

MARYLAND HIGHER EDUCATION COMMISSION

MEETING BOOKLET

Time: 1:00 PM – 4:00 PM
December 13, 2017

Place: Maryland Higher Education Commission
6 N. Liberty St, 7th Floor Board Room
Baltimore, MD 21201

Maryland Higher Education Commission

Anwer Hasan, Chairman

Sandra L. Jimenez, Vice-Chair

Vivian S. Boyd

John Holaday

Vera R. Jackson

Russell V. Kelley

Bryson Barksdale, Student Commissioner

Ian MacFarlane

Donna M. Mitchell

Joel Packer

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

Lawrence J. Hogan, Jr.
Governor

Boyd K. Rutherford
Lt. Governor



Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

Anwer Hasan
Chairperson

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

**Maryland Higher Education Commission
Meeting Agenda**

TIME: 1:00 p.m. - 4:00 p.m.
Wednesday,
December 13, 2017

PLACE: Maryland Higher Education Commission
6 N. Liberty Street, 7th FL Board Room
Baltimore, MD 21201

	Page	Action Item
Call to Order		
Chairman’s and Secretary’s Remarks		
Student Advisory Council – Glenda Abney		
• Student Advisory Council Bylaws	1	*
Office of Finance and Administration – Geoff Newman		
• Student Loan Debt Relief Tax Credit		
Office of Student Financial Assistance—Donna Thomas		
• Howard P. Rawlings Educational Excellence Awards Program – Proposed Regulations.....	3	*
• Independent Audit Review for the Howard P. Rawlings Educational Excellence Awards Program – Proposed Regulations	13	*
Office of Attorney General – Christine Wellons		
• Final Adoption of COMAR 13B.02.06 Financial Guarantees and the Maryland Guaranty Student Tuition Fund for For-Profit Institutions of Higher Education....	17	*
Office of Research and Policy Analysis—Dr. Jon Enriquez		
• 2017 Opening Fall Enrollment	25	
Office of Academic Affairs—Dr. Emily Dow		
• Applied Baccalaureate Degrees at Maryland Community Colleges		
• State Plan 2017-2021		*
Adjournment		



Larry Hogan
Governor

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Anwer Hasan
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Secretary

MEMORANDUM

DATE: December 13, 2017

TO: Maryland Higher Education Commissioners

FROM: Emily R. Dreszer, Student Advisory Council Chairperson 2017-18
Glenda Abney, MHEC SAC Advisor

SUBJECT: Changes to Student Advisory Council Bylaws

The purpose of this memorandum is to request approval to make three changes to the Student Advisory Council Bylaws. These changes include (1) a change in the requirement of quorum to change from representatives of at least 9 member institutions, to 20% of the total attendance of member institutions at the first meeting of the council; (2) a shift in responsibility to contact representatives about the issue of attendance and the possible consequences of removal from the MHEC SAC Secretary, to the MHEC SAC Advisor; and (3) an additional segment chair position for graduate students.

Quorum – Voted 10/28/17

VII Article – Meetings/Attendance Section 3. Quorum

Current Statement

(A) Quorum is attained by the attendance of the Executive Chair or [his/her] THEIR designee and representatives of at least nine member institutions.

Revised Statement

(A) *Quorum is attained by the attendance of the Executive Chair or [his/her] THEIR designee and a yearly predetermined number of members' institutions. The predetermined quorum for members will be 20% of the total attendance at the first meeting of the council each academic year.*

Attendance – voted 11/18/17

VII Article – Meetings/Attendance

Section 2. Attendance

Current Statement

(A) Attendance at all meetings is expected. Upon the absence of a representative at two consecutive meetings, the SAC Secretary shall send a note to the president of the student government of the representative’s institution declaring the absence and may send a letter recommending replacement of the representative to the President of the institution.

Suggested Statement

(A) Attendance at all meetings is expected. Upon the absence of a representative at two consecutive meetings, the Advisor shall contact the institution to discuss the student’s attendance or possible replacement.

Graduate Student Subcommittee – voted 11/18/17

Article V – Officers and Duties

Section 5. Segment Chairs

Current Statement

- (A) Should coordinate for the SAC the activities of their respective constituencies:
- (1) Four-Year Public Institutions
 - (2) Four-Year Independent Colleges and Universities
 - (3) Two-Year Colleges

Revised Statement

- (A) Should coordinate for the SAC the activities of their respective constituencies:
- (1) Four-Year Public Institutions
 - (2) Four-Year Independent Colleges and Universities
 - (3) Two-Year Colleges
 - (4) *Graduate Students*

RECOMMENDATION: It is recommended that the Maryland Higher Education Commission approve these recommended changes to the Student Advisory Council Bylaws.



Larry Hogan
Governor

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Lt. Governor

Anwer Hasan
Chairperson

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

MEMORANDUM

DATE: December 13, 2017

TO: Maryland Higher Education Commissioners

FROM: Donna Thomas, Director

SUBJECT: Proposed Approval of COMAR Program Regulations–
Delegate Howard P. Rawlings Program of Educational Excellence Awards

The purpose of this memorandum is to request approval to publish for comment proposed regulations for the Delegate Howard P. Rawlings Program of Educational Excellence Awards (EEA) Program.

The EEA Program is the State's largest need-based aid grant program comprised of the Guaranteed Access Grant, Educational Assistance Grant, and Campus-Based Educational Assistance Grant. Annually more than 26,000 students that have demonstrated financial need are awarded. The annual award amounts in the program range from \$400-\$18,400.

In 2016, the General Assembly passed the College Affordability Act of 2016 that encourages on-time completion within the EEA program through student financial aid incentives and annual credit completion requirements.

Beginning with the 2018-2019 award year, student's enrolled in their third academic year and thereafter must complete 24 thru 30 credits to renew their EEA award. A student that successfully completed at least 30 credits in the prior academic year will receive their full EEA renewal award. However, students that successfully complete at least 24 credits but less than 30 credits in the prior academic year will receive a prorated award. The award amount shall be equal to the amount the student would have otherwise received multiples by the ratio of the number of credits successfully completed divided by 30.

If approved for publication by the Commission, these regulations will be submitted to the Administrative, Executive and Legislative Review (AELR) Committee for review for at least fifteen (15) days before they are submitted to the Maryland Register for publication. The regulations will undergo a thirty day comment period and will return to the Commission for final adoption.

RECOMMENDATION: It is recommended that the Maryland Higher Education Commission approve for publication the attached proposed regulations for the Delegate Howard P. Rawlings Program of Educational Excellence Awards, and authorize MHEC's attorneys to approve non-substantive revisions as necessary to conform the proposed regulations to the stylistic and formatting requirements of AELR and of the Division of State Documents.

Title 13B

MARYLAND HIGHER EDUCATION COMMISSION

Subtitle 08 FINANCIAL AID

Chapter 15 Delegate Howard P. Rawlings Program of Educational Excellence Awards

Authority: Education Article, §§11-105(u) and 18-204(c) and Subtitle 3 of Title 18, Annotated Code of Maryland

.01 PURPOSE.

A. *The purpose of the Delegate Howard P. Rawlings Program of Educational Excellence Awards program is to provide need-based financial assistance to students.*

.02 DEFINITIONS.

A. *As used in this Chapter, the following terms have the meaning indicated.*

B. *“Commission” means the Maryland Higher Education Commission.*

C. *“Educational Excellence Award” or “EEA” means the Delegate Howard P. Rawlings Program of Educational Excellence Awards, which consists of Delegate Howard P. Rawlings Guaranteed Access Grants and Delegate Howard P. Rawlings Educational Assistance Grants.*

D. *“Educational Assistance Grant” or “EA Grant” means the Delegate Howard P. Rawlings Educational Assistance Grant which provides low- and middle-income students with financial assistance.*

E. *“Eligible institution” means an institution of higher education that is accredited by an accrediting body recognized by the U.S. Department of Education.*

F. *“Guaranteed Access Grant” or “GA Grant” means the Delegate Howard P. Rawlings Guaranteed Access Grant which provides the State’s neediest students with financial assistance.*

G. *“FAFSA” means the Free Application for Federal Student Aid.*

H. *“OSFA” means the Office of Student Financial Assistance within the Commission.*

I. *“Full-time student” means a student enrolled in at least twelve semester hours, or the equivalent of 12 semester hours as determined by OSFA, in a regular undergraduate program leading to a degree or diploma at an eligible institution or in a 2-year associate degree program in which the coursework is acceptable for transfer credit to an accredited baccalaureate program at an eligible institution.*

J. *“Academic year” means the fall, spring, and summer semesters and any semester shorter in length than the term of a regular semester.*

K. *“Secretary” means the Secretary of Higher Education for the State.*

L. *“Successfully Completed Courses” means a course in which a student received any grade higher than an “F” regardless of any school or program policy.*

.03 ELIGIBILITY.

