

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 1442
Ways and Means

(Delegate Cadden)

Education - Full-Day Kindergarten - Extension

This bill allows a local board of education or a county governing body to request from the State Superintendent of Schools an extension of the requirement that full-day kindergarten programs be implemented for all students by the 2007-2008 school year. Extensions beyond the 2011-2012 school year and extensions for schools located in critical needs areas or low socioeconomic areas may not be requested. If the State Superintendent denies a request, written justification must be provided and the local board of education or county governing body requesting the extension may appeal the decision to the Board of Public Works. If a county is granted an extension, the county's State aid under the foundation program must reflect the 0.5 full-time equivalent (FTE) status of kindergarten students.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: General fund expenditures would decrease by an estimated \$5 million to \$15 million in FY 2008 and 2009, depending on the number of counties that are granted full-day kindergarten implementation extensions. The allocation of public school construction funding to local jurisdictions could change slightly, but the overall amount of funding would not be altered. Revenues would not be affected.

Local Effect: Local school revenues and operating expenditures would decrease in jurisdictions that are granted extensions. County capital expenditures for additional school facilities could be delayed.

Small Business Effect: Minimal.

Analysis

Current Law: Local boards of education are required to implement full-day kindergarten programs for all students by the 2007-2008 school year. To account for this requirement the FTE enrollment count for each kindergarten student is being increased from 0.5 to 1.0 from fiscal 2004 to 2008.

Background: The Commission on Education, Finance, Equity, and Excellence (Thornton Commission) recommended that full-day kindergarten programs be provided for all students and that pre-kindergarten programs be available to all disadvantaged four-year old children. These recommendations were codified in the Bridge to Excellence in Public Schools Act of 2002, and local school systems are required to provide the services by the 2007-2008 school year. Increased formula funding under the Act is tied to these mandates. Funding for full-day kindergarten is provided through an increase (from 0.5 to 1.0) in the kindergarten FTE rate used to calculate State aid. Funding for pre-kindergarten is provided through the compensatory education formula.

Local school systems have been providing pre-kindergarten programs for high risk children for many years, with some of the funding for the programs coming from Extended Elementary Education Program (EEEP) grants from the State. Just over half of Maryland kindergartners (54%) currently attend full-day programs, and six school systems, Baltimore City and Allegany, Caroline, Garrett, Prince George's, and Talbot counties, provide full-day programs for virtually all of their kindergarten students. In contrast, 13 school systems provide full-day programs for less than 40% of their kindergarten students. **Exhibit 1** shows the percentage of kindergarten students attending full-day programs in each school system.

A recent study conducted by Montgomery County Public Schools, where full-day kindergarten programs have been strategically targeted in areas with many high need students, found significant gains in the performance of second-graders who attended full-day kindergarten programs. The gains successfully narrowed achievement disparities between schools in less affluent areas and schools in wealthier areas.

Exhibit 1
Percentage of Kindergarten Students in Full-Day Programs
2003-2004 School Year

<u>County</u>	<u>Percent</u>	<u>County</u>	<u>Percent</u>
Allegany	100%	Harford	28%
Anne Arundel	14%	Howard	5%
Baltimore City	95%	Kent	30%
Baltimore	64%	Montgomery	51%
Calvert	15%	Prince George's	100%
Caroline	100%	Queen Anne's	34%
Carroll	4%	St. Mary's	45%
Cecil	19%	Somerset	67%
Charles	22%	Talbot	100%
Dorchester	16%	Washington	28%
Frederick	24%	Wicomico	30%
Garrett	100%	Worcester	82%

Source: Maryland State Department of Education

State Fiscal Effect: General fund expenditures for State education aid would decrease by an estimated \$5 million to \$15 million in fiscal 2008 and 2009 due to the potential reduction in the statewide FTE enrollment count. The following assumptions were used to calculate this estimate.

- The reduced FTE rate for kindergarten students would not apply until fiscal 2008, when school systems are currently required to provide full-day kindergarten programs. Therefore, no savings would be realized by the State until fiscal 2008.
- As many as 12 to 15 counties could be approved for extensions. If fewer counties are granted extensions, the savings for the State could be less.
- Each county that is granted an extension would continue a process of phasing in full-day kindergarten programs over the next four years and throughout the extension period.

In addition to State operating aid, the distribution of public school construction funding could be affected by the extensions granted to local boards of education and county governing bodies. With more time for some local school systems to meet the requirement for full-day kindergarten programs, State support for projects focusing on construction and improvement of kindergarten classrooms could be delayed for a period of time. Total funding for public school construction, however, would not change. The State's capital improvement plan for fiscal 2005 to 2009 includes approximately \$100 million per year in general obligation bonds for public school construction.

The Task Force to Study Public School Facilities estimated that the cost to build and renovate facilities in order to accommodate the full-day kindergarten mandate is approximately \$178 million. The State pays roughly half of total school construction costs, meaning the State's share of the costs for new kindergarten space is approximately \$89 million.

The Maryland State Department of Education (MSDE) advises that two additional positions at a cost of approximately \$120,000 per year would be needed from fiscal 2005 to 2007 to review local applications for extensions. The Department of Legislative Services believes that existing personnel at MSDE are sufficiently familiar with each local school system to adequately assist the State Superintendent of Schools in making extension decisions.

Local Revenues: Aggregate school revenues would decrease by an estimated \$5 million to \$15 million in fiscal 2008 and 2009, depending on the number and size of the jurisdictions approved for extensions of the full-day kindergarten requirement. However, counties that implement full-day kindergarten on schedule would receive increases in State aid from fiscal 2008 through 2011 due to the wealth equalization factors in State aid formulas, which calculate wealth on a per FTE student basis.

Local Expenditures: Local school expenditures for full-day kindergarten could decrease from fiscal 2005 to 2011 for local school systems that are granted extensions until fiscal 2012 (the 2011-2012 school year). Currently, 54% of kindergarten students in Maryland are in full-day programs. It is estimated that the additional operating spending that is needed to provide full-day kindergarten to all students in fiscal 2008 is \$44.3 million. However, this amount does not represent a savings that local school systems could expect. At the very least, local school systems would be required to offer full-day kindergarten in designated high needs schools by the 2007-2008 school year.

Any jurisdiction that is given additional time to implement full-day kindergarten would, however, realize some savings in school expenditures during the extension period. The aggregate savings that local school systems could attain depends on the number and size

of the school systems that are approved for extensions, but would not exceed \$23.2 million in fiscal 2008.

Local expenditures for public school construction could also decrease in the short term for jurisdictions that are given added time to implement full-day kindergarten. The local cost for school construction relating to the kindergarten mandate is estimated at \$89 million. This amount consists of one-time costs that would have to be made at some point before fiscal 2012; however, the costs could be delayed for counties that are granted extensions.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education, Public School Construction Program, Department of Legislative Services

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mh/hlb

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