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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**HB 96 - The College Aid Equity Act**

Chair Kaiser, Vice Chair Washington, and Colleagues,

Thank you for the opportunity to present today on HB 96, the College Aid Equity Act. This bill when fully implemented will require each public school student to submit the Free Application for Federal Student Aid (FAFSA) or the Maryland State Financial Aid Application (MSFAA) as part of their graduation requirement.

Closing the equity gap in higher education is a critical priority with enormous potential payoff for low-income students, the educational system, and our state's economic competitiveness. All students, regardless of their race, immigration status, or economic status deserve the opportunity to get a college education. Yet, students living in poverty, students of color, and first generation students historically experience disproportionately lower rates of postsecondary enrollment and completion. Low-income students are only half as likely to complete college.<sup>1</sup>

The COVID-19 pandemic and its impact on college enrollment among underrepresented communities has only made the situation worse. Among the high school class of 2020, enrollment overall declined 21.7% and 32.6% among students from high poverty schools.<sup>2</sup> COVID-19's disproportionate economic impact on low-income families has forced many students to forgo higher education and there is a growing fear of a "lost class" of students who will remain sidelined from future economic prosperity.

In order to even qualify for state and federal financial support for college, students must complete the Free Application for Federal Student Aid (FAFSA) or the Maryland State Financial Aid Application (MSFAA). Given our current challenges, we have a unique opportunity to address the financial gaps and barriers that impact the success of low-income students. Coupled with the renewed focus and funding for college and career readiness in the *Blueprint for Maryland's Future*, this legislation will help level the playing field and ensure every student can fully attain and afford their dreams. With Congress recently passing historic legislation that dramatically expands eligibility for financial aid and makes the application process easier than ever, now is the time to call for bold action for Maryland's students.

**Historic Federal Financial Aid Changes & FAFSA Improvements**

In December, Congress passed historic changes to FAFSA and dramatically expanded eligibility for Pell Grants that make this the right time to pass our legislation. These changes include:

<sup>1</sup> <https://www.ncan.org/page/FederalPolicyPriorities>

<sup>2</sup> <https://www.ncan.org/news/542655/NSC-Report-High-School-Class-of-2020-Shows-Catastrophic-Enrollment-Declines.htm>

- The number of questions on the new FAFSA form has been reduced from 108 to 36;
- Most applicants will no longer have to self-report income data. Data on taxed and untaxed income are automatically transferred from an applicant's tax return directly to the FAFSA;
- Students and families will be able to determine their aid eligibility by simply looking at their income instead of a complicated "expected family contribution" formula; and
- Students facing hardships or special circumstances will have a much easier time filling out the form.

These and other changes mean a projected 1.7 million more students will qualify for the maximum Pell Grant award each year and an additional 550,000 students each year will be newly eligible for Pell Grants.

### **What does the bill do?**

Beginning in school year 2023-24, The College Aid Equity Act requires each public school student to submit the FAFSA or the MSFAA as part of their graduation requirement. While the bill goes into effect in 2021-22, the first year is a pilot year to ensure the system works.

### **Sponsor's Amendment**

In order to develop an effective and efficient process that will allow public schools to support students in meeting this new requirement, we have worked extensively with the education community to improve this bill and have submitted an extensive sponsor amendment that includes the following:

#### **Preamble**

The preamble highlights the critical need for this legislation including information on the impact of FAFSA completion on postsecondary enrollment, the alarmingly low rates of FAFSA completion across Maryland, the recently passed historic legislation expanding eligibility for financial aid and dramatically simplifying the FAFSA application, and the increased financial need due to COVID-19.

#### **Updated Opt-Out Provision**

In response to concerns raised by school officials and advocates, there will be a clear and simple process for students who wish to opt out of the FAFSA/MSFAA submission requirement. Students are not required to submit a financial aid form if:

- A student's parent or legal guardian declines to complete and submit the form;
- A student, who is 18 or older, declines to complete and submit the form; or
- A school counselor or designated college assistance official authorizes the student to decline to decline or submit the form for good cause, as determined by the school counselor or designated official.

