

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1023 (Delegates Hecht and Snodgrass)
(Task Force on Funding for the Maryland School for the Deaf)
Ways and Means Referred to Budget and Taxation

Maryland School for the Deaf - Funding and Services

This amended bill establishes a State funding formula for the Maryland School for the Deaf (MSD) based on the school's enrollment growth and the growth in State funding provided to local school systems through the basic current expense formula. The bill also requires the Maryland School for the Deaf to establish and operate a program of enhanced services for deaf students who have other moderate to severe disabilities.

This bill takes effect July 1, 1997.

Fiscal Summary

State Effect: General fund expenditures could increase by \$410,200 in beginning in FY 1999. Future year expenditures reflect enrollment growth and inflation. Revenues are not affected. This amount does not include costs for the enhanced services program.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GO Revenues	\$0	\$0	\$0	\$0	\$0
GO Expenditures	0	410,200	266,300	377,800	418,400
Net Effect	\$0	(\$410,200)	(\$266,300)	(\$377,800)	(\$418,400)

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

Local Effect: Indeterminate effect on local expenditures for enhanced services for deaf students beginning in FY 1998. Revenues would not be affected.

Small Business Effect: None. Small businesses are not directly affected.

Fiscal Analysis

Background: During the 1996 session, legislation was enacted that established the Task Force on Funding for the Maryland School for the Deaf (MSD). The task force was charged to study (1) the role of MSD in the State's continuum of public education services; (2) MSD's admissions policy and enrollment demographics; and (3) MSD's level of funding in relation to funding for local school systems and the impact the funding has on the level of services provided by MSD. The task force concluded that, as an institution of public education, MSD's funding should be consistent with the funding of public schools so that MSD can maintain educational resources that are on par with resources provided by the local school districts. The task force proposed a mandated funding formula that provides for inflationary adjustments in the cost of public education, reflects changes in student enrollment, and considers the fiscal constraints facing future State budgets. The task force's findings are incorporated in this legislation.

State Expenditures: This bill bases the funding formula for the Maryland School for the Deaf on the school's enrollment growth and the growth in State funding provided to local school systems through the basic current expense formula. The formula is based 75% on increases in the per-pupil foundation under the current expense State aid formula and enrollment growth; and 25% solely on enrollment growth. Adjustments for enrollment reflect 20% of the change in the four-year moving average of MSD student enrollment. This adjustment will soften the impact of increases and decreases in student population. **Exhibit 1** shows the effect the formula will have on MSD's budget in the future.

Exhibit 1
MSD Funding Increases

Fiscal Year	Total Mandatory State Funding	Increase From Prior Year	Percent Increase
1998	\$14,590,134	\$0	0%
1999	\$15,000,359	\$410,225	2.8%
2000	\$15,266,637	\$266,278	1.8%
2001	\$15,644,448	\$377,811	2.5%
2002	\$16,062,889	\$418,441	2.7%

As shown in **Exhibit 1**, MSD will receive a 2.8% funding increase in fiscal 1999 and a 2.7% increase in fiscal 2002. In addition, the bill prohibits the Governor from reducing MSD's appropriation.

In addition, the Maryland School for the Deaf is required to establish and operate a program of enhanced services for deaf students who have moderate to severe disabilities. Pursuant to this legislation, the State would pay a greater share of the costs associated with the enhanced services at MSD than currently is paid for nonpublic placements. However, these additional costs could be offset by lower program costs if students are transferred from a nonpublic placement that is more expensive than the enhanced services program provided by MSD.

Local Effect: The Maryland School for the Deaf is required to establish and operate a program of enhanced services for deaf students who have other moderate to severe disabilities. Local governments are required to fund a portion of the programs' costs equal to the local share of the basic costs of educating a non-disabled student. However, this bill could decrease local expenditures if students currently residing in a nonpublic placement are transferred to the enhanced services program provided by MSD. Currently, for nonpublic placements, counties are responsible for the local share of the basic costs of educating a non-disabled student plus 200% of the basic costs. Any costs above this amount are shared between the State and the local school system on a 80% State/20% local basis. Absent information outlining the cost of such programs, the total impact on local governments cannot be determined.

Information Source(s): Department of Fiscal Services, Maryland School for the Deaf

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Analysis by: Hiram L. Burch Jr.
Reviewed by: Paul Ballou

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710