

HOUSE BILL 153

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HB 1057/95 - W&M

1998 Regular Session  
8r0514

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By: **Delegates Hixson and Heller**

Introduced and read first time: January 19, 1998

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering certain formulas used to calculate the State share of  
4 basic current expenses for each county; defining certain terms; requiring the  
5 Governor to include in the State budget certain grants for use in dropout  
6 prevention programs; and generally relating to State funding of elementary and  
7 secondary education.

8 BY repealing and reenacting, with amendments,  
9 Article - Education  
10 Section 5-202(a) and (b)  
11 Annotated Code of Maryland  
12 (1997 Replacement Volume and 1997 Supplement)

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

15 **Article - Education**

16 5-202.

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

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

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

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

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

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

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

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

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

20                               (5)        "Real property" includes:

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

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

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

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

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

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

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

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

- 1 (8) "Wealth" means the sum of:
- 2 (i) Net taxable income;
- 3 (ii) The assessed valuation of real property; and
- 4 (iii) 50 percent of assessed value of personal property.
- 5 (9) For calculation of State aid under this section, the percentage of  
6 assessed value of personal property as of July 1 of the first completed fiscal year  
7 before the school year for which the calculation is made shall be used.
- 8 (10) "Chapter 1 eligible count" means the number of children eligible to  
9 receive services under the provisions of Chapter 1 of the Hawkins-Stafford  
10 Elementary and Secondary School Improvement Amendments of 1988 as determined  
11 by the U.S. Department of Education.
- 12 (11) "Dedicated compensatory funds" means funds allocated by subsection  
13 (e)(3) of this section.
- 14 (12) "Basic current expenses per pupil" means the basic current expenses  
15 for a fiscal year divided by the statewide full-time equivalent enrollment on  
16 September 30 of the fiscal year.
- 17 (13) "Per pupil basic current expense figure" means:
- 18 (i) \$2,976 for Fiscal Year 1993; and
- 19 (ii) The average of the basic current expenses per pupil for the third  
20 and fourth preceding fiscal years multiplied by 0.75 for Fiscal Year 1994 and for each  
21 fiscal year thereafter, as calculated by the Department on or before July 1 prior to the  
22 fiscal year.
- 23 (14) "STUDENT ATTENDANCE RATE" MEANS THE ATTENDANCE RATE  
24 CALCULATED FOR THE MOST RECENTLY PUBLISHED MARYLAND SCHOOL  
25 PERFORMANCE REPORT.
- 26 (15) "AVERAGE DAILY ATTENDANCE" MEANS THE PRODUCT OF:
- 27 (I) THE STUDENT ATTENDANCE RATE FOR A COUNTY; AND
- 28 (II) THE FULL-TIME EQUIVALENT ENROLLMENT FOR THAT  
29 COUNTY.
- 30 (16) "COUNTY AVERAGE DAILY ATTENDANCE" MEANS:
- 31 (I) FOR FISCAL YEAR 1999, THE SUM OF:
- 32 1. 25 PERCENT OF AVERAGE DAILY ATTENDANCE FOR THE  
33 COUNTY; AND





1                                   4.       Any appropriation that is not excluded under  
2 sub-subparagraph 2 A of this subparagraph as a qualifying nonrecurring cost shall be  
3 included in calculating the county's highest local appropriation to its school operating  
4 budget.

5                                   5.       Qualifying nonrecurring costs, as defined in regulations  
6 adopted by the State Board, shall include but are not limited to:

7                                   A.       Computer laboratories;

8                                   B.       Technology enhancement;

9                                   C.       New instructional program start-up costs; and

10                                  D.       Books other than classroom textbooks.

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

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

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

21                                  4.       The State Board of Education shall inform the county  
22 whether the waiver for a fiscal year is approved or denied in whole or in part by May  
23 15 of the prior fiscal year.

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

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

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

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

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

35                                  (5)     (i)     Except as provided in subparagraph [(ii)] (III) of this  
36 paragraph, the UNADJUSTED State share of basic current expenses for each county is

1 the difference between the county share calculated under paragraph (3) of this  
2 subsection and the COUNTY basic current expense to be shared[, as indicated in  
3 paragraph (2) of this subsection].

4 (II) THE STATE SHARE OF BASIC CURRENT EXPENSES FOR EACH  
5 COUNTY IS DETERMINED BY ADDING TO THE UNADJUSTED STATE SHARE OF BASIC  
6 CURRENT EXPENSES FOR EACH COUNTY THE PRODUCT OF:

7 1. THE DIFFERENCE BETWEEN THE TOTAL BASIC CURRENT  
8 EXPENSES TO BE SHARED AND THE TOTAL COUNTY BASIC CURRENT EXPENSES TO  
9 BE SHARED; AND

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

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

17 (IV) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE  
18 GOVERNOR'S APPROPRIATION FOR BASIC CURRENT EXPENSE AID SHALL BE  
19 CALCULATED USING FULL-TIME EQUIVALENT ENROLLMENT TO DETERMINE THE  
20 AMOUNT OF THE AGGREGATE STATE SHARE OF FUNDING AVAILABLE FOR  
21 DISTRIBUTION TO EACH COUNTY BOARD.

22 SECTION 2. AND BE IT FURTHER ENACTED, That for Fiscal Years 1999 and  
23 2000, the Governor shall include in the State budget grants for use in dropout  
24 prevention programs, including:

25 (1) \$800,000 each year to the Prince George's County Board of  
26 Education; and

27 (2) \$3,300,000 each year to the New Baltimore City Board of School  
28 Commissioners.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 July 1, 1998.