

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 32

(Senator Kelley, *et al.*)

Education, Health, and Environmental Affairs

Ways and Means

Education - Children in Informal Kinship Care Relationships

This bill requires a county school superintendent to allow a student whose parent or guardian resides in another school district to attend the local school system if the student is living with a relative within the school district due to a serious family hardship. The student's relative must be providing informal kinship care to the student. The bill also provides a local funding mechanism to cover the costs of providing educational services to these children when a county's liability exceeds 0.1% of a local school system's total operating budget.

The bill is effective July 1, 2003.

Fiscal Summary

State Effect: None. The State is not required to make any additional payments to local school systems for the costs associated with admitting nonresident students under the informal kinship care waiver program. The out-of-county living arrangement program is not affected.

Local Effect: Local school expenditures for children in informal kinship care relationships would increase significantly. The net effect on local school systems would depend on the net migration of students. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: The student's relative must sign a sworn affidavit that includes the student's old and new addresses and defines the family hardship and provide supporting documentation verifying the serious family hardship. The affidavit must be filed annually, and if a change in the care of the student occurs, the relative must notify the local school system in writing within 30 days of the change. The relative providing informal kinship care is encouraged to submit the affidavit and supporting documentation to the local school system prior to September 30 of each year. The supporting documents that accompany the affidavit must comply with local, State, and federal privacy and confidentiality laws. Unless a court appoints a different guardian for the student, the student's relative providing informal kinship care shall make educational decisions for the student.

Local boards of education must report to the Maryland State Department of Education (MSDE) by September 1, 2003 regarding family hardship waivers granted during the preceding two school years. MSDE must compile the reports and submit a comprehensive report to the Senate Education, Health, and Environmental Affairs Committee and House Ways and Means Committee by December 31, 2003. The bill also provides for an annual report regarding the number of students who are admitted to a public school through an informal kinship care waiver, and the fiscal impact on each local school system.

Current Law: A student may not attend a public school in a county where the student's parent or legal guardian does not reside. A local school superintendent, upon request and in accordance with the policies of the local board of education, may make an exception to this rule.

Background: Most local school systems have policies in place that allow a nonresident student to attend a public school due to a family hardship. These policies usually require that the nonresident student's relative provide some form of evidence verifying the family hardship. Based on a survey conducted by the Maryland Association of Boards of Education, 2,790 nonresident students attended public schools during the 2000-2001 school year. Most of these students were admitted due to one of the six hardship provisions specified in the bill. **Exhibit 1** shows the number of family hardship waivers granted by each local school system and the fiscal 2002 local current expenses per pupil amount. Funding is not transferred to the receiving county under these arrangements.

Local Fiscal Effect: This bill establishes a local funding mechanism to cover the additional costs of providing educational services to a student who is a resident of one county but attends school in another county as a result of the student's receiving informal kinship care due to a family hardship waiver. Under the bill, 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 receiving county covers the difference. This funding mechanism only applies when the total cost to the receiving county exceeds 0.1% of the local school system’s operating budget. The local funding mechanism is similar to the current out-of-county living arrangement program. **Exhibit 2** shows the projected expenditure threshold based on fiscal 2001 operating expenditures as reported by MSDE.

It is not known how many students would change school systems under the bill’s provisions. The number of students attending out-of-county schools could increase over current levels pursuant to the bill. An important change from similar bills in prior sessions is that active duty recall for reserve and National Guard members is defined as a qualifying hardship. To the extent that the bill prompts additional students to transfer to other school systems, local expenditures would increase beyond current estimates.

By way of example, if a student whose parents reside in Baltimore City moves to Baltimore County to live with a relative because of a serious family hardship, Baltimore City would pay Baltimore County \$2,203 (Baltimore City’s local per pupil expenses), and Baltimore County would have to cover the remaining \$3,011 (the difference between Baltimore County’s local per pupil expenses and Baltimore City’s local per pupil expenses). If a student transfers from Baltimore County to Baltimore City, Baltimore County would pay Baltimore City \$2,203, the full local cost to educate the child.

The following provides a brief description of the number of nonresident students that have been granted a family hardship waiver in Baltimore, Prince George’s, Charles, Washington, and Wicomico counties, and the potential local cost that would be incurred by the local school system pursuant to the bill’s provisions. This estimate does not include the costs associated with granting additional family hardship waivers pursuant to this bill.

Baltimore County

Baltimore County Public Schools granted 417 family hardship waivers to nonresident students during the 2001-2002 school year, of which 342 (83%) were admitted under the six hardship provisions specified in the bill. A majority of the students (55%) came from Baltimore City, 25% came from another state, and 20% came from another Maryland county. Pursuant to this legislation, Baltimore County would be able to receive payments from the sending local school system for a portion of the educational costs since the aggregate cost to the county exceeds 0.1% of its total operating budget.

Prince George's County

Prince George's County Public Schools granted 1,411 family hardship waivers to nonresident students during the 2000-2001 school year. Of these students, approximately 75% came from out-of-state or did not have a known address, and 25% came from other counties in Maryland. The local costs associated with the family hardship waivers granted in fiscal 2002 exceeds the threshold level. Accordingly, Prince George's County would be able to collect payments from the sending local school systems for a portion of the educational costs.

