

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 631
Ways and Means

(Delegate Leopold, *et al.*)

Education - State Supplement to Federal Impact Aid - Children with Disabilities
- Nonpublic Placement Students

This bill requires the State to distribute a State supplement to federal impact aid for children with disabilities who are nonpublic placement students to certain local boards of education. The grant equals the difference between the basic support payment due to the local board for children with disabilities who are nonpublic placement students as provided in 20 U.S.C. § 7703 and the actual federal payment received. A local board must be eligible for the federal aid in order to receive the State supplement grant.

The bill takes effect June 1, 2004.

Fiscal Summary

State Effect: None. The federal government has fully funded the Federal Impact Aid Program for children with disabilities. Therefore, local school systems would not be eligible for a State supplement grant.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Federal impact aid is distributed directly to eligible local school systems by the federal government. These federal funds do not go through the Maryland State Department of Education.

Background: Since 1950, the U.S. Congress has provided certain local school systems which financial assistance through the Federal Impact Aid Program. This program is designed to assist local school systems that have lost property tax revenues due to the presence of tax-exempt federal property, or that have experienced increased expenditures due to the enrollment of federally connected children, including children living on military bases. Eleven local school systems in Maryland qualify for federal impact aid as shown in **Exhibit 1**. A majority of the federal funding is provided to Anne Arundel and St. Mary's counties, home to major military installations.

Exhibit 1
Federal Impact Aid in Fiscal 2003

<u>County</u>	<u>Basic Support Payments Section 8003 (b)</u>	<u>Children with Disabilities Section 8003 (d)</u>	<u>Total Federal Impact Aid</u>	<u>Percent of Total</u>
Anne Arundel	\$2,938,557	\$276,540	\$3,215,097	44.6%
Baltimore City	214,003	0	214,003	3.0%
Calvert	138,346	24,010	162,356	2.3%
Charles	379,938	35,130	415,068	5.8%
Frederick	101,977	19,240	121,217	1.7%
Harford	257,983	96,500	354,483	4.9%
Howard	143,140	28,770	171,910	2.4%
Montgomery	125,051	124,570	249,621	3.5%
Prince George's	252,961	36,410	289,371	4.0%
St. Mary's	1,874,331	105,810	1,980,141	27.5%
Washington	<u>30,434</u>	<u>6,250</u>	<u>36,684</u>	<u>0.5%</u>
Total	\$6,456,719	\$753,230	\$7,209,949	100.0%

Note: Numbers may not sum to totals due to rounding.

Source: U.S. Department of Education

Most federal impact aid funds, except for the additional payments for children with disabilities and construction payments, are considered general aid to the recipient local school system and can be used in whatever manner the local school system decides is appropriate. Payments for children with disabilities must be used for the extra costs of educating these children. The Federal Impact Aid Program includes four components:

Basic Support Payments (Section 8003 (b))

These grants assist local school systems that educate federally connected children. These children may be the children of members of the uniformed services, children who reside on Indian lands, children who reside on federal property or in federally subsidized low-rent housing, and children whose parents work on federal property. In general, to be eligible for assistance, a local school system must educate at least 400 children in average daily attendance, or the federally connected children must make up at least 3% of the school system's total average daily attendance.

Children with Disabilities Payments (Section 8003 (d))

These grants provide additional assistance to local school systems that educate federally connected children who are eligible for services under the Individuals with Disabilities in Education Act (IDEA). These payments are in addition to the basic support payments and IDEA funds provided on behalf of these children.

Payments for Federal Property (Section 8002)

These grants assist local school systems that have lost a portion of their local tax base because of federal ownership of property. To be eligible, a local school system must demonstrate that the federal government has acquired, since 1938, real property with an assessed valuation of at least 10% of real property in the district at the time of acquisition.

Construction Grants (Section 8007)

These grants go to local school systems that educate high percentages of certain federally connected children (children living on Indian lands and children of members of the uniformed services).

State and Local Fiscal Effect: In fiscal 2003, the federal government provided 10 Maryland school systems with \$753,000 in federal impact aid for children with disabilities. The federal grant equals \$1,000 per weighted disabled student. Students with disabilities who live on eligible federal property and whose parents are in active uniformed services receive a weighted count of 1; and children who do not reside on eligible federal property receive a weighted count of 0.5. According to the U.S. Department of Education, a distinction is not made regarding whether the disabled student is in a nonpublic placement.

In contrast to federal funding for the basic support payments under (Section 8003 (b)), federal impact aid for children with disabilities (Section 8003 (d)) has been fully funded by the U.S. Congress. Accordingly, local school systems would not receive a State supplement grant under this legislation.

Additional Information

Prior Introductions: None.

Cross File: SB 487 is designated as a cross file; however, the bills are substantially different.

Information Source(s): Maryland State Department of Education, U.S. Department of Education, Department of Legislative Services

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