

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

House Bill 948
Appropriations

(Delegate Proctor)

Budget and Taxation

Maryland School for the Blind - Funding

This bill requires a local board of education to contribute the local share of the basic cost for each student from the county who is sent to the Maryland School for the Blind (MSB). The bill also repeals the requirement that a local government provide \$200 per student sent to MSB. However, a student who attends MSB must be included in the count that is used to determine a local government's minimum local appropriation for the local board of education.

The bill is effective July 1, 2004.

Fiscal Summary

State Effect: None. The formula that determines the minimum State grant for MSB is not altered.

Local Effect: Local school expenditures would increase by an estimated \$622,900 in FY 2005 due to the establishment of local school board contributions to MSB. Future year increases would reflect inflation. Local government contributions to MSB would decrease by an estimated \$33,600 annually beginning in FY 2005. Minimum required local school appropriations under the maintenance of effort provision would increase by approximately \$750,700 in FY 2005. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: A county government must pay MSB \$200 per year for each county student who is sent to MSB. However, these students are not included in the maintenance of effort calculation that is used to determine each jurisdiction's minimum local appropriation to the local board of education.

The basic cost and the local share of the basic cost are calculated annually by the Maryland State Department of Education. The figures are used to calculate State and local shares of nonpublic special education placement funding. For each child who is sent to a nonpublic placement, the local school board contributes a base amount equal to 200% of the basic cost plus the local share of the basic cost. Any amount that exceeds this base is shared by the State and local board at 80% State and 20% local board. The basic cost is the average amount spent by a jurisdiction for the public education of a nondisabled child, not including costs associated with compensatory programs for disadvantaged students.

Background: MSB was established in 1853 and is a private, nonprofit school serving blind, visually impaired, and multiply disabled students from Maryland's local school systems. Its mission is to educate children for functional independence. The proposed fiscal 2004 appropriation for MSB is \$13.6 million, an increase of more than \$1 million over the fiscal 2003 appropriation. The *Fiscal 2004 Maryland Operating Budget Book* reports an estimated 123 students in the MSB residential program and 53 students in the MSB day program.

Local Expenditures: Beginning in fiscal 2005, a local school board would be required to provide the local share of the basic cost for each student from the county sent to MSB. Local school expenditures for each county would increase, therefore, by the local share of the basic cost times the number of students from the county sent to MSB. Estimates of local contributions for fiscal 2005 to 2008 assume 3% annual growth in the fiscal 2003 local share of the basic cost and a stable number of students enrolled in MSB. For fiscal 2005, contributions from local school boards would total an estimated \$622,900.

Under current law, county governments provide \$200 for each student from the county who is sent to MSB. The bill would repeal the required local government contributions, partially offsetting the contributions from local boards of education. Using the December 2002 MSB enrollment figure of 168, local government expenditures would decrease by \$33,600 annually. Combined, the newly-established local school board contributions and the eliminated local government contributions would result in a net increase in local funding for MSB of approximately \$589,300 in fiscal 2005. Estimated increases in local funding for MSB for fiscal 2005 to 2008 are shown in **Exhibit 1**.

The maintenance of effort provision requires local jurisdictions to provide at least as much aid per pupil as was provided during the previous fiscal year. Due to the requirement in the bill that students sent to MSB be included in the maintenance of effort calculation, the minimum local appropriations to boards of education would increase beginning in fiscal 2005. In total, required fiscal 2005 local funding for school systems would increase by an estimated \$750,700. The estimated impact on each local jurisdiction, using per pupil fiscal 2003 appropriations, is shown in **Exhibit 2**.

Local governments typically provide funding for public schools above the maintenance of effort requirement, and therefore the increases shown in Exhibit 2 would be offset by the funding increases that local governments will provide even without the bill. For example, total local appropriations to boards of education exceeded maintenance of effort by an average of \$97 million per year from fiscal 1995 to 2002. In comparison, \$750,700 would represent only a fraction of the increases that will occur with or without this bill.

Additional Information

Prior Introductions: None.

Cross File: SB 619 (Senator Hogan) – Budget and Taxation.

Information Source(s): Maryland State Department of Education, Maryland School for the Blind, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2003
mld/hlb Revised - House Third Reader - March 25, 2003
Revised - Enrolled Bill - April 24, 2003

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Exhibit 1
Estimated Local Contributions to the Maryland School for the Blind
Fiscal 2005 to 2008

<u>County</u>	<u>Students at MSB Dec. 2002</u>	<u>FY 2003 Local Share of Basic Cost</u>	<u>Local Board of Education Contribution</u>			
			<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Allegany	1	\$1,772	\$1,880	\$1,936	\$1,994	\$2,054
Anne Arundel	12	3,800	48,372	49,824	51,324	52,860
Baltimore City	25	2,451	65,025	66,975	68,975	71,050
Baltimore	58	3,926	241,570	248,820	256,302	264,016
Calvert	1	3,150	3,342	3,442	3,545	3,651
Caroline	1	2,242	2,378	2,449	2,522	2,598
Carroll	3	2,823	8,985	9,255	9,534	9,819
Cecil	3	2,584	8,226	8,472	8,727	8,988
Charles	5	3,025	16,045	16,525	17,020	17,530
Dorchester	0	3,316	0	0	0	0
Frederick	1	3,143	3,334	3,434	3,537	3,643
Garrett	0	3,494	0	0	0	0
Harford	9	2,687	25,659	26,433	27,225	28,044
Howard	7	4,395	32,641	33,621	34,629	35,665
Kent	0	4,447	0	0	0	0
Montgomery	11	6,561	76,571	78,870	81,235	83,677
Prince George's	15	3,042	48,405	49,860	51,360	52,905
Queen Anne's	2	3,783	8,026	8,266	8,514	8,770
St Mary's	0	2,409	0	0	0	0
Somerset	0	3,192	0	0	0	0
Talbot	0	4,186	0	0	0	0
Washington	9	2,232	21,312	21,951	22,608	23,283
Wicomico	5	2,096	11,120	11,455	11,800	12,155
Worcester	0	4,984	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Estimated Local School Board Contributions			\$622,891	\$641,588	\$660,851	\$680,708
Reduction in Local Government Contributions			<u>(33,600)</u>	<u>(33,600)</u>	<u>(33,600)</u>	<u>(33,600)</u>
Net Increase in Local Funding for MSB			\$589,291	\$607,988	\$627,251	\$647,108

Exhibit 2
Estimated Required Maintenance of Effort Increases
Fiscal 2005

<u>County</u>	<u>Students at MSB Dec. 2002</u>	<u>Est. FY03 Per Pupil Funding</u>	<u>Required Increase</u>
Allegany	1	\$2,589	\$2,589
Anne Arundel	12	5,206	62,472
Baltimore City	25	2,164	54,100
Baltimore	58	5,210	302,180
Calvert	1	4,367	4,367
Caroline	1	2,053	2,053
Carroll	3	3,949	11,847
Cecil	3	3,435	10,305
Charles	5	3,773	18,865
Dorchester	0	3,267	0
Frederick	1	3,970	3,970
Garrett	0	3,367	0
Harford	9	3,709	33,381
Howard	7	6,283	43,981
Kent	0	5,368	0
Montgomery	11	7,902	86,922
Prince George's	15	3,754	56,310
Queen Anne's	2	4,510	9,020
St. Mary's	0	3,532	0
Somerset	0	3,056	0
Talbot	0	5,935	0
Washington	9	3,639	32,751
Wicomico	5	3,121	15,605
Worcester	<u>0</u>	<u>7,113</u>	<u>0</u>
Total	168	--	\$750,718