

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 504 (The Speaker)(By Request - Administration)
Appropriations and Ways and Means Budget and Taxation and Education, Energy,
and the Environment

Excellence in Maryland Public Schools Act

This Administration bill reduces annual State funding for the Coordinated Community Supports Partnership (CCSP) Fund, reduces per-pupil State funding and local share of certain major education aid, alters and delays the onset and phase-in of local education agencies (LEAs) required expenditures for teacher collaborative time, and provides mandate relief under certain State revenue circumstances. A funding requirement for a career counseling program is extended and certain digital tools requirements are temporarily altered. The bill establishes various teacher development and recruitment grant programs and a related fund, alters the Grow Your Own Educators grant program, establishes a national teacher recruitment campaign, alters community schools requirements, alters and establishes certain responsibilities for various State agencies, and otherwise modifies aspects of the Blueprint for Maryland's Future (Blueprint). **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: State expenditures in support of public schools decrease by \$29.5 million in FY 2026, and by \$156.1 million by FY 2030. Special fund revenues increase by \$602,700 in FY 2026 and by \$2.8 million in FY 2027. **This bill decreases mandated appropriations beginning in FY 2026.**

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	\$0.6	\$2.8	\$0	\$0	\$0
GF Expenditure	\$0	(\$91.7)	(\$147.8)	(\$154.1)	(\$156.1)
SF Expenditure	(\$29.5)	\$32.9	\$0	\$0	\$0
Net Effect	\$30.1	\$61.6	\$147.8	\$154.1	\$156.1

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

Local Effect: LEA revenues and corresponding expenditures increase substantially in FY 2026 and decrease substantially beginning in FY 2027. Required local implementation of collaborative learning is delayed and reduced, thereby providing local school systems with additional fiscal flexibility. Mandated local school system distributions of revenues for local workforce development boards (LWDBs) are extended; LWDBs that are local governments may benefit.

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary:

Coordinated Community Supports Partnership Fund

The bill reduces the amount that the Governor must provide annually for the CCSP Fund to \$40.0 million in fiscal 2025, \$70.0 million in fiscal 2026, and \$100.0 million annually beginning in fiscal 2027.

Major Aid Formulas

The target per pupil foundation amount (PPFA), a key component of the foundation formula and the Comparable Wage Index (CWI), is decreased versus current law to specified amounts for each year from fiscal 2027 to 2035; after fiscal 2035, the PPFA is increased by an inflation factor set in current law (resulting in lesser PPFAs compared to current law in future years). However, the bill holds per-pupil funding under the compensatory education, English learner, and special education formula grants constant with current law, by specifying per pupil amounts for these programs in statute through fiscal 2033 and increasing the respective per pupil amounts by inflation beginning in fiscal 2034. Thus, funding for these programs is no longer expressed as a percentage weight of the PPFA base. The bill similarly, though by differing mechanisms, holds minimum required funding constant with current law amounts for the SEED School, the Maryland School for the Blind (MSB) and the Maryland School for the Deaf, all of which is tied to growth in the PPFA under current law. **Exhibit 1** compares the PPFA under current law to the PPFA under the bill.

Exhibit 1
Per Pupil Foundation Amount
Fiscal 2026-2035

<u>Fiscal</u>	<u>Current</u>	<u>Under the Bill</u>	<u>Difference</u>	<u>% Diff.</u>
2026	\$9,226	\$9,226	\$0	0.0%
2027	9,732	9,561	-171	-1.8%
2028	10,138	9,789	-349	-3.4%
2029	10,564	10,200	-364	-3.4%
2030	11,004	10,625	-379	-3.4%
2031	11,442	11,047	-395	-3.5%
2032	11,898	11,483	-415	-3.5%
2033	12,365	11,931	-434	-3.5%
2034	12,635	12,381	-254	-2.0%
2035	12,910	12,843	-67	-0.5%

Note: For current law, fiscal 2034 and 2035 reflects inflation.

Source: Department of Legislative Services

Concentration of Poverty Grant Program

An LEA may request flexibility in distributing concentration of poverty grant (CPG) program funds through an appeals process established by the Maryland State Department of Education (MSDE), as opposed to the Accountability and Implementation Board (AIB) under current law.

The bill expands existing funding distribution flexibility to additional LEAs. If an LEA has at least 10 eligible schools, or if at least 35% of a local school system's schools are eligible schools, the local board of education (local board) may, on behalf of eligible schools, expend no more than 50% of program funds if a specified plan is developed and submitted to MSDE. This provision does not apply to a public charter school unless it chooses to participate in the plan. Each local board that spends funds in this way must provide each eligible school with an itemized list of services provided, the amount of funds spent on each service, and the amount of funds spent on central administrative support.

A local board may spend program funds on behalf of an eligible school on program costs that directly benefit the school, including to (1) provide central support for effective program funds management; (2) contract with outside providers that support at least

2 eligible schools; (3) coordinate spending on behalf of eligible schools; and (4) handle any other administrative cost as defined by MSDE regulations. Similar current law provisions that apply to LEAs with at least 40 eligible schools are repealed under the bill.

By December 1, 2028, MSDE must conduct a statewide evaluation of the CPG program, summarize its findings in a report that it must transmit to AIB, submit to the General Assembly, and make publicly available. It is the intent of the General Assembly that MSDE consult with specified institutions of higher education before conducting this evaluation and before establishing certain requirements for community school implementation plans.

