

Department of Legislative Services  
 Maryland General Assembly  
 2025 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1430 (Delegate Miller, *et al.*)  
 Appropriations and Ways and Means

Teachers - Career Ladder Compensation and National Board Certification Study  
 (Maryland Educator Stipend Reform Act)

This bill reduces teacher compensation under the career ladder by replacing permanent salary increases with annual stipends paid in the year a teacher advances and for the following three years (a total of four years), beginning July 1, 2025. Stipend amounts are generally one-half the salary increases currently required. The bill also reduces the maximum State share for maintaining a National Board Certification (NBC) and converts those salary increases into annual stipends. By June 1, 2030, the Maryland State Department of Education (MSDE) must conduct a study on the efficacy of NBC teachers using student results from the Maryland Comprehensive Assessment Program (MCAP). MSDE must submit a report on the study’s findings to the Governor and General Assembly by September 1, 2030. The bill applies prospectively and does not affect any public school employee contracts, including teacher salary increases, agreed to before the bill’s effective date. **The bill takes effect July 1, 2025.**

Fiscal Summary

**State Effect:** *Under one set of assumptions*, special fund expenditures decrease by at least \$9.8 million in FY 2026, with savings growing to at least \$33.9 million by FY 2030 (and accruing also to the general fund beginning in FY 2027) due to the shift from permanent salary increases to reduced four-year stipends. Future years reflect projected growth in both initial and renewal NBC certifications. General fund expenditures increase by \$100,000 annually from FY 2026 through FY 2030 for the NBC study. Revenues are not affected.

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0.1	0.1	0.1	0.1	0.1
GF/SF Exp.	(9.8)	(13.7)	(19.4)	(26.0)	(33.9)
Net Effect	\$9.7	\$13.6	\$19.3	\$25.9	\$33.8

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

**Local Effect:** *Under one set of assumptions*, local expenditures for teacher compensation decrease by a total of \$9.8 million, with savings increasing over time. Total State aid for the State share of teacher compensation also decreases due to lower required amounts and the shift from permanent salary increases to four-year stipends. Local school system payments for teacher pensions decrease, potentially significantly, beginning in FY 2028.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** **Exhibit 1** summarizes the changes in teacher compensation under the bill. In general, permanent salary increases for teachers on the career ladder are replaced with annual stipends paid for a total of four years. Additionally, local boards of education are authorized to award stipends for other certifications that support the implementation of the Blueprint for Maryland’s Future.

### Exhibit 1 Career Ladder Compensation Requirements

	<u>Current Law Salary Increases<sup>1</sup></u>	<u>Bill Annual Stipend for Four Years<sup>2</sup></u>
National Board Certification	\$10,000	\$5,000
National Board Certification – Low-performing School <sup>3</sup>	7,000	3,500
Lead Teacher	5,000	2,500
Distinguished Teacher	10,000	5,000
Professor Distinguished Teacher	15,000	7,500
Other Approved Certifications	n/a	3,500

<sup>1</sup> Beginning on July 1, 2022, teacher salary increases associated with the career ladder must at a minimum include the amounts in the exhibit. The teacher salary increases do not apply for becoming a lead teacher, distinguished teacher, professor distinguished teacher, and distinguished principal until career ladders that meet specified requirements become effective as recommended by the Maryland State Department of Education (MSDE) and approved by the Accountability and Implementation Board (AIB).

<sup>2</sup> Beginning on July 1, 2025, teacher salary compensation associated with the career ladder must at a minimum include the stipend amounts, paid in the year that the teacher achieves the advancement on the career ladder and in the following three years. The teacher salary compensation stipends do not apply for becoming a lead teacher, distinguished teacher, professor distinguished teacher, distinguished principal, and other certifications that a local board of education determines is effective in advancing one of the items necessary for implementing the Blueprint for Maryland’s Future, as specified, until career ladders that meet specified requirements become effective as recommended by MSDE and approved by AIB.

<sup>3</sup> This is an additional increase for National Board Certification teacher at low-performing schools.

Source: Department of Legislative Services

**Exhibit 2** summarizes the reductions in the maximum State share associated with maintenance of an NBC. As under current law, the actual amounts for maintenance for NBC are subject to collective bargaining.

