

Department of Legislative Services  
 Maryland General Assembly  
 2000 Session

FISCAL NOTE

House Bill 562 (Delegate Hecht. *et al.*)

Ways and Means

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Elementary and Secondary Education - Handicapped Student  
 Transportation Grant

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This bill alters the calculation of the State handicapped student transportation grant beginning in fiscal 2002. At that time, the grant would be \$1,000 for each handicapped student requiring special transportation services. In subsequent fiscal years, the total amount of the handicapped student transportation grant in fiscal 2002 would be added to the regular student transportation grant.

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Fiscal Summary

**State Effect:** General fund expenditures would increase by \$22.3 million in FY 2002. Future year expenditure increases reflect inflation and student enrollment growth. Revenues would not be affected.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	0	22.3	23.3	24.3	25.3
Net Effect	\$0	(\$22.3)	(\$23.3)	(\$24.3)	(\$25.3)

Note: ( ) = decrease; GF = general funds

**Local Effect:** State aid to local school systems would increase by approximately \$22.3 million in FY 2002 and by \$25.3 million by FY 2005. Local school expenditures would not be affected.

**Small Business Effect:** None.

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## Analysis

**Current Law:** The State provides local school systems with funds to help pay the cost of transporting disabled students. State aid equals \$500 times the number of disabled students in need of special transportation services in excess of the number transported in the 1980-1981 school year.

The regular student transportation grant is based on each county's allocation in the previous year increased by the lesser of 8% or the change in the Consumer Price Index (CPI) for private transportation in the Baltimore metropolitan area for the second preceding fiscal year. Each school system, however, is guaranteed a minimum 3% increase. In addition, local school systems receive an additional grant to reflect enrollment growth. The add-on grant is calculated by multiplying the increase in student enrollment by the per student transportation grant amount in the previous year.

**State Fiscal Effect:** It is estimated that 27,800 disabled students will require special transportation services during the 2000-2001 school year. Pursuant to this legislation, handicapped student transportation grants to local school systems would total \$27.8 million in fiscal 2002. This represents a \$22.3 million increase over current law.

In future years, local school systems would not receive a separate handicapped student transportation grant. Instead, the amount of the handicapped student transportation grant in fiscal 2002 would be rolled into the base amount of the regular student transportation grant. Since the regular student transportation grant provides for a minimum 3% annual increase, the handicapped student grant amount would increase each year. **Exhibit 1** shows the projected increase in State funding for student transportation pursuant to the bill's requirements.

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**Exhibit 1**  
**Projected Increase in State Funding for Student Transportation**  
**(\$ in millions)**

	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Regular Grant (Current Law)	\$121.6	\$126.3	\$130.9	\$135.3
Handicapped Grant (Current Law)	\$5.5	\$5.6	\$5.7	\$5.7
<b>Total Grants (Current Law)</b>	<b>\$127.1</b>	<b>\$131.9</b>	<b>\$136.6</b>	<b>\$141.0</b>
Regular Grant (HB 562)	\$121.6	\$155.2	\$160.9	\$166.3
Handicapped Grant (HB 562)	\$27.8	\$0.0	\$0.0	\$0.0
<b>Total Grants (HB 562)</b>	<b>\$149.4</b>	<b>\$155.2</b>	<b>\$160.9</b>	<b>\$166.3</b>
<b>Increased Funding</b>	<b>\$22.3</b>	<b>\$23.3</b>	<b>\$24.3</b>	<b>\$25.3</b>

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**Local Fiscal Effect:** Local school systems would receive approximately \$22.3 million in additional funding for student transportation in fiscal 2002. State aid would increase by \$23.3 million in fiscal 2003 and \$25.3 million by fiscal 2005.

In fiscal 1998, local school systems spent approximately \$300 million on student transportation services, or \$495 per student transported. The State pays for about 35% of total student transportation expenditures. Transporting disabled students is about ten times more expensive than transporting regular students. These higher costs are primarily due to fewer students being transported per vehicle and the need for additional personnel on each vehicle to assist with disabled students. For example, in Prince George’s County, while disabled students comprise 6% of the total number of students transported, they are responsible for 35% of school transportation expenditures.

In fiscal 1999, the Prince George’s County school system spent approximately \$15.4 million on student transportation for disabled students, or \$3,150 per student. The school system spent approximately \$29.3 million transporting regular students, or \$320 per student. These costs do not include fringe benefits, such as health insurance or Social Security contributions. In fiscal 1998, fixed costs for the county’s student transportation program totaled \$13 million. **Exhibit 2** shows the per pupil costs in Montgomery and Prince George’s counties.

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**Exhibit 2**  
**Per Student Transportation Costs - Fiscal 1999**

School District	Per Student Cost Regular Program	Per Student Cost Special Program
Montgomery	\$323	\$2,955
Prince George’s	\$320	\$3,150

*Figures exclude fixed costs.  
Source: local school budgets*

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

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Analysis by: Hiram L. Burch, Jr.

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510