

Department of Legislative Services
 Maryland General Assembly
 2001 Session

FISCAL NOTE

House Bill 227 (Delegate Eckardt, *et al.*)
 Ways and Means

Caroline County - Full Day Kindergarten - Funding

This bill alters the definition of full-time equivalent enrollment in Caroline County for the purpose of calculating State education aid by basing the student enrollment count on the total number of students enrolled in kindergarten programs.

Fiscal Summary

State Effect: Net general fund expenditures would increase by approximately \$439,600 in FY 2003. Future year expenditures reflect increases in the current expense and student transportation formulas. Revenues would not be affected.

| (in dollars) | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|----------------|---------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 0 | 439,600 | 461,900 | 483,800 | 501,100 |
| Net Effect | \$0 | (\$439,600) | (\$461,900) | (\$483,800) | (\$501,100) |

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

Local Effect: State education aid to Caroline County would increase by approximately \$898,500 in FY 2003 and State education aid for other local school systems would decrease by \$458,900 in FY 2003.

Small Business Effect: None.

Analysis

Current Law: 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: The Caroline County Public School System serves 5,600 students, of whom 77% are White, 21% are African American, and 1.4% are Hispanic. Approximately 43% of the school system’s students are eligible for free and reduced price meals. Caroline County is one of the most fiscally distressed school systems in the State with the second lowest per pupil wealth base and the lowest per pupil expenditure. Due to its low per pupil wealth base, Caroline County is more dependent on State aid than most other local school systems. State education aid to Caroline County will total \$22.4 million or \$4,000 per pupil in fiscal 2002. This represents a \$1 million or 4.7% increase over the prior year. Compared to other local school systems, the percentage increase in State education aid for Caroline County in fiscal 2002 is relatively small. Only three other local school systems received a smaller percentage increase in State education aid in fiscal 2002.

Exhibit 1
Caroline County Public School System – Selected Facts

| | Amount | Percentage of State Average | Rank |
|------------------------------|---------------|--|------------------|
| Per Pupil Expenditure (1998) | \$6,038 | 87% | 24 th |
| Local Per Pupil Wealth | \$155,101 | 57% | 23 rd |
| Average Teacher Salary | \$39,938 | 91% | 19 th |

Caroline County is one of four local school systems in the State where all kindergarten students attend full-day programs. The other three local school systems are Allegany, Garrett, and Prince George’s counties. Seven other local school systems also provide full-day kindergarten programs to a portion of their students during the 1999-2000 school year. As shown in **Exhibit 2**, approximately 14,000 students attended full-day kindergarten programs during the 1999-2000 school year, which represented 25% of kindergarten students.

Exhibit 2
Number of Full-Day Kindergarten Classrooms
1999-2000 School Year

| Local School System | Number of Full-Day Kindergarten Classrooms | Percent 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% |

*Prince George's County implemented countywide full-day kindergarten programs at the start of the 2000-2001 school year.

Source: Maryland State Department of Education

State and Local Fiscal Effect: This legislation affects State education aid under four 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 the local school systems. The compensatory aid program, special education, and targeted improvement grants are affected by the relative change in per pupil wealth among the local school systems. Student transportation funding is affected by the increase in the school system's FTE count.

Increase in State Expenditures

State education aid would increase by \$439,600 in fiscal 2003. This represents a \$419,200 increase in the current expense formula and a \$20,400 increase in the student transportation formula. Future year expenditures reflect increases in the current expense and student transportation formulas. **Exhibit 3** shows the potential increases for fiscal 2003 through fiscal 2006.

Exhibit 3
Projected Increase in State Education Aid

| | Current Expense Formula | Student Transportation | Total State Aid Increase |
|-------------|------------------------------------|-----------------------------------|-------------------------------------|
| Fiscal 2003 | \$419,200 | \$20,400 | \$439,600 |
| Fiscal 2004 | 440,900 | 21,000 | 461,900 |
| Fiscal 2005 | 462,100 | 21,700 | 483,800 |
| Fiscal 2006 | 478,800 | 22,300 | 501,100 |

Impact on Local School Systems

Caroline County would receive an additional \$898,500 in State education aid beginning in fiscal 2003. This reflects a \$160 per pupil increase in State aid. Even with this increase in State aid, Caroline County would still have one of the lowest per pupil spending levels in the State.

State aid to other local school systems would decrease by approximately \$458,900 beginning in fiscal 2003. This decrease, however, would be fully offset by the overall increase in State funding that local school systems receive each year. For example, if this bill was effective for fiscal 2002, State education aid to local school systems would still have increased by \$198 million. **Exhibit 4** shows the potential impact on State education aid based on the fiscal 2002 formula calculation.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader –March 13, 2001
ncs/jr

Analysis by: Hiram L. Burch, Jr.

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

Exhibit 4
Impact on State Education Aid from Including All Kindergarten Students in Caroline County in the FTE Count
Based on Fiscal 2002 Formula Calculation

| <u>County</u> | <u>Current Expense Funding</u> | <u>Compensatory Aid Funding</u> | <u>Student Transportation</u> | <u>Special Education</u> | <u>Targeted Improvement</u> | <u>Total State Aid</u> |
|-----------------|--------------------------------|---------------------------------|-------------------------------|--------------------------|-----------------------------|------------------------|
| Allegany | (\$2,869) | (\$1,214) | \$0 | (\$104) | (\$258) | (\$4,444) |
| Anne Arundel | (40,932) | (1,208) | 0 | (308) | (308) | (42,756) |
| Baltimore City | (24,116) | (20,925) | 0 | (1,164) | (3,943) | (50,148) |
| Baltimore | (55,873) | (2,285) | 0 | (393) | (770) | (59,321) |
| Calvert | (6,694) | (299) | 0 | (83) | (73) | (7,149) |
| Caroline | 796,555 | 39,603 | 19,813 | 4,426 | 9,905 | 870,303 |
| Carroll | (10,904) | (415) | 0 | (157) | (85) | (11,561) |
| Cecil | (5,385) | (611) | 0 | (115) | (144) | (6,255) |
| Charles | (8,640) | (649) | 0 | (123) | (187) | (9,599) |
| Dorchester | (1,676) | (374) | 0 | (29) | (95) | (2,175) |
| Frederick | (14,881) | (688) | 0 | (178) | (171) | (15,918) |
| Garrett | (1,878) | (410) | 0 | (33) | (87) | (2,408) |
| Harford | (15,248) | (929) | 0 | (242) | (224) | (16,643) |
| Howard | (24,781) | (412) | 0 | (130) | (111) | (25,434) |
| Kent | (1,445) | (79) | 0 | (10) | (28) | (1,562) |
| Montgomery | (96,655) | (1,547) | 0 | (362) | (578) | (99,142) |
| Prince George's | (47,024) | (4,311) | 0 | (617) | (2,123) | (54,074) |
| Queen Anne's | (3,451) | (168) | 0 | (35) | (32) | (3,685) |
| St. Mary's | (5,645) | (655) | 0 | (87) | (122) | (6,508) |
| Somerset | (820) | (360) | 0 | (23) | (88) | (1,291) |
| Talbot | (3,834) | (90) | 0 | (9) | (21) | (3,954) |
| Washington | (7,576) | (913) | 0 | (124) | (199) | (8,812) |
| Wicomico | (4,502) | (911) | 0 | (83) | (221) | (5,718) |
| Worcester | (5,739) | (151) | 0 | (18) | (40) | (5,948) |
| Total | \$405,986 | \$0 | \$19,813 | \$0 | \$0 | \$425,799 |

Prepared by the Department of Legislative Services, March 2001