

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1289 (Delegate A. Washington)
 Ways and Means

Higher Education - Student Financial Assistance - Notification

This bill requires the Office of Student Financial Assistance (OSFA) in the Maryland Higher Education Commission (MHEC), in consultation with each local board of education, to mail specified informational materials to each grade 12 student enrolled in a public school by November 1 each year. The informational materials described must provide students with instructions for completing the Free Application for Federal Student Aid (FAFSA) and information on qualifying for and applying for State-funded scholarships and grants, including the Delegate Howard P. Rawlings Educational Excellence Awards (EEA) and the senatorial and delegate scholarships. OSFA must mail the material to the most recent mailing address listed in a student’s public school record.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$43,800 in FY 2018 for postage and supplies for MHEC to mail the specified information, increasing to \$48,100 in FY 2022 to reflect projected growth in grade 12 enrollment. Revenues are not affected.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	43,800	46,200	46,900	47,600	48,100
Net Effect	(\$43,800)	(\$46,200)	(\$46,900)	(\$47,600)	(\$48,100)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local school systems can provide MHEC with the required addresses using existing resources. Revenues are not affected.

Small Business Effect: None.

Analysis

Current Law: Except as otherwise specified, OSFA must:

- administer student financial assistance programs;
- issue and disseminate public information about student financial assistance;
- regulate the form and submission of applications for specified student financial assistance; and
- conduct conferences and interviews with applicants to evaluate their eligibility.

Delegate Howard P. Rawlings Education Excellence Award Program

The EEA program consists of two types of awards for full-time undergraduate students: (1) Guaranteed Access (GA) grants that are awarded to the neediest students to ensure that 100% of educational costs are paid and (2) Educational Assistance (EA) grants that are awarded to low- and moderate-income students to assist in paying educational costs.

The GA grant is a need- and merit-based scholarship intended to meet 100% of financial need for full-time undergraduates from low-income households. Qualified applicants must have a cumulative high school grade point average of at least 2.5 on a 4.0 scale. MHEC extended the income limits for renewals to 150% of the federal poverty level to prevent a student who may work in the summertime from exceeding the original 130% income cap.

The EA grant is a need-based scholarship intended to meet 40% of financial need at four-year institutions and 60% at community colleges for full-time undergraduates from low- to moderate-income families. The maximum award amount authorized by statute is \$3,000. The current maximum amount awarded is \$3,000.

An EEA award may be used at a degree-granting institution of higher education, an eligible institution with an associate's degree program that provides transfer credit for an accredited baccalaureate program, or a hospital diploma school for training registered nurses if the curriculum is approved by MHEC.

The award may be used for educational expenses as defined by MHEC, including tuition and fees and room and board.

An EEA award may be used at a school in another state if (1) there is a specified reciprocal agreement and (2) the school meets the same requirements that an in-state school must

meet. OSFA may not award more than 10% of the funds available for either the GA grant or the EA grant for use by students attending schools in another state.

Senatorial Scholarships

Each senator may award \$138,000 in scholarship funds each year. A senator must award scholarships prior to September 1 of each year. Any funding that a senator has not awarded by the September 1 deadline is distributed by MHEC to eligible applicants from the senator's district. To qualify for an award, an individual must be a resident of Maryland and demonstrate a definite financial need. In addition, except as otherwise specified, an applicant must (1) take a complete examination administered by MHEC and (2) be accepted for admission in the regular undergraduate, graduate, or professional program at an eligible institution or be enrolled in a two-year terminal certificate program in which the course work is acceptable for transfer credit for an accredited baccalaureate program in an eligible institution. An applicant is exempt from the examination if the applicant (1) is attending an eligible institution and has completed at least one year in good academic standing at the institution; (2) graduated from high school at least five years before application for a senatorial scholarship; (3) is accepted for admission to a private career school, if the institution's curriculum is approved by MHEC, and the institution is accredited by a national accrediting association approved by the U.S. Department of Education; or (4) is planning to attend or is attending a Maryland community college.

Each senator must consider an applicant's financial need. An award under the program may not be less than \$400 and may not exceed the tuition and mandatory fees at the University System of Maryland (USM) institution with the highest annual tuition and fees, not including the University of Maryland University College (UMUC) and the University of Maryland, Baltimore Campus (UMB). A scholarship may be held for up to four years of full-time study or eight years of part-time study. Under certain circumstances, a senator may award a scholarship for a fifth undergraduate year or an additional undergraduate semester.

Except for specified off-campus housing and specified programs not available in Maryland (discussed further below), a senatorial scholarship may only be used at any undergraduate, graduate, or professional school in the State. A senatorial scholarship may be used at a degree-granting institution of higher education, if the curriculum is approved by MHEC; a hospital diploma school for training registered nurses; or to attend a private postsecondary proprietary institution that is accredited by a national accrediting association approved by the U.S. Department of Education as a full-time student.

Each senator may award at most 10% of his or her scholarship funds to applicants planning to attend accredited undergraduate, graduate, or professional institutions outside of the State. Those students must be studying an academic area that is not available in the State

or be a person with a hearing impairment who will be studying at an institution outside the State that makes special provisions for persons with a hearing impairment.

The scholarship may be used for educational expenses as defined by MHEC, including tuition and mandatory fees and room and board. If on-campus housing is available, a senatorial scholarship may not be used to pay for off-campus housing.

Delegate Scholarships

During a term in office, each delegate may award the equivalent of four four-year full-time scholarships or two part-time scholarships for each full-time scholarship available. A delegate may select scholarship recipients on any basis he or she considers appropriate. The annual amount of a scholarship for any one recipient may not exceed the tuition and mandatory fees at the USM institution with the highest annual tuition and fees, not including UMUC and UMB. A scholarship award may be used to pay tuition and mandatory fees at a Maryland institution of postsecondary education or, when the desired program of study or appropriate accommodations are not available in Maryland, an out-of-state institution. Instead of awarding the scholarships himself or herself, a delegate may authorize MHEC to award funding to eligible applicants under the Delegate Howard P. Rawlings Educational Excellence Awards program.

