

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 718

(Senators Lam and McKay)

Finance

Health and Government Operations

**Maryland Pathway to Nursing Pilot Program and Advisory Committee -
Establishment**

This bill establishes the Maryland Pathway to Nursing Pilot Program under the Maryland Higher Education Commission (MHEC) to provide practical and financial support to specified nursing students. The bill also establishes the Maryland Pathway to Nursing Advisory Committee with specified membership to assist the Secretary of Higher Education in the development and implementation of the program. By December 15, 2024, and annually thereafter through 2029, the Secretary of Higher Education must report to the Governor and General Assembly on implementation of the program. **The bill takes effect June 1, 2024.**

Fiscal Summary

State Effect: No effect in FY 2024. Under the assumptions discussed below, general fund expenditures increase by \$184,200 in FY 2025 to staff the advisory committee and develop the pilot program. In FY 2026, general fund expenditures escalate to, under one scenario, \$829,500 for ongoing staff costs and provision of financial support through the award of grants to two pilot sites, with the potential for additional significant costs to provide wraparound services as further discussed below. However, costs may be considerably lower, depending on the actual services provided and the number of students served. Out-year costs depend on timing for any expansion. MHEC general fund expenditures are offset to the extent the program is able to utilize new revenue sources from local workforce development boards, local health care systems, and federal grants.

Local Effect: Local health departments may benefit to the extent the program fills vacant nursing positions. Revenues are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Maryland Pathway to Nursing Program

The goals of the program include (1) supporting students in licensed practical nursing education programs who intend to practice licensed practical nursing as a career in the State or continue to become a registered nurse (RN) in the State; (2) alleviating the shortage of nursing professionals; (3) increasing the number of licensed practical nurses (LPNs) and RNs that reflect the diversity of the communities they serve; (4) facilitating student applications for financial resources that provide tuition assistance, loan repayment, and support for other educational costs; and (5) providing program participants with financial assistance to cover the cost of computers, textbooks, and other supplies and additional education support services as well as wraparound support services that provide assistance with transportation, child care, elder care, and other living expenses that pose a barrier to students successfully completing their educational requirements.

In consultation with the advisory committee, the Secretary must determine the timeframe and steps necessary to establish the pilot program, the areas of the State in which the pilot program will operate, funding to support the pilot program (including a strategy for sustainability through “braided” funding from local workforce development boards, local health care systems, and federal grants), the resources necessary to support the pilot program, and the types of evaluations needed to make recommendations about the pilot program’s design and expansion statewide. By July 1, 2025, the Secretary must issue grants to at least two pilot sites located in diverse areas that meet MHEC’s requirements for participation.

Maryland Pathway to Nursing Advisory Committee

The Secretary of Higher Education must designate a chair of the advisory committee, and MHEC must staff the committee. A committee member may not receive compensation but is entitled to reimbursement for expenses under standard State travel regulations.

Current Law: Generally, an individual must be licensed and/or certified by the Maryland Board of Nursing (MBON) to practice as a nurse or nursing worker.

Licensed Practical Nurse

An applicant for an LPN license must meet all the requirements for a high school diploma or its equivalent. An applicant for an LPN license must also complete satisfactorily and meet all the requirements for a diploma from a licensed practical nursing program approved

by MBON or an education program in licensed practical nursing in any other state or country that MBON finds substantially equivalent to the education program in Maryland at the time of the applicant's graduation. LPN applicants must also pass an examination developed by the National Council of State Boards of Nursing, demonstrate English language competency, and be of good moral character.

Registered Nurse

“Practice registered nursing” means the performance of acts requiring substantial specialized knowledge, judgment, and skill based on the biological, physiological, behavioral, or sociological sciences as the basis for assessment, nursing diagnosis, planning, implementation, and evaluation of the practice of nursing to maintain health, prevent illness, or care for or rehabilitate the ill, injured, or infirm.

An applicant for an RN license must complete and meet all requirements for a diploma or degree from a registered nursing education program approved by MBON, or an education program in registered nursing in any other state or country that MBON finds substantially equivalent to programs in the State. RN applicants must also pass an examination developed by the National Council of State Boards of Nursing, demonstrate English language competency, and be of good moral character.

State Expenditures: MHEC advises that the commission requires six full-time positions to administer the program with four positions hired in the first year (fiscal 2025) of the program and two additional positions hired in the second year of program operation (fiscal 2026). The Department of Legislative Services (DLS) advises that actual costs to staff the pilot program depend on the size of it, the duration of the program at each pilot site, and the scope of services and financial assistance provided in the pilot program. DLS further advises that, as these decisions require advisory committee input and may require subsequent development and promulgation of regulations, it is unlikely a pilot program could be implemented for the 2024-2025 academic year (fiscal 2025). Further, due to significant variation in how the pilot program could be implemented, DLS cannot reliably quantify all expenditures for fiscal 2026 and subsequent years, as discussed below.

