

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1 (The Speaker. *et al.*) (Administration)
Ways and Means

School Accountability Funding for Excellence

This Administration bill establishes the School Accountability Funding for Excellence Program, which provides additional targeted State funding for education programs serving “at-risk” students. Specifically, the bill (1) establishes a new targeted improvement grant, school library grant, and teacher development program; (2) enhances State funding for the limited English proficiency, aging schools, and extended elementary education programs; and (3) provides Prince George’s County with additional funding for effective schools, a pilot integrated student support services project, and teacher development initiatives. To receive these funds, each local school system must submit to the Maryland State Department of Education (MSDE) a comprehensive plan outlining ways to increase the performance of at-risk students. The bill also includes a non-supplantation provision.

This bill takes effect July 1, 1998 and sunsets June 30, 2002.

Fiscal Summary

State Effect: General fund expenditures would increase by \$68.0 million in FY 1999. The FY 1999 State budget includes \$61.5 million to cover the cost of this legislation. Future year expenditures reflect enrollment growth and increased costs. Revenues would not be affected.

(in millions)	FY 1999	FY2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
GF Expenditures	68.0	69.2	70.2	71.3	0.0
Net Effect	(\$68.0)	(\$69.2)	(\$70.2)	(\$71.3)	\$0.0

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

Local Effect: State aid to local governments would increase by \$67.8 million in FY 1999. Local expenditures could increase by an indeterminate amount. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None. A small business impact statement was not provided by the Administration in time for inclusion in this fiscal note. A revised note will be issued when

the Administration's assessment becomes available.

Fiscal Analysis

Background: In July 1997, the Governor and the Speaker of the House appointed a 28-member task force to undertake a comprehensive review of education funding and programs in grades K-12 to ensure that students throughout Maryland have an equal opportunity for academic success. One of the main goals was to determine if inequities or gaps exist in funding programs earmarked for Maryland students who are believed to be "at risk" of failing in school. Further, the task force was asked to look at current accountability systems to provide assurances to the General Assembly and the public that school systems and school leaders are held accountable for meeting appropriate educational and fiscal standards. Finally, the task force was asked to see if the State can better leverage the money it currently spends and make use of all available public and private resources. At the beginning of the year, the task force submitted its preliminary report which forms the basis of this legislation.

State Effect: This bill provides an additional \$67.8 million in State funding to local school districts, with most of the funding being targeted to programs designed to increase the academic performance of at-risk students. The fiscal 1999 State budget includes \$61.5 million for the SAFE program, \$6.3 million less than required by the bill. This funding shortfall is a result of amendments added to the original legislation that provided Baltimore City with \$4.3 million in additional targeted improvement grant funding and Prince George's County with an additional \$2 million for teacher mentoring programs. The Governor is not required to include this additional funding until fiscal 2000, but could submit a fiscal 1999 deficiency appropriation at the 1999 legislative session. In addition, State expenditures would increase by \$410,000 for the State share of the performance audit of the Prince George's County School System and the costs for staffing the Prince George's County Schools management oversight panel. (\$200,000 was included in the fiscal 1998 State budget to cover the cost of the performance audit). Accordingly, State expenditures would increase by \$68.0 million in fiscal 1999. An analysis of the various funding components of the bill are set forth below.

Limited English Proficiency Grants

The bill increases the current limited English proficiency (LEP) grant from \$500 to \$1,350 per LEP student and repeals the current two-year restriction on students receiving LEP funding. Based on current estimates, there are 16,035 LEP students in the State, with 12,640 receiving services for less than two years. Accordingly, the State provides no funding for approximately 22% of students identified as having limited English proficiency through the statutory formula. The State provided local school districts with \$1.9 million in fiscal 1998, as part of the Baltimore City School legislation (Senate Bill 795), to cover expenses for LEP students affected by the two-year restriction. The limited English proficiency grant proposal will cost approximately \$15.3 million in fiscal 1999 and increase to \$15.9 million by fiscal

2002.