A. *To be eligible for financial assistance under the Educational Excellence Award program, an applicant shall:*

(1) *Be a Maryland resident;*

(2) *File the FAFSA by March 1 for both the GA and EA Program;*

(3) *Be accepted for admission or enrolled as a full-time student in a regular undergraduate program leading to a degree or diploma at an eligible institution or be enrolled in a 2-year associate degree program in which the course work is acceptable for transfer credit to an accredited baccalaureate program at an eligible institution;*

(4) *Demonstrate financial need based on the formula set forth in Regulation .07;*

(5) *Agree to provide any information or documentation requested by OSFA for the purpose of administering the program and, if requested, sign an authorization for the release of information to OSFA for the purpose of administering this program. An applicant’s failure or refusal to provide requested information or a signed authorization may result in a determination of ineligibility, the cancellation of an award, or the denial of an appeal; and*

(6) *Whether applying for the first time or as a renewal recipient, submit all documentation requested by OSFA no later than April 1 prior to the award year.*

B. *To be eligible for a Guaranteed Access Grant, an applicant shall:*

(1) *Satisfy the requirements of paragraph A of this Regulation;*

(2) *Have an annual total family income as reported on the FAFSA that is at or below 130 percent of the federal poverty level or, if program funding allows, that is at or below 150 percent of the federal poverty level, 2 years prior to the academic year for which the student is being reviewed;*

(3) *Begin college within 1 year of completing high school or, if failing to do so, provide documentation satisfactory to OSFA of extenuating circumstances;*

(4) *Be under the age of 22 at the time of receiving the first award;*

(5) *Have successfully completed a college preparatory program in high school that is designed to prepare students for college level work, including courses that prepare students to obtain a 2 year technical degree from a community college;*

(6) Have completed high school with an unweighted cumulative 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 Commission of extenuating circumstances;

(7) Submit a high school transcript reflecting the first semester of the applicant's senior year and a completed high school certification form to OSFA by April 1; and

(8) Be a senior in high school at the time of initial application.

C. OSFA may not consider an earned income credit under § 32 of the Internal Revenue Code in determining the annual family income eligibility of an applicant for a Guaranteed Access Grant.

D. Requirements for students in grades 7 or 8.

(1) Except as provided in §E(2) of this regulation, a student in grade 7 or grade 8 who applies and prequalifies for a Guaranteed Access Grant on the basis of financial need as established by the Commission shall agree in writing, as a secondary and undergraduate student, to:

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

(b) Refrain from substance abuse;

(c) Provide information required by the Commission or the Maryland State Department of Education;

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

(e) Participate in the Next Generation Scholars of Maryland Program until the student graduates from high school and matriculates at an institution of higher education;

(f) Maintain an unweighted cumulative grade point average of at least 2.5 on a 4.0 scale or its equivalent; and

(g) Satisfy any other program requirements set by OSFA, the Commission, the Maryland State Board of Education, or the Maryland State Department of Education.

(2) For academic years 2017-2018 and 2018-2019 only, a student in grade 9 who applies and prequalifies for a Guaranteed Access Grant on the basis of financial need as established by OSFA shall meet the conditions of §E(1) of this Regulation.

.04 AWARD AMOUNT.

A. Educational Excellence Award program award amounts shall be determined by OSFA based upon the financial need of the eligible applicant in accordance with this regulation.

B. Educational Assistance Grant Award Amounts.

(1) Educational Assistance Grant award amounts shall range between \$400 and \$3,000 and be awarded in \$100 increments.

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

(3) If the student enrolled in an eligible institution on or after August 31, 2015, and has received the EA Grant for at least two years, then beginning with the 2018-2019 award year, and in each academic award year thereafter, the student shall successfully complete:

(a) at least 30 credits in the prior academic year, in order for the EA award amount to be not less than \$ 400 or more than \$ 3,000; or

(b) at least 24 but less than 30 credits in the prior academic year, in order for the EA award amount to 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.

(4) If the student's prorated award amount is less than \$400 the student is ineligible for the Educational Assistance Grant.

C. Guaranteed Access Grant Award Amounts.

(1). Guaranteed Access Grant award amounts shall range from \$400 up to a maximum award 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 University College and the University of Maryland Baltimore, as calculated by OSFA to be the highest annual expenses for a full-time resident undergraduate, in \$100 increments.

(2) The amount of a Guaranteed Access Grant made to a student in the student's first two academic years of enrollment shall be equal to 100 percent of the student's financial need as determined by OSFA, 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 University College and University of Maryland, Baltimore Campus, with the highest annual expenses for a full-time resident undergraduate.

(3) If the student enrolled in an eligible institution on or after August 31, 2015, and has received the GA Grant for at least two years, then beginning with the 2018-2019 award year, and each academic award year thereafter, the student shall successfully complete:

(a) at least 30 credits in the prior academic year, in order for the award amount to be equal to 100 percent of the student's financial need, but not less than \$400, as determined by OSFA, 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 University College and University of Maryland Baltimore Campus, with the highest annual expenses for a full-time resident undergraduate; or

(b) at least 24 but less than 30 credits in the prior academic year, in order for the award amount to be equal to 100 percent, but not less than \$400, of the amount determined under C(3)(a) of this regulation multiplied by the ratio of the number of credits successfully completed divided by 30.

(4) If the student's prorated award amount is less than \$400, the student is ineligible for the Guaranteed Access Grant.

(5) If the student fails to complete at least 24 credits at the end of the student's second academic year of receiving the grant, the student shall be ineligible for either the Guaranteed Access Grant or the Educational Assistance Grant.

(6) The award recipient shall continue to meet the criteria established by this chapter for the duration of the award.

D. Students may hold other State scholarships or grants but shall meet all conditions for all awards and may not receive an amount combined from all State programs that exceeds the maximum amount established by OSFA. Students who have been approved through an appeal to take less than 12 credits in a term may not receive a part-time grant from OSFA during that same term.

.05 USE OF AWARD OUT-OF-STATE.

A. A Guaranteed Access Grant or Educational Assistance Grant may be used at an eligible institution of higher education in another state or the District of Columbia if:

(1) The attendance is pursuant to a reciprocal agreement for applicants that are deaf or hearing impaired at an institution of higher education that makes special provisions for deaf and hearing impaired students; and

(2) Comparable special provisions are not available to the student at an in-State institution of higher education.

B. OSFA may not award more than 10 percent of the funds available for each of the types of grant awarded through the Guaranteed Access Grant program and Educational Assistance Grant program to students attending schools located in another state and the District of Columbia.

.06 FINANCIAL NEED CALCULATION.

A. Determination of Financial Need.

(1) The OSFA shall calculate an applicant's adjusted financial need using the following formula:

OSFA Adjusted Need =

OSFA Cost of Attendance

- Expected Family Contribution Plus/Minus Regional Cost of Living Adjustment

- Workforce Shortage Student Assistance Grant or Economic Development Student Assistance Grant

- Estimated Pell Grant.

(2) The Expected Family Contribution shall be determined using the same methodology used by the U.S. Department of Education to determine expected family contribution for purposes of federal aid.

(3) The Regional Cost of Living Adjustment shall be determined annually by the Secretary.

(4) The OSFA Cost of Attendance shall be calculated as follows:

(a) For a student living with parents, tuition and mandatory fees plus an allowance established by OSFA with a minimum value of \$3,200;

(b) For a student living off-campus, tuition and mandatory fees plus an allowance established by OSFA with a minimum value of \$5,100; and

(c) For a student living on-campus, tuition and mandatory fees, room and board, plus an allowance established by OSFA with a minimum value of \$900.

B. Determination of EEA Awards.

(1) EEA program awards shall be calculated using data from the FAFSA.

(2) Educational Assistance Grants shall be calculated using the percentage of need specified in the formulas in this paragraph B.

(3) An EA award for a student attending 4-year institution shall be calculated using the following formula: OSFA Adjusted Need x 40% = Educational Assistance Grant.

(4) An award for a student attending a community college shall be calculated using the following formula: OSFA Adjusted Need x 60% = Educational Assistance Grant.

(5) Guaranteed Access Grants shall be calculated using the following formula: OSFA Adjusted Need x 100% = Guaranteed Access Grant.

(6) The maximum Guaranteed Access Grant is limited to the amount specified in regulation .04.

(7) Award amounts shall be calculated on an annual basis and rounded to the nearest \$100.

(8) If a student's award amount is determined to be below \$400, the student is not eligible for an award.

(9) Awards are made for the Fall and Spring semester in the academic year are evenly split between the two semesters. .

