

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1606 (Delegate Sydnor)
 Appropriations

Higher Education - Workforce Shortage Vocational Certificate Grant Program - Established

This bill establishes a Workforce Shortage Vocational Certificate Grant Program for students who pledge to work in fields of critical shortage in the State on receipt of a vocational certificate. Recipients must be selected by the Office of Student Financial Assistance (OSFA) from qualified applicants. Grants may be used at a public or private nonprofit institution of higher education in the State. The bill also establishes a Workgroup on Vocational Workforce Shortage within the Advisory Council on Workforce Shortage to identify vocational workforce shortages in the State and recommend to the Maryland Higher Education Commission (MHEC) priority vocational shortage fields and the removal of fields annually. The bill also establishes a Workforce Shortage Vocational Certificate Fund to provide the grants. Funds for the program are as provided in the annual budget for MHEC by the Governor. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$1.1 million in FY 2020 due to staff, grants, and one-time costs. Future years reflect the elimination of one-time costs. Revenues are not affected.

(\$ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	1.1	1.0	1.0	1.0
Net Effect	\$0.0	(\$1.1)	(\$1.0)	(\$1.0)	(\$1.0)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local community college enrollment and thus revenues may increase minimally.

Small Business Effect: None.

Analysis

Bill Summary: The purpose of the program is to provide financial assistance to students enrolled in vocational certificate programs at eligible institutions and address vocational workforce shortage needs of the State.

“Public good or benefit” is defined as a service to low-income or underserved residents or areas of the State in an occupation in the public sector or in an organization, an institution, an association, a society, a partnership, or a corporation that is exempt.

“Vocational certificate” is defined as a certificate or license awarded by an eligible institution on completion of a course of study that prepares an individual to work in a career field.

Recipients

A recipient of a grant must:

- be selected by OSFA from qualified applicants;
- sign a letter of intent to enroll in a vocational certificate program at an eligible institution as specified for each field there is a critical shortage in the State;
- sign a letter of intent to perform the service obligation on completion of the vocational certificate program;
- accept any other conditions MHEC may establish; and
- after earning a vocational certificate, perform the service obligation as specified for each field in which there is a critical shortage.

Designation of Workforce Shortage Fields

Once every two years, from the recommendations provided by the Workgroup on Vocational Workforce Shortage, MHEC must add and remove workforce shortage fields eligible under the program. In making recommendations to MHEC, the workgroup must consider whether a vocational workforce shortage field provides a public good or benefit to the citizens of Maryland.

Selection of Recipients

Each fiscal year MHEC must determine the number of grants to be awarded in eligible vocational workforce shortage fields based on (1) the priority of the vocational workforce shortage field; (2) the severity of the vocational workforce shortage in the field; and (3) the availability of funds.

OSFA must annually select eligible students and offer a grant to each student selected to be used at an eligible institution of the student's choice. Eligible students must be selected based on financial need as determined by criteria established and approved by MHEC. The grant award may be used at any eligible institution for educational expenses as defined by MHEC, including tuition, mandatory fees, and room and board.

A grant recipient must perform a service obligation in the recipient's field of critical shortage for a time determined by MHEC. MHEC may establish alternative service obligation requirements for designated vocational workforce shortage fields to address statewide and regional needs.

A grant recipient must repay MHEC the funds received if he or she fails to complete the certificate program or complete the service obligation. Except as otherwise provided, repayment must be made to the State within six years after the repayment period begins and must follow a repayment schedule established by OSFA.

Workforce Shortage Vocational Certificate Fund

The fund is a special, nonlapsing fund, administered by MHEC to be used only to provide grants under the program in accordance with the State budget. The fund consists of money appropriated in the budget and money accepted from any other source for the benefit of the fund. Interest earnings accrue to the general fund. At the end of each fiscal year, MHEC must provide an annual report on the fund that includes an accounting of all financial receipts and expenditures to and from the fund.

Current Law/Background:

Workforce Development Sequence Scholarships

Chapter 149 of 2017 established Workforce Development Sequence Scholarships for eligible students who are enrolled in a program at a community college composed of courses that are related to job preparation or an apprenticeship, licensure or certification, or job skills enhancement. Beginning in fiscal 2019, the Governor must annually include at least \$1.0 million in the State budget to MHEC for the scholarships; the proposed fiscal 2019 State budget includes \$1.0 million for the program.

To be eligible for a scholarship, a student must be a Maryland resident or have graduated from a Maryland high school and be enrolled at a community college in the State in a Workforce Development Sequence. An eligible individual may apply to OSFA for a scholarship. An award may be used for tuition, mandatory fees, and other associated costs of attendance. The annual amount of a scholarship awarded to an eligible student may not exceed \$2,000.

Workforce Shortage Student Assistance Grants and Funds

The Workforce Shortage Student Assistance Grants provide financial aid to students who agree to work in Maryland in designated critical shortage fields upon completion of their studies. The program requires grant recipients to work for one year in Maryland in workforce shortage fields for each year that they receive the grants. The following workforce shortage fields must be included in the grant program, unless MHEC decides that the field no longer qualifies as a workforce shortage field: (1) school teachers (the grant to be known as the Sharon Christa McAuliffe Memorial Teacher Scholarship); (2) social workers (the grant to be known as the Ruth M. Kirk Public Social Work Scholarship); (3) nurses; (4) child care providers (the grant to be known as the Hattie N. Harrison Memorial Scholarship); (5) developmental disabilities, mental health, child welfare, and juvenile justice providers (the grant to be known as the Ida G. and L. Leonard Ruben Scholarship); (6) physical and occupational therapists and assistants; and (7) public servants (the grant to be known as the William Donald Schaefer Scholarship and the grant to be known as the Parren J. Mitchell Public Service Scholarship). Within the Parren J. Mitchell Public Service Scholarship, MHEC must annually select eligible students and offer grants to students who plan to pursue a career in public service and assist in providing (1) social work services to low-income residents in the State; (2) nursing services in nursing shortage areas in the State; or (3) other services in the public or nonprofit sectors in which there is a shortage of qualified practitioners to low-income or underserved residents or areas of the State.

Annual grant awards fall within a range, starting at a low of at least \$1,000 up to 12.5% of the cost of attendance for a part-time student attending an eligible two-year institution and increasing to a high of \$4,000, or 50% of the cost of attendance for a full-time student attending an eligible four-year institution. Each year MHEC determines the number of grants to be awarded in eligible workforce shortage fields based on the priority of the shortage field, the severity of the shortage, and the availability of funds.

For the 2017-2018 academic year, all current Workforce Shortage Student Assistance Grants were set at the statutory minimum of \$4,000 per year for full-time students attending a Maryland four-year institution. The Governor's fiscal 2019 proposed budget includes \$1.2 million for the eligible workforce shortage fields identified by OSFA or by statute for the program. In fiscal 2017, 285 grants totaling approximately \$912,000 were awarded.

State Expenditures: General fund expenditures increase by an estimated \$1.1 million in fiscal 2020, which assumes the first grants are made in fiscal 2020 following identification of vocational workforce shortage areas by the workgroup during fiscal 2019 and MHEC setting up the scholarship. This estimate reflects the costs of hiring a half-time administrative specialist beginning July 1, 2019, to determine eligibility and make awards; one-time programming costs to add the new grants to the Maryland College Aid Processing

System (MDCAPS) scholarship system; and the expenditures associated with the grants. Accordingly, the estimate includes a half-time salary, fringe benefits, one-time start-up costs, ongoing operating expenses, and \$1.0 million in annual grants.

The \$1.0 million in annual grants is based on the funding levels of other workforce scholarship programs. Based on those programs, it is assumed that \$1.0 million will fund approximately 300 grants annually. Actual funds available will depend on the amount provided for the program by the Governor.

Position	0.5
Salary and Fringe Benefits	\$37,571
One-time MDCAPS Programming	60,000
Grants, Ongoing	1,000,000
One-time and Ongoing Costs	<u>5,203</u>
Total FY 2020 State Expenditures	\$1,102,774

Future year expenditures reflect a salary with annual increases and employee turnover and ongoing operating and scholarship expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Commerce; Maryland Higher Education Commission; University System of Maryland; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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