



HOUSE APPROPRIATIONS COMMITTEE

House Bill 923

Higher Education - Appointment of Secretary and Student Financial Assistance - Alterations

February 28, 2023

Favorable with Amendments

Chair Barnes, Vice-Chair Chang, and Members of the Committee, thank you for the opportunity to testify on House Bill 923. The University System of Maryland (USM) has long-sought modifications and clarifications in the relationship with the Maryland Higher Education Commission (MHEC) in making financial awards to students. House Bill 923 goes a long way toward that goal.

While the bill in its current form could have a significant fiscal impact – the amount of which is difficult to quantify – the USM looks forward to working with the sponsors and higher education partners to offer suggestions that make House Bill 923 more workable.

House Bill 923, as drafted, eliminates MHEC's role in income eligibility verification, awarding, award reporting and award notification for the Guaranteed Access Grant (GA) and shifts responsibility to higher education institutions. That shift requires institutions to verify each GA applicant's income criteria using Federal Verification standards. On or before August 1 each year MHEC will establish the annual family income used to determine a student's eligibility for a GA and an Educational Assistance (EA) Grant and calculate and offer the GA to the applicant upon the applicant's award letter for admissions. Institutions will then be required to include, as part of their award offer letter, information about the availability of the EA award, including description of the award, description of MHEC's Office of Student Financial Assistance, awarding timeline, and point of contact at MHEC's Office of Student Financial Assistance. Higher education institutions must then submit (before June 1 each year) to MHEC a list of applicants awarded a GA grant.

The bill requires institutions to maintain the record that is used to determine an applicant's eligibility for a GA grant for 5 years. The bill also eliminates MHEC's April 15th EA and GA grant award notification deadline to eligible recipients.

In order for USM institutions to verify the income eligibility of each GA applicant using federal verification standards, campus financial aid systems need to be modified to correctly identify applicant students, send notification and complete the verification required. This system would require modification and annual system maintenance to update any required criteria. The verification (notification, document collection and FAFSA update if required) based on Federal verification standards will be performed, most likely, by using third party verification service providers. It remains unclear whether verification means collecting supporting documents (tax return, household information, etc.) for all applicants. Changes

to the federal FAFSA Simplification Act that will be effective in FY 2025 will allow a direct data exchange between the FAFSA and the Internal Revenue Service (IRS), verifying 100% of the GA offered to students should not be required.

To better manage the process and better serve applicants, the USM suggests several important amendments. The USM seeks clarification on the verification requirement to mean a confirmation that each student meets eligibility requirements, not verifying Free Application for Federal Student Aid (FAFSA) information. Additionally, the USM seeks to clarify that MHEC will continue to process awards for Maryland State Financial Aid Application (MSFAA) and Next Generation Scholars students.

We also ask for flexibility on the timeframe for providing information on student recipients to MHEC. Additionally, revising the award process to allow award notifications on a rolling basis and setting an earlier application deadline for EA grants would improve the process.

Thank you for allowing the USM to share our position on House Bill 923. The USM looks forward to working with the sponsors and the committee on this bill.



About the University System of Maryland

The University System of Maryland (USM)—one system made up of 12 institutions, three regional centers, and a central office—awards 8 out of every 10 bachelor’s degrees in the State of Maryland. The USM is governed by a Board of Regents, comprised of 21 members from diverse professional and personal backgrounds. The chancellor, Dr. Jay Perman, oversees and manages the operations of USM. However, each constituent institution is run by its own president who has authority over that university. Each of USM’s 12 institutions has a distinct and unique approach to the mission of educating students and promoting the economic, intellectual, and cultural growth of its surrounding community. These institutions are located throughout the state, from western Maryland to the Eastern Shore, with the flagship campus in the Washington suburbs. The USM includes Historically Black Colleges and Universities, comprehensive institutions, research universities, and the country’s largest public online institution.

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