

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 893 (The President, *et al.*) (By Request - Administration)
 Education, Energy, and the Environment and
 Budget and Taxation

Maryland Educator Shortage Act of 2023

This Administration bill makes a number of changes related to the recruitment and retention of teachers, including prekindergarten teachers. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: General fund expenditures increase by \$15.0 million in FY 2024 due to the contingent funding in the FY 2024 budget as introduced; it is assumed that any excess funding from FY 2024 is transferred to the new special fund created by the bill. Beginning in FY 2025, general fund mandated appropriations decrease by \$8.0 million annually; however, this estimate assumes that those savings are offset by expenditures on other programs established by the bill, as explained below. Special fund and higher education revenues and expenditures increase, as discussed below. Out-years reflect the reduced mandated appropriation and continued staffing and program costs for the programs established by the bill. **This bill decreases a mandated appropriation beginning in FY 2025.**

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
SF Revenue	-	-	-	-	-
Higher Ed Rev.	-	-	-	-	-
GF Expenditure	\$15.0	\$0	\$0	\$0	\$0
SF Expenditure	-	-	-	-	-
Higher Ed Exp.	-	-	-	-	-
Net Effect	(\$15.0)	\$0.0	\$0.0	\$0.0	\$0.0

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

Local Effect: Local school systems can likely report the required information using existing resources; however, resources may be directed from current priorities. Local school revenues are not directly affected.

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) disagrees with this assessment as discussed below.

Analysis

Bill Summary: Generally, the bill (1) changes alternative teacher preparation programs; (2) requires teacher preparation programs to set recruitment goals; (3) requires establishment of an educator dashboard; (4) expresses legislative intent to join the Interstate Teacher Mobility Compact; (5) allows an individual pursuing State certification through an alternative preparation program to be a prekindergarten teacher; (6) transfers administration of the Teaching Fellows for Maryland scholarship to the Maryland State Department of Education (MSDE), makes changes to the scholarship, and decreases the appropriation the Governor must include in the annual budget bill by \$8.0 million; and (7) establishes the Grow Our Own Educators Scholarship Program and related special fund as well as the Educator Internship Stipend Program.

Teacher Preparation Programs

Alternative Preparation Programs: The bill expands the entities that may establish an alternative teacher preparation program to include an institution of higher education, a nonprofit organization, or MSDE. The bill also expands what constitutes a “partner school” for a teacher preparation program to include an eligible prekindergarten provider.

Under the bill, an alternative teacher preparation program for an early childhood education certification must require each participant to successfully (1) complete a teacher training practicum or (2) satisfy criteria established by MSDE that evaluate the knowledge and skills from prior learning relating to early childhood education. MSDE, in collaboration with institutions of higher education, must establish standards for and criteria to evaluate the knowledge and skills from prior learning relating to early childhood education, including from a registered apprenticeship.

High Staff Qualifications for Prekindergarten Teachers: The bill expands the minimum requirements for highly qualified teachers for specified prekindergarten providers to include a teacher who is pursuing State certification through an alternative preparation program approved by MSDE.

Goals for the Recruitment and Retention of Teachers: MSDE must establish specific goals for the recruitment and retention of teachers in teacher preparation programs throughout the State. A teacher preparation program that fails to meet the goals must submit an action plan to MSDE that demonstrates how the teacher preparation program will meet the goals.

Maryland Educator Recruitment, Retention, and Diversity Dashboard

By January 1, 2025, MSDE must establish and maintain a Maryland Educator Recruitment, Retention, and Diversity Dashboard. The dashboard must include demographic information and key data points regarding educators in classrooms and prospective educators within teacher preparation programs throughout the State.

By December 1, 2024, and each December 1 thereafter, each local board of education must report to MSDE demographic and job status information on educators employed by the public schools within the jurisdiction of the local board during the previous school year. Each local board of education must report the information disaggregated by specified categories including school, race, and status on the career ladder.

