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Acting Secretary

**R62I0010**  
**Student Financial Assistance**  
**Maryland Higher Education Commission**

**Senate Budget and Taxation Subcommittee on Education, Business and Administration**  
**Senator Nancy King, Chair**

**House Appropriations Subcommittee on Education and Economic Development**  
**Delegate Stephanie Smith, Chair**

**March 1 and 4, 2024**

**Pg. 11 - MHEC should discuss this change in timing and how it is expected to impact consideration for State aid moving forward.**

**Response:** Prior to FY 2024, the established deadline to complete and submit the Free Application for Federal Student Aid (FAFSA) or Maryland State Financial Aid Application (MSFAA) was March 1 for applicants to be considered for eligibility for the Howard P. Rawlings Educational Excellence Awards (EEA) program (i.e. Guaranteed Access Grant (GAG) or Educational Assistance Grant (EAG). The March 1 deadline was previously established in legislation for the Howard P. Rawlings, however legislation did not establish a deadline date for the Maryland Community College Promise Scholarship Program (Promise). To increase the availability of Promise scholarship funds for FY 2024, the FAFSA deadline was pushed back to April 15, 2024 to allow more applicants (i.e. transfers, Spring admits, etc.) to apply and receive Promise scholarship funds. The extension of the deadline date is expected to increase the number of students eligible to receive Promise scholarship funding and increase the overall use of annual appropriations. In comparing Promise scholarship accepted awards in FY 2023 to FY 2024, the number students who accepted their awards increased in FY 2024 by 1,480. Moving forward to FY 2025, Maryland community colleges will award Promise scholarship funds, however the extension of the deadline date will allow each community college to monitor new applicants and determine eligibility for award funds.

**Pg. 15 - MHEC should discuss how it accommodated with the increase in awards within the same level of appropriation.**

**Response:** The appropriation for FY 2024 remains a projection. Since the Guaranteed Access Grant (GAG) and Educational Assistance Grant (EAG) both fall under the Howard P. Rawlings Educational Excellence Awards Program and share the same source of funds, it is difficult to determine an appropriation prior to or in the beginning of the award year. If MHEC were to attempt to appropriate the specific amount of funds for each program, all funds would go to the GAG program to award eligible applicants and no funds would be remaining to award EAG eligible applicants until GAG awardees declined their awards or awards were cancelled. To move forward with the awarding process, MHEC over awards in both the GAG and EAG programs based upon a formula developed that incorporates the high cancellation rate of approximately 70 percent in the program.

MHEC uses a 3-year projection to award Guaranteed Access Grant (GAG) and Educational Assistance Grant (EAG) funds. The projection utilizes the average percent of cancelled/declined awards over the past three years to determine the maximum amount of funds awarded to yield a spending amount close to the allocation for the fiscal year. Although the projected appropriation is \$46.1 million, the initial amount budgeted for EAG for fiscal 2024 was \$118 million. The over award of funds is initiated to account for the percentage of applicants for whom awards are declined or cancelled. Since MHEC over awards in the program, it must rely upon the institutions through their certification process to verify the students' eligibility of the award to ensure funding levels are sufficient to cover all awards that have been made.

While MHEC used the award projection model when performing waitlist awarding, the certification process completed by the institution ultimately determines if the applicant is eligible for the award. Once the institutions complete certification and all funds are processed, then the appropriation is finalized for the fiscal year.

Of the \$118 million initially awarded for FY 2024, there currently remain 27,640 students awarded for a sum of \$52.6 million. Of the \$52.6 million awarded, 17,274 students received a payment for a total sum of \$26.3 million. MHEC projects that a portion of the remaining funds will be cancelled due to students stopping from attending or losing eligibility, which is expected to place the EA program right on target of projected spending. If for any reason MHEC does not have sufficient funding to cover all EAG awards, a request will be submitted to transfer funds from the Need Based Student Financial Assistance Fund (NBSFAF) to EAG.

**Pg. 17 - MHEC should discuss the impact of the delay on the ability to make awards and its plan and timing for making awards given the delayed distribution of data.**

**Response:** The delays in distribution of FAFSA data puts MHEC behind schedule on creating and sending award notifications for the Howard P. Rawlings Educational Excellence Awards Program. Because of the most recent FAFSA delay, MHEC hopes to receive student Institution Student Information Record (ISIR) by later March into May, rather than the typical November delivery. MHEC imports ISIR data into the MDCAPS system, not only to determine each student's eligibility but also to calculate each eligible student's award amount by using the student's SAI and Pell amount to calculate each student's need. Without each student's ISIR, MHEC cannot determine if a student is eligible or the appropriate award amount.

To accommodate the interruption, MHEC has adjusted the priority filing deadline to May 15 and the final submission deadline to June 1 for students to complete the FAFSA or MHEC One-App. Due to MHEC pushing back the priority filing date as well as deadline date, initial awarding for FY 2025 will not be able to occur until late June 2024. If applicable, students will have until June 15, 2024 to submit requested documentation for initial "priority" awarding.

**Pg. 17 - MHEC should discuss the status of implementation of this new program, the number of applications for this program, and the number of anticipated or provided scholarships.**

**Response:** In November 2023, MHEC has met with representatives from the Department of Human Services (DHS) to discuss implementation of the Pilot Program Human Services Careers Scholarship. Since then, MHEC has met with DHS numerous times to complete implementation of the program. DHS representatives have raised several questions and concerns regarding some of the legislative provisions in Chapter 100 of 2023. Based on those concerns, DHS has engaged in the process of proposing amendments to Chapter 100 of the 2023 Acts of Maryland and has received approval from the Governor's Legislative Office (GLO) to move forward in engaging with the Speaker's office, in partnership with MHEC. To date, DHS is in the process of working to identify some bills that may be appropriate to

include the proposed amendments to Chapter 100 of 2023 Acts of Maryland for the current 2024 legislative session. MHEC has moved forward in implementing enhancements to the MDCAPS system and is prepared to move forward with awarding scholarships once DHS is ready. As indicated in §18-3903 of Education Article of the Annotated Code of Maryland, the Department of Human Services shall identify and select eligible applicants and determine the amount of scholarship awards. MHEC is unable to move any further with implementation until the Department of Human Services is ready to move forward.

