

Department of Legislative Services
2011 Session

FISCAL AND POLICY NOTE

House Bill 1068

(Delegate Ivey, *et al.*)

Ways and Means

**Maryland Afterschool and Summer Learning Activity Program - Income Tax
Checkoff**

This bill establishes a Maryland Afterschool and Summer Learning Activity Program and Fund to provide grants to organizations that serve public school youth enrolled in kindergarten through grade 12. The Governor's Office for Children (GOC) is required to administer the program and award grants from the fund. The bill also establishes a Maryland Afterschool and Summer Learning Activity Fund Contribution checkoff on the individual income tax return form. After the Comptroller deducts administrative expenses, contributions are credited to the fund.

The bill takes effect July 1, 2011, and applies to tax year 2011 and beyond.

Fiscal Summary

State Effect: Minimal net increase in special fund revenues in FY 2012 and beyond. General fund expenditures increase by \$67,000 in FY 2012 due to one-time computer programming expenses at the Comptroller's Office and administrative costs for GOC. Out-year estimates reflect ongoing administrative expenditures for GOC.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
SF Revenue	-	-	-	-	-
GF Expenditure	\$67,000	\$27,000	\$27,000	\$27,000	\$27,000
Net Effect	(\$67,000)	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: The Maryland Afterschool and Summer Learning Activity Fund is a special, nonlapsing fund consisting of individual contributions from the income tax checkoff, money appropriated in the State budget, and money from any other source.

GOC must establish application procedures for the program and award grants from the fund. To be eligible for a grant, an organization must:

- adopt and apply the Maryland Out of School Time (MOST) quality standards framework;
- serve public school youth enrolled in kindergarten through grade 12 at least 100 hours during the school year and at least 50 hours during the summer;
- offer high quality activities in the arts, athletics, recreation, nutrition, academic learning, college preparation, or vocational training; and
- provide transportation to and from the organization's program.

An organization that receives a grant from the program must prepare a report that contains:

- the number of students that enrolled and attended the program;
- school attendance for participants;
- survey data from participating youth both before and after participation in the program;
- documentation of specific activities completed and skills gained from the organization's program; and
- the form, cost, and utilization of the transportation provided.

Current Law: The Chesapeake Bay and Endangered Species Fund (CBESF), Cancer Research Fund (CRF), and Developmental Disabilities Waiting List Equity Fund Contribution (WLEF) are the three current checkoffs on the personal income tax form. Chapters 499 and 500 of 2010 established the WLEF checkoff beginning with tax year 2010. The Budget Reconciliation and Financing Act of 2010 (Chapter 484) eliminated the Fair Campaign Financing Fund (FCFF). In fiscal 2010, \$1.0 million was donated to CBESF, \$463,000 to CRF, and \$108,300 to FCFF. **Exhibit 1** shows the amount of donations provided through income tax checkoffs since fiscal 1990.

Background: The MOST quality framework was developed to assist various out of school programs that serve the State's youth. The framework is designed to serve as a guide for programs by setting standards of program quality. The framework includes seven foundational areas which are considered to be the essential elements of program

quality improvement: (1) youth program design and accountability; (2) youth program leadership and sustainability; (3) physical environment and youth program climate; (4) health and safety; (5) staffing and professional development; (6) youth development, including relationships, programming/activities, and youth participation/engagement; and (7) family/caring adult and community engagement.

State Revenues: While the amount of donations cannot be accurately estimated, the Department of Legislative Services estimates that there will be a minimal net increase in special fund revenues in fiscal 2012 and beyond. Donations to this checkoff would likely divert funds from the three existing personal income checkoffs: CBESF, CRF, and WLEF. To the extent that the new checkoff does not divert funds from the existing checkoffs, net special fund revenues will increase by a greater amount.

State Expenditures: GOC indicates that administrative costs associated with its various programs account for about 5.4% of program funding. While the amount of funding that will be allocated to the checkoff established by the bill cannot be reliably estimated, *for illustrative purposes only*, if funding for the new program totals \$500,000 annually, administrative expenditures for GOC would increase by \$27,000 annually. It is assumed that general funds will be required for GOC to administer the program.

The Comptroller's Office reports that it would incur a one-time general fund expenditure increase of \$40,000 in fiscal 2012 to add the checkoff to personal income tax forms. This includes data processing changes to the SMART income tax return processing and imaging systems, and systems testing.

Exhibit 1
Donations to Existing Income Tax Checkoffs
Fiscal 1990-2010
(\$ in Thousands)

Fiscal	CBESF	FCFF	CRF	Total	Difference	Percent Difference
1990	\$1,045	\$0	\$0	\$1,045		
1991	1,093	0	0	1,093	\$48	4.6%
1992	1,167	0	0	1,167	74	6.8%
1993	995	0	0	995	-172	-14.7%
1994	1,037	0	0	1,037	42	4.2%
1995	1,171	0	0	1,171	134	12.9%
1996	958	75	0	1,033	-138	-11.8%
1997	875	85	0	960	-73	-7.1%
1998	828	92	0	920	-40	-4.2%
1999	954	110	0	1,064	144	15.7%
2000	958	115	0	1,073	9	0.8%
2001	965	123	0	1,088	15	1.4%
2002	1,109	134	0	1,243	155	14.2%
2003	1,380	173	0	1,553	310	24.9%
2004	1,571	184	0	1,755	202	13.0%
2005	1,144	114	423	1,681	-74	-4.2%
2006	1,180	121	455	1,756	75	4.5%
2007	1,189	118	550	1,857	101	5.8%
2008	1,133	113	522	1,768	-89	-4.8%
2009	1,223	117	569	1,909	141	8.0%
2010	1,000	108	463	1,571	-338	-18.0%

Additional Information

Prior Introductions: HB 1197 of 2010 received a hearing in the House Ways and Means Committee, but no further action was taken. Its cross file, SB 580, received a hearing in the Senate Budget and Taxation Committee, but no further action was taken.

Cross File: SB 42 (Senator Pugh, *et al.*) - Budget and Taxation.

Information Source(s): Governor's Office for Children, Comptroller's Office, Department of Legislative Services

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ncs/jrb

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