

**Department of Legislative Services**  
 Maryland General Assembly  
 2001 Session

**FISCAL NOTE**

House Bill 1090 (Delegate Shriver)  
 Ways and Means

**Education - Full Day Kindergarten Programs - Establishment**

This bill alters the definition of full-time equivalent enrollment for the purpose of calculating State education aid by including the total number of students enrolled in kindergarten programs. In addition, local boards of education are required to establish full-day kindergarten programs by the 2006-2007 school year. The Maryland State Department of Education (MSDE) must establish regulations to phase-in the implementation of full-day kindergarten programs.

The bill takes effect July 1, 2001.

**Fiscal Summary**

**State Effect:** General fund expenditures would increase by \$15 million in FY 2002. Future year expenditures reflect the phase-in of students attending full-day kindergarten programs. Revenues would not be affected.

(in millions)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	15.0	33.0	52.4	74.8	76.3
Net Effect	(\$15.0)	(\$33.0)	(\$52.4)	(\$74.8)	(\$76.3)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** State education aid in FY 2002 would increase by a total of \$22 million for seven local school systems and decrease by \$7 million for 17 local school systems. All local school systems, except Garrett County, would realize an increase in State aid once the local school systems implement full-day kindergarten programs. Local school expenditures could increase to implement full-day kindergarten programs. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** None.

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## Analysis

**Current Law:** Local boards of education are not required to provide full-day kindergarten programs. State education aid under the basic current expense formula distributes funding on the basis of student enrollment and local wealth. The student enrollment count includes one-half of the number of students enrolled in kindergarten programs, except in Garrett County where the enrollment count includes the full number.

**Background:** Approximately 57,000 children currently attend public school kindergarten programs in Maryland. Most local school systems operate half-day kindergarten programs. However, about 30% of elementary schools in the State offer full-day kindergarten programs. For the 1999-2000 school year, an estimated 14,000 students attended full-day kindergarten programs. Most of these students were in Baltimore City and Allegany, Baltimore, Caroline, Garrett, Montgomery, and Prince George's counties. All kindergarten students in Allegany, Caroline, and Garrett counties attend a full-day program. **Exhibit 1** shows the estimated number of students attending full-day kindergarten programs during the 1999-2000 school year in each local school system.

**Exhibit 1**  
**Number of Full-Day Kindergarten Classrooms**  
**1999-2000 School Year**

Local School System	Number of Full-Day Kindergarten Classrooms	Percentage of Kindergarten Students Served
Allegany	31	100%
Anne Arundel	3	1.5%
Baltimore City	118	41%
Baltimore	160	62%
Caroline	18	100%
Charles	2	4%
Dorchester	2	15%
Garrett	18	100%
Montgomery	43	12%
Prince George's	173	48.5%
Talbot	3	28%

Source: Maryland State Department of Education

**State Fiscal Effect:** This legislation affects State education aid under five programs: current expense, compensatory aid, special education, targeted improvement grants, and

student transportation. The current expense formula is affected by the additional students being included in the student enrollment count and by the relative change in per pupil wealth among local school systems. The compensatory aid program, special education, and targeted improvement grants are affected by the relative change in per pupil wealth among local school systems. Student transportation funding is affected by the increase in the school system's full-time equivalent (FTE) enrollment count.

State expenditures would increase by \$15 million in fiscal 2002 from including in the FTE enrollment count kindergarten students already attending full-day programs. The additional State funding would be provided to seven local school systems with existing full-day programs. Seventeen local school systems, however, would realize a reduction in State aid since they become wealthier compared to counties with a large proportion of kindergarten students already attending full-day programs and whose FTE count is increased under the bill. If all kindergarten students had attended full-day programs, State expenditures would increase by \$61.9 million with Garrett County being the only county losing State aid. **Exhibit 2** shows the effect on State aid in fiscal 2002 from existing students attending full-day kindergarten programs as of September 1999 and **Exhibit 3** shows the effect if all kindergarten students attended a full-day program.

