

Department of Legislative Services  
Maryland General Assembly  
2003 Session

FISCAL AND POLICY NOTE

House Bill 1011  
Judiciary

(Delegate Zirkin, *et al.*)

---

Department of Juvenile Justice - Children in Out-of-County Living  
Arrangements

---

This bill repeals the December 31 enrollment cut-off date under the out-of-county living arrangement program for students placed by the Department of Juvenile Justice (DJJ). State and local school systems are required to make payments under the out-of-county living arrangement program for students placed by DJJ after December 31.

---

Fiscal Summary

**State Effect:** State aid through the out-of-county living arrangement program could increase by a minimal amount. DJJ placements represent only 4% of the overall placements within the out-of-county living arrangement program.

**Local Effect:** Local school expenditures and revenues under the out-of-county living arrangement program would increase by a minimal amount. The net effect on local school systems would depend on the number of students placed by DJJ after December 31 of each year.

**Small Business Effect:** None.

---

Analysis

**Current Law:** State and local funding under the out-of-county living arrangement program is based on a December 31 enrollment count. A student placed in another local school system by a State agency, a licensed child placement agency, or a court after December 31 is not included in the funding arrangement for that school year.

**Background:** The out-of-county living arrangement program provides for the transfer of local education funds when a student is a resident of one county but attends school in another. The program only applies to students who are placed outside of the student's county by a State agency, a licensed child placement agency, or a court. Under the program, counties sending students to a different county must pay to the receiving county the lesser of the two counties' local per pupil expenses. If the local per pupil expenses are greater in the "receiving" county, the State pays the "receiving" county the difference. If a "receiving" county determines that a student living in an out-of-county arrangement is disabled and in need of intensity IV or V special education services, the "sending" county must pay three times the lesser local per pupil expenses.

By way of example, if a student whose parents reside in Baltimore City is placed by DJJ in a home or facility in Baltimore County, Baltimore City would pay Baltimore County \$2,203 (Baltimore City's local per pupil expenses), and the State would pay Baltimore County \$3,011 (the difference between Baltimore County's local per pupil expenses and Baltimore City's local per pupil expenses). If a student from Baltimore County is placed in a home or facility in Baltimore City, Baltimore County would pay Baltimore City \$2,203 and the State would not be required to pay either school system. The State only makes a payment under the program if the student is placed in a local school system that spends more local funds per pupil than the local school system in which the student's parent or guardian resides.

The December 31 enrollment cut-off date for the out-of-county living arrangement program has been established, based on experience, as a reasonable date for local school systems to document students who are residents in another county but who have been placed by a State agency in a home or facility within the local school system's jurisdiction. Current procedures allow local school systems sufficient time to obtain written agreement on each individual student's status, coordinate financial reimbursement actions, and submit detailed information to the Maryland State Department of Education (MSDE). In addition, the December 31 enrollment cut-off date provides local school systems with a firm fiscal liability cut-off date. Pursuant to this legislation, MSDE may have to request deficiency appropriations in order to fund the program.

**State and Local Fiscal Effect:** The Department of Juvenile Justice (DJJ) made 102 full-time equivalent placements under the out-of-county living arrangement program in fiscal 2002, which represents 4% of total program placements. In fiscal 2002, there were 2,508 full-time equivalent placements, with local departments of social services or the courts making most of the placements.

The cost of DJJ placements in fiscal 2002 totaled \$431,300, with reimbursements between local school systems totaling \$322,800 and State payments to local school systems totaling \$108,500. **Exhibit 1** shows the number and net effect on local funding

for DJJ placements in fiscal 2002. Six local school systems realized a net increase in local funding and 16 local school systems realized a net decrease. Baltimore and Washington counties received the most students; whereas, Baltimore City and Prince George's County had the most students placed outside their jurisdiction.

The following discussion shows how the funding arrangement works in one local school system. The Baltimore County school system received \$60,500 in fiscal 2002 from other local school systems for the 21 noncounty students attending the county's school system as a result of DJJ placing the students in a home or facility in Baltimore County. In addition, Baltimore County paid \$11,800 for the cost associated with the three county students who attend other local school systems as a result of a DJJ out-of-county placement. The net effect on Baltimore County is a \$48,700 increase in local funding. In addition, Baltimore County received \$49,000 from the State for the 21 noncounty students placed in the county by DJJ.

#### *Additional State and Local Placement Costs*

DJJ does not keep records on the number of children placed in an out-of-county living arrangement after December 31. Therefore, it is not known how many additional students would be included in the funding arrangement for a given fiscal year. The fiscal 2004 State budget includes \$6.9 million for this program based on a December 31 enrollment cut-off date. Funding is not available to cover additional students who are enrolled in a receiving local school system after December 31. The receiving local school system has to cover the full cost of educating those children.

