

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

Senate Bill 563 (Senator Jimeno)
Budget and Taxation and Education, Health, and Environmental Affairs

Education - Governor's School Salary Challenge Program - Principals

This bill changes the name of the Governor's Teacher Salary Challenge Program to the Governor's School Salary Challenge Program. The bill requires local school systems to use State aid provided through the program to enhance the salaries of certificated school-based principals, vice principals, assistant principals, and administrative assistants beginning in fiscal 2004.

Fiscal Summary

State Effect: None. No additional funding would be provided through the Governor's School Salary Challenge Program.

Local Effect: None. If the Governor's School Salary Challenge Program does not sunset after FY 2003, local school systems would be required to provide salary enhancements to principals with State aid from the program in FY 2004.

Small Business Effect: None.

Analysis

Current Law: The Governor's Teacher Salary Challenge Program provides funding to local boards of education through five different components: a percentage component, a wealth adjusted component, a hold harmless component, a targeted component, and a transitional component. The largest component of the program is the percentage component. The amount and distribution of State aid under the percentage component is calculated using the salary base of teachers in each local school system, not including the

salaries of school-based administrators. State aid is contingent on local enhancements to teachers' salary bases in fiscal 2001 and 2002. State aid that local school systems receive through the percentage component in fiscal 2001 and 2002 must be used to provide salary enhancements to teachers. In fiscal 2003, State funding under the percentage, wealth adjusted, and targeted components is equal to the amount of funding the local board received in fiscal 2002. The hold-harmless component is provided to local boards with current expense funding below the amount provided in the prior fiscal year. Funding for the transitional component is discontinued in fiscal 2003. The program is due to sunset following fiscal 2003.

Background: Since the Maryland School Performance Assessment Program began evaluating schools a decade ago, school-level student performance has been under more intense scrutiny than at any time in the past. As the leaders of schools, principals are under greater pressure to ensure the success of all students. An April 2001 report by the Southern Regional Education Board (*Preparing a New Breed of School Principals: It's Time for Action* by Gene Bottoms and Kathy O'Neill) notes that "increasingly, state accountability systems are placing the burden of school success -- and individual student achievement -- squarely on the principal's shoulders." The report goes on to state that increased school accountability "demands a new breed of school leaders, with skills and knowledge far greater than those expected in the past." Within this environment, the report suggests that successful principals must understand practices that raise student performance, work with teachers and others to execute best practices, and provide support to school staff as new practices are implemented.

The Maryland Task Force on the Principalship presented its work to the State Board of Education in June 2000. The task force made three major recommendations:

- The extraneous responsibilities assigned to principals should be minimized to allow principals to focus on their primary roles as instructional leaders.
- Comprehensive programs should be developed to identify new principal candidates and to provide professional development to new and current principals.
- Compensation packages for principals should be adjusted to reflect their responsibilities.

In October 2000, the average principal salary in the State was \$81,363 and the average assistant/vice principal salary was \$68,464. **Exhibit 1** shows the average salaries of principals and assistant/vice principals for each local school system.

Exhibit 1
Average Salaries of Principals and Assistant/Vice Principals
October 2000

School System	Principals	Assistant/Vice Principals	School System	Principals	Assistant/Vice Principals
Allegany	\$66,345	\$53,509	Harford	\$76,942	\$66,894
Anne Arundel	83,302	69,171	Howard	88,767	68,044
Baltimore City	75,198	64,078	Kent	72,688	63,462
Baltimore	82,996	70,462	Montgomery	97,784	83,120
Calvert	85,217	70,227	Prince George's	82,409	68,689
Caroline	71,803	57,647	Queen Anne's	71,951	63,095
Carroll	79,096	69,802	St. Mary's	74,051	62,611
Cecil	71,958	64,039	Somerset	62,032	56,258
Charles	79,072	61,312	Talbot	68,186	54,260
Dorchester	69,993	57,098	Washington	72,888	61,506
Frederick	74,983	65,140	Wicomico	70,210	59,018
Garrett	58,602	51,102	Worcester	77,482	66,108

Source: Maryland State Department of Education

Chapters 492 and 493 of 2000 established the Governor's Teacher Salary Challenge Program. The legislation encouraged local school systems to increase the salary bases of teachers in fiscal 2001 and 2002 through the use of State salary base matches. In fiscal 2001, 22 school systems were eligible for the State match, and in fiscal 2002, 23 systems are receiving the State matches. Chapter 420 of 2001 extended the sunset on the legislation through fiscal 2003, and required the State to provide funding equal to the fiscal 2002 funding level for most program components. The proposed fiscal 2003 State budget includes \$72.5 million for the program.

State Fiscal Effect: This bill would be applicable to principals' salaries beginning in fiscal 2004, the year after the Governor's Teacher Salary Challenge Program is due to sunset. Two bills introduced this session, Senate Bill 751/House Bill 1294, would extend the sunset on the program through fiscal 2004. However, even if these bills pass and the sunset on the program is extended, there would be no impact on State finances. This bill

does not provide for additional State funding for the program beyond the amount provided in fiscal 2002.

Local Expenditures: If the sunset on the Governor's Teacher Salary Challenge Program is extended and this bill is enacted, local school systems would be required to use State aid from the Governor's School Salary Challenge Program to enhance the salaries of principals beginning in fiscal 2004. Local school systems would not receive additional State funding under the program.

Additional Information

Prior Introductions: None.

Cross File: HB 803 (Delegate Cadden, *et al.*) - Ways and Means.

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

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Analysis by: Mark W. Collins

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