

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 484
 Ways and Means

(Delegate Rosenberg, *et al.*)

Higher Education - Janet L. Hoffman Loan Assistance Repayment Program - Eligibility Criteria

This bill broadens the eligibility for the Janet L. Hoffman Loan Assistance Repayment Program to allow graduates of colleges and universities outside of Maryland to qualify for awards.

Fiscal Summary

State Effect: General fund expenditures could increase by an estimated \$340,100 annually beginning in FY 2005 to provide loan assistance to a broader pool of eligible candidates. Revenues would not be affected.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	340,100	340,100	340,100	340,100
Net Effect	\$0	(\$340,100)	(\$340,100)	(\$340,100)	(\$340,100)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: To be eligible for an award from the Janet L. Hoffman Loan Assistance Repayment Program, an individual must have received a degree from a Maryland college or university or any school of medicine or law. Loan assistance recipients must reside in

Maryland, obtain full-time employment with nonprofit or governmental entities in specified shortage areas, and earn incomes under \$50,000 if single or combined incomes of under \$110,000 if married. A formula is used to determine the amount of an award, up to a maximum of \$7,500.

Background: The Janet L. Hoffman Loan Assistance Repayment Program is designed to attract qualified individuals to fields of employment in the government and nonprofit sectors, particularly in critical workforce shortage fields. Eligible employment fields include medicine, law, nursing, physical and occupational therapy, social work, speech pathology, and teaching in areas of critical shortage as certified by the State Board of Education.

The proposed fiscal 2004 State budget includes just over \$2 million for the loan repayment program, a decrease of nearly \$600,000 (22%) from fiscal 2003. The proposed decrease is due to a reduction in general fund support for the program, from \$1.2 million in fiscal 2003 to \$576,000 in the proposed budget. The federal fund (\$160,000) and special fund (\$1.3 million) appropriations remain the same from fiscal 2003 to 2004. Special fund support for the program comes from health care licensing fee revenues.

Loan assistance through the program has been provided to approximately 480 award recipients in fiscal 2003, and there is a waiting list for the program of 147 eligible applicants. The estimated number of awards for fiscal 2004 is 423.

State Expenditures: General fund expenditures could increase by an estimated \$340,100 in fiscal 2005 if additional funding is provided to make awards to a greater number of eligible applicants. This calculation is based on the following assumptions.

- Due to the bill's October 1, 2003 effective date and the September 31 application deadline for the Loan Assistance Repayment Program, the first fiscal year that would be affected by the legislation is 2005.
- Approximately one-half of the awards go to graduates of schools of medicine and law. These graduates can currently qualify for an award regardless of where they attended school. Therefore, these awards would not be affected by the legislation.
- The remaining pool of eligible candidates would expand by one-third (approximately 70) due to the inclusion of graduates of out-of-state institutions. Providing awards to these applicants at a level similar to the funding level proposed in the fiscal 2004 State budget would require an additional \$340,100.

- Even with the enhanced funding, the waiting list for the program would increase in proportion to the expanded pool of qualified candidates.

Funding for the Loan Assistance Repayment Program is as provided in the State budget, and therefore the expenditure increases estimated 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 average award amount could be reduced, the waiting list could be expanded, or the Office of Student Financial Assistance could be more selective when choosing from eligible applicants.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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lc/jr

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