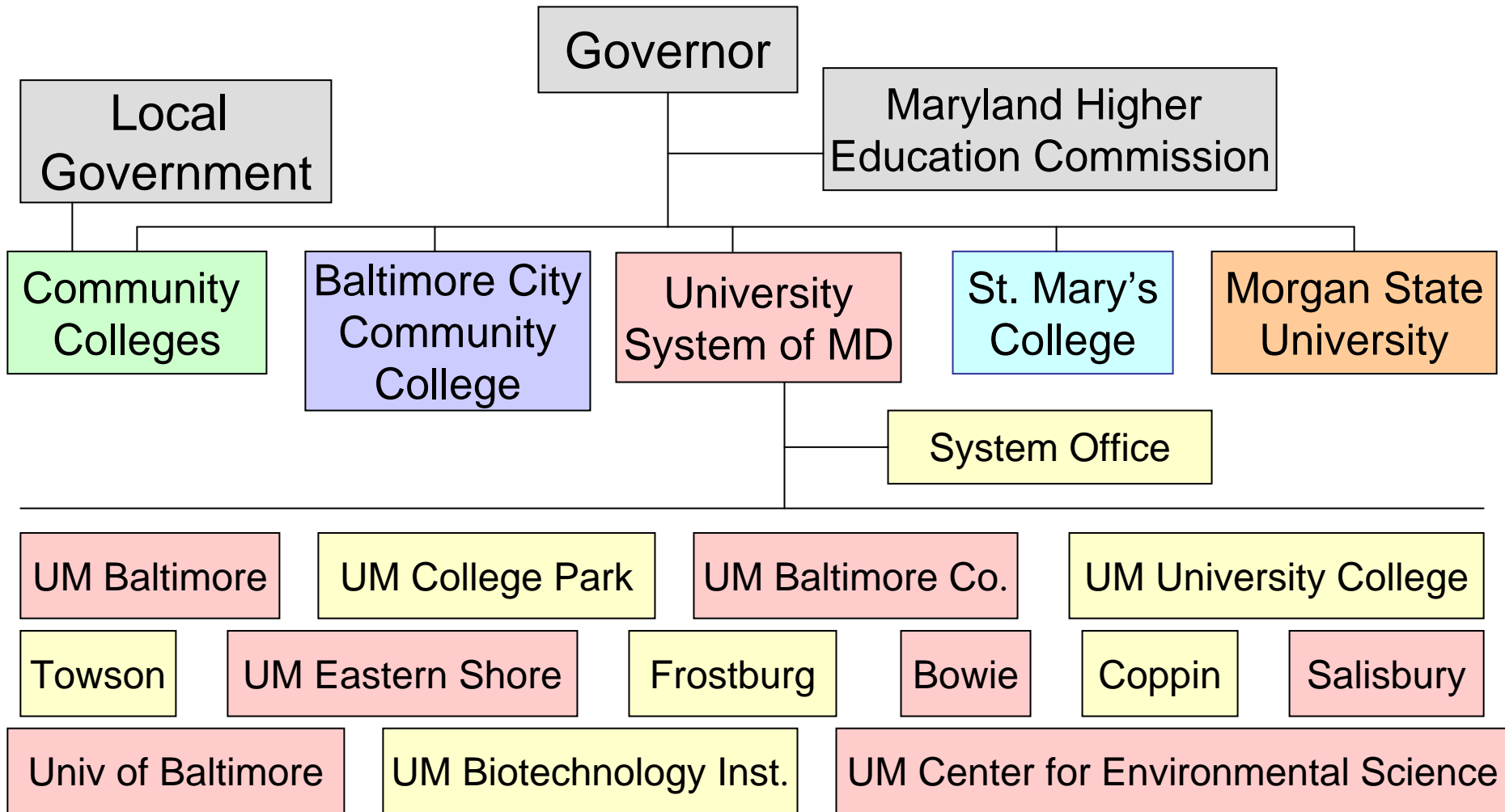

Overview of Higher Education Funding in Maryland

**Commission to Develop the Maryland Model for
Funding Higher Education**

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

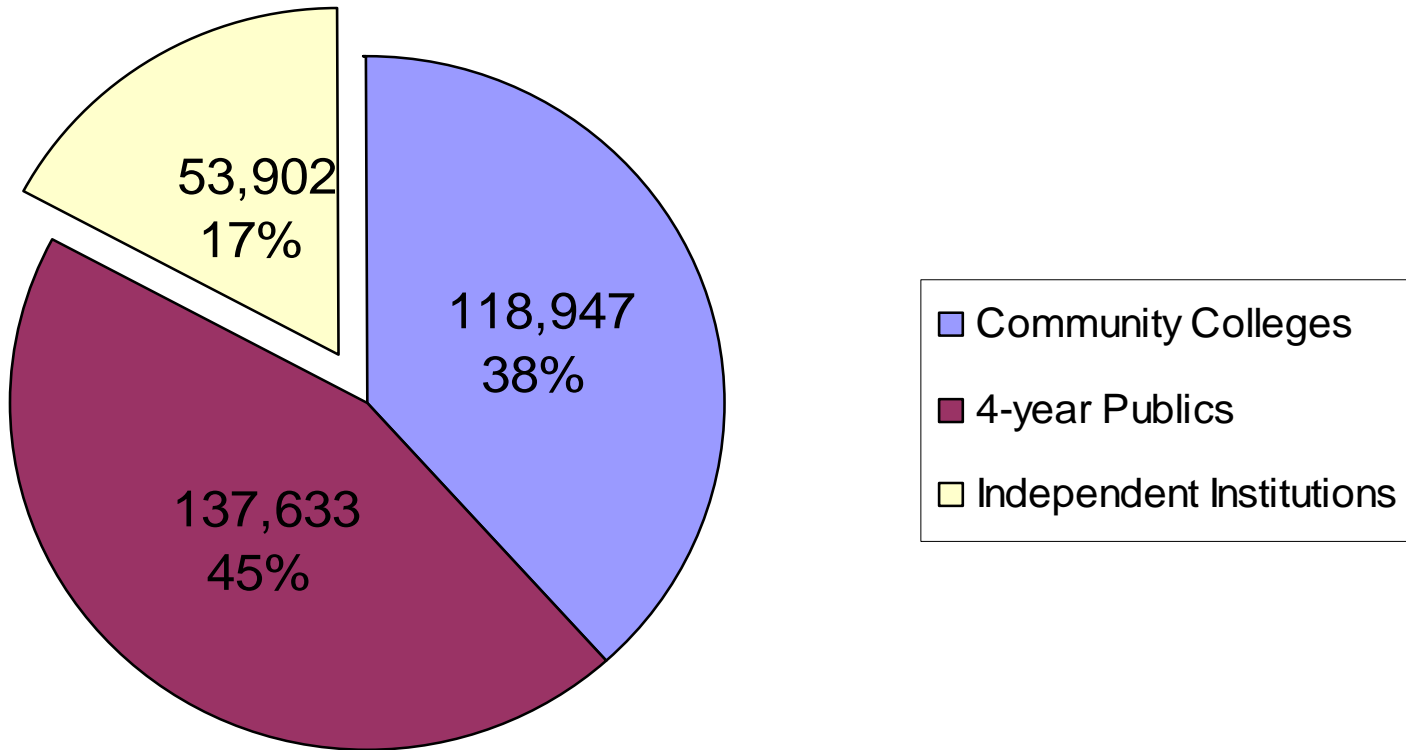
January 2007

Maryland Public Higher Education System



