Maryland Educator Shortage Act of 2023

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

Fiscal Summary

State Effect: General fund expenditures increase by $15.0 million in FY 2024 due to contingent funding in the FY 2024 budget as passed by the General Assembly, of which $10.0 million is allocated to the Teacher Development and Retention Fund established by the bill for stipends and administration. Based on one set of assumptions, general fund expenditures increase by an additional $777,300 in FY 2024 for program evaluation costs, the data dashboard, training and contractual expenses, and one-time information technology (IT) contract costs. General fund expenditures are maintained at $5.2 million in FY 2025 and 2026 due to other program constraints and elimination of one-time costs. Special fund expenditures increase commensurate with most costs of the pilot program. Special fund revenues increase when additional general funds are required to maintain the program. Higher education revenues and expenditures may increase, as discussed below. Out-years reflect termination of the pilot program and staffing costs continuing.

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
<th>FY 2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>SF Revenue</td>
<td>$10.0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0.2</td>
</tr>
<tr>
<td>Higher Ed Rev.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GF Expenditure</td>
<td>$15.8</td>
<td>$5.2</td>
<td>$5.2</td>
<td>$0.2</td>
<td>$0.5</td>
</tr>
<tr>
<td>SF Expenditure</td>
<td>$1.3</td>
<td>$2.3</td>
<td>$2.2</td>
<td>$4.2</td>
<td>$0.2</td>
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<tr>
<td>Higher Ed Exp.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Effect</td>
<td>($7.1)</td>
<td>($7.5)</td>
<td>($7.4)</td>
<td>($4.4)</td>
<td>($0.5)</td>
</tr>
</tbody>
</table>

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease
Local Effect: Local school systems can likely report the required information using existing resources; however, resources may be directed from current priorities. Local school revenues are not directly affected.

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

Analysis

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

Goals for the Recruitment and Retention of Teachers

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

Maryland Educator Recruitment, Retention, and Diversity Dashboard

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

By December 1, 2024, and each December 1 thereafter, each local board of education must report to MSDE demographic and job status information on educators employed by, and
teacher interns placed in, the public schools within the jurisdiction of the local board during
the previous school year. Each local board of education must report the information
disaggregated by specified categories, including school, race, and status on the career
ladder.

*High Staff Qualifications for Prekindergarten Teachers*

Beginning with the 2025-2026 school year, the bill establishes an alternative pathway to
meet minimum requirements for highly qualified teachers for specified prekindergarten
providers. Specifically, an eligible prekindergarten provider’s teachers may be considered
to have high qualifications if they, on or before July 1, 2025, (1) have been employed in
the field for at least 10 years; (2) meet specified educational criteria; and (3) have been
assessed by MSDE through an in-classroom observation as having sufficient knowledge
and skills to provide excellent early childhood education.

*Student Loan Repayment for Mental Health Professionals*

The bill expands eligibility for the Nancy Grasmick Teacher Award within the
Janet L. Hoffman LARP to include any mental health professional who is (1) a public
school employee certificated under Title 6, Subtitle 4 of the Education Article and
(2) employed in a local school system in the State to provide mental health services,
including as a school psychologist, resource psychologist, psychologist coordinator, social
worker, social worker supervisor, school counselor, or mental health coordinator. Thus, the
Nancy Grasmick Teacher Award is renamed the Nancy Grasmick Public School
Professional Award.

The bill makes several changes to eligibility requirements for the award. Under the bill, to
be eligible an individual must have been employed in Maryland for at least one year, rather
than have taught for at least two years in specified subjects and schools (however, under
the bill, a teacher applicant must have taught for one year in those specified subject areas
and schools). In addition, the bill repeals the requirement that, to be eligible, a teacher must
have received the highest performance evaluation rating for the most recent year available.