Community Schools

The State Director of Community Schools within MSDE must be within the Office of Community Schools and Expanded Learning Time (OCSELT). OCSELT may hire staff to support the State Director in providing guidance and direction to LEAs and community school coordinators. The definition of wraparound services to be provided by a community school is revised to include (1) offering evidence-based in-school and in-person tutoring, provided during the school day and (2) improving chronic absenteeism. The evaluation form used for an annual evaluation is to be used by LEAs, instead of by community school coordinators, and the requirement to submit the evaluation to AIB is repealed. MSDE may establish requirements for school and countywide implementation plans.

A community school implementation plan must include measurable goals that will be measured at least once every two years. A community school coordinator must review the implementation plan at least once every two years, rather than at least every three years, and determine progress on the measurable goals. If MSDE determines that a community school has not expended funds in accordance with an approved implementation plan, MSDE may direct a local board to expend a reasonable percentage of per pupil CPG funds.

Study of Funding for Special Education in the State

By January 1, 2026, MSDE, in consultation with AIB, must contract with an independent entity to conduct a study of funding for special education in the State. The study must review and make recommendations on specified elements of special education costs and funding. The entity conducting the study must seek input from specified entities. The Governor must include sufficient funds in the State budget for the appropriate fiscal years for MSDE to cover the costs of the study. By December 15, 2026, MSDE must report the findings and recommendations of the study to the General Assembly.

Local Education Agency Expenditures for Collaborative Time

The bill delays the phase-in of the “collaborative time per-pupil amount” that is multiplied by the enrollment count within an LEA to determine the amount that must be distributed to and expended by schools in each county, in accordance with each local board’s collaborative time implementation plan approved by AIB. **Exhibit 2** shows the change in the collaborative time per-pupil amount that applies for all LEAs.

Exhibit 2
Required LEA Collaborative Time Per Pupil Expenditure

<u>Fiscal</u>	<u>Current Law</u>	<u>Under the Bill</u>	<u>Difference</u>	<u>% Diff.</u>
2026	\$163	\$0	(\$163)	-100%
2027	334	0	(334)	-100%
2028	512	0	(512)	-100%
2029	698	334	(364)	-52%
2030	891	512	(379)	-43%
2031	1,093	698	(395)	-36%
2032	1,306	891	(415)	-32%
2033	1,527	1,093	(434)	-28%
2034	1,560	1,306	(254)	-16%
2035	1,594	1,527	(67)	-4%

LEA: local education agency

Note: For current law, fiscal 2034 and 2035 reflects inflation.

Source: Department of Legislative Services

Career Ladder

The bill delays, from July 1, 2025, to July 1, 2028, the date by which a multi-year phase-in of specified minimum percentages of working time that teachers at each level or tier of the career ladder must devote to classroom teaching is complete. That phase-in is reduced from eight years to seven years.

Academic Excellence Program and Fund

The Academic Excellence Program is established in MSDE. The program is intended to address critical academic needs in schools and ensure that Maryland students have

equitable access to high-quality instruction and targeted academic support. Under the program, instructional coaches (coaches) and coordinators of professional learning (coordinators) must provide educators in selected schools with (1) coaching to improve instruction and the integration of evidence-based practices into the classroom and (2) access to high-quality, job-embedded, and targeted professional learning opportunities. Regional program managers oversee and coordinate this activity. In fiscal 2026 and 2027, the program must focus on early literacy instruction and support of elementary school educators. In subsequent years, the program must expand its focus, with emphasis on foundational mathematics instruction.

MSDE must enter into a cooperative agreement with a local board that elects to participate in the program. The bill provides for selection of schools and educators, based on need of support and likely benefit from the program, as well as MSDE-developed criteria for selection of coaches by regional program managers, and requires MSDE to establish a training plan for coaches.

Beginning in fiscal 2028, MSDE must employ coordinators to (1) provide professional development to educators and administrators by establishing learning modules and using appropriate tools and platforms and (2) collaborate with administrators to collect data needed to create a professional learning plan that aligns with the needs of a school.

An Academic Excellence Fund, administered by MSDE, is established to be used only for grants to local boards, institutions of higher education, nonprofit organizations, or other entities for (1) contracts with vendors to provide services; (2) training and workshops; (3) program implementation; (4) program administrative costs; (5) program evaluation and reporting; and (6) other costs approved by MSDE. Interest earnings of the fund are credited to the Blueprint for Maryland's Future Fund (BMFF). The BMFF may not be used to fund the Academic Excellence Program. MSDE must annually collect specified data about the use of the fund and may adopt policies, procedures, and regulations to carry out provisions related to the program and fund.

Grow Your Own Educators Grant Program

The bill makes several substantial alterations to the Grow Your Own Educators Grant Program, established by Chapters 227 and 228 of 2024. An institution of higher education is not required to have a teacher preparation program approved by MSDE to be part of a collaborative, and specified alternative models may take the place of an institution of higher education in a collaborative. The term “noncertified education support professional” is redefined, specifying that it entails a public school employee who is *not* (1) a certificated employee designated as part of certain bargaining units; (2) a managerial employee; or (3) a confidential employee. There is no longer a maximum distribution of funds to support teacher candidates who are provisional teachers. The bill clarifies that the program purpose is to support collaboratives that offer teacher licensure programs with on-the-job

experiential learning for eligible individuals, not to directly support the individuals. The service obligation pledged by program participants is modified to indicate separate obligations to the LEA and to the State.

To be eligible for the program, a teacher candidate must be employed as a noncertified education support professional or provisional teacher by a participating LEA in a school-based position; have a high school diploma or its equivalent; and commit to pursue a teacher licensure pathway approved by MSDE. Collaborative program plan requirements are enhanced to include:

- identification of the collaborative members and respective roles;
- school-based positions that allow a teacher candidate to systematically develop teaching skills through experiential learning and ultimately demonstrate teaching competencies;
- a mentor teacher employed by the LEA and assigned for the entirety of the program to a teacher candidate;
- a systematic program of experiential learning that results in higher education credits, if required; and
- designation of an LEA program administrator with specified program responsibilities.

