

Department of Legislative Services
 Maryland General Assembly
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FISCAL AND POLICY NOTE

Senate Bill 295

(Senator McFadden)

Budget and Taxation and Education, Health, and Environmental Affairs

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 2002, 2003, and 2004 combined. The 4% increase must be in addition to any step increases and stipends negotiated prior to fiscal 2002. The State grant equals 1% of the fiscal 2004 salary base of school-based administrators and must be used to provide a 1% cost-of-living adjustment to administrators in fiscal 2005. The Governor must include funding in the fiscal 2005 State budget to implement the program.

The bill is effective July 1, 2003 and sunsets June 30, 2005.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$2.5 million in FY 2005 to enhance State aid for local school systems. Revenues would not be affected.

(\$ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	2.5	0	0	0
Net Effect	\$0	(\$2.5)	\$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 \$2.5 million in FY 2005, which would provide salary enhancements for school-based administrators. Beginning in FY 2006, local school expenditures would increase to support the higher salaries for principals, assistant principals, and vice principals.

Small Business Effect: None.

Analysis

Current Law: In fiscal 2001 and 2002, the Governor’s Teacher Salary Challenge Program provided 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 2001, the average principal salary in the State was \$85,600 and the average assistant/vice principal salary was \$71,402. These salary levels represent increases of 5% and 4% respectively over the October 2000 average salaries. **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 2001

School System	Assistant/Vice		School System	Assistant/Vice	
	Principals	Principals		Principals	Principals
Allegany	\$67,659	\$54,570	Harford	\$82,183	\$72,898
Anne Arundel	89,263	76,185	Howard	93,320	70,668
Baltimore City	81,735	66,376	Kent	72,709	71,225
Baltimore	89,239	73,217	Montgomery	99,867	86,667
Calvert	90,489	74,064	Prince George's	82,777	68,793
Caroline	73,737	58,223	Queen Anne's	76,375	65,806
Carroll	82,837	71,769	St. Mary's	81,358	65,427
Cecil	73,128	69,762	Somerset	67,085	57,769
Charles	83,072	63,859	Talbot	71,866	58,082
Dorchester	70,809	57,710	Washington	77,466	65,607
Frederick	80,733	69,186	Wicomico	73,459	61,004
Garrett	59,477	53,536	Worcester	82,126	69,014

Source: Maryland State Department of Education

In fiscal 2005, the State will provide an estimated \$3.7 billion in education funding to local school systems if the Bridge to Excellence in Education Act of 2002 is fully-funded, or \$3.5 billion if the General Assembly decides the State cannot afford full implementation of the new education funding formulas.

State and Local Fiscal Effect: The bill would provide an additional \$2.5 million in State aid to local school systems in fiscal 2005. This estimate is based on the assumption that all local school systems would provide the required 4% aggregate salary enhancements to principals and vice/assistant principals from fiscal 2002 to 2004. **Exhibit 2** displays estimates of the fiscal 2004 salary bases for school-based administrators and the fiscal 2005 grants that local school systems would receive. State grants would range from an estimated \$9,000 in Kent County to \$415,500 in Montgomery County. Local school systems would use the grants to provide 1% cost-of-living adjustments for principals, vice principals, and assistant principals in fiscal 2005.

Exhibit 2
Estimated Fiscal 2005 State Grants to Local School Systems

County	Estimated FY 2004 Salary Base	Estimated FY 2005 State Grant	County	Estimated FY 2004 Salary Base	Estimated FY 2005 State Grant
Allegany	\$2,447,139	\$24,471	Harford	\$10,143,763	\$101,438
Anne Arundel	23,657,148	236,571	Howard	13,460,978	134,610
Baltimore City	31,288,873	312,889	Kent	896,919	8,969
Baltimore	35,223,237	352,232	Montgomery	41,553,565	415,536
Calvert	4,580,525	45,805	Prince George's	40,166,559	401,666
Caroline	1,411,851	14,119	Queen Anne's	1,521,478	15,215
Carroll	7,641,646	76,416	St. Mary's	4,332,187	43,322
Cecil	3,680,561	36,806	Somerset	1,087,362	10,874
Charles	5,800,551	58,006	Talbot	1,103,907	11,039
Dorchester	1,569,818	15,698	Washington	5,463,807	54,638
Frederick	10,007,330	100,073	Wicomico	3,754,993	37,550
Garrett	1,089,758	10,898	Worcester	2,357,716	23,577
		State Total:	\$2,542,418		

Source: Fiscal 2004 salary base estimates from Maryland State Department of Education

After fiscal 2005, it is assumed that local school systems would begin funding the cost of the salary enhancements provided to school-based administrators through the State grant program. Beginning in fiscal 2006, therefore, local school expenditures would increase by the out-year costs of the 1% salary increases.

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.

Additional Information

Prior Introductions: A similar bill was introduced in 2002 as HB 306. The bill was jointly assigned to the House Ways and Means and House Appropriations committees but was not reported out of either committee.

Cross File: None.

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

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lc/hlb

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