

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 701
Ways and Means

(Delegate Shriver, *et al.*)

Education - Children in Out-of-County Living Arrangements - Informal Kinship Care

This bill requires a county school superintendent to allow a student whose parent or guardian resides in another school district to attend the local public school system if the student is living with a relative within the school district due to a serious family hardship. The student's relative must sign a sworn affidavit that includes the student's old and new addresses and defines the family hardship. The affidavit must be filed annually, and if a change in the care of the student occurs, the relative must notify the local school system in writing within 30 days of the change. Unless a court appoints a different guardian for the student, the student's relative shall make educational and health care decisions for the student and the relative has the authority to apply for entitlements on the student's behalf. The bill also allows the county receiving the student to collect payments from the county transferring the student.

The bill is effective July 1, 2002.

Fiscal Summary

State Effect: State aid through the out-of-county living arrangement program could increase significantly. State expenditures would increase by at least \$654,000 for current students who have been granted a family hardship waiver in five local school systems.

Local Effect: Local school expenditures under the out-of-county living arrangement program would increase. The bill could have a significant impact on the distribution of several State aid programs, depending on the migration of students. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: A student may not attend a public school in a county where the student's parent or legal guardian does not reside. A local school superintendent, upon request and in accordance with the policies of the local board of education, may make an exception to this rule.

The out-of-county living arrangement program provides for the transfer of local education funds when a student is a resident of one county but attends school in another. The program only applies to students who are placed outside of the student's county by a State agency, a licensed child placement agency, or a court. Under the program, counties "sending" students to a different county must pay to the "receiving" county the lesser of the two counties' local per pupil expenses. If the local per pupil expenses are greater in the receiving county, the State pays the receiving county the difference. If a receiving county determines that a student living in an out-of-county arrangement is disabled and in need of intensity IV or V special education services, the sending county must pay three times the lesser local per pupil expenses.

Background: The Education, Health, and Environmental Affairs (EHE) Committee considered a similar bill (Senate Bill 171) at the 2001 session. Due to several concerns, the committee decided to refer the legislation to interim study. On October 12, 2001, the EHE Education Subcommittee met with representatives of the Maryland Association of Boards of Education (MABE) and Baltimore County concerning local policies on out-of-county living arrangements. Baltimore County officials presented information on the county's method of handling out-of-county living arrangements. The subcommittee was impressed with the policies and procedures that Baltimore County has in place for handling these cases.

State and Local Fiscal Effect: Most local school systems have policies in place that allow a nonresident student to attend a public school due to a family hardship. These policies usually require that the nonresident student's relative provide some form of evidence verifying the family hardship. Based on a survey conducted by MABE, 2,790 nonresident students attended public schools during the 2000-2001 school year. **Exhibit 1** shows the number of family hardship waivers granted by each local school system and the fiscal 2001 local current expenses per pupil amount. Funding is not transferred to the receiving county under these arrangements.

Under the out-of-county living arrangement program, each student transferring to a county that spends more local funds per pupil than the county in which the student's

parent or guardian resides would cost the State additional money. It is not known how many students would change school systems under the bill's provisions. Based on a survey of five local school systems (Baltimore, Charles, Prince George's, Washington, and Wicomico counties), State expenditures would increase by at least \$654,000 for current students with a family hardship waiver.

The number of students attending out-of-county schools could increase over current levels pursuant to the bill. Nonresident students would not have to provide verification or documentation of the family hardship aside from the required affidavit. In addition, the receiving county would not be financially worse off due to additional students transferring in because of the bill's funding requirement. To the extent that the bill prompts additional students to transfer to other school systems, State and local expenditures would increase.

By way of example, if a student whose parent or guardian resides in Baltimore City moves to Baltimore County to live with a relative because of a serious family hardship, Baltimore City would pay Baltimore County \$2,135 (Baltimore City's local per pupil expenses) and the State would pay Baltimore County \$2,532 (the difference between Baltimore County's local per pupil expenses and Baltimore City's local per pupil expenses). If a student transfers from Baltimore County to Baltimore City, Baltimore County would pay Baltimore City \$2,135, and the State would not be required to pay either school system.

The following provides a brief description of the number of nonresident students that have been granted a family hardship waiver in Baltimore, Charles, Prince George's, Washington, and Wicomico counties.

Baltimore County

Baltimore County Public Schools granted 417 family hardship waivers to nonresident students during the 2000-2001 school year. Of these students, 55% came from Baltimore City, 25% came from another state, and 20% came from another Maryland county. Pursuant to this legislation, Baltimore County would be able to receive payments through the out-of-county living arrangement program for children coming from other Maryland jurisdictions. Based on the fiscal 2001 funding amounts, the State payment would total \$653,000, Baltimore City's payment would total \$491,000 and the payment for other local school systems would total \$256,000. **Exhibit 2** shows the additional funding to Baltimore County under the program.

Charles County

Charles County Public Schools granted 20 family hardship waivers to nonresident students during the 2000-2001 school year. Of these students, approximately 60% came from Prince George's County, 30% from the District of Columbia, and 10% from other jurisdictions. Under the out-of-county living arrangement program, the State must pay \$68 for each student coming from Prince George's County for a total cost of \$816. Prince George's County must pay \$3,500 for each student for a total cost of \$42,000.

Prince George's County

Prince George's County Public Schools granted 1,411 family hardship waivers to nonresident students during the 2000-2001 school year. Of these students, approximately 75% come from out-of-state or do not have a known address, and 25% come from other counties in Maryland. State expenditures would increase if the students come from one of the 11 jurisdictions that spend less local funds per pupil than Prince George's County. These payments could range from \$166 to \$1,429 per student.

Washington County

Washington County granted six family hardship waivers to nonresident students during the 2000-2001 school year. Of these students, two were from Prince George's County, one was from Montgomery County, and one each was from Pennsylvania, West Virginia, and the District of Columbia. Since both Montgomery and Prince George's counties spend more local funds per pupil than Washington County, the State would not have to make any payments to Washington County. Montgomery County would have to pay \$3,227 to the Washington County Public School System and Prince George's County would have to pay \$6,454.

Wicomico County

Wicomico County granted 21 family hardship waivers to nonresident students during the 2000-2001 school year. Of these students, five were from Worcester County, two each were from Baltimore and Prince George's counties, one was from Dorchester County, nine were from within Wicomico County, and one each was from Indiana and North Carolina. Since all of the local school systems with the sending students spend more local funds per pupil than Wicomico County, the State would not have to make any payments to Wicomico County. Worcester County would have to pay \$13,665 to Wicomico County; Dorchester County would have to pay \$2,733; and Baltimore and Prince George's counties would each have to pay \$5,466.

Impact on Other Education Funding

Depending on the movement of students among school systems, this legislation could affect local education aid under several State aid programs including current expense, compensatory aid, special education, targeted improvement grants, and student transportation. Local distributions through the current expense formula would be affected by changing enrollments and by the relative change in per pupil wealth among the school systems. The compensatory aid program, special education, and targeted improvement grants would be affected by changes in relative per pupil wealth among the local school systems. Local student transportation funding would be affected by an increase in FTE student enrollment. The actual effects on individual school systems cannot be reliably estimated at this time.

Additional Information

Prior Introductions: A similar bill was introduced at the 2001 session as SB 171. The Economic and Environmental Affairs Committee referred the legislation to interim study.

Cross File: SB 186 (Senator Kelley, *et al.*) – Education, Health, and Environmental Affairs.

Information Sources: Baltimore County Public Schools, Charles County Public Schools, Montgomery County Public Schools, Washington County Public Schools, Wicomico County Public Schools, Maryland State Department of Education, Maryland Association of Boards of Education, Department of Legislative Services

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Exhibit 1
Nonresident Students Granted a Family Hardship Waiver
Fiscal 2001

<u>County</u>	<u>Number of Family Hardship Waivers</u>	<u>Per Pupil Local Current Expenses</u>
Allegany	NA	\$2,288
Anne Arundel	27	4,441
Baltimore City	NA	2,135
Baltimore	417	4,667
Calvert	3	3,903
Caroline	0	2,071
Carroll	50	3,542
Cecil	NA	3,099
Charles	20	3,568
Dorchester	0	2,926
Frederick	11	3,629
Garrett	0	2,814
Harford	70	3,218
Howard	70	5,308
Kent	NA	4,360
Montgomery	662	7,035
Prince George's	1,411	3,500
Queen Anne's	13	4,152
St. Mary's	0	3,334
Somerset	NA	2,858
Talbot	8	4,977
Washington	6	3,227
Wicomico	21	2,733
Worcester	<u>1</u>	<u>5,770</u>
Total	2,790	\$4,184

NA means data not available

Source: Maryland State Department of Education
Maryland Association of Boards of Education

Exhibit 2
Nonresident Students Attending Baltimore County Schools
Granted Family Hardship Waiver - Without Tuition Payment
2001- 2002 School Year

<u>Sending County</u>	<u>Nonresident Students</u>	<u>Per Pupil Local Current Expenses</u>	<u>Increased Sending County Expenditures</u>	<u>Increased State Expenditures</u>
Baltimore		4,667		
Allegany	3	2,288	6,864	7,137
Anne Arundel	10	4,441	44,410	2,260
Baltimore City	230	2,135	491,050	582,360
Carroll	12	3,542	42,504	13,500
Cecil	3	3,099	9,297	4,704
Frederick	1	3,629	3,629	1,038
Harford	18	3,218	57,924	26,082
Howard	8	5,308	37,336	0
Kent	1	4,360	4,360	307
Montgomery	1	7,035	4,667	0
Prince George's	2	3,500	7,000	2,334
Somerset	2	2,858	5,716	3,618
Talbot	1	4,977	4,667	0
Washington	4	3,227	12,908	5,760
Wicomico	2	2,733	5,466	3,868
Worcester	2	5,770	9,334	0
District of Columbia	1	0	0	0
Pennsylvania	11	0	0	0
Virginia	3	0	0	0
West Virginia	1	0	0	0
Other States	<u>101</u>	0	<u>0</u>	<u>0</u>
Total	417		\$747,132	\$652,968

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