

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE

House Bill 1206 (Delegates Conway and Rawlings)
 Ways and Means

Education - Student Transportation Grants - Increase in Amounts

This bill provides an additional \$27.5 million in State funding to local school systems for student transportation. The bill prohibits a local school system from receiving more than 100% of the actual cost of providing student transportation services in the county.

The bill takes effect July 1, 2002.

Fiscal Summary

State Effect: General fund expenditures would increase by \$27.5 million in FY 2003. Future year expenditures reflect inflation. Revenues would not be affected.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	27.5	28.5	29.5	30.5	31.5
Net Effect	(\$27.5)	(\$28.5)	(\$29.5)	(\$30.5)	(\$31.5)

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

Local Effect: State aid to local school systems would increase by \$27.5 million in FY 2003 and by \$31.5 million in FY 2007.

Small Business Effect: None.

Analysis

Current Law: State student transportation funding is based on each county's allocation in the previous year increased by the lesser of 8% or the change in the Consumer Price

Index (CPI) for private transportation in the Washington-Baltimore metropolitan area for the preceding fiscal year. Each school system, however, is guaranteed a minimum 3% increase. In addition, local school systems receive an additional grant to reflect enrollment growth. The add-on grant is calculated by multiplying the increase in student enrollment by the per student transportation grant amount in the previous year.

If a local school system receives more State aid than the actual cost of providing student transportation services in that county, the local school system may apply any excess funds to the costs of student transportation in subsequent years.

Background: Chapter 1 of the first 1992 special session reduced the State basic grant for student transportation by \$55 million. Local school systems were supposed to have received \$141.2 million in student transportation funding in fiscal 1993; however, due to cost containment actions, State funding for the basic grant totaled only \$86.2 million. Future formula calculations were based on the revised fiscal 1993 State aid amount. If this cost containment action had not been taken, State funding for student transportation would total \$224 million in fiscal 2003, approximately \$85 million more than currently provided.

The fiscal 2003 State budget includes \$138.9 million in funding for student transportation, of which \$5.7 million is for transporting students with disabilities. State student transportation funding covers approximately 35% of total local expenditures for student transportation services. In fiscal 2000 local school systems spent approximately \$330 million for student transportation services, including the cost for fixed charges.

State and Local Fiscal Effect: State funding for student transportation would increase by \$27.5 million in fiscal 2003. This represents one-half of the amount of State funding that was eliminated by cost containment measures during the 1992 session. The increase in State funding in future years reflects inflation. **Exhibit 1** shows the projected level of State funding for student transportation under current law and under the legislation. **Exhibit 2** shows the State funding increase by local school system for fiscal 2003.

Exhibit 1
State Funding for Student Transportation – Basic Grant
(\$ in Millions)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Current Law	\$133.2	\$137.9	\$142.8	\$147.5	\$152.5
HB 1206	160.7	166.4	172.3	178.0	184.0
Difference	\$27.5	\$28.5	\$29.5	\$30.5	\$31.5

Exhibit 2
HB 1206 - Increased Student Transportation Grants
Fiscal 2003

<u>County</u>	<u>Regular Grant Current Law</u>	<u>State Grant Under HB 1206</u>	<u>Increased State Aid</u>
Allegany	\$2,838,327	\$3,469,827	\$631,500
Anne Arundel	12,606,928	15,293,428	2,686,500
Baltimore City	10,303,967	12,596,967	2,293,000
Baltimore	15,614,981	18,920,981	3,306,000
Calvert	2,456,378	2,907,878	451,500
Caroline	1,477,633	1,798,633	321,000
Carroll	4,950,550	5,967,050	1,016,500
Cecil	2,776,398	3,351,898	575,500
Charles	5,343,410	6,443,910	1,100,500
Dorchester	1,465,299	1,790,299	325,000
Frederick	5,274,089	6,291,589	1,017,500
Garrett	1,886,605	2,308,605	422,000
Harford	6,490,468	7,843,468	1,353,000
Howard	6,605,117	7,807,617	1,202,500
Kent	985,359	1,202,859	217,500
Montgomery	15,730,395	18,691,895	2,961,500
Prince George's	20,871,346	25,145,846	4,274,500
Queen Anne's	1,745,313	2,103,813	358,500
St. Mary's	3,451,286	4,178,786	727,500
Somerset	1,140,339	1,393,339	253,000
Talbot	936,895	1,140,895	204,000
Washington	3,761,016	4,587,516	826,500
Wicomico	2,758,441	3,365,941	607,500
Worcester	1,693,619	2,063,619	370,000
Total	\$133,164,159	\$160,666,659	\$27,502,500

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Additional Information

Prior Introductions: None.

Cross File: None.

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

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lsc/jr

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