In addition, the bill makes other changes to the Nancy Grasmick award. The bill removes
the cap on the percentage of LARP awards that can be Nancy Grasmick awards. The bill
also repeals the option of having earned a Resident Teacher Certificate from MSDE after
completing an alternative teaching preparation program approved by the State
Superintendent of Schools as a means of being eligible for an award.
Teaching Fellows for Maryland Scholarship Program

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

Service Obligation: Under the bill, the Teaching Fellows for Maryland scholarship encompasses students who pledge to work as public school or public prekindergarten teachers in the State upon completion of their studies at (1) a high-needs school, as identified by MSDE or (2) in a grade level or content area in which there is a shortage of qualified educators, as identified by MSDE. Under the current program, the service obligation is limited to teaching at schools that have at least 50% of their students eligible for free or reduced-price meals (FRPM), which is repealed by the bill in favor of the high-needs school and grade level and content areas to be identified by MSDE.

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

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

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

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

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

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

**Teacher Development and Retention Program**

The bill establishes the Teacher Development and Retention Program as a pilot program (in effect for six years until it terminates June 30, 2029) to incentivize a cohort of students to pursue a career in the teaching profession. Its purpose is to provide support to eligible individuals who ultimately pledge to fulfill a service obligation as a teacher employed full time in a high-needs school, grade level, or content area in the State in which there is a shortage of teachers, as identified by MSDE.

The program must provide an increasing level of support (i.e., initial stipend, annual stipend, and internship stipend) to eligible individuals interested in pursuing a career in the teaching profession, beginning by offering eligible individuals a one-time stipend for participation in an experiential learning opportunity in a classroom and concluding by placing those individuals in high-needs schools, grade levels, or content areas.

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

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

**Initial Stipend:** A recipient who is selected for support under the program must receive an initial stipend to support the recipient’s participation in an experiential learning opportunity
in a public school or publicly funded prekindergarten classroom. The experiential learning opportunity must (1) occur within the first or second year of the recipient’s enrollment in an eligible institution and (2) contribute to the education of the students in the classroom in which the recipient participates. The purpose of the initial stipend is to nurture in the recipient a passion for becoming a teacher. If the eligible institution has a written agreement with a public partner school or publicly funded prekindergarten program for a teacher training program, as specified, then the recipient’s experiential learning opportunity must be in a classroom within the partner school. OSFA must determine the amount of the initial stipends awarded.

**Annual Stipend:** If a recipient initially selected for program support continues to be interested in pursuing a career in the teaching profession, the recipient may continue to receive an annual stipend until the recipient enrolls in an internship or practicum that is part of a course of study leading to a Maryland professional teacher’s certificate. To be eligible to receive additional annual stipends, a recipient of program support must continue to (1) be enrolled in an associate or a bachelor’s degree program; (2) make satisfactory progress toward a degree and maintain the standards of the institution in which the student is enrolled; and (3) participate in experiential learning opportunities in a public school or publicly funded prekindergarten classroom that contribute to the education of the students in the classroom. As with initial stipends, if the institution that the program recipient attends has a written agreement with a public partner school or publicly funded prekindergarten, the experiential learning opportunity must occur in that school. A program recipient is eligible for annual stipends whether or not the program recipient is attending the institution of initial eligibility. OSFA must determine the amount of the annual stipend awarded.

**Internship Stipend:** A program recipient is eligible for an internship stipend if the program recipient (1) is currently enrolled in a teacher preparation program at an institution of higher education in the State that, through its course of study, leads to a Maryland professional teacher’s certificate; (2) is currently engaged in an internship or a practicum providing direct experience working with students in a public school or publicly funded prekindergarten program as part of the recipient’s course of study; (3) continues to make satisfactory progress toward a degree and maintain the standards of the institution; and (4) pledges to fulfill a service obligation for two years as a teacher employed full time in a high-needs school, grade level, or content area in which there is a shortage of teachers, as identified by MSDE. A program recipient who meets the requirements receives an internship stipend of up to $20,000 for a 10-month educator internship. If the recipient of an internship stipend does not fulfill the service obligation, the recipient must repay MHEC the internship stipend funds received, as specified.

