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R62I0010
Student Financial Assistance
Maryland Higher Education Commission

**Testimony of Dr. James D. Fielder, Jr., Secretary of Higher Education,
to the House Appropriations Subcommittee on Education and Economic Development and
the Senate Budget and Taxation Subcommittee on Education, Business and Administration**

March 1, 2021

- 1. The Secretary should comment on how MHEC will integrate the new federal processes into the existing State system and what initial plans are in place to begin this process.**

Beginning with the 2023-2024 FAFSA application cycle, several new changes will take effect. One of the major changes is the implementation of the Student Aid Index (SAI). The SAI is a rebranding of the Expected Family Contribution (EFC). The SAI will be used to calculate need for student financial aid, excluding the maximum and minimum Pell Grant awards. Pell Grant awards will be based instead upon dependency status, the number of parents in the household, and family income as a percentage of the poverty level.

To integrate the new SAI metric, the Director for the Office of Student Financial Assistance (OSFA) is reviewing all information provided to date by the U.S. Department of Education to determine the changes that will be needed to determine eligibility for certain state financial aid programs, such as the Educational Assistance Grant Award Program. To date, the Director has attended meetings to discuss the upcoming changes and will be participating in a workgroup that consists of other state aid agencies to further discuss and identify a formula that can be used to determine eligibility in state need-based financial aid programs using the new SAI metric.

In addition to the workgroup, the Director will continue to stay abreast of all changes as provided by the U.S. Department of Education, as well as attending upcoming federal student financial aid conferences and state financial aid meetings.

Additionally, MHEC's Office of Research and Policy Analysis (ORPA) and Office of Information Technology (OIT) will work together to make any necessary adjustments to the unit record financial aid collection that the agency collects annually. The coming changes to the FAFSA will still allow the Research team to use the financial aid file to help us understand the financial need of students.

2. The Secretary should comment on what steps are being taken to promote and encourage FAFSA filing given the decline when compared to the previous year and how the COVID-19 pandemic has impacted FAFSA filing in Maryland.

Researchers suspect that one of the drivers in the decline in FAFSA completions is the COVID-19 pandemic. In an article by *Inside Higher Ed* on “Aid Application Data Portend Dip in Low-Income, Minority Students,” it is noted that before the pandemic, promoting completion of the FAFSA was a group effort between high schools or community organizations holding FAFSA financial aid events. Now that many schools are operating partially or entirely remotely, these events are no longer occurring in-person. Though some of the events are still happening virtually, the process is not yielding the same results as those presented in-person. These same effects are being experienced in Maryland as well as being reflected in the current number of FAFSA filers.

However, even with the COVID-19 pandemic, MHEC has continued its outreach efforts and presented at numerous outreach events to promote and encourage students to complete the FAFSA. MHEC and MSDE’s MD College Application Campaign (MCAC) staff work closely through partnership and collaboration to ensure all Maryland students complete at least one college application and receive financial aid information. MHEC and MSDE’s MCAC team hosts multiple counselor information sessions to provide information on the MCAC, State aid, and FAFSA/MSFAA completion.

Also, MHEC participates in MCAC events, conferences, financial aid nights, and other student information sessions to share information on the FAFSA and MSFAA, State aid, and MDCAPS. MHEC and MSDE’s MCAC team participates in FAFSA completion events to help students and their families complete the FAFSA, as well as in parent and student sessions for undocumented students to share information on the MSFAA and State aid.

In addition to the outreach events, MHEC annually notifies all current state aid recipients on multiple occasions to complete the FAFSA by March 1 in order to renew their state financial aid awards. MHEC also promotes the FAFSA/MSFAA application to current text message and email subscribers and information is posted on the MHEC website.

3. The Secretary should comment on how students are informed that, beginning in their third academic year, they must complete at least 30 credits in the prior academic year to retain a full EEA award and how they are notified if they fail to meet the program requirements. The Secretary should also comment on what actions are being taken to specifically address the community college student population given the large percentage of that segment that have lost their EEA awards.

Information pertaining to the EEA credit completion requirement is publicized on the MHEC website. In addition to the information that is published on the website, at the end of the recipients’ second year and thereafter of receiving the EEA award, they are

notified that their renewal award is contingent on the number of credits completed at the end of each academic year. The notification sent to each recipient includes a table that reflects the award amount the recipient may be eligible to receive based upon the number of credits (24-29) the recipient completes.

