

**Maryland General Assembly
Department of Legislative Services**

**Proposed Regulations
Maryland Higher Education Commission
(DLS Control No. 18-287)**

Overview and Legal and Fiscal Impact

These regulations codify the Delegate Howard P. Rawlings Program of Educational Excellence Awards.

The regulations present no legal issues of concern.

There is no fiscal impact on State or local agencies.

Regulations of COMAR Affected

Maryland Higher Education Commission:

Financial Aid: Howard P. Rawlings Educational Excellence Awards:
COMAR 13B.08.10.01 through .16

Legal Analysis

Background

This is the initial regulatory implementation of the Delegate Howard P. Rawlings Program of Educational Excellence Awards. The program is designed to assist full-time undergraduate students who meet certain eligibility requirements and have a demonstrated financial need. The awards are administered by the Office of Student Financial Assistance in the Maryland Higher Education Commission. The program has existed in statute for several decades, and has been modified several times in recent years.

In general, the program consists of two types of awards, which have similar but different eligibility criteria. The Guaranteed Access grants (GA) are designed for the neediest students. Recipients of a GA scholarship receive an award equal to 100 % of their educational costs, albeit capped at the equivalent annual expense of the most expensive 4-year public institution within the University System of Maryland other than the University of Maryland University College and University of Maryland, Baltimore Campus. The Educational Assistance grants (EA) are awarded to low- and moderate-income students and intended to cover a portion of educational expenses, from \$400 to \$3,000. Statute requires that GA recipients have an annual family income below a poverty index set by the commission. EA recipients, alternatively, are required only to demonstrate a financial need to the office.

Chapter 33 of 2016 established the Next Generation Scholars of Maryland Program to help eligible students graduate from high school and to allow them to prequalify for the GA portion of the program. Chapters 689 and 690 of 2016 further amended the program to incentivize on-time completion of college by program recipients. Under Chapters 689 and 690, beginning in an award recipient's third year, full award amounts are only available for students who completed 30 credits in the preceding year. Award rates are prorated for students who completed between 24 and 30 credits in the preceding year, and awards are canceled for students who completed fewer than 24 credits during the preceding year. The program was further altered in 2018 by Chapters 388 and 389, which made the GA grants available to students who completed the GED and met certain other requirements, and Chapters 812 and 813, which expanded eligibility for the whole program to include certain students who are eligible for in-state tuition under the Education Article. All of these recent changes to the program are reflected in these regulations.

Summary of Regulations

The regulations implement the Delegate Howard P. Rawlings Program of Educational Excellence Awards by:

- establishing eligibility criteria for assistance under the program;
- establishing additional eligibility criteria for GA awards, including limiting total family income to 130% of the federal poverty level, or 150% if funding allows, and requiring certain academic performance levels in high school or on a GED;
- specifying criteria consistent with the Next Generation Scholars of Maryland Program that students in Grades 7 and 8 (and Grade 9 in academic years 2017–2018 and 2018–2019) must meet to prequalify for a GA grant;
- setting award amounts for EA and GA awards, including provisions for prorated awards beginning in the recipient's third year based on the number of credits completed in the previous academic year;
- allowing students to receive other State scholarships or grants in addition to awards under the program, but limiting the maximum combined amount to a level set by the office;
- providing for the use of GA or EA awards out of state under certain circumstances;
- establishing a formula to calculate applicants' adjusted financial need based on the cost of attendance, expected family contribution, regional cost of living adjustment, and certain grants;

