

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 513
Ways and Means

(Delegate Ghrist, *et al.*)

Education, Health, and Environmental Affairs

**County Boards of Education – Establishing Regional Career and Technology
Education Schools – Authority**

This bill authorizes specified local school boards and an institution of higher education on the Eastern Shore to establish a regional career and technology education (CTE) school under specified conditions. A regional CTE school must comply with all regulations and statutory provisions governing other public schools, and must operate under the terms of the collective bargaining agreement in effect in the county where the school is located. The Interagency Commission on School Construction (IAC) must study and develop a State and local cost-share formula for the construction or renovation of regional CTE schools.

Fiscal Summary

State Effect: No material effect on expenditures. The IAC study was required by Chapter 14 of 2018. No effect on State education aid to local school systems. No effect on revenues.

Local Effect: The bill has no direct effect on local revenues and expenditures for public education in Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties; however, the terms of the memorandum of understanding (MOU) required under the bill may affect the distribution of State and local education aid among the affected counties.

Small Business Effect: None.

Analysis

Bill Summary: A regional CTE school may be established only if the school boards and governing bodies of two or more of the specified counties (Caroline, Dorchester, Kent,

Queen Anne's, and Talbot) as well as the board of trustees of a public institution of higher education in any of those counties, approve the school. Each of the parties to the agreement must enter into a binding MOU that provides for the governance, operation, financing, and maintenance of the school. Any State or local education aid required by State law must be calculated and distributed as required by current law unless otherwise agreed to in the MOU.

IAC must report its findings and recommendations with respect to a regional State and local cost-share formula to the Governor and General Assembly by January 1, 2020.

Current Law: There is a regional community college, Chesapeake College, located in Queen Anne's County that serves the five counties on the mid-Eastern Shore.

Primary and Secondary Education Funding

The great majority of direct State aid to public schools (excluding teachers' retirement) is determined by funding formulas found in Title 5, Subtitle 2 of the Education Article. Together with some more recent enactments, these funding formulas were set forth in the Bridge to Excellence in Public Schools Act (Chapter 288 of 2002). The majority of State education aid formulas are based on student enrollment counts and also entail wealth equalization across counties, compensating for differences in local wealth by providing less aid per pupil to the more wealthy counties and more aid per pupil to the less wealthy counties. Although on the whole most State aid formulas are designed to have the State pay roughly one-half of program costs, the State's share for the less wealthy counties is higher than 50%, and the State's share for more wealthy counties is lower than 50%.

Public schools are funded from federal, State, and local sources. In fiscal 2018, local sources accounted for 47.9% of public school funding in Maryland, and 47.8% came from the State. The federal government provided 4.3% of fiscal 2018 funding for public schools, predominantly targeted toward supporting economically disadvantaged students and students with disabilities.

School Construction Funding

The State pays at least 50% of eligible costs of school construction and renovation projects, based on a funding formula that takes into account numerous factors including each local school system's wealth and ability to pay. The 21st Century School Facilities Act (Chapter 4 of 2018) requires that the cost-share formula be recalculated every two years (previously, statute required recalculation every three years). The most recent recalculation was approved by IAC in January 2019. **Exhibit 1** shows the State share of eligible school construction costs for all Maryland jurisdictions for fiscal 2020, as approved by IAC.

Exhibit 1
State Share of Eligible School Construction Costs
Fiscal 2020

County	FY 2020
Allegany	85%
Anne Arundel	50%
Baltimore City	91%
Baltimore	56%
Calvert	53%
Caroline	81%
Carroll	55%
Cecil	66%
Charles	61%
Dorchester	75%
Frederick	60%
Garrett	50%
Harford	60%
Howard	54%
Kent	50%
Montgomery	50%
Prince George's	70%
Queen Anne's	51%
St. Mary's	57%
Somerset	96%
Talbot	50%
Washington	71%
Wicomico	95%
Worcester	50%
MD School for the Blind	93%

Source: Interagency Commission on School Construction

Study on Regional CTE High Schools

Chapter 14 of 2018 – 21st Century School Facilities Act, required IAC to explore the feasibility of regional school construction projects, including regional career and technical education high schools and to develop mechanisms and incentives to provide State funding for regional school construction projects. Chapter 14 required IAC to report its findings to the Commission on Innovation and Excellence in Education by July 1, 2018, but the report has not yet been completed.

Background:

Career and Technical Education

The Strengthening Career and Technical Education for the 21st Century Act is the 2018 reauthorization of the federal Carl D. Perkins Career and Technical Education Act (Perkins), which was last overhauled in 2006. The new Perkins law provides approximately \$1.2 billion in formula grants to states to implement CTE programs in their secondary schools and postsecondary institutions. The new law allows states to set their own goals for CTE programs, requires them to make progress toward those goals, and makes other changes to federal CTE law. Generally, Perkins requires states to develop sequences of academic and CTE coursework, called programs of study, that prepare students for postsecondary degrees or industry-recognized credentials. Many of the programs of study – which range from plumbing and culinary arts to aerospace engineering and cybersecurity – include or encourage apprenticeship or pre-apprenticeship opportunities.

In federal fiscal 2018, Maryland received \$17.0 million in Perkins Title I grants to support CTE programs in secondary schools and postsecondary institutions. Of that amount, \$14.4 million (85%) was distributed to local governments and the remaining 15% was designated for statewide activities and administration. Of the \$14.4 million distributed to local governments, 65% was used for secondary school programs and 35% was spent on postsecondary programs. Perkins funds are used for a variety of purposes at the local level, including teacher professional development, equipment, and program development and administration.

The Maryland State Department of Education (MSDE) has developed several dozen programs of study grouped within 10 career clusters. Each program of study includes a sequence of four courses that begin in either grade 10 or 11 and prepares students for either further study or industry certification; students that complete the course sequence by high school graduation are considered “CTE completers.” Almost one-quarter of the class of 2017 (22.5%) completed a CTE program of study, and more than half of those also completed the requirements for admission to the University System of Maryland (*i.e.*, “dual completers”).

Chapter 149 of 2017 required MSDE, in consultation with the Department of Labor, Licensing, and Regulation and the Governor's Workforce Development Board, to develop statewide goals each year from 2018 through 2024 so that by January 1, 2025, 45% of high school students successfully complete a CTE program, earn industry-recognized occupational or skill credentials, or complete a registered youth or other apprenticeship before graduating high school.

Of the five counties included in the bill, Caroline and Dorchester counties already have CTE centers in which high school CTE students spend a portion of their day completing CTE pathway requirements. Talbot County also indicates that it has a high school CTE program.

State Expenditures: IAC advises that it requires a consultant to assist in developing a State and local cost-share formula that accounts for differences in enrollment levels, local wealth and capacity, and other factors. However, the Department of Legislative Services advises that IAC was required by Chapter 14 of 2018 to develop funding mechanisms for regional schools that are substantially similar to the requirements of this bill. Thus any cost associated with developing the cost-share formula is attributable to Chapter 14 and not this bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission; Interagency Commission on School Construction; Queen Anne's County; Maryland State Department of Education; Talbot County Public Schools; Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2019
an/rhh Third Reader - March 19, 2019
Revised - Amendment(s) - March 19, 2019

Analysis by: Michael C. Rubenstein

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