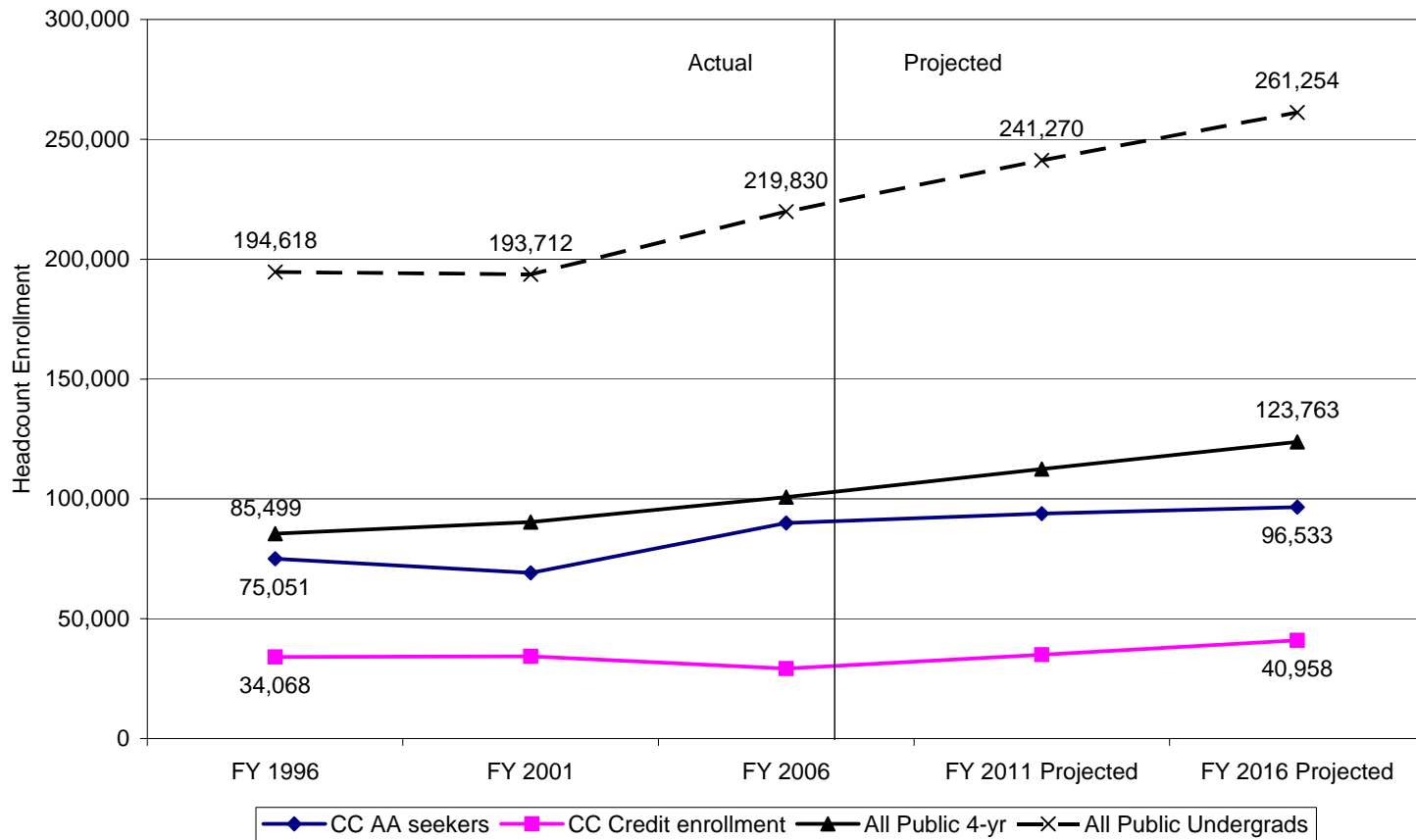
Total Enrollment

Fall 2004 Total Headcount
310,482



Public Undergraduate Enrollment

Fiscal 1996 - 2016



Sources: Maryland Higher Education Commission, Maryland Association of Community Colleges, Department of Legislative Services

