

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 907

(Senator Currie, *et al.*)

Budget and Taxation

Ways and Means

Budget Accountability - Master Plans and Evaluations

This bill requires local boards of education to continue submitting updates to their comprehensive master plans in 2008 and 2009 and to submit new five-year comprehensive master plans by October 15, 2010. After the 2010 master plan, annual updates to the plan must be submitted, with each update covering a five-year period. The bill repeals the authority of the State Board of Education to withhold State funds from a local school system that does not submit an adequate master plan and fails to improve student achievement. The bill also requires the Maryland State Department of Education (MSDE) to submit a second interim report on the evaluation of the Bridge to Excellence legislation by December 31, 2007.

The bill takes effect June 1, 2007.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$250,000 in FY 2008 to pay for an additional interim report on the Bridge to Excellence in Public Schools Act. Any additional workload for MSDE could be managed with existing personnel and resources. Revenues would not be affected.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	250,000	0	0	0	0
Net Effect	(\$250,000)	\$0	\$0	\$0	\$0

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

Local Effect: Local school systems could continue to prepare and submit comprehensive master plans with existing personnel and resources.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill requires the General Assembly to review findings from the evaluation of the Bridge to Excellence in Public Schools Act during the 2009 legislative session and determine whether the comprehensive master plan requirements should be differentiated among the local school systems. If the General Assembly does not take further action, a provision in current law allowing pre-existing management plans to satisfy the master plan requirement is repealed effective July 1, 2009.

Current Law: Local boards of education were required to submit five-year comprehensive master plans by October 1, 2003 and are required to submit annual updates to the plans that extend to the 2007-2008 school year. Each plan, as well as subsequent updates to the plan, must identify the strategies that will be used to improve academic performance for all students and must align the board's budget with the articulated strategies. The State Superintendent of Schools must review each comprehensive master plan to ensure that it will improve student performance and may require revisions to insufficient master plans. The State Board of Education may withhold State funds from a local school system that fails to demonstrate annual progress toward improving student achievement in each segment of the student population and fails to develop a master plan that meets all of the requirements for the plans.

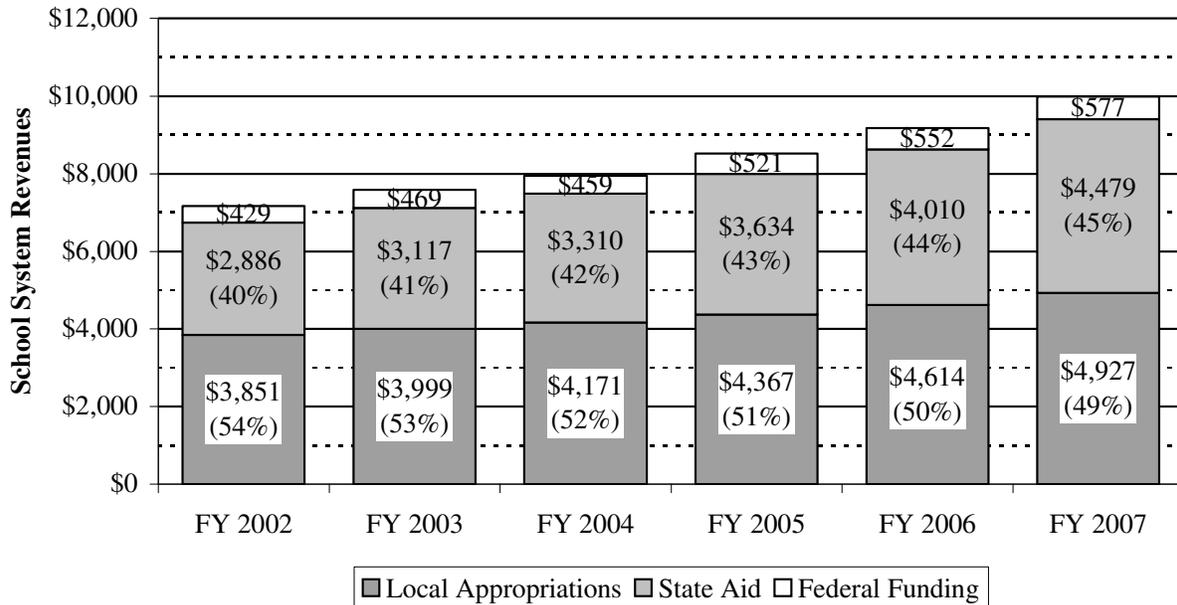
The Bridge to Excellence in Public Schools Act (Chapter 288 of 2002) required MSDE to conduct an evaluation of the effect of increased State aid for education on student and school performance in each local school system. An interim report on the evaluation was due by December 31, 2006, and the final report is due December 31, 2008.

Background: The development of a comprehensive master plan by each local school system was the major accountability component of the Bridge to Excellence in Public Schools Act of 2002. The Act required significant enhancements to State funding for public elementary and secondary education and gave local school systems broad discretion to use the added revenues for programs, initiatives, and enhancements that would best serve local student populations. The master plans were designed to ensure that the large infusion of funds would be used on a focused set of identified strategies.

Since the enactment of the Bridge to Excellence legislation, local school system revenues have increased by a total of \$2.8 billion, from \$7.2 billion in fiscal 2002 to \$10.0 billion in fiscal 2007. The largest component of this increase has been State aid, which has increased by an average of 9.2% annually. Fiscal 2008 is scheduled to be the final year

of the Bridge to Excellence phase-in, and the fiscal 2008 State budget includes an increase in State aid for public school systems of \$691 million.

