

**Department of Legislative Services**  
 Maryland General Assembly  
 2021 Session

**FISCAL AND POLICY NOTE**  
**Enrolled - Revised**

Senate Bill 664

(Senator Ellis)

Education, Health, and Environmental Affairs

Appropriations

**Education - Student Financial Aid - Outreach Plan and Reporting**

This bill requires each local board of education to encourage and assist as many high school seniors as possible in completing and submitting a Free Application for Federal Student Aid (FAFSA), or a Maryland State Financial Aid Application (MSFAA) if ineligible to complete a FAFSA, by the deadline for eligibility for State financial aid set by the Maryland Higher Education Commission (MHEC). To achieve that objective, each local board of education must develop an outreach plan with specified elements and submit a copy to specified entities by October 1 each year beginning in 2022. By April 1, 2022, the Financial Assistance Advisory Committee (FAAC) in MHEC must submit a report on ways to assist local boards with connecting students to financial aid opportunities. By December 1 each year beginning in 2022, FAAC must review the local boards’ outreach plans and specified data to make recommendations on plan updates. By July 1 each year, beginning in 2023 and ending in 2028, each local board must submit a report containing specified data regarding student completion of FAFSAs to the Maryland Longitudinal Data System (MLDS). By October 1 each year, beginning in 2023 and ending in 2028, MLDS must report on the data disaggregated by high school. **The bill takes effect July 1, 2021.**

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$46,800 in FY 2023 for MLDS to hire a full-time contractual data analyst for six months to coordinate with local school systems to collect and report the required data. Revenues are not affected.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	46,800	0	0	0
Net Effect	\$0	(\$46,800)	\$0	\$0	\$0

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

**Local Effect:** Local school system expenditures may increase, potentially significantly, to track completions for the required reports and to the extent that additional staff are required to assist students with completing FAFSAs and MSFAAs, as explained below. Costs may vary significantly by local school system and may be mitigated by local implementation decisions. Revenues are not affected.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** Each outreach plan must include:

- completion of a data sharing agreement with MHEC to receive FAFSA filing status information under the federal FAFSA completion initiative;
- at least three evening or weekend financial aid nights at each school that provide information and assistance to students and their parents or guardians in completing the FAFSA, or the MSFAA if ineligible to complete the FAFSA;
- a description of partnerships, if any, with a community college or four-year institution of higher education servicing that jurisdiction, or nonprofit organizations that assist students with accessing postsecondary education or college access organizations;
- a description of the county's student awareness campaign about completing the FAFSA, or the MSFAA if ineligible to complete the FAFSA, and the postsecondary education financial aid planning process, including when during the high school years students will begin receiving information; and
- plans to ensure that students and their families from specified populations intentionally receive the necessary information, assistance, and support.

Each local board of education must update its outreach plan each year to address gaps and disparities among schools and student populations.

By July 1 each year, beginning in 2023 and ending in 2028, each local board must submit a report to MLDS with the following information, disaggregated by high school:

- the number of students who completed and submitted the FAFSA in the immediately preceding school year;
- the number of students who did not complete and submit the FAFSA in the immediately preceding school year; and
- the number of students who completed the FAFSA by the deadline for eligibility for State financial aid.

By August 1, 2021, FAAC must add a student services director member to the council, appointed by the Public School Superintendents' Association of Maryland.

The bill also states the intent of the General Assembly that each State agency that interacts with high school students establish a process to encourage high school students, when interacting with the agency, to complete the FAFSA, or the MSFAA if ineligible to complete the FAFSA.

**Current Law:** The [FAFSA](#) is the official application for financial assistance for postsecondary education from the federal government. States, individual colleges and universities, and private scholarship programs use this information as well. Financial aid includes grants, educational loans, and work-study programs.

The FAFSA opens for submission on October 1 each year, and the federal deadline is June 30; however, states and individual colleges set their own FAFSA deadlines that are typically much earlier than the federal one. Maryland has a [March 1 deadline](#) for most need-based State aid. In addition, filing earlier (as close to October 1 as possible) improves an individual's chances of qualifying for first-come first-served aid.

Beginning with the 2019-2020 award year, qualified undocumented immigrants who are eligible for in-state tuition under the Maryland Dream Act (Section 15-106.8 of the Education Article) are eligible to apply for some State financial aid grants and scholarships. The [MSFAA](#) is the form used to apply for that financial aid. The MSFAA asks questions similar to those asked on the FAFSA.

**State Expenditures:** The MLDS center advises that most data they receive comes directly from another State agency. For example, for K-12 data, the Maryland State Department of Education (MSDE) collects the data from the local school systems, and MSDE provides the verified data to MLDS. Since the bill requires MLDS to collect the data directly from the local school systems, MLDS advises it will need to hire a full-time contractual data analyst for six months to develop the data collection requirements, communicate with local school systems, and provide technical support through the initial report filing deadline of July 1, 2023, for the immediately preceding school year (2022-2023). Thus, general fund expenditures increase by \$46,800 in fiscal 2023 based on MLDS's hourly analyst contractual costs. It is assumed that contractual staff would be needed by MSDE if the data was collected by MSDE rather than MLDS, as their data analysts are all also fully subscribed.

As explained in more detail below, there are no additional State costs for tracking FAFSA completion because it is a federal form, and there is a current system for tracking individual participation. Increased FAFSA and MSFAA completion has no material effect on State, public four-year and Baltimore City Community College scholarships, grants,

and work-study programs. These programs in general receive a set appropriation or funding amount that is not impacted by the number of applicants.

In addition, more extensive FAFSA and MSFAA applications and outreach may require additional MHEC staff, or resources may need to be diverted from current priorities.

**Local Expenditures:** The bill requires local boards of education to report in 2023 through 2028, disaggregated by high school, the number of students that completed or did not complete the FAFSA as specified. Thus, counseling staff and/or central office staff will need to access and record FAFSA completion data to see which students have completed the forms to know which students and families may need additional guidance and to mark which students meet the requirement.

FAFSA participation data on an individual level is available through the FAFSA Completion Initiative (FCI), which is sponsored by the Office of Student Financial Assistance in MHEC. Under the FCI, a high school and/or the school system can sign up for a username and password for this system. Some organizations that provide services to students, such as CollegeBound, may sign up for this service. MHEC verifies that the entity requesting access is eligible. If the local school system or school participates in the FCI, they have access to student information regarding the completion of the FAFSA, such as whether or not the FAFSA is complete and submitted, or what information is missing. MSFAA data is not part of the FCI. MSDE advises that there are currently nine local school systems participating in the FCI. Local school systems are not required to report MSFAA data to MLDS under the bill, in part because this data is not available to non-MHEC staff.

The bill does not require students to complete the FAFSA or MSFAA, and does not require staff to assist all students in completing the FAFSA or MSFAA. However, it is assumed that additional staff time will need to be devoted to helping students and their families complete the FAFSA and MSFAA due to the requirements of the outreach plans required by the bill. Under the bill, each school must provide at least three evening or weekend financial aid nights that provide information and assistance to students and their parents or guardians in completing the FAFSA, or the MSFAA if ineligible to complete the FAFSA.

Costs may vary significantly by local school system and may be mitigated by local implementation decisions available in each jurisdiction. Without additional staff for school systems and schools to meet the reporting requirements and to provide additional assistance in completing the FAFSA or MSFAA, resources may be diverted from current counseling activities.

In general, other requirements, developing an outreach plan, and other reporting can be handled using existing resources; however, resources may need to be temporarily diverted from current priorities.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Maryland State Department of Education; Baltimore County Public Schools; Montgomery County Public Schools; Prince George's County Public Schools; Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 2021  
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