

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE
Revised

House Bill 281 (The Speaker. *et al.*)
 (Administration)

Ways and Means

Maryland Teacher Scholarships

This Administration bill increases the annual award amount for the Maryland Teacher Scholarship Program from \$1,000 to \$2,000 for a student enrolled at a two-year eligible institution and from \$3,000 to \$5,000 for a student enrolled in a four-year eligible institution.

The bill permits a recipient of an Educational Excellence Award to also receive a Maryland Teacher Scholarship Award or a Maryland HOPE Scholarship Award.

Fiscal Summary

State Effect: General fund expenditures for scholarship awards for the Maryland Teacher Scholarship Program, the Maryland Science and Technology Scholarship Program, and the Maryland HOPE Scholarship Program would increase by \$3.8 million in FY 2001 to \$16.7 million. Future year expenditure increases reflect increasing enrollment rates, scholarship renewals, and inflation. The Governor’s proposed FY 2001 budget includes a total of \$16.7 million for these three scholarship programs, of which \$3.8 million is contingent upon enactment of this bill or SB 205.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	\$3.8	\$4.8	\$5.7	\$6.5	\$6.6
Net Effect	(\$3.8)	(\$4.8)	(\$5.7)	(\$6.5)	(\$6.6)

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: A small business impact statement was not provided by the Administration in time for inclusion in this fiscal note. A revised fiscal note will be issued when the Administration's assessment becomes available.

Analysis

Current Law: The Maryland Teacher Scholarship Program was designed to assist the State in increasing the number of teachers in primary and secondary education. To qualify for a scholarship under this program, a student must:

- be a Maryland resident;
- be accepted for admission as a full-time undergraduate student or be currently enrolled at a State institution of higher education as a full-time undergraduate student pursuing a course of study leading to a Maryland professional teacher's certificate;
- have earned a grade point average of at least 3.0 on a 4.0 scale; and
- agree to work as a public school teacher in the State after graduation for one year for each year that the scholarship was awarded or repay the funds received plus interest.

The scholarship amount is currently \$1,000 per year for community college students and \$3,000 per year for students attending four-year institutions.

A recipient of an Educational Excellence Award is not permitted to receive a Maryland Teacher Scholarship award or a Maryland HOPE Scholarship award.

Background: Fiscal 2000 is the first year of operation for the Maryland Teacher Scholarship Program. The Governor's proposed fiscal 2001 budget includes \$9,767,076 in general funds for the program. This amount reflects \$3.8 million included in Supplemental Budget No. 1 for the program, which is contingent upon enactment of this bill or SB 205.

The Maryland Science and Technology Scholarship Program provides awards to qualified students who are pursuing a degree in designated fields in computer science, engineering, or technology. The Maryland HOPE Scholarship Program provides awards to qualified students studying in fields of economic priority to the State. As with the Teacher Scholarship Program, students receiving a scholarship from either of these programs must pledge to work in the State after graduation for one year for each year that funds were received, or repay the funds received plus interest. Award amounts for these programs are also \$3,000 for students attending four-year institutions and \$1,000 for students attending community colleges.

The Governor's proposed fiscal 2001 budget includes \$4,509,502 in general funds for the Science and Technology Scholarship Program and \$2,382,182 in general funds for the Maryland HOPE Scholarship Program. Fiscal 2000 is the first year of operation for the Maryland Science and Technology Scholarship Program, and fiscal 2001 will be the first year of operation for the Maryland HOPE Scholarship Program.

The Educational Excellence Program is the State's largest financial aid program, which provides awards to students based on financial need.

State Expenditures:

Expenditure Increases for Maryland Teacher Scholarship Program

Exhibit 1 shows the estimated scholarship expenditures for the Maryland Teacher Scholarship Program for fiscal 2001 through 2005, assuming award amounts of \$2,000/\$5,000. Fiscal 2001 general fund expenditures would be \$9.8 million (for 2,275 students), while fiscal 2005 expenditures would be \$12.4 million (for 2,665 students). The assumptions underlying these estimates include the following:

Undergraduate Awards

- (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) 8.8% of college freshmen will enroll in teacher education programs through fiscal 2005;
- (4) 63.9% of students enrolling in teacher education programs have a high school GPA of 3.0 or better;
- (5) 72.06% of freshmen enrolling in teacher education programs who have a high school GPA of 3.0 or better attend four-year public institutions, 24.01% of such students attend community colleges, and 3.93% attend non-public institutions; and
- (6) 36.2% of teacher education students in public four-year institutions, 36.2% of teacher education students in community colleges, and 36.2% of teacher education students in non-public institutions maintain at least a 3.0 GPA at the end of freshman year.

Graduate Awards

- (1) Each student will receive an award for two years;
- (2) The total number of students enrolling full-time in graduate teacher programs at ~~State~~ public and non-public institutions in fiscal 2001 will be 277 (representing a 10% increase from fall 1999 actual enrollments); and
- (3) Enrollment increases by 10% in fiscal 2002 and 5% in subsequent years.

