Maryland Educator Shortage Reduction Act of 2023

This Administration bill establishes the Teacher Development and Retention Program as a pilot program to encourage college students to pursue teaching careers and makes a number of additional changes related to the recruitment and retention of teachers, including prekindergarten teachers, and school-based mental health professionals. The bill takes effect July 1, 2023; the Teacher Development and Retention Program terminates June 30, 2029.

Fiscal Summary

**State Effect:** General fund expenditures increase by $15.0 million in FY 2024 due to contingent funding in the FY 2024 budget, $10.0 million of which is allocated to the newly established Teacher Development and Retention Fund for stipends and administration. Based on one set of assumptions, general fund expenditures increase by an additional $694,100 in FY 2024 for program evaluation costs, the data dashboard, and information technology (IT) contract costs. General fund expenditures are maintained at $5.2 million in FY 2025 and 2026 due to other program constraints and elimination of one-time costs. Special fund expenditures increase commensurate with most costs of the pilot program. Special fund revenues increase when additional general funds are required to maintain the program. Higher education revenues and expenditures may increase, as discussed below. Out-years reflect termination of the pilot program and staffing costs continuing.

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
<th>FY 2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>SF Revenue</td>
<td>$10.0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$2.1</td>
</tr>
<tr>
<td>Higher Ed Rev.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GF Expenditure</td>
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<td>$5.2</td>
<td>$5.2</td>
<td>$0.2</td>
<td>$2.4</td>
</tr>
<tr>
<td>SF Expenditure</td>
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<td>$1.2</td>
<td>$1.2</td>
<td>$4.2</td>
<td>$4.2</td>
</tr>
<tr>
<td>Higher Ed Exp.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Effect</td>
<td>($7.0)</td>
<td>($6.4)</td>
<td>($6.4)</td>
<td>($4.4)</td>
<td>($4.6)</td>
</tr>
</tbody>
</table>

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. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: Generally, the bill (1) changes alternative teacher preparation programs; (2) requires teacher preparation programs to set recruitment and retention goals; (3) requires establishment of an educator dashboard; (4) delays – by two years – requirements for highly qualified prekindergarten teachers and teaching assistants; (5) expands the eligibility for – and renames – the Nancy Grasmick Teacher Award within the Janet L. Hoffman Loan Assistance Repayment Program (LARP) to include specified mental health professionals and makes other changes to the award; (6) makes changes to the Maryland Teaching Fellows scholarship; and (7) establishes the Teacher Development and Retention Program and related special fund.

Alternative Teacher Preparation Programs

The bill expands the entities that may establish an alternative teacher preparation program to include an institution of higher education or a nonprofit organization. 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 the Maryland State Department of Education (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.

Goals for the Recruitment and Retention of Teachers

MSDE, in collaboration with the Maryland Higher Education Commission (MHEC), must establish specific goals for the recruitment and retention of teachers in teacher preparation programs throughout the State. MSDE must work with a teacher preparation program that
fails to meet the goals to develop an action plan that demonstrates how the teacher preparation program will do so.

**Maryland Educator Recruitment, Retention, and Diversity Dashboard**

MSDE must establish, by January 1, 2025, and then maintain a Maryland Educator Recruitment, Retention, and Diversity Dashboard. The dashboard must include demographic information and key data points regarding (1) certificated and noncertificated personnel in public schools and (2) prospective educators within teacher preparation programs throughout the State who are participating in teacher internships. The dashboard may not include any demographic information that could be used to identify specific individuals (i.e., any demographic that is less than 5% of the relevant population may be reported simply as “<5%”).

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, and teacher interns placed in, 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.

**High Staff Qualifications for Prekindergarten Teachers and Teaching Assistants**

The bill delays by two years, to the 2027-2028 school year, the requirement that specified prekindergarten providers have specified high staff qualifications (described under Current Law) for teachers and teaching assistants.

**Student Loan Repayment for Mental Health Professionals**

The bill expands eligibility for the Nancy Grasmick Teacher Award within the Janet L. Hoffman LARP to include any mental health professional who provides mental health services in public schools and is employed by a local school system or a local health department to provide school health services through an agreement with a local board of education. “Mental health professional” includes a school psychologist, resource psychologist, psychologist coordinator, social worker, social worker supervisor, school counselor, or mental health coordinator. Thus, the Nancy Grasmick Teacher Award is renamed the Nancy Grasmick Public School Professional Award.

The bill makes several changes to eligibility requirements for the award. The bill repeals the requirement that, to be eligible, a teacher must have received the highest performance evaluation rating for the most recent year available. The bill expands the loans eligible for repayment, for a mental health professional, to include any accredited college or university.
As with teachers, to receive a Nancy Grasmick Award, a mental health professional much have provided mental health services in a public school for at least two years as specified. In addition, the bill removes the cap on the percentage of LARP awards that can be Nancy Grasmick awards.

The Office of Student Financial Assistance (OSFA) within MHEC must publicize the availability of the program to eligible mental health professionals in an effort to recruit and retain mental health professionals to public schools in the State.

**Teaching Fellows for Maryland Scholarship Program**

The bill significantly modifies the Teaching Fellows for Maryland scholarship, allowing more students to qualify and changing the parameters of their related service obligation.

**Service Obligation:** 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 identified by MSDE or (2) in a grade level or content area in which there is a shortage of qualified educators, as identified 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 (FRPM), which is repealed by the bill in favor of the high-needs school and grade level and content areas to be identified by MSDE.

Each year, MSDE must submit to OSFA separate lists of high-needs schools as well as grade levels and content areas in which there are a significant proportion of teacher vacancies and teachers teaching in a grade level or content area other than the grade level or content area in which they are certificated.

The service obligation for undergraduate recipients is modified from one year for every year of award to two years for everyone, regardless of how many years an award was received.

If a recipient is unable to perform the service obligation requirement because there are no available positions in a qualifying school, grade level, or content area, the recipient may work in any public school or public prekindergarten program in the State. If a recipient performs the service obligation by teaching at a school or in a grade level or content area previously identified as high needs that is no longer identified as such, the recipient may continue to teach in that school, grade level, or content area without being required to repay the scholarship funds.

Also, a recipient of a Teaching Fellows for Maryland scholarship who is performing the service obligation in effect before the July 1, 2023 effective date of the bill must be
considered compliant with the terms of the scholarship award and may not be required to repay the scholarship funds.

Eligibility and Awards: In selecting awardees for a Teaching Fellows for Maryland scholarship, OSFA must give preference to applicants, as specified, who have been employed in a public school or a publicly funded prekindergarten within the last five years.

The bill changes some of the eligibility requirements for the scholarship. Specifically, it repeals the requirement that a recipient be a Maryland resident or have graduated from a Maryland high school and broadens the academic requirements, such that, under the bill, a recipient must only continue to make satisfactory progress toward a degree and maintain the standards of the institution.

Accordingly, 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.

OSFA must focus on publicizing the scholarship (1) at historically Black colleges and universities in the State; (2) to teaching assistants and other educational support staff currently working in public schools and publicly funded prekindergarten programs; and (3) in a manner that promotes the program to students who are members of groups that are underrepresented in the teaching profession. OSFA must collaborate with MSDE in publicizing the scholarship.

Teacher Development and Retention Program

The bill establishes the Teacher Development and Retention Program as a pilot program (in effect for six years until it terminates June 30, 2029) to incentivize a cohort of students to pursue a career in the teaching profession. Its stated purpose is to provide support to eligible individuals who ultimately pledge to fulfill a service obligation as a teacher employed full time in a high-needs school, grade level, or content area in the State in which there is a shortage of teachers, as identified by MSDE. More specifically, the program must provide financial support (i.e., initial stipend and internship stipend) to eligible individuals interested in pursuing a career in the teaching profession, beginning by offering eligible individuals a one-time stipend for participation in an experiential learning opportunity in a classroom and concluding by placing those individuals in high-needs schools, grade levels, or content areas.

OSFA must establish eligibility criteria for the program, including requirements for an applicant to (1) be enrolled in the first or second year at an institution of initial eligibility (where at least 40% of the attendees receive federal Pell Grants) in an associate or
bachelor’s degree program and (2) before receiving an educator internship stipend established by the bill, pledge to fulfill a service obligation as a teacher employed full time in a high-needs school, grade level, or content area in which there is a shortage of teachers, as identified by MSDE, for a minimum of two years.

OSFA must administer the program, including developing processes for eligible individuals to apply for the program and for awarding stipends to those who meet the eligibility criteria. OSFA must give preference to applicants who have been employed in a public school or a publicly funded prekindergarten program within the last five years.

