# Department of Legislative Services
Maryland General Assembly
2026 Session

## FISCAL AND POLICY NOTE
### First Reader

Senate Bill 720                      (Senator Hester)

Education, Energy, and the Environment

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**Education - Artificial Intelligence - Guidelines, Professional Development, and Collaborative (Artificial Intelligence Ready Schools Act)**

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This bill requires the Maryland State Department of Education (MSDE) to provide guidance on artificial intelligence (AI) to local school systems, educators, parents, and students through an online platform. Local school systems must adopt an AI policy aligned with the guidance within 120 days of its release, designate an AI coordinator, and procure AI tools consistent with specified requirements adopted by the Department of Information Technology (DoIT). Each year, Morgan State University (MSU) or another four-year institution of higher education in the State must support MSDE in evaluating and certifying AI tools for alignment with State guidelines. MSDE must also incorporate AI literacy into workforce preparation standards by June 1, 2027, promote statewide teacher professional development in AI (with required teacher compensation), and staff and support the new Maryland AI Education Collaborative on Artificial Intelligence in K-12 Education, which must issue specified reports and recommendations. **The bill takes effect June 1, 2026.**

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## Fiscal Summary

**State Effect:** No effect in FY 2026. General fund expenditures increase by $1.05 million in FY 2027 for staffing. Out years reflect inflation. Revenues are not affected.

| ($ in millions) | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 |
|---|---|---|---|---|---|
| Revenues | $0 | $0 | $0 | $0 | $0 |
| GF Expenditure | 1.05 | 0.99 | 1.02 | 1.04 | 1.07 |
| Net Effect | ($1.05) | ($0.99) | ($1.02) | ($1.04) | ($1.07) |

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

**Local Effect:** Expenditures for local boards of education increase, potentially significantly, to hire new staff with AI experience and to compensate teachers for training

in AI. Revenues are not affected. **This bill may impose a mandate on a unit of local government.**

**Small Business Effect:** None.

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## Analysis

**Bill Summary:**

*AI Guidance*

This bill requires MSDE to provide guidance on AI to local school systems, educators, parents, and students through an online platform that:

- promotes the safe, responsible, equitable, and ethical use of AI;
- emphasizes students and teachers at the center of educational technology;
- prioritizes the educational needs of students using evidence-based approaches and methodologies; and
- acknowledges to State and federal standards.

MSDE, in consultation with other interested stakeholders must publish separate guidance on its website for students, educators, and administrators and annually review and update the guidance as necessary. MSDE must also develop strategies to assist local boards of education and county superintendents to implement the guidelines and best practices.

Each year, MSU or another four-year institution of higher education in the State must support MSDE (1) in evaluating a prioritized list of AI tools submitted by the State Superintendent and schools and (2) to certify that AI tools are consistent with the State guidelines.

*Local School System Artificial Intelligence Policies, Coordinators, and Procurement*

Within 120 days from the date that MSDE releases guidance, each local school system must have an AI policy aligned with the guidance. Each local board of education must also designate a coordinator between the local school system and the State on the productive and ethical use of systems of AI in the local school system. Local school systems must procure AI tools consistent with specified State finance and procurement law relating to AI.

*Workforce Preparation – Professional Development Training*

By June 1, 2027, MSDE, in consultation with the Governor's Workforce Development Board, must ensure that AI literacy is a component of workforce preparation standards. MSDE, in coordination with the Maryland Center for Computing Education and coordinators of professional learning and instructional coaches, must promote teacher professional development training in AI. The teacher professional development training must be implemented statewide in a train-the-trainer model related to AI literacy and technical expertise, with the intent of training educators by July 1, 2027. Teachers in the teacher professional development training must be compensated for the training with time, money, or recertification credits. Teachers may not be charged to attend or complete the training.

*Maryland AI Education Collaborative on Artificial Intelligence in K-12 Education*

The bill establishes the Maryland AI Education Collaborative on Artificial Intelligence in K-12 Education to (1) study the uses of AI in each local school system, including a review of innovation by industry and philanthropic support of schools in the use of artificial intelligence and (2) make findings and recommendations regarding development of guidance and best practices required by the bill, implementation of best practices for professional development, and the adoption of related policies and procedures as specified. MSDE must provide staff for the collaborative and may partner or contract with an organization to support the collaborative. A member of the collaborative may not receive compensation as a member of the collaborative but is entitled to reimbursement for expenses under standard State travel regulations.

