

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 231 (Chair, Appropriations Committee)(By Request -
Departmental - Higher Education Commission)

Appropriations and Government, Labor,
and Elections

Higher Education - Guaranteed Access Grant Program - Applicability

This departmental bill delays transfer of Guaranteed Access (GA) Grant award notification and issuance responsibility from the Maryland Higher Education Commission (MHEC) Office of Student Financial Assistance (OSFA) to institutions of higher education until the 2029-2030 financial aid award year. The bill makes other technical changes to clarify references to institutions of *higher education*. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: Higher education expenditures associated with the administration of GA Grants at institutions of higher education are delayed until FY 2029. To the extent general fund appropriations cover administrative GA Grant administration costs to institutions of higher education (in accordance with the legislative intent expressed in Chapter 634 of 2023), such general fund expenditures and corresponding higher education revenues are likewise delayed until FY 2029. Administrative burdens on MHEC OSFA to facilitate the transfer of the program are delayed until FY 2029, however administrative burdens to continue running GA Grant award notification and issuance centrally are maintained through FY 2029.

Local Effect: Expenditures associated with administration of the GA grant at locally funded community colleges are similarly delayed until FY 2029. Overall revenues are not materially affected.

Small Business Effect: MHEC has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment.

Analysis

Current Law:

Delegate Howard P. Rawlings Educational Excellence Awards Program – Generally

The Delegate Howard P. Rawlings Educational Excellence Award (EEA) program consists of two types of awards for full-time undergraduate students: (1) GA Grants that are awarded to the neediest students to ensure that 100% of educational costs are paid; and (2) Educational Assistance (EA) Grants that are awarded to low- and moderate-income students to assist in paying educational costs.

An EEA award may be used at a degree-granting institution of higher education, an eligible institution with an associate degree program that provides transfer credit for an accredited baccalaureate program, or a hospital diploma school for training registered nurses if the curriculum is approved by MHEC. The award may be used for educational expenses as defined by MHEC, including tuition and fees and room and board.

An EEA award may be used at a school in another state if (1) there is a specified reciprocal agreement and (2) the school meets the same requirements that an in-state school must meet. OSFA may not award more than 10% of the funds available for either the GA Grant or the EA Grant for use by students attending schools in another state. EEA award recipients are required to successfully complete 30 credits at the end of their sophomore year to receive their maximum renewal award. A student who fails to meet the 30-credit completion requirement but completes between 24 and 29 credits is eligible for a prorated renewal award.

Guaranteed Access Grant

The GA Grant is a component of the EEA program that covers 100% of need when combined with a federal Pell Grant for the State's lowest income students. The maximum award is capped at the cost of education at the highest cost four-year University System of Maryland institution, excluding the University of Maryland, Baltimore Campus and the University of Maryland Global Campus. The maximum award for the 2025-2026 award cycle was \$18,000. Students that meet all program criteria are guaranteed funding. The criteria include (1) enrolling as a full-time student within in six years of completing high school absent extenuating circumstances; (2) being younger than age 26 at the time of receiving the first award; (3) having certain family income limits; and (4) satisfying any additional criteria set by MHEC.

Although Chapter 634 updates administration of the GA grant as described below, MHEC currently identifies first-time applicants who are potentially eligible for the GA Grant

based on Free Application for Federal Student Aid or the Maryland State Financial Aid Application (for qualified children of undocumented immigrants who are eligible for in-state tuition) – submitted by the March 1 deadline set by MHEC. Previously, students were required to determine themselves whether they might be eligible and submit a separate GA Grant application to MHEC.

Among other requirements, statute requires that eligible GA Grant applicants have an annual family income below a poverty index determined by MHEC. MHEC has set the income requirement using the federal poverty level, which accounts for family size, at 130% for first-time students and 150% for renewal awards. Students meeting all the requirements are guaranteed funding. As a result of Chapter 23 of 2022, a GA Grant recipient who otherwise becomes ineligible because of a change in family income still receives the full award if the recipient remains eligible to receive a federal Pell Grant.

For a GA Grant, each recipient must demonstrate a definite financial need to OSFA or an eligible institution of higher education. A verification obtained by an applicant from one institution of higher education may be used at any eligible institution for an EEA.

A student in grade 7 or 8 can prequalify for a GA Grant to be used at the time of enrollment at an institution of higher education. Chapter 578 of 2021 expanded prequalification eligibility to allow a student in grade 9 or 10 who meets other existing eligibility requirements to automatically prequalify for an award if the student is (1) eligible for free or reduced-priced meals or (2) attends a school that participates in the U.S. Department of Agriculture Community Eligibility Provision (better known as CEP), and the student is identified by direct certification or income information provided by the family of the student to the local school system on an alternative form developed by the Maryland State Department of Education (MSDE).

To prequalify, a student must agree in writing, as a secondary and undergraduate student, to (1) satisfy the attendance policy of the applicable school; (2) provide information required by MHEC or the State Board of Education (SBE); (3) apply for admission to an institution of higher education during the student's senior year in high school; (4) complete and file, on a timely basis, applications for federal student aid for each year that the student plans to enroll in postsecondary education; (5) participate in the Next Generation Scholars of Maryland Program until the student graduates from high school and matriculates at an institution of higher education; (6) maintain a cumulative GPA of at least 2.5 on a 4.0 scale or its equivalent; and (7) satisfy any other program requirements set by OSFA, MHEC, SBE, or MSDE. Chapter 23 requires that GA Grant eligibility for a student who prequalified under the Next Generation Scholars of Maryland Program be based on the annual family income determination used when the student prequalified.

In addition, for academic years 2017-2018 and 2018-2019, a student in grade 9 who otherwise met the prequalifying conditions for grades 7 and 8 students described above could prequalify if the student applied and met the financial need standards established by MHEC.

Guaranteed Access Grant – Administration under Chapter 634 of 2023

Effective July 1, 2025, Chapter 634 establishes a new process for making initial and renewal GA Grant awards that generally requires institutions of higher education to use information from OSFA to notify students of awards and issue awards for the appropriate amount in accordance with statute. Additionally, applicants may accept an offer of a GA award from an institution of higher education, and institutions of higher education must then notify OSFA of the number of individuals receiving a GA Grant award. OSFA must reimburse each institution using the list provided by institutions of higher education. OSFA must adopt regulations to implement the new award notification processes. Additionally, MHEC must work with the Segmental Advisory Council and the Financial Assistance Advisory Council in establishing regulations to implement new GA Grant processes, including award deadlines and procedures for renewal awards.

Effective July 1, 2025, OSFA remains responsible for verifying applicant eligibility, but instead of OSFA *directly* making GA Grant awards, OSFA must turn over lists of eligible students to institutions of higher education for them to notify students of eligibility and make awards.

Background: Prior to the passage of Chapter 634, a DLS Office of Program Evaluation and Government Accountability [report](#) found that, during the 2020-2021 academic year, only 32% of 3,558 individuals identified as eligible for a first-time GA Grant actually received one. Another 32% of students received an EA Grant award, and 37% of identified students received no EEA whatsoever, potentially because their high school GPA was less than the required 2.5 on a 4.0 scale or equivalent or they failed to submit official transcripts with their GPA to MHEC, among other reasons. As described above in current law, Chapter 634 implemented these recommendations by, among other changes, removing the GPA requirements for a GA grant.

The report also recommended decentralizing the EEA program to allow MHEC to better focus its limited staff on customer service, technical support, and audits of EEA grants. Chapter 634 also implemented those recommendations via the system of notifications and awarding described above.

State Fiscal Effect:

Maryland Higher Education Commission

The fiscal and policy note for House Bill 923 of 2023 (Chapter 643) noted that MHEC likely faces programming costs for changes to Maryland College Aid Processing System in fiscal 2026 associated with the change in GA grant administration. Any such programming costs are delayed until fiscal 2029 under the bill. The fiscal and policy notes also noted that, although MHEC advised additional staff would be needed to implement the change, due to the bill removing awarding responsibility for the Maryland Community College Promise Scholarship from OSFA in fiscal 2024 and transferring responsibility for award notification in fiscal 2026, OSFA can likely absorb the new administrative structure using existing resources. Nevertheless, resources may need to be diverted from other projects, particularly because OSFA retains responsibility for determining eligibility for GA Grant awards under the decentralized model. Therefore, the net effect of bill's delay in the transfer of award notification is to also delay any reorganization of resources within OSFA until fiscal 2029.

Institutions of Higher Education

Costs associated with administration of GA awards by institutions of higher education are delayed until fiscal 2029. As noted in the fiscal and policy note for House Bill 923 (Chapter 634), although exact costs are difficult to estimate, public institutions of higher education may incur minimal staffing, equipment/systems, and training costs to provide notice for GA Grant awards. Exact costs depend on notification methods used by public institutions of higher education and the resources required to annually coordinate with OSFA to report information on awards.

Chapter 634 expresses legislative intent that the Governor include funding in the budget for financial aid offices at public institutions of higher education to implement changes to the Delegate Howard P. Rawlings EEA program; accordingly, potential general fund expenditures are delayed until fiscal 2029 for this purpose. As a result, higher education revenues at public four-year institutions and Baltimore City Community College (a State-funded institution) are delayed until fiscal 2029.

Local Fiscal Effect: Costs for locally funded public community colleges to notify students about and make GA Grant awards are, as with four-year colleges and universities, delayed until fiscal 2029. Chapter 634 expresses legislative intent that the Governor include funding in the budget for financial aid offices at public institutions of higher education to implement changes to the Delegate Howard P. Rawlings EEA program; accordingly, revenues for locally funded community colleges to offset, in total or partially, such costs are also delayed until 2029.

Additional Comments: Nonpublic institutions of higher education eligible for the Joseph A. Sellinger State aid program face additional, likely minimal, costs to notify applicants about and make GA Grant awards, which are likewise delayed until fiscal 2029 under the bill. Although they are reimbursed for the awards, their financial aid offices are not eligible for funding to offset their administrative costs.

Additional Information

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

Designated Cross File: SB 207 (Chair, Education, Energy, and the Environment Committee)(By Request - Departmental - Higher Education Commission) - Education, Energy, and the Environment.

Information Source(s): Maryland Higher Education Commission; Baltimore City Community College; University System of Maryland; Morgan State University; Maryland Independent College and University Association; Department of Legislative Services

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sj/clb

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Higher Education - Guaranteed Access Grant Program – Applicability

BILL NUMBER: HB 231

PREPARED BY: Maryland Higher Education Commission

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS