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FISCAL AND POLICY NOTE
Revised

Senate Bill 41 (Senator Ferguson)

Education, Health, and Environmental Affairs

Ways and Means

Higher Education - Nancy Grasmick Teacher Award - Eligibility

This bill expands eligibility for the Nancy Grasmick Teacher Award under the Janet L. Hoffman Loan Assistance Repayment Program (LARP) to a public school teacher who received a degree from an *out-of-state* institution of higher education that meets specified requirements. The bill also requires the Office of Student Finance Assistance (OSFA) in the Maryland Higher Education Commission (MHEC) to give Maryland residents priority for all Janet L. Hoffman LARP awards.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: Additional individuals can be added to the Janet L. Hoffman LARP waiting list at no additional cost. Alternatively, expanding eligibility for the grant may result in expenditures of approximately \$5,800 for each additional grant beginning in FY 2016. MHEC can handle related additional applications, give priority to Maryland residents, and verify the accreditation of out-of-state institutions using existing resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: To be eligible, an out-of-state college or university must be accredited.

Current Law: The State Loan Assistance Repayment Program provides loan repayment assistance in exchange for certain service commitments to help ensure that underserved areas of the State have sufficient numbers of primary care physicians, dentists, and professionals serving underserved areas of the State or low-income families. The program is subdivided into the Janet L. Hoffman LARP, the Maryland Dent Care Loan Assistance Repayment Program, and the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants. Individuals must be employed full time in State or local government or in a nonprofit organization that assists low-income, underserved residents or underserved areas in the State.

Janet L. Hoffman LARP

Eligible employment fields include lawyers, degree- or diploma-holding registered nurses, licensed clinical therapists, physical and occupational therapists, social workers, speech pathologists, and teachers who have received a resident teacher certificate from the Maryland State Department of Education (MSDE) after completing an approved alternative teaching preparation program.

According to statute, OSFA may adopt regulations to establish the maximum starting income for eligibility, the maximum total income for eligibility, and the limit on the total amount of assistance provided.

To be eligible, an individual must have received a graduate, professional, or undergraduate degree from a college or university *in the State*, or from a school of law. An individual who received a Resident Teacher Certificate from MSDE after completing an alternative teaching preparation program approved by the State Superintendent of Schools is also eligible.

Priority is given to individuals who have graduated from an institution of higher education in the last three years. Priority employment fields established by law are legal services and nursing. Priority for awards is also given to applicants who are employed as nurse faculty members or applicants who teach in schools designated as federal Title I, schools identified for improvement by MSDE, or designated critical shortage subject fields as well as teachers who qualify for a Nancy Grasmick Teacher Award. Awards are capped at \$10,000 per year.

Chapter 496 of 2012 established the Nancy Grasmick Teacher Award within the Janet L. Hoffman LARP for Maryland public school teachers who have taught in Maryland for at least two years in (1) science, technology, engineering, or math subjects or (2) a school in which at least 75% of the students are enrolled in the free and reduced-price meal program. A teacher must also have received the highest performance evaluation rating for the most recent year available. As for all of Janet L. Hoffman LARP, recipients of the

Nancy Grasmick Teacher Award must have received a graduate, professional, or undergraduate degree from a college or university *in the State*, or from a school of law.

The Governor’s proposed fiscal 2016 budget includes \$1.5 million in general funds and \$75,000 in special funds for the Janet L. Hoffman LARP. MHEC reports that, in fiscal 2014, 234 awards were made, and the average award amount was \$5,753. In fiscal 2014, 62 applicants were placed on the waiting list due to lack of funds.

Background: As of October 2013 there were approximately 59,300 public school teachers working in the State. According to the teacher pay scales for the 2013-2014 school year, teacher salaries range from a low of approximately \$40,400 (for a teacher in Carroll County with a bachelor’s degree) to a high of approximately \$105,700 (for a teacher in Montgomery County with a doctorate). During that same year, teachers in the State earned an average salary of approximately \$59,300 per year. As shown in **Exhibit 1**, between 40% and 50% of teachers hired by local school systems each year from the 2010-2011 through 2012-2013 school years were prepared in-state, either through traditional preparation at an institution of higher education or through Maryland approved alternative programs.

Exhibit 1
Location of Teacher Preparation Programs for
Public School Teachers Hired in Maryland
2010-2011 through 2012-2013

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
In-state	1,539	1,526	2,468
Out-of-state	2,051	2,169	2,601
Total	3,590	3,695	5,069

Source: Maryland State Department of Education

Unrecognized Accrediting Agencies

There are unrecognized accrediting agencies that have not had their accreditation standards reviewed by the U.S. Department of Education. An unrecognized agency may be working toward recognition, or it may not meet the criteria for recognition. The U.S. Department of Education advises that an unrecognized accrediting agency should be viewed with caution until its reputation can be determined. Many employers in the United States only recognize degrees earned from institutions accredited by an accrediting agency recognized

by the U.S. Department of Education, and an institution with accreditation from an unrecognized accrediting agency may be a “diploma mill.”

State Effect: Expanding eligibility for the grant does not require additional spending. Additional individuals can be added to the waiting list at no additional cost. However, the bill *may* result in general fund expenditures of approximately \$5,753 for each additional grant beginning in fiscal 2016. MHEC can handle additional applications related to the grant, verify the accreditation of out-of-state institutions, and give Maryland residents priority in making awards using existing resources. Expenditures depend on the amount of funds appropriated to the grant program; regardless of the qualified employment field, the Janet L. Hoffman LARP receives a single appropriation. The following information and assumptions were used in making this estimate.

- According to MHEC, the average Janet L. Hoffman LARP award in fiscal 2014 was \$5,753. It is assumed the average award amount will remain the same if eligibility is expanded.
- MHEC reports it will need to manually verify that an applicant’s degree from an out-of-state institution is accredited.

However, as stated above, additional individuals can be added to the waiting list at no additional cost.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission, Maryland State Department of Education, U.S. Department of Education, Department of Legislative Services

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