

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

Senate Bill 652 (Senator Collins)

Budget and Taxation and Economic and Environmental Affairs

Education - School Employees Enhancement Act

This bill provides for State matching salary enhancements for certain public school employees: up to \$1,000 for a classroom teacher who holds an advanced professional certificate and teaches in a public school; up to \$1,000 for an administrator or principal; up to \$500 for a noncertificated employee; and up to 4% of the previous year's salary for a school employee. The salary enhancements are part of the employee's base salary for purposes of computing fringe benefits and future salary increases. The county governing body must satisfy the local maintenance of effort requirement for school employees to qualify for the State matching salary enhancement.

This bill takes effect July 1, 2000.

Fiscal Summary

State Effect: General fund expenditures would increase by \$160.7 million in FY 2001. Future year expenditures reflect continual salary adjustments and increased teacher's retirement costs beginning in FY 2003. Revenues would not be affected.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
GF Expenditures	160.7	164.7	185.7	193.8	202.6
Net Effect	(\$160.7)	(\$164.7)	(\$185.7)	(\$193.8)	(\$202.6)

Note: () = decrease; GF = general funds

Local Effect: None. Local school systems are not required by this bill to provide a salary enhancement to public school employees.

Small Business Effect: None.

Analysis

Current Law: Salary enhancements for public school employees are typically decided and funded at the local level. The State does provide considerable financial support to local school systems, with most of the funding having little if any restrictions. Public schools in Maryland receive on average about 42% of their funding from the State, with less affluent school systems receiving a greater share of funding from the State and wealthier school systems receiving a lower share.

In fiscal 2001, State funding for public schools will total \$2.3 billion, which reflects a \$105 million, or 4.8%, increase over the prior year. State funding under the current expense formula, which is the State's major education aid program, will increase by \$54 million in fiscal 2001. Since this program has virtually no restrictions on how the local school system can use the aid, the increased State funding could be used for salary enhancements.

Background: During the 1999 legislative session, the General Assembly passed the Quality Teacher Incentive Act, which included a series of provisions to enhance Maryland's ability to recruit and retain public school teachers (HB 9 - Chapter 600). The legislation provides several salary enhancements for teachers including: (1) a salary supplement for teachers obtaining national certification equal to the incentive grant provided by the local school system up to a maximum of \$2,000; (2) a \$1,000 signing bonus for teachers graduating in the top 10% of their class; and (3) a \$2,000 stipend for a teacher with an advanced professional certificate who teaches at a reconstitution, reconstitution-eligible, or challenge school.

In addition, the legislation provides up to \$5 million in competitive grants to local boards of education to develop and expand mentoring programs. It also 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. The proposed fiscal 2001 State budget includes \$11.8 million to fund the legislation.

Teachers can hold one of three types of certificates: standard professional certificate, advanced professional certificate, and provisional certificate. As of October 1998, statewide 27% of all certified educators held a standard professional certificate, 67% held an advanced professional certificate, and 6% held a provisional certificate. Teachers have three years to obtain a standard professional certificate II and ten years to obtain an advanced professional certificate. A standard professional certificate II requires six credit hours of course work and an advanced professional certificate requires a master's degree or 36 credit hours of course work and four years of teaching experience.

Collective bargaining rights are extended to certificated public school employees in all local school systems and to noncertificated public school employees in 15 local school systems. The nine counties on the Eastern Shore are not required to enter into collective bargaining agreements with their noncertificated public school employees. Certificated employees include teachers and other professional school employees. Noncertificated employees include

custodians, school bus drivers, maintenance workers, instructional aides, and nonprofessional school employees.

State Fiscal Effect: This bill provides two types of salary enhancements to local school employees: (1) a maximum \$500 or \$1,000 State match for certain employees based on the amount provided by the local school system through negotiations with the employee organization; and (2) a maximum 4% salary supplement for school employees to match the local amount negotiated by the employee organization. The salary enhancements are part of the employee’s base salary for purposes of computing fringe benefits and future salary increases.

