

**Department of Legislative Services**  
Maryland General Assembly  
2002 Session

**FISCAL NOTE**

House Bill 623  
Ways and Means

(Delegates Zirkin and Cadden)

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**Higher Education - Scholarship Program - Children of Victims of Terrorist Attacks**

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This bill establishes a scholarship program for children of the victims of the September 11, 2001 terrorist attacks. The child of a victim may apply to the State Scholarship Administration for a scholarship to pay tuition and mandatory fees at any public or private, in-state or out-of-state undergraduate college or university. A scholarship may not exceed the equivalent annual tuition and fees of a resident undergraduate at the University of Maryland, College Park. Applicants are eligible to receive the scholarships until they are awarded baccalaureate degrees.

The bill is effective July 1, 2002.

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**Fiscal Summary**

**State Effect:** General fund expenditures would increase by an estimated \$159,800 in FY 2003 to provide scholarships and administer the new scholarship program. Future year expenditures reflect increased scholarship awards, regular salary increases, and inflation.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	159,800	159,600	166,300	173,300	180,600
Net Effect	(\$159,800)	(\$159,600)	(\$166,300)	(\$173,300)	(\$180,600)

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

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Current Law:** There are approximately 25 different college scholarship, grant, and loan programs sponsored by the State. None of the programs provide assistance to students specifically because of their status as children of victims of terrorist attacks.

**Background:** According to [www.september11victims.com](http://www.september11victims.com), there were approximately 3,023 victims of the September 11 terrorist attacks, including 49 Maryland residents. Only five states -- New York, New Jersey, Massachusetts, Virginia, and Connecticut -- lost more citizens in the attacks than Maryland.

The Maryland Higher Education Commission projects that nearly 50,000 awards will be provided under State-sponsored financial aid programs in the 2001-2002 academic year. The awards total approximately \$85 million.

**State Expenditures:** General fund expenditures would increase by an estimated \$159,784 in fiscal 2003 to provide 20 scholarships to children of victims (\$94,460) and to support one staff specialist at the Maryland Higher Education Commission to administer the new program (\$65,324).

### *Scholarship Awards*

There are believed to be at least 44 children who survive the victims of the September 11, 2001 terrorist attacks. Many of the children are college age or will be college age within the next couple of years. It is estimated that up to 20 scholarships could be awarded annually to victims' children under the new scholarship program established in the bill. The cost of in-state undergraduate tuition and mandatory fees at the University of Maryland, College Park will be \$5,556 in fiscal 2003. This is the maximum award a scholarship recipient would be eligible to receive. Assuming the average scholarship award is 85% of the maximum award, or \$4,723, the total value of scholarships awarded to victims' children would be \$94,460.

For fiscal 2004 through 2007, scholarship cost estimates assume: (1) a stable number of scholarship recipients; and (2) a 4% annual increase in the average scholarship award amount.

### *Program Administration*

General fund expenditures could increase by an estimated \$65,324 in fiscal 2003 to hire one specialist to administer the new scholarship program established in the bill. This estimate assumes that a program specialist would be hired in July, the bill's effective date, in order to begin awarding scholarships for the fall 2002 semester. The estimate

includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$60,206
Start-up and Ongoing Operating Expenses	<u>5,118</u>
<i>Total FY 2003 State Expenditures</i>	<b>\$65,324</b>

Future year expenditures reflect: (1) a full salary with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The estimated fiscal 2003 to 2007 costs associated with scholarships and administration of the program are shown in **Exhibit 1**.

**Exhibit 1**  
**Estimated Cost of HB 623**  
**Fiscal 2003 to 2007**

	<b><u>FY 2003</u></b>	<b><u>FY 2004</u></b>	<b><u>FY 2005</u></b>	<b><u>FY 2006</u></b>	<b><u>FY 2007</u></b>
Scholarship Awards	\$94,460	\$98,220	\$102,160	\$106,240	\$110,480
Program Administration	<u>65,324</u>	<u>61,407</u>	<u>64,138</u>	<u>67,035</u>	<u>70,113</u>
<b>Total</b>	<b>\$159,784</b>	<b>\$159,627</b>	<b>\$166,298</b>	<b>\$173,275</b>	<b>\$180,593</b>

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 13, 2002  
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