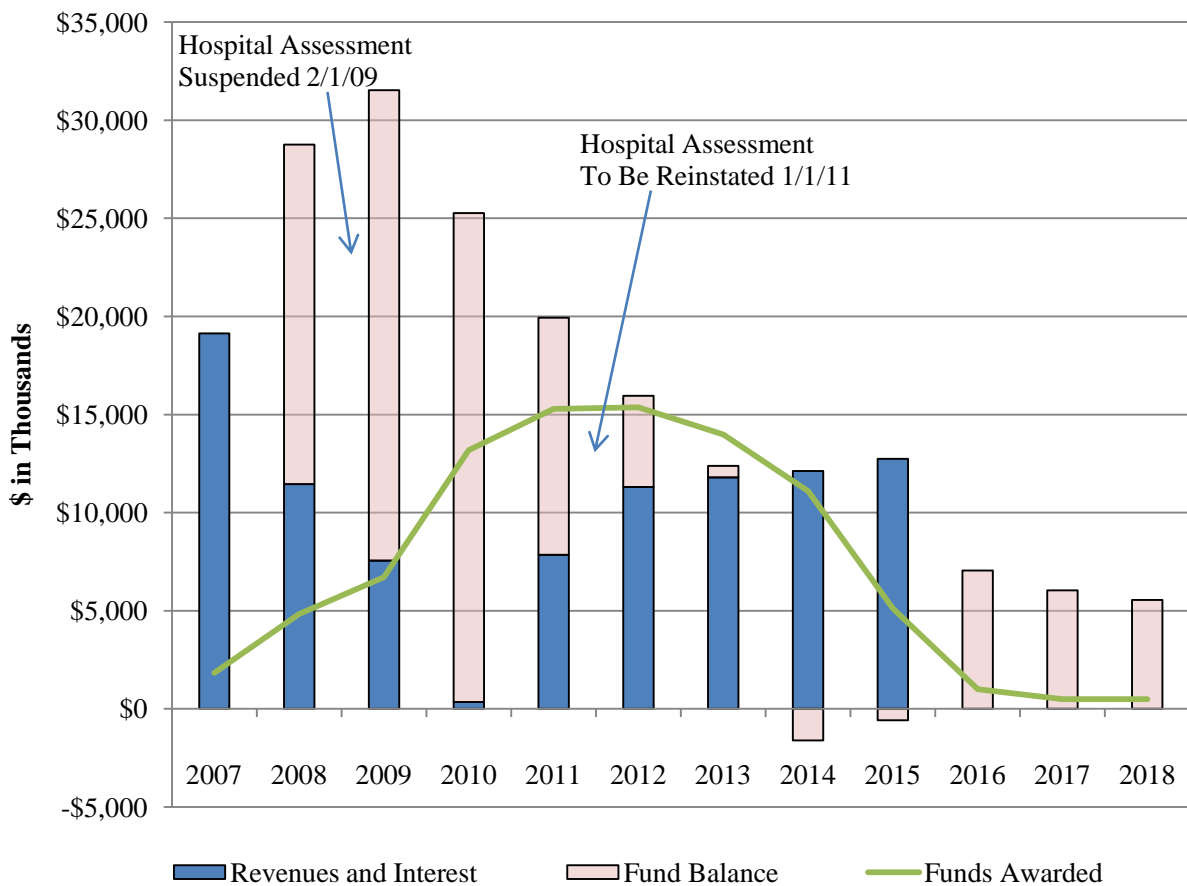
The Nurse Support Program II (NSP II) is designed to increase the number of bedside nurses in Maryland hospitals by increasing nursing education capacity and the number of nurse faculty. The program awards competitive institutional grants, implements statewide initiatives that assist students and faculty through scholarships and grants, and administers NSP II. Competitive institutional grants are awarded to initiatives that:

- expand Maryland's nursing capacity through shared resources of schools of nursing and hospitals;
- increase Maryland's nursing faculty by increasing enrollment and enhance or create graduate nursing programs;
- increase nursing student retention through tutoring, mentoring, and online testing;
- increase the pipeline for nursing faculty by increasing the proportion of students entering community colleges who transition into baccalaureate degree programs immediately after completing community college; and
- increase capacity by developing statewide programs in areas such as faculty development, simulation training, student retention, and preceptor training.

The first competitive institutional grants were awarded in fiscal 2007.

Funding for NSP II, which began July 1, 2005, is generated through a 0.1% increase in the rates for all hospitals in the State adopted by the Maryland Health Services Cost Review Commission (HSCRC). Legislation enacted in 2006 (Chapter 221) created a non-lapsing special fund for NSP II revenues so that funds may be carried forward to future fiscal years. The first competitive institutional grants were awarded in fiscal 2007, and 26 proposals were received. The number of proposals received and awarded declined during the next two rounds which led to a significant increase in the NSP II fund balance between fiscal 2007 and 2010, shown in **Exhibit 9**.

