

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE

House Bill 359 (Delegate Stern, *et al.*)
 Ways and Means

Education - Public Schools - Program of Physical Education

This bill requires every public elementary and secondary school to have a program of physical education that is required for all students in kindergarten through grade 12 for five hours per week during the school year. The program requirements may be fulfilled by physical activity that takes place on school grounds or certified physical activity that takes place off school grounds. The State Board of Education (SBE) must develop criteria for the programs and a certification process for physical activity that takes place off school grounds. In addition, SBE must develop criteria for granting exemptions to the physical education requirements established in the bill.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$215,300 in FY 2006 to begin planning for the expanded physical education requirements. Future year expenditures reflect regular salary increases and inflation. Teachers' retirement payments could also increase beginning in FY 2009. Revenues would not be affected.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	215,300	202,700	224,600	237,300
Net Effect	\$0	(\$215,300)	(\$202,700)	(\$224,600)	(\$237,300)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local school expenditures could increase by an estimated \$23.3 million to \$46.6 million beginning in FY 2007 to hire additional physical education teachers. Costs could be offset by reductions to other elective courses offered in schools or innovative approaches to meeting the requirements off school grounds. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: Every public school must have a program of physical education that is given in a planned and sequential manner to all students in order to develop their good health and physical fitness and improve their motor coordination and physical skills. State regulations require regular physical education classes for students in kindergarten through grade 8, but only one semester of physical education is required in grades 9 through 12 for high school graduation. The regulations do not specify the number of hours per week that must be spent in physical education classes.

Background: The rate of obesity in school children and adolescents has nearly tripled since the 1980s, and the lack of adequate physical education programs, along with poor eating habits, has been blamed for the increase. According to a briefing by the National Conference of State Legislatures, recent studies indicate that nutrition and physical activity are positively related to academic achievement.

The Maryland State Department of Education advises that physical education programs in the 24 local school systems vary widely. For example, some elementary schools provide just 20 minutes of physical education per week, while others provide longer classes up to three times per week. Physical education classes in middle and high schools are generally held more frequently.

State Expenditures: General fund expenditures could increase by an estimated \$215,291 in fiscal 2006. This estimate reflects the cost of hiring two education specialists to begin planning and organizing the expanded physical education programs that would be implemented in local school systems the following fiscal year as required by the July 1, 2006 effective date. An administrative specialist would also be needed in fiscal 2006. The estimate includes three salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$194,259
Operating Expenses	<u>21,032</u>
Total FY 2006 State Expenditures	\$215,291

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Assuming that local school systems would hire new physical education teachers to meet the bill's requirements, general fund expenditures for teachers' retirement would increase beginning in fiscal 2009. The State pays teachers' retirement costs based on salaries in the second prior fiscal year; therefore, increases to the salary base in fiscal 2007 would result in increased retirement payments in fiscal 2009. Based on the information and assumptions described in the local fiscal effect section and a 9.35% retirement contribution rate, expenditures for teachers' retirement could increase by an estimated \$1.8 to \$3.6 million in fiscal 2009.

Local Fiscal Effect: Local school expenditures would increase by an estimated \$23.3 million to \$46.6 million in fiscal 2007 to hire additional physical education teachers. This estimate reflects the following information and assumptions.

- An estimated 25% to 50% of schools in the State, approximately 350 to 700 schools, would have to hire one additional physical education teacher to comply with the bill's requirements. The new teachers would be hired for the 2006-2007 school year (fiscal 2007), when the law goes into effect.
- Using the average teacher salary in fiscal 2003 (\$49,700) and increasing it by 3% annually, the average teacher salary will be \$55,900 in fiscal 2007. Salaries for 350 to 700 new teachers would total an estimated \$19.4 million to \$38.8 million in fiscal 2007.
- Assuming a local fringe benefit rate of 20%, total local costs for new physical education teachers would equal \$23.3 million to \$46.6 million in fiscal 2007.
- The estimate does not include any costs for school facility additions and improvements or expenses for additional supplies and equipment. These costs could also be significant for some school systems.

To the extent that a greater focus on physical education lessens the need for other ancillary school programs, expenditure reductions for other elective courses could offset some of the increased costs. Likewise, using less expensive approaches to meeting the bill's requirements through programs that are operated off school grounds would also offset the estimated increases.

Because of the variation in physical education programs among the 24 local school systems, the bill would not impact systems equally. There is not enough detail on local practices to be able to reliably estimate the impact of the bill on each local school system.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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lc/hlb

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