

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 176 (Senator Zirkin)
Education, Health, and Environmental Affairs

Juveniles - Summer Opportunity Pilot Program - Funding and Sunset Extension

This bill extends the termination date of the Department of Juvenile Services' (DJS) Summer Opportunity Pilot Program from May 30, 2008 to May 30, 2013. The bill also requires the Governor to budget a minimum of \$500,000 for the program each year beginning in fiscal 2009.

Fiscal Summary

State Effect: General fund expenditures would increase by \$500,000 each year beginning in FY 2009 to provide revenue to the Summer Opportunity Pilot Program Fund. Special fund expenditures would correspondingly increase by \$500,000 beginning in FY 2009, provided that all monies appropriated to the fund are distributed. General fund retirement expenditures would increase beginning in FY 2011 to reflect increased salary expenditures.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
SF Revenue	\$0	\$500,000	\$500,000	\$500,000	\$500,000
GF Expenditure	0	500,000	500,000	565,200	567,500
SF Expenditure	0	500,000	500,000	500,000	500,000
Net Effect	\$0	(\$500,000)	(\$500,000)	(\$565,200)	(\$567,500)

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

Local Effect: Local school revenues from direct State aid could increase by \$500,000 annually beginning in FY 2009 to extend the contracts of local school teachers. Local school expenditures for other operating expenses could also increase. Retirement payments made by the State on behalf of local school systems would increase by an estimated \$65,200 in FY 2011, with future year increases reflecting increases in the retirement contribution rate.

Small Business Effect: None.

Analysis

Current Law: Chapter 691 of 2001 established the DJS Summer Opportunity Pilot Program to provide educational activities during summer months for children under the supervision of the juvenile justice system. Chapter 164 of 2003 extended the authorization for the program from September 30, 2004 to May 30, 2008.

Under the Act, an operator of a group home or other interested party may develop a program proposal to provide summer education to local youth under DJS supervision using faculty of the county school system. The county school board submits qualified final proposals to DJS for consideration. DJS, in consultation with the Maryland State Department of Education, must consider program proposals and provide funding for approved projects from the DJS Summer Opportunity Pilot Program Fund, a special, nonlapsing fund consisting of appropriations from the State budget and contributions from other public and private sources. Funds may only be used to extend the contracts of teachers participating in the program.

State Fiscal Effect: The Summer Opportunity Pilot Program has not been funded since its establishment in 2001. This bill requires the Governor to include a minimum of \$500,000 for the program in the annual operating budget beginning in fiscal 2009.

Program funds would be distributed to local boards of education for the exclusive use of extending the contracts of participating teachers. Funding of \$500,000 could provide for contracts for an estimated 36 teachers in fiscal 2009, with marginal reductions in subsequent years resulting from inflation in salary costs. The information and assumptions used in calculating the estimates are stated below.

- The average Maryland public school teacher salary was \$54,333 in fiscal 2006. It is assumed that teacher salaries will grow 4% in fiscal 2007 and 2008 and 3% each year between fiscal 2009 and 2012.
- Benefits are estimated at 9.5% of salary. This rate does not include health insurance, which is paid for a full year under existing contracts, or retirement contributions.

- Project proposals would be approved for implementation during fiscal 2009. Existing 190-day teacher contracts would be extended by 40 days to implement the program.

Projected costs per teacher are shown in **Exhibit 1**.

Exhibit 1
Estimated Teacher Salary Expenses

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Average teacher salary	\$60,530	\$62,345	\$64,216	\$66,142
Fringe benefits	<u>5,750</u>	<u>5,923</u>	<u>6,101</u>	<u>6,284</u>
Total salary costs	66,280	68,268	70,316	72,426
Average cost of 40-day contract	\$13,954	\$14,372	\$14,803	\$15,248
Estimated number of teaching positions available at \$500,000	36	35	34	33

Teacher Retirement Costs

The State is responsible for paying teachers' retirement benefits. State payments are calculated based on teachers' salary base in the second prior year, so retirement expenditures would not increase until fiscal 2011. Using the projected fiscal 2011 employer contribution rate of 13.04%, additional salary expenditures of \$500,000 could generate additional retirement expenditures of \$65,200. The rate is projected to increase to 13.50% in fiscal 2012. Money from the Summer Opportunity Pilot Program Fund could not be used to cover these costs.

Program Administration

It is assumed that DJS area directors and central office administrators would jointly review and select program proposals. Central office personnel would administer the program's fund and adopt regulations to implement the program. No additional funding would be required.

Local Fiscal Effect: Local school systems that participate in the program would receive funding to extend teacher contracts for an estimated eight weeks each year. A school system would receive an average of \$13,687 in direct State aid for each teacher participating in the program in fiscal 2009. Teachers' retirement payments, paid by the State on behalf of local school systems, would also increase beginning in fiscal 2011.

Additional costs could be incurred by local school systems for instructional materials and supplies, maintenance and operations, student transportation, and ancillary school services. It is assumed that existing school and group home facilities would house the programs and that existing personnel from local government agencies would be involved in the programs without additional compensation.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Juvenile Services, Department of Budget and Management, Department of Legislative Services

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ncs/rhh

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