
**EVALUATION OF THE OFFICE OF
STUDENT FINANCIAL ASSISTANCE**
DECEMBER 2022



OFFICE OF PROGRAM EVALUATION AND GOVERNMENT ACCOUNTABILITY
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

Evaluation of the Office of Student Financial Assistance

**Department of Legislative Services
Office of Program Evaluation and Government Accountability
Annapolis, Maryland**

December 2022

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF PROGRAM EVALUATION AND
GOVERNMENT ACCOUNTABILITY
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
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December 19, 2022

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee
Delegate Mark S. Chang, House Chair, Joint Audit and Evaluation Committee
Members of the Joint Audit and Evaluation Committee

Dear Senator Lam, Delegate Chang, and Members:

At the request of the Executive Director of the Department of Legislative Services, the Office of Program Evaluation and Government Accountability has conducted an evaluation of the Office of Student Financial Assistance (OSFA), a unit of the Maryland Higher Education Commission (MHEC). This evaluation was performed consistent with § 2-1234 of the State Government Article.

Chapter five includes seven recommendations and options for improving the efficiency and effectiveness of OSFA. Appendix B contains draft bills related to some of these recommendations and options. MHEC's response is included as Appendix A.

We wish to express our appreciation for the cooperation and assistance provided by OSFA and MHEC.

Respectfully submitted,

Michael Powell
Director

MP/mpd

cc: Senate President Bill Ferguson
House Speaker Adrienne A. Jones
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Contents

Letter of Transmittal	iii
Executive Summary	vii
Chapter 1. Introduction and Overview	1
Purpose and Scope	1
Chapter 2. Delegate Howard P. Rawlings Educational Excellence Awards Program	3
Delegate Howard P. Rawlings Educational Excellence Awards Program	3
Statutory Eligibility Criteria	5
Regulatory Eligibility Criteria	6
Administrative Eligibility Criteria	6
Application Process: How Maryland Residents Can Seek an EEA Grant.....	8
Other State Grant Models	11
Virginia	13
Pennsylvania	14
Financial Need of Maryland’s Undergraduate Students.....	16
Chapter 3. Structural Issues	33
Eligibility Criteria for EEA Grants.....	37
Age and Immediate Enrollment Requirement for GA	38
GPA Requirement for GA	40
Full-time Requirement for All EEA Grants.....	41
Renewals.....	42
March 1 Deadline for FAFSA.....	45
Accepting an Offered Award	47

Chapter 4. Administrative and Process Issues	49
Marketing and Awareness.....	51
High School Transcripts and Income Verification	56
GPA Verification	57
Income Verification	58
Award Acceptance	59
Chapter 5. Options for Consideration	63
Maryland College Aid Processing System (MDCAPS) Account Creation	63
Budgeting.....	63
Transcripts.....	64
Income Verification	68
Acceptance of Award.....	69
Age Eligibility.....	70
Structure.....	70
Recommendations.....	71
Appendix A. Response from the Maryland Higher Education Commission	73
Appendix B. Draft Bills	87
Appendix C. Maryland’s Student Financial Aid Programs, Fiscal Year 2023	125
Appendix D. Methodology	127
Appendix E. Transcript Upload Agreements with MHEC	129
Appendix F. Recent and Upcoming Changes to State Student Financial Aid	131
Appendix G. Organizational Structure of MHEC	135
Appendix H. Maryland Financial Aid Awards by Program, Fiscal 2021	137
Appendix I. Evaluation Request Letter	139

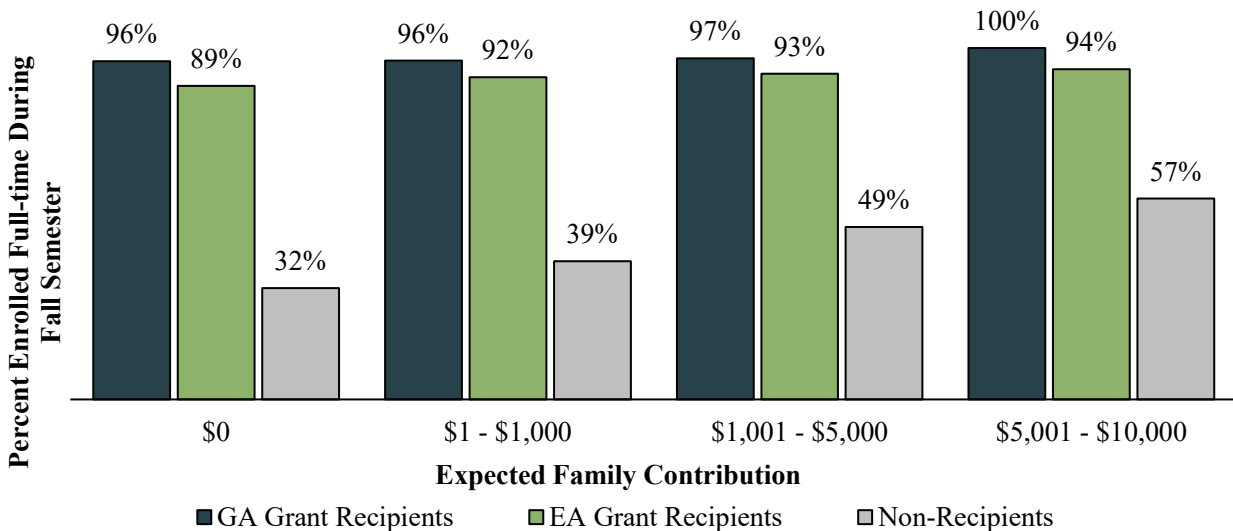
Evaluation of the Office of Student Financial Assistance Executive Summary

The Office of Student Financial Assistance (OSFA) within the Maryland Higher Education Commission (MHEC) awards State financial aid each year to help Maryland students attend in-state post-secondary educational institutions. Most State aid comes from the Delegate Howard P. Rawlings Educational Excellence Awards (EEA) Program.

The EEA Program has two main grant categories: Guaranteed Access (GA) Grants for the neediest students; and Educational Assistance (EA) Grants for low- and moderate-income students. All EEA Grants require full-time enrollment. GA Grants also require high school seniors to have a minimum grade point average and enroll within one year after high school.

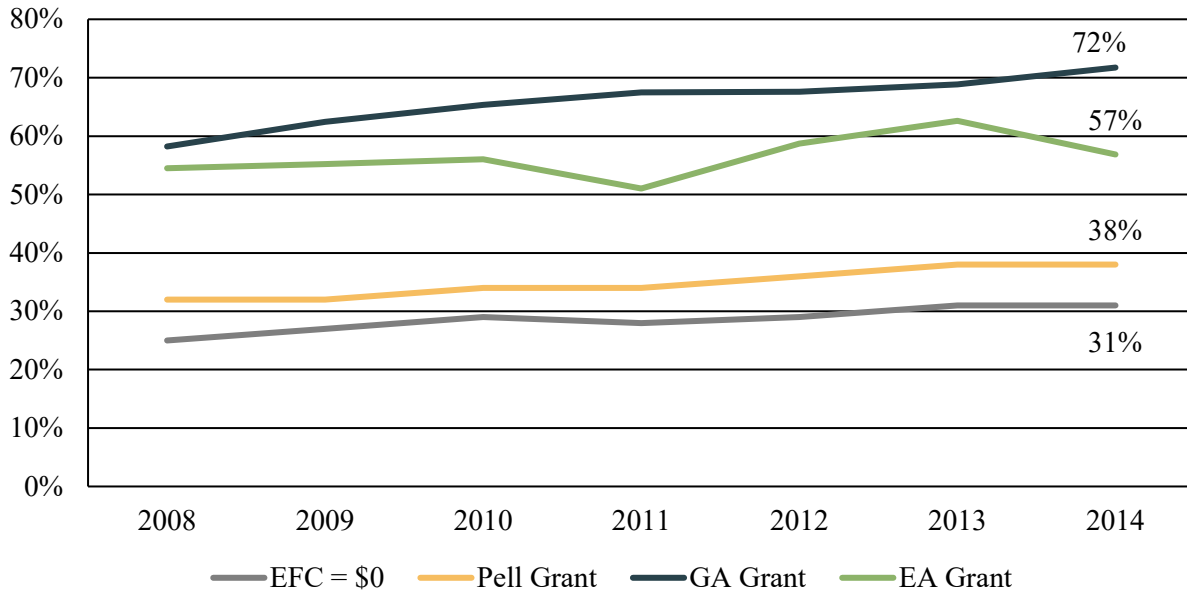
EEA Grants help low-income students enroll in college full-time. High school graduates in Maryland from low-income families are less likely to pursue an undergraduate degree than those from higher-income families.

**Percentage of Low-income Students Enrolling Full-time
Grouped by EEA Grant Status and Expected Family Contribution
Fall Semesters 2014-2020**



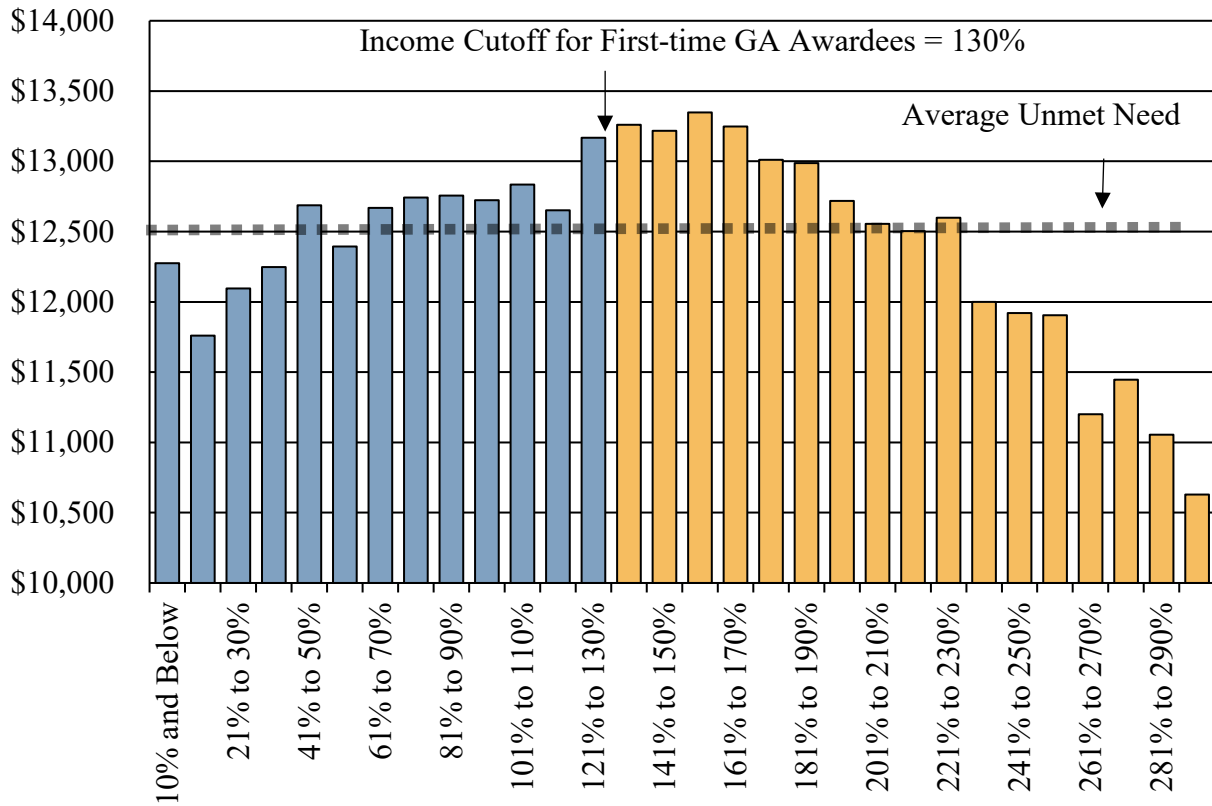
Most undergraduates awarded an EEA grant during their first year of school obtain a degree by age 25. GA recipients renewed their grants for a fourth year at three times the rate of EA recipients. Around two-thirds of GA Grant recipients graduate by age 25.

Degree Completion Rates, by Grant Type



Undergraduates just above the income cutoff for GA Grants have the largest remaining financial need. After family contributions, grants, and scholarships, in-state undergraduates with household incomes just above 130% of poverty (the income cutoff for initial GA Grants) had the largest remaining financial need to cover the cost of attendance. EA grantees just above the income eligibility cutoff for GA Grants needed \$7,000 more to meet the cost of attendance than GA grantees just below the income eligibility cutoff for GA Grants.

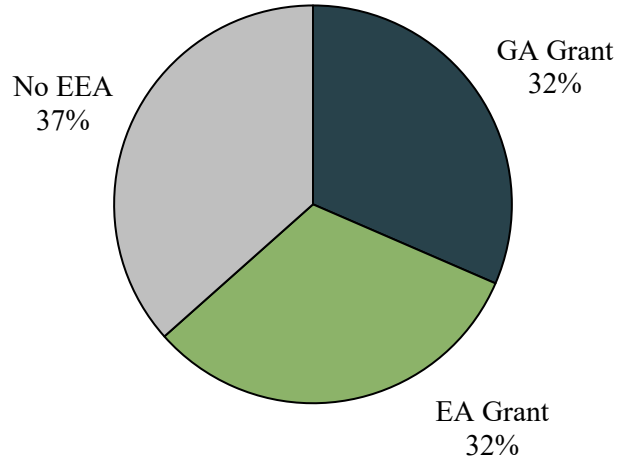
Average Unmet Need by Income



EA Grants have been capped at \$3,000 since 1996. In contrast, State law has allowed the maximum GA Grant to grow with the cost of attendance (up to \$19,400 in fiscal 2021).

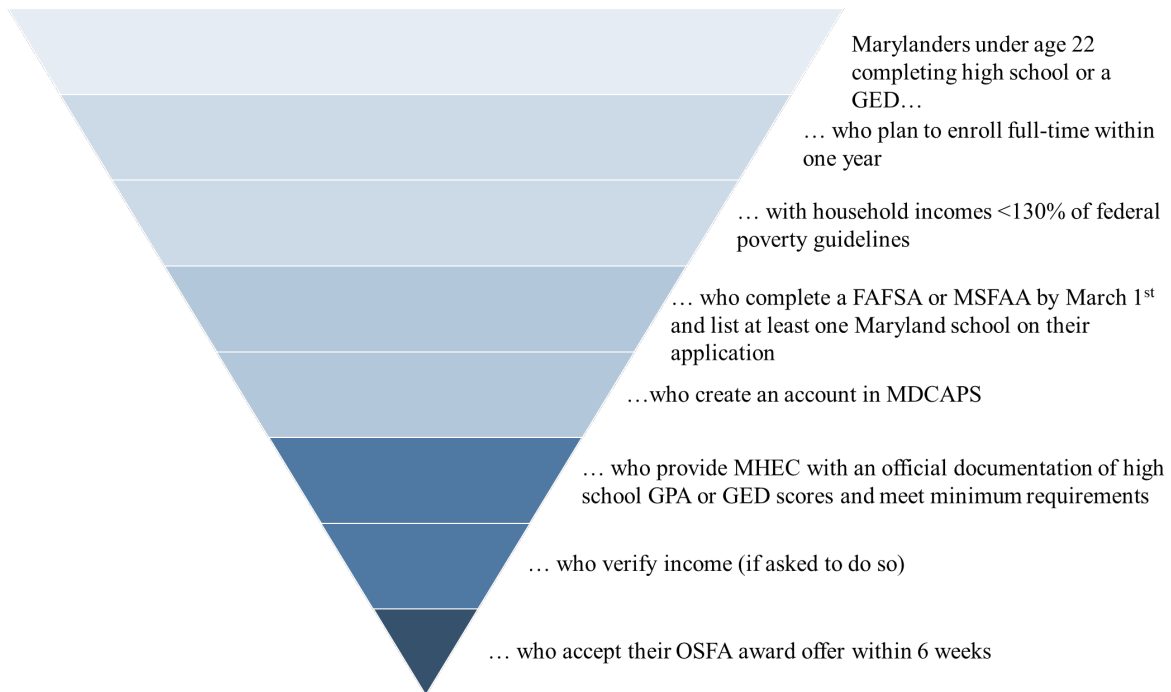
Many of Maryland’s lowest income undergraduates have not received EEA Grants. Of the full-time undergraduates who were potentially eligible based on income, 32% got an EA Grant instead of a possibly larger GA Grant.

Percentage of Potentially-eligible Maryland Undergraduates Academic Year 2020-2021



High school students must overcome many hurdles to receive a GA Grant. Eligibility criteria and application procedures limit the number of students awarded an initial GA Grant.

Student Hurdles to an Initial Guaranteed Access Grant (Within the Rawlings Educational Excellence Awards Grant Program)



OPEGA recommends making the process by which high school students document their eligibility for an initial GA Grant more efficient.

OPEGA found that incomplete official high school transcripts and incomplete documentation for income verification were the main reasons for incomplete GA Grant applications.

Options to streamline academic eligibility documentation for GA Grant applications include:

- Allowing MHEC to accept high school transcripts earlier, after an applicant's junior year.
- Requiring all school systems to upload official high school transcripts to MHEC.
- Relying on postsecondary admissions and satisfactory academic progress after enrollment to suffice for both GA and EA Grant eligibility.

Options to streamline income eligibility documentation for GA Grant applicants include:

- Developing a memorandum of understanding between MHEC and the Comptroller's Office to verify the State income tax return status and income level for financial aid applicants.
- Waiving MHEC income verification for FAFSA completers who were federally income verified.
- Limiting the portion of GA Grant applicants subject to MHEC income verification to 25%.
- Allowing applicants to be income-qualified for an initial GA Grant based on their family's existing enrollment in a public assistance program that required demonstrating the same level of poverty.
- Accepting income reported in the FAFSA, either using the U.S. Internal Revenue Service data retrieval tool or self-attested, under penalty of perjury for those who knowingly falsify their income information.

Neighboring states offer alternative models for State financial aid programs.

Based on those models, options to modify the EEA Program include the following:

- Allowing students to accept an EEA Grant when they enroll at an institution without having to actively accept the offer from MHEC. Pennsylvania uses such a grant award system.
- Awarding GA and EA Grants as a continuous grant program with a sliding scale for income, as is done in Pennsylvania.

- Decentralizing the award process by pre-allocating EEA funds to postsecondary institutions and allow institutions to offer EEA grants directly to students, as is done in Virginia.

Chapter 1. Introduction and Overview

The Office of Student Financial Assistance (OSFA) is the office within the Maryland Higher Education Commission (MHEC) that administers a variety of financial aid programs to help students receive a postsecondary education. The largest of these, both in terms of awards and budget, is the Delegate Howard P. Rawlings Educational Excellence Award (EEA) Program.

Purpose and Scope

The Executive Director of the Department of Legislative Services requested the Office of Program Evaluation and Government Accountability (OPEGA) conduct an evaluation of OSFA. OPEGA focused the evaluation on the efficiency and effectiveness of the EEA Program.

Research questions addressed by this program evaluation are as follows:

Research Question #1:

1. What is the total amount of annual financial need for Maryland residents to pursue in-state postsecondary education?

Research Questions #2 to 6 are specific to the EEA Program:

2. How many Maryland residents apply for an EEA Grant but do not get one, and why?
3. What do applicants for EEA Grants identify as factors influencing whether they get an award?
4. What issues limit MHEC's ability to administer the EEA Grant Program more efficiently?
5. Is the EEA Grant renewal process effective in supporting existing EEA Grant recipients?
6. How many EEA Grant recipients have completed their intended degree by the end of the grant term?

Research Question #1 addresses all types of aid whereas Research Questions #2 to 6 address one specific financial aid program in Maryland: EEA Grants. (**Appendix C** describes the array of aid types in Maryland for fiscal 2023.) OPEGA's methodology is included as **Appendix D**.

Chapter 2. Delegate Howard P. Rawlings Educational Excellence Awards Program

Delegate Howard P. Rawlings Educational Excellence Awards Program

The Delegate Howard P. Rawlings Educational Excellence Award (EEA) Program is administered by the Office of Student Financial Assistance (OSFA) within the Maryland Higher Education Commission (MHEC). The EEA Program provides aid to in-state undergraduate students with the greatest financial need.

The EEA Program awards two primary types of grants – Guaranteed Access (GA) Grants for the neediest students, and Educational Assistance (EA) Grants for low- and moderate-income students. (There is a third type of grant for students who miss GA and EA application deadlines called Campus-Based Educational Assistance Grants (CBEAG). These limited number of grants are made by institutions after school has begun.)

1. **GA Grants** are awarded to undergraduate students from low-income households with a minimum high school GPA of 2.5. Initial GA applicants must be under age 22 and within one year of high school to receive their first award. GA Grants cover 100% of financial need up to the annual costs of a full-time resident undergraduate at a four-year public institution (with certain limits). For fiscal 2021, the maximum GA award amount was \$19,400, the minimum award amount was \$400, and the average GA Grant was \$12,117.

Next Generation (NextGen) Scholars-GA Grants are GA Grants awarded to students who prequalify prior to senior year of high school. The first cohort received GA Grants in fiscal 2021.

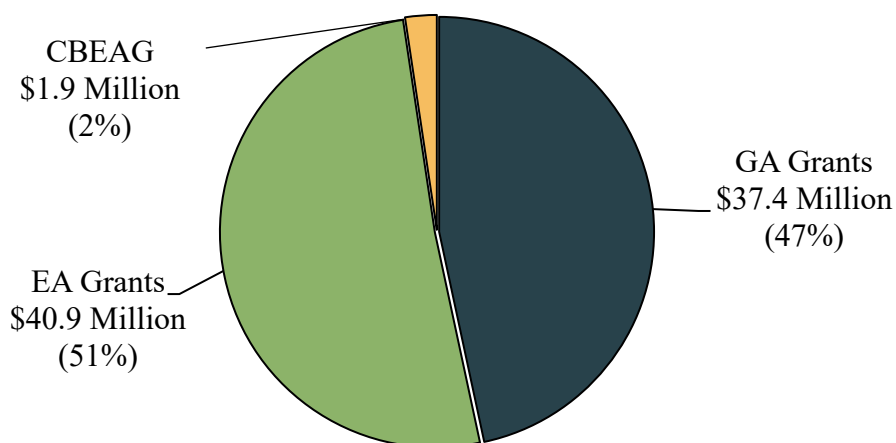
2. **EA Grants** are awarded to full-time undergraduate students from households with financial need. EA eligibility has no age limit, minimum GPA, or State income verification. EA Grants range from \$400 to \$3,000 per year; in fiscal 2021, the average EA Grant was \$2,185.
3. **CBEAG** are EA Grants provided by institutions to students who missed Maryland's Free Application for Federal Student Aid (FAFSA) March 1 deadline. Institutions select the student recipients. MHEC allocates about \$2 million per year of EEA funds for CBEAG, which are distributed among post-secondary institutions based on the proportion of full-time Federal Pell Grant-eligible Marylanders at each institution. In fiscal 2021, the average CBEAG award was \$1,868. CBEAG awards are renewed as EA Grants to the following year.

All EEA Grants are for full-time students enrolled in degree-granting undergraduate programs. There is one budget appropriation that encompasses all three types of EEA Grants. GA Grant applicants are prioritized in the EEA grant awarding process. Once GA Grants are awarded,

remaining EEA funds are used for the smaller EA Grants. EEA Program Grants may cover tuition, fees, housing (room), and meals (board) at certain degree-granting in-state two-year and four-year institutions.

The EEA Program is Maryland's largest source of State-funded student financial aid. In fiscal 2021, the EEA Program awarded 22,798 grants for student financial aid. Expenditures from the single EEA appropriation totaled \$80.2 million across GA Grants, EA Grants, and CBEAG awards, as shown in **Exhibit 2.1**.

Exhibit 2.1
EEA Expenditures, by Grant Category
(Total Expenditure \$ in Millions; % of EEA Total)
Fiscal 2021



CBEAG: Campus-Based Educational Assistance Grant

EA: Educational Assistance

EEA: Delegate Howard P. Rawlings Educational Excellence Award

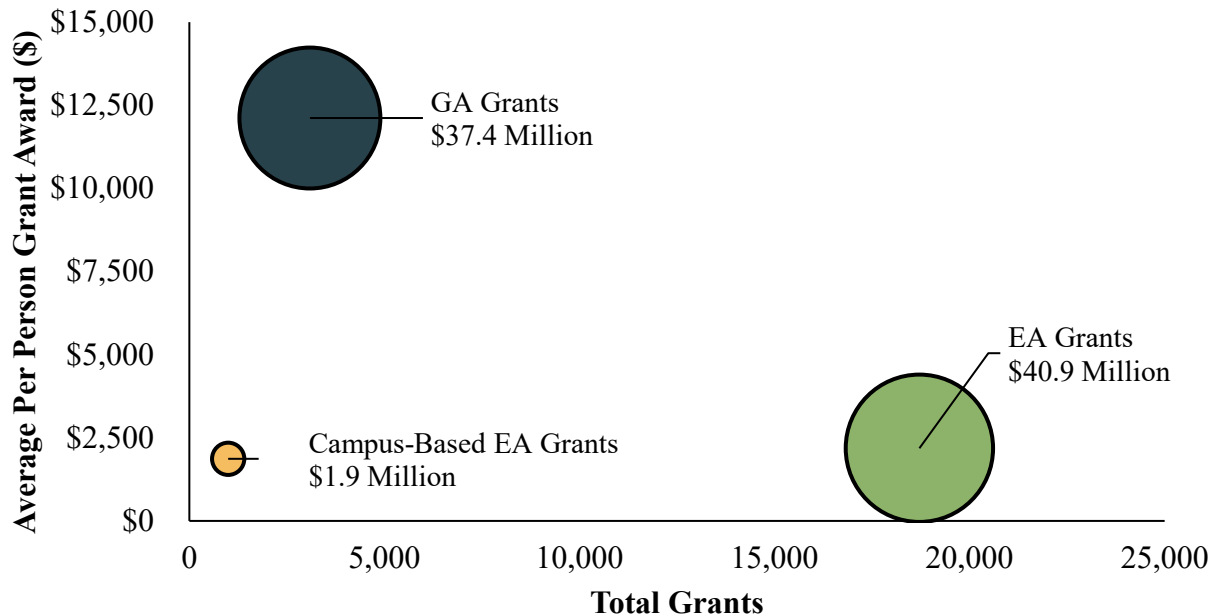
GA: Guaranteed Access

Note: Per MHEC staff, dollars represent the grant amounts awarded and accepted.

Source: Maryland Higher Education Commission 2022 Data Book

In fiscal 2021, 47% of EEA funds were awarded as GA Grants and 51% were awarded for EA Grants, as shown in **Exhibit 2.2**. Because individual EA Grants are smaller than GA Grants, in terms of the number of awards, EA Grants comprised 82% of all EEA Program awards, and GA Grants comprised 14% of all EEA Program awards. CBEAG awards accounted for 2% of EEA dollars awarded and 4% of all EEA Grant awards.

Exhibit 2.2
EEA Program – Comparison of GA Grants, EA Grants, and CBEAG Awards
Fiscal 2021



Bubble size indicates total expenditures.

CBEAG: Campus-Based Educational Assistance Grants
 EA: Educational Assistance
 EEA: Delegate Howard P. Rawlings Educational Excellence Award
 GA: Guaranteed Access

Source: Maryland Higher Education Commission 2022 Data Book

All student aid programs set eligibility criteria. Each criterion may become a factor that creates an issue for a student to receive a grant. **Exhibit 2.3** provides a matrix of Maryland's specific eligibility criteria for the EEA Grants. It distinguishes between eligibility criteria that originate in statute and those stemming from regulatory criteria or criteria under direct MHEC discretion.

Statutory Eligibility Criteria

State law sets certain eligibility criteria for EEA Grants. To qualify for the larger GA Grant, for example, State law sets a maximum age and minimum GPA at the end of the first semester of the senior year in high school.

Regulatory Eligibility Criteria

While statute generally states that EEA Grants are for students with the greatest financial need, the *Code of Maryland Regulations* specifies the income eligibility criteria for GA-Initial Grants as a total family income at or below 130% of federal poverty guidelines.

Administrative Eligibility Criteria

As the administrator of the EEA Program, MHEC must ensure EEA appropriations are spent as directed by the legislature and grantees meet the statutory and regulatory eligibility criteria. To implement the details of the program, MHEC has set administrative procedures and deadlines for EEA Grants. Applicants who do not meet the requirements and deadlines are ineligible for EEA.

Examples of administrative eligibility criteria for EEA Grants include a requirement that GA-Initial applicants upload an official high school transcript (rather than a copy of regular report card) and the requirement that 60% of GA-Initial Grant applicants be subject to MHEC income verification (rather than the minimum of 25% required in law). The details of these verification requirements are under MHEC's administrative control. Applicants who do not comply with them are ineligible for a GA Grant.

In setting its administrative criteria, MHEC must balance maximizing the ease of applying with the thoroughness of the verification process. The goals of ease of an application and thoroughness of verification can be at odds. More stringent income verification can require a more difficult application process. Striking such a balance requires a risk assessment. For example, the fewer the applicants flagged for income verification, the greater the risk some unqualified applicants will receive an EEA grant in error. Conversely, the more thorough the verification process, the more risk that qualified applicants will be unable to produce requested documents in time and be ineligible for a grant.

