

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

**FISCAL NOTE**

House Bill 544 (Delegate Hubbard)

Ways and Means

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**Higher Education - Maryland Teacher Scholarships - Amounts Awarded**

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This bill provides that the scholarship amount under the Maryland Teacher Scholarship Program shall be:

- \$2,000 for a community college student;
- \$3,000 to \$6,000 for a student enrolled in a four-year institution; and
- \$9,000 for a student enrolled in a four-year institution who is pursuing a course of study that leads to a Maryland Professional Teacher's certificate in an area of special needs as determined by the Maryland Higher Education Commission (MHEC).

The bill also expands the eligibility for the program to include students attending out of state institutions.

MHEC must reevaluate the areas of special needs every two years, and submit a report by June 1 of each year to the General Assembly. The report must include a list of the subject areas in which the State is experiencing a shortage of teachers, and an evaluation of the impact of the Maryland Teacher Scholarship Program on Maryland's teacher recruitment program.

The bill takes effect July 1, 2000, and sunsets June 30, 2010.

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## 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 \$5.8 million to \$18.6 million in FY 2001. Future year expenditures reflect increasing enrollment rates, scholarship renewals, and inflation. The Governor's proposed FY 2001 budget includes a total of \$12.8 million for these three scholarship programs, and does not account for the changes made by this bill.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	5.8	7.3	8.8	10.2	10.4
Net Effect	(\$5.8)	(\$7.3)	(\$8.8)	(\$10.2)	(\$10.4)

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

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

**Small Business Effect:** None.

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## 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.

**Background:** Fiscal 2000 is the first year of operation for the Maryland Teacher Scholarship Program. The Governor's proposed fiscal 2001 budget includes \$5,924,409 in

general funds for the program.

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 HOPE Scholarship Program.

### **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 for community college students, \$4,500 for students attending four-year institutions, and \$9,000 for students in special needs programs. Fiscal 2001 general fund expenditures would be \$11.8 million (for 2,713 students), while fiscal 2005 expenditures would be \$16.2 million (for 3,751 students). The assumptions underlying these estimates include the following:

#### Undergraduate Awards

- (1) 57.4% of recent Maryland high school graduates enroll in college;
- (2) 8.8% of college freshmen will enroll in teacher education programs through fiscal 2005;
- (3) 63.9% of students enrolling in teacher education programs have a high school GPA of 3.0 or better;
- (4) 70% of eligible students will accept an award under the program;

- (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) 55% 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.

#### Special Needs Programs Awards

- (1) 5% of students eligible for an award under the program will enroll in special needs programs; and
- (2) 76% of students enrolled in special needs programs will attend four-year institutions.

#### *Expenditure Decreases for HOPE Scholarship Program and Science and Technology Scholarship 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. **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 award amounts under the Teacher Scholarship Program of \$2,000 for community college students, \$4,500 for students attending four-year institutions, and \$9,000 for students in special needs programs. The estimated cost differential compared to current law ranges from \$5.8 million in fiscal 2001 to \$10.4 million in fiscal 2005.

#### *Administrative Expenses*

MHEC may need to hire additional personnel to help administer the Teacher Scholarship Program due to the projected increase in participants over current law. However, because the projected overall increase in participants for the three scholarship programs combined is only in the 10-12% range over the fiscal 2001 - fiscal 2005 period, it is expected that MHEC could handle the additional workload either by using existing budgeted resources or by hiring a contractual worker.

It is expected that MHEC could reevaluate the areas of special needs and submit the required reports using existing budgeted resources.

**Local Fiscal 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.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Independent College and University Association, Maryland Higher Education Commission, Department of Legislative Services

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**Exhibit 1**  
**HB 544**  
**Maryland Teacher Scholarship Program Grants - Summary**

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>Four-year Public Institutions</b>					
Estimated number of students	1,999	2,121	2,407	2,672	2,726
Grant amount	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Subtotal Estimated Cost	\$8,995,500	\$9,544,500	\$10,831,500	\$12,024,000	\$12,267,000
<b>Non-public Institutions</b>					
Estimated number of students	42	75	107	127	125
Grant amount	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Subtotal Estimated Cost	\$189,000	\$337,500	\$481,500	\$571,500	\$562,500
<b>Community Colleges</b>					
Estimated number of students	312	428	437	442	453
Grant amount	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Subtotal Estimated Cost	\$624,000	\$856,000	\$874,000	\$884,000	\$906,000
<b>Graduate Institutions</b>					
Estimated number of students	277	305	320	336	353
Grant amount	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Subtotal Estimated Cost	\$1,246,500	\$1,372,500	\$1,440,000	\$1,512,000	\$1,588,500
<b>Special Needs Programs</b>					
Estimated number of students	83	89	91	92	94
Grant amount	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Subtotal Estimated Cost	\$747,000	\$801,000	\$819,000	\$828,000	\$846,000
<b>TOTAL ESTIMATED COST</b>	<b>\$11,802,000</b>	<b>\$12,911,500</b>	<b>\$14,446,000</b>	<b>\$15,819,500</b>	<b>\$16,170,000</b>
Total number of awards	2,713	3,018	3,362	3,669	3,751

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

**Exhibit 2**  
**HB 544**  
**Maryland Science and Technology Scholarship Program, Maryland Teacher Scholarship Program, and HOPE Scholarship Program**

**ESTIMATED COSTS BASED ON CURRENT LAW**

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
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 544**

**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 \$4,500/\$2,000/\$9,000**

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
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	2,713	3,018	3,362	3,669	3,751
Estimated Cost Teacher	\$11,802,000	\$12,911,500	\$14,446,000	\$15,819,500	\$16,170,000
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	5,306	7,612	11,144	12,945	14,013
Estimated Total Cost	\$18,624,343	\$24,539,291	\$33,830,163	\$39,262,546	\$42,659,167
<b>Estimated Cost Differential Compared to Current Law</b>	<b>\$5,808,250</b>	<b>\$7,314,251</b>	<b>\$8,849,052</b>	<b>\$10,242,235</b>	<b>\$10,407,404</b>

Prepared by: Department of Legislative Services, February 2000