

OFFICE OF THE CHANCELLOR

University System of Maryland

Higher Education FY 2027 Budget Overview

Response to Department of Legislative Services Analysis

House Appropriations Committee

*Education and Economic Development
Subcommittee*

*Stephanie M. Smith, Chair
February 4, 2026*

Senate Budget and Taxation Committee

*Education, Business and Administration
Subcommittee*

*Nancy J. King, Chair
February 5, 2026*

- I. The chancellor and presidents of SMCM, MSU, MICUA, and MACC should comment on outreach efforts to encourage high school students to consider college and programs or initiatives to increase accessibility, affordability, and student services to ensure student success. Also, comment on how institutions are re-engaging the SCNC population and efforts to keep students from stopping out.

OUTREACH

Access to the USM means little if prospective Maryland students don't know who we are and what we can offer them. In 2024, the General Assembly requested data from each of our universities showing their success in attracting and enrolling first-time students from every region of the state.

The request covered universities' in-state *outreach* (practices to recruit Maryland students) and their in-state *outcomes* (applications, admissions, and enrollment by every Maryland high school). Per HB678 (2024), each university now submits an annual report to the legislature updating their outreach efforts to communities of interest in Maryland.

UNIVERSITY STRATEGIES

The recruitment strategies our universities use are both narrow and expansive, traditional and contemporary, high-touch and high-tech, personalized and broad. For instance, they host high school counselors at university events and invite them to sit on advisory boards. Their admissions staff visit high schools, community centers, and churches. They partner in community events, and open up their universities to prospective students and their families. At the same time, they use geofencing to target and push messaging

to key audiences. They use multiplatform social media campaigns and texting sessions to engage prospective students and remind them to submit their applications on time.

Our universities don't just recruit students across the state, although they do that, too. They use data to understand whom they're *not* reaching. They work extensively with well-known nonprofits—like the CollegeBound Foundation and First Generation College Bound—as well as smaller community-based and religious organizations to meet students and families where they are. These partnerships have been particularly effective in attracting first-generation students.

One area of recruitment we've expanded is outreach to Hispanic students. Salisbury University, for instance, places Spanish-language radio ads and hosts a Spanish-language webinar for families. Frostburg State University has seen a 6% climb in Hispanic applications over last year—a credit, in part, to efforts like geotargeted digital and streaming radio advertising and a Spanish-language micro-website.

The University of Maryland, College Park, meanwhile, has focused attention on students from rural communities. UMD is among 16 founding universities in the STARS College Network (a group that's since doubled in size), which expands and coordinates efforts to engage, support, and build pathways into college for small-town and rural students.

Towson University and UMBC have stepped up outreach to Baltimore City students. Towson offers a three-day, on-campus residency experience for rising juniors and seniors from city schools. UMBC offers a summer bridge program for city students and partners with the college-access organization College Track to expand the university's pipeline of Baltimore City students and meet their full financial need.

ACCESS | AFFORDABILITY | SUCCESS

Our universities sponsor hundreds of initiatives to open access to a USM education and ensure students' success once they're enrolled. In addition to these university-specific efforts, the System Office works across the state to reinforce the student pipeline from Maryland K12 schools into the USM.

CONVENING THE PIPELINE

We convene high school counselors to make sure they fully understand transfer, dual enrollment, scholarships, and the strengths and characteristics of each USM university. For instance, we hosted the Maryland State Counselors Association to talk about encouraging Maryland learners to stay in state and about advising with dual enrollment pathways in mind. Another annual event brings together hundreds of staff at Maryland's two- and four-year colleges to improve the student transfer experience.

This education helps high school and community college counselors provide better advising to students. It helps counselors and advisors point their students toward pathways that align with their goals and that get them to those goals as efficiently as possible. The ultimate aim, of course, is to bring these students into the USM, fully equipped for success.

STRENGTHENING SUCCESS

Advancing that goal is another initiative we've recently implemented Systemwide: ABCs for Student Success is a peer-to-peer mentoring program helping first-time, first-generation, and underserved students

navigate sometimes-complex university structures. The City University of New York operates a comparable program and has seen an 11% improvement in retention among underserved students. We hope for similar results over time.

EARLY COLLEGE

Early College remains a USM priority because we believe strongly that it's among the most effective ways to achieve our access goal while addressing some of the state's most critical workforce needs.

Early College is a structured pathway into higher education, primarily targeting low-income students who might not have considered college an option for them. Early College reinforces access with wraparound support—intentional advising, tutoring, and clear course sequencing. It's tightly aligned to career pathways and builds transferable college credits up to an associate degree.