Exhibit 2.3 Eligibility Criteria for EEA Grants

	GA Grant	EA Grant
	<i>Initial</i>	<i>Renewal</i>
Statute	Qualify for in-State tuition	
	Demonstrate financial need (applicants are ranked by need)	
	Aged 22 or younger at time of first award	
	Enroll within 1 year of high school or GED	
	Income below poverty index set by MHEC	Continued Pell Grant eligibility
	Minimum high school GPA of 2.5 at the end of 1 st semester senior year OR minimum GED score of 165 in each module	Show satisfactory academic progress (SAP) toward a degree
	Enroll as a full-time student	Option to enroll 24-40 credits per year
Regulations	Annually file a FAFSA or MSFAA by Maryland's March 1 st deadline	
	Submit verification documents by MHEC's deadline (unspecified date)	
	Awardees must log onto MDCAPS to accept the EEA grant offer .	
	Maximum family income of 130% federal poverty or 150% if funds allow	
	At least 25% of GA Grant recipients must verify their income eligibility each year	An unspecified percent of new applicants must be verified by OSFA
MHEC Policy	Accept award offer within 6 weeks of notification	
	Adhere to specific MHEC deadlines for verification documents	
	At least 60% of recipients must verify income eligibility	
	Submit an official high school transcript or GED score through MDCAPS	

EA: Educational Assistance
 EEA: Delegate Howard P. Rawlings Educational Excellence Award
 FAFSA: Free Application for Federal Student Aid
 GA: Guaranteed Access
 GED: General Educational Development
 GPA: grade point average

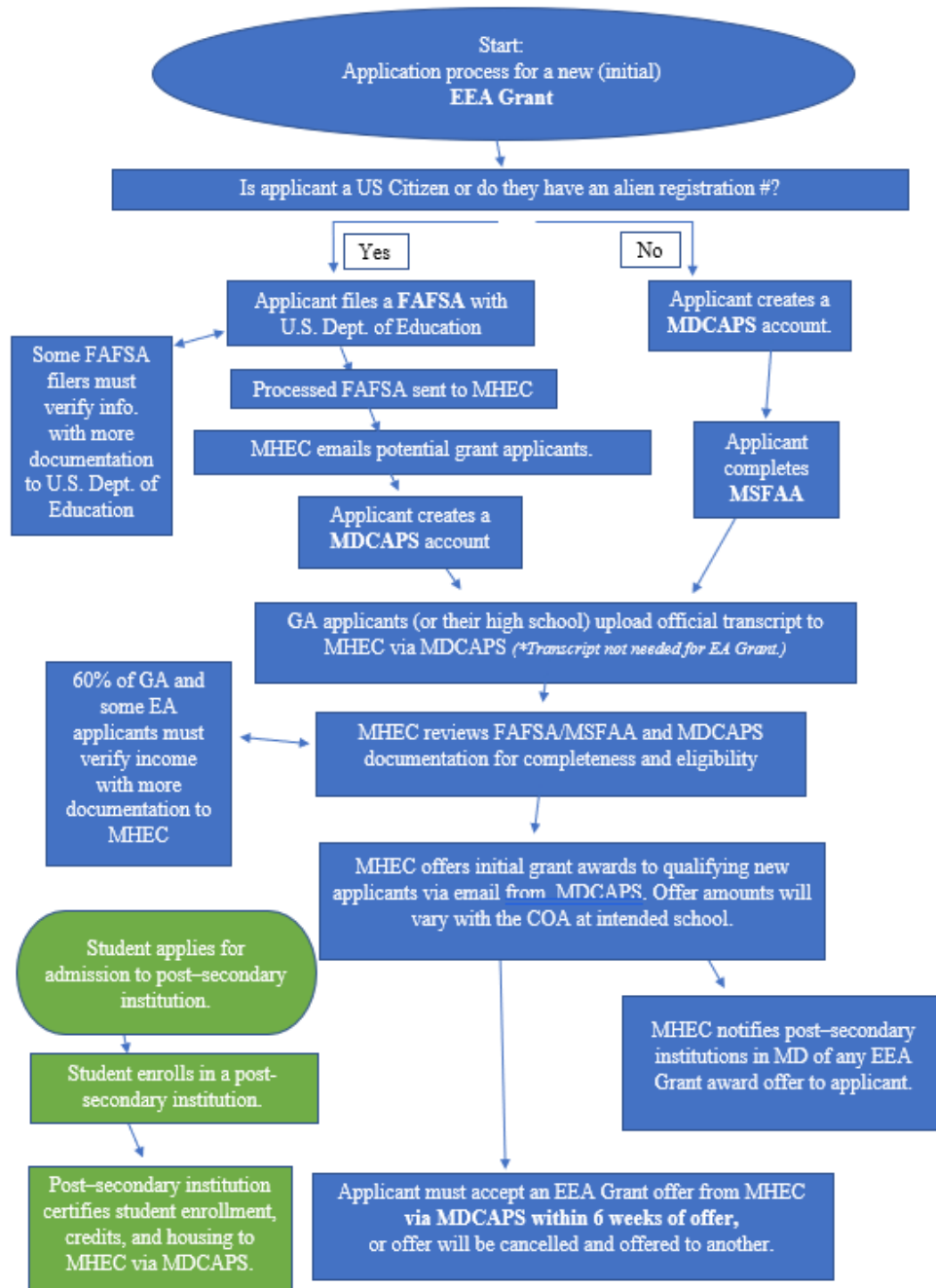
MDCAPS: Maryland College Aid Processing System
 MHEC: Maryland Higher Education Commission
 MSFAA: Maryland Student Financial Aid Application
 OSFA: Office of Student Financial Assistance
 SAP: satisfactory academic progress

Application Process: How Maryland Residents Can Seek an EEA Grant

MHEC automatically considers for an EEA Grant (GA or EA) all on-time (by March 1) Maryland resident FAFSA and Maryland Student Financial Aid Application (MSFAA) completers who listed at least one Maryland school on their form. Maryland residents ineligible to file a FAFSA with the U.S. Department of Education may file the alternate MSFAA directly with MHEC. Marylanders can submit a FAFSA for Federal aid after March 1, but only those FAFSAs submitted by March 1 are considered on time for State aid consideration.

Submission of the FAFSA or MSFAA is the first step to be considered for an EEA Grant. Applicants may need to upload additional documents to MHEC to verify their eligibility. MHEC pushes email notifications to each applicant about required documents and deadlines (as well as showing them on the MHEC website). Applicants must comply with any requested verification from MHEC to be eligible for an EEA Grant. The application process is demonstrated in **Exhibit 2.4**.

Exhibit 2.4 EEA Grant Application Process



COA: College Cost of Attendance
 EA: Educational Assistance
 EEA: Delegate Howard P. Rawlings Educational Excellence Award
 FAFSA: Free Application for Federal Student Aid
 GA: Guaranteed Access

GED: General Educational Development
 MDCAPS: Maryland College Aid Processing System
 MHEC: Maryland Higher Education Commission
 MSFAA: Maryland Student Financial Aid Application
 OSFA: Office of Student Financial Assistance

The FAFSA and MSFAA forms calculate an expected family contribution (EFC) using a federal formula.

MHEC determines a student's financial need using the following formula:

$$\begin{aligned} & \text{OSFA College Cost of Attendance (COA)} \\ & - \text{EFC} + \text{or} - \text{Regional Cost-of-living Adjustment} \\ & - \text{Certain state scholarship awards (if awarded)} \\ & - \text{Federal Pell Grant (if eligible)} \\ & = \text{OSFA Adjusted Financial Need.} \end{aligned}$$

An EEA Grant cannot exceed a student's cost of attending a post-secondary institution. If a student's EFC exceeds their cost of attending an institution, they have no demonstrated financial need at that institution. School COA can vary widely. In academic year 2020-2021, a student with a maximum Pell Grant of \$6,345 and an EFC of \$0 could have received a GA Grant anywhere from \$600 to \$19,400, depending on what school they attended.

MHEC identifies all students who are potentially eligible for an initial GA Grant and notifies them by email that they must upload an official high school transcript (or an official GED score) to demonstrate their academic eligibility for a GA-Initial Grant. In addition, 60% of potential GA-Initial Grantees are notified that they also must provide documentation for MHEC income verification. Applicants who meet all statutory criteria for age, income, and GPA/GED score and also document this by MHEC's administrative deadline are guaranteed a GA-Initial Grant offer. Applicants must accept this offer via MHEC's Maryland College Aid Processing System (MDCAPS) within six weeks of the offer.

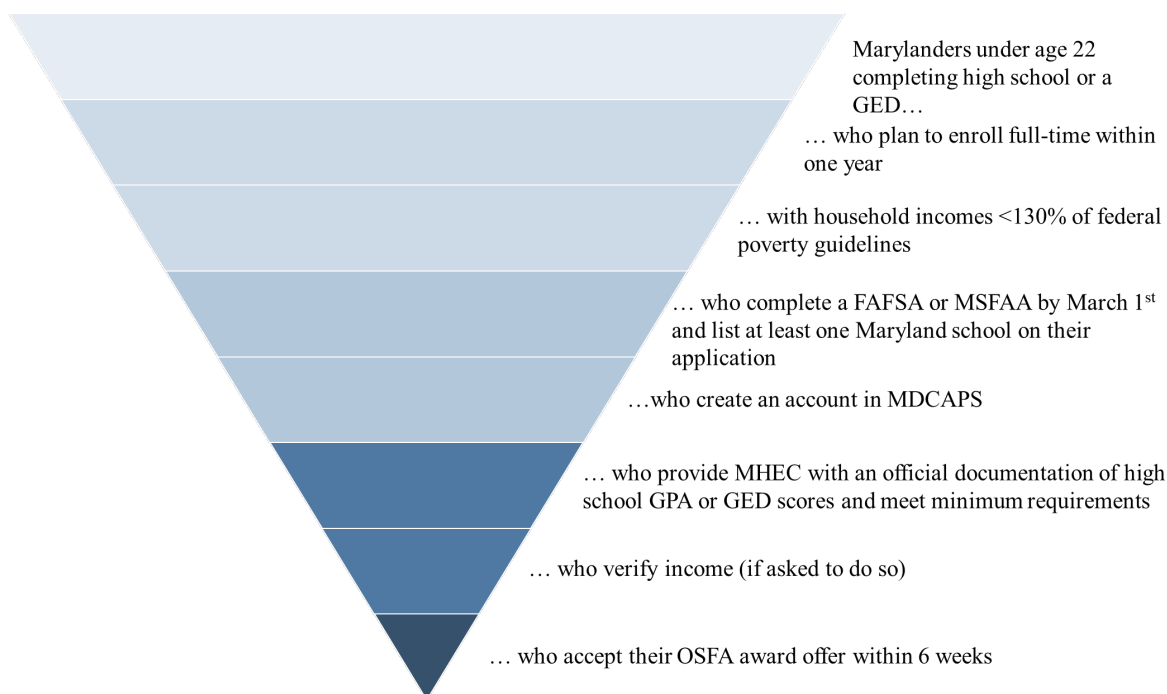
For all other students, MHEC ranks potential EA Grant recipients based on their EFC. MHEC sets an initial EFC cutoff each year. Applicants with an EFC above that cutoff are ineligible for an EA Grant. MHEC's goal is to exhaust the EEA appropriation according to the following priority: GA renewal; EA renewal; GA-Initial; and EA-Initial. MHEC sets the EFC cutoff for EA-Initial Grants by estimating (1) how many prior year EEA grantees (GA and EA) will renew their grants; (2) how many new applicants will accept their GA-Initial Grant offers; and (3) how much EEA funding remain for EA-Initial Grants.

Applicants with an EFC below MHEC's EFC cutoff are notified of their eligibility and offered an EA-Initial Grant. As with all other EEA Grant offers, students must accept the EA-Initial Grant offer in MDCAPS within six weeks of the offer. Grants not accepted are canceled and offered to applicants farther down the wait list.

MHEC places applicants with an EFC above MHEC's EFC cutoff on a wait list. These students may become eligible for an EA Grant as EEA funds become available. MHEC will raise its EFC cutoff and move down the EEA wait list as EEA funds become available, until the EEA appropriation is exhausted. MHEC sets its final EFC cutoff for the year in the fall semester.

The eligibility criteria listed in Exhibit 2.4, and MHEC application procedures have the combined effect of limiting the Maryland students who receive an initial GA Grant, as illustrated in **Exhibit 2.5**.

Exhibit 2.5
Student Hurdles to an Initial Guaranteed Access Grant
(Within the Rawlings Educational Excellence Awards Grant Program)



EEA: Delegate Howard P. Rawlings Educational Excellence Award
 FAFSA: Free Application for Federal Student Aid
 GA: Guaranteed Access
 GED: General Educational Development

GPA: Grade Point Average
 MDCAPS: Maryland College Aid Processing System
 MHEC: Maryland Higher Education Commission
 MSFAA: Maryland Student Financial Aid Application
 OSFA: Office of Student Financial Assistance

Other State Grant Models

The structure and administration of the EEA Program is distinct from other states' need-based financial assistance programs. A total of 40 states and the District of Columbia administer need-based financial assistance programs for low-income undergraduate students.

According to Virginia’s Joint Legislative Audit and Review Commission (JLARC), common goals for state-run need-based financial aid programs include the following:

- access to higher education;
- equity (defined both as within-institution equity and across-institution equity);
- institutional flexibility;
- attracting quality students to the institution;
- efficiency (defined both as minimizing administrative burden and targeting financial aid dollars to students more likely to “succeed”); and
- minimizing complexity (defined both as making the system more understandable to students and parents and simplifying administrative processes).

States design their financial aid programs to achieve these goals based on their unique context and priorities for higher education. **Exhibit 2.6** compares Maryland with two neighboring states, Pennsylvania and Virginia.

Exhibit 2.6
State Comparison of Need-based Financial Aid Programs
Maryland, Pennsylvania, and Virginia

State	Maryland	Pennsylvania	Virginia
State Agency	MHEC Maryland Higher Education Commission	PHEAA Pennsylvania Higher Education Assistance Agency	SCHEV State Council for Higher Education for Virginia
Primary Need-based Grant Program:	EEA Rawlings Educational Excellence Awards Grant Program	Pennsylvania State Grant Program	Virginia Guaranteed Assistance Program (VGAP)
Administrative Structure	Centralized	Centralized	Decentralized
Maximum Award (FY 21)	GA: \$19,400 EA: 3,000	\$5,750	Varies by institution; can include tuition, fees, and books
Basis: Individual or Institution	Individual	Individual	Institution

State	Maryland	Pennsylvania	Virginia
Merit-based Component to Eligibility	For GA: Yes, min. GPA 2.5/4.0 unweighted, or GED score 165/module. For EA: No	No	VGAP: Yes, 2.5/4.0
Need-based Income Limit	For GA-I: HH income \leq 130% FPG. For EA-I, ranked by EFC.	Yes	Varies by institution
Income Verification	For GA: Up to 60% of applicants	Automated	Not at the state level
State FAFSA Deadline	March 1	May 1 Aug. 1 for first-time applicants to community college; certain trade schools; hospital school of nursing; or some two-year programs	Varies by institution
Notification Date to Student of Award Offer:	May 1 (until AY 23-24)	(Under) Estimate in May, based on first choice school	Varies by institution; can be as shortly after admittance
FT/PT Enrollment Criteria	FT	FT or PT	VGAP: FT
Aid Guarantee	For GA, yes; For EA, no.	Yes	No
Separate Account	MDCAPS	Account Access	No
FAFSA "API" Link	No	Yes	N/A

AY: academic year

EA: Educational Assistance

FAFSA: Free Application for Federal Student Aid

GA: Guaranteed Access

GED: General Educational Development

GPA: grade point average

HH: household

FT: full-time

FPG: Federal Poverty Guidelines

PT: part-time

Source: Maryland Higher Education Commission; Pennsylvania Higher Education Assistance Agency; State Council for Higher Education for Virginia

Virginia

Based on information from the State Council of Higher Education for Virginia (SCHEV), conversations with Virginia officials, and Virginia's Joint Legislative Audit and Review

Commission's 2022 report "Higher Education Financial Aid Grant Programs and Awards", Virginia's need-based student financial aid system is decentralized to the post-secondary institutions. A student's need for financial aid is determined by federal formula, but an institution may adjust the need level based on its own review of data reflecting the student's economic circumstances.

In Virginia, eligibility criteria and award schedules vary across the institutions, but there are statutory guidelines and regulations that the institutions are supposed to follow when determining eligibility for an award and the award amount. The State Council of Higher Education for Virginia has oversight authority for the financial aid programs to ensure compliance with State regulations.

Virginia's major need-based programs are the Virginia Guaranteed Assistance Program (VGAP) and the Commonwealth Award.

Need-based financial aid in Virginia generally comes in the form of a "package" put together by institutional financial aid administrators. Constructing the financial aid package generally entails four main steps: (1) determining the cost of attending college; (2) deducting the cost of attending college from the amount the student and the family are expected to contribute; (3) deducting any "gift aid," such as a federal Pell grant or a scholarship; and (4) using the remaining balance, called "remaining need," to determine the amount of money awarded as a State grant.

- ***Virginia Guaranteed Assistance Program:*** This program is designed to encourage high school students to graduate and view college as a realistic expectation. A 2.5 high school GPA is required. It is administered by each institution using its undergraduate financial aid appropriations and applying its own award schedule. The neediest VGAP students, as determined by each institution, can receive the maximum award that covers tuition, required fees, and books. VGAP students must be full-time and maintain a 2.0 GPA in college.
- ***Virginia Commonwealth Award Program:*** This program provides grants to students who are ineligible for VGAP and are enrolled at least half-time. There are no GPA requirements. Only satisfactory progress toward a degree is required. Award amount is up to \$9,000 per academic year. Preference is given to the neediest applicants who do not qualify for VGAP.

Pennsylvania

Based on information from the Pennsylvania Higher Education Assistance Agency (PHEAA) and conversations with Pennsylvania officials, the Pennsylvania General Assembly established PHEAA as a public corporation and a government instrumentality in 1963. Today, PHEAA is a national provider of student financial aid services. PHEAA serves millions of students and thousands of schools through its loan guaranty, loan servicing, private student loan program, financial aid processing, outreach, and other student aid programs. PHEAA services student loans

that are owned by PHEAA or by third parties. PHEAA operates inside and outside of Pennsylvania. The agency has approximately 1,700 employees.

PHEAA's earnings are used to support its public service mission and to pay its operating costs, including administration of the Pennsylvania State Grant and other state and federally funded student aid programs.

PHEAA is governed by a 20-member Board of Directors. Four are appointed by the Governor, and 16 are appointed by the Pennsylvania legislature.

As shown in **Exhibit 2.7**, awards are scaled based on EFC. Recently, the maximum annual award was approximately \$5,800.

Exhibit 2.7
Pennsylvania State Grant EFC Percentages

<u>EFC Range</u>	<u>Percent of Need Met</u>
\$0 - \$4,000	50%
\$4,001 - \$6,000	38%
\$6,001 - \$8,000	32%
\$8,001 - \$10,000	27%
\$10,001 - \$12,000	14%
\$12,001 and above	5%

EFC: expected family contribution

Source: Pennsylvania Higher Education Assistance Agency

Pennsylvania appropriates funding annually to certain student financial aid programs. PHEAA administers these programs. For fiscal 2021, PSG received about \$311 million in appropriations.

PHEAA is able to verify an applicant's income, if necessary, by taking the income reported in the FAFSA and automatically comparing it to income reported to the Pennsylvania Department of Revenue.

Observation: The low-income applicant experience varies by state.

Consider the different experiences, by state, of a low-income person who is interested in a post-secondary education. Assume that person is at 100% of poverty level, which is about \$27,000 annual income for a family of four, and completed a FAFSA.

In Maryland, that person can apply for a GA-Initial Grant as long as they:

- graduated from high school less than one year ago;
- are less than 22 years old;
- create an MDCAPS account;
- had a 2.5 or better GPA through their first semester of their senior year, and can document the GPA by March 1 with an official transcript; and
- verifies their income, if required.

If that person meets the aforementioned criteria and includes (and ultimately enrolls in) a Maryland school as a fulltime student, they will be offered an award that meets their full financial need (including tuition, fees, room, and board), up to around \$19,000 per year. They would be notified of the award before May 1. They would need to accept the award in MDCAPS, and it would be paid directly to the institution where they enroll. Students enrolled parttime would not be eligible for the award.

If that person is unable to meet the requirements for the GA-Initial Grant, they may still be able to get an EA-Initial Grant, with a maximum grant of \$3,000 per year.

In Pennsylvania, that same person would be eligible for an award after completing the FAFSA, including a Pennsylvania school, and answering a few additional questions unique to Pennsylvania, which can be accessed directly from the FAFSA application. No further information is required. That person would be notified of an estimated award amount in May. The final award amount would be determined in the summer, and the award would be paid directly to the institution where the person enrolls. Recently, the maximum award amount that person could receive was approximately \$5,750 per year. Students can receive reduced awards if they enroll part-time.

In Virginia, that same person would not be guaranteed aid. State financial aid is distributed to public and private post-secondary institutions in Virginia. The institutions can offer that funding to low-income students as they choose, within guidelines. An applicant may receive different State financial aid awards from different institutions. The theoretical person at 100% of federal poverty might be offered an award by one institution that covers tuition, fees, and books but be offered much less at another institution. They could be offered this award as early as late winter when students have been accepted and many schools share financial aid offers.

Financial Need of Maryland's Undergraduate Students

Approximately 69,000 Maryland residents obtain a high school diploma or equivalent certification each year. As shown in **Exhibit 2.8**, most of these individuals (84%) graduate from a

Maryland public high school. Around 14% of these individuals graduate from private schools and around 2% obtain a GED. The State collects information about the post-secondary status of public high school graduates through age 25. There is no consistent data collection on the post-secondary status of individuals who did not graduate from a Maryland public school. For that reason, the analysis in this chapter is specific to Maryland public school graduates, unless otherwise stated.

Exhibit 2.8
Individuals Completing Secondary Education in Maryland Each Year



Public School Data: Average “Public High School Graduates” total from Maryland Longitudinal Data Systems Center Data Dashboards for years 2008-2020.

Private School Data: Average of Estimated Private High School Graduates from the biannual National Center for Education Statistics Private School Universe Survey for years 2009-2019.

GED Data: Average GED completer data provided by the Maryland Department of Labor for years 2020-2021.

Observation: Half of all high school graduates do not enroll immediately in post-secondary education.

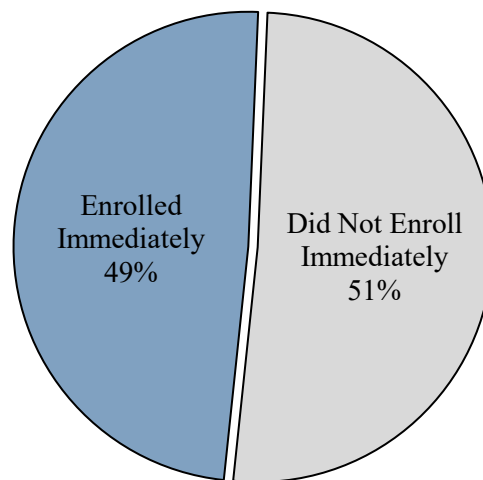
Not all high school graduates and GED completers wish to pursue post-secondary education right away. Some choose to enter the workforce, enlist in the military, take a “gap year,” prioritize family obligations, or pursue other endeavors that are not higher education. Even if post-secondary education were free, we would not expect that 100% of high school graduates or GED completers would pursue full-time post-secondary education right after graduating.

Maryland has averaged about 69,000 high school graduates each year. Over the last decade, approximately 15,000 public high school graduates per year pursued a nontraditional

post-secondary enrollment pattern, defined as delaying enrollment until age 20, or enrolling for the first time as part-time students.

As shown in **Exhibit 2.9**, 49% of high school graduates from the classes of 2008 through 2020 immediately enrolled in an undergraduate program.

Exhibit 2.9
Immediate Undergraduate Enrollment by High School Graduates
2008-2020



Source: Maryland Longitudinal Data System Center

Observation: Students from low-income families are less likely to pursue an undergraduate degree than students from higher income families.

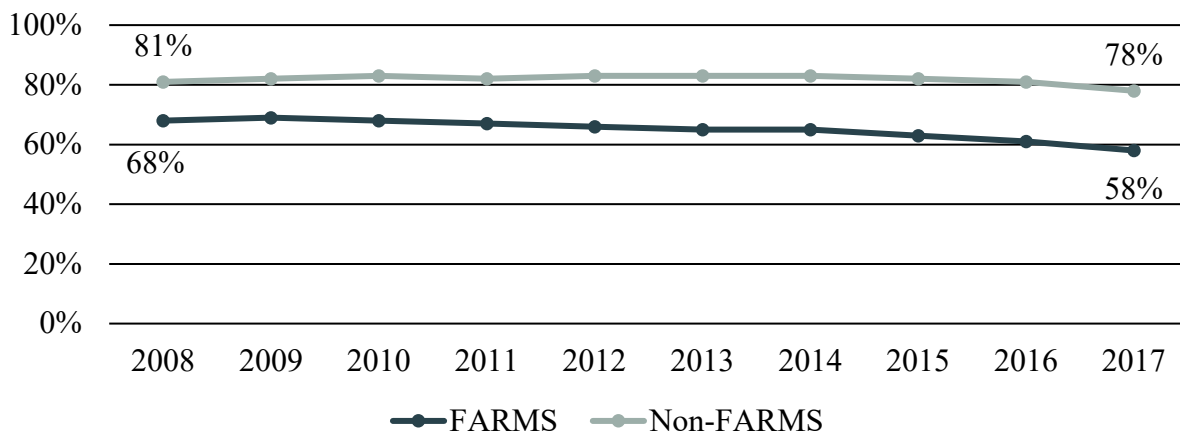
Exhibit 2.10 shows the percentage of public high school graduates who enroll in an undergraduate program by age 25 grouped by eligibility for free and reduced-price meals (FARMS) during high school. Families at or below 185% of the federal income poverty guidelines (approximately \$51,338 per year for a family of four in fiscal 2023) are eligible for FARMS.¹

¹ Maryland does not collect universal data on family income for high school students. As noted by the [National Center for Education Statistics at the U.S. Department of Education](#), “The percentage of students receiving free or reduced price lunch is often used as a proxy measure for the percentage of students living in poverty. While the percentage of students receiving free or reduced price lunch can provide some information about relative poverty, it should not be confused with the actual percentage of students in poverty enrolled in school...Despite its limitations, the free/reduced price lunch data are frequently used by education researchers as a proxy for school poverty since this count is generally available at the school level, while the poverty rate is typically not available. Because the free/reduced price lunch eligibility is derived from the federal poverty level, and therefore highly related to it, the free/reduced price lunch percentage is useful to researchers from an analytic perspective.”

Low-income FARMS-eligible students are less likely to enroll in an undergraduate program than their peers. Exhibit 2.10 also shows that the enrollment gap between low-income and high-income students is growing. The difference between enrollment rates for FARMS-eligible and ineligible students in the 2008 high school graduation cohort was 13%. For the 2017 cohort, the enrollment gap was 20%.

Around 68% of Maryland’s high school graduates who immediately pursue an undergraduate degree enroll at in-state institutions. This includes both full-time and part-time enrollment.² **Exhibit 2.11** displays the immediate undergraduate enrollment decisions of Maryland’s public high school graduates from 2008 through 2020. Each year, an average of 31% of students enroll in a four-year public institution, 31% enroll in a community college, 5% enroll in a Maryland independent institution, and 32% go to an institution outside of Maryland.

Exhibit 2.10
Public High School Graduates Enrolled in an Undergraduate Program by Age 25
FARMS and Non-FARMS Recipients
2010-2017

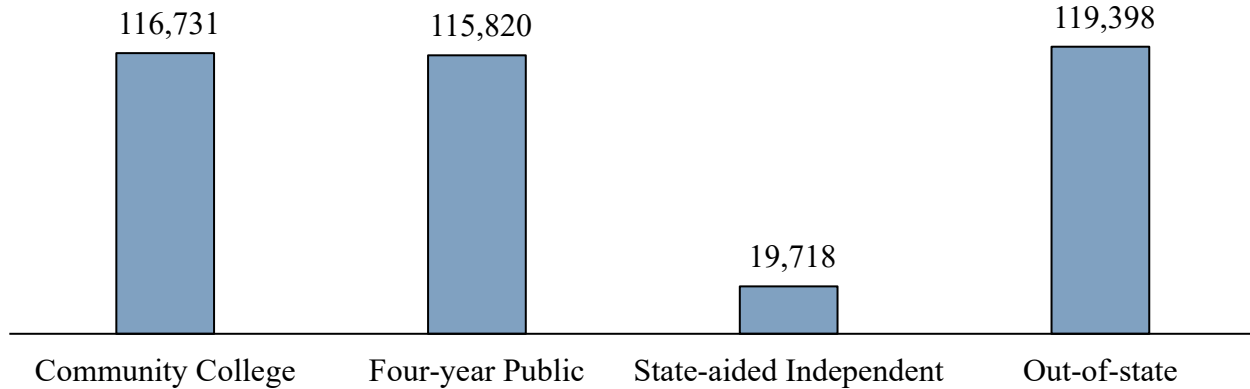


FARMS: free and reduced-price meals

Source: Maryland Longitudinal Data Systems Center

² This is only referring to the population who enroll in an undergraduate program immediately after high school.

Exhibit 2.11
Maryland Public School Graduates Undergraduate Decisions
2008-2020

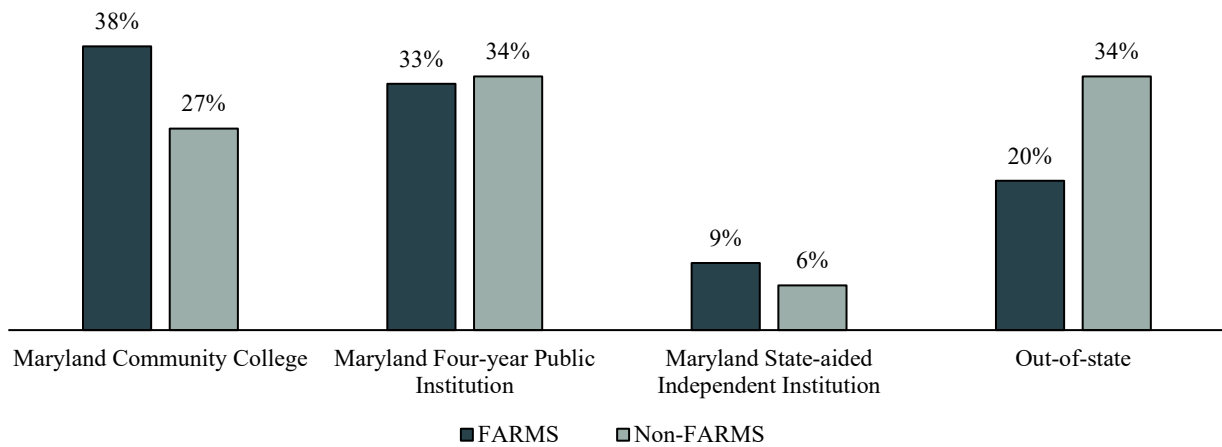


Source: Maryland Longitudinal Data Systems Center

Observation: Low-income students are more likely to enroll in a community college, and less likely to attend an out-of-state school, than higher income students.

Exhibit 2.12 shows the percentage of FARMS-eligible public high school graduates from the class of 2020 enrolling in each type of higher education institution. Most low-income students who choose to pursue an undergraduate degree enroll in a public in-state institution.

Exhibit 2.12
Undergraduate Enrollment Choices of High School Graduates
Grouped by FARMS Eligibility
2020 Cohort



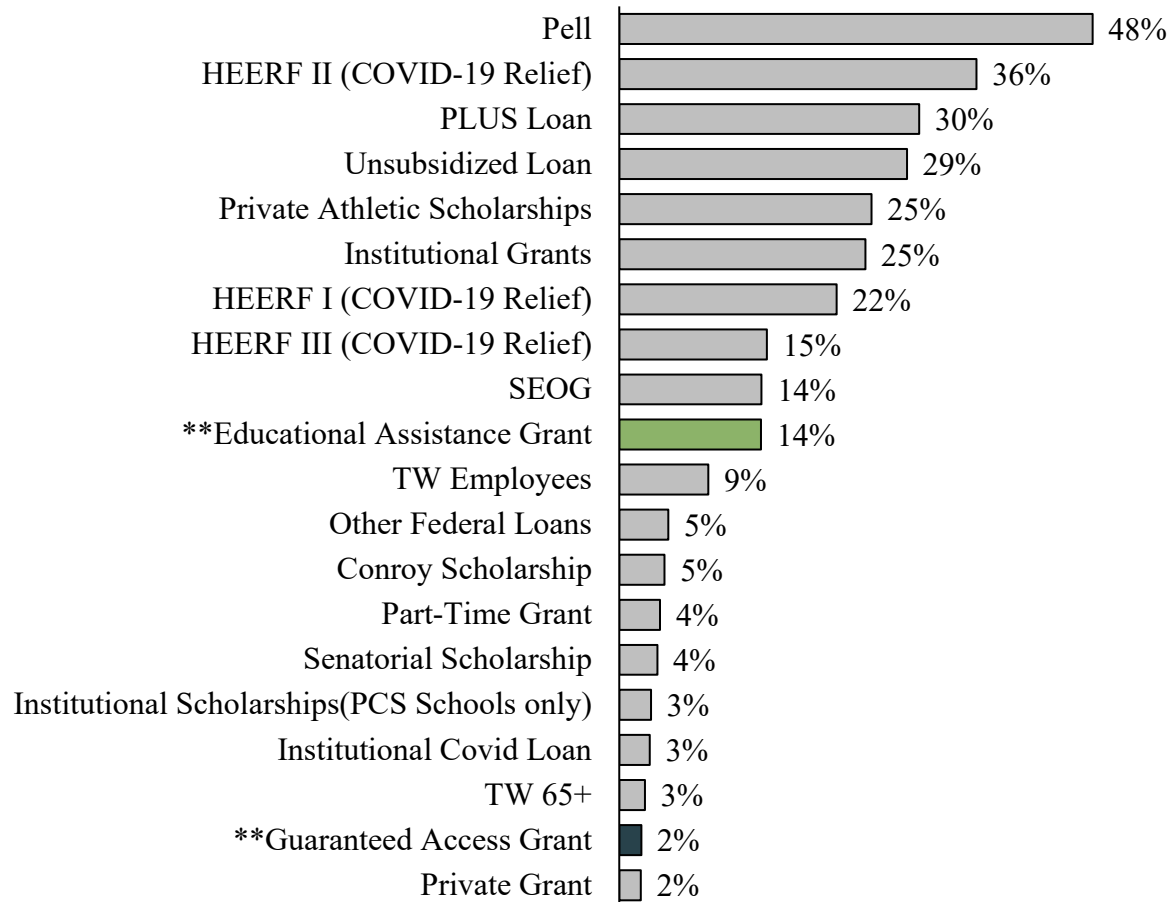
FARMS: free and reduced-price meals

Source: Maryland Longitudinal Data Systems Center

Maryland residents rely on multiple sources of funding to cover the costs of attending in-state higher education institutions, including Federal Pell Grants, State-funded EEA Grants, and loans.

