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By: **Delegates Cadden, Heller, Sophocleus, Rosso, Barkley, Owings, Howard,  
Benson, Dembrow, Clagett, Dewberry, D'Amato, Proctor, DeCarlo, W.  
Baker, Malone, Busch, Mohorovic, A. Jones, Minnick, Hubbard,  
McIntosh, Rosenberg, Turner, and Hubers**

Introduced and read first time: February 7, 2002

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Education - Governor's School Salary Challenge Program - Principals**

3 FOR the purpose of renaming the Governor's Teacher Salary Challenge Program to be  
4 the Governor's School Salary Challenge Program; requiring the program to  
5 provide grants to county boards to provide a certain increase in the salaries of  
6 certain principals; establishing that the salary base used to determine certain  
7 components of a salary grant under the program includes the salaries and wages  
8 for certain principals; requiring an application for certain components of a  
9 salary grant to include certain information regarding salary adjustments for  
10 certain principals; requiring that certain components of a salary grant also be  
11 contingent on certain local salary adjustments for certain principals; defining a  
12 certain term; clarifying the application of this Act; and generally relating to  
13 State salary grants for certain principals.

14 BY repealing and reenacting, with amendments,  
15 Article - Education  
16 Section 5-213  
17 Annotated Code of Maryland  
18 (2001 Replacement Volume)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article - Education**

22 5-213.

23 (a) (1) In this section the following words have the meanings indicated.

24 (2) (i) "Cost of living adjustment" means a percentage increase in  
25 salaries that applies among all grades and steps.

1 (ii) "Cost of living adjustment" does not include salary increases for  
2 promotions, increments, or step increases, or similar salary increases received by  
3 employees as a regular part of the operation of a personnel system.

4 (3) "ELIGIBLE PRINCIPAL" MEANS A CERTIFICATED AND SCHOOL-BASED  
5 PRINCIPAL, VICE-PRINCIPAL, ASSISTANT PRINCIPAL, OR ADMINISTRATIVE  
6 ASSISTANT.

7 (4) "Full-time equivalent enrollment" has the meaning indicated in §  
8 5-202 of this subtitle.

9 [(4)] (5) "State share" means the State share of basic current expenses  
10 provided under § 5-202 of this subtitle divided by the amount of the basic current  
11 expenses to be shared for that county.

12 [(5)] (6) "[Teacher salary] SALARY base" means the total salaries and  
13 wages of teachers AND ELIGIBLE PRINCIPALS employed by a county board for the  
14 fiscal year preceding the fiscal year for which the Governor's Challenge Grant is  
15 calculated, as determined by the Department of Budget and Management and the  
16 State Superintendent.

17 [(6)] (7) "Teacher" means any certificated professional public school  
18 employee who is not an administrator.

19 [(7)] (8) "Wealth" has the meaning stated in § 5-202 of this subtitle.

20 [(8)] (9) "Wealth per pupil" means wealth divided by full-time  
21 equivalent enrollment.

22 (b) There is a Governor's [Teacher] SCHOOL Salary Challenge Program.

23 (c) The Governor's [Teacher] SCHOOL Salary Challenge Program shall  
24 provide grants to county boards for the purpose of increasing teacher AND ELIGIBLE  
25 PRINCIPAL salaries in order to improve recruitment and retention of well qualified  
26 teachers AND ELIGIBLE PRINCIPALS.

27 (d) (1) Each grant made to a county board shall be calculated based on:

28 (i) A percentage component;

29 (ii) A wealth adjusted component;

30 (iii) A hold harmless component;

31 (iv) A targeted component; and

32 (v) A transitional component.

33 (2) The percentage component shall be calculated as follows:

1 (i) For fiscal year 2001, multiply the [teacher] salary base for the  
2 county board by 0.01;

3 (ii) For fiscal year 2002:

4 1. If the county board meets the local match requirement  
5 established under subsection (f)(2) of this section in fiscal year 2001 and meets the  
6 local match requirement for fiscal year 2002, multiply the [teacher] salary base for  
7 the county board by 0.02;

8 2. If the county board does not meet the local match  
9 requirement established under subsection (f)(2) of this section in fiscal year 2001 and  
10 meets the local match requirement in fiscal year 2002, multiply the [teacher] salary  
11 base for the county board by 0.01; and

12 3. If the county board meets the local match requirement  
13 established under subsection (f)(2) of this section in fiscal year 2001 and does not  
14 meet the local match requirement in fiscal year 2002, multiply the [teacher] salary  
15 base for the county board by 0.01; and

16 (iii) For fiscal year 2003, the county board shall receive an amount  
17 that is equal to the percentage component received by the county board in fiscal year  
18 2002.

