

**Department of Legislative Services**  
Maryland General Assembly  
2000 Session

**FISCAL NOTE**

House Bill 1083 (Delegate Rudolph)

Ways and Means

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**Higher Education - Maryland Quality Teacher Assurance Program**

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This bill creates the Maryland Quality Teacher Assurance Program to award loans to students who pledge to work as public elementary and secondary school teachers in the State for seven years upon completion of their studies. A recipient must:

- be accepted for admission or be currently enrolled as a full-time student pursuing a course of study leading to a Maryland professional teacher's certificate;
- participate in a professional development program approved by the Maryland Higher Education Commission (MHEC); and
- meet federal guidelines for student loan assistance.

The annual loan amount is \$4,000 for a community college student and \$10,000 for a student enrolled at a four-year institution. MHEC must forgive the repayment obligation of a student who fulfills the service requirement. A student who fails to satisfy degree requirements or to perform the service obligation must repay the loan funds received plus interest.

MHEC must draft a plan to administer the program, which must include a three-year implementation schedule and a priority list of applicable fields of study. MHEC must submit the plan to the Governor and the Legislative Policy Committee of the General Assembly by October 1, 2001. The bill otherwise takes effect July 1, 2000.

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## Fiscal Summary

**State Effect:** General fund expenditures would increase by \$34,600 in FY 2001 for program administration and by \$3.6 million in FY 2002. Future year expenditures reflect increasing enrollment rates, scholarship renewals, and inflation. In addition, expenditures for the Maryland Science and Technology Scholarship Program and the Maryland HOPE Scholarship Program would decrease minimally.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	0.035	3.6	7.7	12.3	12.5
Net Effect	(\$0.035)	(\$3.6)	(\$7.7)	(\$12.3)	(\$12.5)

*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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## Analysis

**Current Law:** The Maryland Quality Teacher Assurance Program does not exist under current law. However, fiscal 2000 is the first year of operation for the Maryland Teacher Scholarship Program, which was designed to assist the State in increasing the number of teachers in primary and secondary education. To qualify for a scholarship under that 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 under the Maryland Teacher Scholarship Program is \$1,000 per year for community college students and \$3,000 per year for students attending four-year institutions. The Governor's proposed fiscal 2001 budget includes \$5,924,409 in general funds for the program.

**Background:** 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.

**State Expenditures:**

*Loan Awards*

It is difficult to estimate the costs of the Maryland Quality Teacher Assurance Program due to the difficulty of predicting how that program would interact with the existing Maryland Teacher Scholarship Program.

Cost estimates have previously been calculated for the Maryland Teacher Scholarship Program: (i) under existing law; and (ii) under the assumption that award amounts are increased to \$5,000 for students attending four-year institutions and \$2,000 for students attending community colleges. Those estimates are based on certain assumptions regarding the projected numbers of Maryland high school graduates, the projected numbers of Maryland high school graduates enrolling in college, the projected numbers of college freshmen enrolling in teacher education programs, and the like. For purposes of this fiscal note, Legislative Services assumes that this bill would not change those basic assumptions. Legislative Services further assumes that, as the Maryland Quality Teacher Assurance Program is phased in over three years, all students who are currently projected to participate in the Teacher Scholarship Program would gradually switch over to the Maryland Quality Teacher Assurance Program because of the higher award amounts. Legislative Services notes that this assumption is imperfect, because some students would probably not be willing to accept the bill’s seven-year service requirement (as the bill is written, it appears that unless a student fulfills the entire service obligation, repayment of the loan amounts will not be forgiven).

Based upon estimates previously calculated for the Maryland Teacher Scholarship Program, it is estimated that costs for the Maryland Quality Teacher Assurance Program, above and beyond projected costs for the Maryland Teacher Scholarship Program, would be as follows:

<b><u>FY 02</u></b>	<b><u>FY 03</u></b>	<b><u>FY 04</u></b>	<b><u>FY 05</u></b>
\$3,463,651	\$7,519,998	\$12,126,458	\$12,372,182

Some of these costs could be recouped in later years due to students failing to fulfill the service requirement or otherwise defaulting in their obligations under the program.

### *Administrative Expenses*

Administrative expenses for the program are estimated at \$34,600 for fiscal 2001. This amount includes salary and fringe benefits for one full-time program specialist to administer the program, communications, office equipment, supplies, and rental space. Salary and ongoing operating expenses reflect a 90-day start-up delay from the bill's July 1, 2000 effective date. A second program specialist would be added in fiscal 2002 when the program becomes operational to assist with evaluating applicants, administering the program, and following up with program participants to monitor compliance with the service requirement. Out-year expenditures reflect (1) full salaries with 4.5% annual increases and 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; and (3) consumer information and marketing expenses.

	<u><b>FY 2001</b></u>	<u><b>FY 2002</b></u>
Salaries and Fringe Benefits	\$28,728	\$77,911
Additional Equipment	4,520	4,520
Ongoing Operating Expenses	1,320	3,554
Consumer Information & Marketing	<u>0</u>	<u>42,280</u>
<b>Total</b>	<b>\$34,568</b>	<b>\$128,265</b>

In the out-years as the Maryland Quality Teacher Assurance Program is phased in and the Maryland Teacher Scholarship Program is phased out, personnel could be switched from one program to another. The Governor's proposed fiscal 2001 budget does not include funds for this program.

It is expected that the bill would 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.

It is expected that MHEC could conduct and submit the required study using existing budgeted resources.

**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:** None.

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

**Fiscal Note History:** First Reader - February 23, 2000  
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Analysis by: Claire E. Rooney

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510