

Department of Legislative Services
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 674 (Senator Kittleman)

Education, Health, and Environmental Affairs

Robert Kittleman Scholarship Reform Act

This bill eliminates senatorial and delegate scholarships.

Fiscal Summary

State Effect: Mandated general fund expenditures decrease by an estimated \$11.6 million in FY 2012 due to the deletion of funding for senatorial and delegate scholarships. Future year expenditure reductions reflect projected growth in funding for delegate scholarships. Revenues are not affected.

(\$ in millions)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	11.6	11.8	11.9	12.3
Net Effect	\$.0	(\$11.6)	(\$11.8)	(\$11.9)	(\$12.3)

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

Local Effect: None.

Small Business Effect: None.

Analysis

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 lower 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). The scholarships

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 the Maryland Higher Education Commission (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. 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 themselves, delegates may authorize MHEC to award funding to eligible applicants under the Delegate Howard P. Rawlings Educational Excellence Awards program.

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.

Delegate scholarships were established later, and by 1959 each delegate was authorized to grant a scholarship for the University of Maryland, College Park (UMCP) to one resident of the delegate's district. Although students who received delegate scholarships initially had to demonstrate a financial need, that part of scholarship eligibility was later removed. By the mid-1970s, the use of delegate scholarships was no longer limited to UMCP.

Only relatively minor changes have been made to legislative scholarships in the last 15 years. The Governor's proposed fiscal 2011 budget includes \$6.5 million for senatorial scholarships (\$138,000 per senator) and \$5.0 million for delegate scholarships (\$35,436 per delegate).

State Expenditures: Mandated general fund expenditures decrease by \$11.6 million in fiscal 2012, which reflects the bill's October 1, 2010 effective date, and assumes that the final senatorial and delegate scholarships are awarded in fiscal 2011. Annual

appropriations for senatorial scholarships are stable at \$6.5 million, but delegate scholarships are tied to annual increases in tuition and fees at the most expensive USM (excluding UMB and UMUC) institutions. Assuming 3% annual tuition and fee increases, the savings in future years due to growth in delegate scholarships increases to \$12.3 million by fiscal 2015.

Some senators and delegates make multi-year scholarship awards. Savings may be reduced the first year or two if the multi-year awards are phased out.

Additional Information

Prior Introductions: SB 758 of 2009 was withdrawn without a hearing. SB 284 of 2008 and SB 179 of 2007 were heard by the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken on either bill.

Cross File: None.

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

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