

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

**FISCAL NOTE**  
**Revised**

Senate Bill 213 (Senator Munson)

Economic and Environmental Affairs

Ways and Means

**Higher Education - HOPE Scholarships - Eligibility**

This bill expands the eligibility for the Maryland HOPE Scholarship and the Community College Transfer Scholarship programs by increasing the eligible family income from \$80,000 to \$95,000.

The bill is effective July 1, 2001.

**Fiscal Summary**

**State Effect:** General fund expenditures could increase by an estimated \$499,700 in FY 2002 due to an increased number of scholarship awards. Future year expenditures reflect projections of future program participation. No effect on revenues.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	499,700	992,200	1,191,500	1,309,400	1,405,200
Net Effect	(\$499,700)	(\$992,200)	(\$1,191,500)	(\$1,309,400)	(\$1,405,200)

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

**Local Effect:** None.

**Small Business Effect:** Minimal.

**Analysis**

**Current Law:** A recipient of a Maryland HOPE Scholarship or a Community College Transfer Scholarship must have an annual family income of \$80,000 or less.

A recipient of a Maryland HOPE Scholarship must also: (1) be accepted for admission at a Maryland institution of higher education; (2) be a Maryland resident; (3) have a grade point average of at least 3.0 in high school core curriculum courses; (4) begin attending college within two years of completing high school; and (5) enroll as a full-time college student. 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.

Aside from the family income requirement, a recipient of a Community College Transfer Scholarship must: (1) transfer from a Maryland community college to a four-year institution of higher education in the State; (2) be a Maryland resident; (3) have earned a grade point average of at least 3.0 while in community college; (4) have completed at least 60 credits or an Associate's Degree at the community college; and (5) enroll as a full-time student at the four-year institution. A recipient may renew an award if the recipient remains a Maryland resident, continues to be enrolled in a Maryland institution of higher education, and maintains a grade point average of at least 3.0. The annual award is \$3,000.

Recipients of either scholarship 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.

**Background:** 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. **Exhibit 1** shows the phase-in schedule for academic majors eligible to receive Maryland HOPE Scholarships.

**Exhibit 1**  
**Schedule for Adding New Academic Majors to Maryland HOPE Scholarship Eligibility**

<b><u>Fiscal Year</u></b>	<b><u>New Academic Majors Eligible for HOPE Scholarships</u></b>
2000	health professions, 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

Beginning in fiscal 2002, Community College Transfer Scholarships will be awarded to students transferring from two-year institutions to four-year institutions.

**State Expenditures:** Approximately 178 HOPE scholarships have been awarded in fiscal 2001 and 407 awards are projected for fiscal 2002. The average award amount for the scholarships is \$2,457. The Maryland Higher Education Commission (MHEC) estimates that 60% of Maryland families with college-age children are below the \$80,000 family income limit. It is assumed that an increase from \$80,000 to \$95,000 in the maximum eligible income would increase program participation by about 10%. Based on current program participation projections, the number of fiscal 2002 HOPE Scholarship awards would increase by approximately 41. If the average award amount is stable, general fund expenditures would increase by \$100,700 in fiscal 2002.

The estimated number of Community College Transfer Scholarships to be awarded in fiscal 2002 is 1,333. Assuming the number of these awards would also increase by 10%, 133 additional transfer scholarships would be awarded in fiscal 2002 at a cost of \$399,000. The combined cost of the additional HOPE awards and transfer awards is estimated at \$499,700.

The original fiscal 2001 projection for awards through the Maryland HOPE Scholarship Program was 1,064. If the more modest fiscal 2002 projection is high again, expanding the program's eligibility might not require additional funding in fiscal 2002. This is the first year of the Community College Transfer Scholarship Program, and it is too early to know if the projected number of awards for this program might also be high. The Governor's proposed fiscal 2002 budget includes \$1 million for Maryland HOPE Scholarships, enough for 407 scholarships at the fiscal 2001 average award amount, and \$4 million for Community College Transfer Scholarships, enough for 1,333 \$3,000 awards.

MHEC projects fairly rapid expansion of the Maryland HOPE Scholarship Program beginning in fiscal 2003 due to scholarship renewals and an increasing number of eligible majors. The number of Community College Transfer Scholarship awards is also projected to increase due to scholarship renewals beginning in fiscal 2003. **Exhibit 2** shows the award projections and the anticipated participation increases stemming from this bill.

**Exhibit 2**  
**Projected HOPE and Transfer Scholarship Awards, Fiscal 2002 to Fiscal 2006**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
<b>Current Law Programs</b>					
Projected HOPE Awards	407	1,230	1,866	2,347	2,739
Average Award	\$2,457	\$2,457	\$2,457	\$2,457	\$2,457
Cost	\$999,999	\$3,022,110	\$4,584,762	\$5,766,579	\$6,729,723
Projected Transfer Awards	1,333	2,302	2,443	2,443	2,443
Award	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Cost	\$3,999,000	\$6,906,000	\$7,329,000	\$7,329,000	\$7,329,000
Current Law Costs	\$4,998,999	\$9,928,110	\$11,913,762	\$13,095,579	\$14,058,723
<b>SB 213 Programs (+10%)</b>					
Projected HOPE Awards	448	1,353	2,053	2,582	3,013
Average Award	\$2,457	\$2,457	\$2,457	\$2,457	\$2,457
Cost	\$1,100,736	\$3,324,321	\$5,044,221	\$6,343,974	\$7,402,941
Projected Transfer Awards	1,466	2,532	2,687	2,687	2,687
Award	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Cost	\$4,398,000	\$7,596,000	\$8,061,000	\$8,061,000	\$8,061,000
SB 213 Costs	\$5,498,736	\$10,920,321	\$13,105,221	\$14,404,974	\$15,463,941
<b>Total Cost of SB 213</b>	<b>\$499,737</b>	<b>\$992,211</b>	<b>\$1,191,459</b>	<b>\$1,309,395</b>	<b>\$1,405,218</b>

**Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 329 (Delegate Cryor, *et al.*) – Ways and Means.

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

**Fiscal Note History:** First Reader – February 12, 2001  
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