Over 135,000 Maryland residents enrolled at in-state institutions received some sort of financial assistance during the 2020-2021 academic year. As demonstrated in **Exhibit 2.13**, around half of these students received a Federal Pell Grant.

Exhibit 2.13
Financial Aid Awards to Maryland Residents Enrolled in-state
Top 20 Award Programs by Number of Awards Disbursed
Academic Year 2020-2021



**EEA Grant.

Percentage refers to the percent of undergraduates that received each award.

EEA: Delegate Howard P. Rawlings Educational Excellence Award

HEERF: Higher Education Emergency Relief Fund

PCS: private career school

SEOG: Federal Supplemental Educational Opportunity Grant

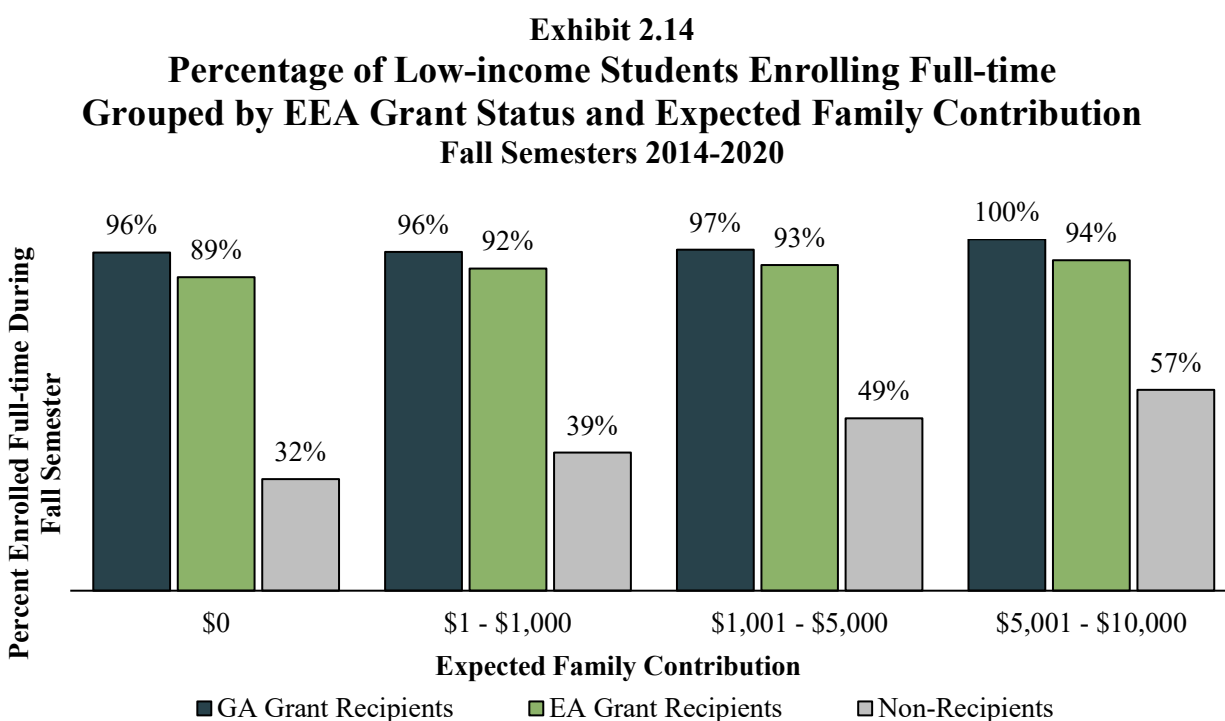
TW: tuition waiver

Source: Maryland Higher Education Commission Financial Aid Information System

Observation: EEA Grants help low-income students to enroll in college full time and complete an undergraduate degree.

Low-income students awarded an EEA grant are more likely to enroll full-time in an undergraduate program than low-income students who were not awarded an EEA grant. **Exhibit 2.14** shows the percentage of students grouped by EFC and EEA grant status who enrolled full-time during the fall semester for academic years 2014 through 2021. Access to EEA grants is associated with higher rates of full-time enrollment for all income groups.

The gap in enrollment rates for EEA recipients and nonrecipients is the largest for students with an EFC of \$0. Within this income group, 96% of GA Grant recipients and 89% of EA Grant recipients enrolled full-time during the fall semester. Comparatively, 32% of nonrecipients with an EFC of \$0 enrolled full-time.



EA: Educational Assistance

EEA: Delegate Howard P. Rawlings Educational Excellence Award

GA: Guaranteed Access

Source: Maryland Higher Education Commission Financial Aid Information System³

³ MHEC's Financial Aid Information System contains annual student-level financial aid records for Maryland residents enrolled in-state. These records indicate the sources of financial aid disbursed to each student, the amount of award received, the student's enrollment status during the fall and spring semesters, and the total cost of attendance for that academic year. If a student filled out a FAFSA or a MSFAA, their record will also indicate EFC toward the cost of the program. Families with a high EFC are higher income and have a greater ability to pay for college without financial assistance. Families with \$0 EFC are low-income and would not be able to pay for college without financial assistance.

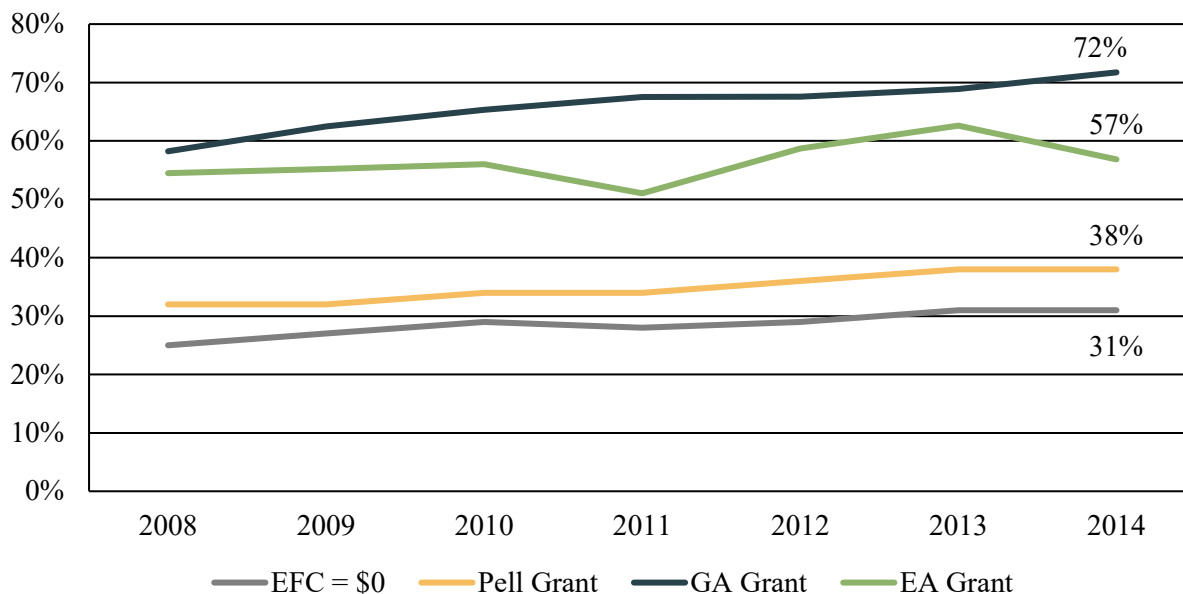
Observation: Around two-thirds of GA recipients graduate by age 25.

Most students who receive an EEA grant during their first year of school obtain an undergraduate degree by age 25. Degree completion data is available through the 2014 high school graduation cohort, most of whom would have turned 25 in 2021.

Of the 32,401 public school graduates who immediately enrolled in a Maryland higher education institution in 2014, 467 received a GA Grant and 3,721 received an EA Grant in their first year of college. As shown in **Exhibit 2.15**, 72% of GA grantees and 57% of EA grantees from the class of 2014 went on to complete a two-year or four-year undergraduate degree by age 25.

Completion rates are higher for EEA grant recipients than low-income students generally. In the same high school cohort, 5,171 students had an EFC of \$0, and around 31% of this group obtained a degree by age 25. Additionally, 9,213 received a Pell Grant in their first year of higher education, and around 38% obtained a degree by age 25.

Exhibit 2.15
Degree Completion Rates, by Grant Type



EA: Educational Assistance

EEA: Delegate Howard P. Rawlings Educational Excellence Award

EFC: Expected Family Contribution

GA: Guaranteed Access

Note: For Maryland public high school graduates. To be included, students must graduate by age 25. This data is complete through 2021. Students who graduated from high school in 2014 would have turned 25 in 2021. Students who received both an EEA grant (either a GA Grant or an EA Grant) and a Federal Pell Grant.

Source: Maryland Longitudinal Data Systems Center

Observation: Many of Maryland’s lowest-income students do not receive EEA Grants.

Most in-state undergraduate students who meet the criteria for a GA Grant based on family income, age, and enrollment status do not receive one. OPEGA identified 3,558 in-state undergraduate students in the 2020-2021 academic year who were potentially eligible for a first-time GA Grant because:

- the student’s family income fell below 130% of the federal poverty guidelines;
- the student was age 19 or younger at the beginning of the fall semester; and
- the student enrolled full-time throughout the academic year.⁴

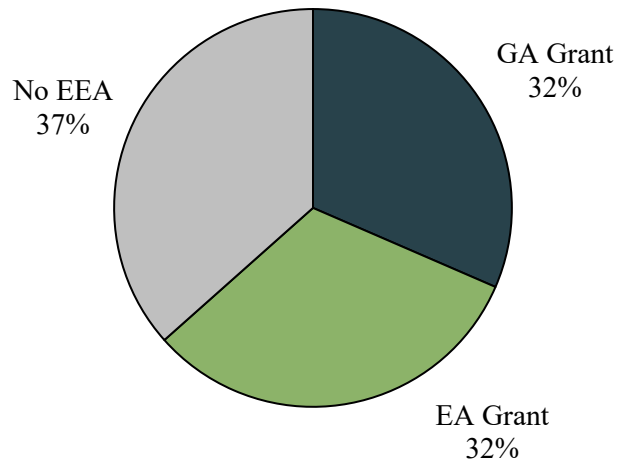
As shown in **Exhibit 2.16**, around one-third of these students (1,121 students total) received a GA Grant during the 2020-2021 academic year. An additional 32% received a smaller EA Grant and 37% received neither an EA nor a GA Grant (but may have received another type of financial assistance).

The reasons why a student at this income level might not have gotten a GA Grant include:

- their high school GPA was less than 2.5 (or their GED score was <165 per module);
- their high school GPA was 2.5 or above, but they did not give MHEC an official transcript;
- they did not provide all requested documents to MHEC for income verification;
- some were offered a GA Grant award but did not actively accept it, perhaps because they did not realize they needed to do so; and
- some may have chosen to attend a community college or other post-secondary school where the cost of attendance was covered by a Federal Pell Grant plus an EA Grant (or some other type of aid).

⁴ This does not take into account student high school GPA or the MHEC income verification process, which also limits eligibility for a GA Grant.

Exhibit 2.16
Percentage of Potentially-eligible Maryland Undergraduates
Academic Year 2020-2021



EA: Educational Assistance Grants
 EEA: Educational Excellence Awards
 GA: Guaranteed Access Grants

Note: Limited to in-state students who completed a Free Application for Federal Student Aid or a Maryland State Financial Aid Application.

Potential Eligibility is defined as Maryland residents enrolled full-time, in-state, with household incomes at or below 130% of federal poverty guidelines, and aged 19 or younger.

Source: Maryland Higher Education Commission Financial Aid Information System

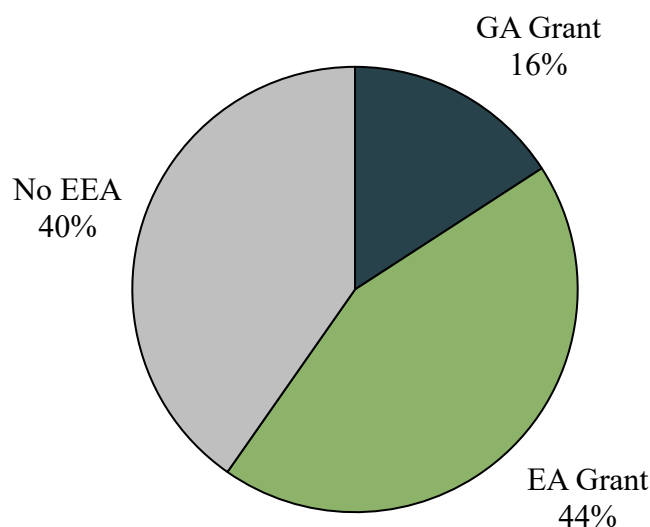
Observation: Many of the lowest-income students got an EA Grant instead of a GA Grant.

Many EEA grantees with household incomes less than or equal to 130% poverty level got EA Grants rather than GA Grants in academic year 2020-2021 because of the more exclusive eligibility criteria for GA Grants. As shown in **Exhibit 2.17**, of the 16,160 Maryland undergraduates enrolled full-time at Maryland schools with a household income less than or equal to 130% poverty level in academic year 2020-2021, 16% (2,560) received a GA Grant and 44% (7,089) received an EA Grant.

More than half of EA Grantees in academic year 2020-2021 had a family income less than or equal to 130% poverty level. Factors influencing access to an EEA Grant includes their age,

their time since high school graduation, their GPA or GED score, or their ability to document their GPA and income by MHEC deadlines.

Exhibit 2.17
Grants Received by in-state Full-time Students of all Ages with a Household Income of Less Than or Equal to 130% Poverty Level
Academic Year 2020-2021



EA: Educational Assistance Grants
 EEA: Educational Excellence Awards
 FAIS: Financial Aid Information System
 GA: Guaranteed Access Grants

Poverty Level = Adjusted Gross Income (as provided in FAIS)/Federal Poverty Guidelines.

Source: Maryland Higher Education Commission Financial Aid Information System

Observation: After family contributions, grants, and scholarships, students with household incomes just above 130% of poverty (the GA-Initial Grant income cutoff) had the largest remaining financial need to cover the cost of attendance.

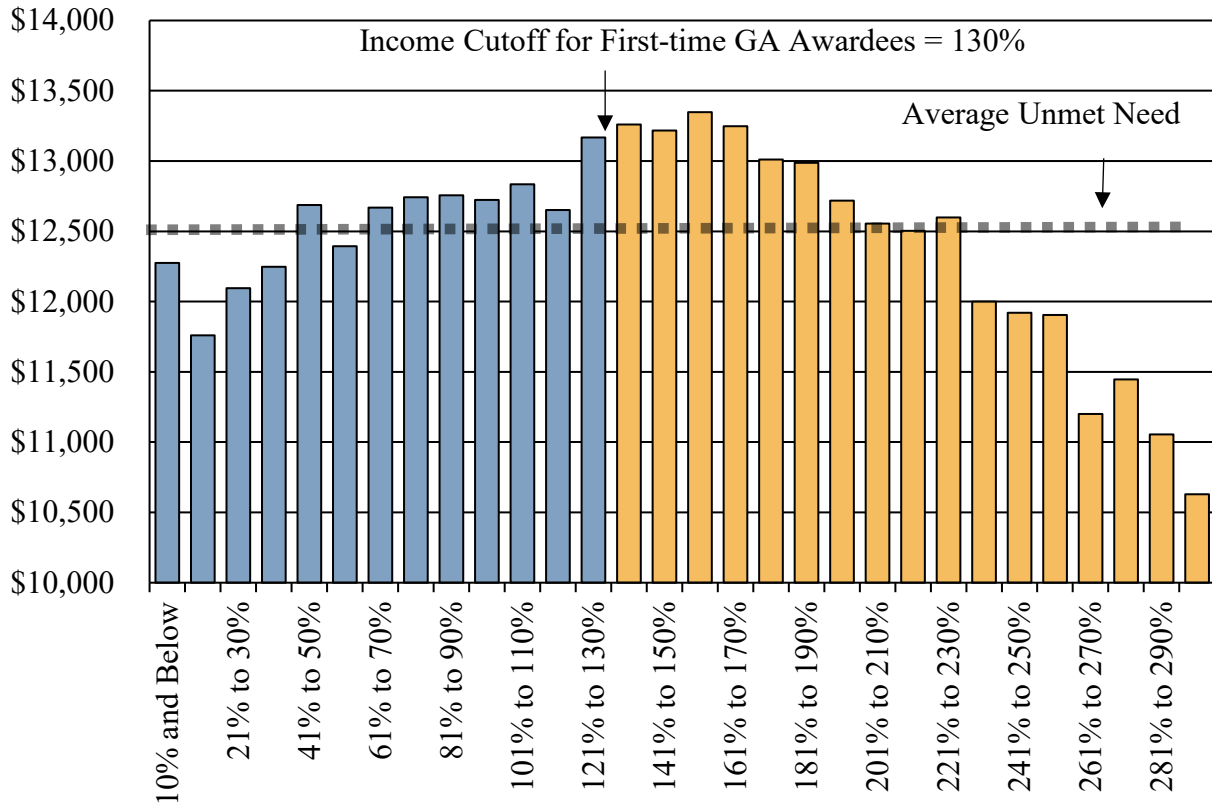
Exhibit 2.18 shows the average remaining financial need of Maryland undergraduates enrolled in-state during the 2020-2021 academic year grouped by student poverty level. On average, students with family incomes below 130% of the federal poverty guidelines needed an additional \$12,500 after family contributions, grants, and scholarships to cover their cost of

attendance. In contrast, students in the next higher income bracket (131-200% of federal poverty guidelines) needed an additional \$13,100, on average. (A poverty level of 130% is approximately \$23,000 per year for a family of 3, and \$28,000 per year for a family of 4.)

The average unmet need for all students under 300% of poverty was \$12,500 in academic year 2020-2021. However, average unmet financial need varies by student income level. To cover the cost of attendance for academic year 2020-2021:

- Low-income students (defined as below 130% of federal poverty guidelines) needed an average of **\$12,500** in additional funds after family contributions, grants, and scholarships.
- Lower-middle income students (defined as 131% to 200% of federal poverty guidelines) needed an average of **\$13,100** in additional funds after family contributions, grants, and scholarships.
- Middle-income students (defined as 201% to 300% of federal poverty guidelines) needed an average of **\$11,900** in additional funds after family contributions, grants, and scholarships.
- Students above 300% of federal poverty guidelines needed an average of **\$3,800** in additional funds.

Exhibit 2.18
Average Unmet Need by Income



FAIS: Financial Aid Information System

GA: Guaranteed Access

OPEGA: Office of Program Evaluation and Government Accountability

Note that FAIS only contains records for students who received financial aid.

Note that the Federal Poverty Guidelines varies by family size. OPEGA calculated each student’s poverty level using the Federal Poverty Guideline appropriate for the family size indicated in their record.

Unmet Need = Cost of Attendance – Expected Family Contribution – Total \$ Value of Grants and Scholarships Awarded.

Poverty Level = Adjusted Gross Income (as provided in FAIS) / Federal Poverty Guidelines.

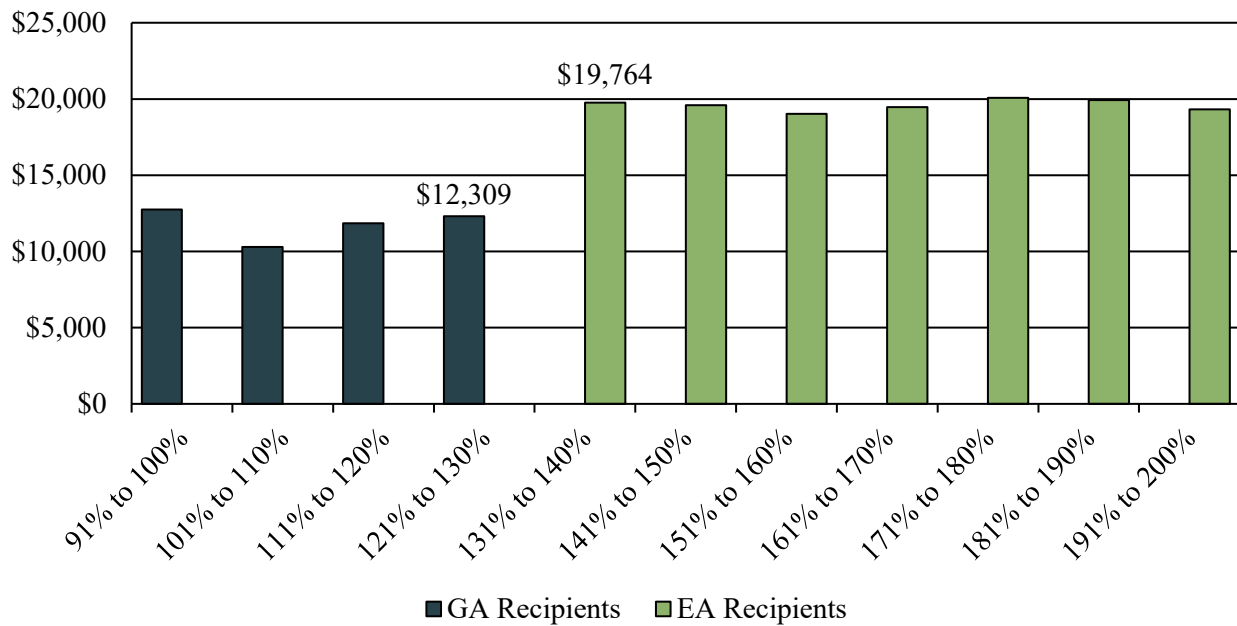
Source: Maryland Higher Education Commission Financial Aid Information System

Observation: EA recipients just above the income eligibility cutoff for GA grants needed \$7,000 more than GA recipients just below the eligibility cutoff to meet the cost of attendance.

Exhibit 2.19 shows the unmet financial need of GA and EA Grant recipients who fell above and below the 130% poverty level cutoff for GA Grants during the 2020-2021 academic year. EA recipients who fall below the income cutoff are not included.

GA recipients who fall just below the cutoff had an average unmet need of \$12,309 after for EFC, Pell, and EEA awards are accounted for. Comparatively, EA recipients with incomes between 131% and 140% of poverty – just above the eligibility cutoff – had an average of \$19,764 in remaining financial need.

Exhibit 2.19
Unmet Need of GA and EA Grant Awardees
After EFC, Pell, and EEA Awards
AY 2020-2021



EA: Educational Assistance
 EEA: Delegate Howard P. Rawlings Educational Excellence Award
 EFC: Expected Family Contribution
 FAIS: Financial Aid Information System
 GA: Guaranteed Access
 OPEGA: Office of Program Evaluation and Government Accountability

Unmet Need = Cost of Attendance – Expected Family Contribution – Total \$ Value of Grants and Scholarships Awarded.

Poverty Level = Adjusted Gross Income (as provided in FAIS)/Federal Poverty Guidelines.

Note that the Federal Poverty Guidelines varies by family size. OPEGA calculated each student’s poverty level using the Federal Poverty Guideline appropriate for the family size indicated in their record.

Source: Maryland Higher Education Commission Financial Aid Information System

Chapter 3. Structural Issues

Educational Excellence Award (EEA) Grants are meant for low-income students, but not all low-income students get EEA Grants. The Office of Program Evaluation and Government Accountability (OPEGA) analyzed what factors account for differences between the number of people potentially eligible for an EEA Grant, the number of people offered an EEA Grant, and the number of people who accept an EEA Grant. This chapter focuses on issues related to the structure of EEA Grants, as defined in statute and regulations.

Observation: Guaranteed Access (GA) and Educational Assistance (EA) grants are awarded from one EEA appropriation. If GA Grant awards increase, then EA Grant awards must decrease to stay within fund limits.

Under Maryland regulations, the first students to get EEA Grants are applicants with the greatest financial need, who demonstrate eligibility by the priority deadline. The Maryland Higher Education Commission (MHEC) must prioritize EEA Grant awards as follows:

1. renewal awards for GA Grants (GA-Renewal);
2. renewal awards for EA Grants (EA-Renewal);
3. initial awards for GA Grants (GA-Initial); and
4. initial awards of EA Grants (EA-Initial).

(Campus Based Educational Assistance Grant (CBEAG) awards are made directly by institutions to about 1,000 students each year who missed all MHEC deadlines due to extenuating circumstances; CBEAG awardees can renew as EA Grantees the next year under the regular MHEC awarding process.)

To keep EEA expenditures within the annual appropriation, MHEC first estimates (based on prior year acceptances) the amounts needed to renew current GA and EA grants. MHEC also estimates the funds needed to award all initial GA Grant applicants who will meet MHEC's priority deadline. Remaining EEA funds are awarded to initial EA Grant applicants who meet the MHEC priority deadline, up to the annual EEA appropriation.

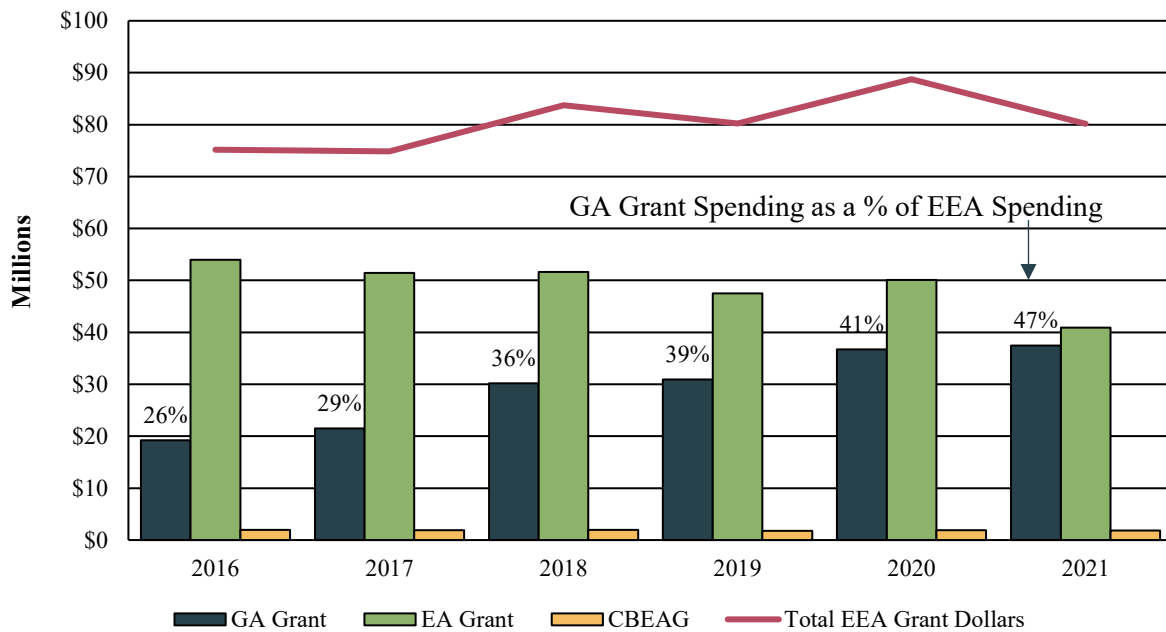
If any applicants cancel, decline, or fail to accept their offered EEA (GA or EA) Grant award, then these funds become available for MHEC to make more award offers in the same priority order as above, up to the EEA appropriation limit. Any unused EEA funds can roll over into the Need-Based Student Financial Aid Fund (NBSFAF) for use in a later year.

The GA Grant "guarantee" is not equivalent to a federal entitlement because under State law if appropriated funds cannot fully satisfy all awards, then the amount paid to each grant

recipient shall be reduced by a percentage determined by MHEC. To “guarantee” the GA Grants from a limited EEA appropriation, GA Grant awards must be made first. Maryland regulations prioritize the GA Grants over the EA Grants.

Some stakeholders told OPEGA they were concerned that the EEA Program’s statutory structure sets up a problematic competition between the GA and EA Grant awards. In OPEGA’s interviews with stakeholders, several said that because more or larger GA Grants requires a drop in EA Grants, the current EEA structure creates a competition or “tension” between GA and EA grants during implementation. If administrators increase the GA Grant awards, then they must decrease the EA Grant awards to keep spending within the overall EEA appropriation. Several stakeholders recommended eliminating this tension. **Exhibits 3.1** and **3.2** show grant amounts and awards, by type of grant.

