

Department of Legislative Services
 Maryland General Assembly
 2001 Session

FISCAL NOTE

House Bill 1444 (Delegate Rawlings)
 Ways and Means

Higher Education - Community College Transfer Student Need-Based Grants - Establishment

This bill establishes a Community College Transfer Student Grant for students who transfer from a community college in Maryland to a four-year institution of higher education in the State. The Maryland Higher Education Commission (MHEC) must annually distribute funds to each four-year institution based on the number of students at the institution who are eligible for grants. Grant amounts are determined by the institutions but may not exceed the lesser of the cost of annual tuition and mandatory fees at the institution or annual tuition and mandatory fees at the University of Maryland, College Park. Institutions receiving grant funding must provide MHEC with an annual audit describing the disposition of the funds. MHEC must establish guidelines for the grant awards.

The bill is effective July 1, 2001.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$1.03 million in FY 2002 for grants. Future year expenditures reflect increasing numbers of students transferring from community colleges. No effect on revenues.

(\$ in millions)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.03	1.05	1.06	1.08	1.10
Net Effect	(\$1.03)	(\$1.05)	(\$1.06)	(\$1.08)	(\$1.10)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: A recipient of a Community College Transfer Student Grant must: (1) be a Maryland resident; (2) have earned 60 college credits or an associate degree from a community college; (3) enroll or be enrolled as a full-time undergraduate student in a four-year institution; (4) demonstrate a financial need; (5) apply for a federal Pell Grant; (6) be eligible to receive federal financial aid; (7) if already enrolled in a four-year institution, be making satisfactory progress toward a degree; and (8) begin attending a four-year institution within three years of earning the required 60 credits or associate degree from a community college. An award may be renewed up to two times if the recipient remains eligible.

Current Law: Through the HOPE Transfer Scholarship Program, a student transferring from a community college to a four-year institution may receive a \$3,000 scholarship award if the student has a grade point average of 3.0 or higher and if the student has a total annual family income of \$80,000 or less. Transfer scholarship recipients must pledge to work in the State for one year for each year that the scholarship is received.

Background: The 2001-2002 school year will be the first year for the new HOPE Transfer Scholarship Program. The proposed fiscal 2002 budget includes \$4 million for the program, enough for 1,333 students to receive awards.

State Expenditures: General fund expenditures for Community College Transfer Student Grants would increase by an estimated \$1.03 million in fiscal 2002. This estimate is based on the following calculations and assumptions.

- An estimated 7,112 students will transfer from community colleges to four-year institutions in the State in fiscal 2002. Among community college transfers, approximately 15% have earned 60 credits or an associate degree from a community college. Of these students, approximately 23% have incomes that would allow them to qualify for federal financial aid. This leaves an estimated 245 students in fiscal 2002 entering a four-year college and eligible for grants.
- In addition to students just transferring from community colleges, students who are already attending four-year institutions and who previously transferred from community colleges would also be eligible for the grants. The number of eligible students in their second year following community college is estimated at 90% of

the number of new entrants (221 in fiscal 2002), and the number of eligible students in their third or fourth year out of community college is estimated at 20% of the number of new entrants (49 in fiscal 2002). In total, there would be an estimated 515 eligible students in fiscal 2002. It is assumed that 80% of all eligible students would accept the award (412 in fiscal 2002), with 20% failing to apply or opting to accept a HOPE Transfer Scholarship instead.

- The estimated fiscal 2002 cost of tuition and fees at the University of Maryland, College Park is \$5,341, the maximum award allowed under the bill. Costs are lower at most other public institutions of higher education in Maryland. It is assumed that the average fiscal 2002 transfer grant amount would be \$2,500. In conjunction with an average Pell Grant award of \$2,500, \$5,000 in tuition and fees would be paid by State and federal grants.

In future years, the number of eligible students would increase by 1.6% annually, the average annual growth rate of community college transfers from 1989 to 1999. It is assumed that the average award would remain the same.

The Maryland Higher Education Commission could administer the program with existing resources. It is assumed that institutions receiving community college transfer grant funds to distribute to eligible students could implement the program with existing personnel and resources.

Additional Information

Prior Introductions: None.

Cross File: SB 894 (Senator Mitchell) - Economic and Environmental Affairs.

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

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