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FISCAL AND POLICY NOTE
Third Reader

House Bill 1311

(Delegate Embry, *et al.*)

Appropriations and Government, Labor, and Elections, Judicial Proceedings and Education, Energy, and the Environment

Higher Education – Student Financial Assistance for Incarcerated Individuals –
Alterations

This bill requires the Department of Public Safety and Correctional Services (DPSCS) to assist incarcerated individuals in accessing State student financial assistance, in addition to current law requirements for DPSCS to assist incarcerated individuals in accessing federal Pell Grants. In providing assistance, the bill requires DPSCS to consult with the Maryland Higher Education Commission (MHEC), in addition to current law requirements to consult with specified institutions of higher education. The bill also codifies the eligibility of incarcerated individuals who meet eligibility requirements for State student financial assistance to have such assistance available. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: General fund expenditures increase by \$50,000 in FY 2027 for MHEC to make system and technology upgrades to allow incarcerated individuals to access State financial aid systems, as discussed below. DPSCS can likely assist incarcerated individuals in accessing State student financial assistance with existing resources, as the department already assists individuals in accessing federal Pell grants. The bill may increase the number of individuals accessing State student financial assistance, however the overall effect on State finances is likely minimal, as discussed below.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Under Chapters 943 and 944 of 2024, DPSCS must (1) set goals for the number of incarcerated individuals in postsecondary education programs; (2) establish a tracking system for the number of incarcerated individuals in postsecondary education programs; (3) establish a tracking system for the progress of incarcerated individuals in postsecondary education programs, as specified; (4) forward specified data to the Maryland Higher Education Commission (MHEC); and (5) assist incarcerated individuals in accessing federal Pell Grants for higher education. In order to assist incarcerated individuals (including those in local correctional facilities) in accessing federal Pell Grants, DPSCS must consult with institutions of higher education, including all University System of Maryland (USM) institutions, Morgan State University (MSU), Anne Arundel Community College, Hagerstown Community College, Wor-Wic Community College, and Goucher College.

Pell Grants

The federal Pell Grant Program, authorized by Title IV of the Higher Education Act 1965, as amended, is the single largest source of federal grant aid supporting postsecondary education students. Federal Pell Grants usually are awarded only to undergraduate students who display exceptional financial need and have not earned a bachelor's, graduate, or professional degree. Awards are based solely on financial need, which is determined by an institution's cost of attendance, student aid index, and a student's enrollment status (full-time or part-time). The maximum federal Pell Grant award is \$7,395 for the 2026-2027 award year (July 1, 2026, to June 30, 2027).

To continue receiving a Pell Grant, a student must (1) maintain [basic eligibility criteria](#) for financial aid; (2) fill out the free application for federal student aid (FAFSA) annually; (3) make satisfactory academic progress for financial aid as determined by the institution; and (4) maintain enrollment in an eligible course of study. A student may receive a Pell Grant for 12 terms.

Second Chance Pell Program

From 1994 until June 30, 2023, incarcerated individuals were generally are not eligible to receive federal Pell Grants since the enactment of the Violent Crime Control and Law Enforcement Act of 1994. During this restriction, beginning in the 2016-2017 school year, the Second Chance Pell Program allowed a limited number of incarcerated individuals to receive Pell Grants. However, as of July 1, 2023, the FAFSA Simplification Act officially restored Pell Grant eligibility for confined or incarcerated individuals, provided they are enrolled in an approved Prison Education Program.

Incarcerated individuals in DPSCS facilities who have earned a GED or high school diploma are given an extended opportunity to access support for postsecondary education through the Second Chance Pell Program, overseen by DPSCS. The program allows incarcerated individuals to receive federal funding to enroll in postsecondary programs offered by local colleges and universities or distance learning providers. Maryland has several higher education institutions providing services to the incarcerated population and is working on expanding the Second Chance Pell Program throughout the State. Both Bowie State University and the University of Maryland Eastern Shore were selected to participate in the federal Second Chance Pell experiment expansions in 2020. Anne Arundel Community College, Wor-Wic Community College, the University of Baltimore, and Goucher College in Maryland were among the sites initially participating in the Second Chance Pell Program in 2016.

Another postsecondary program, the Goucher College Prison Education Partnership, offers college courses to individuals at certain DPSCS facilities, and approximately 130 students enroll each year with Goucher College; over the years, students have pursued nearly 200 classes.

Inmate Job Training Pilot Program

Chapter 677 of 2021 established the Inmate Training and Job Pilot Program to provide educational and vocational training opportunities for incarcerated individuals in the 12 months preceding their release. Chapter 677 established pilot programs at certain USM institutions (Bowie State University, Coppin State University, and the University of Maryland Eastern Shore) and MSU. Additionally, MHEC is authorized to establish additional pilot programs at other institutions of postsecondary education through a memorandum of understanding. MHEC and each participating institution must administer the program in cooperation with DOC within DPSCS. The Inmate Training and Job Pilot Program terminates June 30, 2028.

Each pilot program must have an individualized plan for success that specifies a staff member at the institution who serves as the primary contact responsible for each incarcerated individual's participation and education in the program. The primary contact must meet with participating incarcerated individuals regularly throughout their participation in the pilot program and ensure the incarcerated individuals are enrolled in appropriate courses that work with the incarcerated individuals' schedules. Courses must be credit bearing and lead to a degree or an industry-recognized certificate or license. All courses are subject to regulations adopted by the Commissioner of Correction at DPSCS.

