

Department of Legislative Services  
Maryland General Assembly  
2010 Session

FISCAL AND POLICY NOTE

House Bill 155  
Ways and Means

(Delegate Kaiser, *et al.*)

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Delegate Howard P. Rawlings Educational Excellence Award - Qualifications -  
Study Abroad Programs

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This bill allows a student who qualifies for either a guaranteed access grant or an educational assistance grant and is regularly enrolled in an eligible institution to continue to qualify for the grant if the student is accepted in a study abroad program facilitated by an ineligible institution as long as the study abroad program location is not offered by any other eligible institution in the State.

The bill takes effect July 1, 2010.

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Fiscal Summary

**State Effect:** MHEC and the public four-year institutions can manually process Educational Excellence Awards using existing resources. Higher education tuition revenues at public four-year institutions decrease by approximately \$7,554 per student choosing to study abroad using a program facilitated by an ineligible institution. Any decrease in tuition revenues may be partially mitigated by the study abroad fee.

**Local Effect:** Most study abroad programs enroll students in their junior year. Therefore, any impact on community colleges is expected to be minimal.

**Small Business Effect:** None.

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Analysis

**Current Law/Background:** The State's largest need-based financial aid program is the Education Excellence Award Program. The program includes two types of awards:

the guaranteed access grant and the educational assistance grant. To qualify, a recipient has to be a Maryland resident who demonstrates a financial need and has been accepted at a two-year or four-year Maryland institution of higher education, subject to specified conditions.

Guaranteed access grants support students with annual family incomes below a poverty index established by the Maryland Higher Education Commission (MHEC) (\$27,600 for a family of four in fiscal 2010). Guaranteed access grants are made to all eligible students who submit their applications on time. Award amounts cover 100% of the cost of college attendance, less any expected family contribution and any other State and federal financial aid. Educational assistance grants provide a maximum grant of \$3,000 to support students with low and moderate family incomes. Grant awards and the number of recipients are dependent on funds provided in the State budget.

Either type of grant may be used at a Maryland degree granting four-year institution of higher education, an eligible institution with an associate degree program that provides transfer credit for an accredited baccalaureate program, or a hospital diploma school for training registered nurses if the curriculum is approved by MHEC. The grants may be used for educational expenses as defined by MHEC, including tuition and fees, and for room and board.

State aid, including guaranteed access and educational assistance grants, may be used for certain study abroad programs offered by an eligible Maryland institution. For example, the University of Maryland College Park sponsors study abroad programs in seven countries and has arrangements with programs in several additional countries.

MHEC reports that due to insufficient program funding 8,000 applicants eligible for Educational Excellence Awards were unable to receive an award in fiscal 2010. The Governor's proposed fiscal 2011 budget includes \$76.4 million for Educational Excellence Awards.

**State Expenditures:** MHEC reports that awards distributed to institutions outside of Maryland would need to be processed manually because only currently eligible Maryland institutions have the ability to access the new Maryland College Aid Processing System (MD CAPS). Additional staff time will be required to process awards manually and secure payments for the institution.

**State Revenues:** Higher education tuition revenues may decrease beginning in fiscal 2011 depending on the number of students with Educational Excellence Awards choosing to study abroad using a program facilitated by an ineligible institution rather than an eligible institution. Using the proposed fall 2010 rates, the average annual tuition and fees for full-time resident undergraduates at public four-year institutions for

fiscal 2011 is \$7,554. The revenue reduction will be somewhat mitigated because some public four-year institutions charge a fee (\$400 at the University of Maryland) to students choosing to study abroad through a program not affiliated with the institution.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 8, 2010  
mlm/rhh

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