**Service Obligation:** In order to ensure that program recipients fulfill the service obligation, MSDE must submit to OSFA a list of (1) high-needs schools in which there are a significant
proportion of teacher vacancies and teachers teaching in a grade level or content area other than the grade level or content area in which they are certificated and (2) grade levels and content areas in which there are a significant proportion of teacher vacancies and teachers teaching in a grade level or content area other than the grade level or content area in which they are certificated.

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

**Funding and Special Fund:** Funding for the program is as provided in the State budget. However, the Teacher Development and Retention Fund is established as a special, nonlapsing fund that is administered by MHEC. The fund consists of (1) money appropriated in the State budget to the fund; (2) interest earnings of the fund; and (3) any other money from any other source accepted for the benefit of the fund. The fund may be used only to administer the program and provide support to recipients under the program.

**Current Law:**

**Teacher Preparation Programs**

The Blueprint for Maryland’s Future (Chapter 36 of 2021) established requirements for teacher preparation programs at institutions of higher education and alternative teacher preparation programs, including course content, teacher training practicums, and mentor teacher selection criteria. Teacher training practicums must be of a specified duration, set to increase within five years from enactment, and developed in collaboration with local school systems and nonpublic schools. Practicums are to be designed to give participants exposure to diverse teaching opportunities, similar to teaching experiences in a variety of schools with diverse student populations across the State. In selecting partner schools for practicums, priority must be given to schools in the same community as the teacher preparation program.

Alternative teacher preparation programs are programs established by a local board of education and approved by the State Superintendent of Schools that lead to a participant receiving a Resident Teacher Certificate issued by MSDE and include teaching assignments with supervision and mentoring by a qualified teacher.

**High Staff Qualifications for Prekindergarten Teachers**

The Blueprint for Maryland’s Future also established that all prekindergarten providers eligible for specified funding must include structural elements that are evidence-based and
nationally recognized as important for ensuring program quality. Beginning with the 2025-2026 school year, an eligible prekindergarten provider must have high staff qualifications for teachers and teaching assistants. Teachers must hold, at a minimum (1) State certification for teaching in early childhood education or (2) a bachelor’s degree in any field and be pursuing residency through the Maryland Approved Alternative Preparation Program, which includes early childhood coursework, clinical practice, and evidence of pedagogical content knowledge. Teaching assistants must have at least (1) a child development associate certificate or (2) an associate degree.

Loan Assistance Repayment Program – Generally

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

Janet L. Hoffman Loan Assistance Repayment Program

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

- (1) receives a graduate, professional, or undergraduate degree from a college or university in the State, or a law school or (2) receives a Resident Teacher Certificate from MSDE after completing an approved alternative teaching preparation program;
- obtains eligible employment;
- receives an income less than the maximum eligible total income levels established by the office, including any additional sources of income; and
- satisfies any other criteria established.
Eligible employment fields include lawyers, degree- or diploma-holding registered nurses, licensed clinical therapists, physical and occupational therapists, social workers, speech pathologists, and teachers. A licensed clinical alcohol and drug counselor, a licensed clinical marriage and family therapy counselor, or a licensed clinical professional counselor whose practice is located in a high-need geographic area of the State as determined by the Maryland Department of Health (MDH) may receive assistance under the program.

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

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

Teaching Fellows for Maryland Scholarship Program

The Teaching Fellows for Maryland scholarship may only be used at a public senior (i.e., four-year) higher education institution with a department, school, or college of education or at a private nonprofit institution of higher education with a certificate of approval from MHEC that has a department, school, or college of education that agrees to provide recipients with a specified matching grant. The matching grant provided by a private nonprofit institution of higher education for an undergraduate or graduate student must be the lesser of (1) 100% of the annual cost of tuition and mandatory fees at the University of Maryland, College Park Campus (UMCP) or (2) 50% of the cost of tuition and mandatory fees at the private nonprofit institution of higher education. The scholarship may not be used at a community college.

If an eligible institution enrolls at least 15 recipients of a Teaching Fellows for Maryland scholarship, the institution must develop and implement an enriched honors program of education that is responsive to exceptional dedication and merit-based accomplishment in the study of education and preparation for the teaching profession.

