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Principal Counsel
Kimberly Smith Ward

R62I0010
Student Financial Assistance
Maryland Higher Education Commission
Fiscal Year 2026 Budget Testimony

Education and Economic Development Subcommittee – Budget Hearing

1:00 PM – House Office Building, Room 120, Annapolis, MD
Delegate Stephanie Smith, Chair

February 12, 2025

1:00 PM

Education, Business and Administration Subcommittee – Budget Hearing

1:00 PM – Senate Office Building, 3 West, Annapolis, MD

Senator Nancy King, Chair

February 13, 2025

1:00 PM

Pg. 21 MHEC should provide information on the awards to date and for additional awards if any funds remain.

MHEC Response: The Hoffman LARP program for the 2024-2025 award year (i.e. FY 2025) remains open and MHEC is still accepting applications. Currently, MHEC has received 316 applications of which only 16 applicants qualified for the program for a total of \$58,500. The Maryland Dental Care (MDC) LARP program has a total of 20 applicants, MHEC anticipates that \$1M will be awarded to MDC-LARP applicants based on award amounts identified in statute. MHEC is still in the process of accepting and reviewing applications for the 2024-2025 award year, the application will remain open until March 21, 2025.

Pg. 24 MHEC should comment on what communication measures it has taken to connect with police officers and probation agents about pursuing these programs.

MHEC Response: In November 2023, MHEC held a meeting with the Governor’s Office to discuss outreach with Maryland FOP, Department of Corrections, Maryland State Police and Natural Resource Police.

Subsequently, a follow up meeting was held with police agencies in an effort to expand outreach and education about the availability of police and probation agent scholarship funding. Additionally, in December 2024 when the new regulations changed MHEC updated its website and sent a GovDelivery notice to over 120,000 stakeholders and posted on social media via LinkedIn, Facebook, and X formerly known as Twitter. Also MHEC has continuously promoted the police and probation agent scholarship in community outreach events under “Workforce Grants”, which is included in the financial aid PowerPoint presentation that has been shared at over 30 events the last year, hosting 5,000 participants. Also MHEC has promoted through GovDelivery and social media police recruitment events in partnership with law enforcement agencies, such as the October 2024 National Association of Women Law Enforcement Executives Recruitment Fair with over ten (10) federal agencies.

Pg. 28 MHEC should discuss why these funds were not reverted to the General Fund as required.

MHEC Response: Following DBM's instructions during the FY2024 closeout, MHEC transferred the unspent general fund balance from the Janet Hoffman LARP Program to NBSFAF. However, according to the legislative language for program R62I0026, the unspent balance must be returned. A request was submitted to the General Accounting Division (GAD) to process the entry for reversing the \$5 million moved to NBSFAF during the FY2024 closeout. However, GAD was unable to process the reversal due to the closure of the FY 2024 year. Therefore, the \$5 million from the NBSFAF fund will be reverted back to the general fund in FY 2025.

Pg. 28 MHEC should comment on the potential for surveying the applicants on the scholarship process, including the financial aid portal, reasons for declining scholarships, and reasons for neither accepting nor declining awards.

MHEC Response: MHEC will work with MDCAPS vendor to identify opportunities to survey applicants when they decline an award as well as institutions when they cancel an award. Additionally, MHEC will investigate a survey strategy for when applicants take no action, neither accepting or decline awards. MHEC will also research obtaining access to the Clearinghouse in efforts to determine which awardees choose to attend an institution out of state.

Pg. 29 The Department of Legislative Services (DLS) recommends reducing \$5 million in general funds in each fiscal 2025 and 2026 from the Community College Promise Scholarship due to the consistent underspending of the program. DLS also recommends adding a provision to the BRFA to reduce the mandated funding level for the program from \$15.0 million to \$10.0 million.

MHEC Response: MHEC respectfully opposes the recommendation and suggests that any reduction in funds be postponed for 2 years. The Maryland Community College Promise Scholarship transitioned to a decentralized program in fiscal 2025. Maryland Community Colleges have assured that the funding will be spent. Additionally, there is a major campaign regarding the use of funds for apprenticeships, MHEC suggest delaying the reduction of funds to identify expenditures based on recent legislative changes and campaigns. For fiscal 2025, the community colleges have reported that they have already awarded approximately \$9M of the \$15M allocated and are continuing to award funds.

Pg. 31 DLS recommends reducing \$4 million in special funds in each fiscal 2025 and 2026 for the Teaching Fellows for Maryland Scholarship due to the underspending of the appropriation in the last two years.

MHEC Response: MHEC acknowledges the recommendation. Currently for fiscal 2025 MHEC has awarded close to \$12M in the Teaching Fellows for Maryland Scholarship to 509 students. The reduction will leave enough remaining funds for program to still grow.

Pg. 32 MHEC should comment on their communication efforts to notify community college students of this scholarship program.

MHEC Response: MHEC continues to promote the 2+2 Transfer Scholarship during outreach events both in person and online where the financial aid PowerPoint presentation has been shared at over 30 events the last year, hosting 5,000 participants. MHEC understands the crucial role 2 + 2 Scholarships play in expanding access to education and fostering economic mobility. The 2 + 2 pathway makes higher education more accessible to students who otherwise may not seek a degree. MHEC will redouble efforts and work more closely with the Maryland Association of Community Colleges to identify key financial aid opportunities at community colleges across Maryland to increase promotion of this scholarship.

Pg. 33 MHEC should comment on when the agency anticipates submitting the report.

