

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE
Revised

House Bill 661 (Delegate Rawlings, *et al.*)
 (Task Force to Study College Readiness for Disadvantaged and Capable Students)
 Ways and Means and Appropriations Education, Health, and Environmental Affairs and Budget and Taxation

College Readiness for Disadvantaged and Capable Students Act of 2002

This bill codifies the recommendations of the Task Force to Study College Readiness for Disadvantaged and Capable Students. The bill implements several initiatives and changes the name of the State Scholarship Administration to the Office of Student Financial Assistance.

The bill is effective July 1, 2002.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$163,600 in FY 2003 and by \$1.4 million in FY 2004 to begin implementing the task force recommendations. Future year expenditures reflect the phase-in of the College Readiness Outreach Program as well as annualization, salary increases, and inflation. No effect on revenues.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	.2	1.4	4.1	6.5	7.9
Net Effect	(\$0.2)	(\$1.4)	(\$4.1)	(\$6.5)	(\$7.9)

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

Local Effect: State aid for “One Maryland” school systems would increase by an estimated \$75,000 in FY 2003 to enable the systems to administer the Preliminary Scholastic Aptitude Test to tenth grade students. Beginning in FY 2004, State aid to four local school systems would increase through the College Readiness Outreach Program,

and local school expenditures would increase to provide a match for the program. In future years, State aid for the initiatives would be extended to all local school systems.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: The initiatives established in the bill are summarized individually below.

The College Readiness Outreach Program

The bill allows a ninth or tenth grade student to prequalify on the basis of financial need for a Guaranteed Access Grant to be awarded at the time of enrollment in an institution of higher education. The student must agree to: (1) satisfy the attendance policy at the school the student is attending; (2) refrain from substance abuse; (3) file for federal financial aid each year that the student plans to enroll in postsecondary education; and (4) participate in the College Readiness Outreach Program until graduating from high school and matriculating at an institution of higher education.

The Maryland Higher Education Commission (MHEC) and the Maryland State Department of Education (MSDE), in collaboration with local boards of education, local school superintendents, and institutions of higher education, must administer the College Readiness Outreach Program. The program must provide guidance to students who qualify for Guaranteed Access Grants while in ninth or tenth grades to help them graduate from high school and matriculate at institutions of higher education. MHEC and MSDE must designate statewide and regional program coordinators who will publicize the program and work with local school systems to provide professional guidance and one-on-one mentoring to participating students. MHEC and MSDE may use existing organizations to provide counseling and mentoring and may supplement professional mentors with postsecondary students receiving work-study assistance and eleventh and twelfth grade students who are successfully completing their high school graduation requirements.

Funding to implement the program is as provided in the State budget. To the extent that funds are provided, the State must provide 50% of the costs associated with the local administration and one-on-one mentoring components of the program or 75% of the costs in "One Maryland" jurisdictions.

The bill declares that it is the intent of the General Assembly that the College Readiness Outreach Program be implemented over a five-year period beginning in fiscal 2004. In

the first year of implementation, up to 1,000 students in Baltimore City and Allegany, Prince George's, and Wicomico counties may participate in the program. As funds are provided in the budget, additional counties must be added until all counties are participating in the program. In consultation with MSDE, MHEC must complete a performance evaluation of the program by July 1, 2007 and must report on the results of the evaluation.

The Graduate and Professional Scholarship Program

The bill requires MHEC to establish and administer a Graduate and Professional Scholarship Program in cooperation with institutions of higher education in Maryland. Scholarship recipients must: (1) be Maryland residents; (2) demonstrate financial need; and (3) attend Maryland schools of medicine, dentistry, pharmacy, law, veterinary medicine, social work, or nursing. Annual scholarship award amounts range from \$1,000 to \$5,000, and an award recipient may not receive an award for more than eight semesters. MHEC must distribute funding for the program to institutions in the State based on the proportion of State residents enrolled in eligible programs at the institutions. Funding for the scholarship program is as provided in the annual State budget.

