

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1245 (Delegate Wims)
Appropriations and Ways and Means

Blueprint for Maryland's Future - Alterations

This bill makes several alterations to Blueprint for Maryland’s Future programs. The bill repeals the administrator track on level four of the educator career ladder and removes assistant principals and principals from the career ladder. The definition of “Tier I child” for purposes of the full-day prekindergarten funding formula is altered to include three- and four-year-old children who, regardless of family income, have a disability or are from a home in which English is not the primary spoken language. The bill repeals the Career Counseling Program for Middle and High School Students, ending related funding for local workforce development boards (LWDB). Local boards of education may establish income eligibility guidelines and procedures for payment of costs for the competitive entry college preparatory post-college and career readiness (CCR) pathway; for students qualifying for free and reduced-price meals, the student and family may not be charged for any such costs. The Accountability and Implementation Board (AIB) must study the effect of National Board Certification (NBC) on student achievement. The Maryland State Department of Education (MSDE) must study the adequacy of Maryland’s special education funding, as specified. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: General fund expenditures increase by \$400,000 in FY 2026 and by \$250,000 in FY 2027 for the required studies. General and special fund expenditures (for State education aid) are altered by an indeterminate amount beginning in FY 2027. Revenues are not affected.

Local Effect: State and local funding for public schools will be affected beginning in FY 2027. The actual impact will vary by local school system. Local boards of education are relieved of \$54.5 million in distributions to LWDBs in FY 2026.

Small Business Effect: None.

Analysis

Bill Summary:

Career Ladder

Assistant principals and principals are removed from the career ladder; references to assistant principals and principals on levels three and four of the career ladder are repealed; and the bill specifies that for purposes of the career ladder “teacher” does not include a principal or assistant principal and that teacher salary increases under the career ladder do not apply to a principal or assistant principal. A teacher may move from the career ladder into the administration with the approval of the principal of the school in which they teach, rather than, per current law, move to the administrator track with such approval. The percentage of teachers who are professor distinguished teachers may not be more than 1% of all teachers (instead of the percentage of professor distinguished teachers or distinguished principals per current law). The maximum State share of earning a first, second, and third maintenance of NBC is reduced, respectively to \$4,000, \$4,000, and \$3,000.

Any term or condition relating to the employment of school personnel subject to collective bargaining must continue to be covered by the collective bargaining process and is not under the AIB’s authority, unless it is specifically enumerated as part of the career ladder.

National Board Certification and Special Education Studies

The AIB study of NBC must include (1) an analysis of whether teachers who have earned NBC produce greater student achievement outcomes compared to other peers; (2) information on the race, ethnicity, gender, and age of teachers who have obtained NBC compared to the total population of teachers; and (3) the feasibility of using additional, comparable teacher achievements associated with student achievement and available to teachers of every background. AIB must report results of the study to the Governor and the General Assembly by January 1, 2026.

MSDE may contract with a public or private entity to conduct the adequacy study on Maryland’s special education funding. MSDE must report on the results of the study to the Governor and the General Assembly by December 1, 2027.

Other Provisions

It is the intent of the General Assembly that there be an appropriate balance of shared and new costs between county boards of education and community colleges for students who are dually enrolled in public secondary schools and community colleges in the State.

The bill alters current law language regarding priority in expanding prekindergarten slots, to reflect the change in Tier I eligibility, but does not substantially alter the prioritization. The bill alters the term “nonclassroom teacher” to “nonclassroom educator” with respect to State payments of National Board Professional Teaching Standard fees; clarifying that assistant principals and principals are still eligible for fee reimbursement.

A local board of education may, for a school with 350 or fewer students, request a waiver from AIB from requirements to, for each school regardless of student enrollment, distribute specified minimum school funding amount for certain programs. Minimum school funding may be reported in the aggregate for each school; the minimum school funding for the special education formula may no longer be reported on a countywide basis.

Specified portions of the bill must be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any public school employee contracts agreed to before the bill’s effective date.

Current Law:

Blueprint for Maryland’s Future and Education Funding Formulas

Blueprint legislation, including Chapter 771 of 2019; Chapters 36 and 55 of 2021; and Chapter 33 of 2022 established new programs and updated education funding formulas, to among other provisions, provide additional support for schools serving high concentrations of students living in poverty, including community schools and wraparound services, and increased support for students learning English and students with disabilities.

