

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

House Bill 610 (Delegate Eckardt, et al.)

Ways and Means                      Referred to Budget & Taxation and Econ. & Environ. Affairs

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**Educational Funding - Children Living in Out-of-County Living Arrangements**

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This amended bill extends certain reporting requirements for students in out-of-county living arrangements by three months. Local school systems receiving students from out-of-county living arrangements must notify the State Superintendent of students in an out-of-county living arrangement by December 31 of each year. Under current law, such notifications must be made by September 30 of each year. In addition, the receiving school system must send a copy of the notice to the financially responsible county by January 31 of each year. Under current law, this notification must be made by October 30 of each year.

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**Fiscal Summary**

**State Effect:** Indeterminate effect on general fund expenditures. No effect on revenues.

**Local Effect:** Indeterminate impact on local finances.

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**Fiscal Analysis**

**Background:** In fiscal 1995, there were 927 students who attended public schools outside the county where the student's parent or legal guardian resided. In these situations, the school system where the parent or legal guardian resides (sending county) must make a payment to the school system where the child is attending (receiving county). This payment is the lesser of the local current expense per student in the sending county or the local current expense per student in the receiving county. If the local current expense per student in the sending county is less than the receiving county, the State is required to pay the receiving county the difference. For example, local appropriations per pupil totaled \$1,869 in Baltimore City and \$4,069 in Baltimore County in fiscal 1995. When a student from Baltimore City is placed in an educational setting in Baltimore County, Baltimore City has to pay \$1,869 and the State has to pay the remaining \$2,200.

**State Effect:** A receiving county's reimbursement is based on a September 30th enrollment count. If additional students from out-of-county living arrangements enroll in a school system after September 30th, they are not counted toward the reimbursement amount. This bill, however, bases a county's reimbursement payment on a December 31st enrollment count. Accordingly, extending the enrollment count and reporting and notification requirements by three months could have an indeterminate impact on State and local expenditures. The impact would depend upon the number of children that enter or exit an out-of-county living arrangement during the three-month period.

In addition, the three month reporting extension could delay when a local government gets reimbursed. For example, the Maryland State Department of Education (MSDE) advises that it takes a full year to reconcile which school systems are financially responsible for out-of-county placements. In fiscal 1995, MSDE made its last reimbursement payment at the end of the fiscal year. By delaying the notification period for an additional three months, local governments may not be reimbursed until the following fiscal year. This would only create administrative delays and would not affect State or local finances.

**Local Effect:** Local expenditures would be affected in the same manner as mentioned in the "State Effect" section above.

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**Information Source(s):** Department of Fiscal Services, Maryland State Department of Education

**Fiscal Note History:** First Reader - February 15, 1996

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Revised - House Third Reader - March 19, 1996

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