

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 429

(The President, *et al.*) (By Request - Administration)Budget and Taxation and Education, Energy,
and the Environment

Rules and Executive Nominations

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, 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 enters Maryland into the Interstate Teacher Mobility Compact (ITMC) while repealing an existing interstate agreement, 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, and otherwise modifies aspects of the Blueprint for Maryland's Future (Blueprint). **The bill generally takes effect July 1, 2025. Provisions related to the ITMC are contingent on adoption of the compact in 10 other states.**

Fiscal Summary

State Effect: State expenditures in support of public schools decrease by \$79.6 million in FY 2026, and by \$322.2 million by FY 2030. Special fund revenues increase by \$1.7 million in FY 2026 and by \$5.9 million in FY 2027. **This bill decreases a mandated appropriation beginning in FY 2026.**

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	\$1.7	\$5.9	\$0	\$0	\$0
GF Expenditure	\$1.7	(\$122.3)	(\$304.3)	(\$299.7)	(\$322.2)
SF Expenditure	(\$81.3)	(\$1.8)	\$90.7	\$0	\$0
Net Effect	\$81.3	\$130.0	\$213.5	\$299.7	\$322.2

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

Local Effect: LEA revenues and expenditures decrease substantially beginning in FY 2026. For several counties, county appropriations to LEAs decrease beginning in FY 2026. Mandated revenues for local workforce development boards (LWDBs) that are also units of local government increase in FY 2027 and 2028 due to the extension of the existing funding mandate.

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) 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, to \$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 2026 to 2037; after fiscal 2037, the PPFA is increased by an inflation factor set in current law (resulting in lesser PPFA's 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 Maryland School for the Deaf (MSD), 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 2026-2037

<u>Fiscal</u>	<u>Current</u>	<u>Under Bill</u>	<u>Difference</u>	<u>% Diff.</u>
2026	\$9,226	\$9,063	-\$163	-1.8%
2027	9,732	9,398	-334	-3.4%
2028	10,138	9,626	-512	-5.1%
2029	10,564	9,866	-698	-6.6%
2030	11,004	10,276	-728	-6.6%
2031	11,442	10,683	-759	-6.6%
2032	11,898	11,104	-794	-6.7%
2033	12,365	11,536	-829	-6.7%
2034	12,635	11,946	-689	-5.5%
2035	12,910	12,369	-541	-4.2%
2036	13,191	12,808	-383	-2.9%
2037	13,479	13,259	-220	-1.6%

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

Concentration of Poverty Grant Program

An LEA may request flexibility in distributing 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. A local board may expend a portion of the funds distributed for the program on specified central administrative costs. 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 concentration of poverty grant (CPG) program and 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) improvement of 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 the AIB is repealed. Local boards of education that expend funds on behalf of eligible schools must provide each eligible school with an itemized list of services and the amount of funding spent on each service.

MSDE may establish requirements for school implementation plans and countywide implementation plans. The 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. MSDE may withhold funds or take other compliance actions as necessary if plans fail to meet requirements.

Study of Funding for Special Education in the State

By January 1, 2026, MSDE, in consultation with the 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 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	0	(698)	-100%
2030	891	163	(728)	-82%
2031	1,093	334	(759)	-69%
2032	1,306	512	(794)	-61%
2033	1,527	698	(829)	-54%
2034	1,560	891	(669)	-43%
2035	1,594	1,093	(501)	-31%
2036	1,629	1,306	(323)	-20%
2037	1,665	1,527	(138)	-8%

LEA: local education agency

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

Distribution of Minimum School Funding, Waivers, and Reporting

The bill clarifies that there must be an AIB waiver process, rather than an appeals process, allowing local school systems to request greater flexibility regarding minimum funding that must be provided to individual schools under the Blueprint. The bill both establishes (1) additional *specified* reasons for which a local board may request a waiver and (2) that a waiver can be requested for *any* reason. AIB must determine the duration and conditions of any such waiver that is granted. Minimum school funding may be reported in the aggregate for each school.

