

**R62I0010**  
**Student Financial Assistance**  
**Maryland Higher Education Commission**

***Executive Summary***

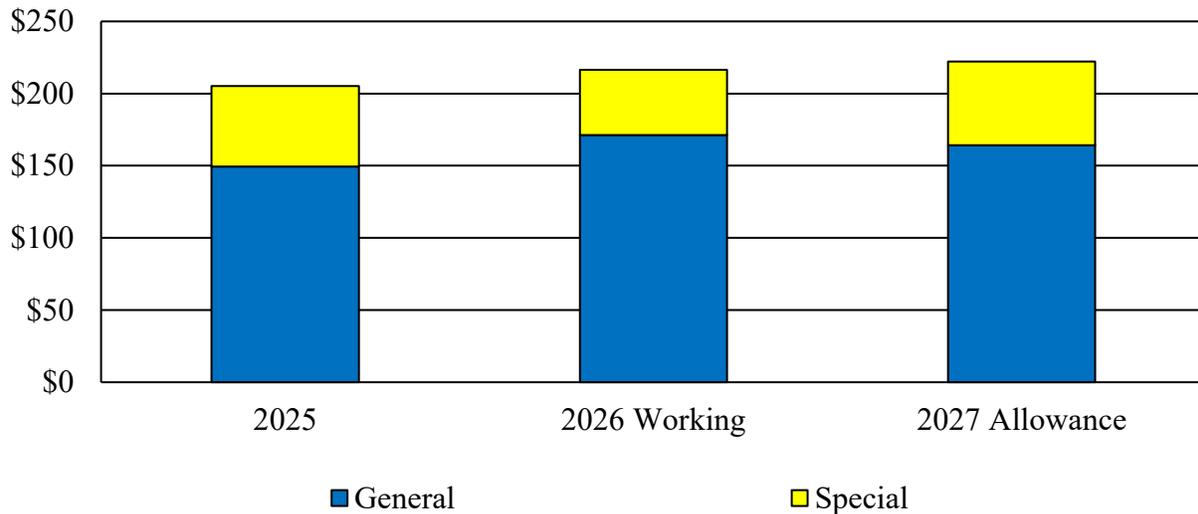
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The Office of Student Financial Assistance (OSFA), within the Maryland Higher Education Commission (MHEC) is responsible for the administration of State financial assistance programs.

***Operating Budget Summary***

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**Fiscal 2027 Budget Increases \$5.7 Million, or 2.6%, to \$222.2 Million**  
**(\$ in Millions)**



Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 allowance accounts for contingent reductions.

- ***Budget Reconciliation and Financing Act Provisions (BRFA):*** The BRFA of 2026 proposes to reduce the mandated appropriations for the three scholarship programs. The Maryland Police Officer and Probation Agent Scholarship and the Loan Assistance Repayment for Police Officers and Probation Agents would each decrease from \$2.0 million to \$500,000 beginning in fiscal 2027. Additionally, the mandated appropriation for the Community College Promise Scholarship would be reduced from \$13.5 million to \$12.5 million beginning in fiscal 2027.

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### *R62I0010 – MHEC – Student Financial Assistance*

- Special funds increase by \$12.8 million in the fiscal 2027 allowance compared to the fiscal 2026 working appropriation. This is driven by three changes. One of these is an additional \$9.8 million in special funds from the Need-Based Student Financial Assistance Fund (NBSFAF) being used for the Educational Excellence Awards (EEA) Program replacing an equivalent amount of general funds to level fund the program at \$138.7 million.
- The Teaching Fellows for Maryland Scholarship, funded by the Blueprint for Maryland's Future (Blueprint) Fund, increases by \$4 million in the fiscal 2027 allowance compared to the fiscal 2026 working appropriation. The program is funded at its statutory level of \$18.0 million in the fiscal 2027 allowance, whereas a one-time action in fiscal 2026 reduced the appropriation from \$18.0 million to \$14.0 million.
- These increases are partially offset by a reduction in special funds in the Teacher Development and Retention Program. The fiscal 2027 budget includes a proposed fiscal 2026 deficiency for the program that reduces general funds by \$6.0 million and replaces it with special funds by an equivalent amount due to fund balance availability. Although this fund swap is largely maintained for fiscal 2027, general funds increase by \$1.0 million, and special funds decrease by the same amount for the program, resulting in \$5.0 million from each source. Overall, the program is level funded at \$10.0 million.

## ***Key Observations***

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- ***Second Consecutive Year with No Initial Educational Assistance (EA) Grants:*** Due to high utilization for the Guaranteed Access (GA) grant, fiscal 2026 is the second consecutive year that no initial EA awards have been made. Statutorily, GA grants must be funded before EA grants.
- ***Scholarship and Grant Challenges:*** Guidance issued by MHEC after awards were made for the Teaching Fellows for Maryland Scholarship caused disruptions for some off-campus students who had funds for room and board revoked before being partially restored. Additionally, the GA grant was erroneously awarded to 457 students who may not have been eligible, while 172 students who were eligible were accidentally denied initially.
- ***Audit Findings:*** A fiscal compliance audit released in March 2025 contained three audit findings pertaining to student financial assistance, two of which were repeated from the previous audit. One of the repeat findings, related to verifying that conditions were met for certain scholarships, has appeared in every audit since 2010.
- ***Credit Completion Requirements:*** Community college students continue to have their EEA grants canceled at much higher rates than students at four-year institutions due to not completing the required amount of credits to maintain their awards.

## **Operating Budget Recommended Actions**

1. Add language to restrict funds pending a report on the Guaranteed Access grant and Teaching Fellows for Maryland Scholarship programs.
2. Add language to restrict funds pending a report on corrective actions taken to address audit findings.
3. Add language to restrict funds pending a report on Next Generation Scholars students and their postsecondary outcomes.
4. Add language to restrict funds pending one report on Guaranteed Access grants for individuals in informal kinship care and one report on outreach to police officers and probation agents about scholarship and loan assistance repayment programs.
5. Adopt committee narrative requesting a report on the costs to implement lower credit completion requirements for community college students to maintain their Education Excellence Awards grants.
6. Adopt committee narrative requesting a report on the impact of credit completion requirements on financial aid awards.

## **Budget Reconciliation and Financing Act Recommended Actions**

1. Sweep unused general fund appropriation from non-income based financial assistance to the General Fund instead of the Need-based Student Financial Assistance Fund.
2. Sweep unused special fund appropriation for the Teaching Fellows for Maryland Scholarship to the Blueprint for Maryland's Future Fund instead of the Need-based Student Financial Assistance Fund.

**R62I0010**  
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***Operating Budget Analysis***

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**Program Description**

OSFA, within MHEC, is responsible for the administration of State student financial assistance programs. These programs are designed to improve access to higher education for needy students and certain unique populations and to encourage students to major in workforce shortage areas. Maryland students use State financial assistance at community colleges, independent institutions, private career schools, and the State’s public four-year institutions.

Financial aid comes in the form of grants; work study; student loans; parent loans; and scholarships from federal, State, private, and institutional sources. Grants and scholarships are aid that students do not have to pay back. Grants are usually given because a student has financial need, while scholarships are usually given to recognize the student’s academic achievement, athletic ability, or other talents. Loans must be repaid, usually with interest. **Exhibit 1** shows current financial aid programs offered by OSFA.

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**Exhibit 1**  
**Financial Aid Programs in Fiscal 2027 by Category**

| <u>Program</u>   | <u>Description</u>   |
|--|--|
| <b>Need-Based Financial Aid</b>                                  |  |
| <i>Delegate Howard P. Rawlings Educational Excellence Awards</i> |  |
| Guaranteed Access Grants   | Need- and merit-based scholarships intended to meet 100% of financial need for full-time undergraduates from low-income households. Qualified applicants must have a cumulative high school grade point average (GPA) of at least 2.5 on a 4.0 scale. The commission extended the income limits for renewals to 150% of the federal poverty level to prevent a student who may work in the summertime from exceeding the original 130% income cap. |

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| <b><u>Program</u></b>  | <b><u>Description</u></b>   |
|--|---|
| Educational Assistance (EA) Grants   | Need-based scholarships intended to meet 40% of financial need at four-year institutions and 60% at community colleges for full-time undergraduates from low- to middle-income families. The maximum award amount authorized by statute is \$3,000. The current maximum amount awarded is \$3,000.  |
| Campus-based EA Grants   | Need-based grant for full-time undergraduates from low-income families who, for extenuating circumstances, miss the application filing deadline. Funds for the campus-based grant are allocated to eligible institutions that then select recipients.   |
| <i>Other Need-Based Aid Programs</i>   |   |
| 2+2 Transfer Scholarship   | Scholarship to provide an incentive for Maryland students to earn an associate degree from a community college before enrolling in a four-year institution. Recipient must demonstrate financial need. Minimum GPA required.  |
| Graduate and Professional Scholarship Program                                      | Need-based scholarships for those pursuing certain graduate and professional degrees at certain Maryland institutions of higher education.  |
| Part-Time Grant Program  | Provides funding to Maryland public and independent colleges and universities based on the number of undergraduate part-time students with demonstrated financial need, who are enrolled in degree-granting programs at specific institutions. Recipients are selected and awarded by the institution.                                    |
| Maryland Community College Promise Scholarship Program                             | Scholarship to provide tuition assistance for Maryland students attending a community college covering costs not met by any other student financial aid, excluding loans, also known as a last-dollar scholarship after the federal Pell Grant and State financial aid awards are calculated. Minimum GPA and credit completion required. |
| <b>Career-based Financial Aid</b>  |   |
| Charles W. Riley Firefighter and Ambulance and Rescue Squad Membership Scholarship | Scholarship for fire, ambulance, and rescue squad workers pursuing a degree in fire services or emergency medical technology; prior to fiscal 2017, it was a tuition reimbursement program.   |

*R62I0010 – MHEC – Student Financial Assistance*

| <u><b>Program</b></u>                            | <u><b>Description</b></u>  |
|--|--|
| Workforce Shortage Student Assistance Grants     | Merit- and need-based scholarships for Maryland students pursuing degrees in teaching, nursing, human services, physical or occupational therapy, public service, and other areas to address workforce and regional needs.   |
| Workforce Development Sequence Scholarships      | Need-based scholarship for Maryland community college students enrolled in a program composed of courses relating to job preparation or an apprenticeship, licensure, or certification, or job skill enhancement.  |
| Cybersecurity Public Service Scholarship Program | Scholarship for Maryland students enrolled in programs directly relevant to cybersecurity. Minimum GPA and service obligation requirements apply.  |
| Teaching Fellows for Maryland Scholarships       | Scholarship for Maryland students pursuing a degree leading to a Maryland professional teacher’s certificate. Requires a service obligation of teaching in a public school or prekindergarten program with at least 50% of students eligible for free and reduced-price meals. Funded through the Blueprint for Maryland’s Future Fund.  |
| Teacher Development and Retention Program        | Financial support through an internship stipend to eligible individuals who pledge to fulfill a service obligation as a teacher employed full time in a high-need school, grade level, or content area in the State in which there is a shortage of teachers, as identified by the Maryland State Department of Education. Must be enrolled in the first or second year at an institution where at least 40% of the attendees receive federal Pell grants.   |
| Pilot Human Services Careers Scholarship         | Scholarship for students enrolled in a program at a public higher education institution in Maryland that will enable the student to obtain a credential or degree needed to work in or further a career in a targeted position in the Department of Human Services. Targeted positions include family investment specialists, child support specialists, family support workers, family services caseworkers, and social workers in an eligible county (Baltimore City and Baltimore and Prince George’s counties). Minimum GPA and service obligation requirements apply. |

*R62I0010 – MHEC – Student Financial Assistance*

| <u>Program</u>  | <u>Description</u>   |
|---|--|
| Maryland Police Officers and Probation Agents Scholarship Program | Scholarship to provide tuition assistance for students attending a degree program that would further the student’s career in law enforcement at an eligible institution with the intent to be a police officer after graduating. |

**Loan Assistance Repayment Programs (LARP)**

|  |   |
|--|---|
| Janet L. Hoffman Loan Assistance Repayment Program     | Loan repayment assistance for graduates of a Maryland institution who work full-time for the government or the nonprofit sector in a priority field as determined by the commission. Priority is given to recent graduates who are State residents and employed full time principally providing legal services to low-income residents, nursing services in nursing shortage areas in the State, or other employment fields where there is a shortage of qualified practitioners for low-income or underserved residents. Recipients must meet income eligibility requirements as determined by the commission. |
| Nancy Grasmick Teacher Scholars (Part of Hoffman LARP) | Loan repayment assistance for those who currently serve in specified public schools or teach science, technology, engineering, or mathematics and graduated from a Maryland university.   |
| Maryland Dent-Care                                     | Loan repayment assistance designed to increase access to oral health services for Maryland Medical Assistance Program recipients.   |
| Maryland LARP for Foster Care Recipients               | Loan repayment assistance designed to increase higher education access for students who received foster care assistance.  |
| Maryland LARP for Police Officers and Probation Agents | Loan repayment assistance designed to assist in the repayment of a higher education loan owed by a police officer who satisfies certain criteria.   |

**Assistance for Unique Populations**

|  |   |
|--|---|
| Edward T. and Mary A. Conroy Memorial Scholarship and Jean B. Cryor Memorial Scholarship Program | The Conroy Scholarship Program is for certain Maryland residents based on eligible military or public safety service, or an eligible family or marital relationship to such an individual. The Cryor Scholarship Program is for eligible children and surviving spouses of school employees rendered 100% disabled as a victim in an act of violence in the line of duty. |
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| <u><b>Program</b></u>  | <u><b>Description</b></u>   |
|--|---|
| Jack F. Tolbert Memorial Student Grant Program                                 | Provides grants to private career schools, which award full-time students based on financial need.  |
| Douglas J.J. Peters Veterans of the Afghanistan and Iraq Conflicts Scholarship | Scholarships for U.S. Armed Forces personnel who served in the Afghanistan or Iraq conflicts and their sons, daughters, or spouses attending a Maryland postsecondary institution.  |
| Richard W. Collins III Leadership with Honor Scholarship Program               | Scholarship for Maryland minority Reserve Officer Training Corps students enrolled at a historically Black college and university (HBCU).   |
| James Proctor Scholarship Program  | Scholarships for tuition and fees to State residents who attend a public HBCU in the State. Each HBCU must administer the program on its campus and adopt policies to establish (1) eligibility requirements; (2) award amounts; (3) procedures and schedules for the payment of awards; and (4) any other policies. The scholarships must be last-dollar scholarships. |
| <b>Legislative Scholarships</b>  |   |
| Senatorial Scholarships  | Senators select recipients from within their legislative district. Students may be pursuing undergraduate, graduate, or professional degrees, or a certificate or license at a community college.   |
| Delegate Scholarships  | Delegates select recipients pursuing undergraduate, graduate, or professional degrees, or a certificate or license at a community college.  |

Source: Maryland Higher Education Commission

This analysis includes MHEC Student Financial Assistance programs that provide:

- funds directly to institutions of higher education to cover qualified expenses;
- funds directly to students as reimbursement for the payment of tuition and mandatory fees and, in some cases, other expenses; and
- assistance for the repayment of student loans.

A separate budget analysis (R62I0001 – MHEC) covers the personnel costs associated with the administration of these financial aid programs as well as other educational grant programs administered by the commission.

## ***Performance Analysis: Managing for Results***

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### **1. Free Application for Federal Student Aid**

The State's financial aid programs play a critical role in facilitating access and reducing financial barriers to postsecondary education, especially for students from low- and moderate-income families. To receive many State awards, a student must first submit a Free Application for Federal Student Aid (FAFSA) (or an alternative State form) that determines eligibility for federal student aid, including Pell Grants (aid for undergraduates with exceptional financial need), Stafford loans, and work study. Until the 2024-2025 award year, a student's eligibility for federal financial awards depended on the Expected Family Contribution (EFC), year in school, enrollment status, and the cost of attendance at the school that they would be attending. Financial aid for State awards was determined by a methodology that used the difference between the cost of attendance, the student's EFC, and the amount of the Pell Grants that a student may receive.

The FAFSA Simplification Act, which was included as part of the Consolidated Appropriations Act of 2020, eliminated EFC criterion and replaced it with the Student Aid Index (SAI). This change took effect for the 2024-2025 award year, with the goal of simplifying the financial aid process and expanding access to postsecondary education. SAI is an index number that can be positive, negative, or zero calculated based on information provided on the FAFSA. A negative SAI indicates that a student has a greater financial need than a student with a zero or positive SAI. However, a negative SAI does not increase the eligibility for federal aid, and awards are still limited by the cost of attendance. Students with a negative or zero SAI are eligible for the maximum Pell Grant. SAI is used to determine eligibility for all types of Title IV student aid except maximum and minimum Pell Grant awards. A student may still qualify for a Pell Grant even if their SAI is too high based on factors like family income and size relative to the federal poverty guidelines.

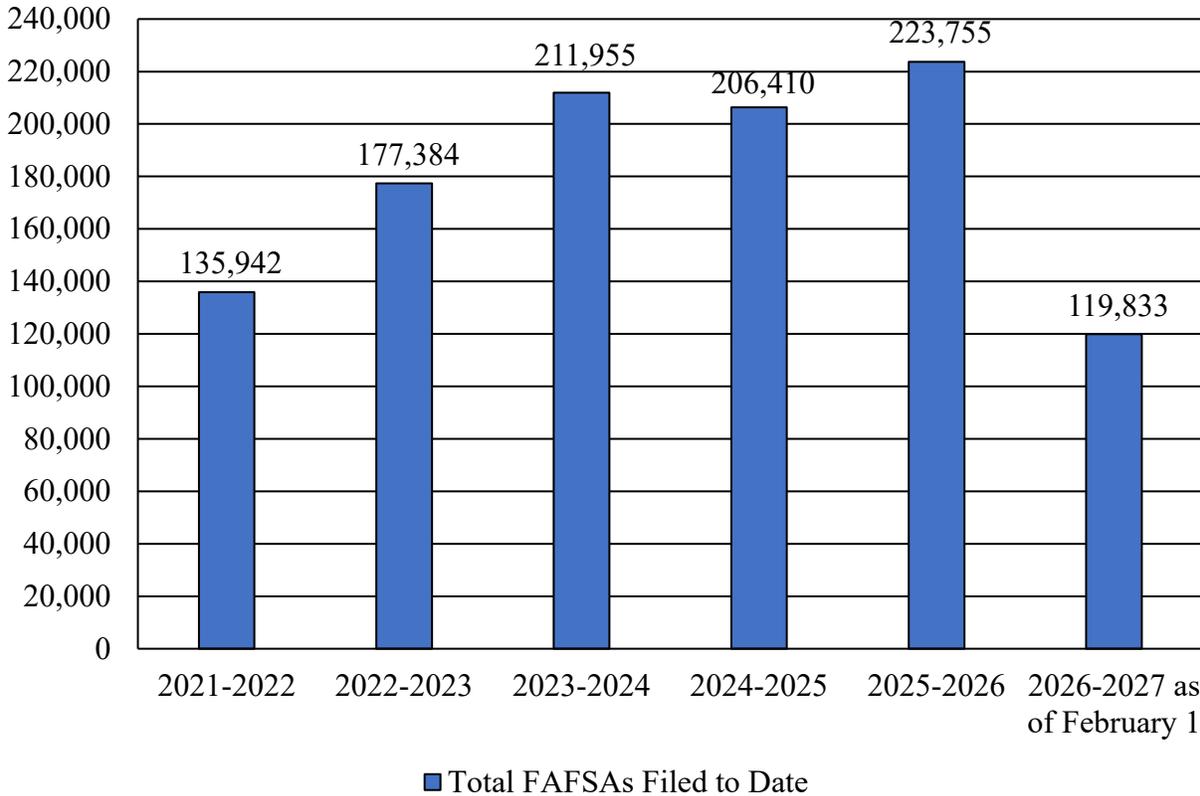
In conjunction with this, the Fostering Undergraduate Talent by Unlocking Resources for Education Act of 2020 streamlined the FAFSA by reducing the number of questions from over 100 to a few dozen. It also enabled students and families to securely transfer federal tax information needed for eligibility calculations directly from the Internal Revenue Service to FAFSA in an efficient manner, simplifying the process and reducing errors.

