

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 4 (Senator Ellis)
Education, Energy, and the Environment

**Higher Education - The Senator Dolores G. Kelley Scholarship Program -
Establishment**

This bill establishes the Senator Dolores G. Kelley Scholarship Program under which a Maryland county may choose to partner with historically black colleges or universities (HBCUs) in the State (*i.e.*, Bowie State University (BSU), Coppin State University (CSU), Morgan State University, and the University of Maryland Eastern Shore (UMES)) to provide scholarships to eligible students who attend an HBCU. To receive a scholarship, a student must be (1) eligible to receive the maximum federal Pell Grant and (2) a resident of a participating county or a graduate of a high school in a participating county. Each HBCU must adopt scholarship implementation policies, including award amounts. A county that chooses to participate must provide an equal match to the State scholarship amount awarded by an HBCU under the program. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: HBCU higher education expenditures may increase by an indeterminate but potentially meaningful amount as early as FY 2024 based on the number of awards made, award amounts as determined by HBCUs, and county participation. HBCUs can establish scholarship policies and distribute the scholarships using existing resources. Revenues are not materially impacted.

Local Effect: To the extent local governments choose to participate in the program, local expenditures increase as early as FY 2024 by the required match amount for scholarships awarded to eligible students by HBCUs. Local government revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: The scholarship may be used by an eligible student at any HBCU in the State.

Any student financial aid, other than a student loan, received by a recipient must be applied first to pay the student's tuition and fees. Funds provided for the program must supplement and may not supplant federal Pell Grants and may be used only for tuition, mandatory fees, room and board, and books.

Each HBCU must award *up to* 10 scholarships per academic year, select recipients in proportion to the number of students enrolled from participating counties, and prioritize making awards to eligible students majoring in science, technology, engineering, mathematics, or education. Additionally, each HBCU must adopt policies to establish eligibility requirements, award amounts, payment procedures, and any other necessary implementation policies. Each HBCU must also *designate* two full-time staff members to recruit, mentor, and advise eligible students.

Each county in the State may participate in the program and each county that chooses to do so must provide an equal match to the State scholarship amount awarded for each scholarship recipient from that county. If a county does not participate in the program, the students who reside in that county and graduated from a high school in that county are not eligible for a scholarship under the program.

Current Law: Federal Pell Grants usually are awarded only to undergraduate students who display exceptional financial need and have not earned a bachelor's, graduate, or professional degree. Awards are based solely on financial need, which is determined by an institution's cost of attendance, the student's expected family contribution, and a student's enrollment status (full-time or part-time). The maximum federal Pell Grant award is \$6,895 for the 2022-2023 award year (July 1, 2022, to June 30, 2023); this amount was increased from \$6,495 due to the Consolidated Appropriations Act of 2022.

State Fiscal Effect: The bill grants each HBCU the discretion to award up to 10 scholarships of any amount to eligible students. Three of the four HBCUs in Maryland (*i.e.*, BSU, CSU, and UMES) are a part of the University System of Maryland. Since county governments must participate in the program for any students to be eligible for the program, costs to HBCUs for the scholarship only increase to the extent that any county chooses to participate. Any county match for the scholarship does not materially impact higher education revenues.

For illustrative purposes only, higher education fund expenditures could increase for HBCUs in the State by an estimated total of \$281,800 annually or approximately \$70,200

per institution. This illustrative estimate reflects the following assumptions: (1) county governments choose to partner to create the scholarship; (2) each HBCU decides to award the maximum number of scholarships (10 each); and (3) each HBCU decides to create a one-year scholarship to cover the full cost of in-state undergraduate tuition and fees, room and board, and books (minus the maximum federal Pell Grant that all recipients are assumed to receive). The illustrative estimate also reflects participating counties funding one-half the scholarship through the matching requirement and the estimated typical costs for the 2022-2023 academic year (fiscal 2023), as fiscal 2024 costs are not yet available. However, HBCUs may instead choose to set a more modest scholarship stipend amount. To the extent HBCUs set a smaller cash scholarship amount, higher education expenditures for the scholarship would be less.

HBCUs can likely adopt required policies, administer the scholarship funds, and designate staff to recruit, mentor, and advise eligible students with existing resources. It is assumed that HBCUs can designate *existing* full-time staff to fulfill the requirements of the bill; however, to the extent HBCUs must hire additional full-time staff, costs to each HBCU increase significantly.

Local Expenditures: To the extent counties and Baltimore City choose to participate in the program, local expenditures increase to fund the county match requirement. The exact cost to local governments depends upon the award amount set by HBCUs, the number of awards made by HBCUs, the number of counties choosing to participate in the program, and the relative proportion of students from each participating county attending an HBCU in the State. The higher the scholarship amount and the more scholarships awarded, the larger the county match will be. As more counties participate in the program, the proportion of students from any one participating county may decrease as the pool of total eligible students grows. Therefore, the number of matching awards each county must make may likewise decrease as does the cost to each local government.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Caroline and Prince George's counties; Maryland Association of Counties; Maryland Higher Education Commission; University System of Maryland; Morgan State University; Department of Legislative Services

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