

Department of Legislative Services  
 Maryland General Assembly  
 1999 Session

FISCAL NOTE  
 Revised

House Bill 34 (Delegate Rawlings. *et al.*)

Ways and Means

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State Aid for Public Education - School Operating Support Grants

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This bill establishes a school operating support grant program for local boards of education. As a condition to receive the State grants, each local board is required to provide a local match. In addition, four local boards receive a special hold harmless grant.

This bill takes effect July 1, 1999 and sunsets June 30, 2002.

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Fiscal Summary

**State Effect:** General fund expenditures increase by \$20.9 million in FY 2000. Future year expenditures remain relatively constant until the bill sunsets in FY 2002. Revenues would not be affected.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	20.9	25.8	30.8	0.0	0.0
Net Effect	(\$20.9)	(\$25.8)	(\$30.8)	\$0.0	\$0.0

Note: ( ) = decrease; GF = general funds

**Local Effect:** State aid to local governments increases by \$20.9 million in FY 2000. Local government expenditures increase by \$14.4 million in FY 2000 due to the local matching requirement.

**Small Business Effect:** None.

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Fiscal Analysis

**State Effect:** This bill establishes a new education funding program for local school systems. In addition, it provides a special hold harmless grant to local school systems receiving less State aid under the basic current expense formula in fiscal 2000 than they received in the prior year. This additional funding would total \$708,000 in fiscal 2000. In sum, this bill would provide local school systems with an additional \$20.9 million in fiscal 2000. **Exhibit 1** provides a county-by-county distribution for fiscal 2000.

### **School Operating Support Grants**

The school operating support grant program is modeled after the basic current expense formula, which is the major State aid program for primary and secondary education. The School Operating Support program in fiscal 2000 is based on a \$51 per pupil foundation that is shared by the State and counties. Each county's share is based on its full-time equivalent enrollment and county wealth. The State share totals \$25.50 per full-time equivalent student. The per pupil foundation amount increases to \$63 in fiscal 2001 and \$75 in fiscal 2002. The program terminates after fiscal 2002. The table below shows the projected State fiscal impact for fiscal 2000 through fiscal 2002.

#### **School Operating Support Grants**

<u>Fiscal Year</u>	<u>FTE Enrollment</u>	<u>Per Pupil Grant*</u>	<u>State Share</u>
2000	791,065	\$25.50	\$20.2 million
2001	798,033	\$31.50	\$25.1 million
2002	802,799	\$37.50	\$30.1 million

\*State share equals 50% of foundation amount.

### **Hold Harmless Grants**

State aid under the basic current expense formula will increase by over \$48.9 million in fiscal 2000, representing a 3% increase from the prior year. However, 4 local school systems (Allegany, Garrett, Somerset, and Talbot Counties) will experience a decrease in State funding under this program in fiscal 2000. For example, in Allegany County, the funding decrease represents around 2% of the county's basic current expense aid or roughly \$53 per pupil. To hold these counties harmless from the funding decrease, this bill provides these counties with a special grant totaling \$708,000. The grant allocation is set forth below.

#### **Hold Harmless Grants**

<u>County</u>	<u>Grant Amount</u>
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Allegany	\$544,000
Garrett	\$37,000
Somerset	\$19,000
Talbot	<u>\$108,000</u>
Total	\$708,000

**Local Effect:** In order to receive the State school operating support grant, counties must provide a local match as determined in the bill. In fiscal 2000, the local match would total \$14.4 million. The local match is in addition to county funds needed to satisfy the local maintenance of effort requirement under the basic current expense formula. However, the local match does not count towards maintenance of effort in subsequent years. Accordingly, county governments will have to provide local school systems with at least \$14.4 million in additional funding over the maintenance of effort requirement. In fiscal 1998, the latest year in which data is available, county governments provided local school systems with \$30 million in funding above the maintenance of effort requirement. However, 7 counties provided the local school system with either the minimum required amount or an increase of less than 1%. **Exhibit 2** shows the maintenance of effort level and the local appropriation to the boards of education for fiscal 1998.

**Information Source(s):** Department of Legislative Services

**Fiscal Note History:** First Reader - January 28, 1999  
 Inc/jr Revised - House Third Reader - March 29, 1999

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**Exhibit 1**  
**HB 34 - School Operating Support Program**  
**Fiscal 2000 Funding Allocation**