The majority of direct State aid to public schools (excluding teachers’ retirement) is determined by enrollment-based funding formulas generally found in Title 5, Subtitle 2 of the Education Article. This includes the foundation formula, which makes use of an “enrollment count,” the greater of (1) the prior year full-time equivalent (FTE) enrollment and (2) the three-year moving average of FTE enrollment. Collectively, the formulas account for a uniform base cost per pupil that is necessary to provide general education services to students in every local school system and address the additional costs associated with educating three student populations: special education students; students eligible for free and reduced-price meals; and students who are English learners. Chapter 36 established additional major education aid programs.

Most State education aid formulas also include wealth equalization across counties, compensating for differences in local wealth by providing less aid per pupil to the more wealthy counties and more aid per pupil to the less wealthy counties. Although on the whole most State aid formulas are designed to have the State pay roughly one-half of

program costs, the State's share for the less wealthy counties is higher than 50%, and the State's share for more wealthy counties is lower than 50%.

Full-day Prekindergarten

The full-day prekindergarten funding formula provides State and local funding for voluntary full-day prekindergarten for (1) children who are three or four years old from low-income families and homeless youths and whose family income is less than or equal to 300% of the federal poverty level (FPL) (Tier I children) and (2) four-year-olds from families whose income is – for fiscal 2026 funding – between 300% and 360% of FPL, and beginning fiscal 2027 between 300% and 600% of FPL (Tier II students).

There is no family share for Tier I students. For Tier II students, a sliding scale developed by MSDE determines the family share. For four-year-olds from families with income above 600% (Tier III), the family share covers the full cost of full-day prekindergarten. However, a local board may provide up to 100% of the family share on behalf of the family. Local governments are required to fund the local share of the full-day prekindergarten program. The funding formula for full-day prekindergarten is based in part on the per pupil amount. The per pupil amount is \$14,473 for fiscal 2026, escalates to \$19,950 in fiscal 2027 and 2028, and increases annually by inflation beginning in fiscal 2029.

Beginning in the 2024-2025 school year, prekindergarten slots provided by eligible private providers must account for at least 10% of the total prekindergarten slots provided by eligible prekindergarten providers in each county. The proportion of eligible private provider prekindergarten slots in each county increases by 10 percentage points every school year, until, in the 2028-2029 school year, and each subsequent school year, eligible private provider prekindergarten slots account for at least 50% of eligible prekindergarten provider prekindergarten slots in each county.

Priority in expanding full-day prekindergarten slots is given to three- and four-year-olds who are Tier I children, children with disabilities regardless of family income, and children living in homes where English is not the primary spoken language. The proportion of enrolled Tier I children who are three- and four-year-olds must increase annually until all such children are enrolled in a full-day prekindergarten program.

Career Ladder for Educators

Under Chapter 36, a four-level career ladder must be implemented by each local board of education by July 1, 2023. 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. The State share of earning a first, second, and third maintenance of NBC is \$8,000, \$7,000, and \$6,000, respectively.

The primary purpose of the administrator track on level four is to develop teachers into principals. A teacher on the administrator track is responsible for managing administrative functions in the school. The first tier of the administrator track is a licensed principal; the second tier is distinguished principal; and a county board of education may add a tier for district office directors. An assistant principal is on level three of the career ladder and must be an NBC teacher and have an advanced professional certificate for administration. An assistant principal must teach in a classroom for at least 20% of his or her working hours and spend the remaining time on other teacher activities, as specified.

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. The percentage of teachers who are professor distinguished teachers or distinguished principals may not be more than 1% of all teachers.

Post-college and Career Ready Pathways

Beginning with the 2023-2024 school year, each local board of education must provide all students who meet the CCR standard with access to specific post-CCR pathways at no cost (including fees) to them or their parents. These pathways include (1) a competitive entry college preparatory program chosen by the local board of education, as specified; (2) a program that allows a student, through an early college program or dual enrollment at a student’s high school and an institution of higher education to earn an associate degree or at least 60 credits toward a bachelor’s degree; and (3) a robust set of career and technology education programs, as specified, that allow a student to complete specified credentials or apprenticeships.

A public high school must provide access to these programs directly or through another public school in the county. A student meeting the CCR standard must enroll in at least one post-CCR pathway, with counseling and advising services offered to help each student choose at least one pathway aligning with the student’s goals. The State Board of Education (SBE) must adopt regulations that guarantee, to the extent practicable, statewide uniformity in the quality of the post-CCR pathways, meet the specified CCR pathway requirements, and grant high school graduation credit for the CCR pathway programs.

