

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

Senate Bill 64 (Chairman, Economic and Environmental Affairs Committee and
Chairman, Budget and Taxation Committee)
(Departmental – Education)

Economic and Environmental Affairs and Budget and Taxation

Ways and Means

State Aid for Public Education - Schools for Success - Extension of Sunset

This departmental bill extends the sunset date for the Schools for Success Fund from June 30, 2001 to June 30, 2007. This fund provides challenge grants to low-performing schools to implement school improvement programs.

This bill takes effect July 1, 2001.

Fiscal Summary

State Effect: General fund expenditures for challenge grants and administrative costs within the Maryland State Department of Education would continue beyond FY 2001 (through FY 2007). The Governor's FY 2002 budget includes \$7.1 million for the Schools for Success Program. Out-year expenditures are expected to remain relatively constant.

Local Effect: Eligible local school systems would continue to receive challenge grants through FY 2007.

Small Business Effect: The Maryland State Department of Education has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: The Schools for Success Program sunsets on June 30, 2001.

Background: The Schools for Success Program was established in 1992 to provide State funding for school improvement initiatives at low-performing public schools. The goal of the program is to improve student and school performance as measured by the Maryland School Performance Program (MSPP). The program was originally scheduled to sunset on June 30, 1995; however, the General Assembly extended the sunset date at the 1995 session and the 1998 session. The program is currently scheduled to sunset on June 30, 2001.

The Maryland State Department of Education (MSDE), in concurrence with local boards of education, selects the public schools to receive challenge grants. Selected public schools must have the following characteristics:

- low percentage of average daily attendance;
- high percentage of school dropouts;
- low percentage of students passing the Maryland Functional tests on the first administration; and
- poor performance on the criterion-referenced tests (e.g., MSPAP).

Each public school receiving a challenge grant under this program must have a school improvement team that is responsible for establishing outcomes, measuring the school's academic performance against the outcomes, and developing timelines for achieving the established outcomes. In addition, each public school must submit an annual report to MSDE outlining the school's academic progress.

State Fiscal Effect: State expenditures for challenge grants will be maintained because the legislation proposes to continue the Schools for Success Fund beyond fiscal 2001. The fiscal 2002 State budget includes \$6.8 million in funding for challenge grants including \$1 million for Anne Arundel County to enhance the Annapolis school feeder system by providing grants to 12 public schools. In addition to providing grants to local school systems, MSDE provides technical assistance and staff development services to challenge schools. MSDE has one permanent employee responsible for coordinating the program. Personnel and administration costs for the program total approximately \$335,000 for fiscal 2002. **Exhibit 1** shows the administrative costs for the program and **Exhibit 2** shows the amount of funding provided to local school systems since fiscal 1993.

Exhibit 1
Administrative Costs for the Schools for Success Program

Challenge Coordinator – Permanent Employee	\$87,058
Challenge Program Specialists - Contractual	100,000
Administrative Assistant – Contractual	20,000
Technical Assistance/Staff Development for Schools	63,037
Publication Expenses	10,000
Program Evaluation	45,000
Other Administrative Costs	<u>10,000</u>
Total Administrative Costs	\$335,095

Source: Maryland State Department of Education

Exhibit 2
State Funding for Challenge Grants to Local School Systems

<u>Fiscal Year</u>	<u>Funding Amount</u>	<u>Fiscal Year</u>	<u>Funding Amount</u>
1993	\$8,998,645	1998	\$7,638,827
1994	\$7,980,768	1999	\$5,638,827
1995	\$7,981,482	2000	\$5,788,827
1996	\$7,678,827	2001	\$5,788,827
1997	\$7,678,827	2002	\$6,788,827

Source: Department of Legislative Services

Local Fiscal Effect: Challenge grants were provided to 68 public schools in nine local school systems during the 1999-2000 school year. Participating schools consist of 47 elementary schools, 14 middle schools, and 7 high schools. Seven local school systems use a school-by-school approach where each school develops its own plan for school improvement. In contrast, Caroline County has developed a systemwide improvement initiative administered from the central office and Dorchester County has developed a math improvement program in its four largest elementary schools.

Local school systems have used challenge grants to hire additional resource teachers, to reduce class sizes, and to provide needed student services. Other uses include conducting summer and after school enrichment programs for students, providing staff development opportunities to promote the use of research-based strategies in the classroom; and purchasing instructional materials and technology. **Exhibit 3** shows the amount of State funding provided to local school systems for fiscal 1997 through fiscal 2001. This program will serve approximately 43,577 students in fiscal 2002.

Exhibit 3
Challenge School Funding by School System

<u>School System</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Allegany	\$350,000	\$270,000	\$250,000	\$250,000	\$250,000
Anne Arundel	650,000	620,000	570,000	570,000	570,000
Baltimore City	1,470,000	0	0	0	0
Baltimore	450,000	600,000	0	150,000	150,000
Caroline	500,000	500,000	575,000	575,000	575,000
Charles	50,000	200,000	287,000	287,000	287,000
Dorchester	250,000	290,000	91,000	141,827	259,827
Montgomery	1,788,000	1,660,000	1,285,000	1,285,000	1,200,000
Prince George's	2,080,000	2,995,000	2,243,000	2,243,000	2,210,000
Washington	50,000	200,000	287,000	287,000	287,000
Unallocated	<u>40,000</u>	<u>304,000</u>	<u>51,000</u>	<u>0</u>	<u>0</u>
Total	\$7,678,000	\$7,639,000	\$5,639,000	\$5,788,827	\$5,788,827

Source: Department of Legislative Services

Additional Information

Prior Introductions: Similar bills extending the sunset date for the program have been introduced and passed by the General Assembly.

Cross File: None.

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

Fiscal Note History: First Reader – January 22, 2001
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Analysis by: Hiram L. Burch, Jr.

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