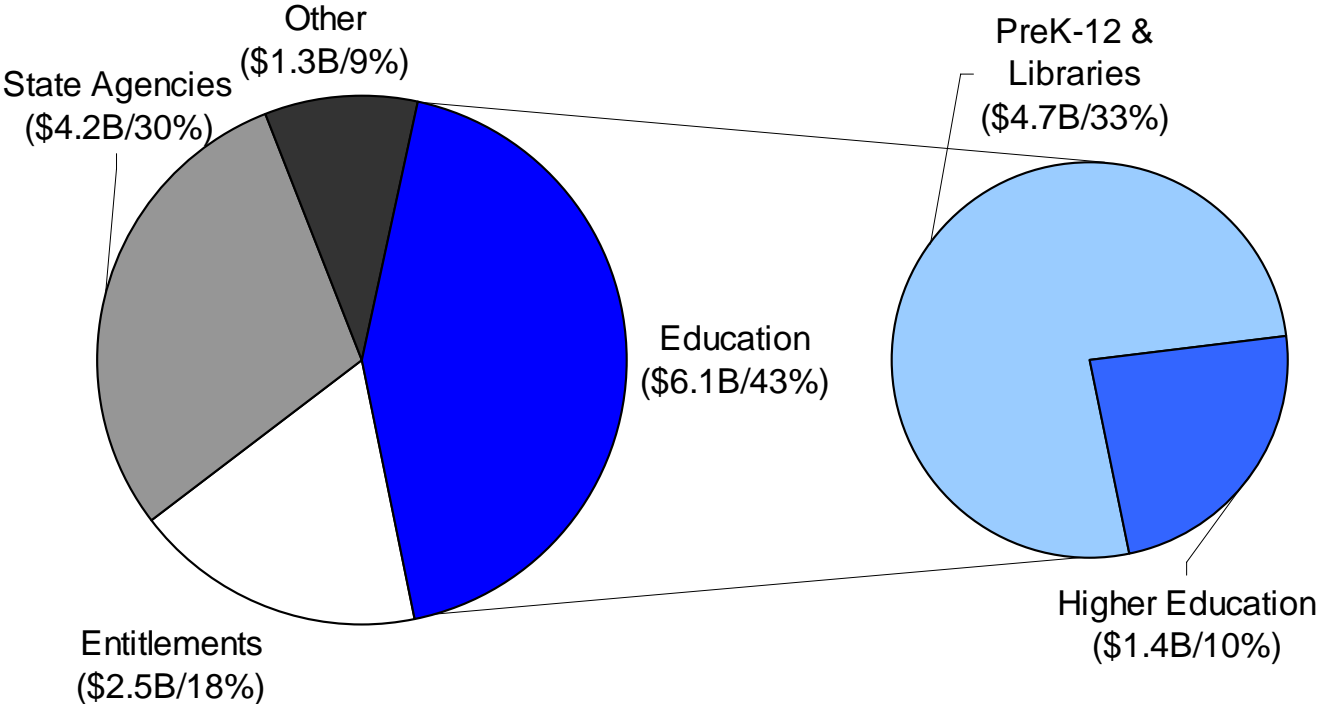
Statutory Higher Education Funding Goals

- Legislative intent that, barring unforeseen economic conditions, beginning in fiscal 2000 the Governor's proposed general fund support for higher education be equal or greater to the prior year appropriation
- Goal that State general fund and capital support equal at least 12.5% of general fund revenues in fiscal 2000 increasing to 15.5% in fiscal 2004

(Education Article Section 11-105(i)(5)(ii) and (iii))

Education's Share of General Fund Budget

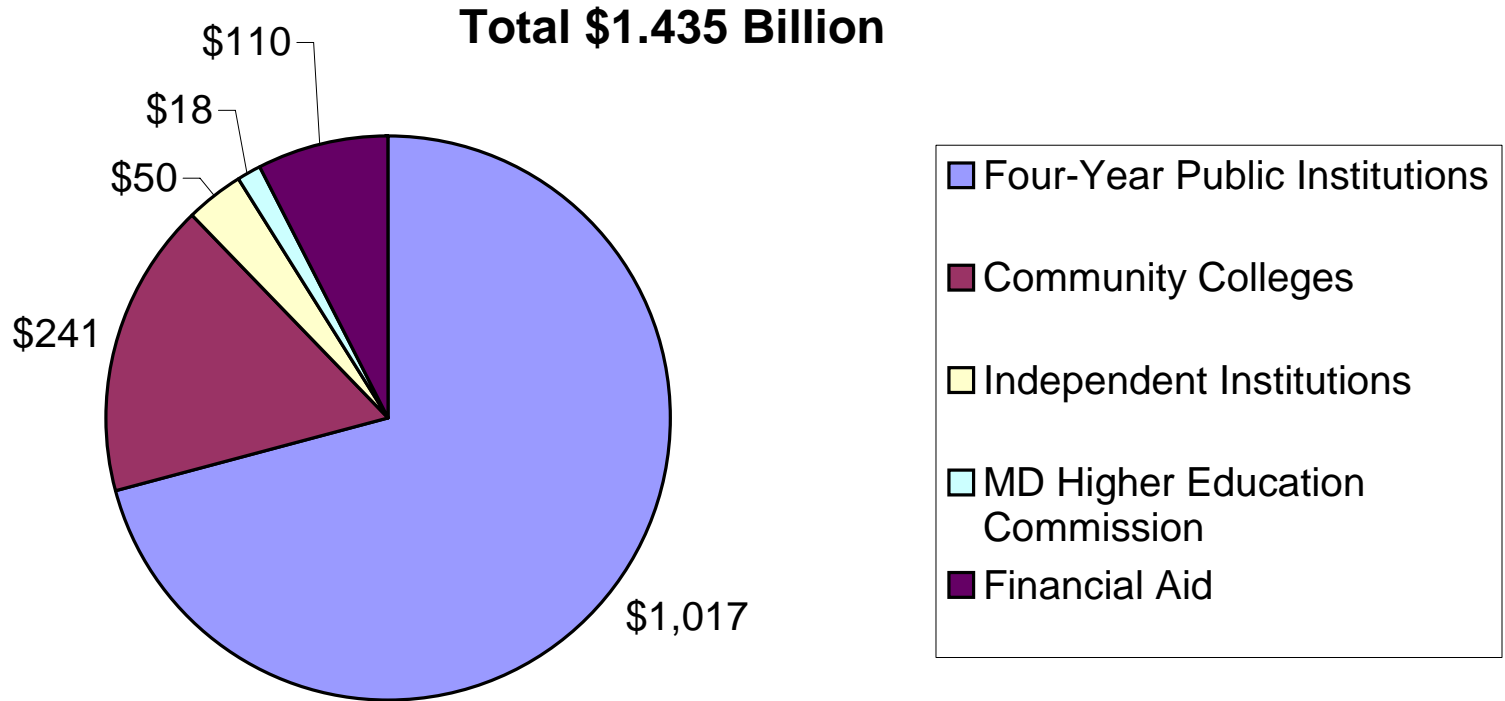
State General Fund Expenditures
Fiscal 2007 Appropriation Total \$14.2 Billion
(\$ in Billions)



Source: Fiscal 2007 *Fiscal Digest*; Department of Legislative Services

State Support for Higher Education

Fiscal 2007 (\$ in Millions)