- setting the EA award amounts as 40% of the student's adjusted financial need for students attending 4-year institutions and 60% of the adjusted financial need for students attending community colleges;
- providing for changes in award amounts as a result of errors on a FAFSA or alternative application that are corrected by a student after the deadline;
- requiring the Secretary of Higher Education to establish awarding priorities, based on estimated funding for the program and the amount needed to fully fund GA grants, that seek to award returning recipients as a first priority and to maintain the overall number of awards from year to year as a second priority;
- establishing a priority for initial awards, with qualified GA recipients receiving the first award dollars, followed by EA recipients selected on a statewide basis and ranked by expected family contribution and need;
- providing that recipients of awards must be notified by the office through the Maryland College Aid Processing System and must accept awards through that system;
- authorizing award renewals if recipients (1) continue to meet program requirements, including for GA recipients maintaining an annual total family income at or below 150% of the federal poverty level; and (2) make satisfactory academic progress according to federal regulations implementing Title IV of the Higher Education Act of 1965;
- providing for award cancellation in certain circumstances;
- providing for the disbursement of awards by the office to institutions that certify recipients by December 15 for the fall semester and May 15 for the spring semester;
- prohibiting institutions that fail to certify award recipients by the deadline one semester from certifying recipients for the following semester;
- establishing an annual verification procedure, performed by the office, to ensure that grant recipients are eligible for their awards, including verification of the eligibility of at least 25% of GA recipients each year;
- requiring institutions to verify specified application information for a percentage of new award recipients, including the award eligibility of certain students that were selected by the office after being flagged for federal verification;
- providing for late EA awards if funds become available, and establishing categories of priority for the late awards;

- establishing a procedure for appealing award eligibility decisions, including specifying the documentation needed, based on the reason for the appeal;
- providing for the adjustment of awards, subject to the availability of funds, in the case of successful appeals;
- stating that the office’s grant or denial of an appeal is final and not subject to further administrative or judicial review;
- establishing the documentation required to be submitted to the office by an institution that overrides a dependency determination for an award applicant; and
- requiring the commission to allocate funds to institutions of higher education for “campus-based awards”, based on the proportion of full-time Pell Grant eligible State residents enrolled in the institution, for students who were late in applying to the program or who otherwise have extenuating circumstances; providing for the amount and manner of making the awards; and requiring the institutions to submit certain periodic reports to the office.

Legal Issues

The regulations present no legal issues of concern.

Statutory Authority and Legislative Intent

The commission cites §§ 11–105(u), 18–204(c), and 18–301 through 18–309 of the Education Article as statutory authority for these regulations. Section 11–105(u) gives the commission the authority to adopt any rule or regulation necessary to carry out its powers and duties. Section 18–204(c) gives the office the authority to adopt any rule or regulation necessary to carry out its powers and duties. Sections 18–301 through 18–309 establish the Delegate Howard P. Rawlings Program of Educational Excellence Awards. Additionally, §§ 18–301, 18–307, and 18–309 explicitly allude to regulations adopted by the commission in implementing parts of the program.

This authority is correct and complete. The regulations comply with the legislative intent of the law.

Technical Corrections and Special Notes

In response to suggestions from the Department of Legislative Services, staff for the commission agrees to alter language in COMAR 13B.08.10.03E to clarify that prior to award year 2022–2023 (rather than calendar year 2022) a student must be under age 26 at the time of receiving a first GA award, and beginning with award year 2022–2023, a student must be under age 22 to qualify. The change is necessary to comply with Chapters 388 and 389 of 2018, which extended eligibility to students who have completed a GED, but required that, among other things, from

July 1, 2018, through June 30, 2022, the students be younger than age 26 at the time of receiving the first award and, from July 1, 2022, onward, the students be younger than age 22.

Fiscal Analysis

There is no fiscal impact on State or local agencies.

Agency Estimate of Projected Fiscal Impact

The commission advises that the regulations codify existing guidelines and practices (both written and unwritten) developed by the commission regarding the Delegate Howard P. Rawlings Program of Educational Excellence Awards and have no impact on State or local governments. The Department of Legislative Services concurs to the extent that the regulations do not modify current practice. Educational Excellence Awards have been the State's largest financial aid program for decades and has been modified significantly over the years.

Impact on Budget

There is no impact on the State operating or capital budget.

Agency Estimate of Projected Small Business Impact

The commission advises that the regulations have minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

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