Decentralized Educational Excellence Awards

If funds are available, the bill requires MHEC to allocate funding for Educational Excellence Awards to institutions of higher education based on the proportion of State residents enrolled at each institution who receive federal Pell Grants. Institutions may award the funds to students who fail to meet the application deadline if the students meet the other eligibility criteria for the awards.

Need-Based Financial Aid Programs

The bill requires the Governor to include in the annual State budget an appropriation that is at least 80% of the prior fiscal year's appropriation for need-based financial assistance under the following programs: Educational Excellence Awards, the living costs component of Nursing Scholarships, the Part-time Grant Program, the Loan Assistance Repayment Program, and the Maryland Graduate and Professional Scholarship Program established in this bill.

The K-16 Leadership Council

The bill declares that it is the intent of the General Assembly that the K-16 Leadership Council be formalized through a Memorandum of Understanding signed by the State Superintendent of Schools, the Secretary of Higher Education, the Chancellor of the

University System of Maryland, and private colleges and universities. In addition, the K-16 Leadership Council must study and plan for the establishment of the K-16 Research and Development Institute and the Maryland Clearinghouse for Educational Statistics.

Development of Middle School Teacher Certification

The bill declares that it is the intent of the General Assembly that MSDE develop a certificate for middle school teachers in conjunction with the Professional Standards in Teaching Education Board.

Preliminary Scholastic Aptitude Test

The bill requires MSDE to distribute grants in fiscal 2003 and 2004 to school systems in “One Maryland” jurisdictions for the administration of the Preliminary Scholastic Aptitude Test (PSAT) to tenth grade students. Beginning in fiscal 2005, MSDE must distribute grants to every local school system for the administration of the PSAT to tenth grade students in all systems. Subject to funding in the State budget, the amount of the grants must be sufficient for the administration of the PSAT to all tenth grade students. The bill states that it is the intent of the General Assembly that the Governor include in the fiscal 2003 State budget an amount sufficient to fund PSAT administration as proposed in the bill. Beginning in fiscal 2004, the annual State budgets must include funding for the administration of the PSAT.

Current Law: Guaranteed Access Grants are awarded to students who have successfully completed a college preparatory program in high school and have an annual family income below the poverty level. Students in ninth and tenth grades cannot prequalify for the grants.

The first \$180,000 collected from fees for personalized license plates must be used by MHEC to fund scholarship programs for students in the fields of medicine, dentistry, law, nursing, social work, and pharmacy. The State Scholarship Administration distributes the awards.

At the end of a fiscal year, State funding appropriated to scholarship programs remains in MHEC’s budget and is carried forward for use in subsequent years. Funding that is carried forward may be used to provide awards under the following programs: Educational Excellence Awards, Guaranteed Access Grants, the living costs portion of Nursing Scholarships, Part-time Grants, the Loan Assistance Repayment Program, and the professional scholarship program that receives funding from personalized license plate fees.

There is no separate certification for middle school teachers. Some school systems pay a portion of PSAT costs for students.

Background: In 1998 the Southern Education Foundation (SEF) issued *Miles to Go, A Report on Black Students and Postsecondary Education in the South*, which is an analysis of minority opportunities in public higher education in the 19 states, including Maryland, that at one time operated segregated systems of higher education. Subsequently, the SEF Maryland Leadership group issued *Miles to Go: Maryland*, the first state-specific publication responding to the initial SEF document. *Miles to Go: Maryland* suggested that the State has made strides towards equity but that additional progress is needed. The report provided the impetus for the General Assembly to establish the Task Force to Study College Readiness for Disadvantaged and Capable Students during the 2000 legislative session (Chapter 664).

The task force worked over the last two interims in three subcommittees: College Readiness, Teacher Preparation, and Financial Aid. The subcommittees delivered separate reports, which were later consolidated into a final task force report issued in December 2001. The report suggests that the task force's recommendations, many of which would be implemented through this bill, are a starting point for addressing the needs of disadvantaged and capable students.

State Expenditures: General fund expenditures would increase by \$163,594 in fiscal 2003 to provide grants for the administration of PSAT tests and to fund personnel at MSDE to begin developing a middle school certification. In fiscal 2004, costs would increase to \$1.4 million as implementation of the College Readiness Outreach Program begins. Other initiatives established in the bill could be implemented within existing resources. An explanation of the fiscal impact of several of the initiatives is provided below.

