HB 75

Department of Legislative Services

Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 75 (Delegate Ebersole)
Appropriations Education, Energy, and the Environment

Higher Education - Teacher Development and Retention Program - Alterations

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This bill expands eligibility for Teacher Development and Retention Program educator stipends (a pilot program that provides both initial stipends and internship stipends) to include an otherwise eligible individual who is initially enrolled in any Maryland community college. The bill also delays the stipend award periods and the program termination date by one year. Finally, the bill requires the Maryland Higher Education Commission (MHEC) to conduct an evaluation, rather than hiring an independent consultant to do so, and alters the completion date for the evaluation. **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; however, given other changes, special fund spending under the bill is delayed by one year. This estimate reflects general funds appropriated for the program in FY 2024 becoming available to capitalize the program's special fund and assumes that these monies are generally sufficient to cover all stipends awarded at least in the near term, as anticipated when the program was established. General fund expenditures decrease by an estimated total of $1.0 million, spread over several years through FY 2029, due to repealing the requirement for an *independent* evaluation to be completed in FY 2029. 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 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 the fiscal 2024 budget, MHEC has only recently gained access to 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 and MSDE signed a memorandum of understanding (MOU) on April 8, 2024, to secure access for MHEC to the $10.0 million intended for the Teacher Development and Retention Program. Under that MOU, all fiscal 2024 payments under the program will be made by MSDE on behalf of MHEC. All unspent remaining funds will be transferred to MHEC during year-end closeout and credited to the appropriate special fund.

Since MHEC has only recently gained access to the $10.0 million, it has not yet hired staff to administer the stipend program or established the stipend within the Maryland College Aid Processing System (MDCAPS). It is assumed that, when MHEC is able to do so, it hires two full-time administrators to administer the program and updates MDCAPS 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. It is assumed that the staff hired to administer the program conduct the evaluation required to be conducted by MHEC, as further explained below.

Under the bill, community college and four-year institution students are eligible to receive the initial stipend in the 2024-2025 school year through the 2026-2027 school year. They are also eligible to receive the internship stipend from the 2027-2028 school year through the 2029-2030 school year. Consequently, the bill also extends the program termination date by one year to June 30, 2030. 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.

Further, 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.

Given the delay in MHEC accessing the $10.0 million, this estimate assumes that additional funding is not required due to the one-year delay in the award periods for stipends. As noted above, no stipends have been awarded as the funding only recently became available to MHEC.

Finally, the bill repeals the requirement for MHEC to hire an independent consultant to conduct an evaluation of the effectiveness of the program. Instead, under the bill, MHEC must conduct an evaluation of the program by January 1, 2030. The fiscal and policy note for House Bill 1219 assumed annual evaluation costs of between $100,000 and $300,000 through fiscal 2029, beginning with $175,000 in fiscal 2024. Costs for program evaluation over the six years of the pilot program were estimated to total approximately $1.0 million. As these costs are not eligible to be covered by the special fund under current law, the estimate assumed additional general fund expenditures would be needed each year. Since the bill requires the evaluation to be conducted by MHEC and not an independent consultant, it is assumed that the staff hired by MHEC to administer the program also conduct the evaluation; thus, general fund expenditures decrease by the amount that would have been spent on the evaluation, or approximately $1.0 million through the duration of the pilot program. Special fund expenditures may increase if additional resources are needed by MHEC to administer the program with the additional responsibility of conducting the evaluation; however, any such costs cannot be reliably estimated and are likely minimal. It is unknown how the scope of an evaluation by MHEC compares to what would have been done by an independent evaluator.

Additional Comments: The bill requires MHEC to *conduct* an evaluation *by* July 1, 2029; accordingly, MHEC must complete the evaluation during fiscal 2029 – which is the second year for the awarding of internship stipends under the bill. Thus, the evaluation will not be able to fully incorporate the effect of internship stipends – by the time it must be *completed*, only two years of internship stipends will have been awarded. Further, even though the evaluation must now be completed by July 1, 2029, the report on the evaluation is not due to be submitted until January 1, 2030 – six months later.

Additional Information

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

Designated Cross File: SB 377 (Senator King) - Education, Energy, and the Environment.

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

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