

BY: Committee on Ways and Means

AMENDMENTS TO HOUSE BILL NO. 901

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in lines 5 and 6, strike “in accordance with a certain index for certain fiscal years” and substitute “that are due to factors outside the control of local jurisdictions; providing for the manner of calculation and distribution of certain additional State aid to education reflecting regional differences in the cost of education; requiring the Maryland State Department of Education to update the Geographic Cost of Education Index (GCEI) at certain times; requiring the Department to submit a certain GCEI adjustment to the Governor and General Assembly for certain purposes and to submit certain legislation at certain times; providing for a certain GCEI adjustment if certain legislation is not enacted”; in line 11, strike “5-202(f)” and substitute “5-202(a) and (f)”; and after line 13, insert:

“BY adding to

Article - Education

Section 5-202(i)

Annotated Code of Maryland

(2001 Replacement Volume and 2003 Supplement)”.

AMENDMENT NO. 2

On pages 1 through 11, strike in their entirety the lines beginning with line 18 on page 1 through line 11 on page 2, inclusive, and substitute:

“(a) (1) In this section the following words have the meanings indicated.

(2) “ADJUSTED FOUNDATION PROGRAM” MEANS THE SUM OF:

(I) THE GCEI ADJUSTMENT MULTIPLIED BY:

1. 0.50 IN FISCAL YEAR 2005;

(Over)

2. 0.62 IN FISCAL YEAR 2006;
3. 0.74 IN FISCAL YEAR 2007;
4. 0.86 IN FISCAL YEAR 2008; AND
5. 1.00 IN FISCAL YEAR 2009 AND EACH FISCAL YEAR

THEREAFTER; AND

(II) THE FOUNDATION PROGRAM.

[(2)] (3) “Annual per pupil foundation amount” means:

(i) For fiscal years 2004 through 2008, the sum, rounded to the nearest dollar, of:

and

1. The fiscal year 2002 per pupil foundation amount of \$4,124;

2. The product of the difference between the target per pupil foundation amount and \$4,124 and:

- A. 0.40 in fiscal year 2004;

- B. 0.52 in fiscal year 2005;

- C. 0.71 in fiscal year 2006; and

- D. 0.83 in fiscal year 2007; and

(ii) For fiscal year 2008 and each fiscal year thereafter, the target per pupil foundation amount.

[(3)] (4) “Assessed valuation of real property” means the most recent estimate made by the State Department of Assessments and Taxation before the annual State budget is submitted to the General Assembly, of the assessed value of real property for State purposes as of July 1 of the first completed fiscal year before the school year for which the calculation of State aid

is made under this section.

[(4)] (5) “Assessed value of personal property” means the most recent estimate by the State Department of Assessments and Taxation before the annual State budget is submitted to the General Assembly of the assessed value for county purposes of personal property as of July 1 of the first completed fiscal year before the school year for which the calculation is made under this section.

[(5)] (6) “Foundation program” means the product of the annual per pupil foundation amount and a county's full-time equivalent enrollment.

[(6)] (7) “Full-time equivalent enrollment” means the sum of:

(i) The number of students enrolled in grades 1 through 12 or their equivalent in regular day school programs on September 30 of the previous school year;

(ii) Except as provided in item (iii) of this paragraph, the product of the number of students enrolled in kindergarten programs on September 30 of the prior school year and:

1. 0.60 in fiscal year 2004;

2. 0.70 in fiscal year 2005;

3. 0.80 in fiscal year 2006;

4. 0.90 in fiscal year 2007; and

5. 1.00 in fiscal year 2008 and each fiscal year thereafter;

(iii) In Garrett County, the number of students enrolled in kindergarten programs on September 30 of the prior school year; and

(iv) The number of full-time equivalent students, as determined by a regulation of the Department, enrolled in evening high school programs during the previous school

(Over)

year.

(8) "GCEI ADJUSTMENT" MEANS THE FOUNDATION PROGRAM FOR EACH COUNTY MULTIPLIED BY:

- (I) 0.000 IN ALLEGANY;
- (II) 0.018 IN ANNE ARUNDEL;
- (III) 0.042 IN BALTIMORE CITY;
- (IV) 0.008 IN BALTIMORE;
- (V) 0.021 IN CALVERT;
- (VI) 0.000 IN CAROLINE;
- (VII) 0.014 IN CARROLL;
- (VIII) 0.000 IN CECIL;
- (IX) 0.020 IN CHARLES;
- (X) 0.000 IN DORCHESTER;
- (XI) 0.024 IN FREDERICK;
- (XII) 0.000 IN GARRETT;
- (XIII) 0.000 IN HARFORD;
- (XIV) 0.015 IN HOWARD;
- (XV) 0.010 IN KENT;

(XVI) 0.034 IN MONTGOMERY;

(XVII) 0.048 IN PRINCE GEORGE'S;

(XVIII) 0.011 IN QUEEN ANNE'S;

(XIX) 0.002 IN ST. MARY'S;

(XX) 0.000 IN SOMERSET;

(XXI) 0.000 IN TALBOT;

(XXII) 0.000 IN WASHINGTON;

(XXIII) 0.000 IN WICOMICO; AND

(XXIV) 0.000 IN WORCESTER.

