

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE

House Bill 677
 Ways and Means

(Delegate Mandel, *et al.*)

**HOPE for Nontraditional Students - Community College Transfer Scholarship
 Program - Nurses**

This bill expands eligibility for the HOPE Community College Transfer Scholarship Program to include an applicant who has obtained an Associate’s Degree in nursing at a community college in the State within three years of the application date. Applicants must meet all the other program requirements to be eligible for the scholarships.

The bill is effective July 1, 2002.

Fiscal Summary

State Effect: General fund expenditures could increase by an estimated \$1.0 million in FY 2003 to provide additional transfer scholarships. Future year expenditures reflect scholarship renewals and new scholarship awards. No effect on revenues.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.0	1.6	1.5	1.6	1.6
Net Effect	(\$1.0)	(\$1.6)	(\$1.5)	(\$1.6)	(\$1.6)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: To qualify for a Community College Transfer Scholarship, an applicant must be a student at a community college in the State. The applicant must have completed 60 credits at the community college or have earned an Associate's Degree by the end of the semester in which the applicant plans to transfer. In addition, the applicant must: (1) be a Maryland resident; (2) maintain a 3.0 grade point average while a community college student; (3) be accepted for admission and enroll in a four-year institution of higher education in Maryland; and (4) have an annual family income of no more than \$95,000. An applicant who receives a scholarship must work in the State for one year for each year that the scholarship is awarded. The annual amount of an award under the program is \$3,000 and may be used for tuition and fees. Funding for the program is as provided in the annual State budget.

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 first report on February 5, 2001. Increased scholarship eligibility for nursing students was one of the recommendations included in the report.

HOPE Community College Transfer Scholarships are being awarded for the first time during the 2001-2002 academic year. The Maryland Higher Education Commission projects that 357 transfer students will receive awards totaling more than \$1 million.

State Expenditures: General fund expenditures could increase by an estimated \$1 million in fiscal 2003 to award additional HOPE Transfer Scholarships to an estimated 338 nursing students. This estimate reflects the information and assumptions described below.

- There are 2,248 nursing students who graduated with an Associate's Degree in nursing from 1999 to 2001 and therefore could be eligible for transfer scholarships for the 2002-2003 academic year.
- Approximately 20%, or 450, of these nurses would apply for a scholarship.
- Approximately 75%, or 338, of the nurses who submit applications would qualify for and accept the \$3,000 awards.

In fiscal 2004, expenditures could increase by an estimated \$1.6 million, approximately \$870,000 for new awards and \$762,000 for award renewals. This estimate is based on the assumptions described below.

- Approximately 75% of the nursing students receiving a transfer scholarship in fiscal 2003, or 254 students, would qualify for a one-year renewal of the award.
- The 20% application rate and 75% eligibility rate for new applicants would continue.
- The number of nurses earning an Associate's Degree will remain relatively stable at 750 per year.

Estimates of \$1.5 million to \$1.6 million per year for fiscal 2005 to 2007 assume that these trends would continue. **Exhibit 1** shows the estimated number of new awards and award renewals that could be provided under the bill from fiscal 2003 to 2007.

Exhibit 1
Estimated Numbers of Additional HOPE Transfer Scholarships
Fiscal 2003 to 2007

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Estimated number of associates degrees in nursing, prior 3 years	2,248	2,230	2,189	2,250	2,250
New Awards					
Number	338	290	290	299	298
Cost	\$1,014,000	\$870,000	\$870,000	\$897,000	\$894,000
Renewals					
Number	0	254	218	218	224
Cost	\$0	\$762,000	\$654,000	\$654,000	\$672,000
Totals					
Number	338	544	508	517	522
Cost	\$1,014,000	\$1,632,000	\$1,524,000	\$1,551,000	\$1,566,000

Funding for the HOPE Community College Transfer Scholarship Program is as provided in the State budget, and therefore the expenditure increases shown here would only be incurred if the annual State budgets include the new funding. If eligibility for the program is expanded without additional funding, the State Scholarship Administration could be more selective when choosing from eligible applicants.

Additional Information

Prior Introductions: None.

Cross File: SB 647 (Senator Teitelbaum, *et al.*) - Education, Health, and Environmental Affairs.

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

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