Interstate Teacher Mobility Compact

The bill expresses legislative intent that Maryland join the Interstate Teacher Mobility Compact as a member state; accordingly, the General Assembly and the State Board of Education (SBE) must ensure that all necessary steps are taken for Maryland to become a member state in the compact.

The purpose of the compact is to facilitate the licensure of teachers across the member states, with the goal of improving access to the teaching profession and serving the needs of students across the member states to receive a quality education from qualified teachers.

To be eligible to apply to MSDE for a standard professional certificate, an individual in a compact member state must (1) hold a bachelor's degree and (2) have completed all requirements of a program for teacher licensure approved by the licensing authority of the compact member state. MSDE must develop an application process for a standard professional certificate for individuals applying for a teaching certificate under the compact, which must include a requirement for applicants to undergo a criminal background check. On receipt of an application for a standard professional certificate under the compact, MSDE must (1) issue the license to the applicant or (2) show cause for the denial to issue a license to the applicant. MSDE must establish a notice and appeal process for applicants to appeal decisions made by MSDE.

SBE and the Professional Standards and Teacher Education Board may establish regulations authorizing the automatic issuance of a professional certificate to teachers who

are licensed in a compact member state. A professional certificate must be considered as minimal equivalency as the eligible license under the compact. However, when a license issued in accordance with this process is up for renewal, MSDE may require the teacher to complete state-specific requirements as a condition for renewal of the license.

Teaching Fellows for Maryland Scholarship Program

The bill transfers administration of the Teaching Fellows for Maryland scholarship program from the Office of Student Financial Assistance (OSFA) within the Maryland Higher Education Commission (MHEC) to MSDE and significantly modifies the program. Beginning in fiscal 2025, the amount that the Governor must include in the annual budget bill for the scholarship is reduced from at least \$18.0 million annually to at least \$10.0 million annually.

Under the bill, the Teaching Fellows for Maryland scholarship encompasses students who pledge to work as public school or public prekindergarten teachers in the State upon completion of their studies at (1) a high-needs school, as defined by MSDE or (2) in a grade level or content area in which there is a shortage of qualified educators, as determined by MSDE. Under the current program, the service obligation is limited to teaching at schools that have at least 50% of their students eligible for free or reduced-price meals.

The bill changes some of the eligibility requirements for the scholarship. The bill repeals the requirement that a recipient be a Maryland resident or have graduated from a Maryland high school. The bill broadens the academic requirements, such that, under the bill, a recipient must:

- be in the top 25% of the student's graduating high school class, continue to make satisfactory progress toward a degree, and maintain the standards of the institution;
- have a 3.0 unweighted cumulative high school GPA on a 4.0 scale, continue to make satisfactory progress toward a degree, and maintain the standards of the institution; or
- continue to make satisfactory progress toward a degree, maintain the standards of the institution, and submit a letter of support from the dean or chair of the college of education or respective department in which the teaching credential program is housed at the applicant's institution.

The bill alters the renewal requirements for the scholarship by repealing the requirement that a renewal recipient continue to be a Maryland resident or have graduated from a Maryland high school. The bill further alters the renewal requirements to conform with the initial renewal requirements established under the bill.

MSDE must focus on publicizing the program at historically Black colleges and universities in the State and in a manner that promotes the program to students who are members of groups that are underrepresented in the teaching profession.

Grow Our Own Educators Scholarship Program

The bill establishes the Grow Our Own Educators Scholarship Program to provide scholarships to eligible individuals who pledge to fulfill a service obligation as a teacher employed full time by a local board of education or an eligible prekindergarten provider. In consultation with MHEC, MSDE must establish eligibility criteria for the program, including requirements for an applicant to (1) be a resident of the State; (2) be accepted to an eligible teacher preparation program at an eligible institution in the State or be accepted to an alternative teacher preparation program; and (3) pledge to fulfill a service obligation as a teacher employed full time by a local board of education or an eligible prekindergarten provider in the State for a minimum of four years.

