

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE
 Revised

House Bill 1432
 Ways and Means

(Delegate A. Washington)

Education, Health, and Environmental Affairs

Teaching Fellows for Maryland Scholarship Program

This bill renames the defunct Maryland Teacher Scholarship to be the Teaching Fellows for Maryland Scholarship. The bill also alters eligibility criteria, the service obligation requirements, and the amount of the award. The scholarship may only be used at a public senior (*i.e.*, four-year) higher education institution with a department, school, or college of education *or* at a private nonprofit institution of higher education with a certificate of approval from the Maryland Higher Education Commission (MHEC) that has a department, school, or college of education that agrees to provide recipients with a specified matching grant. Finally, the bill mandates that the Governor include in the annual State budget funds to award scholarships.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: General fund expenditures increase by \$54,000 in FY 2016 for one-time contractual costs associated with updating the scholarship system. The bill requires the Governor to include funds in the budget but does not specify an amount. It is assumed that a *viable* scholarship program requires at least 20 new scholarships to be distributed annually. Therefore, general fund expenditures increase by approximately \$443,300 for 20 awards in FY 2016, increasing to an estimated \$1.9 million for 80 awards in FY 2019 once the scholarship is fully phased-in. It is assumed that institutions with 15 or more recipients of the scholarship can develop the required honors program using existing resources. Future years reflect 80 award recipients per year, increasing the amounts of awards in future years, the elimination of one-time costs, and inflation. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2016.**

(\$ in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	.5	.9	1.4	1.9
Net Effect	\$0	(\$0.5)	(\$0.9)	(\$1.4)	(\$1.9)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary:

Eligible Institutions

The eligible institutions where the scholarship can be used are narrowed as noted above. The matching grant provided by a private nonprofit institution of higher education for an undergraduate or graduate student must be the lesser of (1) 100% of the annual cost of tuition and mandatory fees at the University of Maryland, College Park or (2) 50% of the cost of tuition and mandatory fees at the private nonprofit institution of higher education. The scholarship may not be used at a community college.

If an eligible institution enrolls at least 15 recipients of a Teaching Fellows for Maryland Scholarship, the institution must develop and implement an enriched honors program of education that is responsive to exceptional dedication and merit-based accomplishment in the study of education and preparation for the teaching profession.

Eligibility Criteria

To be eligible for a Teaching Fellows for Maryland Scholarship, an individual must have graduated from a Maryland high school or, as allowed under current law, be a Maryland resident. The academic requirements are made more stringent so that an applicant must have earned an overall grade point average (GPA) of at least 3.3 (rather than 3.0) on a 4.0 scale or its equivalent either in either high school or as an undergraduate, as applicable. In addition, an applicant must achieve at least (1) 500 on the reading and math portions of the SAT, with a combined score of at least 1100 on the reading and math portions of the SAT; (2) a composite ACT score of 25; or (3) 50% on the GRE. An applicant must also meet all current eligibility criteria for the Maryland Teacher Scholarship. The Office of Student Financial Assistance (OSFA) in MHEC is required to the extent practicable to award scholarships in a manner that reflects ethnic, gender, racial, and geographic diversity.

A recipient may continue to receive an award as long as the recipient maintains a minimum cumulative GPA of at least 3.3 on a 4.0 scale and meets the current standards to continue to receive a Maryland Teacher Scholarship.

Service Obligation Requirements

Rather than complete a service obligation of one year at any public school in the State, for each year a scholarship is awarded a teaching fellow under the program must complete the service obligation at a public school or public prekindergarten program that has at least 50% of the students in the school eligible for free and reduced-price meals. However, if a recipient is unable to perform the service obligation because there are no available positions in a school that has at least 50% of its students eligible for free or reduced-price meals, the recipient may work in any public school or public prekindergarten program in the State.

Award Amount

The annual award amount at a public four-year institution in the State that has a department, school, or college of education must be 100% of the equivalent annual tuition, mandatory fees, and room and board of a resident undergraduate student or graduate student, as appropriate, at the public four-year higher education institution.