Collaborative Time Innovation Demonstration Grant

For fiscal 2026 through 2029, there is a Collaborative Time Innovation Demonstration Grant, administered by MSDE. Grants are intended to provide funds to establish innovative models that can be replicated for teacher collaboration at the school or LEA level that improve teacher retention and student learning. The bill specifies elements that innovative models may include, allowable uses of grant funds, and elements to be included in an application. Applications for a grant must be cosigned by the local board and the relevant

employee organization. MSDE may issue planning grants before awarding demonstration grants, and must ensure to the extent practicable, as specified, diversity among grantees.

By March 1, 2026, MSDE must make initial grant awards. MSDE must evaluate each grant award to determine whether to recommend that any innovative models be considered as a best practice to be replicated. By December 1, 2027, MSDE must submit to the Governor and the General Assembly an interim report on the implementation of the grant awards and which innovative models have demonstrated the most significant success in achieving the purpose of the grant. A final report must be submitted on the implementation of the grant awards by December 30, 2029.

Career Ladder

The bill delays, from July 1, 2025, to July 1, 2029, the date by which an eight-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.

Academic Excellence Program and Fund

The Academic Excellence Program is established in MSDE. The program is intended to address critical academic needs in schools to ensure 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 project managers employed by MSDE must 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 project managers, and requires MSDE to establish a training plan for coaches. MSDE must employ regional managers to oversee the work of coaches. Coaches are employees of local school systems. Each coach is responsible for two to four schools to support long-term instructional improvement.

Beginning in fiscal 2028, MSDE must employ coordinators to provide specified professional development and collaborate with administrators to collect data needed to create a professional learning plan that fits the need of a school. Coordinators must

establish learning modules and other tools and platforms to provide professional development opportunities to educators and administrators in a local school system.

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). 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. The bill provides for a sub-set of grants to collaboratives that implement a registered teacher apprenticeship program, composed of groups of local school systems and employee organizations, which are exempt from the requirement to include at least one institution of higher education in a collaborative. The term “noncertified education support professional” is redefined to include specified public school employees. 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; and 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 demonstration of teaching competencies;
- a mentor teacher assigned for the entirety of the program to a teacher candidate;

- a systematic program of experiential learning that results in higher education credits, as needed; and
- designation of an LEA program administrator with specified 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 and (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.

Interstate Teacher Mobility Compact

The bill enters Maryland into the ITMC contingent on adoption of the compact in 10 other states. To accommodate compact entry, the bill specifies that current law relating to teacher certification does not apply to a teacher who holds a professional license or certificate from a state for which the license or certificate is accepted in accordance with the compact.

MSDE must notify DLS within 10 days after 10 states have enacted substantially similar legislation.

Compact Purpose: The purpose of the compact is to facilitate the mobility of teachers across member states with the goal of supporting teachers through a new pathway to licensure. Through the compact, the member states seek to establish a collective regulatory framework that expedites and enhances the ability of teachers to move across state lines. As part of the compact, member states must ratify six further specified goals and objectives.

Compact Structure: The compact is governed by an ITMC Commission which is a joint interstate governmental agency. Nothing in the compact must be construed to be a waiver of sovereign immunity. Generally, the bill sets forth certain specified requirements regarding commission structure, membership, voting, and meetings. The bill also enumerates the powers and duties of the commission.

Compact Licensure: Licensure under the compact pertains only to the initial license and not to any subsequent or ongoing compliance requirements. States granting renewal licenses may require teachers to complete state-specific requirements as a condition of renewal or advancement. Receiving states may require additional information to determine teacher compensation under the compact. Generally, each member state must compile and update as necessary a list of licenses that the member state is willing to consider for equivalency and provide that list to the commission. Such a list must include those licenses a receiving state is willing to grant to teachers from other member states. Generally, receiving states hold final determination over the equivalency of licenses and the qualifications of candidates for those licenses. However, the bill specifies a process among member states for determining equivalency, including certain exceptions for active military members and eligible military spouses.

