



DRAFT #4
TESTIMONY ON HB 923

House Appropriations Committee
by the
Medical Educational Resource Initiatives for Teens, Inc (MERIT)

February 28, 2023

Chair Solomon, members of the Committee. My name is Jimmy Tadlock, Executive Director, Medical Educational Resource Initiatives for Teens, Inc (MERIT). I am pleased to provide testimony on HB 923 on behalf of Medical Educational Resource Initiatives for Teens, Inc (MERIT). I am testifying in support of HB 923 with amendments. MERIT believes that improvements in the state’s need-based financial aid programs – Educational Assistance Grant (EAG), Guaranteed Access Grant (GAG), Next Generation Scholars program (NGS) and the Promise Scholarship – are crucial and will make a significant impact on the future of thousands of Marylanders and the state’s economy.

I. MERIT supports the following provisions included in the bill.

- A. Appointment of the Secretary of Higher Education by the Governor.
- B. Guaranteed Access Grant awards:
 - 1. Elimination of the 2.5 GPA requirement
 - 2. Elimination of the requirement to enroll within one year of HS graduation.
 - 3. Elimination of the requirement to be under the age of 22 to receive award.
 - 4. Elimination of the college prep requirement
 - Changes to verification standards from federal V1 standards to “federal standards”.
- C. Educational Assistance Grant awards:
 - Efforts to increase knowledge of the state’s need based programs.
- D. Next Generation Scholarship program
 - Eliminates the pledge to remain drug free.
 - Allows students eligible for the federal free lunch program to be eligible for services.
 - Allows student who have been in the program for at least a year to continues to participate if they move to another Maryland county even if the county does not qualify for the NGS program.
 - The Commission shall provide a list of all students who have prequalified for a GAG award.
- E. Promise Scholarship
 - Makes the Promise Scholarship a campus-based program; certification of eligibility for new and renewal awards is handled at the college level, not MHEC.

- Allows awards for students who enroll for at least 6 credits per semester; however, priority is given to students enrolled for 12 credits per semester.
- Provides that community colleges verify the income of applicants using federal standards.

F. Maryland Higher Education Commission

- Eliminates the requirement for OSFA to become a separate agency.

II. MERIT recommends a comprehensive study of need-based financial aid programs before significant changes are enacted.

While MERIT supports many of the provisions in the bill, we recommend that significant changes to the structure of these programs be developed based on a comprehensive study of the Educational Excellence Award program that engages all constituencies. The review will build upon a recent report from the Office of Program Evaluation and Government Accountability of the Department of Legislative Affairs. The report found many problems with the current programs resulting in a complex, confusing and onerous process for students and their families to navigate. Further, the programs do not support numerous low income students, who either never learn about the program or who are unable to navigate the complex application process. In addition, the \$3,000 maximum award for the Educational Assistance Grant has not been increased since 1996, falling significantly behind the current cost of education. The report also found that from 2010 – 2017 the college enrollment gap between low-income and higher income students increased since 2010, with enrollment by low-income students declining by 10%, while the decline for higher income students declined by only 3%.

Financial aid programs are very complex and intertwined. For that reason, **MERIT believes that a study to reimagine the state’s primary need-based programs (EAG, GAG and NGS) is needed to ensure that any recommended changes do not have unintended consequences and that all interested constituencies have an opportunity to weigh in on proposed changes.** MERIT also recommends that enhanced funding for community-based organizations to support outreach to students and parents be considered since these services have proven to be critical for the success of students from low-income families while **they are in high school and college.**

The purpose of the study is to create a new program that merges the GA and EA grants into one program with awards based on a sliding scale. Analysis is needed to determine the details and funding needed for this new awarding approach. The new program should be based on the following criteria:

1. Combine EA and GA Grants into one program.
2. Awards should be made on a sliding scale.
3. Simplify the application process as much as possible:
 - Qualifications for the new program based on the current rules of the EA Grant.
 - Verification should be limited to applicants who are selected under the federal verification process and follow the federal verification standards.
 - Income and other eligibility criteria to be verified with state records as much as possible to simplify the process.

4. All high school students from low-income families should be eligible for outreach support while they are in high school and college since these programs are proven to enhance success for students from low-income families.

III. MERIT recommends amendments as follows:

- A. Verification for GAG applicants should be completed **only for those students flagged for verification by the federal government** and verification should be based on federal verification standards.
- B. 18.303.1 Eligibility for guidance and services under the Next Generation Scholars program if student qualifies for federal FARMS (Free and Reduced Meals) and/or is in a school or non-profit organization receiving NGS services.
- C. For the EEA program (both EA and GA), we suggest a correction to fix the problem of students who completed 60 credits at the end of their 2nd year but completed more than 30 credits the first year and less than 30 the second year. Also, we recommend that institutions include credits earned by students in all semesters from prior year to be counted – including the summer session. Suggested language is as follows:

For the EAG:

IF THE STUDENT SUCCESSFULLY COMPLETED AT LEAST 60 CREDITS IN THE PRIOR ACADEMIC YEARS, THE AMOUNT OF AN EDUCATIONAL ASSISTANCE GRANT MADE TO A STUDENT MAY NOT BE LESS THAN \$400 OR MORE THAN \$3,000; OR

IF THE STUDENT SUCCESSFULLY COMPLETED AT LEAST 48 BUT LESS THAN 60 CREDITS IN THE PRIOR ACADEMIC YEARS, THE AWARD AMOUNTS SHALL BE EQUAL TO THE AMOUNT THE STUDENT WOULD HAVE OTHERWISE RECEIVED MULTIPLIED BY THE RATIO OF THE NUMBER OF CREDITS SUCCESSFULLY COMPLETED DIVIDED BY 60.

For the GAG:

IF THE STUDENT SUCCESSFULLY COMPLETED AT LEAST 60 CREDITS IN THE PRIOR ACADEMIC YEARS, THE AWARD AMOUNT SHALL BE EQUAL TO 100 PERCENT OF THE STUDENT'S FINANCIAL NEED AS DETERMINED BY THE INSTITUTION OF HIGHER EDUCATION, NOT TO EXCEED THE EQUIVALENT ANNUAL EXPENSES OF A FULL-TIME RESIDENT UNDERGRADUATE AT THE 4-YEAR PUBLIC INSTITUTION OF HIGHER EDUCATION WITHIN THE UNIVERSITY SYSTEM OF MARYLAND, OTHER THAN THE UNIVERSITY OF MARYLAND GLOBAL CAMPUS AND UNIVERSITY OF MARYLAND, BALTIMORE CAMPUS, WITH THE HIGHEST ANNUAL EXPENSES FOR A FULL-TIME RESIDENT UNDERGRADUATE; OR

IF THE STUDENT SUCCESSFULLY COMPLETED AT LEAST 48 BUT LESS THAN 60 CREDITS IN THE PRIOR ACADEMIC YEAR, THE AWARD AMOUNTS SHALL BE EQUAL TO 100 PERCENT MULTIPLIED BY THE RATIO OF THE NUMBER OF CREDITS SUCCESSFULLY COMPLETED DIVIDED BY 60.

Academic year defined:

FOR THE PURPOSE OF THIS SECTION, ACADEMIC YEARS INCLUDE THE FALL, SPRING, AND SUMMER SEMESTERS.

IV. MERIT has additional feedback/comments on the following issues.

- A. It appears that the bill moves the administration of GAG awards to institutions but leaves the administration of EAG awards to MHEC with the funding for both programs from the same budget. Further, the bill restricts awarding of EAG awards until after all GAG awards have been awarded and accepted. The timing and budget management of this approach is problematic since the awarding and acceptance of GAG awards may take several months to complete. EAG recipients desire to know their award amounts prior to the annual May 1 decision deadline.
- B. The bill states that the Commission establishes the annual family income used to determine student eligibility for EAG awards on or before August 1 each year, however, the EFC (or SAI) calculation is used to make EAG awards not family income.
- C. Current law allows verification to be conducted by institutions instead of MHEC, however, a study conducted by the FAAC found that the process for verification of GAG awards needs to be developed in a manner that does not prove burdensome on institutional financial aid offices.
- D. Section 18-304, (b) (3). We are not sure what is intended here since GAG awards at community colleges are based on 100%.

Respectfully submitted by Jimmy Tadlock, Executive Director, Medical Educational Resource Initiatives for Teens, Inc (MERIT).