C. Awards shall be based upon information provided by the student to the federal processor under the U.S. Department of Education. Errors on an application that are corrected by a student after the deadline shall be accepted by OSFA. Changes in award amounts as a result of a correction shall be handled as follows:

(1) For EA Grants and GA Grants, if a correction results in a decrease in an award amount, the award shall be adjusted and the student notified of the change. If a correction results in an increase in an award, the increase shall be funded only if OSFA determines that monies are available.

(2) For GA Grants only, if a correction in family income or family size results in the student no longer being eligible for a GA Grant, the student's award shall be recalculated and, if funding is available in OSFA's determination, awarded as an EA Grant.

.07 AWARDING PRIORITIES AND DISTRIBUTION OF FUNDS.

A. On an annual basis, the Secretary shall establish awarding priorities for making awards under the Educational Excellence Awards Program.

B. Awarding priorities shall express the Commission's intent with respect to fund distribution in the program and assist OSFA staff in making final decisions in the awarding process. These priorities shall be based on projections using the estimated funding level for the program and shall take into consideration funds necessary to award Guaranteed Access Grants at 100 percent of need, with the remainder of the funds being awarded as Educational Assistance Grants.

C. As its first priority, the Secretary shall strive to award recipients at the percent of need and maximum award established for the prior award year adjusting for tuition and fee increases.

D. As its second priority the Commission shall strive to maintain the overall number of awards in the EEA program.

.08 SELECTION OF RECIPIENTS.

A. GA award applicants who submit a FAFSA application, high school transcript, high school certification form, and if applicable required verification documents by April 1 shall be funded prior to all other Educational Excellence Awards applicants.

B. Applications filed after March 1 for the GA Grant shall not be considered.

C. Applicants for the EA Grant shall be selected and awards made based upon a statewide ranking of each student's Expected Family Contribution (EFC) and need, with the lowest EFC and greatest need awarded first, in the following priority:

- (1) Renewal applicants for EA Grants shall be awarded first provided that the requirements of Regulation .11 are met; and
- (2) Remaining funds shall be awarded to all other eligible applicants until all funds are depleted.

.09 AWARD NOTIFICATION AND ACCEPTANCE.

A. Recipients shall be notified in writing of the awards.

B. To accept an award, initial EA Grant and GA Grant recipients shall log-on to the Maryland College Aid Processing System (MDCAPS). In extenuating circumstances, as determined by the Director of OSFA, a student may provide written acceptance of an award.

.10 RENEWAL AND CONTINUATION.

A. An Educational Assistance Grant may be renewed if the recipient:

- (1) Files a FAFSA by the March 1 deadline;
- (2) Demonstrates financial need;
- (3) Is enrolled in an eligible institution;
- (4) Is enrolled as a full-time student at an eligible institution;
- (5) At the end of the student's second academic year and thereafter of receiving the grant, the student completed at least 24 credits in the prior academic year;
- (6) Is making satisfactory progress according to institutional standards in compliance with federal Title IV program regulations; and
- (7) Is a resident of the State of Maryland, as certified by the institution.

B. A Guaranteed Access Grant may be renewed if the recipient:

- (1) Files a FAFSA by March 1 and, if applicable, submits all required verification documentation by April 1;
- (2) Has an annual total family income as reported on the FAFSA which is at or below 150% of the federal poverty level;
- (3) Is enrolled in an eligible institution;
- (4) Is enrolled as a full-time student;
- (5) At the end of the student's second academic year and thereafter of receiving the grant, the student completed at least 24 credits the prior academic year;
- (6) Is making satisfactory progress according to institutional standards in compliance with federal Title IV program regulations; and
- (7) Is a resident of the State of Maryland, as certified by the institution.

C. A recipient who does not meet the requirements of §B of this regulation for a GA Grant shall be considered eligible for an EA Grant, if the recipient satisfies the requirements of §A of this regulation.

.11 CANCELLATION OR ADJUSTMENT OF AWARD.

An award shall be canceled if:

A. A recipient of an EA Grant or GA Grant fails to accept the award within the time specified in the award letter to the recipient;

B. A recipient of an EA Grant or GA Grant fails to satisfy all verification requirements;

C. A recipient of GA Grant fails to submit all required verification documents by April 1;

D. An institution reports on the billing roster that the recipient is:

- (a) Not enrolled at that institution in a regular undergraduate program;
- (b) Not enrolled as a full-time undergraduate;
- (c) Not meeting the required number of successfully completed credits as described in §D of Regulation .05

- (d) Not making satisfactory academic progress;
- (e) Not a resident of the State of Maryland; or
- (f) In default of a Title IV loan or owes a refund of Title IV assistance.

E. An award shall be adjusted in accordance with regulation .04 if An institution reports on the billing roster that the recipient has completed a minimum of 24 credits but less than 30 credits as described in regulation .05 of this chapter.

.12 PAYMENT.

- A. OSFA shall make an award payment to the institution for each semester that the eligible recipient granted the award.
- B. At the beginning of each semester, institutions shall be asked to review billing rosters provided by OSFA to certify that the recipients meets the requirements described in this chapter.
- C. In order for funds to be disbursed to the institution, the institution at which the student is enrolled shall maintain the student's FAFSA information on file.
- D. Institutions shall be responsible for disbursing the funds to awarded students in a timely fashion.

.13 VERIFICATION.

A. In-house verification by OSFA.

- (1) OSFA annually shall verify a percentage of all new Educational Excellence Award applications to determine if they contain accurate information.
- (2) OSFA shall verify Educational Excellence Award applications for recipients identified by OSFA, or by institutions, based upon:
 - (a) Whether the information contained in the application has discrepancies from the information contained in the FAFSA; or
 - (b) Whether the applicant misreported dependency status or Maryland residency status.
- (3) OSFA may randomly select applications for verification.
- (4) Selected recipients are required to provide documentation of financial data and to verify dependency and Maryland residency.
- (5) OSFA annually shall verify the eligibility status of at least 25% of GA Grant award recipients.
- (6) New and renewal GA Grant recipients shall provide documentation of financial data to verify eligibility as requested by OSFA.
- (7) OSFA shall notify a student who have been selected for verification in writing and shall advise the student that the student is required to provide the following documents within the time specified in the notification:
 - (a) Maryland Office of Student Financial Assistance Dependent or Independent Verification Form to verify:
 - (i) Child support;
 - (ii) Other untaxed income;
 - (iii) Maryland residency for non-tax filers; and
 - (iv) Non-filing status for non-tax filers;
 - (b) The federal and state income tax returns and W-2 forms of the student, student's parents, and student's spouse, to verify:
 - (i) Income and federal taxes paid; and
 - (ii) Maryland residency; and
 - (c) If applicable, a Non Tax Filer Statement for the student, student's parents, or student's spouse.
- (8) Awards will not be issued for students who fail to provide the requested information by the deadline.
- (9) Students who provide the requested documentation shall be verified in accordance with the procedures established by OSFA. Awards for students with errors shall be recalculated and adjusted as specified in §C of Regulation .07 or canceled accordingly.
- (10) OSFA annually shall perform an independent review for a select percentage of GA Grant recipients that were verified in-house. This process shall occur between October and December. If a discrepancy is found during the review process, OSFA reserves the right to make necessary adjustments to a student's award and will notify the student in writing.

B. Institutional verification.

- (1) The institutions annually shall verify application information for a percentage of all new Educational Excellence Award recipients to determine if students are submitting accurate financial data.
- (2) OSFA shall select a minimum of 25% of all students who have received an EA Grant and were flagged for federal verification. The list of selected students shall be submitted to the institution the students are attending.
- (3) After students are selected, each applicable institution shall use the U.S. Department of Education's Title IV financial aid rules and regulations to verify the:
 - (a) Taxable and non-taxable income of the student and, if a dependent student, the student's parents;
 - (b) Household size;
 - (c) Number of individuals in the household that will attend or are enrolled in college;
 - (d) Enrollment status (undergraduate or graduate);
 - (e) Housing status;
 - (f) Dependency status;
 - (g) Expected Family Contribution; and
 - (h) Transaction number of Institutional Student Information Report used.
- (4) Institutions shall provide updated and verified data to OSFA by the date established by OSFA annually.

- (5) Information verified by the institutions shall be used to update OSFA records.
- (6) Awards for students with corrections and errors shall be recalculated and adjusted as specified in regulation .11 or cancelled accordingly.

.14 LATE AWARDS.

