

Department of Legislative Services  
 Maryland General Assembly  
 1999 Session

FISCAL NOTE  
 Revised

Senate Bill 272 (Senator Pinsky, *et al.*)

Economic & Environmental Affairs & Budget & Taxation

**Education - Teacher Certification Incentive Grants - Establishment**

This bill establishes a teacher certification incentive grant for public school teachers who obtain certification by the National Board for Professional Teaching Standards in participating local school systems. The local boards of education are authorized to establish an incentive grant for nationally certified teachers, with the State required to match the local incentive grant up to a maximum of \$2,000 per teacher. The Governor must include funds in the State budget for the grants beginning in fiscal 2000.

In addition, the bill specifies that the incentive grant is earnable compensation for the purpose of determining a teacher's average final compensation for State retirement benefits.

This bill takes effect July 1, 1999.

**Fiscal Summary**

**State Effect:** General fund expenditures could increase by \$21,500 in FY 2000. Future year expenditures reflect increases in the number of teachers becoming eligible for the grant. Revenues would not be affected.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	21,500	62,500	127,700	195,300	265,700
Net Effect	(\$21,500)	(\$62,500)	(\$127,700)	(\$195,300)	(\$265,700)

Note: ( ) = decrease; GF = general funds

**Local Effect:** Local school expenditures could increase by at least \$21,500 in FY 2000. Revenues would not be affected.

**Small Business Effect:** None.

## Fiscal Analysis

**Background:** Legislation enacted in 1997 established a State and Local Aid Pilot Program for Certification by the National Board for Professional Teaching Standards. It takes approximately one year to complete the certification requirements and around 75% of the teachers seeking national certification receive it. The Maryland State Department of Education (MSDE) estimates that by fiscal 2000, 43 teachers will be certified.

**State Effect:** The number of teachers obtaining national certification is projected to increase from 43 in fiscal 2000 to 500 (1% of the total number of teachers) by fiscal 2004. It is assumed that participating local boards would provide teachers with at least a \$500 incentive grant. Accordingly, the State incentive grant would total at least \$500 per teacher. The maximum amount allowed under the bill is \$2,000 per teacher.

In addition, State teachers' retirement payments would increase by \$2,700 in fiscal 2002 and by \$15,700 in fiscal 2004. This estimate is based on a 12.54% contribution rate. Since the State payments for teachers' retirement costs are based on the teacher's salary base in the second prior year, State expenditures will not increase until fiscal 2002. The following table shows the projected costs for this program.

<b>Fiscal Year</b>	<b>Nationally Certified Teachers</b>	<b>\$500 Per Teacher Grant Amount</b>	<b>Teachers' Retirement Costs</b>
2000	43	\$21,500	\$0
2001	125	\$62,500	\$0
2002	250	\$125,000	\$2,700
2003	375	\$187,500	\$7,800
2004	500	\$250,000	\$15,700

**Local Effect:** Local school expenditures could increase by at least \$21,500 in fiscal 2000. This estimate assumes local school systems will provide a \$500 incentive grant. Local school expenditures could increase further depending on whether the school system provides a larger incentive grant.

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**Information Source(s):** Department of Legislative Services, Maryland State Department of Education

**Fiscal Note History:**

First Reader - March 1, 1999

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Revised - Senate Third Reader - March 27, 1999

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