

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

Senate Bill 611 (Senator Giannetti, *et al.*)
 Education, Health, and Environmental Affairs

Department of Juvenile Services - Money Follows the Child Education Act of 2005

This bill requires a local school system to pay the local per pupil current expenses for each child from the county who is committed to a Department of Juvenile Services (DJS) facility as of December 31 of each year. For each child who requires intensity IV or V special education services, a school system must pay three times the local per pupil current expenses. Payments must be made to DJS or the Maryland State Department of Education (MSDE), whichever agency is providing the educational services. DJS must prepare a list of all children in DJS facilities on December 31 and make a preliminary determination of the county that is responsible for the payment of each child. The State Superintendent of Schools must decide any disputes about the responsible county and must deduct payments from the State aid for a school system that does not make a required payment by May 15.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: Special fund revenues from local school system payments would increase by an estimated \$2.9 million in FY 2006. The bill does not specify how the funds would be spent. Future year revenue estimates reflect 3% annual increases in per pupil current expenses.

(\$ in millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
SF Revenue	\$2.9	\$3.0	\$3.0	\$3.1	\$3.2
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$2.9	\$3.0	\$3.0	\$3.1	\$3.2

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

Local Effect: Local board of education expenditures would increase by an estimated \$2.9 million in FY 2006 and an estimated \$3.2 million in FY 2010 to pay for students who are committed to DJS facilities. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: Funding for educational programs at DJS facilities is included in the annual State budget. Local school systems do not contribute to these costs.

Background: Chapter 535 of 2004 established a Coordinating Council for Juvenile Services Educational Programs and requires MSDE to take over operations of the educational services in all DJS facilities by 2012. MSDE began the process in July 2004, when it assumed control of the education program at the Charles H. Hickey, Jr. School. The fiscal 2005 State budget includes approximately \$5.5 million in MSDE's budget for the initiative, and the proposed fiscal 2006 budget includes \$5.2 million.

State Fiscal Effect: Special fund revenues for MSDE and DJS would increase by an estimated \$2.9 million in fiscal 2006, with the funding coming from local school systems. Currently, MSDE operates the educational program at the Charles Hickey School and would collect funding for the children who are committed to that program. In fiscal 2006, the revenues that MSDE would generate are estimated at \$777,800. DJS would collect the remainder of the revenues, an estimated \$2.1 million. As the educational programs at the facilities transfer to MSDE, a greater share of the funding would be collected by MSDE.

A calculation of the special fund revenues that would be generated if the program was operational this year (fiscal 2005) is shown in **Exhibit 1**. Estimates for fiscal 2006 and subsequent years assume that local per pupil current expenses will increase by 3% annually. It is further assumed that the number of children committed to DJS facilities would remain relatively stable. DJS advises that very few children requiring intensity IV and V special education services are committed to DJS facilities, so the figures in the exhibit do not assume any additional revenues stemming from that provision.

Exhibit 1
Calculation of the Money Follows the Child Education Act
Fiscal 2005

<u>Local School System</u>	<u>Children Committed to DJS Dec 31, 2004</u>	<u>Local Current Expenses</u>	<u>Total Cost</u>
Allegany	4	\$2,756	\$11,024
Anne Arundel	33	5,432	179,256
Baltimore City	215	2,348	504,820
Baltimore	93	5,434	505,362
Calvert	11	4,563	50,193
Caroline	0	2,140	0
Carroll	16	4,213	67,408
Cecil	15	3,579	53,685
Charles	30	3,874	116,220
Dorchester	5	3,335	16,675
Frederick	20	4,507	90,140
Garrett	1	3,778	3,778
Harford	19	3,829	72,751
Howard	7	6,711	46,977
Kent	1	5,452	5,452
Montgomery	59	8,484	500,556
Prince George's	56	4,002	224,112
Queen Anne's	7	4,969	34,783
St. Mary's	14	3,683	51,562
Somerset	6	3,133	18,798
Talbot	3	6,123	18,369
Washington	26	3,838	99,788
Wicomico	17	3,387	57,579
Worcester	7	7,502	52,514
Total	665		\$2,781,802

The bill does not specify if the additional special funds would be used to offset general fund appropriations for educational programming, for further enhancements of the educational programs, or for some other purpose.

Local Expenditures: Local school expenditures would increase by an estimated \$2.9 million in fiscal 2006 to pay the local per pupil current expenses for each child committed to a DJS facility. Assuming increases of 3% annually in the expenses, expenditures across the 24 local school systems would total \$3.2 million by fiscal 2010.

Additional Information

Prior Introductions: A bill that would have required local payments for children placed under DJS supervision was introduced in 2004 as SB 766. The bill was withdrawn.

Cross File: None.

Information Source(s): Department of Juvenile Services; Maryland State Department of Education; Baltimore City and Allegany, Montgomery, and Prince George's counties; Department of Legislative Services

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