

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 596
 Appropriations

(Delegate P. Young, *et al.*)

Budget and Taxation

**Edward T. and Mary A. Conroy Memorial, Jean B. Cryor Memorial, and
 Veterans of the Afghanistan and Iraq Conflicts Scholarships – Alterations**

This bill expands the eligibility requirements for the Edward T. and Mary A. Conroy Memorial Scholarship Program by removing the residency requirements for the following categories of individuals: (1) the child or surviving spouse of a State or local public safety employee who was killed in the line of duty or who suffered an injury in the line of duty resulting in 100% disability; and (2) a disabled public safety employee. The bill realigns, but does not change, eligibility requirements for the Jean B. Cryor Memorial Scholarship. The bill also allows initial scholarships under the Veterans of the Afghanistan and Iraq Conflicts Scholarship to continue to be awarded for another 10 years (until June 30, 2030); thereafter, existing scholarships may be renewed. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: General fund expenditures increase by \$811,000 in FY 2021 (\$61,000 for one-time costs and \$750,000 for the Veterans of the Afghanistan and Iraq Conflicts Scholarship Program). That scholarship program continues for at least 10 additional years, and the FY 2021 budget includes \$750,000 for this purpose; out-years assume level funding, consistent with recent years. Increasing eligibility for the Conroy scholarship increases expenditures by an estimated \$7,900 per additional award annually; the number of additional awards cannot be reliably estimated (not shown below).

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	811,000	750,000	750,000	750,000	750,000
Net Effect	(\$811,000)	(\$750,000)	(\$750,000)	(\$750,000)	(\$750,000)

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: As under current law, to apply for a Conroy or a Cryor scholarship, the following individuals are required to be a resident of Maryland at the time of application *or* the disabling or fatal event:

- the child of a member of the U.S. Armed Forces who, after December 7, 1941, died or suffered a service-connected 100% permanent disability;
- the surviving spouse of a member of the U.S. Armed Forces who suffered a service-connected 100% permanent disability;
- the child of a member of the U.S. Armed Forces who was declared to be a prisoner of war or missing in action as a result of the Vietnam conflict;
- an individual who was a prisoner of war as a result of the Vietnam conflict;
- a veteran who suffers a service-related disability of 25% or greater and has exhausted all federal veterans' educational benefits;
- the child or surviving spouse of a victim of the September 11, 2001 terrorist attacks; and
- the child or surviving spouse of a school employee who, as a result of violence, died in the line of duty or suffered a 100% permanent disability in the line of duty.

Under the bill, a Veterans of the Afghanistan and Iraq Conflicts Scholarship recipient is no longer required to file for financial aid; however, a recipient who does file for financial aid must file by March 1. In addition, a Veterans of the Afghanistan and Iraq Conflicts Scholarship award is no longer required to supplement any federal education benefits for which a recipient qualifies as a result of an individual's military or military dependent status.

Current Law/ Background:

Edward T. and Mary A. Conroy Memorial Scholarship and Jean B. Cryor Memorial Scholarship

The Edward T. and Mary A. Conroy Memorial Scholarship makes awards to specified public safety personnel and their eligible dependents to attend a postsecondary institution in the State for five years of full-time study or eight years of part-time study. The Jean B. Cryor Memorial Scholarship Program, which is not altered by this bill, makes the same type of financial assistance available to the child or surviving spouse of a public or nonpublic school employee who, as a result of an act of violence, died in the line of duty or is 100% disabled due to an injury sustained in the line of duty. Scholarships may be used at private or public four-year institutions or community colleges, and they may be used for undergraduate or graduate study.

To be eligible, an individual must be a resident of Maryland at the time of application or have been a resident of the State at the time of the event that made the applicant primarily eligible for the scholarship. Likewise, an applicant must be accepted for admission or enrolled in the regular undergraduate, graduate, or professional program at an eligible institution or be enrolled in a two-year terminal certificate program in which the course work is acceptable for transfer credit for an accredited baccalaureate program.

