

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE

House Bill 647 (Prince George’s County Delegation)
 Ways and Means

**Prince George's County - Full Day Kindergarten – Funding
 PG 408-02**

This bill alters the definition of full-time equivalent enrollment for the purpose of calculating State education aid by including all kindergarten students in Prince George’s County in the student enrollment count.

The bill takes effect July 1, 2002.

Fiscal Summary

State Effect: General fund expenditures could increase by \$10.6 million in FY 2003. Future year expenditures reflect the elimination of the hold harmless grant, student enrollment, and increases in the current expense foundation amount.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	10.6	10.9	11.4	11.9	12.4
Net Effect	(\$10.6)	(\$10.9)	(\$11.4)	(\$11.9)	(\$12.4)

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

Local Effect: State education aid to Prince George’s County would increase by approximately \$19.4 million beginning in FY 2003 and State education aid for other local school systems would decrease by \$8.9 million beginning in FY 2003.

Small Business Effect: None.

Analysis

Current Law: State education aid under the basic current expense formula distributes funding on the basis of student enrollment and local wealth. The student enrollment

count includes one-half of the number of students enrolled in kindergarten programs, except in Garrett County where the enrollment count includes the full number.

Background: Prince George’s County has almost 96% of its kindergarten students enrolled in full-day programs. Local school systems in Baltimore City and Allegany, Caroline, Garrett, and Somerset counties provide full-day programs to all kindergarten students. The full-day kindergarten programs in the other local school systems are concentrated in Title 1 eligible schools. Seven local school systems (Dorchester, Harford, Howard, Kent, St. Mary’s, Wicomico, and Worcester) did not report any students in full-day kindergarten programs during the 2001-2002 school year. For the 2001-2002 school year, 46% of kindergarten students attended full-day programs, representing 26,000 students. Of the children attending full-day kindergarten programs, approximately 71% of them attend a Title 1 school. **Exhibit 1** shows the estimated number of students attending full-day kindergarten programs for the 2001-2002 school year.

Exhibit 1
Enrollment at Full-Day Kindergarten Programs
2001-2002 School Year

Local School System	Full-Day Enrollment	% Enrollment
Allegany	639	100.0%
Anne Arundel	757	15.7%
Baltimore City	6,485	99.9%
Baltimore	3,531	55.9%
Calvert	934	89.5%
Caroline	361	100%
Carroll	181	9.8%
Cecil	161	15.0%
Charles	104	7.7%
Dorchester	0	0%
Frederick	1,010	38.3%
Garrett	333	100%
Harford	0	0%
Howard	0	0%
Kent	0	0%
Montgomery	2,010	21.5%
Prince George’s	8,836	95.7%
Queen Anne’s	58	12.1%
St. Mary’s	0	0%
Somerset	209	100%
Talbot	189	63.9%
Washington	240	16.5%
Wicomico	0	0%
Worcester	0	0%
Total	26,038	46.2%

Source: Maryland State Department of Education

State and Local Fiscal Effect: This legislation affects State education aid under six programs: current expense, compensatory aid, special education, early education initiative, targeted improvement grants, and student transportation. The current expense formula is affected by the additional students being included in the student enrollment count and by the relative change in per pupil wealth among the local school systems. The compensatory aid program, special education, early education initiative, and targeted improvement grants are affected by the relative change in per pupil wealth among the local school systems. Student transportation funding is affected by the increase in the school system's FTE count.

Increase in State Expenditures

An additional 4,418 students would be included in the FTE student count for Prince George's County. State education aid would increase by \$10.6 million in fiscal 2003. This represents a \$9.6 million increase in the current expense formula, a \$0.3 million increase in the hold harmless grants under the Governor's Teacher Salary Challenge program, and a \$0.7 million increase in the student transportation formula. Future year expenditures reflect increases in the current expense and student transportation formulas. Legislation authorizing the Teacher Salary Challenge Program and the hold harmless grants sunset after fiscal 2003. **Exhibit 2** shows the potential increases for fiscal 2003 through fiscal 2007.

