

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE

House Bill 12 (Delegate Hubbard)

Ways and Means

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**Higher Education - Maryland Teacher Education Scholarship Program**

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This bill establishes the Maryland Teacher Education Scholarship Program. To qualify for a scholarship under this program, a student must: (1) be a Maryland resident; (2) be accepted and intend to enroll as a full-time student at a Maryland higher education institution in a program leading to a bachelor's degree in teaching; (3) have earned a grade point average (GPA) of at least 3.0 on a 4.0 scale in high school; and (4) agree to either work as a public school teacher in the State after graduation for 1 year for each year that the scholarship was awarded or repay the funds received plus interest. Recipients must begin attending college within 2 years of completing high school.

The maximum scholarship amount is \$5,000 per year. A student may receive the scholarship for 4 years (5 years in the case of a 5-year program) if the student maintains a 3.0 average and continues to meet the other eligibility requirements. Funds for the program shall be as provided by the Governor in the annual budget.

The bill takes effect July 1, 1999.

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**Fiscal Summary**

**State Effect:** General fund expenditures would increase by \$125,000 in FY 2000 for program administration and by \$3.17 million in FY 2001, of which \$3.05 million represents scholarship awards. Future year expenditures increase with increasing enrollment rates, scholarship renewals, and inflation.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	\$.13	\$3.17	\$4.91	\$8.41	\$11.94
Net Effect	(\$.13)	(\$3.17)	(\$4.91)	(\$8.41)	(\$11.94)

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

**Local Effect:** No direct effect on local expenditures or revenues.

**Small Business Effect:** None.

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## Fiscal Analysis

### State Expenditures:

#### *Scholarship Awards*

**Exhibit 1** shows the estimated scholarship expenditures for fiscal 2001 through fiscal 2004. Fiscal 2001 general fund expenditures would increase by \$3.05 million (for 647 students), while fiscal 2004 expenditures would increase by \$11.81 million (for 2,362 students). These estimates are based upon the following assumptions:

- (1) 57.4% of recent Maryland high school graduates enroll in college;
- (2) 70% of recent Maryland high school graduates enrolling in college attend Maryland institutions;
- (3) 10% of college freshmen will enroll in teacher education programs in fiscal 2001. The percentage is increased by .5% annually to reflect the observed trend of increasing numbers of students enrolling in teacher education programs and the anticipated incentive effect of this program;
- (4) 63.9% of students enrolling in teacher education programs have a high school GPA of 3.0 or better;
- (5) 41.2% of freshmen enrolling in teacher education programs who have a high school GPA of 3.0 or better attend 4-year public institutions, 56.2% of such students attend community colleges, and 2.6% attend independent institutions;

- (6) 45.8% of teacher education students in public 4-year institutions, 37.6% of teacher education students in community colleges, and 42.9% of teacher education students in independent institutions maintained at least a 3.0 GPA at the end of freshman year;
- (7) If a student has a 3.0 GPA at the end of freshman year, the student will maintain that average throughout college; and
- (8) If a student starts out at a community college and maintains a 3.0 GPA, the student will stay at the community college for 2 academic years and then transfer to a Maryland 4-year public institution.

The estimated grant for public 4-year institutions is the fiscal 2000 estimated resident full-time undergraduate tuition and mandatory fees average, inflated annually by 4%, with a cap of \$5,000. The estimated grant for independent institutions is \$5,000. Students enrolled in community college teacher education programs are ineligible to receive scholarships under this program until they transfer to 4-year institutions.

#### *Administrative Expenses*

Administrative expenses for the program are estimated at \$125,000 for fiscal 2000. These funds would be used to hire 2 employees -- 1 full-time program specialist and 1 contractual program assistant who would work 3 to 4 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 \$125,000 includes salaries, fringe benefits, 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 items reflect the July 1 effective date.

Two new program specialists would be needed in fiscal 2001. Total fiscal 2001 administrative expenditures are estimated at \$125,000 for the 4 positions and associated operating expenses. Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 2% annual increases in ongoing operating expenses.

	<u><b>FY 2000</b></u>	<u><b>FY 2001</b></u>
Salaries and fringe benefits	\$29,644	\$114,257
Computer system enhancement	55,586	0
Office equipment and supplies	4,770	364
Consumer information/marketing	<u>35,000</u>	<u>10,379</u>
<b>Total</b>	<b>\$125,000</b>	<b>\$125,000</b>

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 requirements of the program.

Note: The Governor's proposed fiscal 2000 budget includes \$125,000 in deficiency funding for fiscal 1999 and an allowance of \$6,046,000 for fiscal 2000, for establishment of a different teacher education scholarship program pursuant to Senate Bill 131: Higher Education - Maryland Teacher Scholarships - Maryland HOPE Scholarships. That funding is contingent upon the enactment of SB 131.

**Local Effect:** The bill would not have a direct effect on local government expenditures or revenues. There would be indirect effects, however, in that the bill is expected to increase the State's supply of public school teachers in future years.

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

**Fiscal Note History:** First Reader - February 8, 1999

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**Exhibit 1**  
**HB 12**  
**MARYLAND TEACHER EDUCATION SCHOLARSHIP PROGRAM GRANTS - SUMMARY**

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
<b>Four-year Public Institutions</b>			
Estimated number of new awards to freshmen	609	644	692
Estimated number of renewal awards*	-	279	886
Subtotal number of students	609	923	1,579
Estimated grant	\$4,690	\$4,878	\$5,000
Subtotal Estimated Cost	\$2,856,864	\$4,502,528	\$7,893,616
<b>Independent Colleges and Universities</b>			
Estimated number of new awards to freshmen	38	41	44
Estimated number of renewal awards	-	16	34
Subtotal number of students	38	57	78
Grant amount	\$5,000	\$5,000	\$5,000
Subtotal Estimated Cost	\$192,188	\$285,672	\$388,102
<b>TOTAL ESTIMATED COST</b>	<b>\$3,049,052</b>	<b>\$4,788,200</b>	<b>\$8,281,718</b>
Total number of awards	647	980	1,657

\*Includes awards to community college transfer students

Note: Calculations may not appear to be exact due to rounding.

*Prepared by: Department of Legislative Services, February 1999*

Source: Maryland Higher Education Commission