

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 377

(Senator King)

Education, Energy, and the Environment

Appropriations

Higher Education - Teacher Development and Retention Program - Definition

This bill expands eligibility for Teacher Development and Retention Program educator stipends (a pilot program that terminates June 30, 2029, and provides both initial stipends and internship stipends) to include an otherwise eligible individual who is initially enrolled in any Maryland community college. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: Increasing *eligibility* for the Teacher Development and Retention Program does not require additional spending. This estimate assumes funds appropriated for the program in FY 2024 are available and these funds are sufficient to cover all stipends awarded, as explained below. No effect on revenues.

Local Effect: Local community college finances are not directly affected by their students receiving stipends through the pilot program; however, more community college students may enroll in teacher preparation programs at those community colleges. Local school system finances are not directly affected by students in teacher preparation programs receiving a stipend; however, additional individuals may participate in student teaching internships.

Small Business Effect: None.

Analysis

Current Law: Among other things, the Maryland Educator Shortage Reduction Act (Chapter 627 of 2023) establishes the Teacher Development and Retention Program as a pilot program (in effect for six years until it terminates on June 30, 2029) to incentivize a

cohort of students to pursue a career in the teaching profession. Its stated purpose is to provide support to eligible individuals who ultimately pledge to fulfill a service obligation as a teacher employed full time in a high-needs school, grade level, or content area in the State in which there is a shortage of teachers, as identified by the Maryland State Department of Education (MSDE). More specifically, the pilot program must provide financial support (*i.e.*, an initial stipend and an internship stipend) to eligible individuals interested in pursuing a career in the teaching profession, beginning by offering eligible individuals a one-time stipend for participation in an experiential learning opportunity in a classroom and concluding by placing those individuals in high-needs schools, grade levels, or content areas.

The Office of Student Financial Assistance (OSFA) within the Maryland Higher Education Commission (MHEC) must establish eligibility criteria for the pilot program, including requirements for an applicant to (1) be enrolled in the first or second year at an institution of initial eligibility (where at least 40% of the attendees receive federal Pell Grants) in an associate or bachelor's degree program and (2) before receiving an educator internship stipend established under the pilot program, pledge to fulfill a service obligation as a teacher employed full time in a high-needs school, grade level, or content area in which there is a shortage of teachers, as identified by MSDE, for a minimum of two years.

OSFA must administer the pilot program, including developing processes for eligible individuals to apply for the program and for awarding stipends to those who meet the eligibility criteria. OSFA must give preference to applicants who have been employed in a public school or a publicly funded prekindergarten program within the last five years.

Initial Stipend

Over a three-year period, specifically from the 2023-2024 school year through the 2025-2026 school year, a recipient who is selected for support under the pilot program must receive an initial stipend to support the recipient's participation in an experiential learning opportunity in a public school or publicly funded prekindergarten classroom. The experiential learning opportunity must (1) occur within the first or second year of the recipient's enrollment in an institution of initial eligibility (where at least 40% of the attendees receive federal Pell Grants) and (2) contribute to the education of the students in the classroom in which the recipient participates. The purpose of the initial stipend is to nurture in the recipient a passion for becoming a teacher. If the institution of initial eligibility has a written agreement with a public partner school or publicly funded prekindergarten program for a teacher training program, as specified, then the recipient's experiential learning opportunity must be in a classroom within the partner school. OSFA must determine the amount of the initial stipends awarded.

Internship Stipend

Subsequently, over another three-year period, specifically from the 2026-2027 school year through the 2028-2029 school year, a pilot program recipient is eligible for an internship stipend if the program recipient (1) is currently enrolled in a teacher preparation program at an institution of higher education in the State that, through its course of study, leads to a Maryland professional teacher's certificate (accordingly, a recipient may have transferred from an institution of initial eligibility to another institution); (2) is currently engaged in an internship or a practicum providing direct experience working with students in a public school or publicly funded prekindergarten program as part of the recipient's course of study; (3) continues to make satisfactory progress toward a degree and maintain the standards of the institution; and (4) pledges to fulfill a service obligation for two years as a teacher employed full time in a high-needs school, grade level, or content area in which there is a shortage of teachers, as identified by MSDE. A program recipient who meets the requirements receives an internship stipend of up to \$20,000 for a 10-month educator internship. If the recipient of an internship stipend does not fulfill the service obligation, the recipient must repay MHEC the internship stipend funds received, as specified.

