

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE
 Revised

House Bill 1017
 Ways and Means

(Delegate Walker, *et al.*)

Education, Health, and Environmental Affairs

Baltimore City and Prince George's County - Parent-Teacher Association
 Matching Fund Pilot Program

This bill establishes a Parent-Teacher Association Matching Fund Pilot Program to encourage parent-teacher associations (PTAs) to raise funds for public high schools and to provide additional State funds to high schools. Each high school PTA in Baltimore City and Prince George’s County is eligible to receive a dollar-for-dollar match from the State for private donations made to the school’s PTA, up to a maximum of \$125,000 for each school system divided by the number of public high schools in the system. The total amount expended for the program may not exceed \$200,000 annually. The Chief Executive Officer of the Baltimore City Public School System and the Superintendent of Prince George’s County Public Schools must report annually on the benefits accrued from the pilot program.

The bill takes effect October 1, 2007 and terminates September 30, 2010.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$27,500 in FY 2008 to begin administration of the pilot program. General fund expenditures would increase by an estimated \$230,000 in FY 2009 to match private funds raised by high school PTAs in Baltimore City and Prince George’s County and continue program administration. Future year expenditure estimates reflect ongoing State matching funds of \$200,000 annually, inflation, and the bill’s termination date. Revenues would not be affected.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	27,500	230,000	231,300	200,000	0
Net Effect	(\$27,500)	(\$230,000)	(\$231,300)	(\$200,000)	\$0

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

Local Effect: Local school revenues from State aid for Baltimore City and Prince George’s County would increase by up to \$200,000 annually from FY 2009 to 2011. School revenues could also increase to the extent that the bill results in increased private donations.

Small Business Effect: Minimal.

Analysis

Current Law: The Parent-Teacher Association Matching Fund Pilot Program would be a new State aid program. In fiscal 2008, mandated State aid for education totals approximately \$5.1 billion, including approximately \$1.9 billion for Baltimore City and Prince George’s County.

Background: Like the other school systems in Maryland, the Baltimore City and Prince George’s County public school systems have received large increases in State funding over the last three years, and the fiscal 2008 State budget includes further increases for the systems. **Exhibit 1** shows total State education aid and per pupil State education aid for the two school systems from fiscal 2004 to 2007 and as approved for fiscal 2008.

Exhibit 1 State Education Aid for Baltimore City and Prince George’s County Fiscal 2004 to 2008

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY04 to FY08</u>	
						<u>\$ Incr</u>	<u>% Incr</u>
<u>Baltimore City</u>							
State Aid*	\$619.8	\$671.3	\$729.3	\$784.4	\$886.1	\$266.3	43.0%
Per Pupil State Aid	6,834	7,699	8,651	9,683	11,232	4,398	64.4%
<u>Prince George’s County</u>							
State Aid*	\$610.3	\$689.8	\$773.2	\$844.7	\$981.1	\$370.8	60.8%
Per Pupil State Aid	4,564	5,227	6,023	6,736	7,840	3,276	71.8%

* State aid amounts are in millions.

State Expenditures: Assuming the State matches would not be paid until the year after Baltimore City and Prince George’s County high school PTAs generate the donations, general fund expenditures would increase by an estimated \$27,465 in fiscal 2008. This

estimate accounts for the bill's October 1, 2007 effective date and reflects the cost of hiring one half-time contractual education program specialist at the Maryland State Department of Education to develop policies and guidelines for the new program and to certify donations reported by eligible PTAs. A salary, fringe benefits, one-time start-up costs, and ongoing operating expenses are included in the estimate.

State matches for PTA donations generated during the 2007-2008 school year would be paid by the State in fiscal 2009. It is assumed that the \$200,000 maximum State funding level would be achieved each year of the pilot program. Estimated administrative and grant expenditures for the program are detailed in the table below.

	<u>FY 2008</u>	<u>FY 2009</u>
Half-time Contractual Salary and Fringe Benefits	\$22,721	\$29,505
State Matching Grants	0	200,000
Administrative Operating Expenses	<u>4,744</u>	<u>510</u>
Total State Expenditures	\$27,465	\$230,015

Future year expenditures reflect: (1) ongoing State matching grants for Baltimore City and Prince George's County school systems through fiscal 2011; (2) a half-time contractual salary with 4.5% annual increases and 6.8% employee turnover through fiscal 2010; and (3) 1% annual increases in ongoing operating expenses.

Local Fiscal Effect: Local school revenues from State aid for Baltimore City and Prince George's County could increase by \$200,000 per year from fiscal 2009 to 2011. Using the current number of high schools in Baltimore City and Prince George's County (34 and 23, respectively), each high school PTA in Baltimore City could generate up to \$3,676 in State matching funds and each high school PTA in Prince George's County could generate up to \$5,435. However, if each eligible high school qualifies for the full State match amount, the State's matches would have to be reduced to stay under the \$200,000 maximum annual spending level for the program, or any unpaid State match amounts could be paid in fiscal 2012. School revenues from private donations would also increase to the extent that the State match program results in higher donations to high school PTAs in Baltimore City and Prince George's County.

It is assumed that the Baltimore City and Prince George's County school systems could report on the benefits accrued from the pilot program with existing resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County, Maryland State Department of Education, Department of Legislative Services

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