

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE**Revised**House Bill 547 (Delegate Mandel, *et al.*)

Ways and Means

Economic and Environmental Affairs

Higher Education - Nursing Scholarships - Awards

This bill increases from \$2,400 to \$4,500 the maximum annual nursing scholarship award for a nursing student who is enrolled in a nursing program that includes mandatory summer academic sessions as a part of the curriculum. The maximum annual award for a nursing student who is not attending a program with required summer sessions is increased from \$2,400 to \$3,000. Annual awards may not exceed the cost of tuition and fees. Through the renewal of a nursing scholarship, the maximum amount a student may receive under the scholarship program is increased from \$9,600 to \$12,000.

The bill also increases from \$2,400 to \$3,000 the maximum additional need-based grant a nursing scholarship recipient may receive annually. Through the renewal of the grant, the maximum amount a nursing student may receive is increased from \$9,600 to \$12,000. To receive the need-based grant, a nursing student must provide information sufficient to assure that the student has a financial need.

The bill is effective June 1, 2001.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$114,000 in fiscal 2002 due to increased scholarship costs. Future year expenditure increases reflect projected increases in the number of awards. No effect on revenues.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	114,000	122,400	130,200	136,200	139,200
Net Effect	(\$114,000)	(\$122,400)	(\$130,200)	(\$136,200)	(\$139,200)

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

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: Nursing scholarships are awarded through the Economic Development Student Assistance Grants Program to nursing students studying in recognized areas of nursing service or specialization where there exists a shortage of qualified nurses. Annual nursing scholarship awards are in the amount of tuition and fees not to exceed \$2,400. To be eligible for a scholarship, an applicant must be a nursing student, have a grade point average of at least 3.0, and be selected on a competitive basis. Scholarship recipients must perform a service obligation in a recognized nursing shortage area.

Awards are renewable on an annual basis up to a maximum amount of \$9,600 if a recipient remains a Maryland resident, continues to be enrolled in a Maryland institution of higher education, maintains a grade point average of 3.0, and makes satisfactory progress toward the nursing degree or diploma.

Nursing scholarship recipients may also be entitled to an additional grant for living expenses based on financial need. The additional grant may not exceed \$2,400 annually or a cumulative total of \$9,600 if renewed annually.

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. An increase in the dollar amount for nursing scholarships was one of the commission's recommendations. The commission also recommended that eligibility requirements for nursing scholarships be more flexible and that scholarships be granted for each semester rather than annually.

The College of Southern Maryland has the only nursing program in Maryland that includes a mandatory academic summer session. According to the Maryland Higher Education Commission (MHEC), Johns Hopkins University; the University of Maryland, Baltimore; and the Community College of Baltimore County are considering adding mandatory summer sessions to their nursing curricula.

State Expenditures: General fund expenditures could increase by an estimated \$114,000 in fiscal 2002 to fund increased scholarship awards for nursing students in four-

year institutions (\$108,000) and increased need-based grants provided to nursing students (\$6,000). **Exhibit 1** shows the estimated impact of the bill for fiscal 2002 through 2006 based on current MHEC projections for nursing scholarship awards. The assumptions used to calculate the estimates are described below.

Nursing students at two-year institutions of higher education would not be affected by an increase in the maximum nursing scholarship award because annual tuition and fees at these institutions generally total less than \$2,400, the maximum award under current law.

For nursing students at four-year institutions, the bill would result in an average annual nursing scholarship award of approximately \$3,000. The College of Southern Maryland is presently the only school with a mandatory summer academic program, and therefore is the only school where nursing students could potentially receive an award of up to \$4,500. However, only out-of-county students attending the college pay more than \$3,000 for tuition and fees, and there are not enough of these students receiving scholarships to assume an average award of greater than \$3,000. Based on MHEC's fiscal 2002 projection of 180 nursing scholarship awards for students at four-year institutions, State general fund expenditures would increase by \$108,000. Future year cost estimates reflect gradual increases in the number of scholarship awards.

MHEC advises that 3% of nursing scholarship recipients also receive the available need-based grant. Assuming ten students receive the grant in fiscal 2002 and the average award for these grants increases from \$2,400 to \$3,000 per recipient, expenditures would increase by an additional \$6,000. Future year cost estimates reflect gradual increases in the number of grant awards.

If the bill attracts additional students to the field of nursing, general fund expenditures would increase accordingly.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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Exhibit 1
Cost Estimate for HB 547, FY 2002 to FY 2006

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Projected number of awards	327	351	375	391	400
Current Law					
Two-year institutions					
Projected number of awards*	147	158	169	176	180
Average Award*	\$1,302	\$1,354	\$1,408	\$1,465	\$1,523
Cost	\$191,394	\$213,932	\$237,952	\$257,840	\$274,140
Four-year institutions					
Projected number of awards*	180	193	206	215	220
Average Award	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Cost	\$432,000	\$463,200	\$494,400	\$516,000	\$528,000
Need-based grants					
Projected number of awards	10	11	11	12	12
Average Award	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Cost	\$24,000	\$26,400	\$26,400	\$28,800	\$28,800
Cost of current program	\$647,394	\$703,532	\$758,752	\$802,640	\$830,940
HB 547					
Two-year institutions					
Projected number of awards*	147	158	169	176	180
Average Award*	\$1,302	\$1,354	\$1,408	\$1,465	\$1,523
Cost	\$191,394	\$213,932	\$237,952	\$257,840	\$274,140
Four-year institutions					
Projected number of awards*	180	193	206	215	220
Average Award	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Cost	\$540,000	\$579,000	\$618,000	\$645,000	\$660,000
Need-based grants					
Projected number of awards	10	11	11	12	12
Average Award	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Cost	\$30,000	\$33,000	\$33,000	\$36,000	\$36,000
Cost of program	\$761,394	\$825,932	\$888,952	\$938,840	\$970,140
Cost of HB 547	\$114,000	\$122,400	\$130,200	\$136,200	\$139,200

* Source: Maryland Higher Education Commission