The bill requires a collaborative to have a designated program administrator, instead of designation of an individual to assist teacher candidates. Estimates of program participation are to be based on appropriate data. A collaborative's recruitment outreach plan (1) no longer must include estimated expenses by category or identification of at least one source of long-term funding but (2) must identify a sustainability plan for the program.

MSDE must consult with a national nonprofit with a record of success in other states of increasing the number of licensed teachers, by specified means. This entity supports MSDE in the design, implementation, and evaluation of the program and may work directly with collaboratives to support the development and implementation of grow-your-own teacher preparation programs.

Grants are for local school employees to complete a "pathway to teacher licensure," not a teacher preparation program. The bill specifies that grants are competitive and that in awarding grants, MSDE must prioritize collaboratives that negotiate a lower tuition cost for teacher candidates. Teacher candidate compensation and benefits may not be reduced by the LEA. The bill specifies conditions under which a teacher candidate may serve as a daily substitute teacher. The requirement that MSDE publish to its website certain program data that it must collect is repealed. Instead, beginning in 2026, MSDE must annually on July 1, report on this data to the General Assembly.

Maryland Teacher Relocation Incentive Grant

The purpose of this grant, administered by MSDE, is to provide up to \$2,000 to incentivize an out-of-state licensed teacher to move to the State to address the State's teacher workforce shortage and reduce the number of conditionally licensed teachers in the classroom. By October 1, 2025, initial grants must be awarded; grants may not be awarded after June 30, 2029. A local board may submit a proposal to MSDE to receive a grant for the candidate. The bill specifies candidate eligibility standards and elements that an application must include. By December 30, 2029, MSDE must submit a specified report to the Governor and the General Assembly on the implementation of the grant awards.

National Teacher Recruitment Campaign

MSDE may establish a national teacher recruitment campaign to bring licensed and prospective teachers to the State to reduce the number of conditionally licensed teachers and meet the State's teacher workforce needs to implement collaborative time; such a campaign must end by July 1, 2029. Beginning July 1, 2025, MSDE must consult with a national nonprofit that has experience in guiding other state education agencies in targeted, State-based recruitment campaigns. The nonprofit must support MSDE in the design, implementation, and evaluation of the campaign and must provide one-to-one mentoring and support services to prospective candidates at no cost to a candidate. The campaign must include public service announcement advertising, digital marketing, and direct outreach to encourage candidates to teach in Maryland.

Maryland School Leadership Academy

School principals, assistant principals, school-based or local board leaders interested in becoming effective school principals or assistant principals, and others designated by MSDE or the local board may complete the 12-month Maryland school leadership academy. The academy must be (1) cohort-based to encourage collaboration and shared learning; (2) job-embedded to the extent practicable; (3) tailored to participants using self-diagnostics and school-level diagnostics; (4) evidence-based per federal Every Student Succeeds Act guidelines; (5) provided through both in-person and virtual sessions; and (6) structured to include training on best practices and strategies used by highly effective school leaders, enabling school leaders to implement components of the Blueprint.

Career Counseling Program for Middle and High School Students

Local board required distributions of funds to LWDBs, which currently terminate after fiscal 2026, are extended through fiscal 2028, increasing annually on a per pupil basis. Accordingly, LWDB annual reports to AIB on the use and impact of funds on providing career counseling are also extended for two additional years. By January 1, 2027, AIB must

report, as specified, to the Governor and the General Assembly on the effectiveness of the Career Counseling Program for Middle and High School Students.

Digital Tools for Education

For school years 2025-2026 through 2027-2028, current law 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 artificial intelligence, as defined under the State Finance and Procurement Article, to support student learning.

State and Local Funding Mandate Relief Contingent on State Revenue Downturns

The bill imposes a State funding freeze for education aid programs if the combined revenue projection by the Board of Revenue Estimates (BRE) in December is below the March estimate by at least 3.75%. This calculation includes the BRE estimates for both the general fund and the BMFF. This provision begins with December 1, 2024, and each December 1 thereafter, for fiscal 2026 and each fiscal year thereafter. If this trigger provision is activated, the following must occur and be provided for by the Governor in the annual budget bill for that fiscal year:

- no annual increase in per pupil major education aid; and
- no additional funding under Title 5, Subtitle 2 of the Education Article.

The bill repeals a similar provision under Chapter 36 of 2021 as amended by Chapter 55 of 2021, that is triggered by a decrease of 7.5% or more.

Other Provisions

For fiscal 2026, MSDE must provide technical assistance to LEAs to develop replicable innovative models for teacher collaboration that improve teacher retention and student learning. In each annual budget bill, the Governor must include, without revision, appropriations for AIB as jointly certified by the presiding officers of the General Assembly and the Governor. The bill specifies that counties are authorized to exceed county charter limitations on local property taxes for the purpose of payments by a county on behalf of the local board to the Teachers' Pension System and Teachers' Retirement System (TPS/TRS). The bill specifies by program what policies, regulations, processes, procedures, and/or guidance that MSDE must or may establish, adopt, or provide.

Current Law:

Coordinated Community Supports Partnership Fund and Program

Chapter 36 (the Blueprint for Maryland's Future – Implementation) established the Maryland Consortium on Community Supports in the Maryland Community Health Resources Commission, in part to develop coordinated community supports partnerships to meet student behavioral health needs and administer the CCSP grant program and fund. Chapter 36 phased in mandated annual budget appropriations for the fund at \$25.0 million increments, beginning in fiscal 2022 and culminating at \$125.0 million annually beginning in fiscal 2026. Chapter 713 of 2022 increased mandated funding levels for the CCSP Fund to \$85.0 million in fiscal 2024, \$110.0 million in fiscal 2025, and \$130.0 million in fiscal 2026 and annually thereafter.