**Exhibit 9**  
**Nurse Support Program II**  
**Revenues and Fund Balance vs. Expenditure**  
**Fiscal 2007-2018**



Source: Maryland Higher Education Commission

During the 2009 legislative session, the General Assembly reduced general funds for Workforce Shortage Student Assistance Grants (WSSAG) \$2.0 million and authorized the transfer of special funds from the NSP II fund balance to WSSAG to award nursing scholarships. The Department of Legislative Services also recommended that the HSCRC be directed to relieve the hospitals of the 0.1% assessment for one year to permit MHEC to spend down the NSP II special fund balance. On February 1, 2009, the HSCRC suspended the hospital assessment to better align program revenues and expenditures, which it is expected to reinstate January 1, 2011. Exhibit 9 shows that as a result of the anticipated 23 month suspension, the NSP II special fund balance is projected to run small deficits in fiscal 2014 and 2015. HSCRC expects to cover these deficits by reducing program expenditures and adjusting the timing of reinstating the assessment. Projections show positive fund balances in the program's final two years, which is expected to close with a \$5.0 million balance after the final year of operation.

### **Fiscal 2011 Budget Impact on NSP II and Program Future**

The Governor's fiscal 2011 allowance abolishes a position funded by NSP II special funds to administer the program. HSCRC plans to meet with MHEC to discuss the agency's ability to manage the program in light of these personnel actions.

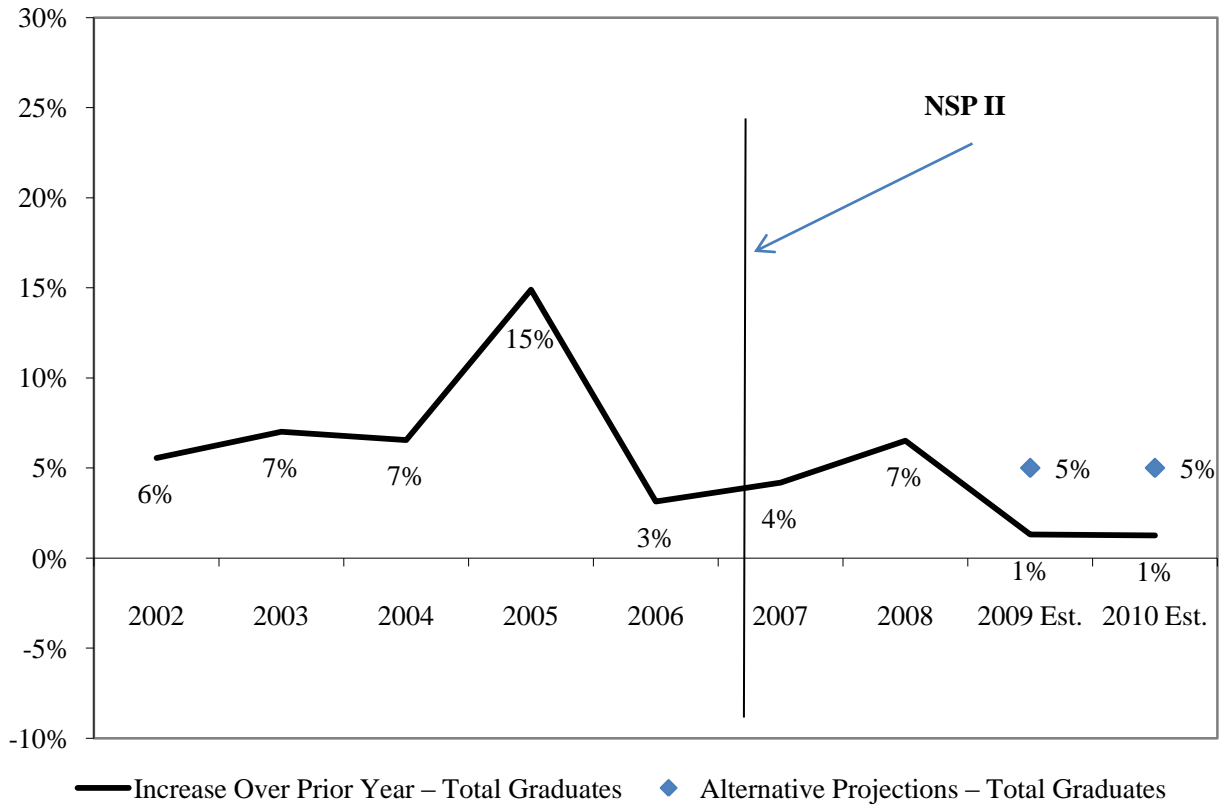
### **Grant Performance**

Because NSP II grants run between three and five years, Round One grants have reached or are nearing the end of their award term. While some projects have met or exceeded projected outcomes, others have underperformed. In fact, one project undertaken by Anne Arundel Community College has produced just one graduate. MHEC reports that proposals selected for funding in succeeding rounds benefited from experience gained by the NSP II selection and monitoring process and NSP II staff. In addition, MHEC states that many projects experience a much slower start than initially anticipated, and that hiring nurse faculty to expand program capacity has been a challenge for some projects.

