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**Maryland Higher Education Commission
FY 2023 Operating Budget
Maryland Higher Education Commission
Response to Department of Legislative Services Analysis**

**House Appropriations
Subcommittee on Education and Economic Development
Delegate Ben Barnes
March 2, 2022**

**Senate Budget and Taxation
Subcommittee on Education, Business, and Administration
Senator Nancy King
March 4, 2022**

Pg. 10. MHEC should comment on efforts that it is taking to increase awareness of the program to assist eligible individuals, especially with the anticipated resumption of student loan repayments in 2022.

MHEC provides information on the Student Loan Debt Relief Tax Credit program on MHEC's website and social media channels including LinkedIn, Facebook, and Twitter for the 2021 tax credit year. All three social media channels directed readers to MHEC's website. The social media campaign, which began on July 15 and ended on September 15, resulted in 47,074 page views where each individual was instructed how to apply for the Tax Credit. In addition, the Comptroller of Maryland Office posted information on the Student Loan Debt Relief Tax Credit on the website.

Moving into the next enrollment period, MHEC will begin utilizing Instagram as another social media channel to reach a different demographic of Maryland residents who are expected to have interest in the Student Loan Debt Relief Tax Credit. Two new podcasts have also been produced which promote the tax credit program and instruct Maryland residents on how to successfully complete an application. The podcasts are located on the MHEC website and will be promoted on MHEC's four social media channels. MHEC will also work with the Comptroller's office to post information on the tax credit earlier on their website.

Pg. 23 - The Secretary should comment on the one report that has not yet been submitted, why MHEC has not been able to submit reports on time, and why MHEC has yet to submit the State Plan, which currently is over seven months late.

MHEC takes requests for reports seriously and agency staff work diligently to provide informative data and recommendations to the legislature. Many reports are not written in isolation and require engagement from specialized individuals at the colleges and universities or in collaboration with other agencies. Coordinating schedules for meetings, obtaining, collecting, and reviewing relevant information or data, and actually drafting the report takes time – especially when we are engaging outside stakeholders. For

example, the “Students with Chronic Health Conditions” report required MHEC to work with the Maryland Department of Health (MDH). Drafting the report not only required review by the workgroup but also review from senior leadership at both agencies (as opposed to just one agency).

Additionally, some of these reports have a very short turnaround time. The JCR requests can sometimes come out as late as May. With fall due dates, this gives the agency only a few months to collect data, convene appropriate workgroups, schedule meetings, and draft a report. Additionally, some faculty and staff only hold 9-month contracts and are unavailable during summer months to join workgroup meetings. Again, MHEC takes these requests very seriously and puts in the time and effort to create high quality and informative documents.

For some of these reports, data is not available in time to meet the due date. For example, the “Best Practices and Annual Progress Toward 55% Completion Goal” report will likely never be completed by December 15 because the data are often not available to agency staff until mid-to-late November (specific to this report, we would recommend a January 30 due date).

To assist MHEC with providing requested information in a timely manner, MHEC would welcome the opportunity to discuss proposed due dates for specific reports before finalizing the requests. Similarly, MHEC welcomes the opportunity to discuss the content of a potential report as there may be existing reports or information worth reviewing instead. Additionally, when appropriate and as an alternative to a formal report, MHEC can coordinate “town hall” discussions with relevant stakeholders on specific topics. These kinds of discussions could potentially provide the legislature with the information requested in a more direct and timely manner.

Concerning the State Plan, a draft was circulated in December for public comment and a final draft is in process. MHEC will need to submit the final draft to the Commission for review and approval. The three primary goals will remain the same: student access, student success, and innovation. The draft includes eight “priorities” of focus for the next four years.

Finally, MHEC has had to address time-sensitive issues related to the pandemic, which has pulled agency staff away from standing duties such as responding to JCR requests. As a coordinating agency, MHEC has prioritized supporting our campuses in ensuring the safety of our students while continuing to provide a high-quality education.

Recommended Actions

Pg. 29 – 1. Add the following language to the general fund appropriation:

, provided that since the Maryland Higher Education Commission (MHEC) has had four or more repeat findings in the most recent fiscal compliance audit issued by the Office of Legislative Audits (OLA), \$100,000 of this agency’s administrative appropriation may not be expended unless:
(1) MHEC has taken corrective action with respect to all repeat audit findings on or before November 1, 2022; and

(2) a report is submitted to the budget committees by OLA listing each repeat audit finding along with a determination that each repeat finding was corrected. The budget committees shall have 45 days from the date of the receipt of the report to review and comment to allow for funds to be released prior to the end of fiscal 2023.

