

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 Enrolled - Revised

House Bill 1245

(Delegate Washington)

Appropriations

Education, Health, and Environmental Affairs
 and Budget and Taxation

Guaranteed Access Grant and Next Generation Scholars of Maryland –
 Alterations

This bill alters the eligibility criteria for students to prequalify for the Guaranteed Access (GA) grant so that a student in grade 9 or 10 who is eligible for free or reduced-price meals (FRPM) as specified automatically prequalifies for the award if the student meets other existing eligibility requirements. (Only a student in grade 7 or 8 may currently prequalify for a GA award.) The bill makes the current \$5.0 million mandated appropriation for the Next Generation Scholars of Maryland Program permanent beginning in fiscal 2024. The existing reporting requirement is also expanded and made permanent and annual. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: No effect in FY 2022 or 2023. Beginning in FY 2024, general fund expenditures increase by \$5.0 million annually due to making the mandated appropriation permanent. Special fund revenues and expenditures increase correspondingly. Beginning in FY 2025, additional funds from the Educational Excellence Award (EEA) Program may be obligated for the GA grant portion of the scholarship program. **This bill continues a mandated appropriation beginning in FY 2024.**

(\$ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
SF Revenue	\$0	\$0	\$5.0	\$5.0	\$5.0
GF Expenditure	\$0	\$0	\$5.0	\$5.0	\$5.0
SF Expenditure	\$0	\$0	\$5.0	\$5.0	\$5.0
Net Effect	\$0.0	\$0.0	(\$5.0)	(\$5.0)	(\$5.0)

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

Local Effect: No direct fiscal impact, although eligible students in eight school systems qualify to participate in the mandated funding.

Small Business Effect: Minimal for small businesses; however, the bill may have a meaningful impact on nonprofit organizations that may qualify or continue to qualify to administer the program in one or all of the eight eligible school systems.

Analysis

Bill Summary: Specifically, a student in grade 9 or 10 who meets other existing eligibility requirements automatically prequalifies for an award if the student is (1) eligible for FRPM or (2) attends a school that participates in the U.S. Department of Agriculture Community Eligibility Provision (better known as CEP) and the student is identified by direct certification or income information provided by the family of the student to the local school system on an alternative form developed by the Maryland State Department of Education (MSDE).

The bill alters the requirements for the Next Generation Scholars of Maryland Program to allow a matriculation assistance program as an alternative to an intensive summer bridge program for students entering an institution of higher education directly from high school.

The annual report must include the potential for allocating additional funds for longitudinal data collection of the number of students matriculating to institutions of higher education each year, the number of students receiving retention services each year, and postsecondary outcomes for those two categories of students.

Current Law:

Guaranteed Access Grant

The GA grant is a component of the Delegate Howard P. Rawlings Educational Excellence Awards program that covers 100% of need when combined with a federal Pell grant for the State's lowest income students. The maximum award is capped at the cost of education at the highest cost four-year University System of Maryland institution, excluding the University of Maryland, Baltimore Campus and the University of Maryland Global Campus. The maximum award for the 2021-2022 award cycle is \$19,400. Students that meet all program criteria, such as enrolling directly from high school and having certain family income limits, are guaranteed funding.

A student in grade 7 or 8 can prequalify for a GA grant to be used at the time of enrollment at an institution of higher education. To prequalify, a student must agree in writing, as a secondary and undergraduate student, to (1) satisfy the attendance policy of the applicable school; (2) refrain from substance abuse; (3) provide information required by the Maryland

Higher Education Commission (MHEC) or the State Board of Education (SBE); (4) apply for admission to an institution of higher education during the student's senior year in high school; (5) complete and file on a timely basis applications for federal student aid for each year that the student plans to enroll in postsecondary education; (6) participate in the Next Generation Scholars of Maryland Program until the student graduates from high school and matriculates at an institution of higher education; (7) maintain a cumulative grade point average of at least 2.5 on a 4.0 scale or its equivalent; and (8) satisfy any other program requirements set by the Office of Student Financial Assistance, MHEC, SBE, or MSDE.

In addition, for academic years 2017-2018 and 2018-2019, a student in grade 9 who otherwise met the prequalifying conditions for grades 7 and 8 students described above could prequalify if the student applied and met the financial need standards established by MHEC.