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 LEA 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%.

"Major education aid" is the sum of the State and local shares of funding under the foundation and CWI programs; the compensatory education, special education, and

English learner programs; and several other formula aid programs, which combined account for the great majority of State aid and local funding for public schools.

Comparable Wage Index

The CWI provides additional funds to LEAs with above-average costs but does not decrease funding for LEAs with below-average costs. CWI adjustment values are fixed in statute and range from 0.055 in Charles County to 0.166 in Montgomery County. The formula multiplies the adjustment value by the foundation program for a given county, which is the PPFA multiplied by the enrollment count for the county.

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 LEA.

SEED School, Maryland School for the Blind, and Maryland School for the Deaf Funding

A public residential education boarding program for at-risk youth was established in Maryland in 2006. The program accepts students from across the State via a lottery system and is operated by the SEED School of Maryland, at a location in Baltimore City. Minimum funding per student for the SEED School is the prior year funding amount altered by the annual change in the PPFA.

MSB receives a State appropriation equal to or greater than the sum of:

- 75% of the prior year appropriation multiplied by the product of (1) the sum of the weighted enrollment growth plus one and (2) the sum of the growth in the target PPFA plus one; and
- 25% of the prior year appropriation multiplied by the sum of the weighted enrollment growth plus one.

“Weighted enrollment growth” is the product of 0.2 times the percentage change in the four-year average annual FTE enrollment from the third through sixth prior school years to the second and fifth prior school years. The “four-year average annual FTE enrollment” is the addition of (1) the average number of students enrolled annually in grades preK-12 at MSB during four consecutive school years; (2) one-half the average number of children

served annually by the MSB Early Intervention Program; and (3) one-half the average number of children served annually by the MSB Outreach Program.

The funding formula for MSD also uses growth in the PPFA, along with enrollment growth that is adjusted with a four-year enrollment average in order to soften enrollment increases and decreases. The enrollment count for the school includes grades preK-12 students and children served through the school's Early Intervention Program. The adjusted formula enrollment only includes 50% of the children in the Early Intervention Program.

Concentration of Poverty Grant Program

Blueprint legislation provides additional support for schools serving high concentrations of students living in poverty through the CPG program. CPGs have two components, a personnel grant and a per-pupil grant.

Personnel Grants are provided to employ a community school coordinator with specified qualifications and provide full-time coverage by at least one health care practitioner. A county that provides health coverage or community school services with funds other than the personnel grant must continue to provide those services through fiscal 2030. If the personnel grant provided to an eligible school exceeds the costs to employ those positions and provide health coverage, the eligible school may use excess funds to provide wraparound services and complete the community school needs assessment. The personnel grant is a State-funded categorical amount that increases with inflation.

Per-pupil Grants are provided for each qualifying school following the completion of a community school needs assessment, and each eligible school must use the per-pupil grant to provide wraparound services and other programs and services as identified in the school needs assessment. CPG funds must generally be distributed by the local board to each eligible school. However, if the LEA has at least 40 eligible schools, the local board may expend up to 50% of CPG personnel and per-pupil grants on behalf of eligible schools in accordance with a plan developed in consultation with eligible schools that ensures that each eligible school receives the required positions/coverage and services. Per-pupil grants are only wealth equalized for districts that receive the minimum State funding (40%) under the compensatory education formula; for all other districts, the State pays the full amount. The local funding percentage is based on the compensatory education wealth equalization formula.

Community Schools, Needs Assessment, Evaluation Forms, and Implementation Plans

“Community school” means a public school that establishes a set of strategic partnerships between the school and other community resources that leverage shared accountability, collaborative leadership, capacity building, and authentic family and community

engagement, using a student-centered framework to promote inclusive student achievement, positive learning conditions, and the well-being of students, families, educators, and the community through a variety of engaging practices including the provision of wraparound services. The State Director of Community Schools in MSDE must coordinate professional development for community school coordinators at each community school.

The State Director of Community Schools must, in consultation with LEAs and members of the community schools' leadership team, create a common needs assessment tool that each community school coordinator must use to complete the community school needs assessment. The State Director must also develop an evaluation form that each community school coordinator must use to complete an annual evaluation submitted to MSDE and AIB. A community school coordinator is responsible for (1) establishing a community school; (2) completing a needs assessment of the students in the school for appropriate wraparound services; (3) developing an implementation plan based on the assessment of needs for the community; and (4) coordinating support programs that address out-of-school learning barriers for students and families. "Wraparound services" provided by a community school, according to its implementation plan, may involve extended learning time and an extended school year as well as any of a wide range of specified services, supports and practices.

Local Education Agency Expenditures for Collaborative Time

The "collaborative time per-pupil amount" is multiplied by the enrollment count within an LEA to determine the amount that must be distributed to and expended by schools in each county, in accordance with each local board's collaborative time implementation plan approved by AIB.

Career Ladder

By July 1, 2024, each local board must implement a specified career ladder. The State Board of Education approves the eight-year phase-in, commencing July 1, 2025, of the minimum percentage of worktime that teachers funded through the career ladder program must be devoted to classroom teaching time, as specified by each local board in its career ladder.

Blueprint for Maryland's Future Fund

The BMFF was created by Chapter 771 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.

Teacher Certification and Development

An individual must have a certificate issued by the State Superintendent to be employed in the State as a county superintendent, assistant superintendent, supervisor, principal, or teacher.