**Foundation: \$51.00**  
**Local Contribution Rate: 0.0001002**

<u>County</u>	<u>FTE Enrollment 9/30/98</u>	<u>Basic Program</u>	<u>Wealth Base</u>	<u>Local Share \$51 Program</u>	<u>SOS Grants Local Share</u>	<u>SOS Grants State Share</u>	<u>Hold Harmless Grants</u>	<u>Total State Aid</u>
Allegany	10,345.00	\$527,595	\$1,713,380,273	\$171,681	\$171,681	\$355,914	\$544,000	\$899,914
Anne Arundel	70,544.50	3,597,770	20,760,835,570	2,080,236	1,517,534	1,517,534		1,517,534
Baltimore City	98,160.00	5,006,160	13,037,927,416	1,306,400	1,306,400	3,699,760		3,699,760
Baltimore	99,240.25	5,061,253	28,865,435,264	2,892,317	2,168,936	2,168,936		2,168,936
Calvert	14,427.75	735,815	3,497,080,284	350,407	350,407	385,408		385,408
Caroline	5,311.50	270,887	739,836,798	74,132	74,132	196,755		196,755
Carroll	26,070.75	1,329,608	5,463,746,383	547,467	547,467	782,141		782,141
Cecil	14,512.00	740,112	2,750,244,322	275,574	275,574	464,538		464,538
Charles	20,947.00	1,068,297	4,453,564,298	446,247	446,247	622,050		622,050
Dorchester	4,732.75	241,370	895,411,413	89,720	89,720	151,650		151,650
Frederick	33,432.75	1,705,070	7,353,577,300	736,828	736,828	968,242		968,242
Garrett	4,937.25	251,800	966,854,036	96,879	96,879	154,921	37,000	191,921
Harford	36,706.00	1,872,006	7,711,606,618	772,703	772,703	1,099,303		1,099,303
Howard	40,107.00	2,045,457	12,088,886,526	1,211,306	834,151	834,151		834,151
Kent	2,658.50	135,584	752,010,490	75,351	60,232	60,232		60,232
Montgomery	120,893.75	6,165,581	49,091,421,359	4,918,960	1,246,621	1,246,621		1,246,621
Prince George's	122,344.00	6,239,544	25,168,475,930	2,521,881	2,521,881	3,717,663		3,717,663
Queen Anne's	6,362.75	324,500	1,711,175,767	171,460	153,040	153,040		153,040
St. Mary's	13,672.75	697,310	2,832,759,115	283,842	283,842	413,468		413,468
Somerset	2,834.00	144,534	436,774,270	43,765	43,765	100,769	19,000	119,769
Talbot	4,268.50	217,694	1,847,658,729	185,135	32,558	32,558	108,000	140,558
Washington	18,930.50	965,456	3,856,856,551	386,457	386,457	578,998		578,998
Wicomico	13,139.00	670,089	2,353,957,283	235,867	235,867	434,222		434,222
Worcester	6,486.50	330,812	2,913,912,566	291,974	38,837	38,837		38,837
	<b>791,064.75</b>	<b>\$40,344,302</b>	<b>\$201,263,388,561</b>	<b>\$20,166,592</b>	<b>\$14,391,761</b>	<b>\$20,177,711</b>	<b>\$708,000</b>	<b>\$20,885,711</b>



**Exhibit 2**  
**Local Appropriations to Boards of Education and Local Maintenance of Effort Level**  
**Fiscal 1998**

<u>County</u>	<u>Maintenance of Effort Level</u>	<u>Local Appropriation</u>	<u>Amount Over M.O.E.</u>	<u>Percent Over M.O.E.</u>
Allegany	\$20,899,863	\$21,580,000	\$680,137	3.2%
Anne Arundel	270,639,660	274,677,935	4,038,275	1.5%
Baltimore City	193,815,115	195,548,000	1,732,885	0.9%
Baltimore	425,375,587	426,134,334	758,747	0.2%
Calvert	49,158,062	49,158,062	0	0.0%
Caroline	10,244,790	10,500,000	255,210	2.4%
Carroll	81,123,264	81,332,686	209,422	0.3%
Cecil	37,662,548	38,089,827	427,279	1.1%
Charles	62,568,094	64,705,300	2,137,206	3.3%
Dorchester	12,456,391	12,866,145	409,754	3.2%
Frederick	103,247,108	103,718,054	470,946	0.5%
Garrett	11,806,481	12,100,000	293,519	2.4%
Harford	107,732,577	109,838,280	2,105,703	1.9%
Howard	181,556,329	182,179,290	622,961	0.3%
Kent	10,520,132	10,790,085	269,953	2.5%
Montgomery	755,808,460	764,572,981	8,764,521	1.1%
Prince George's	402,592,896	402,592,900	4	0.0%
Queen Anne's	22,307,744	22,606,642	298,898	1.3%
St. Mary's	39,083,075	39,197,148	114,073	0.3%
Somerset	6,243,729	7,042,992	799,263	11.3%
Talbot	18,310,742	18,654,054	343,312	1.8%
Washington	47,389,522	50,229,520	2,839,998	5.7%
Wicomico	30,500,307	31,788,236	1,287,929	4.1%
Worcester	33,209,906	34,018,505	808,599	2.4%
Statewide	\$2,934,252,382	\$2,963,920,976	\$29,668,594	1.0%

Source: Maryland State Department of Education  
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