

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

Senate Bill 875 (Prince George’s County Senators)  
Budget and Taxation

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Statewide Aid for Students from Poverty Families

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This bill provides additional State aid to county boards of education based on the number of students qualifying for free or reduced price lunch and the per student State aid provided to Baltimore City as part of the city’s school litigation settlement. The enactment of this bill is contingent upon the State providing \$30 million to the Baltimore City Public Schools as part of the city’s school litigation settlement.

This bill takes effect July 1, 1997.

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Fiscal Summary

**State Effect:** General fund expenditures could increase by \$67.3 million in FY 1998, assuming the Governor includes funding in an FY 1998 State supplemental budget. Future year expenditures reflect increased grant amounts and enrollment growth. Revenues are not affected. The proposed FY 1998 budget includes \$30 million for Baltimore City Public Schools as part of the city’s school litigation settlement.

(\$ in millions)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GO Revenues	\$0	\$0	\$0	\$0	\$0
GO Expenditures	67.3	124.3	128.3	132.9	137.3
Net Effect	(\$67.3)	(\$124.3)	(\$128.3)	(\$132.9)	(\$137.3)

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

**Local Effect:** State aid to all local school systems, except Baltimore City, could increase by \$67.3 million in FY 1998, assuming the Governor includes funding in an FY 1998 State supplemental budget. State aid to local school systems could increase by \$124.3 in FY 1999 and \$137.3 million by FY 2002.

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

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Fiscal Analysis

**State Effect:** This bill provides additional State funding to all local boards of education, except for Baltimore City. The additional aid is based on the number of students receiving free or reduced price lunch multiplied by a per student grant amount. The per student grant is based on the amount of State funding targeted to Baltimore City in fiscal 1998 through fiscal 2002 consistent with the State-City school litigation settlement divided by the number of students receiving free or reduced price lunch in Baltimore City. **Exhibit 1** shows the calculation of the per student grant amount.

**Exhibit 1**

	<b>Baltimore City Students Receiving Free or Reduced Price Lunch*</b>	<b>Additional State aid Targeted to Baltimore City in School Settlement</b>	<b>Per Student Grant Under this Bill</b>
FY 1998	76,934	\$30 million	\$390
FY 1999	72,617	\$50 million	\$689
FY 2000	71,891	\$50 million	\$695
FY 2001	70,669	\$50 million	\$708
FY 2002	69,256	\$50 million	\$722

\*Free/reduced count from the second preceding school year.

As shown in **Exhibit 2**, this bill increases State expenditures by \$67.3 million in fiscal 1998. Future year expenditures increase to \$124.3 million in fiscal 1999 and to \$137.3 million by fiscal 2002. The number of students receiving free or reduced price lunch for fiscal 2000 through fiscal 2002 is based on the projected increase in student enrollment.

## Exhibit 2

	<b>Students Receiving Free or Reduced Price Lunch</b>	<b>Per Student Grant Under this Bill</b>	<b>Additional Aid to Local School Systems</b>
FY 1998	172,535	\$390	\$67,279,096
FY 1999	180,393	\$689	\$124,290,777
FY 2000	184,542	\$695	\$128,256,690
FY 2001	187,679	\$708	\$132,876,732
FY 2002	190,119	\$722	\$137,265,918

**Local Effect:** State aid to all local school systems, except Baltimore City, could increase by \$67.3 million in fiscal 1998, assuming the Governor includes funding in a fiscal 1998 State supplemental budget. State aid to local school systems could increase by \$124.3 million in fiscal 1999 and \$137.3 million by fiscal 2002. **Exhibits 3 and 4** provide a county-by-county breakdown for fiscals 1998 and 1999.

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

**Fiscal Note History:** First Reader - March 17, 1997

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