19 (3) (i) For fiscal years 2001 and 2002, the wealth adjusted component  
20 shall be calculated as follows:

21 1. A. Multiply the percentage component for the county  
22 board by 2; and

23 B. Multiply the product calculated in item 1 of this item for  
24 that fiscal year by the State share for the county board; and

25 2. A. If the product calculated in item (i) of this paragraph  
26 is greater than the percentage component for the county board, the wealth adjusted  
27 component shall be the amount of the difference.

28 B. If the product calculated in item (i) of this paragraph is  
29 less than the percentage component for the county board, the wealth adjusted  
30 component shall be zero.

31 (ii) For fiscal year 2003, the county board shall receive an amount  
32 that is equal to the wealth adjusted component received by the county board in fiscal  
33 year 2002.

34 (4) (i) The Governor's [Teacher] SCHOOL Salary Challenge Grant to a  
35 county board shall contain a hold harmless component equal to the amount, if any, by  
36 which the county board's State share of basic current expense calculated under §  
37 5-202 of this subtitle for the year of the Governor's [Teacher] SCHOOL Salary

1 Challenge Grant is less than the county board's State share of basic current expense  
2 calculated under § 5-202 of this subtitle for the previous year.

3 (ii) A county board shall receive its hold harmless component  
4 regardless of whether it meets the local match requirement established under  
5 subsection (f)(2) of this section.

6 (5) (i) The Governor's [Teacher] SCHOOL Salary Challenge Grant to a  
7 county board shall contain a targeted component as provided in subparagraphs (ii)  
8 through (vi) of this paragraph.

9 (ii) For fiscal year 2001, the Governor shall include in the annual  
10 budget bill an appropriation of at least \$5,300,000 for the targeted component.

11 (iii) For fiscal year 2002, the Governor shall include in the annual  
12 budget bill an appropriation of at least \$10,600,000 for the targeted component.

13 (iv) For fiscal years 2001 and 2002, the county board in each county  
14 that has a wealth per pupil that is less than 75 percent of the statewide wealth per  
15 pupil shall receive a proportionate share of the targeted component that is equal to  
16 the county board's proportionate share of the total full-time equivalent enrollment for  
17 all counties with a wealth per pupil that is less than 75 percent of the statewide  
18 wealth per pupil.

19 (v) For fiscal years 2001 and 2002, the county board shall receive  
20 its proportionate share of the targeted component regardless of whether it meets the  
21 local match requirement established under subsection (f)(2) of this section.

22 (vi) For fiscal year 2003, the county board shall receive an amount  
23 that is equal to the targeted component received by the county board in fiscal year  
24 2002.

25 (6) (i) The Governor's [Teacher] SCHOOL Salary Challenge Grant  
26 shall contain a transitional component as provided in subparagraphs (ii) and (iii) of  
27 this paragraph.

28 (ii) For fiscal year 2001, the Governor shall include in the State  
29 budget an appropriation of at least \$9 million for the transitional component.

30 (iii) A county board shall receive a proportionate share of the  
31 transitional component that is equal to the county board's proportionate share of all  
32 reimbursements received by the State from the county board that:

33 1. Are for retirement contributions received after June 30,  
34 1999 but before July 1, 2000; and

35 2. Are sought by the State Retirement Agency on the basis  
36 that the salary of an eligible member of the Teachers' Retirement System or Teachers'  
37 Pension System is paid in whole or in part from:

- 1                           A.       State aid, whether general or categorical in nature; or
- 2                           B.       Federal funds, whether the funds are paid directly to a  
3 county board or are passed through from a unit of State government.
- 4                           (iv)     A county board shall receive its proportionate share of the  
5 transitional component regardless of whether it meets the local match requirement  
6 established under subsection (f)(2) of this section.
- 7       (e)       (1)     On or before June 1, 2000, and on or before June 1, 2001, each county  
8 board may submit a Governor's [Teacher] SCHOOL Salary Challenge Grant  
9 application to the Department of Budget and Management and the State  
10 Superintendent for the percentage component and the wealth adjusted component of  
11 the Governor's [Teacher] SCHOOL Salary Challenge Program.
- 12                       (2)     The application shall include:
- 13                       (i)     The estimated [teacher] salary base for the county board for  
14 the current fiscal year;
- 15                       (ii)     For the next fiscal year, the negotiated and funded cost of living  
16 adjustment for teachers AND ELIGIBLE PRINCIPALS and the aggregate cost of  
17 negotiated and funded changes to the teacher AND ELIGIBLE PRINCIPAL salary  
18 schedules, to be funded from sources other than the percentage component of the  
19 Governor's [Teacher] SCHOOL Salary Challenge Grant, expressed in total dollars and  
20 as a percentage; and
- 21                       (iii)    Any other information necessary to determine eligibility for the  
22 Governor's [Teacher] SCHOOL Salary Challenge Grant.
- 23                       (3)     The application shall be in a form and format specified by the  
24 Department of Budget and Management and the State Superintendent.
- 25       (f)       (1)     For fiscal years 2001 and 2002, the percentage component and the  
26 wealth adjusted component of a Governor's [Teacher] SCHOOL Salary Challenge  
27 Grant shall be awarded to each county board that submits an application and that  
28 meets the requirements of this section, as determined by the Department of Budget  
29 and Management and the State Superintendent.
- 30                       (2)     (i)     Subject to subparagraph (ii) of this paragraph and paragraph  
31 (3) of this subsection, a county board that provides a negotiated and funded cost of  
32 living adjustment for teachers AND ELIGIBLE PRINCIPALS of at least 4% or a  
33 negotiated and funded adjustment to the teacher AND ELIGIBLE PRINCIPAL salary  
34 schedules that has an aggregate cost that is at least equivalent to the cost of  
35 providing a 4% cost of living adjustment for teachers AND ELIGIBLE PRINCIPALS shall  
36 qualify for the percentage component and the wealth adjusted component of the  
37 Governor's [Teacher] SCHOOL Salary Challenge Program.

1 (ii) The funds provided by a county board for the purpose of  
2 meeting the local match requirement established under subparagraph (i) of this  
3 paragraph shall be:

4 1. In addition to any previously negotiated and funded step  
5 increases and stipends; and

6 2. Obtained from sources other than the percentage  
7 component of the Governor's [Teacher] SCHOOL Salary Challenge Program.

8 (3) If a county board meets the local match requirement established  
9 under paragraph (2) of this subsection in fiscal year 2001 and does not meet the local  
10 match requirement in fiscal year 2002, the county board shall receive:

11 (i) A percentage component in fiscal year 2002 as provided under  
12 subsection (d)(2)(ii)3 of this section; and

13 (ii) A wealth adjusted component in fiscal year 2002 as provided  
14 under subsection (d)(3) of this section.

15 (4) In fiscal years 2001 and 2002, the percentage component of the  
16 Governor's [Teacher] SCHOOL Salary Challenge Grant shall be used to provide an  
17 additional 1% cost of living adjustment for teachers AND ELIGIBLE PRINCIPALS.

18 (g) The Governor shall include funds in the State budget to accomplish the  
19 purposes of this section.

20 (h) The Department of Budget and Management and the State  
21 Superintendent may establish guidelines or regulations to implement the Governor's  
22 [Teacher] SCHOOL Salary Challenge Program.

23 (i) (1) There is a Transitional Education Fund.

24 (2) The Fund consists of \$16,500,000 of reimbursements for fiscal year  
25 2000 and all reimbursements for fiscal years 2001, 2002, and 2003 received by the  
26 State from the county boards that:

27 (i) Are for retirement contributions made after June 30, 1999 but  
28 before July 1, 2003; and

29 (ii) Are sought by the State on the basis that the salary of an  
30 eligible member of the Teachers' Retirement System or Teachers' Pension System is  
31 paid in part or in whole from:

32 1. State aid, whether general or categorical in nature; or

33 2. Federal funds, whether the funds are paid directly to a  
34 local school system or are passed through from a unit of State government.

35 (3) Notwithstanding § 5-203 (d) of this subtitle, all reimbursements  
36 described in paragraph (2) of this subsection shall be credited to the Fund.

1                   (4)     (i)       The State Treasurer shall hold the Fund and shall invest the  
2 money in the Fund in the same manner as other State money may be invested.

3                               (ii)      All interest earned on the Fund shall accrue to the General  
4 Fund.

5                               (iii)     The State Comptroller shall account for the Fund.

6                   (5)       The Fund shall be used to implement the Governor's [Teacher]  
7 SCHOOL Salary Challenge Program established under this section.

8                   (6)       Expenditures from the Fund may only be made pursuant to an  
9 appropriation approved by the General Assembly in the annual State budget or by  
10 approved budget amendment.

11                   (7)       Except as provided in paragraph (8) of this subsection, any Fund  
12 balance at the end of each fiscal year shall remain in the Fund and may not revert to  
13 the General Fund.

14                   (8)       The Fund shall terminate at the end of June 30, 2003 and any Fund  
15 balance that remains at the end of June 30, 2003 shall revert to the General Fund.

16     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
17 construed to apply to eligible principals beginning in fiscal year 2004 and may not be  
18 applied or interpreted to have any effect on or application to eligible principals before  
19 July 1, 2003.

20     SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take  
21 effect October 1, 2002.