MSDE must administer the program and establish a process for eligible individuals to apply to the program. The process must include establishing a highly qualified and diverse application review committee to review applications from eligible individuals who are accepted in an alternative teacher preparation program. MSDE must develop a process for awarding scholarships to individuals who meet the eligibility criteria. MSDE must determine the amount of the scholarships awarded to recipients under the program.

The scholarship must be used for tuition and mandatory fees at an eligible institution. Each recipient of a scholarship must sign an agreement at the time of initial award to (1) fulfill a four-year service obligation as a teacher, as specified, within six years of graduation from a teacher preparation program and (2) repay the State if the recipient does not fulfill the service obligation or does not graduate from a teacher preparation program at an eligible institution. A recipient's scholarship must be terminated if the recipient does not satisfy the requirements of the teacher preparation program. MSDE must waive repayment of a scholarship award for a recipient who is unable to fulfill the service obligation or does not graduate due to medical reasons. MSDE must work with local boards and eligible prekindergarten providers to ensure employment of scholarship recipients after graduation.

Funding for the program is as provided in the State budget. The Grow Our Own Educators Scholarship Fund is established as a special, nonlapsing fund that is administered by MSDE. The fund consists of (1) money appropriated in the State budget to the fund; (2) interest earnings of the fund; and (3) any other money from any other source accepted for the benefit of the fund. The fund may be used only to administer the program and provide scholarship awards to recipients under the program.

Educator Internship Stipend Program

Stipend: The bill establishes an Educator Internship Stipend Program, administered by MSDE, to provide stipends to student teachers who are participating in an internship or practicum that provides experience working directly with students as part of the requirements necessary to earn certification. To be eligible for the program, an applicant must:

- be currently enrolled at an eligible institution as a full-time or part-time undergraduate or graduate student pursuing a course of study or program in an academic discipline leading to a Maryland professional teacher's certificate;
- complete an internship or a practicum providing direct experience working with students as part of the applicant's course of study or program leading to a Maryland professional teacher's certificate; and
- meet specified academic qualifications, including making satisfactory progress toward a degree and maintaining the standards of the institution.

A participant in the program may receive a stipend of up to \$20,000 for a 10-month educator internship. Funding for the program must be as provided in the State budget. MSDE may prorate the amount of the stipend based on the available funds and number of applicants.

Evaluation: MSDE must hire an independent consultant to evaluate the effectiveness of the program in attracting teachers to the profession. The evaluation must employ (1) random assignment, if feasible and ethical or (2) other research methods that allow for the strongest possible causal inferences, if random assignment is not feasible and ethical in this instance. By July 1, 2027, MSDE must report the results of the evaluation to the Governor and the General Assembly.

Current Law:

Teacher Preparation Programs

The Blueprint for Maryland's Future (Chapter 36 of 2021) established requirements for teacher preparation programs at institutions of higher education and alternative teacher preparation programs, including course content, teacher training practicums, and mentor teacher selection criteria. Teacher training practicums must be of a specified duration, set to increase within five years from enactment, and developed in collaboration with local school systems and nonpublic schools. Practicums are to be designed to give participants exposure to diverse teaching opportunities, similar to teaching experiences in a variety of schools with diverse student populations across the State. In selecting partner schools for

practicums, priority must be given to schools in the same community as the teacher preparation program.

Alternative teacher preparation programs are programs established by a local board of education and approved by the State Superintendent of Schools that lead to a participant receiving a Resident Teacher Certificate issued by MSDE and include teaching assignments with supervision and mentoring by a qualified teacher.

