



TESTIMONY ON SB 662

Education, Energy, and the Environmental Committee
by the
Medical Education Resources Initiative for Teens, Inc. (MERIT)
March 1, 2023

Members of the Committee. My name is Jimmy Tadlock, Executive Director, Medical Education Resources Initiative for Teens, Inc. On behalf of MERIT, I am pleased to testify in support of SB 662 with amendments. MERIT believes that improvements in the state's need-based financial aid programs – Educational Assistance Grant (EAG), Guaranteed Access Grant (GAG), and the Next Generation Scholars program (NGS) and the Promise Scholarship – are crucial and will make a significant impact on the future of thousands of Marylanders and the state's economy.

I. MERIT supports the following provisions included in the bill.

- A. Appointment of the Secretary of Higher Education by the Governor.
- B. Guaranteed Access Grant awards:
 - Elimination of the 2.5 GPA requirement
 - Elimination of the requirement to enroll within one year of HS graduation.
 - Elimination of the requirement to be under the age of 22 to receive award.
 - Elimination of the college prep requirement
 - Changes to verification standards from federal V1 standards to "federal standards".
- C. Educational Assistance Grant awards:
 - Efforts to increase knowledge of the state's need based programs.
- D. Next Generation Scholarship program
 - Eliminates the pledge to remain drug free.
 - Allows students eligible for the federal free lunch program to be eligible for services.
 - Allows student who have been in the program for at least a year to continues to participate if they move to another Maryland county even if the county does not qualify for the NGS program.
 - The Commission shall provide a list of all students who have prequalified for a GAG award.
- E. Promise Scholarship
 - Makes the Promise Scholarship a campus-based program; certification of eligibility for new and renewal awards is handled at the college level, not MHEC.
 - Allows awards for students who enroll for at least 6 credits per semester; however, priority is given to students enrolled for 12 credits per semester.

- Provides that community colleges verify the income of applicants using federal standards.

F. Maryland Higher Education Commission

- Eliminates the requirement for OSFA to become a separate agency.

II. MERIT recommends a comprehensive study of need-based financial aid programs before significant changes are enacted.

While MERIT supports many of the provisions in the bill, we recommend that significant changes to the structure of these programs be developed based on a comprehensive study of the Educational Excellence Award program that engages all constituencies. The review will build upon a recent report from the Office of Program Evaluation and Government Accountability of the Department of Legislative Affairs. The report found many problems with the current programs resulting in a complex, confusing and onerous process for students and their families to navigate. Further, the programs do not support numerous low income students, who either never learn about the program or who are unable to navigate the complex application process. In addition, the \$3,000 maximum award for the Educational Assistance Grant has not been increased since 1996, falling significantly behind the current cost of education.

A positive outcome reported in the review was that students who received a need-based grant were able to achieve a degree by age 25, with 72% of GA Grant and 57% EA Grant recipients graduating in that time frame. However, the report also found that from 2010 – 2017 the college enrollment gap between low-income and higher income students increased since 2010, with enrollment by low-income students declining by 10%, while the decline for higher income students declined by only 3%.

Financial aid programs are very complex and intertwined. For that reason, MERIT believes that a broader study to reimagine the state's primary need-based programs (EAG, GAG and NGS) is needed to ensure that any recommended changes do not have unintended consequences and that all interested constituencies have an opportunity to weigh in on proposed changes. MERIT also recommends that enhanced funding for outreach to students and parents be considered since these programs are critical for students from low-income families while that are in high school and continued support is needed while in college.

III. MERIT recommends amendments as follows:

- A. Verification for all GAG awards should be conducted for GAG applicant based on those identified under the federal verification process.
- B. Eligibility under the Next Generation Scholars program should be based on federal free and REDUCED lunch program.
- C. For the EEA program, we suggest a correction to fix the problem of students who completed 60 credits at the end of their 2nd year but completed more than 30 credits the first year and less than 30 the second year. Also, we recommend that institutions include credits earned by students in all semesters in prior year to be counted – including the summer session. Suggested language is as follows:

*If the student successfully completed at least 60 credits in the prior academic years, WHICH INCLUDES THE FALL, SPRING AND THE FOLLOWING SUMMER SEMESTERS, the award amount shall be equal to 100 percent of the student's financial need as determined by the [Office] **INSTITUTION OF HIGHER EDUCATION**, not to exceed the equivalent annual expenses of a full-time resident undergraduate at the 4-year public institution of higher education within the University System of Maryland, other than the University of Maryland Global Campus and University of Maryland, Baltimore Campus, with the highest annual expenses for a full-time resident undergraduate; or*

If the student successfully completed at least 48 but less than 60 credits in the prior academic year, the award amount shall be equal to 100 percent multiplied by the ratio of the number of credits successfully completed divided by 30.

IV. MERIT has additional feedback/comments on the following issues.

- A. It appears that the bill moves the administration of GAG awards to institutions but leaves the administration of EAG awards to MHEC with the funding for both programs from the same budget. Further, the bill restricts awarding of EAG awards until after all GAG awards have been awarded and accepted. The timing and budget management of this approach is problematic since EAG awards are to be awarded by April 15 each year and awarding and acceptance of GAG awards take several months to complete.
- B. The bill states that the Commission establishes the annual family income used to determine student eligibility for EAG awards on or before August 1 each year, however, the EFC (or SAI) calculation is used to make EAG awards not family income.
- C. Current law allows verification to be conducted by institutions instead of MHEC, however, a study conducted by the FAAC found that verification for GAG awards needs to be either conducted by the institutions or by MHEC; a hybrid approach in which some GAG verification is done by institutions and some by MHEC is unworkable.
- D. Section 18-304, (b) (3). We are not sure what is intended here since GAG awards at community colleges are based on 100%.