

**Department of Legislative Services**  
Maryland General Assembly  
1999 Session

**FISCAL NOTE**

House Bill 174 (Delegates Kittleman and Flanagan)

Ways and Means

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**Senatorial and House of Delegates Scholarship Programs - Abolition**

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This bill abolishes the Senatorial and House of Delegate Scholarship Programs. By December 1, 1999, the Secretary of Higher Education must develop and submit to the General Assembly a plan and proposed legislation to create a program to replace those programs. Such plan must ensure that scholarship funds continue to be equally distributed by legislative district and address both merit and financial need awards.

A recipient of a Senatorial Scholarship award or a House of Delegates Scholarship award that is made prior to October 1, 1999 shall continue to be eligible to receive the full amount of that scholarship award for the duration of the eligibility period applicable to that recipient. Any unexpended appropriations under the abolished programs after October 1, 1999 shall be transferred to the Educational Excellence Award Program. If the General Assembly fails to adopt legislation creating a new program to replace the abolished programs, the Governor shall, beginning with fiscal 2002, include an appropriation in the budget for the Educational Excellence Award Program in an amount equal to the fiscal 2000 appropriation for the abolished programs. These moneys may not be used to supplant moneys that would be appropriated to the Educational Excellence Award Program under the normal budgetary process.

The scholarship programs are abolished effective October 1, 1999. The remaining provisions of the bill take effect June 1, 1999.

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## Fiscal Summary

**State Effect:** General fund expenditures for scholarships would increase by \$400,000 in FY 2000. Out-year expenditure estimates represent differences between projected funding requirements under the bill and projected funding requirements under current law, assume that no plan is enacted, and reflect phasing out of scholarship renewals.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	0.4	(2.3)	4.7	2.4	0.1
Net Effect	(\$0.4)	\$2.3	(\$4.7)	(\$2.4)	(\$0.1)

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** None.

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## Fiscal Analysis

**State Expenditures: Exhibit 1** compares projected funding requirements under current law with projected funding requirements of the bill. Because the elements of a plan that would be proposed by the Maryland Higher Education Commission (MHEC) are unknown, it is assumed that no plan is enacted by the General Assembly. Under this scenario, it is expected that MHEC could handle the bill's requirements using existing budgeted resources, because staff would simply be transferred from the Senatorial and Delegate Scholarship Programs to the Educational Excellence Award Program.

Under the Senatorial Scholarship Program, students are eligible to receive an award for 4 years as a full-time student or 8 years as a part-time student. Under the Delegate Scholarship Program, awards can be made for 1, 2, 3, or 4 year periods. **Exhibit 1** includes funding through fiscal 2004 for the renewal awards of all students who are awarded a Senatorial or Delegate scholarship prior to October 1, 1999.

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

**Fiscal Note History:** First Reader - February 18, 1999

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**Exhibit 1**  
**HB 174 - SENATORIAL AND HOUSE OF DELEGATES SCHOLARSHIP PROGRAMS - ABOLITION**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
<b>Projected Funding Requirements Under Current Law</b>					
Senatorial Scholarship Awards	\$6,486,000	\$6,486,000	\$6,486,000	\$6,486,000	\$6,486,000
Delegate Scholarship Awards	<u>2,756,268</u>	<u>2,891,325</u>	<u>3,024,326</u>	<u>3,157,396</u>	<u>3,290,007</u>
Subtotal	9,242,268	9,377,325	9,510,326	9,643,396	9,776,007
Less: General Fund Reversion	400,000	400,000	400,000	400,000	400,000
<b>Total General Fund Expenditures</b>	<u>8,842,268</u>	<u>8,977,325</u>	<u>9,110,326</u>	<u>9,243,396</u>	<u>9,376,007</u>
<b>Projected Funding Requirements Under HB 174</b>					
Senatorial Renewals	\$6,186,000	\$4,701,360	\$3,216,720	\$1,732,080	\$247,440
Delegate Renewals	2,656,268	1,992,201	1,328,134	664,067	0
Transfers to Educational Excellence Awards	400,000	0	9,242,268	9,242,268	9,242,268
Total General Fund Expenditures	<u>9,242,268</u>	<u>6,693,561</u>	<u>13,787,122</u>	<u>11,638,415</u>	<u>9,489,708</u>
<b>DIFFERENCE</b>	<b>\$400,000</b>	<b>(\$2,283,764)</b>	<b>\$4,676,796</b>	<b>\$2,395,019</b>	<b>\$113,701</b>

Prepared by: Department of Legislative Services  
Source: Maryland Higher Education Commission