
By: **Delegate Hixson**

Introduced and read first time: February 7, 2001

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Education - State Aid To Education - Compensatory Aid**

3 FOR the purpose of altering the formula for the distribution of compensatory aid to
4 calculate the amount the State must distribute to all of the counties based on
5 the number of students statewide who are eligible for free and reduced price
6 meals; altering the formula for the distribution of compensatory aid to calculate
7 each county's share based on the number of students eligible for free and
8 reduced price meals; repealing a certain definition; defining a certain term;
9 repealing a certain provision of law; expressing the intent of the General
10 Assembly as to certain State aid to education; providing for delayed effective
11 dates; and generally relating to compensatory aid for education.

12 BY repealing and reenacting, with amendments,
13 Article - Education
14 Section 5-202(a) and (e)
15 Annotated Code of Maryland
16 (1999 Replacement Volume and 2000 Supplement)

17 BY repealing
18 Article - Education
19 Section 5-207
20 Annotated Code of Maryland
21 (1999 Replacement Volume and 2000 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
23 MARYLAND, That the Laws of Maryland read as follows:

24 **Article - Education**

25 5-202.

26 (a) (1) In this section the following words have the meanings indicated.

27 (2) (i) "Assessed valuation of real property" means the most recent
28 estimate made by the State Department of Assessments and Taxation before the

1 annual State budget is submitted to the General Assembly, of the assessed value of
2 real property for State purposes as of July 1 of the first completed fiscal year before
3 the school year for which the calculation of State aid is made under this section.

4 (ii) In all assessable bases, for the purpose of this paragraph,
5 preferentially assessed agricultural land shall be included at 50 percent of farm use
6 valuation as determined in accordance with farm use assessment standards
7 established by the Department of Assessments and Taxation.

8 (3) (i) "Basic current expenses" means expenditures for elementary
9 and secondary education for a fiscal year calculated as follows:

10 1. Statewide aggregate expenditures from the current
11 expense fund for administration, instruction, public school special education
12 programs, student personnel services, health services, operation of plant, and
13 maintenance of plant;

14 2. Plus statewide aggregate expenditures from the current
15 expense fund for fixed charges (including employee benefits), additional equipment,
16 and replacement equipment, to the extent these expenditures relate to the
17 expenditure categories in item 1 of this subparagraph; and

18 3. Minus the statewide aggregate of all State and federal
19 funds for elementary and secondary education supporting the expenditures in items 1
20 and 2 of this subparagraph, except the State share of basic current expenses.

21 (ii) "Basic current expenses" does not include expenditures for
22 adult education, community services, pupil transportation, capital outlay, or outgoing
23 transfers, or expenditures reported in the Food Service Fund, the Student Body
24 Activities Fund, the School Construction Fund, or the Debt Service Fund.

25 (4) "Net taxable income" means the amount certified by the State
26 Comptroller for the second completed calendar year before the school year for which
27 the calculation of State aid under this section is made, based on tax returns filed on
28 or before September 1 after this calendar year.

29 (5) "Real property" includes:

30 (i) Any interest in land or improvements to land;

31 (ii) Land and nonoperating property of railroads and public
32 utilities; and

33 (iii) Operating property of public utilities classified as real property
34 by the Department of Assessments and Taxation.

35 (6) "Assessed value of personal property" means the assessed valuation
36 for county purposes of tangible personal property, railroad property, public utility
37 personal property, and public utility shares.

1 (7) "Full-time equivalent enrollment" means:

2 (i) All students enrolled in grades 1 through 12 or their equivalent
3 in regular day school programs on September 30 of the previous school year;

4 (ii) One half of the number of students enrolled in kindergarten
5 programs on September 30 of the previous school year, except that in Garrett County
6 the full number of kindergarten students is included; and

7 (iii) The number of full-time equivalent students, as determined by
8 a regulation of the Department, enrolled in evening high school programs during the
9 previous school year.

10 (8) "Wealth" means the sum of:

11 (i) Net taxable income;

12 (ii) The assessed valuation of real property; and

13 (iii) 50 percent of assessed value of personal property.

14 (9) For calculation of State aid under this section, the percentage of
15 assessed value of personal property as of July 1 of the first completed fiscal year
16 before the school year for which the calculation is made shall be used.

17 (10) ["Chapter 1 eligible count" means the number of children eligible to
18 receive services under the provisions of Chapter 1 of the Hawkins-Stafford
19 Elementary and Secondary School Improvement Amendments of 1988 as determined
20 by the U.S. Department of Education] "FREE AND REDUCED PRICE MEAL ELIGIBLE
21 COUNT" MEANS THE TOTAL NUMBER OF CHILDREN LIVING IN HOMES WHERE THE
22 HOUSEHOLD INCOME IS LESS THAN 185 PERCENT OF THE FEDERAL INCOME
23 POVERTY LEVEL.