### **Increase in Nursing Graduates Slows**

**Exhibit 10** shows the percent change in the number of nursing graduates produced by Maryland institutions between fiscal 2002 and 2010. The number of nursing graduates increased between 6 and 7% annually prior to fiscal 2005. In fiscal 2005 the year over year increase jumped to 15% before slowing to 3% in fiscal 2006. In fiscal 2008, the year after competitive institutional grants were first awarded, the rate of increase for nursing graduates stabilized but is expected to slow to 1% in 2009 and 2010. MHEC reports that given the \$15.4 million in State support provided to nursing programs by NSP II, the increase is more likely to be between 2 and 5%, though a 5% increase would still mark slower annual increases than occurred before NSP II. **The Secretary should comment on NSP II's impact on the number of nursing graduates produced by Maryland institutions, and on why the projected increase in graduates is conservative given the support NSP II has provided for nursing program expansion. The Secretary should also comment on how MHEC will administer NSP II without a NSP II funded position.**

**Exhibit 10**  
**Percent Change in Nursing Graduates**  
**Fiscal 2002-2010**



Source: Governor's Budget Books: Fiscal 2005, 2007, 2009, and 2010

## ***Recommended Actions***

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	<b><u>Amount Reduction</u></b>	
1. Reduce general fund support for rent. Recent departmental reorganizations have created sufficient space in State-owned buildings. Newly occupied space will reflect recent staff reductions. The Maryland Higher Education Commission currently leases space. This reduction leaves \$298,664 for relocation expenses. Annual operating savings increase to approximately \$600,000 in fiscal 2012.	\$ 298,626	GF
2. Reduce support for positions funded with general funds since federally funded activities will continue. Salary and fringe benefit costs may be shifted from general to federal funds.	151,523	GF
3. Strike the following language to the general fund appropriation:  <del>provided that this appropriation shall be reduced by \$21,983,458 contingent upon the enactment of legislation to reduce the required appropriation for the support of non-public institutions of higher education.</del>		

**Explanation:** Strike contingent reduction language on Sellinger formula.

	<b><u>Amount Reduction</u></b>	
4. Reduce Sellinger aid to nonpublic institutions.	21,983,458	GF

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5. Reduce general fund support for educational grants:

Improving Teacher Quality .....	1,693,077
Office for Civil Rights Enhancement Fund .....	4,900,000
Washington Center for Internships & Academic Seminars.....	25,000
	<u>0</u>
Interstate Educational Compacts in Optometry .....	124,125
University of Maryland, Baltimore – WellMobile Program .....	285,250
Regional Higher Education Centers .....	1,500,000
Academy of Leadership.....	100,000
	<u>0</u>
Harry Hughes Center for Agro-Ecology .....	200,000
	<u>0</u>
Higher Education Investment Workforce Initiatives.....	864,706
	<u>0</u>

**Explanation:** Reduce general fund support for educational grants.

	<b><u>Amount</u></b>	
	<b><u>Reduction</u></b>	
Reduce educational grants.	1,189,706	GF

6. Adopt the following narrative:

**Report on Outcomes of Students Participating in Access and Success Programs by Cohort:** The committees request that the Maryland Higher Education Commission (MHEC) develop a framework to facilitate the collection and analysis of data to evaluate the impact of Access and Success programs across the historically black institutions (HBI). MHEC should collect progression, retention, and graduation data from each public HBI on all students participating in Access and Success programs in fiscal 2009 and 2010 and submit a report by October 15, 2010, on these findings.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on fiscal 2009 and 2010 outcomes by cohort of students participating in Access and Success programs across the HBIs	MHEC	October 15, 2010

<b>Total General Fund Reductions</b>	<b>\$ 23,623,313</b>
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## ***Updates***

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### **1. Maryland First to Develop Associate of Science in Engineering**

In 2009, Maryland became the first state to offer an outcomes-based articulation agreement in engineering, called the Associate of Science in Engineering (ASE). This innovative program allows students to transfer a block of credits from participating two-year institutions to four-year institutions with approved programs in the fields of electrical or computer engineering. Transferring credits as a block rather than course-by-course helps students move from one degree level to the next while maximizing the amount of credit that transfers.

In 2006, the transfer committee of USM and the Maryland Association of Community Colleges (MACC) Joint Leadership Council endorsed the concept of a statewide engineering transfer degree to ease the transition from associate to baccalaureate degrees. Engineering was targeted for the development of a statewide articulation agreement due to the State's high workforce need in this area. The Joint Leadership Council asked MHEC to develop a process to support this initiative. Using the Associate of Arts in Teaching as a model, MHEC convened an Associate of Science in Engineering Oversight Council composed of higher education segments and stakeholders to commence work.

Draft information on the ASE circulated among stakeholders in fall 2008, and on September 29, 2009, the ASE received final MHEC approval. The ASE could be offered as early as February 2010 if the first application, submitted by Cecil Community College, is approved without contest. Howard Community College has also submitted applications to offer ASE degrees in computer and electrical engineering. Though students at both campuses may currently be taking courses toward the degree, no student may be enrolled in the ASE program until it has been formally approved.

### **Expanding Statewide Transfer Articulation Agreements**

Because the ASE is currently limited to electrical and computer engineering, MHEC has identified other engineering concentrations as a natural extension of this initiative. In addition, USM's 2009 STEM (science, technology, engineering, and mathematics) Task Force report calls for the expansion of associate degree programs to the biological sciences by 2012 to meet workforce demand, which could also be implemented as a block transfer degree.