**Initial Stipend:** Over a three-year period, specifically from the 2023-2024 school year through the 2025-2026 school year, a recipient who is selected for support under the program must receive an initial stipend to support the recipient’s participation in an experiential learning opportunity in a public school or publicly funded prekindergarten classroom. The experiential learning opportunity must (1) occur within the first or second year of the recipient’s enrollment in an institution of initial eligibility (where at least 40% of the attendees receive federal Pell Grants) and (2) contribute to the education of the students in the classroom in which the recipient participates. The purpose of the initial stipend is to nurture in the recipient a passion for becoming a teacher. If the institution of initial eligibility has a written agreement with a public partner school or publicly funded prekindergarten program for a teacher training program, as specified, then the recipient’s experiential learning opportunity must be in a classroom within the partner school. OSFA must determine the amount of the initial stipends awarded.

**Internship Stipend:** Subsequently, over another three-year period, specifically from the 2026-2027 school year through the 2028-2029 school year, a program recipient is eligible for an internship stipend if the program recipient (1) is currently enrolled in a teacher preparation program at an institution of higher education in the State that, through its course of study, leads to a Maryland professional teacher’s certificate (accordingly, a recipient may have transferred from an institution of initial eligibility to another institution); (2) is currently engaged in an internship or a practicum providing direct experience working with students in a public school or publicly funded prekindergarten program as part of the recipient’s course of study; (3) continues to make satisfactory progress toward a degree and maintain the standards of the institution; and (4) pledges to fulfill a service obligation for two years as a teacher employed full time in a high-needs school, grade level, or content area in which there is a shortage of teachers, as identified by MSDE. A program recipient who meets the requirements receives an internship stipend of up to $20,000 for a 10-month educator internship. If the recipient of an internship stipend does not fulfill the service obligation, the recipient must repay MHEC the internship stipend funds received, as specified.
Service Obligation: In order to ensure that program recipients fulfill the service obligation, MSDE must submit to OSFA a list of (1) high-needs schools in which there are a significant proportion of teacher vacancies and teachers teaching in a grade level or content area other than the grade level or content area in which they are certificated and (2) grade levels and content areas in which there are a significant proportion of teacher vacancies and teachers teaching in a grade level or content area other than the grade level or content area in which they are certificated.

Evaluation: By July 1, 2028, MHEC must hire an independent consultant to evaluate the effectiveness of the pilot program in attracting new teachers to the profession. By January 1, 2029, MHEC must report the results of the evaluation to the Governor and the General Assembly.

Funding and Special Fund: Funding for the program is as provided in the State budget. However, the Teacher Development and Retention Fund is established as a special, nonlapsing fund that is administered by MHEC. 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 support to recipients under the program.

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. A “partner school” is a local school system, nonpublic school, or nonpublic special education school that has a written partnership agreement with an institution of higher education or alternative teacher preparation program to provide a teacher training practicum.

HB 1219/ Page 7
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.

Loan Assistance Repayment Program – Generally

LARP provides loan repayment assistance in exchange for certain service commitments to help ensure that underserved areas of the State have sufficient numbers of primary care physicians, physician assistants, dentists, lawyers, police officers, and other professionals serving those areas or low-income families. The program is subdivided into the Janet L. Hoffman LARP, the Maryland Dent-Care LARP, the Maryland LARP for Physicians and Physician Assistants, and the Maryland LARP for Police Officers. Individuals must have received a graduate, professional, or undergraduate degree from a college or university in the State or a school of law or have received a Resident Teacher Certificate from MSDE after completing an approved alternative teaching preparation program. Except for the Maryland LARP for Police Officers, they must also be employed full time in State or local government or in a nonprofit organization that assists low-income, underserved residents or underserved areas in the State. For the Maryland LARP for Police Officers, individuals must obtain employment as a police officer in the State for at least two years and satisfy any other criteria OSFA establishes.

Janet L. Hoffman Loan Assistance Repayment Program

The Janet L. Hoffman LARP is administered by OSFA to assist in the repayment of any higher education loan owed by an individual who:

- (1) receives a graduate, professional, or undergraduate degree from a college or university in the State, or a law school or (2) receives a Resident Teacher Certificate from MSDE after completing an approved alternative teaching preparation program;
- obtains eligible employment;
receives an income less than the maximum eligible total income levels established by the office, including any additional sources of income; and
satisfies any other criteria established.

