

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 888 (Senator Middleton)

Education, Health, and Environmental Affairs

**Office of Student Financial Assistance - Public Service Scholarships - Student
Members of County Boards of Education**

This bill establishes a Public Service Scholarship for student members of county boards of education. A senator or a delegate may authorize the Office of Student Financial Assistance (OSFA) to award all or a portion of their senatorial or delegate scholarship funds to eligible recipients of the Public Service Scholarship who reside in the senator's or the delegate's legislative district.

The bill also allows a senator to authorize OSFA to award all or a portion of their senatorial scholarship funds to applicants for the senator's legislative district who scored the highest on the competitive exam or are attending an eligible institution and have completed at least one year in good academic standing.

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$80,000 in FY 2011 to add the new scholarship to the web portal. Revenues are not affected.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	80,000	0	0	0	0
Net Effect	(\$80,000)	\$0	\$0	\$0	\$0

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

Local Effect: None

Small Business Effect: None.

Analysis

Bill Summary: The recipient of a Public Service Scholarship must be a graduate of an accredited high school and have completed a full term of office as a student member of a local board of education. The annual award amount for a scholarship must be \$1,000, which may be used for tuition and fees at an eligible institution.

A recipient of a scholarship may hold the award for up to four years. To continue to receive an award, a recipient must continue to be a resident of the State, continue to be a full-time undergraduate student at an eligible institution, make satisfactory progress toward a degree, and maintain the standards of the institution.

Current Law: Each senator may award \$138,000 in scholarship funds each year. To qualify for an award, an individual must be a resident of Maryland and demonstrate a definite financial need. Each senator must consider an applicant's financial need. An award under the program may not be lower than \$400 and may not exceed the tuition and mandatory fees at the University System of Maryland (USM) institution with the highest annual tuition and fees, not including the University of Maryland University College (UMUC) and the University of Maryland, Baltimore (UMB). The scholarships may be held for up to four years of full-time study or eight years of part-time study. A scholarship award may be used to pay educational expenses at a Maryland institution of postsecondary education or, when the desired program of study or appropriate accommodations are not available in Maryland, an out-of-state institution. A senator must award scholarships prior to September 1 of each year. Any funding that a senator has not awarded by the September 1 deadline is distributed by the Maryland Higher Education Commission (MHEC) to eligible applicants from the senator's district.

During a term in office, each delegate may award the equivalent of four four-year full-time scholarships or two part-time scholarships for each full-time scholarship available. Delegates may select scholarship recipients on any basis they consider appropriate. The annual amount of a scholarship for any one recipient may not exceed the tuition and mandatory fees at the USM institution with the highest annual tuition and fees, not including UMUC and UMB. A scholarship award may be used to pay tuition and mandatory fees at a Maryland institution of postsecondary education or, when the desired program of study or appropriate accommodations are not available in Maryland, an out-of-state institution. Instead of awarding the scholarships themselves, delegates may authorize MHEC to award funding to eligible applicants under the Delegate Howard P. Rawlings Educational Excellence Awards program.

Background: As early as 1924, some version of senatorial scholarships appeared in Maryland statutes. At that time, scholarship recipients were appointed by local boards of school commissioners (*i.e.*, school boards), with the advice and consent of the local

senators. Scholarship recipients were required to teach in Maryland for two years after their college graduations. Although the specific requirements have changed over time, eligibility for a senatorial scholarship has always included a financial need component.

Delegate scholarships were established later, and by 1959 each delegate was authorized to grant a scholarship for the University of Maryland, College Park (UMCP) to one resident of the delegate's district. Although students who received delegate scholarships initially had to demonstrate a financial need, that part of scholarship eligibility was later removed. By the mid-1970s, the use of delegate scholarships was no longer limited to UMCP.

Only relatively minor changes have been made to legislative scholarships in the last 15 years. The Governor's proposed fiscal 2011 budget includes \$6.5 million for senatorial scholarships (\$138,000 per senator) and \$5.0 million for delegate scholarships (\$35,436 per delegate).

State Expenditures: MHEC reports that the scholarship web portal known as Maryland College Aid Processing System will need to be reprogrammed to add a new scholarship. The modifications and testing will increase general fund expenditures by approximately \$80,000. The web portal is used by students to apply for State scholarships and to track the funds once a scholarship has been awarded. Institutions use the site to track scholarship disbursement.

Funding for the new scholarship is only diverted from existing senatorial and delegate scholarships.

Additional Information

Prior Introductions: None.

Cross File: HB 1179 (Delegate Murphy, *et al.*) - Ways and Means.

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

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