

Department of Legislative Services
 Maryland General Assembly
 2016 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 673 (Delegate S. Howard, *et al.*)
 Ways and Means

Senatorial and Delegate Scholarships - Use of Funds at Out-of-State Institutions
 of Higher Education

This bill authorizes senatorial and delegate scholarships to be used at out-of-state institutions of higher education if the applicant is a veteran domiciled in the State. It also authorizes senatorial scholarships to be awarded to a veteran who is domiciled in the legislative district of the State from which the veteran seeks an award.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: General fund expenditures increase by \$6,000 in FY 2017 for one-time contractual costs associated with updating the Maryland Higher Education Commission’s (MHEC) scholarship system. Expanding *eligibility* for the senatorial and delegate scholarships does not require additional spending. Senators and delegates receive a set amount of scholarship money, which is not changed by the bill.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	6,000	0	0	0	0
Net Effect	(\$6,000)	\$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

Current Law:

Senatorial Scholarships

Each senator may award \$138,000 in scholarship funds each year. 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. 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.

Except for specified off-campus housing and specified programs not available in Maryland (discussed further below), a senatorial scholarship may only be used at any undergraduate, graduate, or professional school in the State. A senatorial scholarship may be used at a degree-granting institution of higher education, if the curriculum is approved by MHEC, a hospital diploma school for training registered nurses, or to attend a private postsecondary proprietary institution that is accredited by a national accrediting association approved by the U.S Department of Education as a full-time student.

Each senator may award at most 10% of his or her scholarship funds to applicants planning to attend accredited undergraduate, graduate, or professional institutions outside of the State. Those students must be studying an academic area that is not available in the State or be a person with a hearing impairment who will be studying at an institution outside the State that makes special provisions for persons with a hearing impairment.

The scholarship may be used for educational expenses as defined by the Office of Student Financial Assistance (OSFA) within MHEC, including tuition and mandatory fees and room and board. If on-campus housing is available, a senatorial scholarship may not be used to pay for off-campus housing.

Delegate Scholarships

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. A

delegate may select scholarship recipients on any basis he or she considers 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 himself or herself, a delegate may authorize MHEC to award funding to eligible applicants under the Delegate Howard P. Rawlings Educational Excellence Awards program.

A delegate scholarship may be used at an in-state institution of higher education whose primary campus is located in Maryland and whose authority to grant degrees is conferred in Maryland for a program of undergraduate, graduate, or professional studies. If the applicant will be studying in an academic area that is not available in the State or under certain circumstances where the applicant is disabled, the scholarship may be used at an accredited undergraduate, graduate, or professional studies institution outside the State. The scholarship may also be used at a private career school within the State that is approved by MHEC and that is accredited by a national accrediting association that is approved by the U.S. Department of Education.

Eligible Institutions for State Student Financial Assistance

Under Chapter 277 of 2011, until June 30, 2016, a scholarship, grant, loan, or other student financial assistance awarded by OSFA may only be used at an in-state institution of higher education that possesses a certificate of approval from MHEC. With regards to State financial assistance, an in-state institution of higher education is defined as a degree-granting institution whose primary campus is located in Maryland and whose authority to grant degrees is conferred by Maryland.

The language regarding the institutions at which State financial aid may be used terminates June 30, 2016. Thereafter, except as otherwise specified, State student financial assistance awarded by OSFA may only be used at a public or private nonprofit institution of higher education in this State that possesses a certificate of approval from MHEC. MHEC has interpreted this law to allow only students attending public institutions of higher education in the State and private institutions that have their headquarters or primary campus in Maryland to receive financial assistance, unless otherwise specified in the statute for the particular financial assistance program. There are exceptions for the senatorial and delegate scholarships, as well as the private career school student grant program.

Background: According to the U.S. Department of Veterans Affairs, 437,762 veterans lived in Maryland in 2014. The Governor's proposed fiscal 2017 budget includes

\$6.5 million for senatorial scholarships (\$138,000 per senator) and \$6.3 million for delegate scholarships (\$44,826 per delegate).

Additional Information

Prior Introductions: None.

Cross File: None.

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

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min/rhh

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