

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE
 Revised

House Bill 1130
 Ways and Means

(Delegate Hixson, *et al.*)

Budget and Taxation

Education - Adult Education and Literacy Services - Funding

This bill requires the Governor to include in the fiscal 2008 State budget an appropriation for adult education equal to an increase of \$1.5 million over the fiscal 2007 appropriation. The Maryland State Department of Education (MSDE) must distribute the funding as Literacy Works Grants for adult education and literacy services.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: General fund expenditures would increase by \$1.5 million in FY 2008 to provide the additional funding for Literacy Works Grants. Future year expenditure estimates assume that the higher funding level would continue. Revenues would not be affected.

(\$ in millions)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	1.5	1.5	1.5	1.5
Net Effect	\$0	(\$1.5)	(\$1.5)	(\$1.5)	(\$1.5)

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

Local Effect: Local revenues from State Literacy Works Grants would increase by \$1.5 million annually beginning in FY 2008. Local school expenditures for adult education programs would increase by \$500,000 annually beginning in FY 2008 to provide local matches for the grants.

Small Business Effect: Minimal.

Analysis

Current Law: MSDE must distribute competitive grants for adult education and literacy services in accordance with the State plan for adult education and family literacy. The grants must be based on need and performance. State funding for adult education and literacy works grants must total at least \$4.0 million in fiscal 2007 and 2008. The State grants generally use a 75% State/25% local split of the total funding level.

Background: Committee narrative in the 2004 *Joint Chairmen's Report* expressed concern about the number of individuals on the waiting list for adult education and literacy services. The waiting list has consistently been estimated at approximately 4,000 to 5,000 individuals. Legislation enacted last year established minimum fiscal 2007 and 2008 funding levels for adult education and literacy services and required MSDE to establish an ongoing method of funding for adult education and literacy services so that the waiting list for these programs could be reduced to the greatest extent possible.

In response to the legislative actions, a Superintendent's Panel on Excellence in Adult Education was established and released a final report, *Stepping Up to the Future*, on December 1, 2005. The panel found that there are approximately one million Marylanders who need adult education services and that the State's contribution to adult education programs is considerably lower than the contributions made by other states.

Using a model that was previously used by the Commission on Education Finance, Equity, and Excellence (Thornton Commission), the superintendent's panel estimated the amount of funding that is needed to provide adequate educational services to different populations of adult education students. The panel then used the estimates to develop a formula that was proposed by MSDE.

The fiscal 2007 State budget includes \$5.4 million in State general funds for adult education, \$1.4 million more than the minimum required amount and \$2.0 million more than the amount provided in fiscal 2006. The State aid will be distributed to local adult education providers. In most counties, the local school systems provide adult education programs, but there are also a number of counties where the local community colleges provide the services. In addition, some jurisdictions use community groups to provide the services, and Howard County provides some adult education programs through its public library system.

State Expenditures: General fund expenditures would increase by \$1.5 million in fiscal 2008 to fund the additional appropriation required by the bill. The funding would be distributed to counties as Literacy Works Grants.

Expenditures for adult education and literacy services after fiscal 2008 would be discretionary. It is assumed, however, that the annual funding level would continue at \$6.9 million, \$1.5 million higher than the fiscal 2007 appropriation.

Local Fiscal Effect: State aid to local adult education providers would increase by \$1.5 million in fiscal 2008. To leverage the additional funding, local expenditures would increase by \$500,000 to meet the required 25% local match on State aid. Assuming State funding continues at the fiscal 2008 funding level, the increased local expenditures would likewise continue.

Small Business Effect: MSDE advises that the majority of individuals enrolled in adult education programs are working. To the extent that the enhanced funding results in a more well-educated workforce, businesses will benefit.

Additional Information

Prior Introductions: None.

Cross File: SB 650 (Senator Hogan, *et al.*) – Budget and Taxation.

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

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