As shown in **Exhibit 2**, the number of FAFSAs submitted since the 2021-2022 award cycle has substantially increased. Between the 2021-2022 and 2025-2026 award cycle, the number of FAFSA filings increased by 64.6% (87,813). However, much of this growth happened between the 2021-2022 and 2023-2024 award cycles. Between the 2024-2025 and 2025-2026 cycle, FAFSA

filings grew by 8.4% (17,345). Through February 1, 2026, 119,833 filings have been submitted for the 2026-2027 award cycle. **MHEC should discuss the reasons for the continued growth in FAFSA filings.**

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**Exhibit 2**  
**Maryland Total FAFSA Filings**  
**2021-2022 to 2026-2027 Award Cycles**



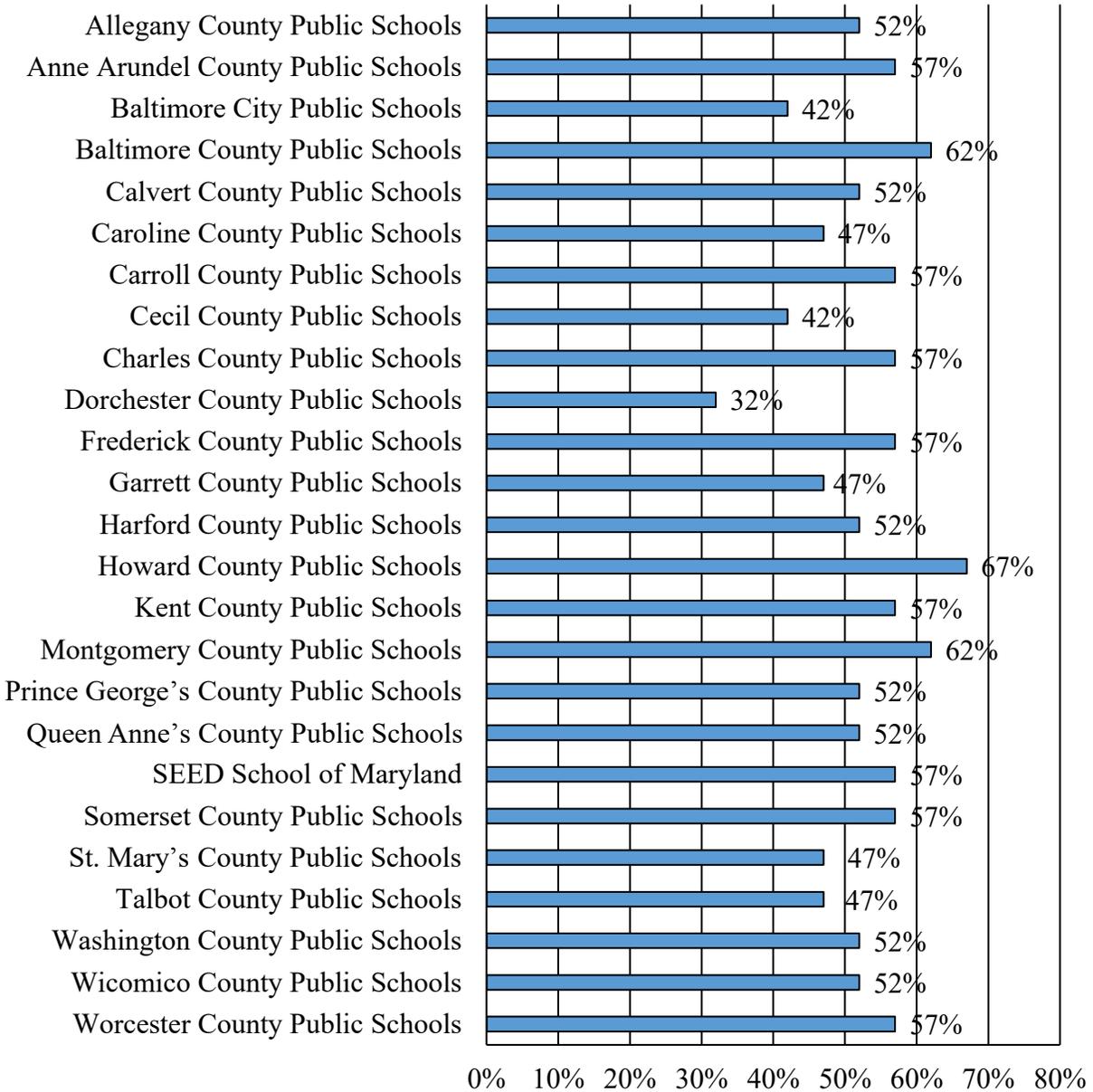
FAFSA: Free Application for Federal Student Aid

Source: Maryland Higher Education Commission

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**Exhibit 3** compares the FAFSA completion rate of local public school systems in Maryland as of December 2025 for the 2025-2026 award cycle. The median FAFSA completion rate is 52%. However, the estimated FAFSA completion rates vary across local school systems, with Howard County having the highest completion rate at 67%, and Dorchester County having the lowest at 32%. Both of these counties had the highest and lowest completion rates, respectively, last year as well. Overall, this data reflects disparities in FAFSA completion across geographic locations in the State.

**Exhibit 3**  
**Maryland Public High School Students Estimated Completed FAFSAs**  
**2025-2026 Award Cycle**

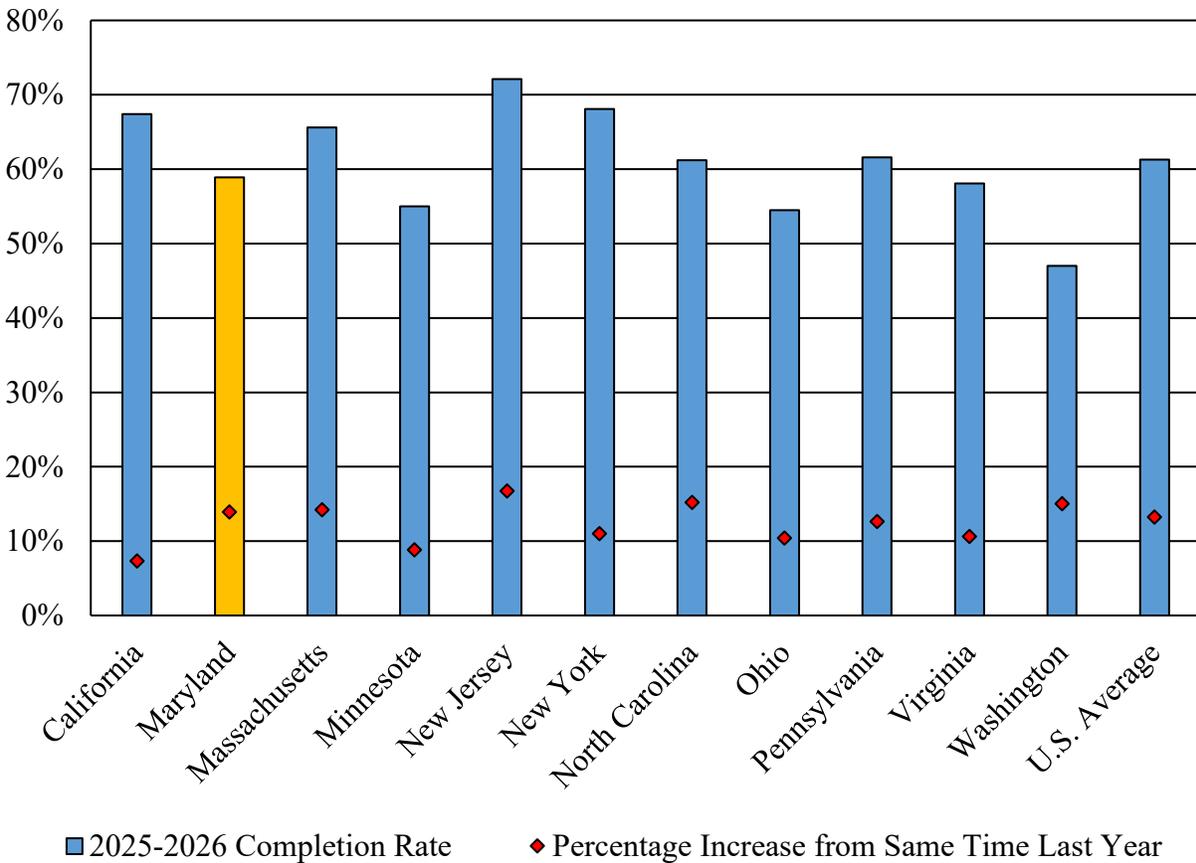


FAFSA: Free Application for Federal Student Aid  
 SEED: School for Education Evolution and Development

Source: U.S. Department of Education

**Exhibit 4** compares Maryland’s FAFSA completion rate for the 2025-2026 award cycle to the states that it principally competes with for employers – California, Massachusetts, Minnesota, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia, and Washington. Maryland has the twenty-third highest estimated FAFSA completion rate (59%) in the country and is 2 percentage points below the national average of 61%. Among the 11 states shown, Maryland is eighth in completion percentage but tied for fourth in the year-over-year percentage increase (14%).

**Exhibit 4**  
**National Estimated Completed FAFSAs by Public High School Students**  
**2025-2026 Award Cycle as of November 2025**



FAFSA: Free Application for Federal Student Aid

Source: National FAFSA Tracker

## **2. Guaranteed Access and Educational Assistance Grants**

### **Guaranteed Access Grant**

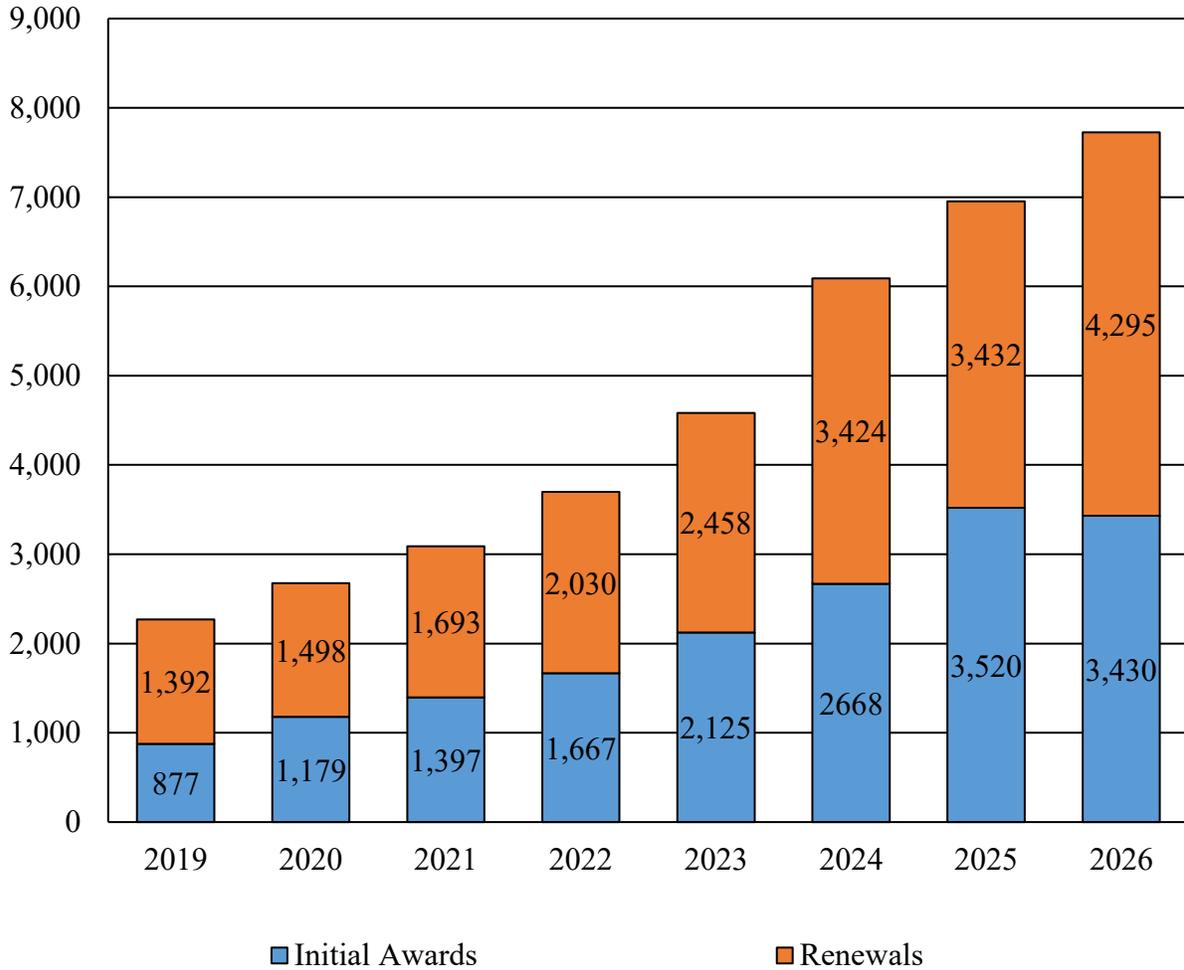
EEA is comprised of three grant programs: GA; EA; and Campus-Based Educational Assistance grants. All Maryland students who submit the FAFSA application are automatically considered for the GA, EA, and the Community College Promise Scholarship Program. Chapter 634 of 2023 altered the criteria for who can receive GA awards to include students who start college within six years of graduating high school instead of one year and increased the upper age limit from 22 to 26 for a student to receive their first award. Furthermore, SAI also allows more students to be eligible for GA awards, and individuals may qualify for larger award amounts. Statutory guidelines require all GA awards to be fulfilled before funds are allocated to EA awards.

GA grants, when combined with the federal Pell Grant, cover 100% of financial needs for the State’s lowest income students. The maximum amount is capped at the total cost of attendance (tuition, fees, and room and board) 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.

First-time applicants who are potentially eligible for the GA grant based on the FAFSA or the Maryland State Financial Aid Application (MSFAA) must submit a completed form by March 1. The MSFAA is for qualified children of undocumented immigrants who are eligible for in-state tuition. Eligible applicants must have an annual total family income of less than 130% of the federal poverty level (FPL) for first-time students and 150% for students eligible for renewal awards; enroll in college as a full-time, degree-seeking student within a year of completing high school; have an unweighted grade point average of at least 2.5 as of the fall semester of their senior year; be in high school at the time of the application; and be under the age of 22 at the time of high school graduation or have a GED diploma while under age 26. Students meeting all the requirements are guaranteed funding. Recipients of the GA initial award can receive a GA renewal award for up to three years if the individual meets the renewal requirements.

As shown in **Exhibit 5**, total GA awards have increased each year since fiscal 2019. Total awards increased substantially in fiscal 2024 due to Chapter 634, which expanded eligibility. Additionally, the federal FAFSA switching from EFC to SAI increased eligibility in fiscal 2025. The number of GA awards in fiscal 2026 increased by 11.1% (773) year over year. This increase was driven by renewals, which increased by 25.2% (863), while initial awards decreased by 2.6% (90). Increased renewals would be expected due to growth in initial awards in recent years. Fiscal 2026 had the first decline in initial awards since fiscal 2019. **MHEC should discuss why initial awards decreased for the first time since fiscal 2019.**

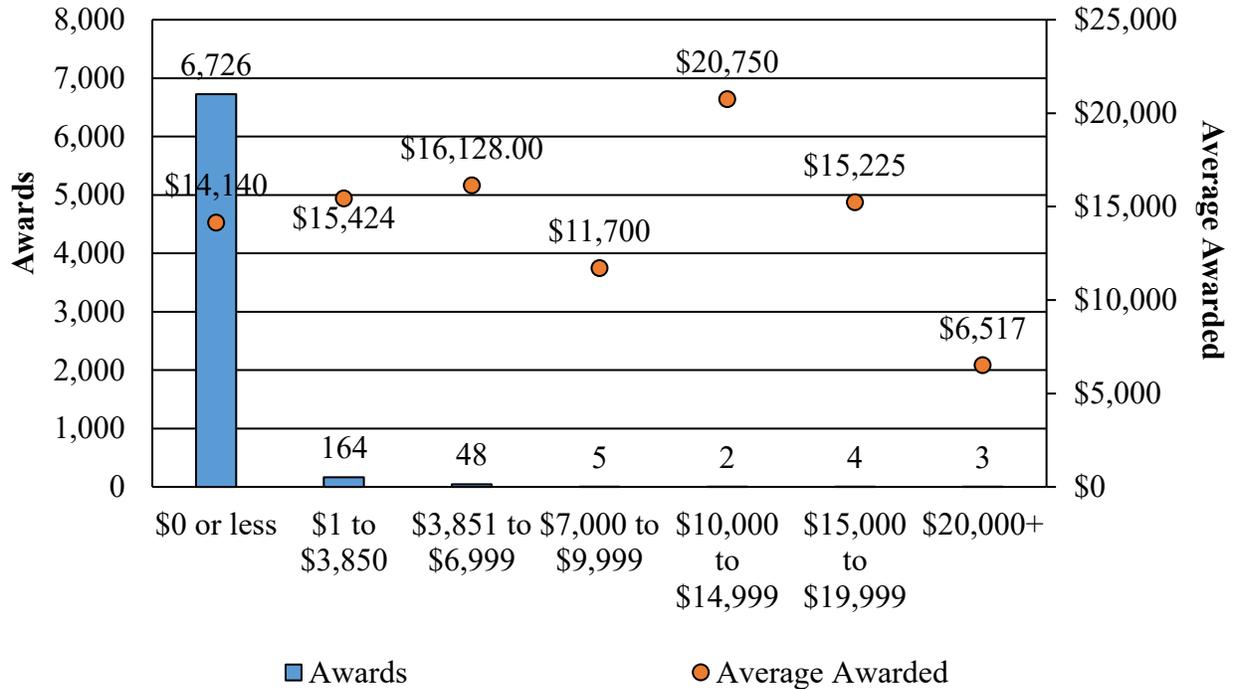
**Exhibit 5**  
**Guaranteed Access Grant Awards**  
**Fiscal 2019-2026**



Source: Maryland Higher Education Commission

As shown in **Exhibit 6**, 96.7% of GA grant recipients in fiscal 2025 had a SAI of \$0 or less, and the average award for these students was \$14,140. GA grants are renewed as long as the student meets certain requirements, including family income not exceeding 150% of the FPL. Even if a student’s SAI increases after the completed application, they still will receive the grant. **Appendix 2** through **Appendix 6** contain SAI and award outcomes for other selected OSFA programs.