Maximum \$500 and \$1,000 State Salary Match for Certain Employees

Local school systems employ about 95,000 individuals. This includes about 59,700 certificated employees, 31,900 noncertificated employees, and 3,400 administrators. The State salary enhancement match is provided to 67,000, or 70%, of public school employees. The remaining 30% (28,000) of public school employees who do not qualify for the salary enhancement are mostly classroom teachers without an advanced professional certificate and other professional certificated school employees such as guidance counselors, pupil personnel workers, social workers, and librarians. **Exhibit 1** shows the number of public school employees that would be eligible for the State match and the projected cost.

Exhibit 1
Projected Cost of State Salary Enhancement Match

Type of Employee	Number of Employees	Maximum State Match	Cost of State Salary Match
Classroom Teachers with APC	31,700	\$1,000	\$31.7 million
Classroom Teachers without APC	19,200	\$0	\$0
Administrators and Principals	3,400	\$1,000	\$3.4 million
Noncertificated Employees	31,900	\$500	\$15.6 million
Other Employees	8,800	\$0	\$0
Total Employees	95,000		\$50.7 million

Approximately 38% of classroom teachers do not hold an advanced professional certificate and therefore would not be eligible for the \$1,000 maximum salary enhancement. In order to receive an advanced professional certificate, a teacher must have a master’s degree or 36 credit hours of course work and four years of teaching experience. Consequently, beginning teachers would not be eligible for a \$1,000 matching grant. In addition, since noncertificated public school employees in the nine counties on the Eastern Shore are not guaranteed collective bargaining rights, they might not be eligible to receive the \$500 maximum salary

enhancement.

Maximum 4% Salary Match For All School Employees

The bill provides a maximum 4% salary supplement for school employees to match the local amount negotiated by the employee organization in the previous year. It is assumed that all public school employees would be eligible for this State match. For fiscal 2000, 23 local school systems provided a cost of living adjustment (COLA) to public school employees, ranging from 1% to 4%. Based on an average 3% COLA, State expenditures for the salary match would total \$110 million in fiscal 2001. This is based on a \$3.65 million salary base for public school employees.

Increased State Retirement Costs

The State is responsible for paying the teachers' retirement costs for certain school employees. Based on an additional \$125 million teacher salary base and a 10.95% employer contribution rate, State expenditures for retirement costs would increase by \$13.7 million each year. Since the State payments for teachers' retirement costs are based on the teachers' salary base in the second prior year, State expenditures will not increase until fiscal 2003.

Additional Comments: Exhibit 2 shows the increases in the salary schedule for each local school system for fiscal 1996 through 2000. Over a four-year period, the cumulative salary schedule increase averaged 9.5%.

Exhibit 2
Salary Schedule Increases By School Year

School System	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Allegany	3%	0%	3%	3%	0%
Anne Arundel	0%	0.5%	2.5%	0%	3%
Baltimore City	5%	0%	2%	3%	4%
Baltimore	0%	1.5%	3.25%	3%	4%
Calvert	3%	1%	4%	3%	2%
Caroline	3%	2%	3%	2%	2%
Carroll	3%	0%	2%	2%	3%
Cecil	2.1%	2%	3%	4%	3%
Charles	3%	0%	1.5%	2%	3%
Dorchester	1%	4.75%	4%	2.5%	2%
Frederick	1%	0.1%	0.25%	4%	3%
Garrett	4%	2%	2%	2%	3%
Harford	0%	3%	2%	2%	5%
Howard	4%	0%	2%	2.5%	3.5%
Kent	1%	2.5%	2.5%	1%	3.25%
Montgomery	2.7%	2%	2.6%	2.6%	3%
Prince George's	0%	0%	1%	3%	3%
Queen Anne's	0%	2.45%	2.7%	1.7%	4%
St. Mary's	2.5%	2.5%	2%	2.5%	2.5%
Somerset	3%	0%	3%	2%	3%
Talbot	0%	5.05%	2%	2%	3%
Washington	0%	0%	2%	4%	4%
Wicomico	0.5%	1.5%	1.5%	3%	1%
Worcester	2.5%	1.5%	3%	3.3%	1%

Source: Maryland Association of Boards of Education

Additional Information

Prior Introductions: None.

Cross File: HB 719 (Delegate Barkley) - Ways and Means.

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

Fiscal Note History: First Reader - February 25, 2000
nncsjr

Analysis by: Hiram L. Burch, Jr.

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510