24 (11) "Dedicated compensatory funds" means funds allocated by subsection
25 (e)(3) of this section.

26 (12) "Basic current expenses per pupil" means the basic current expenses
27 for a fiscal year divided by the statewide full-time equivalent enrollment on
28 September 30 of the fiscal year.

29 (13) "Per pupil basic current expense figure" means:

30 (i) \$2,976 for fiscal year 1993; and

31 (ii) The average of the basic current expenses per pupil for the third
32 and fourth preceding fiscal years multiplied by 0.75 for fiscal year 1994 and for each
33 fiscal year thereafter, as calculated by the Department on or before July 1 prior to the
34 fiscal year.

35 (e) (1) Each county board and the Mayor and City Council of Baltimore City
36 shall receive from the State, in the manner and subject to the limitations under this

1 section, an amount for each school year to be known as the "compensatory education
2 funds", which shall be calculated as indicated in this subsection.

3 (2) (i) For each fiscal year, the compensatory education funds program
4 level is the product of [25] 45 percent of the per pupil basic current expense figure for
5 the current fiscal year, rounded down to the nearest dollar, and the statewide
6 [Chapter 1] FREE AND REDUCED PRICE MEAL eligible count for the SECOND prior
7 fiscal year.

8 (ii) The amount to be provided to each county under this program is
9 determined as follows:

10 1. For each fiscal year, the product of the [Chapter 1] FREE
11 AND REDUCED PRICE MEAL eligible count for the SECOND prior fiscal year for each
12 county and the equivalent of [25] 45 percent of the per pupil basic current expense
13 figure for the current fiscal year, rounded down to the nearest dollar.

14 2. This product shall be divided by the ratio, rounded to 7
15 decimal places, of county wealth per county full-time equivalent enrollment to
16 statewide wealth per full-time equivalent enrollment.

17 3. These results shall be multiplied by a factor rounded to 7
18 decimal places and calculated by dividing the compensatory education funds program
19 level by the sum of the quotients determined in item 2 of this subparagraph.

20 (3) (i) The compensatory education funds shall be used for expenses of
21 instruction except that a county must expend no less than the amount provided in
22 subparagraph (ii) of this paragraph to provide dedicated compensatory programs for
23 children with special education needs that have resulted from educationally
24 disadvantaged environments.

25 (ii) For each fiscal year, the amount required to be expended by a
26 county under subparagraph (i) of this paragraph is the sum of:

27 1. The product of \$70 multiplied by its [Chapter 1] FREE
28 AND REDUCED PRICE MEAL eligible count for the SECOND prior fiscal year; and

29 2. The product of 25 percent of a county's increased State aid
30 for the current fiscal year over the fiscal year 1985 level under this program.

31 (4) (i) The county superintendent for any county qualifying for
32 compensatory education funds under this subsection shall secure the approval of the
33 State Superintendent for plans that outline the use of the dedicated compensatory
34 funds and shall meet any other requirements established by the State Board of
35 Education for use of these funds.

36 (ii) The State Board shall advise the Accountability Task Force as
37 to any county that does not comply with the requirements established by the State
38 Board for the use of the funds.

1 (5) If, because of changes from one fiscal year to the next in the
2 statewide full-time equivalent enrollment or the statewide [Chapter 1] FREE AND
3 REDUCED PRICE MEAL eligible count, the compensatory education funds allocated to
4 a county under this section is calculated to be less than 85 percent of the allocation to
5 the county in the prior fiscal year, the funds for the county shall be increased to 85
6 percent of the prior fiscal year amount.

7 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 5-207 of the
8 Education Article of the Annotated Code of Maryland be repealed.

9 SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the
10 General Assembly to provide additional State aid to education under this Act through
11 the State Compensatory Aid program under § 5-202 of the Education Article, and that
12 State aid no longer be provided under:

13 (1) The Targeted Poverty Grants program under § 5-207 of the
14 Education Article, which is repealed by this Act;

15 (2) The Targeted Improvement Grants program and the Teacher
16 Development Grants program under § 5-206 of the Education Article, which
17 terminates on June 30, 2002;

18 (3) The New Target Poverty Grants program under Chapter 106 of the
19 Acts of 1997, which terminates on June 30, 2002;

20 (4) The Additional Poverty Grants program, as provided in the annual
21 State budget;

22 (5) The Baltimore City-State Partnership program under Chapter 105 of
23 the Acts of 1997, which terminates on June 30, 2002; and

24 (6) The Prince George's Magnet/Effective Schools program under
25 Chapter 105 of the Acts of 1997, which terminates on June 30, 2002, and additionally
26 as provided in the annual State budget.

27 SECTION 4. AND BE IT FURTHER ENACTED, That Sections 2 and 3 of this
28 Act shall take effect June 30, 2002.

29 SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in
30 Section 4 of this Act, of this Act shall take effect July 1, 2002.