

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1609

(Delegate Wilkins, *et al.*)

Ways and Means

Higher Education – Professional License or Certification Exam Scholarship Program – Established

This bill establishes the Professional License or Certification Exam Scholarship Program to assist specified individuals, who provide a public service to the State, to pay for an exam fee. Eligible exam fees include an examination to be a licensed social worker, attorney, accountant, or medical doctor in the State. The Office of Student Financial Assistance (OSFA) must administer the program. The scholarship may not exceed the lesser of the exam fee or \$500.

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$192,800 in FY 2019 for one-time costs, to hire staff, and for scholarship awards under one set of assumptions. Future years reflect annualization, the elimination of one-time costs, and ongoing awarding of scholarships. Revenues are not affected.

| (in dollars) | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 192,800 | 137,900 | 138,900 | 140,400 | 141,900 |
| Net Effect | (\$192,800) | (\$137,900) | (\$138,900) | (\$140,400) | (\$141,900) |

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: An individual is eligible for a scholarship if (1) the individual has earned a graduate, professional, or doctoral degree from an institution of postsecondary education in the State; (2) the individual signs a letter of intent to be employed in the State in a public service capacity for at least one year; (3) in the prior year, the individual had a federal adjusted gross income of not more than \$39,000 for an individual or \$78,000 for a married couple filing a joint income tax return; (4) the individual has not received an exam fee scholarship in a prior year; and (5) the individual's employer does not reimburse the individual for the exam fee.

Current Law/Background: Examinations are required to receive a professional license or certification to practice in many professions in the State. For Maryland, exam fees to become a licensed social worker are approximately \$240 while exam fees to become a medical doctor exceed \$1,000. In addition to exam fees, some professions must pay application fees and other associated fees. While there are scholarships available to pay for tuition, fees, and room and board, there are not any current State scholarships for professional exam fees.

While these professions are often well paid once they begin practice, prior to entering the profession, some individuals are not well-paid. According to the Project on Student Debt, about 54% of the Class of 2016 who graduated from public and private nonprofit colleges in Maryland had student loan debt. These borrowers owed an average of \$27,455. Some professions that require individuals to pass an exam, such as physicians and attorneys, require training beyond a bachelor's degree and thus, many of these individuals have higher than average debt.

There are thousands of individuals in the State each year who take exams required for licensure. Information on the number of new health professionals is readily available. In fiscal 2017 there were new licenses issued for over 1,700 physicians, almost 1,500 social workers, and nearly 500 dental professionals. Information on the number of new attorneys and accountants is not readily available.

State Expenditures: General fund expenditures increase by \$192,808 in fiscal 2019, which accounts for the bill's October 1, 2018 effective date. This estimate reflects the costs of hiring a half-time administrative specialist to determine eligibility and make awards; one-time programming costs to add the new scholarship to the Maryland College Aid Processing System (MDCAPS) scholarship system; and the expenditures associated with the scholarship awards. Accordingly, the estimate includes a salary, fringe benefits, one-time start-up costs, ongoing operating expenses, and \$100,000 in annual scholarship awards.

The \$100,000 in annual scholarships is based on what is assumed necessary to create a viable scholarship of this type. Given the maximum scholarship of \$500, annual funding of \$100,000 will fund 200 or more scholarships. Actual funds available will depend on the amount provided for the program in the State budget for the scholarship. It is unknown how many individuals would qualify for a scholarship and agree to the public service requirements each year.

| | |
|-----------------------------------------|------------------|
| Position | 0.5 |
| Salary and Fringe Benefits | \$27,683 |
| One-time MDCAPS Programming | 60,000 |
| Scholarship Awards, Ongoing | 100,000 |
| One-time and Ongoing Costs | 5,125 |
| Total FY 2019 State Expenditures | \$192,808 |

Future year expenditures reflect a half-time salary with annual increases and employee turnover, ongoing operating expenses, and \$100,000 for scholarship awards annually.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission; Maryland Department of Health; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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nb/rhh

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