

**Department of Legislative Services**  
Maryland General Assembly  
2007 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 116

(Senators Brochin and Kittleman)

Education, Health, and Environmental Affairs

Ways and Means

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**Education - Special Education Services - Children in a Home School Setting**

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This bill requires that a child with a disability who is in a home-school setting be given the same consideration as a child with a disability who is in a private school setting for the purpose of passing through federal funds for the provision of special education services under the federal Individuals with Disabilities Education Act (IDEA).

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**Fiscal Summary**

**State Effect:** Federal fund revenues could increase beginning in FY 2009 due to the inclusion of home-schooled students with disabilities in the counts sent to the federal government for the calculation of IDEA grants. Federal fund expenditures would increase to distribute the majority of the added revenues to local school systems. The net impact on State finances would be negligible, as most new federal revenue would simply pass through the State budget to local school systems.

**Local Effect:** Local school expenditures would increase by an estimated \$277,300 in FY 2008 to provide special education services to home-schooled students with disabilities. In future years, additional federal IDEA revenues would offset the cost of serving home-schooled students with disabilities.

**Small Business Effect:** None.

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## Analysis

**Current Law:** IDEA requires local school systems to make special education services available to students in public and private schools, but this requirement does not extend to students who are home-schooled.

IDEA funding for parentally placed private school students is determined on a “proportionate share” basis. For each school system, a share of federal IDEA funds equal to the share of students with disabilities who attend private schools in the system must be used to support special education and related services for private school students. The local school system holds the funds and provides the services to the private school students. Although a school system could choose to support services for a home-schooled student with a disability, it is not required to do so.

**Background:** The Office of the Attorney General has been asked on at least two occasions to comment on the State’s obligations under IDEA with respect to students who are educated at home. Although the office has not provided a formal opinion on the matter, it has suggested that local school systems in Maryland are not required to provide special education services to home-schooled students with disabilities. According to the federal Office of Special Education Programs, as well as two court cases and an opinion of the Arizona Attorney General, the determination of a state’s obligations hinges on whether the state recognizes home-school situations as private schools. Maryland does not recognize home-school settings as private schools and therefore is not required to provide services to home-schooled students.

IDEA does require, however, that local school systems identify and evaluate all children in the district who are in need of special education and related services. The parents of these children can then be made aware of the services they are eligible to receive if they enroll their children in public or private schools or educate their children at home.

The Maryland State Department of Education (MSDE) reports that 15,226 families and 24,329 students in Maryland were involved in home instruction in the 2005-2006 school year. The number of home-schooled students is equivalent to less than 3% of the public school enrollment. At least four states – Arkansas, Minnesota, Missouri, and Nevada – have laws that enable students with disabilities who receive home instruction to qualify for special education and related services funded through IDEA.

**State Fiscal Effect:** Beginning in fiscal 2009, federal fund revenues and expenditures would increase, with additional federal IDEA funds passing through the State budget for distribution to the local school systems. IDEA funds are distributed to states based in part on the count of students with disabilities in each state. If home-schooled students are

included in Maryland's count, the State should receive additional IDEA funds. In fiscal 2008, the State is receiving approximately \$1,500 per special education student from federal IDEA funds.

The majority of the new federal funds would be distributed to local school systems as federal aid to education. There would be little or no net impact on State finances.

**Local Fiscal Effect:** School expenditures would increase by an estimated \$277,300 in fiscal 2008 to replace federal IDEA funds that would be spent in support of home-schooled students with disabilities. This estimate is based on the information and assumptions described below.

- According to data from MSDE, local school systems will be spending a total of approximately \$2.4 million in federal IDEA funds in fiscal 2008 to support special education and related services for approximately 1,500 parentally placed private school students.
- In the 2005-2006 school year there were 186 identified home-schooled students with disabilities. Placing 186 students in the proportionate share formula in fiscal 2008 would result in an additional \$277,300 in federal IDEA funds that would then be spent in support of home-school students.
- In order to maintain current services for special education students in public schools, local school system expenditures would increase by \$277,300 to replace the IDEA funding that would be diverted to home-school students.

A calculation of the estimated impact of the bill by county is shown in **Exhibit 1**. After fiscal 2008 the additional expenditures will be offset by additional federal IDEA funding.

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**Exhibit 1**  
**Estimated Cost of Funding Special Education Services for Home-schooled Students**  
**Fiscal 2008**

<u>School System</u>	<u>IDEA Allocation*</u>	<u>Current Law Proportionate Share</u>	<u>Est. Home-schooled Students with Disabilities**</u>	<u>SB 116 Proportionate Share</u>	<u>Additional Expenses for SB 116</u>
Allegany	\$2,137,481	\$34,796	1	\$36,425	\$1,629
Anne Arundel	14,345,659	146,171	5	154,116	7,945
Baltimore City	22,409,594	135,207	11	153,219	18,013
Baltimore	21,189,988	669,306	9	682,800	13,494
Calvert	2,830,987	37,801	0	37,801	0
Caroline	1,074,944	3,267	4	9,743	6,475
Carroll	4,926,368	119,152	66	208,803	89,651
Cecil	3,113,691	27,087	2	29,770	2,683
Charles	4,480,583	60,115	10	79,797	19,682
Dorchester	916,823	9,280	0	9,280	0
Frederick	6,530,512	74,273	0	74,273	0
Garrett	919,644	0	0	0	0
Harford	7,298,496	202,415	13	220,643	18,228
Howard	7,591,895	12,811	8	25,578	12,767
Kent	487,384	0	0	0	0
Montgomery	25,562,413	508,343	23	541,709	33,366
Prince George's	23,652,310	103,635	28	147,327	43,692
Queen Anne's	1,321,971	0	0	0	0
St. Mary's	2,977,720	57,981	0	57,981	0
Somerset	606,849	1,623	0	1,623	0
Talbot	866,941	13,069	0	13,069	0
Washington	4,106,267	1,529	3	6,111	4,581
Wicomico	2,654,250	32,034	1	33,540	1,506
Worcester	1,263,174	16,405	2	19,993	3,588
<b>Total</b>	<b>\$163,265,944</b>	<b>\$2,266,300</b>	<b>186</b>	<b>\$2,543,600</b>	<b>\$277,300</b>

\* From the Maryland State Department of Education.

\*\* From the Maryland State Department of Education for school year 2005-2006.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

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

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