

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 1057 (Delegate Hixson. *et al.*)

Ways and Means

Education - Nonpublic Schools - State Grants

This bill provides State grants to purchase textbooks for nonpublic schools that provide quality elementary and secondary education at an affordable price to a diverse and representative population of students. A nonpublic school may qualify for a grant if: (1) at least 20% of the school's students qualify for free or reduced price lunches; (2) the school's annual tuition and mandatory fees do not exceed the annual statewide average per pupil expenditure; and (3) the school participates in the Maryland School Performance Program (MSPP). A nonpublic school located in a county that has adopted a voter-initiated or voter-approved limitation on the county's property tax rate or income tax rate is not eligible for a grant.

Fiscal Summary

State Effect: State expenditures would increase by approximately \$43,000 in FY 2001 and \$54,000 on an annualized basis to administer the program. Proposed State funding for textbooks for nonpublic schools could be reduced to the extent that the schools no longer qualify for funding due to the bill's criteria. The proposed FY 2001 budget includes \$6 million from the Cigarette Restitution Fund (CRF) to provide textbooks for nonpublic schools.

Local Effect: None.

Small Business Effect: Meaningful impact for nonpublic schools receiving a grant to purchase textbooks.

Analysis

Current Law: Maryland does not currently provide funding for nonpublic schools to purchase textbooks. However, the fiscal 2001 State budget includes \$6 million in special funds from the CRF to provide textbooks for nonpublic schools.

Background: Approximately 134,400 students, not including prekindergarten students, attended nonpublic schools in Maryland in 1998, representing 14% of all students statewide. Schools operated by the Catholic Archdiocese serve approximately 60,000 students in Maryland. Tuition averages about \$2,500 per student at most Catholic elementary schools and \$5,500 at most Catholic secondary schools. Other private schools charge on average about \$9,000 at elementary schools and \$11,000 at secondary schools. Many private schools, especially parochial schools, have parent organizations that subsidize the schools' operations, thereby keeping both costs and tuition low.

Approximately 26 states provide some form of assistance to nonpublic schools, including 13 states that have a textbook program for nonpublic schools. These states include Alabama, Alaska, Connecticut, Delaware, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Pennsylvania, Rhode Island, Vermont, and Wisconsin.

State Fiscal Effect: Many Catholic schools would qualify for a State grant for textbooks except for those in counties with tax limitation measures, because tuition and mandatory fees are below the average per pupil cost of public school and over 20% of students enrolled at many of these schools qualify for free or reduced price lunches. Other private schools, however, may not qualify for the textbook grant since their tuition and mandatory fees exceed the average per pupil cost of public schools. The following is a review of the bill's criteria for State funding for nonpublic school textbooks and the impact the bill may have on nonpublic schools.

Tuition

The average statewide per pupil expenditure was \$6,945 in fiscal 1998. Based on a 2.7% projected annual increase, the average statewide per pupil expenditure will be approximately \$7,500 in fiscal 2001. The tuition and fees at most Catholic schools are below \$7,500; however, many other private schools on average charge tuition and fees in excess of \$7,500 and therefore may not qualify for a State grant.

Free/Reduced Price Lunches

There are about 640 nonpublic elementary and secondary schools in Maryland. Less than

10% (56) participate in the federal school lunch program. In two-thirds of the participating nonpublic schools, over 20% of the students receive a free or reduced price meal. The Archdiocese of Baltimore has 32 schools participating in the federal school lunch program, of which 17 have an enrollment in which over 20% of students qualify for a free or reduced price meal. Nonpublic schools that do not participate in the federal program could still be serving a high proportion of low-income students, however, because the student's meals could be funded through other sources.

Tax Limitation

Four home rule counties have amended their county charters to limit property tax rates: Anne Arundel, Montgomery, Prince George's, and Talbot. Anne Arundel County has adopted a charter amendment limiting total annual increases in property tax revenues to the lesser of 4.5% or the increase in the consumer price index. Montgomery County has adopted a charter amendment that limits property tax collections to the rate of inflation adjusted for new construction. This limitation can be overridden by an affirmative vote of seven of the nine county council members. Prince George's County property tax rate is capped at \$2.40 per \$100 of assessed value. Talbot County has established a limit on the growth in property tax revenues to the lesser of 2% or the change in the consumer price index.

Nonpublic schools in these four counties may not be eligible for a State grant under this bill. This affects 195 nonpublic elementary and secondary schools, representing 30% of all nonpublic elementary and secondary schools and 36% of Catholic schools, statewide.

Maryland School Performance Program

Nonpublic schools do not currently participate in the MSPP. When the program first began, the Maryland State Department of Education (MSDE) offered nonpublic schools the opportunity to participate in the program and several schools chose to participate. However, these schools subsequently withdrew from the program. MSDE advises that it costs \$25 per student to administer the test. It would cost approximately \$770,000 annually to administer the test to all nonpublic school students in grades 3, 5, and 8. However, since many of these students would be attending nonpublic schools that do not meet the tuition and school lunch criteria, testing costs for eligible schools would be significantly lower.