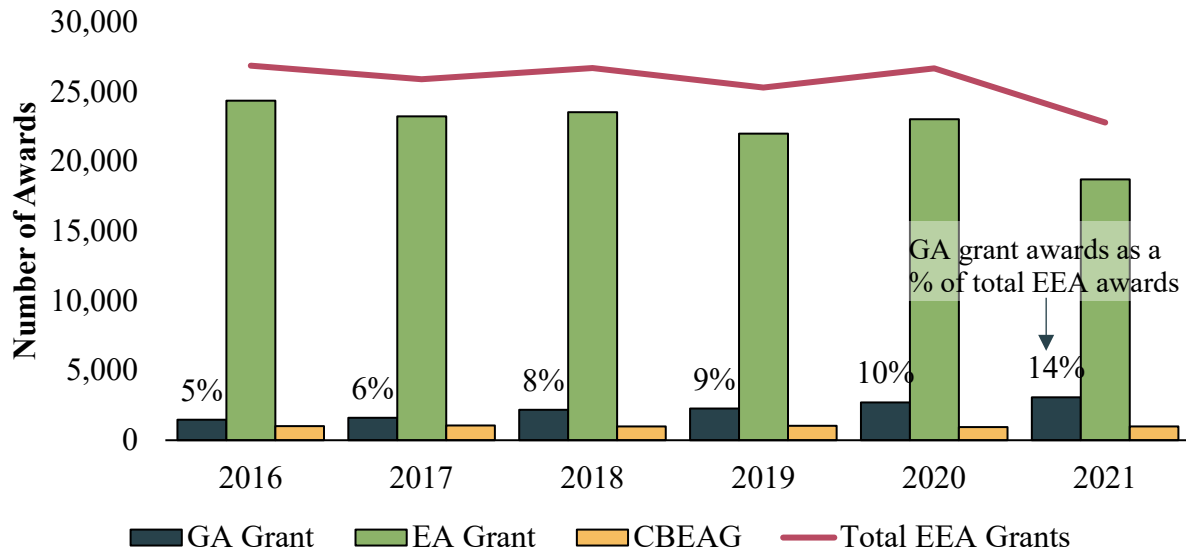
Exhibit 3.1
EEA Grant Dollars Awarded, by Type
Fiscal 2016-2021



CBEAG: Campus Based Educational Assistance Grant
 EA: Educational Assistance Grant
 EEA: Educational Excellence Award
 GA: Guaranteed Access Grant

Source: Maryland Higher Education Commission Data Books for 2017-2022

Exhibit 3.2
Number of EEA Grant Awards, by Type
Fiscal 2016-2021



CBEAG: Campus Based Educational Assistance Grant
 EA: Educational Assistance Grant
 EEA: Educational Excellence Award
 GA: Guaranteed Access Grant

Source: Maryland Higher Education Commission Data Books for 2017-2022

Observation: State law allows the maximum GA Grant to grow with the cost of attendance at Maryland schools, but the maximum EA Grant has been capped at \$3,000 since 1996.

EA Grants have been capped at \$3,000 since 1996. When the EA Grant cap was set starting in 1996, the average GA Grant award for fiscal 1996 was about \$5,314 and the maximum GA Grant was about \$5,719, as shown in **Exhibit 3.3**.

Exhibit 3.3
Change in Grant Amounts and College Costs

	<u>1996</u>	<u>2022</u>	<u>% Change</u>
Federal Pell Grant maximum	\$3,515	\$6,495	85%
GA maximum grant – (1996 is an estimate)	5,719	19,300	237%
EA maximum grant	3,000	3,000	0%
GA average grant	5,314	12,117	128%
EA average grant	1,986	2,185	10%

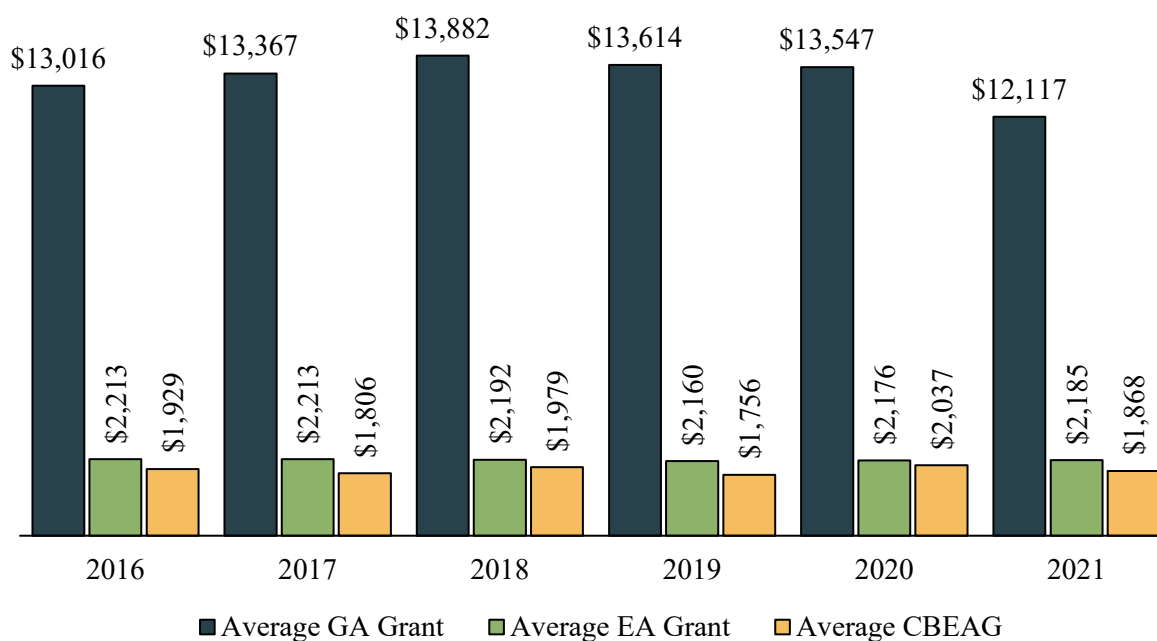
Sample Cost of Attendance for a Maryland postsecondary institution:

UMD-CP tuition and fees	\$3,794	\$10,995	190%
UMD-CP on-campus room and board	5,440	13,256	144%
	\$9,234	\$24,251	163%

UMD-CP: University of Maryland at College Park
GA: Guaranteed Access Grant
EA: Educational Assistance Grant

Exhibit 3.4 shows the average dollar amounts of GA and EA awards from 2016 to 2021.

Exhibit 3.4
GA and EA Average Grant Awards
Fiscal 2016-2021



CBEAG: Campus Based Educational Assistance Grant

EA: Educational Assistance Grant

GA: Guaranteed Access Grant

Source: Maryland Higher Education Commission Data Books for 2017-2022

Eligibility Criteria for EEA Grants

In academic year 2020-2021 more Maryland residents could in theory have met the combined statutory criteria for age, household income, and GPA/GED required for an initial GA Grant than those who got a GA Grant.

To reach all the potential GA-Initial Grant recipients, 100% of applicants would have had to complete the following steps:

- apply for college admission;
- submit a Free Application for Federal Student Aid (FAFSA) or Maryland State Financial Aid Application (MSFAA) by Maryland's March 1 deadline;
- include at least one Maryland school on those forms;
- create a Maryland College Aid Processing System (MDCAPS) account; and
- document their eligibility by MHEC deadlines with an official high school transcript for their first semester of senior year in high school and (for 60% of applicants) income verification documents.

Unlike GA Grants, the EA Grants have no statutory or regulatory eligibility limits based on age, household income, or minimum GPA or GED score. All students who complete an on-time FAFSA or MSFAA and list a Maryland school are potentially eligible for an EA Grant. Whether they get one depends on their expected family contribution (EFC) relative to MHEC's EFC cutoff when EEA funding is exhausted.

MHEC awards EA Grants based on the EFC listed on FAFSA/MSFAA. MHEC starts offering EA Grants to applicants with the lowest EFC and raises the EFC cutoff until the EEA appropriation is expended. Therefore, estimating the number of potential EA Grant recipients depends on (1) the size of the annual EEA appropriation; (2) how much of that EEA appropriation is used for GA Grants; and (3) how high MHEC raises the EFC cutoff to exhaust the EEA appropriation. The availability of EEA funds is the most relevant upper limit on the number of Marylanders pursuing in-state postsecondary education who could potentially receive an EA Grant.

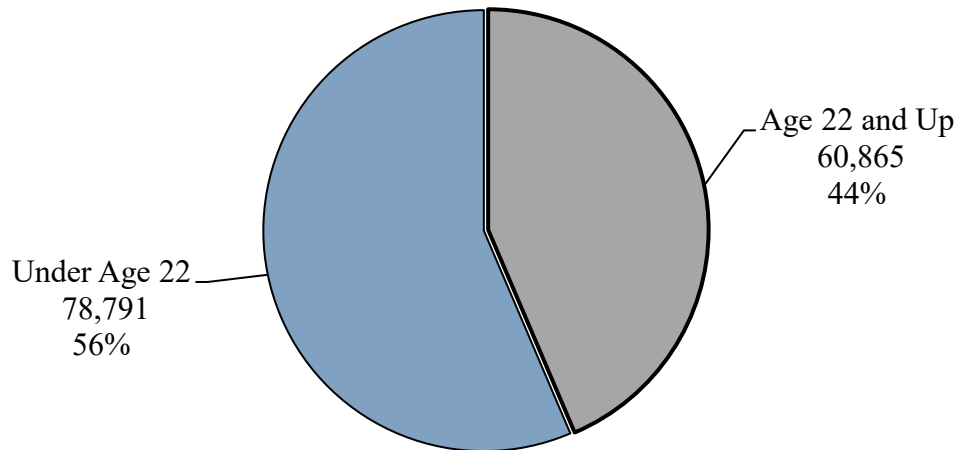
Age and Immediate Enrollment Requirement for GA

Observation: Many low-income students are ineligible for GA Grants because of their age.

GA-Initial Grant recipients must be both under age 22 and within one year of high school graduation or GED completion when receiving an initial GA Grant.

As shown in **Exhibit 3.5**, about 44% (60,865) of Maryland's on-time FAFSA completers in 2020 through 2021 were age 22 or older and excluded from applying for a GA-Initial Grant even if they were low income. In contrast, eligibility for the smaller EA Grant has no age limits.

Exhibit 3.5
Age of on-time (by March 1) FAFSA-completers in Maryland Who
Listed at Least One Maryland School
Academic Year 2020-2021



FAFSA: Free Application for Federal Student Aid

Source: Maryland College Aid Processing System

The GA Grant's age requirement limit, combined with the requirement that a GA Grant recipient be a senior in high school at the time of initial application, prevents MHEC from awarding GA Grants to students under two scenarios:

1. If a high school senior misses the March 1 deadline to complete a FAFSA or MSFAA they cannot get an initial GA Grant in that year, but they also can never reapply in a subsequent year for a GA Grant because too much time will have passed from completing high school.
2. If a student's household income was too high during their high school senior year to be eligible for a GA Grant, but during the following first year in college their household income drops below 130% of the federal poverty guidelines, they cannot apply for an initial GA Grant for their second year of college because too much time will have passed from completing high school.

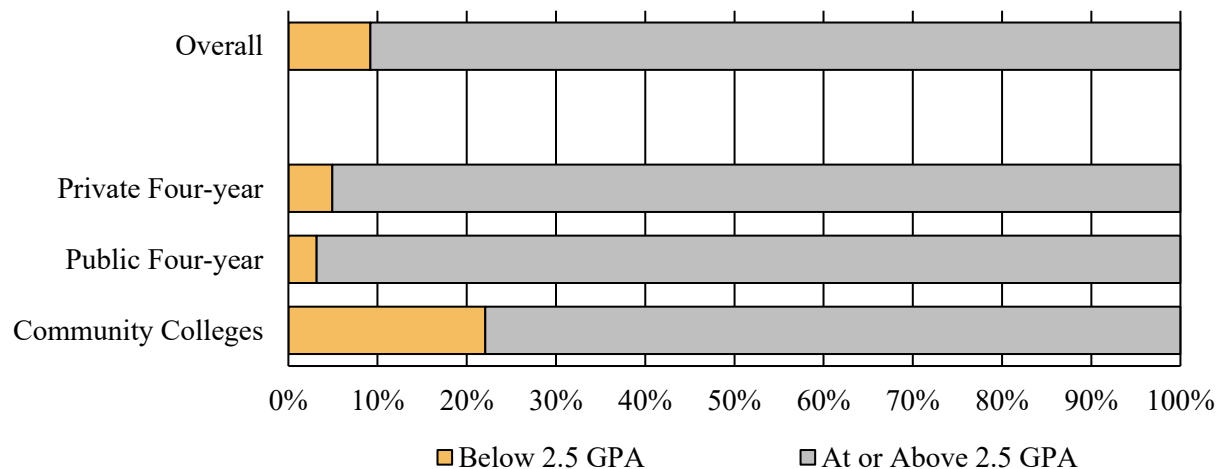
GPA Requirement for GA

To be eligible for an initial GA Grant, applicants must have a minimum GPA of 2.5 as of the end of their first semester of senior year. Advocates for merit-based requirements in government-run financial aid programs believe that these requirements can:

- ensure limited budgets are spent on low-income students who have the best chance to succeed in college;
- encourage high-performing students to remain in-state and reduce potential “brain-drain”;
- motivate high school students to work harder to prepare for college; and
- disincentivize colleges from admitting students who are under-prepared for college to profit from those students’ financial aid awards.

Exhibit 3.6 shows that in recent years around 9% of the in-state students who enrolled full-time in Maryland’s post-secondary institutions had a high school GPA below 2.5. Most of those students who would not have met the minimum GPA requirement enrolled in community colleges. Over one in five community college students were ineligible for an initial GA Grant because their high school GPA was below 2.5.

Exhibit 3.6
Percentage of Undergraduates
Ineligible for GA Grants due to Minimum High School GPA Requirement
Academic Years 2014-2021



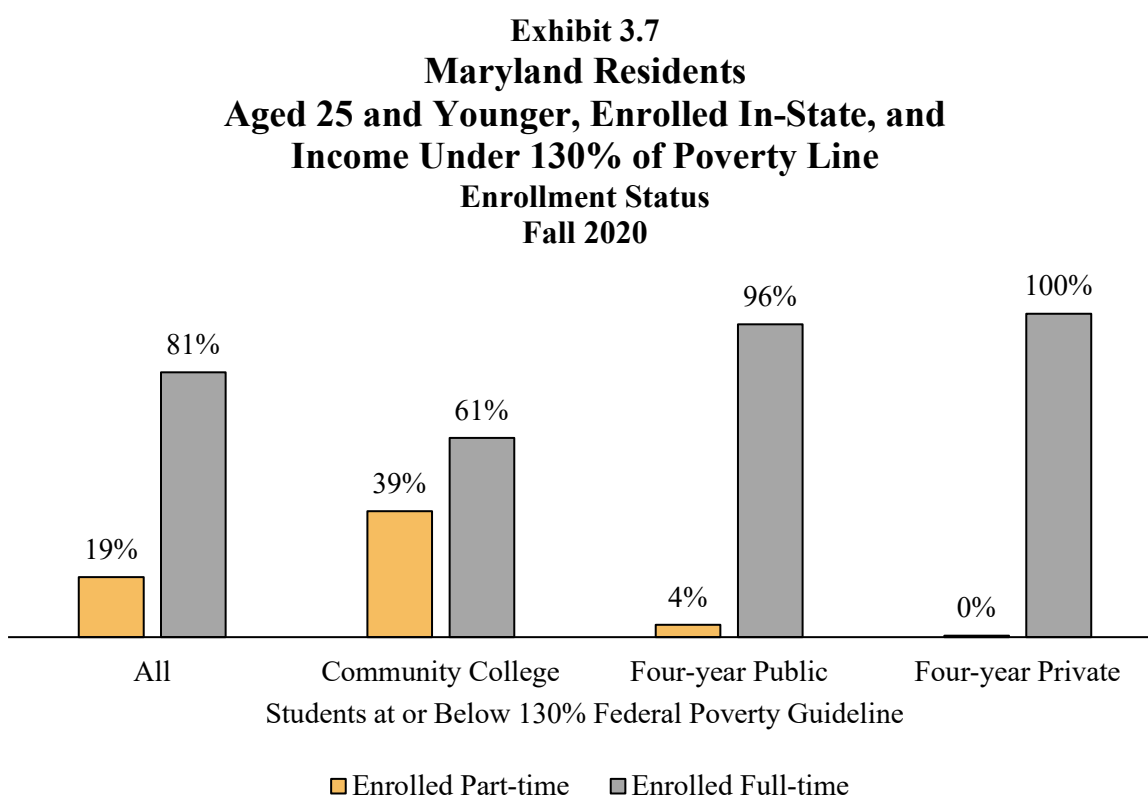
Note: Shows High School Grade Point Average used by the institution to determine eligibility for admission for first-time undergraduate students.

Source: Enrollment Information System

Full-time Requirement for All EEA Grants

To be eligible for all EEA Grants, students must enroll in school full time. Low-income students are most likely to enroll in school part-time if they enroll at all. Almost 60% of low-income Maryland in-State undergraduates enrolled during the fall 2020 semester were enrolled part-time.

Exhibit 3.7 shows that around 19% of students who could have potentially been eligible for a GA Grant were excluded because they enrolled part-time in fall 2020. Community college students were the most likely to enroll part-time.



Note: Includes Maryland Residents under age 25 who completed a Free Application for Federal Student Aid or Maryland State Financial Aid Application *and* received some form of financial assistance *and* enrolled in an in-State school either part-time or full-time in fall 2020.

Source: Financial Aid Information System

Renewals

Students applying for GA and EA renewals, who meet all requirements, are prioritized before initial applicants. In order to maintain eligibility for a renewal award, recipients must meet the following criteria:

- continue to be eligible for in-state tuition;
- annually file the FAFSA or MSFAA by March 1;
- continue to meet the annual income requirements¹;
- enroll as a full-time student at an eligible institution;
- maintain the satisfactory academic progress standards of your institution; and
- students who have received the award for at least two years and thereafter must:
 - annually complete 30 credits in order to have their award renewed for the full amount; or
 - annually complete 24-29 credits in order to have their awards renewed for a prorated amount.

Observation: GA Grant recipients renewed for a fourth year at three times the rate of EA Grant recipients.

Award recipients who enrolled in four-year programs in academic years 2016 or 2017 were tracked through the academic year 2021 to see if they renewed their award after their freshman year. **Exhibits 3.8** and **3.9** show the breakdown of renewals for the four-year school award recipients who were reviewed.

¹ MD Education Article Sec. 18–304(c)(3)(iv) states: If a recipient of a Guaranteed Access Grant becomes ineligible because of a change in family income, the recipient shall remain eligible for the full award for the full award term applicable to the recipient under this subtitle if the recipient remains eligible to receive a Federal Pell Grant.

Exhibit 3.8
Renewals by GA Grant Recipients at Four-year Schools
Who Received an Initial Award in Academic Years 2016 or 2017

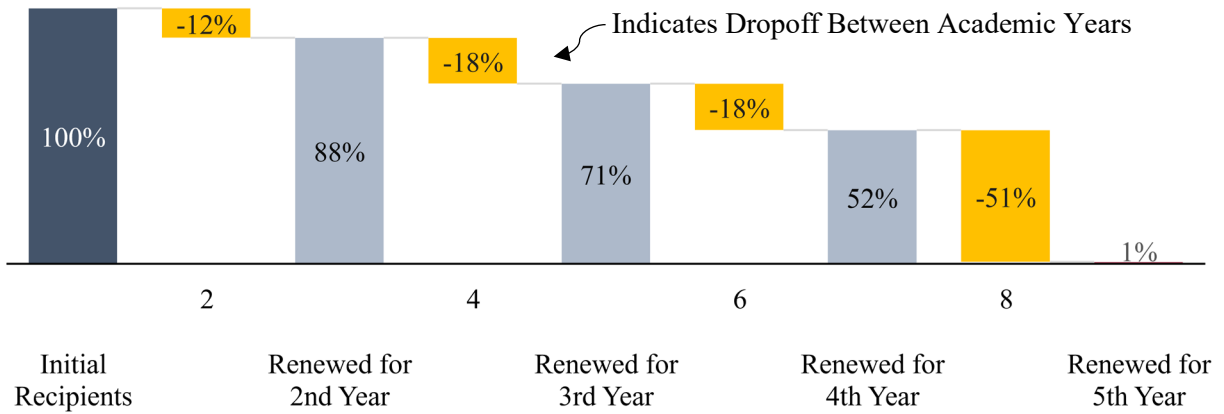
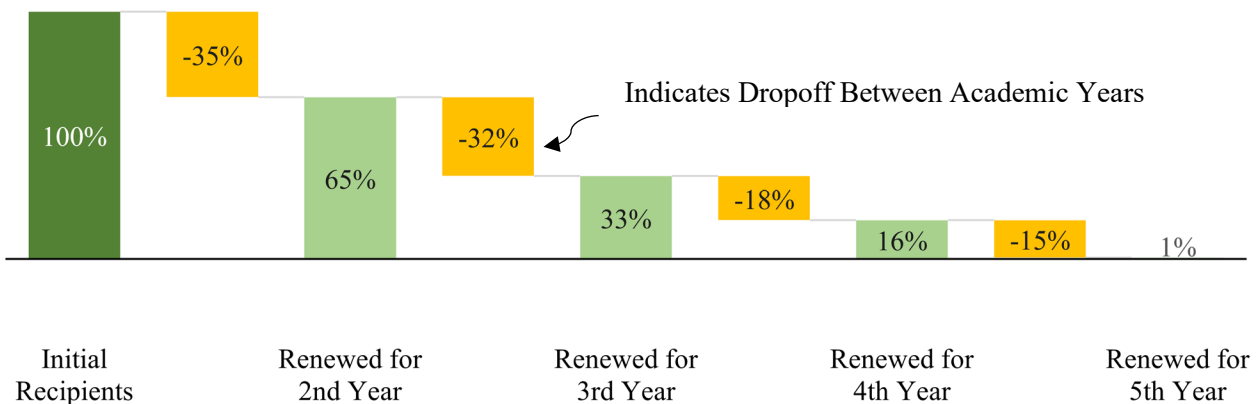
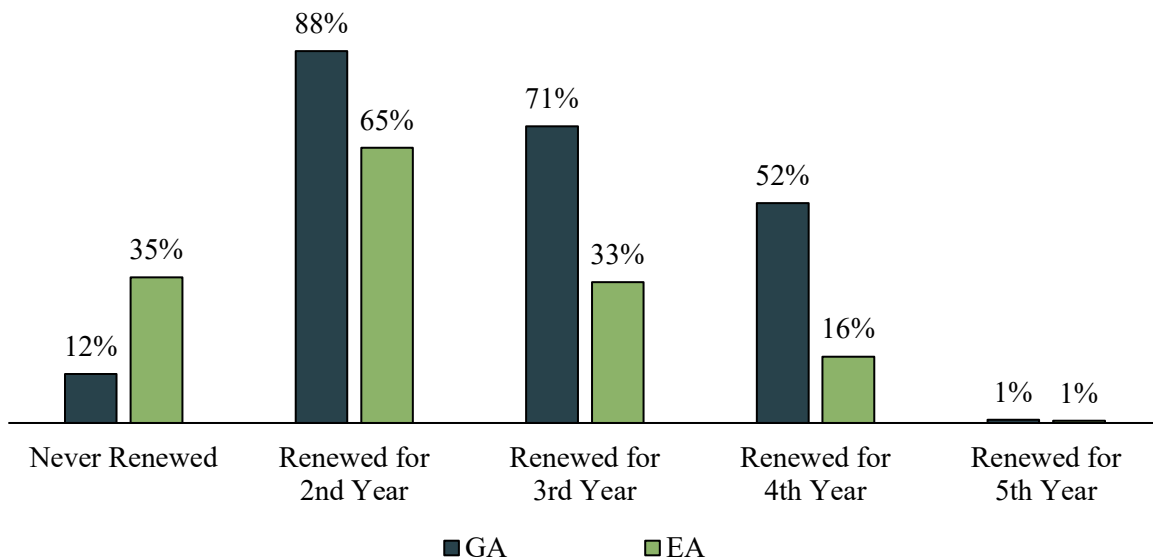


Exhibit 3.9
Renewals by EA Grant Recipients at Four-year Schools
Who received an Initial Award in Academic Years 2016 or 2017



There were 22,686 EA award recipients and 1,051 GA award recipients who received an initial award in either the academic year 2016 or 2017 and attended a four-year school. A higher percentage of EA recipients never renewed (35%) compared to GA recipients (12%). A higher percentage of GA recipients (52%) renewed their award over four years compared to EA recipients (16%). A very small number of both EA and GA recipients renewed through their fifth year, as there are special circumstances where the Office of Student Financial Aid allows an additional year. **Exhibit 3.10** below compares this information.

Exhibit 3.10
Renewals by EA/GA Recipients at Four-year Schools



EA: Educational Assistance
GA: Guaranteed Access

Source: Financial Aid Information System

Observation: MHEC is reviewing how the credit completion requirements are affecting the EEA Grant renewals.

The College Affordability Act of 2016 ([SB 676/Chap. 589](#) and [HB 1014/Chap. 690](#)) requires EEA Grant recipients (GA Grants, EA Grants, and CBEAG awards) to complete a minimum number of credits to renew their awards. These credit completion requirements became effective in the 2018-2019 academic year (fiscal 2019).

The credit completion component of the GA and EA Grant awards is as follows:

- If a student completed at least 30 credit hours by the end of their second academic year, they may receive a full (non-prorated) EEA (GA or EA) Grant the next year.
- If a student completed 24-29 credits, they may receive a prorated grant award the next year, proportional to the number of credits out of 30 the student successfully completed.
- Students who do not complete at least 24 credits become ineligible to renew their award.

Credits from summer courses may also be factored into the credit completion requirement; however, some schools treat the summer term as a “header” that will count toward the new academic year in the fall, while other schools treat the summer term as a “trailer,” which will count toward the ending academic year in the spring. A transfer student with 27 credits in an academic year taking a three-credit summer course at a header school would not be able to count those credits with the 27 toward credit completion; rather they would start the new fall semester with three completed credits.

Since the passage of that law, the Maryland General Assembly (MGA) has been interested in the impact of the credit completion requirement. Specifically, it has asked MHEC to study how many students had their awards prorated, and how many students lost eligibility. MGA has also asked MHEC to summarize this data by segments (community colleges, four-year public, and independent institutions) and by institution, among other report requirements.

March 1 Deadline for FAFSA

Under Maryland regulations, the first step to apply for an EEA Grant is completion of a FAFSA (or a MSFAA for undocumented students) by Maryland’s self-imposed March 1 deadline. The FAFSA is a federal form designed to establish eligibility for federal grants. States often piggyback on FAFSA for State aid and set their own deadlines. FAFSAs submitted to the federal government after March 1 are not considered “on-time” for State aid consideration.

In its 2021 regular session, MGA enacted [SB 664/\(Chap. 577\)](#) to boost FAFSA and MSFAA completions specifically by high school seniors. (The act did not address completions by older residents.) OPEGA expects the FAFSA Completion Initiative to increase the number of Maryland high school seniors who file a FAFSA or MSFAA by Maryland’s March 1 deadline and are thus automatically considered for an EEA Grant under current law.

In interviews, stakeholders repeatedly described hurdles related to FAFSA and MSFAA completion as an integral part of the EEA Grant application process. Examples of hurdles related to FAFSA are the State’s choice of a March 1 deadline and the age limits on GA-Initial Grants that exclude older FAFSA filers.

More than 320,000 FAFSA applications per year are filed by Marylanders of all ages pursuing any postsecondary education (undergraduate or graduate) at any institution (in-state or out-of-state). The FAFSA/MSFAAs completed by public high school seniors by March 1 (40,908 in 2021 and 48,611 in 2020) typically represent less than 15% of the total FAFSAs completed by Marylanders each year. Maryland's March 1 FAFSA deadline is comparatively early among states and is a hurdle for some students to complete on time. Maryland's deadlines are shown in **Exhibit 3.11**.

Exhibit 3.11
Key MHEC Deadlines for EEA Grant Award Process (as of October 2022)

<u>Deadline</u>	<u>Description and Purpose of Deadline</u>	<u>Source of Deadline</u>
March 1	Maryland's deadline to file a FAFSA or MSFAA and be considered for State aid.	COMAR 13b.08.10.03.A(2).
March 15	Document submission: Priority date for applicants to submit and upload all required documents to MHEC via MDCAPS to demonstrate EEA Grant eligibility in time for State priority awarding of EEA Grants.	MHEC administrative discretion. <i>(Note: MHEC's previous deadline for priority document submission was April 1; MHEC moved it by two weeks to accommodate the revised awarding deadline set by SB 501/HB 1030 (Chap. 640) of 2022 session.)</i>
April 15	Awarding deadline: Date by which MHEC offer State aid to the applicants who submitted required documents by the priority document submission deadline. Applicants must check their email for the offer notification and accept the offer within six weeks via the MDCAPS platform.	MD. Education Code Ann. § 18-307(c)(1). <i>(Note: This deadline was set by SB 501/HB 1030 (Chap. 640) of 2022 session, effective July 1, 2022; MHEC's previous awarding deadline was May 1.)</i>
May 15	Last Chance Deadline. Verification documents submitted to MHEC by this day will be reviewed and some may be offered an EEA Grant award, but limited EEA funds may be exhausted.	MHEC administrative discretion.
6 Weeks from Offer	Students must accept an EEA Grant offer via MDCAPS within six weeks of the offer.	MHEC administrative discretion.

COMAR: Code of Maryland Regulations

EEA: Educational Excellence Award

FAFSA: Free Application for Federal Student Aid

MDCAPS: Maryland College Aid Processing System

MHEC: Maryland Higher Education Commission

MSFAA: Maryland State Financial Aid Application

Accepting an Offered Award

Per State regulations, applicants are notified of an EEA Grant award offer via the MDCAPS platform. An applicant must log on to MDCAPS to accept the award. GA-Initial Grant applicants also must use MDCAPS to upload documentation that demonstrates their eligibility. Students without a MDCAPS account cannot accept an offered EEA Grant award.

Observation: Pennsylvanians offered a state grant do not need to take further action with the Pennsylvania Higher Education Assistance Agency (PHEAA) to accept the grant; once offered, the state grant is handled through the postsecondary institution where the student enrolls.

In Pennsylvania, once PHEAA offered a state grant to a student, students do not need to take further action with PHEAA to accept the grant. The grant is handled through the postsecondary institution where the student enrolls. Pennsylvania/PHEAA illustrates that MHEC's current procedures could be easier for applicants and requiring use of MDCAPS for grant acceptance is an unnecessary step.

In contrast, Maryland requires students to accept the award on MDCAPS. Once an EEA Grant applicant completes all steps and demonstrates eligibility, MHEC may offer them an award. To receive it, however, students must actively accept the offer via the MDCAPS platform within six weeks. Some students may actively decline an award, but students also may simply not respond. If a student does not actively accept the offer, MHEC will cancel it and offer the funds to another applicant.

Chapter 4. Administrative and Process Issues

This chapter on administrative and process issues reviews the Office of Student Financial Aid (OSFA) staffing generally, as well as the OSFA staff's specific efforts to raise student awareness of State aid programs through marketing and outreach. This chapter also addresses several process hurdles for students related to creating a Maryland College Aid Processing Portal (MDCAPS) account, documenting eligibility, and accepting offered awards.

Observation: The number of programs administered, OSFA staff, and grants distributed through OSFA-administered programs have increased since 2013, while the number of awards given by OSFA has decreased.

The Maryland Higher Education Commission (MHEC) publishes a databook each year that provides various statistics for the previous fiscal year on relevant topics associated with higher education in Maryland. **Exhibit 4.1** shows a compilation of financial aid data from the MHEC databooks and historical MHEC organizational charts for fiscal 2013 through 2021.