A delegate scholarship may be used at an in-state institution of higher education whose primary campus is located in Maryland and whose authority to grant degrees is conferred in Maryland for a program of undergraduate, graduate, or professional studies. If the applicant will be studying in an academic area that is not available in the State or under certain circumstances where the applicant is disabled, the scholarship may be used at an accredited undergraduate, graduate, or professional studies institution outside the State. The scholarship may also be used at a private career school within the State that is approved by MHEC and that is accredited by a national accrediting association that is approved by the U.S. Department of Education.

Background: OSFA, within MHEC, is responsible for the administration of State financial assistance programs. These programs are designed to improve access to higher education for needy students and certain unique populations and to encourage students to major in workforce shortage areas. Maryland students use State financial assistance at community colleges, independent institutions, private career schools, and the State's public four-year campuses.

OSFA advises it has implemented several new initiatives over the past year to increase its outreach. These initiatives include sending informational packets containing information regarding Maryland State aid programs and the FAFSA to all Maryland high school principals, communicating with students regarding State financial aid programs and the

FAFSA through text messaging and email, and creating posters advertising state financial aid programs and the FAFSA that can be hung in each high school.

On MHEC's [website](#), students can sign up for text message and email alerts regarding State grants and scholarships. Beginning with the 2018-2019 award year, OSFA is planning to expand its topics for text messaging and email. Additional topics for subscribers will include, but not be limited to, informing subscribers of the deadlines for each State financial aid program as well as topics, especially for high school counselors, with updates necessary to assist students with completing the FAFSA and necessary requirements for each State financial aid program.

OSFA advises that it currently distributes information to both public and private high schools.

Delegate Howard P. Rawlings Education Excellence Award Program Budget

The Governor's fiscal 2018 proposed budget includes \$82.8 million for the EEA program. According to the Managing for Results document, in fiscal 2016, OSFA awarded 1,477 GA grants, totaling \$19.2 million. In fiscal 2016, OSFA awarded 24,377 EA grants, totaling \$54.0 million. MHEC advises that, at the end of fiscal 2016, more than 19,000 students remained on the wait list for the EA grant program.

Senatorial and Delegate Scholarship Budget

The Governor's proposed fiscal 2018 budget includes \$6.5 million for senatorial scholarships (\$138,000 per senator) and \$6.7 million for delegate scholarships (\$47,865 per delegate).

Family Educational Rights and Privacy Act

The federal Family Educational Rights and Privacy Act (FERPA) generally permits a school to nonconsensually disclose personally identifiable information from a student's education records when such information has been appropriately designated as directory information. "Directory information" is defined as information contained in the education records of a student that would not generally be considered harmful or an invasion of privacy if disclosed. Directory information could include information such as the student's name, address, email address, telephone listing, photograph, date and place of birth, major field of study, participation in officially recognized activities and sports, weight and height of members of athletic teams, dates of attendance, degrees and awards received, the most recent previous educational agency or institution attended, grade level or year (such as freshman or junior), and enrollment status (undergraduate or graduate, full time or part time).

A school may disclose directory information without consent if it has given public notice of the types of information it has designated as directory information, the eligible student's right to restrict the disclosure of such information, and the period of time within which an eligible student has to notify the school that he or she does not want any or all of those types of information designated as directory information. Also, FERPA does not require a school to notify eligible students individually of the types of information it has designated as directory information. Rather, the school may provide this notice by any means likely to inform eligible students of the types of information it has designated as directory information.

State Expenditures: General fund expenditures increase by an estimated \$43,761 in fiscal 2018 for postage and supplies for MHEC to mail the specified information. The following information and assumptions were used in this estimate.

- According to the [2016 Maryland Report Card](#) enrollment data, there were 58,382 grade 12 students during the 2015-2016 school year. This number includes grade 12 students enrolled in the SEED School of Maryland.
- Based on the [projected grade 12 enrollment by the Maryland Department of Planning](#), public school enrollment for grade 12 is anticipated to grow from fiscal 2018 to 2022, in part due to the increase in the age of compulsory attendance to 18, as shown in **Exhibit 1**.
- It is assumed that local school systems can provide MHEC with the required student addresses at no cost. It is also assumed that a student's address is considered "directory information" under FERPA.
- MHEC estimates it will cost \$0.75 per student to mail the required information.
- Thus, MHEC general fund expenditures increase by an estimated \$43,761 in fiscal 2018. MHEC can create the required information and assemble the mailing lists using existing resources.
- Out-year estimates reflect projected increases in grade 12 enrollment as shown in Exhibit 1. This estimate assumes that mailing costs remain constant. Actual costs depend on actual grade 12 enrollment and actual mailing costs.

Exhibit 1
Percent Enrollment Change, Estimated Grade 12 Enrollment and Total Costs
Fiscal 2016-2022

<u>Fiscal Year</u>	<u>Percent Enrollment Change</u>	<u>Estimated Grade 12 Enrollment</u>	<u>Estimated Total Cost at \$0.75 per Student</u>
2016		58,382	
2017	2.4%	59,783	
2018	-2.4%	58,348	\$43,761
2019	5.5%	61,557	\$46,168
2020	1.5%	62,480	\$46,860
2021	1.5%	63,417	\$47,563
2022	1.2%	64,178	\$48,134

Source: Maryland Department of Planning; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City; Kent and Montgomery counties; Maryland Higher Education Commission; U.S. Department of Education; Maryland Department of Planning; Department of Legislative Services

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