
By: **Delegates La Vay and Cryor**

Introduced and read first time: February 12, 1999

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Education - State Funding - Social Security Contributions**

3 FOR the purpose of repealing certain provisions of law relating to the obligations of
4 certain employers for Social Security contributions; requiring the State to pay
5 the employer Social Security contributions for certain employees of local boards
6 of education, community colleges, and county public library systems; expanding
7 certain authority of the State Retirement Agency in connection with the
8 examination of certain records of local boards of education, community colleges,
9 and county public library systems; requiring the State Retirement Agency to
10 adopt certain regulations; and generally relating to the Social Security
11 contributions of employers of certain local employees.

12 BY repealing

13 Article - Education
14 Section 5-202(d), 16-305(c)(8), and 23-503(c)
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 1998 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article - Education
19 Section 5-202(e) and (f), 5-203(b) and (c)(1)(i), 16-305(c)(9), 16-306(b) and
20 (c)(1)(i), and 23-504(b) and (c)(1)(i)
21 Annotated Code of Maryland
22 (1997 Replacement Volume and 1998 Supplement)

23 BY adding to

24 Article - Education
25 Section 5-203.1, 16-305(c)(8), and 23-503(c)
26 Annotated Code of Maryland
27 (1997 Replacement Volume and 1998 Supplement)

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

1

Article - Education

2 5-202.

3 [(d) Any employer Social Security contributions required by federal law for any
4 employee of a county board or local school system shall remain the obligation of the
5 employer.]

6 [(e)] (D) (1) Each county board and the Mayor and City Council of Baltimore
7 City shall receive from the State, in the manner and subject to the limitations under
8 this section, an amount for each school year to be known as the "compensatory
9 education funds", which shall be calculated as indicated in this subsection.

10 (2) (i) For each fiscal year, the compensatory education funds program
11 level is the product of 25 percent of the per pupil basic current expense figure for the
12 current fiscal year, rounded down to the nearest dollar, and the statewide Chapter 1
13 eligible count for the prior fiscal year.

14 (ii) The amount to be provided to each county under this program is
15 determined as follows:

16 1. For each fiscal year, the product of the Chapter 1 eligible
17 count for the prior fiscal year for each county and the equivalent of 25 percent of the
18 per pupil basic current expense figure for the current fiscal year, rounded down to the
19 nearest dollar.

20 2. This product shall be divided by the ratio, rounded to 7
21 decimal places, of county wealth per county full-time equivalent enrollment to
22 statewide wealth per full-time equivalent enrollment.

23 3. These results shall be multiplied by a factor rounded to 7
24 decimal places and calculated by dividing the compensatory education funds program
25 level by the sum of the quotients determined in item 2 of this subparagraph.

26 (3) (i) The compensatory education funds shall be used for expenses of
27 instruction except that a county must expend no less than the amount provided in
28 subparagraph (ii) of this paragraph to provide dedicated compensatory programs for
29 children with special education needs that have resulted from educationally
30 disadvantaged environments.

31 (ii) For each fiscal year, the amount required to be expended by a
32 county under subparagraph (i) of this paragraph is the sum of:

33 1. The product of \$70 multiplied by its Chapter 1 eligible
34 count for the prior fiscal year; and

35 2. The product of 25 percent of a county's increased State aid
36 for the current fiscal year over the Fiscal Year 1985 level under this program.

1 (4) (i) The county superintendent for any county qualifying for
2 compensatory education funds under this subsection shall secure the approval of the
3 State Superintendent for plans that outline the use of the dedicated compensatory
4 funds and shall meet any other requirements established by the State Board of
5 Education for use of these funds.

6 (ii) The State Board shall advise the Accountability Task Force as
7 to any county that does not comply with the requirements established by the State
8 Board for the use of the funds.