Beginning July 1, 2025, for initial teacher certification, graduates from approved or alternative teacher preparation programs must:

- meet one of the following criteria: (1) pass a nationally recognized, portfolio-based assessment of teaching ability; or (2) complete an LEA's rigorous teacher induction program, lasting either three years or the duration a teacher can hold a conditional certificate, whichever is less; and
- meet one additional qualification from the following: (1) pass a basic literacy skills assessment approved by MSDE; (2) hold a degree from a regionally accredited institution with a minimum cumulative GPA of 3.0 or its equivalent; or (3) provide satisfactory documentation of effective evaluations from an LEA for three years.

Additionally, teachers graduating from out-of-state institutions or holding licenses from other states must either pass a teaching ability examination within 18 months of LEA employment or hold an active national board certification.

A teacher who graduates from an institution of higher education in another state or who holds a professional license or certificate from another state may also complete a comprehensive induction program as an alternative pathway to certification.

LEAs, individually or together, may develop rigorous comprehensive induction programs. Before establishing a comprehensive induction program, one or more LEA must submit a plan for the program to MSDE and AIB. A program must include a portfolio component that aligns with the Interstate Teacher Assessment and Support Consortium standards. This component can count toward teacher preparation program coursework requirements. Completing a program exempts candidates from needing to pass a nationally recognized portfolio-based assessment of teaching ability.

Chapter 627 of 2023 established the Teacher Development and Retention Program as a six-year pilot program and made significant changes to the existing Teaching Fellows for Maryland Scholarship Program. Both programs provide financial support to candidates for teacher certification and require that participants fulfill a service obligation in a public school following certification.

[All 50 states](#) currently participate in the National Association of State Directors of Teacher Education and Certification Interstate Agreement for Educator Licensure. The agreement
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is a collection of individual agreements outlining which other states' educator certificates will be accepted by the state. However, the interstate agreement is not a collection of two-way agreements of reciprocal acceptance. Participating jurisdictions may choose to have additional requirements for educators who are coming from another jurisdiction.

MSDE must establish, in collaboration with AIB, a school leadership training program for the State Superintendent, county superintendents, senior instruction-related staff, members of AIB, members of the State Board, members of local boards, and school principals.

Grow Your Own Educators

Chapters 227 and 228 established the Grow Your Own Educators Program to provide support to eligible provisional teachers and noncertified education support professionals interested in teaching who pledge to fulfill a service obligation. Administered by MSDE, the program provides grants to LEAs in collaboratives for certain teacher candidates' expenses and program administration costs. Collaboratives (consisting of LEAs, employee organizations representing those employees, and institutions of higher education with approved teacher preparation programs) may apply for grants by submitting plans to MSDE.

To be eligible for the program, a teacher candidate applicant must (1) be employed as a noncertified education support professional or provisional teacher by a participating LEA on the effective date of the program and (2) meet the educational requirements determined by the collaborative. A "provisional teacher" means an individual employed by an LEA through a provisional contract as a conditional teacher. At most, one-quarter of the funds used to support teaching candidate applicants may be used to support teaching candidates who are provisional teachers.

To apply for a grant, a collaborative must develop and submit to MSDE a plan with certain specified elements relating to content areas covered by the proposed programs, partner institutions of higher education, the number and type of applicants considered, and outreach and recruitment.

Career Counseling Program for Middle and High School Students

Chapter 36 established the Career Counseling Program for Middle and High School Students 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 an 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 of the Governor's Workforce

Development Board 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. Dedicated funding for career counseling in middle and high schools is provided through the PPFA.

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.

Accessibility of Digital Tools for Education and Artificial Intelligence

For the purpose of acquisition and use of technology in education throughout the State, the State Superintendent and the Secretary of Disabilities must jointly ensure that specifications used in all grants and procurement contracts for digital tools, as defined, require equivalent access, as defined, for students with disabilities, including blindness. Accordingly, all grants and procurement contracts for digital tools must require compliance with federal Section 508 of the Federal Rehabilitation Act of 1978. Solicitations must notify vendors of this requirement and, beginning September 1, 2023, require an accessibility conformance report. Local school systems must evaluate digital tools for compliance using accessibility or blindness specialists. Contracts must include indemnification provisions for noncompliance. By October 1, 2024, local school systems must prioritize digital tools that meet equivalent access standards and provide the greatest functionality for students with disabilities. If no compliant product is available or if compliance would impose an undue burden or alter instruction, MSDE must be notified and consult with specified agencies. Vendors have 18 months to resolve compliance failures or face civil penalties.

If students without disabilities receive digital tools not made accessible to students with disabilities, alternative instruction must be provided in alignment with the student's individualized education program or 504 Plan. All public- or student-facing online content must comply with current Web Content Accessibility Guidelines. Local school systems must report annually to MSDE on the accessibility of digital tools; MSDE must publish this information, monitor compliance under COMAR 13A.06.05, and report annually to the Governor and General Assembly.

Under § 3.5-801 of the State Finance and Procurement Article, "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.

State and Local Funding Mandate Relief Contingent on State Revenue Downturns

If the December general fund estimate in the December BRE report is more than 7.5% below the March general fund estimate in the March report of that year, per pupil increases in major education aid required under current law and any additional funding increases required under current law must be limited to the rate of inflation.

County Authority to Exceed Tax Limitations

Counties may exceed county charter limitations on local property taxes for the purpose of funding the approved budget of the local board. If a local property tax rate is set above the limit, the county governing body may not reduce funding provided to the local board from any other local source and must appropriate to the local board all of the revenues generated from any increase beyond the existing limit. Any use of this authority must be reported annually to the Governor and the General Assembly.

