

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1180 (Delegate Schade, *et al.*)
Ways and Means

House of Delegates Scholarship Programs - Abolition

This bill abolishes the House of Delegates scholarship program as of October 1, 1997. After October 1, 1997, any unexpended appropriation not needed to meet the scholarship award commitment will be transferred to the Educational Excellence Award Program. The Governor must include in the State budget for fiscal 1999 and each subsequent year an appropriation for the Educational Excellence Award Program in an amount equal to the fiscal 1997 House of Delegates scholarship appropriation. These funds may not be used to replace funds that would already be appropriated to the Educational Excellence Award Program under the normal budgetary process. Any awards granted under the existing scholarship program by October 1, 1997 will remain in effect for the duration of a student's eligibility period.

Fiscal Summary

State Effect: General fund expenditures would not be affected in FY 1998, but would be affected in subsequent years, as discussed below. Revenues would not be affected.

Local Effect: None.

Small Business Effect: None. The bill would not directly affect small businesses.

Fiscal Analysis

State Expenditures: The proposed fiscal 1998 budget includes \$2.5 million in general funds for the House of Delegates Scholarship program. The bill has no effect on fiscal 1998 expenditures, because the entire \$2.5 million would be spent on new scholarships (which are awarded by October) and scholarship renewals.

For subsequent years, there are two ways to interpret the bill: (1) the bill's intent is that the

House of Delegates Scholarship renewals be paid from the funds transferred from the House of Delegates Scholarship to the Educational Excellence Award Program; or (2) the bill's intent is that the funds transferred from the House of Delegates Scholarship to the Educational Excellence Award Program not to be used to cover the cost of paying for scholarship renewals.

Exhibit 1 shows that, under the first interpretation, general fund expenditures would decrease in fiscal 1999 by \$0.2 million because the bill requires the Governor to include in the fiscal 1999 budget an appropriation for the Educational Excellence Award Program equal to the fiscal 1997 House of Delegates scholarship appropriation. The fiscal 1997 appropriation for the House of Delegates Scholarship program is \$2.3 million, or \$0.2 million less than that for fiscal 1998. Future year appropriations remain constant. This estimate assumes that the bill's intent is to pay for House of Delegates scholarship renewal from the \$2.3 million appropriation. **Exhibit 1** shows that the amount of new funds available for the Educational Excellence Award Program each year increases due to decreased funding needed to support House of Delegates Scholarship renewal awards.

Exhibit 1
New Funds Available for Educational Excellence Award Program

(In millions)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Delegate Scholarship Renewals	2.5	2.0	1.4	0.8	0.0
New Educational Excellence Funds	0.0	0.3	0.9	1.5	2.3
Total	2.5	2.3	2.3	2.3	2.3

Prepared by the Department of Fiscal Services, February 1997
Source: Maryland Higher Education Commission

However, **Exhibit 2** shows the second possible interpretation of the bill that would require two appropriations for the House of Delegates scholarships: (1) the \$2.3 million from the fiscal 1997 appropriation amount, to be used as new funding in the Educational Excellence Award Program; and (2) the funds needed to continue paying for House of Delegate Scholarship renewals for four years. As **Exhibit 2** shows, general funds would increase in fiscal 1999 by \$1.8 million. The increase grows smaller in subsequent years as the number of scholarship renewals declines.

Exhibit 2

New Funds Available for Educational Excellence Award Program

(In millions)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Delegate Scholarship Renewals	2.5	2.0	1.4	0.8	0.0
New Educational Excellence Funds	0.0	2.3	2.3	2.3	2.3
Total	2.5	4.3	3.7	3.1	2.3

Prepared by the Department of Fiscal Services, February 1997
 Source: Maryland Higher Education Commission

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

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