High Staff Qualifications for Prekindergarten Teachers

The Blueprint for Maryland's Future also established that all prekindergarten providers eligible for specified funding must include structural elements that are evidence-based and nationally recognized as important for ensuring program quality. Beginning with the 2025-2026 school year, an eligible prekindergarten provider must have high staff qualifications for teachers and teaching assistants. Teachers must hold, at a minimum (1) State certification for teaching in early childhood education or (2) a bachelor's degree in any field and be pursuing residency through the Maryland Approved Alternative Preparation Program, which includes early childhood coursework, clinical practice, and evidence of pedagogical content knowledge. Teaching assistants must have at least (1) a child development associate certificate or (2) an associate degree.

Teaching Fellows for Maryland Scholarship Program

The Teaching Fellows for Maryland scholarship may only be used at a public senior (*i.e.*, four-year) higher education institution with a department, school, or college of education or at a private nonprofit institution of higher education with a certificate of approval from MHEC that has a department, school, or college of education that agrees to provide recipients with a specified matching grant. The matching grant provided by a private nonprofit institution of higher education for an undergraduate or graduate student must be the lesser of (1) 100% of the annual cost of tuition and mandatory fees at the University of Maryland, College Park Campus (UMCP) or (2) 50% of the cost of tuition and mandatory fees at the private nonprofit institution of higher education. The scholarship may not be used at a community college.

If an eligible institution enrolls at least 15 recipients of a Teaching Fellows for Maryland scholarship, the institution must develop and implement an enriched honors program of education that is responsive to exceptional dedication and merit-based accomplishment in the study of education and preparation for the teaching profession.

Eligibility Criteria: To be eligible for a Teaching Fellows for Maryland scholarship, an individual must have graduated from a Maryland high school or be a Maryland resident. An applicant must have earned an overall GPA of at least 3.3 (rather than 3.0 under the

bill) on a 4.0 scale or its equivalent either in high school or as an undergraduate, as applicable. In addition, an applicant must achieve at least (1) 500 on the reading and math portions of the SAT, with a combined score of at least 1100 on the reading and math portions of the SAT; (2) a composite ACT score of 25; or (3) 50% on the graduate record examination. OSFA in MHEC is required, to the extent practicable, to award scholarships in a manner that reflects ethnic, gender, racial, and geographic diversity.

Service Obligation Requirements: For each year a scholarship is awarded, a teaching fellow under the program must complete the service obligation at a public school or public prekindergarten program that has at least 50% of the students in the school eligible for free or reduced-price meals. However, if a recipient is unable to perform the service obligation because there are no available positions in a school that has at least 50% of its students eligible for free or reduced-price meals, the recipient may work in any public school or public prekindergarten program in the State.

Award Amount: The annual award amount at a public four-year institution in the State that has a department, school, or college of education must be 100% of the equivalent annual tuition, mandatory fees, and room and board of a resident undergraduate student or graduate student, as appropriate, at the public four-year higher education institution.

For private nonprofit institutions of higher education in the State that have a department, school, or college of education and agree to provide the specified matching grant, the annual award amount must be 100% of the room and board of a resident undergraduate or graduate student, as appropriate, at the eligible private nonprofit institution of higher education and the lesser of (1) 100% of the equivalent annual tuition and mandatory fees of a resident undergraduate student or graduate student, as appropriate, at UMCP or (2) 50% of the equivalent annual tuition and mandatory fees of a resident undergraduate or graduate student, as appropriate, at the eligible private nonprofit institution of higher education

Use of Scholarship Funds: A Teaching Fellows for Maryland scholarship may be used for tuition, mandatory fees, and room and board at any eligible institution.

The amount the Governor is required to appropriate to the Teaching Fellows for Maryland scholarship program escalates from at least \$12.0 million in fiscal 2024 to at least \$18.0 million in fiscal 2025 and each fiscal year thereafter.

