

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 590 (Senators Robinson and Oaks)
 Budget and Taxation

**Baltimore City Board of School Commissioners - Education Trust Fund -
 Allocation to Establish Judy Centers**

This bill requires that, beginning in fiscal 2020, the Governor must annually appropriate at least \$1.0 million from the Education Trust Fund (ETF) to the Baltimore City Board of School Commissioners to establish additional Judy Centers in Baltimore City. This appropriation must be in addition to, and may not supplant, any other State funds provided to the board. The bill expands the allowable uses of ETF to include funding of nonpublic early childhood education programs in the State. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: General fund expenditures increase by \$1.0 million beginning in FY 2020. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2020.**

(\$ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	1.0	1.0	1.0	1.0
Net Effect	\$0.0	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)

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

Local Effect: Baltimore City Public Schools receives an increase of \$1.0 million in State aid annually, beginning in FY 2020, with equivalent increases in expenditures.

Small Business Effect: None.

Analysis

Current Law/Background:

Judy Centers and Other Early Childhood Education Programs

The Judith P. Hoyer Early Childhood Education Enhancement Program provides central locations (known as Judy Centers) for early childhood education programs and support services for young children and their families who reside in specific low-income (Title I) school districts. Judy Centers operate in close collaboration with local agencies, organizations, and businesses and are generally open year round and must provide preschool and prekindergarten services. In addition, the centers provide or can arrange for services such as health care, adult education, identification of and early intervention for special needs, child care, parenting classes, and family literacy. Judy Centers currently serve 57 elementary schools statewide, including 10 Judy Center locations in Baltimore City.

Chapter 2 of 2014 established a new grant program known as the Prekindergarten Expansion Grant Program to broaden the availability of prekindergarten and school readiness services throughout the State for children and their families, in coordination with the existing publicly funded prekindergarten program and the Judith P. Hoyer Early Childhood Education Enhancement Program. Among other provisions, Chapter 2 also required the Maryland State Department of Education (MSDE) to submit a report that includes an evaluation, based on objective performance criteria established by MSDE, of the effectiveness of the Judy Centers. According to the January 2016 report, (1) students who received Judy Center services score higher on the State's Kindergarten Readiness Assessment (KRA) than students who did not receive Judy services and (2) students with special needs who used Judy Center services scored higher on the KRA than those who did not.

The proposed fiscal 2019 State budget includes \$10.6 million in support of Judy Centers, including \$1.1 million for Baltimore City. Judy Centers have been funded at this level for several years.

Education Trust Fund

ETF is a nonlapsing, special fund to be used for continued funding of the Bridge to Excellence in Public Schools Act of 2002 formulas and programs, including the Geographic Cost of Education Index (GCEI). The fund may also be used to support capital projects for public schools, community colleges, and public four-year institutions as well as to expand public early childhood education programs in the State. A portion of the proceeds from video lottery terminals (VLTs) and table games is dedicated to ETF.

ETF was established during the 2007 special session as part of the VLT legislation, to receive approximately half of the gross VLT proceeds, after payouts to bettors. Chapter 1 of the 2012 second special session made numerous changes to the State’s gaming program, including authorizing a sixth license in Prince George’s County, table games at VLT facilities, and 24-hour per day gaming, which were approved by voters in November 2012. A portion of table game revenues is also distributed to ETF. The estimated ETF revenues for fiscal 2019 through 2023 are shown in **Exhibit 1**. The exhibit shows that the projected ETF revenues are less than the over \$3 billion in annual Bridge to Excellence foundation program expenditures.

Exhibit 1
Estimated Education Trust Fund Revenues
Fiscal 2019-2023
(\$ in Millions)

<u>ETF</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
VLT	\$408.1	\$414.2	\$404.9	\$411.0	\$417.2
Table Games	94.8	96.3	97.7	99.2	100.7
Total ETF	\$502.9	\$510.5	\$502.6	\$510.2	\$517.8

ETF: Education Trust Fund
VLT: video lottery terminal

Source: Board of Revenue Estimates; Department of Legislative Services

State Fiscal Effect: Designating the use of \$1.0 million of ETF monies for Judy Centers in Baltimore City requires general fund expenditures to increase by an equal amount. Currently, all proceeds credited to ETF are budgeted for the Bridge to Excellence foundation formula and programs, including GCEI. The Governor’s proposed fiscal 2019 budget includes \$502.9 million in ETF revenues, all of which are directed toward the \$3.3 billion in Bridge to Excellence foundation formulas, including GCEI. The remaining \$2.8 billion in foundation formula funding is general funds. Thus, using ETF for purposes under the bill does not alter the amount of special fund expenditures; instead, general fund expenditures increase by \$1.0 million to preserve funding of the foundation formula.

Local Fiscal Effect: Beginning in fiscal 2020, Baltimore City Public Schools receives an additional \$1.0 million annually. Consequently, public school expenditures, specifically for establishment and ongoing operation of additional Judy Centers, increase by the \$1.0 million annually.

Baltimore City advises that its current Judy Center configuration requires one coordinating teacher and one customer support specialist. Judy Center sites also incur costs for materials and supplies, contract services, stipends for before/after care, and other programming costs. Thus, additional funding will be used for these expenses. Most Judy Centers in Baltimore City are housed in a spare classroom near prekindergarten and kindergarten classrooms. Establishing additional Judy Center sites may involve expenditures for necessary facility modifications.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City; Maryland State Department of Education; Department of Budget and Management; Department of Legislative Services

Fiscal Note History: First Reader - February 26, 2018
mag/rhh

Analysis by: Scott P. Gates

Direct Inquiries to:
(410) 946-5510
(301) 970-5510