

Department of Legislative Services  
Maryland General Assembly  
2001 Session

FISCAL NOTE

House Bill 1004 (Delegate Kopp, *et al.*)

Appropriations

Budget and Taxation

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Higher Education - Student Financial Assistance - Retention of Unused Funds

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This bill provides that all State scholarship appropriations that are not used by the end of the fiscal year may not revert to the State treasury, but must be used to make awards to students and graduates under specified scholarship, need-based grant, and loan repayment programs during subsequent fiscal years. Funds carried forward may not be used for administrative expenses.

The bill takes effect July 1, 2001.

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Fiscal Summary

**State Effect:** Estimated decrease in general fund scholarship revenue of between \$80,000 and \$820,000 annually, with a commensurate increase in funds for scholarship awards in subsequent years.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** With the exception of the Educational Excellence Award Program, State scholarship appropriations that are not used by the end of the fiscal year revert to the State treasury. Legislation was enacted in 1999 to allow carry-forward of funds remaining in the Educational Excellence Award Program beginning in fiscal 2000.

**State Fiscal Effect:** The proposed fiscal 2002 budget includes a total of \$81.4 million in scholarship funds. The amount of money reverted from scholarship programs to the State treasury varies from year to year. In fiscal 2000, \$819,384 reverted to the State treasury. In fiscal 1999, \$1,134,630 reverted to the general fund, \$709,628 of which was from the Educational Excellence Award Program. In fiscal 1998, \$306,692 reverted to the general fund, \$74,540 of which was from the Educational Excellence Award Program. In fiscal 1997, \$322,289 reverted to the general fund, \$242,941 of which was from the Educational Excellence Award Program. Therefore, it is estimated that the bill could result in a decrease in general fund scholarship reversion revenue of between \$80,000 and \$820,000 annually, and a commensurate increase in funds for scholarship awards in subsequent years. It is not known whether subsequent year scholarship allowances would be adjusted downward to compensate for the carry-forward.

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### **Additional Information**

**Prior Introductions:** An identical bill (HB 1231) was passed by the General Assembly in the 2000 session but was vetoed by the Governor.

**Cross File:** None.

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

**Fiscal Note History:** First Reader – February 25, 2001  
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