

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE
Revised

Senate Bill 419 (Senator Hollinger, *et al.*)

Education, Health, and Environmental Affairs and
 Budget and Taxation

Ways and Means and
 Appropriations

Maryland Infants and Toddlers Act of 2002

This bill establishes a State funding formula for the Maryland Infants and Toddlers Program to provide grants to local agencies beginning in fiscal 2004. Funding for the formula is contingent upon funding being provided in the State budget. The Maryland State Department of Education (MSDE) must conduct a study of the effectiveness of the Maryland Infants and Toddlers Program and submit a report to the Governor and General Assembly on or before December 15, 2005.

The bill takes effect July 1, 2002.

Fiscal Summary

State Effect: General fund expenditures would increase by \$1.3 million in FY 2004. Future year expenditures reflect increases in enrollment and the per child grant amount.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	1.3	3.3	5.7	8.6
Net Effect	\$0	(\$1.3)	(\$3.3)	(\$5.7)	(\$8.6)

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

Local Effect: State aid to local infants and toddlers programs would increase by \$1.3 million in FY 2004 and by \$8.6 million in FY 2007 when fully phased in.

Small Business Effect: None.

Analysis

Bill Summary: The proposed State formula is based on the number of children receiving services through the Maryland Infants and Toddlers Program in the second prior fiscal year multiplied by a percentage of the annual per child cost for the program. The percentage is set at 5% in fiscal 2004, 10% in fiscal 2005, 15% in fiscal 2006, and 20% in fiscal 2007 and each year thereafter. In fiscal 2004, the annual per child cost is set at \$4,044. Beginning in fiscal 2005, the annual per child cost is adjusted by the implicit price deflator for State and local government expenditures from the second prior fiscal year. For example, the implicit price deflator for fiscal 2003 would be used to calculate the annual per child cost in fiscal 2005.

Current Law: MSDE is the lead agency for supervising and monitoring a statewide, community-based interagency system of comprehensive early intervention services to eligible infants and toddlers, birth through age two, and their families.

Background: The Maryland Infants and Toddlers Program provides a family-centered system of early intervention services for young children with developmental delays and disabilities and their families. Services are designed to enhance a child's potential for growth and development before the child reaches school age. Research indicates that the first three years of a child's life is the most critical time for learning.

The Maryland Infants and Toddlers Program operates in each of the State's jurisdictions. Services are provided through local programs, composed of local school systems, local health departments, local departments of social services, and other public and private partners. State regulations (COMAR 13A.13.01) require the designation of a local lead agency in each jurisdiction to administer the program and to ensure the delivery of services to eligible children and their families. **Exhibit 1** shows the lead agency in each county. In 1997, MSDE was designated the lead agency for the State's early intervention system for children with disabilities from birth to age three and their families under Part C of the federal Individuals with Disabilities Education Act (IDEA).

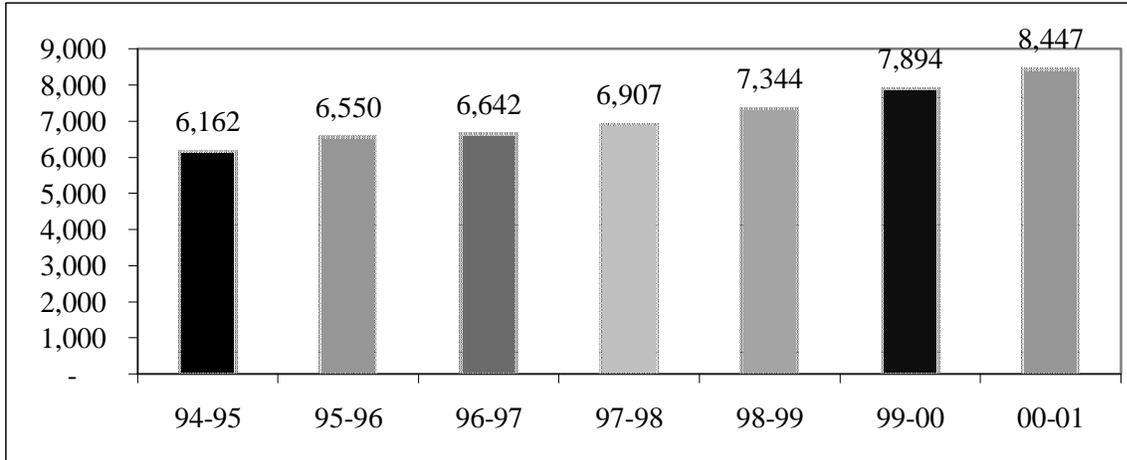
Since 1995, the number of infants and toddlers and their families receiving early intervention services through the program has increased by 37%, from 6,162 cases in fiscal 1995 to 8,447 cases in fiscal 2001. As a result of universal newborn hearing screening legislation that was implemented in July 2000, it is expected that up to 420 infants with diagnosed hearing loss will be referred to local infants and toddlers programs annually. **Exhibit 2** shows the annual count of children receiving services through the program.