*Potential State Impact of Phasing-in Full-Day Kindergarten Programs*

Since State education aid is based on the FTE enrollment count in the prior year, State education aid in fiscal 2002 would only increase for local school systems that had full-day kindergarten programs during the 2000-2001 school year. It is estimated that 14,000 students in 11 counties attended full-day kindergarten programs; however, several counties had only a few students enrolled in full-day kindergarten programs and would not realize an increase in State aid.

Once full-day kindergarten programs are completely phased-in, all local school systems, except for Garrett County, would realize an increase in State education aid. **Exhibit 4** shows the impact on State expenditures if full-day kindergarten programs are gradually phased-in over four years.

**Exhibit 4**  
**Potential State Impact of Full-Day Kindergarten Programs**

	<b>Fiscal 2002</b>	<b>Fiscal 2003</b>	<b>Fiscal 2004</b>	<b>Fiscal 2005</b>
Full-day Kindergarten Students	14,000	28,500	42,750	57,000
Percentage of Total Kindergarten Students	25%	50%	75%	100%
Projected Increase in State Aid	\$15 million	\$33 million	\$51 million	\$72 million

## *Retirement Payments*

The State is responsible for paying the retirement costs for certain school employees. Since these payments are based on the teacher's salary base in the second prior year, State expenditures would not increase until fiscal 2004. Based on a 9.35% retirement contribution rate, State retirement costs could increase by \$2.9 million to \$7.6 million when full-day kindergarten programs are fully implemented.

**Local Fiscal Effect:** State aid to local school systems could increase by approximately \$15 million in fiscal 2002 and by \$72 million in fiscal 2005, assuming a gradual phase-in of full-day kindergarten programs over four years.

The additional State funding under the basic current expense formula may not offset the full instructional cost of providing full-day kindergarten programs. Local school systems may have to use local funds to cover the remaining costs. **Exhibit 5** shows the estimated local costs of expanding full-day kindergarten programs to all public schools based on varying teacher salary levels and class size ratios. This estimate only includes the costs associated with hiring one additional teacher per classroom. Costs for teacher aides and supplies and materials are not included. It is assumed that most fixed costs, such as administration, would remain the same under the full-day program.

### **Exhibit 5 Potential Local Costs to Expand Full-Day Kindergarten Programs (Only Includes Costs for Teacher Salaries and Benefits)**

	<b>Beginning Salary Level</b>	<b>1<sup>st</sup> Quartile Salary Level</b>	<b>Average Salary Level</b>
25 Students Per Class	\$30.6 million	\$36.7 million	\$48.9 million
20 Students Per Class	\$38.2 million	\$45.9 million	\$61.1 million
15 Students Per Class	\$50.9 million	\$61.2 million	\$81.5 million

To accommodate the additional kindergarten programs, local school systems may have to construct additional classrooms. The cost to construct an additional classroom totals approximately \$180,000. This cost could be lower if local school systems purchase or use portable classrooms.

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## **Additional Information**

**Prior Introductions:** A similar bill was introduced at the 2000 session as HB 1003 and received an unfavorable report from the House Ways and Means Committee.

**Cross File:** None.

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

**Fiscal Note History:** First Reader – March 1, 2001  
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**Exhibit 2**  
**Estimate of State Costs for Full-Day Kindergarten**  
**Includes Only Students Attending Existing Full-Day Kindergarten**  
**Fiscal 2002 Estimate**

