

Department of Legislative Services  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 266 (Senator Kelley, *et al.*)  
Education, Health, and Environmental Affairs

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**Higher Education - Maryland Teacher Scholarship Program**

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This bill alters the service obligation for the Maryland Teacher Scholarship. The obligation must be fulfilled by working for five years as a full-time teacher in a Maryland public school in: (1) a content shortage area; (2) a school that receives federal Title I funds; or (3) a school identified for school improvement, corrective action, or restructuring. Recipients of Maryland Teacher Scholarships must begin their service obligations within six months after completion of their required studies. Scholarship recipients must ask their local boards of education to send the Maryland State Department of Education (MSDE) verification that their teaching assignments meet the service obligation requirements. If the local board of education delays in sending the verification, MSDE must accept on a provisional basis a notarized statement from the scholarship recipient. If the service obligation is not performed for the full five years, a recipient must repay a prorated amount of the scholarship funds awarded.

The bill takes effect June 1, 2005.

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**Fiscal Summary**

**State Effect:** The bill could reduce the number of applicants for Maryland Teacher Scholarships but would not materially impact State finances.

**Local Effect:** The bill would have no direct impact on local school system finances.

**Small Business Effect:** None.

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## Analysis

**Current Law:** A recipient of a Maryland Teacher Scholarship must agree to work in a public elementary or secondary school for one year for each year that the scholarship was received. A recipient must agree to perform the obligation upon completion of the recipient's required studies. If the service obligation is not fulfilled, a recipient must repay the scholarship funds awarded plus interest. A Maryland Teacher Scholarship recipient is not required to request verification of employment from the appropriate local board of education. The Office of Student Financial Assistance (OSFA) monitors compliance with service obligations.

**Background:** The Maryland Teacher Scholarship Program was established in 1999 (Chapters 704 and 705) to address the State's shortage of teachers. 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 content areas with shortages 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.

The federal government provides Title I funding to local school systems based on the estimated number of children in each school system who are living in poverty. Title I funding passes through the State budget and is distributed to local school systems. The systems then have some flexibility in determining how many schools get the funding, although schools with the highest poverty rates must get the highest priority. In the 2003-2004 school year, there are 388 Title I schools in Maryland. These schools are often among the more difficult schools to staff and among the most likely to employ provisionally certified teachers.

The No Child Left Behind Act also requires schools to measure and report on student performance annually. Schools that do not make progress towards meeting State standards for two consecutive years are designated as schools in need of improvement. If two more years pass without adequate improvement, the schools are placed into corrective action status. If two additional years of insufficient progress pass, the school must be restructured in some way. In the 2003-2004 school year, 19 schools are in year one of school improvement, 28 are in year two of school improvement, 19 are in corrective action status, and 74 are in restructuring status. The total, 140, represents approximately 10% of the public schools in the State.

**State Fiscal Effect:** The proposed fiscal 2005 State budget includes approximately \$8.7 million for Maryland Teacher Scholarships, a decrease of \$2.9 million from fiscal 2004. OSFA advises that the funding is sufficient to cover the costs of an estimated 1,940 scholarship renewals; however, no new scholarship applicants are expected to receive awards.

Because students currently receiving the scholarship have already signed letters of intent to perform the service obligation under the existing requirements, it is assumed that the bill would first apply to new scholarship recipients in the 2005-2006 school year, which reflects the bill's June 1, 2005 effective date. The number of applicants for the scholarships could decline due to the enhanced service obligation requirements in the bill. The reduction in applicants would most likely be minimal and would not impact appropriations for the program.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 630 (Delegate Hixson) – Ways and Means. Although the bills are designated as cross files, they are not identical.

**Information Source(s):** Maryland State Department of Education, Maryland Higher Education Commission (Office of Student Financial Assistance), Department of Legislative Services

**Fiscal Note History:** First Reader - February 27, 2004  
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