

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 574
Appropriations

(Delegate McKay, *et al.*)

Higher Education – Edward T. and Mary A. Conroy Memorial Scholarship Program and Jean B. Cryor Memorial Scholarship Program – Alterations

This bill authorizes a private career school to award scholarships under the Edward T. and Mary A. Conroy Memorial Scholarship Program and the Jean B. Cryor Memorial Scholarship Program. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$34,000 in FY 2023 for one-time contractual costs. Although the number of additional awards cannot be reliably estimated, expanding the *institutions* at which currently eligible individuals may use an award increases expenditures by an estimated \$8,700 per award annually, as discussed below. Revenues are not affected.

Local Effect: None.

Small Business Effect: Minimal, as discussed below.

Analysis

Bill Summary: The bill makes further conforming changes to scholarship eligibility, application processes, funding allocation, and reporting requirements outlined in statute to allow private career schools to award scholarships under the programs.

Current Law: The Edward T. and Mary A. Conroy Memorial Scholarship Program makes awards to specified public safety personnel and their eligible dependents to attend an *eligible 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 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.

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.

Chapter 267 of 2020 removed residency requirements for (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.

To be eligible, an applicant also 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. Private career schools have not necessarily been considered eligible institutions due to other parameters of the scholarship programs. 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 a Conroy or a Cryor 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 floor. 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.

State Expenditures: General fund expenditures increase by an estimated \$34,000 in fiscal 2023 for one-time contractual costs associated with enhancements to MHEC's Maryland College Aid Processing System. MHEC must also update existing regulations to reflect the bill's changes but can likely do so with existing resources. Further, MHEC's Office of Student Financial Assistance may experience additional workload associated with increased inquiries relating to the program changes; however, such workload can be handled with existing staff.

Expansion of the two scholarship programs to explicitly include private career schools likely increases the number of annual award recipients, although the number of additional applicants cannot be reliably estimated. Expanding the institutions at which a currently eligible individual may use an award increases expenditures by an estimated \$8,700 per award annually, 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.

In fiscal 2021, the annual appropriation to the program was \$2.4 million. Due to the demand of eligible recipients in the program, the annual appropriation was not sufficient to cover all eligible recipients, and approximately \$1.1 million was transferred from the Need-Based Student Financial Assistance Fund to cover all eligible recipients. In fiscal 2021, MHEC awarded 408 scholarships with an average award amount of approximately \$8,700. The Governor's proposed fiscal 2023 budget includes \$3.0 million for the scholarships. Expanding the program further in future years likely similarly necessitates additional funding beyond the current level of appropriation.

Small Business Impact: Many private career schools are small businesses. Under the bill, a private career school may award the Edward T. and Mary A. Conroy Memorial Scholarship and the Jean B. Cryor Memorial Scholarship. Thus, a private career school that admits an eligible student who applies due to the bill *may* minimally increase its revenues and student expenditures.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 16, 2022
fnu2/clb

Analysis by: Michael E. Sousane

Direct Inquiries to:
(410) 946-5510
(301) 970-5510