

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**

Senate Bill 503 (Senator Gladden)  
Education, Health, and Environmental Affairs

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**Higher Education - Sergey Brin Scholarship Program**

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This bill establishes the Sergey Brin Scholarship Program to increase income tax revenues in the State while promoting educational achievement and college affordability by encouraging students to pursue degrees leading to employment in the State that pays a high salary in comparison to the level of education required for the employment.

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**Fiscal Summary**

**State Effect:** General fund expenditures increase by approximately \$80,000 in FY 2011 to modify and test the scholarship web portal. General fund expenditures also increase to fund scholarships, by approximately \$7,600 per bachelor's degree scholarship per year and by approximately \$3,200 per associate's degree scholarship per year. Baltimore City Community College tuition revenues increase approximately \$3,100 for each student that would not have attended without a scholarship. Future year expenditures increase due to inflation.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Higher Ed Rev.	-	-	-	-	-
GF Expenditure	\$80,000	-	-	-	-
Net Effect	(\$80,000)	\$0	\$0	\$0	\$0

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

**Local Effect:** Community college tuition revenues increase approximately \$3,200 for each student that would not have attended without a scholarship.

**Small Business Effect:** Minimal.

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## Analysis

**Bill Summary:** To be eligible for an award, a student must be pursuing a bachelor's degree in aerospace engineering, computer information science, or materials engineering or be pursuing an associate's degree in applied science, dental hygiene, nuclear medicine, nursing, radiation therapy, or respiratory therapy.

The Maryland Higher Education Commission (MHEC) must periodically update the list of degrees eligible for a scholarship by compiling and analyzing data from the Bureau of Labor Statistics on employment in the State that pays a high salary compared to the required level of education. If MHEC removes a degree eligible for this scholarship, a current recipient who has been pursuing that degree for at least one year may continue to receive an award.

A recipient for an award under the Sergey Brin Scholarship Program 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 student pursuing one of the eligible degrees at an institution of higher education in Maryland; (4) have a 3.0 grade point average on a 4.0 scale either in high school or as an undergraduate, as required; (5) sign a letter of intent to perform the tax obligation on completion of the recipient's required studies; (6) accept any other conditions of the award; and (7) satisfy any additional criteria established by MHEC.

MHEC must make scholarship awards in the following order or preference to (1) applicants who are high school graduates who have not completed any college courses; (2) applicants who are currently enrolled at an eligible institution but have experienced a reduction in financial aid and are in danger of withdrawing due to financial reasons; and (3) all other applicants.

A recipient must repay MHEC for the funds received if the recipient does not:

- satisfy the degree requirements for one of the eligible degrees;
- meet the tax obligation; or
- if the degree requires State certification for employment, become professionally certified in the State within the time period specified by MHEC.

To meet the tax obligation, a recipient that had a scholarship awarded for a bachelor's degree must do the following for 2.5 years for each year the recipient received an award: maintain a primary residence in the State, maintain full-time employment in the State, and file income tax returns in the State. To meet the tax obligation, a recipient that had a scholarship awarded for an associate's degree must do the following for three years for each year the recipient received an award: maintain a primary residence in the State, maintain full-time employment in the State, and file income tax returns in the State.

Recipients may use the award at any public or private institution of higher education in the State that possesses a certificate of approval from MHEC. The amount of the annual scholarship award must be equal to the cost of the recipient's tuition and fees, except as described below. The award for a bachelor's degree scholarship may not exceed the tuition and mandatory fees at the University System of Maryland institution with the highest annual expenses for full-time resident undergraduates, excluding the University of Maryland, University College. The award for an associate's degree scholarship may not exceed the tuition and mandatory fees at the community college in the State with the highest annual expenses for a full-time resident undergraduate.

A recipient pursuing a bachelor's degree may continue to hold the award for up to four years, and a recipient pursuing an associate's degree may continue to hold the award for up to two years. To continue to receive an award, a recipient must continue to be a resident of the State, continue to be a full-time undergraduate student at an eligible institution, make satisfactory progress toward one of the eligible degrees, and maintain the standards of the institution.

Funds for the Sergey Brin Scholarship Program are as provided in the annual budget. MHEC must adopt regulations to implement the program and to establish standards and procedures for selecting scholarship award recipients.

**Background:** Sergey Brin is one of the cofounders of Google, Inc. Brin received a Bachelor of Science degree with honors in mathematics and computer science from the University of Maryland, College Park.

MHEC advises that this scholarship program is similar to the current Workforce Shortage Student Assistance Grant Program (WSSA). WSSA provides financial aid to students who agree to work in Maryland in designated critical shortage fields upon completion of their studies. The program requires grant recipients to work for one year in Maryland in workforce shortage fields for each year that they receive the grants. Due to insufficient funding in fiscal 2010 only renewal awards could be made for the program, and the 810 eligible applicants were put on a waitlist. MHEC advises that the overlap between the programs will make them difficult to administer. The Governor's proposed budget for fiscal 2011 includes \$1.3 million for WSSA.

**State Expenditures:** *For illustrative purposes only*, to establish a scholarship in which approximately 10 new recipients receive scholarships each year, costs increase by approximately \$133,860 in fiscal 2011 to make the awards and update the scholarship web portal. Future year expenditures increase as the program is phased in and due to inflation. The following information and assumptions were used in this estimate.

- MHEC reports modifying and testing the scholarship web portal known as Maryland College Aid Processing System to add a new scholarship will cost approximately \$80,000.
- For the 2010-2011 school year, the average tuition and mandatory fees at the four-year public institutions of higher education are approximately \$7,554 per year. For the 2009-2010 school year, the average tuition and mandatory fees at the community colleges were approximately \$3,228 per year. It is assumed that tuition and fees increase 3% per year.
- It is assumed that only 10 new scholarships are awarded each year 5 for recipients pursuing bachelor's degrees, and 5 for recipients pursuing associate's degrees. Therefore, once the program is fully phased in by fiscal 2014, the program will distribute 5 new and 15 renewal scholarships for bachelor's degrees each year and, by fiscal 2012, 5 new and 5 renewal scholarships for associate's degrees each year.

The scenario described above is illustrated in the table below.

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Web Portal	\$80,000	\$0	\$0	\$0	\$0
Four-year Scholarships	37,770	77,806	120,211	165,089	170,042
Community College Scholarships	<u>16,140</u>	<u>33,248</u>	<u>34,246</u>	<u>35,273</u>	<u>36,331</u>
<b>Total</b>	<b>\$133,910</b>	<b>\$111,054</b>	<b>\$154,457</b>	<b>\$200,362</b>	<b>\$206,373</b>

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### **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 9, 2010  
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