If EEA recipients fail to meet the credit requirement, they are notified of their ineligibility once the credit information is reported into the Maryland College Aid Processing System (MDCAPS) by the respective institution. Institutions are required to report the credit information in MDCAPS by the established deadlines. The notification also informs students that their award can be reinstated in the subsequent year if the student enrolls and completes at least 24 credits the year in which they lost their eligibility.

In MHEC's ongoing effort to further inform students of the EEA credit completion requirements, MHEC is in the process of increasing the frequency in which EEA recipients are notified of the requirements. Therefore, in addition to the notifications EEA recipients currently receive, additional notices will be sent as follows:

- at the end of the recipients' first year of receiving the EEA award they will receive a notification that outlines the EEA credit completion requirements; and
- at the end of their first semester of their second year of receiving the award and thereafter. EEA recipients will receive a notification reminding them of the credit completion requirements they must fulfil at the end of the academic year.

4. The Secretary should comment on what OSFA, working with MSDE and the nonprofit organizations, is doing to notify students that they must file FAFSA/MSFAA by March 1 in order to qualify for a GA grant (It should be noted that the intent of the program was that students pre-qualify for a GA grant, so this process should have occurred in prior years.) The Department of Legislative Services recommends that MHEC report on the number of NGS who receive a GA grant or, if not, why not; and the number of NGS who matriculate by postsecondary education institution in the 2021-2022 academic year as part of a report that documents the performance of the NGS program.

Annually, through MHEC's outreach efforts all external stakeholders (high schools, non-profit organizations, and institutions) are notified that the FAFSA/MSFAA must be filed by March 1 for consideration of state need-based financial aid programs.

As early as 2019, MHEC attended an event on October 11, 2019 with the non-profit organizations and informed the organizations that NGSs must file the FAFSA/MSFAA by March 1 for consideration of the Guaranteed Access Grant award. Most recently, MHEC, working with MSDE, sent several reminder correspondences to each non-profit organization informing that each NGS must complete the FAFSA/MSFAA by March 1 and submit their high school transcript by April 1 to verify they meet the 2.5 GPA requirement.

Recommended Actions

1. Adopt the following narrative:

Report on Impact of Credit Completion Requirement on Financial Aid Awards:

Beginning in the 2018-2019 academic year and in a student's third academic year, students receiving the Educational Excellence Award (EEA) must successfully complete 30 credit hours in the prior academic year in order to receive the full award amount. Students who completed at least 24 credit hours but less than 30 credit hours will have their awards prorated, and those who do not complete at least 24 credit hours will lose their award. The committees are interested in the impact the 30-credit-hour requirement had on students in the 2020-2021 academic year, and the 2021-2022 awarding year, specifically if students are meeting the requirement in order to receive the full amount of award, how many students had their awards prorated, and how many students lost eligibility. The report should also include the graduation rates of students who completed 30 credit hours compared to those who completed less than 30 credit hours. The report should provide summary data by segment (community colleges, four-year public, and independent institutions) and by institution. The report should also identify how the Maryland Higher Education Commission (MHEC) alerts community college EEA recipients that they are in danger of losing their award as this group was the most severely impacted by the credit completion requirement. The report should identify the updated funding disbursement, by EEA award type and by total credit attainment grouping, for the students from the most recent review cycle, as well as what the total funding amount was, by EEA award type, prior to those students having their award funding amounts revised.

Information Request

Report on impact of credit completion requirement on financial aid awards

Author

MHEC

Due Date

12/15/2021

MHEC Response: MHEC concurs with the recommended action.

2. Adopt the following narrative:

Report on the Next Generation Scholars Postsecondary Outcomes: The 2020-2021 academic year is the first academic year with a cohort of grade 12 students in the Next Generation Scholars (NGS) program. These seniors, should they meet certain eligibility requirements, are automatically prioritized to prequalify for a Guaranteed Access grant. The committees are interested in determining how many NGS seniors met the eligibility requirements and later enrolled in a postsecondary institution. The report should identify the number of NGS seniors for the 2020-2021 academic year, the number of NGS seniors who successfully met all of the eligibility requirements, and the number of seniors who later enrolled in a postsecondary institution of higher education in either the summer 2021 session or the fall 2021 semester and identify to which higher education segment those students enrolled.

Information Request

Report on postsecondary
outcomes for NGS senior students

Author

MHEC

Due Date

12/1/2021

MHEC Response: MHEC concurs with the recommended action.