Eligible employment fields include lawyers, degree- or diploma-holding registered nurses, licensed clinical therapists, physical and occupational therapists, social workers, speech pathologists, and teachers. A licensed clinical alcohol and drug counselor, a licensed clinical marriage and family therapy counselor, or a licensed clinical professional counselor whose practice is located in a high-need geographic area of the State as determined by the Maryland Department of Health (MDH) may receive assistance under the program.

For the Janet L. Hoffman LARP, awards are determined by an applicant’s overall reported educational debt at the time of application. Award funds are distributed annually over a three-year period as long as the recipient remains eligible and continues to submit the required annual employment, lender, and tax documentation by the deadline.

Chapter 496 of 2012 established the Nancy Grasmick Teacher Award within Janet L. Hoffman LARP for Maryland public school teachers who have taught in Maryland for at least two years in (1) science, technology, engineering, or mathematics subjects or (2) a school in which at least 75% of the students are enrolled in the free and reduced-price meal program. A teacher must also have received the highest performance evaluation rating for the most recent year available.

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 grade point average of at least 3.3 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 FRPM. 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 FRPM, 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.

**State Fiscal Effect:** General fund expenditures increase by a total of $15.7 million in fiscal 2024, which includes $15.0 million in the fiscal 2024 budget as passed by the General Assembly that is contingent on the enactment of the Maryland Educator Shortage Act (Senate Bill 893/House Bill 1219). These expenditures include:

- $10.0 million for the Teacher Development and Retention Fund;
- $5.0 million for the Grasmick Teacher Award – Janet L. Hoffman LARP; and
- based on one set of assumptions, $694,067 for costs not covered by budgeted funds, program evaluation costs, the data dashboard, and one-time IT contract costs.

These budgeted and additional general fund expenditures are shown in **Exhibit 1** and discussed in greater detail by agency in the discussion that follows.

General fund expenditures are maintained at $5.2 million in fiscal 2025 and 2026 due to the elimination of one-time costs and an existing requirement for Janet L. Hoffman LARP awards, unchanged by the bill, to be provided for three years. Out-year general fund expenditures reflect ongoing program evaluation costs and $75,000 for annual data dashboard maintenance, the termination of the pilot program on June 30, 2029, and staffing costs continuing. If more than one cohort is awarded under the LARP for Grasmick awards, then even more additional funding is required.
This estimate assumes that the $10.0 million in general funds for the Teacher Development and Retention Program Fund capitalizes the special fund and is available to support the program in fiscal 2024 and future years; accordingly, special fund revenues increase by $10.0 million in fiscal 2024. Based on one set of assumptions explained in further detail below, the pilot program (excluding related program evaluation costs) is estimated to cost a total of $16.3 million over the life of the program; thus, a total of $6.3 million in additional general funds are assumed to be required to capitalize the special fund to support the program, spread across fiscal 2028 and 2029.

Exhibit 1
Total Fiscal 2024 General Fund Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teacher Development and Retention Fund¹</td>
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</tr>
<tr>
<td>Nancy Grasmick Award²</td>
<td>5,000,000</td>
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<tr>
<td>Program Evaluation</td>
<td>175,000</td>
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<tr>
<td>Additional MDCAPS Programing³</td>
<td>19,067</td>
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<tr>
<td><strong>Total FY 2024 MHEC General Fund Expenditures</strong></td>
<td><strong>$15,194,067</strong></td>
</tr>
<tr>
<td>Data Dashboard</td>
<td>$500,000</td>
</tr>
<tr>
<td><strong>Total FY 2024 MSDE General Fund Expenditures</strong></td>
<td><strong>$500,000</strong></td>
</tr>
<tr>
<td><strong>Total FY 2024 General Fund Expenditures</strong></td>
<td><strong>$15,694,067</strong></td>
</tr>
</tbody>
</table>

MDCAPS: Maryland College Aid Processing System
MHEC: Maryland Higher Education Commission
MSDE: Maryland State Department of Education

¹ Included in the fiscal 2024 budget as passed by the General Assembly.
² Included in the fiscal 2024 budget as passed by the General Assembly.
³ One-time programming costs for Maryland College Aid Processing System, exclude $45,000 in programing costs for the Teacher Development and Retention Program, as this amount is assumed to be eligible to be covered by the $10.0 million in budgeted funds.

