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FISCAL AND POLICY NOTE
First Reader

Senate Bill 552 (Senator Augustine)
Education, Energy, and the Environment

Education - High School Graduation Requirements - Financial Aid Application

This bill requires each student, beginning in the 2026-2027 school year, as a requirement for graduation, to complete and submit (1) the Free Application for Federal Student Aid (FAFSA) to the U.S. Department of Education or (2) the Maryland State Financial Aid Application (MSFAA) to the Maryland Higher Education Commission (MHEC). A student, or parent or legal guardian of a minor student, may submit a signed form declining to complete and submit the FAFSA or the MSFAA as specified. A local board of education must waive the requirement in specified circumstances. The Maryland State Department of Education (MSDE) must adopt regulations, which include guidelines to ensure each student receives adequate support in completing and submitting the FAFSA or the MSFAA, to implement the bill. By July 1 each year, from 2027 through 2032, each local board of education must report specified information related to the bill.

Fiscal Summary

State Effect: General fund expenditures may increase to give local school systems access to individual MSFAA data, as explained below. Such costs cannot be reliably estimated but may be significant. Revenues are not affected.

Local Effect: Local school system expenditures may increase, potentially significantly, for additional counselors or other staff to assist students with completing FAFSAs and MSFAAs and to track completion. Costs may vary significantly by local school system and may be mitigated by local implementation decisions, as explained below. Revenues are not affected. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: The form signed by a student's parent or legal guardian for any student that declines to complete a financial aid form must state that the student understands the FAFSA or the MSFAA and declines to complete and submit the financial aid forms.

The local board of education must waive the requirement if a student completes all other requirements for graduation and the student's principal attests that the student has made a good faith effort to complete the FAFSA or the MSFAA. The local board must also waive the requirement if a parent or guardian of a student requests a waiver due to extenuating circumstances.

Current Law: The [FAFSA](#) is the official application for financial assistance for postsecondary education from the federal government. States, individual colleges and universities, and private scholarship programs use this information as well. Financial aid includes grants, educational loans, and work-study programs.

The FAFSA opens for submission on October 1 each year, and the federal deadline is June 30; however, states and individual colleges set their own FAFSA deadlines that are typically much earlier than the federal one. Maryland has a [March 1 deadline](#) for most need-based State aid. In addition, filing earlier (as close to October 1 as possible) improves an individual's chances of qualifying for first-come first-served aid.

Beginning with the 2019-2020 award year, qualified undocumented immigrants who are eligible for in-state tuition under the Maryland Dream Act (Section 15-106.8 of the Education Article) are eligible to apply for some State financial aid grants and scholarships. The MSFAA is the form used to apply for that financial aid. The MSFAA asks questions similar to those asked on the FAFSA.

State Expenditures: General fund expenditures may increase to give local school systems access to individual MSFAA data to confirm that a student has completed the form. The MSFAA was not designed to grant access to individual completion data by non-MHEC staff. At this time, the cost of granting access to local school system staff to this information cannot be reliably estimated but is likely significant. Further it is unclear what entity would be responsible for matching MSFAA data with high school student data, whether it would be MHEC, the Maryland Longitudinal Data System center, or local school systems themselves. All options have costs and other implications that should be considered. Under any implementation scenario, there may be one-time programming costs in the hundreds of thousands of dollars and potentially ongoing staffing costs. As explained in more detail below, there are no additional State costs for tracking FAFSA completion because it is a federal form, and there is a current system for tracking individual participation.

Increased FAFSA and MSFAA completion has no material effect on State, public four-year and Baltimore City Community College scholarships, grants, and work-study programs. These programs in general receive a set appropriation or funding amount that is not impacted by the number of applicants.

There are operational impacts on both MSDE and MHEC; however, both can meet the requirements of the bill using existing resources. Nevertheless, more extensive FAFSA and MSFAA applications and outreach may require additional staff.

Local Expenditures: Local school system expenditures may increase, potentially significantly, for additional counselors or other staff to assist students with completing FAFSAs and MSFAAs and to track completion. Costs may vary significantly by local school systems and may be mitigated by local implementation decisions, as explained below. It is likely that local school systems with lower completion rates will need more resources to help students and families complete the FAFSA and the MSFAA than local school systems with higher current completion rates. MSDE advises that in Maryland the average student-to-counselor ratio is 308 to 1 compared to the national standard of 250 to 1 recommended by the American Counselor Association.

The Baltimore City Public School System advises that each of its 35 high schools require an additional high school counselor. Thus, based on the average actual salary and fringe benefits for counselors in fiscal 2024, expenditures increase by an estimated \$4.0 million annually beginning in fiscal 2026. Anne Arundel County Public Schools also advise that additional high school counselors may be required but did not provide an estimate.

Without additional staff for school systems and schools with low-completion rates, resources may be diverted from current counseling activities. Alternatively, local boards may need to provide additional waivers to students who were certified by their principals as making good faith efforts.

In addition to helping students and families complete the FAFSA and the MSFAA, counseling staff and/or central office staff will need to access and record MSFAA and FAFSA completion data to identify which students and families may need additional guidance and to mark which students meet the requirement. As explained above, there is no current system for non-MHEC staff to access MSFAA participation data; thus, a system needs to be developed. FAFSA participation data on an individual level is available through the FAFSA Completion Initiative (FCI), which is sponsored by OSFA in MHEC. Under the FCI, a high school and/or the school system can sign up for a username and password for this system. Some organizations that provide services to students, such as CollegeBound, may sign up for this service. MHEC verifies that the entity requesting access is eligible.

If the local school system or school participates in the FCI, they have access to student information regarding the completion of the FAFSA, such as whether or not the FAFSA is complete and submitted, or what information is missing. MSFAA data is not part of the FCI. MSDE advises that there are currently nine local school systems participating in the FCI.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 688 (Delegate Solomon) - Ways and Means.

Information Source(s): Maryland State Department of Education; Maryland Higher Education Commission; Baltimore City Public Schools; Anne Arundel County Public Schools; Frederick County Public Schools; Department of Legislative Services

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