

**Department of Legislative Services**  
 Maryland General Assembly  
 2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 865 (Senator Colburn)  
 Education, Health, and Environmental Affairs

**Quality Teacher Incentives - Classroom Teachers - Specialists**

This bill allows school guidance counselors, library media specialists, reading teachers, reading specialists, speech pathologists, audiologists, occupational therapists, and physical therapists to receive Quality Teacher Incentive stipends and bonuses. The incentives are: (1) stipends of up to \$2,000 for personnel certified by the National Board for Professional Teaching Standards; (2) signing bonuses of \$1,000 for newly-hired personnel who graduate from college with a 3.5 average; and (3) stipends of \$2,000 for personnel with advanced professional certificates who teach in challenge schools, reconstitution schools, or reconstitution-eligible schools. The bill also allows the same categories of school employees to claim a tax credit of up to \$1,500 for graduate level courses that are taken for the purpose of maintaining certification.

The bill takes effect July 1, 2004.

**Fiscal Summary**

**State Effect:** General fund expenditures would increase by an estimated \$592,000 annually beginning in FY 2005. General fund revenues would decrease according to the number of additional school personnel who would qualify for graduate tuition tax credits.

| (in dollars)   | FY 2005     | FY 2006     | FY 2007     | FY 2008     | FY 2009     |
|----------------|-------------|-------------|-------------|-------------|-------------|
| GF Revenue     | (-)         | (-)         | (-)         | (-)         | (-)         |
| GF Expenditure | 592,000     | 592,000     | 592,000     | 592,000     | 592,000     |
| Net Effect     | (\$592,000) | (\$592,000) | (\$592,000) | (\$592,000) | (\$592,000) |

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

**Local Effect:** Local school expenditures for employee fringe benefits would increase minimally.

**Small Business Effect:** None.

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## **Analysis**

**Current Law:** Only classroom teachers are eligible to receive Quality Teacher Incentives and to claim tuition tax credits.

**Background:** Stipends, bonuses, and tuition tax credits for classroom teachers were established under the Teacher Quality Incentive Act of 1999 (Chapter 600). In the 2002-2003 school year, 203 teachers who are certified by the National Board for Professional Teaching Standards received stipends totaling \$378,819, and 2,825 teachers holding advanced professional certificates and teaching in challenge schools and reconstituted schools received stipends totaling \$5.7 million. In addition, 567 newly-hired teachers received the \$1,000 signing bonus. The proposed fiscal 2005 State budget includes \$7.55 million for the incentives. **Exhibit 1** shows the distribution of teachers qualifying for stipends and bonuses during the 2002-2003 school year among the State's local school systems.

The Teacher Quality Incentive Act was established to address the State's shortage of teachers. In its annual *Maryland Teacher Staffing Report*, the State Board of Education identifies specific regional areas and teaching fields that are experiencing shortages. In the most recent report, released in August 2003, all 24 of Maryland's public school systems were identified as geographic areas of projected teacher shortages. The report also declares shortages of male teachers and minority teachers and recognizes several fields as critical shortage areas, including career and technology, computer science, English for speakers of other languages, mathematics, science, and special education.

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**Exhibit 1**  
**Classroom Teachers Awarded Teacher Quality Incentives**  
**2002-2003 School Year**

| <u>County</u>   | <u>National<br/>Board<br/>Certification</u> | <u>Advanced<br/>Professional<br/>Certification</u> | <u>Signing<br/>Bonus</u> |
|-----------------|---|--|--------------------------|
| Allegany        | 10  | 27   | 5                        |
| Anne Arundel    | 3   | 326  | 45                       |
| Baltimore City  | 4   | 1,067  | 37                       |
| Baltimore       | 25  | 281  | 159                      |
| Calvert         | 3   | 0  | 18                       |
| Caroline        | 0   | 209  | 6                        |
| Carroll         | 1   | 0  | 13                       |
| Cecil           | 5   | 0  | 13                       |
| Charles         | 9   | 28   | 25                       |
| Dorchester      | 1   | 53   | 5                        |
| Frederick       | 6   | 0  | 42                       |
| Garrett         | 2   | 0  | 1                        |
| Harford         | 6   | 0  | 20                       |
| Howard          | 19  | 0  | 36                       |
| Kent            | 0   | 0  | 0                        |
| Montgomery      | 78  | 391  | 78                       |
| Prince George's | 14  | 385  | 39                       |
| Queen Anne's    | 8   | 0  | 0                        |
| St. Mary's      | 2   | 0  | 8                        |
| Somerset        | 0   | 0  | 3                        |
| Talbot          | 1   | 0  | 0                        |
| Washington      | 4   | 58   | 5                        |
| Wicomico        | 0   | 0  | 9                        |
| Worcester       | <u>2</u>                                    | <u>0</u>   | <u>0</u>                 |
| <b>Total</b>    | <b>203</b>                                  | <b>2,825</b>                                       | <b>567</b>               |