Exhibit 4.1 Office of Student Financial Aid Metrics from Maryland Higher Education Commission Databook Information Fiscal 2013 and 2021

	<u>2013</u>	<u>2021</u>	<u>Percent Change</u>
Programs Administered	18	22	22%
OSFA Staff Positions	13	18	38%
Awards	54,172	49,140	-9%
Dollars Distributed through OSFA Programs	\$96,314,597	\$114,013,471	18%

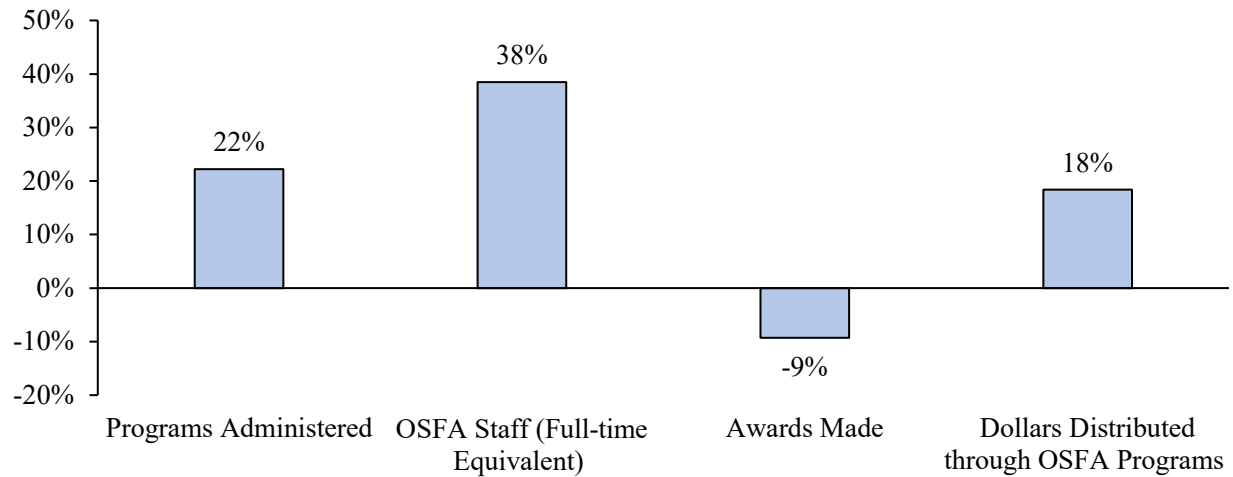
OSFA: Office of Student Financial Aid

Note: Information obtained by reviewing historical Maryland Higher Education Commission organizational charts.

Source: Maryland Higher Education Commission; Department of Legislative Services

These four financial aid-related metrics (programs administered, potential OSFA staff, awards, and dollars distributed through OSFA programs) fluctuated within a narrow range over the nine years reviewed. **Exhibit 4.2** shows the percentage increase/decrease for each metric since fiscal 2013.

Exhibit 4.2
Percent Change in OSFA Workload
Fiscal 2012 and 2021



OSFA: Office of Student Financial Aid

Source: Maryland Higher Education Commission; Department of Legislative Services

Observation: The COVID-19 pandemic created a need for OSFA to use virtual meetings to communicate with the general public.

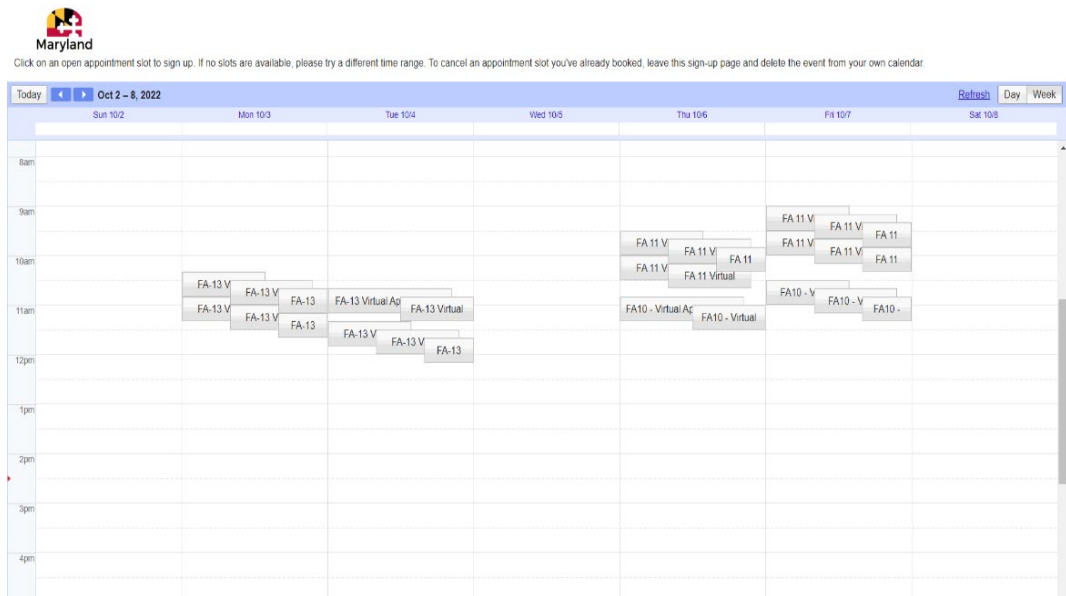
In years prior to the COVID-19 pandemic, OSFA reported involvement in 160 outreach events; whereas, in 2022, that number has dropped to 21 outreach events, an 87% reduction. To make up for this decline, OSFA has set up a system through the Google Meet platform that allows anyone to schedule virtual meetings with OSFA staff. MHEC reports that approximately 26,000 virtual meetings with financial aid specialists were held in fiscal 2022.

The MHEC Google Meet system requires the user to have a Gmail account,¹ which is a free email service provided by Google. After logging into one's Gmail account, a link provided on the MHEC website allows a user to select a 15-minute time slot with an OSFA staff member. Anyone may sign up to ask a question, and a single person may sign up for consecutive time slots if they have multiple questions or feel that they need additional time. When setting up the appointment, the user is prompted to describe the relevant issue so that OSFA staff may have a headstart in providing an answer. **Exhibit 4.3** shows a screenshot of what the Google Meet sign-up calendar looks like, with the various blocks signifying open appointment times.

¹ The MHEC website shows that there is a necessity for a Gmail account; however, it is possible that updates by Google may allow non-Gmail users to access the system.

Exhibit 4.3

Screenshot of OSFA's Virtual Meeting Calendar System



OSFA: Office of Student Financial Aid

Source: Maryland Higher Education Commission

Marketing and Awareness

Many State residents are unaware that Maryland offers financial aid for in-state postsecondary education (such as Educational Excellence Award (EEA) Grants) that can be added to federal and institutional aid. Many Marylanders are also unaware of MHEC, the agency that administers State aid.

In 2021-2022, MHEC identified 17,746 on-time Free Application for Federal Student Aid (FAFSA)/Maryland State Financial Aid Application (MSFAA) completers as potentially eligible for a Guaranteed Access (GA) – Initial Grant – based solely on their age and household income as stated on their FAFSA/MSFAA. Ultimately, MHEC awarded 1,644 GA – Initial Grants. There are many reasons for the gap between the first and second numbers. One reason is applicant awareness which is affected by marketing and outreach.

In interviews with students and other stakeholders, the Office of Program Evaluation and Government Accountability (OPEGA) heard repeatedly that students and their families had never heard of MHEC. Some said they had even wondered if emails from MHEC were legitimate. OPEGA also heard from students that they did not recall MHEC being specifically mentioned by their college counselors in high school, who might have vouched for the legitimacy of MHEC.

Observation: OSFA has no staff dedicated solely to marketing and outreach to promote scholarships and grants.

OSFA has no staff dedicated solely to marketing and outreach; instead, it relies on coordinated efforts with MHEC's Office of Communications to promote the various grant and scholarship opportunities that it administers. The marketing of these opportunities is predominantly done through community partnerships, outreach events, and MHEC's internet/social media presence. **Exhibit 4.4** shows information that MHEC provided with respect to grassroots efforts in furtherance of OSFA programs.

Exhibit 4.4
Examples of MHEC Communication Efforts on Behalf of OSFA

<u>Marketing Tool</u>	<u>Hyperlink</u>	<u>Notes based on Fiscal 2022</u>
MHEC website*	MHEC Website	1.8 million visitors annually with nearly 300,000 of those going directly to the OSFA Scholarship and Grant Program page
YouTube channel	MHEC YouTube Channel	A mix of professional products and self-produced videos regarding various scholarship programs
MHEC Podcasts and Audio Briefs	MHEC Podcasts	69,911 downloads to a device and an additional 2,466 listened on social media**
MHEC News Briefs	MHEC Twitter	Emails sent to 74,000 subscribers which promote an OSFA scholarship in each edition
MHEC Facebook	MHEC Facebook	3,669 Clicks and 7,196,189 Impressions**
MHEC Twitter	MHEC Twitter	2,348 Clicks and 2,867,128 Impressions**
MHEC Instagram	MHEC Instagram	
MHEC LinkedIn	MHEC LinkedIn	
Outreach brochures and one-pagers	MHEC Brochures and One-pagers	

MHEC: Maryland Higher Education Commission
OSFA: Office of Student Financial Aid

* MHEC is currently redesigning its website homepage to make it more user-friendly. The planned launch is mid-November 2022.

** The numbers associated with podcasts, Facebook, and Twitter were accomplished through community partnerships. They used MHEC's messaging and promoted MHEC's products on third-party social media channels.

Source: Maryland Higher Education Commission

Observation: OPEGA spoke with multiple individuals who were unaware of MHEC, OSFA, or the various programs that OSFA administers.

In OPEGA interviews with students, parents, and other stakeholders, it was repeatedly found that students and their families were unaware of MHEC. Some said they had wondered if the emails from MHEC were legitimate. OPEGA asked a group of students serving on the MHEC Student Advisory Council if they were aware of MHEC or OSFA prior to attending school, and not one answered affirmatively.

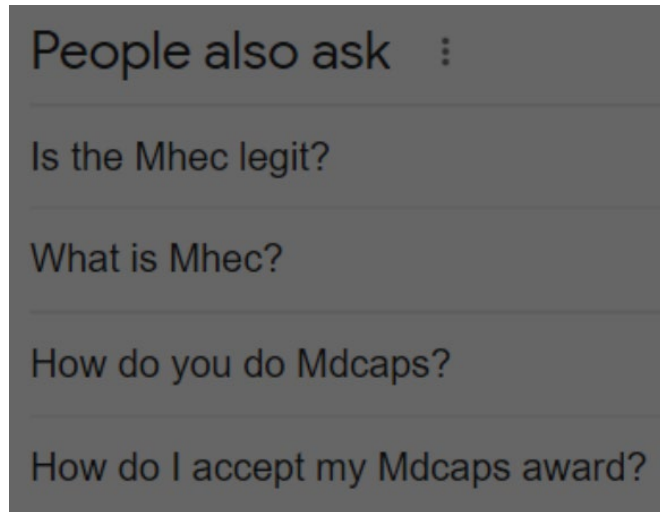
Reddit is an online platform that enables users to share content and discuss topics of interest within content-specific forums called “Sub-Reddits.” OPEGA reviewed conversations in five Sub-Reddits to learn about the experiences of EEA applicants and grant recipients. Discussions about the EEA program on Reddit demonstrated that (1) many students are not aware of EEA Grants; (2) the EEA application process is confusing; and (3) new EEA applicants and renewing EEA recipients rely on other students for information about GA and Educational Assistance (EA) awards.

The following selected comments suggest a lack of awareness of EEA Grants:

- “What’s an MDCAPS Account?” (2021-2022 Cycle);
- “Can anyone explain what the Maryland Higher Education Commission is? Do they give grants and how much on average?” (2018-2019 Cycle); and
- “[Today I learned] that MHEC is a thing that exists. Thank you so much!!” (2021-2022 Cycle).

Google search results for “MHEC” also suggest confusion about MHEC, as shown in **Exhibit 4.5**.

Exhibit 4.5
Top Search Results for “MHEC”
October 4, 2022 – Incognito Browser



Source: Google

Observation: MHEC is not tracking how many Maryland residents who complete the FAFSA by March 1 fail to sign up for a MDCAPS account.

Based on OPEGA interviews with stakeholders, we know some students and their families do not know they must create an MDCAPS account to upload verification documents for GA-Initial Grants or to accept an offered GA or EA Grant.

One way to assess whether MDCAPS account creation is a significant hurdle for potential new applicants for State aid is to calculate the portion of new on-time (by March 1) FAFSA filers who did or did not create a MDCAPS account. The MDCAPS platform does not track the number of FAFSA filers who did and did not create a MDCAPS account in time to get State aid. (All MSFAA filers have a MDCAPS account.)

The Maryland General Assembly has provided funds for MHEC to upgrade the MDCAPS platform. As MHEC embarks on this system upgrade, MHEC could consider the following:

- Include in the request for proposals a requirement to enable the upgraded system to track how many new on-time FAFSAs from Maryland residents are associated with new MDCAPS accounts.

- Partner with the U.S. Department of Education to add a link in the FAFSA for Maryland residents to create a MDCAPS account.
- Add as a Performance Measure in annual Managing for Results data the number of first-time, on-time FAFSA filers creating an MDCAPS account before MHEC's priority deadline for State aid applications.

Observation: In marketing State aid to students, many stakeholders besides MHEC play a role, and these relationships could be strengthened.

OPEGA's interviews with stakeholders highlighted how many stakeholders, in addition to MHEC, have key roles in promoting student awareness about State financial aid. These stakeholders are the following:

- **Local School Systems:** The 24 local education agencies (LEA) can promote MHEC and State aid opportunities. All could have agreements now with MHEC to facilitate direct uploading of high school transcripts to MDCAPS but, as of October 2022, only 17 of the 24 had done so.
- **High School Counselors and Teachers:** The local school systems employ college and career counselors in public high schools who offer information sessions and work individually with students. OPEGA interviewed such counselors, who said the ratio of counselors to students allows little time for individual counseling and follow-up. Teachers often write college letters of recommendation for high school seniors.
- **Maryland State Department of Education (MSDE):** MSDE supports the 24 LEAs in Maryland. In 2021, over 38% of public high school students qualified for free and reduced meals indicating that they would likely need financial aid to attend postsecondary education. With its statewide authority, MSDE can both promote awareness and facilitate high school transcript uploads to MHEC.
- **Colleges and Universities:** Maryland's postsecondary education institutions recruit applicants and provide them information on cost of attendance and financial aid options. Currently, it is difficult for postsecondary institutions to include estimates of State aid in their offer letters to in-state students. MHEC could ask institutions to put standard language to their financial aid letters that additional State aid from MHEC may be available.
- **Nonprofit Organizations:** Several nonprofits around the State, many of which are members of the Maryland Alliance of Advocates for College Affordability and Equity, counsel and assist low-income and first generation to college students access and complete a post-secondary education. Promoting awareness of MHEC and State aid is central to their mission.

High School Transcripts and Income Verification

Observation: MDCAPS records show that incomplete official high school transcripts and incomplete documentation for income verification were the main reasons for incomplete GA Grant applications.

Each year, as part of its GA and EA grant awarding process, MHEC requests and tracks thousands of documents.

First, MHEC reviews all on-time (by March 1) FAFSA/MSFAAs to identify applicants who may meet the statutory eligibility criteria for age and household income required for a GA Grant. MHEC notifies all these students that they must upload an official high school transcript or GED score to demonstrate that they also meet the GA Grant's eligibility criteria for academics. In addition, MHEC asks a subset (currently 60%) of potential GA-Initial grantees to provide documents for income verification.

Failure to complete any one required document makes an applicant ineligible for a GA-Initial Grant; that student may instead receive a smaller EA-Initial Grant that year, which requires no such documentation.

MHEC uses MDCAPS to track which requested documents are completed, incomplete, or waived. MDCAPS records the totals in each status category as of the end of each year's award process. OPEGA reviewed the MDCAPS "Document Tracking Analysis" reports for GA and EA Grants. **Exhibit 4.6** summarizes the final status of tracked documents for academic year 2021-2022 for GA and EA Grant applicants. Note that the numbers in this exhibit represent documents, not people, because MHEC may request multiple documents of an applicant. For example, one high school senior under consideration for a GA-Initial Grant may be asked to upload an official high school transcript as well as three documents related to income verification, and that senior may complete some required documents but not others.

Exhibit 4.6
Documents Tracked for GA Grant Award Process
Academic Year 2021-2022

	<u>Completed Documents</u>	<u>Incomplete Documents</u>	<u>Waived Documents</u>	<u>Total Documents Tracked</u>	<u>Percent Documents Incomplete</u>
GA – Initial					
FAFSA/MSFAA	17,476	54	215	17,745	0%
HS transcript/GED score	3,037	3,037	259	6,333	48%
MHEC Income Verification	3,652	4,114	339	8,105	51%
Other	2,266	259	138	2,663	10%
GA – Renewal					
FAFSA/MSFAA	3,172	361	-	3,533	10%
MHEC Income Verification	1,356	216	39	1,610	13%
Other	535	19	22	574	3%
EA – Initial					
FAFSA/MSFAA	179,231	194	10	179,435	0%
Award acceptance	16,322	18,911	1	35,234	54%
Other	163	89	37	288	32%
EA – Renewal					
FAFSA/MSFAA	43,554	3,323	-	46,877	7%
Award acceptance	20	11	-	31	35%
Other	121	33	11	163	20%

EA: Educational Assistance

FAFSA: Free Application for Federal Student Aid

GA: Guaranteed Access

HS: high school

MHEC: Maryland Higher Education Commission

MSFAA: Maryland State Financial Aid Application

Source: Maryland College Aid Processing Portal (September 9, 2022), Document Tracking Analysis Reports, Academic Year 2021-2022.

GPA Verification

To show academic eligibility for a GA-Initial Grant, MHEC requires all applicants to upload an official high school transcript or GED score. MHEC requires an official high school transcript that includes grades from the first semester of an applicant's senior year. Regular report

cards are not accepted. These high school transcripts are typically available starting in January of senior year.

Uploading an official high school transcript or GED score is an ongoing hurdle for potential GA-Initial grantees. In academic year 2021-2022, 48% of the requested high school transcripts remained incomplete. While that rate is an improvement from earlier years, even the improved rate for academic year 2021-2022 suggests that this step presents an ongoing hurdle for applicants. Moreover, tracking the transcripts for all these applicants in a short period of time creates a workload bottleneck for MHEC staff.

Importantly, MDCAPS records cannot reveal what portion of applicants may have chosen not to upload a high school transcript, rather than attempted to do so but been unsuccessful. Students may have chosen not to complete this step if they already knew their GPA or GED score did not meet the statutory minimum, or because they were already intending to enroll in an out-of-state school, or perhaps because they decided to enroll part-time. MDCAPS document tracking reports also cannot show how many applicants did not open their notification email from MHEC. (If emails bounce back as undeliverable, MHEC will mail a paper notice to the address listed on the FAFSA/MSFAA.)

To augment this records review, OPEGA conducted interviews with stakeholders. Interviewees described common reasons why the official transcript requirement is a hurdle for some students.

First, many high school seniors are unclear about the difference between the regular report card mailed to them by the school and an official high school transcript. As a result, some students upload a copy of their regular report card to MDCAPS and do not understand why MHEC continues to tell them that their transcript requirement remains incomplete.

Second, although MHEC has worked to make transcript uploads easier by (1) improving the software imaging capability in MDCAPS and (2) encouraging high schools and school districts to enter into an agreement with MHEC authorizing transcript uploads to MDCAPS, many high schools and districts still have no such agreement in place. **Appendix E** shows the LEAs with upload agreements with MHEC as of October 2022.

Adopting different academic eligibility criteria, different policies and procedures, and/or different deadlines are options for reducing this hurdle for students and reducing workload for agency staff.

Income Verification

To show eligibility for a GA-Initial Grant, MHEC currently asks 60% of potential GA-Initial grantees to provide additional documents for MHEC income verification. Some of these applicants have already had their income verified at the federal level as part of FAFSA processing, which determines Federal Pell Grant eligibility. Maryland statute requires that a minimum of 25% of applicants be verified; the percentage above that minimum is set administratively by MHEC.

In academic year 2021-2022, 51% of the documents requested by the agency for MHEC income verification of GA-Initial Grant applicants remained incomplete. As with the high school transcripts, these rates were better than past years, yet even the improved rate suggests that this step presents an ongoing hurdle for applicants.

As with the high school transcripts, MDCAPS records cannot show why an applicant did not upload a requested document for income verification. In OPEGA interviews, however, students, high school counselors, staff of nonprofits who help students get financial aid, and financial aid officers from postsecondary institutions, all said that documents related to parent income or marital status can be hard for students to obtain. Some parents cannot (or are unwilling to) share these documents. Some students do not understand what document is being requested of them without more explanation and follow up from a trusted adult.

Like the high school transcripts, some students may choose not to upload the income-related documents because they have decided to enroll out-of-state, enroll in-state part-time only, or go into the workforce instead.

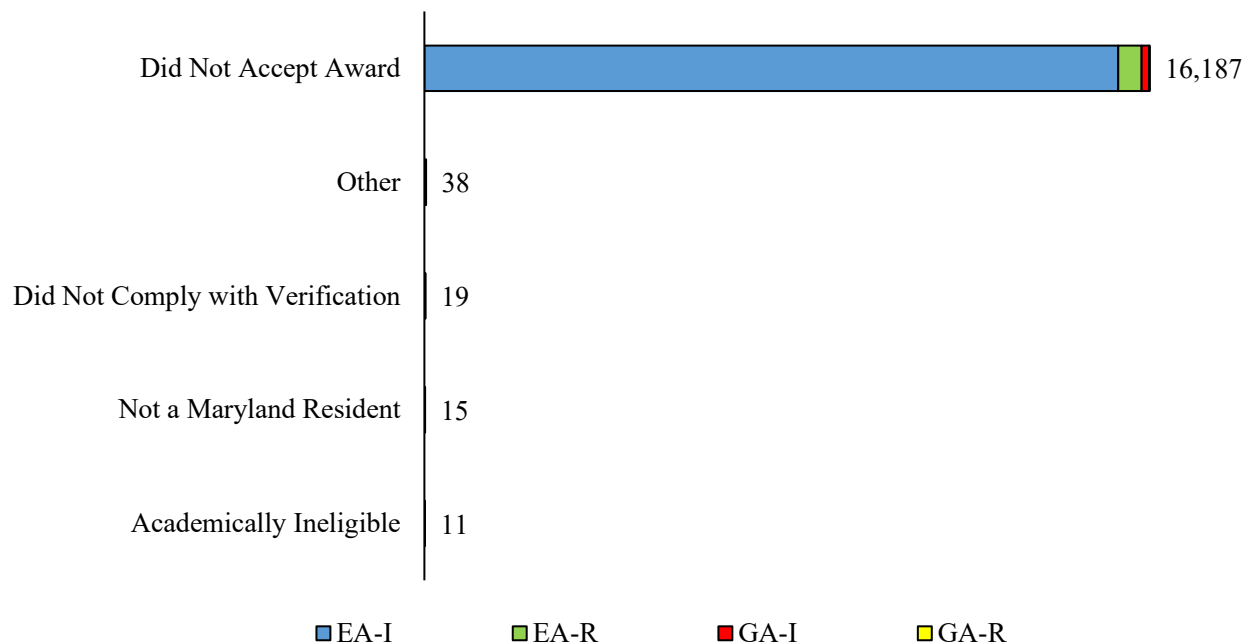
Nevertheless, both the MDCAPS records and OPEGA interviews with stakeholders suggest that the income verification step is a consistent hurdle for students as well as a workload burden for MHEC staff.

Award Acceptance

Observation: MDCAPS records show that many students offered an EEA Grant never respond to the offer.

Compared to GA Grants, applying for an EA Grant has fewer document verification requirements. As shown in **Exhibit 4.7**, lack of award acceptance by the student was the main category of incomplete documentation for EA-Initial Grant applicants in academic year 2021-2022. Failure to provide a permanent address was a distant second reason.

Exhibit 4.7
Canceled GA and EA Grant Award Offers
Academic Year 2020-2021, Fall Term 1



EA: Educational Assistance
 GA: Guaranteed Access
 GA-I: Guaranteed Access – Initial
 GA-R: Guaranteed Access – Renewal

Source: Maryland College Aid Processing Portal

Once an EEA Grant applicant demonstrates their eligibility, MHEC may offer them an award. Maryland regulations require that for a student to receive the offered award students must actively accept it via the MDCAPS platform within six weeks. If a student does not accept the offer, MHEC will cancel it and offer the funds to another applicant.

OPEGA reviewed cancellation records in MDCAPS for clues to why students who were offered an award did not accept them. For academic year 2021-2022, MDCAPS records showed that the most common reason for MHEC to cancel an initial EEA (GA or EA) Grant award offer was because MHEC got no response from the student.

OPEGA could not determine from MDCAPS records why any individual student did not respond to the grant offer but stakeholders during OPEGA interviews listed the following range of reasons for student nonresponse:

- Student provided an incorrect email address.
- Student provided a correct email address that they never use.
- Emails from MHEC went directly into a spam folder and the student did not check their spam folder.
- Student saw the emails but thought MHEC was spam or illegitimate.
- Student saw the emails but had already received a financial aid letter from the institutions that had admitted them and assumed that institutional aid offer was the bottom line, not realizing that State aid is not necessarily reflected in institutional financial aid packages.
- Student saw the emails and the institutional financial aid letter that referred to potential State aid – and assumed that any State aid would be awarded via the school directly and so did not contact MHEC to follow up.
- Student saw the emails and understood they had been offered an award but did not understand that they must actively accept the award to receive it, mistakenly assuming it would automatically be credited to the school without further action on their part.
- Student decided to attend an out-of-state school and therefore did not pursue financial aid limited to in-state institutions. (Approximately 30% (or 9,000) of high school seniors in Maryland who enroll in college full-time the following fall choose an out-of-state school.)
- Student decided not to pursue any postsecondary education at that time, regardless of the State financial aid available.

Chapter 5. Options for Consideration

Maryland College Aid Processing System (MDCAPS) Account Creation

Option: Add MDCAPS account creation as a component of Maryland's current Free Application for Federal Student Aid (FAFSA) Completion Initiative.

To increase utilization of MDCAPS by high school seniors, the Maryland General Assembly (MGA) could:

1. Require the county school systems to promote MDCAPS as an added component of the FAFSA Completion Initiative, and
2. Require the Maryland Higher Education Commission (MHEC) to create an application programming interface that allows Maryland FAFSA completers to seamlessly create an account with the State's financial aid system, as Pennsylvania does.

Currently, some states have a partnership with the U.S. Department of Education that allows a student who is filing their FAFSA to also transfer their information directly into a state aid form. For example, New York residents can use this interface to link directly to the application for the Tuition Assistance Program. Pennsylvania residents can use this interface to link to the Pennsylvania State Grants.

For FAFSA filers in the states that have arranged such a partnership, when the student fills out the FAFSA form, they have the option to complete certain state financial aid forms. The U.S. Department of Education encourages FAFSA completers to select this option if it is available to them. The link will appear only on the confirmation page within the FAFSA form, so students must take advantage of it while still in the FAFSA application.

Budgeting

Guaranteed Access (GA) and Educational Assistance (EA) Grants are awarded from one Educational Excellence Award (EEA) appropriation. If GA Grant awards increase, then EA Grant awards must decrease to stay within fund limits. The following two options present different strategies for eliminating the 'competition' between GA and EA Grant awards which was identified by some stakeholders as a concern.

Option A: Budget GA and EA Grants as separate grant programs in the appropriations process.

One option would be to fund the GA Grants and EA Grants as separate appropriations. Under this option, MGA would set the appropriation limit for GA and the appropriation limit for EA.

One consequence of adopting Option A would be that the GA Grants would no longer be “guaranteed.” Currently, GA Grants are effectively guaranteed because they are awarded first within the much larger EEA appropriation. While Md. Education Code Ann. § 18-304(c)(3)(i) guarantees the GA Grants, Md. Education Code Ann. § 18-309(a) provides for award reductions if EEA funds cannot cover the full awards.

EEA Grant expenditures (whether GA or EA) cannot exceed the annual appropriation. Since the EEA program was established, total GA Grant awards have never approached the limit of EEA funds.

If the EEA Program were divided into separate GA and EA appropriations, the method of guaranteeing GA Grants would have to be modified to stay within the annual appropriation. (See **Appendix B**, LR 5042 for bill draft.)

Option B: Redesign GA and EA Grants as one continuous grant program with sliding scale for income eligibility criteria.

Alternatively, the MGA could consider continuing to fund EEA as one grant program but introduce a sliding or stepped scale which would allow higher awards to applicants who have an Expected Family Contribution (EFC) just higher than the current income limit for a GA-Initial Grant. Structuring the EEA Program in this way might also entail making all applicants subject to the other eligibility criteria besides income, otherwise the change in statutory criteria would be arbitrary. (See **Appendix B**, LR 5043 for bill draft.)

Transcripts

Option: MGA could require all local education agencies (LEAs) to upload official transcripts for all high school seniors to MHEC, unless students opt out. MGA could also consider requiring all GED completion scores be uploaded to MHEC by test administrators as soon as scores are official unless students opt out.

To demonstrate eligibility for a GA-Initial Grant, applicants must upload an official high school transcript to MDCAPS showing their first semester senior grades. Regular report cards are not accepted by MHEC. Likewise, applicants who have completed a GED must upload their

official scores to MHEC. This step in demonstrating eligibility has been a consistent hurdle for applicants.

The uploading of high school transcripts has also been a persistent hurdle for students. To facilitate this step in the eligibility verification process, MHEC recently improved the software upload capability in MDCAPS. Further, MHEC told the Office of Program Evaluation and Government Accountability (OPEGA) that individual high schools and/or county school boards may now enter into an agreement with MHEC authorizing high schools to upload official transcripts directly to MHEC. These recent improvements are likely to make the high school transcript uploads easier for students in schools or school districts with such an agreement with MHEC. As of October 2022, however, 6 of the 24 local school districts in Maryland had no transcript upload agreement with MHEC.

If all high schools (or the Maryland State Department of Education (MSDE)) automatically uploaded the official transcripts to MHEC (unless a student opts out), this would:

- Reduce or eliminate cases where students otherwise eligible for a GA-Initial grant are not getting one due to a missing official high school transcript.
- Enable MHEC to proactively contact every high school senior who meets the minimum GPA. This outreach could begin as soon as transcripts are uploaded, without need to wait for FAFSA/Maryland State Financial Aid Application (MSFAA) completion.
- Eliminate the need for MHEC to track separate upload agreements with high schools around the state because the process would be standardized and universal for all high schools and LEAs.

MGA could mandate that LEAs or MSDE automatically upload to MHEC all high school transcripts, unless students opt out. As a variation on this option, MGA could require that LEAs or MSDE upload high school transcripts only for students with a GPA of 2.5 or higher, reducing the time needed for MHEC staff to review the high school transcripts for minimum GPA. (See **Appendix B**, LR 5044 for bill draft.)

Option: MGA could authorize MHEC to accept high school transcripts after an applicant's junior year.

Under current law, MHEC must document grades through the first half (semester) of an applicant's senior year in high school. Practically, this is January of senior year for most applicants.

Given the challenges in uploading official transcripts, MGA could revise the statute to require high school transcripts through the end of junior year rather than the end of first semester senior year. This would give applicants six more months to upload the documents. It would also give MHEC staff more time to review high school transcripts.

Students who raised their GPA to 2.5 in their first semester of senior year could be still be allowed to submit the transcripts in January. If an applicant does not have a GPA of 2.5 or higher at the end of their junior year, they could wait until the first semester of their senior year was completed before submitting their transcript, and perhaps raise their GPA to make them eligible for a GA Grant. (See **Appendix B**, LR 5045 for bill draft.)

Option: Stop requiring a minimum GPA or GED score for initial GA-Initial Grant eligibility, and instead rely on postsecondary admissions and subsequent satisfactory academic progress to suffice for both GA and EA Grant eligibility.

