

Department of Legislative Services
 Maryland General Assembly

FISCAL NOTE

House Bill 732 (Delegate Rawlings)

Ways and Means

Scholarship Program for Prospective Teachers

This bill establishes a scholarship program for Maryland students who: (1) attend a Maryland college or community college; (2) have earned an academic average of at least a C+ or 75% in high school or have finished in the top 25% of their high school class; and (3) agree to teach in a public school in the State after graduation for a period of at least three years. If the teaching requirements are not fulfilled, the scholarship money must be repaid. The scholarship amount may not exceed the annual tuition and fees of a full-time resident undergraduate student at the University of Maryland, College Park. A student may receive the scholarship as long as the student maintains an overall grade point average of at least a C+ or 75%, and maintains at least a B average in education courses after completion of the sophomore year. A recipient of a scholarship award may receive an additional \$1,000 for each year that the student is eligible if the student agrees to teach in a Maryland public school with a high concentration of “at-risk children” for three years. “At-risk children” is defined as children at risk of academic failure due to poverty or limited English proficiency.

The bill takes effect July 1, 1998.

Fiscal Summary

State Effect: General fund expenditures would increase by approximately \$150,000 in FY 1999 for program administration. General fund expenditures could increase by at least \$13.7 million in FY 2000, of which \$13.5 million represents scholarship awards. Future year expenditures reflect increasing numbers of students and inflation. An indeterminate amount of these expenditures could be recaptured in later years to the extent that students repay scholarship monies due to failure to fulfill the work requirements of the program.

| (in millions) | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|-----------------|---------|---------|---------|---------|---------|
| GF Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditures | 0.15 | 13.7 | 14.5 | 15.3 | 16.3 |

| | | | | | |
|------------|----------|----------|----------|----------|----------|
| Net Effect | (\$0.15) | (\$13.7) | (\$14.5) | (\$15.3) | (\$16.3) |
|------------|----------|----------|----------|----------|----------|

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

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Expenditures:

Scholarship Program Grants

Attachment 1 illustrates the estimated scholarship program expenditures from fiscal 2000 to 2003. Fiscal 2000 general fund expenditures would increase by \$13.5 million (for 3,149 students), while fiscal 2003 expenditures would increase by \$16.1 million (for 3,342 students). These estimates reflect the following assumptions:

- (1) the number of students at Maryland four-year institutions in teacher training programs will be 7,249 in fiscal 2000, increasing annually by 2.4%;
- (2) the number of students at Maryland community colleges in teacher training programs will be 2,203 in fiscal 2000, increasing annually by 1%;
- (3) 71% of students at Maryland four-year institutions are State residents;
- (4) 94% of students at Maryland community colleges are State residents;
- (5) 43.7% of students who enter a teacher education program have a high school GPA of 2.5 or better;
- (6) the estimated grant amount for students at four-year institutions will be \$4,887 in fiscal 2000, increasing by 4% annually;
- (7) the estimated grant amount for students at community colleges will be \$2,247 in fiscal 2000, increasing by 3% annually; and
- (8) 15% of the students eligible for the teacher education scholarship will receive the additional \$1,000 “at-risk children” scholarship.

The estimates contained in **Attachment 1** do not reflect any incentive effect that the program itself could generate which might alter the underlying assumptions. For example, the possibility that the percentage of students choosing to attend in-state (versus out-of-state)

institutions might increase as a result of students wanting to take advantage of the program has not been included. The possibility that more students might choose to major in education because of the program has not been included, either. In addition, it is possible that implementation of the program could put pressure on high school teachers and college faculty to inflate student grades. The existence of the program could also result in the achievement of higher grades by students who study harder due to self-imposed or parentally-imposed pressure to qualify for the program. Therefore, the estimates reflected on **Attachment 1** could be conservative.

Scholarship Program Administrative Expenses

\$144,995 in administrative expenses would be incurred in fiscal 1999. These funds would be used to hire two positions for program administration (one Program Specialist and one contractual Program Assistant who would work six months out of the year). These employees would evaluate applicants, administer the program, and follow up with recipients to ensure compliance with the service requirement. The estimate includes salaries, fringe benefits, start-up costs (computer system enhancements, office equipment), supplies and consumer information and marketing. The salary estimate for the Program Specialist position reflects a 90-day start-up delay, while the other expenditure estimates reflect the July 1, 1998 effective date.

Two new Staff Specialists would be needed in fiscal 2000, for a combined salary and fringe benefit expense of \$69,281. Total fiscal 2000 administrative expenditures would equal \$160,318 for the four positions and associated operating expenses. Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

| | <u>FY 1999</u> | <u>FY 2000</u> |
|--------------------------------|------------------|------------------|
| Salaries and fringe benefits | \$37,075 | \$115,004 |
| Computer system enhancements | 60,000 | 0 |
| Office equipment and supplies | 4,920 | 9,964 |
| Consumer information/marketing | <u>43,000</u> | <u>35,350</u> |
| Total | \$144,995 | \$160,318 |

An indeterminate amount of program expenditures could be recaptured in later years to the extent that students repay scholarship monies due to failure to fulfill the work requirements of the program.

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

Fiscal Note History: First Reader - February 27, 1998

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Attachment 1
Scholarship Program for Prospective Teachers

| | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| Four-Year Institutions | | | | |
| Estimated number of awards | 2,249 | 2,303 | 2,358 | 2,415 |
| Estimated grant amount | <u>\$4,887</u> | <u>\$5,082</u> | <u>\$5,285</u> | <u>\$5,497</u> |
| Subtotal | \$10,990,863 | \$11,703,846 | \$12,462,030 | \$13,275,255 |
| Additional Scholarships* | <u>\$337,000</u> | <u>\$345,000</u> | <u>\$354,000</u> | <u>\$362,000</u> |
| Estimated Cost | \$11,327,863 | \$12,048,846 | \$12,816,030 | \$13,637,255 |
| Community Colleges | | | | |
| Estimated number of awards | 900 | 909 | 918 | 927 |
| Estimated grant amount | <u>\$2,274</u> | <u>\$2,342</u> | <u>\$2,412</u> | <u>\$2,508</u> |
| Subtotal | \$2,046,600 | \$2,128,878 | \$2,214,216 | \$2,324,916 |
| Additional Scholarships* | <u>\$135,000</u> | <u>\$136,000</u> | <u>\$138,000</u> | <u>\$139,000</u> |
| Estimated Cost | \$2,181,600 | \$2,264,878 | \$2,352,216 | \$2,463,916 |
| Total Estimated Cost | \$13,509,463 | \$14,313,724 | \$15,168,246 | \$16,101,171 |
| Total number of awards | 3,149 | 3,212 | 3,276 | 3,342 |

*15% of estimated number of awards x \$1,000

Prepared by: Department of Legislative Services, February 1998

Source: Higher Education Commission