Expenditure Decreases for HOPE Scholarship Program and Science and Technology Scholarship Program

It is expected that the bill will minimally decrease the numbers of recipients in the HOPE Scholarship Program and the Science and Technology Scholarship Program, because eligible students would receive a higher award amount under the Teacher Scholarship Program. **Exhibit 2** summarizes the estimated numbers and costs of awards for the three scholarship programs under current law. **Exhibit 3** summarizes the estimated numbers and costs of awards for the three scholarship programs with the proposed increase in Teacher Scholarship Program awards to \$5,000/\$2,000. The estimated cost differential compared to current law ranges from \$3.8 million in fiscal 2001 to \$6.6 million in fiscal 2005.

The provision allowing a recipient of an Educational Excellence Award to also receive a Maryland Teacher Scholarship award or a Maryland HOPE Scholarship award could affect award distributions, but is not expected to affect scholarship funding levels.

Local Effect: The bill would not have a direct effect on local government expenditures or revenues. Local governments would benefit indirectly, however, to the extent that the bill increases the State's supply of public school teachers in future years.

Additional Information

Prior Introductions: None.

Cross File: SB 205 (Administration) - Economic and Environmental Affairs.

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

Fiscal Note History: First Reader - February 7, 2000
drg/jr Revised - House Third Reader - March 28, 2000

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Exhibit 1
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Maryland Teacher Scholarship Program Grants - Summary

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Four-year Public Institutions					
Estimated number of students	1,736	1,706	1,782	1,870	1,908
Grant amount	\$4,493	\$4,673	\$4,860	\$5,000	\$5,000
Subtotal Estimated Cost	\$7,800,890	\$7,970,717	\$8,661,024	\$9,350,414	\$9,540,360
Non-public Institutions					
Estimated number of students	42	59	81	95	87
Grant amount	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Subtotal Estimated Cost	\$212,220	\$296,933	\$406,802	\$476,075	\$432,826
Community Colleges					
Estimated number of students	219	299	306	310	317
Grant amount	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Subtotal Estimated Cost	\$437,306	\$598,702	\$611,342	\$619,097	\$634,081
Graduate Institutions					
Estimated number of students	277	305	320	336	353
Grant amount	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Subtotal Estimate Cost	\$1,386,000	\$1,524,600	\$1,600,830	\$1,680,872	\$1,764,915
TOTAL ESTIMATED COST					
Total number of awards	2,275	2,369	2,489	2,611	2,665

Note: Chart reflects rounding preformed in computer spreadsheet.

Prepared by: Department of Legislative Services, February 2000

Source: Maryland Higher Education Commission

**Exhibit 2
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Maryland Science and Technology Scholarship Program, Maryland Teacher Scholarship Program, and HOPE Scholarship Program

ESTIMATED COSTS BASED ON CURRENT LAW

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Estimated Total Awards Sci/Tech	1,555	2,015	2,480	2,680	2,739
Estimated Cost Sci/Tech	\$4,509,502	\$5,869,345	\$7,260,243	\$7,859,305	\$8,030,579
Estimated Total Awards Teacher	2,185	2,122	2,087	2,065	2,120
Estimated Cost Teacher	\$5,924,409	\$5,503,382	\$5,379,505	\$5,303,149	\$5,446,528
Estimated Total Awards HOPE	1,064	2,615	5,390	6,706	7,647
Estimated Cost HOPE	\$2,382,182	\$5,852,313	\$12,341,363	\$15,857,857	\$18,774,656
Total All Programs:					
Estimated Total Awards	4,805	6,752	9,957	11,452	12,507
Estimated Total Cost	\$12,816,093	\$17,225,040	\$24,981,111	\$29,020,311	\$32,251,763

Prepared by: Department of Legislative Services, February 2000
Source: Maryland Higher Education Commission

**Exhibit 3
HB 281**

Maryland Science and Technology Scholarship Program, Maryland Teacher Scholarship Program, and HOPE Scholarship Program

ESTIMATED COSTS BASED ON PROPOSED INCREASE IN TEACHER SCHOLARSHIP AWARDS TO \$5,000/\$2,000

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Estimated Total Awards Sci/Tech	1,540	1,995	2,454	2,649	2,707
Estimated Cost Sci/Tech	\$4,466,629	\$5,810,649	\$7,185,056	\$7,768,760	\$7,938,061
Estimated Total Awards Teacher	2,275	2,369	2,489	2,611	2,665
Estimated Cost Teacher	\$9,836,416	\$10,390,952	\$11,279,997	\$12,126,458	\$12,372,182
Estimated Total Awards HOPE	1,053	2,599	5,328	6,627	7,555
Estimated Cost HOPE	\$2,355,714	\$5,817,142	\$12,199,107	\$15,674,286	\$18,551,106
Total All Programs:					
Estimated Total Awards	4,867	6,963	10,271	11,887	12,927
Estimated Total Cost	\$16,658,760	\$22,018,744	\$30,664,160	\$35,569,504	\$38,861,348
Estimated Cost Differential Compared to Current Law	\$3,842,667	\$4,793,704	\$5,683,049	\$6,549,193	\$6,609,585

Prepared by: Department of Legislative Services, February 2000
Source: Maryland Higher Education Commission