Postsecondary institutions include public, private nonprofit, and for-profit institutions of higher education as well as private career schools. Postsecondary institutions verify eligibility and award the scholarships to eligible students. In October and February of each year, each postsecondary institution reports to the Maryland Higher Education Commission (MHEC) the number of students eligible for an Edward T. and Mary A. Conroy Memorial Scholarship or a Jean B. Cryor Memorial Scholarship. After verifying the number of eligible students for both programs, MHEC allocates the funds for awards to the postsecondary institutions. If funds cannot be allocated in the fiscal year in which awards are made, priority must be given to allocating funds for those awards in the following fiscal year.

Awards are subject to both a ceiling and a cap. They may not exceed the equivalent annual tuition and mandatory fees of a full-time undergraduate Maryland resident at a four-year institution within the University System of Maryland (USM) – other than the University of Maryland Global Campus (UMGC) and the University of Maryland, Baltimore Campus (UMB) – with the highest annual expenses for a full-time resident undergraduate. They may not be less than either \$3,000 or the equivalent annual tuition and mandatory fees of a resident of the institution attended by the recipient of the scholarship, whichever is the least.

In fiscal 2019, MHEC awarded 276 scholarships with an average award amount of approximately \$7,900. The Governor's proposed fiscal 2021 budget includes \$2.4 million for the scholarships.

Veterans of the Afghanistan and Iraq Conflicts Scholarships

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. Applicants must file for federal and State financial aid annually. Scholarship

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.

A Veterans of the Afghanistan and Iraq Conflicts Scholarship supplements federal education benefits for which an applicant is eligible and may be used to pay for educational expenses, including tuition and mandatory fees and room and board. The annual amount of a scholarship may not exceed 50% of the equivalent annual tuition, mandatory fees, and room and board at the USM institution with the highest annual expenses for full-time resident undergraduates, excluding UMGC and UMB. The Office of Student Financial Assistance (OSFA) in MHEC may not award an initial scholarship under the program after June 30, 2020, 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.

In fiscal 2019, MHEC awarded 131 scholarships with an average award amount of approximately \$5,100. The Governor's proposed fiscal 2021 budget includes \$750,000 for the scholarship.

State Expenditures: General fund expenditures increase by an estimated \$61,000 in fiscal 2021 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 both the Edward T. and Mary A. Conroy Memorial Scholarship and the Veterans of the Afghanistan and Iraq Conflicts Scholarship.

The bills expands eligibility for the Edward T. and Mary A. Conroy Memorial Scholarship to individuals who are not residents of Maryland at either the time of application or at the time of the disabling event if the individual is (1) the child or surviving spouse of a State or local public safety employee who was killed in the line of duty or who suffered an injury in the line of duty resulting in 100% disability; and (2) a disabled public safety employee. Increasing eligibility for the Conroy scholarship increases expenditures by an estimated \$7,900 annually per award based on current scholarships. However, each scholarship award may be up to the tuition and mandatory fees of a full-time undergraduate Maryland resident at the four-year public institution with the highest annual expenses for a full-time resident undergraduate within USM, other than UMGC and UMB. The scholarship does not have a set amount of funding; funding is allocated based on the number of eligible individuals. The number of additional eligible individuals cannot be reliably estimated but may be significant.

In addition, general fund expenditures increase by an estimated \$750,000 annually to continue the Veterans of the Afghanistan and Iraq Conflicts Scholarship for at least 10 additional years. Under current law, no new awards may be made after June 30, 2020 (fiscal 2020), although renewal awards may continue (and some portion of this funding may have continued to be provided for that purpose). Indeed, the Governor’s proposed fiscal 2021 budget includes \$750,000 for the scholarship, the same amount that has been budgeted every fiscal year recently – despite current law not allowing for new awards in fiscal 2021. This analysis assumes that, even though the bill expands eligibility slightly, the scholarship is level funded at \$750,000 annually in the out-years.

Eligibility for the Veterans of the Afghanistan and Iraq Conflicts Scholarship is expanded to individuals who do not currently file for federal financial aid. Expanding eligibility does not require additional spending; however, without additional spending, more individuals may be added to the waitlist or fewer scholarships may be awarded.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

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