Targeted Improvement Grants

The bill establishes a new categorical grant program (targeted improvement grants) for students living in poverty. Targeted improvement grant funding is based on 85% of the number of children eligible for free and reduced price meals for the second prior fiscal year multiplied by 2.5% of the per pupil foundation under the basic current expense program. Each county's initial allocation is adjusted by a factor relating each county's wealth per full-time equivalent student to the statewide wealth per student. The targeted improvement program grant will cost approximately \$20.6 million in fiscal 1999 and increase to approximately \$23 million by fiscal 2002.

Teacher Development Program

The bill provides funds to enhance teacher development programs in schools with a free or reduced price meal count of 25% or more of their student population. Each eligible school will receive an \$8,000 grant to enhance teacher development in dealing with at-risk students. In addition, Baltimore County will receive an additional \$5 million to enhance its teacher mentoring program and Prince George's County will receive \$2 million to fund a teacher mentoring program. In sum, the teacher development program will cost approximately \$12.5 million in fiscal 1999.

Professional Development Program

The bill requires, to the extent that funds are available, the Maryland State Department of Education and local school systems to expand existing professional development programs for school-based administrators and principals and to develop new programs to assist these individuals in dealing with "at-risk" students.

Extended Elementary Education Program

The bill provides an additional \$4.4 million in funding for the Extended Elementary Education Program (EEEP). This would establish 24 additional sites statewide, increase funding for 204.5 existing sites to a level of \$65,000 per site, and provide \$1 million in grants to local school districts to address early intervention strategies for four-year old children whose needs are not fully met by the existing program.

School Library Programs

The bill requires the Governor to include \$3 million in the State's annual budget for school library grants for the purpose of enhancing elementary school library programs. As a condition to receive these grants, each local board of education must match the State grant

with new local funds.

Aging School Program

The bill provides \$6.02 million in additional funding for the Aging School Program, which was established as part of Senate Bill 795 enacted in 1997. That legislation provided \$4.35 million annually and identified specific allocations for each of the 24 jurisdictions for a five-year period (through fiscal 2002). The funds were distributed based on a formula which took into account the percentage of pre-1960 square footage in each school system. The Board of Public Works adopted regulations to guide the program, and the Interagency Committee on Public School Construction administers the program as part of the Public School Construction Program.

Prince George's County Programs

The bill provides \$5.5 million in State funding for specific programs in Prince George's County. This includes \$2 million for the effective schools program, \$1 million for a pilot integrated student support services project, and \$2.5 million for provisional teacher certification and teacher development initiatives.

Prince George's County School Management Initiatives

The Prince George's County Board of Education is required to submit an annual plan to MSDE on the use of State funds for effective schools programs and the magnet schools program. A performance audit of the county's school system must be conducted, with the State providing one-third of the total cost up to \$200,000. The fiscal 1998 State budget includes \$200,000 for the State's share of the audit costs. In addition, a management oversight panel must be established to monitor the progress of the performance and financial audits and the implementation of the audits' recommendations for a four-year period. The management oversight panel would be staffed by a newly created coordination office. The State would be responsible for funding the coordination office up to a maximum of \$210,000 each year. In sum, State expenditures for the performance audit and the coordination office would total \$410,000.

Provisional Teacher Certification

The bill also provides \$500,000 for statewide provisional teacher certification and teacher development initiatives.

Local Effect: State aid to local governments increase by \$67.8 million in fiscal 1999 and by

\$71.1 million by fiscal 2002. Local expenditures could increase by an indeterminate amount, as discussed below. A county-by-county breakdown of additional State aid in fiscal 1999 is shown in **Attachment 1**.

Comprehensive Plan

To receive any of the funding provided in this legislation, except the school library and additional aging school funding, each local school system must submit to the Maryland State Department of Education a comprehensive plan on ways to increase the performance of at-risk students. The plan must integrate funding from different programs targeting at-risk students in order to deliver a more comprehensive and coordinated program. Each comprehensive plan must include a description of the measures that will be used and the process by which data will be collected and evaluated to measure change in student learning and other educational performance attributable to the School Accountability Funding for Excellence Program funds. Each local school system must also submit semi-annual progress reports to the Maryland State Department of Education. To the extent that local school systems do not already have a data collection system in place, this requirement could increase local expenditures.