Sources: Fiscal 2007 *Fiscal Digest*; 2006 *Joint Chairmen's Report*

Four-year Public Institutions

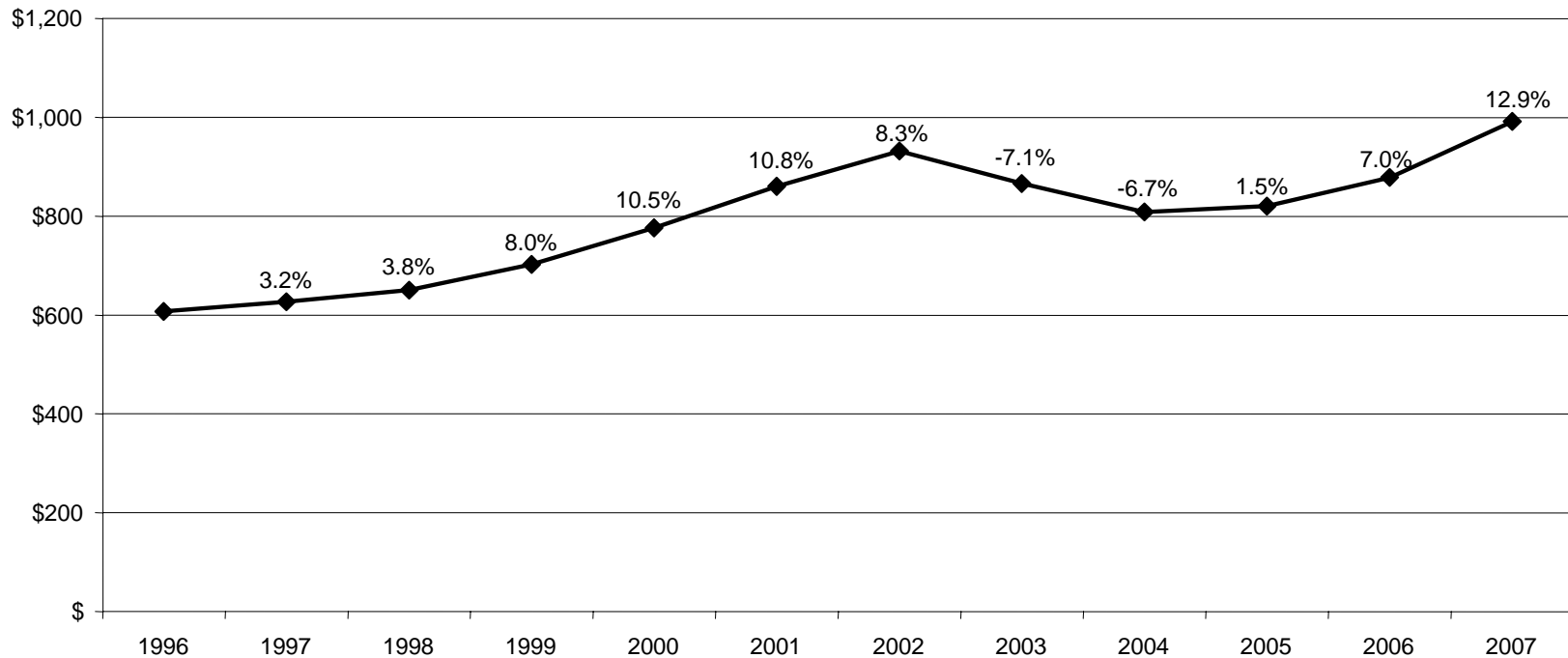
- Funding sources:
 - Tuition and fees
 - State support
 - Contracts and grants
 - Federal
 - State and Local
 - Private
 - Educational and Auxiliary Activities
 - Endowment Income
 - Fund Balance
 - Other miscellaneous sources

State Support for Four-year Public Institutions

- Funding guidelines
 - based on resources available to national peer institutions
 - targets that inform appropriations
 - for University System of Maryland and Morgan State University
 - attainment of 90% in FY 2002, 64% in FY 2005, 83% in FY 2007
- Inflationary formula
 - for St. Mary's College

State Support for Four-year Public Institutions

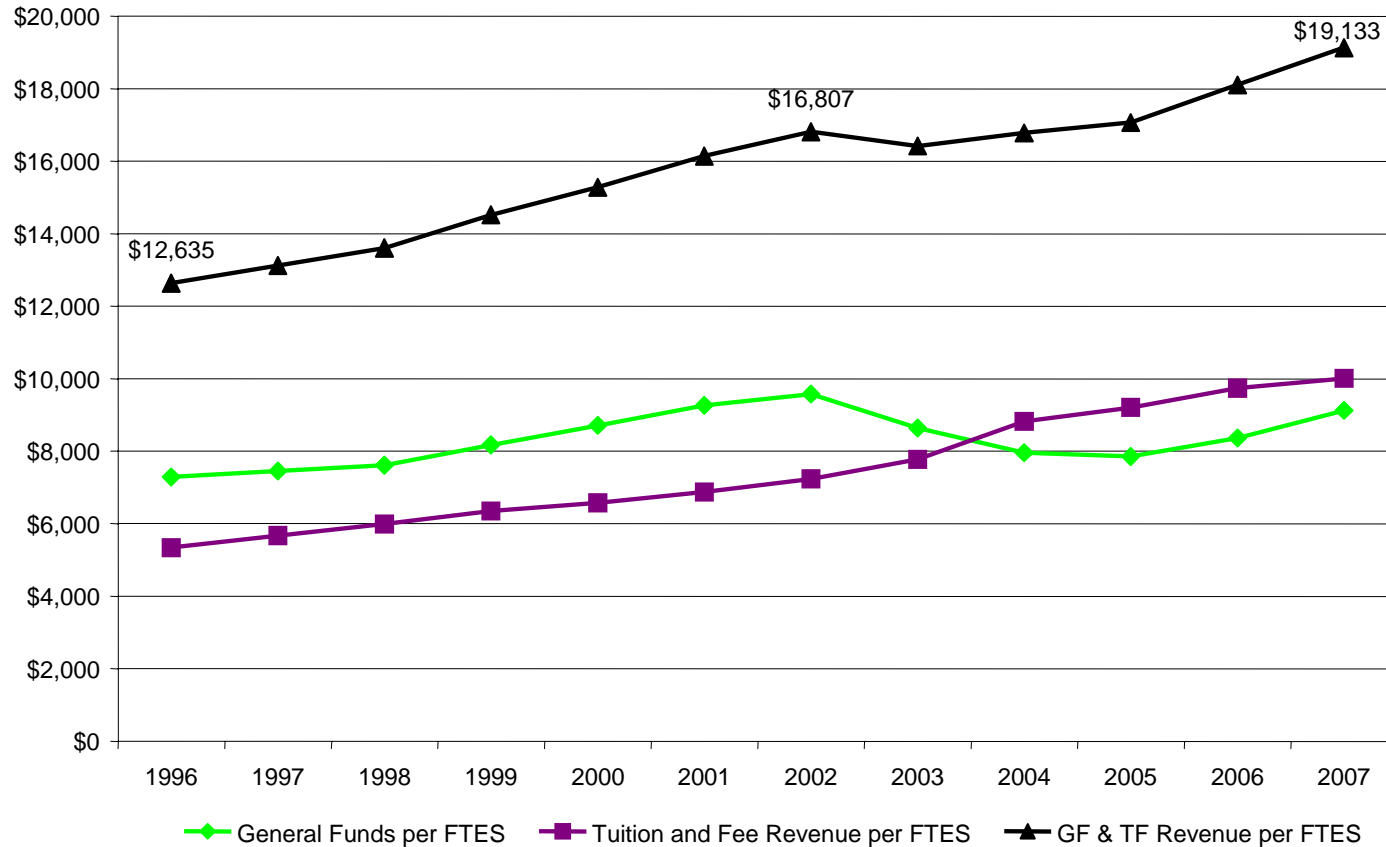
Fiscal 1996-2007 Annual Funding
and Percent Change Over Prior Year
(\$ in Millions)



