

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 307

(Senator Pinsky, *et al.*)

Education, Health, and Environmental Affairs

Appropriations

**Higher Education - Maryland Community College Promise Scholarship -
 Revisions**

This bill alters the eligibility requirements for the Maryland Community College Promise Scholarship (MCCPS) program such that an applicant (1) can apply any time after graduating from high school or completing a GED rather than being limited to two years from that date and (2) must meet altered grade point average (GPA) requirements, as specified. The bill also repeals the service obligation for all recipients, including current recipients. In addition, the bill specifies that only *State or federal* student financial aid, other than a student loan, received by a recipient must be credited to the recipient’s tuition before the calculation of the award amount. Further, the Maryland Higher Education Commission (MHEC) and community colleges must take specified actions to publicize the scholarship. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: General fund expenditures increase by \$52,000 in FY 2021 for one-time costs. Altering the *eligibility* requirements for the scholarship does not require additional scholarship spending. MHEC and Baltimore City Community College can likely publicize MCCPS using existing resources; however, MHEC staff resources may be redirected from current priorities. Revenues are not materially affected, assuming awards would rarely convert to loans under the current program.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	52,000	0	0	0	0
Net Effect	(\$52,000)	\$0	\$0	\$0	\$0

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

Local Effect: Local community colleges can publish the required information on their websites regarding MCCPS using existing resources. Revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: To be eligible for MCCPS, an applicant must (1) for an initial award, earn a cumulative GPA of at least 2.3 either at the *end* of the senior year or at the *end of the first semester* of the senior year, as currently required and (2) while enrolled at a community college in the State, earn a cumulative GPA of at least 2.5.

The bill repeals the service obligation as well as the provision that converts a scholarship to a student loan for failure to complete the service obligation and the related annual reporting requirements.

MHEC must contact each school counselor at each public high school in the State with information on MCCPS, including eligibility, availability, and deadlines for the scholarship. In addition, MHEC and each community college must post this information in a readily accessible location on their respective websites. Finally, MHEC must include its outreach activities related to the scholarship in its annual report to the General Assembly on MCCPS.

Current Law/Background: Chapter 554 of 2018 created a scholarship program in Maryland to provide tuition assistance to students who attend a community college in the State and who meet specified eligibility criteria, including an income limitation. MCCPS is a last-dollar award that is applied after *all* nonloan aid to eligible recipients has been applied; an award cannot exceed \$5,000 annually or actual tuition, whichever is less. Chapter 464 of 2019 specified that, if a local community college offers a Promise Scholarship, an award from the statewide program must be applied before the award of the local scholarship.

To be eligible for the program, a student must:

- be eligible for in-state tuition and enroll at a community college, in an eligible program, within *two* years after graduating from high school or successfully completing a GED in the State;
- have earned at least a 2.3 high school GPA at the end of the first semester of the senior year; and
- have a gross adjusted income of \$100,000 or less if the applicant is single or resides in a single-parent household or of \$150,000 or less if married or resides in a two-parent household.

An applicant also has to attend the applicant's local community college, except under specified circumstances. In addition, an applicant must either enroll as a candidate for a

vocational certificate, a certificate, or an associate's degree or participate in a registered apprenticeship at a community college in the State within *two* years after graduating from high school or successfully completing a GED in the State.

The Governor must appropriate at least \$15.0 million annually for the program. The program started in the 2019-2020 academic year (fiscal 2020). As of January 2020, MHEC reports that approximately \$4.0 million in awards will be made in fiscal 2020. According to anecdotal information from MHEC and community college staff, the compressed implementation timeline and the service obligation requirements have deterred students from applying for the award. As required, the Governor's proposed fiscal 2021 State budget includes \$15.0 million for the program.

Initial awards will be made based on greatest demonstrated need. Eligible applicants who do not receive an award will be placed on a waiting list. In subsequent years, priority will be given to prior-year recipients who remain eligible for the program. A recipient can receive the award for a total of three years. To maintain the award, the recipient must complete 12 credits per semester or make satisfactory progress toward a vocational certificate and earn a cumulative GPA of at least 2.5. The recipient must meet the designated income requirements for the program, remain eligible for in-state tuition, apply annually, and continue to make satisfactory academic progress as determined by the community college. The Promise Scholarship includes a service obligation of one year of work in the State per year of award. If the service obligation is not completed, the scholarship converts to a loan. MHEC may waive or defer repayment of the student loan if the recipient provides satisfactory evidence of extenuating circumstances that prevent the recipient from fulfilling the service obligation.

Beginning December 1, 2020, MHEC must annually report to the General Assembly on specified aspects of its implementation of MCCPS.

State Expenditures: General fund expenditures increase by \$52,000 in fiscal 2021 for one-time contractual costs associated with enhancements to MHEC's scholarship system, known as the Maryland College Aid Processing System, necessitated by the bill. The scholarship system must be upgraded to reflect the bill's changes to eligibility for an award, calculation of awards, and elimination of the service obligation.

MHEC advises that, even with all vacancies filled in its Office of Student Financial Assistance, its current staff is fully subscribed. Thus, MHEC advises that it requires additional staff to contact each school counselor at each public high school in the State. The Department of Legislative Services concurs that MHEC staff is fully subscribed. Even so, MHEC can likely contact the less than 1,000 guidance counselors at the approximately 216 public high schools in the State with the required information regarding MCCPS and publish the specified information on its website using existing resources. To

do so, staff resources may have to be redirected from current priorities. To the extent staff resources cannot be redirected, additional contractual staff may be required to complete the outreach project in fiscal 2021 only.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 415 (Delegate B. Barnes) - Appropriations.

Information Source(s): Maryland Higher Education Commission; Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2020
rh/rhh Third Reader - March 13, 2020
Enrolled - March 30, 2020
Revised - Amendment(s) - March 30, 2020

Analysis by: Caroline L. Boice

Direct Inquiries to:
(410) 946-5510
(301) 970-5510