

Department of Legislative Services
 Maryland General Assembly
 2013 Session

FISCAL AND POLICY NOTE

House Bill 601 (Delegate Hubbard)
 Ways and Means

Education - Loan Assistance - Professional Counselors and Alcohol and Drug Counselors

This bill distributes 12% of the licensure and certification fees from the State Board of Professional Counselors and Therapists Fund to provide grants for licensed clinical professional counselors and licensed clinical alcohol and drug counselors under the Janet L. Hoffman Loan Assistance Repayment Program (LARP).

This bill takes effect July 1, 2013.

Fiscal Summary

State Effect: Special fund revenues for the State Board of Professional Counselors and Therapists decrease by 12% annually, approximately \$72,500 in FY 2014. Revenues and expenditures increase by an equal amount, approximately \$72,500 in FY 2014, to provide grants to licensed clinical professional counselors and licensed clinical alcohol and drug counselors under LARP. The State Board of Professional Counselors and Therapists will need to increase licensure and certification fees for its members to replace the diverted funds (not shown). Future years reflect a biennial renewal cycle and no increase in the number of license fees charged.

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
SF Revenue	\$0	\$0	\$0	\$0	\$0
SF Expenditure	\$72,500	\$87,600	\$72,500	\$87,600	\$72,500
Net Effect	(\$72,500)	(\$87,600)	(\$72,500)	(\$87,600)	(\$72,500)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: LARP provides loan repayment assistance in exchange for certain service commitments to help ensure that underserved areas of the State have sufficient numbers of primary care physicians, dentists, and professionals serving underserved areas of the State or low-income families. The program is subdivided into LARP, Maryland Dent Care Loan Assistance Repayment Program (MDC-LARP), and Maryland Loan Assistance Repayment Program for Physicians (MLARP). Individuals must be employed full time in State or local government or in a nonprofit organization that assists low-income, underserved residents or underserved areas in the State.

LARP

Eligible employment fields include lawyers, nurses, nurse faculty members, physical and occupational therapists, social workers, speech pathologists, physician assistants, and specified teachers.

According to statute, the Office of Student Financial Assistance (OSFA) may adopt regulations to establish the maximum starting income for eligibility, the maximum total income for eligibility, and the limit on the total amount of assistance provided.

Priority is given to individuals who have graduated from an institution of higher education in the last three years. Priority employment fields established by law are legal services and nursing. Priority for awarding is also given to applicants who are employed as nurse faculty members or applicants who teach in schools designated as federal Title I, schools identified for improvement by MSDE, or who teach in designated critical shortage subject fields. Awards are capped at \$10,000 per year.

Chapter 496 of 2012 (HB 613) established the Nancy Grasmick Teacher Award within LARP for Maryland public school teachers who have taught in Maryland for at least two years in (1) science, technology, engineering, or math (STEM) subjects or (2) a school in which at least 75% of the students are enrolled in the free and reduced-price meal program. A teacher must also have received the highest performance evaluation rating for the most recent year available.

Background: The State Board of Professional Counselors and Therapists licenses and certifies professional counselors, alcohol and drug counselors, marriage and family therapists, and art therapists. In fiscal 2012, the board regulated a total of 5,192 individuals, issuing 1,160 initial licenses and 565 initial certificates.

For fiscal 2014, the board's projected revenues are approximately \$604,000 and its projected expenditures are approximately \$785,000, requiring the board to transfer from

its fund balance to cover costs. The Department of Legislative Services and the Department of Health and Mental Hygiene recommend that the board's fund balance exceed 20% of its expenditures. The board's ending fund balance for fiscal 2014 is projected to be approximately \$141,000, less than 18% of expenditures. The board projects level revenues, after accounting for the biennial renewal cycle, over the next five years. If expenditures increase 2% per year, it is projected that the board will be in deficit (after spending down its fund balance) by approximately \$142,600 in fiscal 2016 and by approximately \$491,000 in fiscal 2018.

The Governor's proposed fiscal 2014 budget includes \$1.5 million in general funds for LARP. In fiscal 2012, with the same amount of funding, 194 awards with an average award amount of \$5,847 were made, for a total of \$1.1 million. In fiscal 2012, approximately 127 applicants were placed on the waiting list due to lack of funds.

State Fiscal Effect: Special fund revenues for the State Board of Professional Counselors and Therapists decrease by 12% annually, approximately \$72,500 in fiscal 2014 based on the current fees. Revenues and expenditures increase by an equal amount, approximately \$72,500 in fiscal 2014, to provide grants to licensed clinical professional counselors and licensed clinical alcohol and drug counselors under LARP.

Under the bill, assuming level revenues and a 2% annual increase in expenditures, the board will have a deficit of approximately \$90,000 in fiscal 2015, which will grow to approximately \$884,000 by fiscal 2018. Approximately \$393,000 of the deficit will be solely due to the diversion of funds to LARP. Thus, board fees will need to increase by approximately \$18 per licensee per year (or approximately \$36 per renewal due to the biennial renewal schedule) with 12% of the increased fee being diverted directly to the new LARP repayment provision. Although not due to the bill, the board will also need to increase fees (or decrease expenditures) during this five-year period to address the board's current structural deficit.

Based on the current fee schedule, revenues for LARP for licensed clinical professional counselors and licensed clinical alcohol and drug counselors will increase by approximately \$72,500 in fiscal 2014 and by approximately \$87,600 in fiscal 2015. Thus, OFSA will be able to grant between 7 and 11 grants to licensed clinical professional counselors and licensed clinical alcohol and drug counselors, assuming average awards between \$7,700 and \$10,000. If the board increases fees for any reason, the funds available for LARP will increase accordingly, and more or larger awards will be able to be granted.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission, Department of Health and Mental Hygiene, Department of Legislative Services

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mlm/rhh

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