

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1073 (Delegate C. Mitchell, *et al.*)
Ways and Means

Primary and Secondary Education - Baltimore City Education First School Board

This bill restructures the management of the Baltimore City Public Schools and provides the city with additional education aid. Baltimore City is also eligible to receive a supplemental grant based on potential enrollment decreases. The bill requires the State contribution for school construction projects in Baltimore City to total at least \$10 million annually for fiscal 1998 through 2002. In addition, the State is required to pay 90% of the first \$10 million of approved school construction costs in Baltimore City. The bill also provides for two methods (joint appointment by Mayor and Governor or an election) of selecting the Baltimore City school board, which would be determined at a referendum of legally qualified voters of Baltimore City at the 1998 general election. The bill provides that the provisions pertaining to the management restructuring of the Baltimore City School System be repealed on May 1, 2000, if the majority of voters at the 1998 referendum do not support an elected school board.

Fiscal Summary

State Effect: General fund expenditures could increase by \$30 million in FY 1998. The FY 1998 budget allowance includes \$30 million to fund the Baltimore City partnership consistent with the court settlement. However, this bill does not directly satisfy the consent decree settling the school litigation court cases. Revenues would not be affected. Future year expenditures increase by an indeterminate amount.

Local Effect: \$30 million increase in State aid to Baltimore City in FY 1998. Indeterminate effect on Baltimore City education expenditures. Indeterminate effect on State school construction funding to local boards of education.

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

Fiscal Analysis

State Effect: The State is required to provide Baltimore City with an additional \$30 million in aid in fiscal 1998 and at least \$20 million annually in fiscal 1999 through 2002. The bill also provides Baltimore City with additional funding in fiscal 1999 through fiscal 2002 depending upon whether the city’s scores on the Maryland School Performance Assessment Program (MSPAP) improve during the 1998-1999 academic year as illustrated in **Exhibit 1**. The MSPAP tests are given to students in grades 3, 5, and 8. The tests measure school performance on how well students (1) solve problems cooperatively and individually; (2) apply what they have learned to real world problems; and (3) relate and use knowledge from different subject areas. Subject areas incorporated in the MSPAP tests are reading, writing, language usage, mathematics, science, and social studies.

Exhibit 1

1998-1999 Academic Year	Additional Annual Funding for FY 1999 -FY 2002*
Improved in 10 of 18 MSPAP scores	\$40 million
Improved in 11 of 18 MSPAP scores	\$50 million
Improved in 12 of 18 MSPAP scores	\$60 million
Improved in 13 or more MSPAP scores	\$70 million

*this funding is in place of the \$20 million provided in Section 6 of the bill.

During the 1995-1996 academic year, the city’s test scores improved in 10 of the 18 areas. If this trend continues in the 1998-1999 academic year, Baltimore City would receive an additional \$40 million in aid. However, this funding would be in place of the \$20 million provided in Section 6 of the bill.

Further, the bill provides that Baltimore City would not be required to return funds if the city’s audited enrollment were less than the enrollment projections for 1998 through 2002 listed in the consent decree settling the school litigation court cases. Since current expense formula funds are based on “reported” September 30th enrollment, not audited or projected enrollment, the intent of this provision is not clear.

School Construction Provision

The bill requires the State to provide Baltimore City with at least \$10 million through the Maryland School Construction Program, in the proportion of 90% State funds to 10% Baltimore City funds for the first \$10 million. Under current law, the State pays 75% of the costs for approved school construction projects in Baltimore City.

The fiscal 1998 State capital budget includes \$138.4 million for school construction projects.

As of December 17, 1996, approximately \$72.5 million of the fiscal 1998 school construction allowance has been awarded to the 24 local boards of education. Of this amount, Baltimore City received \$6.9 million, representing 9.5% of total funds available. Pursuant to this legislation, Baltimore City would receive an additional \$3,097,000 in school construction funding over the amount already allocated. In recent years, Baltimore City has received on average \$7.4 million in State school construction funding. Assuming historical trends continue, pursuant to this legislation, Baltimore City would receive an additional \$2.6 million in annual funding. To fund this increase, the State would either have to increase the overall funding for the State school construction program or decrease the amount provided to other jurisdictions.

Local Effect: The bill changes the management structure of the Baltimore City Public School System. The bill requires Baltimore City to make several management reforms within the public school system. To assist the city, the level of State aid for Baltimore City increases by \$30 million in fiscal 1998. For fiscal 1999 through fiscal 2002, Baltimore City receives an additional \$20 million in aid or the supplemental grant based on the school system's performance on the Maryland School Performance Assessment Program (MSPAP). Baltimore City would also receive at least \$10 million in State school construction funding. Over the last eight years, Baltimore City has received on average \$7.4 million in State school construction funding. Assuming historical trends continue, Baltimore City would receive an additional \$2.6 million in annual funding.

The bill also requires certain noninstructional senior level staff within the central school administration to reapply to the school board for continued employment upon the reorganization of the school system. In addition, the bill stipulates that all existing collective bargaining agreements for Baltimore City Public School Employees shall remain in full force and effect. The fiscal impact of any changes to the city school personnel system cannot be determined until a reorganization plan is drafted.

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

Fiscal Note History: First Reader - February 18, 1997

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