Other Administrative and Legal Provisions: The bill clarifies administrative and legal aspects of the compact by:

- specifying rulemaking procedures for the compact;
- allowing member states to investigate and impose disciplinary measures unhindered by the compact, although the bill includes provisions for the sharing of disciplinary information among member states;
- providing qualified immunity for employees acting in their official capacity;
- establishing that the commission must facilitate information exchange among members;
- clarifying appropriate legal venues for oversight;
- creating a dispute resolution process;

- setting down processes for finding member States in default and terminating membership;
- outlining requirements for effectuation of the compact, voluntary withdrawal from the compact, and future amendment to the compact;
- providing that the compact and the commission's rulemaking authority must be liberally construed to effectuate the purposes of the compact and that the provisions of the compact must be severable; and
- clarifying the compact's interaction with other laws of member states.

The bill repeals Maryland's participation in the Interstate Agreement on Qualifications of Educational Personnel.

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 and 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

The bill extends the existing funding mechanism for the Career Counseling Program for Middle and High School Students for two years, through fiscal 2028. The bill likewise

extends the program's reporting requirements by two years. AIB must report to the Governor and the General Assembly on the effectiveness of the program, as specified, by January 1, 2027.

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

Beginning December 1, 2024, and with fiscal 2026, if the reported Board of Revenue Estimates (BRE) December general fund estimate for a fiscal year is more than 3.75% below the reported BRE March general fund estimate for that fiscal year, 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. For fiscal 2027 through 2029, if (1) the Secretary of Budget and Management certifies that federal funds received by the State are reduced by at least 3.75% during the current fiscal year or (2) there is a combined general fund and federal fund reduction of at least 5%, the Governor must provide for the funding freezes described above in the annual budget bill in the General Assembly session immediately following the certification of the federal fund reduction.

Other Provisions

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 CCSPs 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; 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.

Distribution of Minimum School Funding and Waivers

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

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 the 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.

Maintenance of Effort and Local Share

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

Education Effort Adjustment to Local Share Requirement

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

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

Additional Reductions to Local Share

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

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 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.

Interstate Agreement on Qualifications of Educational Personnel

Maryland joined the [interstate agreement](#) in 1978. The agreement facilitates movement among the states of teachers and other professional educational personnel and establishes procedures for the employment without reference to their state of origin.

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.

Background: The fiscal 2026 budget as introduced reduces special fund appropriations by \$73.1 million for the foundation program (including CWI), by \$31.3 million for compensatory education, by \$9.8 million for English learner grants, by \$9.9 million for the education effort adjustment, contingent on enactment of legislation delaying implementation of the collaborative time per-pupil amount. Also contingent on such legislation, the fiscal 2026 budget includes an additional \$1.7 million in general funds for GTB.

The fiscal 2026 budget as introduced also includes BMFF special funds amounting to \$33.4 million for the Grow Your Own Educators program; \$19.3 million for the Academic Excellence Program and Fund; \$9.0 million for Collaborative Time Innovation Demonstration Grants; \$2.0 million for community school partnerships with institutions of higher education including regional training hubs; \$1.3 million for a Maryland School Leader Academy; \$1.0 million for teacher relocation stipends; \$674,000 for a national teacher recruitment campaign; \$3.0 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 General Assembly reduced funding for the CCSP Fund to \$40.0 million in the fiscal 2025 budget. The fiscal 2026 budget as introduced includes a \$90.0 million special fund (BMFF) reduction in the Maryland Community Health Resources Commission, contingent on the enactment of legislation that level funds the mandate for the Consortium on Coordinated Community Supports program to the fiscal 2025 appropriation.

