

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Revised

House Bill 1171 (Delegate Klausmeier)

Ways and Means

The Maryland School for the Blind - Board of Directors, Funding, and Services

This bill establishes a State funding formula for the Maryland School for the Blind (MSB) 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 Maryland School for the Blind is required to establish and operate a program of enhanced services for blind students who have other severe disabilities. In addition, the bill establishes a 25-member board of directors to govern the Maryland School for the Blind.

This bill takes effect July 1, 1998.

Fiscal Summary

State Effect: General fund expenditures would increase by \$750,000 in FY 1999 due to the costs of the enhanced services program. Although there are no funds specifically budgeted for the enhanced program, the Maryland State Department of Education (MSDE) advises that funds budgeted for nonpublic special education placements could be utilized for this purpose. Beginning in FY 2000, general fund expenditures could increase by \$2,444,700, which includes \$1,444,700 due to the funding formula and \$1,000,000 due to the enhanced services program. Future year expenditures reflect enrollment, inflation, and continued funding for the enhanced services program. Revenues would not be affected.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	750,000	2,444,700	2,641,900	2,865,100	3,129,400
Net Effect	(\$750,000)	(\$2,444,700)	(\$2,641,900)	(\$2,865,100)	(\$3,129,400)

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

Local Effect: Local government expenditures could increase by approximately \$54,000 in FY 1999. Revenues would not be affected.

Small Business Effect: None.

Fiscal Analysis

Background: The Maryland School for the Blind is a private, nonprofit organization serving students who are blind or visually impaired, including students with severe and multiple disabilities. Through its Baltimore campus program, MSB provides highly specialized services to more than 170 students with complex disabilities. Over half of these students are profoundly disabled and many are deaf/blind. In addition to these specialized services, MSB provides equipment, braille textbooks, and tutoring services to more than 500 students with visual impairments who are attending local schools throughout the State.

Almost 80% of MSB's fiscal 1998 operating budget of \$12.9 million is funded with State general funds. For the past six years, this grant has remained level at about \$10.3 million. This legislation would base future State funding on a formula that is used by the Maryland School for the Deaf.

State Effect: This bill bases the funding formula for the Maryland School for the Blind 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 MSB student enrollment. This adjustment will soften the impact of increases and decreases in student population. In addition, the bill increases the base amount for fiscal 1999 by \$1.3 million. **Exhibit 1** shows the effect the formula will have on MSB's budget in the future.

Exhibit 1
MSB Funding Increases

Fiscal Year	Total Mandatory State Funding	Increase From Fiscal 1999 Appropriation	Increase From Prior Year	Percent Increase
1999	\$10,285,400	\$0	\$0	0%
2000	\$11,730,100	\$1,444,700	\$1,444,700	14.0%
2001	\$11,927,300	\$1,641,900	\$197,200	1.7%
2002	\$12,150,500	\$1,865,100	\$223,200	1.9%
2003	\$12,414,800	\$2,129,400	\$264,300	2.2%

As shown in **Exhibit 1**, MSB will receive a \$1,444,700 funding increase in fiscal 2000 and a

\$2,129,400 increase in fiscal 2003. In addition, the bill prohibits the Governor from reducing MSB's appropriation.

The Maryland School for the Blind is also required to establish and operate a program of enhanced services for blind students who have severe disabilities and who are at risk of requiring nonpublic placement in an out-of-state special education facility. MSDE is required to determine which students are eligible for the program. In fiscal 1999, no more than 20 students can be enrolled in the program, with the State share of the costs not exceeding \$750,000. MSDE advises that existing funding for non-public placements could cover the costs for the program in fiscal 1999. In future years, State expenditures for the enhanced program could increase to \$1 million each year. This estimate is based on 25 students being enrolled in the enhanced services program at an additional cost of \$40,000 per student. 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 MSB.

In sum, beginning in fiscal 2000, general fund expenditures could increase by around \$2.4 million.

Local Effect: The Maryland School for the Blind is required to establish and operate a program of enhanced services for blind students who have severe disabilities. Local governments are required to fund a portion of the programs' cost equal to the local share of the basic costs of educating a non-disabled student minus the \$200 per student tuition payment that local school systems currently pay. Based on the statewide average local share of basic costs for fiscal 1998 and 20 students enrolled in the enhanced services program, local expenditures could increase by approximately \$54,000. Future year expenditures could increase even further, depending upon how many students MSDE approves for the enhanced services program.

However, this bill could decrease local expenditures if students currently residing in a nonpublic placement are transferred to the enhanced services program provided by MSB. 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.

Additional Comments: MSDE must report to the budget committees, the House Ways and Means Committee, and the Senate Finance Committee by September 1 of each year on the

number of students enrolled in the enhanced services program and the annual costs of the program. In addition, MSDE must report on any anticipated enrollment growth and future costs related to the enhanced services program.

Information Source(s): Department of Legislative Services, Maryland School for the Blind, Maryland State Department of Education

Fiscal Note History: First Reader - March 2, 1998
tlw Revised - House Third Reader - March 31, 1998

Analysis by: Hiram L. Burch	Direct Inquiries to:
Reviewed by: John Rixey	John Rixey, Coordinating Analyst
	(410) 841-3710
	(301) 858-3710