Department of Legislative Services

Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 720 (Senator Hester, *et al.*)

Education, Energy, and the Environment Ways and Means

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

This bill requires the Maryland State Department of Education (MSDE) to provide guidance on artificial intelligence (AI) to local school systems, educators, parents, and students through an online platform. Local school systems must adopt an AI policy aligned with the guidance within 120 days of its release, designate an AI coordinator, and procure AI tools consistent with specified requirements adopted by the Department of Information Technology (DoIT). MSDE must also (1) develop and publish a rubric and other evaluative tools to assist local school systems in the evaluation of AI tools selected for use by the local school system; (2) incorporate AI literacy into workforce preparation standards and computer science standards for kindergarten through grade 12 by June 1, 2027; (3) provide professional development in AI to educators and school leaders; and (4) staff and support the new Maryland AI Education Collaborative on Artificial Intelligence in K-12 Education, which must issue specified reports and recommendations. **The bill takes effect June 1, 2026, and provisions relating to the collaborative terminate May 31, 2028.**

Fiscal Summary

State Effect: No effect in FY 2026. General fund expenditures increase by $610,100 in FY 2027 for staffing. Out years reflect inflation and termination of one-time costs. The fiscal 2027 budget as passed by the General Assembly includes $500,000 in general funds for MSDE contingent on enactment of this bill or its crossfile. Revenues are not affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	$0	$0	$0	$0	$0
GF Expenditure	610,100	418,600	437,700	457,300	477,300
Net Effect	($610,100)	($418,600)	($437,700)	($457,300)	($477,300)

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

Local Effect: Expenditures for local boards of education increase, potentially significantly, to hire new staff with AI experience. Revenues are not affected. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary:

AI Guidance

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

- promotes the safe, responsible, equitable, and ethical use of AI;
- promotes AI literacy through computer science education;
- emphasizes students and teachers at the center of educational technology;
- prioritizes the educational needs of students using evidence-based approaches and methodologies; and
- addresses how State and federal privacy and accessibility standards apply to the use of AI instruction in schools.

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

AI Rubric and Evaluative Tools

MSDE must develop and publish a rubric and other evaluative tools, as necessary, to assist local school systems in the evaluation of AI tools selected for use by the local school system. The rubric must be designed to support local school systems in determining whether AI tools are consistent with State guidelines. MSDE periodically may review and update the rubric as necessary to reflect changes in technology, law, or State policy. On request, Morgan State University or another four-year institution of higher education in the State may support MSDE in assessing the tools against the rubric.

Local School System Artificial Intelligence Policies, Coordinators, and Procurement

The AI coordinator designated by each local school system must be employed at the central office administration level as noninstructional staff and serve as liaison between the local school system and the State on the productive and ethical use of systems of AI in the local school system.

Each local school system must use the rubric and other evaluative tools developed by MSDE in the review and selection of AI tools for use within the local school system.

Workforce Preparation – Professional Development Training

MSDE must provide professional development in AI to educators and school leaders that (1) is sufficient in duration and quality to prepare educators and school leaders to professionally use AI, apply AI to instruction, and understand ethical considerations of AI and (2) provides substantial coverage of specified topics relating to the function and effective use of AI in classrooms.

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

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

The collaborative must, by January 1, 2027, recommend a process for the State Board of Education to update on a regular basis relevant State content standards to address the role of AI. By December 1, 2027, and annually thereafter, the collaborative must report specified findings and recommendations relating to AI to the State Board of Education, the Accountability and Implementation Board, and the General Assembly.

Current Law: "Artificial intelligence" means a machine-based system that (1) can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments; (2) uses machine and human-based inputs to

perceive real and virtual environments and abstracts those perceptions into models through analysis in an automated manner; and (3) uses model inference to formulate options for information or action.

Chapter 496 of 2024 required DoIT, by December 1, 2024, to adopt policies and procedures concerning the development, procurement, deployment, use, and ongoing assessment of systems that employ high-risk AI. Beginning July 1, 2025, a unit of State government may not procure or deploy a new system that employs AI unless the system complies with the policies and procedures adopted by DoIT. Although that restriction does not apply to public schools in the State, *the bill* requires that local school systems procure AI tools consistent with the standards adopted by DoIT.

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

State Expenditures: The bill establishes new and ongoing responsibilities for MSDE related to the use of AI in the State's public education system. Among other things, the bill requires MSDE to develop and annually review AI-related guidance, assist local school systems in implementing the guidance, develop and publish a rubric and other evaluative tools for use by local school systems in evaluating AI tools, provide professional development in AI, and provide staff for the collaborative established by the bill as it reviews and makes recommendations related to the use of AI in schools for two years. However, MSDE does not have the capacity, experience, or expertise in-house to handle these substantial new responsibilities with existing staff.

Accordingly, general fund expenditures increase by $610,123 in fiscal 2027, which accounts for a 30-day start-up delay from the bill's June 1, 2026 effective date. A majority of the fiscal 2027 expenditures are already budgeted through a $500,000 contingent appropriation included in the fiscal 2027 operating budget as passed by the General Assembly and effectuated by enactment of this bill. The budget authorizes funds to be spent to support costs associated with the bill, such as establishing an AI Education Collaborative. This estimate reflects the cost of hiring two AI instructional coordinators to (1) create AI guidance, rubrics, and evaluative tools for use by local school systems; (2) lead creation of the bill's professional development requirements; and (3) staff the collaborative established by the bill. It also includes the cost of hiring one Canvas coordinator to ensure delivery of professional development via an online platform to educators and school leaders in the State and track completion of the professional development. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses, as well as $150,000 in fiscal 2027 for MSDE to partner with an institution of higher education or other third-party in the development of the initial training and/or module used for purposes of professional development. To the extent that the training module must be updated in future years, costs may increase; however, any such costs are not reflected in this estimate.

Positions	3.0
Salaries and Fringe Benefits	$430,618
Module Development Contractual Costs	150,000
Other Operating Expenses	29,505
Total FY 2027 MSDE Expenditures	**$610,123**

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

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

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

Additional Information

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

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

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

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Appendix – Artificial Intelligence

Artificial Intelligence – Generally

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

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

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

Governance at the State Level

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

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

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

Other Recent State Laws and Policies

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

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

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

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

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

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

Federal Action

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

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

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