

Department of Legislative Services
Maryland General Assembly
 2001 Session

FISCAL NOTE

House Bill 1121 (Delegate Rudolph)
 Ways and Means

Education - Title 1 Eligible Schools - All Day Kindergarten

This bill alters the definition of full-time equivalent enrollment for calculating State education aid by including the total number of kindergarten students enrolled in a Title 1 eligible school that operates full-day kindergarten programs. In addition, development grants are provided to local school systems on a competitive basis to cover the cost of establishing full-day kindergarten programs in Title 1 eligible schools. Local school systems that are eligible for federal Title 1 concentration grant assistance can apply to the State Board of Education for a development grant to establish full-day kindergarten classrooms in Title 1 eligible schools. The State board will select local school systems to receive the grants. The Governor is required to provide funds in the annual State budget to implement the development grant program.

The bill takes effect July 1, 2001.

Fiscal Summary

State Effect: General fund expenditures would increase by \$15.6 million in FY 2002. Future year expenditures assume that local school systems implement full-day kindergarten programs at all Title 1 eligible schools. 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	15.6	34.3	37.4	39.2	40.5
Net Effect	(\$15.6)	(\$34.3)	(\$37.4)	(\$39.2)	(\$40.5)

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 \$21.6 million for six local school systems and decrease by \$6.0 million for 18 local school systems. All local school systems, except Garrett and Howard counties, would realize an increase in

State aid once the local school systems implement full-day kindergarten programs at Title 1 eligible schools. Local school expenditures could increase to implement full-day kindergarten programs at Title 1 eligible schools.

Small Business Effect: None.

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 2000-2001 school year, 15,270 students attended full-day kindergarten programs at Title 1 eligible schools. All kindergarten students in Allegany, Caroline, Garrett, and Prince George's counties attend a full-day program. The full-day kindergarten programs in the other nine local school systems are concentrated in Title 1 eligible schools. **Exhibit 1** shows the estimated number of students attending full-day kindergarten programs at Title 1 eligible schools.

Exhibit 1 Estimated Enrollment at Full-Day Kindergarten Programs At Title 1 Eligible Schools

Local School System	Number of Full-Day Kindergarten Classrooms	Estimated Number of Students Served
Allegany	11	275
Anne Arundel	3	66
Baltimore City	132	3,300
Baltimore	135	3,240
Caroline	18	360
Cecil	3	75
Charles	2	30
Garrett	17	340
Harford	4	72

Exhibit 1 (continued)

Montgomery	108	1,620
Prince George's	259	5,698
Talbot	7	140
Washington	3	54
Total	702	15,270

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.

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 at Title 1 eligible schools during the 2000-2001 school year. It is estimated that 15,270 students in 13 counties attended full-day kindergarten programs. However, seven counties had only a few students enrolled in full-day kindergarten programs and would not realize an increase in State aid. Accordingly, State expenditures would increase by \$15.6 million in fiscal 2002 for six local school systems with existing full-day programs at Title 1 eligible schools.

Consequently, 18 local school systems 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 at Title 1 eligible schools had attended full-day programs, State expenditures would increase by \$31.3 million in fiscal 2002 with Garrett County being the only county losing State aid. **Exhibit 2** shows the effect on State aid in fiscal 2002 from existing full-day kindergarten programs at Title 1 eligible schools and **Exhibit 3** shows the effect if all Title 1 eligible schools had full-day kindergarten program.

It is assumed that beginning in fiscal 2002, all local school systems would implement full-day kindergarten programs at Title 1 eligible schools. Once full-day kindergarten programs are completely phased-in, all local school systems, except for Garrett and Howard counties, would realize an increase in State education aid.

