

Department of Legislative Services  
Maryland General Assembly  
2004 Session

FISCAL AND POLICY NOTE

House Bill 1280  
Ways and Means

(Delegate Gutierrez, *et al.*)

---

Education - Closing the Gap School Recognition Awards

---

This bill repeals school performance recognition awards and replaces them with “Closing the Gap School Recognition Awards.” The Governor is required to include \$2,750,000 for the awards in the annual State budget beginning in fiscal 2006. The funding must come from state-level reserve allocations of federal Title I funds. The State Superintendent of Schools must distribute awards annually to schools that show substantial improvement in reducing achievement gaps between students of different races and ethnicities.

---

Fiscal Summary

**State Effect:** State-level reserve allocations of federal Title I funds are not available every year and are subject to federal laws governing the use of the funds. If available and their use for this purpose is permissible, federal fund expenditures could increase by up to \$2.75 million annually beginning in FY 2006. Revenues would not be affected.

**Local Effect:** If permissible under federal laws governing the use of Title I funds, local school revenues from federal funds would increase by \$2.75 million annually beginning in FY 2006.

**Small Business Effect:** None.

---

Analysis

**Bill Summary:** The bill requires the State Superintendent of Schools to establish guidelines for determining eligibility for and distribution of Closing the Gap School Recognition Awards. The Maryland State Department of Education (MSDE) must

annually determine and report the public schools that have made the most significant reductions in achievement gaps for African American and Latino students.

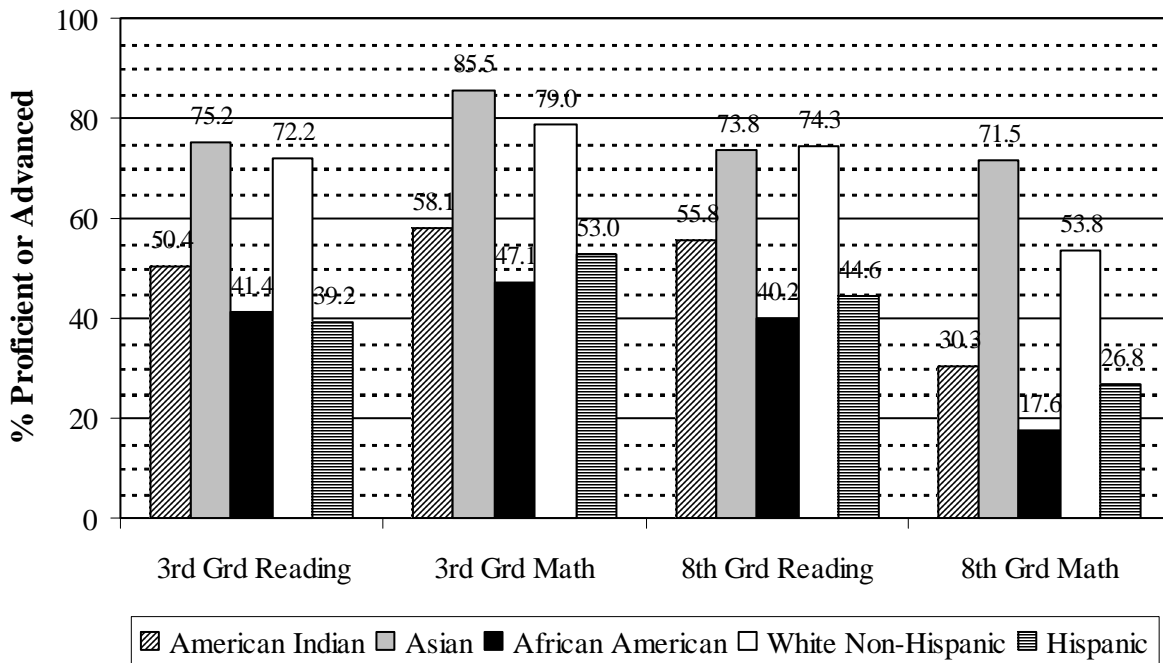
A school that receives an award must determine how an award will be used to further reduce achievement gaps. However, funds may not be used for staff bonuses, differential pay increases, or technology. Funds must be expended in accordance with local school system policies and procedures. The principal of a school that receives an award must file a report with the local superintendent of schools detailing the use of award funds.

**Current Law:** School Performance Recognition Awards are rewarded to schools that show substantial improvement towards meeting standards established under the Maryland School Performance Program. The State Superintendent of Schools distributes the awards to elementary and middle schools based on guidelines established by the State Board of Education. Discretionary funding for the awards is being phased out in fiscal 2004 and is eliminated entirely in the proposed fiscal 2005 State budget.

**Background:** The federal No Child Left Behind Act (NCLB) requires states and school systems to disaggregate student performance data into five different categories of race and ethnicity and to ensure that all student populations are moving towards a proficient level of achievement. One of the main objectives of the legislation is to reduce persistent nationwide achievement gaps between white and Asian students and their African American, American Indian, and Latino counterparts. **Exhibit 1** shows the percentage of students scoring at the proficient and advanced levels on the Maryland School Assessments among the five racial/ethnic groups that NCLB requires states to consider. As shown in the chart, Maryland is not unlike other states; Asians and whites scored higher in the aggregate than the other races and ethnicities.

Like NCLB, the State's Bridge to Excellence in Public Schools Act of 2002 requires MSDE to examine data on the achievement of different student populations and base accountability systems on the performance of all student groups. Local school systems must submit comprehensive master plans that identify the strategies that will be used to ensure achievement among all students.

**Exhibit 1**  
**Percentage of Students Testing at the Advanced or Proficient Level**  
**2003 Maryland School Assessments**



**State Fiscal Effect:** MSDE advises that there are not always available state-level reserves of Title I funding that could be used to fund Closing the Gap School Recognition Awards. Furthermore, the granting of state-level reserves to local school systems is subject to applicable federal laws that would not allow the distribution of the awards as proposed in the bill. However, if these complications could be overcome, federal fund expenditures would increase by \$2.75 million annually. At the present time, MSDE believes it would not have the authority to use Title I funding to make the awards.

MSDE could establish eligibility and distribution guidelines for the awards and could fulfill the bill's reporting requirements with existing resources.

The proposed fiscal 2005 State budget does not include funds for school performance recognition awards.

**Local Revenues:** Public schools could receive Closing the Gap School Recognition Awards totaling \$2.75 million annually. The funding would be used in accordance with local school system policies but could not be used for staff bonuses, differential pay increases, or technology.

Principals and local boards of education could report on the use of the award funding with existing resources.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland State Department of Education, Department of Legislative Services

**Fiscal Note History:** First Reader - March 17, 2004  
ncs/hlb

---

Analysis by: Mark W. Collins

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510