[(7)] (9) “Local contribution rate” means the figure that is calculated as follows:

(i) Multiply the statewide full-time equivalent enrollment by \$624, and multiply this product by:

1. 0.46 in fiscal year 2004;

2. 0.47 in fiscal year 2005;

3. 0.48 in fiscal year 2006;

4. 0.49 in fiscal year 2007; and

5. 0.50 in fiscal year 2008 and each fiscal year thereafter;

(Over)

(ii) Multiply the statewide full-time equivalent enrollment by the amount that the annual per pupil foundation amount exceeds \$624, and multiply this product by 0.50;

(iii) Add the two products calculated in items (i) and (ii) of this paragraph, and divide the resulting sum by the sum of the wealth of all of the counties in this State; and

(iv) Round the result obtained in item (iii) of this paragraph to seven decimal places and express as a percent with five decimal places.

[(8)] (10) "Local share of the foundation program" means the product of the local contribution rate and a county's wealth.

[(9)] (11) "Net taxable income" means the amount certified by the State Comptroller for the second completed calendar year before the school year for which the calculation of State aid under this section is made, based on tax returns filed on or before September 1 after this calendar year.

[(10)] (12) "Personal property" means all property classified as personal property under § 8-101(c) of the Tax - Property Article.

[(11)] (13) "Real property" means all property classified as real property under § 8-101(b) of the Tax - Property Article.

[(12)] (14) "State share of the foundation program" means the greater of:

(i) The difference between the ADJUSTED foundation program and the local share of the foundation program; and

(ii) The result obtained by multiplying the annual per pupil foundation amount by the county's full-time equivalent enrollment, and multiplying this product by:

1. 0.25 in fiscal year 2004;
2. 0.24 in fiscal year 2005;

3. 0.22 in fiscal year 2006;
4. 0.19 in fiscal year 2007; and
5. 0.15 in fiscal year 2008 and each fiscal year thereafter.

~~[(13)]~~ (15) “Target per pupil foundation amount” means:

- (i) In fiscal year 2004, \$5,730; and
- (ii) In subsequent fiscal years:

1. The target per pupil foundation amount for the prior fiscal year increased by the same percentage as the increase in the implicit price deflator for State and local government expenditures for the second prior fiscal year; or

2. If there is no increase in the implicit price deflator for State and local government expenditures for the second prior fiscal year, the target per pupil foundation amount for the prior fiscal year.

~~[(14)]~~ (16) “Wealth” means the sum of:

- (i) Net taxable income;
- (ii) 100 percent of the assessed value of the operating real property of public utilities;
- (iii) 40 percent of the assessed valuation of all other real property; and
- (iv) 50 percent of assessed value of personal property.

(f) ~~[(1)]~~ For fiscal year 2004, the State share of the foundation program shall be adjusted to reflect regional differences in the cost of education that are due to factors outside the

control of local jurisdictions, by increasing the State share of the foundation program otherwise determined for the following counties by:

[(i)] (1) 1% for Anne Arundel County;

[(ii)] (2) 3% for Baltimore City;

[(iii)] (3) 3% for Howard County; and

[(iv)] (4) 4% for Montgomery County.

[(2) For fiscal year 2005 and each fiscal year thereafter, the State share of the foundation program shall be adjusted to reflect regional differences in the cost of education that are due to factors outside the control of local jurisdictions.

(3) The Department shall contract with a private entity to conduct a study to:

(i) Develop a Maryland specific geographic cost of education index to be implemented no later than fiscal year 2005; and

(ii) Provide recommendations as to how the index should be used to adjust State education funding.].

(I) (1) BY SEPTEMBER 1, 2006 AND EVERY THREE YEARS THEREAFTER, THE DEPARTMENT SHALL UPDATE THE GCEI ADJUSTMENT USING:

(I) THE MOST CURRENT DATA AVAILABLE; AND

(II) THE SAME METHODOLOGY SET FORTH IN THE REPORT ENTITLED “ADJUSTING FOR GEOGRAPHIC DIFFERENCES IN THE COST OF EDUCATIONAL PROVISION IN MARYLAND (DECEMBER 31, 2003)”.

(2) (I) THE DEPARTMENT SHALL SUBMIT THE UPDATED GCEI ADJUSTMENT TO THE GOVERNOR AND GENERAL ASSEMBLY BY SEPTEMBER 1 OF THE YEAR IN WHICH IT IS UPDATED.

(II) THE UPDATED GCEI ADJUSTMENT SHALL BE USED TO ADJUST STATE AID IN THE FISCAL YEAR THAT BEGINS ON JULY 1 OF THE FOLLOWING YEAR.

(3) (I) THE DEPARTMENT SHALL SUBMIT LEGISLATION IN THE FIRST LEGISLATIVE SESSION FOLLOWING SUBMISSION OF THE UPDATED GCEI ADJUSTMENT THAT:

1. CODIFIES THE UPDATED GCEI ADJUSTMENT; AND
2. REQUIRES THAT THE GCEI ADJUSTMENT BE USED TO ADJUST STATE AID IN THE FISCAL YEAR THAT BEGINS ON JULY 1 OF THAT YEAR.

(II) IF THE GENERAL ASSEMBLY FAILS TO ENACT THE LEGISLATION SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE GCEI ADJUSTMENT SET FORTH IN SUBSECTION (A)(8) OF THIS SECTION SHALL BE USED TO ADJUST STATE AID IN THE FISCAL YEAR THAT BEGINS ON JULY 1 OF THAT YEAR.”.