

**Department of Legislative Services
Maryland General Assembly
2002 Session**

FISCAL NOTE

House Bill 1277 (Eastern Shore Delegation)
Ways and Means

Caroline County - Full Day Kindergarten - Funding

This bill alters the definition of full-time equivalent (FTE) enrollment for the purpose of calculating State education aid by including the full number of kindergarten students in Caroline County in the student enrollment count.

Fiscal Summary

State Effect: General fund expenditures could increase by \$434,400 in FY 2004. Future year expenditures reflect increases in the current expense foundation amount.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	434,400	466,700	485,800	506,100
Net Effect	\$0	(\$434,400)	(\$466,700)	(\$485,800)	(\$506,100)

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

Local Effect: State education aid to Caroline County would increase by \$925,900 in FY 2004 and State education aid for other local school systems would decrease by \$491,400 in FY 2004.

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: The Caroline County Public School System serves 5,600 students, of which approximately 42% are eligible for free and reduced price meals. Caroline County is one of the most fiscally distressed school systems in the State with the second lowest per pupil wealth base and the lowest per pupil expenditure. Due to its low per pupil wealth base, Caroline County is more dependent on State aid than most other local school systems. Despite being fiscally distressed, students in Caroline County are performing above average on the Maryland School Performance Assessment Program (MSPAP). The statewide composite score in 2001 totaled 43.7 compared to 48.9 in Caroline County. Students in Caroline County performed better than students in several more affluent school systems such as Anne Arundel County. **Exhibit 1** shows selected education statistics for Caroline County.

Exhibit 1
Caroline County Public School System – Selected Facts

	<u>Amount</u>	<u>Percentage of State Average</u>	<u>Rank</u>
Per Pupil Expenditure	\$6,376	83.7%	24 th
Local Per Pupil Wealth	\$146,536	55.9%	23 rd
Average Teacher Salary	\$40,612	88.4%	23 rd
MSPAP Composite Score	48.9	111.9%	12 th

Caroline County is one of five local school systems in the State where all kindergarten students attend full-day programs. The other four local school systems are Baltimore City and Allegany, Garrett, and Somerset counties. Prince George’s County has almost 96% of its kindergarten students enrolled in full-day programs. The full-day kindergarten programs in the other local school systems are concentrated in Title 1 eligible schools. For the 2001-2002 school year, 46% of kindergarten students attended full-day programs, representing 26,000 students. Seven local school systems (Dorchester, Harford, Howard, Kent, St. Mary’s, Wicomico, and Worcester) did not report any kindergarten students attending full-day programs during the 2001-2002 school year. **Exhibit 2** shows the estimated number of students attending full-day kindergarten programs for the 2001-2002 school year.

Exhibit 2
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 180.5 students would be included in the FTE student count for Caroline County. State education aid would increase by \$434,441 in fiscal 2004. This represents a

\$406,383 increase in the current expense formula and a \$28,058 increase in the student transportation formula. Future year expenditures reflect increases in the current expense and student transportation formulas. **Exhibit 3** shows the potential increases for fiscal 2004 through fiscal 2007.

Exhibit 3
Projected Increase in State Education Aid

	<u>Current Expense</u> <u>Formula</u>	<u>Student</u> <u>Transportation</u>	<u>Total State Aid</u> <u>Increase</u>
Fiscal 2004	\$406,383	\$28,058	\$434,441
Fiscal 2005	436,034	30,676	466,710
Fiscal 2006	454,084	31,701	485,785
Fiscal 2007	473,307	32,768	506,075

Impact on Local School Systems

Caroline County would receive an additional \$925,869 in State education aid beginning in fiscal 2004. This reflects a \$172 per pupil increase in State aid. Even with this increase in State aid, Caroline County would still have one of the lowest per pupil spending levels in the State.

State aid to other local school systems would decrease by \$491,428 beginning in fiscal 2004. **Exhibit 4** shows the potential impact on State education aid based on the fiscal 2004 formula calculation.

Additional Information

Prior Introductions: similar bill was introduced at the 2001 session as HB 227. The House Ways and Means Committee did not take any action on the bill.

Cross File: SB 837 (Senators Baker and Colburn) – Budget and Taxation.

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

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ncs/jr

Analysis by: Hiram L. Burch Jr .

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

Exhibit 4
Fiscal Impact of HB 1277- Full-Day Kindergarten Programs in Caroline County
Based on Fiscal 2004 Formula Calculations

<u>County</u>	<u>Current Expense</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>
Allegany	-\$2,961	-\$1,615	-\$98	-\$165	-\$237	\$0	-\$5,076
Anne Arundel	-43,922	-2,210	-267	-451	-305	0	-47,156
Baltimore City	-23,956	-26,261	-983	-1,660	-4,060	0	-56,919
Baltimore	-57,043	-4,149	-383	-647	-826	0	-63,049
Calvert	-6,959	-617	-83	-140	-73	0	-7,873
Caroline	817,064	59,339	4,100	6,925	10,383	28,058	925,869
Carroll	-11,700	-830	-144	-243	-82	0	-12,999
Cecil	-5,701	-1,076	-111	-189	-141	0	-7,219
Charles	-9,398	-1,237	-108	-182	-196	0	-11,121
Dorchester	-1,732	-580	-27	-44	-88	0	-2,473
Frederick	-16,195	-1,202	-168	-283	-178	0	-18,025
Garrett	-1,970	-600	-30	-52	-81	0	-2,734
Harford	-16,354	-1,609	-217	-365	-222	0	-18,767
Howard	-27,769	-812	-126	-213	-116	0	-29,036
Kent	-1,482	-145	-9	-16	-29	0	-1,680
Montgomery	-102,646	-2,706	-345	-583	-607	0	-106,888
Prince George's	-47,693	-8,532	-651	-1,098	-2,425	0	-60,399
Queen Anne's	-3,706	-276	-31	-52	-30	0	-4,095
St. Mary's	-5,962	-1,051	-82	-138	-113	0	-7,346
Somerset	-822	-599	-21	-36	-91	0	-1,569
Talbot	-4,025	-153	-8	-14	-22	0	-4,222
Washington	-8,046	-1,309	-113	-191	-195	0	-9,854
Wicomico	-4,601	-1,504	-79	-133	-226	0	-6,543
Worcester	-6,040	-267	-16	-27	-39	0	-6,388
Total	\$406,383	\$0	\$0	\$0	\$0	\$28,058	\$434,441

Note: The estimated September 30, 2002 FTE count for Caroline County is increased by 180.5 students from 5,199 to 5,380.
Prepared by the Department of Legislative Services, March 2002