Statewide articulation agreements also exist in nursing, though the current agreements were developed in 1999 and are outdated. In June 2009, MHEC convened the Council of Nursing Deans, and began preliminary discussions to revisit existing nursing articulation agreements to remove barriers such as overly specific core requirements and pre-requisites, student retention, and nursing faculty shortages. Current nursing articulation agreements do not allow the block transfer of credits as does the ASE.

## **2. State Plan for Higher Education**

By law, the *State Plan for Postsecondary Education* must be updated every four years. The *2004 State Plan* sets a goal to identify a stable funding model for postsecondary education in Maryland and in 2007, the Maryland General Assembly established the Commission to Develop the Maryland Model for Funding Higher Education (commission) to address this goal. The production of Maryland's next State Plan was deferred a year so that the commission's recommendations could be considered. The commission issued final recommendations in December 2008, and MHEC convened a State Plan workgroup in the summer of 2008. The effort involved diverse stakeholders including the Governor, the General Assembly, MHEC and its advisory councils, State agencies, the Treasurer, the Comptroller, the business community, and other interest groups. In addition to those participating in the workgroups, stakeholder input was sought through comments on the draft plan and three public meetings. In June 2009 the final plan was published.

As an overarching goal, the *2009 State Plan* recommends implementing the commission's primary recommendation, the Higher Education Funding Model for Maryland (HEFMM). The HEFMM aims to improve access and affordability to Maryland residents by establishing high State support for public institutions of higher education, moderate tuition levels, and high levels of institutional and State financial aid. In addition, the *2009 State Plan* recommends implementing the Return on Investment tool, another commission recommendation that will provide statewide higher education accountability benchmarks to measure progress toward achieving the funding model.

The five goals in the *2004 State Plan* were found still to be relevant by constituents of postsecondary education, and the *2009 State Plan* builds upon them. The goals identified in the final report are as follows:

- **Goal 1: Quality and Effectiveness** – Maintain and strengthen a preeminent array of postsecondary education institutions recognized nationally for academic excellence and effectiveness in fulfilling the educational needs of students and the economic and societal development needs of the state and the nation.
- **Goal 2: Access and Affordability** – Achieve a system of postsecondary education that promotes accessibility and affordability for all Marylanders.
- **Goal 3: Diversity** – Ensure equal opportunity for Maryland's diverse citizenry.
- **Goal 4: Student-Centered Learning** – Achieve a system of postsecondary education that promotes student-centered learning to meet the needs of all Marylanders.
- **Goal 5: Economic Growth and Vitality** – Promote economic growth and vitality through the advancement of research and the development of a highly qualified workforce.

The next update to the *State Plan for Postsecondary Education* is expected in 2012.

### **3. Implementing the Maryland Model for Funding Higher Education in a Constrained Budget Climate**

Narrative in the 2009 JCR requested MHEC with institutions of higher education, the P-20 Council, and other stakeholders to implement as many recommendations of the Commission to Develop the Maryland Model for Funding Higher Education as possible given the State's current economic situation, and to submit a report to the budget committees on this progress. Specific recommendations referenced in the JCR request included incorporating the commission's Higher Education Funding Model for Maryland in the 2009 *State Plan for Postsecondary Education*, implementing an online Return on Investment measure to track progress on goals for higher education, developing a definition of "college-ready," and implementing an educational longitudinal data system (ELDS) linking primary, secondary, and higher education data. The report, submitted by MHEC to the committees in December 2009, describes this progress.

As an overarching goal, the 2009 *State Plan* recommends implementing the HEFMM, which aims to improve access and affordability to Maryland residents by establishing high State support for public institutions of higher education, moderate tuition levels, and high levels of institutional and State financial aid. In addition, the 2009 *State Plan* recommends implementing the Return on Investment tool, which is scheduled in spring 2010.

According to the report, the P-20 Council is considering whether passage of certain high school courses should be required before students are considered "college-ready." In addition, the Maryland State Department of Education is participating in the Common Core Academic Standards initiative, an effort coordinated by the National Governors Association Center for Best Practices and the Council of Chief State School Officers to develop common state standards in language arts and mathematics for grades K-12 that define the knowledge and skills students should have to succeed in entry-level, credit-bearing college courses and workforce training programs.

The report also discusses progress on the commission's recommendations regarding HBIs and notes that MHEC submitted a report entitled *Best Practices for Accelerating Student Success at Maryland's Public Historically Black Institutions* to the budget committees in October 2009 in response to a 2009 JCR request. The report outlined seven best practices that Maryland HBIs should implement or enhance as part of the revised Access and Success Program including summer bridge programs, first-year experience seminars, and supplemental instruction.

In July 2009, the Governor charged the USM Chancellor and the President of the State Board of Education to complete a plan for the creation of the Maryland P-20 Longitudinal Data System. A statewide committee with representation from MSDE, MHEC, all segments of higher education, and the Maryland Department of Labor, Licensing and Regulation (DLLR) was formed to develop a plan supported by the P-20 Council that would meet State and federal requirements, bridge the gap between existing P-12, higher education and workforce databases, and expand the State's ability to answer questions that span these segments. The committee's plan, submitted to the Governor in September 2009, would create an ELDS Center to warehouse, link, and de-identify data from existing State agencies. The center would be responsible for overseeing multi-agency reporting and a broader

research agenda, and be governed by a board of executive agency secretaries, other State leaders, and research professionals.