In partnership with Empower Schools, the USM has taken a close look at where Maryland stands in Early College access and participation. That analysis shows that Maryland is falling behind, ranking 43rd nationally in dual enrollment participation.

The USM remains fully committed to this work, and our universities are sustaining their Early College efforts. In partnership with Empower, they're focused on expanding high-quality, workforce-aligned pathways—particularly in education, health care, and cybersecurity—that *keep* Maryland students in Maryland. We look forward to continuing our work with the General Assembly to strengthen and grow these opportunities statewide.

REGIONAL HIGHER EDUCATION CENTERS

Of course, we have a longstanding and unique *structural* strategy designed expressly to open access to the USM. Our three regional higher education centers (RHECs)—the Universities at Shady Grove (Montgomery County), the USM at Hagerstown (Washington County), and the USM at Southern Maryland (St. Mary's County)—allow thousands of students each year to pursue a degree that might otherwise be out of reach.

RHEC students enroll in a USM university but take their classes near their home, which defrays costs and prioritizes convenience. On average, our RHEC students are older than traditional undergraduates, and their credit load is lighter, allowing most to hold down a job. This is intentional: The centers are meant to help students with significant work and family obligations—students tethered to their communities—pursue a USM degree.

The centers maintain close relationships with the community colleges where most of their students start their education, and advance our efforts to provide clear and efficient transfer pathways. The System Office is working closely with each RHEC to grow the number of students taking advantage of its programs.

NEED-BASED FINANCIAL AID

As individual universities and as a System, we've invested significantly in financial aid as a means of attracting, retaining, and graduating students, especially those whose need might otherwise prevent them from going to college or remaining enrolled.

Last year, our universities awarded \$107.2 million in institutional aid to high-need students, a 68% climb in just five years. This growth has been a priority for us—and for the state. In FY23, \$20 million was included in the System’s budget to disburse more aid to high-need students. The following year, the General Assembly approved a \$150 million quasi-endowment established by our Board of Regents to provide additional support to Maryland learners with financial need. The investment income produced by that endowment adds up to \$6.4 million each year to the aid we provide.

This money does *more* than make a college education possible for Maryland students; it has a demonstrable impact on their success. Among first-time USM students who received university aid last year, 85% were retained to their second year, and 67% graduated within six. Without university aid, 74% of first-time students persisted to their second year, and 53% graduated within six. (This FY20 student cohort was the one whose college-going plans were most severely affected by the pandemic.)

Among students who came to the USM from a Maryland community college, the success gap is wider still: 85% who received aid were retained to their second year, and 74% graduated within six. Without aid, 73% were retained to year two, and 54% graduated within six.

We understand that access and success depend on more than money alone. And our universities engage in expansive efforts to recruit Maryland students and help them succeed. But we know that financial barriers are often the toughest to surmount: You either have the money to attend college or you don’t. If we can remove that barrier—both by keeping our tuition affordable and by meeting any financial need that remains for our students—then it’s our obligation to do exactly that.

SOME COLLEGE, NO CREDENTIAL

All of our universities have initiatives aimed at reenrolling students who have stopped out of college. These efforts are most intensive in the 18 months following the stop, the window during which non-completers are most likely to be reenrolled and most easily get back on their degree path.

With online options made available during the pandemic, many of our universities adopted digital platforms to engage with these students, accommodating their schedules and their unique pressures, goals, and needs. It bears mentioning that the University of Maryland Global Campus, whose structure and supports have always benefited older and part-time students, is a national force in this effort.

SIMPLIFYING READMISSION

Our universities have simplified readmission processes so that they don’t deter returning students, and some have developed interdisciplinary majors with built-in flexibility that allow students to complete their degrees without starting over in a major. USM universities serving a higher percentage of older and working students have developed more flexible continuous enrollment policies at the undergraduate level, so that students who have had to stop out of their education for a few semesters can reenroll without reapplying for admission.

NEAR-COMPLETER PROGRAMS

Every USM university has some version of a near-completer program, aimed at luring back stopped-out students who are within about 30 credits of graduation. Some have reached out to students with outstanding

balances and negotiated payment plans with them. In fact, the USM Foundation offers universities scholarship funds targeted to students in these near-completer programs.

REVERSE TRANSFER

Our universities also help students through the reverse transfer process, transferring credits from their university to a community college. Reverse transfer helps prevent students from leaving a four-year school—even for a short while—with no credential to show for the time and money they invested there.

2. The chancellor and presidents of MSU, SMCM, MICUA, and MACC should comment on efforts being taken to increase enrollment and completion in teacher preparation programs.