College and Career Ready Funding

In addition to funding for non-CCR and CCR students provided within the foundation formula, funding is provided for students who have met the CCR standard adopted by SBE. Per pupil funding, covered by both State and local shares, begins at \$517 in fiscal 2022 and is inflation adjusted each subsequent year. Post-CCR funding is based on the number of students in grades 9 through 12 who have met the post-CCR standard. The fiscal 2026 funding is \$582 for each student in grades 9 through 12 meeting the CCR standard. For fiscal 2026, this per pupil funding is providing local school systems with \$31.8 million in State funds and \$31.8 million in local funding to facilitate provision of post-CCR pathways to students through the Blueprint funding formula.

Dual Enrollment and Tuition

“Dually enrolled student” includes a student enrolled in a credit or noncredit certificate or license program, course, or sequence of courses that leads to certification or licensure at an institution of higher education in the State. A public institution of higher education may not charge tuition to a dually enrolled student. A public school system must pay 75% of the cost of tuition for a public institution of higher education for its students. If there is an agreement before July 1, 2020, between a public school and a public institution of higher education in which the public institution charges less than 75% of tuition to a dually enrolled student, the local board must pay the cost of tuition under the existing agreement.

Career Counseling Program for Middle and High School Students

Chapter 36 established this program to provide each middle and high school student with individualized career counseling services. Each local board of education must enter into a local career counseling agreement with LWDB, the community college that serves the county, and, if appropriate, an American Job Center. Counseling provided must help each student choose one or more post-college and career readiness pathways as established by the Blueprint. The Career and Technical Education Committee must conduct an evaluation of each local career counseling agreement for best practices and disseminate its findings to all local boards of education, LWDBs, community colleges, and, if appropriate, American Job Centers. Although the program has no termination date, the dedicated funding mechanism described below terminates after fiscal 2026.

Each local board of education must, in fiscal 2024 through 2026, distribute funds to support the Career Counseling Program for Middle and High School Students to LWDBs. The amount each local board of education must set aside is calculated as \$62 per student in fiscal 2024, which must grow by the State aid inflation adjustment in fiscal 2025 and 2026. By June 30 of each year the program is authorized, each LWDB must report to AIB on the use of funds and the impact of providing career counseling.

Guaranteed Tax Base

The guaranteed tax base (GTB) program is intended to encourage less wealthy jurisdictions to maintain or increase local education tax effort, *i.e.*, local education appropriation as a percent of local tax base. The program provides additional State education aid to counties that have less than 80% of the statewide average wealth per pupil and provide local education funding above the minimum local share required by the Foundation Program. The program uses local education tax effort and wealth to determine State aid amounts for each eligible local school system.

Distribution of Minimum School Funding

Except for specified systemwide obligations and contracts and subject to a waiver process, at least 75% of most formula funding must be allocated by local boards to the schools those students attended, including funding under the foundation program, the compensatory education program, the English learner education program, the special education program, full-day prekindergarten (for public providers), transition supplemental instruction, comparable wage index (CWI) grants, and the CCR program. For private providers under full-day prekindergarten and for concentration of poverty grants, the percentage that must follow the students to the school is 100%. A local board may request a waiver from these requirements for specified reasons.

Maintenance of Effort and Local Share

Each year, the county government (including Baltimore City) is required to appropriate funds to the local board equivalent to the greater of the Maintenance of Effort (MOE) requirement or the local share amount of all wealth-equalized formulas. The per pupil MOE amount is based upon the enrollment count as defined above. The local share amount equals the local share of the foundation formula, compensatory education, English learner, special education, CWI, full-day prekindergarten, CCR, transitional supplemental instruction (through fiscal 2026), and career ladder grant programs. Also, counties that benefit from the compensatory education State funding floor are required to fund the local share of concentration of poverty grants. However, for some counties, the combined local share across these several programs is subject to adjustments described below.

Education Effort Adjustment to Local Share Requirement

Local governments are required to fund the local share of the foundation program and the required local shares for several other funding formula programs. The law also includes a mechanism for establishing a maximum local share that a county must fund each year. This involves “local education effort,” which is determined for each county by dividing the county’s local share of major education aid by the county’s wealth. An “education effort

index,” which is the local education effort divided by the “State average education effort” is then determined. A “maximum local share” is calculated for each county, which is the county’s local wealth multiplied by the State average education effort.