Source: *State Budget Books*, Fiscal 1996 - 2007; 2006 *Joint Chairmen's Report*

Revenue per Full-time Equivalent Student

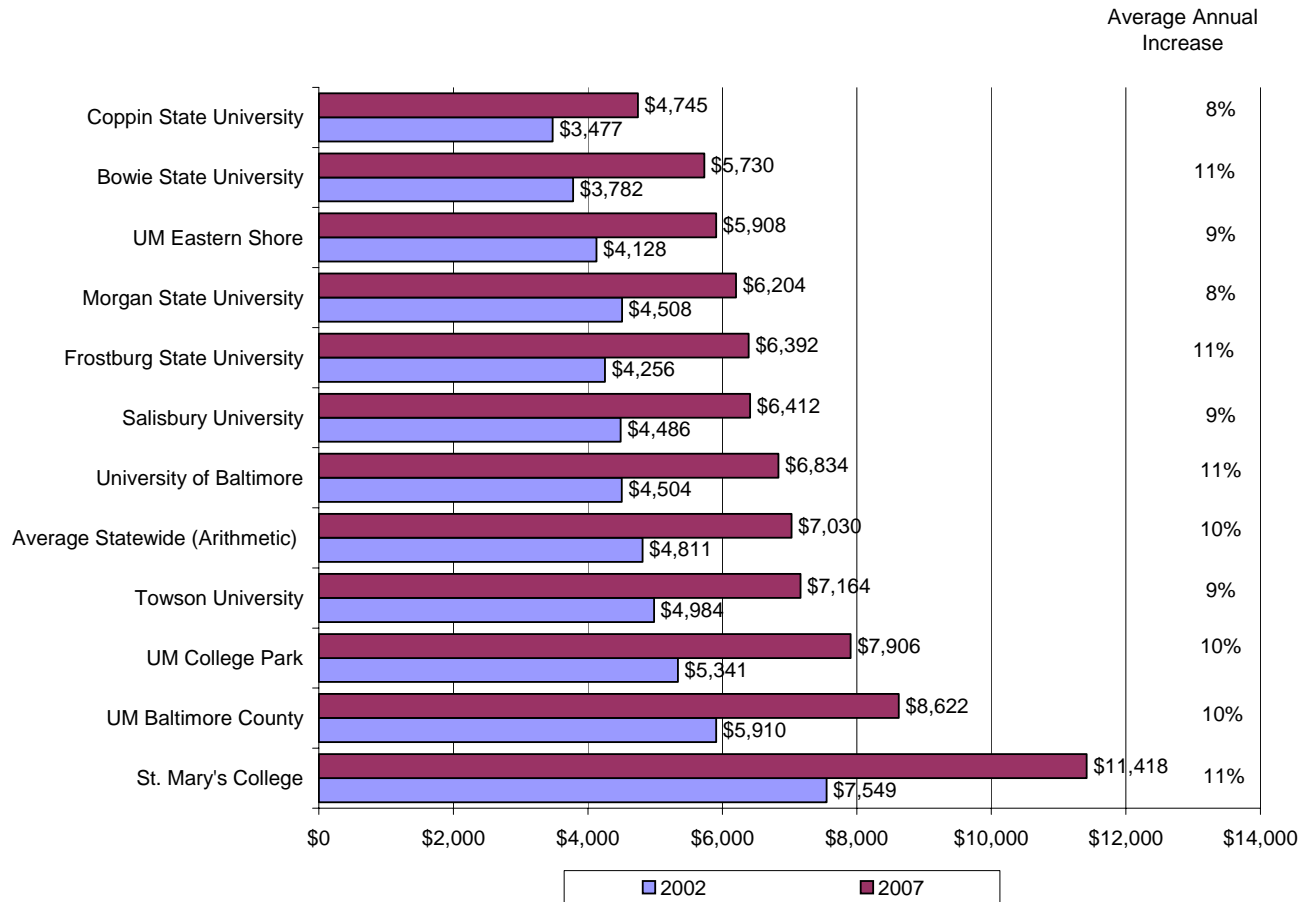
Fiscal 1996-2007



Source: *State Budget Books*, Fiscal 1996 - 2007; 2006 *Joint Chairmen's Report*

In-state Undergraduate Tuition and Fees

Fiscal 2002 and 2007



Note: Data exclude University of Maryland Baltimore and University of Maryland University College

Sources: *State Budget Books* Fiscal 2004 and 2006; University System of Maryland; St. Mary's College of Maryland; Morgan State University