**Exhibit 6  
Guaranteed Access Grants by Student Aid Index  
Fiscal 2025**



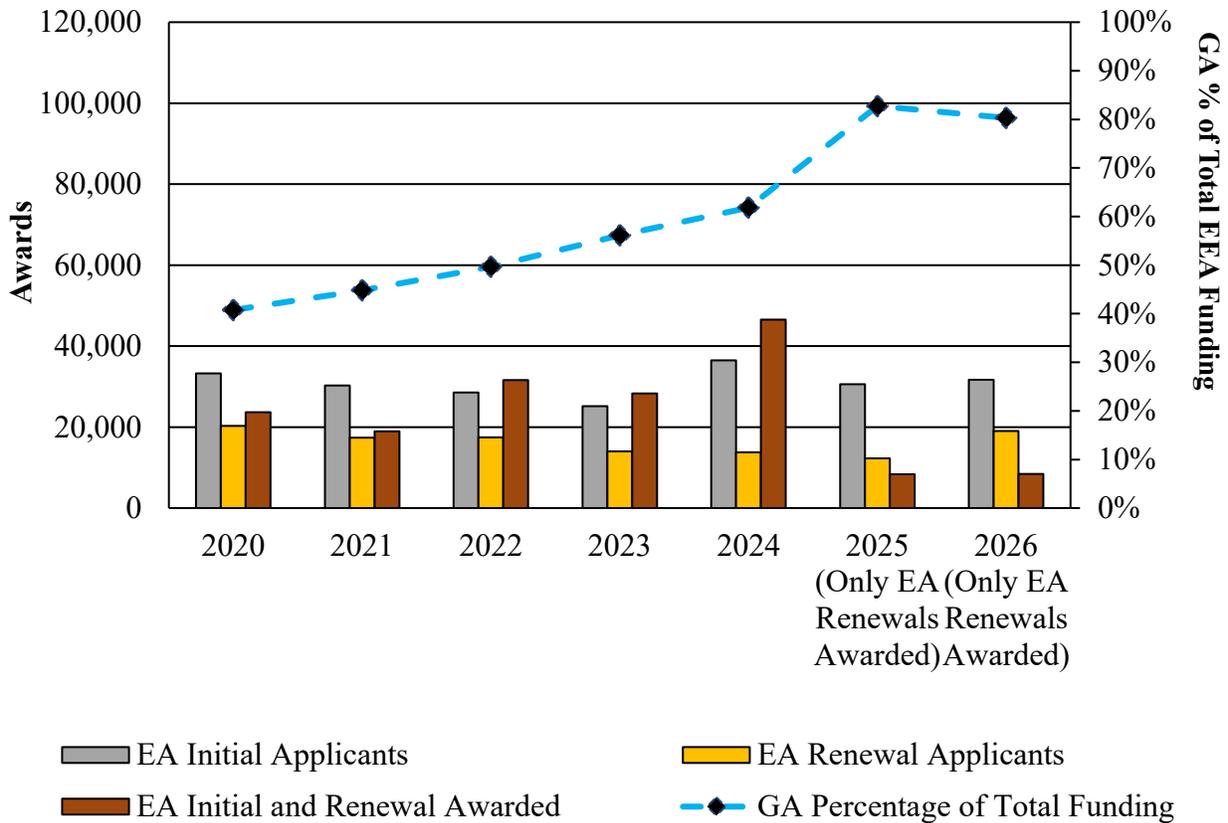
Source: Maryland Higher Education Commission

**Educational Assistance Grants**

The EA grant is designed to meet 40% of the financial need at four-year institutions and 60% at community colleges for full-time undergraduate students from low- to middle-income families. **Exhibit 7** shows the EA initial and renewal applicants and the number awarded. Initial applicants decreased each year from fiscal 2020 to 2023. From fiscal 2025 to 2026, initial applicants increased by 3.8% (1,166). In fiscal 2025 and 2026, no EA initial awards were made, and only renewals received funding. This occurred because GA awards statutorily must be made first, and these awards are increasingly comprising a larger share of total funding in the EEA program. In fiscal 2020, GA awards only comprised 41% of total funding, which grew to 56% in fiscal 2023. GA eligibility was expanded in fiscal 2024 as a result of Chapter 634, and the effects from that legislation, along with the switch from EFC to SAI, became increasingly visible in fiscal 2025 as the GA utilized 83% of total EEA funding. GA utilization then declined by 3 percentage points to 80% in fiscal 2026. From fiscal 2024 to 2025, EA initial and renewal awards declined by 82.0%, which MHEC reports was driven by awarding only renewal grants in that year with initial applicants placed on a waitlist. During the October 22, 2025 commission meeting,

MHEC indicated that 5,555 EA renewals were placed on the waitlist for fiscal 2026. EA grants are to be renewed automatically if eligible students continue to have demonstrated need. **MHEC should discuss the long-term viability of the EA grant considering the GA grant has comprised a growing share of the total EEA program and no initial EA awards have been made in the past two fiscal years. MHEC should also discuss why individuals who should have received renewal awards were waitlisted given that EA awards are to be automatically renewed if individuals meet credit requirements and continue to demonstrate need.**

**Exhibit 7  
Educational Assistance Grants  
Fiscal 2020-2026**



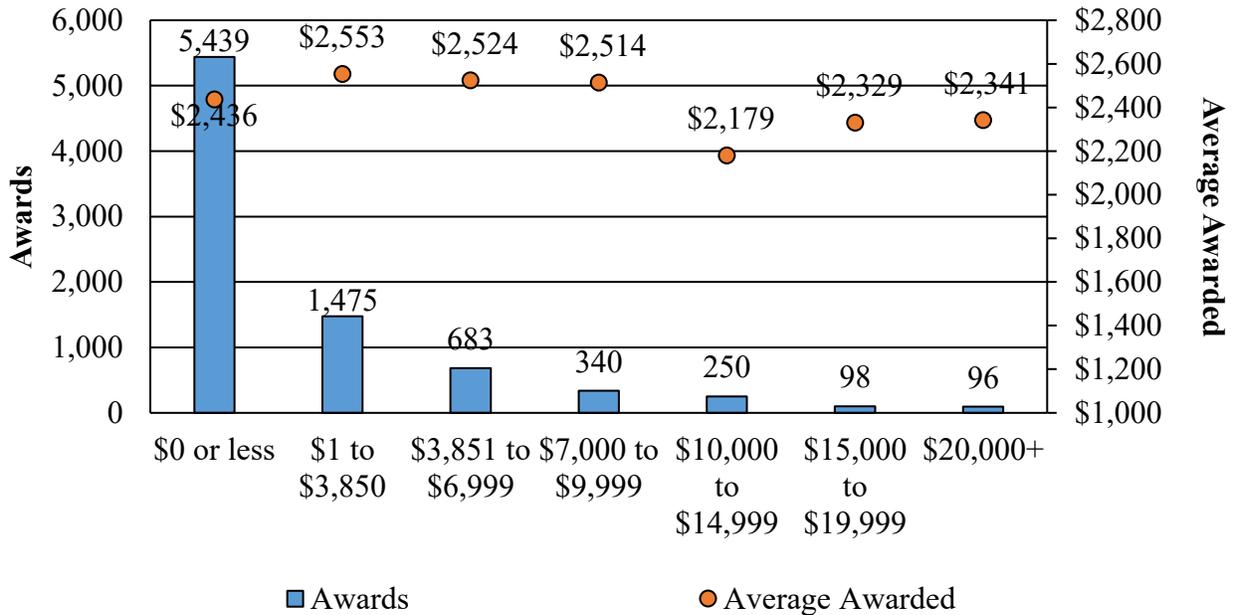
EA: Educational Assistance  
GA: Guaranteed Access  
EEA: Educational Excellence Awards

Source: Maryland Higher Education Commission

As shown in **Exhibit 8**, 64.9% of students receiving an EA award in fiscal 2025 had an SAI of \$0 or less, and these recipients had an average award of \$2,436. Of the

fiscal 2025 recipients, 82.5% had an SAI of \$3,850 or less. Pell Grants are given to students who have an SAI less than a specific amount. Some students will qualify for a Pell Grant but receive no State aid. The EA grant is based on student need after accounting for the federal Pell Grants; therefore, those with low SAIs often qualify for smaller EA grant awards. As a result, the average EA grant for individuals with a \$0 SAI is less than the average of those with an SAI between \$1 and \$3,850.

**Exhibit 8**  
**Educational Assistance Grant by Student Aid Index**  
**Fiscal 2025**



Source: Maryland Higher Education Commission

### EAA Award Timelines and Process Measures

Committee narrative in the 2025 *Joint Chairmen’s Report* (JCR) requested that MHEC submit a report on the EEA program, which was to include details on awards by month, timelines for notification and acceptance of awards, and total recipients and awards by program funded under EEA.

The initial phase of the awarding process occurs once the application deadline has passed. After this bulk awarding phase is complete, MHEC continues making awards on a rolling basis as applicants’ eligibility is confirmed and institutions certify enrollment (for the 2026-2027 academic year; the deadline to submit a FAFSA or MHEC One-App is March 1, 2026; and the deadline to submit any additional documentation is August 1, 2026). The timing of awards was atypical during

the period covered by the report (the 2024-2025 award cycle) because major changes to the FAFSA were made by the U.S. Department of Education, which led MHEC to push back the deadline for students to submit applications. Instead of a March 1 deadline, a priority deadline of April 15, 2024, was set along with a final deadline of June 1. As shown in **Exhibit 9**, the majority of awards (88.6%) were made between May and August 2024, and EA renewals comprised slightly more than half of all EEA awards. In a normal year, the bulk phase would have begun in April as opposed to May.

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**Exhibit 9**  
**EEA Awards Made by Month**  
**May 2024 through May 2025**

|                     | <u>May</u>   | <u>June</u>  | <u>July</u>  | <u>August</u> | <u>September</u> | <u>October</u> | <u>Remaining Months</u> | <u>Total</u>  |
|---------------------|--------------|--------------|--------------|---------------|------------------|----------------|-------------------------|---------------|
| EA Renewal          | 16.8%        | 14.6%        | 14.1%        | 2.0%          | 0.0%             | 5.1%           | 1.9%                    | 54.5%         |
| GA Initial          | 5.3%         | 7.1%         | 2.9%         | 4.7%          | 1.7%             | 1.1%           | 0.7%                    | 23.4%         |
| GA Renewal          | 5.7%         | 6.5%         | 4.8%         | 4.2%          | 0.4%             | 0.2%           | 0.3%                    | 22.1%         |
| <b>Total Awards</b> | <b>27.7%</b> | <b>28.2%</b> | <b>21.8%</b> | <b>10.9%</b>  | <b>2.1%</b>      | <b>6.3%</b>    | <b>2.8%</b>             | <b>100.0%</b> |

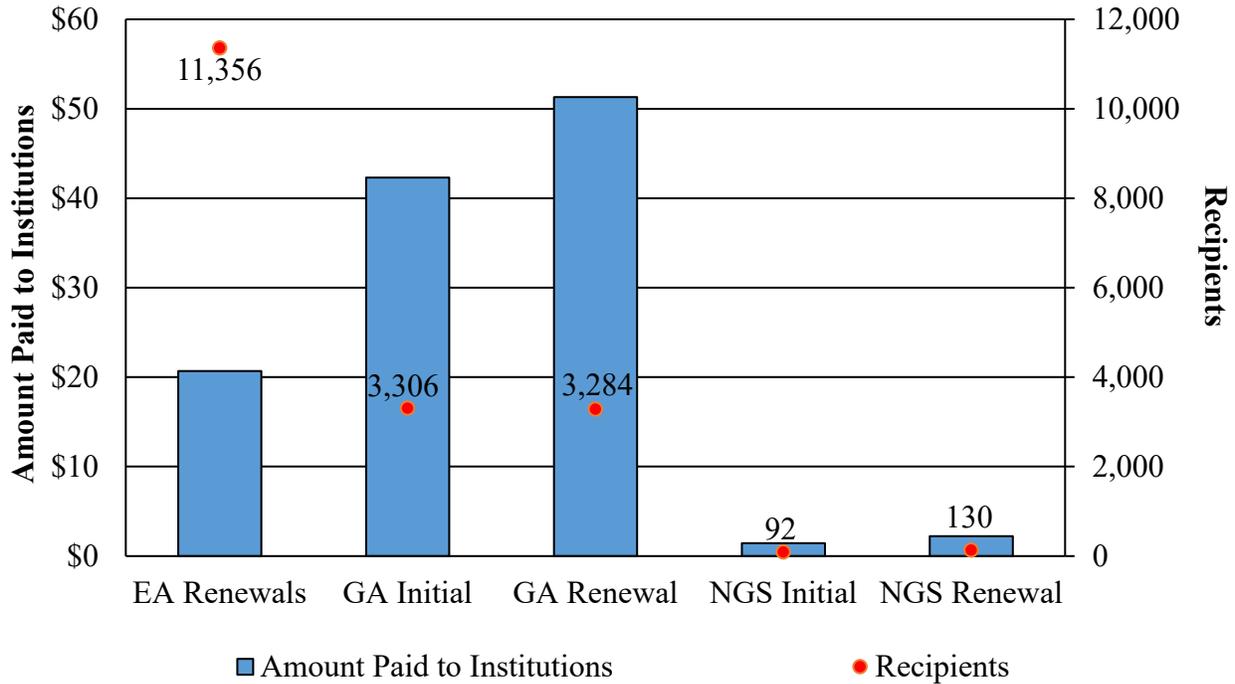
EA: Educational Assistance  
EEA: Educational Excellence Awards  
GA: Guaranteed Access

Source: Maryland Higher Education Commission; Department of Legislative Services

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As shown in **Exhibit 10**, EA renewals comprise just 17.5% of payments but account for 62.5% of EEA recipients. Conversely, initial and renewal GA awards make up 79.4% of payments but only 36.3% of recipients. This discrepancy is due to the differing functions of EA versus GA grants. GA grants provide full tuition and mandatory fees to the highest financial need students, while EA grants provide partial tuition support to students with financial need that does not rise to the level of GA recipients. MHEC has reported that GA expenditures are projected to continue growing, which could further compress the portion available for EA awards. As noted previously, MHEC has not awarded initial awards under the EA program in each of the last two fiscal years.

**Exhibit 10**  
**EEA Recipients and Payments Made to Institutions**  
**Fiscal 2024-2025**  
**(\$ in Millions)**



EA: Educational Assistance  
 EEA: Educational Excellence Awards  
 GA: Guaranteed Access  
 NGS: Next Generation Scholars

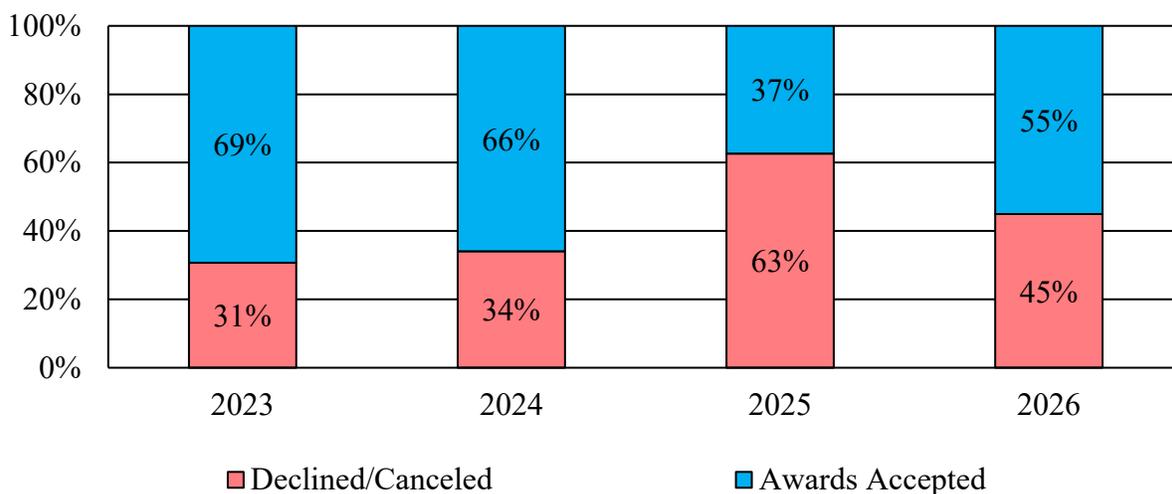
Source: Maryland Higher Education Commission

Once an award is accepted by a student, it is visible in their Maryland College Aid Processing System (MDCAPS) account within 24 hours. Once a student is notified via email that they are eligible for an award, they have six weeks to formally accept it through their MDCAPS account. Three reminders along with instructions on how to accept the award are also emailed. The award is canceled if a student does not accept it within six weeks, but MHEC will reinstate the award if a student contacts them and funds are still available.

During the October 22, 2025, meeting of the commission, MHEC presented data showing the number of initial GA awards issued and declined/canceled awards. As shown in **Exhibit 11**, between fiscal 2024 and 2025, declined/canceled awards increased by 494% (4,750) compared to an increase of 223% (6,299 awards) in the number of initial awards. Overall, 63% of all awards

were declined/canceled in fiscal 2025, and 45% of awards were declined/canceled in fiscal 2026 as of the October meeting.