The collaborative must by January 1, 2027, create a document with examples of AI integrated into curricula including examples for (1) elementary, middle, and high school curricula and (2) all subject areas represented in the courses required for graduation. By December 1, 2027, and annually thereafter, the collaborative must report specified findings and recommendations relating to AI to the State Board of Education, the Accountability and Implementation Board, and the General Assembly.

**Current Law:** "Artificial intelligence" means a machine-based system that (1) can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments; (2) uses machine and human-based inputs to perceive real and virtual environments and abstracts those perceptions into models through analysis in an automated manner; and (3) uses model inference to formulate options for information or action.

Chapter 496 of 2024 required DoIT, by December 1, 2024, to adopt policies and procedures concerning the development, procurement, deployment, use, and ongoing assessment of

systems that employ high-risk artificial intelligence. Beginning July 1, 2025, a unit of State government may not procure or deploy a new system that employs AI unless the system complies with the policies and procedures adopted by DoIT. Although that restriction does not apply to public schools in the State, *the bill* requires that local school systems procure AI tools consistent with the standards adopted by DoIT.

For more information on AI in the State, see the **Appendix – Artificial Intelligence**.

*Maryland Center for Computing Education*

Chapter 358 of 2018 establishes the Maryland Center for Computing Education in the University System of Maryland The purpose of the center is to expand access to high-quality computer science education in grades preK through 12 by strengthening the skills of educators and increasing the number of computer science teachers in elementary and secondary education.

**State Expenditures:** The bill establishes new and ongoing responsibilities for MSDE related to the use of AI use in the State's public education system. Among other things, the bill requires MSDE to develop and annually review AI-related guidance, assist local school systems in implementing the guidance, identify AI tools to be evaluated, collaborate with MSU or another institution of higher education to evaluate and certify AI tools, promote professional development training in AI statewide, and provide staff for the collaborative established by the bill as it annually reviews and makes recommendations related to the use of AI in schools. However, MSDE does not have the staff capacity, experience, or expertise to handle these substantial new responsibilities with existing staff.

Accordingly, general fund expenditures increase by $1.0 million in fiscal 2027, which accounts for a 30-day start-up delay from the bill's June 1, 2026 effective date. This estimate reflects the cost of hiring one AI technical coordinator to provide needed technical expertise on AI, two AI instructional coordinators to lead development and implementation of the bill's professional development requirements and perform ongoing staffing duties for the collaborative established under the bill, and one informational system security officer to manage cybersecurity aspects of evaluating AI platforms that are beyond MSDE's technical capabilities. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. It also includes $90,000 annually for expenditures associated with implementing a train-the-trainer model for professional development in AI literacy, though it does not include potential significant additional costs to provide an online platform to deliver such professional development training (discussed below). Lastly, this estimate includes $350,000 annually for technology and programming (computer hardware and ongoing software license) costs for MSDE to identify, acquire, and test various AI systems.

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|---|---|
| Positions | 4.0 |
| Salaries and Fringe Benefits | $566,106 |
| Technology and Programming Costs | 350,000 |
| Train-the-trainer Implementation | 90,000 |
| Other Operating Expenses | 39,340 |
| **Total FY 2027 MSDE Expenditures** | **$1,045,446** |

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

MSDE advises that the agency requires additional Canvas licenses to deliver professional development training for every teacher in the State. MSDE estimates total cost at $1.4 million annually to cover Canvas platform licenses at $3.59 per license across the approximately 400,000 teachers in the State. While the Department of Legislative Services (DLS) concurs that there may be additional costs for MSDE associated with delivering professional development, DLS advises that alternative modes of delivery may be available such that actual costs to deliver professional development may be less costly but still significant.

MSDE advises that the department may also require $250,000 in additional contractual expenditures to reimburse MSU or another institution of higher education for its collaboration on a prioritized list of AI tools. However, MSU advises that it can collaborate with MSDE with existing budgeted resources, so there is no need for additional contractual expenditures by MSDE.