9 (5) If, because of changes from one fiscal year to the next in the
10 statewide full-time equivalent enrollment or the statewide Chapter 1 eligible count,
11 the compensatory education funds allocated to a county under this section is
12 calculated to be less than 85 percent of the allocation to the county in the prior fiscal
13 year, the funds for the county shall be increased to 85 percent of the prior fiscal year
14 amount.

15 [(f)] (E) (1) An amount as determined in paragraph (2) of this subsection
16 shall annually be set aside from the State shares of basic current expense aid to each
17 county; these amounts are to be utilized for career and technology education
18 programs in accordance with guidelines adopted by the State Board of Education.
19 These funds shall not be used to supplant local contributions for career and
20 technology education programs. A county board of education shall maintain its fiscal
21 effort on either a per student basis or on an aggregate basis for career and technology
22 education, compared with the amount expended in the previous fiscal year, to be
23 eligible to receive its career and technology set-aside from basic current expense aid.

24 (2) The career and technology set-asides from basic current expense aid
25 for each subdivision are calculated as follows for each county:

26 (i) The number of full-time equivalent students in grades 10
27 through 12 enrolled in career and technology education programs in each county on
28 September 30 of the previous year is divided by the statewide number of full-time
29 equivalent students in grades 10 through 12 enrolled in career and technology
30 education programs on September 30 of the previous school year.

31 (ii) The quotient derived in (i) is multiplied by \$3.9 million.

32 (iii) As determined under subsection (b) of this section, the State per
33 pupil current expense aid in each county is divided by the statewide average per pupil
34 basic current expense aid to determine an equalizing factor. The equalizing factor for
35 each county is multiplied by the product derived in (ii) to determine the unadjusted
36 set-aside for career and technology education.

37 (iv) \$3.9 million is divided by the sum of the unadjusted set-asides
38 for all counties derived in (iii) and this quotient is rounded to 7 decimal places to
39 determine the adjustment factor.

40 (v) Each county's unadjusted set-aside for career and technology
41 education as derived in (iii) is multiplied by the adjustment factor derived in (iv). The

1 resulting product is the set-aside from basic current expense aid for career and
2 technology education for the county.

3 5-203.

4 (b) The Agency may at any time examine the records of local school systems to
5 determine whether the State's payments for SOCIAL SECURITY TAXES AND
6 retirement contributions for employees of the school systems are in accordance with
7 the provisions of Division II of the State Personnel and Pensions Article AND THIS
8 ARTICLE.

9 (c) (1) (i) If an examination of the records of a local school system shows
10 that the State has paid more than is required under THIS ARTICLE AND Division II of
11 the State Personnel and Pensions Article, within 30 days after the date of the notice
12 to the school system of the State overpayment, the school system may appeal the
13 notice of State overpayment to the Secretary of Budget and Management who shall
14 appoint a hearing examiner who is an attorney.

15 5-203.1.

16 (A) (1) FOR THE PURPOSES OF THIS SECTION, THE STATE RETIREMENT
17 AGENCY SHALL ADOPT REGULATIONS THAT, SUBJECT TO AND CONSISTENT WITH
18 THE PROVISIONS OF PARAGRAPH (2) OF THIS SUBSECTION, DEFINE "ELIGIBLE
19 POSITION".

20 (2) EFFECTIVE JULY 1, 1999, EXCEPT AS OTHERWISE PROVIDED IN THIS
21 SUBSECTION, "ELIGIBLE POSITION" MEANS A POSITION THAT IS HELD BY AN
22 EMPLOYEE OF A COUNTY BOARD OR LOCAL SCHOOL SYSTEM WHO IS A MEMBER OF
23 THE TEACHERS' RETIREMENT SYSTEM OR THE TEACHERS' PENSION SYSTEM AND:

24 (I) WHO PERFORMS INSTRUCTIONAL DUTIES IN A PUBLIC DAY
25 SCHOOL DURING THE NORMAL 10-MONTH SCHOOL YEAR AS A SUPERVISORY
26 TEACHER, A TEACHER WHO IS CERTIFIED, A HELPING TEACHER, OR A CLASSROOM
27 TEACHER AIDE; OR

28 (II) WHO HOLDS ANY OTHER POSITION IN A CLASS THAT WAS
29 CONSIDERED ELIGIBLE FOR STATE PAYMENT OF EMPLOYER CONTRIBUTIONS FOR
30 SOCIAL SECURITY UNDER THE STANDARDS APPLIED BY THE DEPARTMENT OF
31 PERSONNEL AS OF JANUARY 11, 1980.