Administrative Costs

Administrative costs within MSDE would total approximately \$43,000 in fiscal 2001 and \$54,000 on an annualized basis to hire one staff specialist to set up, monitor, and administer the program. In addition, the State may have to cover the cost of nonpublic school students to take the MSPP tests.

Additional Comments: The following are findings from a survey of states identified as having textbook programs for nonpublic schools.

Connecticut: State law permits local school systems to loan textbooks to nonpublic school students, but there is no monitoring of this effort by the state nonpublic schools coordinator.

Illinois (\$25.39 per pupil): The Illinois Textbook Loan Program was authorized in 1974 legislation to provide textbooks free of charge to any public and nonpublic student in K-12. The state purchases the materials and then loans them to students. Funding is supplemental only and is not intended to fully fund the costs of instructional materials. Participating schools must register with the State Board of Education, and request materials from a catalogue with titles from various bonded vendors. Instructional computer software is included in the statutory definition of textbook.

For 1999 the program is targeted at students in grades K-4, with a \$24.2 million appropriation (includes public school students). The per pupil amount averages \$25.39. Nonpublic school students account for about 13% of the fund distribution.

Indiana (\$62.98 per pupil): The only state-funded textbooks are for children who participate in the federal free lunch program. For 1998-1999, 2,382 students were eligible and claims of \$121,280 were paid based on 20% of a textbook's cost over a six-year period. For 1999-2000, the program was expanded to include 3,564 students for total claims of \$224,470.

Iowa (\$20 per pupil): By statute, the local public school systems have the authority to adopt textbooks and to make them available to accredited nonpublic school students. In fiscal 1999, \$700,000 was appropriated, with 30,000 students participating. A maximum of \$20 per pupil is set by the law.

Louisiana (\$27.02 per pupil): Statutorily set aid for textbooks for nonpublic school students is \$27.02 per pupil. The headcount as of October 1 sets the number of nonpublic students participating. Requests, purchases, and payments are processed through the local school systems on behalf of the nonpublic students/schools.

Maine: The law is permissive for municipalities and there is no monitoring by the state. For school districts without a public high school, aid which may include textbook assistance is available for students permitted to attend nonpublic schools.

Minnesota (\$49.92 per pupil for K-12, \$24.96 per pupil for kindergarten students): The state reimburses public schools for books purchased for loan to nonpublic and home-schooled students. About 86% of eligible students participate.

Mississippi (\$46.50 per pupil): Textbook funding for public and nonpublic school students is

based on the average daily attendance (ADA) for the previous year at \$46.50 per ADA. Funding is a combination of state general funds and a dedicated portion of the sales tax. Books purchased on behalf of the nonpublic students are property of the state.

Nebraska (\$27.41 per pupil): Textbooks are available through the public school systems from an approved list of books. For fiscal 1999, \$333,547 was appropriated, with 12,168 students participating. Books actually purchased totaled 10,250. Students can also obtain books from available stock in the school system.

New Hampshire: Provision of textbooks to nonpublic school students is a local option, with few districts participating. There is no specific monitoring at the state level.

New Jersey (\$44.74 per pupil): The per pupil amount is set by the legislature. The loan program is coordinated through the local school systems, with books loaned for specified periods of time.

New Mexico (\$80 per pupil): The annual appropriation determined by the legislature is for both public and nonpublic school students. For fiscal 2000, \$1.8 million of the total was designated for 22,500 nonpublic students. Schools may be reimbursed or vendors may be paid directly by the state.

New York (\$46.52 per pupil): The per pupil allotment for fiscal 1999/2000 of \$46.52 was set by the legislature. Nonpublic schools submit requests for book purchases through the public school systems.

Ohio (\$458.43 per pupil including auxiliary services): The school districts coordinate purchase orders, then loan items to nonpublic school students. Auxiliary services such as teacher training and computer software may be included. For fiscal 2000, \$109.3 million was appropriated for 238,321 nonpublic school students. Another program reimburses the nonpublic schools for administrative costs to carry out federal, state, and locally mandated programs. For fiscal 1999, \$49.9 million was appropriated for 253,243 nonpublic school students with a targeted per pupil allotment of \$250.

Pennsylvania (\$68.14 per pupil): This statutory program dates from the early 1970s. For the 1999-2000 school year, \$20.362 million was appropriated for 326,766 eligible students, with 298,829 participating. Eligible schools prepare purchase orders to eligible vendors. Orders are processed through the Comptroller's Office, with extensive review between that office and the Department of Education to ensure compliance with purchase of appropriate materials.

Rhode Island: If a nonpublic school uses the same textbooks as the public school district, students can obtain the books from the local district.

West Virginia: State law permits county boards to provide state-adopted textbooks for students “whose parents, in the judgement of the board, are unable to provide same.”

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 10, 2000
drg/jr

Analysis by: Hiram L. Burch, Jr.

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