

Department of Legislative Services  
Maryland General Assembly  
2025 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 755 (Senator A. Washington)  
Education, Energy, and the Environment

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Higher Education - Student Financial Assistance - Students in Informal Kinship  
Care Relationships

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This bill expands eligibility for a Delegate Howard P. Rawlings Educational Excellence Award (EEA) Guaranteed Access (GA) Grant to include an individual who is in an informal kinship care relationship licensed by the Department of Human Services (DHS) and provides a copy of the affidavit submitted to the local board of *education* verifying the informal kinship relationship. Under the bill, individuals in an informal kinship care relationship must be considered independent by the Maryland Higher Education Commission (MHEC) for State student financial aid purposes. **The bill takes effect July 1, 2025.**

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Fiscal Summary

**State Effect:** Expanding GA Grant eligibility may increase State general fund expenditures by \$11,800 per additional award, as discussed below. MHEC general fund expenditures increase by \$6,000 in FY 2026 only for software upgrades. Revenues are not affected. **This bill increases the cost of an entitlement program beginning in FY 2026.**

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

### Current Law:

#### *Delegate Howard P. Rawlings Educational Excellence Awards Program – Generally*

The EEA program consists of two types of awards for full-time undergraduate students: (1) 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.

An EEA award may be used at a degree-granting institution of higher education, an eligible institution with an associate 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. The Office of Student Financial Assistance (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. EEA award recipients are required to successfully complete 30 credits at the end of their sophomore year to receive their maximum renewal award. A student who fails to meet the 30-credit completion requirement but completes between 24 and 29 credits is eligible for a prorated renewal award.

#### *Guaranteed Access Grant*

The GA Grant is a component of the EEA 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 2025-2026 award cycle is \$18,000. Students that meet all program criteria are guaranteed funding. The criteria include (1) enrolling as a full-time student within in six years of completing high school absent extenuating circumstances; (2) being younger than age 26 at the time of receiving the first award; (3) having certain family income limits; and (4) satisfying any additional criteria set by MHEC.

Although Chapter 634 of 2023 updates administration of the GA grant as described below, MHEC currently identifies first-time applicants who are potentially eligible for the GA Grant based on Free Application for Federal Student Aid or the Maryland State

Financial Aid Application (for qualified children of undocumented immigrants who are eligible for in-state tuition) – submitted by the March 1 deadline set by MHEC. Previously, students were required to determine themselves whether they might be eligible and submit a separate GA Grant application to MHEC.

Among other requirements, statute requires that eligible GA Grant applicants have an annual family income below a poverty index determined by MHEC. MHEC has set the income requirement using the federal poverty level, which accounts for family size, at 130% for first-time students and 150% for renewal awards. Students meeting all the requirements are guaranteed funding. As a result of Chapter 23 of 2022, a GA Grant recipient who otherwise becomes ineligible because of a change in family income still receives the full award if the recipient remains eligible to receive a federal Pell Grant.

For a GA Grant, each recipient must demonstrate a definite financial need to OSFA or an eligible institution of higher education. A verification obtained by an applicant from one institution of higher education may be used at any eligible institution for an EEA.

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. Chapter 578 of 2021 expanded prequalification eligibility to allow a student in grade 9 or 10 who meets other existing eligibility requirements to automatically prequalify for an award if the student is (1) eligible for free or reduced-priced meals 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).

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) provide information required by MHEC or the State Board of Education (SBE); (3) apply for admission to an institution of higher education during the student's senior year in high school; (4) complete and file, on a timely basis, applications for federal student aid for each year that the student plans to enroll in postsecondary education; (5) participate in the Next Generation Scholars of Maryland Program until the student graduates from high school and matriculates at an institution of higher education; (6) maintain a cumulative GPA of at least 2.5 on a 4.0 scale or its equivalent; and (7) satisfy any other program requirements set by OSFA, MHEC, SBE, or MSDE. Chapter 23 requires that GA Grant eligibility for a student who prequalified under the Next Generation Scholars of Maryland Program be based on the annual family income determination used when the student prequalified.

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.

### *Guaranteed Access Grant – Administration under Chapter 634 of 2023*

Effective July 1, 2025, Chapter 634 establishes a new process for making initial and renewal GA Grant awards that generally requires institutions of higher education to use information from OSFA to notify students of awards and issue awards for the appropriate amount in accordance with statute. Additionally, applicants may accept an offer of a GA award from an institution of higher education, and institutions of higher education must then notify OSFA of the number of individuals receiving a GA Grant award. OSFA must reimburse each institution using the list provided from institutions of higher education. OSFA must adopt regulations to implement the new award notification processes. Additionally, MHEC must work with the Segmental Advisory Council and the Financial Assistance Advisory Council in establishing regulations to implement new GA Grant processes, including award deadlines and procedures for renewal awards.