Office for Civil Rights Partnership Agreement

- Signed December 2000 and expired December 2005
- Follows several agreements beginning in 1985
- Elimination of any remaining vestiges of segregation in public universities
- Improvement of higher education opportunities for African American students
- Enhancement of public historically black institutions (HBIs): Bowie State, Coppin State, UM Eastern Shore, and Morgan State

State Funding for OCR Agreement

Fiscal 2003 to 2007

- Enhancement funds, \$27 million
 - Operating enhancements, including information technology
 - Debt service on academic revenue bonds
- Access and Success, \$34.5 million (includes \$4.5 million in FY 2002)
- Studies, private donation grants, other, \$6.0 million
- Capital improvements, especially at Coppin
 - \$367.6 million total at HBIs, \$112.4 million at Coppin (\$117 million proposed in FY 2008 at Coppin)

Community Colleges

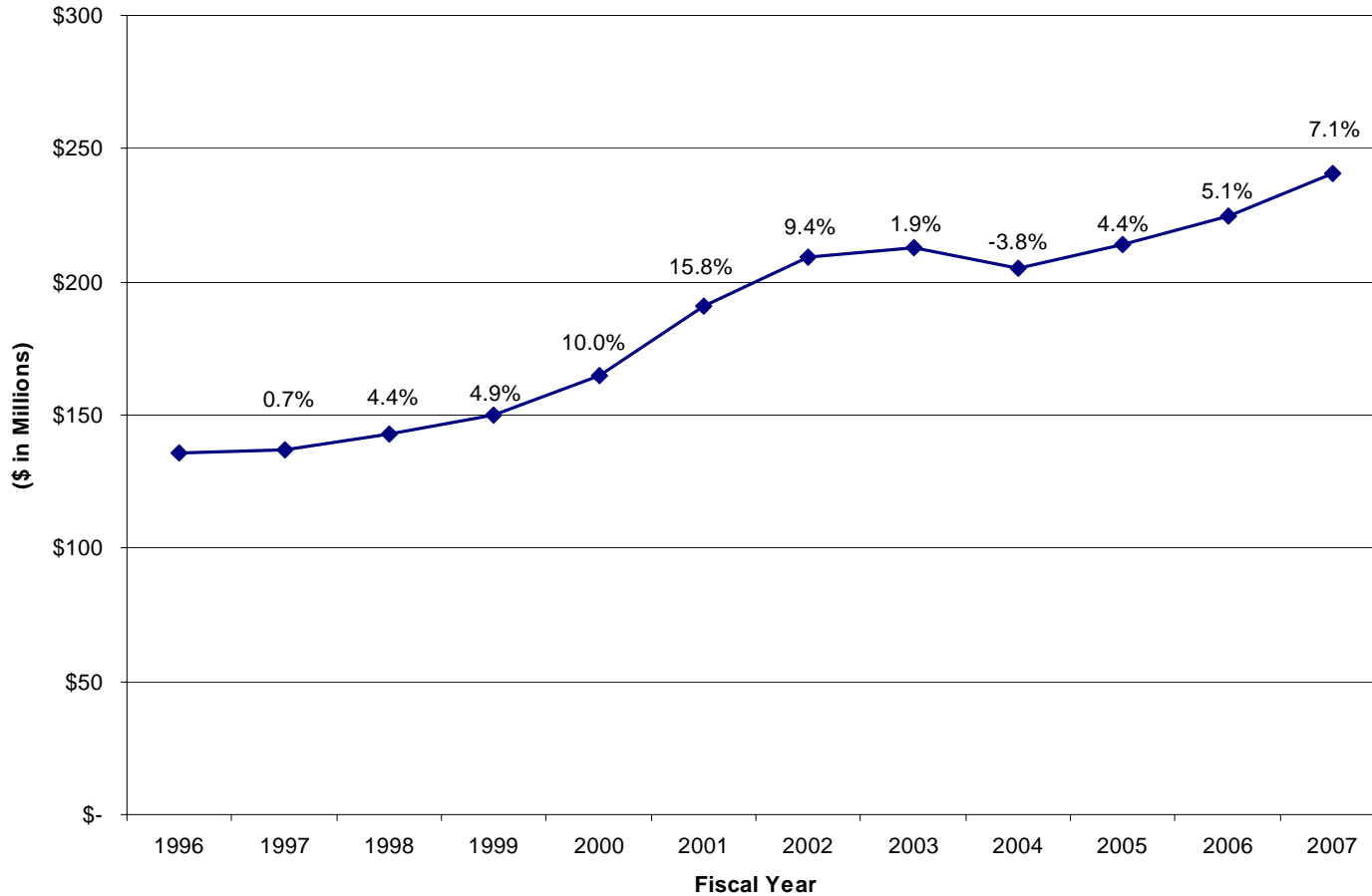
- Funded by the State, counties, students, and contracts and grants.
- State aid through the Senator John A. Cade formula
 - 25% of per-student general fund aid at selected public four-year institutions
 - Enhancement passed in 2006 will increase per-student aid to 30% by FY 2013 (25.5% in FY 2008)
 - based on costs, enrollment, and size, with hold harmless

Community Colleges

- State funded retirement costs
- Statewide programs, Innovative Partnerships for Technology
- Small and Appalachian College Grants
- English for Speakers of Other Languages
- Baltimore City Community College
 - State institution with minimal local support
 - 66% of per-student general fund aid at selected public four-year institutions
 - per-student aid will increase to 71% by FY 2013 (66.5% in FY 2008)

