

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 937
Ways and Means

(Delegate F. Turner, *et al.*)
Education, Health, and Environmental Affairs

Higher Education - Student Financial Assistance - Retention of Unused Funds

This bill requires State scholarship and grant money retained in the State budget at the end of a fiscal year to be used to make awards to students during subsequent fiscal years under the Edward T. Conroy Memorial Scholarship Program and in the Veterans of the Afghanistan and Iraqi Conflicts Scholarship in addition to need-based scholarship programs already specified.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: Minimal. Funds carried forward from the Edward T. Conroy Memorial Scholarship Program and the Veterans of the Afghanistan and Iraqi Conflicts Scholarship will be available for use in those scholarships in the following fiscal year rather than for need-based scholarships. The Maryland Higher Education Commission (MHEC) has authority to move funds among most scholarship programs to address needs. The bill does not affect the total spending for scholarships in the budget.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Currently, most student financial aid scholarship and grant funds, excluding legislative scholarships, remaining at the end of a fiscal year can be carried forward into the next fiscal year to be used in need-based aid programs under MHEC.

Any funds carried forward in a need-based program stay within that program to be awarded in the next fiscal year. Specifically the programs currently eligible to use carry-forward funds are the Delegate Howard P. Rawlings Program of Educational Excellence Awards, certain nursing scholarships, the Part-time Grant Program, the Janet L. Hoffman Loan Assistance Repayment Program, the Dual Enrollment Grant, and the Graduate and Professional Scholarship Program. These funds may not be used for administrative expenses.

Each year, money for each award program must be included in the State budget and the Governor is required to include in the State budget at least 80% of the funds appropriated in the prior fiscal year for need-based programs.

The Edward T. Conroy Memorial Scholarship program awards postsecondary education financial assistance to the following categories of students:

- the child of a member of the armed forces who died or suffered a service-connected 100% permanent disability;
- the child of a member of the armed forces who was declared to be a prisoner of war or missing in action as a result of the Vietnam conflict;
- an individual who was a prisoner of war as a result of the Vietnam conflict;
- the child or surviving spouse of a State or local public safety employee killed in the line of duty;
- a public safety employee who is disabled;
- a veteran who suffers a service-related disability of 25% or greater and has exhausted all federal veterans' educational benefits; and
- the child or spouse of a victim of the September 11, 2001 terrorist attacks.

Awards may not exceed tuition and mandatory fees of a full-time undergraduate Maryland resident at the four-year public institution of higher education within the University System of Maryland, other than the University of Maryland University College and the University of Maryland, Baltimore, with the highest annual expenses for a full-time resident undergraduate. Awards also must be less than the lesser of \$3,000 or the equivalent annual tuition and mandatory fees of the institution attended by the recipient of the scholarship. Scholarships may be used at private or public four-year institutions of higher education or community colleges. Scholarships may be used for undergraduate or graduate study.

Each recipient of a scholarship may hold the award for five years of full-time study or eight years of part-time study. The MHEC Office of Student Financial Aid may not award more than 15 scholarships annually.

The Veterans of the Afghanistan and Iraqi Conflicts Scholarship provides scholarship assistance to veterans of the conflict, active duty members of the reserve of Maryland National Guard who were activated as a result of the conflicts, as well as their children and spouses. The annual amount of a scholarship may not exceed 50% of the equivalent annual tuition, mandatory fees, and room and board at the University System of Maryland institution with the highest annual expenses for full-time resident undergraduates, excluding the University of Maryland University College and the University of Maryland, Baltimore.

To qualify, an applicant must also be a Maryland resident and must be accepted for admission or enrolled in a regular undergraduate program at a Maryland institution of higher education or a two-year terminal certificate program in which the course work is eligible for transfer into a baccalaureate program at a Maryland institution of higher education. Applicants must file for federal and State financial aid annually. Scholarship recipients must maintain a grade point average of at least 2.5 on a 4.0 scale and may hold the scholarship for up to five years of full-time study or eight years of part-time study.

A Veterans of the Afghanistan and Iraqi Conflicts Scholarship supplements federal education benefits for which an applicant is eligible and may be used to pay for educational expenses, including tuition and mandatory fees and room and board.

Background: Carry-forward in programs varies from year to year based upon award cancellations and the movement of funds from one financial aid program to the other to address student needs. In fiscal 2007, a total of \$120,211 could have been carried forward into the Edward T. Conroy Memorial Scholarship or the Veterans of the Afghanistan and Iraqi Conflicts Scholarship if this had been allowed under statute. In fiscal 2008, \$216,089 could have been carried forward into these programs.

State Effect: Authorizing the use of carry-forward funds in the Conroy and Veterans of the Afghanistan and Iraqi Conflicts Scholarship may reduce the waiting lists for those programs in the following year but may also increase the waiting list for need-based programs. The net effect is expected to be minimal and does not impact the overall level of State funding for scholarships in the budget.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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