#### **Updated Waiver Authority**

When a school counselor or other designated school based official notifies a county board whether a student has complied with FAFSA completion requirement, for purposes of determining whether the student meets high school graduation requirements, the school

counselor or designated school based official may only indicate whether the student has complied with this requirement and may not indicate the manner in which the student complied.

### **Advisory Committee**

To provide schools with the tools necessary to develop effective college readiness programs and meet the new FAFSA requirement, the bill requires MSDE and MHEC to establish an advisory committee composed of school counselors and administrators, community based college assistance groups, high school and college students, and higher education officials. First and foremost, the committee will help write regulations, develop best practices, recommendations, relevant materials, and toolkits to assist schools in carrying out this new requirement. The advisory committee will also be tasked with assessing and making recommendations to both agencies and the General Assembly on:

- The adequacy of current scholarship funding as compared to the needs of Maryland students;
- The efficiency and effectiveness of the MHEC’s FAFSA and MSFAA processing and data sharing practices; and
- The adequacy of supports for high school counselors and school administrators and their college readiness efforts.

The committee will also regularly analyze data and make recommendations to help better implement the requirements of this legislation.

### **First Year Pilot Program**

Though the requirement goes into effect in 2023-24, the prior school year will serve a pilot year, giving school boards ample opportunity to develop an effective process. The amendment states that beginning in the 2022-23 school year:

1. All schools will be encouraged to have all students submit a FAFSA.
2. MSDE and MHEC will work to solicit volunteer schools representing a geographically diverse set to pilot the data sharing and collecting requirements.
3. If MSDE and MHEC are unable to get enough volunteer schools, they will select schools to participate to fill in those gaps.

### **The Time to Act Is Now**

According to the National College Access Network, completion of FAFSA is one of the best predictors of whether a high school senior will go to college. Seniors who complete the FAFSA are 84% more likely to immediately enroll in postsecondary education.<sup>3</sup> For low-income students, FAFSA completion is associated with a 127% increase in immediate college enrollment.<sup>4</sup>

Unfortunately during the 2019-20 aid cycle, only 64% of Maryland’s graduating seniors completed FAFSA and that rate varies dramatically by county. Approximately 35%-39% of seniors in Dorchester County completed a FAFSA in 2020-21 while 70%-74% of seniors in

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<sup>3</sup><https://www.ncan.org/page/NationalFAFSACompletionRatesforHighSchoolSeniorsandGraduates#:~:text=Using%20the%20most%20recent%20data,school%20grades%20is%2061%20percent.>

<sup>4</sup><https://www.ncan.org/page/NationalFAFSACompletionRatesforHighSchoolSeniorsandGraduates#:~:text=Using%20the%20most%20recent%20data,school%20grades%20is%2061%20percent.>

Howard County completed the FAFSA. **This means thousands of Maryland students are missing out on millions of dollars of federal and state financial aid.**

In Louisiana, the only state that has fully implemented this FAFSA policy, the change has resulted in both higher graduation rates and increased postsecondary enrollment. According to the Louisiana Department of Education, the graduation rate for Black students jumped 5.1% and the state went from one of the lowest FAFSA completion rates in the nation to the highest.<sup>5</sup>

**Passing this legislation will help students realize the financial viability of higher education, serving only to increase the chances that more Marylanders obtain advanced credentials, join the workforce, and achieve their dreams.**

**I urge a favorable report and thank you for your consideration.**

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<sup>5</sup> <https://www.ncan.org/news/456006/Louisiana-Class-With-Mandated-FAFSA-Graduates-Enrolls-in-Record-Numbers.htm>

# HB 96 Sponsor Amendment – College Aid Equity Act

## 1. Updated Opt-Out Provision – Replace Section (2) With The Following:

(2) A student is not required to comply with Subsection (H)(1) if:

- (1) the student’s parent or legal guardian submits a signed form indicating that the parent or other person authorizes the student to decline to complete and submit the FAFSA or MSFAA; or
- (2) the student signs and submits the form described by Subdivision (1) on the student’s own behalf if the student is 18 years of age or older; or
- (3) a high school counselor or other high school designated college assistance official authorizes the student to decline to complete and submit the FAFSA or MSFAA for good cause, as determined by the high school counselor or high school designated official.

## 2. Updated Waiver Authority – Replace Section (3) With The Following:

(3) When a school counselor or other designated school based official notifies a county board whether a student has complied with section (H)(1) for purposes of determining whether the student meets high school graduation requirements, the school counselor or designated school based official may only indicate whether the student has complied with this requirement and may not indicate the manner in which the student complied.

3. Make the first year a pilot year – Do not require the mandate to be a graduation requirement for the 2022-23 school year.

4. All schools will be encouraged to have all students submit a FAFSA.
5. MSDE and MHEC will work to solicit volunteer schools representing a geographically diverse set to pilot the data sharing and collecting requirements.
6. If MSDE and MHEC are unable to get enough volunteer schools, they will select schools to participate to fill in those gaps.

## 4. Additional Language Subsection (4) – Advisory Committee:

(III) (A) The Department in coordination with the MHEC, shall establish an advisory committee to assist in adopting regulations to implement this requirement, and developing recommendations, best practices, relevant materials, toolkits, and anything else to assist county boards to implement this requirement,

(B) The advisory committee shall also make recommendations and assessments on:

- (1) the adequacy of current scholarship funding as compared to the needs of Maryland students;
- (2) the efficiency and effectiveness of the MHEC’s FAFSA and MSFAA processing and data sharing practices; and
- (3) the adequacy of supports for high school counselors and school administrators and their college readiness efforts.

(C) The advisory committee shall share its recommendations and findings for that purpose no later than August 1, 2022.

(D) The advisory committee shall be composed of members who are:

- (1) school counselors;
- (2) school administrators and school district personnel;

(3) college or high school students;

(4) relevant community based college assistance organizations; and

(5) financial aid, enrollment, or other relevant officials from Maryland community colleges and four year institutions.

(E) In addition to the requirements above, the committee shall analyze data from the pilot year program and make additional recommendations and best practices to assist with implementation of this requirement in the 2023-24 academic year, including data reporting requirements for county boards under this requirement.

(F) The advisory committee shall meet at least twice annually for every year thereafter to analyze data and discuss the FAFSA completion process and make recommendations to the Department and the MHEC.

(G) All recommendations from the advisory committee shall be publically posted and reported to the Maryland General Assembly.

(H) The membership of the advisory committee will rotate every two years.

**5. Additions to Data Collection – Amend “Section 2.” by adding the following:**

(4) the number of students who completed the form by the deadline for Maryland Financial Aid.

(5) all data should be disaggregated by high school.

**6. Deadline by Date for Maryland Financial Aid – Please Add A New “Section (H)(5)”:**

(5) School districts, to the best of their abilities, should push to have as many students as possible complete the requirement in Section (H)(1) by the date that would make them eligible for Maryland State Financial Aid as set by the Maryland Higher Education Commission.

**7. Strike “complete” in (H)(1) – Student must submit the FAFSA.**

**8. Add a new (H)(4)(III):** MHEC shall create any additional data and reporting systems necessary to implement the requirements of this subsection.

**9. Add a Preamble with the following language:**

WHEREAS, The State has recognized that completion of the Free Application for Federal Student Aid (FAFSA) is one of the best predictors of whether a high school senior will go to college; and

WHEREAS, The state has recognized high school seniors who complete the FAFSA are 84% more likely to immediately enroll in postsecondary education and FAFSA completion is associated with a 127% increase in immediate college enrollment; and

WHEREAS, The state has recognized during the 2019-2020 FAFSA cycle, approximately only 64% of Maryland’s graduating seniors completed FAFSA and that rate varies dramatically by county; and

WHEREAS, In one Maryland county only 25-39% of seniors complete the FAFSA; and

WHEREAS, Congress recently passed historic legislation expanding eligibility for financial aid and dramatically simplifying the FAFSA by reducing the number of questions from 108 to 36, simplifying the calculation process, and declaring that all families making less than 175% of the federal poverty level will receive a maximum Pell grant award; and

WHEREAS, With the historic federal changes and the increased financial need due to COVID-19, now is the time to call for bold action to help Maryland's students afford college.