Eligibility Criteria: To be eligible for a Teaching Fellows for Maryland scholarship, an individual must have graduated from a Maryland high school or be a Maryland resident. An applicant must have earned an overall grade point average of at least 3.3 on a 4.0 scale or its equivalent either in high school or as an undergraduate, as applicable. In addition, an
applicant must achieve at least (1) 500 on the reading and math portions of the SAT, with a combined score of at least 1100 on the reading and math portions of the SAT; (2) a composite ACT score of 25; or (3) 50% on the graduate record examination. OSFA in MHEC is required, to the extent practicable, to award scholarships in a manner that reflects ethnic, gender, racial, and geographic diversity.

_Service Obligation Requirements:_ For each year a scholarship is awarded, a teaching fellow under the program must complete the service obligation at a public school or public prekindergarten program that has at least 50% of the students in the school eligible for FRPM. However, if a recipient is unable to perform the service obligation because there are no available positions in a school that has at least 50% of its students eligible for FRPM, the recipient may work in any public school or public prekindergarten program in the State.

_Award Amount:_ The annual award amount at a public four-year institution in the State that has a department, school, or college of education must be 100% of the equivalent annual tuition, mandatory fees, and room and board of a resident undergraduate student or graduate student, as appropriate, at the public four-year higher education institution.

For private nonprofit institutions of higher education in the State that have a department, school, or college of education and agree to provide the specified matching grant, the annual award amount must be 100% of the room and board of a resident undergraduate or graduate student, as appropriate, at the eligible private nonprofit institution of higher education and the lesser of (1) 100% of the equivalent annual tuition and mandatory fees of a resident undergraduate student or graduate student, as appropriate, at UMCP or (2) 50% of the equivalent annual tuition and mandatory fees of a resident undergraduate or graduate student, as appropriate, at the eligible private nonprofit institution of higher education.

_Use of Scholarship Funds:_ A Teaching Fellows for Maryland scholarship may be used for tuition, mandatory fees, and room and board at any eligible institution.

The amount the Governor is required to appropriate to the Teaching Fellows for Maryland scholarship program escalates from at least $12.0 million in fiscal 2024 to at least $18.0 million in fiscal 2025 and each fiscal year thereafter.

**Background:** As in other states, Maryland’s local school systems are currently experiencing a shortage of both teachers and noninstructional staff. As of May 2022, there were almost 2,000 open teaching positions, accounting for 3.2% of teacher positions statewide. Teacher preparation, recruitment, retention, and retirement are all reasons for teacher shortages; for noninstructional staff, low wages and high turnover are the primary factors. Although Maryland is investing in long-term solutions to address teacher shortages...
through the Blueprint for Maryland’s Future, and local school systems have offered incentives to encourage staff retention, vacancies persist.

In Maryland, an insufficient supply of new teachers and a high number of teachers exiting the profession have resulted in a significant number of teacher vacancies.

Over the past 10 years, Maryland experienced a 33% decrease in total enrollment in teacher preparation programs. Due to this decrease, the supply of teachers is not keeping pace with local school system demand, a trend seen across the United States. Since the 2017-2018 school year, approximately 9% of Maryland teachers have not returned to teach in Maryland in the following year, excluding teachers who moved between local school systems or schools. This pattern continued in the 2021-2022 school year, with 5,516 Maryland teachers (8.8%) exiting teaching at the end of the school year. Of that amount, 2,163 (39%) voluntarily resigned; 1,406 (26%) left for education-related employment; 1,132 (21%) retired; and 815 (14%) exited for other reasons or were terminated.

**State Fiscal Effect:** General fund expenditures increase by a total of $15.8 million in fiscal 2024, which includes $15.0 million in the fiscal 2024 budget as passed by the General Assembly that is contingent on the passage of the Maryland Educator Shortage Act (Senate Bill 893/House Bill 1219). These expenditures include:

- $10.0 million for the Teacher Development and Retention Fund;
- $5.0 million for the Grasmick Teacher Award – Janet L. Hoffman LARP; and
- based on one set of assumptions, $777,300 for program evaluation costs, the data dashboard, training and contractual expenses, and one-time IT contract costs not covered by budgeted funds.

