

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 272

(Senator King, *et al.*)

Education, Health, and Environmental Affairs

Ways and Means

Financial Aid - Deaf and Hearing Impaired Students - Out-of-State Institutions
of Higher Education

This bill allows an applicant who is deaf or hearing impaired to use a Delegate Howard P. Rawlings Educational Excellence Award (EEA) at a degree-granting institution of higher education outside the State if the student is attending an institution of higher education that makes special provision for deaf and hearing impaired students and comparable special provisions are not available to the student at an institution of higher education in Maryland.

The bill takes effect July 1, 2016, unless the effective date of Chapter 277 of 2011 (within Section 3) is amended. If the effective date of Chapter 277 is amended, the bill takes effect on the new effective date of Chapter 277.

Fiscal Summary

State Effect: General fund expenditures increase by \$6,000 in FY 2017 for one-time contractual costs associated with updating Maryland Higher Education Commission's (MHEC) scholarship system. Individuals can be added to the EEA waitlists at no additional cost. While expanding eligibility for the use of these grants without adding to the waitlists *may* require general fund expenditures, any increase is expected to be minimal, given the limited number of applicants who may be affected by the bill. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill also includes the District of Columbia under a provision of law that prohibits the Office of Student Financial Assistance (OSFA) from awarding more than 10% of funds for an EEA award to students attending out-of-state schools.

Current Law/Background: Among other things, Chapter 277 of 2011 modified Section 18-103 of the Education Article, which expires on June 30, 2016. The bill is drafted to the language that will be effective July 1, 2016.

The EEA program consists of two types of awards: (1) Guaranteed Access (GA) grants that are awarded to the neediest students to ensure that 100% of educational costs are paid; and (2) Educational Assistance (EA) grants that are awarded to low- and moderate-income students to assist in paying educational costs.

The GA grant is a need- and merit-based scholarship intended to meet 100% of financial need for full-time undergraduates from low-income households. Qualified applicants must have a cumulative high school grade point average of at least 2.5 on a 4.0 scale. The commission extended the income limits for renewals to 150% of the federal poverty level to prevent a student who may work in the summertime from exceeding the original 130% income cap.

The EA grant is a need-based scholarship intended to meet 40% of financial need at four-year institutions and 60% at community colleges for full-time undergraduates from low- to moderate-income families. The maximum award amount authorized by statute is \$3,000. The current maximum amount awarded is \$3,000.

An EEA award may be used at a degree-granting 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 award may be used for educational expenses as defined by MHEC, including tuition and fees and room and board.

An EEA award may be used at a school in another state if (1) there is a specified reciprocal agreement and (2) the school meets the same requirements that an in-state school must meet. OSFA may not award more than 10% of the funds available for either the GA grant or the EA grant for use by students attending schools in another state.

OSFA may enter into reciprocal scholarship agreements with other states. However, OSFA must give priority to entering into reciprocal agreements with contiguous and nearby states.

If scholarships are awarded to students for use in schools in other states, the total value of all of these awards may not be more than 10% of the total funds budgeted for the EEA program.

The Governor's fiscal 2017 proposed budget includes \$80.0 million for the EEA program. According to the *Managing for Results* document, in fiscal 2015, OSFA awarded 1,492 GA grants, totaling \$18.2 million. There were 3,329 applicants for GA grants, and 294 awards were declined or canceled. In fiscal 2015, OSFA awarded 28,525 EA grants, totaling \$61.1 million. There were 131,695 applicants for EA grants, and 32,487 awards were declined or canceled. MHEC advises that, at the end of fiscal 2015, more than 20,000 students remained on the waitlist for the EA grant program.

MHEC advises that, under current law, the senatorial and delegate scholarship programs are the only State scholarship programs that provide State financial assistance to students who are disabled and deaf or hearing impaired that attend out-of-state institutions.

Gallaudet University, federally chartered in 1864, is an institution of higher education that is bilingual in American Sign Language and English. It is known for its education for deaf and hard of hearing individuals. It is located in the District of Columbia.

State Expenditures: General fund expenditures increase by \$6,000 in fiscal 2017 for one-time contractual costs associated with updating MHEC's scholarship system. It is assumed that few individuals will qualify under the bill due to being a student who is deaf or hearing impaired. Additional individuals can be added to the waitlist at no additional cost beyond the one-time contractual costs. However, expanding eligibility for the scholarship *may* result in general fund expenditures of an estimated \$12,163 for each additional GA grant and an estimated \$2,142 for each additional EA grant awarded beginning in fiscal 2017. It must be noted that the bill only expands *where* a previously eligible individual may use a grant, and it does not expand the individuals eligible. For this reason and due to the small number of students who will qualify under the bill, any increase in expenditures is expected to be minimal. MHEC can handle additional applications related to the grant using existing resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland School for the Deaf, Maryland Higher Education Commission, Gallaudet University, Department of Legislative Services

Fiscal Note History: First Reader - February 9, 2016
min/rhh

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