

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 54 (Delegate Zirkin)
Ways and Means

Public Schools - Class Size Reduction - Smart Growth - Pilot Program

This bill establishes a class size reduction pilot program to limit core curriculum class sizes in kindergarten through the third grade to a maximum of 17 students per class. The pilot program includes all schools in 12 “locally designated growth areas” that are designated as priority funding areas. The Maryland State Department of Education (MSDE) must establish a Class Size Reduction Fund to finance the program and conduct an ongoing study on the effects of class size reduction on Maryland Student Achievement. The Governor must include funds in the State budget each year beginning in fiscal 2002 for this program.

The bill takes effect June 1, 2001.

Fiscal Summary

State Effect: State expenditures could increase by \$280,000 for each elementary school selected to participate in the program beginning in FY 2003. In addition, general fund expenditures would increase by \$44,500 in FY 2002 to administer the program. Future year administrative expenditures increase to \$58,100 in FY 2003 and \$67,800 by FY 2006.

Local Effect: Selected local school systems could receive approximately \$280,000 per elementary school participating in the pilot program beginning in FY 2003. A maximum of 12 local school systems would receive State funding under this pilot program.

Small Business Effect: None.

Analysis

Bill Summary: Local boards of education may develop and submit to MSDE a class size reduction plan for all schools in a locally designated growth area that is designated as a priority funding area. MSDE must select six plans for implementation by May 1, 2002, and six additional plans by May 1, 2004. In selecting the plans, MSDE must give priority to: (1) the most effective class size reduction plans; (2) areas with the highest average class sizes in kindergarten through grade three; (3) plans in diverse areas of the State; and (4) schools that show the lowest levels of improvement towards meeting the standards of the Maryland School Performance Program.

Current Law: A class size reduction program has been established to provide State funding to local boards of education for the purpose of reducing class sizes to a maximum of 20 students for reading instruction in the first and second grades.

Background: During the 1999 session the General Assembly established the Maryland Learning Success Program to provide funding to reduce class sizes to a maximum of 20 students for reading instruction in the first and second grades. When the program was enacted, the average reading class in the State consisted of 27.8 students, ranging from 22.5 students in Kent County to 36.5 students in Allegany County. The average class size for all subjects in elementary schools consisted of 25.6 students, ranging from 22 students in Kent and Talbot counties to almost 27 students in Prince George's County. State funding for this program totaled \$11.7 million in fiscal 2001 and \$17.3 million is proposed for fiscal 2002.

At the 1997 session, the General Assembly passed the Smart Growth legislation that targets State funding for certain transportation, economic development, housing, community development, environmental, and procurement projects to designated priority funding areas. The Smart Growth legislation established certain areas as priority funding areas and allowed counties to designate additional areas if they meet specified requirements for use, water and sewer service, and residential density. **Exhibit 1** lists the areas initially established as priority funding areas and areas eligible for county designation.

Exhibit 1
Smart Growth – Priority Funding Areas

Areas Initially Established	Areas Eligible for County Designation
Municipalities	Areas with industrial zoning
Baltimore City	Areas with employment as the principal use, which are provided with or planned for sewer service
Areas inside the Baltimore and Washington Beltway	
Revitalization Areas designated by the Department of Housing and Community Development	Residential areas which have an average density of two or more units per acre, are within designated growth areas, are designated growth areas, and are served by water or sewer systems
Enterprise Zones	
Heritage Areas	
	Rural Villages
	Other areas within county designated growth areas
Source: Maryland Office of Planning	

State and Local Fiscal Effect: General fund expenditures would increase by \$44,500 in fiscal 2002 and \$56,000 on an annualized basis to administer the program. In addition, State expenditures could increase by \$280,000 for each elementary school selected to participate in the program beginning in fiscal 2003.

Average Size Elementary School

Statewide, there are approximately 255,800 public school students in kindergarten through the third grade. The average elementary class size for all subjects in Maryland is 25.6 students, ranging from 22 students in Kent and Talbot counties to almost 27 students in Prince George's County.

The number of students enrolled at an elementary school varies considerably across the State and within school districts, with the median student enrollment totaling 500 students. About 20 elementary schools in the State have less than 200 students and ten elementary schools have over 900 students. The size of elementary schools in Wicomico County ranges from about 120 students to over 1,000 students. There are also several combined schools in the State. For example, Allegany County operates three schools with enrollment from kindergarten through grade 12. Somerset County operates one school with approximately 25 students in prekindergarten through grade seven.

Potential Cost of Pilot Program

The typical salary and benefit package for a new teacher in Maryland is about \$40,000. Assuming an elementary school selected to participate in the class size reduction program has a full-time equivalent enrollment of 550 students and a current class size of 25 students, the elementary school would need to hire seven additional teachers at a cost of \$280,000. **Exhibit 2** shows the number of teachers that a school must hire based on the current student-to-teacher ratio (25:1) and the proposed student-to-teacher ratio for kindergarten through grade three (17:1).

Exhibit 2
Number of New Teachers Required At Average Elementary School

	K	1st	2nd	3rd	4th	5th	Total
Student (FTE) Enrollment	50	100	100	100	100	100	550
Teachers (25:1)	2	4	4	4	4	4	22
Teachers (17:1)	3	6	6	6	4	4	29

To accommodate the smaller class sizes, local school systems may have to construct additional classrooms at a cost of approximately \$180,000. This cost could be lower if local school systems purchased portable classrooms.

Administrative Costs

Administrative costs within MSDE would total approximately \$44,500 in fiscal 2002 and \$56,000 on an annualized basis to hire one staff specialist to set up and administer the program.

Schools Eligible for Class Size Reduction Funding

As illustrated in Exhibit 1, several portions of the State, including Baltimore City, municipalities, and areas inside the Baltimore and Washington Beltway, are technically not locally designated priority funding areas because these areas were predefined by the State in the Smart Growth legislation as priority funding areas. Elementary schools in these areas may not be eligible for funding, depending upon the interpretation of locally designated priority funding areas.

The number of locally designated priority funding areas varies across the State. For example, Baltimore County has established one area that includes most of the urban portion of the county; whereas Caroline County has established eight areas located mostly around its municipalities. Accordingly, the number of schools located within a locally designated priority funding area would vary considerably by county. In addition, in many rural counties the locally designated growth areas constitute a relative small area and may not include existing public schools.

Local boards have until January 1, 2002 to submit their class size reduction plans to MSDE. MSDE has until May 1, 2002 to select six plans for implementation. Since the 2001-2002 school year would end within one month of MSDE's deadline, it is assumed that the selected class size reduction plans would be implemented in the following year (fiscal 2003). MSDE must select six additional plans by May 1, 2004, thus affecting fiscal 2005.

The number of elementary schools that would be included in the pilot program depends upon the plans selected by MSDE for implementation. The bill requires the county plans to encompass all schools in a locally designated growth area. Twenty-three counties have established locally designated priority funding areas. Accordingly, only six counties would receive funding in fiscal 2003 and a maximum of 12 counties would receive funding in fiscal 2005. Twelve local school systems would not receive State funding under this pilot program.

As stated earlier, Baltimore County has established only one priority funding area which encompasses most of the urban portion of the county. If the Baltimore County plan is selected, numerous schools would be eligible for State funding. Depending upon the availability of State funds, MSDE may have to select plans that cover a limited geographical area.

Additional Information

Prior Introductions: A similar bill was introduced in the 2000 session as HB 1149. It 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

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