We're proud that 79% of all education degrees awarded in Maryland are conferred by a USM university. Still, we know that Maryland's critical teacher shortage demands that we do more. We're addressing this shortage through coordinated, statewide strategies that expand access to preparation programs, reduce barriers to licensure, and align pathways with districts' workforce needs—particularly in high-need subject areas and regions.

All USM universities with educator preparation programs meet every month to develop Systemwide strategies to bring more teachers into Maryland classrooms. Following are examples of these efforts.

USM ALTERNATIVE LICENSURE CONSORTIUM

This cross-institutional, online, asynchronous, and self-paced licensure-only program allows conditionally licensed teachers to flexibly access their teacher preparation coursework and receive specialized coaching. Salisbury University and the University of Maryland, College Park received MHEC grants to support this developing work.

TEACHING APPRENTICESHIPS

Salisbury University and Frostburg State University were selected by MSDE as early partners to develop teaching apprenticeship programs. With a grant from the National Association of Higher Education Systems, the USM will expand apprenticeship programs across Maryland.

PARAEDUCATOR PATHWAYS

Several USM universities have established paraeducator-to-teacher pathways (at the bachelor's and master's levels), accelerating entry into the teacher workforce while supporting degree completion.

TRANSFER ALIGNMENT

The USM convenes Maryland's Associate of Arts in Teaching Council to strengthen and streamline transfer pathways from community colleges to four-year teacher preparation programs.

EARLY COLLEGE PIPELINE

The USM is working with partners in Southern Maryland to launch an Early College program, enabling students to earn college credit toward a teaching degree while still in high school.

UNIVERSITY STRATEGIES

These Systemwide initiatives are essential, but they're far from the extent of our efforts. For instance, our universities are expanding their teacher preparation programs to include high-need concentrations. They're expanding their fully online programs and programs that offer credit for prior learning. They're winning grants to boost the size and diversity—racial diversity, gender diversity—of Maryland's teacher corps.

They're building their own partnerships with school districts and community colleges to reinforce the pipeline into teaching careers. They're innovating how they engage and develop professionals coming to teaching in a variety of ways and smoothing their path into the classroom.

Through Feds to Eds grant funding, Towson University is supporting more than two dozen displaced federal workers pursuing a teaching degree. For licensure students, Coppin State University offers no-cost Praxis and edTPA testing vouchers, creative test-prep resources, and staff dedicated to wraparound support.

Bowie State University has won \$1 million in MHEC grants to support 43 underrepresented paraprofessionals toward licensure across six Maryland school districts. This summer, the University of Maryland, College Park will pilot ExploreEd, a one-week program of field-based learning, career exploration, and college-admissions support, targeting underrepresented high school students interested in a teaching career.

3. The chancellor and presidents of MSU, SMCM, and MICUA should comment on the potential impact changes to federal loans will have on affordability, enrollment, and the State's workforce; and what efforts being taken by institutions to help students.

The USM enrolls roughly 8,000 students affected by new caps or cuts to federal loan programs. About three-quarters of them are graduate and professional students who will lose access to the Grad PLUS loan, which will be terminated this summer. Of those 6,000 students, half are professional students at the University of Maryland, Baltimore, and they account for nearly two-thirds of the total loan amount.

Among the programs impacted is medicine, where 40% of our students borrow through Grad PLUS. Physicians are critically needed in Maryland, especially in rural regions. And we fear that dismantling access means we'll lose aspiring providers, who may alter their academic plans without the guarantee of sufficient funding.

Less harmful to the USM is the OBBBA's cap on Direct Unsubsidized loans for professional students—\$50,000 a year, with an aggregate cap of \$200,000. Our analysis shows that very few USM students—under 50—would have difficulty with those loan limits.

On a potentially positive note, while the graduate cap for Direct Unsubsidized loans drops from \$138,500 to \$100,000, undergraduate Direct loans are no longer included in that cap—a change that may benefit some borrowers.

On the undergraduate side, we have 2,000+ students affected by new caps to the Parent PLUS loan, which limits borrowing to \$20,000 a year—and \$65,000 total—for each dependent student. Families that qualify for the PLUS loans may have other options, but those options will almost certainly have higher interest rates.

It's a great credit to the USM's affordability that the overwhelming majority of in-state undergraduates simply don't have loan totals high enough to risk losing access to them.

But, of course, our universities' financial aid offices are working closely with *all* students potentially affected by these new federal loan rules to ensure they can access the funds they need to complete their degrees—without being harmed by private loans that come with few protections for the borrower.