

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE  
Revised

House Bill 159 (Chairman, Ways and Means Committee)  
(Departmental - Education)

Ways and Means Referred to Economic and Environmental Affairs

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**Education - Review of Educational Placements of Students With Disabilities**

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This amended departmental bill eliminates the appeal to the local boards of education in cases concerning educational placements of students with disabilities and requires all such appeals to be conducted by the Office of Administrative Hearings (OAH). Under current law, a parent or guardian may request the local board to review its placement decision. The decision of the local board can be appealed to OAH and subsequently to the courts.

This bill takes effect July 1, 1996.

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**Fiscal Summary**

**State Effect:** None. Any additional workload should be absorbed within existing State budgeted resources. Revenues would not be affected.

**Local Effect:** Potential significant reduction in local expenditures. Revenues are not affected.

**Small Business Effect:** The Department of Education has determined that this bill has minimal or no impact (attached). Fiscal Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

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**Fiscal Analysis**

**State Effect:** OAH conducts approximately 25 to 30 hearings each year involving appeals of local hearings concerning educational placements of disabled students. Each OAH hearing is reviewed by one administrative law judge and two contractual hearing officers. In addition, the administrative law judge is required to review the file of the prior local hearing before the start of the OAH hearing.

Requiring OAH to review all appeals concerning educational placements of disabled

students would result in an additional 50 OAH hearings annually. OAH advises that efficiencies resulting from the elimination of local hearings will enable them to handle the increased caseload without the need for additional administrative law judges. In addition, the OAH hearing process is streamlined by replacing the three-member hearing panel with one administrative law judge.

OAH would need one additional Office Secretary at a cost of \$33,500 to handle the additional caseload. The Department of Fiscal Services (DFS) advises that this additional position could be funded with existing State budgeted resources. MSDE's fiscal 1997 budget allowance includes \$40,000 for two contractual Hearing Officers, who would no longer be required pursuant to this legislation. DFS advises that this \$40,000 could be redirected to cover the costs of the additional Office Secretary. If the proposed legislation is not enacted, the \$40,000 will continue to fund the two contractual Hearing Officers.

**Local Effect:** Maryland Association of Boards of Education's records indicate that savings to local school systems would range from \$78,600 in Frederick County, for an average size school system, to \$100,000 in Montgomery County. These savings would result from decreased expenditures for: (1) legal and attorney fees; (2) hearing officers; (3) administrative staff time; and (4) substitute teachers.

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**Information Source(s):** Maryland Association of Boards of Education, Maryland State Department of Education, Office of Administrative Hearings, Department of Fiscal Services

**Fiscal Note History:** First Reader - February 6, 1996  
ncs Revised - House Third Reader - March 22, 1996

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