

Department of Legislative Services
 Maryland General Assembly
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FISCAL AND POLICY NOTE
 Revised

House Bill 536
 Judiciary

(Delegate Zirkin, *et al.*)

Finance

Department of Juvenile Justice - Summer Opportunity Pilot Program - Extension of Sunset

This bill extends the sunset on the Department of Juvenile Justice (DJJ) Summer Opportunity Pilot Program from September 30, 2004 to May 31, 2008, and repeals the program’s limit of three participating counties. The bill also authorizes the special fund that supports the program to accept funding from other sources in addition to funds provided by the State.

The bill is effective June 1, 2003.

Fiscal Summary

State Effect: General fund expenditures could increase by an estimated \$183,000 in FY 2005 to provide funding for the pilot program. Future year expenditures reflect a stable number of participating teachers, salary increases, and teachers’ retirement payments. Revenues would not be affected.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	183,000	187,500	209,100	215,500
Net Effect	\$0	(\$183,000)	(\$187,500)	(\$209,100)	(\$215,500)

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

Local Effect: Local school revenues from direct State aid could increase by an estimated \$183,000 in FY 2005. The additional aid would be used to extend the contracts of local school teachers into the summer. Local school expenditures for other operating expenses could also increase. Retirement payments made by the State on behalf of local school systems would increase by an estimated \$15,600 in FY 2007. Future year aid increases reflect increases in teachers’ salaries.

Small Business Effect: Minimal.

Analysis

Current Law: The purpose of the DJJ Summer Opportunity Pilot Program is to develop and implement educational curriculum and activities during the summer months for the enrichment of children who are under the supervision of DJJ. A group home operator or other interested party may develop a proposal for curricula and activities during the summer and must forward the proposal to the local board of education. Local boards may select proposals to forward to DJJ, and DJJ approves or disapproves the proposals. If a proposal is approved, DJJ must distribute funds to the local board for the purpose of extending the contracts of participating teachers into the summer months. The program is limited to three participating jurisdictions.

There is a nonlapsing special fund (the Department of Juvenile Justice Summer Opportunity Pilot Program Fund) that finances the program, and the fund includes discretionary appropriations provided in the annual State budget. Monies distributed from the special fund can only be used to extend the contracts of participating teachers.

The program is scheduled to terminate on September 30, 2004.

Background: The DJJ Summer Opportunity Pilot Program was established by Chapter 691 of 2001 (HB 892). The program has never been funded. In fiscal 2002, DJJ spent almost \$350,000 on summer programs that were expected to serve 918 youths in the custody of DJJ. The actual number of youths served was 105.

State Expenditures: The Governor could have provided funding for the Department of Juvenile Justice Summer Opportunity Pilot Program in the fiscal 2004 budget even without this legislation and did not do so. It is assumed, therefore, that the program would not be funded in fiscal 2004 and would not increase fiscal 2004 expenditures.

Due to the extension of the sunset on the program, general fund expenditures could increase beginning in fiscal 2005. The increase would depend on State funding and the number and scope of individual programs DJJ approves for implementation. Under the scenario described below, expenditures would increase by an estimated \$183,000 in fiscal 2005. The information and assumptions used to calculate this estimate follow.

- In October 2001 (fiscal 2002), the average public school teacher salary in Maryland was \$48,251. It is assumed that the average teacher salary will increase by 3% annually from fiscal 2003 to 2008.

- A 9.47% fringe benefit rate for teachers is assumed. This rate does not include teachers' retirement, which is discussed below, and medical insurance, which is paid for a full year under existing contracts.
- Based on estimated average salaries and fringe benefits rates, participating teachers would require extensions on contracts that will average approximately \$57,700 for the normal 190-day school year in fiscal 2005.
- Summer contracts would extend normal contracts by 40 days. Prorating the estimated cost of a 190-day contract, the cost for each teacher would be approximately \$12,200 in fiscal 2005.
- It is assumed that three implementation sites would be approved for fiscal 2005 and would be implemented during the summer of 2005. If each site uses five teachers to provide summer services for juveniles, the cost of each site would be \$61,000.

State funding for the program, which would be appropriated to the Department of Juvenile Justice Summer Opportunity Pilot Program Fund, would be distributed to local boards of education to pay the costs associated with extending teachers' contracts. Future year expenditure estimates reflect projected increases to teachers' salaries and a stable number of participating teachers. If additional implementation sites or teachers are added to the program, costs would increase accordingly.

The bill also authorizes the Department of Juvenile Justice Summer Opportunity Pilot Program Fund to accept funding from non-State sources. Any additional funding that is accepted for the fund could offset State contributions.

Although the DJJ Summer Opportunity Pilot Program was established two years ago, it has not yet been funded. Funding for the program would remain discretionary under the bill. If the program continues to receive no funding from the State throughout the extension authorized by this bill, there would be no impact on State finances.

Teacher Retirement Costs

The State is responsible for paying teachers' retirement benefits. State payments are based on teachers' salary base in the second prior year, so retirement expenditures would not increase until fiscal 2007. Using the existing 9.35% employer contribution rate and the increased fiscal 2005 salary base of \$166,500 derived from the scenario described above, State expenditures for teachers' retirement would increase by an estimated \$15,600 in fiscal 2007. Money from the pilot program's special fund could not be used to pay retirement costs.

Program Administration

It is assumed that existing DJJ area directors and central office administrators could work together to review proposals, select proposals, and oversee the Summer Opportunity Pilot Program. Central office personnel would administer the program's fund and could adopt regulations for the implementation of the program. No additional funding would be required.

Local Fiscal Effect: Local school systems that have proposals approved would receive funding from the State to extend the contracts of participating teachers for an estimated eight additional weeks each year. The scenario described above assumes that each of three local school systems would receive approximately \$61,000 in direct State aid to implement the program in fiscal 2005. In addition, teachers' retirement payments, paid by the State on behalf of local school systems, would increase beginning in fiscal 2007.

Additional costs could be incurred by local school systems for instructional materials and supplies, maintenance and operations, student transportation, and ancillary school services. It is assumed that existing school and group home facilities would house the programs and that existing personnel from local government agencies could be involved in the programs without additional compensation.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Juvenile Justice, Department of Legislative Services

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