

# SENATE BILL 737

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11r2274  
CF 11r2685

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By: **Senator Pipkin**

Introduced and read first time: February 4, 2011

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Education – Foundation Program – Per–Pupil Adjustment for Salaries**

3 FOR the purpose of requiring the State to distribute annually the State share of the  
4 foundation amount that is calculated using an adjusted per–pupil foundation  
5 amount to each county board; requiring the State to distribute annually an  
6 administrative salary grant to each county board; defining certain terms; and  
7 generally relating to the State share of the foundation program.

8 BY repealing and reenacting, with amendments,  
9 Article – Education  
10 Section 5–202(a) and (b)  
11 Annotated Code of Maryland  
12 (2008 Replacement Volume and 2010 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article – Education**

16 5–202.

17 (a) (1) In this section the following words have the meanings indicated.

18 (2) **“ADJUSTED PER PUPIL FOUNDATION AMOUNT” MEANS THE**  
19 **ANNUAL PER PUPIL FOUNDATION AMOUNT LESS THE STATEWIDE COST OF**  
20 **ADMINISTRATIVE SALARY GRANTS DIVIDED BY THE STATEWIDE FULL–TIME**  
21 **EQUIVALENT ENROLLMENT ROUNDED TO THE NEAREST CENT.**

22 (3) **“ADMINISTRATIVE SALARY GRANT” MEANS:**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (I) THE SUM OF:

2 1. THE SALARY OF EACH COUNTY SUPERINTENDENT,  
3 OR, IN BALTIMORE CITY, THE CHIEF EXECUTIVE OFFICER FOR THE PRIOR  
4 FISCAL YEAR;

5 2. A. SUBJECT TO ITEM B OF THIS ITEM, THE  
6 SALARY OF EACH COUNTY ASSISTANT SUPERINTENDENT FOR THE PRIOR  
7 FISCAL YEAR; OR

8 B. IF THERE IS MORE THAN ONE ASSISTANT  
9 SUPERINTENDENT IN A COUNTY, THEN THE HIGHEST SALARY SHALL BE USED;  
10 AND

11 3. THE SALARY OF EACH COUNTY'S CHIEF  
12 FINANCIAL OFFICER FOR THE PRIOR FISCAL YEAR;

13 (II) DIVIDED BY 24.

14 [(2)] (4) "Annual per pupil foundation amount" means:

15 (i) For fiscal years 2004 through 2008, the sum, rounded to the  
16 nearest dollar, of:

17 1. The fiscal year 2002 per pupil foundation amount of  
18 \$4,124; and

19 2. The product of the difference between the target per  
20 pupil foundation amount and \$4,124 and:

21 A. 0.40 in fiscal year 2004;

22 B. 0.52 in fiscal year 2005;

23 C. 0.71 in fiscal year 2006; and

24 D. 0.83 in fiscal year 2007; and

25 (ii) For fiscal year 2008 and each fiscal year thereafter, the  
26 target per pupil foundation amount.

27 [(3)] (5) "Assessed valuation of real property" means the most recent  
28 estimate made by the State Department of Assessments and Taxation before the  
29 annual State budget is submitted to the General Assembly, of the assessed value of

1 real property for State purposes as of July 1 of the first completed fiscal year before  
2 the school year for which the calculation of State aid is made under this section.

3           **[(4)] (6)**       “Assessed value of personal property” means the most recent  
4 estimate by the State Department of Assessments and Taxation before the annual  
5 State budget is submitted to the General Assembly of the assessed value for county  
6 purposes of personal property as of July 1 of the first completed fiscal year before the  
7 school year for which the calculation is made under this section.

8           **[(5)] (7)**       “Foundation program” means the product of the [annual]  
9 **ADJUSTED** per pupil foundation amount and a county’s full-time equivalent  
10 enrollment.

11           **[(6)] (8)**       “Full-time equivalent enrollment” means the sum of:

12                       (i)       The number of students enrolled in grades 1 through 12 or  
13 their equivalent in regular day school programs on September 30 of the previous  
14 school year;

15                       (ii)       Except as provided in item (iii) of this paragraph, the  
16 product of the number of students enrolled in kindergarten programs on September 30  
17 of the prior school year and:

18                                       1.       0.60 in fiscal year 2004;

19                                       2.       0.70 in fiscal year 2005;

20                                       3.       0.80 in fiscal year 2006;

21                                       4.       0.90 in fiscal year 2007; and

22                                       5.       1.00 in fiscal year 2008 and each fiscal year  
23 thereafter;

24                       (iii)       In Garrett County, the number of students enrolled in  
25 kindergarten programs on September 30 of the prior school year; and

26                       (iv)       The number of full-time equivalent students, as determined  
27 by a regulation of the Department, enrolled in evening high school programs during  
28 the previous school year.

29           **[(7)] (9)**       “Local contribution rate” means the figure that is calculated  
30 as follows:

31                       (i)       Multiply the statewide full-time equivalent enrollment by  
32 \$624, and multiply this product by:

1. 0.46 in fiscal year 2004;
2. 0.47 in fiscal year 2005;
3. 0.48 in fiscal year 2006;
4. 0.49 in fiscal year 2007; and
5. 0.50 in fiscal year 2008 and each fiscal year thereafter;

(ii) Multiply the statewide full-time equivalent enrollment by the amount that the annual per pupil foundation amount exceeds \$624, and multiply this product by 0.50;

(iii) Add the two products calculated in items (i) and (ii) of this paragraph, and divide the resulting sum by the sum of the wealth of all of the counties in this State; and

(iv) Round the result obtained in item (iii) of this paragraph to seven decimal places and express as a percent with five decimal places.

**[(8) (10)** “Local share of the foundation program” means the product of the local contribution rate and a county’s wealth.

**[(9) (11)** “Net taxable income” means the amount certified by the State Comptroller for the second completed calendar year before the school year for which the calculation of State aid under this section is made, based on tax returns filed on or before September 1 after this calendar year.

**[(10) (12)** “Personal property” means all property classified as personal property under § 8–101(c) of the Tax – Property Article.

**[(11) (13)** “Real property” means all property classified as real property under § 8–101(b) of the Tax – Property Article.

**[(12) (14)** “State share of the foundation program” means the greater of:

(i) The difference between the foundation program and the local share of the foundation program; and

(ii) The result obtained by multiplying the **[annual] ADJUSTED** per pupil foundation amount by the county’s full-time equivalent enrollment, and multiplying this product by:

1. 0.25 in fiscal year 2004;



1 C. 1%; or

2 2. If there is no increase in the implicit price deflator for  
3 State and local government expenditures for the second prior fiscal year or in the  
4 Consumer Price Index for all urban consumers for the Washington–Baltimore  
5 metropolitan area, or any successor index, for the second prior fiscal year, the target  
6 per pupil foundation amount for the prior fiscal year.

7 [(14)] (16) “Wealth” means the sum of:

8 (i) Net taxable income;

9 (ii) 100 percent of the assessed value of the operating real  
10 property of public utilities;

11 (iii) 40 percent of the assessed valuation of all other real  
12 property; and

13 (iv) 50 percent of assessed value of personal property.

14 (b) Subject to the other provisions of this section, each year the State shall  
15 distribute the State share of the foundation program **AND THE ADMINISTRATIVE**  
16 **SALARY GRANT** to each county board.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 July 1, 2011.