MGA may want to eliminate this statutory requirement for the following reasons:

1. GPA/GED scores can be a blunt predictor of student postsecondary degree completion.

GPA alone does not measure the rigor of courses taken in high school. Postsecondary schools do not use only GPA to assess a student's potential to succeed in postsecondary education. Some institutions will waive a minimum GPA requirement if a student scores above a certain level on the SAT or ACT or otherwise indicates a good potential to succeed in postsecondary education. MGA could rely on institutional admissions to identify the applicants likely to succeed in college.

Some Maryland postsecondary schools have an open admission policy and no minimum GPA or GED score requirements. At these schools, admission would not necessarily identify applicants likely to succeed in college, but the EEA Program requires that to renew an EEA Grant a student must show satisfactory academic progress from year to year and complete a minimum number of credits. Eliminating the minimum GPA or GED score would remove a hurdle for GA-Initial Grant applicants but retain the program's ongoing requirement for satisfactory academic progress to renew.

2. Uploading official GPA transcripts and GED scores has been a consistent hurdle for potential GA-Initial Grant applicants.

Based on MDCAPS document tracking records, incomplete uploading of official high school transcripts has been a consistent factor in making students ineligible for GA-Initial Grants over the past six years. For the 2021-2022 academic year, 48% of the requested official high school transcripts from applicants were never uploaded.

OPEGA interviews also found that the GA requirement of an official high school transcript has been a constant hurdle for students in the verification process. While MHEC has simplified the upload process in recent years by adding imaging capabilities to MDCAPS and allowing agreements with high schools or school districts to directly upload transcript, not all Maryland students are in high schools with MHEC agreements to do this upload.

Eliminating the minimum GPA/GED score requirement would simplify the application process for students and reduce the workload for MHEC staff for GA-Initial Grants. MGA could instead direct MHEC to rely on admission to a postsecondary institution and satisfactory academic progress after enrollment to suffice for GA-Initial Grant eligibility, as it currently does for EA Grants.

3. Eliminating the minimum GPA requirement would expand eligibility to both students with a GPA under 2.5, as well as students with a GPA of 2.5 and above who were ineligible solely because they were unable to upload an official high school transcript by the MHEC deadline.

Relatively few students enrolled full-time in Maryland's postsecondary institutions had a high school GPA below 2.5. Eliminating the minimum GPA requirement might have made some of those of students who had high financial need eligible for a GA-Initial Grant coming out of high school. Exhibit 3.6 shows that more students in community colleges were excluded from GA Grants than in independent or public four-year institutions.

Perhaps more importantly, eliminating the GPA requirement would also open eligibility to the neediest enrolled students with a GPA of 2.5 and above who had been unable to upload an official high school transcript to MDCAPS by the MHEC deadline.

4. Eliminating the minimum GPA/GED score requirement would reduce workload for MHEC staff.

(See **Appendix B**, LR 5046 for bill draft.)

Option: Reduce MHEC income verification to the current statutory minimum of 25% of FAFSA and MSFAA completers, allowing MHEC staff to focus on year-round audits and smooth out their workload over the year.

Maryland statute requires that MHEC flag at least 25% of potential GA Grantees for State income verification. The actual percentage is decided administratively by the Office of Student Financial Assistance (OSFA) Director at MHEC. Currently, MHEC conducts income verification for 60% of potential GA-Initial Grant applicants.

Maryland statute also requires that MHEC select for verification at least 25% of all students who received an EA Grant and were flagged for federal verification.

Under this option, MHEC's income verification requirement for potential GA-Initial awardees would be lowered to the current statutory minimum. (See **Appendix B**, LR 5047 for bill draft.)

Income Verification

Option: Explore the development of a memorandum of understanding between MHEC and the Maryland Comptroller’s Office to verify the State income tax return status and income level for financial aid applicants.

Currently, the Maryland Comptroller’s Office has a memorandum of understanding (MOU) with the Maryland 529 plans to verify whether (1) an applicant to the Save4College State Contribution Program¹ has filed a Maryland income tax return and (2) the income listed on that tax return aligns with the income listed on the grant application. Maryland Code requires the Maryland 529 Board to verify the income level provided by applicants.

By design, the Comptroller’s Office does not release tax return data to the MD 529 plans, nor has it created an automated tool to allow a transfer of income tax data. Instead, to maintain data security, via the third-party contractor T. Rowe Price, the MD 529 plans send a list of applicants for the Save4College State Contributions, and the Comptroller’s Office verifies the income and tax return status.

MHEC could set up a similar MOU with the Comptroller’s Office to income verify the GA Grant applicants.

In Pennsylvania, the Pennsylvania Higher Education Assistance Agency (PHEAA) uses income reported in the FAFSA, whether self-reported or pulled from the U.S. Internal Revenue Service (IRS) via the tax data retrieval tool (DRT), to determine financial need. To validate the income stated in the FAFSA, PHEAA uses an automated tool to compare it with income reported to and stored by the Pennsylvania Department of Revenue. If the income is a match or within a certain range of a match, PHEAA does not require any additional documentation from the applicant.

Option: Streamline MHEC income verification by giving MHEC access to Maryland’s Total Human-services Integrated Network (MD THINK) and allow applicants to be categorically income-qualified for an initial GA Grant based on their family’s existing enrollment in the Supplemental Nutrition Assistance Program (SNAP), rather than requiring a redundant MHEC income verification process that demonstrates the same level of poverty.

Lower income students in Maryland are less likely to file an income tax return. For example, a head of household under age 65 did not need to file a federal tax return for 2021 if they

¹ Maryland 529 Investment Plan: Save4College State Contribution Program; retrievable from: <https://maryland529.com/Save4College/State-Contribution-Program/Contact-Us>.

earned under \$18,800. As a result, many of the lowest income students cannot use the IRS data retrieval tool on their FAFSA. These students also could not be income-verified by the Maryland Comptroller's Office, even if MHEC were to set up an MOU as recommended in the previous option.

For these lower income students, MD THINK could offer a solution if they are already enrolled in certain public assistance programs.

MD THINK is a relatively new cloud-based platform that allows multiple State agencies to share and manage data in one place. MD THINK offers a “no-wrong-door” approach to clients and eliminates redundancies within the eligibility determination process.²

To be eligible for SNAP (formerly called Food Stamps) a household must have income at or below 130% of federal poverty guidelines³ – the same income cutoff as for initial GA Grant eligibility. SNAP eligibility could presumptively qualify a FAFSA or MSFAA completer for a GA Grant without further income verification. To facilitate this, agencies participating in MD THINK could expand to include MHEC.

Qualifying for a GA Grant based on SNAP enrollment would still require a student to complete a FAFSA or MSFAA, but it could eliminate MHEC income verification for students already enrolled in SNAP or another public assistance program in MD THINK with a similar income cutoff for eligibility.

Option: Accept income reported in the FAFSA, either using the IRS DRT or self-attested, under penalty of perjury for those who knowingly falsify their income information.

MHEC could audit a percentage of self-attested income reports during the year following a GA Grant award. (See **Appendix B**, LR 5048 for bill draft.)

Acceptance of Award

Option: Allow students to receive an EEA Grant without having to actively accept it on MDCAPS within six weeks of MHEC's grant offer.

In Pennsylvania, after PHEAA awards a state grant to an applicant, a student need not take further action to accept it. Students need only enroll in a postsecondary institution which verifies their enrollment directly with PHEAA. PHEAA sends the state grant to cover part of the student's institutional bill.

² MD THINK website: <https://dhs.maryland.gov/mdthink/>

³ <https://www.cbpp.org/research/food-assistance/a-quick-guide-to-snap-eligibility-and-benefits#:~:text=For%20a%20family%20of%20three,and%20lower%20for%20smaller%20families>

In contrast, MHEC requires Maryland students to actively accept an offered EEA Grant via MDCAPS within six weeks, or the grant offer is cancelled and offered to another student. The example from Pennsylvania illustrates that there are other models for awarding state grants that have fewer hurdles to grant acceptance.

Age Eligibility

Option: Allow low-income Marylanders to be eligible for an initial GA Grant after age 21 to expand access for nontraditional students.

Option: Allow low-income Marylanders to be eligible for an initial GA Grant more than one year after high school or GED completion to expand access to nontraditional students.

(See Appendix B, LR 5049 for bill draft.)

Structure

Option: Consider decentralization of the EEA grant award process by pre-allocating more or all of the EEA funds to postsecondary institutions for campus-based awards, allowing institutions to offer EEA grants directly to students from their institutional allocation.

Under the Campus-Based Educational Assistance Grants (CBEAG) portion of the EEA Program, MHEC currently allocates about \$2 million of EEA funding each year to the State's colleges and universities for making direct EEA grants to students. MHEC allocates the CBEAG funds among institutions based on the portion of Federal Pell Grants at those institutions. Using a similar allocation formula, the MGA could direct MHEC to pre-allocate more or all of the EEA funds among the institutions and then let the institutions offer grant awards to their admitted and enrolled students. Allocations could be based on historic EEA use, and/or Pell eligible enrollees from Maryland. Virginia currently uses a system decentralized to the institutions for its main need-based student aid program.

Implementing this recommendation would reduce the time required by MHEC staff to award EEA Grants. MHEC could shift the focus its limited staff to:

1. customer service and outreach;
2. technical support to institutions, and
3. audits of institutions about the EEA grants awarded.

MHEC could hold a reserve should any institution have financial need for eligible students that exceeds its EEA allocation. Practically, this would reverse the current system of EEA Grants, where MHEC awards the bulk of the grants to applicants, with a small amount allocated to institutions via CBEAG. Instead, institutions would get the bulk of the EEA funds, with a State reserve for any unforeseen need. MHEC could require institutions to provide documentation that award recipients met the eligibility criteria for an EEA Grant.

Recommendations

Recommendation: MGA could provide for allocation of funding directly to OSFA to promote general awareness of the Office and the programs that it administers.

There are many reasons why a student may not respond to an OSFA email. It is possible that fewer cancellations due to a lack of student response would lead to a higher rate of deserving students obtaining financial aid from one of OSFA's EEA programs. However, if that is a fair assumption, then enhanced promotion and public awareness of MHEC, OSFA, and the various programs administered by OSFA could dissipate lingering confusion or uncertainty.

During an interview with PHEAA, OPEGA was informed that they employ 13 dedicated outreach specialists who cover regional areas of the state. OSFA, through MHEC's Office of Communications, relies on a self-described grassroots approach, with little to no funding for specialized staff or broad-reaching media campaigns.

Recommendation: The Financial Assistance Advisory Committee (FAAC) should provide guidance to local school boards to include information on MDCAPS along with the FAFSA/MSFAA outreach required by Chapter 577 of 2021.

The FAFSA Completion Initiative (established by Chapter 577) does not currently include MDCAPS. The FAFSA is a federal form that does not require an MDCAPS account to complete. However, students looking to attend a Maryland High Education Institution and who may benefit from one of the many programs administered by MHEC should have an MDCAPS account to track the status of pending awards and accept awards for which they qualify. From a marketing perspective, the FAFSA and an MDCAPS account should be treated as complementary (MSFAA completers already must create a MDCAPS account to complete that form). FAAC should push local school boards to promote MHEC and the creation of an MDCAPS account with any FAFSA/MSFAA outreach plan moving forward.

Recommendation: MHEC should provide the Maryland General Assembly reports on:

1. **the percentage of first-time FAFSA filers who create a MDCAPS account before the priority filing deadline, and**
2. **how many applicants received their award notice after May 1, and why.**

**Appendix A. Response from the
Maryland Higher Education Commission**



Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

Mary Pat Seurkamp, Ph.D.
Chairperson

James D. Fielder, Jr., Ph. D.
Secretary

December 16, 2022

Mr. Michael Powell
Director, Office of Program Evaluation and Government Accountability
Department of Legislative Services
Lowe House Office Building
6 Bladen Street
Room 218
Annapolis, MD 21401

Dear Mr. Powell,

The Maryland Higher Education Commission (MHEC) has reviewed the Report titled “Evaluation of the Office of Student Financial Assistance,” authored by the Office of Program Evaluation and Government Accountability (OPEGA) of the Department of Legislative Services (DLS) dated December 2022. MHEC would like to thank you for the observations and recommendations that were made as the result of this evaluation. We appreciate the overview as well as the time OPEGA committed to conduct the evaluation of OSFA and provide a detailed and constructive report focused on the evaluation on the efficiency and effectiveness of the Delegate Howard P. Rawlings Program of Educational Excellence Awards (EEA) Program. MHEC finds the report very helpful. It addresses many issues that we have previously expressed as well as raises a few issues that we have not previously considered. However, MHEC finds that some areas within the report do not contain sufficient information to make certain recommendations.

Please find attached the Commission’s itemized responses to the observations and recommendations included in the report as well as some additional comments pertaining to different sections of the report.

If you have any questions regarding this response, please contact me.

Sincerely,

James D. Fielder
Secretary

cc: Geoffrey Newman, Assistant Secretary for Finance and Administration, MHEC
Al Dorsett, Director, Office of Student Financial Assistance, MHEC

Maryland Higher Education Commission Response to the “Evaluation of the Office of Student Financial Assistance” by the Office of Program Evaluation and Government Accountability of the Department of Legislative Services

December 2022

MHEC Itemized Responses to the Observations and Recommendations included in the December 2022 OPEGA Report of the Office of Student Financial Assistance (OSFA)

In review of the report; MHEC offers the following comments and suggestions specific to information within the analysis:

Observations

Observation: The low-income applicant experience varies by state.

Response: The Department agrees in part, but believes all information has not been provided

Pennsylvania Higher Education Assistance Agency (PHEAA) State Grant initial award notices are considered as estimates. Even after students have received a PHEAA State Grant award notice, PHEAA requires each institution to conduct additional eligibility checks. PHEAA sends each institution an official listing of all students awarded State Grants at the beginning of each semester that each institution must review and certify for confirm student eligibility. Additionally, each applicant that applies for Pennsylvania (PA) State Grant eligibility are also subject to a possible review, since the PA State Grant Program is a financial assistance program that is funded in whole or in part by the Commonwealth of Pennsylvania. PHEAA is responsible for administering the PA State Grant Program and ensuring that the data provided by applicants meet the eligibility requirements. If applicants are selected for review, then they are responsible to provide copies of state and federal tax returns, wage and tax statements, and all supporting schedules and forms. As indicated on PHEAA’s webpage (<https://www.pheaa.org/grants/state-grant-program/state-grant-faq.shtml>), if an applicant’s PA State Grant record is selected for a review, the applicant is responsible for taking action immediately. Failure to respond to a review in a timely manner with all information requested may result in one or more of the following:

- A delay of funds being sent to the applicant’s school, should the applicant be eligible after review;
- A delay in resolving the review resulting in PHEAA requests for additional information;
- Cancellation of awards; and/or
- Repayment of some or all of the PA State Grant funds that were previously disbursed to one or more schools on applicant’s behalf.

Most reviews require the applicant to respond within 30 days. If the applicant does not respond within the 30-day timeframe, State Grant & Special Programs will not accept information after April 1 of the

current academic year. For example, information for the 2022-23 academic year will not be accepted after April 1, 2022.

Observation: EEA Grants make it possible for low-income students to enroll in college full time and complete an undergraduate degree.

Response: MHEC concurs.

Observation: Many of the lowest-income students got an EA Grant instead of a GA Grant.

Response: MHEC acknowledges the observation.

Internally, in accordance with §18-303 of the Education Article of the Annotated Code of Maryland, MHEC is focused on making sure Guaranteed Access Grants are awarded to the neediest students. MHEC is currently reviewing previous regulations adopted by the Commission to evaluate and propose changes that will best serve Maryland residents.

Observation: After family contributions, grants, and scholarships, students with household incomes just above 130% of poverty (the GA-Initial Grant income cutoff) had the largest remaining financial need to cover the cost of attendance.

Response: MHEC acknowledges the observation.

This observation is related and similar to several other observations provided in the report. In accordance with §18-303 of the Education Article of the Annotated Code of Maryland, MHEC is focused on making sure Guaranteed Access Grants are awarded to the neediest students. MHEC is currently reviewing previous regulations adopted by the Commission to evaluate and propose changes that will best serve Maryland residents and reduce the financial need of students and their families.

Observation: Pennsylvanians offered a state grant do not need to take further action with the Pennsylvania Higher Education Assistance Agency (PHEAA) to accept the grant; once offered, the state grant is handled through the postsecondary institution where the student enrolls.

Response: MHEC agrees in part, but believes all information has not been provided.

PHEAA State Grant initial award notices are considered as estimates. Even after students have received a PHEAA State Grant award notice, PHEAA requires each institution to conduct additional eligibility checks. Additionally, an applicant may be selected for review in which the applicant would be required to submit required documentation within a 30-day timeframe. If the report is going to compare Maryland grant eligibility and processes to Pennsylvania grant eligibility and processes, additional information should be obtained from PHEAA to identify and understand the guidelines used for selecting applicants for review as well as what percentage of applicants are selected for review each year.

Additionally, the awarding formula for the PA State Grant Program is calculated every academic year and considers three primary factors:

1. The funding provided for distributing awards;
2. The number of applicants for PA State Grants; and
3. The financial need of the families of those applicants.

In general, most students who qualify for a PA State Grant will also qualify the following year. However, the amount of the award can vary each year, depending upon the three primary factors listed.

Unlike PA State Grants, the Guaranteed Access grant only reduces if the applicants receive additional funding from external or other state sources that reduce applicants' need. Additionally, because of the current eligibility requirements, MHEC has been able to award all qualified GA renewal applicants.

MHEC is currently in the process of reviewing the current award acceptance policy and evaluating other possible options to identify stronger and more efficient ways to confirm awards and reconcile funds to make available to applicants on the waitlist.

[Observation: The number of programs administered, OSFA staff, and grants distributed through OSFA-administered programs have increased since 2013, while the number of awards given by OSFA has decreased.](#)

Response: MHEC agrees in part and disagrees in part

While MHEC agrees and supports OPEGA's analysis and insight on the need for dedicated staff to promote scholarships and grants, we are concerned about the assessment regarding the number of programs administered, the number of OSFA staff, and grants distributed through OSFA. Data used in Exhibit 4.1 underrepresents MHEC and OSFA in the following ways:

Staff and Programs

Concerning staff within OSFA, MHEC is currently understaffed. The report compares 2012 and 2021, which in most cases would be a standard comparison, however the COVID-19 pandemic establishes an anomaly that MHEC suggests be incorporated into the report if the report is going to compare FY 2013 to FY 2020. A recent study published in the Congressional Research Service on January 27, 2021 identified that preliminary data available suggest that there have been enrollment declines during the COVID-19 pandemic (Collins, Fountain, and Dortch, 2021, pg. 2). Total postsecondary education enrollment peaked around 2011 and has declined somewhat since then.² The peak enrollment may have been the culmination of a long-term increase in enrollment rates (i.e., the share of individuals enrolling in postsecondary education), possibly abetted by a short-term increase due to a high unemployment rate.³ The overall size of the primary college-going population (age 15-24) was also slightly higher in 2011 than in 2018.⁴ Since the enrollment peak around 2011, which follows the unemployment peak in 2010, the largest enrollment declines were at two-year public institutions and proprietary institutions. Enrollment at both public four-year institutions and private nonprofit institutions increased between 2011 and 2018. Some of the shift in enrollment is due to sector reclassification of some institutions over the period of review. For example, 67 public-two year institutions with a combined FTE enrollment of approximately 424,000 students were reclassified as

public-four year institutions between 2011 and 2018.⁵ Thus, approximately one-third of the change in enrollment at public-two year institutions was due to sector reclassification.

Awards are directly connected to enrollment, therefore if enrollment declines, the number of award recipients is likely to decline. Exhibit 4.1 shows a decline in awards when comparing fiscal 2013 and 2021; however, it also shows an increase in dollars distributed through OSFA programs. If enrollment begins to increase post-COVID, then one can assume that the number of students awarded will increase as well. For example, in FY 2021, 3,089 applicants were awarded and paid the GA grant for a total of \$37,438,104, whereas in FY 2022, 3,240 applicants were awarded and paid the GA grant for a total of \$41,856,295. There was an increase of 151 students awarded between FY 2021 and FY 2022.

OSFA has faced many challenges due to the current number of staff members within the office, including trying to respond to all inquiries (i.e., phone, email, virtual appointments) while trying to meet current award processing demands. In FY 2022, the number of telephone inquiries reported was 22,174. In comparing OSFA's incoming call data from FY 2019 to FY 2022, it shows that the phone volume was highest in FY 2019 with 24,708 calls and then declined to 17,518 in FY 2020, 6,000 in FY 2021 and then began increasing again in FY 2022. This correlates with the increase in awards between FY 2021 and FY 2022.

Since the start of the COVID-19 pandemic, OSFA has implemented virtual appointments, which many applicants are choosing. Unfortunately, because OSFA does not have a strong system in place, there are no annual reports on how many virtual appointments are scheduled annually. Each phone call as well as virtual appointment can take from five to 15 minutes to assist applicants, so we can average each phone call at 10 minutes for each call. Based on the FY 2022 number for telephone inquiries, the staff spent 220,000 minutes on answering phone calls, which is equivalent to 3,667 hours. If we have 12 staff members answering the phone, each would be on the phone for an average of 306 hours, while still maintaining processing and all other program responsibilities for 1 – 3 programs, depending upon the size of the program. With exception to the Guaranteed Access (GA) Grant, Educational Assistance (EA) Grant, and Maryland Community College Promise Scholarship, all financial assistance programs have applications that need to be reviewed for eligibility. Although all applicants end up not being eligible, the applications and required documentation must still be reviewed to determine that eligibility. For FY 2022, OSFA received 44,111 high school or community college transcript documents related to the Maryland Community College Promise Scholarship program that OSFA had to review to determine each applicant's eligibility. All reviews were completed by OSFA staff members. That is just one type of document that needed to be reviewed. Some of the other types of documents OSFA received and reviewed in FY 2022 included; 2,861 Dependent Student Verification Forms, 6,150 high school transcripts with 1st semester grades from Senior Year, 2,434 2019 Parent IRS Tax Transcripts or 1040 Signed Tax Returns, etc. OSFA staff members not only review documentation but must also the input information from documents into the MDCAPS system. For the current FY 2023 award year, OSFA completed 19,926 verifications in which a minimum of 2-3 documents for each verification were required to be reviewed. This is compared to the 9,651 accounts verified for the Promise Scholarship and GA Grant in FY 2022 that were lower than the 24,212 accounts verified in FY 2021.

Although the number of applicants to various programs may have declined between FY 2020 and FY 2022, each program still requires a designated staff member to complete processes to award applicants who applied. As mentioned, due to limited staff, OSFA staff members are assigned 1 – 3 programs

depending upon the size of the program. This currently requires them to review incoming documents for accuracy, verify each applicant's application and required documentation for eligibility, input information into the MDCAPS system and confirm award(s) for accuracy, while at the same time answer phone calls, emails, and attend virtual appointments. OSFA staff members also review and update the OSFA website for accuracy, update promotional materials and instructional materials, and reconcile designated funds at the end of each year. From prior years to the present, there have been many complaints about the customer service OSFA provides. This is partially due to limited and overwhelmed staff. If we are going to provide stronger and more efficient customer service, we need additional staff to service our applicants.

MHEC recommends that additional information be added to Chapter 4 of the report to reflect OSFA's current infrastructure as well as recommendations to provide MHEC with additional support, not only to do marketing and communication, but also to service applicants more efficiently.

Recommendations

[Recommendation: MGA could provide for allocation of funding directly to OSFA to promote general awareness of the Office and the programs that it administers.](#)

Response: MHEC agrees with additional recommendations.

Allocation of funding directly to MHEC to promote general awareness of the programs administered by MHEC through OSFA should include the following:

- Funding specifically for additional personnel to provide in-person workshops to high schools and community organizations; and
- Funding for marketing projects such as:
 - Billboards
 - Public transportation bus wrappings
 - Mall marketing
 - Commercials

[Recommendation: The Financial Assistance Advisory Committee \(FAAC\) should provide guidance to local school boards to include information on MDCAPS along with the FAFSA/MSFAA outreach required by Chapter 577 of 2021.](#)

Response: MHEC agrees with additional recommendations

MHEC will work with the FAAC to develop and implement a clear and concise outline of FAAC member responsibilities as well as a timeline of start and completion and any reporting responsibilities.

Recommendation: MHEC should provide the Maryland General Assembly reports on:

1. the percentage of first-time FAFSA filers who create a MDCAPS account before the priority filing deadline, and
2. how many applicants received their award notice after May 1, and why.

Response: MHEC agrees with concerns and additional recommendations

The MDCAPS system can provide a report of GA-Initial and EA-Initial applicants who create an MDCAPS account before the priority filing deadline, however the system does not have the capability to identify whether the applicant is a first-time FAFSA filer. Additionally, the system currently does not have the capability to record why applicants may have received the award notice after May 1 and why, however the system can provide a report that identifies applicants who received the first award notification after May 1 and provide the following data elements for each applicant:

- Date initial FAFSA received;
- Selected for verification ;
- Date of initial verification notification;
- Date all required documents submitted;
- Eligibility status;
- Date eligibility status determined;
- Date awarded; and
- Date of notification.

The data elements listed above should indicate the reason why an applicant received an award notification after May 1. For example, if an applicant completed the FAFSA on February 20 and MHEC received the FAFSA on February 25 (note: Federal Student Aid processes the FAFSA within 3-5 business days after submission), the applicant should receive initial notification on February 28 (note: FAFSA is available for import 2-3 business days after it has been processed). If the initial applicant does not submit all required documentation until May 2, then the applicant would not receive an award letter until May 7 (note: MHEC allows 3-5 business days from the date all documents were received to review and complete verification). In this example, the applicant received the award notification after May 1 because all required documents were not submitted until May 2. As noted in the report, The Maryland General Assembly has provided funds for MHEC to upgrade the MDCAPS platform. As MHEC embarks on this system upgrade, MHEC will consider configuring a process that tracks the verification and awarding process more efficiently and identifies and labels applicant status. For example, once MHEC receives the FAFSA for an initial applicant who has been selected for verification, the applicant's record will be given a status of "1," meaning the applicant has been selected for verification and needs to provide required documents. Once the applicant submits all required documents, the applicant's status will change to a "2," indicating that all documents have been provided and the applicant's record is ready for review. During the review, if the reviewer finds that the applicant has provided documentation with conflicting information and additional documentation is needed, the applicant's status will be changed to a "4," indicating that additional documentation has been requested. Once additional documentation has been submitted, the applicant's status will change to a "3," indicating that the applicant's record is ready for review again. Once the applicant's documents have been reviewed and verification has been

completed, the applicant's status will change to a "5," indicating that the review has been completed. A time stamp for each status will be recorded in the system for tracking and reporting purposes.

Other Areas within Report

Administrative Eligibility Criteria

On page 6 in the third paragraph, the report states, "Examples of administrative eligibility criteria for EEA Grants include a requirement that GA-Initial applicants upload an official high school transcript (rather than a copy of regular report card) and the requirement that 60% of GA-Initial Grant applicants be subject to MHEC income verification (rather than the minimum of 25% required in law)." MHEC suggests that the report specifically state the law to which the report refers. For example, the Department of Education Federal Student Aid (FSA) provides a Dear Colleague Letter (GEN-21-06) 2022–2023 Award Year: FAFSA Information to be Verified and Acceptable Documentation (<https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2021-09-01/2022-2023-award-year-fafsar-information-be-verified-and-acceptable-documentation#:~:text=The%20Department%20conducted%20a%20cost,4%25%20from%20the%20previous%20rate>).

Traditionally, the Department used a Classification and Regression Tree model to select up to 30 percent of all FAFSA applicants for verification by considering which characteristics were most associated with risk of error or fraud. However, in October 2018 the Department started using a Machine Learning Model (MLM) to determine an efficient verification rate that reduced the burden on applicants, their families, and institutions while maintaining the value of improper payments of Title IV federal student aid captured. Therefore, beginning on October 1, 2018, the Department verified 22 percent of FAFSA filers, an 8 percent decrease from the previous year.

The Department conducted a cost-benefit analysis in 2020, and the results demonstrated that if the Department verified above 18 percent of FAFSA filers, the costs of doing so would exceed the benefits. Therefore, in October 2020 the verification rate was further reduced to 18 percent, a reduction of 4 percent from the previous rate. The MLM will be retrained yearly and serve as a tool to continue reducing the burden of verification while responsibly controlling for improper payments of Title IV federal student aid.

In accordance with §18-303 of the Education Article of the Annotated Code of Maryland, Guaranteed Access Grants are awarded to the neediest students to ensure that 100 percent of educational costs, as defined by regulations adopted by the Commission, are paid; and Educational Assistance Grants are awarded to low and moderate income students to assist in paying educational costs, as defined by regulations adopted by the Commission. As noted above, the Department of Education's most recent guidelines for federal aid are based on the cost-benefit analyses they completed in 2020 and the results from the MLM completed in 2018. The Department systematically selects applicants for verification based upon characteristics associated with risk of error or fraud. Unfortunately, MHEC does not have a resource similar to the MLM used by the Department to identify characteristics associated with risk of error or fraud or to determine an efficient verification rate that will reduce the burden on applicants,

their families, and institutions while maintaining the value of improper payments of EEA – Guaranteed Access (GA) awards. Additionally, the GA verification selection process within the Maryland College Aid Processing System (MDCAPS) is random based upon the percentage entered in the system under the Portal Settings page. The MDCAPS system does not have the ability to systematically select applicants for verification based upon specific characteristics.

MHEC suggests that additional information be added to the report to convey the difference between federal verification guidelines and GA verification guidelines. On pages 58 – 59 of the report, it states, “To show eligibility for a GA-Initial Grant, MHEC currently asks 60% of potential GA-Initial grantees to provide additional documents for MHEC income verification. Some of these applicants have already had their income verified at the federal level as part of FAFSA processing, which determines Federal Pell Grant eligibility”. MHEC suggests that the following should also be added, “Applicants and parent(s) who complete the Free Application for Federal Student Aid (FAFSA) have the ability to import their tax information directly from Internal Revenue Service (IRS) using the IRS Data Retrieval Tool (DRT). If an initial GA applicant is selected for verification, MHEC does not require the applicant and/or their parent(s) who choose(s) to use the IRS DRT and do(es) not make changes to information imported from the IRS to submit income documents, the requirement is automatically satisfied. Although MHEC does have the authority to reduce the 60 percent income verification requirement, it is also MHEC’s responsibility to make sure GA Grants are awarded to the neediest students.

Additionally, MHEC suggests adding a recommendation to conduct a study to determine which characteristics are most associated with risk of error or fraud as well as conduct a cost-benefit analysis for residents of Maryland to determine an efficient verification rate. Because the EEA program is a set allocation each year, MHEC needs to ensure that EEA appropriations are awarded to applicants who meet the statutory eligibility criteria.

Scope of Report

Finally, while MHEC acknowledges the analysis and recommendations made by OPEGA on the Howard P. Rawlings Education Assistance Grant program, the agency is concerned that this analysis was only limited to these two programs. OSFA administers 27 financial assistance programs annually with only 18 employees. Limiting the analysis of the office to only two of these programs does not provide a clear picture of the challenges faced by the office in the execution of its responsibilities. OSFA faces many challenges that have been identified within the report, including administration of the 27 programs, call center responsibilities including answering and responding to telephone inquiries, addressing electronic inquiries, holding information sessions either in person or on line, and performing outreach and marketing functions for its programs. Only 18 employees are currently performing all of this.

