

**Department of Legislative Services**  
 Maryland General Assembly  
 1999 Session

**FISCAL NOTE**

Senate Bill 17 (Senator Lawlah)

Budget and Taxation

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**Prince George’s County Public School Teachers - Tuition Waivers for Higher Education and Income Tax Subtraction Modification**

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This bill creates an income tax subtraction modification for the first \$15,000 in wages for school teachers in the Prince George’s County Public School System. In addition, the bill requires the governing body of each public institution of higher education in Prince George’s County to adopt a policy that provides a waiver of 50% of the tuition costs for course work performed by Prince George’s County teachers. The tuition waivers are allowed for up to 15 hours of course work related to certification, recertification, and refresher courses in the teacher’s major or minor areas of concentration.

This bill takes effect July 1, 1999 and sunsets June 30, 2002.

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**Fiscal Summary**

**State Effect:** General fund revenues decrease by \$5.4 million in FY 2000. Future year revenues reflect a growth in teaching positions. Special fund revenues would decrease by an indeterminate amount depending upon the number of teachers taking courses at higher education institutions. State expenditures would not be affected.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	(\$5,383,500)	(\$5,529,000)	(\$5,616,000)	\$0	\$0
SF Revenues	-	-	-	0	0
Expenditures	0	0	0	0	0
Net Effect	(\$5,383,500)	(\$5,529,000)	(\$5,616,000)	\$0	\$0

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

**Local Effect:** Local revenues decrease by \$3.3 million in FY 2000. Most of this decrease would occur in Prince George’s County. Future year revenues decrease by \$3.4 million in FY 2001 and \$3.5 million in FY 2002. Local expenditures are not affected.

**Small Business Effect:** None.

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## Fiscal Analysis

**Background:** The Maryland State Department of Education (MSDE) issues certificates to teachers and other professional employees to ensure that educators possess the minimum essential knowledge and skills necessary to provide a rigorous academic program for the State's public school students.

Teachers can hold 1 of 3 types of certificates: Standard Professional Certificate I and II, Advanced Professional Certificate, and Provisional Certificate. Statewide, 28.5% of all certified educators hold a Standard Professional Certificate, 65.8% hold an Advanced Professional Certificate, and 5.7% hold a Provisional Certificate. In Prince George's County around 15% of teachers hold a Provisional Certificate. The following table outlines the types of teacher certificates, the years in which the certificate remains valid, and certification requirements.

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### Types of Teacher Certificates

Certificate	Years Valid	Requirements
Standard Professional Certificate I	3 years	Must hold at least a bachelor's degree and meet State certification requirements. This certificate can be renewed once under certain circumstances.
Standard Professional Certificate II	7 years	Must hold SPC I and have earned 6 semester hours. This certificate cannot be renewed.
Advanced Professional Certificate	5 years	Must have a master's degree or have earned 36 semester hours (21 hours must be in graduate course work). This certificate must be renewed every 5 years. To renew an APC, a teacher must have earned 6 semester hours of course work.
Provisional Certificate	1 year	Must hold at least a bachelor's degree. A provisional certificate may be renewed for 1 year.

Source: Maryland State Department of Education

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**State Effect:** There were 7,200 classroom teachers employed in the Prince George's County Public School System as of October 1997. The following table shows the projected fiscal

impact of the income tax subtraction modification.

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<b>Year</b>	<b>Number of Teachers</b>	<b>Total Income Subtraction</b>	<b>State Revenue Loss</b>
2000	7,400	\$111 million	\$5,383,500
2001	7,600	\$114 million	\$5,529,000
2002	7,800	\$117 million	\$5,616,000

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It is assumed that teachers would not adjust their income tax withholding; therefore, the fiscal impact would be in the fiscal year following the tax year. To the extent that the income tax withholding is adjusted, half of the revenue loss from each tax year would be in the same fiscal year, and half in the next succeeding fiscal year.

Three public institutions of higher education are located in Prince George’s County: Bowie State University, University of Maryland-College Park, and University of Maryland University College. In-State tuition rates for part-time graduate students total \$186 per credit hour at Bowie State, \$272 per credit hour at College Park, and \$281 per credit hour at University College. The following table shows the projected costs to obtain and/or renew a teacher certificate. The estimate is based on the per credit hour cost at College Park (\$272).

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<b>Certificate</b>	<b>Number of Semester Hours Required for Certificate</b>	<b>Projected Cost</b>
Standard Professional Certificate II	6	\$1,632
Advanced Professional Certificate	36 hours or obtain a master’s degree	\$9,792
Advanced Professional Certificate - Renewal	6	\$1,632

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Accordingly, public institutions of higher education would lose approximately \$816 in revenue for each teacher working towards a Standard Professional Certificate II or renewing an Advanced Professional Certificate and approximately \$4,896 for each teacher working towards an Advanced Professional Certificate or master’s degree. The actual impact would

depend upon the number of teachers taking courses at higher education institutions in Prince George's County and the number of courses.

**Local Effect:** Local piggyback tax revenues decrease by \$3.3 million in fiscal 2000 and \$3.5 million by fiscal 2002. This estimate assumes a 60% local income tax rate, since it is assumed that most teachers working at the Prince George's County School System reside in the county and the county would incur the majority of the revenue loss.

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**Information Source(s):** Maryland State Department of Education, Comptroller's Office, Department of Legislative Services, Maryland Higher Education Commission

**Fiscal Note History:** First Reader - February 5, 1999

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