Background: As in other states, Maryland's local school systems are currently experiencing a shortage of both teachers and noninstructional staff. As of May 2022, there were almost 2,000 open teaching positions, accounting for 3.2% of teacher positions statewide. Teacher preparation, recruitment, retention, and retirement are all reasons for teacher shortages; for noninstructional staff, low wages and high turnover are the primary

factors. Although Maryland is investing in long-term solutions to address teacher shortages through the Blueprint for Maryland's Future, and local school systems have offered incentives to encourage staff retention, vacancies persist.

In Maryland, an insufficient supply of new teachers and a high number of teachers exiting the profession have resulted in a significant number of teacher vacancies.

Over the past 10 years, Maryland experienced a 33% decrease in total enrollment in teacher preparation programs. Due to this decrease, the supply of teachers is not keeping pace with local school system demand, a trend seen across the United States. Since the 2017-2018 school year, approximately 9% of Maryland teachers have not returned to teach in Maryland in the following year, excluding teachers who moved between local school systems or schools. This pattern continued in the 2021-2022 school year, with 5,516 Maryland teachers (8.8%) exiting teaching at the end of the school year. Of that amount, 2,163 (39%) voluntarily resigned; 1,406 (26%) left for education-related employment; 1,132 (21%) retired; and 815 (14%) exited for other reasons or were terminated.

Interstate Teacher Mobility Compact

Beginning in fall 2020, the Council of State Governments began working to lay the foundation for an Interstate Mobility Compact. The compact is currently being organized by the National Association of State Directors of Teacher Education and Certification. The [compact](#) has been finalized and is available for state enactment. To officially join the compact, a state must enact the language of the compact into law.

State Expenditures: In addition to \$12.0 million mandated for the Teaching Fellows for Maryland scholarship program in fiscal 2024, the fiscal 2024 budget as introduced includes \$15.0 million for teacher recruitment and retention incentives, contingent on enactment of the Maryland Educator Shortage Act. Beginning in fiscal 2025, the appropriation the Governor must include in the annual budget bill for the Teaching Fellows for Maryland Program decreases by \$8.0 million. However, *for the purposes of this estimate*, it is assumed that the contingent funds in fiscal 2024 and the excess funds not allocated to the scholarship program in fiscal 2025 and beyond are instead spent on the new requirements of the bill, including (1) administrative expenses for MSDE; (2) the Grow Our Own Educators Scholarship Program and the Educator Internship Stipend Program; (3) contractual costs for the diversity dashboard; and (4) the required evaluation of the stipend program, as explained in more detail below. Thus, under these assumptions, overall, there is no net general fund impact. The actual general fund impact primarily depends on the amount of funding dedicated to the scholarships and stipends.

Maryland State Department of Education Administrative Expenses

MSDE does not have staff dedicated to operating scholarship and stipend programs for potential teachers or staff dedicated to monitoring teacher preparation programs. Thus, DLS advises that at least one full-time educational analyst is required to administer the scholarship and stipend programs established or transferred to MSDE under the bill. MSDE advises that the cost to establish the diversity dashboard is estimated at \$500,000 with an annual maintenance cost of \$75,000. In addition, MSDE must hire an independent consultant to evaluate the effectiveness of the Educator Internship Stipend Program in attracting teachers to the profession. It is assumed that an evaluation costs between \$100,000 and \$250,000 annually, so a cost of \$175,000 is included below for fiscal 2024.

Accordingly, general fund expenditures increase by \$760,812 in fiscal 2024, which accounts for a 90-day start-up delay following the bill's July 1, 2023 effective date. It includes one salary, fringe benefits, one-time start-up costs, contractual costs for the diversity dashboard and evaluation, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$78,403
Data Dashboard	500,000
Program Evaluation	175,000
Operating Expenses	<u>7,409</u>
Total FY 2024 MSDE Expenditures	\$760,812

Future year expenditures reflect a full salary with annual increases and employee turnover, elimination of one-time costs, as well as annual increases in ongoing operating expenses.

