

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 332 (Delegates Hubbard and Bronrott)
 Ways and Means

Higher Education - Maryland Teacher Scholarships - Terms and Conditions

This bill lengthens the service obligation for the Maryland Teacher Scholarship from one year to two years per year that the scholarship is received. The bill also increases the annual award amount under the program to equal the total cost of tuition, books, mandatory fees, and room and board. In addition, the bill allows students who attend qualified institutions of higher education outside of Maryland to receive the scholarships. The Maryland State Department of Education (MSDE) must provide an annual report to the Governor and the General Assembly evaluating the impact of the scholarships on the State’s teacher recruitment program.

The bill takes effect July 1, 2007 and sunsets June 30, 2017.

Fiscal Summary

State Effect: If the Maryland Teacher Scholarship Program is restarted, general fund expenditures could increase by an estimated \$2.5 million in FY 2008 to fund scholarships for teacher education students. Future year expenditure estimates reflect inflation and increases in the number of scholarships awarded. Revenues would not be affected.

(\$ in millions)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	2.5	5.4	8.7	12.3	15.2
Net Effect	(\$2.5)	(\$5.4)	(\$8.7)	(\$12.3)	(\$15.2)

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

Local Effect: Local school finances would not be directly affected, but school systems would benefit indirectly if enhancements to the Maryland Teacher Scholarship Program aid teacher recruitment and retention efforts.

Small Business Effect: Minimal.

Analysis

Current Law: For each year that a Maryland Teacher Scholarship award is received, a recipient is obliged to teach full-time for one year in a Maryland public elementary or secondary school, or repay the award amount plus interest. The annual award amount ranges from \$1,000 to \$5,000 depending on the type of institution (two-year or four-year) the student attends and whether the student attends school full-time or part-time. Scholarship recipients must attend an institution of higher education located in Maryland.

Background: The Maryland Teacher Scholarship was established in 1999 as part of the HOPE Scholarship Program. A phase-out of the HOPE scholarships began in fiscal 2005, and although award renewals have been maintained for those already receiving the scholarships, no HOPE scholarships have been awarded to new recipients since fiscal 2004. The proposed fiscal 2008 State budget includes \$250,000 for the program, \$2.4 million less than the amount provided in fiscal 2007. The Maryland Higher Education Commission (MHEC) reports that Maryland Teacher Scholarship awards and expenditures were at their highest levels in fiscal 2003, when almost 2,900 students received scholarships totaling \$12.7 million.

Chapter 367 of 2006 consolidated seven workforce shortage student financial aid programs, including the Sharon Christa McAuliffe Memorial Teacher Education Scholarships, under a single Workforce Shortage Student Assistance Grant Program. The proposed fiscal 2008 State budget includes \$4.0 million for the program, some of which will be used to support scholarships for students who agree to teach in Maryland schools after completing their studies.

Despite a wide range of State initiatives, local school systems in Maryland continue to experience teacher shortages. In the *Maryland Teacher Staff Report 2006-2008*, the State Board of Education reports teacher shortages for all 24 of Maryland's local school systems. Critical areas of shortage include health occupations; technology education; dance; computer science; foreign languages; English for speakers of other languages; mathematics; science; and special education. The report also declares shortages of male and minority teachers.

Although the teacher shortage has been a concern for several years, the federal No Child Left Behind Act of 2001 (NCLB) has brought additional attention to the issue. NCLB requires all core academic courses to be taught by highly qualified teachers by 2006.

Data for Maryland show that many local school systems in Maryland have yet to achieve this standard. **Exhibit 1** shows the percentage of 2006 courses in each local school system that were not taught by highly qualified teachers. Statewide, approximately one-fifth of all courses were not taught by highly qualified teachers, with percentages for individual school systems ranging from less than 3% in Allegany County to 53% in Baltimore City. Maryland received a one-year extension of the highly qualified teacher deadline, to the end of the 2006-2007 school year, from the U.S. Department of Education.

Exhibit 1
Percentage of Courses Not Taught by Highly Qualified Teachers
2005-2006 School Year

Allegany	2.8%	Harford	10.7%
Anne Arundel	15.5%	Howard	11.0%
Baltimore City*	53.2%	Kent	17.1%
Baltimore	16.5%	Montgomery	14.5%
Calvert	13.0%	Prince George's	37.9%
Caroline	10.5%	Queen Anne's	15.3%
Carroll	10.8%	St. Mary's	6.7%
Cecil	10.5%	Somerset	31.0%
Charles	27.0%	Talbot	8.1%
Dorchester	33.1%	Washington	10.9%
Frederick	10.7%	Wicomico	25.5%
Garrett	6.7%	Worcester	10.8%

Maryland 20.6%

* Figure for Baltimore City does not include Edison Schools.

Source: Maryland State Department of Education

State Expenditures: In fiscal 2003, Maryland Teacher Scholarships were awarded to 2,861 teacher education students at a cost of \$12.7 million. This bill would make substantial enhancements to the program, so funding at two or three times that level would be possible.

Assuming, however, that a smaller but still viable reintroduction of the Maryland Teacher Scholarship Program would be undertaken, general fund expenditures could increase by \$2.5 million in fiscal 2008 and by \$15.2 million in fiscal 2012. The assumptions used to calculate these estimates are described below.

- 200 scholarships with an average award amount of \$12,500 would be granted in fiscal 2008. The projected average award amount is high due to the requirement that a scholarship pay for tuition, books, mandatory fees, and room and board and because awards may be used at in-State or out-of-state institutions of higher education.
- From fiscal 2009 to 2012, the number of first-time scholarship recipients would increase by 50. For example, 250 new recipients would receive Maryland Teacher Scholarships in fiscal 2009, and 300 new recipients would receive scholarships in fiscal 2010.
- It is estimated that 80% of the award recipients from the prior year would renew their awards each year. In most cases, the maximum number of times a scholarship may be renewed is three.
- The average award amount would increase by 5% per year to account for inflation in higher education costs.

The table below shows the number of awards that would be made under these assumptions, the estimated average award amount, and total amount that could be spent on the program from fiscal 2008 to 2012.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Scholarship Recipients	200	410	628	852	1,000
Average Award Amount	\$12,500	\$13,125	\$13,781	\$14,470	\$15,194
Cost of Program (\$ in Millions)	\$2.5	\$5.4	\$8.7	\$12.3	\$15.2

Restarting the Maryland Teacher Scholarship Program could also require one new position at MHEC to administer the program. Relative to the cost of the scholarships, the increase in administrative expenses would not be significant. It is assumed that MSDE could report on the impact of Maryland Teacher Scholarships with existing personnel and resources.

Local Fiscal Effect: The bill would not have a direct effect on local government expenditures or revenues. Local school systems would benefit indirectly, however, if the bill results in more available public school teachers and more service obligation years.

Additional Information

Prior Introductions: HB 105 of 2001, a similar bill, received an unfavorable report from the House Ways and Means Committee.

Cross File: None.

Information Source(s): Maryland Independent College and University Association, Maryland Higher Education Commission, Department of Legislative Services

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