**Exhibit 11  
Percentage of Initial GA Awards Accepted or Canceled  
Fiscal 2023-2026**



GA: Guaranteed Access

Source: Maryland Higher Education Commission

**MHEC should discuss the reasons for increases in the share of declined and canceled awards.**

Institutions may request the funding from MHEC once the semester begins, but in practice, they do not request it until they verify that the student is actively attending the courses in which they are enrolled. Once a payment request is issued, MHEC reported that it is processed within five to seven business days. An invoice is then sent to the Comptroller, which takes up to six weeks to process and provide the payments to institutions. MHEC estimates that the average processing time (from the time an institution submits a payment request to actually receiving the funds) is six to eight weeks.

**3. Impact of Credit Completion Requirements on Financial Aid Awards**

Chapters 689 and 690 of 2016 require students receiving grants through EEA programs to meet certain credit completion requirements. These requirements have been in effect since the 2018-2019 academic year (fiscal 2019). Under these requirements, to be eligible to receive full funding in the subsequent year, students must successfully complete at least 30 credit hours at the

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end of their second (and subsequent) academic year(s). Students who fail to complete 30 credits but complete at least 24 credits in the prior year are eligible to receive a prorated award. However, students are ineligible in the subsequent year if they have completed fewer than 24 credits.

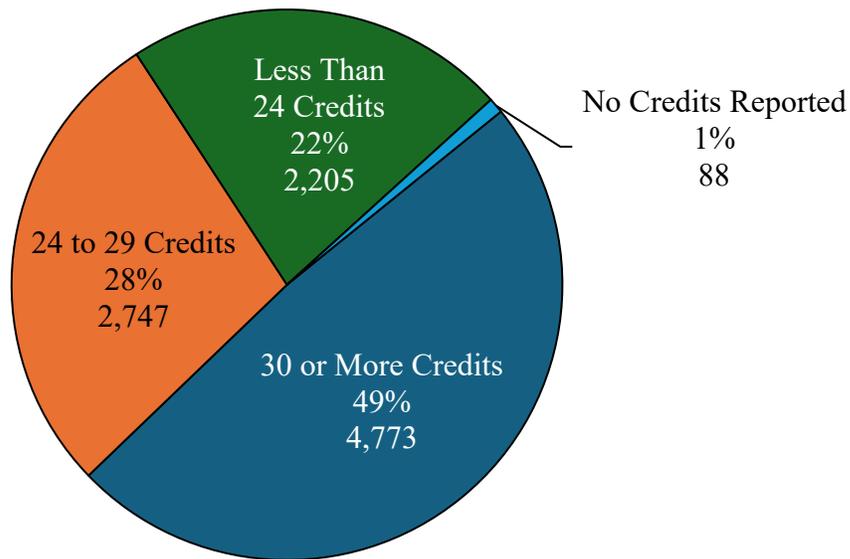
For the 2024-2025 academic year, 9,927 students were identified by MHEC as receiving EEA awards, and they attended the following type of institutions:

- 7,782 (78%) – public four-year;
- 1,355 (14%) – independent four-year institutions; and
- 790 (8%) – community colleges.

However, individual institutions only reported credit completion data for 9,813 (99%) recipients. MHEC reported that this discrepancy can occur when institutions do not submit records for all students who did not take any credits. Of these 9,813 students, 49% completed 30 or more credits; 28% completed 24 to 29 credits; and 22% completed less than 24 credits, which led to their award being canceled, as shown in **Exhibit 12**.

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**Exhibit 12**  
**Educational Excellence Award Credit Completion Outcome**  
**Academic Year 2024-2025**

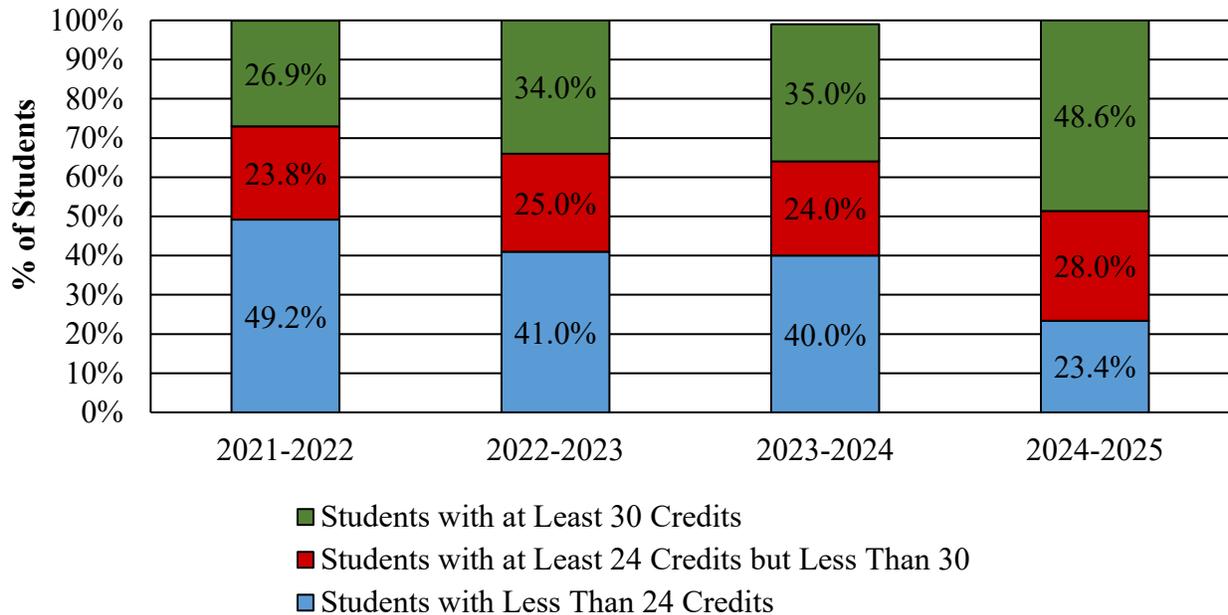


Source: Maryland Higher Education Commission

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**Exhibit 13** details a comparison of the last four years of credit completion outcomes. The proportion of EEA recipients completing 30 or more credits increased by 13.6 percentage points to 48.6% in the 2024-2025 academic year compared to the 2023-2024 academic year, which is the highest level in the period shown. Additionally, the proportion of students earning between 24 and 29 credits increased by 4.0 percentage points to 28.0% over that same period, while the proportion of students earning less than 24 credits declined by 16.6 percentage points to 23.4%, the lowest level in the period shown. **MHEC should discuss factors leading to more EEA recipients taking 30 or more credits.**

**Exhibit 13**  
**Education Excellence Award Credit Completion Outcomes**  
**Academic Years 2021-2022 to 2024-2025**

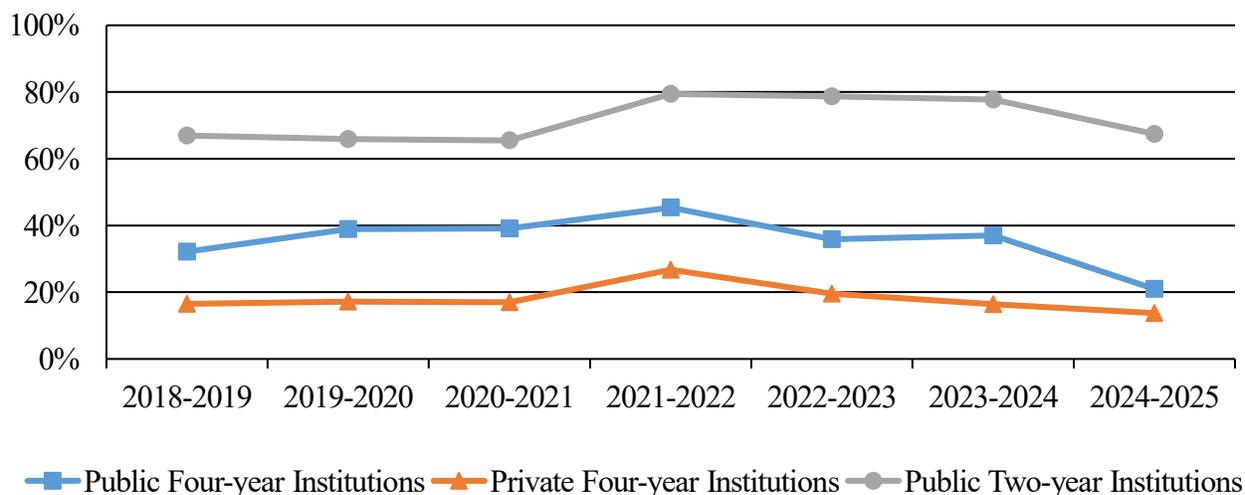


Source: Maryland Higher Education Commission

There is a stark difference between the percentage of recipients at community colleges who become ineligible for EEA renewals and recipients at four-year institutions. **Exhibit 14** shows the percentage of students who became ineligible at public two-year institutions, public four-year institutions, and independent State-aided four-year institutions from academic years 2018-2019 to 2024-2025 due to completing less than 24 credits. Recipients at community colleges have consistently had more difficulty maintaining the credit requirements to be eligible for renewals, with ineligibility rates ranging from 65.5% at the lowest to 79.4% at the highest. Public and independent four-year institutions have ranged from lows of 21% and 13.7% to highs of 45.4% and

26.7%, respectively. During this period, 71.9% of community college recipients became ineligible for continuation of their awards, while only 36.5% and 18.4% of recipients at four-year public and independent institutions, respectively, became ineligible.

**Exhibit 14**  
**Percentage of EEA Recipients Who Become Ineligible**  
**Following Their Second Academic Year**  
**Academic Years 2018-2019 to 2024-2025**

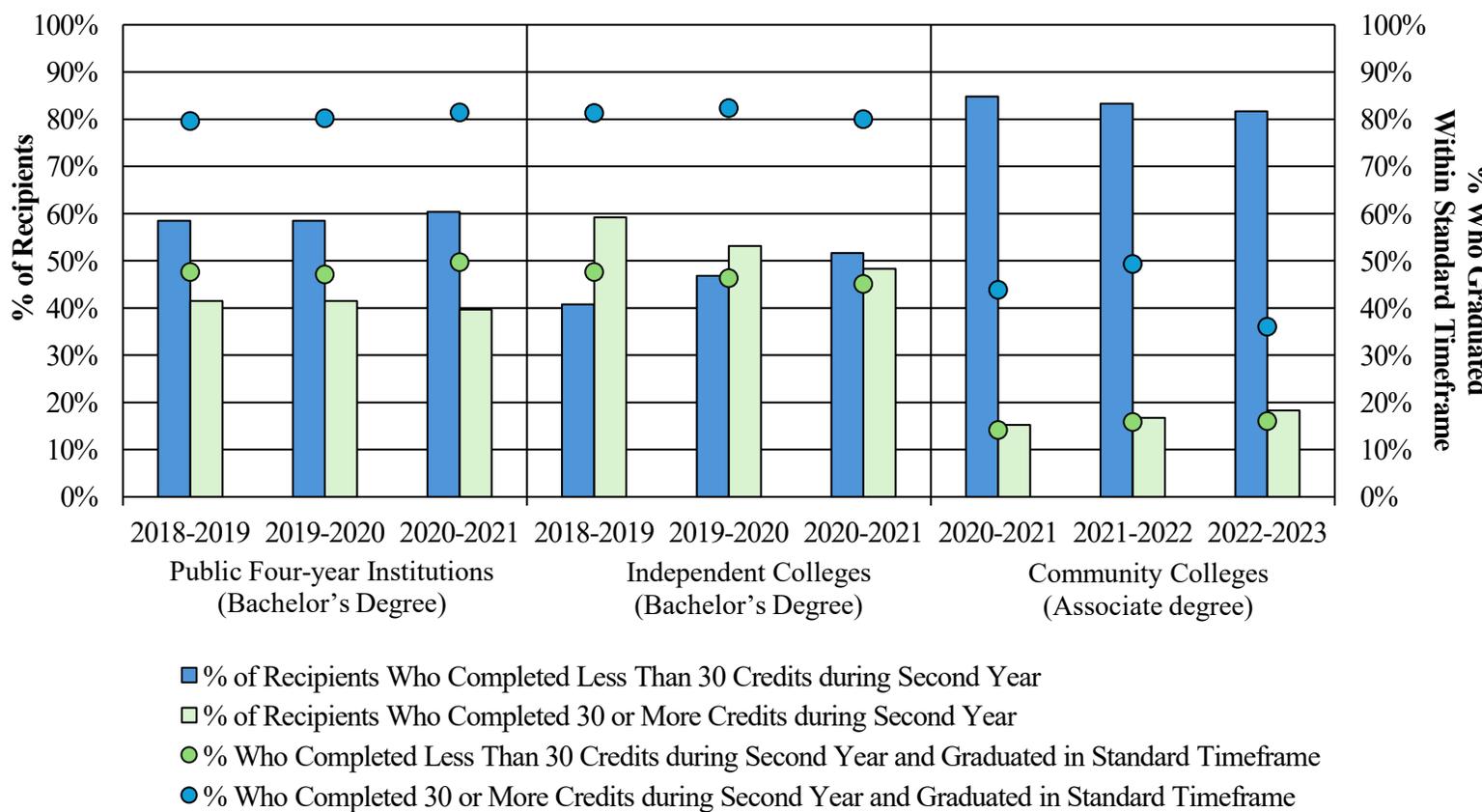


EEA: Educational Excellence Awards

Source: Maryland Higher Education Commission

**Exhibit 15** shows the percentage of EEA recipients who completed less than 30 credit hours and 30 or more credit hours during their second academic year along with the percentage of these students who obtained a degree within the standard timeframe (four years for public four-year and independent institutions and two years for community colleges). For cohorts entering in academic years 2018-2019 through 2020-2021, statistics for public four-year institutions remained quite consistent. The percentage of recipients who completed less than 30 credits hovered between 58.5% and 60.4%, and the percentage who completed a degree within four years varied between 47.1% and 49.7%. The percentage of recipients who completed 30 or more credits during their second year remained between 39.6% and 41.5%, while their four-year degree attainment was much higher at 79.6% to 81.4%, a difference of about 32 percentage points relative to their counterparts who completed fewer credits. During this timeframe overall, 59% of recipients completed less than 30 credits while 41% completed 30 or more.

**Exhibit 15**  
**Credit Hours Completed and Degrees Completed in a Standard Timeframe for EEA Recipients**  
**2018-2019 to 2022-2023 Cohorts**



EEA: Educational Excellence Awards

Source: Maryland Higher Education Commission

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Over the full period shown, independent colleges had an increase in the percentage of recipients completing less than 30 credits in their second year, going from 40.8% in the 2018-2019 cohort to 51.7% in the 2020-2021 cohort. Over the same period, the percentage of students who completed a degree in four years declined slightly, from 47.6% in the 2018-2019 cohort to 45.1% in the 2020-2021 cohort. The percentage of recipients who completed 30 or more credits in their second year decreased from 59.2% in the 2018-2019 cohort to 48.3% in the 2020-2021 cohort, a decline of 10.9 percentage points. The percentage of these students who completed a degree within four years was between 80.0% and 82.3%. During this timeframe overall, 47% of recipients completed less than 30 credits while 53% completed 30 or more.

Since community colleges offer two-year degrees, degree data from cohorts entering in academic years 2020-2021 through 2022-23 are available. Over the full period shown, 83% of recipients completed less than 30 credits, while 17% completed 30 or more in their second year. There was a downward trend in the percentage of recipients completing less than 30 credits in their second year, which decreased from 84.8% in the 2020-2021 cohort to 81.7% in the 2022-2023 cohort. The rate of degree obtainment within two years varied the most among recipients who completed 30 or more credits in their second year, with no consistent trend peaking at 49.3% before declining to 36.0% over the period shown. For recipients who completed less than 30 credits in their second year, the rate slightly increased from 14.1% in the 2020-2021 cohort to 16.0% in the 2022-2023 cohort.

MHEC reports the credit completion requirements occurred as part of a national campaign known as “15 to Finish,” which advocated for policies meant to improve on-time college graduation rates. The objective was to push students to complete 15 credits per term (30 credits per year) so they would graduate with an associate degree in two years and a bachelor’s degree in four years. According to the organization that advocated for “15 to Finish,” Complete College America, 43 states, including Maryland, have adopted their credit completion recommendations. **The Department of Legislative Services (DLS) recommends adopting committee narrative requesting that MHEC submit a report on the cost to implement lower credit requirements for community college students.**

## **4. Student Financial Aid Programs**

**Exhibit 16** shows the fiscal 2024 actual through the fiscal 2027 allowance (estimated) for the number of recipients and average award by financial aid program for ongoing programs. Across all programs, MHEC reported a decrease of 8.6% (4,293) in the total number of recipients between fiscal 2024 and 2025, which was driven by 10,136 fewer EA recipients in fiscal 2025 as discussed earlier. This year-over-year decrease was partially offset by 2,123 more recipients receiving unique population scholarships, an additional 1,908 GA grant recipients, and 1,375 more Promise Scholarship recipients, among others. From fiscal 2025 to the fiscal 2026 working appropriation, MHEC reports 2.6% fewer (1,176) total recipients as of February 1, 2026, but more awards can still be made for fiscal 2026 until June 30, 2026. Compared to fiscal 2026, MHEC is projecting Community College Promise Scholarship recipients to increase by 14.5% (656) in fiscal 2027 for a total cost of \$12.0 million, which is a 7.2% (\$0.8 million) increase year over year. Over the same period, MHEC is also projecting recipients of the Police Officer and Probation Agent Scholarship to increase by 64.1% (41) for a total cost of \$0.5 million, which is an 84% (\$0.2) increase year over year.

**Exhibit 16**  
**Recipients of State Aid Programs**  
**Fiscal 2024 Actual to 2027 Allowance Estimated**

| <b><u>Program</u></b>                          | <b>2024 Actual</b>       |                             | <b>2025 Actual</b>       |                             | <b>2026 Working</b>                |                                       | <b>2027 Allowance</b>              |                                       |
|--|--------------------------|-----------------------------|--------------------------|-----------------------------|------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
|  | <b><u>Recipients</u></b> | <b><u>Average Award</u></b> | <b><u>Recipients</u></b> | <b><u>Average Award</u></b> | <b><u>Projected Recipients</u></b> | <b><u>Projected Average Award</u></b> | <b><u>Projected Recipients</u></b> | <b><u>Projected Average Award</u></b> |
| <b>Need-based Aid</b>                          |                          |                             |                          |                             |                                    |                                       |                                    |                                       |
| Educational Assistance Grant                   | 18,501                   | \$2,281                     | 8,365                    | \$2,458                     | 3,453                              | \$2,595                               | 1,425                              | \$2,740                               |
| Campus-based Educational Assistance Grant      | 1,063                    | 1,527                       | 1,151                    | 1,427                       | 790                                | 1,311                                 | 1,084                              | 2,408                                 |
| Guaranteed Access Grant                        | 4,880                    | 14,920                      | 6,788                    | 15,201                      | 7,725                              | 12,101                                | 8,791                              | 14,286                                |
| 2+2 Transfer Scholarship                       | 266                      | 1,410                       | 253                      | 1,308                       | 285                                | 1,420                                 | 321                                | 1,542                                 |
| Part-time Grant Program                        | 4,988                    | 899                         | 4,696                    | 983                         | 4,790                              | 1,003                                 | 4,886                              | 1,024                                 |
| Graduate and Professional Scholarship          | 286                      | 1,176                       | 374                      | 2,798                       | 381                                | 2,854                                 | 388                                | 2,911                                 |
| Maryland Community College Promise Scholarship | 2,637                    | 2,923                       | 4,012                    | 2,597                       | 4,586                              | 2,435                                 | 5,242                              | 2,283                                 |
| Near Completer Grant                           | 28                       | 1,804                       | n/a                      | n/a                         | n/a                                | n/a                                   | n/a                                | n/a                                   |
| <b>Subtotal</b>                                | <b>32,649</b>            | <b>\$3,368</b>              | <b>25,639</b>            | <b>\$3,825</b>              | <b>22,010</b>                      | <b>\$3,388</b>                        | <b>22,137</b>                      | <b>\$3,885</b>                        |
| <b>Legislative Scholarships</b>                | <b>15,376</b>            | <b>\$1,099</b>              | <b>15,837</b>            | <b>\$1,156</b>              | <b>17,847</b>                      | <b>\$1,161</b>                        | <b>19,857</b>                      | <b>\$1,165</b>                        |

| <b><u>Program</u></b>                           | <b>2024 Actual</b>       |                             | <b>2025 Actual</b>       |                             | <b>2026 Working</b>                |                                       | <b>2027 Allowance</b>              |                                       |
|---|--------------------------|-----------------------------|--------------------------|-----------------------------|------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
|   | <b><u>Recipients</u></b> | <b><u>Average Award</u></b> | <b><u>Recipients</u></b> | <b><u>Average Award</u></b> | <b><u>Projected Recipients</u></b> | <b><u>Projected Average Award</u></b> | <b><u>Projected Recipients</u></b> | <b><u>Projected Average Award</u></b> |
| <b>Career and Occupational Programs</b>         |                          |                             |                          |                             |                                    |                                       |                                    |                                       |
| Charles Riley Scholarship Program               | 15                       | \$6,844                     | 8                        | \$6,874                     | 14                                 | \$8,823                               | 25                                 | \$10,146                              |
| Cybersecurity Public Service Scholarship        | 37                       | 10,021                      | 44                       | 12,193                      | 68                                 | 13,570                                | 105                                | 15,103                                |
| Workforce Shortage Student Assist Grant         | 298                      | 3,039                       | 251                      | 3,181                       | 292                                | 3,969                                 | 340                                | 4,952                                 |
| Police Officer and Probation Agents Scholarship | 33                       | 2,855                       | 39                       | 3,462                       | 64                                 | 3,892                                 | 105                                | 4,375                                 |
| Teaching Fellows for Maryland Scholarship       | 316                      | 23,058                      | 512                      | 23,326                      | 593                                | 26,236                                | 687                                | 29,509                                |
| Teacher Development and Retention               | 34                       | 2,800                       | 70                       | 2,427                       | 108                                | 2,335                                 | 167                                | 2,246                                 |
| <b>Subtotal</b>                                 | <b>695</b>               | <b>\$7,858</b>              | <b>924</b>               | <b>\$8,577</b>              | <b>1,139</b>                       | <b>\$9,804</b>                        | <b>1,429</b>                       | <b>\$11,055</b>                       |
| <b>Unique Population Programs</b>               | <b>1,236</b>             | <b>\$4,361</b>              | <b>3,359</b>             | <b>\$4,219</b>              | <b>3,579</b>                       | <b>\$4,665</b>                        | <b>3,819</b>                       | <b>\$5,252</b>                        |
| <b>Loan Assistance Repayment Programs</b>       | <b>105</b>               | <b>\$12,401</b>             | <b>47</b>                | <b>\$10,401</b>             | <b>55</b>                          | <b>\$11,961</b>                       | <b>62</b>                          | <b>\$13,755</b>                       |
| <b>Total</b>                                    | <b>50,061</b>            | <b>\$5,817</b>              | <b>29,969</b>            | <b>\$6,755</b>              | <b>26,783</b>                      | <b>\$7,455</b>                        | <b>27,447</b>                      | <b>\$8,487</b>                        |

Note: Data is a point-in-time calculation and cannot be used to calculate total aid for fiscal 2026.

Source: Maryland Higher Education Commission

## **Fiscal 2026**

### **Proposed Deficiency**

Proposed deficiency appropriations for Student Financial Assistance provide a net reduction of \$5.4 million, with general fund reductions totaling \$11.4 million partially offset by \$6.0 million in special funds. The following proposed general fund deficiencies reduce funding to align appropriations with anticipated expenditures:

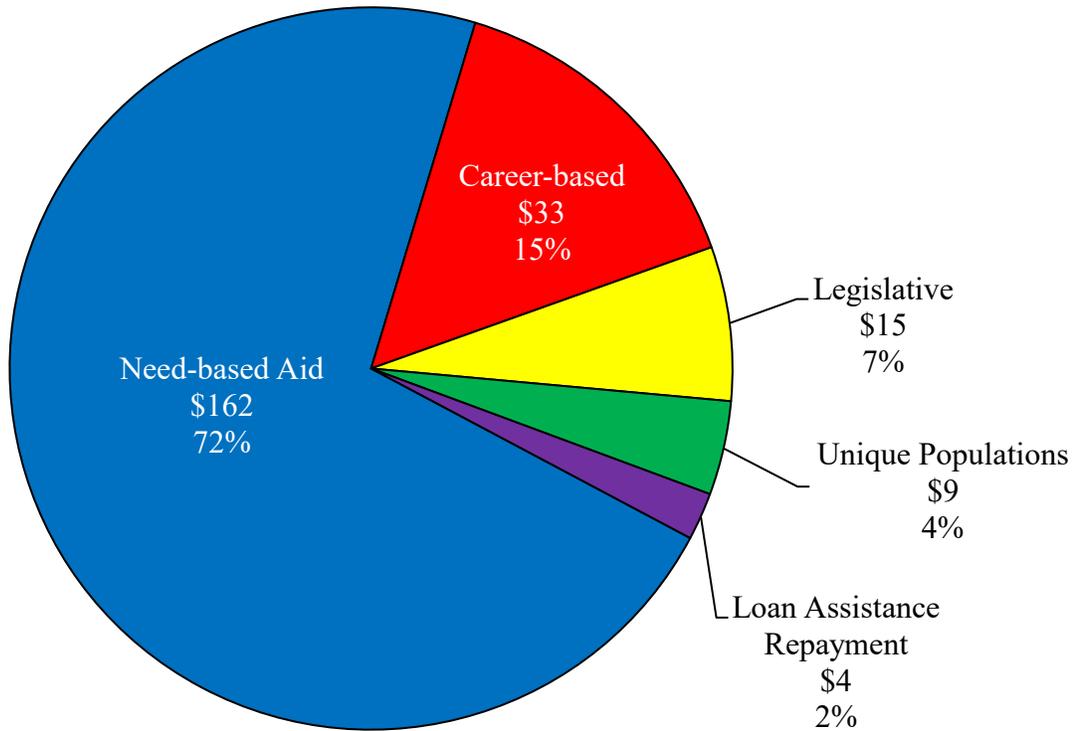
- Community College Promise Scholarship (\$2,000,000);
- Police Officers Loan Assistance Repayment Program (LARP) (\$1,900,000); and
- Police Officers Scholarship (\$1,500,000).

An additional proposed deficiency for the Teacher Development and Retention Program would replace \$6.0 million in general funds with an equal amount of special funds from the program's fund balance due to availability. **MHEC should state what the current fund balance is for this program and its anticipated fiscal 2026 closing balance.**

### **Fiscal 2027 Overview of Agency Spending**

The fiscal 2027 allowance for student financial assistance totals \$222.2 million, after accounting for contingent reductions. As shown in **Exhibit 17**, the majority of the fiscal 2027 allowance (72%) supports need-based grants or scholarships, most of which comes from the EEA program. Career or occupation-based scholarships, primarily the Teaching Fellows for Maryland Scholarship and the Teacher Development and Retention Program, account for 15% of the budget, and legislative scholarships comprise 7%.

**Exhibit 17**  
**Overview of Agency Spending**  
**Fiscal 2027 Allowance**  
**(\$ in Millions)**



Note: The fiscal 2027 allowance accounts for contingent reductions.

Source: Governor’s Fiscal 2027 Budget Books

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**Proposed Budget Change**

As shown in **Exhibit 18**, the fiscal 2027 allowance increases by \$5.7 million compared to the fiscal 2026 working appropriation, after accounting for proposed deficiency appropriations and contingent reductions. The primary change is an increase of \$4.0 million in the Teaching Fellows for Maryland Scholarship to return the funding to the mandated level of \$18.0 million after a one-time reduction of \$4.0 million in fiscal 2026.

**Exhibit 18**  
**Proposed Budget**  
**Maryland Higher Education Commission – Student Financial Assistance**  
**(\$ in Thousands)**

| <b>How Much It Grows:</b>  | <b>General<br/>Fund</b> | <b>Special<br/>Fund</b> | <b>Total</b>         |
|--|-------------------------|-------------------------|----------------------|
| Fiscal 2025 Actual   | \$149,470               | \$55,723                | \$205,193            |
| Fiscal 2026 Working  | 171,364                 | 45,148                  | 216,512              |
| Fiscal 2027 Allowance  | 164,251                 | 57,962                  | 222,213              |
| Fiscal 2026-2027 \$ Change   | -\$7,113                | \$12,814                | \$5,701              |
| Fiscal 2026-2027 % Change  | -4.15%                  | 28.38%                  | 2.63%                |
| <br><b>Where It Goes:</b>  |                         |                         | <b><u>Change</u></b> |
| Teaching Fellows for Maryland Scholarship, due to it being funded at the statutory level after a one-time reduction of \$4.0 million in fiscal 2026..... |                         |                         | \$4,000              |
| Maryland Community College Promise Scholarship, after accounting for the proposed deficiency and the contingent reduction.....                           |                         |                         | 1,000                |
| Maryland Loan Assistance Repayment Program for Police Officers, after accounting for the proposed deficiency and the contingent reduction.....           |                         |                         | 400                  |
| Senatorial and Delegate scholarships based on expected tuition increases.....  |                         |                         | 301                  |
| <b>Total</b>   |                         |                         | <b>\$5,701</b>       |

Note: Numbers may not sum to total due to rounding.

**Funding Composition Change**

The mix of general and special funds supporting the budget changes significantly from fiscal 2026 to 2027 due to two fund swaps. The largest of these is in the EEA program, which replaces \$9.8 million in general funds with an equivalent amount of special funds due to available balance. The fiscal 2026 working appropriation contains \$24.4 million from the NBSFAF, while the fiscal 2027 allowance contains \$34.2 million. Overall, the program is level funded in the fiscal 2027 allowance at \$138.7 million. Additionally, the Teacher Development and Retention Program has a proposed deficiency that swaps \$6.0 million of general funds with an equivalent amount of special funds in fiscal 2026. The fiscal 2027 allowance largely maintains the fund swap; however, it contains just \$5.0 million in special funds from the Teacher Development and Retention Program Fund, a decrease of \$1.0 million year over year, replaced by an equivalent amount of general funds to level fund the program at \$10 million.

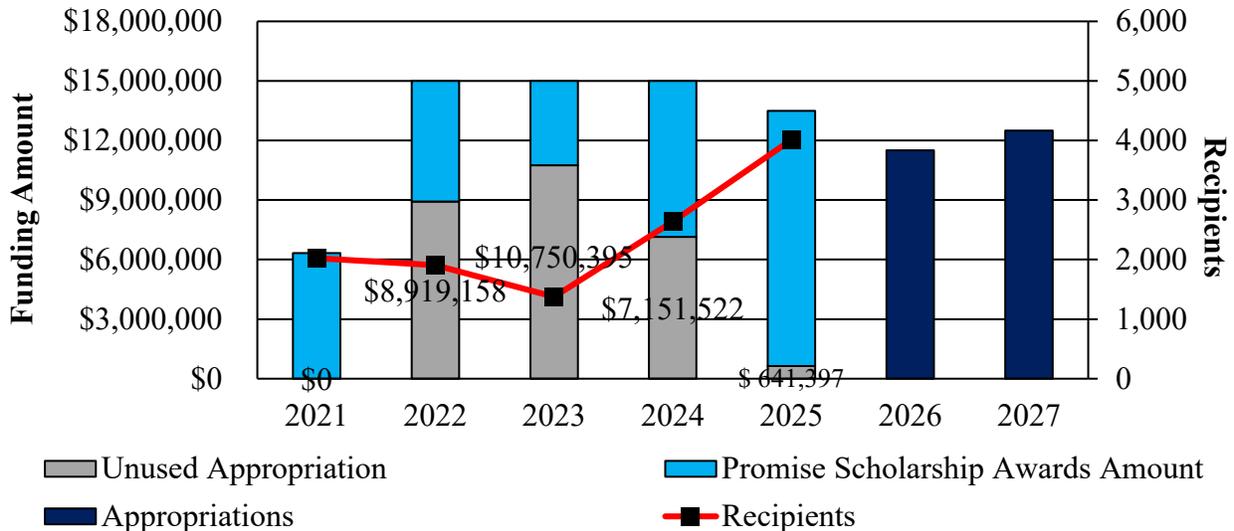
## Budget Reconciliation and Financing Act

### Community College Promise Scholarship

The Community College Promise Scholarship was established by Chapter 554 of 2018 and is a last dollar tuition assistance scholarship after the federal Pell Grant and State financial aid awards are calculated. Beginning in fiscal 2025, the awarding of this scholarship was decentralized from MHEC and was performed by the community colleges. The funding is allocated to the individual community colleges based on the percentage of Pell recipients at each college.

As shown in **Exhibit 19**, there was a significant amount of underspending from fiscal 2022 to 2024 totaling \$26.8 million, or 59.6%, of the total appropriation for those years; unspent funds are transferred to the NBSFAF. However, within these years, there was variation. In fiscal 2023, 71.7% of the appropriation was unspent (\$10.8 million). However, only 47.7% went unspent (\$7.2 million) in fiscal 2024 due to the number of recipients increasing by 91.8% (1,262). The fiscal 2026 Budget Bill reduced the fiscal 2025 appropriation by \$1.5 million, lowering it from \$15.0 million to \$13.5 million, and the BRFA of 2025 permanently lowered the mandate to that level. The number of recipients also increased in that year by 52.1% compared to the prior fiscal year. Data provided for fiscal 2025 in **Exhibit 19** show \$12.9 million of spending in fiscal 2025, while the data from MHEC in Exhibit 11 show \$10.4 million of Promise Scholarship awards for fiscal 2025. **The difference is material to understanding the implications of the proposed BRFA reduction. MHEC should explain which number is correct.**

**Exhibit 19**  
**Community College Promise Scholarship Usage**  
**Fiscal 2021-2027 Allowance**



Note: Fiscal 2026 accounts for a proposed deficiency and fiscal 2027 accounts for a contingent reduction.

Source: Governor’s Fiscal 2023-2027 Budget Books; Maryland Higher Education Commission

### *R62I0010 – MHEC – Student Financial Assistance*

The fiscal 2027 budget includes a proposed deficiency reducing the appropriation in fiscal 2026 by \$2.0 million, and the allocation of the reduction will be based on the share of Pell recipients at each institution. After accounting for the proposed deficiency, the total appropriation for fiscal 2026 would be \$11.5 million, \$1.4 million lower than the level of spending in fiscal 2025.

The BRFA of 2026 would permanently reduce the mandate to \$12.5 million, a decrease of \$1.0 million compared to the mandate as altered by the BRFA of 2025, and language in the fiscal 2027 Budget Bill would reduce funding for the program by \$1.0 million, contingent on this provision. **MHEC should comment on how much funding has been awarded thus far in fiscal 2026 for Promise Scholarships and when community colleges typically make these awards.**

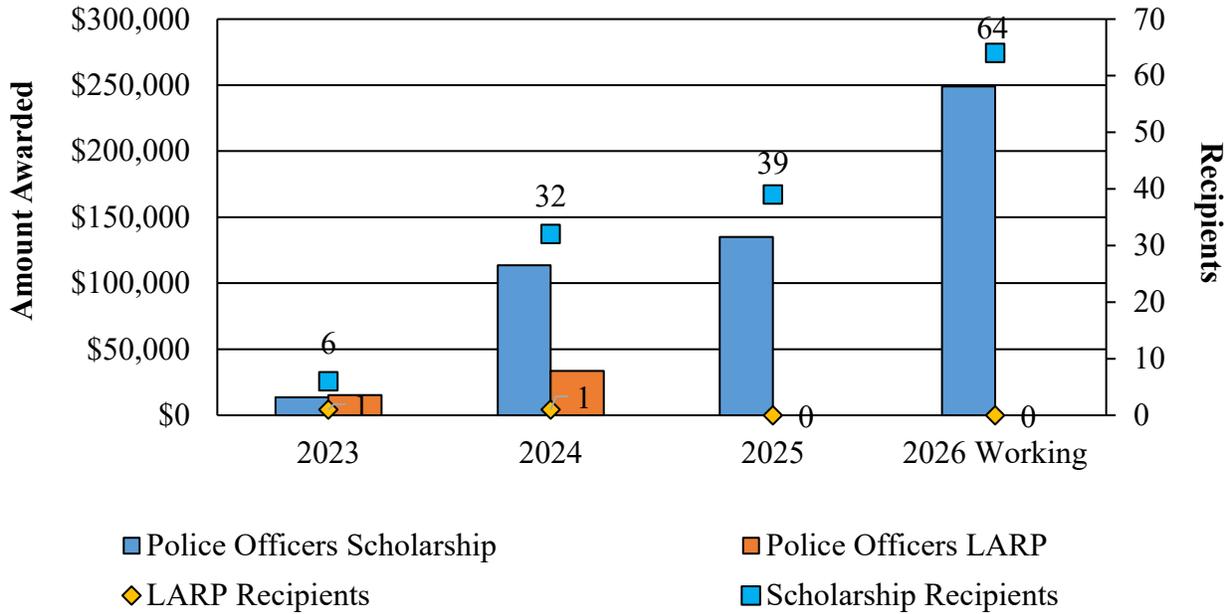
#### **Maryland Police Officers and Probation Agents Scholarship and LARP Programs**

Chapter 59 of 2021, the Maryland Police Accountability Act, established the Maryland Police Officers Scholarship Program and LARP for Police Officers. Chapter 100 of 2023 expanded the eligibility of both programs to include probation agents and renamed the programs to Maryland Police Officers and Probation Agents Scholarship and Maryland LARP for Police Officers and Probation Agents. The Maryland Police Officers and Probation Agents Scholarship program provides tuition assistance for students attending a degree program that would further the student's career in law enforcement at an eligible institution with the intent to be a police officer after graduating. LARP for Police Officers and Probation Agents is a loan repayment assistance program designed to assist in the repayment of a higher education loan owed by a police officer who satisfies certain criteria. Both programs first received funding in fiscal 2023.