It is assumed that the Maryland Center for Computing Education at the University of Maryland Baltimore County can promote teacher professional development training in AI using existing resources.

**Local Expenditures:** Expenditures for local boards of education may increase, potentially significantly, for local boards to hire staff with experience and expertise in AI and to the extent that the bill has other operational impacts on local school systems. For example, Anne Arundel County Public Schools and St. Mary's County Public Schools anticipate costs to hire AI specialists to implement the bill. Baltimore City Public Schools advises that its current director of virtual learning and instructional technology is leading efforts on AI for the school system, however, it is unclear if the responsibilities established by the bill are absorbable by this existing position. Montgomery County Public Schools anticipates, in addition to hiring a new AI coordinator, the county will likely require significant coordinated, cross-departmental efforts to develop an AI policy within 120 days of the release of State guidelines and ongoing efforts to ensure AI in schools meets State standards.

Local school systems may face additional costs to compensate teachers for time spent participating in professional development training created under the bill. As the bill specifies that such training must be implemented statewide and teachers must be compensated for their time, costs to local school systems for substitutes and teacher compensation for training time, even for relatively brief trainings, may be meaningful.

The bill's requirement to procure AI tools that are consistent with specified State procurement laws may affect the selection of AI tools by local school systems for use in public schools and as a result may increase the cost associated with procuring such technology.

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## Additional Information

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years See SB 906 and HB 1391 of 2025.

**Designated Cross File:** HB 1057 (Delegate Ebersole, *et al.*) - Ways and Means.

**Information Source(s):** Accountability and Implementation Board; Department of Information Technology; Maryland Department of Labor; Maryland State Department of Education; Morgan State University; University System of Maryland; Anne Arundel County Public Schools; Baltimore City Public Schools; Frederick County Public Schools; Montgomery County Public Schools; St. Mary's County Public Schools; Wicomico County Public Schools; Department of Legislative Services

**Fiscal Note History:** First Reader - February 25, 2026
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Analysis by: Michael E. Sousane

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

# Appendix – Artificial Intelligence

*Artificial Intelligence – Generally*

Artificial intelligence (AI) is a broad field of computer science that deals with the creation of "intelligent" systems that can reason, learn, and act autonomously. There are many different branches of AI, each with its own focus and set of techniques, such as machine learning, neural networks, robotics, expert systems, fuzzy logic, and natural language processing. AI research has been successful in developing algorithms for solving a wide range of problems, from game playing to conversation simulation.

AI use has expanded significantly in recent years. Many of the largest technology companies have each developed their own AI systems and have integrated the systems into their respective companies' products and services. AI's ability to quickly synthesize and summarize vast amounts of data and apply the results have made it a useful tool in modern society while also raising questions about its use. The following list briefly describes a few of the impacts of and issues surrounding AI.

- Related to education, AI may have potential benefits to help tutor or otherwise provide additional resources to assist students in their studies. However, some students use AI to cheat on their schoolwork;
- Related to energy use, the significant power draw necessary to run the data systems that host AI systems has contributed to localized energy shortages and increased energy costs;
- Regarding environmental issues, these data centers require a significant amount of water for cooling and increasingly have been using freshwater resources for this purpose;
- Related to criminal justice, AI image and video generation systems can be used to make "deep fake" pictures and videos that may be difficult or impossible to differentiate from actual events;
- AI's reliance on information from the internet has raised concerns regarding the accuracy of AI-generated content as well as copyright infringement and data privacy.
- Related to health, AI is being used to assist doctors in developing medical diagnoses, but is also being used by insurance companies to screen requests for care and claims;
- Related to labor and employment, the expansion of AI has led to concerns about employees being replaced by AI systems as a means to save money on labor costs.

*Governance at the State Level*

The State defines AI as a machine-based system that (1) can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments; (2) uses machine and human-based inputs to perceive real and virtual environments and abstracts those perceptions into models through analysis in an automated manner; and (3) uses model inference to formulate options for information or action. At the State level, AI is governed primarily by the Department of Information Technology (DoIT) and the Governor's AI Subcabinet. This governance structure was established by Chapter 496 of 2024 and, broadly speaking:

- requires DoIT to adopt policies and procedures, in consultation with the Governor's AI Subcabinet, concerning the development, procurement, deployment, use, and ongoing assessment of systems that employ high-risk AI by a unit of State government;
- prohibits units of State government from procuring or deploying a new system that employs AI unless the system complies with the policies and procedures adopted by DoIT;
- requires each unit of State government to conduct a data inventory to identify data that meets criteria established by the Chief Data Officer and that is (1) necessary for the operations of the unit or otherwise required to be collected as a condition to receive federal funds or by federal or State law and (2) in a form prescribed by the Chief Data Officer, including when the data is used in AI; and
- requires each unit of State government to conduct an inventory of systems that employ high-risk AI.

Most recently, DoIT and the subcabinet have released the 2025 Maryland AI Enablement Strategy & AI Study Roadmap, which includes plans for studying opportunities, risks, and next steps associated with the use of AI in State services. Additionally, in November 2025, the Governor's Office announced a State partnership with two AI companies to integrate certain AI systems into a portion of the State's workforce.

*Other Recent State Laws and Policies*

In addition to the direct governance effectuated by Chapter 496, various other laws and policies address some of the issues posed by AI.

Chapter 105 of 2025 established the Workgroup on AI Implementation to monitor issues and make recommendations related to AI, including (1) the regulation of AI used in decisions that significantly impact the livelihood and life opportunities of individuals in the State; (2) deployer and developer obligations related to labor and employment and

protection of individual privacy rights; (3) protection of consumer rights; (4) current private sector use of AI; (5) general AI disclosures for all consumers; (6) enforcement authority for the Office of the Attorney General's Consumer Protection Division; and (7) the impact of the use of AI in the determination of government benefits. The first report from the workgroup is due July 1, 2026.

Chapter 747 of 2025 requires a carrier (*i.e.*, insurance company or another organization that provides health benefit plans), pharmacy benefits manager, or a private review agent that uses AI, algorithms, or other software tools for utilization review (including working through an entity that uses such tools) to ensure that such tools are used in a specified manner. Notably, the Act specifies that an AI, algorithm, or other software tool may not deny, delay, or modify health care services and that carriers must submit in their quarterly appeals and grievance reports whether an AI, algorithm, or other software tool was used in making an adverse decision.

Chapter 17 of the 2025 special session established an AI Evidence Clinic Pilot Program in the Administrative Office of the Courts to provide expertise in AI to the circuit courts and the District Court in the form of expert testimony on the authenticity of electronic evidence that a court determines may have been created or altered using AI.

Regarding education, the Maryland State Department of Education has begun an AI initiative to develop policies and procedures for AI use by students and teachers. Additionally, Chapter 237 of 2025 specifies that, for school years 2025-2026 through 2027-2028, certain requirements for the procurement and use of digital tools to assure equivalent access to technology for students with disabilities do not apply to digital tools that use AI.

*Federal Action*

The National Artificial Intelligence Initiative Act of 2020 became law on January 1, 2021. The aim of the Act is to promote U.S. leadership in AI research and development with the goal of accelerating the nation's economic prosperity and national security through the development and use of trustworthy AI in the public and private sectors and preparation of the workforce for the inevitable integration of AI systems. This multi-agency initiative has included work by the U.S. Department of Energy, in consultation with the National Institute of Standards and Technology, to develop the AI Risk Management Playbook as a reference guide to support responsible and trustworthy AI use and development. Though not a binding document, the playbook addresses common AI risks and steps that AI leaders, practitioners, and procurement teams can take to manage data privacy and bias risks.

Other Executive Orders guiding and governing AI use of the federal level signed during the previous administration were revoked under the current administration. Moreover, an

Executive Order signed in December 2025 generally expresses the federal government's attempt to preempt State AI laws and regulations, directs certain federal agencies to penalize states that are found to not be in compliance with the preemption, and directs certain federal entities to prepare a legislative recommendation establishing a uniform federal policy framework for AI that preempts state AI laws.