State Support for Community Colleges

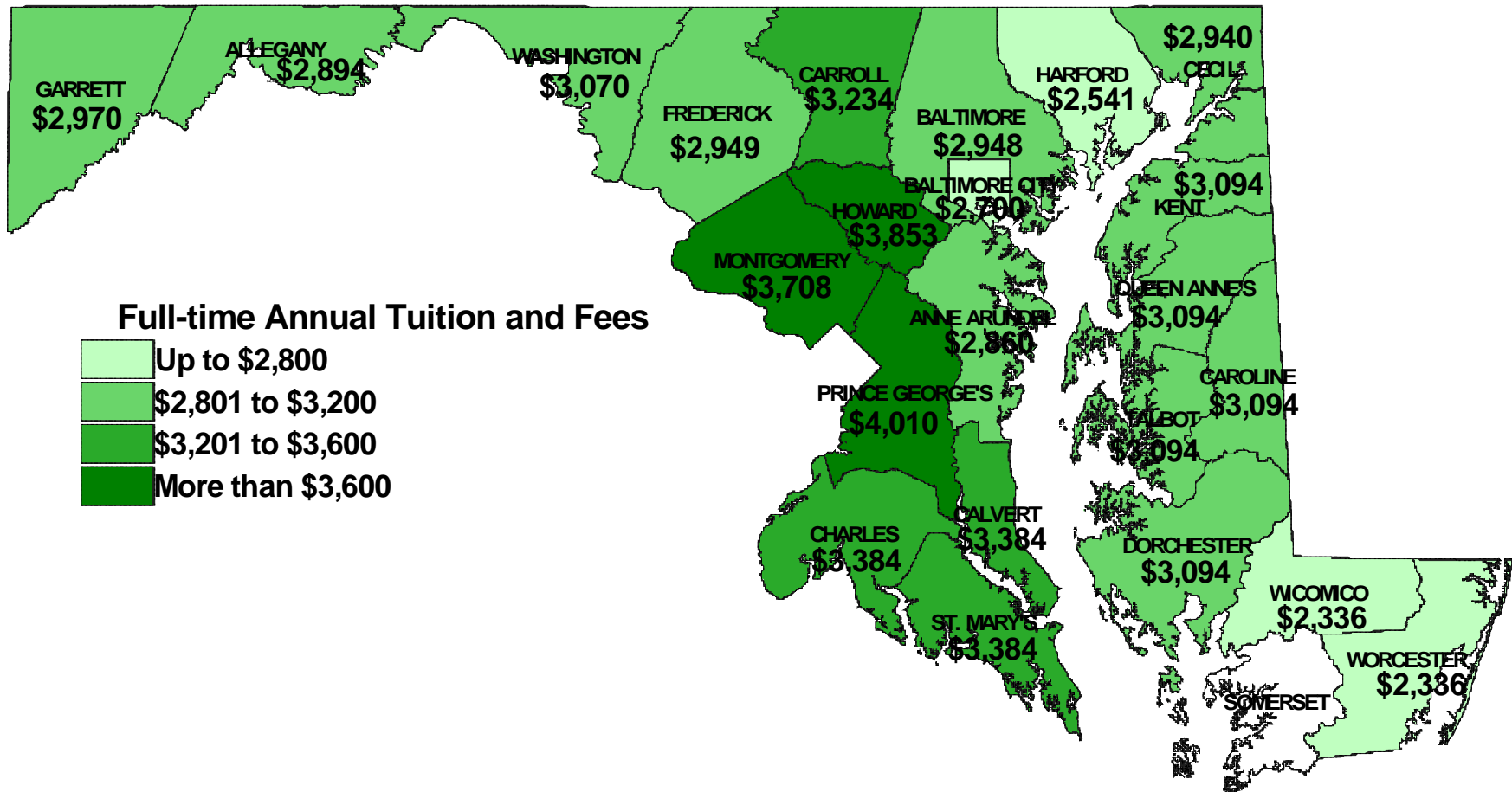
Fiscal 1996-2007 Annual Funding and Percent Change Over Prior Year



Source: Fiscal 1998-2007 *State Budget Books*; 2006 *Joint Chairmen's Report*

In-county Tuition and Fees Community Colleges

Fiscal 2007



Private Institutions

- To receive State aid, private institutions must:
 - be accredited
 - be non-profit and independent
 - award earned associate or baccalaureate degrees, other than theological degrees
 - submit to MHEC program review and approval
- Funded through the Joseph A. Sellinger Formula
 - 16% of per-student general fund support at selected public four-year institutions
 - 17 institutions eligible in fiscal 2007

State Financial Aid Programs

Category

Target Population

Need-based

Low income students

Merit-based

Outstanding students
(talent and academic)

