

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 1061
Appropriations

(Delegate Smigiel, *et al.*)

Task Force on Public School Efficiency

This bill establishes a Task Force on Public School Efficiency. The Maryland State Department of Education (MSDE) must provide staff for the task force. The task force must study federal, State, and local spending on public schools; compare public school expenditure data by county; assess the potential future impact of funding teacher pension costs on classroom funding; and solicit anonymous tips from members of the public about inefficiencies in public education. The task force must also identify best practices and make recommendations for cutting school administration costs, reducing overhead, consolidating services, and providing a greater percentage of existing State education resources to support instruction. The task force must report its findings and recommendations to the Governor and the General Assembly by December 1, 2014.

The bill takes effect July 1, 2013, and terminates June 30, 2015.

Fiscal Summary

State Effect: Any expense reimbursements for task force members are assumed to be minimal and absorbable within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Background: In fiscal 2013, approximately 46% of public school funding in Maryland comes from local sources, and 49% comes from the State. The federal government provides only 5% of public school funding. As shown in **Exhibit 1**, the reliance on local funding varies across the State. Local revenue as a percent of total public school funding ranges from 18.9% in Baltimore City to 69.9% in Worcester County. State funding as a percent of public school revenues ranges from 25.1% in Worcester County to 74.2% in Caroline County. Seven local school systems (Baltimore City and Allegany, Caroline, Dorchester, Somerset, Washington, and Wicomico counties) receive over 60% of their revenue from the State.

Per pupil federal funding in fiscal 2013 averaged \$702 statewide, ranging from \$334 in Howard County to \$1,673 in Baltimore City. Per pupil State funding in fiscal 2013 averaged \$7,033 statewide, ranging from \$3,653 in Talbot County to \$12,017 in Baltimore City. Per pupil local appropriations in fiscal 2013 averaged \$6,631 statewide, ranging from \$2,530 in Caroline County to \$11,558 in Worcester County. **Exhibit 2** shows the per pupil revenues for public schools in fiscal 2013 by revenue source.

Teacher Retirement

Chapter 397 of 2011 (HB 72) reduced costs for teachers' retirement in fiscal 2012 through the restructuring of the State's pension system. It also required local boards of education to pay a share of State Retirement Agency administrative costs, which is expected to total \$13.6 million in fiscal 2014. Chapter 1 of the 2012 first special session (SB 1301) phased in school board payments of the annual normal cost over four years (with increased county maintenance of effort requirements equal to the required payments). After fiscal 2016, each school board is responsible for paying the actual normal costs associated with its employees. Despite the restructuring and cost sharing, State payments for teacher retirement increase by \$97.5 million, from \$755.4 million in fiscal 2013 to \$852.9 million in fiscal 2014. **Exhibit 3** shows total and per pupil direct and retirement aid for fiscal 2014, by county.

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 5, 2013
ncs/rhh

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Exhibit 1
Revenue Sources for Public Schools in Fiscal 2013

<u>County</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Ranking by Percent State</u>		<u>Ranking by Percent Local</u>			
Allegany	7.3%	68.5%	24.3%	1.	Caroline	74.2%	1.	Worcester	69.9%
Anne Arundel	3.8%	37.6%	58.5%	2.	Baltimore City	71.2%	2.	Talbot	65.5%
Baltimore City	9.9%	71.2%	18.9%	3.	Wicomico	70.5%	3.	Montgomery	63.9%
Baltimore	4.7%	45.7%	49.6%	4.	Allegany	68.5%	4.	Howard	62.5%
Calvert	3.0%	45.6%	51.4%	5.	Somerset	67.8%	5.	Anne Arundel	58.5%
Caroline	5.2%	74.2%	20.6%	6.	Dorchester	62.1%	6.	Kent	55.6%
Carroll	3.3%	46.8%	49.9%	7.	Washington	61.5%	7.	Queen Anne's	51.4%
Cecil	4.3%	58.9%	36.8%	8.	Cecil	58.9%	8.	Calvert	51.4%
Charles	3.7%	51.5%	44.8%	9.	Prince George's	57.4%	9.	Carroll	49.9%
Dorchester	6.6%	62.1%	31.3%	10.	St. Mary's	53.0%	10.	Baltimore	49.6%
Frederick	3.4%	49.8%	46.8%	11.	Charles	51.5%	11.	Garrett	47.0%
Garrett	6.0%	46.9%	47.0%	12.	Frederick	49.8%	12.	Frederick	46.8%
Harford	4.4%	49.2%	46.4%	13.	Harford	49.2%	13.	Harford	46.4%
Howard	2.2%	35.3%	62.5%	14.	Garrett	46.9%	14.	Charles	44.8%
Kent	6.3%	38.1%	55.6%	15.	Carroll	46.8%	15.	St. Mary's	41.9%
Montgomery	2.9%	33.2%	63.9%	16.	Baltimore	45.7%	16.	Cecil	36.8%
Prince George's	6.0%	57.4%	36.7%	17.	Calvert	45.6%	17.	Prince George's	36.7%
Queen Anne's	5.3%	43.2%	51.4%	18.	Queen Anne's	43.2%	18.	Washington	32.9%
St. Mary's	5.1%	53.0%	41.9%	19.	Kent	38.1%	19.	Dorchester	31.3%
Somerset	8.7%	67.8%	23.5%	20.	Anne Arundel	37.6%	20.	Allegany	24.3%
Talbot	5.3%	29.2%	65.5%	21.	Howard	35.3%	21.	Somerset	23.5%
Washington	5.5%	61.5%	32.9%	22.	Montgomery	33.2%	22.	Wicomico	21.6%
Wicomico	7.9%	70.5%	21.6%	23.	Talbot	29.2%	23.	Caroline	20.6%
Worcester	5.1%	25.1%	69.9%	24.	Worcester	25.1%	24.	Baltimore City	18.9%
Total	4.9%	48.7%	46.5%						

Source: Local School Budgets, Department of Legislative Services

Exhibit 2
Per Pupil Revenues for Public Schools in Fiscal 2013

County	Federal	State	Local	Misc.	Total	Ranking by Total Per Pupil Funding		
Allegany	\$1,062	\$10,011	\$3,495	\$50	\$14,618	1.	Baltimore City	\$16,879
Anne Arundel	511	4,999	7,732	43	13,285	2.	Worcester	16,605
Baltimore City	1,673	12,017	3,159	29	16,879	3.	Kent	15,643
Baltimore	639	6,248	6,675	115	13,677	4.	Montgomery	15,467
Calvert	404	6,158	6,924	21	13,507	5.	Howard	15,298
Caroline	664	9,444	2,530	88	12,726	6.	Prince George's	15,056
Carroll	431	6,200	6,491	119	13,241	7.	Allegany	14,618
Cecil	545	7,456	4,639	26	12,666	8.	Somerset	14,397
Charles	504	6,951	5,982	71	13,508	9.	Garrett	14,154
Dorchester	887	8,352	4,039	175	13,452	10.	Baltimore	13,677
Frederick	449	6,538	6,037	105	13,130	11.	Charles	13,508
Garrett	855	6,644	6,642	13	14,154	12.	Calvert	13,507
Harford	569	6,363	5,924	68	12,924	13.	Dorchester	13,452
Howard	334	5,400	9,456	107	15,298	14.	Anne Arundel	13,285
Kent	986	5,958	8,625	74	15,643	15.	Carroll	13,241
Montgomery	445	5,143	9,789	91	15,467	16.	Frederick	13,130
Prince George's	897	8,638	5,353	167	15,056	17.	Wicomico	13,077
Queen Anne's	638	5,187	5,977	194	11,996	18.	Washington	12,989
St. Mary's	630	6,526	5,127	40	12,324	19.	Harford	12,924
Somerset	1,246	9,762	3,336	52	14,397	20.	Caroline	12,726
Talbot	662	3,653	8,174	13	12,502	21.	Cecil	12,666
Washington	716	7,994	4,241	37	12,989	22.	Talbot	12,502
Wicomico	1,037	9,221	2,726	92	13,077	23.	St. Mary's	12,324
Worcester	841	4,162	11,558	44	16,605	24.	Queen Anne's	11,996
Total	\$702	\$7,033	\$6,631	\$90	\$14,457		Statewide	\$14,457

Source: Local School Budgets, Department of Legislative Services

Exhibit 3
Direct Aid to Public Schools and Teachers' Retirement Payments in Fiscal 2014

County	Direct Aid	Retirement	Ranking by		Ranking by			
			Per Pupil Direct Aid		Per Pupil Retirement			
Allegany	\$75,494,653	\$9,206,199	1.	Baltimore City	\$11,541	1.	Worcester	\$1,271
Anne Arundel	323,982,620	72,060,206	2.	Somerset	9,870	2.	Howard	1,243
Baltimore City	914,824,340	82,369,284	3.	Allegany	8,979	3.	Montgomery	1,182
Baltimore	577,049,727	100,772,667	4.	Caroline	8,899	4.	Somerset	1,120
Calvert	81,378,533	17,516,087	5.	Wicomico	8,886	5.	Calvert	1,103
Caroline	46,454,552	4,985,299	6.	Prince George's	8,025	6.	Kent	1,095
Carroll	137,482,418	25,109,047	7.	Dorchester	7,868	7.	Allegany	1,095
Cecil	97,319,093	15,233,847	8.	Washington	7,343	8.	Baltimore City	1,039
Charles	159,336,942	25,491,341	9.	Cecil	6,485	9.	Garrett	1,039
Dorchester	34,989,642	4,209,709	10.	Charles	6,196	10.	Cecil	1,015
Frederick	228,038,853	37,504,086	11.	Frederick	5,794	11.	Charles	991
Garrett	21,043,354	4,070,161	12.	St. Mary's	5,699	12.	Baltimore	978
Harford	200,909,505	34,309,320	13.	Baltimore	5,602	13.	Wicomico	970
Howard	221,529,684	63,309,786	14.	Harford	5,418	14.	Prince George's	958
Kent	9,589,147	2,200,278	15.	Garrett	5,371	15.	Anne Arundel	955
Montgomery	608,511,847	171,245,738	16.	Carroll	5,224	16.	Caroline	955
Prince George's	945,286,457	112,866,685	17.	Calvert	5,123	17.	Carroll	954
Queen Anne's	33,277,185	6,698,025	18.	Kent	4,773	18.	Frederick	953
St. Mary's	95,091,126	15,302,243	19.	Queen Anne's	4,435	19.	Dorchester	947
Somerset	26,896,722	3,052,956	20.	Howard	4,348	20.	Harford	925
Talbot	12,418,653	3,931,391	21.	Anne Arundel	4,294	21.	Talbot	919
Washington	160,717,430	20,006,110	22.	Montgomery	4,200	22.	St. Mary's	917
Wicomico	123,406,849	13,475,113	23.	Worcester	3,106	23.	Washington	914
Worcester	19,389,637	7,933,507	24.	Talbot	2,904	24.	Queen Anne's	893
Unallocated	41,392,825	0						
Total	\$5,195,811,794	\$852,859,085		State Average	\$6,276		State Average	\$1,030