Background: The fiscal 2026 budget as passed by the General Assembly includes BMFF special funds amounting to \$19.4 million for the Grow Your Own Educators program; \$3.0 million for the Maryland School Leadership Academy; \$2.0 million for community school partnerships with institutions of higher education including regional training hubs; \$1.0 million for teacher relocation stipends; \$674,000 for a national teacher recruitment campaign; \$2.0 million for MSDE to administer community schools programs and partner with an external evaluation partner; and \$1.4 million for MSDE teacher pipeline administrative costs. The fiscal 2026 budget includes no funding for the Academic Excellence Program.

The General Assembly reduced funding for the CCSP Fund to \$40.0 million in the fiscal 2025 budget. The fiscal 2026 budget includes \$70.0 million in BMFF funds for CCSP in fiscal 2026 contingent on legislation to reduce mandated funding by \$60.0 million.

State Revenues: The bill specifies that interest earned by the Academic Excellence Fund established under the bill accrues to BMFF. This provision is assumed to be budget neutral and, therefore, will have no substantial overall impact on State revenues. The bill relieves the BMFF of substantial expenditures in fiscal 2026 and fiscal 2027. This results in greater average BMFF fund balances during those years, and consequently BMFF interest earnings increase by approximately \$602,700 in fiscal 2026 and \$2.8 million in fiscal 2027.

State Expenditures: The projected fiscal 2026 to 2030 impact of the bill, by program, is detailed in **Exhibit 3**. Savings related to annual reductions in funding of the CCSP Fund and aid funding linked to the reduced PPFA, and resulting reduced State expenditures, are only partially offset under the bill, including enhancements to the Grow Your Own Educators Program. Exhibit 3 includes MSDE administrative costs.

Exhibit 3
Estimated Changes in State Expenditures under the Bill
Fiscal 2026-2030
(\$ in Millions)

Program	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Foundation	\$0.0	-\$73.6	-\$150.4	-\$157.1	-\$163.4
Comparable Wage Index	0.0	-2.8	-5.7	-5.8	-5.9
Education Effort Adjustment	0.0	-0.6	-9.8	-7.1	-1.6
Guaranteed Tax Base	0.0	1.8	2.8	2.3	2.6
Grow Your Own Educators	19.4	19.4	19.4	19.4	12.9
<i>State Aid Subtotal</i>	<i>\$19.4</i>	<i>-\$55.8</i>	<i>-\$143.7</i>	<i>-\$148.3</i>	<i>-\$155.4</i>
Coordinated Community Supports	-\$60.0	-\$30.0	-\$30.0	-\$30.0	-\$30.0
Leadership Academy	3.0	3.0	3.0	3.0	8.0
Academic Excellence	0.0	19.3	21.2	21.2	21.2
Relocation Incentive	1.0	2.0	1.0	0.0	0.0
Out-of-state Recruitment	0.7	0.7	0.7	0.0	0.0
Community School Partnership	2.0	2.0	0.0	0.0	0.0
Teacher Pipeline Administrative Costs	1.4	0.0	0.0	0.0	0.0
Additional Administrative Costs	2.0	0.0	0.0	0.0	0.0
<i>Other Subtotal</i>	<i>-\$49.0</i>	<i>-\$3.0</i>	<i>-\$4.0</i>	<i>-\$5.8</i>	<i>-\$0.8</i>
Total Change	-\$29.5	-\$58.8	-\$147.8	-\$154.1	-\$156.1

Totals may not sum due to rounding.

Source: Department of Legislative Services

As shown in **Exhibit 4**, BMFF special fund revenues are projected to be sufficient to cover mandated annual increases in expenditures for the Blueprint through fiscal 2026. Thus, reductions to required Blueprint expenditures under the bill in fiscal 2026, approximately \$29.5 million, result in equivalent reductions in BMFF expenditures in fiscal 2026. However, current projections indicate that revenues in the BMFF, including prior-year fund balances, will be less than the amount required to cover current law increases to annual expenditures under the Blueprint beginning in fiscal 2027. In fiscal 2027, reflecting the

greater available BMFF balance from fiscal 2026 BMFF savings, BMFF expenditures increase by about \$32.9 million, while general fund savings net to about \$112.8 million. State Blueprint savings in fiscal 2028 through 2030, totaling about \$171.8 million, \$177.6 million, and \$180.0 million in each respective year, amount entirely to general fund expenditure decreases.

Exhibit 4
Net Results of Revenue and Expenditure Changes under the Bill
Fiscal 2026-2030
(\$ in Millions)

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Blueprint Revenues	\$0.6	\$2.8	\$0.0	\$0.0	\$0.0
Blueprint Expenditures	-29.5	32.9	0.0	0.0	0.0
General Fund Expenditure Impact due to BMFF changes	0.0	-112.8	-171.8	-177.6	-180.0
GTB and Academic Excellence General Fund Expenditures	0.0	21.1	24.0	23.6	23.9
Net General Fund Expenditures	0.0	-91.7	-147.8	-154.1	-156.1
Total Expenditures	-29.5	-58.8	-147.8	-154.1	-156.1
Net Total Results	\$30.1	\$61.6	\$147.8	\$154.1	\$156.1

BMFF: Blueprint for Maryland's Future Fund

GTB: Guaranteed Tax Base

Totals may not sum due to rounding.

Source: Department of Legislative Services

General fund expenditures are also affected by changes not related to the Blueprint: Academic Excellence Program expenditures, which may not be made from the BMFF, as well as increases to GTB expenditures related to changes in the PPFA. These general fund changes are detailed in Exhibit 3.