Source: Department of Legislative Services

Special fund expenditures increase by an estimated $1.3 million in fiscal 2024, increasing to $4.2 million in fiscal 2027 (reflecting an assumed $20,000 for each of the internship stipends) and ceasing in fiscal 2030 (reflecting the June 30, 2029 termination date). Higher education revenues and expenditures may also increase, as discussed below.
This estimate reflects budgeted funding and the costs of (1) developing and maintaining the data dashboard; (2) administering and evaluating the Teacher Development and Retention Program; (3) paying stipends under that pilot program; (4) the need for ongoing funding for Grasmick awards due to the additional funding provided in the fiscal 2024 budget; and (5) procuring one-time IT updates of the Maryland College Aid Processing System (MDCAPS) to reflect changes to the Teaching Fellows for Maryland scholarship and Nancy Grasmick Public School Professional Award within the Janet L. Hoffman LARP.

**Maryland State Department of Education – Data Dashboard**

MSDE advises that the cost to establish the diversity dashboard is estimated at $500,000 with an annual maintenance cost of $75,000. Accordingly, general fund expenditures increase by $500,000 in fiscal 2024 to ensure completion by the deadline and $75,000 annually thereafter.

**Maryland Higher Education Commission**

The fiscal 2024 budget as passed by the General Assembly includes $15.0 million in general fund appropriations for MHEC: $10.0 million for the Teacher Development and Retention Fund and $5.0 million for the Nancy Grasmick Award – Janet L. Hoffman LARP, all contingent on the enactment of the Maryland Educator Shortage Act (Senate Bill 893/House Bill 1219). In addition, MHEC general fund expenditures increase by an estimated $194,067 in fiscal 2024 due to the program evaluation costs for that year ($175,000) and one-time IT costs ($19,067) that are not budgeted (and, in the case of program evaluation costs, not eligible to be covered with the special fund). Thus, overall MHEC general fund expenditures increase by $15.2 million in fiscal 2024. As discussed further below, MHEC general fund expenditures are assumed to be maintained at $5.1 million for at least two years.

The $10.0 million in general funds budgeted in fiscal 2024 for the Teacher Development and Retention Fund capitalizes the new special fund, with unexpended monies carrying forward each year, and equates to approximately two-thirds of assumed expenditures for stipends through June 30, 2029. Additional general funds are needed to cover all related pilot program costs, most of which run through the special fund as well: the balance of expenditures for stipends (another $5.2 million in total); administrative costs, which are an allowable expense under the special fund (another $1.1 million in total); and program evaluation costs each year, which are not allowable special fund expenditures (another $1.0 million in total). Accordingly, when the $10.0 million in the new special fund is exhausted, an additional $6.3 million in general funds to further capitalize the special fund is required ($2.1 million in fiscal 2028 and $4.2 million in fiscal 2029). Thus, special fund revenues increase in fiscal 2024 – by $10.0 million – and again in fiscal 2028 and 2029.
Special fund expenditures increase from fiscal 2024 through 2029 due to program costs incurred each year, as explained below.

**Teacher Development and Retention Program**

Most costs associated with the new pilot program are expected to be covered with monies from the new special fund. However, as noted below, program evaluation costs are assumed to be covered directly with general fund expenditures each year.

**Staffing:** MHEC advises that it requires two additional full-time regular staff to administer the new Teacher Development and Retention Program. Although the program is temporary, it lasts for more than five years, so regular (rather than contractual) staff are appropriate. Accordingly, this estimate reflects the cost of hiring a staff specialist and an administrative officer beginning July 1, 2023. Further, even though the pilot program terminates, the new positions do not; instead, these staff are assumed to be redirected to other MHEC priorities.

**Eligibility:** The pilot program consists of initial (and subsequent internship) stipends for individuals who begin their teacher preparation at an institution in the State where at least 40% of the attendees receive a federal Pell Grant. MHEC publishes the percentage of attendees who receive a federal Pell Grant; as shown in Exhibit 2, in 2019-2020 (the latest data available), eight institutions of higher education had at least 40% of attendees receiving a federal Pell Grant: two community colleges; four public four-year institutions; and two private nonprofit institutions. In 2021, approximately 1,150 students were enrolled in teacher preparation programs in these eight institutions.

