



## Analysis

**Current Law:** The Maryland Constitution requires the State to provide a thorough and efficient system of free public schools. To satisfy this requirement, the State will provide approximately \$2.6 billion to local school systems in fiscal 2002. State education aid accounts for approximately 30% of the State's general fund revenues. In addition, State funding to local school systems represents the largest component of the State's general fund budget. State funding to local school systems is provided through approximately 50 programs.

**Background:** In the fall of 1999, the Commission on Education Finance, Equity, and Excellence was established to review the State's current education funding formulas and accountability measures. The commission released an interim report in December 2000 outlining several recommendations for the 2001 session. The commission recommended that State education funding be enhanced by \$133.4 million in fiscal 2002, including \$42.3 million for special education, \$22 million for transportation of disabled students, and \$69.1 million for programmatic enhancements.

**State and Local Fiscal Effect:** Approximately \$252.6 million in State education funding that sunsets after fiscal 2002 would continue in fiscal 2003. **Exhibit 1** provides a list of the programs that sunset at the end of fiscal 2002 and the estimated costs of funding these programs in fiscal 2003. **Exhibit 2** provides an estimated county-by-county allocation for fiscal 2003.

### *State Education Funding That Sunsets After Fiscal 2002*

At the 1997 session, the General Assembly adopted legislation (Senate Bill 795/Chapter 105) restructuring the management of the Baltimore City Public School System. Specifically, the legislation: (1) established the Baltimore City-State Partnership grant, the additional poverty grants, and the aging schools program; (2) enhanced State funding for the limited English proficiency and extended elementary education programs; and (3) provided Baltimore County with additional funding for teacher mentoring, Montgomery County with additional funding for gifted and talented programs, and Prince George's County with additional funding for magnet schools.

At the 1998 session, the General Assembly adopted the School Accountability Funding for Excellence (SAFE) Program that provided additional targeted State funding for education programs serving at-risk students. Specifically, the legislation: (1) established a new targeted improvement grant, elementary school library grant, and teacher development program; (2) enhanced State funding for the limited English proficiency, aging schools, and extended elementary education programs; and (3) provided Prince

George's County with additional funding for effective schools, a pilot integrated student support services project, and teacher certification initiatives.

These two bills have provided over \$668 million to local school systems over a five-year period. In fiscal 2002 State funding under the two bills total \$154 million. State funding, however, will expire after fiscal 2002. This bill extends \$175.9 million in State funding through fiscal 2003, including \$70.5 million for the Baltimore City Partnership grant.

Chapter 492/493 of 2000 provided incentives to local boards of education to increase teachers' salaries in fiscal 2001 and 2002. Funding under the challenge program consisted of five components: a percentage component; a wealth-adjusted component; a targeted component; a hold harmless component; and a transitional component. The program terminates after fiscal 2002. This bill extends the program's funding until fiscal 2003 without increasing the State match beyond the fiscal 2002 funding level. State expenditures in fiscal 2003 will total \$76.7 million.

#### *Maryland Academic Intervention and Support Program*

The Maryland Academic Intervention and Support Program was established to improve the performance of students with documented academic deficiencies and to prepare students for the high school assessments that students will have to pass in order to graduate. The State Board of Education recommended that \$45 million be included in the State budget to fund this program in fiscal 2001; however, the program received only \$12 million in funding that year. Legislation adopted at the 2000 session requires the Governor to include \$19.5 million in funding for this program in fiscal 2002. Under current law, funding for this program is distributed to local school systems based on the percentage of students scoring less than 70% on the reading and math portions of the Maryland School Performance and Assessments Program (MSPAP). MSDE estimates that approximately 400,000 students in grades 1 through 12 need intervention services, which is about one-half of all students enrolled in the State's public schools.

This bill alters the allocation method for \$7.5 million of program funding. Of the total funding, \$11.6 million would be allocated according to the percentage of students scoring less than 70% on the reading and math portions of the MSPAP; and \$7.9 million would be allocated according to an intensity factor based on the distance students are from the State standard on the grade 8 composite MSPAP score. Under current law the funding would have been allocated according to the percentage of students scoring less than 70% on the reading and math portions of the MSPAP.

