

LEGISLATIVE FISCAL ESTIMATE

[Third Reprint]

ASSEMBLY, No. 3681

STATE OF NEW JERSEY

220th LEGISLATURE

DATED: JULY 3, 2023

SUMMARY

- Synopsis:** Establishes New Jersey Educator Scholarship Program; appropriates \$3 million.
- Type of Impact:** Annual State expenditure increase to the General Fund.
- Agencies Affected:** Higher Education Student Assistance Authority, Department of Education.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2023</u>	<u>FY 2024 and Thereafter</u>
State Cost Increase	Up to \$3 million	Up to \$4 million

- The Office of Legislative Services (OLS) concludes that the establishment of the New Jersey Educator Scholarship Program would result in an increase in State expenditures of up to \$3 million in FY 2023 and up to \$4 million in FY 2024 and each year thereafter associated with providing 200 scholarships annually.
- The FY 2023 Appropriations Act included a \$1 million appropriation for the New Jersey Educator Scholarship Program, and the bill makes an additional \$3 million appropriation. The bill also provides for a \$4 million appropriation in each subsequent year; however, this is at the discretion of the Legislature to include in each annual appropriations act.

BILL DESCRIPTION

This bill establishes the New Jersey Educator Scholarship Program in the Higher Education Student Assistance Authority.

Scholarships would be awarded annually to 50 students enrolled in each of the first, second, third, and fourth years of an educator preparation program at an institution of higher education in the State. Each student would receive a scholarship up to the amount of remaining tuition that is not covered by State, federal, or any other need-based grant or merit scholarship, for up to 18 credits per semester, and a stipend in the amount of \$5,000 annually. The bill provides that the

scholarship amount may not exceed the average in-State tuition amount charged by the four-year public institutions of higher education in the academic year in which the scholarship is awarded. A student would be eligible to receive the scholarship for a maximum of four years of study or until the student receives a bachelor's degree and completes an educator preparation program, whichever occurs first. As a condition of participation in the program, the student would be required to seek and accept full-time employment as a teaching staff member with a public school district, charter school, or renaissance school in the State within the first five full school years following graduation. The student would be required to serve in employment with a public school district in the State for no less than three full school years, during which time the student would receive mentoring coordinated by the hiring district or school to aid the student in furthering a career in education.

A student's scholarship would remain in effect provided that the student achieves satisfactory academic progress and continues to meet eligibility requirements. Under certain circumstances, a student whose scholarship has been terminated may be required to repay all or part of the amount of any scholarship or stipend received as a debt to the State.

The bill makes an appropriation of \$3 million from the General Fund to the Higher Education Student Assistance Authority and provides for a \$4 million appropriation in each fiscal year beginning in FY 2024.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the establishment of the New Jersey Educator Scholarship program would result in an increase in State expenditures of up to \$3 million in FY 2023 and up to \$4 million in FY 2024 and each year thereafter to provide 200 scholarships annually.

The bill stipulates that 50 students in each of the first, second, third, and fourth years of an educator preparation program will receive scholarships and stipends toward the completion of a bachelor's degree and an educator preparation program, and that the amount of the scholarship may not exceed the average amount of tuition at the public institutions of higher education in the State. The average cost of tuition at senior public institutions of higher education in New Jersey is \$14,000, resulting in a cost of approximately \$2.8 million for 200 scholarships. Additionally, the bill stipulates that each scholarship recipient would receive a \$5,000 annual stipend, which would amount to a total of \$1 million for all 200 students. Assuming that each of the scholarship recipients attends a senior public institution of higher education at current tuition rates, these costs combine for a total cost of \$3.8 million to implement the provisions of the bill in each year.

Furthermore, the bill appropriates \$3 million for the first year of the program, in addition to the \$1 million appropriated in the FY 2023 Appropriations Act, and provides for a \$4 million appropriation in each subsequent year.

The OLS notes that this estimate does not include any additional State or federal student aid received by a program participant as there is no information available at this time to indicate how many participants would receive State and federal student aid and in what amounts. To the extent that any program participants qualify for State and federal aid, the total cost to implement the provisions of the bill may be reduced.

Finally, the OLS notes that the State may experience minor revenue increases following the fourth year of implementation of the bill, to the extent that scholarship recipients do not fulfill the requirements of the bill and are therefore required to repay the amount of any stipend and scholarship received.

Section: Education

*Analyst: Abigail Chambers
Assistant Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).