

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE
Revised

Senate Bill 734

(Senators Middleton and Hollinger)

Education, Health, and Environmental Affairs

Ways and Means

**Higher Education - Student Financial Assistance - Maryland Teacher
 Scholarship**

This bill expands the eligibility for the Maryland Teacher Scholarship Program to include teaching assistants and part-time undergraduate students. To qualify, a teaching assistant must have been employed at a public elementary or secondary school for at least two years at the time the individual is scheduled to matriculate at an institution of higher education in the State. A teaching assistant qualifying in this way would not have to meet the current law eligibility requirements. Part-time undergraduate students qualify for the scholarships by meeting the existing eligibility requirements. Awards for part-time undergraduate students are \$1,000 for students attending two-year institutions or \$2,500 for students attending four-year institutions.

The bill is effective June 1, 2002.

Fiscal Summary

State Effect: General fund expenditures could increase by an estimated \$2.98 million in FY 2003 due to an increased number of scholarship recipients and increased administrative costs for the program. Future year expenditures reflect a stable number of scholarship recipients, annualization, salary increases, and inflation.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	2.98	2.98	2.98	2.99	2.99
Net Effect	(\$2.98)	(\$2.98)	(\$2.98)	(\$2.99)	(\$2.99)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: To qualify for a Maryland Teacher Scholarship, a recipient must be a Maryland resident and must have a grade point average of at least 3.0. An award recipient must agree to work full-time as a teacher in a Maryland public elementary or secondary school upon completion of the undergraduate or graduate degree, or pay back the awarded scholarship funds plus interest. Awards are \$2,000 for full-time undergraduate students attending two-year institutions, \$5,000 for full-time undergraduate or graduate students attending four-year institutions, and \$2,500 for part-time graduate students attending four-year institutions. Awards are not issued to part-time undergraduate students. An award may be renewed up to three times if a recipient maintains the eligibility criteria. Funding for the scholarship program is as provided in the annual State budget.

Background: The *Maryland Teacher Staffing Report, 2001 - 2003* notes that the State Board of Education projects a shortage of certified teachers for all 24 of Maryland's school systems. The board also acknowledges a shortage of male teachers and minority teachers and recognizes several fields -- including technology education, computer science, mathematics, science, and special education -- as critical shortage areas. The Maryland Teacher Scholarship Program is one of the programs the State has implemented to combat this shortage. Fiscal 2002 is the third year of the program, and more than 5,000 awards totaling approximately \$22 million have been accepted. In addition, there are two other State scholarship programs specifically targeted to education students, the Sharon Christa McAuliffe Memorial Teacher Education Tuition Assistance Program and a special category of the Distinguished Scholar Program. Like the Maryland Teacher Scholarship Program, these programs target gifted students who are residents of Maryland and require a one-year service commitment for each year that a scholarship is received.

State Expenditures: The demand for Maryland Teacher Scholarships would increase due to the extension of program eligibility to teaching assistants and part-time undergraduate students. General fund expenditures could increase by an estimated \$2.9 million annually to fund scholarships for these groups. In addition, the Maryland Higher Education Commission (MHEC) would need one administrative specialist to accommodate the increased workload at an estimated fiscal 2003 general fund cost of \$37,368.

Teaching Assistants

The cost to extend eligibility for the Maryland Teacher Scholarship Program to approximately 415 teaching assistants is estimated at \$1.1 million annually. This estimate is based on the following information and assumptions:

- There are approximately 8,300 teaching assistants in Maryland.
- Assuming 5% of teaching assistants would apply and qualify for teacher scholarships, 415 teaching assistants could receive awards.
- Based on the assumption that 80% of teaching assistants would attend school part-time and 80% would attend four-year institutions, the average award amount would be approximately \$2,640.
- It is assumed that the number of teaching assistants receiving Maryland Teacher Scholarships each year would be relatively stable, as assistants who do not renew their scholarships are replaced by new recipients.

Part-time Undergraduate Students

The cost to extend eligibility for the Maryland Teacher Scholarship Program to 838 part-time undergraduate students is estimated at \$1.8 million annually. This estimate is based on the following information and assumptions:

- There are more than 50,000 part-time students attending institutions of higher education in Maryland. Approximately 50% of these students have grade point averages of 3.0 or better and therefore qualify academically for awards.
- According to MHEC, approximately 13% of students teach following graduation. This leaves an estimated 3,350 students who are in teacher education programs and could potentially qualify for awards.
- Assuming 25% of eligible part-time students would apply for the scholarships, approximately 838 students could receive awards.
- It is assumed that the number of part-time undergraduate students receiving Maryland Teacher Scholarships each year would be relatively stable, as students who do not renew their scholarships are replaced by new recipients.

Maryland Higher Education Commission Administrative Costs

This bill could substantially impact the number of applicants for the Maryland Teacher Scholarship Program and the workload associated with the program. As a result, MHEC would need one additional administrative specialist to operate the scholarship program at an estimated general fund cost of \$37,368 in fiscal 2003. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Scholarship Awards	\$2,938,000
Salary and Fringe Benefits	32,358
Operating Expenses	<u>5,010</u>
Total FY 2003 State Expenditures	\$2,975,368

Future year expenditure estimates reflect: (1) a relatively stable number of scholarship awards to teaching assistants and part-time undergraduate students; (2) a full salary with 3.5% annual increases and 3% employee turnover; and (3) 1% annual increases in ongoing operating expenses.

Funding for the Maryland Teacher Scholarship Program is as provided in the State budget, and therefore the expenditure increases shown here would only be incurred if the annual State budgets include the new funding. If eligibility for the program is expanded without additional funding, the State Scholarship Administration could be more selective when choosing from eligible applicants.

Additional Information

Prior Introductions: None.

Cross File: None designated, although HB 1172 is identical.

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

Fiscal Note History: First Reader - February 25, 2002
ncs/cer Revised - Other - February 25, 2002
Revised - Enrolled Bill - May 1, 2002

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