Service Obligation

In order to ensure that pilot program recipients fulfill the service obligation, MSDE must submit to OSFA a list of (1) high-needs schools in which there are a significant proportion of teacher vacancies and teachers teaching in a grade level or content area other than the grade level or content area in which they are certificated and (2) grade levels and content areas in which there are a significant proportion of teacher vacancies and teachers teaching in a grade level or content area other than the grade level or content area in which they are certificated.

Evaluation

By July 1, 2028, MHEC must hire an independent consultant to evaluate the effectiveness of the pilot program in attracting new teachers to the profession. By January 1, 2029, MHEC must report the results of the evaluation to the Governor and the General Assembly.

Funding and Special Fund

Funding for the pilot program is as provided in the State budget. However, the Teacher Development and Retention Fund is established as a special, nonlapsing fund that is administered by MHEC. The fund consists of (1) money appropriated in the State budget to the fund; (2) interest earnings of the fund; and (3) any other money from any other source accepted for the benefit of the fund. The fund may be used only to administer the program and provide support to recipients under the pilot program.

State Fiscal Effect: MHEC advises that, despite the expectation of capitalizing the special fund created by the Maryland Educator Shortage Reduction Act with \$10.0 million in general funds in fiscal 2024, MHEC has not yet been able to access these funds; accordingly, MHEC has not yet awarded any initial stipends. As noted in the fiscal and policy note for the enacting legislation (House Bill 1219 of 2023, enacted as Chapter 627), these funds were appropriated to *MSDE* in the budget instead of to *MHEC*. Nevertheless, MHEC is in the process of developing a memorandum of understanding with MSDE to secure access to the \$10.0 million intended for the Teacher Development and Retention Program. This estimate assumes that MHEC will gain access to the \$10.0 million prior to fiscal 2025. If MHEC cannot do so, general fund expenditures increase for each stipend awarded (although not due to this bill).

Since MHEC has not had access to the \$10.0 million, it has not hired staff to administer the stipend program or established the stipend within the Maryland College Aid Processing System (MDCAPS). It is assumed that once MHEC is able to do so, two full-time administrators are hired to administer the program and MDCAPS is updated to include the stipend program. Further, since the stipend program has not yet been added to MDCAPS, it is assumed that eligibility for the program can be changed at no additional cost. MHEC estimates the total cost to establish the stipend (including the changes in this bill) in MDCAPS to be \$45,000, consistent with the original estimate for the pilot program. Accordingly, these costs are not assumed to be due to this bill, but rather to the Maryland Educator Shortage Reduction Act.

Under the bill, community college students are eligible to receive the initial stipend in the 2024-2025 school year and the 2025-2026 school year. They are also eligible to receive for the internship stipend from the 2026-2027 school year through the 2028-2029 school year. The Department of Legislative Services notes that the fiscal and policy note for House Bill 1219 identified that the only community colleges to meet the 40% Pell Grant threshold were Garrett College and Wor-Wic Community College; the bill expands eligibility to all other community colleges in the State. According to program enrollment information published by MHEC, at least 2,700 community college students are enrolled in teacher preparation programs each year.

Assuming that MHEC gains access to the \$10.0 million in intended program funding, increasing *eligibility* for the Teacher Development and Retention Program does not require additional funding because the bill does not increase the number of awardees or the size of the stipends. However, to the extent that additional individuals receive stipends under the program and stipend amounts are not reduced, general fund and special fund expenditures increase. Special fund revenues increase when additional general funds are required to maintain the program.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 75 (Delegate Ebersole) - Appropriations.

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

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