

Department of Legislative Services
Maryland General Assembly**FISCAL NOTE**

House Bill 32 (Delegates Hixson and Heller)

Ways and Means**Statewide Aid for Students from Poverty Families**

This bill provides additional State aid to county boards of education for fiscal 1999 through fiscal 2002 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 \$50 million to the Baltimore City Public Schools as provided in Chapter 105 of the Acts of 1997 (Baltimore City school legislation).

This bill takes effect July 1, 1998.

Fiscal Summary

State Effect: General fund expenditures would increase by \$124.3 million in FY 1999. Future year expenditures reflect increased grant amounts and enrollment growth. Revenues are not affected. The proposed FY 1999 budget includes \$50 million for Baltimore City Public Schools as part of the city's school litigation settlement.

(in millions)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GO Revenues	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
GO Expenditures	124.3	127.5	131.6	136.0	0.0
Net Effect	(\$124.3)	(\$127.5)	(\$131.6)	(\$136.0)	\$0.0

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

Local Effect: State aid to all local school systems, except Baltimore City, would increase by \$124.3 million in FY 1999. State aid to local school systems would increase by \$127.5 million in FY 2000 and \$136.0 million by FY 2002.

Small Business Effect: None.

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 1999 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

	Baltimore City Students Receiving Free or Reduced Price Lunch*	Additional State Aid Targeted to Baltimore City in School Settlement	Per Student Grant Under this Bill
FY 1999	72,617	\$50 million	\$689
FY 2000	72,151	\$50 million	\$693
FY 2001	71,062	\$50 million	\$704
FY 2002	69,680	\$50 million	\$718

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

As shown in **Exhibit 2**, this bill increases State expenditures by \$124.3 million in fiscal 1999. Future year expenditures increase to \$127.5 million in fiscal 2000 and to \$136 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

	Students Receiving Free or Reduced Price Lunch*	Per Student Grant Under this Bill	Additional Aid to Local School Systems
FY 1999	180,393	\$689	\$124.3 million
FY 2000	183,987	\$693	\$127.5 million
FY 2001	186,976	\$704	\$131.6 million
FY 2002	189,438	\$718	\$136.0 million

*excluding Baltimore City

Local Effect: State aid to all local school systems, except Baltimore City, could increase by

\$124.3 million in fiscal 1999. State aid to local school systems could increase by \$127.5 million in fiscal 2000 and \$136 million by fiscal 2002. **Exhibit 3** provides a county-by-county breakdown for fiscal 1999.

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

Fiscal Note History: First Reader - January 26, 1998

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