- A. OSFA shall consider students for late EA Grants if funds become available after initial awards have been made.
- B. Consideration for a late award shall be given in the following descending order to students who:
 - (1) Were previously awarded and have requested reinstatement of a canceled award;
 - (2) Applied on time and filed an appeal based on changes in financial circumstances;
 - (3) Applied on time and were eligible for an award but were not funded;
 - (4) Were late in applying, appealed for consideration, and were placed on the waiting list; and
 - (5) Applied after the deadline.
- C. Selection of Recipients.
 - (1) If funds are available to make late awards, OSFA shall fund EA Grant recipients as specified in §B of this regulation, and shall notify recipients and institutions.
 - (2) If funds become available after commencement of the Fall semester and are sufficient to issue late awards, OSFA shall require the institution to verify the eligibility of students before making awards.

.15 APPEALS.

- A. Categories of Appeals. An EA or GA Grant applicant or recipient may appeal an award eligibility decision pursuant to this regulation.
- B. Appeals of Full-time Status.
 - (a) The applicant or recipient may appeal whether the applicant or recipient is enrolled full-time.
 - (b) To be considered full-time, the actual time spent in the classroom, lab, supervised activity, or clinic shall equal at least 180 clock hours in a regular semester.
 - (c) An applicant or recipient enrolled for at least 6 credit hours but less than 12 credits may appeal if the individual is participating in a specific course or activity (such as an internship or a practicum) that is required by the institution to complete the academic program.
 - (d) An individual appealing on these grounds shall submit to OSFA documentation, in addition to the appeal form, from the department chair that describes and confirms the program requirements for that semester, along with a catalog description of the program and classes involved. The documentation also shall list the number of clock hours required for each activity.
- C. Appeals to Receive Fifth year awards.
 - (a) A student may hold an award for a fifth year if:
 - (i) The institution confirms that the student is enrolled in an academic program that requires five years to complete; or
 - (ii) The student provides to OSFA evidence of extenuating financial, academic, or other circumstances that prevent the student from completing the academic program in four years.
- D. Appeals Based Upon Special financial circumstances.
 - (1) OSFA shall make adjustments as follows with adequate documentation that the student has experienced special financial circumstances that directly impact the family contribution:
 - (a) If the student's parent(s) or spouse die on or after January 1 of the of the corresponding award year, OSFA shall adjust the FAFSA income information to exclude the income of the parent(s) or spouse affected;
 - (b) If the student or the student's parents' divorce or separate on or after January 1 of the corresponding award year, OSFA shall adjust the FAFSA income information to exclude the income of the parent(s) or spouse affected;
 - (c) If the student, student's parent (if dependent) or student's spouse, if the student is married and independent, becomes completely or involuntarily unemployed for at least ten consecutive weeks in the prior or current year, OSFA shall calculate the student's family contribution and total family income using an estimated income for the current calendar year; and
 - (d) If the student or the student's parent(s) lose, as a result of the student reaching the age of majority, benefits from Social Security, TANF, or child support, OSFA shall calculate the student's family contribution and total family income using an estimated income for the current calendar year.
- E. Appeals of GA Grant Eligibility. A GA applicant or recipient may appeal an eligibility determination, in addition to the other grounds set forth in this regulation, if the applicant:
 - (a) Did not complete high school with an unweighted grade point average of at least 2.5 on a 4.0 scale or its equivalent due to documented circumstances deemed by OSFA to be extenuating circumstances;
 - (b) Did not begin college within 1 year of high school graduation; or
 - (c) Is a renewal student who no longer is eligible for the GA Grant program because the applicant's annual family income rises above the 150 percent poverty level.
- F. Appeals of Credit Completion Requirement. A student who has received an EEA grant for at least 2 academic years and fails to complete at least 24 credits in the prior academic year may appeal an eligibility decision if:
 - (a) The student completed at least 18 credit hours in the prior academic year and participated in a specific course or activity, such as an internship, practicum, or study abroad program, that is required by the institution to complete the

student's academic program. The student shall appeal by submitting to OSFA documentation, in addition to the appeal form, from the student's department chair that describes and confirms the program requirements for that semester, along with a catalog description of the program and classes involved. The documentation shall also list the number of clock hours required for each activity; or

(b) The student completed at least 18 credit hours and has a documented disability. The student shall appeal by submitting documentation, in addition to the appeal form, from the student's doctor that describes and confirms the disability.

G. Appeal Procedures.

(1) An individual shall file an appeal under this regulation by submitting to OSFA a completed appeal form provided by OSFA.

(2) In addition to the appeal form, the individual shall submit to OSFA the following documentation:

(a) If the appeal is of an ineligibility decision due to the student's lack of full-time status, documentation from the student's department chair describing:

(i) The program requirements for that semester;

(ii) The catalog summary of the program and classes; and

(iii) The number of clock hours required for the student's activity.

(b) If the appeal is based upon academic requirements, documentation shall include, as applicable, a death certificate or statement from an attending physician, psychologist, mental health professional, guidance counselor, or social worker or the Dean of Students or other officer at the student's institution confirming the:

(i) Serious illness or injury of the student;

(ii) Serious illness of a member of the student's immediate family;

(iii) Serious emotional difficulties of the student;

(iv) Death of a member of the student's immediate family;

(v) Existence of other serious personal circumstances; or

(vi) For fifth year award appeals only, student's enrollment in an academic program that requires 5 years to complete;

(c) If the appeal is based upon special financial circumstances, documentation shall be an appeal form along with a copy of the deceased's death certificate, separation agreement or divorce decree, notice of job termination or layoff, copies of Federal tax returns and/or W-2 forms, or copies of termination notices or unemployment benefits from relevant agencies.

(d) If the appeal is based upon the student not meeting the required grade point average (GPA), documentation shall include:

(i) An appeal form;

(ii) A letter from the student explaining why the GPA requirement was not met;

(iii) An unofficial transcript to verify the student's GPA; and

(iv) Supporting documentation describing the circumstances that prohibited the student from obtaining the required GPA.

(e) If the appeal is from an applicant not beginning college within one year of high school graduation, documentation shall include:

(i) An appeal form;

(ii) A letter from the student explaining why the student did not begin college within 1 year of high school graduation; and

(iii) A letter of reference from an employer, teacher, or organization that the applicant is affiliated with describing the applicant's commitment to attending college and earning a degree.

(f) If the appeal is from a student who is no longer eligible for the GA program because the student's annual family income rises above the poverty level, documentation shall include:

(i) An appeal form; and

(ii) Supporting documentation identifying the change in income level that resulted in the family income exceeding the 150% poverty threshold and why the income should be omitted from the award calculation.

(3) An individual that failed to complete high school shall provide the following:

(a) A letter to OSFA documenting the extenuating circumstance that prevented the student from graduating high school;

(b) A copy of the student's high school transcript;

(c) If applicable, a copy of the student's GED; and

(b) A letter of recommendation from the recipient's high school principal.

(4) Adjustment of Awards.

The following adjustment of awards shall be made for appeals that are granted:

(a) If an appeal is granted prior to awards being made for the upcoming year, the student's eligibility for an award shall be based upon the new information;

(b) If the student has not been awarded an award and submits the appeal after awards have been made for the upcoming year and the appeal is granted, the student shall be placed on the waiting list for an award;

- (c) *If the student already has been awarded an award and submits an appeal and the appeal is granted, the student shall be placed on a waiting list for any additional funds for which the student may be eligible;*
- (d) *If a student's appeal based on 12-credit hour equivalency has been approved, the student shall receive three-quarters of the original award if enrolled in 9 to 11 credits, and one-half of the original award if enrolled for 6 to 9 credits.*
- (5) *Upon receipt of a completed appeal, the documentation shall be reviewed and a decision rendered by OSFA within 45 days, and the student shall be notified of the outcome.*

.16 DELEGATE HOWARD P. RAWLINGS CAMPUS-BASED AWARDS.