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**Exhibit 2**  
**Maximum State Share for Maintenance of a National Board Certification**

	<b><u>Current Law</u></b> <b><u>Salary Increase</u></b>	<b><u>Bill</u></b> <b><u>Annual Stipend</u></b> <b><u>for Four Years</u></b>
First Renewal	\$8,000	\$4,000
Second Renewal	7,000	3,500
Third Renewal	6,000	3,000

Source: Department of Legislative Services

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As under current law for salary increases, teachers eligible for multiple stipends can receive all applicable stipends. The funding structure remains the same, with costs shared between the State and counties based on a formula that considers local wealth. Overall, the State covers 50% of the total program amount after adjusting for local wealth differences. The county's required contribution is the total program amount minus the State share. Likewise, a teacher receiving an annual stipend for teaching at a low-performing school continues to receive the stipend even if the school is no longer classified as low-performing.

*Study*

The study must:

- evaluate the efficacy of NBC teachers by examining the performance of students taught by NBC teachers on the assessments administered under MCAP in comparison with the performance of similar students taught by teachers of similar experience who are not NBC;
- conduct a statistical analysis comparing the assessment results of students taught by NBC teachers with teachers who are not NBC for school years 2025-2026 through 2028-2029, controlling for teacher experience levels and the prior test scores of the students; and
- determine whether the students taught by NBC teachers achieved higher assessment results compared to other students taught by teachers who are not NBC on any measure assessed, using a confidence interval of 95%.

## **Current Law:**

### *Public School Employees*

“Public school employee” in Section 6-401 of the Education Article is defined as a certificated professional individual who is employed by a public school employer or an individual of equivalent status in Baltimore City, except for a local superintendent or an individual designated by the public school employer to act in a negotiating capacity.

### *Career Ladder for Educators*

Under Chapter 36 of 2021, as amended, a four-level career ladder were required to be implemented by each local board of education by July 1, 2024. Level one is a State-certified teacher. Level two is a teacher pursuing a master’s degree, 30 credits of a State board-approved program of study, or NBC. Level three is a teacher who has an NBC, if NBC or a comparable assessment is not available in the teacher’s content area, a master’s degree in that area; level three includes an assistant principal. Level four is a teacher on the teacher leadership track or administrative track of the career ladder, each of which are further divided into tiers. If a teacher achieves level three or four on the career ladder by being an NBC teacher, the teacher must retain NBC status in order to remain at that level.

As of January 2025, all local school systems have submitted their initial career ladder plans and received a first maintenance of certification from the Accountability and Implementation Board (AIB). Four local school systems are piloting the level four career ladder, and AIB is working with MSDE on draft criteria for 2025 submissions and getting feedback from union representatives and teachers.

Minimum salary increases are required as specified beginning in fiscal 2023 for certain accomplishments associated with movement up the career ladder. Teachers with NBC may receive salary increases (of \$10,000) and an additional amount (\$7,000) if they teach in a low-performing school. To receive additional increases associated with moving up the career ladder, the local board must have established a career ladder that has been approved by AIB. Salary increases associated with each recertification of NBC are subject to collective bargaining, with the State share of those increases capped as specified. The costs associated with these salary increases are shared between the State and local government through a new wealth-equalized formula. The State must provide the cost of fees for initially attaining and renewing NBC to each teacher who pursues NBC, including one retake of each NBC assessment. Local boards must pay one-third of the cost of the NBC fees to the State for each teacher pursuing an NBC.

Local boards were also required to demonstrate to AIB by July 1, 2024, that teachers in the jurisdiction received at least a 10% salary increase over the preceding five-year period. By fiscal 2027, all teachers must receive a salary of at least \$60,000.

There is a program within MSDE to (1) encourage and support teachers to obtain and maintain NBC, including teachers from groups historically underrepresented in the teaching profession and (2) develop a culture of collaborative support for accomplished teaching. MSDE must establish a National Board Coordinator to direct the program, and each local superintendent must designate a local coordinator. The program must provide a virtual course for teachers interested in pursuing NBC, virtual and in-person support for teachers pursuing NBC, and training and support for local National Board facilitators.

Chapter 36 established an average teaching time of 60% as a percentage of total working time for all teachers to be phased in over eight years beginning in fiscal 2026 as well as additional average teaching percentage targets as teachers ascend the career ladder. It also expressed the General Assembly's intent that as the Blueprint for Maryland's Future is implemented and teachers are provided with additional collaborative time, the student-to-teacher ratio in public schools will be reduced.

### *Teacher*

For the purposes of the career ladder for educators, a "teacher" is defined as a certified public school employee who is primarily responsible and accountable for teaching the students in the class. Teacher does not include, unless otherwise provided, specified personnel, including instructional aides, social workers, or individuals with a Resident Teacher Certificate.

### *Blueprint for Maryland's Future Fund*

The Blueprint for Maryland's Future Fund (BMFF) was created by Chapter 771 of 2019 as the successor to the Commission on Innovation and Excellence in Education Fund. The BMFF is intended to assist in providing adequate funding for early childhood education and primary and secondary education to provide a world-class education to students in Maryland.

