

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1307
 Ways and Means

(Delegate Rosenberg, *et al.*)

Education, Health, and Environmental Affairs

Higher Education - William Donald Schaefer Scholarship Program

This bill establishes the William Donald Schaefer Scholarship Program for students who demonstrate outstanding potential for public service. An advisory council and a fund are also established for the program. The Maryland Higher Education Commission (MHEC) and the program's advisory council must report annually on the program.

Fiscal Summary

State Effect: General fund expenditures could increase by an estimated \$250,000 in FY 2005. Future year expenditures assume a consistent amount of funding for the program. Revenues would not be affected.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	250,000	250,000	250,000	250,000	250,000
Net Effect	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: To qualify for an award under the William Donald Schaefer Scholarship Program, an applicant must: (1) be a Maryland resident; (2) demonstrate a definite financial need; (3) be accepted for admission or currently enrolled as a full-time

undergraduate or graduate student at an institution of higher education in Maryland; and (4) sign a letter of intent to work full-time in the State in a public service career or occupation for one year for each year that the scholarship is received. In making scholarship awards, MHEC and the advisory council must endeavor to select a diverse group of scholarship recipients.

Recipients of Schaefer Scholarships must sign agreements at the time of their initial awards to commence employment in the State within one year after completion of their educational programs and work full-time in the State in a public service career or occupation for one year for each year the award was received. This service obligation may be fulfilled by working as a teacher or nurse in the public sector. If a recipient does not meet the degree requirements or fails to perform the service obligation, the funds awarded must be repaid.

Schaefer Scholarship award amounts equal the cost of tuition and mandatory fees at recipients' institutions but may not exceed the cost of tuition and mandatory fees for a full-time resident student at the University System of Maryland institution with the highest annual expenses for full-time resident undergraduate students, not including the University of Maryland University College and the University of Maryland, Baltimore. An award may be renewed up to four times if a recipient remains eligible and is making progress toward a degree.

The William Donald Schaefer Scholarship Fund may accept gifts and grants for the fund in addition to State funding provided for the program. The fund may only be used to make Schaefer Scholarship awards.

Current Law: There are approximately 25 State scholarship programs in Maryland, including 12 that involve a service obligation. In general, scholarship service obligations involve working in the State in a field that is suffering from a workforce shortage.

State Expenditures: General fund expenditures could increase by an estimated \$250,000 in fiscal 2005. MHEC advises that this level of funding would be used to support 10 scholarship recipients in fiscal 2005, and the remaining funds would be held in reserve to ensure that sufficient funding is available to make up to four award renewals per recipient. In the second year of the program 10 new awards would be made, and the 10 scholarships granted in fiscal 2005 would hopefully be renewed. By its fourth or fifth year, the program would be operating at full capacity, with 10 new awardees per year and ongoing renewals for 30 to 40 students per year. Scholarship funds of \$250,000 per year would be sufficient to operate a program of this size.

MHEC advises that, as long as the program does not grow too fast, the additional administrative requirements could be handled with existing resources. However, if there

is a large number of applicants for the program or the number of scholarships awarded each year increases beyond 40 or 50, additional personnel would be needed. Annualized costs for one additional administrative specialist at MHEC would be \$45,000 to \$55,000 per year.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 12, 2004
ncs/hlb Revised - Updated Budget Information - March 23, 2004
Revised - House Third Reader - April 5, 2004
Revised - Enrolled Bill - May 6, 2004

Analysis by: Mark W. Collins

Direct Inquiries to:
(410) 946-5510
(301) 970-5510