

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE

Senate Bill 510 (Senators Hafer and Stoltzfus)

Budget and Taxation and Economic and Environmental Affairs

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**Education - Distressed Counties - State Aid for Public Education**

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This bill provides \$16 million in State aid to seven local school systems in fiscal 2001. State funding is based on the number of public school teachers in each county.

This bill takes effect July 1, 2000.

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**Fiscal Summary**

**State Effect:** State expenditures increase by \$16 million in FY 2001 only. Revenues would not be affected.

**Local Effect:** State aid for Baltimore City and Allegany, Caroline, Dorchester, Garrett, Somerset, and Worcester counties increase by \$16 million in FY 2001.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Maryland does not have a specific State aid program that targets funding to economically distressed school systems. However, approximately 66% of State education aid is distributed inversely to local wealth, whereby less affluent school districts receive relatively more aid. In addition, approximately 10% of State education aid, excluding retirement payments, is targeted to at-risk students.

**Background:** During the 1999 legislative session, the General Assembly passed legislation that established a One Maryland Economic Development Program for Distressed Counties

(HB 4 and HB 5 - Chapters 303 and 304, respectively). The bills provide tax credits and loans for certain distressed counties in order to bring them up to the economic level of the rest of the State. HB 4 and HB 5 define a distressed county as one with an average unemployment rate that exceeds 150% of the statewide average unemployment rate or has an average per capita personal income that is equal to or less than 67% of the average statewide per capita personal income. Seven jurisdictions qualify as distressed under the above definition -- Baltimore City and Allegany, Caroline, Dorchester, Garrett, Somerset, and Worcester counties. SB 510 of 2000 expands on the One Maryland Program by providing an additional \$16 million in State education aid in fiscal 2001 to the seven counties qualifying as distressed.

While State education aid will increase by 4.8% in fiscal 2001, five local school systems will incur a decrease in State education aid, including four counties identified as being “economically distressed” in the One Maryland Program. **Exhibit 1** shows the change in State education aid for the seven local school systems qualifying as “economically distressed.” For comparison purposes, the following counties realized the largest increase in State education aid in fiscal 2001; Calvert (\$2.9 million or 8.4%), Howard (\$5.9 million or 7.4%), Montgomery (\$13.7 million or 8.6%), and Prince George’s County (\$21.5 million or 5.4%).

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**Exhibit 1**  
**Change in State Education Aid for Fiscal 2001**

<u>School System</u>	<u>Difference Over Fiscal 2000</u>	<u>Percent Difference</u>
Allegany	(\$791,000)	(2.1%)
Baltimore City	918,000	0.2%
Caroline	(464,000)	(2.3%)
Dorchester	259,000	1.6%
Garrett	(40,000)	(0.2%)
Somerset	238,000	2.1%
Worcester	0	(0%)
Statewide	\$104,839,000	4.8%

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**State and Local Fiscal Effect:** State aid for Baltimore City and Allegany, Caroline, Dorchester, Garrett, Somerset, and Worcester counties would increase by \$16 million in fiscal 2001. Eight million dollars is allocated to six county school systems based on their

number of school teachers and \$8 million is provided to Baltimore City based on a flat grant equal to the combined amount provided to the six counties. The grant totals approximately \$3,361 per teacher for the six counties and \$1,333 per teacher for Baltimore City. **Exhibit 2** shows the amount provided to each local school system.

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**Exhibit 2**  
**Increased Funding Under SB 510**

<u>Local School System</u>	<u>Funding Increase</u>
Allegany	\$ 2,366,387
Baltimore City	\$ 8,000,000
Caroline	\$ 1,126,050
Dorchester	\$ 1,102,521
Garrett	\$ 1,173,109
Somerset	\$ 729,412
Worcester	\$ 1,502,521
Total	\$16,000,000

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 10 (Delegate Taylor, *et al.*) - Ways and Means.

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

**Fiscal Note History:** First Reader - February 16, 2000  
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