The College Readiness Outreach Program

The cost estimates for the College Readiness Outreach Program assume a phase-in of the program that begins by enlisting 1,000 students for the program in fiscal 2004. The fiscal 2007 estimate assumes that 6,250 students would participate. Costs include salaries for counselors and administrators, stipends for student mentors, and marketing and outreach expenses. The estimates do not include any additional scholarship costs resulting from the program. Full implementation of the program, which would include an estimated 8,000 participants annually, would not occur until fiscal 2008.

<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
\$1,236,251	\$3,474,678	\$5,924,765	\$7,280,756

The Graduate and Professional Scholarship Program

A professional school scholarship program already exists, but the parameters of the program are not currently codified in State law. This bill would codify the program and would allow institutions of higher education, rather than the Office of Student Financial Assistance, to distribute program awards. The proposed fiscal 2003 State budget includes \$202,500 for the program, \$22,500 in general funds, and \$180,000 in special funds from fees charged for personalized license plates. MHEC advises that this funding level would be sufficient to provide for the decentralization of awards. Therefore, no additional funding would be required to implement this initiative.

Decentralized Educational Excellence Awards

The Task Force to Study College Readiness for Disadvantaged and Capable Students recommended that \$3 million be added to the funding for Educational Excellence Awards and that the additional funding be distributed to institutions of higher education to provide need-based awards to students. However, MHEC advises that a decentralized component of the awards could be implemented with scholarship funding that carries forward each year. Chapter 291 of 2001 (HB 1004) requires all State scholarship program appropriations that are unexpended at the end of a fiscal year to be used to make awards to students in subsequent fiscal years. This is the first year that remaining scholarship funds will be retained by MHEC, and MHEC could use the funding to provide additional support for Excellence in Education Awards. In the past, as much as \$1 million per year in State scholarship funding has been unexpended at the end of a fiscal year.

Development of Middle School Certification

In order to develop, implement, and sustain a program of middle school certification, MSDE would require one education program specialist and one administrative specialist. To support the positions, general fund expenditures would increase by an estimated \$88,594 in fiscal 2003, which accounts for the bill's July 1, 2002 effective date and a 90-day start-up delay. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. Future year expenditures reflect: (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Administration of the Preliminary Scholastic Aptitude Test

There are approximately 56,000 tenth grade students in Maryland public schools. Public schools in the “One Maryland” jurisdictions (Baltimore City and Allegany, Caroline, Dorchester, Garrett, Somerset, and Worcester counties) enroll approximately 15% of the State’s students, including an estimated 8,400 tenth grade students. At \$8.50 per test, the cost to administer the PSAT to all tenth grade students in “One Maryland” jurisdictions would be approximately \$75,000 in fiscal 2003 and 2004. Beginning in fiscal 2005, MSDE would distribute grants to all counties for the administration of the PSAT to tenth grade students. Assuming 1% annual inflation on the cost of the PSAT, general fund expenditures would increase by an estimated \$485,600 in fiscal 2005, \$490,400 in fiscal 2006, and \$495,300 in fiscal 2007.

Local Fiscal Effect: Local school systems would receive State funding to support the College Readiness Outreach Program. In fiscal 2004 Baltimore City and Allegany, Prince George’s, and Wicomico counties would receive the funding. By fiscal 2008, the funding would be extended to all school systems. Most systems would have to provide a 50% share for the funding, although “One Maryland” jurisdictions would only be required to provide a 25% share.

In addition, Baltimore City and Allegany, Caroline, Dorchester, Garrett, Somerset, and Worcester counties would receive fiscal 2003 and fiscal 2004 grants totaling an estimated \$75,000 to enable the systems to administer the PSAT to their tenth grade students. Beginning in fiscal 2005, all jurisdictions would receive the grants.

Additional Information

Prior Introductions: None.

Cross File: SB 453 (Senator Lawlah, *et al.*) (Task Force to Study College Readiness for Disadvantaged and Capable Students) – Education, Health, and Environmental Affairs and Budget and Taxation.

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

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