

**Department of Legislative Services**  
 Maryland General Assembly  
 2002 Session

**FISCAL NOTE**  
**Revised**

House Bill 306 (Delegates Leopold and Heller)  
 Ways and Means and Appropriations

**Education - Principals - State Salary Grants**

This bill establishes a program of State grants to local school systems based on local enhancements to the salaries of principals, vice principals, and assistant principals. A local school system qualifies for a State grant if it provides an aggregate 4% increase in the salary base of principals, vice principals, and assistant principals during fiscal 2001, 2002, and 2003 combined. The 4% increase must be in addition to any step increases and stipends negotiated prior to fiscal 2001. The State grant equals 1% of the fiscal 2003 salary base of school-based administrators and must be used to provide a 1% cost-of-living adjustment to administrators in fiscal 2004. The Governor must include funding in the fiscal 2004 State budget to implement the program.

The bill is effective July 1, 2002 and sunsets June 30, 2004.

**Fiscal Summary**

**State Effect:** General fund expenditures would increase by an estimated \$2.3 million in FY 2004. Revenues would not be affected.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	2.3	0	0	0
Net Effect	\$0	(\$2.3)	\$0	\$0	\$0

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

**Local Effect:** State aid to local school systems would increase by an estimated \$2.3 million in FY 2004.

**Small Business Effect:** None.

## Analysis

**Current Law:** The Governor's Teacher Salary Challenge Program provides State matches for local increases to the salary bases of certificated school personnel other than administrators. No existing State education aid programs provide funding based on enhancements to the salary bases of school-based administrators.

**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 in each local school system.

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

<b>School System</b>	<b>Principals</b>	<b>Assistant/Vice Principals</b>	<b>School System</b>	<b>Principals</b>	<b>Assistant/Vice Principals</b>
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

**State and Local Fiscal Effect:** The bill would provide an additional \$2.3 million in State aid to local school systems in fiscal 2004. This estimate is based on the assumption that all local school systems would provide the required 4% salary enhancements to principals and vice/assistant principals. **Exhibit 2** displays the estimated fiscal 2003 salary bases for school-based administrators and the grants that local school systems would receive in fiscal 2004. As seen in the exhibit, 12 local school systems have already provided enhancements beyond the required 4%. The other 12 local school systems have provided enhancements equal to 4% or have approved enhancements of 4%. State grants would range from an estimated \$8,105 in Kent County to \$343,636 in Montgomery County. Local school systems would use the grants to provide a 1% cost-of-living adjustment for principals, vice principals, and assistant principals in fiscal 2004.

**Exhibit 2**  
**Estimated Fiscal 2004 State Grants to Local School Systems**  
**HB 306**

<b>School System</b>	<b>Salary Base FY 2001</b>	<b>Estimated Increase FY01-FY03</b>	<b>Estimated FY 2003 Salary Base</b>	<b>Estimated Grant Amount</b>
Allegany	\$2,260,050	4.0%	\$2,350,500	23,505
Anne Arundel	19,306,047	5.0%	20,271,300	202,713
Baltimore City	29,563,493	4.0%	30,746,000	307,460
Baltimore	31,269,944	4.5%	32,677,100	326,771
Calvert	4,036,508	4.0%	4,198,000	41,980
Caroline	1,294,496	4.0%	1,346,300	13,463
Carroll	6,662,003	4.0%	6,928,500	69,285
Cecil	3,327,975	5.0%	3,494,400	34,944
Charles	5,350,638	4.0%	5,564,700	55,647
Dorchester	1,525,089	4.0%	1,586,100	15,861
Frederick	8,559,091	5.0%	8,987,000	89,870
Garrett	1,134,536	5.0%	1,191,300	11,913
Harford	8,997,912	5.0%	9,447,800	94,478
Howard	12,003,263	4.0%	12,483,400	124,834
Kent	771,887	5.0%	810,500	8,105
Montgomery	33,041,893	4.0%	34,363,600	343,636
Prince George's	31,579,791	4.0%	32,843,000	328,430
Queen Anne's	1,431,272	5.0%	1,502,800	15,028
Saint Mary's	3,521,100	4.0%	3,661,900	36,619
Somerset	907,380	5.0%	952,700	9,527
Talbot	1,047,756	6.0%	1,110,600	11,106
Washington	4,806,216	5.0%	5,046,500	50,465
Wicomico	3,573,620	4.0%	3,716,600	37,166
Worcester	2,073,380	6.0%	2,197,800	21,978
<b>Total</b>	<b>\$218,045,340</b>		<b>\$227,478,400</b>	<b>\$2,274,784</b>

**Additional Comments:** The Governor's Teacher Salary Challenge Program required 4% increases to teachers' salary bases in each of two fiscal years to earn the full State match. This program is different in that it requires an aggregate 4% local match over three fiscal years.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 4, 2002  
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