

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 123 (Senator Dyson, *et al.*)  
Budget and Taxation and Education, Health, and Environmental Affairs

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**Education - Full-Day Kindergarten Programs - County Board Decision Not to Implement**

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This bill gives local boards of education the option to decide by majority vote not to provide full-day kindergarten for all students.

The bill takes effect July 1, 2004, contingent on the failure of the General Assembly to pass the joint resolution that is required to proceed with full implementation of the education funding formulas established in the Bridge to Excellence in Public Schools Act. If the joint resolution is passed, this bill is null and void.

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**Fiscal Summary**

**State Effect:** Education aid formulas would not be affected by the legislation. The allocation of public school construction funding to local jurisdictions could change slightly, but the overall amount of funding would not be altered.

**Local Effect:** Local school expenditures could decrease by an estimated \$10.3 million in FY 2005 and by an estimated \$45.3 million in FY 2009 if local school systems opt not to further enhance existing full-day kindergarten programs.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** Local boards of education are required to implement full-day kindergarten programs for all students by the 2007-2008 school year.

For full funding of the Bridge to Excellence State aid formulas to be provided in fiscal 2005, the General Assembly must pass a joint resolution by the fiftieth day of the 2004 legislative session affirming that the additional aid is within the State's resources. An emergency bill that repealed the provision requiring the joint resolution, HB 345, was enacted March 5, 2004.

**Background:** In appreciation of the growing body of research that clearly displays the positive impact of early childhood educational experiences, 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 full-time equivalent 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 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 all kindergarten students. 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.

**State Fiscal Effect:** If a joint resolution affirming the State's ability to afford State aid increases required by the Bridge to Excellence is not passed, the distribution of public school construction funding could be affected by the decisions local boards of education make regarding full-day kindergarten. State support for projects focusing on kindergarten classroom construction and renovation in counties that choose not to implement full-day programs could be delayed or abandoned. 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 full-day kindergarten for all students is approximately \$178 million. This amount includes the State and local shares, each of which would total approximately \$89 million.

**Local Expenditures:** If a joint resolution affirming the State's ability to afford State aid increases required by the Bridge to Excellence is not passed, local school expenditures for full-day kindergarten could decrease beginning in fiscal 2005. Currently, 54% of kindergarten students in Maryland are in full-day programs. It is estimated that the additional operating funding needed to provide full-day kindergarten to all students in fiscal 2008 (when the programs must be provided under current law) is \$44.3 million. By fiscal 2009, this amount will increase to approximately \$45.3 million. These estimates are based on the following information and assumptions.

- Six local school systems provide full-day kindergarten for all students and the other 18 systems provide full-day programs for varying proportions of their kindergarten populations. It is assumed that schools would maintain existing services. Therefore, school systems that currently offer full-day kindergarten to all students would not realize any savings.
- It is assumed that, under current law, local school systems would gradually phase in full-day kindergarten from fiscal 2005 to 2008. Therefore, local boards of education that opt out of the mandate would realize a savings beginning in fiscal 2005.
- The primary savings would be driven by teacher salary costs that would not be incurred. Average teacher salaries for each local school system, increased by 3.5% annually, were used to develop the savings estimates.
- Full-day kindergarten class sizes would average 20 students.
- In addition to the teacher salary costs that would be saved, local school systems would also save on school supplies. Additional per pupil costs of \$100 per year were assumed for students in full-day kindergarten programs.
- Any local board of education that votes to expand full-day kindergarten in spite of the option to relieve itself of the mandate would subtract from the total estimated savings.

The estimated fiscal 2005 to 2009 savings that each local school system could realize is shown in **Exhibit 1**.

Local expenditures for public school construction would also decrease if new kindergarten facilities are not required. The local cost for school construction relating to full-day kindergarten is estimated at \$89 million.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 711 (Delegate Krebs, *et al.*) – Ways and Means.

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

**Fiscal Note History:** First Reader - March 8, 2004  
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**Exhibit 1**  
**Estimated Reduction in Local Schools System Spending**  
**for Full-day Kindergarten**  
**(\$ in thousands)**

<b><u>County</u></b>	<b><u>FY 2005</u></b>	<b><u>FY 2006</u></b>	<b><u>FY 2007</u></b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>
Allegany	\$0	\$0	\$0	\$0	\$0
Anne Arundel	1,604	3,204	5,018	6,947	7,111
Baltimore City	0	0	0	0	0
Baltimore	944	1,661	2,845	3,733	3,855
Calvert	417	861	1,395	1,898	1,894
Caroline	0	0	0	0	0
Carroll	712	1,418	2,222	3,078	3,300
Cecil	323	721	1,143	1,481	1,530
Charles	427	778	1,258	1,713	1,770
Dorchester	54	161	224	343	355
Frederick	880	1,753	2,690	3,623	3,675
Garrett	0	0	0	0	0
Harford	692	1,322	2,046	2,815	2,905
Howard	1,082	2,179	3,404	4,707	4,734
Kent	57	61	125	192	136
Montgomery	2,241	4,352	6,888	9,292	9,375
Prince George's	0	0	0	0	0
Queen Anne's	103	261	380	503	519
St. Mary's	223	522	834	1,046	1,079
Somerset	1	2	107	111	115
Talbot	0	0	0	0	0
Washington	372	772	1,196	1,645	1,696
Wicomico	210	484	828	1,086	1,123
Worcester	0	56	58	63	123
<b>Total</b>	<b>\$10,343</b>	<b>\$20,565</b>	<b>\$32,659</b>	<b>\$44,276</b>	<b>\$45,294</b>

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