Service Commitment/
Workforce Shortage

Graduates will work in
Maryland

Unique Populations

Especially needy or
underserved groups

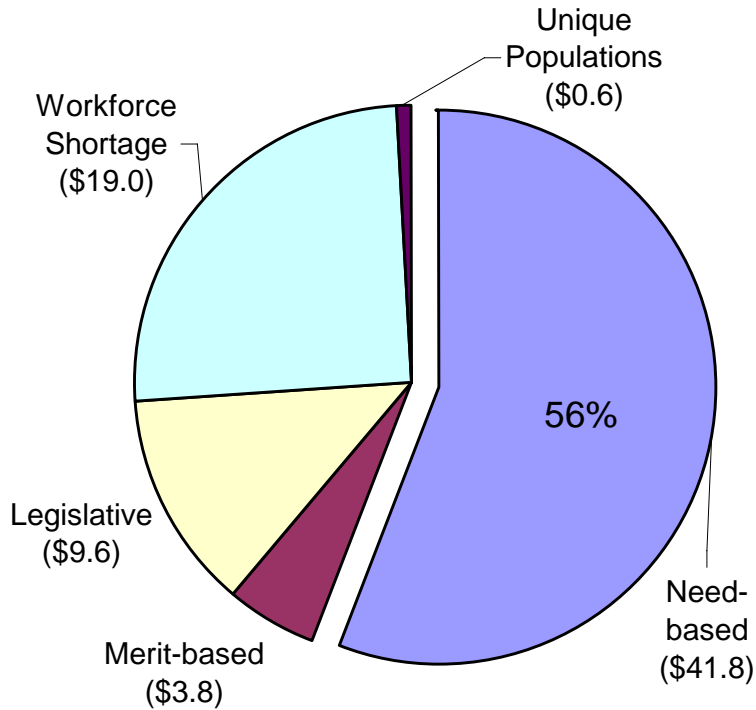
Legislative

Eligibility set by individual
legislator

State Funding for Financial Aid

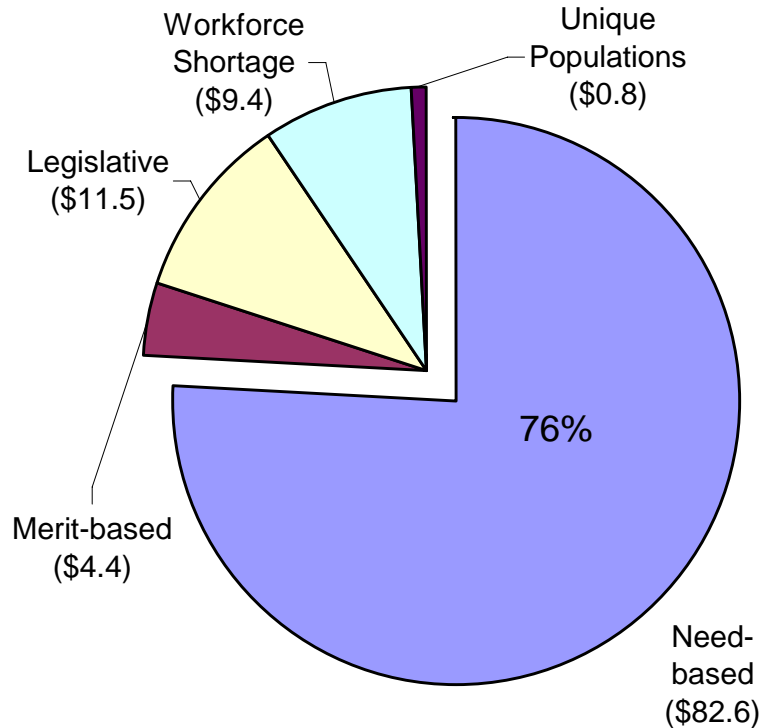
(\$ in Millions)

Fiscal 2004



Total = \$74.7 million

Fiscal 2007



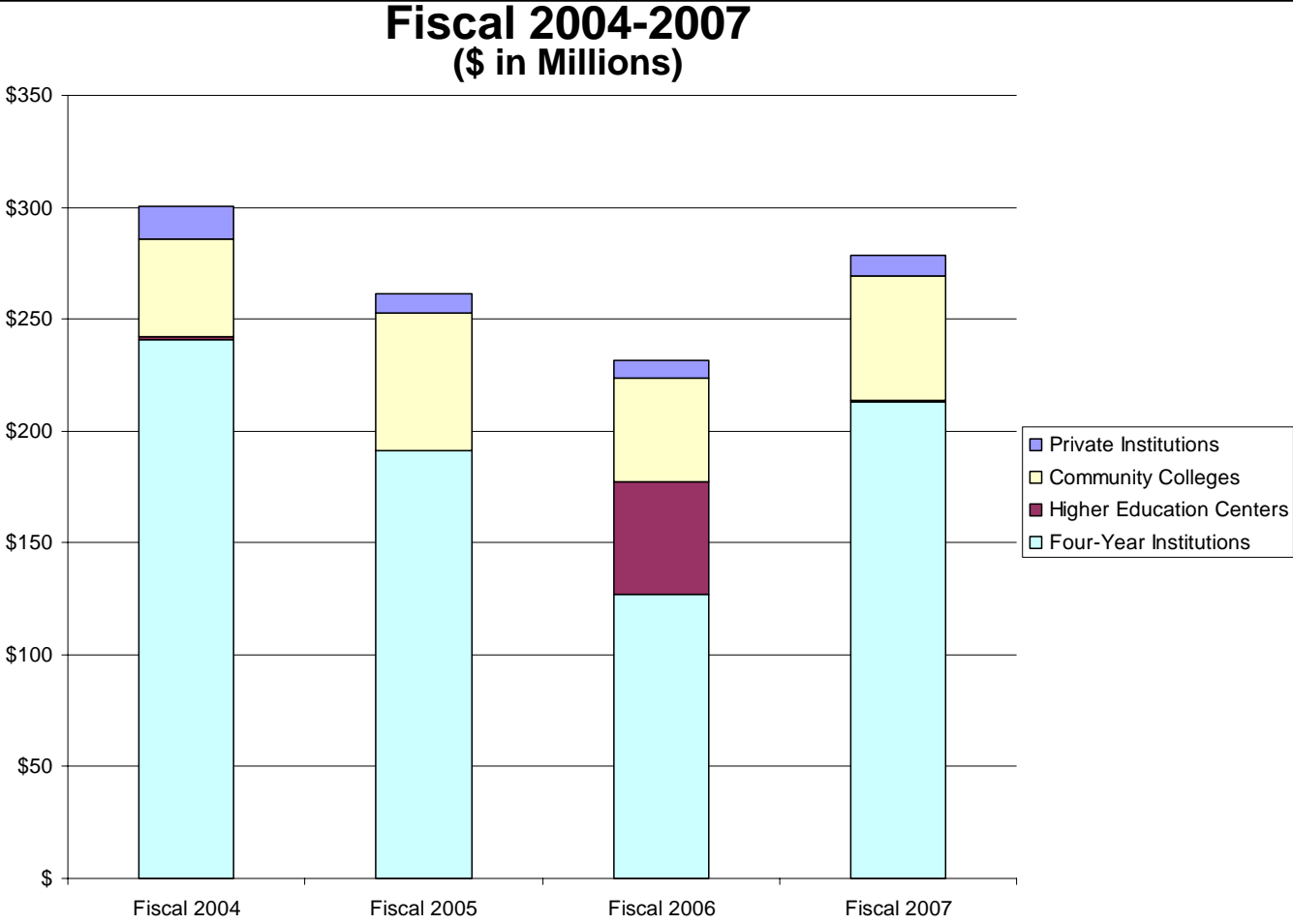
Total = \$108.8 million

Sources: *State Budget Books*, Fiscal 2006 and 2007; Department of Legislative Services

Regional Higher Education Centers

- Currently 8 centers throughout State
- USM operates 2 centers – Shady Grove and Hagerstown – funded in USM budget
- 6 other centers with varying governance structures and participation by 4-year public and private institutions and community colleges
- Prior to FY 2006 only 2 USM centers and Southern Maryland received State operating funds
- FY 2007 \$850,000 appropriated for six non-USM centers and \$4.8 million for USM centers
- Funding strategy proposed in 2005

State Capital Funding



Source: Capital Improvements Authorized by the General Assembly 1997-2006; Department of Budget and Management

Graduation and Retention Rates

- Average Six-year Graduation Rate at Public Four- years:
Fiscal 2004 (1998 Cohort) = 62.1%
range from 26.5% to 79.9%
- Average Two-year Retention Rate at Public Four-years:
Fiscal 2004 (2003 Cohort) = 80.4%
range from 65.3% to 92.1%
- Four-year Graduation/Transfer Rate at Community Colleges:
Fiscal 2004 (2000 Cohort) = 47.6%
range from 23.0% to 66.2%