

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 365

(Senator Garagiola, *et al.*)

Education, Health, and Environmental Affairs

Ways and Means

**Higher Education - The Charles W. Riley Fire and Emergency Medical Services
 Scholarship**

This bill repeals the Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program and instead establishes the Charles W. Riley Fire and Emergency Medical Services Scholarship.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: General fund expenditures increase by approximately \$35,000 in FY 2013 to modify and test the scholarship web portal. Beginning in FY 2014, it is assumed that the Governor will include the same amount of funding for the Charles W. Riley Fire and Emergency Medical Services Scholarship as would have been provided for the Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program; therefore, revenues and expenditures are not otherwise affected. However, no funds may be expended in FY 2013, which may increase expenditures in FY 2014 by approximately \$356,000, the amount budgeted but not spent in FY 2013. To the extent that the nature of a scholarship program compared to a reimbursement program changes the Governor's allowance for the program, general or special fund expenditures will increase or decrease.

(in dollars)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	35,000	0	0	0	0
Net Effect	(\$35,000)	\$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: To be eligible for a scholarship, a firefighter or rescue worker must 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.

For a career firefighter or career or volunteer ambulance or rescue squad member, a scholarship may be up to 100% of the equivalent annual tuition and mandatory fees of a resident undergraduate student at the four-year public institution of higher education within the University System of Maryland (USM), other than the University of Maryland University College (UMUC) and the University of Maryland, Baltimore (UMB), with the highest annual expenses for a full-time resident undergraduate for courses credited toward a degree in fire service technology or emergency medical technology. For a *volunteer firefighter*, a scholarship may be up to 100% of the equivalent annual tuition and mandatory fees of a resident undergraduate student at the four-year public institution of higher education within USM, other than UMUC and UMB, with the highest annual expenses for a full-time resident undergraduate. A scholarship may be used for the tuition and mandatory fees at any eligible institution.

A recipient of a Charles W. Riley Fire and Emergency Medical Services Scholarship must work for at least one year as a volunteer or career firefighter or ambulance or rescue squad member in an organized fire department or ambulance or rescue squad in the State after completion of an eligible program in an eligible institution.

Funding for the scholarship program is as provided in the annual State budget. In addition, Senators and Delegates may authorize the Office of Student Financial Assistance (OSFA) to award their senatorial and delegate scholarship funds to eligible recipients of the scholarship. A Charles W. Riley Fire and Emergency Medical Services Scholarship Fund is also established, and the Maryland Higher Education Commission (MHEC) may accept gifts or grants for the fund. MHEC must report annually on the status of the fund. Any interest from the fund will accrue to the general fund.

Any funds remaining in the Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program after June 30, 2013, must be used to fund the Charles W. Riley Fire and Emergency Medical Services Scholarship for the 2013-2014 academic year.

OSFA must provide the public with notice of the establishment of the Charles W. Riley Fire and Emergency Medical Services Scholarship as a replacement for the Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program, including posting information on the OSFA website and conducting outreach activities to fire departments and ambulance and rescue squads in the State.

Current Law: The Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program provides tuition reimbursement. As provided in the State budget, any career or volunteer firefighter or ambulance or rescue squad member who receives credit for courses toward degrees in fire service technology or emergency medical technology must receive partial or full reimbursement for the courses from OSFA. Firefighters and rescue workers must be Maryland residents to qualify. Reimbursements may not exceed the cost of resident tuition rates at a four-year public institution of higher education within USM, other than UMUC and UMB, with the highest annual expenses for a full-time resident undergraduate.

A tuition reimbursement application must be filed with OSFA no later than July 1 immediately following the academic year for which tuition reimbursement is sought. Payment must be made one year after successful completion of each academic year. Payment may be made only if the applicant is still employed or actively engaged as a career or volunteer firefighter or ambulance or rescue squad member in an organized fire department or ambulance or rescue squad in the State.

The Budget Reconciliation and Financing Act of 2011 (Chapter 397) requires an amount annually set forth in the State budget from the \$7.50 surcharge on certain traffic convictions to be distributed specifically to the Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program.

Background: MHEC reports that approximately 118 firefighters and ambulance and rescue squad personnel received Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursements in fiscal 2012, and MHEC estimates the same number will receive reimbursements in fiscal 2013. The fiscal 2013 budget includes \$355,984 in special funds from the moving violation surcharge that would otherwise be distributed to the Volunteer Company Assistance Fund for the tuition reimbursement program. It also includes a deficiency appropriation of \$340,979 in special funds for fiscal 2012 to reflect the change in the source of program funding made by Chapter 397 of 2011. According to MHEC's current practice, the fiscal 2013 funds will be used to reimburse eligible students for courses taken during the 2010-2011 academic year.

State Expenditures: The bill repeals the tuition reimbursement program effective July 1, 2012 (fiscal 2013), and replaces it with the scholarship program. The fiscal 2013 appropriation for the reimbursement program, therefore, cannot be used to provide

reimbursements. In order for the scholarship program to be funded in fiscal 2013, a budget amendment will need to be processed by the Governor authorizing the tuition reimbursement appropriation to instead be used for the scholarships. Even with a budget amendment, the typical scholarship application and award process will need to be significantly condensed for awards to be made for the 2012-2013 academic year. Moreover, students who took courses during the 2010-2011 and 2011-2012 academic years anticipating reimbursement will not receive reimbursement for those courses due to the reimbursement program being repealed effective July 1, 2012.

Without a budget amendment, the scholarship program will not be funded until fiscal 2014; therefore, the 2013-2014 academic year would likely be the first year of the scholarship. Uncodified language (Section 2) in the bill suggests that it was the legislature's intent that 2013-2014 be the first year of scholarship awards, and any funds remaining after tuition reimbursements were made in fiscal 2013 be used for 2013-2014 scholarships. However, there is no legal authorization to make reimbursements after June 30, 2012. Given MHEC's practice to use the current year appropriation to reimburse students for courses taken two years prior, courses taken during three academic years (2010-2011, 2011-2012, and 2012-2013) will not be eligible for either the tuition reimbursement program or the scholarship program under the bill as passed by the General Assembly.

MHEC reports modifying and testing the scholarship web portal known as Maryland College Aid Processing System to add a new scholarship will cost between \$20,000 and \$50,000 or approximately \$35,000.

Beginning in fiscal 2014, it is assumed that the Governor will include the same amount of funding for the Charles W. Riley Fire and Emergency Medical Services Scholarship as would have been provided for the Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program; therefore, revenues and expenditures are not affected. To the extent that the nature of a scholarship program compared to a reimbursement program changes the Governor's allowance for the program, general fund expenditures will increase or decrease.

In addition, due to the statutory requirement that the special funds be used specifically for the reimbursement program, corrective action may be needed to appropriate the funds to the scholarship program. The Maryland Attorney General's bill review letter dated May 10, 2012, raises these and several other implementation and interpretive issues with this bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Attorney General's Office, Maryland Higher Education Commission, Kent and Worcester counties, Department of Legislative Services

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