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To further complicate the teacher shortage, the federal No Child Left Behind legislation enacted in January 2002 requires all teachers to be “highly qualified” by the 2005-2006 school year. In effect, this means all public school teachers must meet the State’s professional certification requirements and must demonstrate high levels of competence in the subjects they teach. Maryland was not meeting this goal as of October 2002, the most recent date for which comprehensive data are available. At that time, local school systems employed nearly 5,800 teachers who did not hold professional certification, approximately 10% of the teaching workforce. This percentage does not include teachers who are fully certified but are teaching outside their areas of expertise. Maryland is due to begin reporting the percentage of classes being taught by teachers who meet the federal standard later this year.

**State Revenues:** General fund revenues could decrease, depending on the number of guidance counselors, library media specialists, reading teachers, reading specialists, speech pathologists, audiologists, occupational therapists, and physical therapists who require graduate level courses to maintain certification. The majority of guidance counselors, library media specialists, reading teachers, and reading specialists have graduate degrees and do not need further education to maintain certification. However, a number of speech pathologists, audiologists, occupational therapists, and physical therapists could qualify each year. Any tax credit taken would represent an equal decrease in general fund revenues. The number of individuals who would qualify for the tax credits each year and the amount of the tax credits that could be granted cannot be reliably estimated at this time.

**State Expenditures:** In total, general fund expenditures would increase by an estimated \$592,000 annually beginning in fiscal 2005. This estimate is based on the following information and assumptions.

- There are 68 schools that currently qualify as challenge and reconstitution schools. Assuming that four additional advanced professional certificated staff are eligible for stipends in each of these schools, 272 additional individuals would qualify for \$2,000 annual stipends from the State. The additional cost would be \$544,000.
- A small number of speech pathologists, audiologists, occupational therapists, and physical therapists could receive the salary signing bonuses for newly-hired personnel each year. Assuming each of the 24 local school systems grants an average of two bonuses per year, expenditures would increase by \$48,000 annually. Guidance counselors, library media specialists, reading teachers, and reading specialists typically begin their careers as classroom teachers, a category of personnel that already qualifies for the signing bonuses. The extension of eligibility to these individuals, therefore, would have little impact on expenditures.

- Although it could not be confirmed absolutely, it is believed that all school personnel with certification from the National Board for Professional Teaching Standards already receive State stipends. Even if this is not currently the case for some school systems, it is expected that only a very small number of nonteachers would qualify for the stipends. The increase could be absorbed within the existing appropriation for Quality Teacher Incentives and would not add further to estimated expenditure increases.

**Local Expenditures:** Local school systems pay the fringe benefits costs associated with Quality Teacher Incentives paid by the State. These costs would be minimal.

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### **Additional Information**

**Prior Introductions:** Over the last several years, there have been a number of bills that would have extended Quality Teacher Incentives to additional categories of school personnel. HB 22 of 2003 would have extended eligibility for the national board certification stipend to library media specialists, speech-language pathologists, audiologists, and other professional school staff, subject to the availability of funding. The bill received an unfavorable report from the House Committee on Ways and Means.

SB 656/HB 655 of 2002, as introduced, would have allowed the State Board of Education to determine classes of school personnel who are eligible for the stipends based on workforce shortage needs. As amended, HB 655 would have applied specifically to audiologists, speech-language pathologists, and reading specialists. HB 655 was passed by the House of Delegates, but like SB 656, it was not reported out of the Senate Education, Health, and Environmental Affairs Committee. HB 51 of 2002 would have extended eligibility for stipends and bonuses to reading specialists and library media specialists. The bill received an unfavorable report from the House Committee on Ways and Means.

HB 882 of 2001 would have extended the stipends and bonuses to all nonadministrative certificated school personnel. The bill received an unfavorable report from the House Committee on Ways and Means.

**Cross File:** None.

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

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