

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 831 (Delegate Kittleman, et al.)
Ways and Means

Senatorial and House of Delegates Scholarship Programs - Abolition

This bill abolishes the legislative scholarship programs as of October 1, 1996. The Secretary of Higher Education must submit a plan and proposed legislation by December 1, 1996 to the Legislative Policy Committee to create a replacement program. The plan must ensure that the same student populations will continue to be served, either by existing scholarship programs or a new program. Any awards granted under the existing legislative scholarship programs until October 1, 1996 will remain in effect for the duration of a student's eligibility period.

After October 1, 1996, any unexpended appropriation which is not needed to meet these scholarship award commitments will be transferred to and distributed under the Educational Excellence Award Program.

In addition, the bill provides that if, after consideration of the plan and the proposed legislation submitted by the Secretary, the General Assembly fails to enact legislation to modify existing State scholarship programs or to create a replacement program, the Governor must include in the State budget for fiscal 1999 and each fiscal year thereafter an appropriation for the Educational Excellence Award Program. This appropriation must be equal to the fiscal 1997 appropriation for the legislative scholarship programs and may not be used to replace funds that would already be appropriated to the Educational Excellence Award Program under the normal budgetary process.

The abolishment of the legislative scholarship programs is effective October 1, 1996, while the remaining provisions of the bill are effective June 1, 1996.

Fiscal Summary

State Effect: Indeterminate effect on expenditures as discussed below. Revenues would not be affected.

Local Effect: None.

Fiscal Analysis

State Expenditures:

Scholarship Funding

The bill provides that scholarships will be awarded under the current legislative scholarship programs until October 1, 1996 with fiscal 1997 appropriations. Assuming that the fiscal 1997 appropriation would remain intact, scholarship funds would not be affected in fiscal 1997. The Governor's proposed 1997 budget includes an allowance of approximately \$8.8 million for the senatorial and delegate programs.

Fiscal 1998 and future years' funding would depend on the plan and the proposed legislation submitted by the Secretary of Higher Education. It is estimated that scholarship funds would remain consistent with funds currently appropriated under the legislative scholarship programs.

If legislation is not enacted during the 1997 session, the bill requires the Governor to include funding in fiscal 1999 and future years for the Educational Excellence Award Program which is equal to the fiscal 1997 appropriation for the legislative scholarship programs. Therefore in fiscal 1999 and subsequent years overall scholarship funding would be consistent with current funding. It should be noted that the bill does not include a provision for funding in fiscal 1998 if legislation is not enacted during the 1997 session of the General Assembly. However, the bill's requirement that student populations currently served by the legislative scholarships must be continued would necessitate renewal funding of \$6.3 million in fiscal 1998.

Administrative Costs

The Higher Education Commission advises that it is difficult to determine the additional workload required by the bill since the staff resources needed would be dependent upon the plan proposed by the Secretary and enacted by the General Assembly. For illustrative purposes, if the current level of funding for the legislative scholarship programs is transferred to and awarded under the Educational Excellence Award Program for the 1998-99 school year, the commission estimates the need for three additional Administrative Specialists and related expenses, resulting in an estimated increase in expenditures of \$103,700 in fiscal 1998.

Information Source(s): Higher Education Commission, Department of Fiscal Services

Fiscal Note History: First Reader - February 21, 1996

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