

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 54

(Chair, Education, Health, and Environmental Affairs
Committee)(By Request - Departmental - Higher
Education Commission)

Education, Health, and Environmental Affairs

Ways and Means

**Maryland Higher Education Commission - Scholarship Funds - Technical
Alterations**

This departmental bill alters the Educational Excellence Fund, the Edward T. Conroy Scholarship Fund, the Veterans of the Afghanistan and Iraq Conflicts Scholarship Fund, and the Workforce Shortage Student Assistance Grant Fund to be separate special, nonlapsing funds administered by the Maryland Higher Education Commission (MHEC), held by the State Treasurer, and accounted for by the Comptroller rather than nonbudgeted accounts.

The bill takes effect July 1, 2013.

Fiscal Summary

State Effect: None. The bill is technical, and MHEC can handle any changes with existing resources.

Local Effect: None.

Small Business Effect: MHEC has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: The Educational Excellence Fund, the Edward T. Conroy Scholarship Fund, the Veterans of the Afghanistan and Iraq Conflicts Scholarship Fund, and the Workforce Shortage Student Assistance Grant Fund are nonbudgeted accounts.

Background: Among other issues, the Attorney General criticized the use of “nonbudgeted accounts” for statutory financial aid programs in a letter regarding the constitutionality and legal sufficiency of Senate Bill 365 of 2012, “Higher Education – The Charles W. Riley Fire and Emergency Medical Services Scholarship.” The Attorney General described the language as “unnecessary and inappropriate” and suggested that it be corrected in future legislation.

The fiscal 2013 budget includes \$76.4 million for Educational Excellence Awards, \$570,500 for the Edward T. Conroy Scholarship Fund, \$750,000 for the Veterans of the Afghanistan and Iraq Conflicts Scholarship Fund, and \$1.3 million for the Workforce Shortage Student Assistance Grant Fund. Although primarily appropriated as general funds, these monies are held in nonbudgeted accounts. Under the bill, the appropriations process does not change, just the method of holding and accounting for the funds.

State Expenditures: MHEC will be required to submit budget amendments to move funds between scholarship special funds during a fiscal year. Previously, nonbudgeted funds could be moved administratively without approval. MHEC can handle this change with existing resources. Interest earnings for the new special funds will accrue to the general fund.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 14, 2013
ncs/rhh Revised - Clarification - March 15, 2013

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Higher Education Commission – Office of Student Financial Aid – Special Non-Lapsing Scholarship Funds – Corrective Legislation

BILL NUMBER: SB 54

PREPARED BY: Maryland Higher Education Commission

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.