Exhibit 2
Impact on State Education Aid from Including Existing Full-day Kindergarten Students Enrolled in Title 1 Schools in the FTE Count
Based on Fiscal 2002 Formula Calculation

<u>County</u>	<u>Current Expense Funding</u>	<u>Hold Harmless Grants</u>	<u>Compensatory Aid Funding</u>	<u>Student Transportation</u>	<u>Special Education</u>	<u>Targeted Improvement</u>	<u>Total State Aid</u>
Allegany	\$456,130	\$0	\$574	\$0	\$868	(\$195)	\$457,377
Anne Arundel	(1,446,617)	0	(46,664)	0	(7,780)	(9,231)	(1,510,292)
Baltimore City	5,872,114	(1,367,688)	239,078	0	20,710	29,320	4,793,534
Baltimore	4,520,450	0	15,282	237,751	5,398	2,997	4,781,878
Calvert	(258,853)	0	(11,948)	0	(2,204)	(2,248)	(275,254)
Caroline	686,669	0	22,156	26,417	2,866	5,421	743,528
Carroll	(421,620)	0	(16,594)	0	(4,142)	(2,638)	(444,994)
Cecil	(53,557)	0	(19,966)	5,504	(2,325)	(3,668)	(74,013)
Charles	(272,234)	0	(24,678)	2,201	(3,038)	(5,510)	(303,258)
Dorchester	(64,810)	64,810	(14,945)	0	(776)	(2,958)	(18,679)
Frederick	(575,390)	0	(27,503)	0	(4,701)	(5,298)	(612,892)
Garrett	(72,612)	0	(16,389)	0	(875)	(2,707)	(92,582)
Harford	(441,136)	0	(34,543)	5,283	(5,811)	(6,467)	(482,674)
Howard	(958,208)	0	(16,466)	0	(3,437)	(3,436)	(981,548)
Kent	(55,872)	55,872	(3,157)	0	(274)	(868)	(4,299)
Montgomery	(396,891)	0	(33,291)	118,876	(3,825)	(9,941)	(325,073)
Prince George's	9,931,029	0	110,716	418,119	18,544	38,434	10,516,842
Queen Anne's	(133,421)	0	(6,708)	0	(923)	(984)	(142,036)
St. Mary's	(218,268)	0	(26,161)	0	(2,301)	(3,777)	(250,508)
Somerset	(31,709)	0	(14,393)	0	(615)	(2,716)	(49,435)
Talbot	140,422	140,422	745	10,273	138	109	292,109
Washington	(181,578)	0	(32,701)	3,963	(2,832)	(5,545)	(218,693)
Wicomico	(174,096)	0	(36,396)	0	(2,200)	(6,865)	(219,557)
Worcester	(221,920)	221,920	(6,046)	0	(463)	(1,229)	(7,738)
Total	\$15,628,022	(\$884,664)	\$0	\$828,387	\$0	\$0	\$15,571,744

Exhibit 3
Impact on State Education Aid from Including All Full-day Kindergarten Students Enrolled in Title 1 Schools in the FTE Count
Based on Fiscal 2002 Formula Calculation

