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FISCAL AND POLICY NOTE
Revised

House Bill 404
Ways and Means

(Delegate Kaiser, *et al.*)

Education, Health, and Environmental Affairs

Higher Education - Edward T. Conroy Memorial Scholarship Program -
Eligibility

This bill expands the eligibility requirements for the Edward T. Conroy Memorial Scholarship Program to include the surviving spouse of a member of the armed forces who suffered a service-connected 100% permanent disability.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: Expanding *eligibility* for the Conroy scholarship does not require additional spending, although general fund expenditures could increase minimally beginning in FY 2013 to award scholarships to currently eligible students and an expanded population of eligible applicants. The bill is estimated to increase applications by fewer than five students annually. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: 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 who was killed in the line of duty or who suffered an injury in the line of duty resulting in 100% disability;
- 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 surviving spouse of a victim of the September 11, 2001 terrorist attacks.

Applicants must be a resident of Maryland, or have been a resident of the State at the time of the event that made the applicant primarily eligible for the scholarship.

Awards may not exceed tuition and mandatory fees of a full-time undergraduate Maryland resident at a four-year institution 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 may not be less than \$3,000 or the equivalent annual tuition and mandatory fees of the institution attended by the recipient of the scholarship, whichever is the least. Scholarships may be used at private or public four-year institutions or community colleges, and they 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. Not more than 15 scholarships each year may go to veterans who have a service-connected disability of 25% or more and have exhausted or are no longer eligible for federal veterans' educational benefits.

Chapters 607 and 608 of 2009 decentralized the Edward T. Conroy Memorial Scholarship from the Office of Student Financial Assistance in the Maryland Higher Education Commission (MHEC) to the postsecondary institutions beginning in fiscal 2011. Therefore, MHEC has only renewed scholarships and not granted new scholarships since June 30, 2010. Postsecondary institutions verify eligibility and award scholarships to eligible students.

In October and February of each year, each postsecondary institution must report to MHEC the number of students eligible for an Edward T. Conroy Memorial Scholarship. After verifying the number of eligible students, MHEC must allocate the funds for awards to the postsecondary institutions. If funds cannot be allocated in the fiscal year in which awards are made, priority must be given to allocating funds for those awards in the following fiscal year.

Chapter 397 of 2011 created the Need-Based Student Financial Assistance Fund (NBSFAF) to retain unspent student financial assistance awards to be awarded in future years for need-based aid, as specified in statute, including the Conroy Scholarship Program.

Background:

Service-connected Disability

Approximately 9,600 veterans who live in Maryland have a service-connected disability rating of greater than 70%. A “service-connected” disability means that disability was a result of disease or injury incurred or aggravated during active military service. These disabilities are evaluated according to the Department of Veterans Affairs’ Schedule for Rating Disabilities. Ratings are graduated according to the degree of the veteran’s disability on a scale from 0% to 100%, in increments of 10%. A veteran with a 0% rating may have a service-connected condition, but it does not interfere with normal life functions. A veteran with a 100% rating will have one or more disabilities that significantly interfere with normal life functions.

Post-9/11 GI Bill

In 2008, the U.S. Congress created the Post-9/11 GI Bill, which provides enhanced federal educational aid for veterans serving after 9/11. Veterans who meet eligibility requirements for this program receive a housing allowance, a stipend for books and supplies, and funds to support the cost of attendance, up to the cost of in-state tuition for the most expensive undergraduate program of study at an in-state public university, which is \$16,308 in Maryland for academic year 2010-2011. The Post-9/11 GI Bill marked a significant increase in federal educational support for those serving in the armed forces after 9/11.

Under the Post-9/11 GI Bill, a veteran who has served or committed to serve in the armed forces for at least 10 years may transfer GI benefits to children and spouses. Once that benchmark is met, an eligible active-duty military individual may transfer any unused benefits or the entire 36 months, if the member has used none.

The Post-9/11 Veterans Educational Assistance Improvements Act of 2010 changes the way federal Post-9/11 veterans' benefits are applied. Effective August 2011, institutional and State financial aid awarded through the program will be applied to the cost of tuition first, followed by federal veterans' benefits – making the federal government the last payor of aid.

Survivors and Dependents Assistance

Another federal educational assistance program is the Survivors' and Dependents' Educational Assistance Program that provides education and training opportunities to eligible dependents of veterans who are permanently and totally disabled due to a service-related condition or who died while on active duty or as a result of a service-related condition. The program offers up to 45 months of education benefits. These benefits may be used for degree and certificate programs, apprenticeship, and on-the-job training. Spouses may take correspondence courses.

Edward T. Conroy Memorial Scholarship Program

The Governor's proposed fiscal 2013 budget includes \$570,474 for the Edward T. Conroy Memorial Scholarship Program, the same amount as fiscal 2012. In fiscal 2011, \$540,474 was appropriated for the scholarship, and an additional \$400,000 in general funds was transferred to the scholarship program from other scholarships. In fiscal 2012, 146 awards were made, with an average award amount of \$5,115.

Chapters 607 and 608 of 2009 decentralized the scholarship program to the postsecondary institutions so there is no longer a waiting list for the program and MHEC reimburses postsecondary institutions. Currently, the expenditures exceed the appropriation for the program; however, MHEC is able to transfer funds via a budget amendment from NBSFAF into the Conroy Memorial Scholarship Program in order to cover expenditures. MHEC advises that, under the current eligibility requirements, no additional general funds will be required to reimburse institutions for Conroy scholarships as the current appropriation and NBSFAF funds are sufficient.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission, Department of Veterans Affairs, U.S. Census Bureau, Department of Legislative Services

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