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

General fund expenditures are maintained at $5,243,200 in fiscal 2025 and $5,200,000 in fiscal 2026 due to the elimination of one-time costs and an existing requirement for Janet L. Hoffman LARP awards, unchanged by the bill, to be provided for three years. Out-year general fund expenditures reflect ongoing program evaluation costs and $75,000 for annual data dashboard maintenance, the termination of the pilot program on June 30, 2029, and staffing costs continuing. If more than one cohort is awarded under the LARP for Grasmick awards, then even more additional funding is required.

This estimate assumes that the $10.0 million for the Teacher Development and Retention Program Fund is used to capitalize the fund to support the program in fiscal 2024 and future years; accordingly, special fund revenues increase by $10.0 million in fiscal 2024. Based
on one set of assumptions explained in further detail below, the pilot program (excluding any evaluation costs) is estimated to cost a total of $10.5 million over the life of the program; thus, $535,500 in additional general funds are assumed to be required to capitalize the special fund to support the program in fiscal 2027 through 2029.

**Exhibit 1**

**Total Fiscal 2024 General Fund Expenditures**

<table>
<thead>
<tr>
<th>Fund / Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teacher Development and Retention Fund</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Nancy Grasmick Award</td>
<td>5,000,000</td>
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<tr>
<td>Program Evaluation</td>
<td>175,000</td>
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<tr>
<td>Additional MDCAPS Programing</td>
<td>19,067</td>
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<tr>
<td><strong>Total FY 2024 MHEC General Fund Expenditures</strong></td>
<td>$15,194,067</td>
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<tr>
<td>Data Dashboard</td>
<td>$500,000</td>
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<tr>
<td>Contract Staff</td>
<td>43,200</td>
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<tr>
<td>Prekindergarten Evaluation Training</td>
<td>40,000</td>
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<tr>
<td><strong>Total FY 2024 MSDE General Fund Expenditures</strong></td>
<td>$583,200</td>
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<tr>
<td><strong>Total FY 2024 General Fund Expenditures</strong></td>
<td>$15,777,267</td>
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</tbody>
</table>

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

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

Source: Department of Legislative Services

Special fund expenditures increase by an estimated $1.3 million in fiscal 2024, increasing to $4.2 million in fiscal 2027 (reflecting phase-in of the pilot program) and decreasing to $336,502 in fiscal 2028 (reflecting tapering down of the pilot program). Higher education revenues and expenditures may also increase, as discussed below.

This estimate reflects budgeted funding and the costs of (1) establishing alternative minimum qualification for prekindergarten teachers; (2) developing and maintaining the

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data dashboard; (3) administering and evaluating the Teacher Development and Retention Program; (4) paying stipends under that pilot program; (5) the need for ongoing funding for Grasmick awards due to the additional funding provided in the fiscal 2024 budget; and (6) procuring one-time IT updates of the Maryland College Aid Processing System (MDCAPS) to reflect changes to the Teaching Fellows for Maryland scholarship and Nancy Grasmick Public School Professional Award within the Janet L. Hoffman LARP.

Maryland State Department of Education

General fund expenditures for MSDE increase by $583,200 in fiscal 2024, $118,200 in fiscal 2025, and $75,000 annually thereafter.

Prekindergarten Teachers

The bill allows specified prekindergarten teachers to be considered highly qualified if they are assessed by MSDE through an in-classroom observation. MSDE advises that Teachstone’s CLASS is the gold standard for observational tools for prekindergarten. It measures high-quality teacher-student interactions, with research showing that classrooms with higher CLASS scores demonstrate better social-emotional, cognitive, and academic outcomes.

