

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1230 (Delegates Rosenberg and Kopp)

Ways and Means

Higher Education - Loan Assistance Repayment Program

This bill expands the group to which priority is given for participation in the Loan Assistance Repayment Program to include those individuals employed in the “professional services.” The bill also eliminates the requirement that an individual must have graduated from an institution of higher education in the last three years.

“Professional services” is not defined.

Fiscal Summary

State Effect: Personnel costs for the Maryland Higher Education Commission (MHEC) would increase by \$5,000 in FY 2001.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Priority for participation in the Loan Assistance Repayment Program must be given to an individual who:

- graduated from an institution of higher education in the last three years;
- is a resident of the State;
- is employed on a full-time basis; and
- provides, as the principal part of the individual’s employment, legal services to

low income residents in the State who cannot afford legal services, nursing services in nursing shortage areas in the State, or other services in an eligible field of employment in which there is a shortage of qualified practitioners to low income or underserved residents or areas of the State.

Background: The Loan Assistance Repayment Program is designed to help Maryland residents who work for the State or a local government or a nonprofit organization to pay back higher education loans. The program is funded with State general funds. Pursuant to State Scholarship Administration guidelines, the Loan Assistance Repayment Program is currently open to: (1) lawyers who provide legal services to low income residents; (2) nurses in nursing shortage areas; (3) occupational and physical therapists; (4) social workers with a bachelor's or master's degree in social work; and (5) teachers in declared areas of critical teacher shortage in Maryland. A participant must not exceed certain income limitations.

For fiscal 1999, the State Scholarship Administration received 325 eligible applications for the Loan Assistance Repayment Program. Of these applicants, 39 received awards, totaling \$189,548.

The State Scholarship Administration also separately administers a Loan Assistance Repayment Program for physicians and medical residents who agree to provide primary care services to underserved areas and populations in the State. This program is funded through medical licensing fees, federal funds provided by the National Health Service Corps State Loan Repayment Program, and State general funds. Eight physicians received awards in fiscal 1999 totaling \$814,270 (\$654,270 in State funds and \$160,000 in federal funds). All eligible applicants received funding.

The Governor's proposed fiscal 2001 budget includes a total of \$1,180,000 for the two programs, which is composed of \$670,000 in general funds, \$350,000 in special funds, and \$160,000 in federal funds.

State Fiscal Effect: Although the bill could alter the distribution of awards under the Loan Assistance Repayment Program, it is not expected to have any impact on program funding or expenditure levels.

MHEC advises that it would be necessary to hire a contractual worker at a cost of \$5,000 in fiscal 2001 to conduct a study of the State's employment needs to determine which fields of employment would make up the professional services category.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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