

**Maryland General Assembly
Department of Legislative Services**

**Proposed Regulations
Maryland Higher Education Commission
(DLS Control No. 21-013)**

Overview and Legal and Fiscal Impact

The regulations alter application procedures, eligibility standards, and eligibility verification procedures for certain grants under the Delegate Howard P. Rawlings Educational Excellence Awards Program.

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.08.10.02, .03, .06, .08, and .10 - .15

Institutional Audit Requirements for Educational Excellence Awards:
COMAR 13B.08.19.04 and .06

Legal Analysis

Background

There are several different grants offered under the Howard P. Rawlings Educational Excellence Award Program. Both Guaranteed Access Grants (GA grant) and Educational Assistance Awards (EAA) are need based grants providing postsecondary financial assistance to in-state students. A GA grant provides 100 % of the student's financial need, up to \$19,400. An EAA is based on the Maryland Higher Education Commission Office of Student Financial Aid (OSFA) adjusted need of the student. The amount of an EEA for a student in a four-year institution is calculated as 40% of the OSFA adjusted need and the amount for a student in a two-year institution is calculated as 60% of the OSFA adjusted need, with a minimum grant of \$400 and a maximum grant of \$3000.

Chapter 485 of 2019 authorized certain institutions of higher education in the State to verify the eligibility of an applicant for a GA grant, and to administer the grant. It also required the institutions of higher education to verify certain applicant qualifications, evaluate certain income

eligibility, maintain certain records, and provide the commission with a certain audit as part of the verification and administration process.

Summary of Regulations

Definitions

The regulations replace references to “alternative application” with “Maryland State Financial Aid Application” (MSFAA) for a financial aid application for individuals who are eligible for in-State tuition but who are ineligible to complete the Free Application for Federal Student Aid (FAFSA).

Eligibility Requirements

The regulations adjust the eligibility provisions for an EEA or a GA grant. Among other requirements, applicants for either type of grant must annually file a FAFSA or MSFAA and supplemental information requested by OSFA or an institution by certain deadlines.

The regulations establish a prioritization scheme for selecting applicants to receive a GA grant according to whether the applicant is a renewal or initial applicant, and the date by which the applicant submits supplemental information to OSFA or the verifying institution. Additionally, a GA grant may be renewed if the recipient submits the required verification documents by a deadline established by OSFA.

A GA grant must be cancelled if a recipient of the GA grant fails to submit all requested supplemental information or documentation to OSFA or an institution by a certain deadline.

Eligibility Verification

If an applicant for an EEA or a GA grant files an MSFAA and is selected for verification, that application may be verified only by OSFA. The regulations alter the documents that an applicant must submit to OSFA for verification.

The regulations authorize certain institutions of higher education to verify the eligibility of a GA grant applicant who has filed a FAFSA and is admitted or has applied to that institution for the next academic year. The institutional verification is portable, as a student is not obligated to attend the verifying institution, and the amount of a GA grant award can be adjusted in accordance with the cost of attendance at an eligible institution.

An institution that elects to verify GA grant eligibility is required to evaluate an applicant’s income eligibility using the Title IV financial aid verification process, and must maintain all verification records for a period of five years after the end date of the award year associated with an applicant’s last award. The regulations also require a verifying institution to provide the commission with an audit of the institution’s verification process to assess the accuracy of award eligibility determination, compliance with the Title IV financial aid verification process, the

accuracy of the institution's reporting, and the institution's compliance with regulations related to verification.

OSFA is required to provide to participating institutions annually between October 1 and March 1 prior to the award year a list that identifies applicants who must submit certain supplemental information. An institution is required to verify an applicant's FAFSA completion dates, GED or high school performance, and, for an applicant selected for income verification, criteria required by the federal V1 standard Title IV financial aid verification and the number of people in the applicant's household.

An institution must establish a process to notify applicants if supplemental information is necessary for verification, and may collect the information with its own forms. The verification information must be submitted to OSFA by a certain deadline, and failure to meet the deadline may cause an applicant to become ineligible for the GA grant.

Late Awards

The regulations require OSFA, if funds are available, to make certain late awards of EEA and GA grants. Additionally, OSFA shall require an institution to verify the eligibility of an applicant before making an award if funds sufficient to issue late awards become available after commencement of the fall semester.

Appeals of Eligibility Decisions

The regulations authorize a GA grant applicant or recipient to appeal an eligibility determination on the grounds that, if demonstrated by evidence satisfactory to OSFA, the applicant did not begin college within one year of high school graduation or GED attainment, or the applicant did not complete the FAFSA or MSFAA by the March 1st deadline due to extenuating circumstances. A student who did not file the FAFSA or MSFAA by March 1st due to extenuating circumstances must submit to OSFA a letter explaining the circumstances that caused the student to miss the deadline.

Institutional Audit Requirements

The regulations provide that an audit for institutions that elect to verify GA grant applicant eligibility shall assess the requirements of the V1 standard Title IV financial aid verification process and the institution's compliance with the regulations related to verification by an institution. Finally, an institution that elects to verify GA grant applicant eligibility is required to pay overpayments of Educational Excellence Awards program funds arising from an institution's verification, regardless of what school the student attends.

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 et seq. of the Education Article as statutory authority for the regulations. Section 11–105(u) authorizes the commission to adopt any rule or regulation necessary to carry out its powers and duties. Section 18–204(c) authorizes OSFA to adopt any rule or regulation necessary to carry out its powers and duties, which include the administration of student financial assistance programs. Title 18, Subtitle 3 establishes the Delegate Howard P. Rawlings Educational Excellence Awards Program. The subtitle sets forth eligibility requirements for grant recipients, verification of applicants, award amounts, use, and duration, methods of grant award, and reciprocal scholarship agreements with other states.

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

Fiscal Analysis

There is no fiscal impact on State or local agencies.

Agency Estimate of Projected Fiscal Impact

With regards to the Delegate Howard P. Rawlings Educational Excellence Awards Program, the regulations replace references to an “alternate application” with the Maryland State Financial Aid Application, clarify the selection process for recipients, and add new appeals criteria for certain applicants. In addition, the regulations implement Chapter 485 of 2019 (House Bill 824), which authorized a public institution of higher education or a private nonprofit institution of higher education to verify eligibility of an applicant for and administer the Guaranteed Access grant under the Educational Excellence Award program. The fiscal and policy note for House Bill 824 assumed one-time contractual costs associated with updating the commission’s scholarship system. There are no additional costs associated with the regulations. As noted by the commission and the fiscal and policy note, institutions may elect to participate in the scholarship verification process, but it is not required. Thus, the Department of Legislative Services concurs that there is no fiscal impact.

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 regulation has minimal or no economic impact on small businesses in the State. The Department of Legislative Service concurs.

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