

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 260 (Senator Pinsky, *et al.*)
Education, Health, and Environmental Affairs

**Community Colleges - Maryland Community College Promise Scholarships -
Revisions**

This bill alters the eligibility requirements for the Maryland Community College Promise Scholarship (MCCPS) program such that (1) an applicant must attend the applicant's local community college except under specified circumstances; (2) an applicant may enroll in noncredit courses that lead to licensure or certification; and (3) an eligible applicant who does not receive an award due to insufficient funding remains eligible for the program the following year. The bill also alters the service obligation such that employment outside the State satisfies the requirement if the recipient lives in Maryland and allows certain recipients to delay the service obligation until the completion of a baccalaureate degree. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: General fund expenditures increase by \$55,000 in FY 2020 for one-time contractual costs associated with updating the State scholarship system. Altering the *eligibility* requirements for the scholarship does not require additional spending. The Governor is mandated to include at least \$15.0 million in the annual State budget for the scholarship, which is not changed by the bill.

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	55,000	0	0	0	0
Net Effect	(\$55,000)	\$0	\$0	\$0	\$0

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: Specifically, an applicant must enroll at the applicant's local community college (including a regional college) unless the local community college does not offer the degree or certification program in which the applicant wants to enroll. In that case, an applicant may enroll at any community college in the State that offers the program.

The bill clarifies that the scholarship may be used for a vocational certificate or certificate by specifying that an applicant may enroll in a sequence of credit or noncredit courses that lead to licensure or certification rather than restricting the scholarship to semester credits.

A recipient may delay the service obligation until the completion of a baccalaureate degree if the recipient has attained at least 48 credits at the community college and transferred to a four-year public institution.

The bill also expands the reporting requirements of the Maryland Higher Education Commission (MHEC) regarding the MCCPS program to include (1) the number of scholarship recipients who received a baccalaureate degree after transferring to a four-year institution in the State and (2) the number of scholarship awards for which the service obligation was deferred, waived, or converted into a student loan.

Current Law/Background: In 2018, Chapter 554 created a scholarship program in Maryland to provide tuition assistance to students who attend a community college in the State and meet specified eligibility criteria including an income limitation. The MCCPS program is a "last dollar" award, applied to eligible recipients after all nonloan aid has been applied, not to exceed \$5,000 annually or actual tuition, whichever is less. The program starts in fiscal 2020 (2019-2020 academic year), and as required the Governor's proposed State budget includes \$15 million for the program.

In addition to other requirements, to be eligible for the MCCPS program an applicant must enroll as a candidate for a vocational certificate, a certificate, or an associate's degree at a community college in the State within two years after graduating from high school or successfully completing a GED in the State. Further, an applicant must be enrolled in and complete at least 12 credits per semester at the community college. However, many vocational certificate and certificate programs operated by community colleges are noncredit programs; therefore, under current law many of these programs are not technically eligible for the MCCPS program scholarship.

A MCCPS program award may be made only if a recipient signs an agreement at the time of the initial award to (1) use an address in the State on the recipient's State income tax return and commence full-time employment in the State within one year after completion of the certificate (vocational or other) or associate's degree; (2) continue to use an address

in the State on the recipient's State income tax return and maintain employment in the State for at least one year for each year that the scholarship was awarded; and (3) have the scholarship award converted into a student loan payable to the State if the recipient fails to fulfill the service obligation required by the first two requirements.

If the recipient does not perform the required service obligation, the scholarship award must be converted into a student 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.

Additional eligibility requirements of the MCCPS program are discussed in greater detail in the **Appendix – College Affordability Programs**.

State Fiscal Effect: General fund expenditures increase by \$55,000 in fiscal 2020 for one-time contractual costs associated with enhancements to MHEC's scholarship system, known as Maryland College Aid Processing System, necessitated by the bill. MHEC advises that the scholarship system must be upgraded to allow applicants to receive the award as required by the bill.

MHEC advises that it also needs three additional full-time staff at a total annual cost of approximately \$200,000 to (1) administer the MCCPS program; (2) identify noncredit courses eligible for the MCCPS program; and (3) monitor and track the student's placed into repayment for failure to adhere to the service requirements. However, the Department of Legislative Services (DLS) advises that these duties and, therefore, the costs are not due to the bill; rather they are primarily related to the original legislation, Chapter 554 of 2018. In the fiscal and policy note for Chapter 554, DLS advised that two positions were required to administer the program; however, MHEC did not receive those positions. MHEC did receive one position in fiscal 2019, as proposed by the Governor as a deficiency appropriation to support scholarship programs in general.

MHEC advises that it has not yet identified noncredit courses that lead to licensure or certification. Since the current Workforce Development Sequence Scholarship program also allows for recipients to be enrolled in noncredit courses that lead to job preparation and employment, DLS assumes that MHEC can use that list of courses for the MCCPS program.

Finally, the bill makes the service obligation requirements less stringent; therefore, DLS advises that monitoring and tracking costs related to the requirements are likely not greater under the bill.

Baltimore City Community College

Baltimore City Community College (BCCC) advises that under the bill its enrollment decreases because as a State operated community college, BCCC has only two levels of tuition and fees, in-state and out-of-state. However, this analysis assumes that the distribution of students among community colleges is not significantly impacted by the requirement that students attend their local community college. Thus, BCCC revenues and expenditures are not affected.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission; Baltimore City Community College; Department of Legislative Services

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