

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 9 (Delegate Pippy)
 Appropriations

Veterans of the Afghanistan and Iraq Conflicts Scholarship - Eligibility for Stepchildren

This bill expands the eligibility requirements for the Veterans of the Afghanistan and Iraq Conflicts Scholarship program to include the stepchildren of specified veterans, active-duty members of the armed services, members of the reserve, or members of the Maryland National Guard. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: General fund expenditures increase by \$10,000 in FY 2023 for one-time costs. Revenues are not affected.

| (in dollars) | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|----------------|------------|---------|---------|---------|---------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 10,000 | 0 | 0 | 0 | 0 |
| Net Effect | (\$10,000) | \$0 | \$0 | \$0 | \$0 |

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Veterans and active-duty members of the U.S. Armed Forces who served in Afghanistan and Iraq, and members of the reserve or Maryland National Guard who were activated as a result of the conflicts, are eligible for the scholarships, as are their children and spouses. To qualify, an applicant must also 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.

A recipient is not required to file for financial aid; however, a recipient who does file for financial aid must file by March 1. A scholarship may supplement, but is not contingent on, any federal education benefits for which a recipient qualifies as a result of an individual's military or military dependent status. 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.

The annual amount of a scholarship may not exceed 50% of the equivalent annual tuition, mandatory fees, and room and board at the University System of Maryland institution with the highest annual expenses for full-time resident undergraduates, excluding the University of Maryland Global Campus and the University of Maryland, Baltimore Campus. The Office of Student Financial Assistance (OSFA) in the Maryland Higher Education Commission (MHEC) may not award an initial scholarship under the program after June 30, 2030, although existing scholarships may be renewed after that date.

Funding for the scholarship program is as provided in the annual State budget. In addition, senators and delegates may authorize OSFA to award their senatorial and delegate scholarship funds to eligible recipients of the scholarships. There is a Veterans of the Afghanistan and Iraq Conflicts Scholarship Fund. MHEC may accept gifts or grants for the fund and must report annually on the status of the fund.

State Expenditures: General fund expenditures increase by an estimated \$10,000 in fiscal 2023 for one-time contractual costs associated with enhancements to MHEC's scholarship system, known as the Maryland College Aid Processing System, necessitated by the bill. The scholarship system must be upgraded to reflect the bill's changes to eligibility for an award.

The number of additional eligible individuals cannot be reliably estimated but may be significant. Expanding scholarship eligibility does not require additional spending; in recent years, the total dollars awarded under the scholarship have been less than the funds appropriated for the scholarship. However, if in future years scholarship applicant need exceeds the funds available, without additional spending, more individuals may be added to the waitlist, fewer scholarships may be awarded, or scholarship amounts may be smaller.

In fiscal 2021, MHEC awarded 131 scholarships with an average award amount of approximately \$5,400 resulting in a total of \$709,959 being awarded. The Governor's

proposed fiscal 2023 budget includes a \$750,000 general fund appropriation to the Veterans of Afghanistan and Iraq Conflict Scholarship program.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Higher Education Commission; Department of Legislative Services

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