



MHEC
Creating a state of achievement

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 Secretary

R62I0010
Student Financial Assistance
Fiscal 2021 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 19 & 24, 2020

pgs. 2 & 26. Operating Budget Recommended Actions

	<u>Amount Reduction</u>
1. Reduce funding for the Maryland Community College Promise Scholarship Program. Based on the number of awards and amount of total awards made in the 2019-2020 academic year, the full \$15.0 million in funding will not be needed. This reduction still leaves \$8.0 million to fund new awards and renewals.	\$ 7,000,000 GF
Total General Fund Reductions	\$ 7,000,000

MHEC response: MHEC concurs with the Governor’s Allowance.

Budget Reconciliation and Financing Act Recommended Actions

1. Reduce the fiscal 2020 appropriation for the Maryland Community College Promise Scholarship Program by \$3,000,000 above the planned reversion level.

MHEC response: MHEC concurs with the fiscal 2020 appropriation.

Overview of Agency Spending

pg. 18 The Secretary should comment on what constitutes an adequate level of fund balance in the NBSFAF and plans to achieve that level.

MHEC response: MHEC has determined that an adequate level of funds balance for the NBSFAF annually should be \$2 million.

MHEC's FY 2021 Allowance includes a \$5,994,150 (EEA and 2 Plus 2) transfer from the NBSFAF. MHEC's targeted fund balance for the NBSFAF is \$2,000,000. Given the average annual transfer in over the last 5 years, MHEC expects to meet the targeted fund balance

Issues

pg. 23. MHEC should comment on the strategies that it will employ to further raise awareness of the program in fiscal 2021.

MHEC has already taken steps to increase awareness for the MD Community College Promise Scholarship. As of October 2019, the MHEC website was updated to include information on the 2020-2021 application cycle for individuals to be aware of the eligibility requirements for the program. Also, beginning with the 2020-2021 application cycle, students identified as eligible for the Promise program no longer have to submit documentation of income as the adjusted gross income that they report on the FAFSA or MSFAA will suffice, thus streamlining the application process for potential recipients.

MHEC continues to do the following to increase awareness:

- Implementation of the GPA Upload tool which is available to all high school staff beginning with the 2020-2021 application cycle for the Promise scholarship for high schools to report applicants' cumulative unweighted GPAs as of the end of their first semester for any student who MHEC has identified as eligible;
- Sent notices through the MDCAPS system to potential scholarship recipients during the application cycle (October 1 through March 1) to ensure we are communicating with potentially eligible applicants throughout the process;
- Current recipients of the Promise scholarship were also sent notifications reminding them to complete their FAFSAs by March 1 to remain eligible;
- Partnered with six community colleges to conduct MHEC's second annual Document Outreach Event for any students identified by MHEC as eligible for the Promise program to submit their required documentation in person. The first event will be held at Harford Community College on February 27, 2020 from 4-8:00 p.m.;
- Created one-pagers to advertise the Promise scholarship that was shared with high schools, institutions, and non-profit organizations;
- Utilization of social media to advertise the October 1 application available for FAFSA and MSFAA, through the Maryland March 1 deadline;

- Continued to collaborate with the MACC Financial Aid Officers Affinity Group, the Maryland College Application Campaign, and the Maryland State Department of Education (MSDE) to ensure all updates to the Promise Scholarship are sent to public high schools, non-profits, homeschooled students, and vocational path students;
- Continue to work with the High School Counselor Association to send ongoing notifications;
- Continue sending notifications to legislators, community college presidents, and community college financial aid officers; and
- MHEC will continue promoting the application at its 112 statewide events planned to date.

MHEC response:

pg. 25. The Secretary should comment on the report recommendations, the failure to consider many of the issues identified in Chapter 485, and potential impacts on institutions and students.

MHEC response: The Financial Assistance Advisory Council (FAAC) within MHEC studied the financial aid verification process, considered issues related to the dissemination of information to applicants, limited inconsistencies and duplication of efforts in the application process and the prioritization of awards to make recommendations, as required under Chapter 485 of 2019. FAAC presented its report to MHEC at its December 2019 meeting that included five recommendations.

FAAC’s final recommendations to the Commission for the Guaranteed Access (GA) Grant program ultimately reduces the number of applicants selected by MHEC for the verification of income, and transition to the verification process to be completed by the institutions. As noted in the analysis MHEC previously selected 100 percent of initial applicants for the verification process, whereby MHEC required all initial applicants to perform documentation of their income to verify they meet the income requirements for the program. The recommendations by FAAC would reduce the number of initial applicants selected for verification by 50 percent. However, beginning with the 2020-2021 application cycle, MHEC will only select 60 percent of the GA initial applicants for verification, which is 10 percent (50) higher than the number of initial applicants selected for the federal verification process. MHEC made the decision to reduce the number of initial applicants that will be selected for the verification process in September 2019, and communicated the change to FAAC during the discussion of Chapter 485 of the 2019 Laws of Maryland.

Also, FAAC’s recommendations included the elimination of the college preparatory requirement for initial applicants, due to the fact that this requirement is outdated. Although this requirement is no longer relevant, the law requires that an applicant complete a college preparatory program while enrolled in high school. Therefore, to further streamline the application process, MHEC defined in regulations that a college preparatory requirement “*means any program of students*

leading to the award of a Maryland high school diploma". This definition no longer requires applicants to provide documentation of the college preparatory requirement.

Although the recommendations from FAAC did not specifically study the verification process, limiting inconsistencies, and duplication of efforts in the application as specified in statute. The Council's recommendations to allow the institutions to solely verify the eligibility for any student who is identified as potentially eligible for the GA Grant by MHEC would resolve inconsistencies, duplication of efforts, and streamline the verification to one entity (MHEC or the institutions). The council's recommendations require the institutions to review and determine the eligibility for any students who files a FAFSA, and if that student is selected for the federal verification process, the institution will verify that the student meets the income requirements in accordance with federal standards, while MHEC will solely review applicants who complete a Maryland State Financial Aid Application (MSFAA).

Moreover, under FAAC's recommendation, institutions will now be responsible for creating a process to collect the students' GPA or GED information for final verification that the applicants are eligible and for notifying MHEC that they have completed verification for the applicants. Beginning with the 2020-2021 application cycle, MHEC has implemented the GPA Upload tool, which is an online tool that allows high school staff to report a student's cumulative unweighted GPA directly into MDCAPS for consideration of the GA Grant. This tool removes the requirement that the applicant mail the transcript to MHEC for further consideration of the GA Grant, and further streamlines the application process.