

HOUSE BILL 901

Unofficial Copy  
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2004 Regular Session  
4r2231  
CF 4r2781

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By: **Delegates Hixson, Barkley, Bronrott, Conway, Cryor, Dumais, Feldman,  
Frush, Goldwater, Gordon, Heller, King, Lee, Love, Madaleno, Mandel,  
McIntosh, Menes, Murray, Pendergrass, Quinter, Rosenberg, ~~and~~ Stern,  
and Hubbard**

Introduced and read first time: February 11, 2004  
Assigned to: Ways and Means

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Committee Report: Favorable with amendments  
House action: Adopted with floor amendments  
Read second time: March 27, 2004

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Education - Geographic Cost of Education Index - Funding**

3 FOR the purpose of requiring that the foundation program of the Bridge to Excellence  
4 in Public Schools Act be adjusted in a certain manner to reflect regional  
5 differences in the cost of education ~~in accordance with a certain index for certain~~  
6 ~~fiscal years~~ that are due to factors outside the control of local jurisdictions;  
7 providing for the manner of calculation and distribution of certain additional  
8 State aid to education reflecting regional differences in the cost of education;  
9 requiring the Maryland State Department of Education to update the  
10 Geographic Cost of Education Index (GCEI) at certain times; requiring the  
11 Department to submit a certain GCEI adjustment to the Governor and General  
12 Assembly for certain purposes and to submit certain legislation at certain times;  
13 providing for a certain GCEI adjustment if certain legislation is not enacted;  
14 repealing an obsolete provision of law; and generally relating to the funding of a  
15 geographic cost of education index in the Bridge to Excellence in Public Schools  
16 Act.

17 BY repealing and reenacting, with amendments,  
18 Article - Education  
19 Section ~~5-202(f)~~ 5-202(a) and (f)  
20 Annotated Code of Maryland  
21 (2001 Replacement Volume and 2003 Supplement)

22 BY adding to

1 Article - Education  
 2 Section 5-202(i)  
 3 Annotated Code of Maryland  
 4 (2001 Replacement Volume and 2003 Supplement)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 6 MARYLAND, That the Laws of Maryland read as follows:

7 **Article - Education**

8 5-202.

9 ~~(f) (1) For fiscal year 2004, the State share of the foundation program shall~~  
 10 ~~be adjusted to reflect regional differences in the cost of education that are due to~~  
 11 ~~factors outside the control of local jurisdictions, by increasing the State share of the~~  
 12 ~~foundation program otherwise determined for the following counties by:~~

13 (i) ~~1% for Anne Arundel County;~~

14 (ii) ~~3% for Baltimore City;~~

15 (iii) ~~3% for Howard County; and~~

16 (iv) ~~4% for Montgomery County.~~

17 (2) For fiscal year 2005 and each fiscal year thereafter, ~~[the State share~~  
 18 ~~of] the foundation program shall be adjusted to reflect regional differences in the cost~~  
 19 ~~of education that are due to factors outside the control of local jurisdictions, BY~~  
 20 ~~INCREASING THE FOUNDATION PROGRAM IN ACCORDANCE WITH THE GEOGRAPHIC~~  
 21 ~~COST OF EDUCATION INDEX.~~

22 ~~[(3) The Department shall contract with a private entity to conduct a~~  
 23 ~~study to:~~

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

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

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

29 (2) "ADJUSTED FOUNDATION PROGRAM" MEANS THE SUM OF:

30 (I) THE GCEI ADJUSTMENT MULTIPLIED BY:

31 1. 0.50 IN FISCAL YEAR 2005;

32 2. 0.62 IN FISCAL YEAR 2006;



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

- 4 1. 0.60 in fiscal year 2004;  
5 2. 0.70 in fiscal year 2005;  
6 3. 0.80 in fiscal year 2006;  
7 4. 0.90 in fiscal year 2007; and  
8 5. 1.00 in fiscal year 2008 and each fiscal year thereafter;

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

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

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

- 16 (I) 0.000 IN ALLEGANY;  
17 (II) 0.018 IN ANNE ARUNDEL;  
18 (III) 0.042 IN BALTIMORE CITY;  
19 (IV) 0.008 IN BALTIMORE;  
20 (V) 0.021 IN CALVERT;  
21 (VI) 0.000 IN CAROLINE;  
22 (VII) 0.014 IN CARROLL;  
23 (VIII) 0.000 IN CECIL;  
24 (IX) 0.020 IN CHARLES;  
25 (X) 0.000 IN DORCHESTER;  
26 (XI) 0.024 IN FREDERICK;  
27 (XII) 0.000 IN GARRETT;  
28 (XIII) 0.000 IN HARFORD;  
29 (XIV) 0.015 IN HOWARD;

