

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE
 Revised

House Bill 268 (Delegate Kopp. *et al.*)

Ways and Means

Higher Education - Maryland Phi Theta Kappa Scholarship Program

This bill establishes the Maryland Phi Theta Kappa Scholarship Program. To qualify for a scholarship under this program, a student must: (1) be a Maryland resident; (2) be a student at a Maryland community college; (3) be a member in good standing of Phi Theta Kappa international honor society; (4) expect to earn an associate degree or complete 60 credit hours in an associate degree program by the time of the receipt of the scholarship; and (5) be accepted and intend to enroll as a full-time student in an undergraduate degree program at a Maryland higher education institution.

The scholarship amount is \$3,000 per year. A student may renew the award for one year after the original award if the student maintains a 3.0 grade point average (GPA) on a 4.0 scale and continues to meet the other eligibility requirements. Funds for the program shall be as provided by the Governor in the annual budget.

The bill takes effect July 1, 1999.

Fiscal Summary

State Effect: General fund expenditures would increase by \$123,000 in FY 2000 for program administration and by \$1.3 million to \$2.6 million in FY 2001. Future year expenditures increase with scholarship renewals and inflation.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	\$0.1	\$1.3 - \$2.6	\$2.5 - \$5.1	\$2.5 - \$5.1	\$2.5 - \$5.1
Net Effect	(\$0.1)	(\$1.3) - (\$2.6)	(\$2.5) - (\$5.1)	(\$2.5) - (\$5.1)	(\$2.5) - (\$5.1)

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

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Background: Phi Theta Kappa is an honors program for outstanding community college students.

State Expenditures:

Scholarship Awards

The national Phi Theta Kappa headquarters advises that the numbers of students inducted into Phi Theta Kappa in Maryland during the five-year period from school year 1993-94 through school year 1997-98 were as follows:

School Year	93-94	94-95	95-96	96-97	97-98
# of Inductees	1,366	1,543	1,706	1,678	1,619

Headquarters further advises that, nationwide, 91% of Phi Theta Kappa inductees express an intention to ultimately transfer to a four-year institution.

Neither the Phi Theta Kappa headquarters nor any known Maryland agency or organization tracks the academic status of Maryland Phi Theta Kappa members as a group subsequent to induction (except that members must maintain a 3.5 GPA to keep their memberships). Therefore, insufficient information exists upon which can be derived a precise, reliable estimate of the numbers of students who would take advantage of the scholarship program proposed by the bill. However, based upon information provided by Maryland Higher Education Commission, Maryland Association of Community Colleges, and Phi Theta Kappa Headquarters, Legislative Services estimates that between 423 and 846 new students would accept Phi Theta Kappa scholarships each year.

Assuming that all scholarship recipients would maintain 3.0 GPAs for the two years after transfer to four-year institutions, scholarship expenditures would be as shown below:

| **FY 2001** **FY 2002** **FY 2003** **FY 2004**

	FY 2001	FY 2002	FY 2003	FY 2004
Juniors (New Awards)	423 - 846	423 - 846	423 - 846	423 - 846
Seniors (Renewal Awards)	<u>0</u>	<u>423 - 846</u>	<u>423 - 846</u>	<u>423 - 846</u>
Total Number of Students	423 - 846	846 - 1,692	846 - 1,692	846 - 1,692
Grant Amount	\$3,000	\$3,000	\$3,000	\$3,000
Total Cost of Awards	\$1,269,000 - \$2,538,000	\$2,538,000 - \$5,076,000	\$2,538,000 - \$5,076,000	\$2,538,000 - \$5,076,000

Administrative Expenses

Administrative expenses for the program are estimated at \$122,945 for fiscal 2000. A portion of these funds would be used to hire one full-time program specialist to administer the program. The \$122,945 includes salary, fringe benefits, computer system enhancements, office equipment, supplies, and consumer information and marketing. The salary estimate for the program specialist reflects a 90-day start-up delay, while the other expenditure items reflect the July 1 effective date. Future year expenditures reflect (1) full salary with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

	<u>FY 1999</u>	<u>FY 2000</u>
Salary and Fringe Benefits	\$27,769	\$37,244
Computer System Enhancement	55,586	0
Office Equipment and Supplies	4,590	121
Consumer Information/Marketing	<u>35,000</u>	<u>10,379</u>
Total	\$122,945	\$47,744

Information Source(s): Maryland Higher Education Commission, Maryland Association of Community Colleges, Phi Theta Kappa Headquarters, Department of Legislative Services

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Analysis by: Claire E. Rooney

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 946-5510

(301) 970-5510