



MARYLAND HIGHER EDUCATION COMMISSION POLICY BRIEF

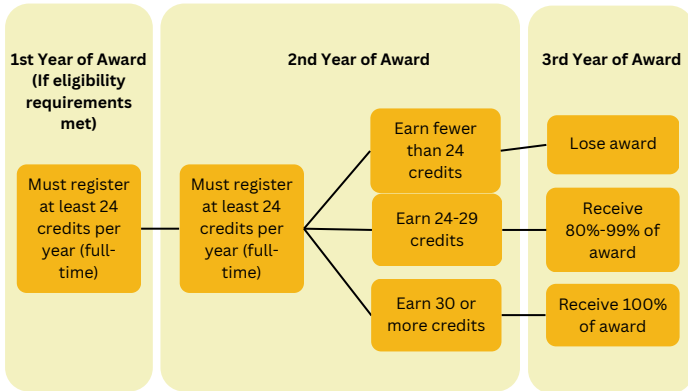
Baby Carrot and Big Stick: Does the Credit Requirement for Maryland Need-Based Aid Improve Student Academic Progression?

June 2023

Offering need-based financial aid is one of the most important tools to eliminate financial barriers for low-income students in Maryland. The **Educational Assistance (EA) Grant** and **Guaranteed Access (GA) Grant** are the two major need-based state aid programs provided to low-income Maryland students enrolled full-time at an in-state institution. Maryland legislators passed the College Affordability Act of 2016 that established new eligibility criteria for the EA and GA.

Now students receiving the award for at least two years need to enroll and complete at least 24 credits per year to maintain eligibility for the grant and 30 credits per year to receive the full award for the third year.

Current Eligibility Requirement of EA and GA Grant

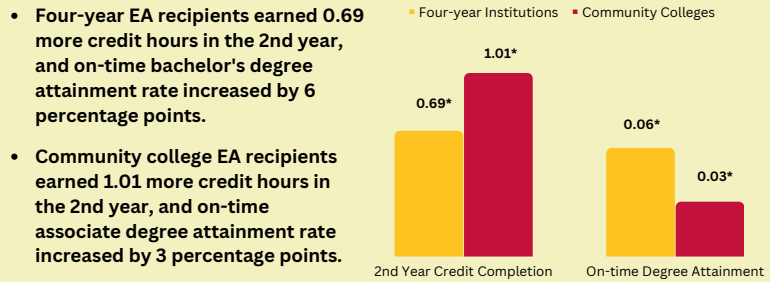


Both legislators and the Maryland Higher Education Commission (MHEC) are concerned about the consequences of the credit requirement policy. How does it affect student academic progression and success? MHEC conducted a causal study in 2022 about the short-term and long-term effects of the credit requirement policy on student outcomes. This executive summary summarizes the main findings. For the complete findings, please see the full report [here](https://mhec.maryland.gov/publications/Documents/Research/PolicyReports/MHECPolicyBriefVol2.pdf). Or enter: <https://mhec.maryland.gov/publications/Documents/Research/PolicyReports/MHECPolicyBriefVol2.pdf>

Finding 1:

The 30-credit requirement increases credit completion for both EA and GA recipients but increases on-time degree attainment for EA recipients only.

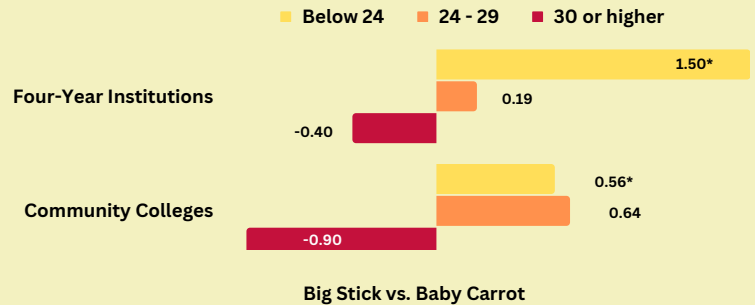
Effects of 30-Credit Requirement for EA Recipients



Finding 2:

What really matters to students is the big stick, not the baby carrot.

Effects on 2nd-Year Credit Completion of EA Recipients by Their 1st-Year Credit Completion



Big Stick vs. Baby Carrot

- Big Stick:** Effect is the strongest for the students completing fewer than 24 credits by the end of their first year because they are in danger of losing the whole award in the third year should they maintain that same credit load in the second year.
 - Baby Carrot:** Effect is smaller and statistically insignificant for the students completing more than 24 credits because having a full award by completing additional credits is not attractive enough to change the behavior for those who have already met the minimum credit requirement.
- * Result is statistically significant at the 90% confidence level.

What Else Can Maryland Do?

- Strengthen the financial incentive for additional credit completion
 - A 20% award is too small (\$600 for EA) to incentivize students to increase their annual credit completion from 24 to 30.
 - The maximum amount of EA has been capped at \$3,000 since 1991 and needs to be raised.
- Create different renewal requirements for students enrolling in community colleges and four-year institutions.
 - EA/GA recipients in community colleges are different from those in four-year institutions – their program length is shorter and the average credits earned per year are lower.
- Eliminate the credit requirement for the GA program
 - GA eligibility criteria already suggest academic motivation and preparedness.
 - Losing the financial aid that is designed to cover 100% of the financial need of students of highest poverty creates a huge life shock for them.
- Financial aid alone is insufficient to improve on-time degree completion.
 - More information needs to be gathered about student decision making and systemic barriers.