

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 392
Ways and Means

(Delegates Krimm and Chang)

Higher Education - Senatorial and Delegate Scholarships - Allocation of Unused Funds

This bill authorizes senators and delegates to use their unspent scholarship money from legislative scholarships to reimburse a local board of education for expenditures made on behalf of dually enrolled students.

Fiscal Summary

State Effect: Expanding *eligibility* for the unspent senatorial and delegate scholarships funds does not require additional spending. Senators and delegates receive a set amount of scholarship money, which is not changed by the bill. Any operational impact on the Maryland Higher Education Commission (MHEC) is assumed to be minimal and can be handled with existing budgeted resources. Revenues are not affected.

Local Effect: To the extent senators or delegates award unspent money to reimburse a local board of education for expenditures made on behalf of dually enrolled students, revenues increase. This amount cannot be reliably estimated. Expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law:

Senatorial Scholarships

Each senator may award \$138,000 in scholarship funds each year. A senator must award scholarships prior to September 1 of each year. Any funding that a senator has not awarded by the September 1 deadline is distributed by MHEC to eligible applicants from the senator's district. To qualify for an award, an individual must be a resident of Maryland and demonstrate a definite financial need. Each senator must consider an applicant's financial need. An award under the program may not be less than \$400 and may not exceed the tuition and mandatory fees at the University System of Maryland (USM) institution with the highest annual tuition and fees, not including the University of Maryland University College (UMUC) and the University of Maryland, Baltimore Campus (UMB). A scholarship may be held for up to four years of full-time study or eight years of part-time study. Under certain circumstances, a senator may award a scholarship for a fifth undergraduate year or an additional undergraduate semester.

Except for specified off-campus housing and specified programs not available in Maryland (discussed further below), a senatorial scholarship may only be used at any undergraduate, graduate, or professional school in the State. A senatorial scholarship may be used at a degree-granting institution of higher education, if the curriculum is approved by MHEC; at a hospital diploma school for training registered nurses; or to attend a private postsecondary proprietary institution that is accredited by a national accrediting association approved by the U.S. Department of Education as a full-time student.

Each senator may award at most 10% of scholarship funds to applicants planning to attend accredited undergraduate, graduate, or professional institutions outside of the State. Those students must be studying an academic area that is not available in the State or be a person with a hearing impairment who will be studying at an institution outside the State that makes special provisions for persons with a hearing impairment.

The scholarship may be used for educational expenses as defined by MHEC, including tuition and mandatory fees and room and board. If on-campus housing is available, a senatorial scholarship may not be used to pay for off-campus housing.

Delegate Scholarships

During a term in office, each delegate may award the equivalent of four four-year full-time scholarships or two part-time scholarships for each full-time scholarship available. A delegate may select scholarship recipients on any basis he or she considers appropriate.

The annual amount of a scholarship for any one recipient may not exceed the tuition and mandatory fees at the USM institution with the highest annual tuition and fees, not including UMUC and UMB. A scholarship award may be used to pay tuition and mandatory fees at a Maryland institution of postsecondary education or, when the desired program of study or appropriate accommodations are not available in Maryland, an out-of-state institution. Instead of awarding the scholarships himself or herself, a delegate may authorize MHEC to award funding to eligible applicants under the Delegate Howard P. Rawlings Educational Excellence Awards program.

A delegate scholarship may be used at an in-state institution of higher education whose primary campus is located in Maryland and whose authority to grant degrees is conferred in Maryland for a program of undergraduate, graduate, or professional studies. If the applicant will be studying in an academic area that is not available in the State or under certain circumstances where the applicant is disabled, the scholarship may be used at an accredited undergraduate, graduate, or professional studies institution outside the State. The scholarship may also be used at a private career school within the State that is approved by MHEC and that is accredited by a national accrediting association that is approved by the U.S. Department of Education.

Dual Enrollment Funding Mechanism for Students

A public institution of higher education may not charge tuition to a dually enrolled student. For each dually enrolled student who is enrolled in a public school in a jurisdiction, the local board of education must pay, for *up to four* courses in which the student is enrolled, while a student is in a public *secondary* school in the State:

- for a public four-year institution of higher education, 75% of the cost of tuition; and
- for a community college, the lesser of 5% of the target per pupil foundation amount or 75% of the cost of tuition.

For each course *in excess of four* in which a dually enrolled student is enrolled, the local board of education must pay:

- for a public four-year institution of higher education, 90% of the cost of tuition; and
- for a community college, the lesser of 5% of the target per pupil foundation amount or 90% of the cost of tuition.

For up to four courses, a local board of education *may charge* a dually enrolled student a fee of up to 90% of the amount paid by the local school system to the higher education institution for the course. For each course in excess of four, a local board of education may charge a dually enrolled student up to 100% of the amount paid by the local school system

to the higher education institution for the course. A local board of education must consider the financial ability of students when setting fees and *must waive* the fee for students who are eligible for free and reduced-price meals.

If there was an agreement before July 1, 2013, between a public school and a public institution of higher education in which the public institution of higher education charges less than 75% of the cost of tuition to a dually enrolled student, the local board must pay the cost of tuition under the agreement.

Part-time Grant

The Part-time Grant Program provides grants to undergraduate students taking at least 3 but no more than 11 hours of courses each semester or who are dually enrolled in a secondary school in the State and an institution of higher education. Recipients must be Maryland residents and must demonstrate a definite financial need. Funds for the program are allocated by MHEC to institutions of higher education based on the number of part-time students with demonstrated financial need who are enrolled at the institution. Grants are distributed to students by the institutions based on guidelines established by MHEC.

Although the part-time grant may be awarded to dually enrolled students, it cannot be given to local boards of education to reimburse them for expenses related to dual enrollment.

Background: Overall, there were 9,058 Maryland public high school students pursuing dual enrollment in academic year 2014-2015, an increase of approximately 50% from the prior year. While just over 6,500 of these students were in grade 12, the dual enrollment of students in grades 9 through 11 more than doubled in academic year 2014-2015. This indicates that dual enrollment is taking hold in high schools across the State and is spreading to more students. Local school system expenditures for tuition for dually enrolled students have increased correspondingly.

Overall, the college-going rate for dually enrolled students exceeded the all-student rate by about 25 percentage points statewide. In Baltimore City and Prince George's County, the increase was approximately 40 percentage points.

Regardless of what students studied, 48% of dually enrolled grade 12 students in academic year 2014-2015 earned one to three college credits, 30% earned four to nine credits, and 5% earned more than nine credits. The remaining 17% of students had not earned credit by the end of the academic year.

The Governor's proposed fiscal 2018 budget includes \$6.5 million for senatorial scholarships (\$138,000 per senator) and \$6.7 million for delegate scholarships (\$47,865 per delegate).

State Expenditures: Expanding *eligibility* for the unspent senatorial and delegate scholarship funds does not require additional spending. Senators and delegates receive a set amount of scholarship money, which is not changed by the bill. It should be noted that any new awards made to reimburse school boards for dually enrolled student fees reduces the amount of carryforward funds available for senatorial scholarship renewal awards during the current legislative term. MHEC advises that it plans to require legislators to submit documentation confirming individuals' eligibility; thus, it does not need to update its scholarship system. Any operational impact on MHEC is assumed to be minimal and can be handled with existing budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Caroline, Montgomery, and Prince George's counties; Maryland State Department of Education; Maryland Higher Education Commission; Baltimore City Community College; Association of School Business Officials; University System of Maryland; Morgan State University; St. Mary's College of Maryland; Department of Legislative Services

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