

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 776 (Senator Benson, *et al.*)
 Education, Health, and Environmental Affairs

HBCU Internship in Maryland Government Scholarship Program

This bill establishes the HBCU (historically black college or university) Internship in Maryland Government Scholarship Program to award a scholarship of \$2,500 to 40 students enrolled in an HBCU and eligible for in-state tuition annually so that they may explore State government career opportunities through government internships. The Office of Student Financial Assistance (OSFA) within the Maryland Higher Education Commission must staff a committee that selects the students and administer the program. Beginning in fiscal 2020, the Governor must include a general fund appropriation of at least \$150,000 in the State budget annually to administer the program. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: General fund expenditures increase by \$212,800 in FY 2019 for one-time costs, to hire staff, and to award the scholarship. General fund expenditures increase by \$164,400 or more beginning in FY 2020, of which \$150,000 is mandated, as explained below. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2020.**

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	212,800	164,400	166,300	168,700	171,200
Net Effect	(\$212,800)	(\$164,400)	(\$166,300)	(\$168,700)	(\$171,200)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: HBCU means the following historically black colleges and universities: Bowie State University; Coppin State University; Morgan State University; and University of Maryland Eastern Shore.

The bill establishes a committee to select students and specifies the selection committee membership. A member of the committee is not entitled to compensation but may receive reimbursement for expenses under standard State travel regulations, as provided in the State budget.

An HBCU may nominate eligible students to participate in the program by the dates set by OSFA. The committee must select 40 students to participate in the program, with 10 students from each HBCU. If for any reason a selected student declines to participate in the program, the committee must select a replacement student from the same HBCU.

OSFA must adopt regulations to establish the program, including a procedure for the repayment of the scholarship award if a student does not fulfill the internship requirements.

Current Law/Background: Researchers at the [Georgetown University Center on Education and the Workforce](#) found that 63% of college graduates who completed a paid internship received a job offer, compared to 35% who never interned. In addition, the starting annual salary for a college graduate who completed a paid internship was \$52,000 compared to \$36,000 for those who completed an unpaid internship and \$37,000 for those who did not intern. However, some of the difference in salary may be due to the types of professions that generally have internships. For example, unpaid internships in the politics, policy, arts, entertainment, and journalism fields are common. In recent years there has been strong criticism of unpaid internships. One criticism has been that unpaid internships are unfair to individuals from low-income family backgrounds who cannot afford to take unpaid positions; thus, their access to future careers in these industries is limited.

There is a [Governor's Summer Internship Program](#), administered by the University of Maryland, Baltimore County, open to rising juniors and seniors attending any Maryland institution or a current Maryland resident attending an out-of-state institution with a grade point average of 2.7 or above. For that scholarship program, recipients receive \$3,000 for approximately 10 weeks of work with a State agency.

State Expenditures: General fund expenditures increase by \$212,822 in fiscal 2019, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring an administrative specialist to help establish State government internship opportunities for scholarship recipients, staff the committee, and assist in making awards; one-time programing costs to add the new scholarship to the Maryland College Aid Processing

System (MDCAPS) scholarship system; and the expenditures associated with the scholarship awards. Accordingly, the estimate includes a salary, fringe benefits, one-time start-up costs, ongoing operating expenses, and scholarship awards. The information and assumptions used in calculating the estimate are stated below.

- The duties for the administrative specialist encompass establishing relationships and finding appropriate internship opportunities as well as providing guidance to mentors, which takes time.
- As the bill requires that 40 students annually be awarded scholarships of \$2,500, OSFA must award \$100,000 in scholarships annually. It is assumed that the first 40 scholarships are awarded in fiscal 2019.

Position	1
Salary and Fringe Benefits	\$47,463
One-time and Ongoing Costs for New Position	5,359
One-time MDCAPS Programming	60,000
Scholarship Awards for 40 Students, Ongoing	<u>100,000</u>
Total FY 2019 State Expenditures	\$212,822

Future year expenditures reflect a full salary with annual increases and employee turnover, ongoing operating expenses, and awarding of 40 scholarships each year.

The bill mandates funding of at least \$150,000 annually beginning in fiscal 2020 to *administer* the program. This analysis assumes that amount includes the required grants and a portion of the administrative costs. Thus, costs above \$150,000 annually represent the additional administrative costs and are not required to be funded.

Additional Information

Prior Introductions: None.

Cross File: HB 1753 (Delegate Glenn) - Rules and Executive Nominations.

Information Source(s): Maryland Higher Education Commission; University System of Maryland; Morgan State University; Department of Budget and Management; Georgetown University Center on Education and the Workforce; Department of Legislative Services

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nb/rhh

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