

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE

House Bill 1432 (Delegate A. Washington)
 Ways and Means

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, eligible institutions, the service obligation requirements, and the amount of the award. Each award is 100% of the equivalent annual tuition, mandatory fees, room, and board of a resident undergraduate student or graduate student, as appropriate, at a public institution of higher education in the State that has a school of education. Finally, the bill mandates that the Governor include in the State budget enough funds to award 40 new scholarships each year up to 160 a year once the scholarship is fully phased-in in fiscal 2019.

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. General fund expenditures increase by approximately \$886,600 for 40 awards in FY 2016, increasing to an estimated \$3.9 million for 160 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 160 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	.9	1.8	2.8	3.9
Net Effect	\$0	(\$.9)	(\$1.8)	(\$2.8)	(\$3.9)

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 to exclude private nonprofit institutions of higher education and public institutions without a school of education so that the scholarship may only be used at a public institution of higher education in the State that has a school of education.

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 (1) 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 and (2) have achieved a score of at least 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. An applicant must also meet all current eligibility criteria for the Maryland Teacher Scholarship.

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 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 in the State.

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. The Maryland Higher Education Commission (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 the Office of Student Financial Assistance (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 Governor's proposed 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 Governor's proposed 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 \$886,600 for 40 awards in fiscal 2016, increasing to an estimated \$3.9 million for 160 awards in fiscal 2019 once the scholarship is fully phased-in.

- MHEC reports modifying and testing the scholarship web portal known as Maryland College Aid Processing System to add a new scholarship costs approximately \$54,000.
- For the 2015-2016 school 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 that community colleges are not eligible institutions since none of them has a school of education.

- The bill requires the Governor to include funds in the State budget for MHEC to award 40 scholarships to applicants on or before March 1, 2015. Typically applicants must apply by March 1 for scholarships for the upcoming year. Thus, it is assumed these scholarships would be awarded for the 2015-2016 academic year, which means the funds would need to be in the fiscal 2016 budget. Accordingly, general fund expenditures are mandated to increase by an estimated \$886,600 in fiscal 2016 to award 40 scholarships.
- The bill requires the Governor to include funds in the State budget for an additional 40 scholarships each year until the program is fully phased-in at 160 scholarships in fiscal 2019. The phase-in of the scholarship is shown below.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Number of Scholarships	40	80	120	160
Tuition	\$22,166	\$22,831	\$23,515	\$24,221
Appropriation	886,624	1,826,445	2,821,858	3,875,352
MHEC Costs	54,000	0	0	0
Total	\$940,624	\$1,826,445	\$2,821,858	\$3,875,352

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

Additional Comments: The bill specifies that the scholarship may be used for tuition and mandatory fees at any eligible institution, but it does not specify that it can be used for room and board (which is included in the award amount).

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, Independent College and University Association, Department of Legislative Services

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ncs/rhh

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