

Fiscal Note & Local Impact Statement

123rd General Assembly of Ohio

BILL: **H.B. 326**

DATE: **June 7, 1999**

STATUS: **As Introduced**

SPONSOR: **Rep. Ray Miller**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **Creates a program to reimburse the tuition costs of math and science teachers who teach in urban or low-wealth rural school districts for at least five years**

State Fiscal Highlights

STATE FUND	FY 2000	FY 2001	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	In the millions of dollars, depending on program participation	In the millions of dollars, depending on program participation
Science and Mathematics Teacher Education Tuition Reimbursement Fund			
Revenues	- 0 -	- 0 -	Potential minimal increase
Expenditures	- 0 -	In the millions of dollars, depending on program participation	In the millions of dollars, depending on program participation

Note: The state fiscal year is July 1 through June 30. For example, FY 2000 is July 1, 1999 – June 30, 2000.

- Funds will need to be appropriated to the Science and Mathematics Teacher Education Tuition Reimbursement Fund from the General Revenue Fund to cover program costs as this program will not be self-sufficient
- Expenditures from the Science and Mathematics Teacher Education Tuition Reimbursement Fund will vary based on the number of program participants. See the “Program Costs” section of this fiscal note for a detailed discussion
- The Science and Mathematics Teacher Education Tuition Reimbursement Fund may see a minimal increase in revenues as investment earnings and damages paid by program participants who fail to complete the terms of the contract will be deposited into this fund

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.



Detailed Fiscal Analysis

This bill creates the Science and Mathematics Teacher Tuition Reimbursement Program within the Ohio Board of Regents. Students may enter into a contract with the Board of Regents where the Board will reimburse the student's cost of tuition for a baccalaureate degree from a state university over a five-year period. For each of the five years of employment as a math or science teacher, the Board will reimburse program participants for the greater of the following:

- One-fifth of the actual total cost of tuition paid to receive the baccalaureate degree
- One-fifth of the total principal on a student loan, as long as it does not exceed one-fifth of the total cost of tuition, as well as any interest due on that portion during the reimbursement year
- Any combination of tuition or loan and interest reimbursement, as long as payments do not exceed one-fifth of the student's tuition costs

In return the program participant must do the following:

- enroll and complete a program that leads to a baccalaureate degree from a state university with a major in science or mathematics or in a course of study that will satisfy the Department of Education's licensure standards for math or science teachers
- actively seek and accept employment as a science or math teacher in one of the state's 21 urban school districts or in a low-wealth rural district and continue employment for at least five years
- actively seek and accept employment in another urban or low-wealth rural school district if the participant is terminated or laid off during the five year contract period
- obtain and maintain a valid science or math teaching license from the Department of Education during the student's five years of teaching service
- provide proof of continuing employment to the Board of Regents on an annual basis

If the program participant fails to fulfill the terms of the contract, he or she will be required to reimburse the Board 115% of the total amount paid as well as any administrative costs the Board incurs from seeking payment.

Program Costs

Program costs will increase incrementally each year until year five, when the program is fully operational. For the purposes of discussion, it is assumed that program participants will complete a degree in four years. Program costs will increase if participants take longer than four years to complete their degrees. Listed in the chart below is the average cost of tuition for four years at one of Ohio's state-supported universities for the next five years as well as a calculation of one-fifth of this cost. It is assumed that tuition will increase 4% per year.

Year degree completed	FY2001	FY2002	FY2003	FY2004	FY2005
Average tuition at a state university for a 4-year BA degree	\$14,768	\$15,356	\$15,969	\$16,607	\$17,271
1/5 of cost	\$2954	\$3071	\$3194	\$3321	\$3454

It is important to note that the bill as introduced does not place any kind of cap on program participation. The chart below shows the program's costs for a range of participants from 500 to 3000. For a program participant who started college in FY1998, the total cost of a four-year degree would be \$14,768. The program would pay this person approximately \$2954 per year for five years. With 500 program participants, the cost of the program would be \$7,997,000 in year 5, when the program becomes fully operational. Year five costs represent the full annual cost of maintaining this program.

Number of participants	Year 1	Year 2	Year 3	Year 4	Year 5
500	\$1,477,000	\$3,012,500	\$4,609,500	\$6,270,000	\$7,997,000
1000	\$2,954,000	\$6,025,000	\$9,219,000	\$12,540,000	\$15,994,000
2000	\$5,908,000	\$12,050,000	\$18,438,000	\$25,080,000	\$31,988,000
3000	\$8,862,000	\$18,075,000	\$27,657,000	\$37,620,000	\$47,982,000

Demand for Math and Science Teachers

The Department of Education supplied the following ratios of teaching jobs to graduates with degrees in the field. Not every graduate in the following fields pursues a career in teaching. Statistics are based on demand from the 1994-1996 school years.

- Mathematics – 1.5 job openings for every one graduate
- Earth Science – 1 job opening for every one graduate
- Life Science – 2 job openings for every one graduate
- Chemistry – 0.9 job opening for every one graduate
- Physics – 3 job openings for every one graduate

□ *LBO staff: Susan Ackerman Murray, Budget/Policy Analyst*

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