

**Department of Legislative Services**  
Maryland General Assembly  
2014 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 74

(Senators Klausmeier and Ferguson)

Education, Health, and Environmental Affairs

Appropriations

**Institutions of Higher Education - Student Notification - Financial Information**

This bill requires, beginning with the 2014-2015 academic year, public institutions of higher education to provide all first-time, full-time undergraduate freshmen with information on the cost of higher education at the institution by completing and mailing or providing electronically, at a minimum, the information contained on the form known as the *Financial Aid Shopping Sheet*, as promulgated by the U.S. Department of Education. The shopping sheet or the information contained on the sheet must be mailed or provided electronically at the same time that an award of federal financial aid is sent to a student.

The bill takes effect July 1, 2014.

**Fiscal Summary**

**State Effect:** Public four-year institutions of higher education and Baltimore City Community College (BCCC) can send students the required *Financial Aid Shopping Sheet* or similar information using existing resources.

**Local Effect:** Local community colleges can use the free EDEExpress software from the U.S. Department of Education to set up and generate the *Financial Aid Shopping Sheet* for their students. However, resources may need to be diverted from other projects.

**Small Business Effect:** None.

**Analysis**

**Current Law:** In accordance with the federal Higher Education Opportunity Act of 2008 (HEOA), by October 29, 2011, each postsecondary institution that participates in

Title IV federal student aid programs must post a net price calculator on its website that uses institutional data to provide estimated net price information to current and prospective students and their families based on a student's individual circumstances. The net price calculator is required for all Title IV institutions that enroll full-time, first-time degree- or certificate-seeking undergraduate students.

Institutions may meet this requirement by using the U.S. Department of Education's net price calculator template or by developing their own customized calculator that includes, at a minimum, the same elements as the department's template.

For institutions that choose to develop a custom net price calculation, the calculator must, at a minimum, include an input data element that approximates the student's expected family contribution such as income, number in family, and dependency status or factors that estimate dependency status. The calculator must, at a minimum, output the following:

- estimated total price of attendance;
- estimated tuition and fees;
- estimated room and board;
- estimated books and supplies;
- estimated other expenses (personal expenses, transportation, etc.);
- estimated total grant aid;
- estimated net price;
- percent of the cohort (full-time, first-time students) that received grant aid; and
- caveats and disclaimers, as indicated in HEOA.

## **Background:**

### *Federal Initiatives*

President Obama issued Executive Order (EO) 13607 on April 27, 2012, establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members. Institutions that have agreed to comply with EO 13607 are expected to use the *Financial Aid Shopping Sheet* for undergraduate and graduate service members, veterans, military spouses, and other military family members by the 2013-2014 academic year. Many institutions that have agreed to comply with EO 13607 have also indicated to the U.S. Department of Education that they intend to provide the shopping sheet to all of their students, in addition to those receiving veterans benefits.

In June 2012, Vice President Biden and other federal officials encouraged all college and university presidents to make a commitment to provide easy-to-understand financial data about the cost to attend their institutions, specifically the same information required by the bill, to all incoming students as part of their financial aid package beginning with the 2013-2014 academic year. At the press conference for the initiative, it was announced that the University System of Maryland (USM) along with several other colleges, universities, and state systems of higher education had made the commitment to provide the information.

In July 2012, the federal government released a model financial aid award letter called the *Financial Aid Shopping Sheet*, which will standardize award letters, making it easier to comparison shop. The sheet includes the following key information:

- estimated cost of attendance per year;
- financial aid options, with a clear differentiation between grants and scholarships, which do not have to be repaid, and loans, which do;
- the net cost of attendance after accounting for scholarships and loans;
- vital information about student results, including comparative information about default rates, graduation rates, and median debt levels for the school; and
- potential monthly payments for the federal student loans a typical student will owe after graduation.

The U.S. Department of Education reports that institutions can use their free EDEXpress software to set up and generate the *Financial Aid Shopping Sheet* for their students.

During the 2013 State of the Union Address, the President announced another tool, the *College Scorecard*, to help prospective college students and their parents compare institutions. The *College Scorecard* presents information about a college's cost, graduation rate, average debt burden, loan-repayment rate, and job-placement rate.

### *Maryland Institutions*

By January 2013, more than 500 colleges and universities, including at least 15 in Maryland (all USM institutions, St. Mary's College of Maryland (SMCM), and Morgan State University (MSU)), had committed to adopting the *Financial Aid Shopping Sheet* by the 2013-2014 academic year. The U.S. Department of Education announced in January 2014 that 2,011 institutions have voluntarily adopted the *Financial Aid Shopping Sheet*. BCCC, the State-operated community college, reports that it has also voluntarily agreed to develop and use the form.

Financial aid applications and awards have been automated by the Maryland Higher Education Commission and many higher education institutions; most students and their families can view the status of the financial aid awards online.

**Local Expenditures:** Local community colleges can use the free EDExpress software from the U.S. Department of Education to set up and generate the *Financial Aid Shopping Sheet*. However, resources may need to be diverted from other projects.

The Maryland Association of Community Colleges (MACC) reports that the following five Maryland community colleges are already using the *Financial Aid Shopping Sheet*: Anne Arundel Community College; Chesapeake College; College of Southern Maryland; Garrett College; and Wor-Wic Community College. In addition, MACC reports that the following Maryland community colleges are *not* using the shopping sheet: Baltimore City Community College (State operated); Carroll College; Cecil College; and Prince George's Community College. The Community College of Baltimore County and Montgomery College report that they are currently using the shopping sheet for veterans and service members and plan to use it for all new students beginning with the 2014-2015 academic year. The following community colleges did not report on their usage of the shopping sheet: Allegany College of Maryland; Frederick Community College; Harford Community College; Hagerstown Community College; and Howard Community College.

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### **Additional Information**

**Prior Introductions:** A similar bill, SB 607 of 2013, received an unfavorable report from the Senate Education, Health, and Environmental Affairs Committee. Its cross file, HB 557, passed the House as amended, but received an unfavorable report from the Senate Education, Health, and Environmental Affairs Committee.

**Cross File:** HB 18 (Delegate Stein) - Appropriations.

**Information Source(s):** Maryland Higher Education Commission, University System of Maryland, U.S. Department of Education, Department of Legislative Services

**Fiscal Note History:** First Reader - January 20, 2014  
mc/rhh Revised - Senate Third Reader/Updated Information - March 19, 2014  
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