Data from relevant BRE reports indicates that a 3.75% or greater decrease from March to December in the general fund revenues is rare and has not occurred since calendar 2008 and 2009. Similar data with regard to federal revenue downturns as defined by the bill within a fiscal year are not available at this time. However, federal revenues provided to the State amount to approximately \$20 billion in the fiscal 2025 budget and in the fiscal 2026 allowance. Assuming similar levels of federal funding in future years, a reduction of 3.75% in federal funding within a given year is assumed to amount to about \$750 million.

State Revenues: The bill specifies that interest earned by the Academic Excellence Fund established under the bill accrues to BMFF. Because the budget as introduced assumes the use of BMFF funds for the Academic Excellence Program and Fund, and because in practice BMFF interest remains within the 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 \$1.7 million in fiscal 2026 and \$5.9 million in fiscal 2027.

State Expenditures: The projected fiscal 2026 to 2030 impact of the bill, by program, is detailed in **Appendix A**. Savings related to reductions to the PPFA and to annual reductions in funding of the CCSP Fund, and resulting reduced State expenditures, are only partially offset by expenditure increases under the bill, including for enhancements to the Grow Your Own Educators Program and initiation of several new programs. Appendix A includes MSDE administrative costs.

General fund and BMFF impacts under the bill are shown on page one of this fiscal and policy note. 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 Blueprint expenditures under the bill in fiscal 2026, approximately \$81.3 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, BMFF expenditures decrease by about \$1.8 million, while general fund savings net to about \$122.3 million. In fiscal 2028, reflecting the greater available BMFF balance from fiscal 2026 and 2027 BMFF savings, BMFF expenditures increase by about \$90.7 million, while general fund savings net to about \$304.3 million. State savings in fiscal 2029 through 2030, totaling about \$299.7 million and \$322.2 million respectively, amount entirely to general fund expenditure decreases.

Because the fiscal 2026 budget as introduced includes BMFF funding for numerous provisions under the bill (the reconstituted Grow Your Own Educators program; the Maryland School Leadership Academy; the Collaborative Time Innovation Demonstration Grant; the Academic Excellence Program and Fund; 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.

As shown in Appendix A, this analysis assumes that the Grow Your Own Educators program can be operated with considerably less funding in fiscal 2026 (\$19.1 million) than provided in the fiscal 2026 budget as introduced (\$33.4 million), given funding levels for the similar Grow Your Own Staff program, which was funded with State education agency federal stimulus funds in fiscal 2023 as part of the Maryland Leads program. It is further assumed that annual funding for this program continues at the \$19.1 million level in subsequent years, until tapering off in fiscal 2030. 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 about \$1.0 billion over the fiscal 2026 to 2030 period) may be somewhat understated. Further, the Department of Budget and Management advises that \$5.0 million in annual existing funding for training for leaders through fiscal 2029 will under the bill be folded into the Maryland School Leader Academy, for a total of \$6.3 million annually. 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.

State Aid Formula Changes Due to Reduction to the PPFA

Beginning in fiscal 2026, foundation program and CWI State aid decreases substantially due to the annual reductions to the PPFA, as shown in Appendix A. State funding for the

education effort adjustment decreases significantly beginning in fiscal 2026 due to the decreases in the PPFA, which in turn decrease the local share of the foundation program. The above-mentioned decreases are in the form of Blueprint program funds. Increases to GTB expenditures, which flow from reductions to local effort requirements (discussed below) are in the form of general fund increases. Despite the changes to the PPFA, State annual expenditures for the compensatory education, special education, and English learner formula grant programs and minimum funding of the SEED School, MSB, and MSD are all held constant with current law under the bill.

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, the modified Grow Your Own Educators program, commencement of several initiatives, and other requirements under the bill increase MSDE staffing costs. BMFF expenditures increase by \$319,800 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 Collaborative Time Innovation Demonstration grant programming as well as 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 Appendix A. This is assumed to include teacher pipeline and 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 as introduced will be spent in years beyond fiscal 2026.