Nevertheless, DLS assumes general fund staffing expenditures increase by \$184,204 in fiscal 2025 (which reflects a 30-day start-up delay from the bill's June 1, 2024 effective date) for a full-time director to come on board and expeditiously coordinate with the advisory committee to develop the pilot program. The director would also be responsible for handling the bill's implementation reports beginning December 15, 2024. As the pilot program must be in place for the 2025-2026 academic year, given the requirement to issue grants by July 1, 2025, to at least two pilot sites, this analysis assumes additional staff must be in place before then as well. Accordingly, three more staff (one staff specialist and two supporting administrative officers) are assumed to be hired April 1, 2025, to be fully

prepared to implement the program within three months. These staff will act as regional coordinators, manage data for applications and awards, track program finances, and handle various administrative tasks. For a fully operational pilot program, MHEC advises that two additional staff persons are required in fiscal 2026 and beyond. Accordingly, two additional supporting administrative officers are assumed to be hired beginning July 1, 2025, to support the implementation of the program at pilot sites after the initial distribution of grants and coordinate wraparound services as they become available. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

	<u>FY 2025</u>	<u>FY 2026</u>
New Positions	4.0	2.0
Salaries and Fringe Benefits	\$156,530	\$479,026
One-time Start-up Expenditures	25,784	12,892
Operating Expenses	<u>1,890</u>	<u>6,545</u>
Total Administrative State Expenditures	\$184,204	\$498,463

Future year expenditures include full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

To the extent the pilot program expands in future years beyond its required minimum of two sites in geographically diverse areas, staffing costs may be greater. Although a statewide program is not mandated, the advisory committee still must make recommendations about the pilot program’s design and expansion statewide. Therefore, to the extent the pilot program is expanded, particularly if it is made available statewide, in the out-years and depending on the approaches selected for that expansion, staffing costs may rise to hire additional regional program coordinators. The exact timing and scope of these costs will depend on the duration of the pilot program and decisions made about expansion, but such additional staffing expenditures could occur as early as fiscal 2027 if MHEC decides to expand the pilot program after one year.

MHEC expenditures increase further, by a potentially significant amount, to provide financial support and wraparound services to program participants. The level of additional expenditures depends on multiple factors to be decided by MHEC as the Secretary and advisory committee create the pilot and potentially a subsequent statewide program. The type of wraparound services, number of program participants, and amount of financial support provided all impact the non-staffing expenditures associated with program implementation. Although additional nonadministrative costs may be significant, MHEC advises that it cannot reliably estimate such costs at this time.

For illustrative purposes and a more expansive pilot program, general fund expenditures could increase by approximately \$340,000 for a full year of services (for a total annual cost of approximately \$838,500 for the pilot program in fiscal 2026, assuming the staffing above). The cost of attendance at Anne Arundel Community College, which offers a practical nursing program, includes an estimated \$600 for books, course materials, and supplies and equipment; \$850 for personal laptop computers; and \$1,946 for transportation. Assuming the pilot program targets newly enrolling licensed practical nursing students only at two yet-to-be-selected community colleges, with a total of 100 such students receiving support, total costs for computers, textbooks, transportation, and other supplies alone could reach \$340,000.

In addition, costs to provide education support services, child care, elder care, and other living expenses listed in the bill may also be significant. The U.S. Department of Labor's National Database of Childcare Prices estimates that, in Maryland in 2023, infant, toddler, preschool, and school-age child care costs range from approximately \$9,300 for school-age home-based care to \$16,700 for infant center-based care. Elder care services can be even more expensive. According to one survey conducted by an insurance company (Genworth), the average cost of a home health aide in Maryland is roughly \$62,000. The exact costs for any such additional wraparound services depend on the number of students in need, the type of services they require, and the extent to which the program is able to connect students to external sources of support for these services rather than providing them directly. Further, DLS notes that provision of such services is not specifically mandated by the bill.

Based on 2022 MHEC data on enrollment trends, approximately 500 students are assumed to be enrolled in licensed practical nursing programs in fiscal 2025. Part of the advisory committee's duties include making recommendations about the pilot program's design and expansion statewide. Therefore, although the initial pilot must only be at least two geographically diverse locations, to the extent the pilot program expands to cover students across the entire State, costs may significantly increase.

However, program costs could be substantially lower than the illustrative example above, depending on MHEC's implementation decisions. The bill does not specify an overall funding maximum for the pilot program or a minimum level of benefits for students. Accordingly, the Secretary and advisory committee could decide to simply award small cash stipends and provide minimal wraparound services to only a subset of licensed practical nursing students. For a smaller scaled program, costs could be substantially lower than estimated above as the number of students served, the scope of assistance provided to them, and the associated administrative costs would presumably be substantially lower. Further, licensed practical nursing students might be able to take advantage of existing financial aid, in which case additional expenditures for financial assistance would be less.

State Revenues: The bill requires MHEC and the advisory committee to determine additional sources of funding to support the program in a strategy for sustainability through braided funding from local workforce development boards, local health care systems, and federal grants. To the extent the program secures outside funding or is able to provide wraparound services through partner organizations, general fund expenditures for the program are offset.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 1160 and SB 774 of 2023.

Designated Cross File: None.

Information Source(s): Genworth; U.S. Department of Labor; Maryland Higher Education Commission; University System of Maryland; Morgan State University; Maryland Independent College and University Association; Maryland Department of Health; Maryland Department of Labor; Department of Veterans Affairs; Department of Legislative Services

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