

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 703 (Senator Trotter, et al.)
Economic and Environmental Affairs

Higher Education - Early Reading Readiness Grant Program

This bill establishes an Early Reading Readiness Grant to be awarded to students who meet certain qualifications, including being able to read at the time the student enters the first grade, being accepted for admission as an undergraduate at an eligible institution in Maryland or a two-year associate degree program, and meeting certain income requirements. The State Scholarship Administration is to publish the availability of Early Reading Readiness Grants and the State Department of Education is responsible for certifying whether a student is able to read at the time the student enters the first grade. The amount of the grant may not exceed the annual tuition, fee, and room and board expenses of a full-time resident undergraduate at the University of Maryland College Park.

Fiscal Summary

State Effect: General fund administrative expenditures could increase by \$327,300 in FY 1997, with an indeterminate significant increase in future year grant award expenditures.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	32,730	360,100	394,800	431,600	472,100
Net Effect	(327,300)	(360,100)	(394,800)	(431,600)	(472,100)

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

Local Effect: None, as discussed below.

Fiscal Analysis

State Expenditures: General fund expenditures could increase by an estimated \$5,718 for each student who qualifies for the Early Reading Readiness Grant. The average grant award under the existing Guaranteed Access Grant program, which also specifies that a grant award amount may not exceed the annual expenses of a full-time resident undergraduate at the University of Maryland College Park, is \$5,718. It is not possible to reliably estimate the number of students who might apply and qualify for the proposed grant at this time. Since there is no testing program for early reading at this time, it is assumed that grant awards will not be made until fiscal 2009, when the first round of first- graders tested would be ready to take advantage of college scholarships. The bill makes no provision for determining early reading ability other than the Maryland State Department of Education (MSDE) certification.

In addition, general fund expenditures could increase by an estimated \$327,348 in fiscal 1997 for MSDE costs to administer a reading test to all first-grade students in Maryland. This estimate includes test administration costs of \$4 each for 81,837 first-grade children. It is assumed that MSDE, rather than local school systems, will bear the test administration costs, since the bill requires MSDE to certify a student's early reading ability.

MSDE advises that the cost of maintaining reading certification records could amount to \$20,000 for salary costs for a half-time Data Base Manager to do data programming, data maintenance, and data analysis. The Department of Fiscal Services advises, however, that each family whose child can read will be given a certificate by MSDE and that although MSDE would need to keep a record of the certification, the number of children who receive certificates will be no higher than 20%, or 16,000. As a result, it is assumed that MSDE can handle the certificate costs and record-keeping costs with existing budgeted resources.

Future year expenditures increase with projected annual increases in the number of first - grade children (2% in fiscal 1998, 3.5% in fiscal 1999 and 2000, and 4% in 2000) and an annual increase of \$0.25 each year in test administration costs per child.

Local Expenditures: It is assumed that, in lieu of MSDE keeping a record of the certification, (1) it could be possible for the local school systems to include the certificates as part of the student's file; and (2) that the cost of adding certificates to students' files is absorbable. The Maryland Association of Boards of Education advises that local boards keep permanent files on students who remain in that school system, but not for students

who leave that school system. Records are either forwarded upon request to the new school system or are destroyed after a certain period of time. As a result, it appears as if MSDE certification tracking would be more reliable, since students do not necessarily remain in one school system for twelve years.

Information Source(s): Maryland State Department of Education, Maryland Association of Boards of Education, Maryland Higher Education Commission, Department of Fiscal Services

Fiscal Note History: First Reader - March 11, 1996

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