

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

Senate Bill 456 (Senator Teitelbaum. *et al.*)

Budget and Taxation

Primary and Secondary Education - Transportation of Disabled Students - Grants to Local Jurisdictions

This bill alters the calculation of the State disabled student transportation grant beginning in fiscal 2001 by increasing the per student grant amount from \$500 to \$1,000 in fiscal 2001, and by \$500 per year through fiscal 2006. Beginning in fiscal 2007, the disabled student transportation grant would increase by the same percentage as the Consumer Price Index (CPI) for private transportation in the Washington-Baltimore metropolitan area.

In addition, the bill corrects an obsolete reference pertaining to the State student transportation formula by replacing the reference to the Baltimore metropolitan area, which no longer exists, with a reference to the Washington-Baltimore metropolitan area.

This bill takes effect July 1, 2000.

Fiscal Summary

State Effect: General fund expenditures would increase by \$5.6 million in FY 2001. Future year expenditures reflect increases in the per pupil grant amount and student enrollment growth.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
GF Expenditures	5.6	11.4	17.3	23.4	29.5
Net Effect	(\$5.6)	(\$11.4)	(\$17.3)	(\$23.4)	(\$29.5)

Note: () = decrease; GF = general funds

Local Effect: State aid to local school systems would increase by \$5.6 million in FY 2001 to approximately \$29.5 million by FY 2005.

Small Business Effect: None.

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.

Background: The State uses information from the CPI for the Baltimore metropolitan area to calculate the student transportation formula. In 1998, for statistical purposes, the U.S. Bureau of Labor Statistics combined Baltimore and Washington, D.C. into one metropolitan area. Accordingly, CPI data currently used to calculate the formula is no longer available. This bill rectifies this situation by basing the formula on CPI data for the Washington-Baltimore metropolitan area.

In recent years due to the low inflation rate in the CPI index for private transportation, the student transportation formula has increased by the minimum 3% amount adjusted for the student population add-on grant.

State Fiscal Effect: Local school systems will provide 27,552 disabled students with special transportation services during the 1999-2000 school year, which represents an increase of 11,174 students since the 1980-1981 school year. Under current law, local school systems receive a \$500 grant for each additional disabled student transported over the amount in the 1980-1981 school year. In fiscal 2001, local school systems will receive \$5.6 million in State aid to transport disabled students.

This bill increases the per pupil grant amount to \$1,000 in fiscal 2001, to \$1,500 in fiscal 2002, to \$2,000 in fiscal 2003, to \$2,500 in fiscal 2004, to \$3,000 in fiscal 2005, and to \$3,500 in fiscal 2006. Beginning in fiscal 2007, the total disabled student transportation grant to a county would increase by the same percentage as the CPI for private transportation in the Washington-Baltimore metropolitan area. **Exhibit 1** shows the projected increase in State funding for student transportation pursuant to the bill's requirements.

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

Fiscal Year	Disabled Students Transported*	Per Student Grant Under Current Law	Per Student Grant Under SB 456	Increase in State Aid
2001	11,174	\$500	\$1,000	\$5.6 million
2002	11,392	\$500	\$1,500	\$11.4 million
2003	11,549	\$500	\$2,000	\$17.3 million
2004	11,712	\$500	\$2,500	\$23.4 million
2005	11,814	\$500	\$3,000	\$29.5 million
2006	11,814	\$500	\$3,500	\$35.4 million
2007		\$500	**	\$36.7 million

* Number of disabled students transported in excess of the amount transported during the 1980-1981 school year.

** Aid in previous year increased by CPI.

Local Fiscal Effect: Local school systems would receive approximately \$5.6 million in additional funding for student transportation in fiscal 2001. State aid would increase by \$11.4 million in fiscal 2002 and \$36.7 million by fiscal 2007.

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.

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*

Additional Comments: State student transportation funding for local school systems totals \$117 million in fiscal 2001, representing a \$4.7 million or 4.2% increase over fiscal 2000. In addition, local school systems receive \$5.6 million to transport disabled students. State student transportation aid covers approximately 35% of total local expenditures for student transportation services. In fiscal 1998 local school systems spent approximately \$300 million for student transportation services, including the cost for fixed charges and equipment.

Approximately 6,400 school vehicles are used to transport public school students in Maryland; about 54% are publically-owned and 46% are operated by private contractors. Nearly 73% of the State’s public school students receive transportation services. Four local school systems (Baltimore, Frederick, Montgomery, and Prince George’s counties) use mostly publicly-owned school vehicles. Washington County use of publicly-owned and private contractors is evenly split, whereas the remaining local school systems use mostly private contractors.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education, Montgomery County Public School System, Prince George's County Public School System, Department of Legislative Services

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