

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 357 (Delegate Schade. *et al.*)

Ways and Means

House of Delegates Scholarship Program - Abolition

This bill abolishes the House of Delegates scholarship program as of October 1, 1998. After October 1, 1998, 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 2000 and each subsequent year an appropriation for the Educational Excellence Award Program in an amount equal to the fiscal 1998 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, 1998 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 1999, but would decrease by \$130,000 in FY 2000, assuming that scholarship renewal expenditures are paid from monies transferred from the House of Delegates scholarship program to the Educational Excellence Award Program. Revenues would not be affected.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Expenditures: The proposed fiscal 1999 budget includes \$2.65 million in general funds for the House of Delegates Scholarship program. The bill has no effect on fiscal 1999 expenditures, because the entire \$2.65 million would be spent on new scholarships (which are awarded by October 1, 1998) 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 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 2000 by \$0.13 million because the bill requires the Governor to include in the fiscal 2000 budget an appropriation for the Educational Excellence Award Program equal to the fiscal 1998 House of Delegates scholarship appropriation. The fiscal 1998 appropriation for the House of Delegates Scholarship program is \$2.52 million, or \$0.13 million less than that for fiscal 1999. Future year appropriations remain constant. This estimate assumes that the bill's intent is to pay for House of Delegates scholarship renewals from the \$2.52 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 1999	FY 2000	FY 2001	FY 2002	FY 2003
Delegate Scholarship Renewals	2.65	2.07	1.42	0.74	0.00
New Educational Excellence Funds	0.00	0.45	1.10	1.78	2.52
Total	2.65	2.52	2.52	2.52	2.52

Prepared by the Department of Legislative Services, January 1998
Source: Maryland Higher Education Commission

However, **Exhibit 2** shows the second possible interpretation of the bill, which would require two appropriations relating to the House of Delegates scholarships: (1) the \$2.52 million fiscal 1998 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 Delegates Scholarship renewals for four years. As **Exhibit 2** shows, general fund expenditures would increase in fiscal 2000 by \$1.94 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 1999	FY 2000	FY 2001	FY 2002	FY 2003
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Delegate Scholarship Renewals	2.65	2.07	1.42	0.74	0.00
New Educational Excellence Funds	0.00	2.52	2.52	2.52	2.52
Total	2.65	4.59	3.94	3.26	2.52

Prepared by the Department of Legislative Services, January 1998

Source: Maryland Higher Education Commission

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

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