

Department of Legislative Services
 Maryland General Assembly
 2016 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 120

(Senator Simonaire)

Education, Health, and Environmental Affairs

Ways and Means

Higher Education - Senatorial Scholarships - Awards

This emergency bill authorizes a recipient of a senatorial scholarship to request, and a senator to award, a scholarship for a fifth undergraduate academic year or for a semester subsequent to the end of a fourth undergraduate academic year if the recipient meets specified conditions.

Fiscal Summary

State Effect: General fund expenditures increase by \$2,800 in FY 2016 for one-time contractual costs associated with updating the Maryland Higher Education Commission’s (MHEC) scholarship system. Increasing the number of years an individual may receive a senatorial scholarship does not increase the amount of funding appropriated for the scholarship; thus, expenditures for the scholarship do not increase. MHEC can otherwise make awards for the extended scholarship using existing resources. Revenues are not affected.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	2,800	0	0	0	0
Net Effect	(\$2,800)	\$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: Specifically, a recipient must be a full-time student, continue to be a resident of the State, continue to be a student at the institution and take courses leading to a degree, and have exhausted the senatorial scholarship funds available for the initial four-year award.

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 less 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). A scholarship 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 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.

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 graduation. Although the specific requirements have changed over time, eligibility for a senatorial scholarship has always included a financial need component.

Only relatively minor changes have been made to legislative scholarships in the last 20 years. The Governor's proposed fiscal 2017 budget includes \$6.5 million for senatorial scholarships (\$138,000 per senator). In fiscal 2015, according to the Managing for Results document, senators awarded \$7.4 million in awards to 8,546 recipients, and 2,710 awards were declined or canceled.

A 2014 report by Complete College America found that nationwide only 19% of full-time students earn a bachelor's degree in four years. At state flagship or high research universities, only 36% of full-time students complete their bachelor's degree in four years. Students in Maryland did better, with 38% of full-time students earning a bachelor's degree in four years, and 67% of full-time students at a flagship or high research institution earn a bachelor's degree in four years.

State Expenditures: General fund expenditures increase by \$2,800 in fiscal 2016 for one-time contractual costs associated with updating MHEC's scholarship system. Increasing the number of years an individual may receive a senatorial scholarship does not increase the amount of funding appropriated for the scholarship; thus, expenditures for the scholarship awards do not increase. MHEC can make awards for the extended scholarship using existing resources.

- MHEC reports that modifying and testing the scholarship web portal (known as the Maryland College Aid Processing System (MD CAPS)) to enable senatorial awards to be made for a fifth undergraduate academic year or for a semester subsequent to the end of a fourth undergraduate academic year (if the recipient meets specified conditions) costs approximately \$2,800. MHEC advises that it needs at least one month to work with its vendor to update MD CAPS, create an application for awards MHEC makes, and develop internal procedures. MD CAPS allows each legislator or legislative staff to solicit applications, select eligible recipients, and enter awards directly into MD CAPS via a secure web portal.
- The amount of funding that each senator may award for scholarships is set in statute. Increasing the number of years an individual may receive a scholarship does not increase the amount of funding a senator may distribute or the amount of funding appropriated for the scholarship; thus, expenditures for the scholarship awards do not increase. **Therefore, senators are only able to award eligible applicants under the bill if funding is available after all renewal awards have been made.** MHEC must verify that a senator who wishes to extend a scholarship has an adequate fund balance to do so.
- Since the majority of senators make their own awards using the legislator portal of MD CAPS, MHEC can make awards for the extended scholarship using existing resources. MHEC advises that expanding the senatorial scholarship program increases the number of phone calls, emails, and general correspondence regarding the program from parents, students, and schools. However, MHEC can absorb this using existing resources. MHEC further advises that, as senators who make their own awards are responsible for handling their own application process, they must create their own application for this purpose.

Additional Comments: Under current law, a scholarship may be held for up to four years of full-time study or eight years of part-time study. Under the bill, only full-time students are eligible to be considered for an additional year.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Budget and Management, Maryland Higher Education Commission, Complete College America, Department of Legislative Services

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