After the plan was submitted to the Governor, a subset of the committee developed and submitted a grant application for competitive federal funds available under the American Recovery and Reinvestment Act of 2009 to support ELDS development. The State is awaiting a response to the application from the U.S. Department of Education Institute of Education Sciences. Legislation will be needed this session to implement several ELDS recommendations.

Finally, the report discusses commission recommendations concerning the cost and operation of RHECs and the cost of eliminating academic space deficiencies. In response to a 2009 JCR request, MHEC created a workgroup to study the fiscal and programmatic viability of the University System of Maryland at Hagerstown RHEC, which made recommendations to improve the center's success. MHEC plans to use this study as a template for a study of all eight RHECs as recommended by the commission. In addition, MHEC has begun to collect cost per square foot figures for different types of academic space on Maryland campuses, which will be used to estimate the cost of eliminating academic space deficiencies as recommended in the commission report.

#### **4. Regional Higher Education Centers Receive Appropriation Increase in Fiscal 2010**

Regional higher education centers are designed to ensure access to higher education in underserved areas of the State. They provide baccalaureate and graduate programs in places where students do not have access due to geographical distance, commute time, or the limited capacity of local four-year institutions. RHECs offer the State an opportunity to address workforce needs in high-demand areas, particularly for nontraditional students, and to support State, regional, and local economic development goals.

A RHEC is a facility in the State that has the participation of two or more institutions, offers multiple degree levels, and consists of a variety of program offerings. There are eight RHECs in Maryland. Two are governed by USM: the Universities at Shady Grove and USM at Hagerstown. Six centers fall under the coordinating responsibility of MHEC. Each center has its own governance and organization structure:

- Anne Arundel Community College Regional Higher Education Center at Arundel Mills;
- Eastern Shore Higher Education Center;
- Higher Education and Conference Center at the Higher Education and Applied Technology (HEAT) Center;
- Laurel College Center;

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- Southern Maryland Higher Education Center; and
- Waldorf Center for Higher Education

The two USM RHECs are funded as line items in the USM Office operating budget, while the other six are funded by grants through MHEC's operating budget. In 2005, the General Assembly charged MHEC with developing an equitable, consistent, and ongoing funding strategy for the non-USM RHECs. The resulting strategy contains the following components:

- base allocation for each center (\$200,000);
- incentive funding for full-time equivalent students (2+2 lower division, upper division, and graduate) tied to the inflation-adjusted fiscal 2005 general fund appropriation per FTES at the Universities at Shady Grove;
- lease funding for centers with leased space that have not received State capital funding support; and
- special funding for one-time projects or startup costs.

The funding strategy was first partially allocated, though not fully funded, in fiscal 2009. **Exhibit 11** shows the State appropriation for each non-USM center in fiscal 2009 through 2010. The fiscal 2009 budget increased the RHEC appropriation from \$800,000 to \$1.65 million, though \$400,000 was to be provided from Base Realignment and Closure (BRAC) Higher Education Investment funds, which was subsequently reduced \$133,500 through cost containment. Each center except Southern Maryland was given a base allocation of \$50,000, while the remaining funds were distributed as incentive funding for FTES. In fiscal 2010, the non-USM RHECs were appropriated \$1.75 million and intent language was added by the General Assembly to the 2009 budget bill that \$1.75 million be the base funding for RHECs in future years. The fiscal 2010 appropriation was distributed using the RHEC funding formula, with each RHEC receiving the full \$200,000 base funding appropriation. The remaining \$550,000 was allocated as incentive funding based on FTES. No lease or special project funding was available.

**Exhibit 11**  
**Regional Higher Education Centers Funding**  
**Fiscal 2008-2010**

	<u>2008</u>	<u>2009*</u>	<u>2010</u>	<u>2009-10</u> <u>\$ Change</u>	<u>2009-10</u> <u>% Change</u>
AACC RHEC at Arundel Mills	\$100,000	\$162,563	\$234,477	\$71,914	44%
Eastern Shore Higher Ed Center	100,000	153,850	220,877	67,027	44%
Higher Ed Center at the HEAT Center	100,000	177,464	327,844	150,380	85%
Laurel College Center	100,000	156,392	219,517	63,125	40%
Southern Maryland Higher Education Center	350,000	419,461	449,363	29,902	7%
Waldorf Center for Higher Education	100,000	180,270	297,923	117,653	65%
<b>Total All Non-USM RHECs</b>	<b>\$850,000</b>	<b>\$1,250,000</b>	<b>\$1,750,000</b>	<b>\$500,000</b>	<b>40%</b>

AACC: Anne Arundel Community College  
 HEAT: Higher Education and Applied Technology  
 RHEC: Regional Higher Education Center  
 USM: University System of Maryland

\* Fiscal 2009 data does not include \$266,500 in funding provided through Base Realignment and Closure Higher Education Investment Funds.

