

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 325 (Senator Kelley, *et al.*)

Budget and Taxation and Education, Health,
and Environmental Affairs

Juvenile Services Education - Modifications

This bill alters the method for determining the reimbursement that county boards of education must provide to the Maryland State Department of Education (MSDE) for eligible individuals who are served under the Juvenile Services Education Program (JSEP). Using this same method, the State must provide funding to MSDE for eligible individuals served by JSEP who were *not* included in a county's annual public school full-time equivalent enrollment (FTE). The bill also alters the method for determining the salary of teachers and other professional personnel providing educational services at facilities under the jurisdiction of the Department of Juvenile Services (DJS).

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: General fund expenditures increase by \$2.3 million in FY 2017 and by \$2.5 million in FY 2021. Special fund revenues in the form of reimbursements to MSDE from local school systems increase by \$7.3 million in FY 2017. Special fund expenditures increase by an equivalent amount. Special fund revenues and expenditures increase by \$7.9 million by FY 2021. **This bill establishes a mandated appropriation beginning in FY 2018.**

(\$ in millions)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SF Revenue	\$7.3	\$7.4	\$7.6	\$7.7	\$7.9
GF Expenditure	\$2.3	\$2.3	\$2.4	\$2.4	\$2.5
SF Expenditure	\$7.3	\$7.4	\$7.6	\$7.7	\$7.9
Net Effect	(\$2.3)	(\$2.3)	(\$2.4)	(\$2.4)	(\$2.5)

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

Local Effect: Local school system reimbursements to MSDE increase by \$7.3 million in FY 2017 and by \$7.9 million by FY 2021. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: The “required reimbursement” is the “average daily county board expenditure” multiplied by the number of days that educational services are provided at a facility for each eligible individual. The “average daily county board expenditure” is reached by (1) dividing the total appropriations from the current expense fund of a county board of education by the FTE of the county for the current school year and (2) dividing the result by 180 (the required number of days in a school year).

A county board of education must provide the “required reimbursement” for eligible individuals who were domiciled in the county prior to placement in the facility and were included in the public school FTE in that county. The State must provide the “required reimbursement” to MSDE for eligible individuals served by JSEP who were not included in FTE of any county for purposes of State aid to local boards of education.

MSDE must collaborate with local schools, higher education institutions, and other appropriate entities to ensure that comparable vocational education and workforce training opportunities are provided to all individuals placed in a facility or a facility licensed by DJS, including off-site locations. To implement JSEP, MSDE and DJS must work together to share education records and to provide transportation and staffing services.

The bill removes specified employees of facilities under the jurisdiction of DJS from the statewide institutional educator pay plan and instead requires that teachers and other professional personnel providing educational services at these facilities be paid the same as equivalent personnel in the county that provides the highest average annual salary. If the formula established under the bill for reimbursements does not provide necessary funding, the Governor must appropriate an additional grant to provide the necessary funding. Any additional grant must be used to supplement, not supplant, funding of the “required reimbursement” for eligible individuals.

The annual MSDE report on JSEP continues to be submitted to the Governor and General Assembly, however, instead of submitting the report to the State Superintendent, MSDE must submit it to the State Board of Education. Also, the report must include information on the allocation of funds to each facility and facilities licensed by DJS.

MSDE must submit an annual report to the State Superintendent, the Governor, and the General Assembly on the aggregate educational outcomes of JSEP for each residential facility.

Current Law/Background: There is a statewide institutional educator pay plan for several specified employee categories at a number of State operated institutions and programs, including those under the jurisdiction of DJS.

Chapter 535 of 2004 established JSEP within MSDE and required that the program provide educational services in all residential facilities of DJS by July 1, 2012. The Budget Reconciliation and Financing Act (BRFA) of 2009 (Chapter 487) extended the time period to July 1, 2014. With the takeover of each facility, MSDE repeatedly indicated that additional resources were needed to improve the delivery of education services to DJS youth. In most instances, however, the department received the equivalent of the resources previously budgeted in DJS with no increase. Concerns have been raised questioning whether MSDE is providing the appropriate level of services to students in DJS facilities. Specific questions have been raised repeatedly by the Juvenile Justice Monitoring Unit within the Attorney General's Office.

The BRFA of 2011 (Chapter 397) required a local board of education to reimburse DJS or the Department of Human Resources (DHR) for each individual from the county who is placed in State-supervised care in a nonpublic residential placement that also provides the education program for the individual. The reimbursement amount was equivalent to the average amount of State and local funds spent for the public education of a nondisabled individual in the county.

The BRFA of 2013 (Chapter 425) required a local board of education to reimburse DJS for each individual from the county that is placed in a detention facility for 15 or more consecutive days. The reimbursement amount is equivalent to the average amount of State and local funds spent for the public education of a nondisabled individual in the county. The reimbursement amount is only calculated for individuals who were included in a county's annual public school enrollment count. The requirement specifically excludes individuals in State-supervised care who are placed in nonpublic special education placements.

MSDE must submit an annual report to the State Superintendent, the Governor, and the General Assembly on the aggregate educational outcomes of JSEP for each residential facility. Chapter 16 of 2011 authorized MSDE and DJS to share education records with each other when necessary to ensure the appropriate delivery of services for JSEP.

The proposed fiscal 2017 State budget includes \$16.1 million in general funds for JSEP, which includes \$2 million in enhancement funds for MSDE to hire 40 additional staff. The

budget also includes approximately \$2.5 million in reimbursable funds from local school systems.

State Fiscal Effect: The bill removes specified employees of facilities under the jurisdiction of DJS from the statewide institutional educator pay plan and instead requires that teachers and other professional personnel providing educational services at these facilities be paid the same as equivalent personnel in the county that provides the highest average annual salary. The annual increase in personnel costs under this provision is approximately \$2.3 million. The proposed fiscal 2017 State budget includes \$16.1 million in general funds for JSEP, which is more than the State is required to reimburse JSEP under the bill (approximately \$8.4 million). However, the fiscal 2017 budget does not contain funding to cover the increased salaries required by the bill. Thus, it is anticipated that an additional grant of \$2.3 million will be needed to cover the salary increases.

Also, MSDE will receive increased reimbursements from local school systems for youth in DJS facilities. It is assumed that approximately 35% of detained youth remain in detainment for 15 or more consecutive days. For this population, increase reimbursement costs (and, thus, special fund revenues to MSDE) are attributed to the increase in the required reimbursement rate. For the remaining 65% of detained youth, the additional costs are attributable to the full daily rate, which school systems do not currently pay for youth who are in detention for less than 15 days.

Exhibit 1 shows the estimated increase in reimbursements for fiscal 2017, totaling \$7.3 million, paid (in special funds) to MSDE by local school systems under the bill, by county. Special fund expenditures increase by the equivalent amount to cover JSEP costs. Assuming 2% inflation in costs, special fund revenues and expenditures increase by \$7.9 million by fiscal 2021.

Exhibit 1
Estimated Increase in Reimbursements
Fiscal 2017

County	School System Reimbursements
Allegany	\$92,316
Anne Arundel	496,727
Baltimore City	2,150,396
Baltimore	563,545
Calvert	125,485
Caroline	57,942
Carroll	108,482
Cecil	80,570
Charles	250,165
Dorchester	55,081
Frederick	154,363
Garrett	33,906
Harford	120,916
Howard	133,581
Kent	25,694
Montgomery	621,064
Prince George's	1,382,171
Queen Anne's	23,925
St. Mary's	151,663
Somerset	23,050
Talbot	10,692
Washington	321,588
Wicomico	256,570
Worcester	45,791
Total	\$7,285,683

Local Fiscal Effect: Local school system expenditures, in the form of reimbursements to MSDE, increase by \$7.3 million in fiscal 2017 and by \$7.9 million by fiscal 2021, for reasons discussed above.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education, Department of Budget and Management, Department of Health and Mental Hygiene, Department of Juvenile Services, Department of Legislative Services

Fiscal Note History: First Reader - February 16, 2016
min/rhh

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