**Exhibit 2
Projected Increase in State Education Aid**

	Current Expense Formula	Student Transportation Funding	Hold Harmless Grants	Total State Aid Increase
Fiscal 2003	\$9,604,000	\$702,800	\$266,300	\$10,573,100
Fiscal 2004	10,155,700	725,700	0	10,881,400
Fiscal 2005	10,672,600	750,800	0	11,423,400
Fiscal 2006	11,114,400	775,800	0	11,890,200
Fiscal 2007	11,584,900	802,000	0	12,386,900

Impact on Local School Systems

Prince George's County would receive an additional \$19.4 million in State education aid beginning in fiscal 2003. This reflects a \$148 per pupil increase in State aid.

State aid to other local school systems would decrease by approximately \$8.9 million in fiscal 2003 and by \$9.1 million in fiscal 2004 when the hold harmless grants are discontinued. **Exhibit 3** shows the potential impact on State education aid based on the fiscal 2003 formula calculation.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 8, 2002
mam/cer

Analysis by: Hiram L. Burch Jr.

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

Exhibit 3
Fiscal Impact of HB 647 - Full-Day Kindergarten Programs in Prince George's County
Based on Fiscal 2003 Formula Calculations

<u>County</u>	<u>Current Expense</u>	<u>Hold Harmless Grants</u>	<u>Compensatory Aid</u>	<u>Special Education</u>	<u>Early Education</u>	<u>Targeted Improvement</u>	<u>Student Transportation</u>	<u>Net Effect on Education Aid</u>	<u>Net Effect Excluding Hold Harmless</u>
Allegany	-\$68,818	\$68,818	-\$18,251	-\$1,389	-\$2,345	-\$4,078	\$0	-\$26,064	-\$94,882
Anne Arundel	-988,146	0	-25,634	-3,865	-6,527	-5,175	0	-1,029,347	-1,029,347
Baltimore City	-561,393	0	-301,122	-14,455	-24,411	-71,021	0	-972,401	-972,401
Baltimore	-1,304,112	0	-47,222	-5,424	-9,160	-13,438	0	-1,379,358	-1,379,358
Calvert	-156,034	0	-7,047	-1,157	-1,954	-1,233	0	-167,426	-167,426
Caroline	-34,013	0	-7,930	-631	-1,064	-2,136	0	-45,774	-45,774
Carroll	-261,854	0	-9,606	-2,053	-3,468	-1,422	0	-278,402	-278,402
Cecil	-127,927	0	-12,416	-1,596	-2,695	-2,394	0	-147,027	-147,027
Charles	-210,717	0	-14,118	-1,513	-2,554	-3,270	0	-232,173	-232,173
Dorchester	-39,658	0	-6,543	-373	-631	-1,508	0	-48,713	-48,713
Frederick	-359,841	0	-13,837	-2,361	-3,987	-3,019	0	-383,046	-383,046
Garrett	-44,572	44,572	-6,939	-444	-750	-1,422	0	-9,555	-54,127
Harford	-365,348	0	-18,670	-3,099	-5,234	-3,839	0	-396,190	-396,190
Howard	-617,124	0	-9,313	-1,765	-2,980	-1,861	0	-633,043	-633,043
Kent	-33,649	0	-1,656	-137	-231	-485	0	-36,158	-36,158
Montgomery	-2,331,644	0	-30,648	-4,816	-8,135	-9,974	0	-2,385,217	-2,385,217
Prince George's	17,858,679	0	590,062	50,100	84,613	138,590	702,815	19,424,859	19,424,859
Queen Anne's	-82,717	0	-3,168	-436	-736	-543	0	-87,601	-87,601
St. Mary's	-133,309	0	-12,164	-1,175	-1,985	-1,989	0	-150,622	-150,622
Somerset	-18,872	0	-6,779	-311	-525	-1,572	0	-28,059	-28,059
Talbot	-90,968	15,346	-1,794	-123	-209	-382	0	-78,130	-93,476
Washington	-181,266	0	-15,103	-1,632	-2,755	-3,415	0	-204,171	-204,171
Wicomico	-105,070	0	-17,058	-1,122	-1,894	-3,762	0	-128,905	-128,905
Worcester	-137,577	137,577	-3,043	-224	-378	-652	0	-4,298	-141,875
Total	\$9,604,049	\$266,313	\$0	\$0	\$2	\$0	\$702,815	\$10,573,179	\$10,306,866

Note: The September 30, 2001 FTE count for Prince George's County is increased from 126,738.75 to 131,156.75.
Prepared by the Department of Legislative Services, March 2002