

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 153 (Delegates Hixson and Heller)

Ways and Means

Education - Funding - Average Daily Attendance

This bill phases in, over a four-year period beginning in fiscal 1999, average daily attendance as a factor in calculating State aid under the current expense formula. In addition, the bill requires the Governor to provide grants for dropout prevention programs for Baltimore City (\$3.3 million) and Prince George's County (\$800,000) for fiscal 1999 and 2000.

This bill takes effect July 1, 1998.

Fiscal Summary

State Effect: General fund expenditures would increase by \$4.1 million in FY 1999 and FY 2000. Revenues would not be affected.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
GF Expenditures	4,100,000	4,100,000	0.0	0.0	0.0
Net Effect	(\$4,100,000)	(\$4,100,000)	\$0.0	\$0.0	\$0.0

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

Local Effect: State aid to all local governments, except Baltimore City, Prince George's County, and Wicomico County, would increase by \$6.1 million in FY 1999. State aid to Baltimore City, Prince George's County, and Wicomico County decreases by \$2 million in FY 1999.

Small Business Effect: None.

Fiscal Analysis

State Expenditures: Under current law, State current expense aid is based on the number of students enrolled on September 30th of the previous school year. Under this bill, the student count used for aid purposes will be calculated using average daily attendance determined by multiplying the county's student attendance rate for the second previous school year times the county's full-time equivalent enrollment for the previous school year. The use of average daily attendance is phased-in over a four-year period. This would redistribute current State aid with no additional cost to the State. In addition, the bill requires the Governor to provide \$3.3 million in grants to Baltimore City and \$800,000 to Prince George's County for dropout prevention programs in both fiscal 1999 and 2000. Accordingly, State aid to local governments would increase by \$4.1 million in both fiscal years.

Local Revenues: This bill would redistribute State aid from counties with below average attendance to counties with above average attendance. Given current attendance rates, all local school systems would receive additional State aid, except for Baltimore City and Prince George's and Wicomico counties which would lose approximately \$6.1 million in total aid in fiscal 1999 (\$5 million for Baltimore City, \$1 million for Prince George's County, and \$14,519 for Wicomico County). However, due to the additional \$4.1 million in grants for dropout prevention programs, State aid would only decrease by \$1.7 million for Baltimore City and \$217,500 for Prince George's County. Since Wicomico County does not receive any dropout prevention grants, the county would still lose \$14,519 in State aid. **Exhibit I** illustrates the county-by-county impact.

Assuming school attendance rates remain the same, by fiscal 2002, when the school funding formula is based entirely on average daily attendance, State aid for Baltimore City, Prince George's County, and Wicomico County would decrease by \$21.3 million, \$4.3 million, and \$61,000, respectively. This estimate is based on fiscal 1999 funding levels, therefore the actual decrease would be greater.

Local Expenditures: Local expenditures for education would increase in fiscal 1999 to the extent that school systems do not offset local funding with additional State aid. However, potential reductions in local education expenditures would be limited by the local maintenance of effort provision.

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

Fiscal Note History: First Reader - February 12, 1998
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Education - Funding - Average Daily Attendance (HB 153)

Fiscal 1999 Estimate

	Basic Current Expense To Be Shared	County Share	Students .25 ADA .75 FTE	County Current Expense To Be Shared	Unadjusted State Share	State Share	Current State Aid	Difference Over Current	Total Fiscal Impact of HB 153*
Allegany	\$40,115,476	12,140,796	10,344	\$39,605,721	\$27,464,924	\$28,127,645	\$27,974,679	\$152,966	\$152,966
Anne Arundel	\$267,449,907	152,059,773	68,915	263,876,891	111,817,118	116,232,559	115,390,134	842,426	842,426
Baltimore City	\$378,964,745	97,900,597	96,047	367,764,517	269,863,920	276,017,708	281,064,148	(5,046,440)	(1,746,440)
Baltimore	\$374,906,005	208,907,686	96,571	369,771,969	160,864,283	167,051,662	165,998,319	1,053,343	1,053,343
Calvert	\$53,538,993	25,656,626	13,807	52,868,179	27,211,552	28,096,193	27,882,366	213,827	213,827
Caroline	\$20,142,455	5,410,005	5,188	19,865,783	14,455,779	14,788,192	14,732,450	55,742	55,742
Carroll	\$98,148,757	39,791,571	25,343	97,039,915	57,248,344	58,872,109	58,357,186	514,923	514,923
Cecil	\$54,833,195	20,011,452	14,095	53,968,834	33,957,383	34,860,441	34,821,743	38,698	38,698
Charles	\$77,988,115	32,741,953	20,035	76,713,739	43,971,785	45,255,433	45,246,161	9,272	9,272
Dorchester	\$18,313,150	6,666,449	4,713	18,047,937	11,381,488	11,683,483	11,646,701	36,783	36,783
Frederick	\$125,409,323	53,152,065	32,241	123,450,925	70,298,859	72,364,558	72,257,257	107,301	107,301
Garrett	\$19,098,095	7,094,644	4,931	18,880,636	11,785,992	12,101,921	12,003,450	98,470	98,470
Harford	\$138,894,103	55,752,635	35,769	136,958,686	81,206,051	83,497,775	83,141,468	356,307	356,307
Howard	\$147,422,244	86,609,237	38,062	145,740,109	59,130,871	61,569,534	60,813,006	756,528	756,528
Kent	\$10,158,337	5,576,195	2,612	10,002,277	4,426,082	4,593,449	4,582,142	11,307	11,307
Montgomery	\$451,884,221	357,040,458	116,385	445,638,252	88,597,794	96,054,641	94,843,764	1,210,877	1,210,877
Prince George's	\$461,415,560	187,057,313	118,261	452,821,047	265,763,733	273,340,769	274,358,246	(1,017,477)	(217,477)
Queen Anne's	\$23,455,497	12,425,956	6,030	23,087,468	10,661,512	11,047,834	11,029,541	18,293	18,293
St. Mary's	\$52,092,588	20,294,824	13,399	51,304,706	31,009,882	31,868,361	31,797,764	70,598	70,598
Somerset	\$11,018,905	3,239,179	2,837	10,863,399	7,624,220	7,805,997	7,779,726	26,271	26,271
Talbot	\$16,323,027	13,501,817	4,209	16,116,324	2,614,507	2,884,181	2,821,210	62,971	62,971
Washington	\$72,372,886	28,219,293	18,690	71,564,306	43,345,013	44,542,495	44,153,593	388,902	388,902
Wicomico	\$50,302,530	17,309,509	12,917	49,460,392	32,150,883	32,978,502	32,993,021	(14,519)	(14,519)
Worcester	\$24,511,344	21,466,799	6,310	24,159,710	2,692,911	3,097,174	3,044,545	52,630	52,630
Total	\$2,988,759,454	1,470,026,834	767,713	\$2,939,571,721	\$1,469,544,887	\$1,518,732,620	\$1,518,732,620	(\$0)	\$4,100,000

* includes \$3.3 million grant to Baltimore City and \$800,000 grant to Prince George's County

Notes to calculations:

- Basic current expenses to be shared=\$3,829 times FTE enrollment
- County share=county share of basic current expenses to be shared as calculated under current law
- Students=.25 times average daily attendance plus .75 times full time equivalent enrollment
- County basic current expenses to be shared=\$3,829 times students
- Unadjusted state share=county basic current expenses to be shared minus county share
- State share=Unadjusted state share plus each county's proportionate share of county current basic expenses to be shared multiplied times the difference between the total basic current expense to be shared and the total county current expense to be shared.