Source: Maryland Higher Education Commission

**Fiscal 2010 Appropriations Support General Operating Costs and Equipment Replacement**

As a result of the full appropriation of base funding for each RHEC, funding for some centers increased dramatically. State support for the HEAT and Waldorf Centers increased 85 and 65% respectively, while support for the Southern Maryland Center increased only 7%. **Exhibit 12** shows how the additional State support each RHEC received in fiscal 2010 was used. RHECs largely used additional funds to replace outdated technologies, increase marketing, offset operating and enrollment costs associated with growth, and reduce reliance on pass through grants from supporting institutions such as community colleges.

**Exhibit 12**  
**Regional Higher Education Centers**  
**Use of Additional Fiscal 2010 Funds**

<u>RHEC</u>	<u>FY 2009-10</u> <u>Change</u>	<u>Use of Funds</u>
AACC RHEC at Arundel Mills	\$71,914	Help offset the cost of enrollment growth in teacher education, human resources management, computer technology, and support for associated general education courses.
Eastern Shore	67,027	Replace outdated projectors and screens with LCD panels and add two distance learning classrooms.
Higher Education Center at HEAT	150,380	Technology hardware and software replacement, facility improvements to create faculty advising area, and reduced reliance on pass-through funding from Harford Community College.
Laurel College Center	63,125	Increased lease costs, replace portion of failing telephone system, construction and furnishing of a microbiology lab, reduced reliance on pass-through funding from Prince George's and Howard community colleges.
Southern Maryland	29,902	Purchase new computer hardware, computer equipment repair, increased marketing of open houses for partner institutions.
Waldorf Center	117,653	Increase marketing of the center, furniture replacement, reduced reliance on pass-through funding from the College of Southern Maryland and University of Maryland University College.

AACC: Anne Arundel Community College  
HEAT: Higher Education and Applied Technology  
LCD: liquid crystal display  
RHEC: Regional Higher Education Center

Source: Regional Higher Education Centers

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The final report of the Commission to Develop the Maryland Model for Funding Higher Education, released in December 2009, recommended that the funding strategy for the non-USM centers be implemented and funded to provide a more equitable and consistent funding stream. The

commission also recommended that incentive grants, another component of the funding strategy, be made available to assist with program development, offset new program costs, and promote the articulation of programs between two- and four-year institutions represented at the centers. Fully funding the RHEC funding strategy in fiscal 2011 would cost \$6.2 million.

## **5. Maryland Student Loan Marketplace**

In September 2009, the Maryland Independent College and University Association (MICUA) launched an online, education financing resource for students called the Maryland Student Loan Marketplace, in partnership with Overture Technologies and the California and Ohio associations of independent colleges and universities. The Maryland Student Loan marketplace is a web site that allows students to compare loan terms from participating private student lenders after submitting a single personal information form and a credit check. All MICUA members have agreed to participate, and several have launched the Marketplace site and are training staff.

The web site also includes a learning center that was designed in collaboration with MHEC to educate students about financing their education and encourages students to apply for grants, scholarships, and federally subsidized student loans before using private student loans as a last resort. The web site is available to students free of charge, and MICUA receives no compensation for developing and managing the site. Lenders pay an origination fee to Overture Technologies based on the number of loans closed and must comply with mandatory reporting requirements. The Marketplace is open to all lenders willing to participate under these terms.

Personal information entered on the Marketplace web site is not shared with lenders unless the student elects to act on a loan offer. While eight lenders are currently participating, MICUA and Overture Technologies are working with the Maryland Bankers Association and the Maryland and District of Columbia Credit Union Association to recruit additional lenders. In November, the Governor wrote to the presidents of bank and credit union associations encouraging their members to participate. Both organizations have agreed to provide webinars and other information to member banks and credit unions about the Marketplace.

Other states with online products similar to the Maryland Student Loan Marketplace include New York, California, Indiana, Michigan, Kentucky, and Alabama. Ohio and Oregon are in the process of implementing such a tool. Of these states, New York, Indiana, Michigan, Kentucky, and Alabama are actively marketing the tool to students attending both public and independent institutions. Though USM institutions and community colleges were invited to participate, none have agreed to join. USM reports that many campuses use Education Loan Management Resources (ELM), a tool similar to the Maryland Student Loan Marketplace that allows students to compare the terms of private lenders.