Each county with an education effort above 1.0 for two consecutive years receives relief based upon its “education effort adjustment,” which is the amount by which the calculated local share exceeds the maximum local share. This relief (which results in increases to State aid) is provided to counties within one of three tiers, based on whether the education effort is (1) greater than 1.0 but less than 1.15; (2) at least 1.15 but less than 1.27; or (3) at least 1.27. State relief for the first tier is phased up from 15% of the education effort adjustment in fiscal 2023 to 50% by fiscal 2030. State relief for the second tier is phased up from 20% of the education effort adjustment in fiscal 2023 to 100% by fiscal 2030. State relief for the third tier is 100% beginning in fiscal 2023. However, the education effort adjustment for a county is only allowed to the degree that per pupil MOE is met each year.

Additional Reductions to Local Share

A county may be eligible for a reduction in the required local share of major aid formulas in three additional ways: (1) if a county receives State funds from the GTB program, the local share may be reduced by the amount of GTB funds, except that for Baltimore City only the amount above \$10.0 million may be reduced from the local share; (2) if a county receives State funds to support the minimum funding floors of 15% for the foundation and 40% for the targeted programs; and (3) if a county has a CWI of at least 0.13, the local share of CWI may be reduced by 50%. However, in all of these cases, the local share may not be reduced below the required per pupil MOE amount.

State Expenditures: Beginning in fiscal 2027, general and special fund (Blueprint for Maryland’s Future Fund) expenditures for several education aid programs will be altered due to the bill’s provisions. *First*, State aid for the career ladder program is reduced while State aid for full-day prekindergarten increases. The combined effect on each local school system may be significant, but the precise fiscal impact cannot be determined at this time. However, it is anticipated that the decrease in State aid under the career ladder program will outweigh the increase in State funding for full-day prekindergarten. *Second*, the change in the overall State funding for these two aid programs will also affect funding for the GTB program and the education effort adjustment. Factors affecting the State aid amounts under the bill include:

- per pupil and per educator funding amounts;
- the number of principals and assistant principals compared to the numbers of teachers in the State;
- NBC attainment and maintenance;

- the number of English learners and special education students in the State as compared to total enrollment; and
- the counts of students in Tier I as compared to Tier II and Tier III.

Study Expenses

AIB advises that it will engage a higher education institution to conduct the required study of NBC, at a cost of \$150,000 in fiscal 2026, noting also the six-month timeline from the bill's effective date for delivery of the report by January 1, 2026. MSDE advises that based on a similar prior study, it will require \$500,000 to contract for the study of special education funding adequacy. It is assumed that this cost is divided evenly across fiscal 2026 and fiscal 2027. Thus, for the two studies combined, general fund expenditures increase by \$400,000 in fiscal 2026 and \$250,000 in fiscal 2027.

Local Fiscal Effect: Beginning in fiscal 2027, local school systems receive a reduction in State aid under the career ladder program, resulting in an associated decrease in the required county appropriation under the local share requirement. However, State aid under the full-day prekindergarten formula is projected to increase resulting in an associated increase in the required county appropriation. State and local funding to local school systems is further impacted by the GTB program and the education effort adjustment. The precise fiscal impact on each local school system cannot be determined at this time.

The bill allows, but does not require, local school boards to charge students who meet the CCR standard and do not qualify for free and reduced-price meals for fees associated with competitive entry college preparatory programs (*i.e.*, International Baccalaureate Diploma Program, the Cambridge Advanced International Certificate of Education Diploma Program, or a comparable program consisting of Advanced Placement courses specified by the College Board). If local school systems impose these fees, their expenditures decrease. The bill does not affect post-CCR dual enrollment or career and technology education pathways, which remain free under current law.

Based on the enrollment count for fiscal 2026 and an estimated \$63.45 per student funding level, local boards of education are relieved of \$54.5 million in distributions to LWDBs in fiscal 2026. LWDB expenditures decrease accordingly.

Additional Comments: Allowing local school systems to report on the aggregate by school the minimum school funding requirements may present difficulties for AIB and/or MSDE to verify local school system compliance with minimum school funding by program (*i.e.*, that the money follows the students).

Additional Information

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

Designated Cross File: SB 852 (Senator Lewis Young) - Education, Energy, and the Environment and Budget and Taxation.

Information Source(s): Baltimore County Public Schools; Frederick County Public Schools; Montgomery County Public Schools; Department of Budget and Management; Accountability and Implementation Board; Maryland State Department of Education; Department of Legislative Services

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