

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1301 (Delegates Korman and Henson)
 Ways and Means

Nonpublic Educational Programs - Children With Disabilities - Costs of Teacher Salaries

This bill requires a nonpublic educational program for students with disabilities to provide its teachers a salary that is equivalent to public school teachers of similar training and experience in the same county. If the costs to do so are not met by the existing State and local cost sharing mechanism in current law for nonpublic placements, such additional funding is to be paid for by the State and the local school system in the same proportion as provided by that mechanism. Funding for other components of a nonpublic educational program may not be reduced to provide for required nonpublic teacher salary increases. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$9.6 million in FY 2023, increasing to \$10.4 million by FY 2027. State revenues are not affected. **This bill increases a mandated appropriation beginning in FY 2024.**

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	9.6	9.8	10.0	10.2	10.4
Net Effect	(\$9.6)	(\$9.8)	(\$10.0)	(\$10.2)	(\$10.4)

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

Local Effect: Local school expenditures increase by approximately \$13.8 million in FY 2023 and by \$15.0 million by FY 2027. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: On the written recommendation of the local superintendent of schools and subject to other provisions of the Education Article, each local board of education must appoint all principals, teachers, and other certificated and noncertificated personnel and set their salaries. In Baltimore City, the Board of School Commissioners must exercise this authority. Specified certificated and noncertificated local school system personnel have collective bargaining rights that result in labor agreements.

The State and local school systems share in the costs of nonpublic placements for special education children who cannot receive an appropriate education in public school. For those children in nonpublic placements approved by the Maryland State Department of Education (MSDE), the local school system contributes an amount equal to the local share of the basic cost of educating a child without disabilities plus two times the total basic cost. Any costs above this base amount are split on a 70% State/30% local basis.

Career Ladder for Educators

Under Chapter 36 of 2021, a four-level career ladder must be implemented by each county board of education by July 1, 2023. Level one is a State-certified teacher. Level two is a teacher pursuing a master's degree, 30 credits of a State board-approved program of study, or National Board Certification (NBC). Level three is a teacher who has an NBC, if NBC or a comparable assessment is not available in the teacher's content area, a master's degree in that area; level three includes an assistant principal. Level four is a teacher on the teacher leadership track or administrative track of the career ladder, each of which are further divided into tiers. If a teacher achieves level three or four on the career ladder by being an NBC teacher, the teacher must retain NBC status in order to remain at that level.

Minimum salary increases are required as specified beginning in fiscal 2023 for certain accomplishments associated with movement up the career ladder. Teachers with NBC may receive salary increases (of \$10,000) beginning in fiscal 2023 and an additional amount (\$7,000) if they teach in a low performing school. To receive additional increases associated with moving up the career ladder, the county board must have established a career ladder that has been approved by the Accountability and Implementation Board (AIB). Salary increases associated with each recertification of NBC are subject to collective bargaining, with the State share of those increases capped as specified. The costs associated with these salary increases are shared between the State and county government through a new wealth-equalized formula. The State must provide the cost of fees for initially attaining and renewing NBC to each teacher who pursues NBC, including one retake of each NBC assessment. County boards must pay one-third of the cost of the NBC fees to the State for each teacher pursuing an NBC.

County boards must also demonstrate to AIB by July 1, 2024, that teachers in the county received at least a 10% salary increase over the preceding five-year period. By fiscal 2027, all teachers must receive a salary of at least \$60,000.

State Expenditures: General fund expenditures increase substantially beginning in fiscal 2023. The precise effect on expenditures will depend upon multiple decisions at the local level, including collective bargaining agreements, the degree to which public school teachers pursue salary increases via the career ladder program, and the degree to which local boards of education meet or exceed the required 10% salary increases over five years by fiscal 2025 and the minimum salary of \$60,000 for all teachers by fiscal 2027, and the annual rates of change for each local school system to reach or exceed these targets.

Pursuant to the *Joint Chairmen's Report* (2020 session), MSDE provided a [report](#) to the Senate Budget and Taxation Committee and the House Appropriations Committee regarding wage and compensation disparities in special education and recommendations for remediation. The report focuses on salaries and benefits for special education teachers in public schools compared to counterparts in nonpublic special education schools. For the 2018 to 2020 period, the report indicates that Statewide, for all experience levels (from a starting teacher with a bachelor's degree to a teacher with a Doctorate degree at maximum pay), public school special education teachers receive a higher salary than do nonpublic school special education teachers. The report also indicates that:

- average teacher salaries in public schools exceeded those in nonpublic special education schools by between 7.3% and 25.8%, depending on teacher education and experience;
- after accounting for differences in teachers' total paid hours, teachers' wages in public schools and nonpublic special education schools differed by between 23.3% and 40.7%; and
- salary disparities largely remain, to varying degrees, when disaggregated by county.

According to MSDE, 25%, or \$68.5 million, of the fiscal 2019 total State and local appropriations for nonpublic special education schools are attributable to teacher salary at these schools. Based upon findings in the study cited above, a 32% increase in salary, or \$21.9 million State and local increase would be required. Adjusting for a 7% increase in State funding for nonpublic placements from fiscal 2019 to the fiscal 2023 allowance, results in an adjusted fiscal 2023 expenditure increase of \$23.5 million. Given approximately 41% of cost sharing is covered by the State, this amounts to a \$9.6 million increase in general fund expenditures in fiscal 2023. Assuming 2.0% annual increases, accounting for salary increases among public school special education teachers, and assuming similar pay disparities persist under current law, the increase in State general fund expenditures amounts to \$10.4 million by fiscal 2027. MSDE administrative costs are not affected.

Local Expenditures: Based upon the assumptions discussed above, and assuming that local school systems cover approximately 59% of additional State and local shared costs, local school expenditures increase by \$13.8 million in fiscal 2023 and by \$15.0 million by fiscal 2027.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 706 (Senators Zucker and Elfreth) - Budget and Taxation.

Information Source(s): Maryland Association of Counties; Maryland State Department of Education; Department of Budget and Management; Department of Legislative Services

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