

**Department of Legislative Services**  
 Maryland General Assembly  
 2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 882 (Senators Pinsky and Hollinger)  
 Education, Health, and Environmental Affairs and Budget and Taxation

**Higher Education - Maryland Teacher Scholarships - Funding**

This bill requires the Governor to include sufficient funding in the State budget each year for 650 new Maryland Teacher Scholarships and 2,200 renewed Maryland Teacher Scholarships. If there are excess funds due to a shortage of award recipients, the excess funds must be distributed to the Maryland Hope Scholarship Program.

The bill takes effect July 1, 2004.

**Fiscal Summary**

**State Effect:** General fund expenditures would increase by \$4.1 million in FY 2005 and by \$12.7 million annually thereafter. The proposed FY 2005 State budget includes \$8.7 million for the Maryland Teacher Scholarship Program. Revenues would not be affected.

(\$ in millions)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	4.1	12.7	12.7	12.7	12.7
Net Effect	(\$4.1)	(\$12.7)	(\$12.7)	(\$12.7)	(\$12.7)

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

**Local Effect:** The bill would not directly impact local finances; however, to the extent that enhancements to the Maryland Teacher Scholarship Program help to attract new teachers, local school expenditures for recruitment could decrease.

**Small Business Effect:** None.

## Analysis

**Current Law:** Funding for the Maryland Teacher Scholarship Program is as provided in the annual State budget. Award amounts are \$1,000 for a part-time undergraduate student at a two-year institution of higher education, \$2,000 for a full-time student at a two-year institution of higher education, \$2,500 for a part-time student at a four-year institution of higher education, or \$5,000 for a full-time student at a four-year institution of higher education. Scholarship recipients must work for one year in a public school in Maryland for each year that a scholarship is received, or repay the scholarship funds awarded plus interest.

**Background:** The Maryland Teacher Scholarship Program was established in 1999 (Chapters 704 and 705) to address the State's shortage of teachers. The proposed fiscal 2005 State budget provides \$8.7 million for the program, \$2.9 million less than the working appropriation for fiscal 2004. The fiscal 2005 appropriation is enough to fund approximately 1,940 award renewals but will not allow the State to distribute awards to new applicants. Although funding for the program remains at the discretion of the Governor and the General Assembly, it has been assumed by the Department of Legislative Services and the Maryland Higher Education Commission that fiscal 2005 is the first year of a phase-out of the Maryland Teacher Scholarship Program.

In its annual *Maryland Teacher Staffing Report*, the State Board of Education identifies specific regional areas and teaching fields that are experiencing shortages. In the most recent report, released in August 2003, all 24 of Maryland's public school systems were identified as geographic areas of projected teacher shortages. The report also declares shortages of male teachers and minority teachers and recognizes several fields as critical shortage areas, including career and technology, computer science, English for speakers of other languages, mathematics, science, and special education.

To further complicate the teacher shortage, the federal No Child Left Behind legislation enacted in January 2002 requires all teachers to be "highly qualified" by the 2005 – 2006 school year. In effect, this means all public school teachers must meet the State's professional certification requirements and must demonstrate high levels of competence in the subjects they teach. Maryland was not meeting this goal as of October 2002, the most recent date for which comprehensive data are available. At that time, local school systems employed nearly 5,800 teachers who did not hold professional certification, approximately 10% of the teaching workforce. This percentage does not include teachers who are fully certified but are teaching outside their areas of expertise. Later this year, Maryland is due to begin reporting the percentage of classes being taught by teachers who meet the federal standard.

**State Expenditures:** General fund expenditures of approximately \$12.7 million would be needed to fully fund the required 2,850 scholarships each year. This estimate assumes an average award of \$4,462 per recipient, the fiscal 2003 average. In fiscal 2005, the \$12.7 million mandate would represent a \$4.1 million increase over the Governor's proposed appropriation for the program.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 2, 2004  
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