MHEC Response: MHEC submitted the report via email on January 9, 2025. MHEC will mail five (5) printed reports to DLS by Wednesday, February 12, 2025.

Pg. 36 DLS recommends releasing the \$100,000 in general funds that were withheld pending submission of this report and will process a letter to that effect if no objections are raised in the hearings.

MHEC Response: MHEC concurs with this recommendation.

Pg. 36 MHEC should comment on when the agency anticipates submitting the report.

MHEC Response The report was submitted on December 4, 2024.

Operating Budget Recommendations

1. Add the following language

\$5,000,000 in general funds is reduced from the fiscal 2025 appropriation for program R62I00.48 Maryland Community College Promise Scholarship Program within the Maryland Higher Education Commission that was made for the purpose of the Maryland Community College Promise Scholarship Program.

Explanation: Reduce general funds within the Maryland Community College Promise Scholarship Program due to lower projected expenditures. The Maryland Higher Education Commission (MHEC) has consistently underspent the appropriation in the last three years. In fiscal 2024, MHEC awarded less than the appropriation by approximately \$7.2 million. MHEC also awarded less than the appropriation in fiscal 2022 and 2023 by \$8.9 million and \$10.8 million, respectively.

MHEC Response: MHEC respectfully opposes the recommendation and suggests that any reduction in funds be postponed for 2 years. The Maryland Community College Promise Scholarship transitioned to a decentralized program in fiscal 2025. Maryland Community Colleges have assured that the funding will be spent. Additionally, there is a major campaign regarding the use of funds for apprenticeships, MHEC suggest delaying the reduction of funds to identify expenditures based on recent legislative changes and campaigns. For fiscal 2025, the community colleges have reported that they have already awarded approximately \$9M of the \$15M allocated and are continuing to award funds.

2. Add the following language:

\$4,000,000 in special funds is reduced from the fiscal 2025 appropriation for program R62I00.49 Teaching Fellows for Maryland Scholarship Program within the Maryland Higher Education Commission that was made for the purpose of the Teaching Fellows for Maryland Scholarship Program.

Explanation: Reduce special funds within the Teaching Fellows for Maryland Scholarship Program due to lower projected expenditures. The Maryland Higher Education Commission (MHEC) has consistently underspent the appropriation in the last two years. In fiscal 2023 and 2024, MHEC awarded less than the appropriation by approximately \$4.4 million and \$4.7 million, respectively.

MHEC Response: MHEC acknowledges the recommendation. Currently for fiscal 2025 MHEC has awarded close to \$12M in the Teaching Fellows for Maryland Scholarship to 509 students. The reduction will leave enough remaining funds for program to still grow.

3. Adopt the following narrative:

Impact of Credit Completion Requirement on Financial Aid Awards: The committees are interested in the impact that the 30-credit-hour requirement had on students in the 2024-2025 academic year and the 2025-2026 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 also identify how the Maryland Higher Education Commission (MHEC) alerts Educational Excellence Award (EEA) recipients that they are in danger of losing their award. The report should identify the updated funding disbursement, by 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.

Information Request

Report on impact of credit completion

Author
MHEC

Due Date

December 1, 2025

MHEC Response: MHEC concurs with this recommended action.

4. Adopt the following narrative: -

Next Generation Scholars (NGS) Postsecondary Outcomes: The committees remain interested in determining how many NGS students met the eligibility requirements and later enrolled in a postsecondary institution. The report should identify the number of NGS seniors for the 2024-2025 and 2025-2026 academic years, the number of NGS seniors who successfully met all of the eligibility requirements, the number of eligible NGS seniors receiving a guaranteed access award, and 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.

Information Request

Report on postsecondary outcomes for NGS senior students

Author

MHEC

Due Date

December 1, 2025

MHEC Response: MHEC concurs with this recommended action.

5. Reduce general funds within the Maryland Community College Promise Scholarship Program due to lower projected expenditures. The Maryland Higher Education Commission (MHEC) has consistently underspent the appropriation in the last three years. In fiscal 2024, MHEC awarded less than the appropriation by approximately \$7.2 million. MHEC also awarded less than the appropriation in fiscal 2022 and 2023 by \$8.9 million and \$10.8 million, respectively.

Amount Change -\$ 5,000,000 GF

MHEC Response: MHEC respectfully opposes the recommendation and suggests that any reduction in funds be postponed for 2 years. The Maryland Community College Promise Scholarship transitioned to a decentralized program in fiscal 2025. Maryland Community Colleges have assured that the funding will be spent. Additionally, there is a major campaign regarding the use of funds for apprenticeships, MHEC suggest delaying the reduction of funds to identify expenditures based on recent legislative changes and campaigns. For fiscal 2025, the community colleges have reported that they have already awarded approximately \$9M of the \$15M allocated and are continuing to award funds.

6. Reduce special funds within the Teaching Fellows for Maryland Scholarship Program due to lower projected expenditures. The Maryland Higher Education Commission (MHEC) has consistently underspent the appropriation in the last two years. In fiscal 2023 and 2024, MHEC awarded less than the appropriation by approximately \$4.4 million and \$4.7 million, respectively.

Amount Change -\$ 4,000,000 SF

MHEC Response:

Total Net Change -\$ 9,000,000

Total General Fund Net Change -\$ 5,000,000

Total Special Fund Net Change -\$ 4,000,000

Budget and Reconciliation and Financing Act Recommended Actions

1. Reduce the mandated funding level for the Maryland Community College Promise Scholarship from \$15.0 million to \$10.0 million

MHEC Response: MHEC respectfully opposes this recommended action.