**Pg. 17 - MHEC should provide the committees with a chart showing projected recipients, the average grant, and the total expenditures for each scholarship for fiscal 2024 and estimates for fiscal 2025.**

**Response:** MHEC previously provided reliable figures for fiscal 2024 and was not initially requested to provide estimates for fiscal 2025. Appendix A shows data for fiscal 2024 and 2025.

**Pg. 21 - MHEC should discuss the reason for the \$29.9 million in unused appropriations available for fiscal 2023, a level much higher than that of recent years, and plans to utilize the balance.**

**Response:** The majority of unused funds originated from the following:

- **Maryland Community College Promise Scholarship Program** – Fiscal 2023 appropriation \$15 million, disbursed \$4,249,605 – Transferred \$10,770,754.
- **Maryland Police Officers Scholarship Program** – Fiscal 2023 appropriation \$8.5 million, disbursed \$17,148.00 – Transferred \$8,482,852.
- **Maryland Loan Assistance Repayment Program for Police Officers** – Fiscal 2023 appropriation \$1.5 million, disbursed \$3,000.00 – Transferred \$1,497,000.
- **Teaching Fellows for Maryland Scholarships** – Fiscal 2023 appropriation \$8 million, disbursed \$3,607,638 – Transferred \$4,392,362.
- **2 + 2 Transfer Scholarship Program** – Fiscal 2023 appropriation \$2.3 million, disbursed \$362,000 – Transferred \$1,938,000.

Other funds transferred to Need Based Student Financial Assistance Fund (NBSFAF) came from remaining funds from smaller programs such as the Graduate and Professional Scholarship Program which was budgeted for \$1,174,473 in fiscal 2023, however only \$707,664 was used by institutions. MHEC did not receive enough eligible applications to spend all program funding and in many instances extended the application deadline to increase the number of applications and eligible recipients. MHEC plans to use the \$29.9 million in unused appropriations to assist in awarding the expected increase of Howard P. Rawlings Educational Excellence Awards Program recipients. MHEC projects that Guaranteed Access Grant (GAG) eligible applicants will increase in the upcoming 2024-2025 award year based upon eligibility requirements, which were removed during the fiscal 2023 legislative session. Additionally, in tracking current Guaranteed Access and Educational Access awards for FY 2024, MHEC is reviewing the percentage of cancelled and declined awards to determine if NBSFAF funding needs to be transferred to cover additional awards.

**Pg. 23 - MHEC should comment on the increasing number of students meeting the credit completion requirement.**

**Response:** MHEC has increased communication to EEA recipients about the credit completion requirements by sending communication at the end of the fall term and mid-way through the spring term to all EEA students beginning in the first year of receiving EEA funds. The notification of the credit

completion requirements are sent as a reminder to the EEA recipients that they must meet the requirements by the end of the second year of receiving EEA funds and in each subsequent academic year to remain eligible for the award annually. This notification encompasses all EEA award recipients. MHEC is unable to verify whether the increasing number of students meeting the credit completion requirement is a result of increased communication, however MHEC continues to review and identify different ways to increase students' awareness of the credit completion requirement.

**Pg. 26 - MHEC should discuss efforts to make students aware of the credit requirements and how specifically it is working with the Maryland Association of Community Colleges to increase the share of recipients that complete enough credits to remain eligible.**

**Response:** To further increase awareness and encourage credit completion, MHEC has increased communication to EEA recipients about the credit completion requirements by sending communication at the end of the fall term and mid-way through the spring term to all EEA students beginning in the first year of receiving EEA funds. The notification of the credit completion requirements is sent as a reminder to all EEA recipients that they must meet the requirements by the end of the second year of receiving EEA funds and in each subsequent academic year to remain eligible for the award annually. This notification is not specific to community college EEA recipients, but encompasses all EEA recipients receiving awards for at least three years.

MHEC will meet with the Maryland Association of Community Colleges to discuss possible ideas and potential solutions to assist in increasing student awareness and the share of recipients that complete enough credits to remain eligible.

### **Recommended Actions**

- 1. Adopt the following narrative: Impact of Credit Completion Requirement on Financial Aid Awards:** The committees are interested in the impact the 30-credit-hour requirement had on students in the 2023-2024 academic year and the 2024-2025 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 Educational Excellence Award (EEA) recipients that they are in danger of losing their award, as all segments are showing signs of increasing populations of students not meeting the 24-credit-hour minimum. 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**  
December 11, 2024

**Response:** MHEC concurs with the recommended action.

2. **Adopt the following narrative: Next Generation Scholars (NGS) Postsecondary Outcomes:**  
The committees remain interested in determining how many NGS students met the eligibility requirements and later enrolled in a postsecondary institution. The report should identify the number of NGS seniors for the 2022-2023 and 2023-2024 academic years, the number of NGS seniors who successfully met all of the eligibility requirements, the number of eligible NGS seniors receiving a guaranteed access award, and the number of seniors who later enrolled in a postsecondary institution of higher education in either the summer session or the fall semester and identify to which higher education segment those students enrolled.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on postsecondary outcomes for NGS senior students	Maryland Higher Education Commission	December 1, 2024

**Response:** MHEC concurs with the recommended action.