Exhibit 1
Local Board of Education Revenues
Fiscal 2002 to 2007
(\$ in Millions)

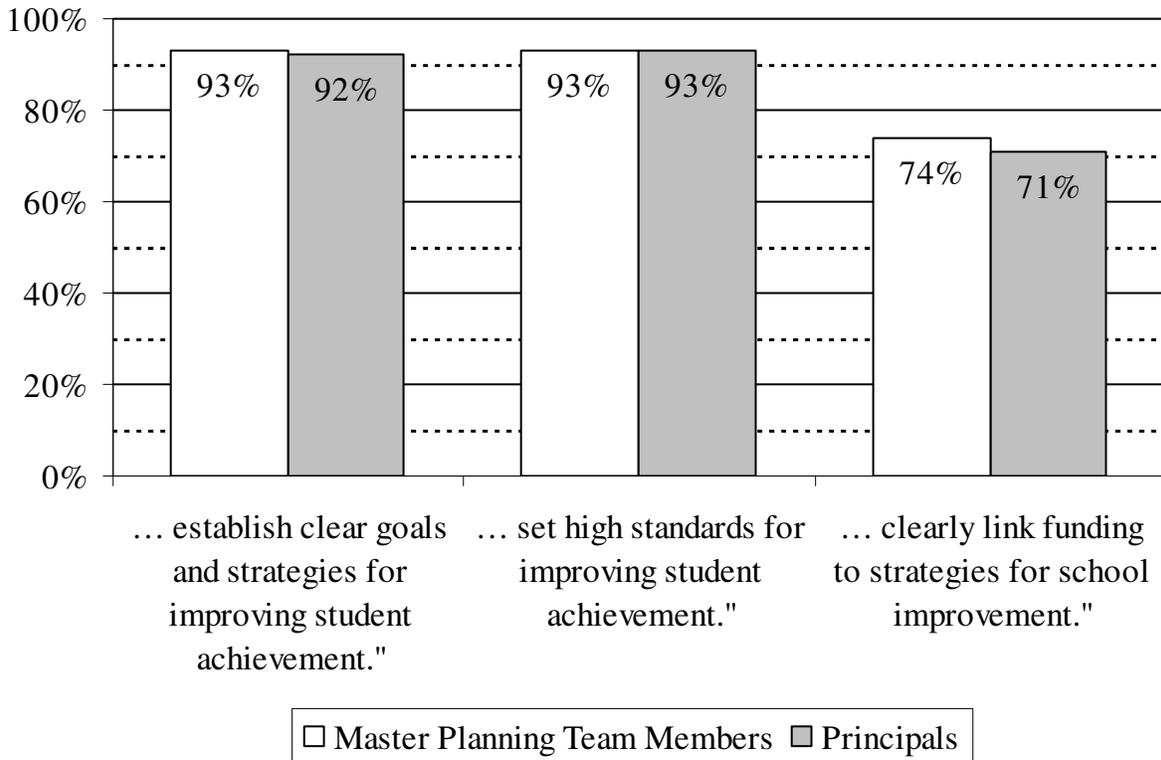


	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Avg Annual Increase</u>
Local Appropriations	\$3,851	\$3,999	\$4,171	\$4,367	\$4,614	\$4,927	5.1%
State Aid	2,886	3,117	3,310	3,634	4,010	4,479	9.2%
Federal Funds	<u>429</u>	<u>469</u>	<u>459</u>	<u>521</u>	<u>552</u>	<u>577</u>	6.1%
Total Revenue	\$7,166	\$7,585	\$7,940	\$8,522	\$9,176	\$9,983	6.9%

The Bridge to Excellence legislation required MSDE to conduct an evaluation of the impact of the legislation and submit a final report by December 2008. MSDE has contracted with MGT of America, Inc. to perform the study. For its initial report submitted in December 2006, MGT surveyed school system personnel about the utility and effectiveness of the comprehensive master plans. As shown in **Exhibit 2**, the majority of survey respondents think that the plans have positively impacted school system strategic planning processes.

Exhibit 2
Percentage of Survey Respondents Agreeing with the Statements

"The Comprehensive Master Plans ...



Source: *An Evaluation of the Effect of Increased State Aid to Local School Systems Through the Bridge to Excellence Act*, MGT of America, Inc.

State Expenditures: General fund expenditures would increase by an estimated \$250,000 in fiscal 2008 to add another interim report to the existing evaluation contract MSDE has with MGT of America, Inc. MSDE advises that the repeal of another reporting requirement that was budgeted to cost \$565,000 allows MSDE to shift a portion of those budgeted funds to cover the increase in the MGT contract. The funding would become available through the enactment of SB 657 and/or HB 1239.

MSDE has been collecting and reviewing comprehensive master plans since 2003 and could continue to provide guidance and technical assistance to local school systems as they prepare their plans with existing personnel and resources. Repealing the authority of the State Board of Education to withhold State funds from underperforming school

systems is not expected to impact State finances. Although the State board has withheld State funds for other reasons, it has not used the authority that is being repealed.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education, Department of Legislative Services

Fiscal Note History: First Reader - March 18, 2007
ncs/rhh Revised - Senate Third Reader - April 9, 2007
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