MHEC and OSFA would like to point out that the Office administers about \$130 million dollars annually to more than 65,000 students annually with awards ranging from \$2,000 to \$20,000. According to the 2019 National Association of Student Financial Aid Administrators (NASFAA) Staffing Model Report, the average financial aid office has the equivalent of four Full-Time Employee (FTE) staff 1,000 applicants. However, specific staffing levels varied greatly between institutions and institution types. Public institutions reported having an average of two FTE staff per 1,000 applicants compared to five at private

not-for-profit institutions and 16 at for-profit institutions. Considering that MHEC not only services residents of Maryland, but also public and private 2-year, 4-year, and professional institutions within the state of Maryland, these FTE averages provide a comparable staffing level in reference to the staff needed to manage all financial assistance programs for Maryland. The lack of staff combined with the stress put on the Office to perform all of its functions is the source for many of the issues that cause concern for students, their families, and important stakeholders, such as the Governor and legislators when considering the Maryland state financial assistance programs. While progress has been made with the addition of five employees to the office during the Hogan administration, MHEC recommends that additional increases in the number of employees in OSFA be considered moving forward.

References

¹ Al-Baadani, A., & Abbas, M. (2020). The COVID19 Pandemic and Institutions of Higher Education: Contemporary Issues. *European Journal of Education Studies*, 7(7), 2.

<https://doi.org/10.46827/ejes.v7i7.3152>

² See United States Census Bureau, “CPS Historical Time Series Tables on School Enrollment,” particularly table A-7, <https://www.census.gov/data/tables/time-series/demo/school-enrollment/cps-historical-time-series.html>.

³ For historical data on postsecondary enrollment rates, see Digest of Education Statistics, Table 103.20 and Table 302.60, which are based on Census data. See also U.S. Census Bureau, “Postsecondary Enrollment Before, During and Since the Great Recession,” April 2018, <https://www.census.gov/content/dam/Census/library/publications/2018/demo/P20-580.pdf>.

⁴ Students age 24 and under make up approximately 73% of undergraduate students and about 66% of total postsecondary students. See Digest of Education Statistics, Table 303.50, based on IPEDS. In 2011, the total population of the age 15-24 cohort was about 43.8 million. In 2018, it declined to about 42.9 million. See U.S. Census Bureau, “National Population by Characteristics: 2010-2019,” <https://www.census.gov/data/tables/time-series/demo/popest/2010s-national-detail.html>.

⁵ CRS calculations using IPEDS data on 12-month full-time equivalent enrollment.

Appendix B. Draft Bills

F2

3lr5042

Bill No.: _____

Drafted by: Lambert

Requested: _____

Committee: _____

By: **Leave Blank**

A BILL ENTITLED

AN ACT concerning

Higher Education – Delegate Howard P. Rawlings Program of Educational Excellence Awards – Alterations

FOR the purpose of authorizing, rather than requiring, Guaranteed Access Grants under the Delegate Howard P. Rawlings Program of Educational Excellence Awards to be awarded to applicants who meet certain requirements; requiring the Governor to include in the annual budget bill certain appropriations to award Guaranteed Access Grants and Educational Assistance Grants under the Delegate Howard P. Rawlings Program of Educational Excellence Awards; and generally relating to the Delegate Howard P. Rawlings Program of Educational Excellence Awards.

BY repealing and reenacting, with amendments,

Article – Education

Section 18–304

Annotated Code of Maryland

(2022 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Education

18–304.

(a) In this section, “academic year” means:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- (1) The fall, spring, and summer semesters; and
- (2) Any semester shorter in length than the term of a regular semester.

(b) (1) Except as provided in § 18–307 of this subtitle, the Office shall determine the amount of each Delegate Howard P. Rawlings Educational Excellence Award based on the financial need of the applicant.

(2) In determining the amount of financial need, the Office shall consider regional cost-of-living differences.

(3) In determining the percent of financial need used to calculate an award for a community college student receiving a Delegate Howard P. Rawlings Educational Excellence Award, the Commission shall use the following percentages:

- (i) For fiscal year 2007, not less than 55%; and
- (ii) For fiscal year 2008 and each fiscal year thereafter, not less than 60%.

(c) (1) Except as provided in paragraphs (2) and (3) of this subsection, a Delegate Howard P. Rawlings Educational Excellence Award may be awarded in \$100 increments.

(2) (i) The amount of an Educational Assistance Grant made to a student in the student's first 2 academic years of enrollment may not be less than \$400 or more than \$3,000.

(ii) Beginning in the third academic year of enrollment and for each academic year thereafter:

1. If the student successfully completed at least 30 credits in the prior academic year, the amount of an Educational Assistance Grant made to a student may not be less than \$400 or more than \$3,000; or

2. If the student successfully completed at least 24 but less than 30 credits in the prior academic year, the award amount shall be equal to the amount

the student would have otherwise received multiplied by the ratio of the number of credits successfully completed divided by 30.

(3) (i) [All applicants] **APPLICANTS** who fulfill the requirements established in § 18–303(a) and (b) of this subtitle [shall] **MAY** receive a Guaranteed Access Grant.

(ii) Except as provided in subparagraph (iv) of this paragraph, the amount of a Guaranteed Access Grant made to a student in the student’s first 2 academic years of enrollment shall be equal to 100 percent of the student’s financial need as determined by the Office, not to exceed the equivalent annual expenses of a full–time resident undergraduate at the 4–year public institution of higher education within the University System of Maryland, other than the University of Maryland Global Campus and University of Maryland, Baltimore Campus, with the highest annual expenses for a full–time resident undergraduate.

(iii) Except as provided in subparagraph (iv) of this paragraph, beginning in the third academic year of enrollment and for each academic year thereafter:

1. If the student successfully completed at least 30 credits in the prior academic year, the award amount shall be equal to 100 percent of the student’s financial need as determined by the Office, not to exceed the equivalent annual expenses of a full–time resident undergraduate at the 4–year public institution of higher education within the University System of Maryland, other than the University of Maryland Global Campus and University of Maryland, Baltimore Campus, with the highest annual expenses for a full–time resident undergraduate; or

2. If the student successfully completed at least 24 but less than 30 credits in the prior academic year, the award amount shall be equal to 100 percent multiplied by the ratio of the number of credits successfully completed divided by 30.

(iv) If a recipient of a Guaranteed Access Grant becomes ineligible because of a change in family income, the recipient shall remain eligible for the full award for the full award term applicable to the recipient under this subtitle if the recipient remains eligible to receive a federal Pell Grant.

(d) Beginning in fiscal year [2024] **2025** and each fiscal year thereafter, the Governor shall include in the annual budget bill an appropriation of at least [\$112,000,000

for Delegate Howard P. Rawlings Educational Excellence Awards made under this subtitle]:

- (1) **\$56,000,000 TO AWARD THE GUARANTEED ACCESS GRANT; AND**
- (2) **\$56,000,000 TO AWARD THE EDUCATIONAL ASSISTANCE GRANT.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023.

Bill No.: _____

Drafted by: Lambert

Requested: _____

Committee: _____

By: **Leave Blank**

A BILL ENTITLED

AN ACT concerning

Higher Education – Delegate Howard P. Rawlings Program of Educational Excellence Awards – Consolidation of Grants

FOR the purpose of consolidating the two grants under the Delegate Howard P. Rawlings Program of Educational Excellence Awards into a single grant awarded as a Delegate Howard P. Rawlings Educational Excellence Award; altering the eligibility requirements of the Educational Excellence Award; requiring the Office of Student Financial Assistance within the Maryland Higher Education Commission to establish a certain sliding scale to calculate Educational Excellence Awards; providing that a recipient of an Educational Excellence Award who becomes ineligible because of a change in family income shall remain eligible for the full award term applicable to the recipient if a certain condition is met; requiring an Educational Excellence Award to be a certain amount under certain circumstances; and generally relating to the Delegate Howard P. Rawlings Program of Educational Excellence Awards.

BY repealing and reenacting, with amendments,

Article – Education

Section 18–301, 18–303, 18–303.1(c) and (j), 18–303.3, and 18–304

Annotated Code of Maryland

(2022 Replacement Volume)

BY repealing and reenacting, without amendments,

Article – Education

Section 18–303.1(a) and (b)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Annotated Code of Maryland
(2022 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Education

18–301.

[(a)] There is a Delegate Howard P. Rawlings Program of Educational Excellence Awards in this State that are awarded under this subtitle.

[(b)] The Program shall consist of the following types of awards:

(1) Guaranteed Access Grants that are awarded to the neediest students to ensure that 100 percent of educational costs, as defined by regulations adopted by the Commission, are paid; and

(2) Educational Assistance Grants that are awarded to low and moderate income students to assist in paying educational costs, as defined by regulations adopted by the Commission.]

18–303.

(a) Subject to [subsection (e)] **SUBSECTIONS (B) AND (D)** of this section, each recipient of a Delegate Howard P. Rawlings Educational Excellence Award shall:

(1) Be accepted for admission in the regular undergraduate program at an eligible institution or be enrolled in a 2–year associate degree program in which the course work is acceptable for transfer credit for an accredited baccalaureate program in an eligible institution;

(2) Except as provided in § 18–303.2 of this subtitle, be a resident of this State;

(3) Demonstrate a definite financial need to[:

(i) For an Educational Assistance Grant, the Office; or

(ii) For a Guaranteed Access Grant,]the Office or an institution of higher education that complies with § 18–303.3 of this subtitle; [and]

(4) HAVE ATTAINED A GRADE POINT AVERAGE OF AT LEAST 2.5 ON A 4.0 SCALE OR ITS EQUIVALENT AT THE END OF THE FIRST SEMESTER OF THE SENIOR YEAR IN HIGH SCHOOL AND HAVE COMPLETED HIGH SCHOOL OR, FAILING TO DO SO, ON THE RECOMMENDATION OF THE RECIPIENT’S HIGH SCHOOL PRINCIPAL, PROVIDE EVIDENCE SATISFACTORY TO THE OFFICE OF EXTENUATING CIRCUMSTANCES;

(5) BEGIN COLLEGE WITHIN 1 YEAR OF COMPLETING HIGH SCHOOL OR, FAILING TO DO SO, PROVIDE EVIDENCE SATISFACTORY TO THE OFFICE OF EXTENUATING CIRCUMSTANCES;

(6) BE UNDER THE AGE OF 22 YEARS AT THE TIME OF RECEIVING THE FIRST AWARD;

(7) HAVE SUCCESSFULLY COMPLETED A COLLEGE PREPARATORY PROGRAM IN HIGH SCHOOL;

(8) ENROLL IN COLLEGE AS A FULL–TIME STUDENT;

(9) SUBJECT TO SUBSECTION (D) OF THIS SECTION, HAVE AN ANNUAL FAMILY INCOME BELOW A POVERTY INDEX DETERMINED BY THE COMMISSION; AND

[(4)] (10) [Accept] SATISFY AND ACCEPT any other conditions attached to the award BY THE COMMISSION.

[(b) Except as provided in subsection (c) of this section, each recipient of a Guaranteed Access Grant shall:

(1) Have attained a grade point average of at least 2.5 on a 4.0 scale or its equivalent at the end of the first semester of the senior year in high school and have completed high school or, failing to do so, on the recommendation of the recipient’s high school principal, provide evidence satisfactory to the Office of extenuating circumstances;

- (2) Begin college within 1 year of completing high school or, failing to do so, provide evidence satisfactory to the Office of extenuating circumstances;
- (3) Be under the age of 22 years at the time of receiving the first award;
- (4) Have successfully completed a college preparatory program in high school;
- (5) Enroll in college as a full-time student;
- (6) Subject to subsection (d) of this section, have an annual family income below a poverty index determined by the Commission; and
- (7) Satisfy any additional criteria the Commission may establish.

(c) **(B)** (1) Subject to paragraph (2) of this subsection, an individual who has successfully obtained a high school diploma by examination under § 11–808 of the Labor and Employment Article is exempt from the requirements of [subsection (b)] **SUBSECTION (A)(4) THROUGH (10)** of this section.

(2) An individual described under paragraph (1) of this subsection is eligible for [a Guaranteed Access Grant] **AN EDUCATIONAL EXCELLENCE AWARD** if the individual:

- (i) Has scored a passing score of at least 165 per module on the diploma by examination;
- (ii) Begins college within 1 year of achieving the score described under item (i) of this paragraph or, failing to do so, provides evidence satisfactory to the Office of extenuating circumstances;
- (iii) Is under the age of 22 years at the time of receiving the first award;
- (iv) Enrolls in college as a full-time student; and
- (v) Subject to subsection [(d)] **(C)** of this section, has an annual family income below a poverty index determined by the Commission.

[(d)] (C) (1) To determine the annual family income eligibility of an applicant for **[a Guaranteed Access Grant] AN EDUCATIONAL EXCELLENCE AWARD**, the Office or an institution of higher education that complies with § 18–303.3 of this subtitle may not consider an amount received by the applicant as an earned income credit under § 32 of the Internal Revenue Code.

(2) When awarding **[a Guaranteed Access Grant] AN EDUCATIONAL EXCELLENCE AWARD** to a student who prequalified for the award under subsection **[(e)(1) or (2)] (D)(1) OR (2)** of this section, the Commission shall use the annual family income determination used when the student prequalified.

[(e)] (D) (1) Except as provided in paragraph (2) of this subsection, a student in grade 7 or grade 8 who applies and qualifies for **[a Guaranteed Access Grant] AN EDUCATIONAL EXCELLENCE AWARD** on the basis of financial need as established by the Commission shall prequalify for **[a Guaranteed Access Grant] AN EDUCATIONAL EXCELLENCE AWARD** to be used at the time of enrollment in an institution of higher education by agreeing in writing, as a secondary and undergraduate student, to:

- (i) Satisfy the attendance policy of the applicable school;
- (ii) Refrain from substance abuse;
- (iii) Provide information required by the Commission or the State Board of Education;
- (iv) Apply for admission to an institution of higher education during the student's senior year of high school;
- (v) Complete and file on a timely basis applications for federal student aid for each year that the student plans to enroll in postsecondary education;
- (vi) Participate in the Next Generation Scholars of Maryland Program established in § 18–303.1 of this subtitle until the student graduates from high school and matriculates at an institution of higher education;
- (vii) Maintain a cumulative grade point average of at least 2.5 on a 4.0 scale or its equivalent; and

(viii) Satisfy any other program requirements set by the Office, the Commission, the State Board of Education, or the State Department of Education.

(2) A student in grade 9 or grade 10 shall prequalify for [a Guaranteed Access Grant] **AN EDUCATIONAL EXCELLENCE AWARD** to be used at the time of enrollment in an institution of higher education if the student:

(i) Otherwise meets the conditions of paragraph (1) of this subsection; and

(ii) 1. Is eligible for free or reduced priced meals; or

2. Attends a school that participates in the U.S. Department of Agriculture Community Eligibility Provision and the student is identified by:

A. Direct certification; or

B. Income information provided by the family of the student to the local school system on an alternative form developed by the Department.

18–303.1.

(a) (1) In this section the following words have the meanings indicated.

(2) “Fund” means the Next Generation Scholars of Maryland Program Fund.

(3) “Program” means the Next Generation Scholars of Maryland Program.

(b) The Department, in collaboration with the Commission, county boards of education, county superintendents, and institutions of higher education, shall administer the Next Generation Scholars of Maryland Program.

(c) The Program shall provide guidance and services to students who qualify for [a Guaranteed Access Grant] **AN EDUCATIONAL EXCELLENCE AWARD** in accordance with § [18–303(e)] **18–303(D)** of this subtitle to assist the students in successfully:

- (1) Completing a college preparatory curriculum;
- (2) Graduating from high school;
- (3) Matriculating at an institution of higher education as defined in § 18–303 of this subtitle; and
- (4) Making timely progress to complete a degree program.

(j) On or before December 1, 2020, and each December 1 thereafter, the Commission and the Department shall report to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly, on the implementation of the Program, including:

(1) The number of students from each local school system who were prequalified for the [Guaranteed Access Grant] **EDUCATIONAL EXCELLENCE AWARD** during each year of the Program;

(2) The race, disability status, and English language learner status of each participating student who prequalified for the [Guaranteed Access Grant] **EDUCATIONAL EXCELLENCE AWARD** each year of the Program;

(3) The progress of each participating student through the Program, including high school graduation, institution of higher education matriculation and retention rates, and, if applicable, institution of higher education graduation rates;

(4) The potential for allocating additional funds for longitudinal data collection of the number of students matriculating to institutions of higher education each year, the number of students receiving retention services each year, and postsecondary outcomes for those two categories of students;

(5) The amount and quality of services provided by nonprofit organizations to participating students, including the use of college work–study students and high school students as mentors and counselors;

(6) The nonprofit organizations that received grants under the Program, including any other entities that provided services such as institutions of higher education, the business community, and local schools or local school systems;

(7) The amount of financial aid, in addition to the [Guaranteed Access Grant] **EDUCATIONAL EXCELLENCE AWARD**, that participating students received each year that the students were enrolled in an institution of higher education; and

(8) Findings and recommendations on the success of the Program and whether funding for the Program should be continued or expanded.

18–303.3.

(a) A public institution of higher education in the State, or a private nonprofit institution of higher education that is eligible for State aid under § 17–103 of this article, may verify the eligibility of an applicant for, and on verification of the eligibility administer, [a Guaranteed Access Grant] **AN EDUCATIONAL EXCELLENCE AWARD** in accordance with this section.

(b) An institution may verify:

(1) The eligibility of an applicant who:

(i) Is identified by the Office as potentially eligible for [a Guaranteed Access Grant] **AN EDUCATIONAL EXCELLENCE AWARD** under § 18–303 of this subtitle; and

(ii) Applies for admission to the institution; or

(2) The renewal eligibility of a student who:

(i) Received [a Guaranteed Access Grant] **AN EDUCATIONAL EXCELLENCE AWARD** under § 18–303 of this subtitle in the prior award year; and

(ii) Is an admitted student at the institution in the current award year.

(c) An institution shall:

(1) Verify that an applicant qualifies for [a Guaranteed Access Grant] **AN EDUCATIONAL EXCELLENCE AWARD** under the requirements of § 18–303 of this subtitle;

(2) Evaluate the applicant’s income eligibility criteria using federal V1 standard verification and in accordance with the income eligibility criteria established by the Office;

(3) Maintain records used by the institution to determine the eligibility of applicants for a period of 5 years after the end date of the award year associated with the student’s last award; and

(4) Provide the Commission with an audit, in accordance with rules adopted by the Commission, to show that awards verified and administered under this section have been made properly.

(d) (1) Subject to paragraph (2) of this subsection, a verification obtained by an applicant under subsection (b) of this section may be used at any eligible institution described under § 18–305 of this subtitle.

(2) The amount of [the Guaranteed Access Grant] **AN EDUCATIONAL EXCELLENCE AWARD** awarded to an applicant may be adjusted in accordance with the cost of attendance at the institution at which the applicant uses the award.

18–304.

(a) In this section, “academic year” means:

(1) The fall, spring, and summer semesters; and

(2) Any semester shorter in length than the term of a regular semester.

(b) (1) **ALL APPLICANTS WHO FULFILL THE REQUIREMENTS ESTABLISHED IN § 18–303 OF THIS SUBTITLE SHALL RECEIVE AN EDUCATIONAL EXCELLENCE AWARD.**

(2) Except as provided in § 18–307 of this subtitle, the Office shall determine the amount of each Delegate Howard P. Rawlings Educational Excellence Award based on the financial need of the applicant.

[(2)] (3) In determining the amount of financial need, the Office shall consider regional cost-of-living differences.

[(3)] (3) In determining the percent of financial need used to calculate an award for a community college student receiving a Delegate Howard P. Rawlings Educational Excellence Award, the Commission shall use the following percentages:

(i) For fiscal year 2007, not less than 55%; and

(ii) For fiscal year 2008 and each fiscal year thereafter, not less than 60%.]

(C) (1) THE OFFICE SHALL ESTABLISH A SLIDING SCALE TO CALCULATE EDUCATIONAL EXCELLENCE AWARDS BASED ON FINANCIAL NEED.

(2) THE SLIDING SCALE DEVELOPED BY THE OFFICE SHALL BE INCREASED ON A LINEAR BASIS IN INCREMENTS OF \$100 WITH:

(I) A LOWER LIMIT OF \$400; AND

(II) AN UPPER LIMIT OF 100% OF EDUCATIONAL COSTS FOR THE NEEDIEST STUDENTS, AS DEFINED BY THE OFFICE, NOT TO EXCEED THE ANNUAL EXPENSES OF A FULL-TIME RESIDENT UNDERGRADUATE AT THE 4-YEAR PUBLIC INSTITUTION OF HIGHER EDUCATION WITHIN THE UNIVERSITY SYSTEM OF MARYLAND, OTHER THAN THE UNIVERSITY OF MARYLAND GLOBAL CAMPUS AND UNIVERSITY OF MARYLAND, BALTIMORE CAMPUS, WITH THE HIGHEST ANNUAL EXPENSES FOR A FULL-TIME RESIDENT UNDERGRADUATE.

(D) IF A RECIPIENT OF AN EDUCATIONAL EXCELLENCE AWARD BECOMES INELIGIBLE BECAUSE OF A CHANGE IN FAMILY INCOME, THE RECIPIENT SHALL REMAIN ELIGIBLE FOR THE SAME AWARD FOR THE FULL AWARD TERM APPLICABLE TO THE RECIPIENT UNDER THIS SUBTITLE IF THE RECIPIENT REMAINS ELIGIBLE TO RECEIVE A FEDERAL PELL GRANT.

[(c)](E) **[(1)]** Except as provided in paragraphs (2) and (3) of this subsection, a Delegate Howard P. Rawlings Educational Excellence Award may be awarded in \$100 increments.

(2) (i) The amount of an Educational Assistance Grant made to a student in the student's first 2 academic years of enrollment may not be less than \$400 or more than \$3,000.

(ii) Beginning in the third academic year of enrollment and for each academic year thereafter:

[1.](1) If the student successfully completed at least 30 credits in the prior academic year, the amount of an Educational [Assistance Grant] **EXCELLENCE AWARD** made to a student may not be less than \$400 or more than **[\$3,000] THE UPPER LIMIT OF THE SLIDING SCALE DEVELOPED BY THE OFFICE UNDER SUBSECTION (C) OF THIS SECTION**; or

[2.](2) If the student successfully completed at least 24 but less than 30 credits in the prior academic year, the award amount shall be equal to the amount the student would have otherwise received multiplied by the ratio of the number of credits successfully completed divided by 30.

[(3)] (i) All applicants who fulfill the requirements established in § 18–303(a) and (b) of this subtitle shall receive a Guaranteed Access Grant.

(ii) Except as provided in subparagraph (iv) of this paragraph, the amount of a Guaranteed Access Grant made to a student in the student's first 2 academic years of enrollment shall be equal to 100 percent of the student's financial need as determined by the Office, not to exceed the equivalent annual expenses of a full-time resident undergraduate at the 4-year public institution of higher education within the University System of Maryland, other than the University of Maryland Global Campus and University of Maryland, Baltimore Campus, with the highest annual expenses for a full-time resident undergraduate.

(iii) Except as provided in subparagraph (iv) of this paragraph, beginning in the third academic year of enrollment and for each academic year thereafter:

1. If the student successfully completed at least 30 credits in the prior academic year, the award amount shall be equal to 100 percent of the student's financial need as determined by the Office, not to exceed the equivalent annual expenses of a full-time resident undergraduate at the 4-year public institution of higher education within the University System of Maryland, other than the University of Maryland Global Campus and University of Maryland, Baltimore Campus, with the highest annual expenses for a full-time resident undergraduate; or

2. If the student successfully completed at least 24 but less than 30 credits in the prior academic year, the award amount shall be equal to 100 percent multiplied by the ratio of the number of credits successfully completed divided by 30.

(iv) If a recipient of a Guaranteed Access Grant becomes ineligible because of a change in family income, the recipient shall remain eligible for the full award for the full award term applicable to the recipient under this subtitle if the recipient remains eligible to receive a federal Pell Grant.]

[(d)] (F) Beginning in fiscal year 2024 and each fiscal year thereafter, the Governor shall include in the annual budget bill an appropriation of **[at least]** \$112,000,000 for Delegate Howard P. Rawlings Educational Excellence Awards made under this subtitle.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023.

F1

3lr5044

Bill No.: _____

Drafted by: Gutberlet

Requested: _____

Committee: _____

By: **Leave Blank**

A BILL ENTITLED

AN ACT concerning

**County Boards of Education – High School Transcripts – Upload Agreement
with Maryland Higher Education Commission**

FOR the purpose of requiring each county board of education to enter into a certain agreement with the Maryland Higher Education Commission to upload the official high school transcripts of certain students to a certain system designated by the Commission for a certain purpose; requiring county boards to develop a certain opt out process for certain students and provide a certain notice to certain students; and generally relating to county boards of education and high school transcripts.

BY adding to

Article – Education

Section 7–213

Annotated Code of Maryland

(2022 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Education

7–213.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(A) IN THIS SECTION, “COMMISSION” MEANS THE MARYLAND HIGHER EDUCATION COMMISSION.

(B) ON OR BEFORE OCTOBER 1, 2023, EACH COUNTY BOARD SHALL ENTER INTO AN AGREEMENT WITH THE COMMISSION THAT REQUIRES EACH PUBLIC HIGH SCHOOL IN THE COUNTY TO UPLOAD THE OFFICIAL HIGH SCHOOL TRANSCRIPTS OF GRADUATING STUDENTS ON TO THE SYSTEM DESIGNATED BY THE COMMISSION FOR THE PURPOSE OF STUDENT ELIGIBILITY DETERMINATIONS FOR FINANCIAL AID FOR POSTSECONDARY EDUCATION IN THE STATE.

(C) THE AGREEMENT UNDER SUBSECTION (B) OF THIS SECTION SHALL INCLUDE:

(1) A PROVISION REQUIRING EACH PUBLIC HIGH SCHOOL TO UPLOAD THE OFFICIAL HIGH SCHOOL TRANSCRIPTS OF:

(I) ALL GRADUATING STUDENTS, EXCEPT FOR A STUDENT WHO OPTS OUT; OR

(II) ANY GRADUATING STUDENT WHO HAS ATTAINED A 2.5 GRADE POINT AVERAGE OR HIGHER OR ITS EQUIVALENT, EXCEPT FOR A STUDENT WHO OPTS OUT;

(2) THE DATE BY WHICH ALL TRANSCRIPTS MUST BE UPLOADED EACH YEAR; AND

(3) THE DATE BY WHICH THE COUNTY BOARD MUST SEND THE COMMISSION A VERIFIED LIST OF ALL GRADUATING STUDENTS WHO HAVE ATTAINED A 2.5 GRADE POINT AVERAGE OR HIGHER OR ITS EQUIVALENT DURING THE SCHOOL YEAR.

(D) EACH COUNTY BOARD SHALL:

(1) DEVELOP AN PROCESS BY WHICH A STUDENT MAY OPT OUT OF HAVING THE STUDENT’S OFFICIAL HIGH SCHOOL TRANSCRIPT UPLOADED TO THE COMMISSION’S SYSTEM IN ACCORDANCE WITH THIS SECTION; AND

(2) PROVIDE NOTICE TO EACH GRADUATING STUDENT EACH SCHOOL YEAR OF:

(I) THE REQUIREMENTS AND PURPOSES OF THIS SECTION; AND

(II) THE PROCESS BY WHICH A STUDENT MAY OPT OUT OF HAVING THE STUDENT’S OFFICIAL HIGH SCHOOL TRANSCRIPT UPLOADED TO THE COMMISSION’S SYSTEM IN ACCORDANCE WITH THIS SECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023.

F2

3lr5045

Bill No.: _____

Drafted by: Gutberlet

Requested: _____

Committee: _____

By: **Leave Blank**

A BILL ENTITLED

AN ACT concerning

Higher Education – Guaranteed Access Grant – Alteration of Qualifications

FOR the purpose of altering the qualifications for recipients of a Guaranteed Access Grant; and generally relating to qualifications for the Guaranteed Access Grant.

BY repealing and reenacting, without amendments,

Article – Education

Section 18–303(a) and (c)

Annotated Code of Maryland

(2022 Replacement Volume)

BY repealing and reenacting, with amendments,

Article – Education

Section 18–303(b)

Annotated Code of Maryland

(2022 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Education

18–303.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(a) Subject to subsection (e) of this section, each recipient of a Delegate Howard P. Rawlings Educational Excellence Award shall:

(1) Be accepted for admission in the regular undergraduate program at an eligible institution or be enrolled in a 2-year associate degree program in which the course work is acceptable for transfer credit for an accredited baccalaureate program in an eligible institution;

(2) Except as provided in § 18–303.2 of this subtitle, be a resident of this State;

(3) Demonstrate a definite financial need to:

(i) For an Educational Assistance Grant, the Office; or

(ii) For a Guaranteed Access Grant, the Office or an institution of higher education that complies with § 18–303.3 of this subtitle; and

(4) Accept any other conditions attached to the award.

(b) Except as provided in subsection (c) of this section, each recipient of a Guaranteed Access Grant shall:

(1) **(I)** Have attained a grade point average of at least 2.5 on a 4.0 scale or its equivalent at the end of:

1. THE JUNIOR YEAR IN HIGH SCHOOL AND HAVE COMPLETED HIGH SCHOOL; OR

2. [the] THE first semester of the senior year in high school and have completed high school; [or,] OR

(II) [failing to do so,] IF A RECIPIENT FAILS TO MEET THE REQUIREMENTS OF ITEM (I) OF THIS ITEM, on the recommendation of the recipient's high school principal, provide evidence satisfactory to the Office of extenuating circumstances;

(2) Begin college within 1 year of completing high school or, failing to do so, provide evidence satisfactory to the Office of extenuating circumstances;

(3) Be under the age of 22 years at the time of receiving the first award;

(4) Have successfully completed a college preparatory program in high school;

(5) Enroll in college as a full-time student;

(6) Subject to subsection (d) of this section, have an annual family income below a poverty index determined by the Commission; and

(7) Satisfy any additional criteria the Commission may establish.

(c) (1) Subject to paragraph (2) of this subsection, an individual who has successfully obtained a high school diploma by examination under § 11–808 of the Labor and Employment Article is exempt from the requirements of subsection (b) of this section.

(2) An individual described under paragraph (1) of this subsection is eligible for a Guaranteed Access Grant if the individual:

(i) Has scored a passing score of at least 165 per module on the diploma by examination;

(ii) Begins college within 1 year of achieving the score described under item (i) of this paragraph or, failing to do so, provides evidence satisfactory to the Office of extenuating circumstances;

(iii) Is under the age of 22 years at the time of receiving the first award;

(iv) Enrolls in college as a full-time student; and

(v) Subject to subsection (d) of this section, has an annual family income below a poverty index determined by the Commission.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023.

F2

3lr5046

Bill No.: _____

Drafted by: Baran

Requested: _____

Committee: _____

By: **Leave Blank**

A BILL ENTITLED

AN ACT concerning

Higher Education – Guaranteed Access Grants – Eligibility Requirements

FOR the purpose of eliminating the minimum grade point average and test score eligibility requirements for Guaranteed Access Grants; requiring that a recipient of, and a specified individual applying for, a Guaranteed Access Grant be accepted for admission to an eligible institution in order to maintain eligibility or be eligible for a Guaranteed Access Grant; eliminating the minimum grade point average requirement for certain students to prequalify for Guaranteed Access Grants; and generally relating to the eligibility requirements for Guaranteed Access Grants.