32 (B) FOR FISCAL YEAR 2001, AND EACH FISCAL YEAR THEREAFTER, THE
33 EMPLOYER SOCIAL SECURITY CONTRIBUTIONS FOR ANY ELIGIBLE POSITION SHALL
34 BE PAID IN FULL BY THE STATE.

35 16-305.

36 (c) [(8) Any employer Social Security contributions required by federal law
37 for any employee of a board of community college trustees shall remain the obligation
38 of the employer.]

1 (8) (I) FOR THE PURPOSES OF THIS PARAGRAPH, THE STATE
2 RETIREMENT AGENCY SHALL ADOPT REGULATIONS TO DEFINE "ELIGIBLE
3 POSITION".

4 (II) FOR FISCAL YEAR 2001, AND EACH FISCAL YEAR THEREAFTER,
5 THE EMPLOYER SOCIAL SECURITY CONTRIBUTIONS FOR ANY ELIGIBLE POSITION
6 SHALL BE PAID IN FULL BY THE STATE.

7 (9) The State contribution to THE EMPLOYER'S SOCIAL SECURITY,
8 retirement and fringe benefit costs is not included in the calculations of amounts
9 under this subsection.

10 16-306.

11 (b) The Agency may at any time examine the records of public junior or
12 community colleges to determine whether the State's payments for SOCIAL SECURITY
13 TAXES AND retirement contributions for employees of the public junior or community
14 colleges are in accordance with the provisions of THIS ARTICLE AND Division II of the
15 State Personnel and Pensions Article.

16 (c) (1) (i) If an examination of the records of a public junior or community
17 college shows that the State has paid more than is required under THIS ARTICLE AND
18 Division II of the State Personnel and Pensions Article, within 30 days after the date
19 of the notice to the junior or community college of the State overpayment, the junior
20 or community college may appeal the notice of State overpayment to the Secretary of
21 Budget and Management who shall appoint a hearing examiner.

22 23-503.

23 [(c) Any employer Social Security contributions required by federal law for any
24 employee in a county public library system shall remain the obligation of the
25 employer.]

26 (C) (1) FOR THE PURPOSES OF THIS PARAGRAPH, THE STATE RETIREMENT
27 AGENCY SHALL ADOPT REGULATIONS TO DEFINE "ELIGIBLE POSITION".

28 (2) FOR FISCAL YEAR 2001, AND EACH FISCAL YEAR THEREAFTER, THE
29 EMPLOYER SOCIAL SECURITY CONTRIBUTIONS FOR ANY ELIGIBLE POSITION SHALL
30 BE PAID IN FULL BY THE STATE.

31 23-504.

32 (b) The Agency may at any time examine the records of public libraries to
33 determine whether the State's payments for SOCIAL SECURITY TAXES AND retirement
34 contributions for employees of the public libraries are in accordance with the
35 provisions of THIS ARTICLE AND Division II of the State Personnel and Pensions
36 Article.

37 (c) (1) (i) If an examination of the records of a public library shows that
38 the State has paid more than is required under THIS ARTICLE AND Division II of the

1 State Personnel and Pensions Article, within 30 days after the date of the notice to
2 the library of the State overpayment, the public library may appeal the notice of State
3 overpayment to the Secretary of Budget and Management who shall appoint a
4 hearing examiner.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 July 1, 1999.