

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 59 (Delegate Bagnall)
 Ways and Means

Anne Arundel County - Board of Education Budget - Equity Category

This bill requires the Anne Arundel County Board of Education to include an equity category (in addition to all other categories that are currently required) in its annual budget. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: General fund expenditures increase by \$2,700 in FY 2021 for computer reprogramming costs. Revenues are not affected.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	2,700	0	0	0	0
Net Effect	(\$2,700)	\$0	\$0	\$0	\$0

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

Local Effect: Anne Arundel County Public School System (AACPS) expenditures increase by approximately \$148,600 in FY 2021 for additional staff and one-time reprogramming costs. By FY 2025, expenditures increase by approximately \$123,000 for the additional staff. **The bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: The equity category must include funding for existing (and proposed) equity interventions in AACPS separated into three subcategories, including:

- a subcategory (in addition to general education funding) for funding dedicated to improving the outcomes of students who receive free and reduced-price meals or to closing the opportunity gaps across demographics, particularly for historically underserved minorities, that includes specified items;
- a subcategory (in addition to general education funding) for federal and State allocations provided to the local school system for interventions focused on equity that includes funding from specified sources; and
- a subcategory for grants received from private foundations that support equity interventions.

Finally, AACPS must provide information on whether the allocations for equity interventions in the annual budget are being increased, maintained, or reduced from the prior annual budget for each subcategory.

Current Law: Each county board of education must prepare an annual budget according to the major categories listed in § 5-101 of the Education Article as well as any other major categories required by the Maryland State Board of Education. The annual budget for each local school system must include certain revenue and expenditure categories for the current expense fund and school construction fund.

Expenditure categories for the current expense fund include:

- Administration
- Mid-level Administration
- Instructional Salaries
- Textbooks and Classroom Instructional Supplies
- Other Instructional Costs
- Special Education
- Student Personnel Services
- Health Services
- Student Transportation
- Operation of Plant and Equipment
- Maintenance of Plant
- Fixed Charges
- Food Services
- Capital Outlay

Background: The Maryland State Department of Education (MSDE) requires local school systems to submit a detailed annual budget in a prescribed hard copy and electronic format based on the [Local Financial Reporting Manual](#).

State Expenditures: MSDE notes that the electronic financial reporting system currently in use by local school systems will require additional reprogramming at a cost of \$2,700 in fiscal 2021 in order to implement the bill's requirements. This estimate is based on 20 hours of computer reprogramming at a cost of \$135 per hour.

Local Expenditures: AACPS advises that it requires one additional accountant in order to implement the bill's new reporting requirements. In addition, one-time reprogramming costs are anticipated in order to modify reporting systems to comply with the bill. **Exhibit 1** shows the additional costs for AACPS under the bill in fiscal 2021. In subsequent years, expenditures continue to be incurred for the additional position. By fiscal 2025, expenditures increase by \$123,012.

Exhibit 1
Anne Arundel County Public School System Expenditures Under the Bill
Fiscal 2021

Staff Accountant (Salary and Fringe Benefits)	\$113,644
Contractual Services (Reprogramming)	<u>35,000</u>
Total	\$148,644

Source: Anne Arundel County Public School System

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Anne Arundel County; Anne Arundel County Public Schools; Maryland State Department of Education; Department of Legislative Services

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an/hlb

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