

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE

House Bill 56 (Delegate Campbell)
 Ways and Means

Education - School Reconstitution

This bill codifies existing State regulations pertaining to the school reconstitution process in Maryland and establishes a funding formula for schools identified for reconstitution. Beginning in fiscal 2004, the State must pay each school recommended by the State Board of Education for reconstitution a grant in the amount of \$60,000 plus \$200 for each student enrolled in the school.

Fiscal Summary

State Effect: General fund expenditures would increase by \$6.7 million beginning in FY 2004. Future year expenditures reflect additional schools being identified for local reconstitution. Revenues would not be affected.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	6,743,600	8,619,600	10,495,600	12,371,600
Net Effect	\$0	(\$6,743,600)	(\$8,619,600)	(\$10,495,600)	(\$12,371,600)

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

Local Effect: State education aid to local school systems with schools under local reconstitution would increase by \$6.7 million beginning in FY 2004.

Small Business Effect: None.

Analysis

Current Law: State regulations (COMAR 13A.01.04.07) delineate the policies and procedures for the school reconstitution process. Based on State regulations, public schools are identified for local reconstitution if the school does not meet *all* satisfactory or better standards in the State school performance areas and the school's average of results in those areas: (1) is below satisfactory and declining; or (2) does not show substantial and sustained improvement through the implementation of its school improvement plan.

Background: School reconstitution is a multi-step process that enables the State Board of Education to intervene when public schools are neither meeting satisfactory standards nor progressing toward meeting those standards. Reconstitution occurs only when a school has shown a continuous pattern of failure to educate its students over a number of years. Public schools are first identified for local reconstitution, which is a probationary period when the school and local school system are provided an opportunity to enact changes to improve student performance while being monitored by the State board. During this period, the State also provides additional technical assistance and funding to assist these low-performing schools. A school under local reconstitution can be identified for State reconstitution if the State board considers direct State intervention necessary to improve the school's performance. Under State reconstitution, the State board may contract with outside companies or organizations or allow the local school system to secure a third party contractor to operate the schools.

In 1994 two public schools were identified for local reconstitution. Today, 99 public schools operate under local reconstitution and four public schools operate under State reconstitution.

State Fiscal Effect: The Maryland State Department of Education (MSDE) reports that 99 public schools with an enrollment of 63,196 students are under local reconstitution. Based on the bill's funding formula, local school systems with schools under reconstitution would receive \$18.6 million in funding. The fiscal 2003 State budget only includes \$11.8 million for local reconstitution schools. Assuming this funding level continues in fiscal 2004, and the number of local reconstitution schools remains the same, State expenditures would increase by \$6.7 million.

Future year expenditures reflect ten additional public schools being identified for local reconstitution annually.

Local Fiscal Effect: Four local school systems (Baltimore City and Anne Arundel, Baltimore, and Prince George's counties) have public schools under local reconstitution.

Exhibit 1 shows the amount of State funding provided to these counties in fiscal 2003 and the amount of funding required under the bill.

Exhibit 1
State Funding for Schools Under Local Reconstitution

School System	FY 2003 Budget	Funding Under HB 56	Difference
Anne Arundel	\$210,000	\$162,400	(\$47,600)
Baltimore City	\$8,935,000	\$15,271,400	\$6,336,400
Baltimore	\$283,200	\$253,200	(\$30,000)
Prince George's	\$2,407,400	\$2,892,200	\$484,800
Total	\$11,835,600	\$18,579,200	\$6,743,600

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 22, 2002
lc/jr

Analysis by: Hiram L. Burch Jr.

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