BY repealing and reenacting, with amendments,

Article – Education

Section 18–303(b), (c), and (e)

Annotated Code of Maryland

(2022 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Education

18–303.

(b) Except as provided in subsection (c) of this section, each recipient of a Guaranteed Access Grant shall:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(1) Have [attained a grade point average of at least 2.5 on a 4.0 scale or its equivalent at the end of the first semester of the senior year in high school and have] completed high school, or failing to do so, on the recommendation of the recipient's high school principal, provide evidence satisfactory to the Office of extenuating circumstances;

(2) **HAVE BEEN ACCEPTED FOR ADMISSION TO AN ELIGIBLE INSTITUTION;**

(3) Begin [college] **CLASSES AT AN ELIGIBLE INSTITUTION** within 1 year of completing high school or, failing to do so, provide evidence satisfactory to the Office of extenuating circumstances;

[(3)] (4) Be under the age of 22 years at the time of receiving the first award;

[(4)] (5) Have successfully completed a college preparatory program in high school;

[(5)] (6) Enroll in [college] **AN ELIGIBLE INSTITUTION** as a full-time student;

[(6)] (7) Subject to subsection (d) of this section, have an annual family income below a poverty index determined by the Commission; and

[(7)] (8) Satisfy any additional criteria the Commission may establish.

(c) (1) Subject to paragraph (2) of this subsection, an individual who has successfully obtained a high school diploma by examination under § 11-808 of the Labor and Employment Article is exempt from the requirements of subsection (b) of this section.

(2) An individual described under paragraph (1) of this subsection is eligible for a Guaranteed Access Grant if the individual:

(i) Has [scored a passing score of at least 165 per module on the diploma by examination] **BEEN ACCEPTED FOR ADMISSION TO AN ELIGIBLE INSTITUTION;**

(ii) Begins [college] **CLASSES AT AN ELIGIBLE INSTITUTION** within 1 year of [achieving the score described under item (i) of this paragraph or, failing

to do so, provides evidence satisfactory to the Office of extenuating circumstances] **SUCCESSFULLY OBTAINING A HIGH SCHOOL DIPLOMA BY EXAMINATION UNDER § 11-808 OF THE LABOR AND EMPLOYMENT ARTICLE;**

(iii) Is under the age of 22 years at the time of receiving the first award;

(iv) Enrolls in [college] **AN ELIGIBLE INSTITUTION** as a full-time student; and

(v) Subject to subsection (d) of this section, has an annual family income below a poverty index determined by the Commission.

(e) (1) Except as provided in paragraph (2) of this subsection, a student in grade 7 or grade 8 who applies and qualifies for a Guaranteed Access Grant on the basis of financial need as established by the Commission shall prequalify for a Guaranteed Access Grant to be used at the time of enrollment in an institution of higher education by agreeing in writing, as a secondary and undergraduate student, to:

(i) Satisfy the attendance policy of the applicable school;

(ii) Refrain from substance abuse;

(iii) Provide information required by the Commission or the State Board of Education;

(iv) Apply for admission to an institution of higher education during the student's senior year of high school;

(v) Complete and file on a timely basis applications for federal student aid for each year that the student plans to enroll in postsecondary education;

(vi) Participate in the Next Generation Scholars of Maryland Program established in § 18-303.1 of this subtitle until the student graduates from high school and matriculates at an institution of higher education; **AND**

(vii) **[Maintain a cumulative grade point average of at least 2.5 on a 4.0 scale or its equivalent; and**

(viii)] Satisfy any other program requirements set by the Office, the Commission, the State Board of Education, or the State Department of Education.

(2) A student in grade 9 or grade 10 shall prequalify for a Guaranteed Access Grant to be used at the time of enrollment in an institution of higher education if the student:

(i) Otherwise meets the conditions of paragraph (1) of this subsection; and

(ii) 1. Is eligible for free or reduced priced meals; or
2. Attends a school that participates in the U.S. Department of Agriculture Community Eligibility Provision and the student is identified by:

A. Direct certification; or

B. Income information provided by the family of the student to the local school system on an alternative form developed by the Department.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023.

F2

3lr5047

Bill No.: _____

Drafted by: Baker

Requested: _____

Committee: _____

By: **Leave Blank**

A BILL ENTITLED

AN ACT concerning

Higher Education – Delegate Howard P. Rawlings Program of Educational Excellence Awards – Income Verification

FOR the purpose of prohibiting the Office of Student Financial Assistance within the Maryland Higher Education Commission, in each award year, from verifying the income eligibility of more than a certain percentage of applicants who are applying for a Guaranteed Access Grant or an Educational Assistance Grant for the first time; and generally relating to income verification for Delegate Howard P. Rawlings Program of Educational Excellence Awards.

BY repealing and reenacting, without amendments,

Article – Education
Section 18–301
Annotated Code of Maryland
(2022 Replacement Volume)

BY adding to

Article – Education
Section 18–303(f)
Annotated Code of Maryland
(2022 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Education

18–301.

(a) There is a Delegate Howard P. Rawlings Program of Educational Excellence Awards in this State that are awarded under this subtitle.

(b) The Program shall consist of the following types of awards:

(1) Guaranteed Access Grants that are awarded to the neediest students to ensure that 100 percent of educational costs, as defined by regulations adopted by the Commission, are paid; and

(2) Educational Assistance Grants that are awarded to low and moderate income students to assist in paying educational costs, as defined by regulations adopted by the Commission.

18–303.

(F) IN EACH AWARD YEAR, THE OFFICE MAY NOT VERIFY THE INCOME ELIGIBILITY OF MORE THAN 25% OF THE APPLICANTS WHO ARE APPLYING FOR A GUARANTEED ACCESS GRANT OR EDUCATIONAL ASSISTANCE GRANT FOR THE FIRST TIME.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023.

Bill No.: _____

Drafted by: Baker

Requested: _____

Committee: _____

By: **Leave Blank**

A BILL ENTITLED

AN ACT concerning

Higher Education – Guaranteed Access Grants – Income Verification

FOR the purpose of requiring the Office of Student Financial Assistance within the Maryland Higher Education Commission to accept as verification of a Guaranteed Access Grant applicant’s income a signed affidavit attesting to the applicant’s income; authorizing an institution of higher education to verify an applicant’s income eligibility for a Guaranteed Access Grant by obtaining a signed affidavit attesting to the applicant’s income; authorizing the Office of Student Financial Assistance to audit the income eligibility criteria of applications verified with affidavits; and generally relating to income verification for Guaranteed Access Grants.

BY repealing and reenacting, without amendments,

Article – Education
Section 18–301
Annotated Code of Maryland
(2022 Replacement Volume)

BY adding to

Article - Education
Section 18–303(f)
Annotated Code of Maryland
(2022 Replacement Volume)

BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Education
 Section 18–303.3
 Annotated Code of Maryland
 (2022 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 That the Laws of Maryland read as follows:

Article – Education

18–301.

(a) There is a Delegate Howard P. Rawlings Program of Educational Excellence Awards in this State that are awarded under this subtitle.

(b) The Program shall consist of the following types of awards:

(1) Guaranteed Access Grants that are awarded to the neediest students to ensure that 100 percent of educational costs, as defined by regulations adopted by the Commission, are paid; and

(2) Educational Assistance Grants that are awarded to low and moderate income students to assist in paying educational costs, as defined by regulations adopted by the Commission.

18–303.

(F) (1) IF AN APPLICANT FOR A GUARANTEED ACCESS GRANT SUBMITS TO THE OFFICE AN AFFIDAVIT, SIGNED BY THE APPLICANT UNDER PENALTY OF PERJURY, ATTESTING TO THE APPLICANT’S INCOME, THE OFFICE SHALL ACCEPT THE AFFIDAVIT AS VERIFICATION OF THE APPLICANT’S INCOME.

(2) THE OFFICE MAY AUDIT THE INCOME ELIGIBILITY CRITERIA OF APPLICATIONS VERIFIED WITH AFFIDAVITS IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION.

18–303.3.

(a) A public institution of higher education in the State, or a private nonprofit institution of higher education that is eligible for State aid under § 17–103 of this article, may verify the eligibility of an applicant for, and on verification of the eligibility administer, a Guaranteed Access Grant in accordance with this section.

(b) An institution may verify:

(1) The eligibility of an applicant who:

(i) Is identified by the Office as potentially eligible for a Guaranteed Access Grant under § 18–303 of this subtitle; and

(ii) Applies for admission to the institution; or

(2) The renewal eligibility of a student who:

(i) Received a Guaranteed Access Grant under § 18–303 of this subtitle in the prior award year; and

(ii) Is an admitted student at the institution in the current award year.

(c) **(1)** An institution shall:

[(1)] (I) Verify that an applicant qualifies for a Guaranteed Access Grant under the requirements of § 18–303 of this subtitle;

[(2)] (II) Evaluate the applicant’s income eligibility criteria:

1. **A.** **[using] USING** federal V1 standard verification; **[and]**

OR

B. BY OBTAINING AN AFFIDAVIT, SIGNED BY THE APPLICANT UNDER PENALTY OF PERJURY, ATTESTING TO THE APPLICANT’S INCOME; AND

2. **[in] IN** accordance with income eligibility criteria established by the Office;

[(3)] (III) Maintain records used by the institution to determine the eligibility of applicants for a period of 5 years after the end date of the award year associated with the student's last award; and

[(4)] (IV) Provide the Commission with an audit, in accordance with rules adopted by the Commission, to show that awards verified and administered under this section have been made properly.

(2) THE OFFICE MAY AUDIT THE INCOME ELIGIBILITY CRITERIA OF APPLICATIONS VERIFIED WITH AFFIDAVITS UNDER PARAGRAPH (1)(II)1B OF THIS SUBSECTION.

(d) (1) Subject to paragraph (2) of this subsection, a verification obtained by an applicant under subsection (b) of this section may be used at any eligible institution described under § 18–305 of this subtitle.

(2) The amount of the Guaranteed Access Grant awarded to an applicant may be adjusted in accordance with the cost of attendance at the institution at which the applicant uses the award.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023.

F2

3lr5049

Bill No.: _____

Drafted by: Buzard

Requested: _____

Committee: _____

By: **Leave Blank**

A BILL ENTITLED

AN ACT concerning

Higher Education – Guaranteed Access Grants – Eligibility Requirements

FOR the purpose of repealing certain eligibility requirements regarding college start dates and maximum age for recipients of Guaranteed Access Grants; and generally relating to eligibility requirements for Guaranteed Access Grants.

BY repealing and reenacting, with amendments,

Article – Education

Section 18–303(b) and (c)

Annotated Code of Maryland

(2022 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Education

18–303.

(b) Except as provided in subsection (c) of this section, each recipient of a Guaranteed Access Grant shall:

(1) Have attained a grade point average of at least 2.5 on a 4.0 scale or its equivalent at the end of the first semester of the senior year in high school and have

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



completed high school or, failing to do so, on the recommendation of the recipient's high school principal, provide evidence satisfactory to the Office of extenuating circumstances;

(2) [Begin college within 1 year of completing high school or, failing to do so, provide evidence satisfactory to the Office of extenuating circumstances;

(3) Be under the age of 22 years at the time of receiving the first award;

(4)] Have successfully completed a college preparatory program in high school;

[(5)] (3) Enroll in college as a full-time student;

[(6)] (4) Subject to subsection (d) of this section, have an annual family income below a poverty index determined by the Commission; and

[(7)] (5) Satisfy any additional criteria the Commission may establish.

(c) (1) Subject to paragraph (2) of this subsection, an individual who has successfully obtained a high school diploma by examination under § 11-808 of the Labor and Employment Article is exempt from the requirements of subsection (b) of this section.

(2) An individual described under paragraph (1) of this subsection is eligible for a Guaranteed Access Grant if the individual:

(i) Has scored a passing score of at least 165 per module on the diploma by examination;

(ii) [Begins college within 1 year of achieving the score described under item (i) of this paragraph or, failing to do so, provides evidence satisfactory to the Office of extenuating circumstances;

(iii) Is under the age of 22 years at the time of receiving the first award;

(iv)] Enrolls in college as a full-time student; and

[(v)] (III) Subject to subsection (d) of this section, has an annual family income below a poverty index determined by the Commission.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023.

Appendix C. Maryland’s Student Financial Aid Programs, Fiscal Year 2023

State financial aid by type, fund source, and eligibility criteria (FY2023)			
Program Title	Type	Source of funds [General or Special]	Eligibility criteria /1 [Need/ Merit/ Career/ Unique Pop. (UP)]
Need–Based Financial Aid /1 [Budget Code]			
Delegate Howard P. Rawlings Educational Excellence Awards (EEA): [R62I00.10]			
Guaranteed Access (GA) Grant /1	Grant	GF	Need + Merit + UP
Educational Assistance (EA) Grant	Grant	GF	Need
Campus-Based Educational Assistance Grant (CBEAG)	Grant	GF	Need
Maryland Community College Promise Scholarship [R62I00.48]	Scholarship	GF	Need + Merit
Part-Time Grant Program [R62I00.33]	Grant	GF	Need
Graduate and Professional Scholarship Program [R62I00.17]	Scholarship	GF	Need
2+2 Transfer Scholarship Program [R62I00.09] /1	Scholarship	GF + SF	Need + Merit + UP
Legislative Financial Aid [Budget Code]			
Delegate Scholarship [R62I00.15]	Scholarship	GF	/2
Senatorial Scholarship [R62I00.12]	Scholarship	GF	Need + UP
Other Financial Aid [Budget Code]			
Edward T. and Mary A. Conroy Memorial Scholarship Program and Jean B. Cryor Memorial Scholarship Program [R62I00.14]	Scholarship	GF	UP
Charles W. Riley Firefighter and Ambulance and Rescue Squad Member Scholarship Program [R62I00.16]	Scholarship	GF	UP.
Jack F. Tolbert Memorial Student Grant Program [R62I00.21]	Grant	GF	Need + UP.
Janet L. Hoffman Loan Assistance Repayment Program (LARP) [R62I00.26]	LARP	GF + SF	
MD Loan Assistance Repayment Program - Foster Care Recipients [R62I00.27]	LARP	GF	UP
Workforce Shortage Student Assistance Grant [R62I00.36]	Grant	GF	Career
Veterans of the Afghanistan and Iraq Conflicts Scholarship [R62I00.37]	Scholarship	GF	UP
Somerset Economic Impact Scholarship [R62I00.44]			UP
Workforce Development Sequence Scholarships [R62I00.45]	Scholarship	GF	
Cybersecurity Public Service Scholarship [R62I00.46]	Scholarship	GF	Career
Teaching Fellows for Maryland Scholarship [R62I00.49]	Scholarship	SF	Career
Richard W. Collins III Leadership with Honor Scholarship [R62I00.51]	Scholarship	GF	
MD Loan Assistance Repayment Program – Police Officers [R62I00.52]	LARP	GF	Career
MD Police Officers Scholarship Program [R62I00.53]	Scholarship	GF	Career
MD Loan Assistance Repayment Program – Nurses and Nursing Assistants [R62I00.54]	LARP	GF	Career

1/ Eligibility is characterized as “need–based” if there is a household income limit, and “merit–based” if there is a minimum grade point average (GPA). Some programs use multiple criteria, e.g., GA Grant criteria include income, academic performance, and age.

2/ Per Md. EDUCATION Code Ann. § 18-502, Delegates may select recipients on any basis they consider appropriate.

Appendix D. Methodology

The evaluation began in July 2022 and ended with a published report in December 2022. To fully respond to the research questions stated above, this evaluation relied on a combination of qualitative and quantitative data collection and analysis.

Document reviews. OPEGA reviewed relevant Maryland state statutes and regulations, the annual MHEC Data Books, Managing for Results Performance Measures, Maryland Longitudinal Data System (MLDS) information dashboards, the most recent MHEC Manual for Financial Aid Officers (FAO Manual), and reports prepared by MHEC and the Financial Aid Advisory Council (FAAC).

Database reviews. OPEGA reviewed records from the following databases:

- Financial Aid Information System (FAIS)
- Enrollment Information System (EIS)
- Maryland College Aid Processing System (MDCAPS)

Interviews. The evaluation team conducted interviews with students, high school counselors, college recruiters and college financial aid officers (FAOs), advocates for postsecondary education institutions, MHEC staff, and staff from the Maryland Longitudinal Data System (MLDS) center. The purpose of these conversations was to reveal issues related to current practice and policies from the perspective of multiple stakeholders. OPEGA also gathered information about contrasting systems of state aid in Pennsylvania and Virginia. OPEGA chose these states because of their geographic and demographic similarity to Maryland and their contrasting systems of governance. OPEGA chose to present options for changes to structure, policies and practices to reflect the range of perspectives gathered during interviews.

Appendix E. Transcript Upload Agreements with MHEC (as of Oct. 2022)

Local Education Agency (LEA)	Total Users /1	# Grade 12 students /2
Allegany County Public Schools	1	629
Anne Arundel County Public Schools	4	5,565
Baltimore City Public Schools	11	4,095
Baltimore County Public Schools	5	8,133
Calvert County Public Schools	0	1,238
Caroline County Public Schools	1	372
Carroll County Public Schools	1	1,963
Cecil County Public Schools	0	1,048
Charles County Public Schools	1	2,066
Dorchester County Public Schools	1	254
Frederick County Public Schools	1	3,175
Garrett County Public Schools	0	261
Harford County Public Schools	2	2,636
Howard County Public Schools	3	4,539
Kent County Public Schools	1	121
Montgomery County Public Schools	8	11,690
Prince George's County Public Schools	4	7,837
Queen Anne's County Public Schools	0	560
Saint Mary's County Public Schools	0	1,187
Somerset County Public Schools /3	1	196
Talbot County Public Schools	2	301
Washington County Public Schools	10	1,499
Wicomico County Board of Education	1	977
Worcester County Public Schools	0	496

Note: **Highlighted** rows represent LEAs with no transcript upload agreement.

1/ Source: Maryland Higher Education Commission (MHEC).

2/ Source: "Maryland Public School Enrollment" Sept. 2021 (MSDE-DAAPR 1/2022);
https://www.marylandpublicschools.org/about/Documents/DCAA/SSP/20212022Student/2022_Enrollment_ByRace_Ethnicity_Gender_Publication_Accessible.pdf

3/ Somerset County has high schools combined with other schools only.

Appendix F. Recent and Upcoming Changes to State Student Financial Aid

In 2022, MGA moved MHEC’s awarding deadline for EEA Grants from May 1 to April 15.

In the 2022 Regular Session, MGA enacted SB 501/HB 1030 (Chap. 640). Effective July 1, 2022, the act revised MHEC’s administration of student financial assistance as follows:

- *Educational Excellence Awards (EEA) Notification Deadline:* Requires that by **April 15** each year, MHEC notify EEA applicants as to whether the student will receive an EEA grant and, if applicable, the award amount. (Previously, MHEC’s EEA award notifications were by May 1st.)
- *Unified Scholarship Application:* Requires MHEC to use the FY 2023 funds to design and implement, on or before July 1, 2025, a unified scholarship application to replace the current Maryland College Aid Processing System (MDCAPS); and
- *MHEC reorganization:* Expresses legislative intent that MHEC be reorganized to establish the Office of Student Financial Assistance as an independent agency in fiscal year 2024.

In the 2022 Regular Session, MGA also enacted HB 734 (Chap. 23). Effective July 1, 2022, the act made the following changes:

- A GA Grant recipient who otherwise would have become ineligible for a grant renewal due to a small increase in family income may now still renew if they are still eligible for a Federal Pell Grant. (Previously, GA–Renewal Grants were limited to a total income $\leq 150\%$ of FPG.)
- Mandated an appropriation of at least \$112 million for the EEA Program beginning in FY2024.

In 2021, MGA established the FAFSA Completion Initiative.

In the 2021 Regular Session, MGA enacted SB 664 / (Chap. 577) 2021. Effective July 1, 2021, the act encourages FAFSA or MSFAA completion by Maryland’s high school seniors as follows:

- By April 1, 2022, FAAC must report on ways to assist local boards of education in connecting students to financial aid opportunities. FAAC met this requirement with the *Report on Free Application for Federal Student Aid (FAFSA) Outreach: Best Practices, Relevant Materials and Toolkits* (March 2022).
- By October 1 of each year starting in 2022, each local board of education must develop and update an outreach plan.
- By December 1 of each year starting in 2022, FAAC must review the local boards’ outreach plans and recommend updates.

- By July 1 of years 2023-2028, each local board must report data on student FAFSA completions to the Maryland Longitudinal Data System (MLDS).
- By October 1 of years 2023-2028, MLDS must report FAFSA completion data by high school.
- Chap. 577 focuses on high school seniors; completions by older students were not addressed.

In 2020, Congress passed the FAFSA Simplification Act which will replace EFC with SAI.

The U.S. Congress passed the FAFSA Simplification Act in December 2020. The act, which has a phased implementation, overhauled many aspects of federal student aid, including the FAFSA® form, need analysis, and policies and procedures for schools. Major aspects of the law include:

- Replacing the Expected Family Contribution (EFC) with the Student Aid Index (SAI). The U.S. Department of Education is retiring the EFC and replacing it with the SAI for the 2024-2025 award year, and therefore the FAFSA to be released on October 1, 2023. The new federal formula removes the number of family members in college from the calculation and allows a minimum SAI of -\$1,500, among other changes.
- Restoring to incarcerated students the ability to receive a Federal Pell Grant.
- Mandating the use of data direct from the Internal Revenue Service (IRS) where possible to calculate the SAI and Federal Pell Grant eligibility.

In 2019, MGA gave postsecondary institutions a choice whether to verify EEA applicants.

In the 2019 Regular Session, MGA enacted House Bill 824 (Chap. 485) giving some postsecondary institutions in Maryland the option to do income verification for applicants.

In 2018, MHEC stopped requiring a supplemental application for GA Grants.

MHEC stopped requiring a supplemental application for GA Grants in FY 2018. Instead, MHEC relies on FAFSAs and MSFAAs to identify applicants. In the first year of this change, the overall number of GA Grant awards grew by 35.6% as compared to the prior year.

In 2018, the MGA opened EEA Grants to more people: GED completers, Dreamers, etc.

Chapter 389 of 2018 expanded eligibility requirements for the EEA program to include those who obtained a GED diploma with a passing score of at least 165 per module and who are under the age of 26.

Chapter 812 of 2018 expanded the eligibility requirements of the EEA program to include students who are eligible for in-state tuition. This includes undocumented immigrants, or Dreamers, as defined in Chapter 191 of 2011; active-duty military members, spouses, and children; and honorably discharged military veterans.

Chapter 554 of 2018 created the Maryland Community College Promise Scholarship Program, a last dollar scholarship program available to applicants beginning in the 2019-2020 academic year (FY 2020). Students attending community college can get both an EEA Grant and a Promise Scholarship.

In 2016, the MGA placed new credit completion requirements on EEA grant recipients.

The College Affordability Act of 2016 (SB 676/Chap. 589 and HB 1014/Chap. 690) requires EEA Grant recipients (GA Grants, EA Grants, and CBEAG awards) to complete a minimum number of credits to renew their awards. These credit completion requirements became effective in the 2018-2019 academic year (FY 2019). By an EEA Grant recipient's third academic year of full-time enrollment:

- If a student completed at least 30 credit hours by the end of their second academic year they may receive a full (non-prorated) EEA (GA or EA) Grant the next year.
- If a student completed 24–29 credits, they may receive a prorated grant award the next year, proportional to the number of credits out of 30 the student successfully completed.
- Students who did not complete at least 24 credits become ineligible to renew their award.

This act also required MHEC and MSDE to collaboratively develop an “app” for use on digital devices (e.g., smart phones) with information about State financial aid programs and related deadlines.

In 2016, MGA launched NextGen Scholars; the first NGS cohort got GA Grants in 2021–22.

Beginning with AY 2021-2022, the first cohort of Next Generation Scholars who had pre-qualified for GA Grant in grade 7 (middle school) began their postsecondary education with a GA Grant. Next Generation Scholars are displayed in MDCAPS under the program name “Next Generation Scholars” (Guaranteed Access Grant) Program or “NextGen (GA)”. According to MHEC, NGS recipients must meet the same eligibility requirements as a traditional GA Grant applicant.”

House Bill 1403 (Chap. 33) of 2016 updated and expanded the College Readiness Outreach Program as the Next Generation Scholars (NGS, or “NextGen”) program to enhance college and career awareness and increase college completion rates for low-income Maryland residents who qualify for a GA Grant. NGS began with students in grades 7, 8 and 9 during the 2017–2018 academic year. The law designated nonprofits as the vehicle for providing guidance and college preparation services to eligible students.

As of 2016, FAFSAs can be filed starting on October 1. (Maryland's deadline remains March 1.)

For the 2017-2018 FAFSA application cycle, the U.S. Department of Education moved the start date for filing three months earlier, to October 1, 2016, and began using federal tax returns from the second preceding year (prior-prior year, or PPY) to determine eligibility for federal grants.

Maryland uses the FAFSA to determine eligibility for state aid. Maryland has set its deadline for 'on-time' FAFSAs as March 1. That state deadline is independent of federal FAFSA filing deadlines. For State aid, a FAFSA must be completed within a six-month window (Oct 1-Mar. 1), but for Federal aid, a FAFSA must be completed within a 21-month window.

Appendix G. Organizational Structure of MHEC

The Maryland Higher Education Commission (MHEC) has authority over all of Maryland's higher education activities with a focus on the public institutions. MHEC consists of twelve members appointed by the Governor with Senate advice and consent. The Secretary of Higher Education leads MHEC, selects and directs MHEC's staff, and generally executes the policies and decisions of MHEC.

The Office of Student Financial Assistance (OSFA) within MHEC was comprised of 18 full-time equivalent (FTE) employees, including the OSFA Director, as of September 2022. The following page shows the organizational chart for MHEC.

MHEC has several advisory councils and committees. OPEGA consulted with the following councils for this report:

- The Financial Assistance Advisory Council (FAAC) advises MHEC on policy and administrative issues affecting financial aid in the State, per Md. EDUCATION Code Ann. § 11-106. The FAAC has fifteen members, appointed by the Secretary of Higher Education. Members represent higher education, high school guidance counselors, the Student Advisory Council, the Alliance of Advocates for College Affordability and Equity, and the community-at-large. The FAAC meets monthly and make recommendations to MHEC.
- The Student Advisory Council (SAC) was created in 1988, in response to a legislative directive, for the purpose of advising MHEC on the concerns, perspectives, and experiences of students attending Maryland institutions. Members are appointed by the Secretary of Higher Education, per Md. EDUCATION Code Ann. § 11-106. The SAC typically meets monthly from September through May.

Appendix H. Maryland Financial Aid Awards by Program, Fiscal 2021

Maryland Financial Aid Programs (FY 2021).			
	Dollars Awarded**	# Awards	Average Award FY21
Need-based* Financial Aid			
Howard P. Rawlings Educational Excellence Awards (EEA) program:			
Howard P. Rawlings Guaranteed Access (GA) Grant*	\$37,441,404	3,090	\$12,117
Howard P. Rawlings Educational Assistance (EA) Grant	\$40,893,788	18,713	\$2,185
Howard P. Rawlings Campus-Based Educational Assistance Grant (CBEAG)	\$1,858,355	995	\$1,868
Maryland Community College Promise Scholarship*	\$6,301,319	2,025	\$3,112
Part-Time Grant Program	\$5,068,505	5,628	\$901
2+2 Transfer Scholarship Program*	\$277,500	179	\$1,550
Graduate and Professional Scholarship	\$1,025,065	406	\$2,525
<i>*Indicates aid program with eligibility criteria in addition to financial need.</i>			
Legislative Financial Aid			
Delegate Scholarship /1	\$6,520,117	9,015	\$723
Senatorial Scholarship /2	\$4,802,160	6,929	\$693
Other Financial Aid			
Conroy & Cryor Memorial Scholarship Program	\$3,534,393	408	\$8,663
Jack F. Tolbert Memorial Student Grant Program	\$169,500	339	\$500
Richard W. Collins III Leadership with Honor Scholarship	\$584,762	84	\$6,961
Teaching Fellows for Maryland Scholarship	\$1,778,697	106	\$16,780
Workforce Development Sequence Scholarship Program	\$918,599	629	\$1,460
Workforce Shortage Student Assistance Grant	\$1,069,500	327	\$3,271
Veterans of the Afghanistan and Iraq Conflicts (VAIC) Scholarship	\$707,719	131	\$5,402
Janet L. Hoffman Loan Assistance Repayment Program (LARP)	\$473,500	72	\$6,576
Loan Assistance Repayment Program (LARP) - Dental Care	\$312,577	14	\$22,327
Loan Assistance Repayment Program (LARP) - Foster Care Recipients	\$2,777		
TOTAL	\$114,013,471	49,140	\$2,320
<i>**Reflects aid awarded and accepted by students, per MHEC staff, November 2022..</i>			

Appendix I. Evaluation Request Letter



DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF PROGRAM EVALUATION AND
GOVERNMENT ACCOUNTABILITY
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Michael Powell
Director

June 23, 2022

Mr. James D. Fielder, Jr., Ph.D.
Secretary
Maryland Higher Education Commission
6 North Liberty Street
Baltimore, Maryland 21201

Dear Secretary Fielder:

The Executive Director of the Department of Legislative Services has requested that the Office of Program Evaluation and Government Accountability conduct an evaluation of the Maryland Higher Education Commission's Office of Student Financial Assistance.

The program evaluation process, authorized by Chapters 510 and 511, Laws of Maryland 2019, and codified in State Government Article, § 2-1234, directs this office to evaluate the efficiency, effectiveness, and economy of governmental activities or units.

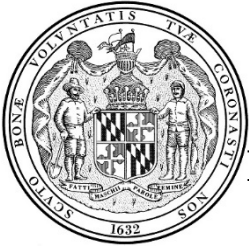
I will reach out to your office to schedule an initial meeting. I expect this evaluation to be done expeditiously and with a minimum of interruption to your operations.

Sincerely,

Michael Powell
Director
Office of Program Evaluation and
Government Accountability
Department of Legislative Services

MCP

cc: Senate President William Ferguson
House Speaker Adrienne A. Jones
Senator Clarence K. Lam, Senate Chair of the Joint Committee on Audit and Evaluation
Delegate Carol L. Krimm, House Chair of the Joint Committee on Audit and Evaluation
Ms. Victoria L. Gruber, Esq., Executive Director, Department of Legislative Services
Ms. Sandra Brantley, Esq., Office of the Attorney General
Ms. Elizabeth Allison



DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF THE EXECUTIVE DIRECTOR
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

June 23, 2022

Michael Powell
Director, Office of Program Evaluation and Government Accountability
Department of Legislative Services
90 State Circle
Annapolis, Maryland 21401

Dear Mr. Powell:

Consistent with § 2-1234 of the State Government Article, I am directing that the Office of Program Evaluation and Government Accountability conduct a performance evaluation of the efficiency, effectiveness, and economy of the Maryland Higher Education Commission's Office of Student Financial Assistance.

Thank you for your attention to this matter, and please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Victoria L. Gruber".

Victoria L. Gruber
Executive Director

VLG/mpd

cc: Senate President Bill Ferguson
House Speaker Adrienne A. Jones
Senator Clarence K. Lam
Delegate Carol L. Krimm
Ms. Elizabeth Allison