

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 Enrolled - Revised

House Bill 12

(Delegate S. Howard, *et al.*)

Ways and Means

Education, Health, and Environmental Affairs

Senatorial and Delegate Scholarships - Eligibility, Award Amounts, and Use of Funds

This bill authorizes senatorial and delegate scholarships to be used at out-of-state institutions of higher education if the applicant is an individual who is on active duty with the U.S. military and domiciled in the State. It also authorizes senatorial scholarships to be awarded to an individual who is on active duty with the U.S. military and domiciled in the legislative district of the State from which the applicant seeks an award. In addition, the bill requires funding for senatorial scholarships, beginning in fiscal 2020, to grow in the same manner as funding for delegate scholarships.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: General fund expenditures for senatorial scholarships increase by \$194,600 in FY 2020. Future years reflect anticipated 3% annual growth in tuition and mandatory fees and the cumulative impact of the annual increases. Expanding *eligibility* for senatorial and delegate scholarships does not require additional spending. It is assumed that legislators confirm individuals' eligibility; thus, Maryland Higher Education Commission (MHEC) expenditures to administer the programs do not increase. Revenues are not affected.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	0	194,600	395,000	601,400
Net Effect	\$0	\$0	(\$194,600)	(\$395,000)	(\$601,400)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Specifically, funding for the senatorial scholarship program must reflect growth in the tuition and mandatory fees of the undergraduate program at the public four-year institution (excluding University of Maryland University College (UMUC) and University of Maryland, Baltimore Campus (UMB)) with the highest annual expenses for a full-time resident undergraduate. The bill also clarifies the required funding increase for delegate scholarships each year and makes a technical correction related to fifth-year extension awards under the senatorial scholarship program.

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 UMUC and UMB. A scholarship may be held for up to four years of full-time study or eight years of part-time study. Under certain circumstances, a senator may award a scholarship for a fifth undergraduate year or an additional undergraduate semester.

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; at 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 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.

Background: According to the U.S. Department of Defense December 2016 workforce [report](#), 28,703 active-duty military members are domiciled in Maryland. The fiscal 2018 operating budget includes \$6.5 million for senatorial scholarships (\$138,000 per senator) and \$6.7 million for delegate scholarships (\$47,865 per delegate).

State Expenditures: General fund expenditures increase by an estimated \$194,580 in fiscal 2020, \$394,997 in fiscal 2021, and \$601,427 in fiscal 2022 due to senatorial scholarship funding growing in the same manner as funding for delegate scholarships. Expanding *eligibility* for the senatorial and delegate scholarships does not require additional spending. The following information and assumptions were used in this estimate.

- Under current law, each of the 47 senators may distribute \$138,000 in scholarships annually (this reflects new and renewal scholarships), which is \$6.5 million in total.
- For the purposes of this estimate, it is assumed that tuition and mandatory fees increase by 3% annually. Thus, funding for each senator increases by \$4,140 in fiscal 2020, which is a total increase of \$194,580 in fiscal 2020. Likewise, in fiscal 2021 and 2022, scholarship funding per senator increases \$8,404 and \$12,796, respectively, over current law funding, which is a total increase of \$394,997 in fiscal 2021 and \$601,427 in fiscal 2022. Actual increases in senatorial scholarship funding will depend on the actual amount of the increase over the previous year in the tuition and mandatory fees of the applicable public institution with the highest annual expenses for a full-time resident undergraduate.
- Expanding *eligibility* for the senatorial and delegate scholarships does not require additional spending. MHEC advises that it plans to require legislators to submit documentation confirming individuals' eligibility; thus, it does not need to update its scholarship system.
- Any operational impact on OSFA within MHEC due to the increase in senatorial scholarship funding and the expanded eligibility for the senatorial and delegate scholarships is assumed to be minimal and can be handled with existing budgeted resources.

Additional Information

Prior Introductions: HB 673 of 2016, a similar bill that expanded eligibility to veterans rather than active-duty military personnel, received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: None.

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

Fiscal Note History:
kb/rhh

First Reader - February 1, 2017
Third Reader - March 28, 2017
Revised - Amendment(s) - March 28, 2017
Enrolled - May 8, 2017
Revised - Amendment(s) - May 8, 2017

Analysis by: Caroline L. Boice

Direct Inquiries to:
(410) 946-5510
(301) 970-5510