MSDE advises that the cost of assessing an estimated 1,000 prekindergarten teachers by July 1, 2025 (the bill’s deadline), is approximately $83,200 in fiscal 2024 and $43,200 in fiscal 2025. This estimate reflects $40,000 for training in the CLASS assessment for existing staff and six part-time assessors with an annual contract ceiling of $7,200 each. The estimate assumes that assessors are not hired as contractual staff but are rather paid on a per-assessment basis. To the extent that additional staff are not required to meet the demand for assessment of prekindergarten teachers (i.e., existing MSDE staff can conduct all assessments), costs are less.

Data Dashboard

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

Maryland Higher Education Commission

The fiscal 2024 budget as passed by the General Assembly includes $15.0 million in general fund appropriations for MHEC: $10.0 million for the Teacher Development and Retention Fund and $5.0 million for the Nancy Grasmick Award – Janet L. Hoffman LARP, HB 1219/ Page 13
all contingent on the enactment of the Maryland Educator Shortage Act (Senate Bill 893/House Bill 1219). In addition, MHEC general fund expenditures increase by an estimated $194,067 in fiscal 2024 due to the program evaluation costs ($175,000) and one-time IT costs ($19,067) that are not budgeted (or, in the case of program evaluation costs, not eligible to be covered with the special fund). Thus, overall MHEC general fund expenditures increase by $15.2 million in fiscal 2024. As discussed further below, MHEC general fund expenditures are assumed to be maintained at $5.1 million for at least two years.

The $10.0 million budgeted in fiscal 2024 for the Teacher Development and Retention Program is expected to cover most of MHEC’s expenditures for the program through June 30, 2029 (fiscal 2029) (additional general funding is required for program evaluation in fiscal 2025 through 2029 as these costs are assumed to not be allowable special fund expenditures). However, when the $10.0 million used to capitalize the fund in fiscal 2024 is exhausted, an additional $535,527 in general funds (in total) is required in fiscal 2027 through 2029 ($12,523 in fiscal 2027, $186,502 in fiscal 2028, and $336,502 in fiscal 2029). Thus, special fund revenues increase to capitalize the fund with $10.0 million in fiscal 2024 and when additional funds are required. Special fund expenditures increase due to program costs, as explained below.

**Teacher Development and Retention Program**

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

*Eligibility:* The pilot program established by the bill is a tiered system of three types of stipends (i.e., initial, annual, and internship) for individuals who begin their teacher preparation at an institution in the State with at least 40% of the attendees eligible for a federal Pell Grant. The number of institutions with at least 40% of the attendees eligible for a federal Pell Grant is unknown; however, the percentage of attendees receiving a federal Pell Grant is published annually by MHEC. During 2019-2020 (the latest data available) eight institutions of higher education had at least 40% of attendees receiving a federal Pell Grant, as shown in Exhibit 2: two community college (Garrett College and Wor-Wic Community College); four public four-year institutions (Bowie State University, Coppin State University, Morgan State University, and the University of Maryland Eastern Shore); and two private nonprofit institutions (Hood College and Washington Adventist University). In 2021, approximately 1,150 students were enrolled in teacher preparation programs in these institutions.
Exhibit 2
Institutions of Higher Education with More Than 40% of Undergraduates Receiving a Federal Pell Grant in 2019-2020

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

Source: Maryland Higher Education Commission

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

- only one cohort of students progresses through the pilot program since the bill specifies that it is for “a cohort” of students;
- the initial cohort is 300 students, or roughly one-quarter of all students enrolled in likely eligible teacher education programs;
- initial stipends are set at $3,500 and annual stipends are set at $7,500 – to incentivize program participation – while internship stipends are set at $20,000, the maximum allowed;
- only initial stipends may be awarded in the program’s first year, primarily to students in their second year as that is when most in-class teacher practicums begin (however, it is possible that a small number of students receive initial stipends in their first year);
- annual stipends are paid for the following two years to recipients who have completed one year of training in concert with receiving an initial stipend (although the bill allows for recipients to receive annual stipends over three years, this analysis assumes that most will need them for only two years before beginning their full-year internship);
• the retention rate for recipients of initial stipends and for those receiving the first of two annual stipends is 95% whereas the retention rate for the transition from annual stipend to internship stipend is 75% due to the service commitment;
• internship stipends are paid only to individuals who progress through the program after three or more years; and
• two-year service obligations may, therefore, be fulfilled prior to the termination of the pilot program.