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**Exhibit 2**

**Institutions of Higher Education with 40% or More of Undergraduates Receiving a Federal Pell Grant in 2019-2020**

<table>
<thead>
<tr>
<th>Institution</th>
<th>% Receiving Pell Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bowie State University</td>
<td>49.0%</td>
</tr>
<tr>
<td>Coppin State University</td>
<td>58.6%</td>
</tr>
<tr>
<td>Garrett College</td>
<td>41.6%</td>
</tr>
<tr>
<td>Hood College</td>
<td>40.5%</td>
</tr>
<tr>
<td>Morgan State University</td>
<td>51.6%</td>
</tr>
<tr>
<td>University of Baltimore</td>
<td>40.6%</td>
</tr>
<tr>
<td>University of Maryland Eastern Shore</td>
<td>50.6%</td>
</tr>
<tr>
<td>Washington Adventist University</td>
<td>46.8%</td>
</tr>
<tr>
<td>Wor-Wic Community College</td>
<td>42.5%</td>
</tr>
</tbody>
</table>

Source: Maryland Higher Education Commission
Stipends: The amount of the initial stipend must be established by OSFA, and the internship stipend must be, at most, $20,000 for a 10-month educator internship. The bill specifically mentions that the program is for a cohort of students and that participation begins with a one-time stipend (the initial stipend) leading to eventual placement in a teaching position. Therefore, this analysis is based on the following assumptions:

- As stated in the bill, initial stipends are distributed in the 2023-2024, 2024-2025, and 2025-2026 school years and internship stipends are distributed in the 2026-2027, 2027-2028, and 2028-2029 school years;
- 300 students, or roughly one-quarter of all students enrolled in likely eligible teacher education programs receive an initial stipend each of the three years it is distributed;
- Likewise, accounting for attrition due to the service commitment, it is assumed that 200 students receive an internship stipend each of the three years it is distributed;
- Initial stipends are set at $3,500 and internship stipends are set at $20,000, the maximum allowed; and
- Only individuals who receive the internship stipend in the first year (2026-2027 school year) will be able to fulfill the two-year service obligation prior to the termination of the pilot program (and the evaluation of the pilot program).

Thus, under the above set of assumptions, as shown in Exhibit 3, annual payments for the stipend are assumed to be $1.1 million in fiscal 2024 through 2026 increasing to $4.0 million in fiscal 2027 through 2029. Accordingly, stipend payments are assumed to total $15.2 million over the six years they are paid. The bill states that initial stipends are to be distributed for three years (2023-2024 through 2025-2026 school years) and internship stipends are to be distributed for three years (2026-2027 through 2028-2029 school years).

Actual costs will vary from this estimate depending on a number of factors, including (1) the institutions eligible for the pilot program based on the percentage of attendees receiving the federal Pell Grant (as the eligible institutions may change each year); (2) the number of eligible students and the proportion who apply for stipends; (3) the amount established by OSFA for initial stipends; (4) the retention rate for the pilot program; and (5) whether internship stipends are set at the maximum allowed, $20,000, or a lower amount is determined to be more appropriate.
## Exhibit 3
Teacher Development and Retention Program
Recipients and Payment of Stipends
Fiscal 2024-2029
($ in Millions)

<table>
<thead>
<tr>
<th></th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
<th>FY 2028</th>
<th>FY 2029</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recipients</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Internship</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stipends Paid</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial</td>
<td>$1.05</td>
<td>$1.05</td>
<td>$1.05</td>
<td>$4.00</td>
<td>$4.00</td>
<td>$4.00</td>
</tr>
<tr>
<td>Internship</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulative Paid</td>
<td>$1.05</td>
<td>$2.10</td>
<td>$3.15</td>
<td>$7.15</td>
<td>$11.15</td>
<td>$15.15</td>
</tr>
</tbody>
</table>

1 Based on the number of students enrolled in teacher preparation programs at institutions with 40% or more of attendees receiving a federal Pell Grant and assumed attrition due to the service commitment. As stated in the bill, initial stipends are distributed in the 2023-2024, 2024-2025, and 2025-2026 school years (which equate to fiscal 2024 through 2026) and internships stipends are distributed in the 2026-2027, 2027-2028, and 2028-2029 school years (which equate to fiscal 2027 through 2029).

2 Reflect an assumed $3,500 initial stipend and a $20,000 internship stipend. The bill requires the internship stipend be up to $20,000 per recipient.

Notes: Reflects one set of assumptions. Pilot program terminates July 1, 2029 (fiscal 2029).

Source: Department of Legislative Services

**Programming:** Further, MHEC expenditures increase by $45,000 in fiscal 2024 for one-time IT contractual costs to update MDCAPS with the new program.

**Evaluation:** MHEC must hire an independent consultant to evaluate the effectiveness of the Teacher Development and Retention Program in attracting teachers to the profession. The bill requires that the evaluator be retained on or before July 1, 2028. DLS believes that a rigorous evaluation requires that evaluation design and data collection begin in the first year of the pilot program, so annual evaluation costs of between $100,000 and $300,000 are included in the estimate, beginning with $175,000 in fiscal 2024. Total costs for program evaluation over the six years of the pilot program are estimated to cost approximately $1.0 million. As these costs are not eligible to be covered by the new special fund, additional general fund expenditures are needed each year.

**Special Funding:** The bill establishes a special fund for the Teacher Development and Retention Program which may be used only to administer the program and provide support
to recipients. It is assumed that all general funds for these purposes are distributed to the special fund. The fiscal 2024 budget includes $10.0 million in general funds for the Teacher Development and Retention Fund, contingent on the enactment of Senate Bill 893/House Bill 1219. Accordingly, these general funds capitalize the special fund in fiscal 2024 and cover special fund expenditures that year, with unexpended monies carried forward for use in subsequent years. Thus, special fund revenues increase by $10.0 million in fiscal 2024. Special fund expenditures increase each year according to the costs of the program that are allowed expenses under the fund.

Based on the assumptions described above and excluding expenditures associated with the ongoing program evaluation (which are assumed to be covered directly with general funds), special fund expenditures increase by $1.3 million in fiscal 2024, increasing to $4.2 million in fiscal 2027 and ceasing in fiscal 2030 due to the pilot program terminating at the end of fiscal 2029. Through the duration of the program (fiscal 2024 through 2029), special fund expenditures are estimated to total $16.3 million: $15.2 million in stipend costs and $1.1 million in administrative costs. Thus, general fund expenditures totaling $6.3 million are required across fiscal 2028 and 2029 to further capitalize the special fund in order to support program expenditures for stipends and administrative costs in those years. The special fund terminates when the pilot program does – on June 30, 2029 (at the end of fiscal 2029). Actual special fund revenues and expenditures depend primarily on the design of the stipend program and the factors discussed above.

MHEC special fund expenditures of $1.3 million in fiscal 2024 account for the bill’s July 1, 2023 effective date. This estimate includes salaries and fringe benefits, initial stipend payments that year, one-time start-up costs, contractual costs for MDCAPS programming, and ongoing operating expenses.

<table>
<thead>
<tr>
<th>Positions</th>
<th>2.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Fringe Benefits</td>
<td>$163,730</td>
</tr>
<tr>
<td>Initial Stipend Payments</td>
<td>1,050,000</td>
</tr>
<tr>
<td>MDCAPS Programming</td>
<td>45,000</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>14,818</td>
</tr>
<tr>
<td><strong>Total FY 2024 MHEC Special Fund Expenditures</strong></td>
<td><strong>$1,273,548</strong></td>
</tr>
</tbody>
</table>

Future year special fund expenditures reflect annual salary increases and employee turnover, annual increases in ongoing operating expenses, payment of initial or internship stipends (depending on the year), and termination of the pilot program on June 30, 2029 (accordingly, the positions become general funded beginning in fiscal 2030).
Nancy Grasmick Awards

The fiscal 2024 budget as passed by the General Assembly includes $5.0 million for the Nancy Grasmick Award – Janet L. Hoffman LARP, contingent on the enactment of the Maryland Educator Shortage Act (Senate Bill 893/House Bill 1219), which is in addition to the approximately $1.4 million included for the Janet L. Hoffman LARP in the budget as introduced. It is assumed that the $5.0 million contingent on this legislation is used for the expanded eligibility for Nancy Grasmick awards and the $1.4 million is used to make awards to other individuals currently eligible for the Janet L. Hoffman LARP. In fiscal 2022, 130 awards totaling $847,910 were made under the Janet L. Hoffman LARP; thus, average awards were approximately $6,500 per individual. Therefore, assuming similar amounts of awards, approximately 770 additional Nancy Grasmick awards can be made in fiscal 2024; the number of additional grant awards may vary if the size of the awards changes to reflect additional funding. It is assumed that all of the $5.0 million is spent in fiscal 2024 because there is no special fund for the Janet L. Hoffman LARP; any unspent funds otherwise revert to the general fund.

