

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 374 (Delegate C. Davis)
Appropriations

Higher Education - Tuition Assistance Reimbursement Program - Members of the Maryland National Guard

This bill requires the State Scholarship Administration to reimburse tuition costs for any member of the Maryland National Guard for courses credited toward a degree at any public institution of higher education. The tuition reimbursement cannot exceed the resident tuition rates at the University of Maryland at College Park.

Fiscal Summary

State Effect: Since payments must be made one year after the completion of each academic year, general fund expenditures could increase by \$658,700 in FY 1998. Future year expenditures reflect inflation and additional national guard members enrolling in institutions of higher education. Revenues would not be affected.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	0	658,700	934,100	1,285,300	1,632,300
Net Effect	\$0	(\$658,700)	(\$934,100)	(\$1,285,300)	(\$1,632,300)

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

Local Effect: None.

Fiscal Analysis

State Effect: The Maryland National Guard has approximately 9,300 members in active duty. It is estimated that approximately 5% (465) of the members would participate in the tuition reimbursement program in fiscal 1997. Of this amount, approximately 75% (355) would enroll in a part-time program and 25% (110) would enroll in a full-time program. In

addition, it is assumed that 270 individuals would attend a community college and 195 would attend a four-year institution. The type and cost of the programs are illustrated below:

	<u>Number of</u>		<u>Annual</u>	
	<u>Students</u>		<u>Tuition</u>	<u>Total</u>
			<u>Rate</u>	
<i>Part-time Students</i>				
Community College	200	\$518	\$103,600	
Undergraduate		125	1,328	166,000
Graduate		30	2,200	66,000
<i>Full-time Students</i>				
Community College	70	1,939	135,730	
Undergraduate		<u>40</u>	3,494	<u>139,760</u>
Total		465		\$611,090

Accordingly, State expenditures for tuition reimbursements could increase by \$611,090 in fiscal 1998, since payments must be made one year after the completion of each academic year. Tuition reimbursements in future years would increase to \$900,000 in fiscal 1999 and \$1.6 million in fiscal 2001. This projection is based on approximately 190 additional guardsmen enrolling in higher education programs annually.

In addition, general fund operating expenditures could increase by an estimated \$47,593 beginning in fiscal 1998. This estimate reflects the cost of hiring one Program Specialist to administer the tuition reimbursement program. It includes salaries of \$22,774, fringe benefits, one-time start-up costs, and ongoing operating expenses. The additional position is based on workload levels for other specialized scholarship programs (one program specialist for every 400 applications).

Salaries and Fringe Benefits		\$31,041
Computer Programming Expenses	10,000	
Operating Expenses	<u>6,552</u>	

FY 1998 State Operating Expenditures \$47,593

Future year expenditures reflect (1) 3.5% annual salary increases and 3% employee turnover; (2) an additional program specialist beginning in fiscal 2000; and (3) 2% annual increases in ongoing operating expenses.

In sum, total State expenditures increase by \$658,700 in fiscal 1998, including \$611,100 in tuition reimbursement costs and \$47,600 in operating expenses.

Information Source(s): Maryland Higher Education Commission, University of Maryland System, Military Department, Department of Fiscal Services

Fiscal Note History: First Reader - March 1, 1996

ncs

Analysis by: Hiram L. Burch Jr.

Reviewed by: John Rixey

(410) 841-3710

(301) 858-3710

Direct Inquiries to:

John Rixey, Coordinating Analyst