Thus, under the above set of assumptions, as shown in Exhibit 3, payments for the stipend are assumed to be $1.1 million in fiscal 2024 increasing to $4.1 million in fiscal 2027. Stipend payments are assumed to total $9.3 million over the four years they are paid under the pilot program. As there is only one cohort of students beginning in fiscal 2024, stipend costs are only incurred in fiscal 2028 if some students in the cohort are eligible for an initial stipend in their first year, receive three annual stipends, and then their internship stipend.

Exhibit 3
Teacher Development and Retention Program
Recipients and Payment of Stipends
Fiscal 2024-2027

<table>
<thead>
<tr>
<th>Recipients1</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
<th>FY 2027</th>
</tr>
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<tbody>
<tr>
<td>Initial</td>
<td>300</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual</td>
<td></td>
<td>285</td>
<td>271</td>
<td></td>
</tr>
<tr>
<td>Internship</td>
<td></td>
<td></td>
<td></td>
<td>203</td>
</tr>
</tbody>
</table>

| Stipends2   |         |         |         |         |
| Initial     | $1,050,000 |         |         |         |
| Annual      | $2,137,500 | $2,032,500 |         |         |
| Internship  |         |         |         | $4,060,000 |

| Cumulative Stipend Payments | $1,050,000 | $3,187,500 | $5,220,000 | $9,280,000 |

1 Based on the number of students enrolled in teacher preparation programs at institutions with more than 40% of attendees receiving a federal Pell Grant. Out-years reflect 95% attrition for annual stipend and 75% for internship stipend.

2 Reflect an assumed $3,500 initial stipend, $7,500 annual stipend, and a $20,000 internship stipend. The bill requires the internship stipend be up to $20,000 per recipient.

Notes: Reflects one set of assumptions. Assumes one cohort participates in the pilot program. Pilot program terminates July 1, 2029 (fiscal 2029).

Source: Department of Legislative Services

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Actual costs will vary from this estimate depending on a number of factors, including (1) the institutions eligible for the program based on the percentage of attendees eligible for (instead of receiving) the federal Pell Grant (the list of eligible institutions may change each year); (2) the number of eligible students and the proportion who apply for stipends; (3) the size of the initial and annual stipends; (4) the retention rate for the program; and (5) the number of years a recipient receives an annual stipend (the analysis is based on two years, but the bill allows for annual stipends for up to three years). If the program were to elect to support a second cohort of students (beginning in fiscal 2025), costs would be greater (however, DLS notes that a second cohort would just be starting their service commitment when the evaluation results are due and would not fulfill their service obligation before the program terminates).

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

Evaluation: MHEC must hire an independent consultant to evaluate the effectiveness of the Teacher Development and Retention Program in attracting teachers to the profession. The bill requires that the evaluator be retained on or before July 1, 2028. DLS believes that a rigorous evaluation requires that evaluation design and data collection begin in the first year of the pilot program, so annual evaluation costs of between $100,000 and $250,000 are included in the estimate, beginning with $175,000 in fiscal 2024.

Special Funding: The bill establishes a special fund for the Teacher Development and Retention Program which may be used only to administer the program and provide support to recipients. It is assumed that general funds for this purpose are distributed to the special fund. The fiscal 2024 budget includes $10.0 million for the Teacher Development and Retention Program contingent on the enactment of Senate Bill 893/House Bill 1219. It is assumed that this funding is used to capitalize the special fund in fiscal 2024, and thus, special fund revenues increase by $10.0 million in fiscal 2024. It is further assumed that special fund expenditures increase to meet the costs of the program.