<u>County</u>	<u>Current Expense</u>	<u>Student Transportation</u>	<u>Compensatory Aid Formula</u>	<u>Special Education</u>	<u>Targeted Improvement</u>	<u>Total</u>
Allegany	\$1,267,651	\$13,979	\$73,139	\$6,164	\$11,550	\$1,372,483
Anne Arundel	(1,293,892)	0	(43,442)	(7,186)	(8,379)	(1,352,900)
Baltimore City	5,229,461	0	177,774	17,345	23,776	5,448,356
Baltimore	6,270,710	293,520	46,071	9,815	11,362	6,631,479
Calvert	(236,910)	0	(11,206)	(2,057)	(2,058)	(252,231)
Caroline	747,060	19,813	25,843	3,262	6,444	802,422
Carroll	(385,879)	0	(15,563)	(3,865)	(2,414)	(407,722)
Cecil	(190,557)	0	(22,906)	(2,844)	(4,074)	(220,381)
Charles	(202,673)	3,669	(22,213)	(2,682)	(4,836)	(228,734)
Dorchester	43,784	0	(8,049)	(321)	(1,568)	33,846
Frederick	(526,614)	0	(25,795)	(4,386)	(4,849)	(561,644)
Garrett	(66,457)	0	(15,371)	(816)	(2,477)	(85,121)
Harford	(539,620)	0	(34,834)	(5,965)	(6,346)	(586,764)
Howard	(876,981)	0	(15,444)	(3,207)	(3,144)	(898,776)
Kent	(51,136)	0	(2,961)	(256)	(794)	(55,146)
Montgomery	(1,203,867)	78,884	(39,035)	(5,115)	(11,097)	(1,180,231)
Prince George's	7,254,036	317,369	53,404	11,258	18,988	7,655,054
Queen Anne's	(122,111)	0	(6,292)	(861)	(901)	(130,164)
St. Mary's	(199,765)	0	(24,537)	(2,147)	(3,457)	(229,906)
Somerset	(29,021)	0	(13,499)	(574)	(2,486)	(45,581)
Talbot	18,960	2,752	(1,038)	(22)	(192)	20,460
Washington	(268,094)	0	(34,239)	(3,056)	(5,641)	(311,031)
Wicomico	(159,338)	0	(34,136)	(2,052)	(6,283)	(201,809)
Worcester	(203,108)	0	(5,670)	(432)	(1,125)	(210,335)
<b>Total</b>	<b>\$14,275,638</b>	<b>\$729,984</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$0)</b>	<b>\$15,005,623</b>

**Exhibit 3**  
**Estimate of State Costs for Full-Day Kindergarten**  
**Assumes All Kindergarten Students Attend Full-Day Programs**  
**Fiscal 2002 Estimate**

<u>County</u>	<u>Current Expense</u>	<u>Student Transportation</u>	<u>Compensatory Aid Formula</u>	<u>Special Education</u>	<u>Targeted Improvement</u>	<u>Total</u>
Allegany	\$955,291	\$13,979	(\$2,815)	(\$227)	(\$512)	\$965,716
Anne Arundel	4,113,663	336,814	(1,368)	(362)	(337)	4,448,410
Baltimore City	9,964,835	71,325	31,328	1,257	3,437	10,072,183
Baltimore	5,176,782	471,100	(16,933)	(2,582)	(4,460)	5,623,907
Calvert	1,199,235	77,049	(278)	(83)	(68)	1,275,855
Caroline	590,342	19,813	3,020	328	727	614,230
Carroll	2,140,464	132,157	(616)	(231)	(116)	2,271,658
Cecil	1,487,189	80,571	4,043	631	675	1,573,110
Charles	1,491,722	97,449	(8,246)	(1,363)	(1,819)	1,577,743
Dorchester	283,983	0	(6,845)	(467)	(1,331)	275,340
Frederick	3,127,630	187,706	4,028	857	706	3,320,926
Garrett	(270,938)	0	(40,187)	(2,788)	(6,424)	(320,337)
Harford	3,398,342	199,227	4,896	1,044	826	3,604,335
Howard	2,375,549	211,775	(1,134)	(333)	(256)	2,585,601
Kent	119,381	3,816	(883)	(102)	(241)	121,971
Montgomery	5,194,298	681,113	8,605	1,654	2,261	5,887,931
Prince George's	11,926,121	665,850	19,157	2,226	6,533	12,619,887
Queen Anne's	533,164	36,690	1,383	239	188	571,664
St. Mary's	1,216,642	72,279	729	65	71	1,289,787
Somerset	304,392	7,595	2,033	108	348	314,476
Talbot	67,464	19,336	335	27	54	87,216
Washington	1,725,754	100,310	4,867	541	743	1,832,216
Wicomico	1,134,021	54,558	(4,264)	(351)	(831)	1,183,133
Worcester	40,047	22,895	(854)	(88)	(177)	61,822
<b>Total</b>	<b>\$58,295,373</b>	<b>\$3,563,406</b>	<b>\$0</b>	<b>(\$0)</b>	<b>(\$0)</b>	<b>\$61,858,779</b>