Since DJJ placements represent only 4% of the overall placements within the out-of-county living arrangement program, State expenditures would only increase by a minimal amount. Each student transferring to a county that spends more local funds per pupil than the county in which the student's parents or guardians reside would cost the State additional money. It is assumed that a substantial portion of the students would be from Baltimore City, which has the second lowest local current expenses per pupil, and from Prince George's County, which has an average local per pupil amount.

Local school expenditures and revenues under the out-of-county living arrangement program would increase by a minimal amount. The net effect on local school systems would depend on the number of students placed by DJJ after December 31 of each year.

*Additional Administrative Costs at MSDE*

MSDE advises that one additional position (budget specialist) at an annualized cost of \$45,600 is needed to assist with the program's student validation and payment process. The Department of Legislative Services advises that existing staff within MSDE could handle any additional workload with existing resources. DJJ placements represent a small portion (4%) of the overall placements within the out-of-county living arrangement program.

**Additional Comments:** Pursuant to this legislation, State and "sending" local school systems would be required to reimburse a "receiving" local school system for a full year's local per pupil funding amount regardless of the date that the student enrolls in the receiving local school system. This could over compensate the "receiving" local school system if the student is enrolled late in the school year.

---

**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 3, 2003  
ncs/jr

---

Analysis by: Hiram L. Burch Jr.

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510

**Exhibit 1**  
**Children in Out-of-county Living Arrangements**  
**DJJ Placements in Fiscal 2002 - Based on Current Law**

<u>County</u>	<u>FY 2002 Per Pupil Local Current Expenses</u>	<u>Students Entering School System (Receiving County)</u>		<u>Students Exiting School System (Sending County)</u>		<u>Local Funding Received</u>	<u>Local Funding Paid Out</u>	<u>Local Funding Net Effect</u>	<u>State Funding</u>
Allegany	\$2,530	12	11.8%	0	0.0%	\$30,033	\$0	\$30,033	\$327
Anne Arundel	4,824	6	5.9%	8	7.8%	22,952	28,590	-5,638	5,992
Baltimore City	2,203	0	0.0%	17	16.7%	0	37,451	-37,451	0
Baltimore	5,214	21	20.6%	3	2.9%	60,486	11,810	48,676	49,008
Calvert	4,094	0	0.0%	4	3.9%	0	13,788	-13,788	0
Caroline	2,095	1	1.0%	6	5.9%	2,095	12,570	-10,475	0
Carroll	3,764	0	0.0%	3	2.9%	0	8,507	-8,507	0
Cecil	3,248	0	0.0%	2	2.0%	0	6,496	-6,496	0
Charles	3,672	0	0.0%	5.5	5.4%	0	19,042	-19,042	0
Dorchester	3,167	1	1.0%	1	1.0%	3,167	3,167	0	0
Frederick	3,955	0	0.0%	10	9.8%	0	32,227	-32,227	0
Garrett	3,002	0	0.0%	1	1.0%	0	2,530	-2,530	0
Harford	3,441	0	0.0%	1	1.0%	0	3,441	-3,441	0
Howard	5,786	1	1.0%	2	2.0%	3,614	10,428	-6,814	2,172
Kent	4,817	10	9.8%	0	0.0%	34,672	0	34,672	13,498
Montgomery	7,560	8	7.8%	4	3.9%	31,598	13,788	17,810	28,882
Prince George's	3,614	2	2.0%	15	14.7%	5,742	53,542	-47,800	1,486
Queen Anne's	4,390	0	0.0%	7	6.9%	0	27,358	-27,358	0
St. Mary's	3,539	2	2.0%	5.5	5.4%	7,078	18,687	-11,609	0
Somerset	3,160	0	0.0%	1	1.0%	0	3,160	-3,160	0
Talbot	5,314	0	0.0%	0	0.0%	0	0	0	0
Washington	3,447	24	23.5%	3	2.9%	81,484	7,590	73,894	1,244
Wicomico	3,266	14	13.7%	2	2.0%	39,878	5,361	34,517	5,846
Worcester	6,321	0	0.0%	1	1.0%	0	3,266	-3,266	0
<b>Total</b>		<b>102</b>	<b>100.0%</b>	<b>102</b>	<b>100.0%</b>	<b>\$322,799</b>	<b>\$322,799</b>	<b>\$0</b>	<b>\$108,455</b>

Note: The number of DJJ placements shown in the exhibit is based on the December 31 enrollment cut-off date. The number of DJJ placements after December 31 is not known.

Source: Department of Legislative Services

