

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 9 (Delegate Hixson. *et al.*)

Ways & Means

Quality Teacher Incentive Act of 1999

This bill enables a public school teacher who has a standard professional certificate or an advanced professional certificate to claim a credit against the State income tax for up to \$1,500 of tuition paid by the individual for graduate level courses required for maintaining certification beginning in fiscal 2001. The bill also provides competitive grants to local boards of education for expansion of mentor programs.

In addition, the State must provide a teacher who has obtained certification from the National Board for Professional Teaching Standards with a \$2,000 annual salary supplement. The State must also provide a \$1,000 salary signing bonus to individuals who graduate in the top 10% of their class and who become public school classroom teachers for at least three years. The State must also pay a \$2,000 stipend to teachers with an advanced professional certificate who teach at a reconstitution, reconstitution eligible, or challenge school. The Governor must include funds in the State budget for the stipends and salary enhancements.

The bill also extends the probationary period of certificated employees in a public school to three years for employees who are not approved for tenure after the second year. The Maryland State Department of Education (MSDE) must report to the Governor and General Assembly on the bill's effectiveness by September 1, 2002.

This bill takes effect July 1, 1999.

Fiscal Summary

State Effect: General fund revenues decrease by \$11 million in FY 2001. Future year revenues reflect additional teachers. General fund expenditures increase by \$13.8 million in FY 2000. Future year expenditures reflect additional teachers and salary growth.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0.0	(\$11.0)	(\$11.1)	(\$11.2)	(\$11.3)
GF Expenditures	13.8	14.2	15.0	15.5	16.0
Net Effect	(\$13.8)	(\$25.2)	(\$26.1)	(\$26.7)	(\$27.3)

Note: () = decrease; GF = general funds; SF = special funds;

Local Effect: Local school board Social Security costs could increase by \$667,500 in FY 2000 and \$845,000 in FY 2004.

Small Business Effect: None.

Fiscal Analysis

State Revenues: State general fund revenues could decrease by \$11 million in fiscal 2001 due to the tuition tax credit provision. The following table shows the impact on State revenues for fiscal 2001 through 2004.

Net Impact on State Revenues

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Tax Credit	\$0	(\$10,970,000)	(\$11,080,000)	(\$11,190,000)	(\$11,300,000)

This bill enables an individual holding a standard professional certificate or an advanced professional certificate to claim a credit against the State income tax for up to \$1,500 of tuition paid by the individual for graduate level courses required for maintaining certification.

To be eligible for the tax credit, an individual must: (1) successfully complete the courses with at least a B grade; (2) be employed by a local board of education; (3) teach in a public school and receive a satisfactory performance evaluation; and (4) not have been reimbursed by the county for the tuition paid. The tax credit cannot exceed the individual's State income tax for that year.

There were 48,200 classroom teachers employed by local boards of education as of October 1997. The average teacher salary in 1997 totaled \$41,400. Teachers can hold one of three types of certificates: standard professional certificate, 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. The following table shows the projected costs to obtain and/or renew a teacher certificate and the estimated number of teachers seeking or renewing certification. The estimate is based on the per credit hour cost at the University of Maryland - College Park (\$272).

Certificate	Teachers Seeking/Renewing Certification	Semester Hours Required for Certificate	Projected Cost Per Teacher
Standard Professional Certificate II	6,900	6	\$1,632
Advanced Professional Certificate	6,900	36 hours or obtain a master's degree	\$9,792
Advanced Professional Certificate - Renewal	31,700	6	\$0 MSDE provides in service training at no cost to teacher

Approximately 13,800 teachers are seeking either a standard professional certificate II which requires six credit hours of course work or an advanced professional certificate which requires a master's degree or 36 credit hours of course work. Teachers have three years to obtain a standard professional certificate II and ten years to obtain a master's degree. Therefore it is assumed that most teachers would take one or two courses each year in order to satisfy their certification requirements. The aggregate cost for these courses total about \$11 million in FY 2001. Future year costs increase by around 1% annually. Currently, some local school systems reimburse teachers for a portion of these costs; however, this practice may discontinue once the State becomes liable for the cost.

State Expenditures: This bill provides several salary enhancements for teachers including a salary enhancement for teachers obtaining national certification, a signing bonus for teachers graduating at the top of their class, and a stipend for teachers working at reconstitution, reconstitution eligible, or challenge schools. In addition, the bill provides \$5 million in grants for teacher mentoring programs. The following table shows the net impact on State expenditures for fiscal 2000 through fiscal 2004.

Net Impact on State Expenditures

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
National Certification	\$86,000	\$248,300	\$501,600	\$759,900	\$1,023,300
Signing Bonus	840,000	1,125,000	1,620,000	1,770,000	1,920,000
Stipend	7,800,000	7,850,000	7,900,000	8,000,000	8,100,000
Mentoring Grants	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Computer Upgrade	42,500	0	0	0	0
Total	\$13,768,500	\$14,223,300	\$15,021,600	\$15,529,900	\$16,043,300

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. MSDE estimates that by fiscal 2000, 43 teachers will be certified. This bill requires the State to provide a teacher who has obtained national certification with a \$2,000 annual salary supplement. 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. State expenditures would increase by \$86,000 in fiscal 2000 and by \$1 million in fiscal 2004.

In addition, the State must pay a salary signing bonus of \$1,000 to an individual graduating from an institution of higher education in the top 10% of his/her class who remains employed by a local board of education as a classroom teacher for at least three years. If the individual leaves employment with the public school system before the three-year commitment ends, the individual must reimburse the State for the cost of the signing bonus. It is estimated that 840 teachers would be eligible for this bonus in fiscal 2000, thus increasing State costs by \$840,000.

Also, the State must pay a \$2,000 stipend to a teacher with an advanced professional certificate who teaches at a reconstitution, reconstitution eligible, or challenge school. There are 97 of these schools (12% of all schools) in the State. It is estimated that 3,900 teachers would be eligible for this stipend in fiscal 2000, thus increasing State expenditures by \$7.8 million.

This bill provides up to \$5 million in competitive grants to local boards of education to expand mentoring programs. Funding priority is granted to programs in schools in which (1) 40% of the students receive free or reduced price meals; and (2) 50% or more of the teachers have five years or less of teaching experience or student achievement scores on local, State, and national assessments are at or below a satisfactory level. MSDE must establish guidelines for the determination of eligibility for and distribution of the grants.

Local Effect: While the State is required to pay the salary supplements, the local boards of education will have to pay the additional Social Security costs. These costs will total \$667,500 in fiscal 2000 and \$845,000 in fiscal 2004.

Under current State regulations (COMAR 13A.07.02.01) teachers serve under a two-year probationary period. During the probationary period, a local school system can refuse to renew a teacher's contract without reason or cause. The local school system only has to provide prior notice to the teacher by a certain date (the date depends on the teacher's anniversary date of employment). After the two-year probationary period, the local school

system must have cause for not renewing a teacher's contract for another year. Such causes include immorality, misconduct in office, failing to report suspected child abuse, insubordination, incompetency, and willful neglect of duty.

As with teachers, other professional educators also serve under a two-year probationary period. Extending certain certified employee's period of probationary status by another year provides the local boards of education with additional time to evaluate the individual's performance; however, it would not directly affect local school expenses.

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

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