Because the fiscal 2026 budget includes BMFF funding for numerous provisions under the bill (the reconstituted Grow Your Own Educators program; the Maryland School Leadership Academy; the Maryland Teacher Relocation Incentive Grant Program; a national teacher recruitment campaign; an MSDE CPG evaluation and a study of special education funding) consistent with the purpose of the BMFF, this analysis assumes that BMFF funds (to the extent BMFF revenues are available) are used to fund these programs and initiatives in subsequent years. This analysis assumes that though a national teacher

relocation campaign and teacher relocation incentive grants are authorized through the end of fiscal 2029, funding for both ends after fiscal 2028.

Though the Grow Your Own Educators program was established under Chapters 227 and 228, this analysis covers the full costs assumed to apply to the reconstituted program, rather than attempting to net-out the costs under the bill as compared to current law, for which a significant record of costs does not exist. Thus, the net reduction in overall State costs under the bill (amounting to nearly \$550 million over the fiscal 2026 to fiscal 2030 period) may be somewhat understated. This analysis further assumes that State funding under the Academic Excellence Program covers LEA costs for employing coaches, for those LEAs that choose to participate in the program, and that State program costs increase by approximately 10% beginning in fiscal 2028, given that coordinators are employed by MSDE beginning in that year. This analysis assumes that dedicated State funding for the Academic Excellence Program commences in fiscal 2027.

Administrative Costs – Maryland State Department of Education

Alterations to education funding formulas (*e.g.*, the foundation program) under the bill do not alter State administrative costs. However, modification of the Grow Your Own Educators program, as well as commencement of several initiatives, and other requirements under the bill increase MSDE staffing costs. BMFF expenditures increase by \$319,818 in fiscal 2026, which accounts for a 90-day start-up delay from the effective date for the bill's cost-driving provisions. This estimate reflects the cost of hiring one program manager and two program coordinators to administer ongoing teacher pipeline work, including administration of the Grow Your Own Educators and teacher recruitment and relocation activities. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	3.0
Salaries and Fringe Benefits	\$297,712
Operating Expenses	<u>\$22,106</u>
Total FY 2026 State Expenditures	\$319,818

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. These costs, as well as substantial contractual costs not estimated here, are included in the overall description of net changes under the bill shown in Exhibit 3. These overall costs are assumed to include teacher pipeline and OCSELT community schools administrative costs and MSDE costs associated with the required study of special education funding and MSDE's evaluation of CPG. Further, it is assumed that some of the administrative cost funds included in the fiscal 2026 budget will be spent in years beyond fiscal 2026.

Local Fiscal Effect: County government expenditures decrease beginning in fiscal 2027 due to the lower per-pupil funding amounts under the bill, which reduces local share, and thus for some counties decreases minimum required effort. **Exhibit 5** shows the anticipated decreases in county government funding for public schools under the bill. Though the bill authorizes counties to exceed county charter limitations on local property taxes for the purpose of payments by a county on behalf of the local board to TPS/TRS, the bill does not require such payments.

Exhibit 5
Estimated Change in Local Appropriations under the Bill
Fiscal 2026-2030
(\$ in Thousands)

<u>County</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Allegany	\$0	\$0	\$0	\$0	\$0
Anne Arundel	0	0	0	0	(7,518)
Baltimore City	0	0	0	0	0
Baltimore	0	0	0	0	0
Calvert	0	0	0	0	0
Caroline	0	(365)	(589)	(522)	(589)
Carroll	0	0	0	0	0
Cecil	0	(1,012)	(2,068)	(2,161)	(2,260)
Charles	0	0	0	0	0
Dorchester	0	(296)	(578)	(571)	(601)
Frederick	0	0	0	0	0
Garrett	0	(369)	(783)	(828)	(872)
Harford	0	0	0	0	0
Howard	0	0	0	0	0
Kent	0	(206)	(421)	(437)	(454)
Montgomery	0	0	0	0	0
Prince George's	0	(9,353)	(19,082)	(19,849)	(20,631)
Queen Anne's	0	0	0	0	0
St. Mary's	0	0	0	0	0
Somerset	0	(182)	(315)	(295)	(325)
Talbot	0	(517)	(1,054)	(1,106)	(1,182)
Washington	0	(1,506)	(2,870)	(2,842)	(2,997)
Wicomico	0	(1,011)	(1,633)	(1,443)	(1,630)
Worcester	0	0	0	0	0
Total	\$0	(\$14,817)	(\$29,395)	(\$30,055)	(\$39,058)

Totals may not sum due to rounding.

Source: Department of Legislative Services

State aid through the Grow Your Own Educators Program amounts to \$19.4 million in fiscal 2026. Beginning in fiscal 2027, net LEA revenues and expenditures decrease due to the decreased State aid and decreased county government funding linked to reduced PPFA levels under the bill. Many LEAs presently employ instructional coaches, though not necessarily in a manner prescribed by the Academic Excellence Program. To the degree that LEAs choose to participate in the Academic Excellence Program and that funding for instructional coaches and related costs exceeds current levels of expenditures for coaching positions, LEA expenditures increase. **Exhibit 6** shows the estimated change in State aid received by public schools by county. **Exhibit 7** shows the combined impact of both State aid and county appropriations changes by county for fiscal 2026 through 2030.

In addition, as shown in Exhibit 2, the bill delays the local implementation of collaborative learning by three years and reduces per pupil required expenditures for collaborative time in subsequent years, which will provide local school systems with additional flexibility by removing statewide required expenditures amounting to approximately \$139.6 million, \$285.5 million, \$437.5 million, \$311.0 million, and \$323.8 million respectively for fiscal years 2026 through 2030.