Exhibit 1
Local Lead Agencies
For The Infants and Toddlers Program in Maryland

<u>Jurisdiction</u>	<u>Local Lead Agency</u>
Allegany County	Allegany County Board of Education
Anne Arundel County	Anne Arundel County Public Schools
Baltimore City	Baltimore City Health Department
Baltimore County	Baltimore County Health Department
Calvert County	Calvert County Health Department
Caroline County	Caroline County Health Department
Carroll County	Carroll County Public Schools
Cecil County	Cecil County Public Schools
Charles County	Charles County Health Department
Dorchester County	Dorchester County Public Schools
Frederick County	Frederick County Health Department
Garrett County	Garrett County Office for Children, Youth & Families
Harford County	Harford County Health Department
Howard County	Howard County Public Schools
Kent County	Kent County Public Schools
Montgomery County	Montgomery County Health and Human Services
Prince George's County	Prince George's County Department of Family Services
Queen Anne's Count	Queen Anne's County Board of Education
St. Mary's County	St. Mary's County Health Department
Somerset County	Somerset County Public Schools
Talbot County	Talbot County Public Schools
Washington County	Washington County Board of Education
Wicomico County	Wicomico County Health Department
Worcester County	Worcester County Board of Education

Source: Maryland State Department of Education

Exhibit 2
Annual Count of Infants and Toddlers and their Family
Receiving Early Intervention Services



Source: Maryland State Department of Education

Funding for Infants and Toddlers Programs

Local governments provide most of the funding for infants and toddlers programs. In fiscal 2000, over 70% of program funding came from local governments. The federal government, through IDEA funds, provides 21% of funding, the Medical Assistance Program provides 5.5% of funding, and the State provides 1.4% of funding.

State Fiscal Effect: The State currently provides \$433,250 in general funds to the Maryland Infants and Toddlers Program. Legislation (SB 856) adopted at the 2002 session provides an additional \$4.8 million for the Maryland Infants and Toddlers Program in fiscal 2003 only. Beginning in fiscal 2004, State funding for the program would be based on a statutory formula. **Exhibit 3** shows the projected State funding increase due to the formula provision.

Exhibit 3
Calculation of Proposed State Funding Formula

Fiscal Year	Percentage Phase-in	Annual Per Child Cost	Projected Enrollment	Total Formula Funding¹	Increased State Funding²
2004	5%	\$4,044	8,447	\$1.7 million	\$1.3 million
2005	10%	4,134	9,038	\$3.7 million	\$3.3 million
2006	15%	4,254	9,671	\$6.2 million	\$5.7 million
2007	20%	4,382	10,348	\$9.1 million	\$8.6 million

Notes:

¹ Increase in per child cost is based on the implicit price deflator for State and local government in the second prior fiscal year: 2.2% in FY 2005, 2.9% in FY 2006, 3.0% in FY 2007 and 2.8% in FY 2008.

² State share of per child cost is 5% in FY 2004, 10% in FY 2005, 15% in FY 2006, and 20% in FY 2007 and each year thereafter.

³ Current State funding for the Maryland Infants and Toddlers Program (\$433,250) is assumed to remain constant.

⁴ Enrollment forecast provided by the Maryland State Department of Education.

Local Fiscal Effect: Local infants and toddlers programs would receive an additional \$1.3 million in State funding in fiscal 2004. By fiscal 2007, State funding would increase by \$8.6 million.

Additional Information

Prior Introductions: None.

Cross File: HB 371 (Delegate Hixson, *et al.*) – Ways and Means and Appropriations.

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

Fiscal Note History: First Reader - March 1, 2002
ncs/cer Revised - Senate Third Reader - April 1, 2002
Revised - Enrolled Bill - April 18, 2002

Analysis by: Hiram L. Burch Jr.

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