Explanation: The Joint Audit and Evaluation Committee has requested that budget bill language be added for each unit of State government that has four or more repeat audit findings in its most recent

fiscal compliance audit. The audit was released in June 2021, in which of the eight findings, five were repeat audit findings that pertain to Financial Assistance Program (R64I00.10) and Aid to Community Colleges (R62I00.06). However, these programs do not have administrative funds from which funding may be restricted. As a result, this language restricts a portion of its administrative budget within MHEC pending the adoption of corrective actions by MHEC and a determination by OLA that each finding was corrected. OLA shall submit reports to the budget committees on the status of repeat findings.

| Information Request | Author | Due Date |
|---|---------------|-------------------------------------|
| Status of corrective actions related to most recent fiscal compliance audit | OLA | 45 days before the release of funds |

MHEC Response: MHEC respectfully disagrees with this recommendation, as it will negatively impact MHEC’s administrative appropriation. In addition, MHEC has made considerable progress addressing the audit findings.

Impact on MHEC’s administrative appropriation: Excluding legal fees for the HBCU settlement and other restricted expenditure categories, MHEC’s FY 2023 general fund administrative appropriation is approximately \$6.7 million, with over eighty percent of this being employees’ salaries and wages. In addition, of the remaining (excluding salaries and wages) administrative appropriation, \$221,000 of this funding is allocated to support critical enhancements and maintenance of the MDCAPS system. Given the small FY 2023 administrative appropriation, withholding \$100, 000 of the administrative appropriation will negatively impact MHEC, as the agency may be forced to delay filling positions and/or reduce critical investments in the MDCAPS system. To ensure MHEC is successful in resolving the audit findings, it is imperative that the agency can fill vacant positions quickly and continue to invest in the MDCAPS system. As such, withholding \$100,000 in funding will negatively impact these two critical success factors.

Progress on audit findings: Currently, MHEC is working with the DBM audit and compliance unit, and meets with the DBM audit unit monthly. MHEC’s engagement with the DBM audit team started prior to the completion of the OLA audit. MHEC has fully implemented all the recommendations for three of the eight findings, and has partially addressed several of the other findings. Overall, the OLA audit included nineteen recommendations. MHEC has fully implemented twelve of the nineteen recommendations, and has partially implemented several of the other recommendations. Regarding repeat findings, MHEC has fully implemented the recommendations for two of the five repeat findings, and expects to have another of the repeat findings fully addressed on/or around March 15, 2022. MHEC expects to have corrective actions in place for all repeat findings by July 31, 2022.

2. Adopt the following narrative:

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

need-based aid and merit scholarships. Data should also include the number of institutional aid awards and average award size by EFC for tuition waivers/remissions of fees to employees and dependents and students. Waiver information for students should be reported by each type of waiver in State law. This report should cover fiscal 2021 data received by MHEC from State institutions and is to be submitted in an electronic format (Excel file).

| Information Request | Author | Due Date |
|--|---------------|-----------------|
| Institutional aid, Pell grants, and loan data by EFC | MHEC | June 30, 2022 |

MHEC Response: MHEC concurs with the recommended action.

3. Adopt the following narrative:

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

| Information Request | Author | Due Date |
|---|---------------|-------------------|
| Report on best practices and annual progress toward the 55% completion goal | MHEC | December 15, 2022 |

MHEC Response: MHEC respectfully disagrees with this recommendation.

The data that drive the bulk of this report are not released to the Research staff until late November or early December. This does not provide MHEC staff sufficient time to perform the data analysis, prepare the tables, review the institutional submissions, prepare the written narrative and follow the standard processes the agency has in place to have work proofed, edited, and approved.

MHEC respectfully requests a deadline of January 30. If this deadline does not provide DLS sufficient time to use the report for analyses, we suggest some alternatives to the format (e.g., dividing the report into two requirements – the data tables in Excel due to be submitted by January 5 and the narrative submitted by January 30; only a dashboard, with downloadable data, due to be released by January 5).

Additionally, MHEC respectfully recommends that the agency not be required to report on institutions’ lack of progress on best practices that are not being implemented. The agency is better suited to collect information on proven best practices rather than eliciting information from institutions on initiatives that institutions are not implementing effectively.