<u>County</u>	<u>Current Expense Funding</u>	<u>Hold Harmless Grants</u>	<u>Compensatory Aid Funding</u>	<u>Student Transportation</u>	<u>Special Education</u>	<u>Targeted Improvement</u>	<u>Total State Aid</u>
Allegany	\$1,034,706	\$0	\$27,949	\$10,016	\$2,778	\$4,594	\$1,080,042
Anne Arundel	1,214,637	0	(27,633)	136,780	(3,909)	(5,094)	1,314,781
Baltimore City	7,927,058	(1,367,688)	156,807	0	15,622	24,348	6,756,147
Baltimore	2,599,124	0	(40,704)	247,144	(3,285)	(9,830)	2,792,449
Calvert	706,208	0	(3,063)	43,661	(153)	(515)	746,138
Caroline	681,928	0	14,933	28,251	2,007	3,817	730,937
Carroll	364,371	0	(14,120)	43,147	(3,492)	(2,118)	387,788
Cecil	313,203	0	(19,353)	26,050	(2,338)	(3,322)	314,241
Charles	558,985	0	(17,596)	43,808	(2,006)	(3,678)	579,513
Dorchester	335,647	(335,647)	2,077	0	345	451	2,873
Frederick	246,828	0	(26,091)	49,972	(4,560)	(4,753)	261,395
Garrett	(146,058)	146,058	(27,014)	0	(1,644)	(4,256)	(32,915)
Harford	983,247	0	(23,613)	77,196	(3,599)	(4,127)	1,029,103
Howard	(61,320)	61,320	(14,696)	66,409	(3,083)	(2,896)	45,733
Kent	254,650	(63,889)	2,561	5,210	362	695	199,588
Montgomery	1,493,320	0	(25,627)	320,671	(2,635)	(6,838)	1,778,890
Prince George's	9,349,702	0	26,500	462,881	7,565	10,971	9,857,619
Queen Anne's	265,683	0	(1,716)	19,005	(63)	(225)	282,684
St. Mary's	672,373	0	(7,218)	39,552	(218)	(937)	703,552
Somerset	416,663	0	19,181	9,649	1,229	3,543	450,265
Talbot	138,924	(138,924)	590	12,805	115	117	13,627
Washington	870,677	0	(10,737)	51,953	(389)	(1,637)	909,869
Wicomico	1,099,393	0	9,857	42,670	1,355	1,919	1,155,194
Worcester	87,667	(87,667)	(1,273)	11,007	(5)	(227)	9,502
Total	\$31,407,614	(\$1,786,437)	\$0	\$1,747,838	\$0	\$0	\$31,369,015

Development Grants

State development grants would be provided to local school systems on a competitive basis to establish full-day kindergarten programs in Title 1 eligible schools. Local school systems can use the development grants to develop an appropriate full-day kindergarten curriculum; to purchase materials, supplies, furniture, and other personal property; to make minor school renovations; to provide professional development to kindergarten teachers; and to perform any other necessary tasks or services. The Governor is required to include funds in the State budget for the development grants. The proposed fiscal 2002 State budget includes \$19 million in flexible funding for local school systems that can be used to develop or expand programs in kindergarten through the third grade. It is assumed that a portion of these funds could be targeted to full-day kindergarten programs.

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 expenditures could increase by approximately \$1.5 million if full-day kindergarten programs are provided to all kindergarten students at Title 1 eligible schools.

Local Fiscal Effect: There are approximately 30,000 kindergarten students enrolled in Title 1 eligible schools, of which 15,270 already attend a full-day program. If local school systems implement full-day kindergarten programs at all Title 1 eligible schools, local school expenditures could increase between \$10.5 million and \$28.0 million depending upon the experience level of new school teachers and the class size ratios. **Exhibit 4** 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 4
Potential Local Costs to Expand Full-Day Kindergarten Programs
(Only Includes Costs for Teacher Salaries and Benefits)

	Beginning Salary Level	1st Quartile Salary Level	Average Salary Level
25 Students Per Class	\$10.5 million	\$12.7 million	\$16.8 million
20 Students Per Class	\$13.1 million	\$15.8 million	\$21.0 million
15 Students Per Class	\$17.5 million	\$21.1 million	\$28.0 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.

Most local school systems, beginning in fiscal 2003, would receive additional funding under the current expense formula from establishing full-day kindergarten programs. In addition, local school systems may be eligible for State development grants. However, the additional State funding under the basic current expense formula and development grants may not offset the full instructional cost of providing full-day kindergarten programs. Accordingly, local school systems may have to use local funds to cover the remaining costs. For example, Anne Arundel County, which has very few full-day kindergarten classes in Title 1 eligible schools, would have to use local funds to extend full-day kindergarten programs to all Title 1 eligible schools, because State aid would not be sufficient to cover the full costs. However, in Baltimore County, which has already implemented full-day kindergarten programs in most of the county's Title 1 eligible schools, would realize a net increase in State aid. This is due to the fact that the county has been using non-current expense aid funding (local funds) to cover the cost of its full-day kindergarten programs.

Additional Information

Prior Introductions: None.

Cross File: None.

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