

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 507
Ways and Means

(Delegate Weir, *et al.*)

Baltimore County Public Schools - Enrollment and Transfer - Parental Decision

This bill allows a parent or guardian of a student in Baltimore County to apply for the choice of the local middle or high school in which the student enrolls, under certain conditions, beginning with the 2014-2015 school year. Each year, the Baltimore County Board of Education must publish the number of available classroom seats in the sixth and ninth grades at each county public middle and high school. The available seats must be open to all eligible sixth and ninth grade students in the county on a space-available basis. The bill specifies that it may not be construed to affect students who enroll or transfer under other policies of the Baltimore County Board of Education, other provisions of law, or the federal No Child Left Behind Act.

Fiscal Summary

State Effect: To the extent that public school enrollment in Baltimore County increases, as a result of open enrollment, general fund expenditures may increase significantly beginning in FY 2016 in the form of State education aid, most of which is expended on a per pupil basis. To the extent that additional teachers are hired to handle any influx of students to the public school system, general fund expenditures also increase to cover increased teacher retirement costs beginning in FY 2017. Revenues are not affected.

Local Effect: Administrative activities required by the bill may result in additional expenditures for the Baltimore County Public School System especially in the first years of implementation. Baltimore County school expenditures may also increase in response to any significant net increase in public school enrollment, including an increase in the county share of teacher retirement beginning in FY 2017. State education aid to Baltimore County may increase significantly beginning in FY 2016 depending on the net increase in public school enrollment. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: This bill allows a parent or guardian of a student in Baltimore County to apply for the choice of the local middle or high school in which the student enrolls, under certain conditions, beginning with the 2014-2015 school year. Each year, the Baltimore County Board of Education must publish the number of available classroom seats in the sixth and ninth grades at each county public middle and high school. The available seats must be open to all eligible sixth and ninth grade students in the county on a space-available basis. A county public school must enroll students and admit transfer students on a lottery basis if more students apply than can be accommodated within available space. Each public middle and high school in the county must reserve the appropriate number of seats in the sixth and ninth grades of the school's rated capacity for student transfers not related to student transfers under the bill. A student who has enrolled or transferred to a school under provisions of the bill may continue attending the school until completing all grades of the school.

By July 1, 2014, the county board of education must develop and adopt a process to implement the student enrollment and transfer requirements of the bill. The county board of education must develop a policy that requires a parent or guardian who decides to enroll or transfer a student under the bill to sign a form acknowledging that he or she assumes the responsibility and cost of transporting the student to and from school. The bill specifies that it may not be construed to affect students who enroll or transfer under other policies of the Baltimore County Board of Education, other provisions of law, or the federal No Child Left Behind Act.

Current Law: The Baltimore County Board of Education must determine the geographical attendance area for each of its public schools. Generally, a student must attend the school designated to serve the student's attendance area. However, county board policy allows for enrollment of or the transfer of a student outside of his or her attendance area, under certain circumstances. Unique hardship circumstances, childcare needs, programming purposes, and change of address are among the local exceptions to required pupil attendance within designated attendance areas.

Maryland received a flexibility waiver in May 2012 from the U.S. Department of Education from some provisions of No Child Left Behind (NCLB). This flexibility in part replaces sanctions under the School Improvement Process, for failing to make adequate yearly progress, with a Maryland School Performance Index and related Annual Measurable Objectives. The new index places particular attention on the State's lowest

performing schools. Maryland will continue to perform assessments of students in grades 3 through 8 and additional assessments of high school students.

The option to transfer to another public school is available to students enrolled in a school that operates programs funded by Title I of the Elementary and Secondary Education Act and that is identified for improvement, corrective action, or restructuring because it has not made the required progress. This option remains open until the school has made adequate yearly progress for two consecutive years. A student who exercises the transfer option may remain in the school until completion of the highest grade in the school. The local board of education is generally responsible for providing, or paying for, the transportation necessary for a student's attendance at the new school until the assigned school is no longer identified for improvement, corrective action, or restructuring. Federal law also requires states to allow a student attending a persistently dangerous public school or who becomes the victim of a violent crime while at school to attend a safe public school within the district.

Full-time equivalent (FTE) student enrollment counts used in the State education aid formulas include all kindergarten through grade 12 students enrolled in each public school system on September 30 of the preceding fiscal year, less out-of-state students attending Maryland schools and discounted for part-time students. Under Chapter 1 of the first special session of 2012 (SB 1301), local school boards begin to share in the costs of teachers' retirement by phasing in school board payments of the annual normal cost over four years. Chapter 1 specifies the payment required from each school board for fiscal 2013 through 2016.

All local school systems are required to provide transportation to and from school for public school students. The State provides grants to assist local school systems with the cost of transporting students to and from school. The grants are inflated annually with the increase in the Consumer Price Index for private transportation in the second preceding fiscal year, but increases may not be less than 1% or more than 8% (and are capped at 1% for fiscal 2013 through 2015). Local school systems experiencing increases in enrollment receive an additional grant amount equal to the district's student enrollment increase over the previous year multiplied by the total per pupil transportation aid from the prior year. In addition to the base transportation grants, the State provides school systems with an additional \$1,000 for each student with special transportation needs.

Background: Open enrollment is one form of school choice. (Other options nationwide include voucher systems, magnet schools, public charter schools, private schools, and home schooling.) The bill would institute a type of intra-district open enrollment, which allows only for transfers within a given school district. Inter-district open enrollment often requires that the sending and receiving districts agree upon the transfer.

According to the Education Commission of the States, the majority of states have some form, or multiple forms of open enrollment policies. Open enrollment is in some cases mandatory and is voluntary in others. Most of these open enrollment policies address transportation of students, including transportation costs. Furthermore, open enrollment policies in many states address desegregation law and/or other policies related to racial, ethnic, and economic diversity.

State Fiscal Effect: The bill may encourage parents in Baltimore County who would otherwise enroll their children in private school to instead opt to enroll their children in a public middle or high school of their choice. This will increase FTE student enrollment by an indeterminate amount, depending on the resulting number of additional students that are enrolled in Baltimore County public schools each year. The number of available seats in schools that attract new enrollment may constitute a limit on the number of additional students the county school system will need to accommodate.

In Baltimore County, approximately 22,000 kindergarten through grade 12 students attend private schools (7,600 students in grades 6 through 9), and another 2,500 are home schooled. Beginning with the 2014-2015 school year, some portion of these students will probably enroll in public schools since students will have the opportunity to apply for enrollment at any public middle or high school in the county. The increased number of public school students will result in increased State education aid beginning in fiscal 2016. *For illustrative purposes only*, for every 100 students who choose to attend public schools rather than private schools or home schooling in fall 2014, general fund expenditures for the State share of the foundation program increase by an estimated \$362,000 in fiscal 2016. This figure includes a per pupil geographic cost of education adjustment to foundation aid for Baltimore County. It is not known how many students in Baltimore County will shift into public schools from private and home schools.

Also, to the extent that these new students will be special education students, students eligible for free and reduced price meals, and/or students with limited English proficiency, State aid expenditures increase still more per student.

If the increase in FTE enrollment is significant, Baltimore County public schools may need to hire additional teachers. This in turn will increase long-term State general fund expenditures for teachers' retirement costs. The State pays its share of teacher retirement based on actual salaries from the second prior fiscal year, so additional teachers in fiscal 2015 will result in additional costs in fiscal 2017.

As Baltimore County public school enrollment increases under the bill, State public school transportation aid to Baltimore County increases at approximately \$246 per student (or \$24,600 for every 100 students) beginning in fiscal 2015. To the extent that

new students are students with disabilities, transportation aid increases by \$1,000 per student.

Local Fiscal Effect: While Baltimore County public schools have staffing and processes in place to handle transfers and enrollment outside of a student's attendance area, the bill will add to the volume of transfers and add complexity to existing efforts. The new responsibilities will require additional resources. Determination of the number of available seats, processing of an increased volume of transfer applications, implementation of the lottery requirement, and educating the public about the new options and procedures are all factors that may require additional resources. The volume of teacher reassignments from one school to another may increase as well, adding further to the administrative workload.

To the extent that students who may otherwise enroll in private school are instead enrolled in public schools, additional teachers may also need to be hired. In turn, local salary, benefits, equipment, and related expenditures will increase. In fiscal 2013, Baltimore County will spend approximately \$6,700 per student in local funds. Also, any increase in students will result in additional State aid in the year after the additional students first enroll in Baltimore County public schools. Enrollment growth will also increase the maintenance of effort calculations that establish the minimum funding level that Baltimore County must provide in support of the county school system.

The bill does not require parents to assume the costs of transporting a student to the chosen school outside of the assigned attendance area. If the county board of education does not require parents who enroll or transfer a student under the bill to assume these costs, Baltimore County public school transportation expenditures may increase. The Baltimore County share of teacher retirement costs is set by statute at \$15.8 million in fiscal 2013, increasing to \$29.4 million in fiscal 2016. Baltimore County teacher retirement costs may increase substantially beginning in fiscal 2017.

Additional Information

Prior Introductions: Similar bills, HB 384 of 2012 and HB 977 of 2011, received hearings in the House Ways and Means Committee, but no further action was taken on either bill.

Cross File: None.

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

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