

Department of Legislative Services  
Maryland General Assembly  
2004 Session

FISCAL AND POLICY NOTE

House Bill 428  
Ways and Means

(Delegate Cadden, *et al.*)

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**Education - Full-Day Kindergarten Programs - Schools in Critical Needs or Low Socioeconomic Areas**

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This bill extends by four years the deadline for local school systems to implement full-day kindergarten programs for all children. Full-day kindergarten must be provided by the 2011-2012 school year. The deadline is not extended, however, for schools in critical needs or low socioeconomic areas, as determined by the Maryland State Department of Education (MSDE). These schools must offer full-day kindergarten by the 2007-2008 school year, as scheduled. Local school systems must identify strategies for ensuring that full-day kindergarten programs are implemented by the appropriate deadlines.

The bill is effective July 1, 2004.

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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 \$5.2 million in FY 2005 due to the extension of the deadline for providing full-day kindergarten. Savings would peak in FY 2008 at an estimated \$23.2 million. By FY 2012, local school systems would not realize any further savings. Local school construction expenditures could also be delayed.

**Small Business Effect:** Minimal.

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## Analysis

**Current Law:** Local school systems must implement full-day kindergarten programs for all students by the 2007-2008 school year. Local school systems must identify the strategies that will be used to ensure that full-day kindergarten programs are provided to all students by the 2007-2008 school year.

**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 local 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:** The distribution of public school construction funding could be affected by the extension of the deadline for implementation of the kindergarten mandate. With more time for local school systems to meet the requirement, State support for projects focusing on new construction for 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.

**Local Expenditures:** Local school expenditures for full-day kindergarten could decrease in fiscal 2005 to 2011 if local school systems are given until fiscal 2012 (the 2011-2012 school year) to implement full-day programs. 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 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.

MSDE advises that it would designate Title I schools as the schools in critical needs and low socioeconomic areas identified in the bill. Title I schools receive federal compensatory aid and generally enroll a higher percentage of students living in poverty. Of the nearly 400 Title I schools in Maryland, less than 100 do not currently provide full-day kindergarten programs. It is assumed that full-day kindergarten programs would be gradually phased in from fiscal 2005 to 2012, with Title I schools getting the enhanced programs earlier in the phase-in process. The real savings that local school systems could expect would peak in fiscal 2008 at an estimated \$23.2 million. This estimate is based on the following assumptions.

- Local school systems would phase in full-day kindergarten evenly from fiscal 2005 to 2012. New full-day kindergarten programs would be extended first to Title I schools that do not currently offer the programs. Schools would maintain existing services during the phase-in, so local school systems that already offer full-day kindergarten to all students would not realize any savings.
- The primary savings would be driven by teacher salary costs that would not be incurred until later years. 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 will 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 were assumed for students in full-day kindergarten programs.

The estimated fiscal 2005 to 2011 savings for each local school system are shown in **Exhibit 1**.

Local expenditures for public school construction could also decrease in the short term. The local cost for school construction relating to the kindergarten mandate is estimated at

\$89 million. This amount consists of one-time costs for the local jurisdictions that would have to be made at some point before fiscal 2012; however, the costs could be delayed if the deadline to meet the kindergarten mandate is extended.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2004  
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**Exhibit 1**  
**Estimated Reduction in Local Schools System Spending**  
**for Full-day Kindergarten**  
(\$ in Thousands)

<u>County</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Allegany	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Anne Arundel	(830)	(1,660)	(2,654)	(3,598)	(2,829)	(1,755)	(806)
Baltimore City	0	0	0	0	0	0	0
Baltimore	(443)	(862)	(1,362)	(1,837)	(1,328)	(979)	(472)
Calvert	(237)	(432)	(699)	(983)	(743)	(490)	(219)
Caroline	0	0	0	0	0	0	0
Carroll	(330)	(681)	(1,055)	(1,508)	(1,245)	(897)	(463)
Cecil	(162)	(334)	(570)	(712)	(550)	(317)	(194)
Charles	(212)	(335)	(572)	(768)	(551)	(316)	(193)
Dorchester	(3)	(55)	(111)	(170)	(118)	(62)	(61)
Frederick	(387)	(905)	(1,347)	(1,929)	(1,308)	(838)	(399)
Garrett	0	0	0	0	0	0	0
Harford	(318)	(606)	(912)	(1,291)	(966)	(563)	(258)
Howard	(515)	(1,117)	(1,702)	(2,384)	(1,750)	(1,140)	(689)
Kent	(56)	(2)	(61)	(64)	(3)	(2)	(0)
Montgomery	(1,253)	(2,652)	(4,076)	(5,591)	(4,051)	(2,790)	(1,361)
Prince George's	0	0	0	0	0	0	0
Queen Anne's	(52)	(155)	(165)	(279)	(228)	(120)	(60)
St. Mary's	(113)	(234)	(417)	(555)	(383)	(264)	(135)
Somerset	(1)	(2)	(54)	(109)	(58)	(59)	(1)
Talbot	0	0	0	0	0	0	0
Washington	(163)	(387)	(572)	(824)	(607)	(436)	(197)
Wicomico	(106)	(268)	(440)	(571)	(415)	(304)	(128)
Worcester	(1)	(53)	(56)	(3)	(3)	(2)	(0)
<b>Total</b>	<b>(\$5,179)</b>	<b>(\$10,740)</b>	<b>(\$16,826)</b>	<b>(\$23,177)</b>	<b>(\$17,136)</b>	<b>(\$11,333)</b>	<b>(\$5,637)</b>