**State/ Local Expenditures:** The bill requires MSDE to conduct a study on the efficacy of NBC teachers by analyzing student performance data. To complete this study, MSDE estimates a total cost of \$500,000. For the purposes of this estimate, it is assumed that costs are allocated over five years (fiscal 2026 through 2030) at \$100,000 per year, thus increasing general fund expenditures each year. The funds cover the cost of hiring an independent consulting firm to perform statistical analysis and evaluate assessment results

by June 30, 2030 (fiscal 2030), with a final report submitted to the Governor and General Assembly by September 1, 2030 (fiscal 2031).

The bill reduces teacher compensation under the career ladder by replacing permanent salary increases with annual stipends paid the year a teacher advances and the following three years (*i.e.*, four years) beginning July 1, 2025. It also reduces the State *maximum* State share associated with maintenance of an NBC.

Thus, the bill effectively cuts teacher compensation increases in half and limits payments to four years instead of making them permanent. Since the State and local school systems share these costs, this change reduces State and local career ladder compensation expenditures by approximately half for the four-year stipend period, after which expenditures for each cohort of NBC teachers are eliminated. Furthermore, since stipends do not count toward pension calculations, local pension contributions decrease, as discussed below.

*Under one set of assumptions*, the State's share of NBC stipends is estimated to be at least \$9.8 million lower in fiscal 2026, with savings growing to \$33.9 million by fiscal 2030 due to the shift from permanent salary increases to four-year stipends. These growing savings are primarily driven by the projected increase in the number of NBC teachers under both current law and the bill. The annual growth rate in NBC teachers has equaled or exceeded 50% for each of the past three years. To the extent that the bill slows NBC attainment growth, savings will be greater. This estimate is based on a 50% reduction of the current Department of Legislative Services (DLS) projections for the career ladder. Savings may be greater if the number of teachers obtaining NBC differs from current DLS projections. *Under another set of assumptions*, using information from MSDE about the number of teachers receiving NBC, estimated savings are \$12.1 million in fiscal 2026, increasing to \$54.5 million by fiscal 2030.

As a result, special and general fund expenditures decrease. Current projections indicate that, under existing law, revenues in the BMFF, including prior-year fund balances, are insufficient to cover the required increases in annual expenditures beginning in fiscal 2027. It is assumed that as BMFF expenditures decrease under the bill beginning in fiscal 2026, the amount of general funds needed also decreases in fiscal 2027 and beyond.

Additional savings may result from converting salary increases to four-year stipends; however, data on all affected positions is not available at this time. Actual savings depend on the number of teachers who receive various salary increases under current law compared to the number eligible for stipends under the bill.

Any of the new \$3,500 four-year annual stipends for certifications approved by the local board of education for advancing one of the items necessary for implementing the Blueprint

decreases the savings calculated; however, any such increase cannot be reliably estimated as it is not known which local school systems will approve additional certifications, or how many teachers earn those certifications.

Under the bill, local savings generally correspond to State savings. However, actual savings will vary based on the distribution of teachers receiving compensation across counties and the application of the wealth equalization formula. The local distribution of NBC teachers is not currently available, preventing a more detailed estimate at this time. Additionally, local school systems may compensate NBC teachers, especially for certification renewals, at rates different from the State share maximum, further affecting the overall fiscal impact. For example, St. Mary's County Public Schools did not negotiate a renewal of the NBC. The negotiated salary increase for the first maintenance of NBC in Allegany County is \$4,000.

Any salary decrease resulting from the bill decreases pension benefits for affected public school employees in the Teachers' Pension System (TPS), which does not allow stipends to be included in the calculation of average final compensation used to calculate benefit payments. Specifically, they decrease the normal cost portion of the benefit calculation (benefits earned in the current year). Statute currently requires local school systems to pay the normal cost portion of the employer contribution in TPS. Therefore, any substantial decrease in compensation for public school employees further decreases local school board expenditures, potentially significantly, beginning in fiscal 2028 due to the lag in calculating pension contributions based on member salaries, but a reliable estimate is not feasible in the absence of data on how many qualified educators earn lower compensation under the bill.

**Additional Comments:** Each NBC is active for five years. The bill requires stipends paid in the year that the teacher achieves or maintains NBC, and in the following three years. Therefore, for every five-year NBC, the educator receives a stipend for four of those years, with no additional financial compensation for the final year of holding an NBC.

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### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Maryland State Department of Education; Department of Budget and Management; Baltimore County Public Schools; Department of Legislative Services

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