### *Special Education Grants*

State funding for public special education programs consists of two components: (1) a \$70 million base amount; and (2) an additional \$11.25 million second tier amount. A local school system's share of the \$70 million base grant is equal to the amount of special education funding that the school system received in 1981 under a formula that distributed funds according to: (1) total enrollment; and (2) a 1976 cost index for special education expenditures in each county. The \$11.25 million second tier funding is distributed through a formula that is based on special education enrollment and local wealth. Total State funding for public special education (\$81.25 million) has remained unchanged since 1990. This bill requires that at least \$81.25 million be provided for this program in fiscal 2003.

### *Statewide Teacher Mentoring Program*

The State currently provides \$15.9 million in funding for teacher mentoring programs that assist newly hired teachers and teachers who have less than five years experience with classroom management, curriculum, and school agendas. Of the total funding, \$5 million is part of a statewide initiative and the remaining \$10.9 million is for special grants to three local school systems (\$1 million for Anne Arundel County, \$7.9 million for Baltimore County, and \$2 million for Prince George's County). This bill requires that at least \$15.9 million be provided for this program in fiscal 2003.

### *Early Education Initiatives*

The fiscal 2002 State budget includes \$19 million for early education initiatives. This bill requires that at least \$19 million be provided for early education programs that improve the academic achievement of students in pre-kindergarten through third grade.

### *Judith P. Hoyer Early Child Care and Education Enhancement Program*

This program provides financial support for the establishment of centers that provide full-day, comprehensive, early education programs and family support services that will assist in preparing children to enter school ready to learn. This program also provides funding to support voluntary accreditation of early child care centers, professional development of early childhood educators, and statewide implementation of an early childhood assessment system. The fiscal 2002 State budget includes \$11.6 million for these programs. This bill requires that at least \$11.6 million be provided for this program in fiscal 2003.

### *Reconstitution-Eligible Schools*

This program assists low-performing schools in meeting State performance standards by providing extended-day academic instruction, implementing student assessments and professional teacher development, providing additional teachers, and instituting exemplary curricula. Currently, 102 public schools in Maryland have been identified by the State Board of Education as reconstitution-eligible: 85 in Baltimore City, 15 in Prince George's County, one in Anne Arundel County, and one in Baltimore County. Approximately 61,000 public school students attend a reconstitution eligible school. In addition, the State Board of Education has placed four Baltimore City public schools under State reconstitution. Three schools, Gilmor, Montebello, and Furman L. Templeton elementary schools, were reconstituted in February 2000 and the Westport school that serves both elementary and middle school students was reconstituted in January 2001. The fiscal 2002 State budget includes \$9.8 million for this program. Of this amount: \$7.8 million is for Baltimore City, \$1.6 million is for Prince George's County, \$0.2 million is for Anne Arundel County, and the remainder is unallocated. This bill requires that at least \$9.8 million be provided for this program in fiscal 2003.

### *Management Oversight Panel*

Pursuant to the SAFE legislation, a Management Oversight Panel (MOP) for the Prince George's County Public School System was established to monitor the progress of the school system's performance and financial audits and the implementation of the audits' recommendations for a four-year period. The State was responsible for funding the coordination office up to a maximum of \$210,000 each year. However, since State funding began in fiscal 2000, the State appropriation for the MOP has been set at \$310,000.

### *Prince George's County School Construction Funding*

Legislation enacted in 1998, Chapter 704, altered the State/local cost sharing formula for public school construction projects in Prince George's County by requiring the State to fund 75% of the eligible project costs for the first \$35 million in public school construction funding allocated by the State and 60% on any funds in excess of \$35 million. Under the existing cost share arrangement, the State was responsible for 60% of eligible project costs. In addition, the legislation required the State to provide Prince George's County with \$35 million each year in school construction funding for fiscal 1999 through fiscal 2002. Prince George's County must provide at least \$32 million for school construction projects. This bill extends the current State/local cost share arrangement and the required \$35 million State appropriation for school construction projects for Prince George's County until fiscal 2003. This extension will enable Prince

George's County to leverage State school construction funding with less local funds; however, fewer school construction projects in Prince George's County may be funded.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 950 (Delegate Cryor, *et. al.*) – Ways and Means and Appropriations.

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

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**Exhibit 1**  
**State Education Funding That Expires After Fiscal 2002 - Estimated Cost in Fiscal 2003**

	<b>Fiscal 1998</b>	<b>Fiscal 1999</b>	<b>Fiscal 2000</b>	<b>Fiscal 2001</b>	<b>Fiscal 2002</b>	<b>Fiscal 2003</b>
<b>Teacher Salary Challenge Program (SB 810/HB 1247)</b>	\$0	\$0	\$0	\$35,038,002	\$85,221,182	\$76,664,600
<b>Baltimore City - State Partnership Grant</b>						
SB 795	30,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
SB 810/HB 1247	0	0	0	8,000,000	8,000,000	20,465,079
<b>Additional Poverty Grants - SB 795</b>	16,563,360	16,563,360	16,563,360	16,563,360	16,563,360	16,563,360
<b>Limited English Proficiency Grant</b>						
SB 795	1,903,500	1,903,500	1,903,500	1,903,500	1,903,500	1,903,500
SAFE	0	15,327,250	16,500,000	16,800,000	17,900,000	18,800,000
<b>Targeted Improvement Grant (SAFE)</b>	0	20,645,706	21,400,458	21,813,201	21,991,425	22,453,000
<b>Extended Elementary Education Program</b>						
SB 795	3,290,000	3,290,000	3,290,000	3,290,000	3,290,000	3,290,000
SAFE	0	4,365,761	4,365,761	4,365,761	4,365,761	4,365,761
<b>Teacher Development/Mentoring Grants</b>						
Teacher Development Grant (SAFE)	0	5,488,000	5,616,000	5,712,000	5,760,000	5,898,000
Baltimore County Teacher Mentoring Grant (SB 795)	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Baltimore County Teacher Development Grant (SAFE)	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Prince George's County Teacher Development Grant (SAFE)	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Prince George's County Teacher Certification Grant (SAFE)	0	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Statewide Teacher Certification/Development Initiatives (SAFE)	0	500,000	500,000	500,000	500,000	500,000
<b>Aging Schools Program</b>						
SB 795	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000	4,350,000
SAFE	0	6,020,000	6,020,000	6,020,000	6,020,000	6,020,000
<b>School Libraries Grant (SAFE)</b>	0	2,549,838	2,721,423	3,000,000	3,000,000	3,000,000
<b>Other Grants</b>						
Montgomery County Gifted and Talented Grant (SB 795)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Prince George's County Magnet Schools Grant (SB 795)	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Prince George's County Effective Schools Grant (SAFE)	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Prince George's County Pilot I.S.S.S. Grant (SAFE)	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Management Oversight Panel (SAFE)	0	0	310,000	310,000	310,000	310,000
<b>Total</b>	<b>\$61,606,860</b>	<b>\$149,003,415</b>	<b>\$151,540,502</b>	<b>\$195,665,824</b>	<b>\$247,175,228</b>	<b>\$252,583,300</b>
<b>City School Legislation (SB 795)</b>	\$61,606,860	\$81,606,860	\$81,606,860	\$81,606,860	\$81,606,860	\$81,606,860
<b>SAFE Legislation (HB 1)</b>	\$0	\$67,396,555	\$69,933,642	\$71,020,962	\$72,347,186	\$73,846,761
<b>Teacher Salary Challenge Program (SB 810/HB 1247)</b>	\$0	\$0	\$0	\$43,038,002	\$93,221,182	\$97,129,679

*Prepared by the Department of Legislative Services, February 2001*

**Exhibit 2**  
**State Education Funding That Sunsets After Fiscal 2002**  
**Estimated Allocation in Fiscal 2003**

<u>County</u>	<u>Teacher Salary Challenge</u>	<u>Baltimore City Partnership</u>	<u>Additional Poverty</u>	<u>Limited English Proficiency (SB 795)</u>	<u>Limited English Proficiency (SAFE)</u>	<u>Targeted Improvement</u>	<u>Extended Elementary Education</u>	<u>Teacher Development</u>	<u>Special Teacher Mentoring Development</u>	<u>Aging Schools</u>	<u>School Libraries</u>	<u>Other Grants</u>	<u>Total</u>
Allegany	1,647,500	\$0	\$484,128	\$0	\$8,100.0	\$577,900	\$110,856	\$204,800	\$0	\$355,000	\$40,266	\$0	\$3,428,550
Anne Arundel	4,462,000	0	1,038,816	40,500	649,100	688,900	513,006	270,300	0	570,000	268,456	0	8,501,078
Baltimore City	18,447,700	70,465,079	0	81,000	637,300	8,829,300	1,019,270	1,458,100	0	1,635,000	380,390	0	102,953,139
Baltimore	6,856,500	0	2,446,368	45,000	1,512,700	1,723,500	373,029	679,900	7,400,000	2,940,000	376,316	0	24,353,313
Calvert	518,700	0	184,032	0	18,900	162,300	166,839	16,400	0	65,000	53,740	0	1,185,911
Caroline	611,500	0	212,448	4,000	78,400	272,900	173,254	73,700	0	85,000	20,218	0	1,531,420
Carroll	1,847,700	0	215,040	11,000	70,300	190,500	23,428	41,000	0	385,000	98,518	0	2,882,486
Cecil	2,276,400	0	301,056	2,500	61,300	321,400	379,136	98,300	0	355,000	55,039	0	3,850,131
Charles	1,606,600	0	455,424	5,000	101,900	417,700	689,384	122,900	0	65,000	78,281	0	3,542,189
Dorchester	755,100	0	220,800	5,500	36,100	213,700	92,014	81,900	0	65,000	18,382	0	1,488,496
Frederick	2,545,800	0	445,728	2,500	271,300	382,600	397,207	98,300	0	85,000	125,881	0	4,354,316
Garrett	341,100	0	216,192	0	0	195,500	87,796	114,700	0	85,000	19,170	0	1,059,458
Harford	2,695,100	0	612,960	16,500	274,000	500,700	494,604	114,700	0	400,000	139,416	0	5,247,980
Howard	3,153,500	0	326,880	37,500	1,048,400	248,100	225,321	65,500	0	65,000	147,977	0	5,318,178
Kent	232,300	0	95,616	3,500	29,700	62,700	105,193	65,500	0	65,000	10,197	0	669,706
Montgomery	11,214,200	0	2,469,216	1,129,000	8,385,400	1,293,500	589,692	647,100	0	1,170,000	453,584	2,000,000	29,351,692
Prince George's	9,949,200	0	4,840,416	465,500	4,995,000	4,754,500	427,801	1,130,500	4,500,000	970,000	463,151	4,410,000	36,906,068
Queen Anne's	410,300	0	117,216	1,000	24,300	71,000	147,741	24,600	0	85,000	23,544	0	904,701
St. Mary's	1,097,300	0	361,632	6,000	98,300	272,700	446,922	65,500	0	85,000	52,289	0	2,485,643
Somerset	449,500	0	168,192	4,000	46,000	196,200	89,381	73,700	0	65,000	11,060	0	1,103,033
Talbot	1,161,300	0	110,016	3,000	55,000	47,700	140,193	49,200	0	155,000	16,384	0	1,737,793
Washington	1,384,300	0	571,200	15,000	127,100	445,100	274,552	172,000	0	200,000	72,645	0	3,261,897
Wicomico	2,096,600	0	443,808	19,500	202,800	495,800	552,834	147,500	0	355,000	50,492	0	4,364,334
Worcester	904,400	0	226,176	6,000	68,500	88,800	136,308	81,900	0	65,000	24,604	0	1,601,688
Unallocated		0	0	0	0	0	0	0	500,000	0	0	0	500,000
<b>Total</b>	<b>\$76,664,600</b>	<b>\$70,465,079</b>	<b>\$16,563,360</b>	<b>\$1,903,500</b>	<b>\$18,800,000</b>	<b>\$22,453,000</b>	<b>\$7,655,761</b>	<b>\$5,898,000</b>	<b>\$12,400,000</b>	<b>\$10,370,000</b>	<b>\$3,000,000</b>	<b>\$6,410,000</b>	<b>\$252,583,300</b>

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