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**R62I0010**  
**Student Financial Assistance**  
**Fiscal 2019 Budget**

**Testimony of Dr. James D. Fielder, Jr., Secretary of Higher Education,  
to the House Appropriations Subcommittee on Education and Economic Development and the  
Senate Budget and Taxation Subcommittee on Education, Business and Administration**

**February 28 & March 1, 2018**

**Performance Analysis**

**1. The Secretary should comment on efforts to assist students and families, particularly low-income families, complete and file a FAFSA. – Pg. 9**

**MHEC Response:** In partnership with the U.S. Department of Education's goal to increase the overall number of low-income families who complete and file FAFSAs annually, the Office of Student Financial Assistance (OSFA) implemented the FAFSA Completion Initiative in the State of Maryland in 2016. This initiative allows participating high schools and local education agencies to obtain limited information about FAFSA completions for the purpose of assisting students and families in completing the FAFSA, and to resolve any problems that may arise. For over the past two years, OSFA has increased awareness and participation of the FAFSA Completion Initiative in the State, and to date 51 high schools/districts and local educational agencies are participating in the initiative. That number includes 11 school districts, 4 local educational agencies, and 31 individual high schools. Beginning in fiscal 2020, OSFA plans to develop an outreach program to further increase participation in the state among high schools and will begin by targeting non-participating high schools and local educational agencies in the surrounding Baltimore City and Baltimore County areas.

Also, the Office of External Relations has a campaign partnership with the Maryland State Department of Education (MSDE) in the Maryland College Application Campaign. During the past year, MHEC and MSDE have partnered with two local high schools in Anne Arundel County and Baltimore City to provide one-on-one FAFSA completions.

MHEC has also partnered with the Maryland Association of Student Financial Aid Administrators (Tri-State) to provide FAFSA training to Maryland's secondary school counselors and specialists to ensure that they were equipped with the recent updates and practices.

**2. The Secretary should comment on why award projections and the allowance continue to be understated and if the methodology to project total awards should be revised to provide a more accurate estimate of the cost for budgeting purposes. – Pg. 16**

For over the past few years the Office of Student Financial Assistance (OSFA) has used funding from the Need-based Student Financial Assistance Fund (NBSFAF) primarily in the 2+2 Transfer Scholarship, Edward T. Conroy Memorial Scholarship, and the Educational Excellence Awards (EEA) programs.

The 2+2 Transfer Scholarship Program has historically been funded completely by the NBSFAF, while under the Conroy Scholarship Program, the eligibility criteria had been expanded over the past few years and the resulting number of eligible recipients in the program exceeds what appropriated funds could support.

For the Educational Excellence Awards (EEA) Program, OSFA relies on data from the prior three years to project acceptance and cancellation rates during the awarding process. However, those rates can shift, and have shifted, if there is an increase in the program's acceptance rate or a decrease in the program's cancellation rates. That shift results in the OSFA assumptions for a specific year being greater or lower than the projected total awards.

Recent changes to the Guaranteed Access Grant program that allows OSFA to identify eligible recipients has caused OSFA to revisit the current methodology used to project total awards, as it will now have to include increases in the number of awards made. This review is necessary as the prior year trend data is no longer valid. Also, with the upcoming changes that will occur in the EEA program beginning in fiscal 2019, a new methodology will be applied to project full award amounts and prorated award amounts.

It is important to note that in fiscal 2019, the 2+2 Transfer Scholarship Program is budgeted for a general fund allowance for the first time and the allowance for the Conroy Scholarship Program is higher than in the past few years. These projected allowances in fiscal 2019 will allow OSFA greatly reduce, if not completely eliminate, its reliance on the NBSFAF for these programs and total awards in each program will align with the program funding levels.

## **Issues**

**1. The Secretary should comment on whether the amount awarded for the campus-based grants is sufficient, and whether MHEC will transfer any NBSFAF to increase the funding. – Pg. 24**

**MHEC Response:** The Campus-Based Educational Assistance Grant (CB-EAG) is used to administer awards to students that have demonstrated need and completed the FAFSA

after the March 1 deadline. The annual appropriation for the program is \$2 million and approximately 1,050 awards were made in fiscal 2017.

OSFA will continue to prioritize the transfer of funding from the NBSFAF to the EEA program for on-time FAFSA filers. With more than 17,000 on-time FAFSA filers on the EA waitlist annually, any available funding in the NBSFAF will be applied to those students first.

Moreover, OSFA will continue to increase outreach efforts to further promote the importance of completing the FAFSA on-time, as well as to monitor the number of late FAFSA filers and as necessary re-examine the need to adjust funding levels in the program.

- 2. The Secretary should comment on how MHEC has made students and institutions aware of the new award policy. DLS recommends that MHEC submit a report on the impact of the 30-credit completion requirement. – Pg. 25**

**MHEC Response:** OSFA began notifying students and institutions of the new EEA renewal requirements in summer 2017.

OSFA has done the following to date:

- Created the “Fast Track to Finish” outreach campaign to promote the changes in the program and the importance of on-time completion;
- Provided “Fast Track to Finish” posters to the institutions to advertise and give notice to their students on their campuses;
- Created a webpage on the MHEC website;
- Posted regularly timed social media messages concerning the upcoming changes;
- Met with the MHEC Student Advisory Council to discuss the upcoming changes;
- Sends monthly correspondence through the Maryland College Aid Processing System (MDCAPS) and text messages to current and prospective EEA recipients reminding them of the upcoming changes;
- Conducted a listening session with the Financial Aid Directors from Maryland’s various institutions;
- Communicated the upcoming changes to the EEA program while conducting outreach events across the State;
- Will conduct a webinar for students and institutions in March; and
- Created an online calculator tool that current or prospective EEA students can use to determine their award amount based on the number of credits they completed and or anticipate completing. The online calculator tool will be available in mid-March

## Recommended Actions

### 1. Adopt the following narrative:

**Report on Impact of Credit Completion Requirement on Financial Aid Awards:** The College Affordability Act encourages students receiving aid through the Educational Excellence Award (EEA) program to stay on track to graduate on time. The EEA is comprised of three grant programs: Guaranteed Access Grant, Educational Assistance Grant, and Campus-based Educational Assistance Grant. Beginning in academic year 2018-2019 and in a student's third academic year, students receiving an EEA award must successfully complete 30 credit hours in the prior academic year in order to receive the full award amount. Students who completed at least 24 hours but less than 30 hours will have their awards prorated, and those who do not complete at least 24 credit hours lose their award. The budget committees are interested in the impact the new 30-credit-hour requirement had on students in the 2018-2019 academic year, particularly if students are meeting the requirement in order to receive the full amount of award, how many had their awards prorated, and those who lost eligibility. The report should provide summary data by segment (community colleges, four-year public and independent institutions) and by institution. The report is due by December 15, 2018.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on impact of credit requirement on financial aid awards	Maryland Higher Education Commission	December 15, 2018

**MHEC concurs with the recommended action.**

### 2. Adopt the following narrative:

**Report on the Budget for Educational Excellence Awards:** In order to more easily track the actual and planned expenditures of the three grants that comprise the Educational Excellence Awards – Guaranteed Access Grants, Educational Assistance Grants, and Campus-based Grants – the Maryland Higher Education Commission should submit with the fiscal 2020 budget the fiscal 2018 actual, fiscal 2019 working appropriation, and fiscal 2020 allowance for each grants program in R62I00.10 Educational Excellence Awards.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on the budget for Educational Excellence Awards	Maryland Higher Education Commission	With the fiscal 2020 budget

**MHEC concurs with the recommended action.**