

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 244 (Delegate Hecht, et al.)
Ways and Means

Referred to Budget and Taxation

Education - State Grant for Transportation Services

This enrolled bill increases State school transportation funding for school systems with rising enrollment. In fiscal 1998, the additional aid is based on one-half the student enrollment increase multiplied by the total transportation aid per pupil in the prior year. After fiscal 1998, the grants will be based on the entire enrollment increase (rather than one-half). Counties with no increase in student enrollment will not receive additional aid.

Fiscal Summary

State Effect: General fund expenditures would increase by \$1.2 million in FY 1998. Future year expenditures reflect inflation and student enrollment growth. Revenues are not affected.

(\$ in millions)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GF Expenditures	0	1.2	3.3	4.9	6.3
Net Effect	(\$ 0)	(\$1.2)	(\$3.3)	(\$4.9)	(\$ 6.3)

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

Local Effect: State aid to local governments would increase by \$1.2 million in FY 1998 and by \$6.3 million in FY 2001.

Fiscal Analysis

State Expenditures: Under current law State funding for student transportation is based on the previous year appropriation adjusted for inflation. Absent this bill, State student transportation aid would total \$101.7 million in fiscal 1998 and \$111.7 million by fiscal 2001.

This bill increases student transportation funding by providing additional aid to school systems with rising enrollment. State aid to local boards of education would increase by \$1.2 million in fiscal 1998. Future year expenditures would increase by \$3.3 million in fiscal 1999 and \$6.3 million by fiscal 2001. Since State student transportation expenditures are based on the State aid allocation in the previous year adjusted for inflation, the additional grant pursuant to this bill would become part of the “base amount” in future State aid calculations. For example, in fiscal 1999 State aid would increase by \$2.1 million due to the additional grant and \$1.2 million due to the additional grant built into the prior year’s base for a total increase of \$3.3 million. This cumulative effect continues each year with State aid increasing to \$6.3 million by fiscal 2001.

Local Revenues: State aid to local boards would increase as discussed in the “State Expenditures” section. Twenty-two local boards would receive additional State aid under this bill, however, due to declining enrollments, Allegany and Somerset counties would not receive any additional State aid. Exhibit 1 illustrates the county-by-county impact for fiscal 1998.

Local Expenditures: To the extent county governments do not offset local funding with the additional State aid, overall expenditures for public schools will increase.

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

Fiscal Note History: First Reader - February 9, 1996
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