Next Generation Scholars of Maryland

MSDE, in collaboration with MHEC, the local boards of education, local superintendents, and institutions of higher education, must administer the Next Generation Scholars of Maryland Program.

The program must provide guidance and services to students who qualify for a GA grant to assist the students in successfully (1) completing a college preparatory curriculum; (2) graduating from high school; (3) matriculating at an institution of higher education; and (4) making timely progress to complete a degree program.

To administer the Next Generation Scholars of Maryland Program, MSDE must:

- publicize the program through community outreach and marketing materials;
- award grants to nonprofit organizations to administer the program;
- solicit applications from nonprofit organizations to administer the program in local school systems; and
- give priority to applications from Maryland-based nonprofit organizations and that include business and institution of higher education partners.

The following guidance and services must be provided to students participating in the program:

- a high school graduation plan;
- summer work or internship opportunities;
- financial aid literacy assistance;

- career interest assessments;
- mentorship and one-on-one counseling;
- visits to college campuses and workplaces;
- an intensive summer bridge program for students entering an institution of higher education directly from high school; and
- a plan to matriculate and graduate from an institution of higher education.

For fiscal 2020 through 2023, the Governor must include in the annual budget bill an appropriation of \$5.0 million for the program. MSDE must use the mandated funding to distribute grants to nonprofit organizations that are selected in accordance with specified priorities to administer the program in local school systems in which at least 50% of the students are eligible to receive a free lunch under National School Lunch Program (NSLP) in the 2015-2016 school year.

There is a Next Generation Scholars of Maryland Program Fund to provide funds to administer the program. MSDE must administer the fund. The Next Generation Scholars of Maryland Program Fund is a special, nonlapsing fund that consists of (1) money appropriated in the State budget; (2) interest earnings; and (3) any other money from any other source given to the fund. The fund may only be used to administer the program, and expenditures from the fund may be only in accordance with the State budget. Any investment earnings of the fund must be credited to the fund.

On December 1, 2020, and December 1, 2022, MHEC and MSDE must report on the implementation of the program as specified.

National School Lunch Program

NSLP is one of the federal programs for FRPM in schools. To be eligible for free meals, a child must be from a family with an annual income at 130% or less than the federal poverty guidelines, which was \$31,525 for a child from a family of four for the 2015-2016 school year. To be eligible for reduced-price meals, a child must be from a family with an annual income at 185% or less than the federal poverty guidelines, or \$44,863 for a child from a family of four for the 2015-2016 school year.

The following eight local school systems met the qualifications for the \$5.0 million mandated appropriation for the Next Generation Scholars of Maryland Program to be administered in the school system due to having at least 50% of their students eligible to receive *free* lunch under NSLP during the 2015-2016 school year:

- Allegany County Public Schools;
- Baltimore City Public Schools;

- Caroline County Public Schools;
- Dorchester County Public Schools;
- Kent County Public Schools;
- Prince George’s County Public Schools;
- Somerset County Public Schools; and
- Wicomico County Public Schools.

State Fiscal Effect: Under current law, the Governor is mandated to appropriate \$5.0 million for the program through fiscal 2023. Beginning in fiscal 2024, general fund expenditures increase by \$5.0 million annually due to making the mandated appropriation permanent.

The mandated appropriation is specifically to be used to fund the Next Generation Scholars of Maryland Program in local school systems that had at least 50% of their students eligible to receive a free lunch under NSLP during the 2015-2016 school year. Special fund revenues and expenditures increase correspondingly, assuming the full mandated appropriation of \$5.0 million is spent each year.

MSDE can continue to use a portion of the mandated funding to oversee the program, with the remaining funds being for awards to nonprofit organizations to operate the program in the eight local school systems. MSDE can continue to produce the annual report including the additional information required by the bill.

Beginning in fiscal 2025, additional funds from the EEA Program may be obligated for the GA grant portion of the scholarship program as the tenth graders in the Next Generation Scholars of Maryland Program who qualify in the 2021-2022 school year (fiscal 2022) matriculate at higher education institutions. According to the December 2020 [report](#) approximately 4,100 students were served by the Next Generation Scholars Program in fiscal 2021; however, it is unknown how many students first qualified in grade 9 under current law.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland State Department of Education; Maryland Higher Education Commission; University System of Maryland; Morgan State University; Department of Budget and Management; Department of Legislative Services

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