- A. *The Commission shall allocate funds to institutions of higher education to make awards to students who applied for Educational Excellence Awards after the March 1st deadline or who have other extenuating circumstances.*
- B. *Funds shall be awarded to institutions based upon the proportion of full-time Pell Grant eligible Maryland residents enrolled at the institution.*
- C. *Funds shall be awarded by institutions to students who meet the eligibility criteria for EA Grant awards in paragraph A of Regulation .03 but who did not apply by the March 1 deadline or who have other extenuating circumstances. These students may be eligible for a Pell Grant.*
- D. *Awards shall be made in the amounts and the manner described in chapter with the same minimum (\$400), maximum (established annually), and percent of need (established annually) and rounded to the nearest \$100 increment.*
- E. *The amount of a Campus Based Educational Assistance Grant shall be determined in accordance with this chapter, including but not limited to Regulation .04.*
- F. *An institution may not award a Delegate Howard P. Rawlings Campus-Based Educational Assistance Grant to a recipient of a Guaranteed Access or Educational Assistance Grant awarded by OSFA.*
- G. *Each institution of higher education that participates in the Campus-based Educational Assistance Grant program shall submit to OSFA by:*
 - (1) *October 15, a report of all initial awards for the academic year that includes for each award the:*
 - (a) *Student's name;*
 - (b) *Student's social security number;*
 - (c) *Institutional cost of attendance;*
 - (d) *Expected Family Contribution;*
 - (e) *Amount of Pell Grant disbursed;*
 - (f) *Amount of Campus-based EA Grant awarded;*
 - (g) *Pell I.D. and transaction number from the Institutional Student Information Report used for awarding; and*
 - (h) *Number of credits the student successfully completed for students enrolled in their second academic year of and thereafter.*
 - (2) *January 15, a report of subsequent awards for the academic year that includes for each award the:*
 - (a) *Student's name;*
 - (b) *Student's social security number;*
 - (c) *Institutional cost of attendance;*
 - (d) *Expected Family Contribution;*
 - (e) *Amount of Pell Grant disbursed; and*
 - (f) *Amount of Campus-based EA grant awarded;*
 - (g) *Number of credits the student successfully completed for students enrolled in their second academic year of and thereafter.*
 - (3) *June 15, a final end-of-year report that provides:*
 - (a) *A final cumulative list of recipients that includes for each award the:*
 - (i) *Student's name;*
 - (ii) *Student's social security number; and*
 - (iii) *Award amount;*
 - (b) *The total number of students receiving an award;*
 - (c) *The total number of students eligible for an award;*
 - (d) *The total number of credits successfully completed for student enrolled in their second academic year and thereafter; and*
 - (e) *The following demographic information provided in the aggregate:*
 - (i) *The distribution of awards by class year;*
 - (ii) *The distribution of awards by income;*
 - (iii) *The distribution of awards by age;*
 - (iv) *The distribution of awards by gender;*
 - (v) *The distribution of awards by independent vs. dependent status; and*
 - (vi) *The number of recipients registering for the following year or transferring to a four-year institution.*



Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

Anwer Hasan
Chairperson

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

MEMORANDUM

DATE: December 13, 2017

TO: Maryland Higher Education Commissioners

FROM: Donna Thomas, Director

SUBJECT: Proposed Approval of COMAR Program Regulations–
Maryland Higher Education Commission Independent Audit Review Regulations

The purpose of this memorandum is to request approval to publish for comment proposed regulations for the Maryland Higher Education Commission Independent Audit Review Regulations specific to the Howard P. Rawlings Educational Excellence Awards Program.

The purpose of the Maryland Higher Education Commission Independent Audit Review is to provide oversight to ensure that all participating postsecondary institutions are handling funds accordingly for recipients of the Howard P. Rawlings Educational Excellence Award program.

If approved for publication by the Commission, these regulations will be submitted to the Administrative, Executive and Legislative Review (AELR) Committee for review for at least fifteen (15) days before they are submitted to the Maryland Register for publication. The regulations will undergo a thirty day comment period and will return to the Commission for final adoption.

RECOMMENDATION: It is recommended that the Maryland Higher Education Commission approve for publication the attached proposed regulations for the Maryland Higher Education Commission Independent Audit Review Regulations, and authorize MHEC's attorneys to approve non-substantive revisions as necessary to conform the proposed regulations to the stylistic and formatting requirements of AELR and of the Division of State Documents.



Title 13B

MARYLAND HIGHER EDUCATION COMMISSION

Subtitle 08 Financial Aid

Chapter 18 MHEC Independent Audit Review Regulations – Howard P. Rawlings Educational Excellence Awards Program

Authority: Education Article §§ 18-1503, 18-204(c), and 11-105(u); Annotated Code of Maryland

.01 DEFINITIONS

“Auditor” means an independent certified public accountant.

“Commission” means the Maryland Higher Education Commission.

“EEA Program” means the Howard P. Rawlings Educational Excellence Awards Program under Educ. §§ 18-301 – 18-310 of the Annotated Code.

“OSFA” means the Office of Student Financial Assistance within the Commission.

“Secretary” means the Secretary of Higher Education for the State of Maryland.

.02 SCOPE AND PURPOSE

A. This chapter applies to financial aid awards under the EEA Program.

B. The purpose of this chapter is to provide for the independent audit of awards made under the EEA Program.

.03 PERFORMANCE OF AUDIT REVIEW

A. Beginning in fiscal year 2019, each institution of higher education that enrolls students who participate in the EEA Program shall procure annually an independent audit of the institution’s implementation of the EEA Program

B. The institution shall submit each audit to the Commission in accordance with Regulation .04.

.04 AUDIT REQUIREMENTS

A. The audit required by regulation .03 shall be conducted in accordance with the standards of the American Institute of Certified Public Accountants, and in compliance with generally accepted auditing standards.

B. The audit shall determine whether and to what extent the institution has complied with the statutory and regulatory requirements of the EEA Program during the fiscal year.

C. In determining EEA Program compliance under paragraph B, the audit shall assess the following factors as they relate to the EEA Program:

(1) Compliance with federal regulations on institutional policies and procedures of Satisfactory Academic Progress (SAP), Housing, and Title IV financial aid Verification requirements;

(2) Compliance with State and institutional residency requirements;

(3) Compliance with the institution’s enrollment and credit completion requirements;

(4) Accuracy of award eligibility determination performed by the institution;

(5) Adequacy of reporting by the institution to the Office of Student Financial Assistance (OSFA) in the Institutional Student Information Record;

(6) Estimation of state awards disbursed by the institution; and

(7) Verification of completed and signed Maryland College Aid Processing System (MDCAPS) Individual User Agreement.

D. The formal audit report shall provide:

(1) Detail of discrepancies and nature of non-compliant student records identified during review;

- (2) Recommendations provided to the institution to resolve findings and*
- (3) The total amount of award payments that were made improperly.*
- E. The auditor shall issue a management letter to the institution, which shall contain a listing of all material weakness in the institution's system of internal controls.*
- F. By June 1 of each year, a copy of the audit, the management letter, and the institution's response to each item in the management letter shall be filed with the Commission.*
- G. The Commission may request additional information from the auditor or from the institution.*
- H. Noncompliance with the auditor's recommendations shall be noted in future management letters and may result in payment remittance required of the institution as determined by the Commission.*

.05 EXTENSIONS

- A. A written request for an extension of time to file the required reports and the management letter shall be received by the Commission no later than 30 days before the original due date as noted in Regulation .04.*
- B. A request for a reasonable extension of time may be granted by the Secretary if:
 - (1) Detailed reasons are stated that indicate why the reporting deadline cannot be met;*
 - (2) The request indicates the estimated date the audit will be completed and the report filed; and*
 - (3) The request is signed by the president of the college.**

.06 PAYMENT REMITTANCE

- A. The Commission shall require an institution to return to the Commission any EEA Program funds that were not awarded and paid consistent with statute and regulation.*
- B. Except as provided in paragraph C, the institution may elect to remit payment to the Commission in one of the following ways:
 - (1) A check payable to the Maryland Higher Education Commission;*
 - (2) Electronic Funds Transfer (EFT); or*
 - (3) Deduction from the initial payment from the Commission to the institution in the subsequent award year**
- C. If the return of funds relates to the Campus Based EEA Program, then the institution must return the funds to the Commission by check.*
- D. The Commission may discontinue an institution's eligibility to participate in the EEA Program if the institution fails to return funds pursuant to paragraph A within the timeframe specified by the Commission.*



Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

Anwer Hasan
Chairperson

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

MEMORANDUM

December 13, 2017

TO: Commissioners, Maryland Higher Education Commission

FROM: Emily A.A. Dow, Ph.D., Assistant Secretary of Academic Affairs
Christine Wellons, Principal Counsel

RE: Regulations Proposed for Final Adoption; For-Profit Institutions of Higher Education

On April 26, 2017, the Commission approved for publication in the Maryland Register the attached regulations regarding for-profit institutions of higher education. The regulations will create a tuition guaranty fund for students of for-profit institutions of higher education, and it will provide for the provision to MHEC of financial guarantees by for-profit institutions of higher education. The regulations were published in the June 23, 2017 issue of the Maryland Register.

The Joint Committee on Administrative, Executive, and Legislative Review (AELR) requested time to study the proposed regulations, and Secretary Fielder, together with Dr. Dow and Christine Wellons, testified regarding the regulations before the Senate's Education, Health, and Environmental Affairs (EHEA) Committee on September 6, 2017.

MHEC informed the AELR Committee, on November 3, 2017, that it would present the regulations for final adoption by the Commission on December 13, 2017. MHEC has not received any additional questions or concerns from AELR.

During the public comment period, MHEC received comments from the Maryland Consumer Rights Coalition (MCRC). MHEC has not altered the language of the regulations based on MCRC's comments. Some of the comments – suggesting refunds for tuition that is subject to loan discharge by the federal government – cannot be implemented due to the requirements of the authorizing statute. Other comments – aimed at making the tuition refund application process as consumer friendly as possible – we believe will be better addressed by implementing forms that will be created by MHEC.

RECOMMENDATION: It is recommended that the Commission adopts as final the attached regulations regarding for-profit institutions of higher education.

H.—I. (text unchanged)

KAREN B. SALMON, Ph.D.
State Superintendent of Schools

Title 13B
MARYLAND HIGHER
EDUCATION COMMISSION
Subtitle 02 ACADEMIC
REGULATIONS

13B.02.06 Financial Guarantees and the Maryland Guaranty Student Tuition Fund for For-Profit Institutions of Higher Education

Authority: Education Article, §§11-105(u) and 11-203, Annotated Code of Maryland

Notice of Proposed Action
[17-163-P]

The Maryland Higher Education Commission proposes to adopt Regulations .01—.13 under a new chapter, **COMAR13B.02.06 Financial Guarantees and the Maryland Guaranty Student Tuition Fund for For-Profit Institutions of Higher Education**. This action was considered by the Commission at an open meeting held on April 26, 2017, notice of which was given as required by General Provisions Article, §3-302, Annotated Code of Maryland.

Statement of Purpose

The purpose of this action is to implement the Financial Guarantees and the Maryland Guaranty Student Tuition Fund for For-Profit Institutions of Higher Education under Education Article, §11-203, Annotated Code of Maryland.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

I. Summary of Economic Impact. Each for-profit school operating in Maryland will be required to pay a financial assessment equal to 25percent of the adjusted gross tuition. Based on the most recent available information (College Navigator: 2015 Enrollment, and 2015—2016 Tuition, using data for the highest enrolled program), this imposes an assessment for the following schools in the following amount.

- Brightwood College: \$4,900,443.00
- Fortis College: \$1,922,745.50
- Lincoln College of Technology: \$5,432,751.00
- Stratford University: \$12,497,726.25
- Kaplan University: \$2,644,760.00
- Strayer University: \$9,669,618.75

II. Types of Economic Impact.	Revenue (R+/R-)	Magnitude
	Expenditure (E+/E-)	
A. On issuing agency:	NONE	
B. On other State agencies:	NONE	
C. On local governments:	NONE	

	Benefit (+)	Magnitude
	Cost (-)	

D. On regulated industries or trade groups:	(-)	25% of tuition revenue
E. On other industries or trade groups:	NONE	
F. Direct and indirect effects on public:	(+)	Varies

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

D. Private career schools must provide a financial assessment or performance bond equal to 25 percent of their tuition revenue.

F. Students at a for-profit college or university that closes will be able to receive a tuition refund.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Emily Dow, Assistant Secretary of Academic Affairs, Maryland Higher Education Commission, 6 N. Liberty Street, 10th Floor, Baltimore, MD 21201, or call 410-767-3041, or email to emily.dow@maryland.gov, or fax to 410-332-0270. Comments will be accepted through July 24, 2017. A public hearing has not been scheduled.

.01 Purpose.

The purpose of this chapter is to:

- A. Provide for the assessment of fees on for-profit institutions of higher education under Education Article, §11-203, Annotated Code of Maryland;
- B. Provide for the filing of certain financial guarantees by for-profit institutions of higher education under Education Article, §11-203, Annotated Code of Maryland;
- C. Provide for the creation and administration of the Maryland Guaranty Student Tuition Fund for For-Profit Institutions of Higher Education; and
- D. Set forth standards and procedures for processing claims filed by students of for-profit institutions of higher education under Education Article, §11-203, Annotated Code of Maryland.

.02 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) "Adjusted gross tuition and fees" means all revenues received on a cash or accrual accounting basis, less any refunds paid to students, for tuition and fees for all instructional programs or courses enrolled in by students, except for charges for materials, supplies, and books that have been purchased by, and are the property of, a student.

(2) "Assessment year" means a 12-month period from July 1 through June 30 in which the Secretary may levy assessments on for-profit institutions of higher education as provided in this chapter.

(3) "Commission" means the Maryland Higher Education Commission.

(4) Discharge.

(a) "Discharge" means the release of a borrower from the obligation to repay his or her loan for any reason.

(b) "Discharge" includes, but is not limited to:

(i) Loan forgiveness;

(ii) A discharge through the Closed School Discharge program or the Borrower Defense to Repayment program of the USED; and

(iii) Loan forgiveness or discharge through the federal Department of Veterans Affairs, federal Department of Defense, or any other federal agency.

(5) "Financial guarantee" means a performance bond, or irrevocable letter of credit, in the form and amount the Secretary requires.

(6) "For-profit institution of higher education" has the meaning stated in Education Article, §10-101, Annotated Code of Maryland.

(7) "Fund" means the Maryland Guaranty Student Tuition Fund for For-profit Institutions of Higher Education.

(8) Lender.

(a) "Lender" means an entity, institution, or government that lends funds to a student, or on behalf of a student, to pay for charges for tuition or fees.

(b) "Lender" includes:

(i) A bank, mutual savings bank, savings and loan association, or credit union that is subject to examination and supervision in its capacity as a lender by an agency of the United States or of the state in which its principal place of operation is located;

(ii) A pension fund that is subject to examination and supervision by an agency of the United States or a state;

(iii) An insurance company that is subject to examination and supervision by an agency of the United States or a state;

(iv) In any state, a single agency of the state or a single private nonprofit agency designated by the state to lend funds to a student or manage student loan debt;

(v) For purposes of purchasing and holding loans made by other lenders, a student loan marketing association or an agency of any state or the federal government functioning as a secondary market; or

(vi) The USED, federal Department of Veterans Affairs, federal Department of Defense, and any other federal agency.

(9) "Loan servicer" means an entity that collects payments, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a student loan on behalf of a lender.

(10) "Non-Title IV adjusted gross tuition and fees" means a school's adjusted gross tuition and fees minus the amount of Title IV federal financial aid received by the school on behalf of its students.

(11) "School" means a for-profit institution of higher education that has received a certificate of approval from the Commission.

(12) "Secretary" means the Maryland Secretary of Higher Education.

(13) "Student" means an individual who resided in Maryland at the time the individual was enrolled in a school.

(14) "Student records" means:

(a) A student's academic record;

(b) A student's account ledger;

(c) Evidence of compliance with the school's admissions requirements;

(d) Credit granted for previous academic work;

(e) Date of admission, start dates, and withdrawal or completion dates;

(f) Reasons for withdrawals, when known;

(g) Student transcripts indicating achievements;

(h) Tuition and financial aid records, when applicable; and

(i) Any other information usually required by institutions of postsecondary education when considering a student for transfer, acceptance of credit, or advanced study.

(15) Tuition and Fees

(a) "Tuition and fees" means all funds paid by or on behalf of a student for charges assessed by a school for providing an instructional program or course.

(b) "Tuition and fees" includes charges assessed for the use of equipment, materials, or supplies that are assessed against all students in the same course or program.

(c) "Tuition and fees" does not include charges for materials, supplies, or books that have been purchased by, and are the property of, the student.

(16) "USED" means the United States Department of Education.

.03 Fund Established.

There is a Maryland Guaranty Student Tuition Fund for For-Profit Institutions of Higher Education.

.04 Uses of the Fund.

A. The Fund shall be used:

(1) In the event of a school closure, to provide a full refund of tuition and fees incurred by a student that have not been reimbursed or discharged;

(2) Subject to §B of this regulation, to provide a refund, as determined by the Secretary, of tuition and fees incurred by a student that have not been reimbursed or discharged, if the school fails to:

(a) Faithfully comply with all agreements and contracts that it makes with a student; or

(b) Comply with any provision of Education Article, Annotated Code of Maryland; and

(3) For any other reason directly related to the original purpose of the Fund deemed appropriate by the Secretary.

B. Prior to making a claim under §A(2) of this regulation, a student shall follow the complaint process of the school. If the school does not respond within 30 days after its receipt of a complaint, the student may file a claim under Regulation .08 of this chapter.

.05 Financial Guarantee or Alternative Fund Payment, and Potential Additional Assessment.

A. Each school shall:

(1) As prescribed by Regulation .06 of this chapter, either provide a financial guarantee to the Commission, or make an alternative fund payment; and

(2) As prescribed by Regulation .07 of this chapter, pay an assessment, if one is levied by the Secretary, into the Fund.

B. The Secretary may not issue a certificate of approval to, and may revoke any certificate of approval previously issued to, a school that fails to comply with the requirements of §A of this regulation.

.06 Requirements for the Financial Guarantee or Alternative Fund Payment.

A. Subject to §F of this regulation, each school annually shall elect to:

(1) Provide the financial guarantee described in §§B — D of this regulation; or

(2) Make the alternative fund payment described in §E of this regulation.

B. A financial guarantee:

(1) Shall be in the form and amount the Secretary requires; and

(2) Shall be made under the terms and conditions determined by the Secretary, including the conditions that the institution will:

(a) Faithfully comply with all agreements and contracts that it makes with a student; and

PROPOSED ACTION ON REGULATIONS

636

(b) Comply with Education Article, Annotated Code of Maryland.

C. Amount of Guarantee for Approved Schools.

(1) By October 1, 2017, a school that received its certificate of approval from the Commission prior to July 1, 2016, and that elects to provide a financial guarantee under this regulation, shall provide to the Commission a financial guarantee in an amount equal to either:

(a) 25 percent of the school's adjusted gross tuition and fees for the year July 1, 2015 through June 30, 2016; or

(b) The school's non-Title IV adjusted gross tuition and fees for the year July 1, 2015 through June 30, 2016.

(2) By October 1, 2018, and each subsequent October 1, a school that received its certificate of approval from the Commission prior to July 1, 2016, and that elects to provide a financial guarantee under this regulation, shall provide to the Commission a financial guarantee in an amount equal to the school's non-Title IV adjusted gross tuition and fees for the prior July 1 through June 30.

(3) The Secretary may require a school to increase the amount of the school's financial guarantee pursuant to Education Article, §11-203, Annotated Code of Maryland.

D. Amount of Guarantee for New Schools.

(1) For the school's first year of operation in the State, a school that receives a certificate of approval from the Commission on or after July 1, 2016, and that elects to provide a financial guarantee under this regulation, shall provide to the Commission a financial guarantee in an amount equal to \$500,000.

(2) For the school's second year of operation in the State, the school shall provide, by the expiration of its first year of operation in the State, a financial guarantee in an amount equal to the school's non-Title IV adjusted gross tuition and fees for the prior July 1 through June 30.

(3) For the school's third and subsequent years of operation in the State, the school shall provide, by October 1 of each year, a financial guarantee in an amount equal to the school's non-Title IV adjusted gross tuition and fees for the prior July 1 through June 30.

(4) The Secretary may require a school to increase the amount of the school's financial guarantee pursuant to Education Article, §11-203, Annotated Code of Maryland.

E. Alternative Fund Payment.

(1) If a school elects to make an alternative fund payment in lieu of providing a financial guarantee, the school shall pay into the Fund an amount equal to the amount that would have been required for the school's financial guarantee under §§B — D of this regulation.

(2) The alternative fund payment shall be a one-time payment, except that the Secretary annually may require a school to make an additional payment in the amount of any increase in the school's non-Title IV gross tuition and fees, as reflected in the school's annual Financial Reporting Form under Regulation .11 of this chapter.

F. A school is not required to provide a financial guarantee or to make an alternative fund payment under this regulation if the Secretary suspends those options and determines that the Fund shall be funded solely by assessments levied pursuant to Regulation .07 of this chapter.

.07 Fund Accounting, Annual Assessment, and Special Assessment.

A. The Secretary may make an accounting of the Fund as appropriate.

B. Notwithstanding any other provision of this chapter, the Secretary may issue an annual assessment to each school. An annual assessment shall be based on a percentage of a school's tuition and fees, for a school year determined by the Secretary, and shall be paid to the Commission by the date determined by the Secretary.

C. If the monies in the Fund are insufficient to pay pending claims, the Secretary may issue a special assessment, in addition to any annual assessment, and each school shall pay the special assessment amount as determined by the Secretary.

.08 Filing Claims.

A. A student shall file a claim within 3 years of the date the student knew, or reasonably should have known, of facts that might entitle the student to an award under Regulation .04A of this chapter. Claims filed after that date may not be considered, unless the Secretary determines that there are extenuating circumstances that justify or excuse the late filing. In the event of a school closure, claims shall be filed within 3 years of the date of the school's closure, unless the Secretary determines that there are extenuating circumstances that justify or excuse a late filing.

B. A student making a claim against the Fund shall submit a First Report of Claim Form, prepared by the Secretary and published on the Commission's website, which shall require the student to submit, at a minimum, the following information:

(1) The student's:

(a) Complete name at the time of enrollment and, if different, the student's current name;

(b) Date of birth;

(c) Current home address;

(d) Current mailing address;

(e) Telephone number or numbers;

(f) Current email address;

(g) Social Security number;

(h) Program of study;

(i) Degree, certificate, or other award obtained or sought;

and

(j) Dates of enrollment at the school;

(2) The name and campus location of the school against which the claim is made;

(3) The basis for the claim, specifying if the claim is based on the:

(a) School's closure;

(b) School's failure to faithfully comply with all agreements and contracts that it makes with the student; or

(c) School's failure to comply with a provision of Education Article, Annotated Code of Maryland;

(4) A statement detailing the student's effort to resolve the claim with the school, including any relevant documentation;

(5) A statement of the remedy requested; and

(6) A signed statement, compliant with State and federal privacy laws, that the student authorizes representatives of the school, lenders, the USED, and loan servicers to release any and all records, including educational and financial records, to the Secretary in the course of the Secretary's investigation of the claim.

C. A student who has submitted a claim shall update the Secretary of any change in name, mailing address, email address, or phone number.

D. Loan Discharge Request.

(1) A student shall request that the USED and, if applicable, its loan servicer, discharge all or part of the student's loan if:

(a) The student's claim is based on a school's closure; and

(b) The student is indebted to the USED for monies used to pay tuition and fees to the school.

(2) A student's claim against the Fund for tuition and fees that are subject to discharge may not be processed until the student provides the Secretary with evidence from the USED or loan servicer, as applicable, of a final decision on the student's loan discharge request.

(3) The Secretary may require that a student request a loan discharge in other circumstances prior to adjudicating the claim.

E. The Secretary may seek information needed to process a claim directly from a school, lender, loan servicer, or the USED.

F. Notwithstanding any other provision, a student's failure to comply with this regulation or to supply any information requested by the Secretary during an investigation or adjudication of a claim may result in a partial or complete denial of a claim.

G. The Secretary may require that a student submit information in addition to the First Report of Claim Form, including but not limited to:

- (1) Facts and documents that support the claim;
- (2) An explanation of how the school's actions injured or damaged the student;
- (3) The student's complete transcript, reflecting any degrees, certificates, or other awards received;
- (4) The student's financial statement of account with the school, or other documents that indicate charges and payments for tuition and fees;
- (5) A copy of the student's request that the USED or loan servicer discharge all or a portion of the student's loans; and
- (6) The names of all lenders or loan servicer to whom the Student is indebted for tuition assistance, and the account and current contact information for each.

.09 Claim Adjudication.

A. The Secretary may determine the scope of investigation necessary to adjudicate a claim.

B. The Secretary may request information and records from the student, school, lenders, loan servicers, the USED, and others as needed in the Secretary's judgment.

C. The Secretary shall determine whether to approve or deny a claim.

D. If a claim is approved, the Secretary shall determine the:

- (1) Amount to be awarded;
- (2) Time, place, and manner of payment;
- (3) Conditions upon which payment shall be made; and
- (4) Order in which payments shall be made.

E. In determining whether to grant or deny a claim and the amount to be awarded for an approved claim, the Secretary may consider the:

- (1) Basis of the claim;
- (2) Evidence obtained in the investigation;
- (3) Damages or injuries sustained by the student as a result of the school's actions;
- (4) Student's participation in a transfer program or teach-out;
- (5) Student's progress toward or receipt of a degree, certificate, or other terminal award;
- (6) Length of any break in the student's attendance and the reason;
- (7) School's efforts to resolve the claim;
- (8) Amount available and likely to become available to the Fund for payments of claims;
- (9) Size and number of claims filed or likely to be filed against the school; and
- (10) Past decisions on similar claims.

F. Claim Based on School Closure.

(1) If a claim is based on a school's closure, the student shall be presumed to have incurred no damages or injuries for tuition and fees if the:

- (a) Student was awarded the degree, certificate, or other award that the student sought;
- (b) Student participates in a teach-out or transfer program as approved by the Secretary;
- (c) Student's loan is discharged or eligible for discharge; or
- (d) Claim is for tuition and fees applicable to a semester or term other than the one in which the school closed.

(2) A student may overcome the presumption in §F(1) of this regulation by providing proof of damages or injuries notwithstanding the receipt of an award, successful participation in a teach-out or transfer program, or loan discharge.

G. Notwithstanding any other provision of this chapter, a student may not receive an award for loan amounts that have been or are eligible for discharge.

H. Payment Due to School Closure.

(1) If the Secretary awards payment to a student because of a school closure, the payment shall first be made to a lender or loan servicer, as applicable, as repayment of the student's debt to the lender for that portion of the indebtedness that pertains to tuition and fees.

(2) As a condition of payment, the lender or loan servicer shall update the student's credit reports to reflect full or partial satisfaction of the debt, as applicable, and forward confirmation of the update to the Secretary.

(3) Upon the request and written authorization of the student, the Secretary may attempt to have the lender or loan servicer discharge all or a portion of the student's debt.

I. The Secretary's decision on a claim shall be in writing and mailed to the student and school and shall become final 30 days after the date of the Secretary's determination unless the student, within the 30-day period, files with the Secretary a written request for reconsideration. The written request shall contain evidence that supports a request for reconsideration. The Secretary's decision on reconsideration is final.

J. A claimant or other person does not have any right in the Fund as beneficiary or otherwise.

.10 Administration of the Fund.

A. The Secretary shall administer the Fund as follows:

(1) Monetary payments into the Fund shall be made in the form of a check made payable to the Maryland Guaranty Student Tuition Fund for For-profit Institutions of Higher Education;

(2) Monetary payments into the Fund shall be maintained by the State Comptroller, who shall deposit and invest the assets of the Fund. All interest or other return on the Fund shall be credited to the Fund;

(3) A penalty assessed against a school shall be deposited into the Fund;

(4) The assets of the Fund may not be expended for any purpose other than those specified under Regulation .04A of this chapter; and

(5) The Fund shall be a continuing, nonlapsing fund. Any unspent portion of the Fund may not be transferred or revert to the General Fund of the State, but shall remain in the Fund to be used for the purposes specified in Regulation .04A of this chapter.

B. The Commission is subrogated to and may enforce the claim of any student to the extent of any actual or authorized reimbursement from the Fund.

C. When a claim is approved, the Secretary, as agent for the Fund, shall be subrogated in writing to the amount of the claim. The Secretary is authorized to take all steps necessary to perfect the subrogation rights before the claim is paid. If payment of a school's obligation is made from the Fund, the Secretary may seek repayment of the sums from the school or another responsible person or entity. This provision is enforced through the Office of the Attorney General.

D. The Secretary may appoint an advisory council to whom the Secretary may refer matters pertaining to the Fund.

.11 Reporting.

A. Each school shall file with the Secretary by September 1 of each year:

- (1) A copy of the school's most recent audited financial statement;

PROPOSED ACTION ON REGULATIONS

638

(2) A copy of the school's most recent pro-forma statement; and

(3) A Financial Reporting Form, as prescribed by the Secretary, that requires, at a minimum, the following information for the most recent year beginning July 1 and ending June 30:

(a) The total number of students enrolled in the school;

(b) The total amount of adjusted tuition and fees;

(c) The total amount of non-Title IV adjusted gross tuition and fees; and

(d) A declaration signed and dated by the chief executive officer of the school under penalty of perjury that the information in the Financial Reporting Form and any attachments are true and correct.

B. The timely filing of the reports in §A of this regulation is a condition of a school's continued approval to operate.

.12 Notice to Students.

Each school shall include the following statement in its student contract, enrollment agreement, and course catalog: "A student may be entitled to make a claim against the Maryland Guaranty Student Tuition Fund for For-profit Institutions of Higher Education ("Student Tuition Fund") in the case of certain events, including a school closure. The Student Tuition Fund is administered by the Maryland Higher Education Commission. Information about the Student Tuition Fund and instructions for filing a claim may found in Regulations 13B.02.06.01 through .13 of the Code of Maryland Regulations or by contacting the Maryland Higher Education Commission."

.13 Orderly Closure and Teach-Outs.

A. Financial Guarantee.

(1) In addition to the requirements of Regulation .05 of this chapter, a school shall provide to the Commission a financial guarantee in the amount of \$100,000 as security for its performance of duties and responsibilities under this regulation.

(2) The Secretary may not issue a certificate of approval, and may revoke any certificate of approval previously issued, to a school that fails to provide a financial guarantee as required in this regulation.

(3) If a school does not comply with the provisions of this regulation, the Secretary may utilize the school's financial guarantee to defray the costs and expenses incurred as a result.

(4) If a school fully and timely complies with the provisions of this regulation, as determined solely by the Secretary, the Secretary shall return the financial guarantee in full.

B. A school that decides to close shall immediately, and in any event within 3 business days of its decision to close, notify the Commission in writing of its intention to close and provide an initial closure plan. The initial closure plan shall include:

(1) The exact date the school will close and reason for the closure;

(2) The last date of instruction for each educational service or program;

(3) Notice of whether branch campuses of the institution will close or remain open;

(4) If known, notice of whether the school will provide teach-out arrangements; and

(5) A list of all students who were enrolled at any time during the 120 days prior to the date of the decision to close.

C. A school that decides to close shall, within 10 business days of its decision to close, provide to the Commission a final closure plan that includes:

(1) A timeline for the transfer of all student records to the Commission;

(2) A list of all students who were enrolled at any time during the 120 days prior to the date of the decision to close that includes:

(a) The student's full name at the time of enrollment and any name changes submitted by the student;

(b) The student's current enrollment status; and

(c) The student's last known mailing address, email address, and phone numbers;

(3) An explanation of how and when the school will notify all students of their rights and options under federal student financial aid programs and this regulation; and

(4) For any student who will not be provided a complete educational program:

(a) A plan for providing teach-outs or transfers, including details and documentation of any agreements with other institutions; or

(b) If no teach-out is contemplated, or for students who do not wish to participate in a teach-out, a plan for making applicable refunds to students within 45 days from the date of closure.

D. If a school closes, prior to the date of closure it shall deliver to the Secretary electronic copies, if available, of the student records for all current and former students. If electronic copies do not exist, the school shall deliver the originals or paper copies of the records.

JAMES D. FIELDER, JR., Ph.D.
Secretary of Higher Education



Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

Anwer Hasan
Chairperson

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

MEMORANDUM

DATE: December 13, 2017

TO: Maryland Higher Education Commission

FROM: Jon Enriquez **STAFF:** Wei-Lin Chen

SUBJECT: 2017 Opening Fall Enrollment

This report highlights preliminary Fall 2017 enrollment data submitted by the State's colleges and universities. Final enrollment numbers collected later in the term may vary slightly from the figures presented in this report.

Total headcount enrollment at Maryland's colleges and universities in Fall 2017 is 357,352, an decrease of 3,765 (or 1.0%) over last year's enrollment of 361,117. The continuous growth of the 2000–2012 period, and especially the rapid growth between 2008 and 2012, now looks anomalous. This year's headcount enrollment total is 16,007 (or 4.3%) lower than the all-time high of 373,359 in Fall 2011. Undergraduate enrollment declined by 1.8% while graduate enrollment increased by 2.6% from last year.

The number of students enrolling at community colleges declined by 3.8%. This is the sixth consecutive year of declining enrollment at community colleges. Enrollment declined at 12 of the 16 community colleges in Fall 2017.

Enrollment at public four-year institutions grew by 0.2%. This is due to increases in full-time (up 0.1%) and part-time (up 0.1%) undergraduate student enrollment, as well as part-time graduate enrollment (up 1.7%). Nevertheless, full-time graduate student enrollment decreased slightly (down 0.5%).

Enrollment at private and independent institutions increased slightly by 0.9%.

The number of first-time, full-time students increased in Fall 2017 for the second consecutive year. However, community colleges saw a 5.6% decrease in the number of first-time, full-time students, declining from 13,721 to 12,947. Across all four-year institutions, the number of first-time, full-time students increased from 14,922 to 15,667, a 5.0% increase.

RECOMMENDATION: This item is for information only.



Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

Anwer Hasan
Chairperson

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

Maryland Higher Education Commission 2018 Meeting Dates

The Maryland Higher Education Commission (MHEC) is Maryland’s higher education coordinating board responsible for the management of statewide financial aid programs and the establishment of statewide policies for public and private colleges and career schools to support students’ postsecondary pursuits.

Meeting Dates and Locations

January 24, 2018	June 27, 2018
February 28, 2018	September 26, 2018 9:30am to 3:30pm
March 28, 2018	October 24, 2018
April 25, 2018	November 14, 2018 *Please note date change*
May 23, 2018	December 12, 2018 *Please note date change*

All Commission Meetings will be held on the 4th Wednesday of Each Month from 1:00pm to 4:00pm at the Maryland Higher Education Commission in the 7th Floor Board Room located at 6 N. Liberty Street, Baltimore, MD 21201 unless otherwise noted.

Dates and Times Subject to Change

<http://www.mhec.maryland.gov/About/Pages/Meetings.aspx>