Although costs for these specific purposes increase, it is assumed that, overall, general fund expenditures do not increase due to the \$15.0 million included in the fiscal 2024 budget as introduced and the \$8.0 million decrease in mandated funding for the Teaching Fellows for Maryland scholarship in fiscal 2025 and beyond. If the Grow Our Own Educators Scholarship Program and the Educator Internship Stipend Program are successful in recruitment and retention of teachers, additional funds may be included in the annual budget for these programs. In that case, overall general fund expenditures increase, potentially significantly.

It is assumed that the transfer of the administration of the Teaching Fellows for Maryland scholarship program from MHEC to MSDE does not significantly affect MHEC's administrative expenses. Instead, it is assumed that MHEC staff redirect their time and efforts toward managing the other financial aid programs they oversee.

Scholarships and Stipends

For the purposes of this estimate, it is assumed that the funds remaining from the \$15.0 million in fiscal 2024 and \$8.0 million in fiscal 2025 and subsequent years that are not used for MSDE expenses are instead used for the Grow Our Own Educators Scholarship Program and the Educator Internship Stipend Program. Thus, special fund revenues and expenditures for the Grow Our Own Educators Scholarship Fund established by the bill increase in fiscal 2024 as a portion of the contingent funds are allocated to the new fund. To the extent funds from other sources are distributed to the fund, special fund revenues and expenditures increase further.

It is assumed that decreasing the required funding for the Maryland Teaching Fellows scholarship program does not affect the number of individuals receiving awards, as the program has not been fully utilized. Over the past three fiscal years, the program has awarded scholarships totaling \$1.8 million in fiscal 2021, \$1.9 million in fiscal 2022, and a projected \$4.1 million in fiscal 2023.

Teacher Preparation Programs

Higher education expenditures at public four-year institutions of higher education likely increase due to the requirements related to teacher preparation programs, but a reliable estimate is not feasible as it depends on numerous factors. For example, it is not known which, if any, public colleges and universities will elect to sponsor alternative certification programs under the new authority granted by the bill. Further, it is not known what goals MSDE will establish for teacher preparation programs and whether those programs will have to expand or adjust their programming to meet the goals.

Higher education revenues also increase from more teacher certification candidates enrolling in their programs, including potentially alternative certification programs.

Interstate Compact

As noted above, the Interstate Teacher Mobility Compact requires states to enact its model language without alteration in order to join the compact. As the bill does not include the text of the Interstate Teacher Mobility Compact, this estimate does not include any costs associated with joining the compact. However, for informational purposes, MSDE advises that to process individuals applying for teacher certification through an interstate certification compact, it needs to develop an application process, including requiring a criminal history records check. MSDE estimates that enhancing The Educator Application and Certification Hub (known as TEACH), Maryland's educator certification system, to receive criminal history record check results from the Criminal Justice Information System costs approximately \$51,000.

Small Business Effect: Private prekindergarten providers (some of which are small businesses) can allow individuals to continue to work as a prekindergarten teacher while taking a teaching practicum as part of their participation in alternative preparation programs.

Additional Comments: The fiscal 2024 budget as introduced does not include a contingent transfer (from MHEC to MSDE) of the \$12.0 million in mandated funding for the Teaching Fellows for Maryland scholarship program.

The bill requires the General Assembly (along with SBE) to “ensure” that all necessary steps are taken for Maryland to become a member state in the compact. DLS notes that, under the Maryland Constitution, the General Assembly cannot bind any future General Assembly to any specified action.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1219 (The Speaker, *et al.*) (By Request - Administration) - Ways and Means and Appropriations.

Information Source(s): Maryland State Department of Education; Maryland Higher Education Commission; University System of Maryland; St. Mary’s College of Maryland; Maryland Independent College and University Association; Department of Budget and Management; Anne Arundel County Public Schools; Baltimore City Public Schools; Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2023
js/mcr

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Educator Shortage Act of 2023

BILL NUMBER: SB 893

PREPARED BY: Governor's Legislative Office

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS