
By: Senators Van Hollen, Ruben, Frosh, Neall, Roesser, Teitelbaum, Kasemeyer, Forehand, and Hogan

Introduced and read first time: January 31, 1997

Assigned to: Budget and Taxation and Economic and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Education - Funding - Average Daily Attendance**

3 FOR the purpose of altering certain formulas for calculating certain State funding of
4 elementary and secondary education; defining certain terms; providing for certain
5 grants; and generally relating to State funding of elementary and secondary
6 education.

7 BY repealing and reenacting, with amendments,
8 Article - Education
9 Section 5-202(a) and (b)
10 Annotated Code of Maryland
11 (1997 Replacement Volume)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Education**

15 5-202.

16 (a) (1) In this section the following words have the meanings indicated.

17 (2) (i) "Assessed valuation of real property" means the most recent
18 estimate made by the State Department of Assessments and Taxation before the annual
19 State budget is submitted to the General Assembly, of the assessed value of real property
20 for State purposes as of July 1 of the first completed fiscal year before the school year for
21 which the calculation of State aid is made under this section.

22 (ii) In all assessable bases, for the purpose of this paragraph,
23 preferentially assessed agricultural land shall be included at 50 percent of farm use
24 valuation as determined in accordance with farm use assessment standards established by
25 the Department of Assessments and Taxation.

26 (3) (i) "Basic current expenses" means expenditures for elementary and
27 secondary education for a fiscal year calculated as follows:

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1 1. Statewide aggregate expenditures from the current expense
2 fund for administration, instruction, public school special education programs, student
3 personnel services, health services, operation of plant, and maintenance of plant;

4 2. Plus statewide aggregate expenditures from the current
5 expense fund for fixed charges (including employee benefits), additional equipment, and
6 replacement equipment, to the extent these expenditures relate to the expenditure
7 categories in item 1 of this subparagraph; and

8 3. Minus the statewide aggregate of all State and federal funds
9 for elementary and secondary education supporting the expenditures in items 1 and 2 of
10 this subparagraph, except the State share of basic current expenses.

11 (ii) "Basic current expenses" does not include expenditures for adult
12 education, community services, pupil transportation, capital outlay, or outgoing transfers,
13 or expenditures reported in the Food Service Fund, the Student Body Activities Fund, the
14 School Construction Fund, or the Debt Service Fund.

15 (4) "Net taxable income" means the amount certified by the State
16 Comptroller for the second completed calendar year before the school year for which the
17 calculation of State aid under this section is made, based on tax returns filed on or before
18 September 1 after this calendar year.

19 (5) "Real property" includes:

20 (i) Any interest in land or improvements to land;

21 (ii) Land and nonoperating property of railroads and public utilities;
22 and

23 (iii) Operating property of public utilities classified as real property by
24 the Department of Assessments and Taxation.

25 (6) "Assessed value of personal property" means the assessed valuation for
26 county purposes of tangible personal property, railroad property, public utility personal
27 property, and public utility shares.

28 (7) "Full-time equivalent enrollment" means:

29 (i) All students enrolled in grades 1 through 12 or their equivalent in
30 regular day school programs on September 30 of the previous school year;

31 (ii) One half of the number of students enrolled in kindergarten
32 programs on September 30 of the previous school year, except that in Garrett County the
33 full number of kindergarten students is included; and

34 (iii) The number of full-time equivalent students, as determined by a
35 regulation of the Department, enrolled in evening high school programs during the
36 previous school year.

37 (8) "Wealth" means the sum of:

38 (i) Net taxable income;

3

1 (ii) The assessed valuation of real property; and

2 (iii) 50 percent of assessed value of personal property.

3 (9) For calculation of State aid under this section, the percentage of
4 assessed value of personal property as of July 1 of the first completed fiscal year before
5 the school year for which the calculation is made shall be used.

6 (10) "Chapter 1 eligible count" means the number of children eligible to
7 receive services under the provisions of Chapter 1 of the Hawkins - Stafford Elementary
8 and Secondary School Improvement Amendments of 1988 as determined by the U.S.
9 Department of Education.

10 (11) "Dedicated compensatory funds" means funds allocated by subsection
11 (e)(3) of this section.

12 (12) "Basic current expenses per pupil" means the basic current expenses for
13 a fiscal year divided by the statewide full-time equivalent enrollment on September 30 of
14 the fiscal year.

15 (13) "Per pupil basic current expense figure" means:

16 (i) \$2,976 for Fiscal Year 1993; and

17 (ii) The average of the basic current expenses per pupil for the third
18 and fourth preceding fiscal years multiplied by 0.75 for Fiscal Year 1994 and for each
19 fiscal year thereafter, as calculated by the Department on or before July 1 prior to the
20 fiscal year.

21 (14) "STUDENT ATTENDANCE RATE" MEANS THE ATTENDANCE RATE
22 CALCULATED FOR THE MOST RECENTLY PUBLISHED MARYLAND SCHOOL
23 PERFORMANCE REPORT.

24 (15) "AVERAGE DAILY ATTENDANCE" MEANS THE PRODUCT OF:

25 (I) THE STUDENT ATTENDANCE RATE FOR A COUNTY; AND

26 (II) THE FULL-TIME EQUIVALENT ENROLLMENT FOR THAT
27 COUNTY.

28 (16) "COUNTY AVERAGE DAILY ATTENDANCE" MEANS:

29 (I) FOR FISCAL YEAR 1998, THE SUM OF:

30 1. 25 PERCENT OF AVERAGE DAILY ATTENDANCE FOR THE
31 COUNTY; AND

32 2. 75 PERCENT OF FULL-TIME EQUIVALENT ENROLLMENT
33 FOR THE COUNTY;

34 (II) FOR FISCAL YEAR 1999, THE SUM OF:

35 1. 50 PERCENT OF AVERAGE DAILY ATTENDANCE FOR THE
36 COUNTY; AND

4

1 2. 50 PERCENT OF FULL-TIME EQUIVALENT ENROLLMENT
2 FOR THE COUNTY;

3 (III) FOR FISCAL YEAR 2000, THE SUM OF:

4 1. 75 PERCENT OF AVERAGE DAILY ATTENDANCE FOR THE
5 COUNTY; AND

6 2. 25 PERCENT OF FULL-TIME EQUIVALENT ENROLLMENT
7 FOR THE COUNTY; AND

8 (IV) FOR FISCAL YEAR 2001 AND EACH FISCAL YEAR THEREAFTER,
9 100 PERCENT OF AVERAGE DAILY ATTENDANCE FOR THE COUNTY.

10 (17) "COUNTY BASIC CURRENT EXPENSE TO BE SHARED" MEANS THE
11 COUNTY AVERAGE DAILY ATTENDANCE MULTIPLIED BY THE PER PUPIL BASIC
12 CURRENT EXPENSE FIGURE.

13 (b) (1) Each county board and the Mayor and City Council of Baltimore City
14 shall receive from the State, in the manner and subject to the limitations under this
15 section, an amount for each school year to be known as the "State share of basic current
16 expenses" for each county, which shall be calculated as indicated in this subsection.

17 (2) (i) The basic current expenses to be shared shall equal the per pupil
18 basic current expense figure multiplied by full-time equivalent enrollment.

19 (ii) 1. If State aid for public elementary and secondary education
20 exceeds 31.5% of the projected general funds of the State in any fiscal year, then the
21 amount required for the per pupil basic current expense figure may not be implemented
22 for the next fiscal year unless the General Assembly, at the regular session immediately
23 preceding that next fiscal year, affirms by joint resolution that the additional State aid
24 required using the per pupil basic current expense figure is within the State's fiscal
25 resources.

26 2. As provided under item 1 of this subparagraph, if State aid
27 for public elementary and secondary education exceeds the percentage amount specified
28 and a joint resolution of affirmation is not enacted by the General Assembly, then the per
29 pupil basic current expense figure in which the State shall share for the next fiscal year
30 shall be the lesser of the per pupil basic current expense figure for the fiscal year or an
31 amount equal to 108 percent of the prior year's per pupil basic current expense figure.

32 3. By January 14 of each year, the Department of Fiscal
33 Services shall calculate State aid as a percentage of the projected State General Fund
34 revenues for the current fiscal year. State aid shall include State funds provided to the
35 county boards whether pursuant to formula or on a grant basis and State payments on
36 behalf of the county boards such as retirement and debt service for State bonds for school
37 construction.

38 (3) (i) In this paragraph, "enrollment" means the full-time equivalent
39 enrollment used in calculating the current expense aid for a county.

40 (ii) To be eligible to receive the State share of basic current expenses:

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1 (iv) 1. The provisions of this paragraph do not apply to a county if
 2 the county is granted a temporary waiver or partial waiver from the provisions by the
 3 State Board of Education based on a determination that the county's fiscal condition
 4 significantly impedes the county's ability to fund the maintenance of effort requirement.

5 2. After a public hearing, the State Board of Education may
 6 grant a waiver under this subparagraph in accordance with its regulations.

7 3. In order to qualify for the waiver under this subparagraph for
 8 a fiscal year, a county shall make a request for a waiver to the State Board of Education
 9 by April 1 of the prior fiscal year.

10 4. The State Board of Education shall inform the county
 11 whether the waiver for a fiscal year is approved or denied in whole or in part by May 15
 12 of the prior fiscal year.

13 (4) The local contribution rate is calculated as follows:

14 (i) Multiply the full-time equivalent enrollment by \$624, and multiply
 15 this product by 0.45.

16 (ii) Multiply the full-time equivalent enrollment by the amount that
 17 the per pupil basic current expense figure exceeds \$624, and multiply this product by 0.50.

18 (iii) Add the two products arrived at in subparagraphs (i) and (ii) of
 19 this paragraph, and divide the resulting sum by the sum of the wealth of all of the counties
 20 in this State.

21 (iv) The resulting quotient, rounded to 7 decimal places, and expressed
 22 as a percent with 5 decimal places, is the local contribution rate.

23 (5) (i) Except as provided in subparagraph [(ii)] (III) of this paragraph,
 24 the UNADJUSTED State share of basic current expenses for each county is the difference
 25 between the county share calculated under paragraph (3) of this subsection and the
 26 COUNTY basic current expense to be shared[, as indicated in paragraph (2) of this
 27 subsection].

28 (II) THE STATE SHARE OF BASIC CURRENT EXPENSES FOR EACH
 29 COUNTY IS DETERMINED BY ADDING TO THE UNADJUSTED STATE SHARE OF BASIC
 30 CURRENT EXPENSES FOR EACH COUNTY THE PRODUCT OF:

31 1. THE DIFFERENCE BETWEEN THE TOTAL BASIC CURRENT
 32 EXPENSES TO BE SHARED AND THE TOTAL COUNTY BASIC CURRENT EXPENSES TO
 33 BE SHARED; AND

34 2. THE PERCENT SHARE THAT EACH COUNTY REPRESENTS
 35 OF THE TOTAL COUNTY BASIC CURRENT EXPENSES TO BE SHARED.

36 [(ii)] (III) If the State share of basic current expenses, as calculated
 37 under subparagraph (i) of this paragraph, is less than the product of \$60 and the county's
 38 full-time equivalent enrollment, the State share of basic current expenses for the county
 39 shall be the product of \$60 and the county's full-time equivalent enrollment.

7

1 (IV) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE
2 GOVERNOR'S APPROPRIATION FOR BASIC CURRENT EXPENSE AID SHALL BE
3 CALCULATED USING FULL-TIME EQUIVALENT ENROLLMENT TO DETERMINE THE
4 AMOUNT OF THE AGGREGATE STATE SHARE OF FUNDING AVAILABLE FOR
5 DISTRIBUTION TO EACH COUNTY BOARD AND THE MAYOR AND CITY COUNCIL OF
6 BALTIMORE CITY.

7 SECTION 2. AND BE IT FURTHER ENACTED, That for Fiscal Years 1998 and
8 1999, the Governor shall include in the State budget grants for use in dropout prevention
9 programs, including: (1) \$800,000 each year to the Prince George's County Board of
10 Education; and (2) \$3,300,000 each year to the Board of School Commissioners of
11 Baltimore City.

12 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 1997.