However, mandated local school system distributions to LWDBs are extended to include fiscal 2027 and 2028, reducing local school system flexibility in those years by approximately \$55.5 million and \$56.9 million respectively. Thus, LWDBs benefit to the extent local school systems would otherwise opt out of distributions to LWDBs in those years. The Maryland Department of Labor advises that, in some jurisdictions, LWDBs are units of local government.

This analysis assumes that local government (including local school system) expenditures are not substantially altered by provisions temporarily exempting certain digital tools from certain procurement and use requirements.

Additional Comments: As of April 1, 2024, MSDE has introduced new licenses and licensing requirements for educators, replacing the prior certification system. Although current law and the bill refer to “teacher certification,” such language is assumed to apply to current teacher licensure standards adopted by MSDE.

Exhibit 6
Estimated Change in State Aid to Public Schools under the Bill
Fiscal 2026-2030
(\$ in Thousands)

<u>County</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Allegany	\$0	(\$786)	(\$1,609)	(\$1,685)	(\$1,759)
Anne Arundel	0	(6,057)	(12,213)	(12,395)	(12,394)
Baltimore City	0	(8,137)	(25,077)	(22,987)	(18,073)
Baltimore	0	(9,893)	(20,560)	(22,024)	(23,417)
Calvert	0	(1,365)	(2,756)	(2,891)	(3,026)
Caroline	0	(548)	(1,294)	(1,465)	(1,500)
Carroll	0	(2,349)	(4,767)	(4,925)	(5,092)
Cecil	0	(1,407)	(2,918)	(3,089)	(3,268)
Charles	0	(2,827)	(5,766)	(5,911)	(6,072)
Dorchester	0	(436)	(941)	(1,035)	(1,098)
Frederick	0	(4,428)	(8,764)	(8,881)	(8,817)
Garrett	0	(151)	(268)	(274)	(281)
Harford	0	(3,577)	(7,401)	(7,783)	(8,130)
Howard	0	(4,521)	(9,212)	(9,438)	(9,639)
Kent	0	(41)	(77)	(84)	(89)
Montgomery	0	(8,966)	(18,690)	(19,575)	(20,177)
Prince George's	0	(13,326)	(27,096)	(28,344)	(30,146)
Queen Anne's	0	(427)	(859)	(895)	(918)
St. Mary's	0	(1,683)	(3,439)	(3,668)	(3,755)
Somerset	0	(269)	(599)	(658)	(663)
Talbot	0	(107)	(219)	(230)	(218)
Washington	0	(2,220)	(4,699)	(5,081)	(5,263)
Wicomico	0	(1,516)	(3,588)	(4,083)	(4,119)
Worcester	0	(165)	(337)	(352)	(367)
Unallocated	19,434	19,434	19,434	19,434	12,922
Total	\$19,434	(\$55,767)	(\$143,714)	(\$148,318)	(\$155,358)

Totals may not sum due to rounding.

Source: Department of Legislative Services

Exhibit 7
Estimated Change in State Aid and Local Appropriations under the Bill
Fiscal 2026-2030
(\$ in Thousands)

<u>County</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Allegany	\$0	(\$786)	(\$1,609)	(\$1,685)	(\$1,759)
Anne Arundel	0	(6,057)	(12,213)	(12,395)	(19,912)
Baltimore City	0	(8,137)	(25,077)	(22,987)	(18,073)
Baltimore	0	(9,893)	(20,560)	(22,024)	(23,417)
Calvert	0	(1,365)	(2,756)	(2,891)	(3,026)
Caroline	0	(914)	(1,883)	(1,987)	(2,089)
Carroll	0	(2,349)	(4,767)	(4,925)	(5,092)
Cecil	0	(2,420)	(4,986)	(5,250)	(5,528)
Charles	0	(2,827)	(5,766)	(5,911)	(6,072)
Dorchester	0	(731)	(1,519)	(1,606)	(1,699)
Frederick	0	(4,428)	(8,764)	(8,881)	(8,817)
Garrett	0	(520)	(1,051)	(1,102)	(1,153)
Harford	0	(3,577)	(7,401)	(7,783)	(8,130)
Howard	0	(4,521)	(9,212)	(9,438)	(9,639)
Kent	0	(247)	(498)	(521)	(543)
Montgomery	0	(8,966)	(18,690)	(19,575)	(20,177)
Prince George's	0	(22,679)	(46,178)	(48,192)	(50,776)
Queen Anne's	0	(427)	(859)	(895)	(918)
St. Mary's	0	(1,683)	(3,439)	(3,668)	(3,755)
Somerset	0	(451)	(914)	(953)	(988)
Talbot	0	(624)	(1,273)	(1,337)	(1,399)
Washington	0	(3,726)	(7,569)	(7,923)	(8,260)
Wicomico	0	(2,527)	(5,221)	(5,526)	(5,748)
Worcester	0	(165)	(337)	(352)	(367)
Unallocated	19,434	19,434	19,434	19,434	12,922
Total	\$19,434	(\$70,585)	(\$173,109)	(\$178,373)	(\$194,416)

Totals may not sum due to rounding.

Source: Department of Legislative Services

Additional Information

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

Designated Cross File: SB 429 (The President, *et al.*) (By Request - Administration) - Budget and Taxation and Education, Energy, and the Environment.

Information Source(s): Maryland Association of Counties; Council of State Governments; Baltimore County Public Schools; Accountability and Implementation Board; Maryland State Treasurer's Office; Maryland State Department of Education; University System of Maryland; Department of Budget and Management; Maryland Department of Labor; Department of Legislative Services

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: **Excellence in Maryland Public Schools Act**

BILL NUMBER: HB 504

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 BUSINESSES

OR

 WILL HAVE A MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES