

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1191 (Delegate V. Jones. *et al.*)

Ways and Means

Higher Education - Dentists - Student Financial Assistance

This bill makes a graduate of a dental school who agrees to practice dentistry for at least two years as a dentist in an underserved area of the State eligible to participate in the Loan Assistance Repayment Program. Seven percent of licensing fees collected by the State Board of Dental Examiners must be transferred to the Loan Assistance Repayment Program for allocation to participating dentists. Any unspent funds transferred from the board must remain in the Loan Assistance Repayment Program to assist participating dentists in future years, instead of reverting to the general fund.

The bill takes effect July 1, 2000.

Fiscal Summary

State Effect: Approximately \$81,000 in special funds would be transferred from the State Board of Dental Examiners to the Maryland Higher Education Commission (MHEC) in fiscal 2001 for allocation to dentists participating in the Loan Assistance Repayment Program. Transfer amounts would be similar in future years, but at some point the Board of Dental Examiners would need to raise fees to meet the bill's requirements.

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 agency to pay back college 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 teacher shortage. 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, for a total award amount of \$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. In fiscal 1999, eight physicians received a total of \$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: Fiscal 2001 licensing fee revenue for the State Board of Dental

Examiners is estimated at \$1,156,676. Pursuant to the bill, 7% of that amount, approximately \$81,000, would be used to supplement the Loan Assistance Repayment Program for practicing dentists in fiscal 2001. Based on a study, the Department of Health and Mental Hygiene has determined that 22 dentists are needed in underserved areas of the State.

Licensing fees are the major source of income for the State Board of Dental Examiners. It is projected that the board will have a surplus fund balance of approximately \$150,000 at the end of fiscal 2000. Therefore, the board could absorb the bill's 7% transfer requirement without raising fees in fiscal 2001. Because the board's fund balance has been declining over time, however, it is predicted that the board would eventually need to raise fees to meet the bill's requirements.

MHEC could administer the bill's changes using existing budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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