## *Current and Prior Year Budgets*

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

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2009</b>					
Legislative Appropriation	\$78,162	\$12,642	\$4,182	\$220	\$95,207
Deficiency Appropriation	\$164	\$0	\$0	\$0	\$164
Budget Amendments	\$87	\$25	\$0	\$1,011	\$1,124
Cost Containment	-\$9,587	-\$1,008	-\$3	\$0	-\$10,598
Reversions and Cancellations	\$0	-\$7,074	-\$450	-\$225	-\$7,750
<b>Actual Expenditures</b>	<b>\$68,827</b>	<b>\$4,585</b>	<b>\$3,729</b>	<b>\$1,006</b>	<b>\$78,147</b>
<b>Fiscal 2010</b>					
Legislative Appropriation	\$66,911	\$14,727	\$3,484	\$179	\$85,302
Cost Containment	-\$14,986	-\$4	\$0	\$0	-\$14,990
Budget Amendments	\$0	\$2,171	\$0	\$250	\$2,420
<b>Working Appropriation</b>	<b>\$51,926</b>	<b>\$16,894</b>	<b>\$3,484</b>	<b>\$429</b>	<b>\$72,732</b>

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

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## **Fiscal 2009**

General funds experienced a net decrease of \$9,335,809. Of this total, an \$87,370 increase covered costs associated with the fiscal 2009 cost-of-living adjustment and telecommunication expenditures. A \$163,796 deficiency appropriation increased general funds to cover legal fees, and cost containment actions decreased general funds \$9,586,975, primarily related to an \$8,133,658 reduction to the Sellinger formula.

Special funds experienced a net decrease of \$8,028,668 due to the following changes:

- \$400,000 increase in Higher Education Investment Funds for the six regional higher education centers administered by MHEC;
- \$3,795 increase from special fund appropriations for cost-of-living adjustments;
- \$378,500 decrease due to a transfer of funds from the Nurse Support II Program to the Nursing Scholarship and Janet L. Hoffman Loan Assistance Repayment Programs to award nurses and nursing students on the wait list;
- \$1,008,231 decrease due to cost containment actions; and
- \$7,074,232 decrease due to the cancellation of unexpended funds for the Guaranteed Student Tuition Fund (\$181,960), the Nurse Support II Program (\$6,392,272), and the Health Personnel Shortage Incentive Grant Program (\$500,000) which did not receive funding in fiscal 2009.

Federal funds decreased \$453,026 due to \$2,712 in cost containment actions and a \$450,313 decrease from the cancellation of excess funds for the administration of the federal GEAR-UP and Improving Teacher Quality (ITQ) programs and the cancellation of excess funds for GEAR-UP scholarships and ITQ.

Reimbursable funds increased \$1,011,053 to support the development of the Maryland College Aid Processing System (MD CAPS). Reimbursable funds declined \$255,175 due to cancellations related to delays in the MD CAPS project and Workforce Investment Act funds that were not available.

## **Fiscal 2010**

General funds declined \$14,985,673 due to cost containment actions, primarily affecting aid to nonpublic universities, which declined \$13,731,793.

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Special funds increased \$2,170,506 from Higher Education Investment Funds authorized by the General Assembly to replace general funds cut during the 2009 legislative session (\$1,364,706) and a special fund appropriation for the MD CAPS project (\$805,800). Special funds decreased \$4,054 due to reductions in salaries, wages, and fringe benefits in the Nurse Support II program from cost containment actions.

Reimbursable funds increased \$149,756 to support the development of MD CAPS and \$100,000 to continue work relating to BRAC for higher education institutions that MHEC is performing for DLLR.

## Major Information Technology Projects

### Maryland Higher Education Commission Maryland College Aid Processing System

<b>Project Description:</b>	This project replaces the legacy Student Financial Aid system (circa 1991), which manages almost \$110 million in State aid each year. The new Maryland College Aid Processing System (MD CAPS) application will provide an efficient web-based system supporting the initial financial aid application, processing of new and renewal awards, student notifications of award acceptance, and notification of higher education institutions and legislators of award information. The system will also process payment of funds for awards and reconciling accounts, and support the maintenance, tracking, fulfillment, and repayment of service obligations associated with certain programs. A set of portals will provide access to comprehensive financial aid status for student financial aid administrators, Maryland Higher Education Commission (MHEC) staff, and legislators.		
<b>Project Business Goals:</b>	Achieve a system of postsecondary education that promotes accessibility and affordability for all Marylanders.		
<b>Estimated Total Project Cost:</b>	\$3,154,051	<b>New/Ongoing Project:</b>	Ongoing
<b>Project Start Date:</b>	January 1, 2005	<b>Projected Completion Date:</b>	May 17, 2010
<b>Schedule Status:</b>	In the second quarter of fiscal 2010, MHEC addressed schedule delays, which prevented implementation of MD CAPS within the available program office operations window, by prioritizing application functions and dividing work into three staged releases. The contractor then completed the Development and Test phases of Stage II-A modules, which established the base system, and supports financial aid officers and college and university access. The first production implementation occurred on January 8, 2010, with user access staged over the following week to limit operational impact and program risks. Release II-B, supporting scholarship award processing, completed development work and has just entered the Test phase with implementation planned for the end of January 2010. Stage II-C, which delivers program reporting and all remaining low priority functions, is expected to be implemented in the fourth quarter of fiscal 2010. The project is now over five months behind its original baseline schedule, due primarily to (1) the complexity of the 22 different scholarship programs; (2) the extensive requirements definition phase; (3) unexpected contractor personnel changes (4) design re-work needed following stress testing and (5) a significant quantity of early test phase defects. MHEC is working with the contractor to mitigate the schedule delays using a phased development and implementation approach.		
<b>Cost Status:</b>	Due to the project's schedule slip, additional funding of \$198,000 has been requested to extend the contract term for the project manager; however, there will not be any additional cost increase from the development contractor.		
<b>Scope Status:</b>	None		
<b>Project Management Oversight Status:</b>	No change		