For private nonprofit institutions of higher education in the State that have a department, school, or college of education and agree to provide the specified matching grant, the annual award amount must be 100% of the room and board of a resident undergraduate or graduate student, as appropriate, at the eligible private nonprofit institution of higher education *and* the lesser of (1) 100% of the equivalent annual tuition and mandatory fees of a resident undergraduate student or graduate student, as appropriate, at the University of Maryland, College Park or (2) 50% of the equivalent annual tuition and mandatory fees of a resident undergraduate or graduate student, as appropriate, at the eligible private nonprofit institution of higher education

Matching Grant

A private nonprofit institution of higher education must provide a matching scholarship award in the amount equal to the lesser of (1) 100% of the equivalent annual tuition and mandatory fees of a resident undergraduate student or graduate student, as appropriate, at the University of Maryland, College Park or (2) 50% of the equivalent annual tuition and mandatory fees of a resident undergraduate or graduate student, as appropriate, at the eligible private nonprofit institution of higher education.

Thus, a recipient who attends a private nonprofit institution will receive in total:

- *the lesser of 200% of the equivalent annual tuition and mandatory fees of a resident undergraduate student or graduate student, as appropriate, at the University of Maryland, College Park (100% State funds/100% private nonprofit institution funds) or 100% of the equivalent annual tuition and mandatory fees of a resident undergraduate or graduate student, as appropriate, at the eligible private nonprofit institution of higher education (50% State funds/50% private nonprofit institution funds); and*
- 100% of the room and board of a resident undergraduate student or graduate student, as appropriate, at the eligible private nonprofit institution of higher education in the State (100% State funds).

Use of Scholarship Funds

A Teaching Fellows for Maryland Scholarship may be used for tuition, mandatory fees, and room and board at any eligible institution.

Current Law/ Background:

Maryland Teacher Scholarship

The Maryland Teacher Scholarship was established in 1999 as part of the HOPE Scholarship Program. A phase out of the HOPE scholarships began in fiscal 2005, and, although award renewals were maintained for those already receiving the scholarships, no HOPE scholarships have been awarded to new recipients since fiscal 2004. MHEC reports that Maryland Teacher Scholarship awards and expenditures were at their highest levels in fiscal 2003, when almost 2,900 students received scholarships totaling \$12.7 million. The scholarship has not received funding since fiscal 2008. The scholarship was for students who pledge to work as public elementary and secondary school teachers in Maryland upon completion of their studies.

Eligible Institutions: An eligible institution is a public or private nonprofit institution of higher education in the State that possesses a certificate of approval from MHEC. This includes community colleges.

Eligibility Criteria: To be eligible for a Maryland Teacher Scholarship, an individual must be a Maryland resident. An individual must also be accepted for admission or currently enrolled at an institution as a full-time or part-time undergraduate or graduate student pursuing a course of study or program in an academic discipline leading to a Maryland professional teacher's certificate. An individual must also meet the following academic standards: (1) for a student currently enrolled in high school, have earned an overall GPA of at least 3.0 on a 4.0 scale or its equivalent after completion of the first semester of the senior year; or (2) for a student currently enrolled as a full-time

undergraduate student, have maintained a GPA of at least 3.0 on a 4.0 scale and have been making satisfactory progress toward a degree in an academic discipline leading to a Maryland professional teacher's certificate.

In addition, an individual must sign a letter of intent to perform the service obligation upon completion of the recipient's required studies, accept any other conditions attached to the award, and satisfy any additional criteria MHEC may establish. An individual who, at the time the individual is scheduled to matriculate at an eligible institution, has been employed as a teaching assistant at a public elementary or secondary school in the State for at least two years may apply for a Maryland Teacher Scholarship. Such an individual is eligible to hold the scholarship as a full-time or part-time undergraduate or graduate student. A recipient of the scholarship may not hold a Maryland professional teacher's certificate.

All applicants must provide OSFA in MHEC the specified transcripts.

Renewal: Each recipient may renew the award three times if the recipient (1) continues to be a resident of the State; (2) continues to be a full-time or part-time undergraduate or graduate student at an eligible institution; (3) has achieved a cumulative GPA of at least 3.0 and maintains this minimum GPA throughout the remainder of the award or, failing to do so, provides evidence of extenuating circumstances; (4) in the judgment of the institution, is making satisfactory progress toward a degree; and (5) maintains the standards of the institution.

Each recipient who is enrolled in an associate degree program, as permitted, may renew the award two times if the recipient is enrolled in an associate degree program that, as determined by the institution, requires three years to complete.

Each recipient may renew the annual award four times if the recipient is enrolled in a course of study that, as determined by the institution, requires five years to complete.