Charles County

Charles County Public Schools granted 20 family hardship waivers to nonresident students during the 2000-2001 school year. Of these students, approximately 60% came from Prince George's County, 30% from the District of Columbia, and 10% from other jurisdictions. The local costs associated with the family hardship waivers granted in fiscal 2002 was below the threshold level. Accordingly, Charles County would have to absorb the full cost of the informal kinship care waivers.

Washington County

Washington County Public Schools granted six family hardship waivers to nonresident students during the 2000-2001 school year. Of these students, two were from Prince George's County, one was from Montgomery County, and one each was from Pennsylvania, West Virginia, and the District of Columbia. The local costs associated with the family hardship waivers granted in fiscal 2002 was below the threshold level. Accordingly, Washington County would have to absorb the full cost of the informal kinship care waivers.

Wicomico County

Wicomico County Public Schools granted 21 family hardship waivers to nonresident students during the 2000-2001 school year. Of these students, five were from Worcester County, two each were from Baltimore and Prince George's counties, one was from Dorchester County, nine were from within Wicomico County, and one each was from Indiana and North Carolina. The local costs associated with the family hardship waivers granted in fiscal 2002 was below the threshold level. Accordingly, Wicomico County would have to absorb the full cost of the informal kinship care waivers.

Impact on Other Education Funding

Depending on the movement of students among school systems, this legislation could affect local education aid under several State aid programs including the foundation program, compensatory aid, special education, limited English proficiency, and student transportation. The actual effects on individual school systems cannot be reliably estimated at this time.

State Fiscal Effect: MSDE advises that two additional positions at an annualized cost of \$110,000 is needed to assist with the local reimbursement process. The Department of Legislative Services advises that existing staff within MSDE could handle any additional workload with existing resources.

Additional Information

Prior Introductions: A similar bill was introduced at the 2001 session as SB 171. The Senate Education, Health, and Environmental Affairs Committee referred the legislation to interim study. At the 2002 session, SB 186, a similar bill, received a favorable with amendments report by the Senate Education, Health, and Environmental Affairs Committee and was approved by the Senate. The bill received a favorable with amendments report by the House Ways and Means Committee. The House took no action.

Cross File: None.

Information Sources: Department of Human Resources, Maryland Association of Boards of Education, Maryland State Department of Education, Department of Legislative Services

Fiscal Note History: First Reader - January 24, 2003
mld/jr Revised - Senate Third Reader - March 22, 2003

Analysis by: Hiram L. Burch Jr.

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

Exhibit 1
Nonresident Students Granted a Family Hardship Waiver

<u>County</u>	<u>2000-2001 Number of Family Hardship Waivers</u>	<u>FY 2002 Per Pupil Local Current Expenses</u>
Allegany	NA	\$2,530
Anne Arundel	27	4,824
Baltimore City	NA	2,203
Baltimore*	417	5,214
Calvert	3	4,094
Caroline	0	2,095
Carroll	50	3,764
Cecil	NA	3,248
Charles	20	3,672
Dorchester	0	3,167
Frederick	11	3,955
Garrett	0	3,002
Harford	70	3,441
Howard	70	5,786
Kent	NA	4,817
Montgomery	662	7,560
Prince George's	1,411	3,614
Queen Anne's	13	4,390
St. Mary's	0	3,539
Somerset	NA	3,160
Talbot	8	5,314
Washington	6	3,447
Wicomico	21	3,266
Worcester	<u>1</u>	6,321
Total	2,790	

NA means data not available.

* Data is for the 2001-2002 school year.

Source: Maryland State Department of Education
Maryland Association of Boards of Education

Exhibit 2
Operating Expenditures for Local School Systems
Fiscal 2001

<u>County</u>	<u>Total Current Expense Fund¹</u>	<u>Expenditure Threshold²</u>
Allegany	\$76,296,287	\$76,296
Anne Arundel	568,678,862	568,679
Baltimore City	902,809,814	902,810
Baltimore	863,943,812	863,944
Calvert	114,899,858	114,900
Caroline	37,297,600	37,298
Carroll	194,689,139	194,689
Cecil	110,207,064	110,207
Charles	165,487,205	165,487
Dorchester	38,923,671	38,924
Frederick	252,513,115	252,513
Garrett	37,684,502	37,685
Harford	266,530,418	266,530
Howard	377,945,849	377,946
Kent	23,982,641	23,983
Montgomery	1,258,748,405	1,258,748
Prince George's	1,013,156,583	1,013,157
Queen Anne's	51,796,788	51,797
St. Mary's	108,390,794	108,391
Somerset	25,248,312	25,248
Talbot	32,662,553	32,663
Washington	140,090,654	140,091
Wicomico	104,727,184	104,727
Worcester	55,794,374	55,794
Total	\$6,822,505,484	\$6,822,505

Notes:

¹This includes expenditures for the basic operations of local school systems.

²This represents 0.1% of total current expense fund expenditures which represents a local school system's "operating expenditures."

Source: Maryland State Department of Education