Effective July 1, 2025, OSFA remains responsible for verifying applicant eligibility, but instead of OSFA *directly* making GA Grant awards, OSFA must turn over lists of eligible students to institutions of higher education for them to notify students of eligibility and make awards.

### *Informal Kinship Care Relationships*

Chapter 429 of 2024 altered statutory provisions relating to the kinship care program within DHS to further prioritize placing children in need of out-of-home placement with kinship caregivers. A “kinship caregiver” includes (1) a kinship parent; (2) an individual who is related to the child through blood or marriage, adoption, tribal law or custom, or cultural custom or practice; and (3) an individual who is unrelated to the child but has a strong familial or other significant bond with the child, or is a person identified by the child’s parent. A kinship caregiver may not be younger than age 18.

A local department of social services, in selecting a placement that is in the best interests of a child in need of out-of-home placement, must give preference to placement with a kinship caregiver, unless there is good cause to the contrary. If a local department cannot locate a kinship caregiver at the time of initial placement, preference must be given to a placement that most approximates a family in which the child’s special needs, if any, may be met, taking into account (1) the proximity of the placement to the child’s home, extended family, or siblings; (2) the child’s culture or language continuity; (3) the child’s age; and (4) the child’s developmental and educational needs.

If a kinship caregiver is located *after* the placement of a child in a foster care setting, a local department must, in the best interest of the child, place the child with the kinship caregiver. A local department must approve an individual as a kinship caregiver if (1) the individual is related to the child through blood or marriage, adoption, tribal law or custom, or cultural custom or practice; (2) the individual has a strong familial or other significant bond to the child or the child's family, or is a person identified by the child's parent; and (3) placement with the individual is in the child's best interest.

**State Fiscal Effect:** The EEA program (the GA Grant and the EA Grant) receives one appropriation; the fiscal 2026 budget as introduced includes an appropriation of \$138.7 million for the EEA program. The GA Grant provides awards for any individuals who meet all eligibility criteria, while EA Grant awards are made from the funds remaining once all GA Grant awards have been made. Thus, if more GA Grant awards are made, there is less funding for EA Grant awards. When EA Grant funding for a fiscal year is exhausted, individuals eligible for the EA Grant are placed on the waiting list.

Therefore, expanding GA Grant eligibility may increase State general fund expenditures to the extent existing appropriations to the Delegate Howard P. Rawlings EEA program are insufficient to cover awards for eligible GA Grant recipients. Alternatively, and because of the way the EEA program is structured, expanding eligibility for the GA Grant without increasing expenditures may necessitate reducing the number of EA Grant awards that could be made.

MHEC advises that, as of February 2025, 8,886 applicants have been awarded \$105.0 million in GA Grant awards for fiscal year 2025 with an average award amount of \$11,800. Based on these fiscal 2025 expenditures, expanding eligibility for the GA Grant without adding to the EA Grant waiting list may result in general fund expenditures of approximately \$11,800 for each additional GA Grant award beginning in fiscal 2026. Further, current law governing the EEA program provides that, should total calculated EEA awards exceed total appropriations, MHEC may reduce all award amounts by a percentage to keep award dollars within total appropriated funds.

The exact number of additional students that meet the criteria of being in an informal kinship care relationship is unknown, but costs may be significant. At an average award amount of \$11,800, only 85 additional students need qualify to result in an additional \$1.0 million in scholarship awards.

#### *Administrative Costs*

MHEC advises that the agency expects an additional \$6,000 costs in fiscal 2026 associated with updating its Maryland College Aid Processing system.

**Additional Comments:** DHS advises that youth experiencing an out-of-home placement in kinship care are still considered to be in foster care and therefore independent for the purposes of federal financial aid. Under Chapter 429, such kinship care arrangements may include individuals with specified “informal” bonds to the child. Therefore, this analysis assumes that (1) the bill applies to children in kinship care relationships *licensed by DHS* where the relationship between the youth and the caregiver is informal as authorized by Chapter 429 and (2) that the bill does not apply to unlicensed kinship care relationships occurring outside the DHS license scheme that may also be called “informal.”

It is assumed that an affidavit submitted to the local board of social services satisfies the bill’s requirements. The bill references an affidavit of informal kinship relationship submitted to the local board of education rather than the local board of social services.

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### **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; Department of Human Services; Baltimore City Public Schools; Montgomery County Public Schools; Department of Legislative Services

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