SENATE BILL 856

Unofficial Copy   2002 Regular Session
FI   (2lr1902)

ENROLLED BILL
-- Budget and Taxation and Education, Health, and Environmental Affairs/Ways and Means --

Introduced by Senators Hoffman, Lawlah, and Neall (Commission on Education Finance, Equity, and Excellence) and Senator Collins

Read and Examined by Proofreaders:

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Proofreader.

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Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of ____________ at ____________________ o'clock, _____M.

_____________________________________________
President.

CHAPTER_______

1 AN ACT concerning

Adequate and Equitable Funding for Public Schools Act
Bridge to Excellence in Public Schools Act

FOR the purpose of authorizing a county council in a charter county, under certain circumstances, to set a property tax rate that is higher than the rate authorized under the county's charter or collect more property tax revenues than are authorized under the county's charter; requiring a county that takes this action to appropriate to the local board of education all property tax revenues exceeding the amount that would have been authorized if the property tax or revenue limitation in the county charter had been applied; requiring the results of certain audits of county boards of education to report to certain committees of the General Assembly; modifying a certain basic current expense formula for State education funding to create a new foundation program for State education funding; requiring that certain features of the new foundation program be phased in over a certain number of years; creating a compensatory education funding program under which the State provides certain grants to local boards
of education under certain circumstances; creating a funding program for
students with limited English proficiency under which the State provides
certain grants to local boards of education under certain circumstances; creating
a special education funding program under which the State provides certain
grants to local boards of education under certain circumstances; creating a
Guaranteed Tax Base program under which the State provides grants to local
boards of education under certain circumstances; requiring the State to
distribute certain grants to the New Baltimore City Board of School
Commissioners in certain fiscal years; requiring that the State share of the
foundation program be adjusted to reflect regional differences in certain costs by
a certain fiscal year; requiring the State to contract with a private entity to
conduct a certain study relating to regional differences in certain costs;
requiring the State to pay the retirement costs associated with certain
employees of local school systems; increasing certain base grants for student
transportation distributed to local boards of education; increasing,
incrementally over a certain period, the amount of a certain grant distributed to
local boards of education to cover the costs associated with transportation of
disabled students; requiring that the Management Oversight Panel for the
Prince George's County schools continue to monitor the implementation of
certain audit recommendations until the State Superintendent of Schools
determines that the audit recommendations have been addressed; requiring the
State to provide funding for the coordination office for the Management
Oversight Panel up to a certain maximum amount each fiscal year;
consolidating certain grants distributed under the Aging Schools Program;
clarifying that the State Superintendent of Schools shall certify to the State
Comptroller that certain funds are due to each local board of education at least
a certain number of days before the end of certain months; extending certain
parts of the Governor's Teacher Salary Challenge Program for a certain period;
modifying the amounts of certain grants received under the Governor's Teacher
Salary Challenge Program in certain fiscal years; requiring the Transitional
Education Fund to terminate on a certain date; requiring that each local board
of education submit a comprehensive master plan to the State Department of
Education on or before a certain date; establishing requirements for the content
of a plan; authorizing the State Superintendent of Schools to take certain
actions relating to a plan; requiring the State Superintendent of Schools to take
certain actions relating to a plan under certain circumstances; authorizing the
State Board of Education to withhold certain funds from local boards of
education under certain circumstances; requiring the Department to conduct a
certain evaluation; authorizing the Department to contract with a public or
private entity to conduct the evaluation; requiring that certain reports relating
to the evaluation be submitted to the Governor and General Assembly on or
before a certain date; requiring local boards of education to provide full-day
kindergarten to all kindergarten students by a certain date; requiring that
certain children be admitted free of charge to certain publicly funded
prekindergarten programs by a certain date; exempting publicly funded
prekindergarten programs from certain requirements regarding hours and days
of operation; establishing a phase-out period for certain funding for special
education students; repealing certain provisions relating to various education
funding programs; establishing a Task Force to Study Public School Facilities; 
requiring the Task Force to submit findings and recommendations to the 
Governor and General Assembly on or before a certain date; requiring the 
Department to form a committee of stakeholders to study issues relating to 
enrollment counts; requiring the committee to submit findings and 
recommendations to the Governor and General Assembly on or before a certain 
date; requiring the Department to conduct a certain study relating to adequacy 
of education funding within a certain number of years; authorizing the 
Department to contract with a public or private entity to conduct the study; 
declaring that it is the intent of the General Assembly that funding for certain 
discretionary education programs be included in certain State budgets; 
declaring that it is the intent of the General Assembly that funding for certain 
discretionary education programs be eliminated; providing that this Act 
constitutes further action of the General Assembly for a certain purpose relating 
to the appointment of members of the New Baltimore City Board of School 
Commissioners; repealing a requirement that certain funds be included in the 
State budget for a certain fiscal year for the Baltimore City Public School 
system; establishing a new termination date for certain programs relating to 
targeted poverty grants, students with limited English proficiency, extended 
elementary education, teacher mentoring, gifted and talented students, and 
magnet schools; repealing certain sunset provisions relating to the Management 
Oversight Panel; extending for a certain period certain requirements relating to 
the State and local share of costs for school construction projects in Prince 
George's County; repealing a requirement that certain funds be included in the 
State budget for a certain fiscal year to meet the State's existing legal 
obligations for educational funding and avoid future litigation; extending the 
termination date for provisions relating to the Governor's Teacher Salary 
Challenge Program; extending for a certain period certain requirements relating 
to the State and local share of costs for school construction projects in Baltimore 
City; providing for certain State grants for a certain fiscal year to the county 
boards of education and the New Baltimore City Board of School 
Commissioners; providing that certain provisions of this Act shall be null and 
void under certain circumstances; providing for a certain State grant for a 
certain fiscal year to the Prince George's County Board of Education under 
certain circumstances; providing for certain State grants for a certain fiscal year 
under certain circumstances to certain local agencies for certain services for 
eligible infants and toddlers and their families; providing for certain State 
grants for a certain fiscal year under certain circumstances to certain eligible 
recipients for certain adult education and literacy services; providing that 
certain provisions of another Act regarding certain funding in the State budget 
for the Baltimore City Public Schools shall be null and void under certain 
circumstances; altering the tobacco tax rate for cigarettes; providing for the 
distribution of certain tobacco tax revenues for a certain fiscal year to a special 
fund, to be used only for certain purposes; requiring certain counties and 
Baltimore City to appropriate certain amounts received from the State under a 
certain grant for the school operating budget in addition to a certain minimum 
required local appropriation for education; providing for the effective dates of 
this Act; providing that a certain provision relating to the Aging Schools
Program shall terminate on a certain date; providing that a certain provision relating to the hours and operations of kindergarten programs shall terminate on a certain date; providing that a certain provision relating to special education funding shall terminate on a certain date; making certain clarifying changes; correcting certain cross-references; making certain stylistic changes; defining certain terms; providing that, in order for certain additional State aid to education to be appropriated in certain fiscal years, the General Assembly must make a certain affirmation and pass a certain joint resolution at the 2004 regular session; providing that if the General Assembly does not adopt a certain joint resolution at the 2004 regular session, certain State aid for education in certain future fiscal years shall be funded, for each county, at a certain level; providing that certain appropriations proposed by the Governor revert to the General Fund, under certain circumstances; providing that certain counties, each of whose State share of basic current expenses is less than a certain amount, are subject to a certain appropriation limitation under certain circumstances; making the provisions of this Act severable; requiring the Comptroller to make and submit a certain report; and generally relating to the State's public schools and the State's school finance system.

BY renumbering

Article 83C - Juvenile Justice
Section 2-134(e)(2)
Annotated Code of Maryland
(1998 Replacement Volume and 2001 Supplement)

BY repealing and reenacting, with amendments,

Article 83C - Juvenile Justice
Section 2-134(e)(2)
Annotated Code of Maryland
(1998 Replacement Volume and 2001 Supplement)

BY repealing and reenacting, without amendments,

Article - Education
Section 5-108.1 and 5-203(a)
Annotated Code of Maryland
(2001 Replacement Volume)

BY repealing and reenacting, with amendments,

Article - Education
Section 4-121(d)(2), 5-104, 5-109, 5-201, 5-202, 5-203(b), 5-205, 5-206, 5-209, 5-213, 7-101, 7-103, 8-414, and 11-105(j)(6)
Annotated Code of Maryland
(2001 Replacement Volume)
BY repealing
Article - Education
Section 5-206.1, 5-207, 5-212, 5-216, 5-401, 5-402, 7-208, and 7-301(g); and
8-2A-01 through 8-2A-03 and the subtitle "Subtitle 2A. Excellence in Education Incentive Grant Program"
Annotated Code of Maryland
(2001 Replacement Volume)

BY adding to
Article - Education
Section 5-207 through 5-210, 5-401, 5-402, and 7-101.1
Annotated Code of Maryland
(2001 Replacement Volume)

BY repealing and reenacting, with amendments,
Section 29-2(a)

BY repealing and reenacting, without amendments,
Section 29-3

BY repealing and reenacting, with amendments,
Section 2 and 3

BY repealing and reenacting, with amendments,
Section 2, 3, 4, and 5

BY repealing
Section 4

BY repealing and reenacting, with amendments,
Section 4 and 10

BY repealing and reenacting, with amendments,
SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 5-208, 5-210, 5-211, 5-214, and 5-215, respectively, of Article - Education of the Annotated Code of Maryland be renumbered to be Section(s) 5-211, 5-213, 5-214, 5-215, and 5-217, respectively.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article 83C - Juvenile Justice

2-134.

(e) (2) Appropriations made under this section for extending the contracts of participating teachers may not be used to supplant the existing State share of [basic current expenses] THE FOUNDATION PROGRAM under § 5-202 of the Education Article.

Article - Education

3-108.1.

(a) In this section, "Board" means the New Baltimore City Board of School Commissioners of the Baltimore City Public School System.

(b) There is a New Baltimore City Board of School Commissioners of the Baltimore City Public School System.

(c) The Board consists of:

(1) Nine voting members jointly appointed by the Mayor of Baltimore City and the Governor from a list of qualified individuals submitted to the Mayor and the Governor by the State Board; and

(2) One voting student member appointed as provided in subsection (o) of this section.

(d) Each member of the Board shall be a resident of Baltimore City.

(e) To the extent practicable, the membership of the Board shall reflect the demographic composition of Baltimore City.

(f) At least four of the voting members shall possess a high level of knowledge and expertise concerning the successful administration of a large business, nonprofit, or governmental entity and shall have served in a high level management position within such an entity.
(g) At least three of the voting members shall possess a high level of knowledge and expertise concerning education.

(h) At least one voting member shall be a parent of a student enrolled in the Baltimore City Public School System as of the date of appointment of the member.

(i) (1) Among the nine voting members, at least one member shall also possess knowledge or experience in the education of children with disabilities.

(2) The knowledge or experience may be derived from being the parent of a child with a disability.

(j) (1) The term of a voting member is 3 years.

(2) The terms of the voting members are staggered as required by the terms provided for members of the Board on the effective date of this Act.

(3) At the end of a term, a voting member continues to serve until a successor is appointed and qualifies.

(4) A voting member who is appointed after a term has begun serves only for the remainder of the term and until a successor is appointed and qualifies.

(5) A voting member may not serve more than two consecutive full terms.

(6) To the extent practicable, the Governor and the Mayor shall fill any vacancy on the Board within 60 days of the date of the vacancy from a list of qualified individuals submitted to the Mayor and the Governor by the State Board.

(k) On the joint approval of the Mayor of Baltimore City and the Governor, a member may be removed only for cause in accordance with § 3-108 of this subtitle.

(l) Each member of the Board serves without compensation.

(m) On appointment of the Board, the Governor and the Mayor shall jointly select one of the voting members to serve as the Chairman of the Board who shall serve through June 30, 1999.

(n) Beginning on July 1, 1999 and every 2 years thereafter, from among its voting members the Board shall elect a chairman.

(o) (1) One student member shall be a student enrolled in the Baltimore City Public School System who shall be selected by the Associated Student Congress of Baltimore City.

(2) The term of a student member is 1 year.

(3) A student member may not serve more than two consecutive full terms.
The student member may vote on all matters before the Board except those relating to:

(i) Personnel;
(ii) Capital and operating budgets;
(iii) School closings, reopenings, and boundaries;
(iv) Collective bargaining decisions;
(v) Student disciplinary matters; and
(vi) Appeals to the Board as provided under §§ 4-205 and 6-202 of this article.

Any action by the Board shall require:

(1) A quorum of a majority of the voting members then serving; and
(2) The affirmative vote of a majority of the voting members then serving.

If the local current expense per student for the sending county is less than the local current expense per student for the receiving county, the difference, plus the appropriate State share of [basic current expenses] THE FOUNDATION PROGRAM, for each student who resides in a sending county who attends a public school in the receiving county, shall be:

(i) Paid by the State to the receiving county; and
(ii) Provided for in the appropriation to the State Board.

Each county council or board of county commissioners shall levy and collect a tax on the assessable property of the county which, together with other local revenue available, including income tax revenues and bond money, and together with estimated revenues and funds from all sources, will produce the amounts necessary to meet the appropriations made in the approved annual budget of the county board.

Local funds provided for appropriations shall be paid in accordance with the expenditure requirements, as certified by the county board, to the treasurer of the county board on a monthly basis.
(2) Appropriations for school construction, permanent improvements, and repairs for special purposes may be required to be paid more frequently on the order of the president and secretary of the county board to the county commissioners, county council, or the county executive.

(c) (1) Notwithstanding any other provision in this article, this subsection applies to Wicomico County.

(2) The Wicomico County Council annually shall pay to the Wicomico County Board the amount of the budget of the County Board that has been approved by the County Council:

(i) In 12 equal monthly installments; or

(ii) At the times on which the County Council and County Board mutually agree.

(3) Taxes levied under this section shall be retained by the county and any annual deficiencies in the tax are the responsibility of Wicomico County.

(D) (1) This subsection applies to any county that has a charter that places a limit on its property tax rate or revenues.

(2) Notwithstanding any provision of a county charter and subject to paragraph (3) of this subsection, a county council, by a two-thirds vote of the full membership of the council, may set a property tax rate that is higher than the rate authorized under the county's charter or collect more property tax revenues than the revenues authorized under the county's charter for the sole purpose of funding the approved budget of the county board.

(3) If the county council sets a county property tax rate that is greater than the rate authorized under the county's charter or collects more property tax revenues than the revenues authorized under the county's charter, the county:

(i) May not reduce funding provided to the county board from any other local revenue source below the funding level in the current county budget; and

(ii) Shall appropriate to the county board all property tax revenues exceeding the amount that would have been available if the county charter limitation had applied.

5-109.

(a) Each county board shall provide for an annual audit of its financial transactions and accounts.
The audit shall be made by a certified public accountant or a partnership of certified public accountants who are:

(i) Licensed by the State Board of Public Accountancy; and

(ii) Approved by the State Superintendent.

The audit shall be made in accordance with the standards and regulations adopted by the State Board.

The results of the audit are a matter of public record.

The results shall be reported within 3 months after the close of the fiscal year for the county board [to the State Superintendent and the county fiscal authority] on the form and in the manner required by the State Board TO:

(I) THE STATE SUPERINTENDENT;

(II) THE COUNTY FISCAL AUTHORITY;

(III) THE JOINT AUDIT COMMITTEE OF THE GENERAL ASSEMBLY;

(IV) THE SENATE BUDGET AND TAXATION COMMITTEE;

(V) THE SENATE EDUCATION, HEALTH, AND ENVIRONMENTAL AFFAIRS COMMITTEE;

(VI) THE HOUSE APPROPRIATIONS COMMITTEE; AND

(VII) THE HOUSE COMMITTEE ON WAYS AND MEANS.

In addition to the audit required by this section, the county commissioners or county council may conduct an audit using auditors employed by the county.

Except for money appropriated for the purposes of § 5-301(a), (b), and (d) through (k) of this title, all money appropriated by the General Assembly to aid in support of public schools constitutes the General State School Fund.

Money in the General State School Fund may be appropriated by the General Assembly to the Annuity Bond Fund, as provided in the State budget, and shall be used for principal and interest payments on State debt incurred for public school construction or public school capital improvements.

The State Comptroller shall charge against and, as provided in this section, pay from the General State School Fund the following annual appropriations for:

(1) The support of the Department, including the expenses of the State Board and the support and expenses of the office of the State Superintendent;
(2) The Maryland Teachers’ Retirement System;
(3) The education of [handicapped] DISABLED children;
(4) Subsidized or free feeding programs;
(5) The administration and supervision of career and technology education in public high schools and career and technology centers;
(6) Physical education and recreation;
(7) Case and guidance service for individuals with disabilities who need vocational rehabilitation;
(8) Equivalence examinations;
(9) Public libraries;
(10) Adult education;
(11) The State share of [basic current expenses] THE FOUNDATION PROGRAM as provided in § 5-202 of this subtitle;
(12) Student transportation, as provided in § 5-205 of this subtitle; [and]
(13) The school building construction aid as provided in § 5-301(c) of this title;
(14) THE STATE SHARE OF FUNDING FOR COMPENSATORY EDUCATION UNDER § 5-207 OF THIS SUBTITLE;
(15) THE STATE SHARE OF FUNDING FOR STUDENTS WITH LIMITED ENGLISH PROFICIENCY UNDER § 5-208 OF THIS SUBTITLE;
(16) THE STATE SHARE OF FUNDING FOR SPECIAL EDUCATION UNDER § 5-209 OF THIS SUBTITLE; AND
(17) THE GUARANTEED TAX BASE PROGRAM UNDER § 5-210 OF THIS SUBTITLE.
(d) Except as provided in this section, the Comptroller may not charge against and pay from the General State School Fund any appropriations made to accomplish the purposes of § 5-301(a), (b), or (d) of this title.
(e) (1) For the purposes of calculating the local share OF THE FOUNDATION PROGRAM under § 5-202 of this subtitle and regardless of the source of the funds, all funds that a county board or the Mayor and City Council of Baltimore City are authorized to expend for schools may be considered as levied by the county council, board of county commissioners, or the Mayor and City Council of Baltimore except for:
(i) State appropriations;
1 (ii) Federal education aid payments; and
2 (iii) The amount of the expenditure authorized for debt service and
3 capital outlay.
4 (2) Except as provided in this section, these appropriations to a county,
5 academy, college, or university may not be paid from the General State School Fund.

5 5-202.
7 (a) (1) In this section the following words have the meanings indicated.
8 (2) "ANNUAL PER PUPIL FOUNDATION AMOUNT" MEANS:
9 (I) FOR FISCAL YEARS 2003 2004 THROUGH 2006 2008, THE SUM,
10 ROUNDED TO THE NEAREST DOLLAR, OF:
11 1. THE FISCAL YEAR 2002 PER PUPIL FOUNDATION AMOUNT
12 OF $4,124; AND
13 2. THE PRODUCT OF THE DIFFERENCE BETWEEN THE
14 TARGET PER PUPIL FOUNDATION AMOUNT AND $4,124 AND:
15 A. 0.25 0.40 IN FISCAL YEAR 2003 2004;
16 B. 0.45 0.52 IN FISCAL YEAR 2004 2005;
17 C. 0.65 0.71 IN FISCAL YEAR 2005 2006; AND
18 D. 0.85 0.83 IN FISCAL YEAR 2006 2007; AND
19 (II) FOR FISCAL YEAR 2007 2008 AND EACH FISCAL YEAR
20 THEREAFTER, THE TARGET PER PUPIL FOUNDATION AMOUNT.

21 (3) (i) "Assessed valuation of real property" means the most recent
22 estimate made by the State Department of Assessments and Taxation before the
23 annual State budget is submitted to the General Assembly, of the assessed value of
24 real property for State purposes as of July 1 of the first completed fiscal year before
25 the school year for which the calculation of State aid is made under this section.

26 (ii) In all assessable bases, for the purpose of this paragraph,
27 preferentially assessed agricultural land shall be included at 50 percent of farm use
28 valuation as determined in accordance with farm use assessment standards
29 established by the Department of Assessments and Taxation.

30 (3) (i) "Basic current expenses" means expenditures for elementary
31 and secondary education for a fiscal year calculated as follows:
32 1. Statewide aggregate expenditures from the current
33 expense fund for administration, instruction, public school special education
programs, student personnel services, health services, operation of plant, and
maintenance of plant;

2. Plus statewide aggregate expenditures from the current
expense fund for fixed charges (including employee benefits), additional equipment,
and replacement equipment, to the extent these expenditures relate to the
expenditure categories in item 1 of this subparagraph; and

3. Minus the statewide aggregate of all State and federal
funds for elementary and secondary education supporting the expenditures in items 1
and 2 of this subparagraph, except the State share of basic current expenses.

(ii) "Basic current expenses" does not include expenditures for
adult education, community services, pupil transportation, capital outlay, or outgoing
transfers, or expenditures reported in the Food Service Fund, the Student Body
Activities Fund, the School Construction Fund, or the Debt Service Fund.]

(5) "FOUNDATION PROGRAM" MEANS THE PRODUCT OF THE ANNUAL
PER PUPIL FOUNDATION AMOUNT AND A COUNTY'S FULL-TIME EQUIVALENT
ENROLLMENT.

(7) "LOCAL CONTRIBUTION RATE" MEANS THE FIGURE THAT IS
CALCULATED AS FOLLOWS:

(I) MULTIPLY THE STATEWIDE FULL-TIME EQUIVALENT
ENROLLMENT BY $624, AND MULTIPLY THIS PRODUCT BY:

1. 0.46 IN FISCAL YEAR 2003 2004;

2. 0.47 IN FISCAL YEAR 2004 2005;

3. 0.48 IN FISCAL YEAR 2005 2006;

4. 0.49 IN FISCAL YEAR 2006 2007; AND

5. 0.50 IN FISCAL YEAR 2007 2008 AND EACH FISCAL YEAR
THEREAFTER;

(II) MULTIPLY THE STATEWIDE FULL-TIME EQUIVALENT
ENROLLMENT BY $1,750, WHICH IS EQUAL TO THE PRODUCT OF 0.50 AND THE
DIFFERENCE BETWEEN $4,124 AND $624;

(III) MULTIPLY THE STATEWIDE FULL-TIME EQUIVALENT
ENROLLMENT BY THE AMOUNT THAT THE ANNUAL PER PUPIL FOUNDATION
AMOUNT EXCEEDS $4,124 $624, AND MULTIPLY THIS PRODUCT BY: 0.50.

1. 0.51 IN FISCAL YEAR 2003;

2. 0.52 IN FISCAL YEAR 2004;

3. 0.53 IN FISCAL YEAR 2005;
4. 0.54 in fiscal year 2006; and
5. 0.55 in fiscal year 2007 and each fiscal year thereafter.

(IV) (III) Add the three two products calculated in items (I) through (III) and (II) of this paragraph, and divide the resulting sum by the sum of the wealth of all of the counties in this state; and

(V) (IV) Round the result obtained in item (IV) (III) of this paragraph to seven decimal places and express as a percent with five decimal places.

(8) "Local share of the foundation program" means the product of the local contribution rate and a county's wealth.

(9) "Net taxable income" means the amount certified by the State Comptroller for the second completed calendar year before the school year for which the calculation of State aid under this section is made, based on tax returns filed on or before September 1 after this calendar year.

(10) "Personal property" includes:

(I) Tangible personal property;
(II) Railroad property;
(III) Public utility personal property; and
(IV) Public utility shares means all property classified as personal property under § 8-101(c) of the tax - property article.

(11) "Real property" includes:

(i) Any interest in land or improvements to land;
(ii) Land and nonoperating property of railroads and public utilities; and
(iii) Operating property of public utilities classified as real property by the Department of Assessments and Taxation means all property classified as real property under § 8-101(b) of the tax - property article.

(12) "Assessed value of personal property" means the [assessed valuation for county purposes of tangible personal property, railroad property, public utility personal property, and public utility shares] most recent estimate by the State Department of Assessments and Taxation before the annual State budget is submitted to the General Assembly of the assessed value for county purposes of personal property as of July 1 of the first completed fiscal year before the school year for which the calculation is made under this section.
"Full-time equivalent enrollment" means the sum of:

(i) All the number of students enrolled in grades 1 through 12 or their equivalent in regular day school programs on September 30 of the previous school year;

(ii) One half of the number of students enrolled in kindergarten programs on September 30 of the previous school year, except that in Garrett County the full number of kindergarten students is included; and except as provided in item (iii) of this paragraph, the product of the number of students enrolled in kindergarten programs on September 30 of the prior school year and:

1. 0.60 in fiscal year 2003;
2. 0.70 in fiscal year 2004;
3. 0.80 in fiscal year 2005;
4. 0.90 in fiscal year 2006; and
5. 1.00 in fiscal year 2007 and each fiscal year thereafter;

(iii) In Garrett County, the number of students enrolled in kindergarten programs on September 30 of the prior school year;

(iv) The number of full-time equivalent students, as determined by a regulation of the Department, enrolled in evening high school programs during the previous school year.

"State share of the foundation program" means the greater of:

(I) The difference between the foundation program and the local share of the foundation program; and

(II) The product of 15% of the result obtained by multiplying the annual per pupil foundation amount by the county's full-time equivalent enrollment, and multiplying this product by:

1. 0.25 in fiscal year 2004;
2. 0.24 in fiscal year 2005;
3. 0.22 in fiscal year 2006;
4. 0.19 in fiscal year 2007; and
5. 0.15 in fiscal year 2008 and each fiscal year thereafter.
(13) "TARGET PER PUPIL FOUNDATION AMOUNT" MEANS:

(I) IN FISCAL YEAR 2003, $5,634; 2004, $5,730; AND

(II) IN SUBSEQUENT FISCAL YEARS:

1. THE TARGET PER PUPIL FOUNDATION AMOUNT FOR THE PRIOR FISCAL YEAR INCREASED BY THE SAME PERCENTAGE AS THE INCREASE IN THE IMPLICIT PRICE DEFlator FOR STATE AND LOCAL GOVERNMENT EXPENDITURES FOR THE SECOND PRIOR FISCAL YEAR; OR

2. IF THERE IS NO INCREASE IN THE IMPLICIT PRICE DEFlator FOR STATE AND LOCAL GOVERNMENT EXPENDITURES FOR THE SECOND PRIOR FISCAL YEAR, THE TARGET PER PUPIL FOUNDATION AMOUNT FOR THE PRIOR FISCAL YEAR.

[(8)] (14) "Wealth" means the sum of:

(i) Net taxable income;

(II) 100 PERCENT OF THE ASSESSED VALUE OF THE OPERATING REAL PROPERTY OF PUBLIC UTILITIES;

(iii) 40 percent of the assessed valuation of real property; and

(iii) 50 percent of assessed value of personal property.

[(9) For calculation of State aid under this section, the percentage of assessed value of personal property as of July 1 of the first completed fiscal year before the school year for which the calculation is made shall be used.

(10) "Chapter 1 eligible count" means the number of children eligible to receive services under the provisions of Chapter 1 of the Hawkins-Stafford Elementary and Secondary School Improvement Amendments of 1988 as determined by the U.S. Department of Education.

(11) "Dedicated compensatory funds" means funds allocated by subsection (e)(3) of this section.

(12) "Basic current expenses per pupil" means the basic current expenses for a fiscal year divided by the statewide full-time equivalent enrollment on September 30 of the fiscal year.

(i) $2,976 for fiscal year 1993; and

(ii) The average of the basic current expenses per pupil for the third and fourth preceding fiscal years multiplied by 0.75 for fiscal year 1994 and for each fiscal year thereafter, as calculated by the Department on or before July 1 prior to the fiscal year.]
(b) [(1) Each county board and the Mayor and City Council of Baltimore City shall receive from the State, in the manner and subject to the limitations under this section, an amount for each school year to be known as the "State share of basic current expenses" for each county, which shall be calculated as indicated in this subsection.

(2) (i) The basic current expenses to be shared shall equal the per pupil basic current expense figure multiplied by full-time equivalent enrollment.]]

SUBJECT TO THE OTHER PROVISIONS OF THIS SECTION, EACH YEAR THE STATE SHALL DISTRIBUTE THE STATE SHARE OF THE FOUNDATION PROGRAM TO EACH COUNTY BOARD.

[(ii) 1.

(C) (1) If State aid for public elementary and secondary education exceeds 31.5% of the projected general funds of the State in any fiscal year, then the amount required for the ANNUAL per pupil [basic current expense figure] FOUNDATION AMOUNT may not be implemented for the next fiscal year unless the General Assembly, at the regular session immediately preceding that next fiscal year, affirms by joint resolution that the additional State aid required using the ANNUAL per pupil [basic current expense figure] FOUNDATION AMOUNT is within the State's fiscal resources.

2.

As provided under [item 1 of this subparagraph] PARAGRAPH (1) OF THIS SUBSECTION, if State aid for public elementary and secondary education exceeds the percentage amount specified and a joint resolution of affirmation is not enacted by the General Assembly, then the ANNUAL per pupil [basic current expense figure] FOUNDATION AMOUNT in which the State shall share for the next fiscal year shall be the lesser of the ANNUAL per pupil [basic current expense figure] FOUNDATION AMOUNT for the fiscal year or an amount equal to 108 percent of the prior year's ANNUAL per pupil [basic current expense figure] FOUNDATION AMOUNT.

3.

By January 14 of each year, the Department of Legislative Services shall calculate State aid as a percentage of the projected State General Fund revenues for the current fiscal year. State aid shall include State funds provided to the county boards whether pursuant to formula or on a grant basis and State payments on behalf of the county boards such as retirement and debt service for State bonds for school construction.

(3) (i) In this paragraph, "enrollment" means the full-time equivalent enrollment used in calculating the current expense aid for a county.

(ii) (D) (1) To be eligible to receive the State share of [basic current expenses] THE FOUNDATION PROGRAM:

1. (I) The county governing body shall levy an annual tax sufficient to provide an amount of revenue for elementary and secondary public education purposes equal to the [product of the wealth of the county and a local contribution rate determined for each fiscal year] LOCAL SHARE OF THE FOUNDATION PROGRAM; and
The county governing body shall appropriate local funds to the school operating budget in an amount no less than the product of the county's full-time equivalent enrollment for the current fiscal year and the local appropriation on a per pupil basis for the prior fiscal year.

Except as provided in paragraph (3) of this subsection, for purposes of this subsection the local appropriation on a per pupil basis for the prior fiscal year for a county is derived by dividing the county's highest local appropriation to its school operating budget for the prior fiscal year by the county's full-time equivalent enrollment for the prior fiscal year. For example, the calculation of the foundation aid for fiscal year 1985 shall be based on the highest local appropriation for the school operating budget for a county for fiscal year 1984. Program shifts between a county operating budget and a county school operating budget may not be used to artificially satisfy the requirements of this paragraph.

For purposes of this subsection, for fiscal year 1997 and each subsequent fiscal year, the calculation of the county's highest local appropriation to its school operating budget for the prior fiscal year shall exclude:

A nonrecurring cost that is supplemental to the regular school operating budget, if the exclusion qualifies under regulations adopted by the State Board; and

A cost of a program that has been shifted from the county school operating budget to the county operating budget.

The county board must present satisfactory evidence to the county government that any appropriation under paragraph (1) of this subsection is used only for the purpose designated by the county government in its request for approval.

Any appropriation that is not excluded under this subsection as a qualifying nonrecurring cost shall be included in calculating the county's highest local appropriation to its school operating budget.

Qualifying nonrecurring costs, as defined in regulations adopted by the State Board, shall include but are not limited to:

Computer laboratories;

Technology enhancement;

New instructional program start-up costs; and

Books other than classroom textbooks.
The provisions of this [paragraph] SUBSECTION do not apply to a county if the county is granted a temporary waiver or partial waiver from the provisions by the State Board of Education based on a determination that the county's fiscal condition significantly impedes the county's ability to fund the maintenance of effort requirement.

After a public hearing, the State Board of Education may grant a waiver under this [subparagraph] PARAGRAPH in accordance with its regulations.

In order to qualify for the waiver under this [subparagraph] PARAGRAPH for a fiscal year, a county shall make a request for a waiver to the State Board of Education by April 1 of the prior fiscal year.

The State Board of Education shall inform the county whether the waiver for a fiscal year is approved or denied in whole or in part by May 15 of the prior fiscal year.

The local contribution rate is calculated as follows:

(i) Multiply the full-time equivalent enrollment by $624, and multiply this product by 0.45.

(ii) Multiply the full-time equivalent enrollment by the amount that the per pupil basic current expense figure exceeds $624 and multiply this product by 0.50.

(iii) Add the two products arrived at in subparagraphs (i) and (ii) of this paragraph, and divide the resulting sum by the sum of the wealth of all of the counties in this State.

(iv) The resulting quotient, rounded to 7 decimal places, and expressed as a percent with 5 decimal places, is the local contribution rate.

Except as provided in subparagraph (ii) of this paragraph, the State share of basic current expenses for each county is the difference between the county share calculated under paragraph (3) of this subsection and the basic current expense to be shared, as indicated in paragraph (2) of this subsection.

If the State share of basic current expenses, as calculated under subparagraph (i) of this paragraph, is less than the product of $60 and the county's full-time equivalent enrollment, the State share of basic current expenses for the county shall be the product of $60 and the county's full-time equivalent enrollment.

IN FISCAL YEAR 2003, THE STATE SHALL DISTRIBUTE A PARTNERSHIP GRANT OF $31,709,286 TO THE NEW BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS.
IN FISCAL YEAR 2004, THE STATE SHALL DISTRIBUTE A PARTNERSHIP GRANT OF $28,186,032 TO THE NEW BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS.

IN FISCAL YEAR 2005, THE STATE SHALL DISTRIBUTE A PARTNERSHIP GRANT OF $21,139,524 TO THE NEW BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS.

IN FISCAL YEAR 2006, THE STATE SHALL DISTRIBUTE A PARTNERSHIP GRANT OF $14,093,016 TO THE NEW BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS.

FOR FISCAL YEAR 2004, THE STATE SHARE OF THE FOUNDATION PROGRAM SHALL BE ADJUSTED TO REFLECT REGIONAL DIFFERENCES IN THE COST OF EDUCATION THAT ARE DUE TO FACTORS OUTSIDE THE CONTROL OF LOCAL JURISDICTIONS, BY INCREASING THE STATE SHARE OF THE FOUNDATION PROGRAM OTHERWISE DETERMINED FOR THE FOLLOWING COUNTIES BY:

1% FOR ANNE ARUNDEL COUNTY;
3% FOR BALTIMORE CITY;
3% FOR HOWARD COUNTY; AND
4% FOR MONTGOMERY COUNTY.

FOR FISCAL YEAR 2005 AND EACH FISCAL YEAR THEREAFTER, THE STATE SHARE OF THE FOUNDATION PROGRAM SHALL BE ADJUSTED TO REFLECT REGIONAL DIFFERENCES IN THE COST OF EDUCATION THAT ARE DUE TO FACTORS OUTSIDE THE CONTROL OF LOCAL JURISDICTIONS.

THE STATE DEPARTMENT SHALL CONTRACT WITH A PRIVATE ENTITY NO LATER THAN SEPTEMBER 30, 2002 TO CONDUCT A STUDY TO:

DEVELOP A MARYLAND SPECIFIC GEOGRAPHIC COST OF EDUCATION INDEX TO BE IMPLEMENTED NO LATER THAN FISCAL YEAR 2005; AND

PROVIDE RECOMMENDATIONS AS TO HOW THE INDEX SHOULD BE USED TO ADJUST STATE EDUCATION FUNDING.

Any employer Social Security contributions required by federal law for any employee of a county board or local school system shall remain the obligation of the employer.

Each county board and the Mayor and City Council of Baltimore City shall receive from the State, in the manner and subject to the limitations under this section, an amount for each school year to be known as the "compensatory education funds", which shall be calculated as indicated in this subsection.
For each fiscal year, the compensatory education funds program level is the product of 25 percent of the per pupil basic current expense figure for the current fiscal year, rounded down to the nearest dollar, and the statewide Chapter 1 eligible count for the prior fiscal year.

The amount to be provided to each county under this program is determined as follows:

1. For each fiscal year, the product of the Chapter 1 eligible count for the prior fiscal year for each county and the equivalent of 25 percent of the per pupil basic current expense figure for the current fiscal year, rounded down to the nearest dollar.

2. This product shall be divided by the ratio, rounded to 7 decimal places, of county wealth per county full-time equivalent enrollment to statewide wealth per full-time equivalent enrollment.

3. These results shall be multiplied by a factor rounded to 7 decimal places and calculated by dividing the compensatory education funds program level by the sum of the quotients determined in item 2 of this subparagraph.

The compensatory education funds shall be used for expenses of instruction except that a county must expend no less than the amount provided in subparagraph (ii) of this paragraph to provide dedicated compensatory programs for children with special education needs that have resulted from educationally disadvantaged environments.

For each fiscal year, the amount required to be expended by a county under subparagraph (i) of this paragraph is the sum of:

1. The product of $70 multiplied by its Chapter 1 eligible count for the prior fiscal year; and

2. The product of 25 percent of a county's increased State aid for the current fiscal year over the fiscal year 1985 level under this program.

The county superintendent for any county qualifying for compensatory education funds under this subsection shall secure the approval of the State Superintendent for plans that outline the use of the dedicated compensatory funds and shall meet any other requirements established by the State Board of Education for use of these funds.

The State Board shall advise the Accountability Task Force as to any county that does not comply with the requirements established by the State Board for the use of the funds.

If, because of changes from one fiscal year to the next in the statewide full-time equivalent enrollment or the statewide Chapter 1 eligible count, the compensatory education funds allocated to a county under this section is calculated to be less than 85 percent of the allocation to the county in the prior fiscal
year, the funds for the county shall be increased to 85 percent of the prior fiscal year amount.

(f) (1) An amount as determined in paragraph (2) of this subsection shall annually be set aside from the State shares of basic current expense aid to each county; these amounts are to be utilized for career and technology education programs in accordance with guidelines adopted by the State Board of Education. These funds shall not be used to supplant local contributions for career and technology education programs. A county board of education shall maintain its fiscal effort on either a per student basis or on an aggregate basis for career and technology education, compared with the amount expended in the previous fiscal year, to be eligible to receive its career and technology set-aside from basic current expense aid.

(2) The career and technology set-asides from basic current expense aid for each subdivision are calculated as follows for each county:

(i) The number of full-time equivalent students in grades 10 through 12 enrolled in career and technology education programs in each county on September 30 of the previous year is divided by the statewide number of full-time equivalent students in grades 10 through 12 enrolled in career and technology education programs on September 30 of the previous school year.

(ii) The quotient derived in (i) is multiplied by $3.9 million.

(iii) As determined under subsection (b) of this section, the State per pupil current expense aid in each county is divided by the statewide average per pupil basic current expense aid to determine an equalizing factor. The equalizing factor for each county is multiplied by the product derived in (ii) to determine the unadjusted set-aside for career and technology education.

(iv) $3.9 million is divided by the sum of the unadjusted set-asides for all counties derived in (iii) and this quotient is rounded to 7 decimal places to determine the adjustment factor.

(v) Each county's unadjusted set-aside for career and technology education as derived in (iii) is multiplied by the adjustment factor derived in (iv). The resulting product is the set-aside from basic current expense aid for career and technology education for the county.

(H) (1) The Montgomery County Board shall provide from the Montgomery County Public Schools Employees' Pension System Trust the supplemental retirement allowance required under paragraph (2) of this subsection.

(2) (i) The Montgomery County Board, through the Montgomery County Public Schools Employees' Pension System Trust, shall pay a supplemental retirement allowance to an employee of the County Board who retires on or after July 1, 1999, as a member of the Teachers' Pension System of the State of Maryland.
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(ii) The supplemental retirement allowance shall equal the product of the member's years of creditable service earned in the Montgomery County public schools employees' pension system times the sum of:

1. 0.08% of the retiree's average final compensation that does not exceed the Social Security integration level; and

2. 0.15% of the retiree's average final compensation that exceeds the Social Security integration level.

5-203.

(a) In this section, "Agency" means the State Retirement Agency.

(b) (1) The Agency may at any time examine the records of local school systems to determine whether the State's payments for retirement contributions for employees of the school systems are in accordance with the provisions of Division II of the State Personnel and Pensions Article.

(2) IN MAKING THE DETERMINATION UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE AGENCY SHALL INCLUDE AS EMPLOYEES ELIGIBLE FOR STATE PAYMENT OF RETIREMENT CONTRIBUTIONS THOSE EMPLOYEES:

(I) WHOSE SALARIES ARE FUNDED BY STATE OR LOCAL AID, WHETHER GENERAL OR CATEGORICAL IN NATURE; AND

(II) WHO ARE MEMBERS OF THE TEACHERS' PENSION SYSTEM OR TEACHERS' RETIREMENT SYSTEM.

5-205.

(a) [For fiscal year 1993, grants in the following amounts shall be distributed] THE STATE SHALL DISTRIBUTE GRANTS AS PROVIDED UNDER THIS SECTION to the county boards to provide transportation services for public school students and [handicapped] DISABLED children for whom transportation is to be provided under § 8-410 of this article. Appropriations for student transportation shall be budgeted in a separate budget category as provided in § 5-101 of this article. If the amount that is appropriated to a county under this section in a fiscal year is more than the actual cost of providing student transportation services in that county, a county board [or the Board of School Commissioners of Baltimore City] may apply any excess funds to costs of pupil transportation in subsequent years. None of these funds may be paid to or claimed by any subdivision, nor may any of these funds be reverted to any subdivision. A county board [or the Board of School Commissioners of Baltimore City] may not transfer State revenues from the student transportation category to any other category as a result of this section.

(b) IN FISCAL YEAR 2003, THE STATE SHALL DISTRIBUTE BASE GRANTS FOR STUDENT TRANSPORTATION TO COUNTY BOARDS IN THE FOLLOWING AMOUNTS:
FOR THE PURPOSE OF CALCULATING THE 2004 BASE GRANTS FOR STUDENT TRANSPORTATION TO COUNTY BOARDS, THE FOLLOWING AMOUNTS SHALL BE USED AS THE FISCAL YEAR 2003 BASE GRANT AMOUNTS:

1. Allegany: [$1,980,822] $2,838,327
2. Anne Arundel: [8,425,949] $12,716,216
3. Baltimore City: [7,190,970] $10,303,967
5. Calvert: [1,416,467] $3,294,141
6. Caroline: [1,006,102] $1,580,176
8. Cecil: [1,804,270] $2,997,774
10. Dorchester: [1,019,763] $1,465,299
11. Frederick: [3,190,417] $6,620,447
12. Garrett: [1,316,631] $1,886,605
13. Harford: [4,243,590] $7,277,627
15. Kent: [682,517] $985,359
16. Montgomery: [9,288,324] $18,663,456
17. Prince George's: [13,405,820] $21,018,217
18. Queen Anne's: [1,124,034] $1,952,856
20. Somerset: [793,869] $1,143,107
21. Talbot: [639,498] $981,334
22. Washington: [2,592,124] $3,784,100
23. Wicomico: [1,905,063] $3,001,531
24. Worcester: [1,159,874] $1,856,978
[b] (C) (1) In this subsection, "full-time equivalent enrollment" [means
the full-time equivalent enrollment used to calculate the State share of basic current
expenses for a fiscal year under] HAS THE MEANING STATED IN § 5-202 of this
subtitle.

(2) Subject to the limitations under paragraph (3) of this subsection, for
fiscal year [2001] 2004 and every year thereafter the amount of [the] A COUNTY'S
BASE grant FOR STUDENT TRANSPORTATION shall be equal to the amount of the
COUNTY'S BASE grant FOR STUDENT TRANSPORTATION for the previous year
increased by the same percentage as the increase in the private transportation
category of the Consumer Price Index for all urban consumers, for the
Washington-Baltimore metropolitan area, as of July of the fiscal year preceding the
year for which the amount is being calculated, plus an additional amount equal to the
product of:

(i) The total [State grant for school] AMOUNT OF FUNDS
DISTRIBUTED BY THE STATE AS BASE GRANTS FOR STUDENT transportation for the
previous fiscal year divided by the STATEWIDE full-time equivalent enrollment for
the previous fiscal year; and

(ii) [For fiscal year 1999 and each fiscal year thereafter, the] THE
difference between the full-time equivalent enrollment in a county for the current
fiscal year and the full-time equivalent enrollment in the county for the previous
year, or, if the full-time equivalent enrollment in a county for the current fiscal
year is less than the full-time equivalent enrollment in the county for the previous
fiscal year, zero.

(3) The increase in the amount of [the] A BASE grant FOR STUDENT
TRANSPORTATION that is based on the increase in the private transportation category
of the Consumer Price Index may not be less than 3 percent nor more than 8 percent
of the amount of the grant for the previous year.

[c] (D) For each fiscal year, in addition to the BASE grant FOR STUDENT
TRANSPORTATION provided under subsections [(a) and] (b) AND SUBSECTION(C) of
this section, a [handicapped] DISABLED student transportation grant shall be
distributed to each county board. The amount of the grant to each board shall be
[$500 times] EQUAL TO THE PRODUCT OF the number of [handicapped] DISABLED
students requiring special transportation services who are transported by the county
board [in excess of the number transported during the 1980-1981 school year] IN
THE SECOND PRIOR FISCAL YEAR AND:

(1) $600 IN FISCAL YEAR 2003 2004;
(2) $700 IN FISCAL YEAR 2004 2005;
(3) $800 IN FISCAL YEAR 2005 2006;
(4) $900 IN FISCAL YEAR 2006 2007; AND
(E) For the purposes of determining the amount of the grant provided under subsection [(c)] (D) of this section, the State Board shall develop a procedure and adopt regulations for determining the number of [handicapped] DISABLED students transported in each jurisdiction [in excess of the number transported in the 1980-1981 school year] IN THE SECOND PRIOR FISCAL YEAR.

(F) The State Board shall adopt rules and regulations that provide for the safe operation of the student transportation system of each county board of education.

5-206.

(a) This section may be cited as the School Accountability Funding for Excellence Program.

(b) (1) In this section the following words have the meanings indicated.

(2) "Full-time equivalent enrollment" has the meaning provided in § 5-202 of this subtitle.

(3) "Non- and limited-English proficient student" means a student identified as non- or limited-English proficient under the Maryland State Department of Education's Maryland School Performance Program reporting requirements. This definition should be consistent with federal guidelines for the identification of students with limited English proficiency, as defined by the following criteria: the student was born outside of the United States or whose native language is not English; the student comes from an environment where a language other than English is dominant; or the student is an American Indian or Alaskan native and comes from an environment where a language other than English has had a significant impact on his/her level of English language proficiency.

(4) "Non- and limited-English proficient student count" means the number of non- and limited-English proficient students as of May 15 of a school year.

(5) "Wealth" has the meaning provided in § 5-202 of this subtitle.

(c) (1) Beginning in fiscal year 1995, the Department shall distribute annually to each county board a grant for the purpose of providing instruction and services to non- and limited-English proficient students.

(2) (i) In fiscal year 1995, the amount of the grant shall be distributed on the basis of the non- and limited-English proficient student count for the school year prior to the fiscal year for which the appropriation is provided.

(ii) For fiscal year 1996 through fiscal year 1998, the Governor shall include in the State budget funding for the grant, in an amount at least equal to
$500 times the non- and limited-English proficient student count for the second preceding school year prior to the fiscal year for which the appropriation is provided.

(iii) For fiscal year 1999 and every fiscal year thereafter, the Governor shall include in the State budget funding for the grant in an amount at least equal to $1,350 times the non- and limited-English proficient student count for the second preceding school year prior to the fiscal year for which the appropriation is provided.

(3) To be eligible to receive the grants provided under paragraph (2) of this subsection, a county board shall:

(i) Have programs for providing instruction and services to non- and limited-English proficient students that are approved by the Department; and

(ii) In accordance with Department guidelines, annually evaluate non- and limited-English proficient students in listening, speaking, reading, and writing English to determine eligibility.

(4) (i) The Department shall establish guidelines for programs and grant eligibility for non- and limited-English proficient students.

(ii) The Department and the State Board shall report annually to the General Assembly, subject to § 2-1246 of the State Government Article, on the assessment process and effectiveness of programs for non- and limited-English proficient students.

(5) A county board shall expend the State funds received under this subsection for programs for non- and limited-English proficient students and shall report annually to the Department on the actual expenditures of the State funds received under this section.

(d) (1) Each county board shall receive from the State, in the manner and subject to the limitations under this section, an amount for each school year to be known as the "Targeted Improvement Grant", which shall be calculated as provided in this subsection.

(2) For each fiscal year, the Targeted Improvement Grant funding level shall be the product of 2.5 percent of the per pupil basic current expense figure for the current fiscal year, rounded to the nearest dollar, and 85 percent of the statewide free and reduced price meal eligible count for the second prior fiscal year.

(3) The amount to be provided under this Program to a county in a fiscal year shall be:

(i) The product of 85 percent of the free and reduced price meal eligible count for the second prior fiscal year for each county and 2.5 percent of the per pupil basic current expense figure for the current fiscal year rounded to the nearest dollar; divided by...
2. The ratio, rounded to seven decimal places, of county wealth per county full-time equivalent enrollment to statewide wealth per full-time equivalent enrollment; multiplied by

(ii) A factor, rounded to seven decimal places, calculated by dividing the Targeted Improvement Grant funding level by the sum of quotients determined in item (i)2 of this paragraph.

(4) (i) The Targeted Improvement Grant funds shall be used to provide supplemental funds to schools or specific structured after-school or summer activities in which 25 percent or more of the students receive free and reduced price meals.

(ii) A local school system shall distribute funds to these priority areas based on its local comprehensive plan described in subsection (i) of this section to increase the performance of students at risk of academic failure.

(e) (1) For fiscal year 1999 and every fiscal year thereafter, each school with a free or reduced price student meal count of 25 percent or more of its student population shall receive an $8,000 grant to enhance teacher development in dealing with at-risk students.

(2) Beginning in fiscal year 1999, the Governor shall include in each year's operating budget not less than the amount appropriated in fiscal year 1998 for the Baltimore County Teacher Mentoring Program. In addition to that amount, the Baltimore County Teacher Mentoring Program shall receive $5,000,000 annually to enhance its teacher mentoring program as a pilot to determine best practices for mentoring teachers working with at-risk students and addressing teacher retention in schools with high at-risk student populations.

(3) For fiscal year 1999 and every fiscal year thereafter, the Governor shall include in each year's operating budget $2 million to fund a teacher mentoring program in Prince George's County which shall be modeled after the Baltimore County Teacher Mentoring Program.

(4) To the extent funds are provided in the State budget or are available from other sources for this purpose, the Department and each public school system shall expand existing professional development programs for school-based administrators and principals and develop new programs to assist these individuals in dealing with at-risk students.

(f) (1) Beginning in fiscal year 1999, the Governor shall include in each year's operating budget not less than the amount appropriated in fiscal year 1998 for the extended elementary education program. In addition to that amount, the following additional funds shall be provided annually to county boards as follows:

(i) Allegany County ......................................................... $ 57,541

(ii) Anne Arundel County.................................................. 200,241
(iii) Baltimore City ......................................................... 694,491
(iv) Baltimore County ....................................................... 100,759
(v) Calvert County ......................................................... 143,029
(vi) Caroline County ....................................................... 51,770
(vii) Carroll County ......................................................... 14,270
(viii) Cecil County ......................................................... 162,011
(ix) Charles County ....................................................... 144,439
(x) Dorchester County ..................................................... 70,036
(xi) Frederick County ...................................................... 180,082
(xii) Garrett County ....................................................... 36,312
(xiii) Harford County ...................................................... 174,311
(xiv) Howard County ...................................................... 72,500
(xv) Kent County ......................................................... 55,541
(xvi) Montgomery County ............................................... 313,759
(xvii) Prince George's County ......................................... 336,226
(xviii) Queen Anne's County ........................................... 59,426
(xix) St. Mary's County .................................................. 261,134
(xx) Somerset County ................................................... 39,729
(xxi) Talbot County ....................................................... 20,541
(xxii) Washington County .............................................. 103,416
(xxiii) Wicomico County ............................................... 22,541
(xxiv) Worcester County ............................................... 51,656

(2) In addition to the funds provided in paragraph (1) of this subsection, a total of $1,000,000 shall be provided annually to local school systems to address early intervention for targeted 4-year-old populations whose needs are not fully met by the existing extended elementary education programs. The State Superintendent shall release these funds to local school systems based on the submission and approval of comprehensive plans described in subsection (i) of this section. Funds shall be provided as follows:
(i) Allegany ................................................................. $ 18,315
(ii) Anne Arundel..............................................................67,765
(iii) Baltimore City..............................................................219,779
(iv) Baltimore ................................................................. 62,270
(v) Calvert................................................................. 23,810
(vi) Caroline ................................................................. 16,484
(vii) Carroll ................................................................. 9,158
(viii) Cecil ................................................................. 42,125
(ix) Charles................................................................. 54,945
(x) Dorchester................................................................. 21,978
(xi) Frederick ................................................................. 42,125
(xii) Garrett ................................................................. 16,484
(xiii) Harford ................................................................. 40,293
(xiv) Howard ................................................................. 12,821
(xv) Kent................................................................. 14,652
(xvi) Montgomery ........................................................... 65,933
(xvii) Prince George's ........................................................... 91,575
(xviii) Queen Anne's ........................................................... 18,315
(xix) St. Mary's.............................................................. 45,788
(xx) Somerset .............................................................. 14,652
(xxi) Talbot .............................................................. 14,652
( xxii) Washington ........................................................... 31,136
( xxiii) Wicomico ........................................................... 40,293
( xxiv) Worcester ........................................................... 14,652

(g) (1) For fiscal year 1999 and every fiscal year thereafter, the Governor
shall include in each year's operating budget funding for the following grants:
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(i) Effective schools programs in Prince George's County - $2,000,000;

(ii) Pilot integrated student support services project in Prince George's County - $1,000,000;

(iii) Provisional teacher certification and teacher development initiatives in Prince George's County - $2,500,000; and

(iv) Provisional teacher certification and teacher development initiatives statewide except in Prince George's County - $500,000.

(2) The State Superintendent shall establish guidelines and criteria that will be used to distribute funds provided in this subsection.

(3) (i) The Prince George's County Board of Education annually shall submit to the Department a plan for the expenditure of funds provided in:

1. Paragraph (1) of this subsection for effective schools programs; and

2. Chapter 105 of the Acts of the General Assembly of 1997 for the Magnet Schools Program, which, notwithstanding any other provision of law, may be directed to support Magnet and other effective schools programs.

(ii) The plan shall include:

1. Funds for academic programs to support research-proven strategies that enhance instruction and student performance; and

2. Strong monitoring and evaluation components.

(iii) The State Superintendent shall review the plan and approve it before releasing the funds each year.

(4) (i) There shall be a performance audit of the Prince George's County public schools conducted by an independent audit firm.

(ii) The Prince George's County Board shall provide the Management Oversight Panel with prior notification of proposed personnel actions related to senior positions and substantial procurement actions, allowing the Management Oversight Panel the opportunity to assess whether the recommendations of the performance audit have been considered.

(iii) The State Superintendent of Schools shall determine which personnel and procurement actions must be submitted to the Management Oversight Panel as provided by [subparagraph (ii) of this paragraph] PARAGRAPH (2) OF THIS SUBSECTION.
B The fiscal 1998 financial audit of the Prince George's County school system shall be performed by an independent auditor and shall include a review of internal financial controls and proper classification of expenditures.

[(6) (i)] (C) (1) There shall be a Management Oversight Panel which shall assist in developing the scope of the performance audit, meet periodically with the auditors to monitor the progress of the performance audit and of the financial audit, review the findings and recommendations of both audits, and monitor implementation of the audits' recommendations [for a five-year period] UNTIL THE STATE SUPERINTENDENT DETERMINES THAT ALL OF THE AUDITS' RECOMMENDATIONS HAVE BEEN ADDRESSED.

[(ii)] (2) The Management Oversight Panel shall consist of nine members jointly appointed by the Governor, the Prince George's County Executive, and the Chairperson of the Prince George's County Board of Education from a list of nominations submitted by the State Board of Education.

[(iii)] (3) The Management Oversight Panel shall be comprised of:

1. (I) Four individuals who have extensive expertise in management or business enterprises;

2. (II) Three individuals who have extensive expertise in the education field; and

3. (III) Two individuals who are parents of students in the Prince George's County public schools, at least one of whom has a child in special education.

[(iv)] (4) A majority of the members of the Management Oversight Panel shall be residents of Prince George's County.

[(v)] (5) The Governor, the Prince George's County Executive, and the Chairman of the Prince George's County Board of Education jointly shall designate a Chairman of the Management Oversight Panel.

[(vi)] (6) The Management Oversight Panel shall assist in developing the scope of a performance audit and shall meet periodically with the Board Chairperson, the County Executive, and the County Council Chairperson to monitor the progress of the audit.

[(vii)] (7) At the conclusion of the performance audit and the financial audit, the Management Oversight Panel shall review the findings and recommendations of the audits and report to the Governor, General Assembly, Prince George's County Council, Prince George's County Executive, and Prince George's County Board of Education:

1. (I) On the audits' findings and recommendations; and
[(8)] (2) The Management Oversight Panel and the county board shall promulgate and publish a protocol for joint communications with, and requests for, information to the County Board and the County Superintendent and shall notify the Prince George's County Senators and the Prince George's County Delegation, the County Executive, the County Council and the State Superintendent of any breaches of that protocol by the Management Oversight Panel, the County Board, or the County Superintendent.

[(ix)] (9) The Management Oversight Panel may meet and deliberate in executive session with the County Board, the County Superintendent, and employees of the County Board to discuss any matter which the Management Oversight Panel and the County Board may separately discuss in executive session.

[(x)] (10) The affirmative vote of the members of the Management Oversight Panel for the passage of a motion by the Management Oversight Panel shall be a majority of the members presently authorized to serve.

[(7)] (D) The State shall provide one-third of the total cost of the performance audit up to $200,000, with release of the funds contingent on appointment of the Management Oversight Panel.

[(8) (i)] (E) (1) There shall be a coordination office with staff appointed by the Management Oversight Panel.

[(ii)] (2) The coordination office shall provide support to the Management Oversight Panel and serve as liaison between the State, Prince George's County, and the Management Oversight Panel for the duration of the five-year period UNTIL THE STATE SUPERINTENDENT DETERMINES THAT ALL OF THE AUDITS' RECOMMENDATIONS HAVE BEEN ADDRESSED.

[(iii)] (3) The State shall fund the total operating costs of the coordination office UP TO A MAXIMUM OF $310,000 EACH FISCAL YEAR.

[(h) (1)] In this subsection, "new local school board funds" means additional funding provided by the local school boards for elementary, middle, and high school libraries in excess of the fiscal 1998 funding provided by the local school boards for elementary, middle, and high school libraries.

[(2)] For fiscal year 1999 and every fiscal year thereafter, the Governor shall include in each year's operating budget a total of $3,000,000 in grants to local school systems for the purpose of enhancing elementary, middle, and high school library programs.

[(3)] In order to receive funds under this subsection, each county board shall match the State grant dollar for dollar with new local school board funds.
(4) To the extent that a local school board does not provide new local school board funds to meet the local match required in paragraph (3) of this subsection, the State grant shall revert to the General Fund.

(5) The State Superintendent shall establish guidelines and criteria for the expenditure of funds under this subsection. In developing guidelines, priority shall be given to updating library book and other resource collections.

(6) For fiscal year 1999 and every fiscal year thereafter, and subject to the provisions of this subsection, school library grants shall be provided to county boards as follows:

<table>
<thead>
<tr>
<th>County</th>
<th>Grant Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegany</td>
<td>$40,266</td>
</tr>
<tr>
<td>Anne Arundel</td>
<td>268,456</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>380,390</td>
</tr>
<tr>
<td>Baltimore</td>
<td>376,316</td>
</tr>
<tr>
<td>Calvert</td>
<td>53,740</td>
</tr>
<tr>
<td>Caroline</td>
<td>20,218</td>
</tr>
<tr>
<td>Carroll</td>
<td>98,518</td>
</tr>
<tr>
<td>Cecil</td>
<td>55,039</td>
</tr>
<tr>
<td>Charles</td>
<td>78,281</td>
</tr>
<tr>
<td>Dorchester</td>
<td>18,382</td>
</tr>
<tr>
<td>Frederick</td>
<td>125,881</td>
</tr>
<tr>
<td>Garrett</td>
<td>19,170</td>
</tr>
<tr>
<td>Harford</td>
<td>139,416</td>
</tr>
<tr>
<td>Howard</td>
<td>147,977</td>
</tr>
<tr>
<td>Kent</td>
<td>10,197</td>
</tr>
<tr>
<td>Montgomery</td>
<td>453,584</td>
</tr>
<tr>
<td>Prince George's</td>
<td>463,151</td>
</tr>
<tr>
<td>Queen Anne's</td>
<td>23,544</td>
</tr>
<tr>
<td>St. Mary's</td>
<td>52,289</td>
</tr>
<tr>
<td>Somerset</td>
<td>11,060</td>
</tr>
</tbody>
</table>
(xxi) Talbot ................................................................. 16,384

(xxii) Washington.......................................................... 72,645

(xxiii) Wicomico ............................................................ 50,492

(xxiv) Worcester............................................................ 24,604

(i) (1) In order to receive any of the funds described in subsections (c) through (g) of this section, a local school system shall submit to the Department and the Department shall have approved a comprehensive plan to increase the performance of at-risk students based on the Department's criteria for measuring student success.

(2) Each comprehensive plan shall integrate funding from State, federal, and local programs targeting students at risk of academic failure in order to deliver a more comprehensive and coordinated program.

(3) Each comprehensive plan shall include a description of the measures that will be used and the process by which data will be collected and evaluated to measure change in student learning and other educational performance attributable to the school accountability funding for excellence program funds.

(4) The State Board shall adopt regulations regarding the information requirements of and the approval process for the comprehensive plans. These regulations shall include detailed time lines for approval of the comprehensive plans by the Department.

(5) Each local school system shall submit to the Department semiannual progress reports that include specific data about the nature and extent of changes in student learning for students participating in the school accountability funding for excellence program. The information gathered through the semiannual reporting shall be used to modify and implement student performance strategies. Each progress report submitted under this paragraph shall include an assessment of student performance using the categories required by the Maryland School Performance Program standards.

(6) The Department shall report annually to the General Assembly, in accordance with § 2-1246 of the State Government Article, on the local comprehensive plans and the effectiveness of the programs in increasing the performance of at-risk students.

(j) (1) Funds appropriated under subsections (c) through (h) of this section may not be used to supplant existing education funding for programs for students at risk of academic failure.

(2) To the extent that a local school system achieves the intended funding level in a particular targeted program for at-risk students, the local school system may divert funds to other targeted programs if the programs are identified in the school system's comprehensive plan and approved by the Department.
(k) Beginning with the fiscal year 1999 State budget, the Governor shall include not less than the amount appropriated in fiscal year 1998 for the Aging School Program, which shall be administered by the Interagency Committee on Public School Construction. In addition to that amount, the following additional funds shall be provided annually to county boards as follows:

(F) In fiscal years 2003 and 2004, the state shall distribute grants to county boards under the Aging Schools Program administered by the Interagency Committee on School Construction in the following amounts:

<table>
<thead>
<tr>
<th>County</th>
<th>2003 Amount</th>
<th>2004 Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegany County</td>
<td>$205,000</td>
<td>$355,000</td>
</tr>
<tr>
<td>Anne Arundel County</td>
<td>$330,000</td>
<td>$570,000</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>$1,515,000</td>
<td>$1,635,000</td>
</tr>
<tr>
<td>Baltimore County</td>
<td>$1,190,000</td>
<td>$2,940,000</td>
</tr>
<tr>
<td>Calvert County</td>
<td>$40,000</td>
<td>$65,000</td>
</tr>
<tr>
<td>Caroline County</td>
<td>$50,000</td>
<td>$85,000</td>
</tr>
<tr>
<td>Carroll County</td>
<td>$205,000</td>
<td>$385,000</td>
</tr>
<tr>
<td>Cecil County</td>
<td>$205,000</td>
<td>$355,000</td>
</tr>
<tr>
<td>Charles County</td>
<td>$40,000</td>
<td>$65,000</td>
</tr>
<tr>
<td>Dorchester County</td>
<td>$40,000</td>
<td>$85,000</td>
</tr>
<tr>
<td>Frederick County</td>
<td>$50,000</td>
<td>$85,000</td>
</tr>
<tr>
<td>Garrett County</td>
<td>$50,000</td>
<td>$85,000</td>
</tr>
<tr>
<td>Harford County</td>
<td>$220,000</td>
<td>$400,000</td>
</tr>
<tr>
<td>Howard County</td>
<td>$40,000</td>
<td>$65,000</td>
</tr>
<tr>
<td>Kent County</td>
<td>$40,000</td>
<td>$65,000</td>
</tr>
<tr>
<td>Montgomery County</td>
<td>$660,000</td>
<td>$1,170,000</td>
</tr>
<tr>
<td>Prince George's County</td>
<td>$550,000</td>
<td>$970,000</td>
</tr>
<tr>
<td>Queen Anne's County</td>
<td>$50,000</td>
<td>$85,000</td>
</tr>
<tr>
<td>St. Mary's County</td>
<td>$50,000</td>
<td>$85,000</td>
</tr>
<tr>
<td>Somerset County</td>
<td>$40,000</td>
<td>$65,000</td>
</tr>
<tr>
<td>Talbot County</td>
<td>$95,000</td>
<td>$155,000</td>
</tr>
</tbody>
</table>
(22) Washington County ...........................................[110,000] $200,000
(23) Wicomico County ............................................[205,000] $355,000
(24) Worcester County ................................................[40,000] $65,000

STATE SHALL DISTRIBUTE A GRANT TO EACH COUNTY BOARD THAT IS EQUAL TO 75%
OF THE AMOUNT RECEIVED BY THE COUNTY BOARD IN FISCAL YEAR 2002 FOR THE
EXTENDED ELEMENTARY EDUCATION PROGRAM.

STATE SHALL DISTRIBUTE A GRANT TO EACH COUNTY BOARD THAT IS EQUAL TO 75%
OF THE AMOUNT RECEIVED BY THE COUNTY BOARD IN FISCAL YEAR 2002 FOR THE
EXTENDED ELEMENTARY EDUCATION PROGRAM.

(a) It is the intent of this section to provide competitive grants to encourage
counties to expand and develop mentoring programs.

(b) Subject to the appropriation of funds in the annual State budget, the State
Superintendent annually shall distribute in accordance with the criteria specified in
subsection (c) of this section competitive grants to county boards for expansion of
mentor programs.

(c) (1) A county board applying for a grant under this section shall submit a
plan for funding to the State Superintendent.

(2) The State Superintendent shall give priority to plans targeting funds
to schools in which 40% of the students receive free or reduced price meals.

(3) In addition to the criteria in paragraph (2) of this subsection, the
State Superintendent shall give priority to plans targeting funds to schools in which:

(i) 50% or more of the teachers have 5 years or less of teaching
experience; or

(ii) Student achievement scores on local, State, and national
assessments are at or below a satisfactory level.

(d) The total grants distributed under this section for any fiscal year may not
exceed $5,000,000.

(a) In this section, “student living in poverty” means a student who qualifies
for a free or reduced price lunch.

(b) The targeted poverty grants shall be distributed as follows:

(1) County boards shall submit to the State Board comprehensive plans
for specific schools to improve educational achievement for students living in poverty.

(2) Upon approval by the State Board of a county’s plans under
paragraph (1) of this subsection, a county board shall receive a share of the funds
available for targeted poverty grants that is proportional to its share of the statewide
number of students living in poverty for the school year prior to the fiscal year for
which the appropriation is provided.

(3) Grants to individual schools may not exceed $1,500 for each student
living in poverty attending the school receiving the grant.

(4) In selecting the schools, the county board shall give priority to schools
with the highest concentration of students living in poverty.

(c) Grants made under this appropriation may not be used to supplant
existing funding for compensatory education programs, as defined in § 5-202(e) of
this subtitle.

(d) For fiscal year 1996 and each fiscal year thereafter, the Governor shall
include in the State budget at least $8,000,000 for targeted poverty grants under this
subsection.]

5-207.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
INDICATED.

(2) "AGGREGATE STATE FUNDING LEVEL FOR THE COMPENSATORY
EDUCATION FORMULA" MEANS THE PRODUCT OF THE COMPENSATORY EDUCATION
PER PUPIL AMOUNT AND THE STATEWIDE COMPENSATORY EDUCATION
ENROLLMENT COUNT.

(3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
PARAGRAPH, "COMPENSATORY EDUCATION ENROLLMENT COUNT" MEANS THE
NUMBER OF STUDENTS ELIGIBLE FOR FREE OR REDUCED PRICE MEALS WHO WERE
ENROLLED ON OCTOBER 31 OF THE SECOND FOR THE
PRIOR FISCAL YEAR.

(II) FOR FISCAL YEAR 2004, "COMPENSATORY EDUCATION
ENROLLMENT COUNT" MEANS THE GREATER OF:

1. THE NUMBER OF STUDENTS ELIGIBLE FOR FREE OR
REDUCED PRICE MEALS FOR THE PRIOR FISCAL YEAR; OR

2. THE NUMBER OF STUDENTS ELIGIBLE FOR FREE OR
REDUCED PRICE MEALS FOR THE SECOND PRIOR FISCAL YEAR.

(4) "COMPENSATORY EDUCATION PER PUPIL AMOUNT" MEANS 97% OF
THE ANNUAL PER PUPIL FOUNDATION AMOUNT CALCULATED UNDER § 5-202 OF
THIS SUBTITLE MULTIPLIED BY THE STATE SHARE OF COMPENSATORY EDUCATION
FUNDING.

(5) "ELIGIBLE FOR FREE OR REDUCED PRICE MEALS" MEANS ELIGIBLE
FOR FREE OR REDUCED PRICE MEALS BASED ON ELIGIBILITY REQUIREMENTS
ESTABLISHED BY THE UNITED STATES DEPARTMENT OF AGRICULTURE.
SENATE BILL 856

"FULL-TIME EQUIVALENT ENROLLMENT" HAS THE MEANING STATED IN § 5-202 OF THIS SUBTITLE.

"LOCAL WEALTH PER PUPIL" MEANS A COUNTY'S WEALTH DIVIDED BY THE COUNTY'S FULL-TIME EQUIVALENT ENROLLMENT.

"STATE SHARE OF COMPENSATORY EDUCATION FUNDING" MEANS:

1. 0.33 in Fiscal Year 2003;
2. 0.35 in Fiscal Year 2004;
3. 0.40 in Fiscal Year 2005;
4. 0.45 in Fiscal Year 2006;
5. 0.50 in Fiscal Year 2007 and Each Fiscal Year Thereafter.

"STATEWIDE WEALTH PER PUPIL" MEANS THE SUM OF THE WEALTH OF ALL COUNTIES DIVIDED BY THE STATEWIDE FULL-TIME EQUIVALENT ENROLLMENT.

"WEALTH" HAS THE MEANING STATED IN § 5-202 OF THIS SUBTITLE.

EACH YEAR THE STATE SHALL DISTRIBUTE COMPENSATORY EDUCATION GRANTS TO COUNTY BOARDS.

THE AMOUNT OF THE COMPENSATORY EDUCATION GRANT DISTRIBUTED TO A COUNTY BOARD SHALL BE CALCULATED AS PROVIDED IN THIS SUBSECTION.

For each county, multiply the compensatory education per pupil amount by the county's compensatory education enrollment count.

For each county, divide the result calculated under paragraph (2) of this subsection by the ratio, rounded to seven decimal places, of local wealth per pupil to statewide wealth per pupil.

For each county, multiply the result calculated under paragraph (3) of this subsection for the county by the result, rounded to seven decimal places, that results from dividing the aggregate state funding level for the compensatory education formula by the sum of all of the results calculated under paragraph (3) of this subsection for all counties.

(D) (1) If the amount calculated under subsection (C)(4) of this section for any county is less than the minimum compensatory education grant amount determined under paragraph (2) of this subsection, the state shall distribute an additional grant to the
COUNTY IN THE AMOUNT BY WHICH THE MINIMUM COMPENSATORY EDUCATION
GRANT AMOUNT EXCEEDS THE RESULT CALCULATED UNDER SUBSECTION (C)(4) OF
THIS SECTION.

(2) FOR PURPOSES OF PARAGRAPH (1) OF THIS SUBSECTION, THE
MINIMUM COMPENSATORY EDUCATION GRANT AMOUNT FOR EACH COUNTY IS THE
RESULT OBTAINED BY MULTIPLYING THE COMPENSATORY EDUCATION PER PUPIL
AMOUNT BY THE COUNTY'S COMPENSATORY EDUCATION ENROLLMENT COUNT, AND
MULTIPLYING THIS PRODUCT BY:

(I) 0.50 FOR FISCAL YEAR 2004;

(II) 0.66 FOR FISCAL YEAR 2005;

(III) 0.70 FOR FISCAL YEAR 2006;

(IV) 0.76 FOR FISCAL YEAR 2007; AND

(V) 0.80 FOR FISCAL YEAR 2008 AND EACH FISCAL YEAR THEREAFTER.

5-208.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
INDICATED.

(2) "AGGREGATE STATE FUNDING FOR THE LEP FORMULA" MEANS THE
PRODUCT OF THE LEP PER PUPIL AMOUNT AND THE STATEWIDE LEP ENROLLMENT
COUNT.

(3) "FULL-TIME EQUIVALENT ENROLLMENT" HAS THE MEANING
STATED IN § 5-202 OF THIS SUBTITLE.

(4) "LEP" MEANS LIMITED ENGLISH PROFICIENCY.

(5) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
PARAGRAPH, "LEP ENROLLMENT COUNT" MEANS THE NUMBER OF STUDENTS WITH
LIMITED ENGLISH PROFICIENCY WHO WERE ENROLLED ON MAY 15 OF THE SECOND
FOR THE PRIOR FISCAL YEAR.

(II) FOR FISCAL YEAR 2004, "LEP ENROLLMENT COUNT" MEANS THE
GREATER OF:

1. THE NUMBER OF STUDENTS WITH LIMITED ENGLISH
PROFICIENCY FOR THE PRIOR FISCAL YEAR; OR

2. THE NUMBER OF STUDENTS WITH LIMITED ENGLISH
PROFICIENCY FOR THE SECOND PRIOR FISCAL YEAR.
"LEP PER PUPIL AMOUNT" MEANS 99% OF THE ANNUAL PER PUPIL FOUNDATION AMOUNT CALCULATED UNDER § 5-202 OF THIS SUBTITLE MULTIPLIED BY THE STATE SHARE OF LEP FUNDING.

"LIMITED ENGLISH PROFICIENCY" MEANS NON-ENGLISH OR LIMITED ENGLISH PROFICIENCY UNDER THE REPORTING REQUIREMENTS ESTABLISHED BY THE DEPARTMENT FOR THE MARYLAND SCHOOL PERFORMANCE PROGRAM.

"LOCAL WEALTH PER PUPIL" MEANS A COUNTY’S WEALTH DIVIDED BY THE COUNTY’S FULL-TIME EQUIVALENT ENROLLMENT.

"STATE SHARE OF LEP FUNDING" MEANS:
- (I) 0.33 0.29 IN FISCAL YEAR 2003 2004;
- (II) 0.35 0.37 IN FISCAL YEAR 2004 2005;
- (III) 0.40 0.41 IN FISCAL YEAR 2005 2006;
- (IV) 0.45 0.46 IN FISCAL YEAR 2006 2007; AND
- (V) 0.50 IN FISCAL YEAR 2007 2008 AND EACH FISCAL YEAR THEREAFTER.

"STATEWIDE WEALTH PER PUPIL" MEANS THE SUM OF THE WEALTH OF ALL COUNTIES DIVIDED BY THE STATEWIDE FULL-TIME EQUIVALENT ENROLLMENT.

"TIER I LEP FUNDING" MEANS THE PRODUCT OF $1,350 AND THE STATEWIDE LEP ENROLLMENT COUNT.

- (I) FOR FISCAL YEAR 2008 AND EACH FISCAL YEAR THEREAFTER, $0; AND
- (II) FOR FISCAL YEARS 2004 THROUGH 2007, THE RESULT OBTAINED BY MULTIPLYING $1,350 BY THE STATEWIDE LEP ENROLLMENT COUNT, AND MULTIPLYING THIS PRODUCT BY:
  - 1. 1.0 FOR FISCAL YEAR 2004;
  - 2. 0.75 FOR FISCAL YEAR 2005;
  - 3. 0.50 FOR FISCAL YEAR 2006; AND
  - 4. 0.25 FOR FISCAL YEAR 2007.

"TIER II LEP FUNDING" MEANS THE DIFFERENCE BETWEEN AGGREGATE STATE FUNDING FOR THE LEP FORMULA AND TIER I LEP FUNDING.
"TIER II LEP PER PUPIL AMOUNT" MEANS THE RESULT OBTAINED BY DIVIDING TIER II LEP FUNDING BY THE STATEWIDE LEP ENROLLMENT COUNT.

"WEALTH" HAS THE MEANING STATED IN § 5-202 OF THIS SUBTITLE.

EACH YEAR FOR FISCAL YEARS 2004 THROUGH 2007, THE STATE SHALL DISTRIBUTE TIER I LEP GRANTS AND TIER II LEP GRANTS TO COUNTY BOARDS.

FOR FISCAL YEAR 2008 AND EACH FISCAL YEAR THEREAFTER, THE STATE SHALL DISTRIBUTE TIER II LEP GRANTS TO COUNTY BOARDS.

FOR FISCAL YEARS 2004 THROUGH 2007, THE AMOUNT OF THE TIER I LEP GRANT DISTRIBUTED TO A COUNTY BOARD SHALL BE EQUAL TO THE PRODUCT OF THE RESULT OBTAINED BY MULTIPLYING $1,350 AND BY THE COUNTY'S LEP ENROLLMENT COUNT, AND MULTIPLYING THIS PRODUCT BY:

1.0 FOR FISCAL YEAR 2004;
0.75 FOR FISCAL YEAR 2005;
0.50 FOR FISCAL YEAR 2006; AND
0.25 FOR FISCAL YEAR 2007.

FOR FISCAL YEAR 2008 AND EACH FISCAL YEAR THEREAFTER, THE STATE MAY NOT MAKE TIER I LEP GRANTS TO COUNTY BOARDS.

THE AMOUNT OF THE TIER II LEP GRANT DISTRIBUTED TO A COUNTY BOARD SHALL BE CALCULATED AS PROVIDED IN THIS SUBSECTION.

FOR EACH COUNTY, MULTIPLY THE COUNTY'S LEP ENROLLMENT COUNT BY THE TIER II LEP PER PUPIL AMOUNT.

FOR EACH COUNTY, DIVIDE THE RESULT CALCULATED UNDER PARAGRAPH (2) OF THIS SUBSECTION BY THE RATIO, ROUNDED TO SEVEN DECIMAL PLACES, OF LOCAL WEALTH PER PUPIL TO STATEWIDE WEALTH PER PUPIL.

FOR EACH COUNTY, MULTIPLY THE RESULT CALCULATED UNDER PARAGRAPH (3) OF THIS SUBSECTION FOR THE COUNTY BY THE RESULT, ROUNDED TO SEVEN DECIMAL PLACES, THAT RESULTS FROM DIVIDING TIER II LEP FUNDING BY THE SUM OF ALL OF THE RESULTS CALCULATED UNDER PARAGRAPH (3) OF THIS SUBSECTION FOR ALL COUNTIES.

IF THE AMOUNT CALCULATED UNDER SUBSECTION (D)(4) OF THIS SECTION FOR ANY COUNTY IS LESS THAN THE MINIMUM TIER II LEP GRANT AMOUNT DETERMINED UNDER PARAGRAPH (2) OF THIS SUBSECTION, THE STATE SHALL DISTRIBUTE AN ADDITIONAL GRANT TO THE COUNTY IN THE AMOUNT BY WHICH THE MINIMUM TIER II LEP GRANT AMOUNT EXCEEDS THE RESULT CALCULATED UNDER SUBSECTION (D)(4) OF THIS SECTION.
FOR PURPOSES OF PARAGRAPH (1) OF THIS SUBSECTION, THE MINIMUM TIER II LEP GRANT AMOUNT FOR EACH COUNTY IS THE RESULT OBTAINED BY MULTIPLYING THE TIER II LEP PER PUPIL AMOUNT BY THE COUNTY'S LEP ENROLLMENT COUNT, AND MULTIPLYING THIS PRODUCT BY:

(I) 0.50 FOR FISCAL YEAR 2004;
(II) 0.66 FOR FISCAL YEAR 2005;
(III) 0.70 FOR FISCAL YEAR 2006;
(IV) 0.76 FOR FISCAL YEAR 2007; AND
(V) 0.80 FOR FISCAL YEAR 2008 AND EACH FISCAL YEAR THEREAFTER.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

"AGGREGATE STATE FUNDING FOR THE SPECIAL EDUCATION FORMULA" MEANS THE PRODUCT OF THE SPECIAL EDUCATION PER PUPIL AMOUNT AND THE STATEWIDE SPECIAL EDUCATION ENROLLMENT COUNT.

"FULL-TIME EQUIVALENT ENROLLMENT" HAS THE MEANING STATED IN § 5-202 OF THIS SUBTITLE.

"LOCAL WEALTH PER PUPIL" MEANS A COUNTY'S WEALTH DIVIDED BY THE COUNTY'S FULL-TIME EQUIVALENT ENROLLMENT.

EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, "SPECIAL EDUCATION ENROLLMENT COUNT" MEANS THE NUMBER OF SPECIAL EDUCATION STUDENTS WHO WERE ENROLLED ON DECEMBER 1 OF THE SECOND FOR THE PRIOR FISCAL YEAR IN A PUBLIC SCHOOL OPERATED BY A COUNTY BOARD OTHER THAN THOSE STUDENTS WHO ARE ENROLLED IN OR ATTEND:

1. THE MARYLAND SCHOOL FOR THE BLIND;
2. THE MARYLAND SCHOOL FOR THE DEAF; OR
3. AN EDUCATIONAL PROGRAM OPERATED BY THE STATE.

FOR FISCAL YEAR 2004, "SPECIAL EDUCATION ENROLLMENT COUNT" MEANS THE GREATER OF:

1. THE NUMBER OF SPECIAL EDUCATION STUDENTS FOR THE PRIOR FISCAL YEAR; OR
2. THE NUMBER OF SPECIAL EDUCATION STUDENTS FOR THE SECOND PRIOR FISCAL YEAR.
(6) "SPECIAL EDUCATION STUDENT" MEANS A STUDENT REQUIRING SPECIAL EDUCATION SERVICES AS DEFINED IN THE FEDERAL INDIVIDUALS WITH DISABILITIES EDUCATION ACT.

(7) "SPECIAL EDUCATION PER PUPIL AMOUNT" MEANS 74% OF THE ANNUAL PER PUPIL FOUNDATION AMOUNT CALCULATED UNDER § 5-202 OF THIS SUBTITLE MULTIPLIED BY THE STATE SHARE OF SPECIAL EDUCATION FUNDING.

(8) "STATE SHARE OF SPECIAL EDUCATION FUNDING" MEANS:

(I) 0.25 IN FISCAL YEAR 2003 2004;

(II) 0.35 IN FISCAL YEAR 2004 2005;

(III) 0.40 IN FISCAL YEAR 2005 2006;

(IV) 0.45 IN FISCAL YEAR 2006 2007; AND

(V) 0.50 IN FISCAL YEAR 2007 2008 AND EACH FISCAL YEAR THEREAFTER.

(9) "STATEWIDE WEALTH PER PUPIL" MEANS THE SUM OF THE WEALTH OF ALL COUNTIES DIVIDED BY THE STATEWIDE FULL-TIME EQUIVALENT ENROLLMENT.

(10) "TIER I SPECIAL EDUCATION FUNDING" MEANS THE FUNDS THAT ARE DISTRIBUTED UNDER § 8-414 OF THIS ARTICLE.

(11) "TIER II SPECIAL EDUCATION FUNDING" MEANS THE DIFFERENCE BETWEEN THE AGGREGATE STATE FUNDING FOR THE SPECIAL EDUCATION FORMULA AND TIER I SPECIAL EDUCATION FUNDING.

(12) "TIER II SPECIAL EDUCATION PER PUPIL AMOUNT" MEANS THE RESULT OBTAINED BY DIVIDING THE TIER II SPECIAL EDUCATION FUNDING BY THE STATEWIDE SPECIAL EDUCATION ENROLLMENT COUNT.

(13) "WEALTH" HAS THE MEANING STATED IN § 5-202 OF THIS SUBTITLE.

(B) EACH YEAR THE STATE SHALL DISTRIBUTE TIER II SPECIAL EDUCATION GRANTS TO COUNTY BOARDS.

(C) (1) THE AMOUNT OF THE TIER II SPECIAL EDUCATION GRANT DISTRIBUTED TO A COUNTY BOARD SHALL BE CALCULATED AS PROVIDED IN THIS SUBSECTION.

(2) FOR EACH COUNTY, MULTIPLY THE COUNTY'S SPECIAL EDUCATION ENROLLMENT COUNT BY THE TIER II SPECIAL EDUCATION PER PUPIL AMOUNT.

(3) FOR EACH COUNTY, DIVIDE THE RESULT CALCULATED UNDER PARAGRAPH (2) OF THIS SUBSECTION BY THE RATIO, ROUNDED TO SEVEN DECIMAL PLACES, OF LOCAL WEALTH PER PUPIL TO STATEWIDE WEALTH PER PUPIL.
FOR EACH COUNTY, MULTIPLY THE RESULT CALCULATED UNDER PARAGRAPH (3) OF THIS SUBSECTION BY THE RESULT, ROUNDED TO SEVEN DECIMAL PLACES, THAT RESULTS FROM DIVIDING TIER II SPECIAL EDUCATION FUNDING BY THE SUM OF ALL OF THE RESULTS CALCULATED UNDER PARAGRAPH (3) OF THIS SUBSECTION FOR ALL COUNTIES.

(D) (1) IF THE AMOUNT CALCULATED UNDER SUBSECTION (C)(4) OF THIS SECTION FOR ANY COUNTY IS LESS THAN THE MINIMUM TIER II SPECIAL EDUCATION GRANT AMOUNT DETERMINED UNDER PARAGRAPH (2) OF THIS SUBSECTION, THE STATE SHALL DISTRIBUTE AN ADDITIONAL GRANT TO THE COUNTY IN THE AMOUNT BY WHICH THE MINIMUM TIER II SPECIAL EDUCATION GRANT AMOUNT EXCEEDS THE RESULT CALCULATED UNDER SUBSECTION (C)(4) OF THIS SECTION.

(2) FOR PURPOSES OF PARAGRAPH (1) OF THIS SUBSECTION, THE MINIMUM TIER II SPECIAL EDUCATION GRANT AMOUNT FOR EACH COUNTY IS THE RESULT OBTAINED BY MULTIPLYING THE TIER II SPECIAL EDUCATION PER PUPIL AMOUNT BY THE COUNTY'S COMPENSATORY EDUCATION ENROLLMENT COUNT, AND MULTIPLYING THIS PRODUCT BY:

(I) 0.50 FOR FISCAL YEAR 2004;

(II) 0.66 FOR FISCAL YEAR 2005;

(III) 0.70 FOR FISCAL YEAR 2006;

(IV) 0.76 FOR FISCAL YEAR 2007; AND

(V) 0.80 FOR FISCAL YEAR 2008 AND EACH FISCAL YEAR THEREAFTER.

5-210.

(A) (1) IN THIS SECTION THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

(2) "ADDITIONAL EDUCATION APPROPRIATION" MEANS THE DIFFERENCE BETWEEN A COUNTY'S EDUCATION APPROPRIATION FOR THE PRIOR FISCAL YEAR AND THE COUNTY'S LOCAL SHARE OF THE FOUNDATION PROGRAM CALCULATED UNDER § 5-202 OF THIS SUBTITLE.

(3) "ADDITIONAL EDUCATION EFFORT" MEANS A COUNTY'S ADDITIONAL EDUCATION APPROPRIATION DIVIDED BY THE COUNTY'S WEALTH, ROUNDED TO SEVEN DECIMAL PLACES.

(4) "FULL-TIME EQUIVALENT ENROLLMENT" HAS THE MEANING STATED IN § 5-202 OF THIS SUBTITLE.

(5) "GUARANTEED WEALTH PER PUPIL" MEANS 80% OF THE STATEWIDE WEALTH PER PUPIL.
"GUARANTEED TAX BASE PROGRAM PER PUPIL AMOUNT" MEANS THE LESSER OF:

(I) 20% OF THE ANNUAL PER PUPIL FOUNDATION AMOUNT CALCULATED UNDER § 5-202 OF THIS SUBTITLE; AND

(II) THE PRODUCT OF A COUNTY'S ADDITIONAL EDUCATION EFFORT AND THE DIFFERENCE BETWEEN GUARANTEED WEALTH PER PUPIL AND LOCAL WEALTH PER PUPIL.

"LOCAL WEALTH PER PUPIL" MEANS A COUNTY'S WEALTH DIVIDED BY THE COUNTY'S FULL-TIME EQUIVALENT ENROLLMENT.

"STATEWIDE WEALTH PER PUPIL" MEANS THE SUM OF THE WEALTH OF ALL COUNTIES DIVIDED BY THE STATEWIDE FULL-TIME EQUIVALENT ENROLLMENT.

"WEALTH" HAS THE MEANING STATED IN § 5-202 OF THIS SUBTITLE.

EACH YEAR FOR FISCAL YEAR 2005 AND EACH FISCAL YEAR THEREAFTER, THE STATE SHALL DISTRIBUTE GUARANTEED TAX BASE GRANTS TO COUNTY BOARDS AS PROVIDED IN THIS SECTION.

A COUNTY BOARD IS ELIGIBLE TO RECEIVE A GUARANTEED TAX BASE GRANT IF THE COUNTY'S:

(1) ADDITIONAL EDUCATION EFFORT IS GREATER THAN ZERO; AND

(2) LOCAL WEALTH PER PUPIL IS LESS THAN THE GUARANTEED WEALTH PER PUPIL.

THE AMOUNT OF THE GUARANTEED TAX BASE GRANT SHALL BE EQUAL TO THE PRODUCT OF THE COUNTY'S GUARANTEED TAX BASE PROGRAM PER PUPIL AMOUNT AND THE COUNTY'S FULL-TIME EQUIVALENT ENROLLMENT MULTIPLIED BY:

(1) 0.20 IN FISCAL YEAR 2003;

(2) (1) 0.40 0.25 IN FISCAL YEAR 2004–2005;

(3) (2) 0.60 0.50 IN FISCAL YEAR 2005–2006;

(4) (3) 0.80 0.75 IN FISCAL YEAR 2006–2007; AND

(5) (4) 1.00 IN FISCAL YEAR 2007–2008 AND EACH FISCAL YEAR THEREAFTER.

Ten days before the end of July, September, November, January, March, and May, the State Superintendent shall certify to the State Comptroller the amount
due at the end of each of these months to each county board for the annual State

share of:

(1) [Basic current expenses as provided] FUNDING FOR THE FOUNDATION PROGRAM under § 5-202 of this subtitle;

(2) Transportation aid [as provided] under § 5-205 of this subtitle; and

(3) FUNDING FOR COMPENSATORY EDUCATION UNDER § 5-207 OF THIS SUBTITLE;

(4) FUNDING FOR STUDENTS WITH LIMITED ENGLISH PROFICIENCY UNDER § 5-208 OF THIS SUBTITLE;

(5) FUNDING FOR SPECIAL EDUCATION STUDENTS UNDER § 5-209 OF THIS SUBTITLE;

(6) FUNDING FOR THE GUARANTEED TAX BASE PROGRAM UNDER §5-210 OF THIS SUBTITLE; AND

(7) Any money provided in the Department's budget for special education services under § 8-414 of this article.

Amounts due shall be made in equal payments once every 2 months.

Within 5 days before the end of each of these months, the State Comptroller shall draw the Comptroller's warrant on the State Treasurer for the amount due to [Baltimore City and] the treasurer of each county board.

On receipt of the warrant of the State Comptroller, the State Treasurer immediately shall pay the amount due to [Baltimore City and] the treasurer of each county board.

(a) (1) In this section the following terms have the meanings indicated.

(2) "FTE teacher amount" means for each local education agency, the greater of:

(i) 130% of the standard salary for a 10-month, first-year teacher with a bachelor's degree in the year preceding the year for which funds are provided in that local education agency; or

(ii) $39,000.

(3) "Reading factor" means the total enrollment in first grade and second grade on September 30 of the previous fiscal year.
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(4) "Professional development, materials, and facilities component"
means an amount intended to cover costs associated with class size reduction
expenses other than personnel costs.

(b) There is a Maryland Learning Success Program.

(c) The purpose of the Maryland Learning Success Program is to provide
grants that will assist local education agencies to reduce class sizes for reading
instruction in the first and second grades.

(d) (1) The maximum Maryland Learning Success Program grant to each
local education agency shall consist of:

(i) A reading component; and

(ii) For fiscal years 2001, 2002, and 2003 only, a professional
development, materials, and facilities component.

(2) For fiscal year 2003 and each subsequent fiscal year, the amount of
the maximum Maryland Learning Success Program grant shall be reduced 5 percent
for each 1 percent by which the percentage of total teachers in the local education
agency who are provisionally certified exceeds 2 percent as of December 1 of the
previous fiscal year.

(3) The reading component shall be calculated as follows:

(i) For fiscal year 2001, by dividing the reading factor for the local
education agency by 750 and multiplying the result by the FTE teacher amount for
the local education agency;

(ii) For fiscal year 2002, by dividing the reading factor for the local
education agency by 375 and multiplying the result by the FTE teacher amount for
the local education agency;

(iii) For fiscal year 2003, by dividing the reading factor for the local
education agency by 250 and multiplying the result by the FTE teacher amount for
the local education agency;

(iv) For fiscal year 2004, by dividing the reading factor for the local
education agency by 185 and multiplying the result by the FTE teacher amount for
the local education agency; and

(v) For fiscal year 2005 and each succeeding fiscal year, by dividing
the reading factor for the local education agency by 150 and multiplying the result by
the FTE teacher amount for the local education agency.

(4) (i) The professional development, materials, and facilities
component for each local education agency shall be determined each year by the State
Superintendent.
(ii) The total of the professional development, materials, and facilities components may not exceed $3,000,000 in any fiscal year.

(e) (1) On or before October 1, 1999, each local education agency shall submit a Maryland Learning Success Program plan to the State Superintendent.

(2) The plan shall describe the local education agency's intended use of funding from Maryland Learning Success Program grants, federal class size reduction initiative grants provided in Public Law 105-277, and any other federal funds provided specifically for the purpose of adding teachers.

(3) The plan shall specify the use of funds for:

(i) Class size reduction for reading instruction in the first and second grades to a ratio no greater than 20 students per one teacher;

(ii) Professional development for new or existing teachers to maximize the educational results of reduced class sizes;

(iii) Supplies and materials related to changes in curriculum and instructional methods implemented to maximize the educational results of reduced class sizes;

(iv) Reconfigurations and other minor alterations in facilities required to maximize the educational results of reduced class sizes; or

(v) Other expenses directly related to items (i) through (iv) of this paragraph.

(4) The plan shall specify how the funding shall be initially targeted toward higher-risk schools and schools that serve disadvantaged populations.

(5) The plan shall specify performance indicators that shall be used to evaluate the success of the local education agency's class size reduction programs.

(6) The plan shall include a statement of any funding increases provided from local sources since fiscal year 1995 which can be documented to have been provided specifically for the purposes described in paragraph (3) of this subsection.

(7) In local education agencies where the number of provisionally certified teachers exceeds 2 percent of the total number of teachers, the plan shall provide a detailed strategy for reducing the number of provisionally certified teachers to no more than 2 percent of the total number of teachers.

(8) The plan shall include any other information required by guidelines or regulations issued by the State Board.

(9) The plan shall be in a form and format specified by the State Superintendent.
(f) Except as provided in paragraph (5) of this subsection, in fiscal year 2001 and each succeeding fiscal year, the State Superintendent shall evaluate each plan and the local education agency's progress in achieving the goals of this section and award to each local education agency a grant that does not exceed the maximum Maryland Learning Success Program grant. The State Superintendent may grant an award which is less than the maximum Maryland Learning Success Program grant:

(1) If the local education agency's Maryland Learning Success Program plan does not require the full amount of the maximum Maryland Learning Success Program grant;

(2) If in the judgment of the State Superintendent, the local education agency's Maryland Learning Success Program plan will not effectively maximize the educational results of reduced class sizes;

(3) If in the State Superintendent's judgment, the local education agency's implementation of the Maryland Learning Success Program grants, federal class size reduction initiative grants provided under Public Law 105-277, and any other federal funds provided specifically for the purpose of adding teachers has not been expended efficiently, effectively, and in accordance with the local education agency's Maryland Learning Success Program plan;

(4) If the local education agency's Maryland Learning Success Program plan or Maryland Learning Success Program report do not meet the criteria set forth in this section and in any guidelines or regulations established pursuant to this section; or

(5) For fiscal years 2001 and 2002, in local education agencies where the number of provisionally certified teachers exceeds 2 percent of the total number of teachers, if, in the judgment of the State Superintendent, the plan does not provide an effective strategy for reducing the number of provisionally certified teachers to 2 percent of the total number of teachers.

(g) Notwithstanding the provisions of subsection (d)(2) of this section, the State Superintendent may annually waive or modify the grant reduction penalty in subsection (d)(2) of this section, if the local education agency has demonstrated in writing that it has made:

(1) Substantial efforts towards reducing the number of provisionally certified teachers;

(2) Significant attempts to recruit and hire certified teachers;

(3) Significant attempts to assist provisionally certified teachers in becoming certified in this State; and

(4) Significant attempts to rehire retired certified teachers.
(h) The Board shall measure substantial efforts based on the change in the number of provisionally certified teachers from the actual number of provisionally certified teachers employed as of December 1, 1999.

(i) No local education agency may expend funds received from the Maryland Learning Success Program to pay salary or benefits costs for provisionally certified teachers.

(j) (1) Except as provided in paragraph (2) of this subsection, a local education agency may not receive a Maryland Learning Success Program grant unless the local education agency expends its federal class size reduction initiative grants provided in Public Law 105-277 to reduce class sizes for reading instruction in the first and second grades.

(2) If a local education agency has a ratio of no greater than 20 students per one teacher for reading instruction in the first and second grades, paragraph (1) of this subsection does not apply.

(k) (1) On or before October 1, in 2001 and each succeeding year, each local education agency shall submit a Maryland Learning Success Program report to the State Superintendent.

(2) The report shall describe the local education agency's actual use of funding from Maryland Learning Success Program grants, federal class size initiative grants provided in Public Law 105-277, and any other federal funds provided specifically for the purpose of increasing the number of teachers.

(3) The report shall include the results of the performance indicators specified in the local education agency's Maryland Learning Success Program plan.

(4) The report may propose changes to the local education agency's Maryland Learning Success Program plan.

(5) The report shall include any other information required by guidelines or regulations issued by the State Board.

(6) The report shall be in a form and format specified by the State Superintendent.

(l) On or before December 31 of each year, the Superintendent shall report the status of the Maryland Learning Success Program to the Governor and the General Assembly.

(m) For fiscal year 2001 and each succeeding fiscal year, the Governor shall include funds in the State budget to accomplish the purposes of this section.

(n) The State Board may establish any guidelines or regulations that it determines are necessary to implement the purposes of this section.]
(a) (1) In this section the following words have the meanings indicated.

(2) (i) "Cost of living adjustment" means a percentage increase in salaries that applies among all grades and steps.

(ii) "Cost of living adjustment" does not include salary increases for promotions, increments, or step increases, or similar salary increases received by employees as a regular part of the operation of a personnel system.

(3) "Full-time equivalent enrollment" has the meaning indicated in § 5-202 of this subtitle.

(4) "State share" means the State share of basic current expenses provided under § 5-202 of this subtitle divided by the amount of the basic current expenses to be shared for that county.

(5) "Teacher salary base" means the total salaries and wages of teachers employed by a county board for the fiscal year preceding the fiscal year for which the Governor's Challenge Grant is calculated, as determined by the Department of Budget and Management and the State Superintendent.

(6) "Teacher" means any certificated professional public school employee who is not an administrator.

(7) "Wealth" has the meaning stated in § 5-202 of this subtitle.

(8) "Wealth per pupil" means wealth divided by full-time equivalent enrollment.

(b) There is a Governor's Teacher Salary Challenge Program.

(c) The Governor's Teacher Salary Challenge Program shall provide grants to county boards for the purpose of increasing teacher salaries in order to improve recruitment and retention of well qualified teachers.

(d) (1) Each grant made to a county board shall be calculated based on:

(i) A percentage component;

(ii) A wealth adjusted component;

(iii) A hold harmless component;

(iv) A targeted component; and

(v) A transitional component.

(2) The percentage component shall be calculated as follows:
(i) For fiscal year 2001, multiply the teacher salary base for the
county board by 0.01;

(ii) For fiscal year 2002:

1. If the county board meets the local match requirement
   established under subsection (f)(2) of this section in fiscal year 2001 and meets the
   local match requirement for fiscal year 2002, multiply the teacher salary base for the
   county board by 0.02;

2. If the county board does not meet the local match
   requirement established under subsection (f)(2) of this section in fiscal year 2001 and
   meets the local match requirement in fiscal year 2002, multiply the teacher salary
   base for the county board by 0.01; and

3. If the county board meets the local match requirement
   established under subsection (f)(2) of this section in fiscal year 2001 and does not
   meet the local match requirement in fiscal year 2002, multiply the teacher salary
   base for the county board by 0.01; [and]

(iii) For fiscal year 2003, the county board shall receive an amount
    that is equal to \( \frac{25}{100} \) of the percentage component received by the
    county board in fiscal year 2002;

(IV) FOR FISCAL YEAR 2004, THE COUNTY BOARD SHALL RECEIVE
AN AMOUNT THAT IS EQUAL TO 50% OF THE AMOUNT OF THE PERCENTAGE
COMPONENT RECEIVED BY THE COUNTY BOARD IN FISCAL YEAR 2002; AND

(V) FOR FISCAL YEAR 2005, THE COUNTY BOARD SHALL RECEIVE
AN AMOUNT THAT IS EQUAL TO 25% OF THE AMOUNT OF THE PERCENTAGE
COMPONENT RECEIVED BY THE COUNTY BOARD IN FISCAL YEAR 2002.

(3) (i) For fiscal years 2001 and 2002, the wealth adjusted component
shall be calculated as follows:

1. A. Multiply the percentage component for the county
   board by 2; and

2. B. Multiply the product calculated in item 1 of this item for
   that fiscal year by the State share for the county board; and

2. A. If the product calculated in item (i) of this paragraph
   is greater than the percentage component for the county board, the wealth adjusted
   component shall be the amount of the difference.

B. If the product calculated in item (i) of this paragraph is
   less than the percentage component for the county board, the wealth adjusted
   component shall be zero.
(ii) For fiscal year 2003, the county board shall receive an amount that is equal to 75% of the amount of the wealth adjusted component received by the county board in fiscal year 2002.

(III) For fiscal year 2004, the county board shall receive an amount that is equal to 50% of the amount of the wealth adjusted component received by the county board in fiscal year 2002.

(IV) For fiscal year 2005, the county board shall receive an amount that is equal to 25% of the amount of the wealth adjusted component received by the county board in fiscal year 2002.

(4) (i) The Governor's Teacher Salary Challenge Grant to a county board shall contain a hold harmless component equal to the amount, if any, by which the county board's State share of the Foundation Program calculated under § 5-202 of this subtitle for the year of the Governor's Teacher Salary Challenge Grant is less than the county board's State share of the Foundation Program calculated under § 5-202 of this subtitle for the previous year.

(ii) A county board shall receive its hold harmless component regardless of whether it meets the local match requirement established under subsection (f)(2) of this section.

(5) (i) The Governor's Teacher Salary Challenge Grant to a county board shall contain a targeted component as provided in subparagraphs (ii) through (vi) of this paragraph.

(ii) For fiscal year 2001, the Governor shall include in the annual budget bill an appropriation of at least $5,300,000 for the targeted component.

(iii) For fiscal year 2002, the Governor shall include in the annual budget bill an appropriation of at least $10,600,000 for the targeted component.

(iv) For fiscal years 2001 and 2002, the county board in each county pupil shall receive a proportionate share of the targeted component that is equal to the county board's proportionate share of the total full-time equivalent enrollment for all counties with a wealth per pupil that is less than 75 percent of the statewide wealth per pupil.

(v) For fiscal years 2001 and 2002, the county board shall receive its proportionate share of the targeted component regardless of whether it meets the local match requirement established under subsection (f)(2) of this section.

(vi) For fiscal year 2003, the county board shall receive an amount that is equal to 75% of the amount of the targeted component received by the county board in fiscal year 2002.


(6) (i) The Governor's Teacher Salary Challenge Grant shall contain a transitional component as provided in subparagraphs (ii) and (iii) of this paragraph.

(ii) For fiscal year 2001, the Governor shall include in the State budget an appropriation of at least $9 million for the transitional component.

(iii) A county board shall receive a proportionate share of the transitional component that is equal to the county board's proportionate share of all reimbursements received by the State from the county board that:

1. Are for retirement contributions received after June 30, 1999 but before July 1, 2000; and

2. Are sought by the State Retirement Agency on the basis that the salary of an eligible member of the Teachers' Retirement System or Teachers' Pension System is paid in whole or in part from:

   A. State aid, whether general or categorical in nature; or

   B. Federal funds, whether the funds are paid directly to a county board or are passed through from a unit of State government.

(iv) A county board shall receive its proportionate share of the transitional component regardless of whether it meets the local match requirement established under subsection (f)(2) of this section.

(e) (1) On or before June 1, 2000, and on or before June 1, 2001, each county board may submit a Governor's Teacher Salary Challenge Grant application to the Department of Budget and Management and the State Superintendent for the percentage component and the wealth adjusted component of the Governor's Teacher Salary Challenge Program.

(2) The application shall include:

(i) The estimated teacher salary base for the county board for the current fiscal year;

(ii) For the next fiscal year, the negotiated and funded cost of living adjustment for teachers and the aggregate cost of negotiated and funded changes to the teacher salary schedules, to be funded from sources other than the percentage component of the Governor's Teacher Salary Challenge Grant, expressed in total dollars and as a percentage; and
Any other information necessary to determine eligibility for the Governor’s Teacher Salary Challenge Grant.

The application shall be in a form and format specified by the Department of Budget and Management and the State Superintendent.

For fiscal years 2001 and 2002, the percentage component and the wealth adjusted component of a Governor’s Teacher Salary Challenge Grant shall be awarded to each county board that submits an application and that meets the requirements of this section, as determined by the Department of Budget and Management and the State Superintendent.

Subject to subparagraph (ii) of this paragraph and paragraph (3) of this subsection, a county board that provides a negotiated and funded cost of living adjustment for teachers of at least 4% or a negotiated and funded adjustment to the teacher salary schedules that has an aggregate cost that is at least equivalent to the cost of providing a 4% cost of living adjustment for teachers shall qualify for the percentage component and the wealth adjusted component of the Governor’s Teacher Salary Challenge Program.

The funds provided by a county board for the purpose of meeting the local match requirement established under subparagraph (i) of this paragraph shall be:

1. In addition to any previously negotiated and funded step increases and stipends; and

2. Obtained from sources other than the percentage component of the Governor’s Teacher Salary Challenge Program.

If a county board meets the local match requirement established under paragraph (2) of this subsection in fiscal year 2001 and does not meet the local match requirement in fiscal year 2002, the county board shall receive:

1. A percentage component in fiscal year 2002 as provided under subsection (d)(2)(ii)3 of this section; and

2. A wealth adjusted component in fiscal year 2002 as provided under subsection (d)(3) of this section.

In fiscal years 2001 and 2002, the percentage component of the Governor’s Teacher Salary Challenge Grant shall be used to provide an additional 1% cost of living adjustment for teachers.

The Governor shall include funds in the State budget to accomplish the purposes of this section.

The Department of Budget and Management and the State Superintendent may establish guidelines or regulations to implement the Governor’s Teacher Salary Challenge Program.
(i) There is a Transitional Education Fund.

(2) The Fund consists of $16,500,000 of reimbursements for fiscal year 2000 and all reimbursements for fiscal years [2001, 2002, and 2003] received by the State from the county boards that:

(i) Are for retirement contributions made after June 30, 1999 but before July 1, 2003; and

(ii) Are sought by the State on the basis that the salary of an eligible member of the Teachers' Retirement System or Teachers' Pension System is paid in part or in whole from:

1. State aid, whether general or categorical in nature; or
2. Federal funds, whether the funds are paid directly to a local school system or are passed through from a unit of State government.

(3) Notwithstanding § 5-203(d) of this subtitle, all reimbursements described in paragraph (2) of this subsection shall be credited to the Fund.

(4) (i) The State Treasurer shall hold the Fund and shall invest the money in the Fund in the same manner as other State money may be invested.

(ii) All interest earned on the Fund shall accrue to the General Fund.

(iii) The State Comptroller shall account for the Fund.

(5) The Fund shall be used to implement the Governor's Teacher Salary Challenge Program established under this section.

(6) Expenditures from the Fund may only be made pursuant to an appropriation approved by the General Assembly in the annual State budget or by approved budget amendment.

(7) Except as provided in paragraph (8) of this subsection, any Fund balance at the end of each fiscal year shall remain in the Fund and may not revert to the General Fund.

(8) The Fund shall terminate at the end of June 30, 2003 and any Fund balance that remains at the end of June 30, 2003 shall revert to the General Fund.

(a) In this section, "Pilot Program" means the Maryland Educational Opportunity Summer Pilot Program.

(b) This section only applies to Baltimore County and Prince George's County.
There is a Maryland Educational Opportunity Summer Pilot Program to enrich students in kindergarten through grade 12 by the development and implementation of educational curriculum and activities in the summer months.

The Pilot Program shall be administered as provided in this subsection.

A county board may develop a proposal for educational curriculum and activities during the summer months using existing faculty.

A county board may forward a proposal to the State Board by August 15 of each year.

The State Board:

Shall review a proposal of a county board by October 15 of each year;

May make recommendations that it deems necessary; and

Shall select a proposal for implementation by November 15 of each year, giving priority to:

1. Proposals for diverse areas of the State; and
2. Proposals for schools that show the lowest levels of improvement towards meeting the standards of the Maryland School Performance Program.

After the State Board selects a proposal of a county board, the State Board shall distribute to a county board funds to cover the cost of extending the contracts of participating teachers to implement and operate the Pilot Program.

A county board may include in a proposal:

Curriculum and activities that are for the benefit of students in any grade from kindergarten through grade 12;

Curriculum and activities that use school facilities, libraries, or any other facilities at a location described in the proposal;

Curriculum and activities that are implemented for a school, for a group of schools, for a school system, or countywide;

Curriculum and activities that are coordinated with an after school opportunity program operating under Article 41, Title 6, Subtitle 8 of the Code;

Tutoring in subjects specified in the proposal; or

Field trips to locations described in the proposal.
(2) A county board shall include in a proposal the estimated cost of extending the contracts of participating teachers.

(f) (1) The Pilot Program shall be funded as provided in the State budget.

(2) The funding provided in the State budget for the Pilot Program is intended to complement the funding received by the State from the U.S. Department of Education for the Pilot Program through the fund for the improvement of education.

(3) Appropriations made under this section for extending the contracts of participating teachers may not be used to supplant the existing State share of basic current expenses under § 5-202 of this subtitle.

(g) The State Board shall adopt regulations to:

(1) Establish criteria for approving a proposal; and

(2) Implement this section.

(h) (1) On or before June 30, 2002, the State Superintendent shall report to the Governor and, subject to § 2-1246 of the State Government Article, the General Assembly on the operation and performance of the Pilot Program.

(2) The report shall assess the effectiveness and success of the Pilot Program in improving student achievement in the jurisdictions in which the Pilot Program operated.

It is State policy that local educational agencies should ensure that additional State education aid results in demonstrated improvements in classroom instruction and student performance.

In order to effect demonstrated improvements in classroom instruction and student performance, it is also State policy that expenditure of increases in State public education aid in basic current expense, as provided under § 5-202(b) of this title, and in compensatory education funds, as provided under § 5-202(e) of this title, shall be limited to the following classifications:

(i) Salary enhancement expenditures for existing instructional positions;

(ii) Salary expenditures for new positions which are designed to reduce class size or reinstate or add or enhance special programs, such as art, music, resource personnel, student guidance, and gifted and talented programs;

(iii) Instructional materials, supplies, and equipment;

(iv) A classroom teacher award program, subject to the provisions of Title 6, Subtitle 4, of this article;
(v) A master teacher or career ladder program or any other appropriate teacher incentive pay program subject to the provisions of Title 6, Subtitle 4, of this article;

(vi) Teacher training and retraining, particularly in areas of critical need, such as, mathematics and science; or

(vii) Expansion of programs for children with educational deficiencies.

(b) (1) Annual accountability plans that are locally initiated shall be reviewed for consistency with State policies by the State Board.

(2) In addition, reports on expenditure of funds shall be monitored by the State Board.

(c) Monitoring of the accountability plans and reports for determination of progress toward local goals and objectives by the State Board would serve to promote efficient and effective use of the resources, while permitting local boards of education to determine education policy and the local governing bodies to determine the overall level of educational expenditures consistent with State requirements.

5-401.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "LOCAL PERFORMANCE STANDARDS" MEANS STANDARDS FOR STUDENT AND SCHOOL PERFORMANCE DEVELOPED BY A COUNTY BOARD.

(3) "PLAN" MEANS A COMPREHENSIVE MASTER PLAN.

(4) "STATE PERFORMANCE STANDARDS" MEANS STANDARDS FOR STUDENT AND SCHOOL PERFORMANCE APPROVED BY THE STATE BOARD.

(B) (1) EACH COUNTY BOARD SHALL DEVELOP AND IMPLEMENT A COMPREHENSIVE MASTER PLAN THAT DESCRIBES THE GOALS, OBJECTIVES, AND STRATEGIES THAT WILL BE USED TO IMPROVE STUDENT ACHIEVEMENT AND MEET STATE PERFORMANCE STANDARDS AND LOCAL PERFORMANCE STANDARDS IN EACH SEGMENT OF THE STUDENT POPULATION.

(2) (I) EACH COUNTY BOARD SHALL SUBMIT A PLAN TO THE DEPARTMENT ON OR BEFORE OCTOBER 1, 2003.

(II) AT LEAST 60 DAYS BEFORE SUBMITTING A PLAN TO THE DEPARTMENT, A COUNTY BOARD SHALL PROVIDE A COPY OF THE PLAN TO THE:

1. COUNTY COUNCIL AND IF APPLICABLE, COUNTY EXECUTIVE; OR

2. COUNTY COMMISSIONERS.
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(3) SUBJECT TO SUBSECTION (H) OF THIS SECTION, THE PLAN SHALL:

(I) EXTEND FOR A 5-YEAR PERIOD BEGINNING WITH THE 2003-2004 SCHOOL YEAR; AND

(II) BE UPDATED BY THE COUNTY BOARD ON OR BEFORE JULY 1 OF EACH YEAR.

(C) THE PLAN SHALL INCLUDE:

(1) GOALS AND OBJECTIVES AS REQUIRED UNDER SUBSECTIONS (D) THROUGH (F) OF THIS SECTION THAT ARE ALIGNED WITH STATE PERFORMANCE STANDARDS AND LOCAL PERFORMANCE STANDARDS;

(2) IMPLEMENTATION STRATEGIES FOR MEETING GOALS AND OBJECTIVES;

(3) METHODS FOR MEASURING PROGRESS TOWARD MEETING GOALS AND OBJECTIVES;

(4) TIME LINES FOR IMPLEMENTATION OF THE STRATEGIES FOR MEETING GOALS AND OBJECTIVES;

(5) TIME LINES FOR MEETING GOALS AND OBJECTIVES;

(6) A DESCRIPTION OF THE ALIGNMENT OF THE COUNTY BOARD'S BUDGET WITH GOALS, OBJECTIVES, AND STRATEGIES FOR IMPROVING STUDENT ACHIEVEMENT; AND

(7) ANY OTHER INFORMATION REQUIRED BY THE STATE SUPERINTENDENT.

(D) THE PLAN SHALL INCLUDE GOALS, OBJECTIVES, AND STRATEGIES REGARDING THE PERFORMANCE OF:

(1) STUDENTS REQUIRING SPECIAL EDUCATION, AS DEFINED IN § 5-209 OF THIS TITLE;

(2) STUDENTS WITH LIMITED-ENGLISH PROFICIENCY, AS DEFINED IN § 5-208 OF THIS TITLE;

(3) PREKINDERGARTEN STUDENTS;

(4) KINDERGARTEN STUDENTS;

(5) GIFTED AND TALENTED STUDENTS, AS DEFINED IN § 8-201 OF THIS ARTICLE;

(6) STUDENTS ENROLLED IN CAREER AND TECHNOLOGY COURSES;
(7) STUDENTS FAILING TO MEET, OR FAILING TO MAKE PROGRESS TOWARD MEETING, STATE PERFORMANCE STANDARDS, INCLUDING ANY SEGMENT OF THE STUDENT POPULATION THAT IS, ON AVERAGE, PERFORMING AT A LOWER ACHIEVEMENT LEVEL THAN THE STUDENT POPULATION AS A WHOLE; AND

(8) ANY OTHER SEGMENT OF THE STUDENT POPULATION IDENTIFIED BY THE STATE SUPERINTENDENT.

(E) WITH REGARD TO SUBSECTION (D)(7) OF THIS SECTION, THE PLAN SHALL INCLUDE STRATEGIES TO ADDRESS ANY DISPARITIES IN ACHIEVEMENT IDENTIFIED FOR ANY SEGMENT OF THE STUDENT POPULATION.

(F) (1) (I) THE STATE SUPERINTENDENT SHALL REVIEW EACH PLAN TO DETERMINE WHETHER THE PLAN COMPLIES WITH THE REQUIREMENTS OF SUBSECTIONS (B) THROUGH (E) OF THIS SECTION.

(II) IF THE STATE SUPERINTENDENT DETERMINES THAT A PLAN DOES NOT COMPLY WITH THE REQUIREMENTS OF SUBSECTIONS (B) THROUGH (E) OF THIS SECTION, THE STATE SUPERINTENDENT MAY REQUIRE SPECIFIC REVISIONS TO THE PLAN.

(2) (I) THE STATE SUPERINTENDENT MAY REVIEW THE CONTENT OF EACH PLAN TO ASSESS WHETHER THE PLAN WILL HAVE THE EFFECT OF IMPROVING STUDENT ACHIEVEMENT AND INCREASING PROGRESS TOWARD MEETING STATE PERFORMANCE STANDARDS.

(II) IF THE STATE SUPERINTENDENT DETERMINES THAT A PLAN WILL NOT HAVE THE EFFECT OF IMPROVING STUDENT ACHIEVEMENT AND INCREASING PROGRESS TOWARD MEETING STATE PERFORMANCE STANDARDS, THE STATE SUPERINTENDENT MAY REQUIRE SPECIFIC REVISIONS TO THE PLAN.

(3) A COUNTY BOARD MAY NOT IMPLEMENT A PLAN UNLESS IT HAS BEEN APPROVED BY THE STATE SUPERINTENDENT.

(G) (1) A COUNTY BOARD MAY SUBMIT A PREEXISTING MANAGEMENT PLAN TO THE DEPARTMENT AS THE COUNTY BOARD’S PLAN UNDER SUBSECTION (B) OF THIS SECTION.

(2) IF THE STATE SUPERINTENDENT DETERMINES THAT THE PREEXISTING MANAGEMENT PLAN MEETS THE REQUIREMENTS SET FORTH IN THIS SECTION, THE STATE SUPERINTENDENT SHALL APPROVE THE PREEXISTING MANAGEMENT PLAN AS THE COUNTY BOARD’S PLAN.

(H) (1) IF A SCHOOL SYSTEM FAILS TO DEMONSTRATE PROGRESS TOWARD IMPROVING STUDENT ACHIEVEMENT AND MEETING STATE PERFORMANCE STANDARDS IN EACH SEGMENT OF THE STUDENT POPULATION DURING A SCHOOL YEAR, THE STATE SUPERINTENDENT SHALL REVIEW THE CONTENT OF THE PLAN AND ANY UPDATES TO THE PLAN TO ASSESS WHETHER THE PLAN WILL HAVE THE EFFECT OF IMPROVING STUDENT ACHIEVEMENT AND INCREASING PROGRESS TOWARD MEETING STATE PERFORMANCE STANDARDS.
(2) IF THE STATE SUPERINTENDENT DETERMINES THAT A PLAN WILL NOT HAVE THE EFFECT OF IMPROVING STUDENT ACHIEVEMENT AND INCREASING PROGRESS TOWARD MEETING STATE PERFORMANCE STANDARDS, THE STATE SUPERINTENDENT SHALL REQUIRE SPECIFIC REVISIONS TO THE PLAN.

(1) THE STATE SUPERINTENDENT SHALL ADVISE THE GOVERNOR AND THE GENERAL ASSEMBLY CONCERNING THE DISTRIBUTION OF STATE FUNDS TO A COUNTY THAT FAILS TO MAKE PROGRESS TOWARD IMPROVING STUDENT ACHIEVEMENT AND MEETING STATE PERFORMANCE STANDARDS IN EACH SEGMENT OF THE STUDENT POPULATION.

(J) THE STATE BOARD MAY WITHHOLD STATE FUNDS FROM A COUNTY BOARD IF:

(1) A SCHOOL SYSTEM FAILS TO DEMONSTRATE ANNUAL PROGRESS TOWARD IMPROVING STUDENT ACHIEVEMENT AND MEETING STATE PERFORMANCE STANDARDS IN EACH SEGMENT OF THE STUDENT POPULATION; AND

(2) FAILS TO DEVELOP A PLAN THAT MEETS THE REQUIREMENTS OF SUBSECTIONS (B) THROUGH (G) OF THIS SECTION OR TAKE ANY ACTION REQUIRED BY THE STATE SUPERINTENDENT UNDER THIS SECTION.

(K) (1) THE STATE SUPERINTENDENT SHALL REVIEW ACADEMIC INTERVENTION PROGRAMS AND BEHAVIOR MODIFICATION PROGRAMS TO IDENTIFY BEST PRACTICES.

(2) THE STATE SUPERINTENDENT SHALL PERIODICALLY REPORT ON THE BEST PRACTICES TO THE STATE BOARD, THE COUNTY BOARDS, THE GOVERNOR, AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.

(L) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE DEPARTMENT SHALL ADOPT REGULATIONS AS NECESSARY TO IMPLEMENT THIS SECTION.

(2) THE DEPARTMENT SHALL CONSULT WITH COUNTY SUPERINTENDENTS AND COUNTY BOARDS BEFORE PROMULGATING PROPOSED REGULATIONS TO IMPLEMENT THIS SECTION.

(M) THE DEPARTMENT MAY PROVIDE TECHNICAL ASSISTANCE TO COUNTY BOARDS IN DEVELOPING AND IMPLEMENTING A PLAN.

(N) THE GOVERNOR SHALL INCLUDE AN APPROPRIATION FOR THE DEPARTMENT IN THE STATE BUDGET FOR EACH FISCAL YEAR IN AMOUNT SUFFICIENT TO COVER THE COSTS ASSOCIATED WITH IMPLEMENTING THIS SECTION.
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1 [5-402.

2 The State Board shall:

3   (1) Require the submission of an annual accountability plan and report
4    from each county board.

5   (2) Not later than November 1 of each year provide each county board
6    with procedures to be followed in the preparation of the annual accountability plan
7    and report.

8   (3) Require:
9      (i) That the annual accountability plan and report shall relate to
10    the use of:

11      1. Any State share of basic current expense as provided
12    under § 5-202(b) of this title, which is in excess of the fiscal year 1984 State share of
13    basic current expenses; and

14      2. Any compensatory aid as provided under § 5-202(e) of this
15    title, except for dedicated compensatory funds, and 50 percent of funds received in
16    fiscal year 1984 under targeted aid, § 5-202(e) of this title; and

17      (ii) That the annual accountability report shall also relate to the
18    expenditure for the current fiscal year and 2 preceding fiscal years for the public
19    education categories provided under § 5-101(b) of this title, including salaries and
20    wages for net new positions and the expenditures for salaries and wages for existing
21    positions.

22   (4) For fiscal year 1985 only, require that an accountability plan be
23    submitted by October 1, 1984, which relates to the intended use of the funds described
24    in paragraph (3) of this section and which:

25      (i) Allows each county to determine its own needs and spending
26    priorities while providing that the funds not be directed solely toward salary
27    enhancement expenditures for existing instructional positions; and

28      (ii) Reports the amount of and percentage of projected expenditures
29    by the classifications provided under § 5-401(a)(2) of this subtitle.

30   (5) For the fiscal year 1986 and each fiscal year thereafter, require that
31    the accountability plan be submitted by July 1, 1985 and by each July 1 thereafter
32    and include:

33      (i) A description of the public education instructional needs of the
34    county;

35      (ii) A description of yearly county public education instructional
36    objectives as they relate to 5-year county education goals of improving classroom
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1 instruction and student performance. These goals and objectives may include, but not
2 be limited to, teacher salaries, pupil-teacher ratios, instructional materials,
3 textbooks, teacher training and retraining, programs for educationally disadvantaged
4 students, prekindergarten programs, remedial programs, graduation rates, and
5 student test scores;

6     (iii) An expenditure plan and description of the intended use of the
7  funds described in paragraph (3) of this section which:

8             1. Specifies how those funds relate to instructional needs
9  and objectives; and

10            2. Reflects the amounts as requested by the county board
11  and as revised in accordance with the actual appropriation by the county; and

12     (iv) A method for evaluating in measurable terms the results of the
13  use of the funds described in paragraph (3) of this section and the overall progress
14  towards accomplishment of objectives and goals.

15    (6) Require the annual accountability plan to be amended within the
16  fiscal year if the local school board determines that a change is advisable.

17    (7) By October 1, 1985 and by each October 1 for each fiscal year
18  thereafter, require that the annual accountability report from each county board
19  include:

20             (i) A report which relates to the funds described in paragraph (3) of
21  this section and which reflects the actual amount of and the percentage of
22  expenditure in the classifications provided under § 5-401(a)(2) of this subtitle.

23             (ii) Any revisions to the intended use of the funds described in the
24  July 1 accountability plan.

25    (8) Determine if the accountability plans are consistent with the goals
26  and objectives and if the reports indicate that the expenditure plans have been
27  followed and if the goals and objectives are being achieved and determine if the
28  budgets of the county board comply with the maintenance of effort provisions of §
29  5-202(b)(3)(i)2 and (iii)1 and the use provisions of § 5-202(e)(3) and § 5-401(a)(2) of
30  this article. If an accountability plan or any revision to a plan is inconsistent with
31  those provisions, it shall be returned to the county board for modification and
32  resubmission.

33    (9) Annually review the progress of the county board in implementation
34  of the accountability plan and achievement of the specified objectives and goals of
35  improving classroom instruction and student performance as required by this
36  subtitle.

37    (10) Report before the first day of the regular session of the General
38  Assembly each year, subject to § 2-1246 of the State Government Article, any
39  noncompliance and any notification for any action including the withholding of funds.
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1 (11) Report to the Governor and, subject to § 2-1246 of the State
2 Government Article, the Legislative Policy Committee of the General Assembly before
3 the first day of the regular session of the General Assembly each year as to the
4 implementation and accomplishments under this subtitle.

5 5-402.

6 (A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE
7 DEPARTMENT SHALL EVALUATE THE EFFECT OF INCREASED STATE AID FOR
8 EDUCATION ON STUDENT AND SCHOOL PERFORMANCE IN EACH LOCAL SCHOOL
9 SYSTEM.

10 (2) THE DEPARTMENT MAY CONTRACT WITH A PUBLIC OR PRIVATE
11 ENTITY TO CONDUCT OR ASSIST IN CONDUCTING THE EVALUATION REQUIRED BY
12 THIS SUBSECTION.

13 (B) (1) THE DEPARTMENT SHALL SUBMIT AN INITIAL REPORT ON THE
14 RESULTS OF THE EVALUATION REQUIRED BY THIS SECTION TO THE GOVERNOR AND,
15 SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL
16 ASSEMBLY ON OR BEFORE DECEMBER 31, 2005.

17 (2) THE DEPARTMENT SHALL SUBMIT A FINAL REPORT ON THE
18 RESULTS OF THE EVALUATION REQUIRED BY THIS SECTION TO THE GOVERNOR AND,
19 SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL
20 ASSEMBLY ON OR BEFORE DECEMBER 31, 2006.

21 (C) THE REPORTS REQUIRED BY THIS SECTION SHALL INCLUDE:

22 (1) A DETAILED DESCRIPTION OF HOW LOCAL SCHOOL SYSTEMS ARE
23 USING STATE EDUCATION AID;

24 (2) A COMPARISON OF SCHOOL SYSTEMS THAT SHOW SIGNIFICANT
25 IMPROVEMENTS IN STUDENT AND SCHOOL PERFORMANCE TO SCHOOL SYSTEMS
26 THAT DO NOT SHOW SIGNIFICANT IMPROVEMENTS IN STUDENT AND SCHOOL
27 PERFORMANCE;

28 (3) AN ASSESSMENT OF THE EXTENT TO WHICH COUNTY BOARDS ARE
29 SUCCESSFUL IN IMPLEMENTING THE COMPREHENSIVE MASTER PLANS REQUIRED
30 BY § 5-401 OF THIS SUBTITLE;

31 (4) AN ANALYSIS OF THE AMOUNT OF FUNDING THAT LOCAL
32 GOVERNMENTS PROVIDE FOR EDUCATION EACH YEAR;

33 (5) A LIST OF PROGRAMS OR FACTORS THAT CONSISTENTLY PRODUCE
34 POSITIVE RESULTS FOR STUDENTS, SCHOOLS, AND SCHOOL SYSTEMS; AND

35 (6) ANY OTHER INFORMATION THAT THE STATE SUPERINTENDENT
36 DETERMINES TO BE RELEVANT TO THE EVALUATION OF STUDENT AND SCHOOL
37 PERFORMANCE IN EACH LOCAL SCHOOL SYSTEM.
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DEPARTMENT IN THE STATE BUDGET FOR EACH FISCAL YEAR SUFFICIENT TO COVER THE COSTS ASSOCIATED WITH IMPLEMENTING THIS SECTION.

7-101.

(a) All individuals who are 5 years old or older and under 21 shall be admitted free of charge to the public schools of this State.

(b) (1) Except as provided in § 7-301 of this title and in paragraph (2) of this subsection, each child shall attend a public school in the county where the child is domiciled with the child's parent or guardian.

(2) Upon request and in accordance with a county board's policies concerning residency, a county superintendent may allow a child to attend a school in the county even if the child is not domiciled in that county with the child's parent or guardian.

(3) If a child fraudulently attends a public school in a county where the child is not domiciled with the child's parent or guardian, the child's parent or guardian shall be subject to a penalty payable to the county for the pro rata share of tuition for the time the child fraudulently attends a public school.

(4) Nothing in this section alters the requirements for out-of-county placements contained in § 4-122 and Title 8, Subtitles 3 and 4 of this article or in any other State or federal law.

(c) (1) [There shall be full kindergarten programs in each county of this State.] BY THE 2006-2007 SCHOOL YEAR, EACH COUNTY BOARD SHALL PROVIDE FULL-DAY KINDERGARTEN PROGRAMS FOR ALL KINDERGARTEN STUDENTS IN THAT COUNTY.

(2) IN THE COMPREHENSIVE MASTER PLAN THAT IS SUBMITTED UNDER § 5-401 OF THIS ARTICLE, A COUNTY BOARD SHALL IDENTIFY THE STRATEGIES THAT WILL BE USED IN THAT COUNTY TO ENSURE THAT FULL-DAY KINDERGARTEN PROGRAMS ARE PROVIDED TO ALL KINDERGARTEN STUDENTS IN THAT COUNTY BY THE 2006-2007 SCHOOL YEAR.

7-101.1.

(A) (1) IN THIS SECTION THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

(2) "ECONOMICALLY DISADVANTAGED BACKGROUND" MEANS A FAMILY WHOSE INCOME WOULD MAKE A CHILD ELIGIBLE FOR FREE OR REDUCED PRICE MEALS IF THE CHILD WERE IN KINDERGARTEN.

(3) "ELIGIBLE CHILD" MEANS A CHILD:
(I) WHO IS FROM AN ECONOMICALLY DISADVANTAGED BACKGROUND;

(II) WHOSE PARENT OR GUARDIAN SEEKS TO ENROLL THE CHILD IN A PUBLIC PREKINDERGARTEN PROGRAM; AND

(III) WHO IS 4 YEARS OLD ON SEPTEMBER 1 OF THE SCHOOL YEAR IN WHICH THE PARENT OR LEGAL GUARDIAN SEEKS TO ENROLL THE CHILD IN A PUBLIC PREKINDERGARTEN PROGRAM.

(4) "ELIGIBLE FOR FREE OR REDUCED PRICE MEALS" MEANS ELIGIBLE FOR FREE OR REDUCED PRICE MEALS BASED ON ELIGIBILITY REQUIREMENTS ESTABLISHED BY THE UNITED STATES DEPARTMENT OF AGRICULTURE.

(B) BY THE 2006-2007 SCHOOL YEAR, ALL ELIGIBLE CHILDREN SHALL BE ADMITTED FREE OF CHARGE TO PUBLICLY FUNDED PREKINDERGARTEN PROGRAMS ESTABLISHED BY EACH OF THE COUNTY BOARDS.

(C) THE REQUIREMENTS SET FORTH IN § 7-101(B) OF THIS SUBTITLE REGARDING THE DOMICILE OF A CHILD AND THE RESIDENCY OF THE CHILD'S PARENT OR GUARDIAN SHALL APPLY TO PREKINDERGARTEN PROGRAMS ESTABLISHED BY COUNTY BOARDS AS REQUIRED BY THIS SECTION.

(D) IN THE COMPREHENSIVE MASTER PLAN THAT IS SUBMITTED UNDER § 5-401 OF THIS ARTICLE, A COUNTY BOARD SHALL IDENTIFY THE STRATEGIES THAT WILL BE USED IN THAT COUNTY TO ENSURE THAT PUBLICLY FUNDED PREKINDERGARTEN PROGRAMS ARE AVAILABLE TO ALL ELIGIBLE CHILDREN IN THAT COUNTY BY THE 2006-2007 2007-2008 SCHOOL YEAR.

7-103.

(a) Except as provided in subsections [(b) and (e)] (B), (E), AND (F) of this section, each public school under the jurisdiction of a county board:

(1) (i) Shall be open for pupil attendance for at least 180 actual school days and a minimum of 1,080 school hours during a 10-month period in each school year; or

(ii) If normal school attendance is prevented because of conditions described in subsection (b) of this section, shall be open for at least 1,080 hours during a 10-month period; and

(2) Shall be open for pupil attendance a minimum of 3 hours during each school day; and

(3) May not be open on Saturdays, Sundays, or holidays in order to meet the 180 day or 1,080 hour requirement of this subsection.
If a county board submits a written application to the State Board that describes a demonstrated effort by the county board to comply with subsection (a) of this section, the State Board may permit:

- Adjustments in the length of the school year;
- Exceptions from the requirement that the school year be completed within a 10-month period;
- Adjustments in the length of the school day; and
- Schools to be open on holidays.

These adjustments may be granted only if normal school attendance is prevented because of:

- Natural disaster;
- Civil disaster; or
- Severe weather conditions.

Education funding from State or local sources may not be reduced if there are less than 180 school days in any year because of an approved application under this subsection.

In case of emergency, the State Board may open schools on holidays.

The following days are public school holidays:

- Thanksgiving Day and the day after;
- Christmas Eve and from then through January 1;
- Martin Luther King, Jr. Day;
- Presidents’ Day;
- The Friday before Easter and from then through the Monday after Easter;
- Memorial Day; and
- Primary and general election days.

If the federal and State observances of a holiday are on different days, the board of education of each county shall determine which date shall be the date of observance for the public schools within the county.

The public schools shall devote a part of the day to appropriate exercises for the following days:
(i) Washington's Birthday;
(ii) Lincoln's Birthday;
(iii) Veterans' Day;
(iv) Columbus Day;
(v) Arbor Day; and
(vi) Any other day of national significance.

(4) Notwithstanding any other provisions of this article, the public schools, in the following counties, may remain open and in session on primary and general election days:

(i) Calvert;
(ii) Caroline;
(iii) Dorchester;
(iv) Kent;
(v) Talbot; and
(vi) Worcester.

(d) Except as provided in subsection (e) of this section, the State Board shall divide the school year into the terms it considers appropriate.

(e) (1) The county boards of Allegany, Anne Arundel, Calvert, Howard, and Montgomery counties, and the Board of School Commissioners of Baltimore City, may elect to operate one or more schools within the county or Baltimore City on a year-round basis, provided that the 180 day and the minimum hour requirements under this section are met.

(2) Nothing in this section precludes a county board from conducting a year-round pilot study or program that is funded by the county board.

(F) PUBLICLY FUNDED PREKINDERGARTEN PROGRAMS ARE NOT SUBJECT TO THE REQUIREMENTS OF SUBSECTION (A) OF THIS SECTION.

[7-208.

(a) (1) In this section the following words have the meanings indicated.

(2) "Academic intervention programs" means academic programs with curriculum-based instruction that may take place:

(i) Before school starts each day and after school ends each day;
(ii) During the regular school day, provided there is no continual conflict with curriculum-based instruction;

(iii) On weekends;

(iv) On holidays;

(v) During vacations; or

(vi) During summer break.

(3) "Amount per weighted pupil" means the total amount of funds in excess of $11,600,000 that are allocated for grants under subsection (b)(4)(ii) of this section divided by the total weighted enrollment count.

(4) "Curriculum-based instruction" means instruction based on curriculum guides and courses of study developed by each county in accordance with § 4-111 of this article.

(5) "Intensity factor" means 70% divided by the average composite score on the Maryland School Performance Assessment Program Test for eighth grade students enrolled in a county's public schools during the second fiscal year prior to the fiscal year for which the appropriation was made.

(6) "Program" means the Maryland Academic Intervention and Support Program established under this section.

(7) "Total weighted enrollment count" means the sum of the weighted enrollment counts for all counties in the State.

(8) "Weighted enrollment count" means the product of the number of eighth grade students enrolled in a county's public schools on September 30 of the second fiscal year prior to the fiscal year for which the appropriation was made and the county's intensity factor.

(b) (1) There is a Maryland Academic Intervention and Support Program in the Department.

(2) The purpose of the Program is to provide academic intervention programs for students who have demonstrated deficiencies in reading or mathematics.

(3) The Program shall be funded as provided in the State budget.

(4) The funds that are allocated to the Program in the State budget shall be used to:

(i) Cover the costs incurred by the Department in implementing and administering the Program; and
(ii) Provide grants to county boards as authorized under subsection (g) of this section.

(c) (1) The State Board shall develop criteria by which county boards may submit plans for approval that address goals and strategies for intervening with students who have demonstrated deficiencies in reading or mathematics, including:

(i) State approved best practices for academic intervention;

(ii) A catalog of promising State approved practices that would qualify for a county board's implementation of academic intervention programs; and

(iii) A list of approved persons that may provide academic intervention programs, in accordance with paragraph (2)(ii) of this subsection.

(2) (i) Except as provided in subparagraph (ii) of this paragraph, a school shall provide instruction using school staff and materials.

(ii) If a county board is unable to provide the curriculum-based instruction of the academic intervention program with school staff and materials, a county board may select a person approved by the State Board to provide extended academic instruction.

(d) The schools shall determine a student's eligibility for the Program based on the student's performance on Maryland School Performance Assessment Program Tests, standardized tests, classroom tests, and any other criteria the State Board deems appropriate.

(e) (1) The county boards shall develop or appropriately adapt an existing parental consent form for the provision of academic intervention instruction.

(2) A parent or guardian of a student selected for the Program shall provide written consent for the student's participation in the Program to the student's school prior to the student's participation in the Program.

(f) (1) The State Board shall establish criteria for evaluating the Program.

(2) On or before June 30 of each year, each county board shall submit a report to the State Board that includes an evaluation of the status and success of the Program in that county.

(3) The report submitted by a county board under paragraph (2) of this subsection shall:

(i) Identify the number of students in the county who were eligible to participate in the Program during the prior school year;

(ii) Identify the number of students in the county who were selected to participate in the Program during the prior school year;
(iii) Include, for each grade, aggregate student performance results, before the students began participation in the Program, on any tests or measurement tools that were used to determine the students' eligibility for the Program;

(iv) Include for each grade, aggregate student performance results, after the students began participation in the Program, on any tests or measurement tools that were used to determine the students' eligibility for the Program; and

(v) Include an evaluation of the success of the Program based on the data described in items (iii) and (iv) of this paragraph and any other criteria established by the State Board for evaluating the Program.

(4) (i) The State Board shall evaluate a report submitted by a county board under paragraph (2) of this subsection to determine whether the Program has been successfully implemented in the county.

(ii) If the State Board determines that the Program has not been successfully implemented in a county, the State Board may withhold grant money that a county board is authorized to receive under subsection (g) of this section.

(5) On or before September 1 of each year, the State Board shall submit a report to the Governor and, subject to § 2-1246 of the State Government Article, the General Assembly that includes an evaluation of the status and success of the Program in each county and on a statewide basis.

(g) (1) Of the first $11,600,000 that is used for grants under subsection (b)(4)(ii) of this section, each county board shall receive a:

(i) Base grant of $70,000; and

(ii) Foundation grant that is equal to a fraction of $9,920,000:

1. The numerator of which is the number of students in the county scoring less than satisfactory on the reading or mathematics portion of the Maryland School Performance Assessment Program Test; and

2. The denominator of which is the number of students in the State scoring less than satisfactory on the reading or mathematics portion of the Maryland School Performance Assessment Program Test.

(2) Of the funds in excess of $11,600,000 that are used for grants under subsection (b)(4)(ii) of this section, each county board shall receive an intensity grant that is equal to the product of the county's weighted enrollment count and the amount per weighted pupil.

(h) The Department shall adopt regulations necessary for the implementation of this section.]
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[Subtitle 2A. Excellence in Education Incentive Grant Program.]

[8-2A-01.

(a) There is an Excellence in Education Incentive Grant Program in the State Department.

(b) The purpose of the Excellence in Education Incentive Grant Program is to award grants to eligible county boards for the development of innovative instructional programs and services for gifted and talented students.]

[8-2A-02.

Each county board that receives a grant under this subtitle shall:

(1) Develop and implement articulated programs for the early identification of gifted and talented students in grades K through 12 and the provision of services to those students;

(2) Provide staff development for a variety of professional audiences, including teachers, principals, and guidance personnel; and

(3) Provide and disseminate to parents and community groups information on programs and services available for gifted and talented students.]

[8-2A-03.

The State Board shall:

(1) Adopt regulations establishing criteria for:

(i) The awarding of grants under the Excellence in Education Incentive Grant Program; and

(ii) The evaluation of effective programs and services for gifted and talented students; and

(2) Conduct periodic monitoring of the delivery of programs and services for gifted and talented students in local school systems that receive the grants.]

8-414.

(A) [Beginning in fiscal year 1982] SUBJECT TO SUBSECTIONS (B) AND (C) OF THIS SECTION, the funding level provided by this State and its counties for special education and related services for children with disabilities may not be less than the funding level for these services in fiscal year 1981 required under §§ 8-417 through 8-417.6 of this subtitle, as those sections were codified on June 30, 1981.

(B) THE STATE FUNDING REQUIRED BY THIS SECTION SHALL BE PHASED OUT BETWEEN FISCAL YEARS 2003 2004 AND 2006 2007 AS PROVIDED IN SUBSECTION (C) OF THIS SECTION.
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(C) IN FISCAL YEARS 2003 THROUGH 2007, A COUNTY BOARD SHALL RECEIVE STATE FUNDING IN AN AMOUNT THAT IS EQUAL TO THE AMOUNT OF STATE FUNDING RECEIVED UNDER THIS SECTION IN FISCAL YEAR 2002 MULTIPLIED BY:

(1) 0.80 IN FISCAL YEAR 2003 2004;
(2) 0.60 IN FISCAL YEAR 2004 2005;
(3) 0.40 IN FISCAL YEAR 2005 2006; AND
(4) 0.20 IN FISCAL YEAR 2006 2007.

The amount of the grant shall be a percentage of total design and construction costs, including site acquisition and development costs, as follows:

(i) For a regional community college established under § 16-202 of this article, 75 percent; or
(ii) For a public junior or community college that is not a regional community college, the greater of:

1. A percentage equal to that percentage of the expenditure for basic current expenses THE FOUNDATION PROGRAM that the State pays to the petitioning jurisdiction under § 5-202(b) of this article up to a maximum of 70 percent; or
2. 50 percent.

AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

A r t i c l e  -  E d u c a t i o n
7-301.

Kindergarten programs are not subject to the requirements of § 7-103(a) of this title relating to minimum days or hours of operation.

SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:


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9528055/CL2002151, Baltimore City Circuit Court; and "Vaughn G., et al v. Mayor
and City Council, et al", case no. MJG-84-1911, United States District Court for the
District of Maryland and reflect a commitment to appropriate additional funds for the
Baltimore City public schools in the following amounts: $30 million in Fiscal Year
1998 and $50 million in each of Fiscal Years 1999 through 2002, inclusive. [For fiscal
teach year 2003, the Governor shall continue the commitment to appropriate $50 million in
additional funds for the Baltimore City public schools.]

SECTION 29. AND BE IT FURTHER ENACTED. That:


(a) [Subsection (a) of this section] SECTION 29 OF THIS ACT shall remain
in effect until June 30, 2002, after which it shall be abrogated and of no further force
and effect without further action by the General Assembly.

(b) [Except as provided in paragraph (a) of this subsection, this section
shall remain in effect until June 30, 2003, after which it shall be abrogated and of no
further force and effect with no further action required by the General Assembly.]

29-3. Additional funding.

(a) New Targeted Poverty Program.

The following funds shall be provided for the New Targeted Poverty Program
beginning with the Fiscal Year 1998 State budget:

1. Allegany County.......................................................... $484,128;
2. Anne Arundel County..................................................1,038,816;
3. Baltimore County.........................................................2,446,368;
4. Calvert County..........................................................184,032;
5. Caroline County........................................................212,448;
6. Carroll County..........................................................215,040;
7. Cecil County..............................................................301,056;
8. Charles County.........................................................455,424;
9. Dorchester County......................................................220,800;
10. Frederick County.......................................................445,728;
11. Garrett County........................................................216,192;
12. Harford County.........................................................612,960;
Howard County................................................................. 326,880;
Kent County................................................................. 95,616;
Montgomery County.................................................... 2,469,216;
Prince George's County.............................................. 1,840,416;
Queen Anne's County.................................................. 117,216;
St. Mary's County......................................................... 361,632;
Somerset County.......................................................... 168,192;
Talbot County.............................................................. 110,016;
Washington County..................................................... 571,200;
Wicomico County.......................................................... 443,808;
Worcester County........................................................ 226,176.

The total additional grant under this subsection is $16,563,360.

(b) Limited English Proficiency Program.

The following additional funds shall be provided in addition to any funds appropriated for a county board of education pursuant to the Limited English Proficiency Program established in § 5-206 of the Education Article:

Anne Arundel County..................................................... $ 40,500;
Baltimore City............................................................. 81,000;
Baltimore County.......................................................... 45,000;
Caroline County............................................................. 4,000;
Carroll County............................................................. 11,000;
Cecil County................................................................. 2,500;
Charles County............................................................ 5,000;
Dorchester County....................................................... 5,500;
Frederick County.......................................................... 2,500;
Harford County............................................................ 16,500;
Howard County........................................................... 37,500;
<table>
<thead>
<tr>
<th></th>
<th>County</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kent County</td>
<td>3,500</td>
</tr>
<tr>
<td>2</td>
<td>Montgomery County</td>
<td>1,129,000</td>
</tr>
<tr>
<td>3</td>
<td>Prince George's County</td>
<td>465,500</td>
</tr>
<tr>
<td>4</td>
<td>Queen Anne's County</td>
<td>1,000</td>
</tr>
<tr>
<td>5</td>
<td>St. Mary's County</td>
<td>6,000</td>
</tr>
<tr>
<td>6</td>
<td>Somerset County</td>
<td>4,000</td>
</tr>
<tr>
<td>7</td>
<td>Talbot County</td>
<td>3,000</td>
</tr>
<tr>
<td>8</td>
<td>Washington County</td>
<td>15,000</td>
</tr>
<tr>
<td>9</td>
<td>Wicomico County</td>
<td>19,500</td>
</tr>
<tr>
<td>10</td>
<td>Worcester County</td>
<td>6,000</td>
</tr>
</tbody>
</table>

The total additional grant under this subsection is $1,903,500.

(e) Aging School Program

The following funds shall be provided for the Aging School Program, which shall be administered by the Interagency Committee on Public School Construction, beginning with the Fiscal Year 1998 State budget:

<table>
<thead>
<tr>
<th></th>
<th>County</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Allegany County</td>
<td>$150,000</td>
</tr>
<tr>
<td>2</td>
<td>Anne Arundel County</td>
<td>240,000</td>
</tr>
<tr>
<td>3</td>
<td>Baltimore City</td>
<td>120,000</td>
</tr>
<tr>
<td>4</td>
<td>Baltimore County</td>
<td>1,750,000</td>
</tr>
<tr>
<td>5</td>
<td>Calvert County</td>
<td>25,000</td>
</tr>
<tr>
<td>6</td>
<td>Caroline County</td>
<td>35,000</td>
</tr>
<tr>
<td>7</td>
<td>Carroll County</td>
<td>180,000</td>
</tr>
<tr>
<td>8</td>
<td>Cecil County</td>
<td>150,000</td>
</tr>
<tr>
<td>9</td>
<td>Charles County</td>
<td>25,000</td>
</tr>
<tr>
<td>10</td>
<td>Dorchester County</td>
<td>25,000</td>
</tr>
<tr>
<td>11</td>
<td>Frederick County</td>
<td>35,000</td>
</tr>
<tr>
<td>12</td>
<td>Garrett County</td>
<td>35,000</td>
</tr>
</tbody>
</table>
The total grant under this subsection is $4,350,000.

(d) Extended Elementary Education Program.

Beginning with Fiscal Year 1998, the Governor shall include in each year's operating budget no less than the amount appropriated in Fiscal Year 1997 for the Extended Elementary Education Program. In addition to that amount, the following additional funds shall be provided to each county board of education:

1. Allegany County................................................................. $ 35,000;
2. Anne Arundel County..................................................... 245,000;
3. Baltimore City................................................................. 105,000;
4. Baltimore County............................................................ 210,000;
5. Caroline County.............................................................. 105,000;
6. Cecil County................................................................. 175,000;
7. Charles County.............................................................. 490,000;
8. Frederick County............................................................ 175,000;
9. Garrett County............................................................... 35,000;
10. Harford County.......................................................... 280,000;
11. Howard County........................................................... 25,000;
12. Kent County................................................................. 25,000;
13. Montgomery County.................................................... 510,000;
14. Prince George's County................................................. 420,000;
15. Queen Anne's County................................................. 35,000;
16. St. Mary's County.......................................................... 35,000;
17. Somerset County.......................................................... 25,000;
18. Talbot County............................................................... 60,000;
19. Washington County.................................................... 90,000;
20. Wicomico County.......................................................... 150,000;
21. Worcester County........................................................ 25,000.
11 The total additional grant under this subsection is $3,290,000.

12 (e) State Aid for Community Colleges.

13 The following additional funds shall be provided in addition to any funds
14 appropriated for a community college board pursuant to the State Aid for Community
15 Colleges Program established in § 16-305 of the Education Article:

16 (1) Allegany Community College ........................................... $ 160,861;
17 (2) Cecil Community College ............................................... 74,121;
18 (3) Chesapeake Community College ............................... 4,909;
19 (4) Frederick Community College ........................................ 97,133;
20 (5) Garrett Community College ........................................... 91,445;
21 (6) Harford Community College ......................................... 145,848;
22 (7) Hagerstown Community College ................................. 165,181.

23 The total additional grant under this subsection is $739,498.

24 (f) Mentoring Program Grants—Baltimore County.

25 Beginning with Fiscal Year 1998, the Baltimore County Board of Education
26 shall receive a grant for the Teacher Mentoring Program in an amount not less than
27 the amount received in Fiscal Year 1997, increased by $2,400,000.

28 (g) Gifted-and-Talented Programs—Montgomery County.
Beginning with Fiscal Year 1998, the Montgomery County Board of Education shall receive a grant to support Gifted and Talented Programs in the amount of $2,000,000.

(h) Magnet Schools Program—Prince George’s County.

Beginning with Fiscal Year 1998, the Prince George’s County Board of Education shall receive a grant for the Magnet Schools Program in an amount not less than the amount received in Fiscal Year 1997, increased by $1,100,000.


SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that the Governor provide a maximum of $310,000 [annually in Fiscal Years 1999 through 2003] EACH FISCAL YEAR for the operating expenses of the Coordination Office established by this Act UNTIL THE STATE SUPERINTENDENT OF SCHOOLS DETERMINES THAT ALL OF THE RECOMMENDATIONS SET FORTH IN THE FINANCIAL AND PERFORMANCE AUDITS REQUIRED UNDER § 5-206 OF THE EDUCATION ARTICLE HAVE BEEN ADDRESSED.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1998. [It shall remain effective for a period of 5 years and, at the end of June 30, 2003, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.]


SECTION 2. AND BE IT FURTHER ENACTED, That for fiscal years 1999 through [2003] 2004, in each year, the State shall provide $35 million for public school construction projects in Prince George’s County and the Prince George’s County government shall provide a minimum of $32 million for public school construction projects, and such additional funds as may be necessary to match the annual State appropriation for public school construction projects in Prince George’s County. For fiscal years 2000 through [2003] 2004, the full level of State funding shall be contingent on future economic conditions and review and approval by the State Superintendent of Schools of the Prince George’s County Board of Education’s Comprehensive Plan described in the 1998 Memorandum of Understanding signed by the parties to Vaughns, et al. v. Board of Education of Prince George’s County, et al. and submitted to the United States District Court.

SECTION 3. AND BE IT FURTHER ENACTED, That for fiscal years 1999 through [2003] 2004, in each year, the State shall provide 75 percent of the eligible costs for up to $35 million in public school construction costs in Prince George’s County. At least $20 million of the State funds must be spent each year on neighborhood school projects. For funding above $35 million, the State shall provide 60 percent of the eligible costs. Neighborhood school projects shall be identified by the Interagency Committee on Public School Construction and shall include new public
schools and additions or improvements to existing public schools which serve students
reassigned to their local communities based upon the Community Schools Education
Plan developed by the Prince George’s County Board of Education.

SECTION 4. AND BE IT FURTHER ENACTED, That prior to any school
collection projects being released for bidding as a result of State funding in fiscal
years 1999 through [2003] 2004, the Prince George’s County Board of Education, the
County Executive, and the County Council shall submit to the Interagency
Committee on School Construction the most recent Community Schools Education
Plan and the Prince George’s County Board of Education Capital Improvement
Program and a letter of endorsement of the plan and program. The Interagency
Committee shall review the information submitted and determine which projects or
portions thereof are justified and which qualify as neighborhood school projects. Prior
to any approval from the Interagency Committee to release any projects for bidding,
the educational programs and services proposed for each project shall be reviewed
and approved by the State Superintendent of Schools for consistency with practices
and strategies that result in improved student achievement and academic and social
success.

SECTION 5. AND BE IT FURTHER ENACTED, That:

(a) Except as provided in subsection (b) of this section and Section 6 of this
Act, this Act shall remain effective until [June 30, 2003] JUNE 30, 2004, and, at the
end of [June 30, 2003] JUNE 30, 2004, with no further action required by the General
Assembly, this Act shall be abrogated and of no further force and effect.

(b) Notwithstanding any other provision of this Act, § 5-307(d) of the
Education Article as enacted by this Act shall remain in effect and shall not terminate
without further action by the General Assembly.

Chapter 464 of the Acts of 1999, as amended by Chapter 420 of the Acts of
2001

Chapter 493 of the Acts of 2000, as amended by Chapter 420 of the Acts of
2001

SECTION 4. AND BE IT FURTHER ENACTED, That the Governor shall
include in the State budget for each of fiscal years 2001[, 2002, and 2003] AND 2002
an appropriation of at least $20,165,079 to meet the State’s existing legal obligations
for educational funding and avoid future litigation.

SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take effect
June 1, 2000. Section 1 of this Act shall remain effective for a period of [3] 5 years
and 1 month and, at the end of [June 30, 2003] JUNE 30, 2005, with no further action
required by the General Assembly, Section 1 of this Act shall be abrogated and of no
further force and effect.

Chapter 280 of the Acts of 2001

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
MARYLAND, That, notwithstanding any other provision of law, for fiscal years [2002
and 2003] 2002 THROUGH 2004, in each year, the State shall provide 90 percent of the
eligible costs for up to and including $20 million in public school construction projects
in Baltimore City, and for funding above $20 million, the State shall provide 75
percent of the eligible costs.

SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding the
provisions of Section 1 of this Act, Baltimore City shall appropriate for school
least $12.4 million, the amount that Baltimore City appropriated in fiscal 2001 to
match the State funds provided in fiscal 2001 for school construction in Baltimore
City.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
July 1, 2001. It shall remain effective for a period of [2] 3 years and, at the end of
[June 30, 2003] JUNE 30, 2004, with no further action required by the General
Assembly, this Act shall be abrogated and of no further force and effect.

SECTION 5. AND BE IT FURTHER ENACTED, That:

(a) There is a Task Force to Study Public School Facilities.

(b) The Task Force shall review, evaluate, and make findings and
recommendations regarding the following issues relating to the State's school
construction program:

(1) whether public school facilities are adequate to support programs
funded through an adequate operating budget as proposed by the Commission on
Education Finance, Equity, and Excellence in its January 2002 Final Report;

(2) the equity of the State's school construction program, particularly the
equity of the State and local cost shares for school construction projects;

(3) whether the Aging Schools Program should be continued as a
permanent program; and

(4) any other matter that the Task Force determines to be relevant to an
evaluation of the adequacy and equity of the State's school construction program.

(c) The Commission shall be composed of 21 members as follows:

(1) a chairman appointed by the Governor;
two members of the Senate of Maryland, appointed by the President of the Senate;

two members of the House of Delegates of Maryland, appointed by the Speaker of the House;

the Executive Director of the Interagency Committee on School Construction;

the State Superintendent of Schools, or the State Superintendent's designee;

the Secretary of the Department of Budget and Management, or the Secretary's designee;

the Secretary of the Department of General Services, or the Secretary's designee;

a member of the State Board of Education;

three representatives of county governments, appointed by the Governor;

three representatives of local boards of education, appointed by the Governor;

three educators who work in public schools in the State, appointed by the Governor;

two members of the public, appointed by the Governor.

To the extent practicable, the Governor shall attempt to ensure regional, ethnic, economic, and gender diversity on the Task Force.

The Interagency Committee on School Construction, the Maryland State Department of Education, the Department of Budget and Management, and the Department of Legislative Services, jointly, shall provide staff support to the Task Force.

The Task Force shall:

be appointed and begin its deliberations no later than June 1, 2002;

and

submit a report of its findings and recommendations to the Governor and, in accordance with § 2-1246 of the State Government Article, the General Assembly on or before December 31, 2002.

The Task Force shall terminate on December 31, 2002.

SECTION 6. AND BE IT FURTHER ENACTED, That:
The Maryland State Department of Education shall form a committee of interested stakeholders to study issues relating to enrollment counts in order to ensure that the school finance system reflected in this Act, which is based on the number of students enrolled by each school system, accurately reflects the workload of each school system at the time education funding is distributed.

The committee shall make findings regarding:

1. the impact of the school finance system established in this Act on school systems with declining or growing enrollments;
2. the costs and benefits of alternative ways of addressing problems that relate to declining or growing enrollments; and
3. the costs and benefits of changing the dates on which enrollment counts are taken for different segments of the student population in order to make this date consistent for all enrollment counts.

The committee shall make recommendations regarding ways in which the school finance system should be modified in order to address problems relating to:

1. school systems with declining or growing enrollments; and
2. the dates on which the State should take enrollment counts for different segments of the student population.

The committee shall submit a final report of its findings and recommendations, including an analysis of the fiscal impact of its recommendations, to the Governor and, subject to § 2-1246 of the State Government Article, the General Assembly on or before December 30, 2003.

The Maryland State Department of Education, in consultation with the Department of Budget and Management and the Department of Legislative Services, shall contract with a public or private entity to conduct a study of the adequacy of education funding in the State. At a minimum, the adequacy study shall: (1) identify a base funding level for students without special needs; (2) per pupil weights for students with special needs to be applied to the base funding level; and (3) an analysis of the effect of concentrations of poverty on adequacy targets. The Governor shall include sufficient funds in the State budget for the appropriate fiscal years for the Maryland State Department of Education to cover the costs of conducting the adequacy study.

Since the school finance system reflected in this Act is based on the assumption that the following programs, which received funding in the fiscal 2002 or 2003 State budget under the budget codes listed below, will continue in future years, it is the intent of the General Assembly that funding for these programs be included in future State budgets:

1. Gifted and Talented Summer Center - RA.02.09;
SECTION 8. AND BE IT FURTHER ENACTED, That, since the school finance system reflected in this Act is based on the assumption that the following discretionary programs, which received funding in the fiscal 2002 State budget under the budget codes listed below, will be consolidated into either the foundation program established by this Act or one of the three programs for special needs students established by this Act, it is the intent of the General Assembly that no funding for these programs be included in future State budgets:

1. Environmental Education - RA.02.10;
2. Maryland Student Service Alliance - RA.02.13;
3. Pre-K through Third Grade Initiative - RA.02.13;
4. Allegany County Resource Deficiencies - RA.02.13;
5. High School Assessment Fees - RA.02.13;
6. Foster Care Assessment - RA.02.13;
7. Rural Schools Performance - RA.02.13;
8. Rural Schools Nurses - RA.02.13;
9. Potomac High School - RA.02.13;
10. Pilot Summer Program - RA.02.54; and
(11) Baltimore City Teacher Certification - RA.02.55.

SECTION 10. AND BE IT FURTHER ENACTED, That this Act constitutes further action of the General Assembly regarding consideration of the provisions of § 3-108.1 of the Education Article for the purpose of meeting the requirements of Section 28 of Chapter 105 of the Acts of 1997.

SECTION 11. AND BE IT FURTHER ENACTED, That:

(a) Subject to subsection (b) of this section, in addition to any other State aid to local public education, the State shall provide unrestricted grants for public education for fiscal year 2003 to the county boards of education and the New Baltimore City Board of School Commissioners in the following amounts:

<table>
<thead>
<tr>
<th>County</th>
<th>Grant Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegany</td>
<td>$2,890,661</td>
</tr>
<tr>
<td>Anne Arundel</td>
<td>2,368,568</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>18,684,668</td>
</tr>
<tr>
<td>Baltimore</td>
<td>2,087,705</td>
</tr>
<tr>
<td>Calvert</td>
<td>793,974</td>
</tr>
<tr>
<td>Caroline</td>
<td>929,352</td>
</tr>
<tr>
<td>Carroll</td>
<td>936,689</td>
</tr>
<tr>
<td>Cecil</td>
<td>900,472</td>
</tr>
<tr>
<td>Charles</td>
<td>1,278,854</td>
</tr>
<tr>
<td>Dorchester</td>
<td>408,720</td>
</tr>
<tr>
<td>Frederick</td>
<td>1,912,848</td>
</tr>
<tr>
<td>Garrett</td>
<td>312,282</td>
</tr>
<tr>
<td>Harford</td>
<td>1,811,353</td>
</tr>
<tr>
<td>Howard</td>
<td>1,849,594</td>
</tr>
<tr>
<td>Kent</td>
<td>120,310</td>
</tr>
<tr>
<td>Montgomery</td>
<td>7,586,129</td>
</tr>
<tr>
<td>Prince George's</td>
<td>12,527,220</td>
</tr>
<tr>
<td>Queen Anne's</td>
<td>105,717</td>
</tr>
<tr>
<td>St. Mary's</td>
<td>496,593</td>
</tr>
<tr>
<td>Somerset</td>
<td>556,384</td>
</tr>
<tr>
<td>Talbot</td>
<td>1,009,900</td>
</tr>
<tr>
<td>Washington</td>
<td>1,181,006</td>
</tr>
<tr>
<td>Wicomico</td>
<td>1,410,573</td>
</tr>
<tr>
<td>Worcester</td>
<td>1,497,263</td>
</tr>
</tbody>
</table>

(b) (1) This subsection applies to Montgomery, Talbot, and Worcester counties, the three counties each of whose State share of basic current expenses under § 5-202 of the Education Article in fiscal year 2003 is less than 25 percent.

(2) If a county’s education tax effort index, calculated by dividing the local education appropriation by the local wealth and indexing the result to the State average, is less than 0.80, the State grant to that county board under this section shall be as follows:

<table>
<thead>
<tr>
<th>County</th>
<th>Grant Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montgomery</td>
<td>$3,471,436</td>
</tr>
<tr>
<td>Talbot</td>
<td>417,165</td>
</tr>
<tr>
<td>Worcester</td>
<td>523,004</td>
</tr>
</tbody>
</table>

SECTION 12. AND BE IT FURTHER ENACTED, That:
(a) If Chapter ____ (H.B. 949) of the Acts of the General Assembly of 2002 is enacted:

   (1) Any provisions of this Act that are in conflict with the provisions of Chapter ____ (H.B. 949) shall be null and void without the necessity of further action by the General Assembly; and

   (2) In addition to any other State aid to local public education, the State shall provide, subject to subsection (b) of this section, an unrestricted grant for public education for fiscal year 2003 only to the Prince George's County Board of Education in an amount equal to $10,000,000.

(b) The State Superintendent of Schools may not release the supplemental grant under this section to the Prince George's County Board of Education until:

   (1) The Prince George's County Board of Education develops and submits to the State Department of Education a comprehensive master plan that meets the requirements of § 5-401 of the Education Article as enacted under Section 2 of this Act; and

   (2) The State Superintendent has determined that the comprehensive master plan will have the effect of improving student achievement and increasing progress toward meeting State performance standards.

SECTION 13. AND BE IT FURTHER ENACTED, That, if Chapter ____ (S.B. 419/H.B. 371) of the Acts of the General Assembly of 2002 is enacted, the State shall provide grants for fiscal year 2003 to local lead agencies in the counties and Baltimore City under the Maryland Infants and Toddlers Program as follows:

<table>
<thead>
<tr>
<th>County</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegany</td>
<td>$75,618</td>
</tr>
<tr>
<td>Anne Arundel</td>
<td>479,666</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>747,150</td>
</tr>
<tr>
<td>Baltimore</td>
<td>636,238</td>
</tr>
<tr>
<td>Calvert</td>
<td>45,709</td>
</tr>
<tr>
<td>Caroline</td>
<td>24,265</td>
</tr>
<tr>
<td>Carroll</td>
<td>116,813</td>
</tr>
<tr>
<td>Cecil</td>
<td>53,045</td>
</tr>
<tr>
<td>Charles</td>
<td>69,410</td>
</tr>
<tr>
<td>Dorchester</td>
<td>38,373</td>
</tr>
<tr>
<td>Frederick</td>
<td>207,667</td>
</tr>
<tr>
<td>Garrett</td>
<td>15,236</td>
</tr>
<tr>
<td>Harford</td>
<td>291,750</td>
</tr>
<tr>
<td>Howard</td>
<td>264,663</td>
</tr>
<tr>
<td>Kent</td>
<td>4,515</td>
</tr>
<tr>
<td>Montgomery</td>
<td>838,183</td>
</tr>
<tr>
<td>Prince George's</td>
<td>536,661</td>
</tr>
<tr>
<td>Queen Anne's</td>
<td>23,701</td>
</tr>
<tr>
<td>St. Mary's</td>
<td>71,668</td>
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<tr>
<td>Somerset</td>
<td>7,336</td>
</tr>
<tr>
<td>Talbot</td>
<td>15,236</td>
</tr>
<tr>
<td>Washington</td>
<td>104,398</td>
</tr>
</tbody>
</table>
SENATE BILL 856

1  Wicomico  82,954
2  Worcester  17,494

3  SECTION 14. AND BE IT FURTHER ENACTED, That, if Chapter____
4  (S.B. 737/H.B. 910) of the Acts of the General Assembly of 2002 is enacted, the State
5  shall provide grants for fiscal year 2003 for adult education and literacy services for
6  eligible recipients, to be allocated among the counties and Baltimore City as follows:

7  Allegany  $ 25,387
8  Anne Arundel  89,383
9  Baltimore City  152,492
10  Baltimore  172,578
11  Calvert  22,930
12  Caroline  4,330
13  Carroll  35,782
14  Cecil  14,410
15  Charles  61,921
16  Dorchester  7,319
17  Frederick  35,170
18  Garrett  6,028
19  Harford  35,584
20  Howard  57,182
21  Kent  3,871
22  Montgomery  134,114
23  Prince George's  143,579
24  Queen Anne's  8,956
25  St. Mary's  10,388
26  Somerset  8,414
27  Talbot  4,031
28  Washington  36,038
29  Wicomico  19,662
30  Worcester  10,471

31  SECTION 15. AND BE IT FURTHER ENACTED, That, if Chapter____ (S.B.
33  through 4 of Chapter____ (S.B. 687/H.B. 853) shall be null and void without the
34  necessity of further action by the General Assembly.

35  SECTION 16. AND BE IT FURTHER ENACTED, That the Laws of Maryland
36  read as follows:

37  Article - Tax - General

38

39  12-105.

40  (a) The tobacco tax rate for cigarettes is:

41  (1) [33] 50 cents for each package of 10 or fewer cigarettes;

42  (2) [66 cents] $1.00 for each package of at least 11 and not more than 20
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SECTION 17. AND BE IT FURTHER ENACTED, That all cigarettes used, possessed, or held in the State on or after June 1, 2002 by any person for sale or use in the State shall be subject to the full tobacco tax of $1.00 on cigarettes imposed by this Act. This requirement includes: (1) cigarettes in vending machines or other mechanical dispensers; and (2) cigarettes (generally referred to as "floor stock") in packages which already bear stamps issued by the Comptroller under the State Tobacco Tax Act but for an amount less than the full tax imposed of 50 cents for each 10 cigarettes or fractional part thereof; all cigarettes held for sale by any person in the State on or after June 1, 2002 that bear a tax stamp issued by the Comptroller of a value less than $1.00 for each pack of 20 cigarettes must be stamped with the additional stamps necessary to make the aggregate value equal to $1.00. In lieu of the additional stamps necessary to make the aggregate tax value equal to $1.00 the Comptroller may provide an alternate method of collecting the additional tax. The revenue attributable to this requirement shall be remitted to the Comptroller by September 30, 2002. Except as provided above, on and after June 1, 2002, no Maryland stamp shall be used except the stamp issued by the Comptroller to evidence the tobacco tax on cigarettes of $1.00 imposed by this Act.

SECTION 18. AND BE IT FURTHER ENACTED, That:

(a) In this section, "Special Fund" means the special fund established under this section.

(b) (1) A Special Fund is established to dedicate certain tobacco tax revenues for education aid purposes as provided in this section.

(2) The Special Fund is a continuing, nonlapsing fund which is not subject to § 7-302 of the State Finance and Procurement Article.

(3) The Special Fund consists of the tobacco tax revenues distributed to the Fund under subsection (c) of this section.

(4) The Treasurer shall separately hold, and the Comptroller shall account for, the Special Fund.

(i) The Special Fund shall be invested and reinvested in the same manner as other State funds.

(ii) Any investment earnings shall be credited to the General Fund of the State.

(c) Notwithstanding § 2-1603 of the Tax - General Article or any other provision of law, for fiscal year 2003 only, after making the distributions required
under §§ 2-1601 and 2-1602 of the Tax - General Article, from the remaining tobacco
tax revenue, the Comptroller shall distribute:

(1) $78,524,614 $78,523,604 $80,523,604 to the Special Fund; and

(2) The remaining balance to the General Fund of the State.

(d) (1) Except as otherwise provided in this Act, moneys in the Special Fund
shall be retained in the Special Fund and may not be spent for any purpose.

(2) Of the moneys credited to the Special Fund, subject to the budget
amendment procedure provided for in § 7-209 of the State Finance and Procurement
Article:

(i) $62,656,835 $64,656,835 may be used to make grants for fiscal
year 2003 to county boards of education and the New Baltimore City Board of School
Commissioners as provided under Section 11 of this Act;

(ii) If Chapter ____ (H.B. 949) of the Acts of the General Assembly
of 2002 is enacted, $10,000,000 may be used to make a grant for fiscal year 2003 to
the Prince George's County Board of Education as provided under Section 12 of this
Act;

(iii) If Chapter ____ (S.B. 419/H.B. 371) of the Acts of the General
Assembly of 2002 is enacted, $4,767,749 $4,766,749 may be used to make grants for
Maryland Infants and Toddlers Program as provided under Section 13 of this Act; and

(iv) If Chapter ____ (S.B. 737/H.B. 910) of the Acts of the General
Assembly of 2002 is enacted, $1,100,020 may be used to make grants for fiscal year
2003 for adult education and literacy services as provided under Section 14 of this
Act.

(3) (i) If Chapter ____ (H.B. 949) of the Acts of the General Assembly
of 2002 is not enacted, $10,000,000 from the Special Fund shall be transferred to the
General Fund of the State.

(ii) If Chapter ____ (S.B. 419/H.B. 371) of the Acts of the General
Assembly of 2002 is not enacted, $4,767,749 $4,766,749 from the Special Fund shall
be transferred to the General Fund of the State.

(iii) If Chapter ____ (S.B. 737/H.B. 910) of the Acts of the General
Assembly of 2002 is not enacted, $1,100,020 from the Special Fund shall be
transferred to the General Fund of the State.

SECTION 19. AND BE IT FURTHER ENACTED, That, in addition to the local
appropriation to the school operating budget that the county governing body is
required to make under § 5-202(b)(3) of the Education Article, of the amounts
received from the State as a county income tax disparity grant under Article 24, §
9-1101 of the Code, for fiscal year 2003 the following counties and Baltimore City
shall appropriate at least the following amounts to the school operating budget:

- Allegany: $497,884
- Baltimore City: 4,326,695
- Caroline: 140,125
- Garrett: 10,626
- Prince George's: 5,325,793
- Somerset: 164,435
- Washington: 876,584
- Wicomico: 562,430

### SECTION 20. AND BE IT FURTHER ENACTED, That:

(a) Except as provided in subsection (b) of otherwise provided in this section, Sections 1 and 2 of this Act shall take effect July 1, 2003.

(b) The changes to § 5-104 of the Education Article as enacted under Section 2 of this Act shall take effect July 1, 2002 and shall be applicable to all taxable years beginning after June 30, 2003.

(c) On or before September 30, 2002, the Prince George's County Board of Education shall develop and submit to the State Department of Education a comprehensive master plan that meets the requirements of § 5-401 of the Education Article as enacted under Section 2 of this Act.

(d) On or before September 30, 2002, the State Department of Education shall contract with a private entity to conduct the study required under § 5-202(f)(2) of the Education Article as enacted under Section 2 of this Act.

(1) For the additional State aid for education as enacted by Section 2 of this Act to be implemented in fiscal 2005, the General Assembly at the 2004 regular session shall affirm by joint resolution adopted no later than the fiftieth day of the session that the additional State aid for education is within the State's fiscal resources for fiscal 2005.

(2) If a joint resolution pursuant to paragraph (1) of this subsection is not adopted by the fiftieth day, then the additional State aid for education contained in Section 2 of this Act shall be funded in fiscal 2005 at 105 percent of the fiscal 2004 level as enacted by Section 2 of this Act for each county from the appropriations proposed by the Governor for the additional State aid enacted by Section 2 of this Act. The balance of the appropriations proposed by the Governor for additional State aid for education shall revert to the General Fund.

(e) If subsection (d)(2) of this section is implemented, then the additional State aid for education contained in Section 2 of this Act shall be funded at the following percentage of the fiscal 2004 level as enacted by Section 2 of this Act for each county:

1. 110.25 percent in fiscal 2006;
2. 115.75 percent in fiscal 2007; and
3. 121.50 percent in fiscal 2008.
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SECTION 21. AND BE IT FURTHER ENACTED, That the Comptroller of the Treasury shall report to the General Assembly on or before January 15, 2003, in accordance with § 2-1246 of the State Government Article, on the loss, as a result of this Act, of gross sales revenue of retail establishments that sell cigarettes within 30 miles of the State’s border with a contiguous state or the District of Columbia.

SECTION 22. AND BE IT FURTHER ENACTED, That if any provision of this Act or the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of this Act which can be given effect without the invalid provision or application, and for this purpose the provisions of this Act are declared severable.

SECTION 23. AND BE IT FURTHER ENACTED, That § 5-206(g) of the Education Article as enacted by Section 2 of this Act, shall be abrogated and of no further force and effect July 1, 2003.

SECTION 24. AND BE IT FURTHER ENACTED, That § 5-206(f) of the Education Article as enacted by Section 2 of this Act, shall be abrogated and of no further force and effect July 1, 2004.

SECTION 25. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect July 1, 2006.

SECTION 26. AND BE IT FURTHER ENACTED, That § 8-414 of the Education Article as enacted by Section 2 of this Act, shall be abrogated and of no further force and effect July 1, 2006.

SECTION 27. AND BE IT FURTHER ENACTED, That, except as provided in Section 13, Sections 20 and 24 of this Act, this Act shall take effect June 1, 2002.