

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE

House Bill 397 (Delegate Rosenberg)  
Ways and Means

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Education - Loan Repayment Assistance and Scholarship - Priority for  
Participation and Eligibility

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This bill expands eligibility for the Janet L. Hoffman Loan Assistance Repayment Program (LARP), the Walter Sondheim Jr. Public Service Summer Internship Scholarship Program, and the William Donald Schaefer Scholarship Program by removing the requirements that the recipients attend an institution of higher education in the State. The bill also alters criteria for determining priority participation for LARP.

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Fiscal Summary

**State Effect:** Expanding *eligibility* for LARP and Sondheim and Schaefer scholarships does not require additional spending. However, in order for *awards* to be made to all applicants currently on the waiting list and newly eligible applicants, general fund expenditures would have to increase beginning in FY 2010. Revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** LARP eligibility is expanded by removing the requirement that the recipient's degree be from an institution of higher education in Maryland. The bill also expands priority participation by eliminating the requirement that a recipient be employed full time. A recipient must still be employed in an eligible field in which there is a shortage of qualified practitioners for low-income or underserved residents or areas of the State. In addition, the bill expands priority eligibility from individuals who

graduated from an institution of higher education within the last three years to an individual who graduated within the last five years.

Eligibility for the Walter Sondheim Jr. Public Service Summer Internship Scholarship program is expanded by removing the requirement that a recipient is attending a Maryland institution. A recipient must still be a college junior or senior or a graduate student.

Eligibility for the William Donald Schaefer Scholarship Program is expanded by removing the requirement that it be used at an institution of higher education in the State. The scholarship must still be used at an institution that offers courses of study, training, or other educational activities that are designed to prepare individuals for a career in public service.

**Current Law:** Individuals working for public or nonprofit organizations are eligible for participation in LARP. Other than a degree from a medical or law school, LARP recipients must have received their degree from a college or university in the State. Award recipients must also meet income eligibility guidelines and any other criteria established by the Office of Student Financial Assistance (OSFA) in the Maryland Higher Education Commission (MHEC).

Priority for participation in LARP is given to individuals who graduated from institutions of higher education within the last three years; are residents of the State; are employed full time; and provide legal services to low-income Marylanders, provide nursing services in nursing shortage areas, or provide other services to low-income or underserved populations in eligible employment fields. LARP award amounts are determined by OSFA and are based on the academic debt of awardees. OSFA sets the income eligibility limits for LARP, although it is not specifically required to review the eligible income levels annually.

There are two additional branches of LARP: LARP-Primary Care Services (LARP-PCS) for primary care physicians and Maryland Dent-Care LARP (MDC-LARP) for dentists. These programs have no income eligibility requirements, and award recipients are selected by the Department of Health and Mental Hygiene (DHMH) instead of OSFA.

Chapter 490 of 2007 established the Sondheim scholarship. College juniors, seniors, or graduate students who attend an institution of higher education in the State are eligible for the Sondheim scholarship program administered by the Shriver Center at the University of Maryland Baltimore County (UMBC). Each participating student is placed in a summer internship with a qualifying nonprofit company, the State, or a local government and, subject to the availability of funds, receives a \$3,000 scholarship from the Shriver Center. Funds for the program are as provided in the annual State budget.

In choosing student participants for the Sondheim scholarship program, priority must be given to Maryland residents who have demonstrated interest in public service careers and who assist in providing (1) legal services to low-income residents; (2) social work services to low-income residents; (3) nursing services in designated nursing shortage areas; and (4) other services in the public or nonprofit sector in which there is a shortage of qualified practitioners for low-income or underserved residents or underserved areas of the State. Internships may be paid or unpaid.

Chapter 413 of 2004 established the Schaefer scholarship for students who demonstrate outstanding potential for and pledge to pursue a career in public service. A Schaefer scholarship recipient must be a Maryland resident; demonstrate financial need; be accepted or currently enrolled at an eligible institution as a full-time student; accept any other conditions attached to the award; and satisfy any additional criteria established by MHEC. Recipients must also 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.

**Background:** The Governor's proposed fiscal 2010 budget includes a total of \$2.7 million for LARP and LARP-PCS. Of this amount, \$2.0 million is general funds for LARP and \$650,000 is generated from special and reimbursable federal funds for LARP-PCS. The maximum annual LARP award is \$10,000, and LARP-PCS awards range from \$25,000 to \$30,000 per year.

The Sondheim scholarship program was limited to 75 scholarships in fiscal 2008 and 100 scholarships in fiscal 2009; beyond fiscal 2009 there is no statutory limit on the

number of scholarships awarded although it is assumed to remain at 100. The proposed fiscal 2010 funding for the Sondheim scholarship is unclear because it is administered by UMBC.

The Schaefer scholarship was consolidated into the Workforce Shortage Student Assistance Grants beginning in fiscal 2008. The Governor's proposed fiscal 2010 budget includes a total of \$3.9 million for the Workforce Shortage Student Assistance Grants, down from the fiscal 2009 appropriation of \$4.3 million. MHEC advises 14 Schaefer scholarships were awarded in fiscal 2008 at a total of \$117,205. MHEC estimates 11 Schaefer scholarships will be awarded in fiscal 2009 if there are enough eligible applicants. MHEC further advises fiscal 2010 is the last year it will award new Schaefer scholarships.

**State Expenditures:** Funding levels for LARP, LARP-PSC, and the Sondheim and Schaefer scholarships are determined by the State budget; and therefore, any additional expenditures for the programs resulting from an expansion of the programs are only incurred if the annual State budget includes new funding to make additional awards. MHEC estimates that the bill increases applications for LARP by at least 55 eligible applicants annually. Using the three-year average award amount of \$4,182, funding the additional applicants costs \$230,010 in fiscal 2010.

If eligibility for LARP and Sondheim and Schaefer scholarships is expanded without additional funding, applicants may be added to a waiting list for the programs or the selection of awardees may become more competitive. LARP currently has a waiting list of 507 applicants; the size of the waiting lists for the scholarships is currently unknown.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 23, 2009  
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Analysis by: Caroline L. Boice

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

