

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2661 STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JULY 19, 2022

SUMMARY

- Synopsis:** Establishes New Jersey Educator Scholarship Program.
- 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>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
State Cost Increase	\$1 million	\$2 million	\$3 million	\$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 annual State expenditures of \$1 million in the first year and would increase annually thereafter until reaching \$4 million in the fourth year and in subsequent years if scholarships are awarded to a new cohort of students in each year.

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 approved programs of study at a public institution of higher education within the State. Each student would receive a scholarship up to the amount of tuition not covered by State, federal, or any other need-based grant or merit scholarship, for up to 18 credits for each semester of study and an annual stipend of \$5,000 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. A scholarship would not exceed the average in-State tuition amount charged by four-year public institutions of higher education in the academic year in which the scholarship is awarded. As a condition of participation, 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 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 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.

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 annual State expenditures of \$1 million in the first year and would increase annually thereafter until reaching \$4 million in the fourth year and in subsequent years if scholarships are awarded to a new cohort of students in each year.

The bill stipulates that 50 students at public institutions of higher education will receive scholarships and stipends for up to four years of study toward the completion of a bachelor's degree and an educator preparation program. The average cost of tuition at senior public institutions of higher education in New Jersey is \$14,000, resulting in a cost of approximately \$700,000 for 50 students. Additionally, the bill stipulates that each scholarship recipient would receive a \$5,000 annual stipend, which would amount to a total of \$250,000 for all 50 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 \$950,000 to implement the bill in a single year. If another 50 scholarships are provided in each subsequent year, the cost of implementing the bill would increase by approximately \$1 million each year until reaching \$4 million in the fourth year.

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

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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.).