Service Obligation Requirements: A recipient of a scholarship must repay MHEC the funds received if the recipient does not (1) satisfy the degree requirements of the eligible course of study or program or fulfill other requirements; (2) perform the service obligation for one year for each year that the recipient has a scholarship awarded; and (3) become professionally certified to teach in the State of Maryland within the time period specified by MHEC in consultation with the Maryland State Department of Education.

OSFA must forgive a recipient for two years of an award if the recipient has taken the teacher certification examination in two consecutive years and failed to pass within the time period specified by MHEC.

Award Amount: The annual scholarship award must be in the amount of \$2,000 for a full-time undergraduate student, or \$1,000 for a part-time undergraduate, enrolled at a two-year eligible institution; \$5,000 for a full-time undergraduate student enrolled in a four-year institution; or \$2,500 for a part-time undergraduate or graduate student enrolled at a four-year eligible institution. A scholarship may be used for tuition and mandatory fees at any eligible institution. Funds for the Maryland Teacher Scholarship program are as provided in the State budget

Other Maryland Teacher Scholarships

Chapter 367 of 2006 consolidated seven workforce shortage student financial aid programs, including the Sharon Christa McAuliffe Memorial Teacher Education Scholarships, under a single Workforce Shortage Student Assistance Grant Program. The fiscal 2015 budget includes \$1.3 million for the program, some of which will be used to support scholarships for students who agree to teach in Maryland schools after completing their studies.

Chapter 496 of 2012 established the Nancy Grasmick Teacher Award within the Loan Assistance Repayment Program (LARP) for Maryland public school teachers who have taught in Maryland for at least two years in (1) science, technology, engineering, or math subjects or (2) a school in which at least 75% of the students are enrolled in the free and reduced-price meals program. A teacher must also have received the highest performance evaluation rating for the most recent year available. The fiscal 2015 budget includes \$1.5 million for the entire LARP, including the Nancy Grasmick Teacher Award.

Free and Reduced-price Meals

During the 2012-2013 school year, of the approximately 1,400 public elementary and secondary schools in the State, approximately 740, more than half, had at least 50% of the students in the school eligible for free or reduced-price meals.

State Expenditures: General fund expenditures increase by \$54,000 in fiscal 2016 for one-time contractual costs associated with updating the scholarship system. General fund expenditures increase by approximately \$443,300 for 20 awards in fiscal 2016, increasing to an estimated \$1.9 million for 80 awards in fiscal 2019 once the scholarship is fully phased-in.

- MHEC reports modifying and testing the scholarship web portal known as the Maryland College Aid Processing System to add a new scholarship costs approximately \$54,000.
- For the 2015-2016 academic year, the average tuition, mandatory fees, room, and board at the four-year public institutions of higher education with a school of education (both undergraduate and graduate) will be approximately \$22,166 per year. Actual award amounts will depend on the eligible institutions that recipients choose to attend. It is assumed that tuition and fees increase 3% per year. It is also assumed, for the purpose of this estimate, that the ability to use scholarship funds at private nonprofit institutions in the State with a department, school, or college of education that offers a matching grant does not significantly affect the total amount of scholarship funds needed.
- The bill requires the Governor to include funds in the State budget for MHEC to award scholarships but does not specify an amount. For the purposes of this estimate, it is assumed that a *viable* scholarship program requires at least 20 new scholarships to be distributed annually. Accordingly, general fund expenditures increase by an estimated \$443,300 in fiscal 2016 to award 20 scholarships.
- The phase-in of the scholarship assumes 20 new scholarships each year until the program is fully phased-in at 80 scholarships in fiscal 2019 as shown below.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Number of Scholarships	20	40	60	80
Average Scholarship Amount	\$22,166	\$22,831	\$23,516	\$24,221
Appropriation	443,320	913,239	1,410,955	1,937,711
MHEC Costs	54,000	0	0	0
Total	\$497,320	\$913,239	\$1,410,955	\$1,937,711

In future years, it is assumed that the annual appropriation for the scholarship increases by 3% annually.

Additional Information

Prior Introductions: None.

Cross File: SB 666 (Senator Pinsky, *et al.*) - Education, Health, and Environmental Affairs.

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

Fiscal Note History: First Reader - March 10, 2014
mc/rhh Revised - House Third Reader - April 7, 2014
Revised - Clarification - May 14, 2014

Analysis by: Caroline L. Boice

Direct Inquiries to:
(410) 946-5510
(301) 970-5510