Interstate Teacher Mobility Compact and Commission

The compact commission may levy and collect an annual assessment from each member state or impose fees on other parties to cover the cost of operations. Although an estimate of annual fees levied against members states is not available at this time, any impacts are assumed to be minimal and absorbable within existing resources. However, if annual fees

are significant, expenditures may increase. The impact of the bill on teacher certification fee revenues to MSDE is assumed to be minimal given the \$10 processing fee required for initial certification and renewal/reinstatement fees imposed by MSDE, and because licensure is provided at the receiving state's discretion under the compact.

Membership in the compact may mean that out-of-state teachers who have not completed a performance-based assessment of teaching ability would not have to do so, as required under current law. On a long-term basis, this could affect enrollment in State teacher preparation institutions, which must administer the assessment as a condition of graduation. Teacher candidates may elect to attend out-of-state institutions so they do not have to pass the performance-based assessment in order to get a Maryland license. Any such effect may be offset to the extent that MSDE requires teachers from out of State to pass the performance-based assessment when they renew their licenses, as allowed by the compact. Moreover, as the bill gives member states some discretion in what licenses they choose to grant, Maryland may choose to not grant a license to any out-of-state candidates who have not passed the assessment. Therefore, a reliable assessment of the bill's effect on enrollment in in-state teacher preparation programs cannot be made.

According to the ITMC's website, 13 states have already enacted compact legislation. Of the states that border Maryland, both Pennsylvania and Delaware have enacted compact legislation, and Virginia has introduced compact legislation. Therefore, if the bill is enacted, membership in the compact would be effective as soon as notice is provided.

Other Provisions

It is assumed that exempting certain digital tools from requirements governing grants and procurements that assure equivalent access to technology for students with disabilities does not substantially alter State procurement or grants expenditures. AIB can complete the required report on the Career Counseling Program for Middle and High School Students with existing resources. In the event of a decrease in general fund and/or federal funds in the manner and magnitude specified for a mandatory education funding freeze in the annual budget bill, the estimates shown for funding changes under the bill, and in Appendix A, do not apply. Instead, State and local funding for public schools will be more acutely decreased compared to current law.

Local Fiscal Effect: County government expenditures decrease 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 3** shows the anticipated decreases in county government funding for public schools under the bill.

Local boards of education must distribute an estimated \$55.7 million of the foundation program amount to LWDBs in fiscal 2027 and an estimated \$57.1 million in fiscal 2028.

Revenues and expenditures for LWDBs that are also units of local government increase in fiscal 2027 and 2028 from maintaining existing funding. The Maryland Department of Labor advises that, in some jurisdictions, LWDBs are units of local government. Accordingly, revenues for LWDBs that are also units of local government increase in fiscal 2027 and 2028 due to the extension of the existing funding mandate. LWDB expenditures likewise increase.

Beginning in fiscal 2026, LEA revenues and expenditures decrease due to the decreased State aid and decreased county government funding as discussed above. These reductions are partially offset by increased State aid through the Grow Your Own Educators Program and Collaborative Time Innovation Demonstration grants. **Exhibit 4** shows the estimated change in State aid received by public schools by county.

Exhibit 3
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	(347)	(560)	(854)	(1,128)	(1,073)
Carroll	0	0	0	0	0
Cecil	(938)	(1,978)	(3,035)	(4,144)	(4,342)
Charles	0	0	0	0	0
Dorchester	(279)	(546)	(834)	(1,132)	(1,150)
Frederick	0	0	0	0	0
Garrett	(344)	(721)	(1,150)	(1,588)	(1,675)
Harford	0	0	0	0	0
Howard	0	0	0	0	0
Kent	(195)	(403)	(617)	(839)	(872)
Montgomery	0	0	0	0	0
Prince George's	(8,979)	(18,268)	(28,004)	(38,058)	(39,643)
Queen Anne's	0	0	0	0	0
St. Mary's	0	0	0	0	0
Somerset	(171)	(296)	(454)	(607)	(613)
Talbot	(19)	(1,010)	(1,546)	(2,122)	(2,270)
Washington	(1,420)	(2,733)	(4,144)	(5,624)	(5,740)
Wicomico	0	(1,975)	(2,174)	(3,217)	(2,926)
Worcester	0	0	0	0	0
Total	(\$12,694)	(\$28,490)	(\$42,814)	(\$58,461)	(\$67,822)

