

**Department of Legislative Services**  
 Maryland General Assembly  
 2001 Session

**FISCAL NOTE**

House Bill 753 (Delegate Eckardt, *et al.*)  
 Ways and Means

**Higher Education - Maryland HOPE Scholarships - Eligibility**

This bill expands the eligibility criteria for a Maryland HOPE Scholarship applicant who intends to pursue an undergraduate nursing degree by dropping the minimum high school grade point average qualification and the requirement that a recipient begin attending college within two years of high school graduation. As is the case under current law, a nursing student who receives a scholarship must: (1) be accepted for admission in an undergraduate nursing program at a State institution of higher education; (2) be a Maryland resident; (3) enroll as a full-time nursing student; and (4) have an annual total family income of \$80,000 or less. A nursing student who receives a scholarship must commence work in the State as a Registered Nurse or a Licensed Practical Nurse within one year of completing undergraduate studies and must work as a nurse in the State for one year for each year that the scholarship was received.

The bill is effective June 1, 2001.

**Fiscal Summary**

**State Effect:** General fund expenditures would increase by an estimated \$26,000 in FY 2002 for additional scholarship awards. Future year expenditures reflect projected increases in program participation and projections for scholarship renewals. No effect on revenues.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	26,000	44,000	56,000	68,000	68,000
Net Effect	(\$26,000)	(\$44,000)	(\$56,000)	(\$68,000)	(\$68,000)

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

**Local Effect:** None.

**Small Business Effect:** Potential minimal.

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## **Analysis**

**Current Law:** A recipient of a Maryland HOPE Scholarship must: (1) be accepted for admission at a Maryland institution of higher education; (2) be a Maryland resident; (3) have a high school grade point average of 3.0 or greater; (4) begin attending a Maryland institution of higher education within two years of completing high school; (5) enroll as a full-time college student; and (6) have an annual family income of \$80,000 or below. As shown in **Exhibit 1**, nursing students are eligible for the Maryland HOPE Scholarship Program. A recipient may renew an award up to four times if the recipient remains a resident of Maryland, continues to be enrolled in a Maryland institution of higher education, and continues to earn a grade point average of 3.0 or better. The annual award is \$1,000 for a student enrolled in a two-year institution or \$3,000 for a student enrolled in a four-year institution. Maryland HOPE Scholarship recipients must begin working in the State within one year of college graduation and must work in the State for one year for each year that a scholarship was received, or repay the scholarship plus interest.

### **Exhibit 1**

#### **Schedule for Adding New Academic Majors to Maryland HOPE Scholarship Eligibility**

<u><b>Fiscal Year</b></u>	<u><b>New Academic Majors Eligible for HOPE Scholarships</b></u>
2001	health professions (including nursing), business and management, and public affairs
2002	social sciences, fine and applied arts, foreign languages, letters, psychology, communications, agriculture and natural resources, and home economics
2003	interdisciplinary, theology, area studies, legal studies, architecture and environmental resources

**Background:** Projections for the next ten years suggest a growing disparity between health care needs and the availability of qualified personnel to meet increasing demands. Nursing is one of the areas with a critical need for more professionals due to an aging nursing population, fewer individuals enrolling in nursing programs, and high turnover rates among registered nurses. Chapter 257 of 2000 established the Statewide Commission on the Crisis in Nursing, and the commission issued its report on February

5, 2001. Commission recommendations include increased flexibility and dollar amounts for nursing scholarships and scholarships for nurses that are renewed each semester rather than each academic year.

The Maryland HOPE Scholarship Program began distributing awards in fiscal 2001. It is an extension of the Maryland Science and Technology Scholarship and the Maryland Teacher Scholarship programs which provide scholarships to high-performing students who are studying in workforce shortage areas and who pledge to work in the State following graduation. Beginning in fiscal 2002, HOPE Transfer Scholarships will be awarded to students transferring from two-year institutions to four-year institutions.

**State Expenditures:** There are 33 nurses receiving Maryland HOPE Scholarships in fiscal 2001, 23 in four-year institutions and ten in two-year colleges. MHEC advises that 89% of nursing students entering four-year institutions have high school grade point averages of 3.0 or better, and 69% of nursing students entering two-year institutions have high school grade point averages of 3.0 or better. Based on these percentages, the increase in the number of HOPE scholarships awarded to nursing students would be estimated at seven, three for students at four-year institutions and four for students at two-year institutions.

MHEC projects increased participation in the Maryland HOPE Scholarship Program in fiscal 2002 through 2006 due to the increased number of majors that will be eligible for awards, scholarship renewals, and increased participation from students in majors that are currently eligible for scholarships. Assuming the number of nursing student applicants doubles from fiscal 2001 to 2002 and then remains stable, the bill would result in an annual increase of six scholarships for incoming nursing students attending four-year institutions and eight scholarships for incoming nursing students attending two-year institutions. The additional cost of these awards in fiscal 2002 would be approximately \$26,000.

MHEC estimates that 73% of HOPE scholarship recipients will renew scholarship awards after their first year of receiving the awards. Among the students in four-year institutions, 90% of those renewing the scholarship in their second year will renew the award again in their third year, and 95% of these will renew the scholarship for a fourth year. Future year expenditure estimates of \$44,000 in fiscal 2003, \$56,000 in fiscal 2004, and \$68,000 in fiscal 2005 and 2006 are based on these renewal assumptions.

It is assumed that removing the requirement that nursing students begin college within two years of completing high school would have only a minimal impact on the number of scholarship applications and no impact on the number of awards. If the bill attracts additional students to nursing programs in Maryland institutions of higher education, the

expenditure increases would be greater. MHEC could handle the additional administrative workload with existing resources.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader – February 22, 2001  
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Analysis by: Mark W. Collins

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