- 1                    (XV)    0.010 IN KENT;
- 2                    (XVI)   0.034 IN MONTGOMERY;
- 3                    (XVII)   0.048 IN PRINCE GEORGE'S;
- 4                    (XVIII)   0.011 IN QUEEN ANNE'S;
- 5                    (XIX)    0.002 IN ST. MARY'S;
- 6                    (XX)     0.000 IN SOMERSET;
- 7                    (XXI)    0.000 IN TALBOT;
- 8                    (XXII)   0.000 IN WASHINGTON;
- 9                    (XXIII)   0.000 IN WICOMICO; AND
- 10                   (XXIV)   0.000 IN WORCESTER.
- 11                    [~~(7)~~]   (9)     "Local contribution rate" means the figure that is calculated as  
12 follows:
- 13                    (i)     Multiply the statewide full-time equivalent enrollment by  
14 \$624, and multiply this product by:
- 15                                1.     0.46 in fiscal year 2004;
- 16                                2.     0.47 in fiscal year 2005;
- 17                                3.     0.48 in fiscal year 2006;
- 18                                4.     0.49 in fiscal year 2007; and
- 19                                5.     0.50 in fiscal year 2008 and each fiscal year thereafter;
- 20                    (ii)    Multiply the statewide full-time equivalent enrollment by the  
21 amount that the annual per pupil foundation amount exceeds \$624, and multiply this  
22 product by 0.50;
- 23                    (iii)   Add the two products calculated in items (i) and (ii) of this  
24 paragraph, and divide the resulting sum by the sum of the wealth of all of the  
25 counties in this State; and
- 26                    (iv)    Round the result obtained in item (iii) of this paragraph to  
27 seven decimal places and express as a percent with five decimal places.
- 28                    [~~(8)~~]   (10)   "Local share of the foundation program" means the product of  
29 the local contribution rate and a county's wealth.

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

5            ~~[(10)]~~    (12)    "Personal property" means all property classified as personal  
 6 property under § 8-101(c) of the Tax - Property Article.

7            ~~[(11)]~~    (13)    "Real property" means all property classified as real property  
 8 under § 8-101(b) of the Tax - Property Article.

9            ~~[(12)]~~    (14)    "State share of the foundation program" means the greater of:

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

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

15                                    1.        0.25 in fiscal year 2004;

16                                    2.        0.24 in fiscal year 2005;

17                                    3.        0.22 in fiscal year 2006;

18                                    4.        0.19 in fiscal year 2007; and

19                                    5.        0.15 in fiscal year 2008 and each fiscal year thereafter.

20            ~~[(13)]~~    (15)    "Target per pupil foundation amount" means:

21                    (i)    In fiscal year 2004, \$5,730; and

22                    (ii)    In subsequent fiscal years:

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

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

29            ~~[(14)]~~    (16)    "Wealth" means the sum of:

30                    (i)    Net taxable income;

31                    (ii)    100 percent of the assessed value of the operating real property  
 32 of public utilities;

1 (iii) 40 percent of the assessed valuation of all other real property;

2 and

3 (iv) 50 percent of assessed value of personal property.

4 (f) [(1)] For fiscal year 2004, the State share of the foundation program shall  
5 be adjusted to reflect regional differences in the cost of education that are due to  
6 factors outside the control of local jurisdictions, by increasing the State share of the  
7 foundation program otherwise determined for the following counties by:

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

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

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

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

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

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

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

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

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

23 (I) THE MOST CURRENT DATA AVAILABLE; AND

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

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

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

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

- 1                                   1.       CODIFIES THE UPDATED GCEI ADJUSTMENT; AND  
2                                   2.       REQUIRES THAT THE GCEI ADJUSTMENT BE USED TO  
3 ADJUST STATE AID IN THE FISCAL YEAR THAT BEGINS ON JULY 1 OF THAT YEAR.
- 4                                   (II)     IF THE GENERAL ASSEMBLY FAILS TO ENACT THE  
5 LEGISLATION SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE GCEI  
6 ADJUSTMENT SET FORTH IN SUBSECTION (A)(8) OF THIS SECTION SHALL BE USED TO  
7 ADJUST STATE AID IN THE FISCAL YEAR THAT BEGINS ON JULY 1 OF THAT YEAR.

8       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
9 effect July 1, 2004.