Because awards are to be made for three years, this analysis further assumes that the $5.0 million funding in the fiscal 2024 budget (which, as noted above, is assumed to be fully expended) triggers the need for at least the same level of funding in both fiscal 2025 and 2026 to ensure that all recipients in fiscal 2024 continue to receive their awards the following two years. Accordingly, general fund expenditures increase by $5.0 million in fiscal 2025 and 2026 as well. If more than one cohort is funded, then the need for additional funding is cumulative and ongoing. That impact has not been accounted for in this estimate. In addition, MHEC general fund expenditures increase by $11,440 in fiscal 2024 for one-time IT contractual costs to update MDCAPS.

Teaching Fellows for Maryland Scholarship

The Teaching Fellows for Maryland scholarship 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. With a mandated appropriation of $12.0 million for the program in fiscal 2024, any increase in the number of awards made due to expanding the eligibility criteria for the scholarship is not anticipated to require any additional expenditures beyond one-time contractual costs of $7,627 in general funds to update MDCAPS (the mandated appropriation is not authorized to be used for program administration).

Teacher Preparation Programs at Higher Education Institutions

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 several factors. For example, 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 likely increase from more teacher certification candidates enrolling in their programs.

**Small Business Effect:** The bill delays by two years, to the 2027-2028 school year, the requirement that specified prekindergarten providers (some of which are small businesses) meet specified high staff qualifications for teachers and teaching assistants. This delay likely increases the number of individuals eligible to teach and assist in prekindergarten classes for two years, until the new requirements take effect.

**Additional Comments:** DLS advises that the $10.0 million contingent funding in the fiscal 2024 budget as passed by the General Assembly for the Teacher Development and Retention Fund is appropriated to Aid to Education within MSDE rather than MHEC, which is where the program and related special fund reside. That contingent funding includes a restriction on transferring it by budget amendment (or otherwise) to any other purpose. Nevertheless, because the funding is specifically for the fund established by the bill, this analysis assumes such a transfer to MHEC would be allowable as it is for the same purpose. Accordingly, the analysis reflects that funding as being for MHEC.

To the extent that additional students attending a private nonprofit institution receive a Teaching Fellows for Maryland scholarship, private nonprofit higher education revenues decrease due to the requirement that these institutions provide a matching grant as specified.

MSDE advises that limiting the data dashboard to “prospective educators within teacher preparation programs throughout the State who are participating in teacher internships,” will not include those students who have enrolled but do not make it to the internship, which is a critical data point in understanding the teacher preparation pipeline.

It is unclear whether recipients of an initial stipend in the first cohort who are in their sophomore year in college can qualify for an internship stipend under the bill. For instance, most college sophomores who receive initial stipends during the 2023-2024 school year will graduate from college in May/June 2026. Under the bill, the first set of internship stipends is awarded during the 2026-2027 school year (after they will have graduated), and eligibility criteria for the internship stipend include requirements that recipients be enrolled in a teacher preparation program at an institution of higher education in the State and be making satisfactory progress toward a degree. Students who have already graduated are not likely to satisfy these criteria. The Department of Legislative Services notes that, although receipt of an initial stipend is not *explicitly* a prerequisite for being awarded an
internship stipend, it is assumed to be one due to other language in the bill. Accordingly, the second cohort of recipients of initial stipends may ultimately be the group that receives most of the first round of internship stipends. The inability of some recipients of initial stipends to be awarded internship stipends may affect the pilot program’s success in recruiting and retaining new teachers.

Additional Information

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


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
Third Reader - April 3, 2023
Revised - Amendment(s) - April 3, 2023
Revised - Clarification - April 3, 2023
Revised - Budget Information - April 7, 2023
Enrolled - May 9, 2023
Revised - Amendment(s) - May 9, 2023
Revised - Other - May 9, 2023

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(301) 970-5510
ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL:  Maryland Educator Shortage Act of 2023

BILL NUMBER:  HB 1219

PREPARED BY:  Governor’s Legislative Office

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 **X**  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