The primary contact must also select at least three student mentors who are (1) at least age 18; (2) enrolled in the institution of postsecondary education; and (3) enrolled as a junior or senior if the pilot program is located at a four-year institution. Student mentor participants must receive course credit and a small stipend from the pilot program.

Additional Program Requirements: MHEC must establish a hotline to connect program participants to counseling and job services. If participants desire such aid, MHEC must facilitate contact between each program participant and a nonprofit organization in the community where the participant plans to reside (after release) whose mission includes aid with job placement, housing services, or counseling services. Also, MHEC must encourage former program participants to serve as contacts for future participants.

MHEC, DPSCS's Division of Correction (DOC), and the applicable institutions of postsecondary education must determine a suitable format for incarcerated individuals to take courses, whether virtual or nonvirtual. DOC must ensure that courses and instruction are provided in a suitable manner and create a safe and reasonable process by which to confer a degree to an incarcerated individual who is still incarcerated and who completes the requirements for a degree as part of the pilot program.

DOC must coordinate with MHEC to develop a hybrid virtual and in-person learning environment in the division's statewide system.

Funding: The fiscal 2025 and 2026 budgets each include \$363,000 for the program. The fiscal 2027 budget as introduced does not include any funding for the program. Funding must be provided to MHEC for the costs associated with program administration, including a designated employee who is responsible for the administration of the pilot program, grants made to participating institutions (institutions must collectively aim to enroll 40 incarcerated individuals to be divided among the institutions to qualify for an allocation of funds), and stipends for student mentors. Additionally, funding must be provided to DOC within DPSCS to cover costs associated with program administration, including a designated employee.

Reporting: Each program participant must agree to provide the assigned institution of postsecondary education and nonprofit organization with regular updates for two years regarding employment, future postsecondary enrollments, and any licensure or certification.

Each president (or other governing entity) of each participating institution must submit a report to MHEC on the number of enrolled incarcerated individuals in the current academic year on or before December 15 each year from 2022 through 2026. On the basis of this data, MHEC must prorate funding to each participating postsecondary institution based on the number of participating incarcerated individuals.

By July 1, 2024, and July 1, 2028, MHEC – in consultation with DOC – must submit an interim report and a final report, respectively, to the Governor and the General Assembly on the progress of the program. These reports must include program participant information on (1) courses enrolled in; (2) post-confinement employment; (3) post-confinement continuing education; and (4) post-confinement certification or licensure.

DPSCS Postsecondary Educational Programs

According to the [Correctional Education Council's 2025 annual report](#), five institutions of higher education have collaborative partnerships with DPSCS facilities to provide postsecondary education “behind the fence.” The report estimates that the partnership with Goucher College enrolls about 130 students every year, University of Baltimore admits 10-25 students per year, Georgetown University admits 25 students each year, and Bowie State University admits 15 students each year. The report also notes a partnership with Wor-Wic Community College that ended programming in May 2025.

State Student Financial Assistance

The Office of Student Financial Assistance (OSFA) within MHEC coordinates over \$125 million in aid annually across 29 different State scholarships and grant programs. The aid includes broad need-based scholarships, targeted workforce shortage programs, and loan repayment assistance. Generally, scholarships, grants, loans, or other financial assistance awarded by the OSFA may only be used at public or private nonprofit institutions of higher education in the State that possess a certificate of approval from MHEC. As a condition of receiving student financial assistance, a recipient generally must sign a statement pledging to remain drug-free. Each aid program has specific eligibility requirements, and some have service obligation or repayment requirements. There are a few State aid programs outside of OSFA.

State Fiscal Effect: This analysis assumes that the bill’s language specifying that State student financial assistance must be available to incarcerated individuals who meet the eligibility criteria for the assistance is merely clarifying in nature and thus results in no effect to State finances. MHEC advises that incarcerated individuals are already eligible for State student financial assistance, provided that they meet the eligibility criteria for such assistance.

MHEC general fund expenditures increase by \$50,000 for system enhancements to ensure incarcerated individuals have access to the State financial award system. MHEC further advises that the agency requires one full-time staff liaison to manage applications and ensure incarcerated individuals are properly able to complete the application process. However, DPSCS advises that the agency can assist incarcerated individuals with applications for State financial assistance using existing resources. Further, both the bill and current law place primary responsibility for assisting incarcerated individuals on DPSCS, not MHEC. This analysis therefore assumes that DPSCS and MHEC can combine existing resources to ensure incarcerated individuals have access to updated applications systems at MHEC. However, should DPSCS be unable to provide sufficient support to ensure application data of incarcerated individuals is able to seamlessly integrate into MHEC’s systems, additional staff at MHEC may be necessary to handle the significant workload associated with manual data entry.

To the extent the bill encourages additional incarcerated individuals to apply for and receive State student financial aid, State expenditures may increase. However, many State student financial aid programs are competitive programs subject to funding as provided in the State budget. Additional applicants to State scholarship programs therefore do not necessarily meaningfully increase State expenditures as individuals can be added to the waitlist for most scholarships with no additional costs to the extent existing funding is insufficient. Criteria for one of the State's largest entitlement scholarships, the Guaranteed Access Grant (for which additional qualifying applicants would necessarily increase State expenditures), include enrolling as a full-time student within six years of completing high school absent extenuating circumstances and being younger than age 26 at the time of receiving the first award. Given the likely relatively smaller demand for full-time study among incarcerated individuals, the overall effect on State expenditures for student financial assistance is likely minimal.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Higher Education Commission; University System of Maryland; Morgan State University; Department of Public Safety and Correctional Services; U.S. Department of Education; Department of Legislative Services

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