LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

Maryland
DEPARTMENT OF BUDGET AND MANAGEMENT

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 912 Higher Education - Student Financial Assistance - Alterations and Appropriation (Pinsky)

STATEMENT OF INFORMATION

DATE: March 15, 2022

COMMITTEE: Senate Education, Health & Environmental Affairs

SUMMARY OF BILL:. SB 912, in part, mandates an appropriation in the amount of $75 million for the Educational Excellence Awards, beginning FY 2024.

EXPLANATION: The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the $75 million mandated appropriation provision that impacts the FY 2024 and subsequent budgets.

The FY 2023 Budget allowance provides $100 million for the Educational Excellence Awards, or $10 million more than the FY 2022 funding amount. Typically, this particular scholarship Award increases 2% each year to keep up with tuition growth at the public four year institutions. The Governor has consistently demonstrated his support for the Educational Excellence Awards program and for the students it serves and has significantly increased funding for the program in FY 2023.

DBM has the responsibility of submitting a balanced budget to the General Assembly annually, which will require spending allocations for FY 2024 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2022.

Changes to the Maryland Constitution in 2020 provide the General Assembly with additional budgetary authority, beginning in the 2023 Session, to realign total spending by increasing and adding items to appropriations in the budget submitted by the Governor. The legislature's new budgetary power diminishes, if not negates, the need for mandated appropriation bills.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist, thereby impacting the Maryland economy. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability. The Department continues to urge the General Assembly to focus on maintaining the structural budget surplus.

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