

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 585 (Senator Van Hollen, et al.)
Budget and Taxation and Economic and Environmental Affairs

Education - Funding - Average Daily Attendance

This bill phases in, over a four-year period beginning in fiscal 1997 average daily attendance as a factor in calculating State aid under the current expense formula. In addition, the bill requires the Governor to provide grants for dropout prevention programs for Baltimore City (\$3.3 million) and Prince George’s County (\$800,000) for fiscal 1997 and 1998.

This bill takes effect July 1, 1996.

Fiscal Summary

State Effect: General fund expenditures would increase by \$4.1 million in FY 1997 and FY 1998. Revenues would not be affected.

(in millions)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
GF Expenditures	4.1	4.1	0.0	0.0	0.0
Net Effect	(\$4.1)	(\$4.1)	\$0.0	\$0.0	\$0.0

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

Local Effect: State aid to local governments would increase by \$4.1 million in FY 1997.

Fiscal Analysis

State Expenditures: Under current law, State current expense aid is based on the number of students enrolled on September 30th of the previous school year. Under this bill, the student count used for aid purposes will be calculated using average daily attendance determined by multiplying the county’s student attendance rate for the second previous school year times the

county's full-time equivalent enrollment for the previous school year. The use of average daily attendance is phased-in over a four-year period. This would redistribute current State aid with no additional cost to the State. In addition, the bill requires the Governor to provide \$3.3 million in grants to Baltimore City and \$800,000 to Prince George's County for dropout prevention programs in both fiscal 1997 and 1998. Accordingly, State aid to local governments would increase by \$4.1 million in both fiscal years.

Local Revenues: This bill would redistribute State aid from counties with below average attendance to counties with above average attendance. Given current attendance rates, all local school systems would receive additional State aid, except for Baltimore City and Prince George's County which would lose approximately \$5.8 million in total aid (\$5.1 million and \$700,000, respectively). However, due to the additional \$4.1 million in grants for dropout prevention programs, State aid to Baltimore City would only decrease by \$1.8 million, however, State aid to Prince George's County would increase by \$118,000.

Exhibit I illustrates the county-by-county impact.

Local Expenditures: Local expenditures for education would increase in fiscal 1997 to the extent that school systems do not offset local funding with additional State aid. However, potential reductions in local education expenditures would be limited by the local maintenance of effort provision.

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

Fiscal Note History: First Reader - February 15, 1996

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