Exhibit 4
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	(\$753)	(\$1,536)	(\$2,360)	(\$3,231)	(\$3,379)
Anne Arundel	(5,817)	(11,825)	(17,916)	(23,770)	(23,796)
Baltimore City	(12,012)	(20,205)	(37,121)	(47,621)	(43,741)
Baltimore	(9,392)	(19,316)	(30,161)	(42,234)	(44,968)
Calvert	(1,329)	(2,665)	(4,043)	(5,543)	(5,811)
Caroline	(521)	(1,225)	(1,908)	(2,681)	(2,940)
Carroll	(2,231)	(4,587)	(6,992)	(9,445)	(9,779)
Cecil	(1,353)	(2,749)	(4,280)	(5,924)	(6,276)
Charles	(2,709)	(5,520)	(8,459)	(11,335)	(11,660)
Dorchester	(413)	(882)	(1,394)	(1,947)	(2,114)
Frederick	(4,292)	(8,647)	(12,857)	(17,030)	(16,930)
Garrett	(157)	(294)	(393)	(525)	(540)
Harford	(3,391)	(6,984)	(10,858)	(14,924)	(15,612)
Howard	(4,322)	(8,826)	(13,513)	(18,099)	(18,508)
Kent	(40)	(80)	(113)	(161)	(171)
Montgomery	(8,728)	(17,498)	(27,415)	(37,539)	(38,732)
Prince George's	(12,753)	(26,028)	(39,741)	(54,355)	(57,890)
Queen Anne's	(418)	(833)	(1,260)	(1,715)	(1,762)
St. Mary's	(1,608)	(3,286)	(5,044)	(7,033)	(7,212)
Somerset	(253)	(584)	(888)	(1,219)	(1,284)
Talbot	(103)	(210)	(321)	(441)	(418)
Washington	(2,111)	(4,545)	(6,960)	(9,570)	(10,127)
Wicomico	(1,453)	(2,961)	(5,486)	(7,380)	(8,116)
Worcester	(157)	(322)	(495)	(676)	(705)
Unallocated	28,100	32,240	32,240	32,240	12,733
Total	(\$48,214)	(\$119,368)	(\$207,738)	(\$292,158)	(\$319,738)

Exhibit 5 shows the combined impact of both State aid and county appropriations changes by county for fiscal 2026 through 2030.

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

County	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Allegany	(\$753)	(\$1,536)	(\$2,360)	(\$3,231)	(\$3,379)
Anne Arundel	(5,817)	(11,825)	(17,916)	(23,770)	(31,313)
Baltimore City	(12,012)	(20,205)	(37,121)	(47,621)	(43,741)
Baltimore	(9,392)	(19,316)	(30,161)	(42,234)	(44,968)
Calvert	(1,329)	(2,665)	(4,043)	(5,543)	(5,811)
Caroline	(868)	(1,785)	(2,763)	(3,810)	(4,013)
Carroll	(2,231)	(4,587)	(6,992)	(9,445)	(9,779)
Cecil	(2,291)	(4,727)	(7,315)	(10,068)	(10,618)
Charles	(2,709)	(5,520)	(8,459)	(11,335)	(11,660)
Dorchester	(692)	(1,428)	(2,228)	(3,079)	(3,264)
Frederick	(4,292)	(8,647)	(12,857)	(17,030)	(16,930)
Garrett	(502)	(1,015)	(1,543)	(2,113)	(2,215)
Harford	(3,391)	(6,984)	(10,858)	(14,924)	(15,612)
Howard	(4,322)	(8,826)	(13,513)	(18,099)	(18,508)
Kent	(235)	(483)	(731)	(1,000)	(1,043)
Montgomery	(8,728)	(17,498)	(27,415)	(37,539)	(38,732)
Prince George's	(21,732)	(44,297)	(67,745)	(92,413)	(97,534)
Queen Anne's	(418)	(833)	(1,260)	(1,715)	(1,762)
St. Mary's	(1,608)	(3,286)	(5,044)	(7,033)	(7,212)
Somerset	(424)	(881)	(1,341)	(1,827)	(1,897)
Talbot	(122)	(1,219)	(1,868)	(2,563)	(2,688)
Washington	(3,531)	(7,278)	(11,105)	(15,194)	(15,867)
Wicomico	(1,453)	(4,935)	(7,660)	(10,597)	(11,042)
Worcester	(157)	(322)	(495)	(676)	(705)
Unallocated	28,100	32,240	32,240	32,240	12,733
Total	(\$60,907)	(\$147,858)	(\$250,552)	(\$350,619)	(\$387,560)

