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Appropriations Committee

Subcommittees

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on Personnel

Capital Budget

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THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

HB 688 Testimony — High School Graduation Requirements – Financial Aid Application February 25, 2025 – House Ways and Means Committee

Chair Atterbeary, Vice Chair Wilkins, and Colleagues,

Thank you for the opportunity to present today on HB 688. As drafted, 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 level 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.¹

In order to even qualify for state or federal financial support for four-year colleges, community colleges, or programs for industry certifications and credentials, students must complete the FAFSA or the MSFAA. Given our state's current challenges, we have a unique opportunity to address the financial gaps and barriers that impact the success of low-income students without spending new money. 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 simply by knowing what type of aid they are eligible for. With the federal government finally implementing a dramatic overhaul that expanded 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.

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

Historic Federal Financial Aid Changes & FAFSA Improvements

In December 2020, 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, which were finally fully implemented this school year, include:

- 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 2026-27, The College Aid Equity Act requires:

- each public-school student to submit the FAFSA or the MSFAA application

OR

- a student, parent, or legal guardian to submit a signed form stating the student understands the FAFSA or MSFAA and declines to complete and submit either application

The requirement is waived if:

- the student's principal, counselor, or administrator, attests that the student has made a good faith effort to complete the FAFSA or MSFAA; or
- a parent or legal guardian requests a waiver due to extenuating circumstances

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.² For low-income

²<https://www.ncan.org/page/NationalFAFSACompletionRatesforHighSchoolSeniorsandGraduates#:~:text=Using%20the%20most%20recent%20data,school%20graduates%20is%2061%20percent.>

students, FAFSA completion is associated with a 127% increase in immediate college enrollment.³

Unfortunately, during the 2023-24 aid cycle, only 49% of Maryland's graduating seniors completed FAFSA and Maryland ranked 33rd in the country. Moreover, the rate varies dramatically by county. Approximately 35% of seniors in Somerset County completed a FAFSA in 2023-24, while 56% of seniors in Howard County completed the FAFSA. **This means thousands of Maryland students are missing out on millions of dollars of federal and state financial aid.**

Several different states have implemented FASFA requirements for students. In Louisiana, the change 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.⁴ In California, the change has resulted in an 11% increase in FASFA completion rates in the 2023-2024 school year, bumping them up into the top five states for completion.⁵ Illinois was also in the top five states for FASFA completion in 2024⁶ after passing a FASFA requirement policy with no opt-out option⁷. In Indiana, a similar policy resulted in Indiana's completion rate rising from 29th to 13th highest in the nation.⁸ Texas has seen high rates of FASFA completion since implementing a requirement policy and currently sits at 8th nationwide.⁹

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.

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

⁴ <https://www.ncan.org/news/456006/Louisiana-Class-With-Mandated-FAFSA-Graduates-Enrolls-in-Record-Numbers.htm>

⁵ <https://www.ed.gov/sites/ed/files/inaid/info/apply/state-fafsa-highschool-data.pdf>

⁶ <https://www.ed.gov/sites/ed/files/inaid/info/apply/state-fafsa-highschool-data.pdf>

⁷ <https://www.isbe.net/Pages/FAFSA.aspx>

⁸ <https://www.ed.gov/sites/ed/files/inaid/info/apply/state-fafsa-highschool-data.pdf>

⁹ <https://www.ed.gov/sites/ed/files/inaid/info/apply/state-fafsa-highschool-data.pdf>