In addition, Chapter 100 reallocated an overall mandated level of \$10 million between programs, specifically decreasing the mandate for the scholarship program from \$8.5 million to \$5 million and increasing the mandate for LARP from \$1.5 million to \$5 million beginning in fiscal 2024. For the scholarship program, Chapter 100 also required that of the \$5.0 million, \$2.5 million was to be distributed to students who intend to become police officers or probation agents, and \$2.5 million was for existing police officers or probation agents. Chapter 252 of 2024 expanded the eligible institutions to Maryland community colleges.

**Exhibit 20** shows the amount of funding awarded for each of the programs from fiscal 2023 to the 2026 working appropriation. Unused funding is transferred to the NBSFAF. There was only one recipient in each fiscal 2023 and 2024 for the LARP, resulting in awards of \$15,250 and \$35,510, respectively. Scholarship program recipients increased from 6 in fiscal 2023 to 39 in fiscal 2025 and 64 thus far in fiscal 2026. With the increase in recipients from fiscal 2025 to 2026, the amount of scholarship awards increased by 84.5% (\$114,070). MHEC reported that there were no recipients of the LARP program in fiscal 2025, but only \$0.3 million was transferred to the NBSFAF from that program. **MHEC should clarify why the full appropriation for the LARP for Police Officers and Probation Agents was not transferred to the NBSFAF if there were no recipients.**

**Exhibit 20**  
**Police Officers and Probation Agents Programs Award Data**  
**Fiscal 2023-2026 Working**



LARP: Loan Assistance Repayment Program

Source: Governor’s Fiscal 2025-2027 Budget Books; Maryland Higher Education Commission

In July 2024, the Board of Public Works reduced fiscal 2025 funding from \$5.0 million to \$3.875 million for the LARP and Scholarship. The BRFA of 2025 further reduced fiscal 2025 funding for each program by \$3.375 million to \$0.5 million for both programs. In addition, the BRFA of 2025 permanently set the mandates for both programs at \$2.0 million beginning in fiscal 2026. The BRFA of 2025 also eliminated the requirement that half of the scholarship funding be reserved for existing police officers. The BRFA of 2026 would permanently reduce the mandates for both programs from \$2 million to \$0.5 million, and language in the budget bill reduces the funding for each to that level contingent on this provision. After accounting for the contingent reductions, both programs are funded at \$500,000 in the fiscal 2027 allowance, which is above historical usage. At this level, funding for the LARP program would be \$400,000 higher than the fiscal 2026 appropriation after accounting for a proposed deficiency appropriation that would reduce the funding to \$100,000 in fiscal 2026. The Scholarship program would be level funded with fiscal 2026 after accounting for a proposed deficiency appropriation reducing funding to \$500,000.

## ***Issues***

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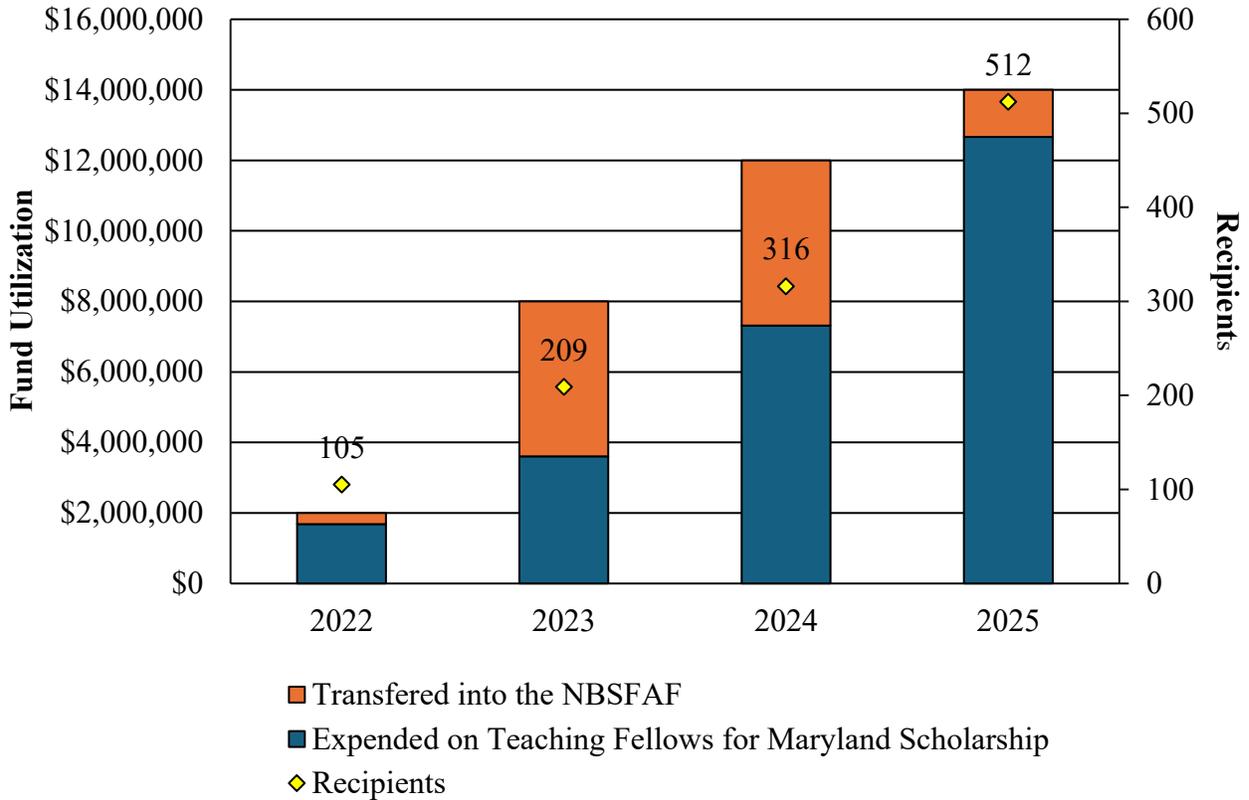
### **1. Scholarship and Grant Challenges**

#### **Teaching Fellows for Maryland Scholarship**

The Teaching Fellows for Maryland Scholarship covers 100% of tuition, fees, and room and board costs for students attending public higher education institutions, with the requirement that recipients work at a school in the State after graduation that has at least 50% of its students eligible for free or reduced-price meals. For private nonprofit institutions of higher education, the scholarship covers 100% of room and board costs and the lesser of (1) 100% of the tuition and fee costs for the University of Maryland, College Park Campus; or (2) 50% of the tuition and fee costs for the private nonprofit institution.

The scholarship began in fiscal 2022 and has been funded with special funds from the Blueprint Fund. The scholarship's mandated appropriation grew each year, going from \$2.0 million in fiscal 2022 to \$14.0 million in fiscal 2025. As shown in **Exhibit 21**, overall, 29.8% of the total appropriated funds were unused and transferred to the NBSFAF, but the majority of unused funds occurred in fiscal 2023 and 2024 when the mandate increased but the program was still ramping up. Fiscal 2025 (512 recipients) had significantly higher utilization than fiscal 2023 (209 recipients) or 2024 (316 recipients). The increase in recipients in fiscal 2025 led to less funding being transferred to the NBSFAF, \$1.3 million in fiscal 2025 compared to \$4.7 million in fiscal 2024.

**Exhibit 21**  
**Teaching Fellows Scholarship Usage**  
**Fiscal 2022-2025**



NBSFAF: Need-based Student Financial Assistance Fund

Source: Maryland Higher Education Commission; Governor’s Fiscal 2024-2027 Budget Books

The Teaching Fellows for Maryland Scholarship is awarded by individual institutions to students, frequently in April and May when students are accepted, and MHEC reimburses the institutions. For the 2025-2026 academic year, many students had already been notified of their Teaching Fellows for Maryland Scholarship amount when MHEC informed the institutions in July 2025 that students living off campus were no longer eligible to have their room and board covered under the scholarship. Following this guidance, some institutions reduced the awards for students who were living off campus, while others did not. Then, after the scholarship funds had already been removed for some students, MHEC partially reversed its decision in October 2025 and determined that off-campus students were eligible to have their housing costs covered but not board costs. The varying guidance provided by MHEC created disruptions to recipients of the scholarship. **MHEC should discuss the reason for the varying guidance on eligibility and**

**award amounts and how it will work to ensure that guidance is provided to institutions in advance of awarding scholarships moving forward.**

In addition, during the September 15, 2025, Segmental Advisory Council meeting, MHEC stated there were eight renewals for the Teaching Fellows for Maryland Scholarship who were ready to be awarded but were placed on the waitlist. Per 13B.08.22.08 of the Code of Maryland Regulations, priority shall be given to applicants who are renewing an award under this program. **MHEC should discuss why these eight eligible renewals were placed on the waitlist.**

## **GA Awards**

In September 2025, MHEC reported that 457 students were awarded a GA grant for the 2025-2026 academic year who may not have been eligible for it. The agency reported that this occurred due to an error by the vendor for MDCAPS. The vendor's software should have identified an error when the income field was left blank, but it instead misidentified this blank field as \$0, thus determining that these students were eligible when they should not have been able to proceed with submitting the form until the blank field was filled in. This issue also occurred for the 2024-2025 award cycle, and MHEC caught it before awards were made, but the agency failed to verify that it was not present again in awards for the 2025-2026 award cycle. After discovering the error, MHEC revoked the awards before the fall 2025 semester began but subsequently restored the funds. The agency reported that the maximum cost of this error will be \$6.2 million in fiscal 2026, and the actual cost will depend on these students (1) accepting the awards and (2) satisfying the credit requirements (they must register for at least 24 credits in their first year). MHEC reported there is sufficient funding within the EEA program to handle the maximum \$6.2 million cost in fiscal 2026 from this error. However, DLS notes that additional costs in the GA program, limit funding available to the EA program, as GA awards have priority.

In a separate incident, MHEC mistakenly denied 172 students for the GA grant who were actually eligible; however, MHEC has since remedied the error. These students account for \$2.3 million in GA funding, and MHEC reported there is sufficient funding in the EEA program for them as well. Together, these two GA grant errors sum to \$8.5 million in fiscal 2026. **DLS recommends restricting funds pending a report on the errors in the GA program and changes made to the Teaching Fellows for Maryland Scholarship program.**

## **2. Need-based Student Financial Assistance Fund**

The NBSFAF, a nonlapsing special fund, was created to receive unused scholarship funds at the close of each fiscal year, which are then reserved for future need-based and certain unique population awards. Funds from the NBSFAF can be appropriated in the annual State budget or by budget amendment, thereby creating a transparent process for OSFA within MHEC to encumber unexpended scholarship funds. Certain programs began having large amounts of unused appropriation transferred into the NBSFAF in fiscal 2022 with amounts increasing further in subsequent years. This has, in part, coincided with the creation of new programs that have been slow to roll out or have had lower than expected demand. As shown in **Exhibit 22**, this resulted in

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closing fund balances increasing substantially beginning in fiscal 2023. By fiscal 2024, the closing balance totaled \$65.7 million. Actions taken in the fiscal 2026 budget bill and the BRFA of 2025, as discussed earlier, reduced funding either one-time or permanently lowered mandated levels. In addition, the EEA program had an increase in awards of 69.2% (1,845) in fiscal 2025 compared to fiscal 2024. The increased utilization led to less funds being leftover to transfer into the NBSFAF.

**Exhibit 22**  
**Need-based Student Financial Assistance Fund**  
**Fiscal 2022-2027 Estimated**

|                              | <u>2022</u>         | <u>2023</u>         | <u>2024</u>         | <u>2025</u>         | <u>2026 Est.</u>    | <u>2027 Est.</u>    |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Opening Balance</b>       | <b>\$8,664,317</b>  | <b>\$13,012,641</b> | <b>\$38,332,417</b> | <b>\$65,748,859</b> | <b>\$34,538,661</b> | <b>\$18,813,909</b> |
| <b>Transfers In</b>          |                     |                     |                     |                     |                     |                     |
| Hoffman LARP                 | \$218,365           | \$499,532           | \$511,233           | \$2,322,860.33      | TBD                 |                     |
| 2+2 Transfer                 | 0                   | 1,938,000           | 1,930,000           | 1,648,500           | TBD                 |                     |
| Teaching Fellows             | 312,882             | 4,392,362           | 4,683,142           | 1,336,645           | TBD                 |                     |
| EEA                          | 113,231             | 5,110,389           | 14,455,330          | 1,046,525           | TBD                 |                     |
| Community College Promise    | 8,919,158           | 10,750,395          | 7,151,522           | 641,397             | TBD                 |                     |
| Cybersecurity Public Service | 25,468              | 602,735             | 622,282             | 446,395             | TBD                 |                     |
| Police Officers              | 0                   | 8,482,852           | 4,865,548           | 368,033             | TBD                 |                     |
| Police Officers LARP         | 0                   | 1,497,000           | 4,966,032           | 300,458             | TBD                 |                     |
| Graduate and Professional    | 266,460             | 466,809             | 852,005             | 100,200             | TBD                 |                     |
| Other Transfers              | 942,458             | 1,270,256           | 676,848             | 1,878,789           | TBD                 |                     |
| <b>Subtotal</b>              | <b>\$10,798,022</b> | <b>\$35,010,330</b> | <b>\$40,713,942</b> | <b>\$10,089,802</b> | <b>\$9,000,000</b>  |                     |
| <b>Transfers Out</b>         |                     |                     |                     |                     |                     |                     |
| 2+2 Transfer                 | \$259,000           | \$299,000           | \$300,000           | \$300,000           | \$300,000           |                     |
| Conroy & Cryor Memorial      | 1,100,000           | 3,500,000           | 0                   | 4,000,000           |                     |                     |
| EEA                          | 5,090,698           | 5,891,554           | 12,997,500          | 37,000,000          | 24,424,752          |                     |
| <b>Subtotal</b>              | <b>\$6,449,698</b>  | <b>\$9,690,554</b>  | <b>\$13,297,500</b> | <b>\$41,300,000</b> | <b>\$24,724,752</b> |                     |
| <b>Closing Balance</b>       | <b>\$13,012,641</b> | <b>\$38,332,417</b> | <b>\$65,748,859</b> | <b>\$34,538,661</b> | <b>\$18,813,909</b> |                     |

EEA: Educational Excellence Awards

TBD: to be determined

LARP: Loan Assistance Repayment Program

Source: Maryland Higher Education Commission

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While the fiscal 2026 closing balance for the NBSFAF will not be known until after the fiscal year concludes, it is unlikely that the balance will be sufficient to provide the level of special funds included in the fiscal 2027 allowance (\$34,238,660) for the EEA program. Considering that some programs had their funding reduced in fiscal 2026, three programs have their funding contingently reduced in the allowance, and other programs that previously transferred sizable balances to the NBSFAF are experiencing higher utilization (for example, the Promise Scholarship), DLS estimates about \$9.0 million will be transferred into the NBSFAF in fiscal 2026. Since the fiscal 2026 closing balance is equivalent to the fiscal 2027 opening balance, these estimates show an opening balance of \$18.8 million in fiscal 2027. In order for the NBSFAF to reach the level included in the allowance (\$34.2 million), \$15.4 million would need to be transferred into the fund, which seems unlikely based on recent program utilization trends, reduced mandated appropriations for certain programs, and contingent reductions in the allowance. **MHEC should discuss if the NBSFAF appropriation included in the allowance for the EEA program is realistic given how much would need to be transferred into the fund to reach that level.**

While eligibility for many financial aid programs is income-based, there are programs that do not use income to determine eligibility but are deposited into the NBSFAF currently. In fiscal 2025, these programs had a total of \$2,947,933 transferred to the NBSFAF:

- Maryland LARP for Foster Care Recipients (\$97,039);
- Veterans of the Afghanistan and Iraq Conflicts Scholarship (\$242,968);
- Cybersecurity Public Service Scholarship (\$446,395);
- Teaching Fellows for Maryland Scholarships (\$1,336,645);
- Richard W. Collins III Leadership with Honor Scholarship Program (\$101,273);
- Maryland LARP for Police Officers (\$300,458);
- Maryland Police Officers Scholarship Program (\$368,033); and
- Human Services Careers Scholarship (\$55,122).

The amount of unused funds vary year to year and may be lower in future years for some programs given lower mandated levels proposed in the BRFA. **However, to limit the accumulation of balance in the NBSFAF and provide additional revenue to the General Fund and the Blueprint Fund, DLS recommends sweeping unused appropriations for non-income-based financial assistance awards that are supported by the General Fund to the General Fund instead of the NBSFAF and sending unused funds from the Teaching Fellows**

**for Maryland Scholarship program back to the Blueprint Fund, which is the source of the initial appropriation.**

### **3. Audit Findings**

The Office of Legislative Audits (OLA) conducted a fiscal compliance audit of MHEC for the period beginning April 1, 2020, and ending November 30, 2023, which was released in March 2025. Three findings pertained to student financial assistance, two of which were repeat findings.

#### **Career-based Financial Aid with Service Obligations (Repeat Findings)**

MHEC awards certain career-based financial aid that requires fulfillment of a service obligation. Upon graduation, recipients are required to work in a designated field for a specified period of time. Recipients who do not fulfill their service obligation must repay their awards unless the obligation is forgiven (for example, due to an unforeseen disability). Eligible service employment is reported by the recipient to MHEC, which is confirmed with the employer using an employment verification notice. These requests and confirmations are repeated annually until the service obligation is fulfilled. Both of the repeat audit findings pertain to the service obligation for certain scholarships.

OLA found that MHEC did not always send required service questionnaires and employer verifications in a timely manner and did not place the recipients in repayment mode when responses were not received. The collection efforts for accounts in repayment status are generally not initiated by MHEC's accounting department until all required requests have been sent, and no response has been received. Among 10 tested recipients, OLA found that 7 had not responded to at least one request, and the initial or follow-up requests for 6 of them were sent between 31 and 391 days late. OLA reported that similar conditions have been found in the four audits preceding the latest one, dating back to calendar 2010, which MHEC attributed to staffing issues. In response to the audit, MHEC stated that a backlog of more than 1,000 cases dating back to fiscal 2020 led to compliance issues, and the backlog through fiscal 2023 has been cleared as of November 2024. The agency also stated it has increased the number of staff in its Service Obligation Unit to ensure compliance.

When recipients fail to provide documentation demonstrating that they are satisfying their service obligation, MHEC is supposed to post the amounts owed to its accounts receivable records and reconcile the amounts listed in its financial aid system (MDCAPS). OLA found this reconciliation was not done, which caused a lack of assurance that all amounts due had been recorded in MHEC's accounts receivable system and pursued for collection. OLA also determined that MHEC did not send dunning notices to recipients with delinquent accounts or forward delinquent accounts to the State's Central Collections Unit within the required timeframes. Similar conditions regarding the lack of independent review of adjustments to accounts receivables records and not reconciling the financial aid and accounts receivable systems were noted in the preceding audit report from June 2021, which MHEC attributed to high employee turnover.

## **Reconciliation of Financial Awards (New Finding)**

As of February 8, 2024, MHEC had not completed reconciliations of financial aid awards recorded in MDCAPS to awards recorded in the State’s accounting records since fiscal 2021. The Comptroller of Maryland’s *Accounting Policies and Procedures Manual* requires a monthly reconciliation of separate agency-based systems to the State’s accounting records. MHEC also attributed this to staffing issues and also reported that its reconciliation procedures had issues arise from institutional refunds owed from prior fiscal years being recouped by reducing payments in subsequent fiscal years, which created inconsistencies with reported disbursement totals in some fiscal years. MHEC reported that it has instituted new reconciliation procedures to avoid this starting with fiscal 2025. However, the agency stated that it is unable to match financial awards recorded in MDCAPS with the State’s accounting records prior to fiscal 2025.

**DLS recommends restricting funds pending a report on the status of changes implemented to correct the audit findings.**

## Operating Budget Recommended Actions

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1. Add the following language:

, provided that \$250,000 of this appropriation made for the purpose of administration may not be expended until the Maryland Higher Education Commission (MHEC) submits a report to the budget committees on the errors related to the Guaranteed Access (GA) grant and Teaching Fellows of Maryland Scholarship in the recent award cycle including:

- (1) an explanation for why students eligible for the GA grant were initially deemed ineligible;
- (2) a discussion of safeguards that will be implemented to prevent students with incomplete information from erroneously being awarded the GA grant;
- (3) a description of all internal controls in place to monitor the accurate awarding of scholarships and grants;
- (4) an explanation for the decision to deem off campus recipients of the Teaching Fellows of Maryland Scholarship to be ineligible to have room and board costs covered after students had already been awarded and subsequent partial reversal; and
- (5) a discussion of MHEC’s timeline for making changes in financial assistance awards policy to ensure these decisions are made and disseminated prior to the award period.

The report shall be submitted by July 15, 2026, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

**Explanation:** This action restricts funds pending submission of a report on the errors made in the GA grant awarding process and alterations of guidelines for the Teaching Fellows for Maryland Scholarship. Students who were eligible for the GA grant were initially deemed ineligible, and students with incomplete forms were erroneously given awards. Students residing off campus who were already awarded Teaching Fellows for Maryland Scholarships had some of their funding revoked after a change in guidance from MHEC.

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| <b>Information Request</b>   | <b>Author</b> | <b>Due Date</b> |
|--|---------------|-----------------|
| Report on the GA Grant and Teaching Fellows for Maryland Scholarship | MHEC          | July 15, 2026   |

2. Add the following language:

Further provided that \$100,000 of this appropriation made for the purpose of administration may not be expended until the Maryland Higher Education Commission submits a report to the budget committees pertaining to the March 2025 audit findings, including the number of:

- (1) cases that are in the backlog for the verification of career-based financial aid awards with service obligations as of June 1, 2026;
- (2) accounts that were referred to the Central Collections Unit in each fiscal year from fiscal 2021 to 2026; and
- (3) positions that were moved to the Service Obligation Unit after the audit.

The report shall be submitted by August 15, 2026, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

**Explanation:** This action restricts funds pending the submission of a report providing information pertaining to a finding in the fiscal compliance audit released in March 2025, which involves ensuring career-based financial aid programs with service obligations are tracked and enforced properly.

| <b>Information Request</b>        | <b>Author</b>                        | <b>Due Date</b> |
|-----------------------------------|--------------------------------------|-----------------|
| Actions to address audit findings | Maryland Higher Education Commission | August 15, 2026 |

3. Add the following language:

Further provided that \$50,000 of this appropriation made for the purpose of administration may not be expended until the Maryland Higher Education Commission submits a report to the budget committees on the Next generation Scholars (NGS) program, including:

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- (1) the number of NGS seniors for the 2024-2025, 2025-2026, and 2026-2027 academic years;
- (2) the number of NGS seniors who successfully met all of the eligibility requirements, and the number of eligible NGS seniors receiving a guaranteed access award; and
- (3) the number of seniors who later enrolled in a postsecondary institution of higher education in either the summer session or the fall semester and identify to which higher education segment those students enrolled.

The report shall be submitted by December 10, 2026, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

**Explanation:** The budget committees remain interested in determining how many NGS students met the eligibility requirements and later enrolled in a postsecondary institution. A similar report due December 1, 2025, for academic years 2024-2025 and 2025-2026 was requested in the 2025 *Joint Chairmen's Report* but was not submitted as of February 24, 2026.

| <b>Information Request</b>                               | <b>Author</b>                        | <b>Due Date</b>   |
|--|--------------------------------------|-------------------|
| Report on postsecondary outcomes for NGS senior students | Maryland Higher Education Commission | December 10, 2026 |

4. Add the following language:

Further provided that \$50,000 of this appropriation made for the purpose of administration may not be expended until the Maryland Higher Education Commission submits two reports. The first report shall submit the results of a review of the current process and timing for determining student financial assistance eligibility, including the dependency override process, for individuals in informal kinship care and examine options to make changes to the process so that eligibility is determined as the Free Application for Federal Student Aid forms are received. This report shall be completed in collaboration with the Financial Assistance Advisory Council and nonprofit organizations that participate in the Next Generation Scholars program. The second report shall identify communication initiatives for the Maryland Loan Assistance Repayment Program for Police Officers and Probation Agents and the Maryland Police Officers and Probation Agents Scholarship Program, including a targeted communication campaign to advertise these financial aid programs to current and aspiring police officers and probation agents within the State. The report shall provide information on how often the website was updated for each program;

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the number of high schools, colleges, police departments, and probation offices notified about each program; frequency of communication (in-person, phone calls, e-mails, and mail) with high schools, colleges, police departments, and probation offices about each program; and other communication efforts to reach potentially eligible recipients.

Each report shall be submitted by August 1, 2026, and the budget committees shall have 45 days from the date of the receipt of the second of the two reports submitted to review and comment. Funds restricted pending the receipt of the reports may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the reports are not submitted to the budget committees.

**Explanation:** This action restricts funds pending the submission of two reports, one regarding Guaranteed Access grants for individuals in informal kinship care and one pertaining to outreach efforts made to police officers and probation agents for programs available to them. Reports on both of these subjects were requested via committee narrative in the *2025 Joint Chairmen’s Report* but remain unsubmitted as of February 24, 2026.

| <b>Information Request</b> | <b>Author</b>                        | <b>Due Date</b> |
|----------------------------|--------------------------------------|-----------------|
| Submission of late reports | Maryland Higher Education Commission | August 1, 2026  |

5. Adopt the following narrative:

**Credit Requirements for Community College Students Receiving Educational Excellence Awards:** The committees request that the Maryland Higher Education Commission submit a report by November 1, 2026, that calculates the cost of reducing credit completion requirements during the second academic year for community college students to maintain eligibility for their Educational Excellence Awards grants based on the following standards:

- completing 24 or more credits to maintain the full award; and
- completing 18 or more but less than 24 credits to receive a prorated award.

The report should calculate the costs that would have occurred had the listed credit completion standards been in effect for fiscal years 2022 to 2025. The report should also discuss reasons why the rate of ineligibility among community college recipients has consistently exceeded the ineligibility rate for recipients at public and private four-year institutions.

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| <b>Information Request</b>                                    | <b>Author</b>                        | <b>Due Date</b>  |
|---|--------------------------------------|------------------|
| Credit completion requirements for community college students | Maryland Higher Education Commission | November 1, 2026 |

6. Adopt the following narrative:

**Impact of Credit Completion Requirement on Financial Aid Awards:** The committees remain interested in the impact that the 30-credit-hour requirement had on students in the 2025-2026 academic year and the 2026-2027 awarding year, specifically if students are meeting the requirement in order to receive the full amount of award, how many students had their awards prorated, and how many students lost eligibility. The report should also include the graduation rates of students who completed 30 credit hours compared to those who completed less than 30 credit hours. The report should provide summary data by segment (community colleges, four-year public, and independent institutions) and by institution. The report should identify the updated funding disbursement, by Educational Excellence Award (EEA) award type and by total credit attainment grouping, for the students from the most recent review cycle as well as what the total funding amount was, by EEA award type, prior to those students having their award funding amounts revised.

| <b>Information Request</b>                                       | <b>Author</b>                        | <b>Due Date</b>  |
|--|--------------------------------------|------------------|
| Impact of credit completion requirements on financial aid awards | Maryland Higher Education Commission | December 1, 2026 |

***Budget Reconciliation and Financing Act Recommended Actions***

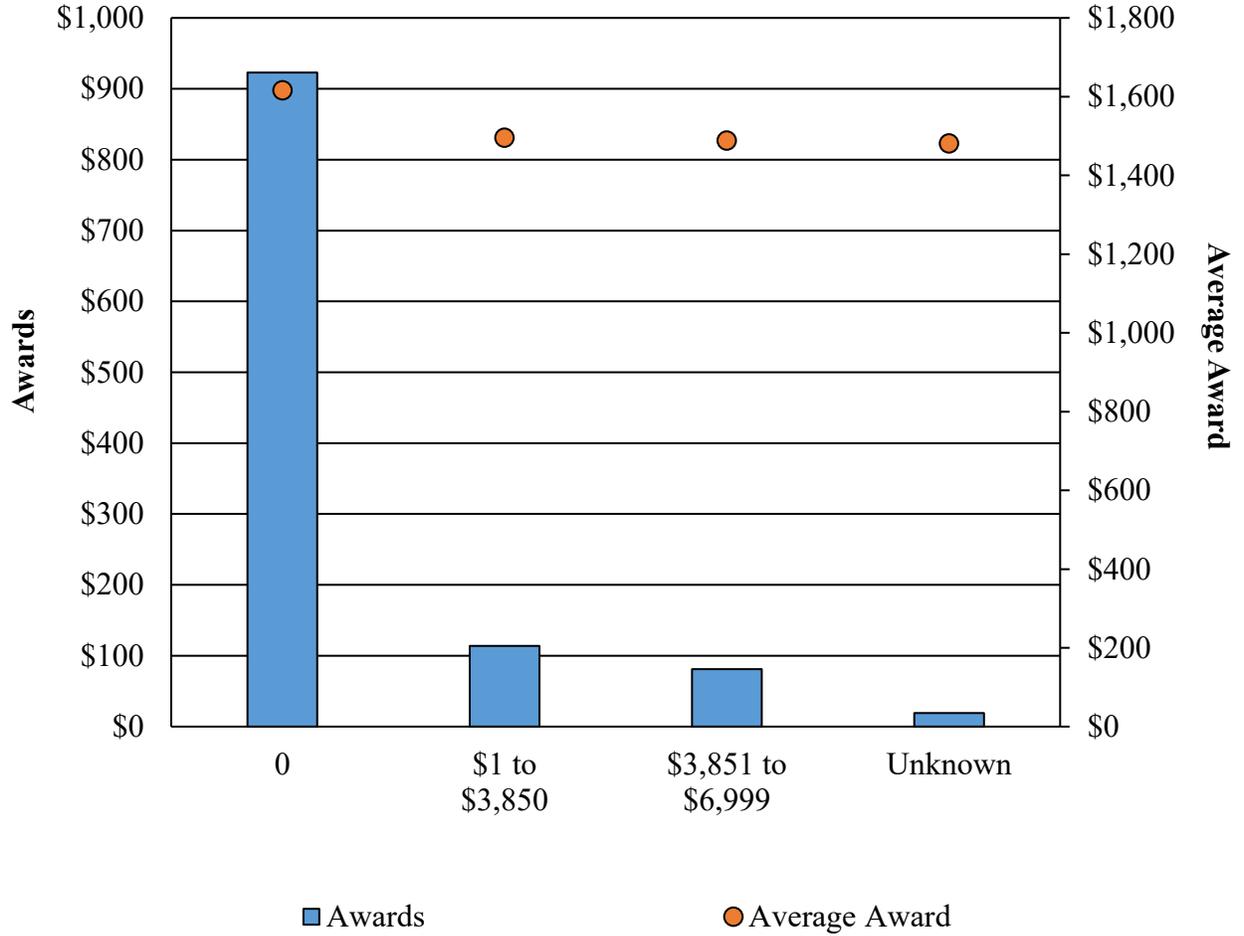
1. Sweep general fund supported unused appropriation for non-income based financial assistance to the General Fund instead of the Need-based Student Financial Assistance Fund.
2. Sweep special fund supported unused appropriation for the Teaching Fellows for Maryland Scholarship to the Blueprint for Maryland’s Future Fund instead of the Need-based Student Financial Assistance Fund.

## Appendix 1 2025 Joint Chairmen’s Report Responses from Agency

The 2025 JCR requested that MHEC prepare five reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

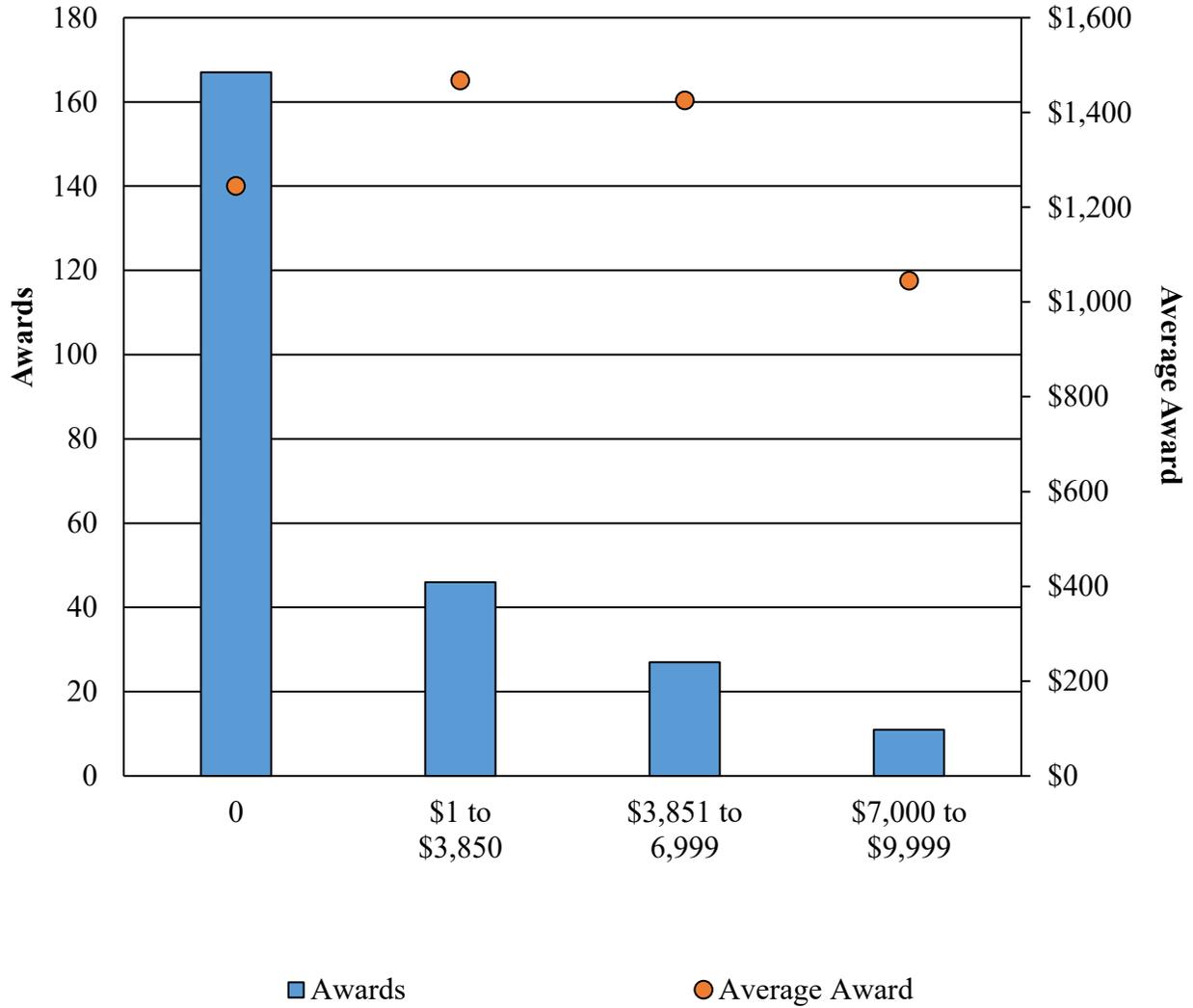
- ***Impact of Credit Completion Requirement on Financial Aid Awards:*** Committee narrative in the 2025 JCR requested a report due by December 12, 2025, on how credit completion requirements affect recipients of financial aid. The report was submitted on December 3, 2025, and further information can be found in the Performance Analysis portion of this analysis.
- ***EEA Program Details:*** Committee narrative in the 2025 JCR requested a report with information on EEA recipients in fiscal 2025. The report was due December 8, 2025, and was submitted on December 2, 2025. Further information can be found in the Performance Analysis portion of this analysis this analysis.
- ***Next Generation Scholars (NGS) Postsecondary Outcomes:*** Committee narrative in the 2025 JCR requested information on outcomes for participants in the NGS program. As of February 20, 2026, the report has not been submitted.
- ***Guaranteed Access Grant and Individuals in Informal Kinship Care:*** Committee narrative in the 2025 JCR requested information on barriers for individuals in informal kinship care receiving GA grants in a timely manner. As of February 20, 2026, the report has not been submitted.
- ***Outreach to Police Officers and Probation Agents:*** Committee narrative in the 2025 JCR requested information on MHEC’s outreach efforts to police officers and probation agents to spread awareness of the scholarship and LARP opportunities available to them. As of February 20, 2026, the report has not been submitted.

**Appendix 2**  
**Campus-based Educational Assistance Grants by Student Aid Index**  
**2024-2025 Academic Year**



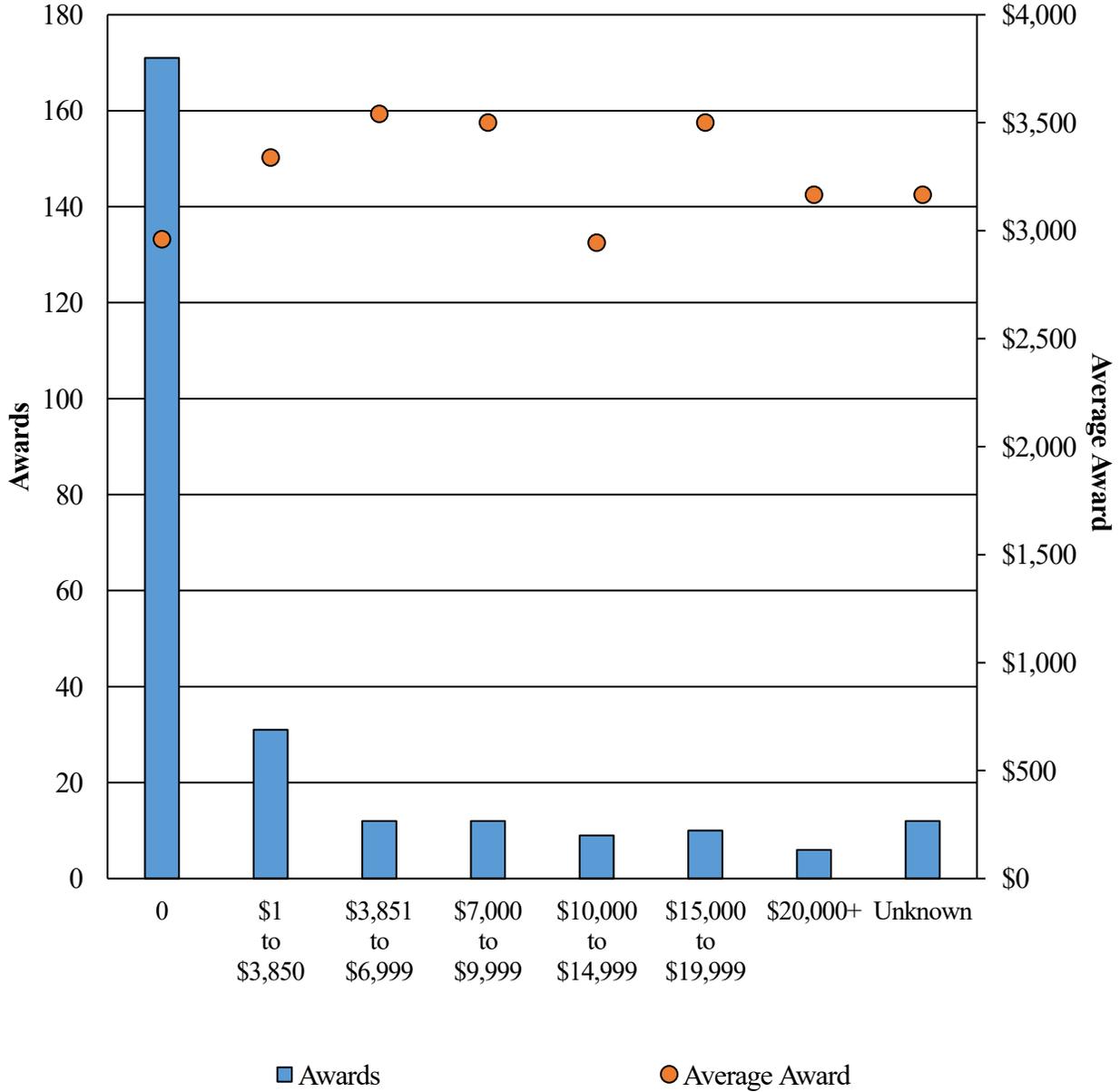
Source: Maryland Higher Education Commission

**Appendix 3**  
**2+2 Scholarship Awards by Student Aid Index**  
**2024-2025 Academic Year**



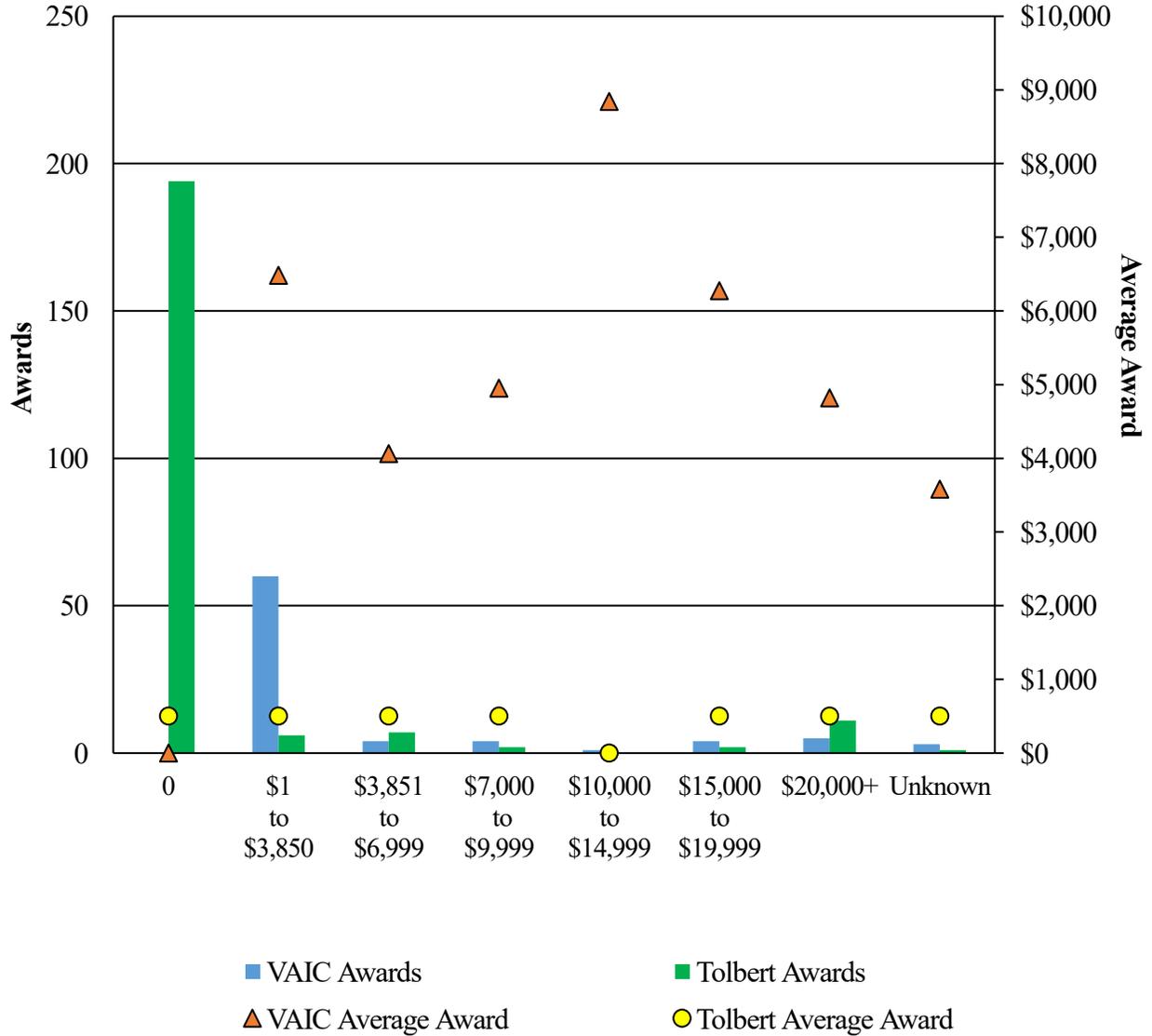
Source: Maryland Higher Education Commission

**Appendix 4**  
**Workforce Shortage Awards by Student Aid Index**  
**2024-2025 Academic Year**



Source: Maryland Higher Education Commission

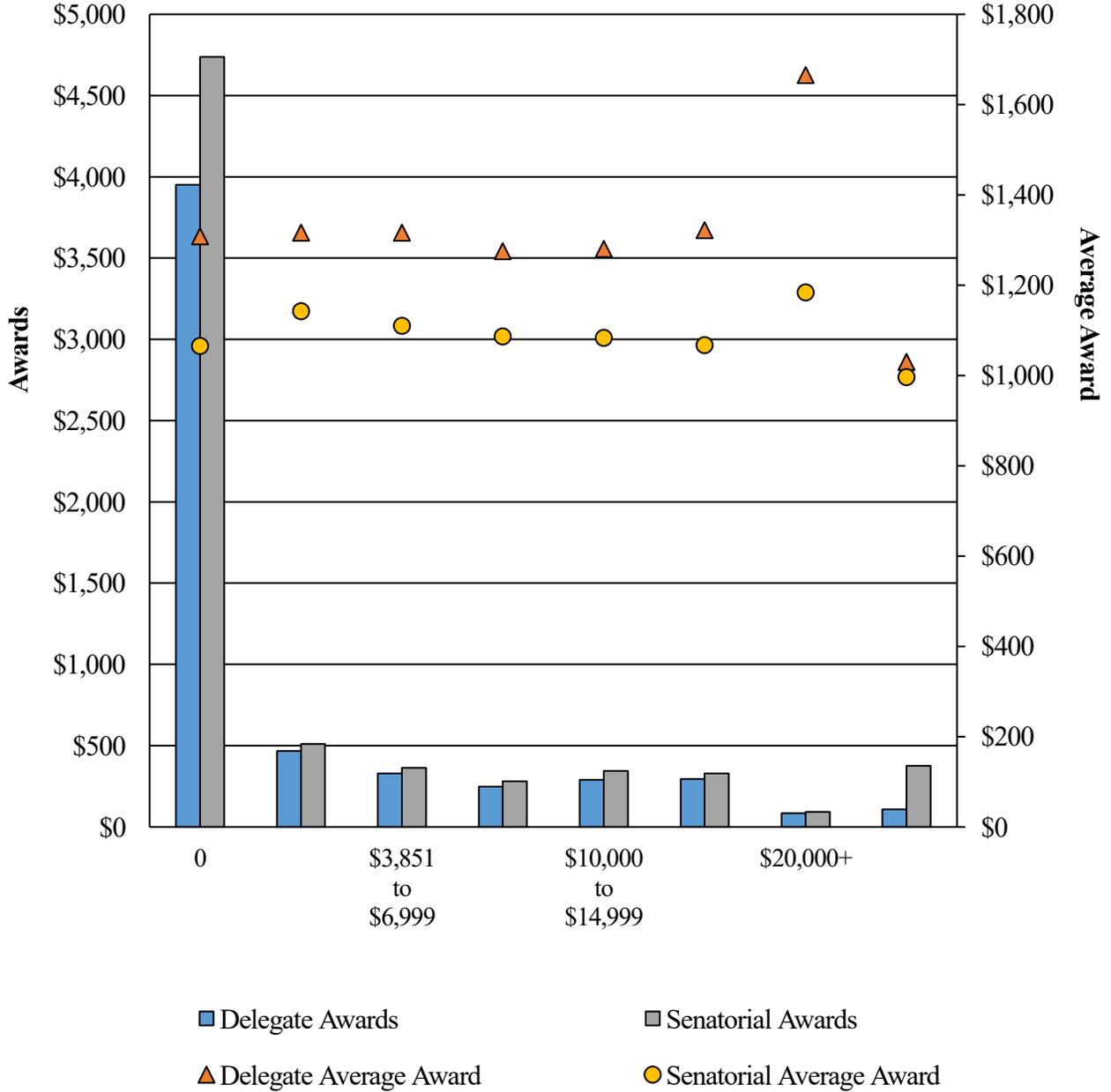
**Appendix 5**  
**Unique Populations Awards by Student Aid Index**  
**2024-2025 Academic Year**



VAIC: Veterans of Afghanistan and Iraq Conflicts

Source: Maryland Higher Education Commission

**Appendix 6**  
**Legislative Awards by Student Aid Index**  
**2024-2025 Academic Year**



Source: Maryland Higher Education Commission

**Appendix 7**  
**Object/Fund Difference Report**  
**Maryland Higher Education Commission - Student Financial Assistance**

| <u>Object/Fund</u>                      | <u>FY 25</u><br><u>Actual</u> | <u>FY 26</u><br><u>Wrk. Approp.</u> | <u>FY 27</u><br><u>Allowance</u> | <u>FY 26 - 27</u><br><u>\$ Change</u> | <u>% Change</u> |
|---|-------------------------------|-------------------------------------|----------------------------------|---------------------------------------|-----------------|
| <b>Objects</b>                          |                               |                                     |                                  |                                       |                 |
| 12 Grants, Subsidies, and Contributions | \$205,192,562                 | \$216,511,963                       | \$226,212,505                    | \$9,700,542                           | 4.5%            |
| <b>Total Objects</b>                    | <b>\$205,192,562</b>          | <b>\$216,511,963</b>                | <b>\$226,212,505</b>             | <b>\$9,700,542</b>                    | <b>4.5%</b>     |
| <b>Funds</b>                            |                               |                                     |                                  |                                       |                 |
| 01 General Funds                        | \$149,469,562                 | \$171,364,211                       | \$168,250,845                    | -\$3,113,366                          | -1.8%           |
| 03 Special Funds                        | 55,723,000                    | 45,147,752                          | 57,961,660                       | 12,813,908                            | 28.4%           |
| <b>Total Funds</b>                      | <b>\$205,192,562</b>          | <b>\$216,511,963</b>                | <b>\$226,212,505</b>             | <b>\$9,700,542</b>                    | <b>4.5%</b>     |

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.

**Appendix 8  
Fiscal Summary  
Maryland Higher Education Commission - Student Financial Assistance**

| <u>Program/Unit</u>  | <u>FY 25<br/>Actual</u> | <u>FY 26<br/>Wrk. Approp.</u> | <u>FY 27<br/>Allowance</u> | <u>FY 26 - 27</u>  |                 |
|--|-------------------------|-------------------------------|----------------------------|--------------------|-----------------|
|  |                         |                               |                            | <u>\$ Change</u>   | <u>% Change</u> |
| 09 2 + 2 Transfer Scholarship Program  | \$2,300,000             | \$2,300,000                   | \$2,300,000                | \$0                | 0.0%            |
| 10 Educational Excellence Awards   | 129,240,000             | 138,664,752                   | 138,664,752                | 0                  | 0.0%            |
| 12 Senatorial Scholarships   | 7,304,289               | 7,450,375                     | 7,599,382                  | 149,007            | 2.0%            |
| 14 Edward T. and Mary A. Conroy Memorial Scholarship and Jean B. Cryor<br>Memorial Scholarship Program | 11,000,000              | 7,000,000                     | 7,000,000                  | 0                  | 0.0%            |
| 15 Delegate Scholarships   | 7,428,167               | 7,576,730                     | 7,728,265                  | 151,535            | 2.0%            |
| 16 Charles W. Riley Firefighter and Ambulance and Rescue Squad Member<br>Scholarship                   | 358,000                 | 358,000                       | 358,000                    | 0                  | 0.0%            |
| 17 Graduate and Professional Scholarship Program   | 1,174,473               | 1,174,473                     | 1,174,473                  | 0                  | 0.0%            |
| 21 Jack F. Tolbert Memorial Student Grant Program  | 200,000                 | 200,000                       | 200,000                    | 0                  | 0.0%            |
| 26 Janet L. Hoffman Loan Assistance Repayment Program  | 4,120,000               | 4,120,000                     | 4,120,000                  | 0                  | 0.0%            |
| 27 Maryland Loan Assistance Repayment Program for Foster Care Recipients                               | 100,000                 | 100,000                       | 100,000                    | 0                  | 0.0%            |
| 33 Part-Time Grant Program   | 5,087,780               | 5,087,780                     | 5,087,780                  | 0                  | 0.0%            |
| 36 Workforce Shortage Student Assistance Grants  | 1,229,853               | 1,229,853                     | 1,229,853                  | 0                  | 0.0%            |
| 37 Veterans of the Afghanistan and Iraq Conflicts Scholarship  | 750,000                 | 750,000                       | 750,000                    | 0                  | 0.0%            |
| 45 Workforce Development Sequence Scholarships   | 1,000,000               | 1,000,000                     | 1,000,000                  | 0                  | 0.0%            |
| 46 Cybersecurity Public Service Scholarship  | 1,000,000               | 1,000,000                     | 1,000,000                  | 0                  | 0.0%            |
| 48 Maryland Community College Promise Scholarship Program  | 13,500,000              | 11,500,000                    | 13,500,000                 | 2,000,000          | 17.4%           |
| 49 Teaching Fellows for Maryland Scholarships  | 14,000,000              | 14,000,000                    | 18,000,000                 | 4,000,000          | 28.6%           |
| 51 Richard W. Collins III Leadership with Honor Scholarship Program                                    | 1,000,000               | 1,000,000                     | 1,000,000                  | 0                  | 0.0%            |
| 52 Maryland Loan Assistance Repayment Program for Police Officers                                      | 500,000                 | 100,000                       | 2,000,000                  | 1,900,000          | 1,900.0%        |
| 53 Maryland Police Officers Scholarship Program  | 500,000                 | 500,000                       | 2,000,000                  | 1,500,000          | 300.0%          |
| 55 James Proctor Scholarship Program   | 400,000                 | 400,000                       | 400,000                    | 0                  | 0.0%            |
| 56 Teacher Development and Retention Program   | 2,000,000               | 10,000,000                    | 10,000,000                 | 0                  | 0.0%            |
| 57 Human Services Careers Scholarship  | 1,000,000               | 1,000,000                     | 1,000,000                  | 0                  | 0.0%            |
| <b>Total Expenditures</b>  | <b>\$205,192,562</b>    | <b>\$216,511,963</b>          | <b>\$226,212,505</b>       | <b>\$9,700,542</b> | <b>4.5%</b>     |

| <u>Program/Unit</u>         | <u>FY 25<br/>Actual</u> | <u>FY 26<br/>Wrk. Approp.</u> | <u>FY 27<br/>Allowance</u> | <u>FY 26 - 27<br/>\$ Change</u> | <u>% Change</u> |
|-----------------------------|-------------------------|-------------------------------|----------------------------|---------------------------------|-----------------|
| General Funds               | \$149,469,562           | \$171,364,211                 | \$168,250,845              | -\$3,113,366                    | -1.8%           |
| Special Funds               | 55,723,000              | 45,147,752                    | 57,961,660                 | 12,813,908                      | 28.4%           |
| <b>Total Appropriations</b> | <b>\$205,192,562</b>    | <b>\$216,511,963</b>          | <b>\$226,212,505</b>       | <b>\$9,700,542</b>              | <b>4.5%</b>     |

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.