Note: Unallocated includes increased funding due to the Grow Your Own Educators and Collaborative Time Innovation Demonstration grants.

In addition, the bill delays the local implementation of collaborative learning, which will provide local school systems with additional flexibility by removing an expenditure

requirement that statewide amounts to \$139.6 million in fiscal 2026 and \$622.0 million by fiscal 2030.

Based on enrollment projections for fiscal 2027 and 2028 and an estimated inflation-adjusted \$65.17 and \$66.87 per-student funding level in fiscal 2027 and 2028, respectively, for the Career Counseling Program for Middle and High School Students, local boards of education must distribute approximately \$55.7 million in fiscal 2027 and \$57.1 million in fiscal 2028 to LWDBs. DLS notes that local school systems are still obligated to enter into agreements with LWDBs to operate the Career Counseling Program for Middle and High School Students, and they continue to receive foundation formula funds dedicated to career counseling. Thus, although the bill potentially affects the recipients of local school system expenditures for career counseling, it likely has no meaningful effect on total expenditures.

It is assumed that exempting certain digital tools from requirements governing grants and procurements that assure equivalent access to technology for students with disabilities does not substantially alter local school system revenues and expenditures.

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.

The bill allows for central administrative costs to be covered by CPG program funds yet does not alter current law that requires local boards to distribute 100% of State and local CPG per-pupil grants to each school based on its enrollment of eligible students, and the bill maintains the general requirement that CPG personnel grants cover specified school-based positions.

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

Additional Information

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

Designated Cross File: HB 504 (The Speaker)(By Request - Administration) - Appropriations and Ways and Means.

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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Revised - Budget Information - April 7, 2025

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Appendix A

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

<u>Program</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Foundation	-\$70.3	-\$143.6	-\$220.6	-\$301.4	-\$313.7
CWI	-2.8	-5.6	-8.4	-11.2	-11.4
Education Effort Adjustment	-4.9	-5.5	-14.7	-17.1	-12.1
GTB	1.7	3.1	3.7	5.3	4.8
Grow Your Own Educators	19.1	19.1	19.1	19.1	12.7
CTI Demonstration	9.0	13.1	13.1	13.1	0.0
<i>State Aid Subtotal</i>	<i>-\$48.2</i>	<i>-\$119.4</i>	<i>-\$207.7</i>	<i>-\$292.2</i>	<i>-\$319.7</i>
Coordinated Community Supports	-60.0	-30.0	-30.0	-30.0	-30.0
Leader Academy	1.3	1.3	1.3	1.3	6.3
Academic Excellence	19.3	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	3.0	0.0	0.0	0.0	0.0
<i>Other Subtotal</i>	<i>-\$31.4</i>	<i>-\$4.7</i>	<i>-\$5.8</i>	<i>-\$7.5</i>	<i>-\$2.5</i>
Total Change	-\$79.6	-\$124.1	-\$213.5	-\$299.7	-\$322.2

CTI: Collaborative Time Innovation
CWI: Comparable Wage Index
GTB: Guaranteed Tax Base

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

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

BILL NUMBER: SB 429

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