School Library Program

The bill requires the Governor to include \$3 million in the State's annual budget for school library grants. As a condition to receive these grants, each local board of education must provide equal matching funds to be used for school library programs. This may result in an increase in local school expenditures on library programs.

Non-supplantation Provision

The bill includes a non-supplantation provision that prohibits local school systems from using the additional State funds provided in the School Accountability Funding for Excellence (SAFE) program to supplant existing education funding for at-risk programs. However, to the extent that a local school system achieves the intended funding level in a particular targeted program for students at risk, the local school system may divert funds to another targeted program if such program is identified in the school system's comprehensive plan and approved by the Maryland State Department of Education.

Prince George's County Performance Audit

Prince George's County expenditures could increase by around \$400,000 for the cost of the performance audit.

Additional Comments: Nearly one million students attend public schools across Maryland,

with a large portion of these students being “at-risk” of not performing at a high academic level. Conceptually, “at-risk” students can be defined as those students who, while not necessarily poor, face significant obstacles to achieving academic success. This includes students from low income families and possessing limited English proficiency skills. Other factors may include attending schools that have a large proportion of inexperienced teachers or being from highly mobile families which move several times during a school year.

Approximately 31% of students enrolled in public schools in Maryland receive free and reduced price meals (FRPM), one of the best indicators of students “at-risk” of performing poorly in school. Further, in the last five years, the number of students receiving free and reduced price meals has increased by over 35%, whereas student enrollment has increased by only 11%. In addition, during this same period, the number of limited English proficient students (LEP) has increased by over 36%. These two indicators clearly show that a greater proportion of Maryland’s student population is “at-risk” of not performing at a high standard. **Exhibit 1** shows the growth in the statewide “at-risk” population since 1990.

The free and reduced price meal (FRPM) count is based on the actual number of students participating in the federal school breakfast and lunch program. Program eligibility is determined by household income, with children being eligible for free meals if their household income is below 130% of the federal income poverty level. Children are eligible for reduced price meals if their household income does not exceed 185% of the federal income poverty level. The limited English proficiency count measures the number of students who speak English as a secondary language. This includes students born outside of the United States or whose native language is not English; students who come from an environment where a language other than English is dominant; and American Indian or Alaskan native students who come from an environment where a language other than English has had a significant impact on their level of English proficiency.

The academic performance of “at-risk” students has become evident through analyzing the results of the *Maryland School Performance Report*. Since 1993, overall student performance on the State functional tests has increased, with student attendance rates increasing and dropout rates decreasing. Further, more school systems had 40% or more of students at the satisfactory level on the Maryland School Performance Assessment Program (MSPAP) in 1996 than in 1993. However, while many students are performing at a higher level, a large number of students are still a considerable distance from meeting Maryland’s academic performance standards. According to a report from the Maryland State Department of Education (MSDE), a majority of these students are from poor families, are limited English proficient, or are from families that are highly mobile. While the State historically has provided significant amounts of funding for programs serving “at-risk” students, there still remain groups of students who need additional assistance to achieve the State’s high academic standards. This is especially true of students who receive Title 1 and other compensatory education services in the elementary grades, but are not provided the supplemental support when they graduate to middle and high school. These concerns form the basis for this legislation.

Exhibit 1
Student Enrollment Growth Rates

<u>Fiscal Year</u>	<u>Total Enrollment*</u>	<u>% Change</u>	<u>FRPM Count</u>	<u>% Change</u>	<u>LEP Count</u>	<u>% Change</u>
1990-91	700,816	2.1%	161,856	4.9%	12,257	22.2%
1991-92	720,671	2.8%	187,151	15.6%	11,764	-4.0%
1992-93	735,769	2.1%	206,122	10.1%	12,076	2.7%
1993-94	753,379	2.4%	227,942	10.6%	13,951	15.5%
1994-95	772,104	2.5%	239,938	5.3%	14,305	2.5%
1995-96	786,452	1.9%	249,469	4.0%	15,104	5.6%
1996-97	798,944	1.6%	253,010	1.4%	16,035	6.0%

*Does not include pre-kindergarten students

Information Source(s): Department of Legislative Services, Maryland State Department of Education, Interagency Committee on School Construction

Note: Hard copy of attachment is available in Room 226 Legislative Services Building.

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