<b>Identifiable Risks:</b>	While critical development work on State II-C remains, having just completed the initial Stage II-A implementation and considering current progress with Stage II-B development, little additional slip is expected. Therefore, MHEC is confident that the project will complete close-out in fiscal 2010.							
<b>Fiscal Year Funding (000)</b>	<b>Prior Years</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	2,946	208.2	0.0	0.0	0.0	0.0	208.2	3,154.1
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Funding</b>	<b>\$2,916.4</b>	<b>\$208.2</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$208.2</b>	<b>\$3,154.1</b>

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

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	68.60	64.60	52.60	-12.00	-18.6%
02 Contractual	9.00	3.00	4.00	1.00	33.3%
<b>Total Positions</b>	<b>77.60</b>	<b>67.60</b>	<b>56.60</b>	<b>-11.00</b>	<b>-16.3%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 5,329,410	-\$ 2,099,328	\$ 4,413,501	\$ 6,512,829	-310.2%
02 Technical and Spec. Fees	328,724	178,195	232,713	54,518	30.6%
03 Communication	187,228	136,716	96,573	-40,143	-29.4%
04 Travel	49,390	22,621	24,487	1,866	8.2%
06 Fuel and Utilities	52,227	61,908	52,227	-9,681	-15.6%
07 Motor Vehicles	14,799	16,147	16,383	236	1.5%
08 Contractual Services	1,282,508	1,559,852	413,691	-1,146,161	-73.5%
09 Supplies and Materials	32,290	35,850	30,500	-5,350	-14.9%
10 Equipment – Replacement	45,293	10,230	9,800	-430	-4.2%
11 Equipment – Additional	8,886	30,000	30,000	0	0%
12 Grants, Subsidies, and Contributions	70,282,954	72,022,552	78,236,948	6,214,396	8.6%
13 Fixed Charges	632,896	757,425	815,714	58,289	7.7%
<b>Total Objects</b>	<b>\$ 78,246,605</b>	<b>\$ 72,732,168</b>	<b>\$ 84,372,537</b>	<b>\$ 11,640,369</b>	<b>16.0%</b>
<b>Funds</b>					
01 General Fund	\$ 68,826,506	\$ 51,925,623	\$ 65,999,921	\$ 14,074,298	27.1%
03 Special Fund	4,584,884	16,893,921	14,647,223	-2,246,698	-13.3%
05 Federal Fund	3,728,839	3,483,926	3,452,233	-31,693	-0.9%
09 Reimbursable Fund	1,106,376	428,698	273,160	-155,538	-36.3%
<b>Total Funds</b>	<b>\$ 78,246,605</b>	<b>\$ 72,732,168</b>	<b>\$ 84,372,537</b>	<b>\$ 11,640,369</b>	<b>16.0%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.

**Fiscal Summary  
Maryland Higher Education Commission**

<u>Program/Unit</u>	<u>FY09 Actual</u>	<u>FY10 Wrk Approp</u>	<u>FY11 Allowance</u>	<u>Change</u>	<u>FY10 - FY11 % Change</u>
01 General Administration	\$ 7,039,399	\$ 6,817,585	\$ 6,257,156	-\$ 560,429	-8.2%
02 College Prep/Intervention Program	1,754,678	1,950,000	1,950,000	0	0%
03 Joseph A. Sellinger Program	50,445,958	38,445,958	51,983,458	13,537,500	35.2%
07 Educational Grants	13,776,594	10,083,533	9,692,158	-391,375	-3.9%
19 Physician Assistant – Nurse Practitioner Training	73,538	0	0	0	0%
30 Private Donation Incentive Grants	2,272,242	145,909	214,580	68,671	47.1%
34 Major Information Technology Development Projects	824,644	955,556	0	-955,556	-100.0%
38 Nurse Support Program II	2,059,552	13,933,627	13,875,185	-58,442	-0.4%
39 Health Personnel Shortage Incentive Grant Program	0	400,000	400,000	0	0%
<b>Total Expenditures</b>	<b>\$ 78,246,605</b>	<b>\$ 72,732,168</b>	<b>\$ 84,372,537</b>	<b>\$ 11,640,369</b>	<b>16.0%</b>
General Fund	\$ 68,826,506	\$ 51,925,623	\$ 65,999,921	\$ 14,074,298	27.1%
Special Fund	4,584,884	16,893,921	14,647,223	-2,246,698	-13.3%
Federal Fund	3,728,839	3,483,926	3,452,233	-31,693	-0.9%
<b>Total Appropriations</b>	<b>\$ 77,140,229</b>	<b>\$ 72,303,470</b>	<b>\$ 84,099,377</b>	<b>\$ 11,795,907</b>	<b>16.3%</b>
Reimbursable Fund	\$ 1,106,376	\$ 428,698	\$ 273,160	-\$ 155,538	-36.3%
<b>Total Funds</b>	<b>\$ 78,246,605</b>	<b>\$ 72,732,168</b>	<b>\$ 84,372,537</b>	<b>\$ 11,640,369</b>	<b>16.0%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.