Based on the assumptions described above and excluding expenditures associated with the evaluation, special fund expenditures increase by $1.3 million in fiscal 2024, increasing to $4.2 million in fiscal 2027 and dropping to $186,502 in fiscal 2028. Under those assumptions, through the duration of the program (fiscal 2024 through 2029) special fund expenditures total $10.5 million: $9.3 million in stipend costs and $1.3 million in administrative costs (excluding evaluation costs). Thus, it is assumed that an additional $535,500 in general funds are required in fiscal 2027 through 2029 to support program expenditures. The special fund terminates when the pilot program does – on June 30, 2029 (at the end of fiscal 2029). Actual special fund revenues and expenditures depend primarily on the design of the stipend program and the factors discussed above.
MHEC special fund expenditures increase by $1.3 million in fiscal 2024, which accounts for the bill’s July 1, 2023 effective date. This estimate includes salaries, fringe benefits, one-time start-up costs, contractual costs for the evaluation and scholarship portal, and ongoing operating expenses.

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<td>Salaries and Fringe Benefits</td>
<td>$163,730</td>
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<td>Initial Stipend Payments</td>
<td>1,050,000</td>
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<td>MDCAPS Programming</td>
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<td>Other Operating Expenses</td>
<td>14,818</td>
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<td><strong>Total FY 2024 MHEC Special Fund Expenditures</strong></td>
<td><strong>$1,273,548</strong></td>
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Future year expenditures reflect annual salary increases and employee turnover, annual increases in ongoing operating expenses, payment of annual and internship stipends (as discussed below), further costs for evaluation of the pilot program, and termination of the pilot program on June 30, 2029.

**Nancy Grasmick Awards**

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

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

**Teaching Fellows for Maryland Scholarship**

The Teaching Fellows for Maryland scholarship program has not been fully utilized. Over the past three fiscal years, the program has awarded scholarships totaling $1.8 million in fiscal 2021, $1.9 million in fiscal 2022, and a projected $4.1 million in fiscal 2023. With a mandated appropriation of $12.0 million for the program in fiscal 2024, any increase in the number of awards made due to expanding the eligibility criteria for the scholarship is not anticipated to require any additional expenditures beyond one-time contractual costs of $7,627 to update MDCAPS (the mandated appropriation is not authorized to be used for program administration).

**Teacher Preparation Programs at Higher Education Institutions**

Higher education expenditures at public four-year institutions of higher education likely increase due to the requirements related to teacher preparation programs, but a reliable estimate is not feasible as it depends on several factors. For example, it is not known what goals MSDE will establish for teacher preparation programs and whether those programs will have to expand or adjust their programming to meet the goals.

Higher education revenues also likely increase from more teacher certification candidates enrolling in their programs.

**Small Business Effect:** Private prekindergarten providers (some of which are small businesses) can allow individuals who otherwise would not qualify as highly qualified teachers to continue to work as a prekindergarten teacher in accordance with the establishment of alternative criteria for highly qualified prekindergarten teachers.

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

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

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

MSDE further advises that “mental health professional” is defined as a person being a public school employee “certificated” under Title 6 subtitle 4 and employed in a local school system in the State to provide health services, including as a school psychologist, resource psychologist, psychologist coordinator, social worker, social worker supervisor, school counselor, or mental health coordinator. However, not all mental health professionals working in schools hold an educator certificate; instead, many hold a license from the appropriate board through MDH.

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**Additional Information**

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

**Designated Cross File:** SB 893 (The President, *et al.*) (By Request - Administration) - Education, Energy, and the Environment and Budget and Taxation.

**Information Source(s):** Maryland State Department of Education; Maryland Higher Education Commission; University System of Maryland; St. Mary’s College of Maryland; Maryland Independent College and University Association; Department of Budget and Management; Anne Arundel County Public Schools; Baltimore City Public Schools; Department of Legislative Services

**Fiscal Note History:**

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Analysis by: Caroline L. Boice

Direct Inquiries to:
(410) 946-5510
(301) 970-5510
ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Educator Shortage Act of 2023
BILL NUMBER: HB 1219
PREPARED BY: Governor’s Legislative Office

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

_X_ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

___ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS