

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 459 (Delegate Hixson. *et al.*)

Ways and Means

Education - Developmental Disabilities and Mental Health Workforce Tuition Assistance Program

This bill establishes a tuition assistance program for students at State higher education institutions who currently work, or who agree to work in the future, as direct service employees in community-based programs providing support to individuals with developmental disabilities or mental disorders. Students may receive tuition assistance up to \$100 per credit hour, not to exceed:

- \$2,000 in any one academic year for a student enrolled in a two-year program;
- \$3,000 in any one academic year for a student enrolled in a program leading to a bachelor's degree; or
- \$6,000 in total.

A student who receives tuition assistance must pledge to work in a community-based program for 4,000 hours of continuous full- or part-time employment, and enroll in a degree program in human services in a State institution of higher education. A student must repay any funds received under the program, with interest, if the student fails to fulfill the requirements of the program.

The Governor must include funds for the program in the annual budget.

Fiscal Summary

State Effect: General fund expenditures would increase by \$26,700 in FY 2000 for program administration and by \$5.96 million in FY 2001, of which \$5.93 million represents tuition assistance awards. Future year expenditures increase with award renewals and inflation.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	\$0.03	\$5.96	\$11.89	\$14.44	\$14.44
Net Effect	(\$0.03)	(\$5.96)	(\$11.89)	(\$14.44)	(\$14.44)

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

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Expenditures:

Tuition Assistance Awards

Based upon information received from organizations in the developmental disabilities and mental health field that have their own tuition assistance programs, it is estimated that 6%, or 2,400, of the 40,000 employees in that field in Maryland would apply for tuition assistance under the program. Assuming that 47% of the award recipients enroll in bachelor's degree programs while 53% of the award recipients enroll in associate degree programs, and that all recipients receive the maximum award amount, tuition assistance expenditures would be as shown in **Exhibit 1**.

Administrative Expenses

Administrative expenses for the program are estimated at \$26,672 for fiscal 2000. One full-time administrative specialist would be hired to process applications, award funds, monitor academic performance, track employee service obligations, and establish and manage repayments. The \$26,672 includes salary, fringe benefits, and supplies, and reflects a 90-day start-up delay. Future year expenditures reflect (1) full salary with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses. An indeterminate amount of program expenditures could be recaptured in later years to the extent that students repay award monies due to failure to fulfill the requirements of the

program.

Additional Comments: Community-based programs providing support services to individuals with developmental disabilities or mental disorders (including State-sponsored organizations, local government-sponsored organizations, and small businesses) could benefit from the bill to the extent the bill results in a more educated and/or stable human services workforce.

Exhibit 1

	FY 2001	FY 2002	FY 2003	FY 2004
Bachelor's Students	1,128	1,128	1,128	1,128
Renewals	<u>0</u>	<u>1,128</u>	<u>1,128</u>	<u>1,128</u>
Subtotal	1,128	2,256	2,256	2,256
Award Amount	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>
Subtotal Cost	\$3,384,000	\$6,768,000	\$6,768,000	\$6,768,000
Associate Students	1,272	1,272	1,272	1,272
Renewals	<u>0</u>	<u>1,272</u>	<u>2,544</u>	<u>2,544</u>
Subtotal	1,272	2,544	3,816	3,816
Award Amount	<u>\$2,000</u>	<u>\$2,000</u>	<u>\$2,000</u>	<u>\$2,000</u>
Subtotal Cost	\$2,544,000	\$5,088,000	\$7,632,000	\$7,632,000
Total Cost	\$5,928,000	\$11,856,000	\$14,400,000	\$14,400,000

Information Source(s): Maryland Higher Education Commission, Department of Legislative Services

Fiscal Note History: First Reader - March 1, 1999
dmm/jr

Analysis by: Claire E. Rooney

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510