

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 115
Ways and Means

(Delegate Tarrant, *et al.*)

Budget and Taxation and Education, Health,
and Environmental Affairs

**Baltimore City Board of School Commissioners - Annual Report Requirement -
Repeal**

This bill repeals the requirement that the Baltimore City Board of School Commissioners submit a specified annual report. The bill also repeals the requirement that the State Board of Education and State Superintendent of Schools review and comment upon the contents of the annual report; and repeals the requirement that the General Assembly must consider the report and the comments or recommendations of the State Board and State Superintendent before approving the annual State budget.

Fiscal Summary

State Effect: None.

Local Effect: The Baltimore City Board of School Commissioners will realize minimal expenditure decreases. Revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: The bill repeals the following reporting requirements for the Baltimore City Board of School Commissioners:

By December 31 of each year and on June 30, 2002, the CEO and the board must issue an annual report that includes:

- A financial statement;
- A comprehensive accounting of progress in the implementation of the transition plan or master plan including:
 1. Assessment of student performance by the categories required by the Maryland School Performance Program standards; and
 2. Specific assessment of the extent of implementation of specified goals, and any changes necessary in previously established timelines;
- Sources of income and payments of debt service on specified bonds issued by the board;
- Anticipated sources and amounts of debt service payments; and
- Any other information as required by State law.

The State Board of Education and State Superintendent of Schools must review each annual report and comment on the progress made toward achieving both managerial and educational goals.

The General Assembly must consider the reports and the comments or recommendations of the State Board and State Superintendent before approving the State budget each year.

Current Law/Background:

Baltimore City/State Partnership

Chapter 105 of 1997 initiated the Baltimore City/State Partnership (the Partnership). The Partnership followed a consent decree approved by the Baltimore City Circuit Court regarding the Baltimore City Public School System (BCPSS). At the time, BCPSS was struggling with the poor academic performance of its students and questions about the system's administration and accountability. The Partnership was created to improve the system through increased State oversight and the infusion of \$230 million in additional State operating aid from fiscal 1998 to 2002. Chapter 420 of 2001 extended the fiscal 2002 sunset on partnership funding through fiscal 2003. The Partnership legislation created the annual reporting requirements that are repealed by this bill.

Chapter 559 of 2000 enabled the city board to issue bonds to finance or refinance the acquisition, construction, or improvement of any public school facility in Baltimore City. Among the provisions of Chapter 559, the city board must include in its annual report the sources of income and debt service payments on any bonds issued by the board and anticipated sources and amounts of the debt service payments.

Additional BCPSS Reporting Requirements

The bill does not affect other reporting requirements that must be met on behalf of BCPSS. Specifically, Chapter 148 of 2004 established procedures to ensure fiscal accountability of local school systems by requiring biannual financial reports, prohibiting school budget deficits, and providing for regular legislative audits. Failure to comply with certain fiscal accountability procedures would result in the withholding of State education funding.

Under Chapter 148, the State Superintendent of Schools and the Maryland State Department of Education (MSDE) must monitor the financial status of each local school system, including BCPSS, and report their findings on a biannual basis to the Governor and the General Assembly. Each local school superintendent or chief executive officer must file a biannual report on the financial status of the local school system with the State Superintendent and county governing body and attest to the accuracy of each biannual report when the report is submitted. Further, each local school system must include budget and expenditure information in annual updates to the school system's comprehensive master plan.

Chapter 148 extended the master plan update filing deadline for Baltimore City from July 1, to August 15 of each year. The CEO of the city board must submit with the annual master plan update a detailed summary of how the Baltimore City Public School System's current year approved budget and increases in expenditures over the prior year are consistent with the master plan. Also, by October 1 of each year, the CEO must supplement the master plan update with a summary of how the BCPSS's actual prior year budget and additional expenditures in the prior year's budget aligned with the master plan.

BCPSS Funding

The public schools in Baltimore City will receive almost \$1.3 billion in total funding in fiscal 2011, including State payments for teacher retirement. Of this amount, \$206.7 million or 16.3% comes from the city government and \$953.7 million, or 74.0% is in the form of State aid. Revenue sources for public schools in Maryland are shown in **Exhibit 1**, while per pupil funding amounts are shown in **Exhibit 2**.

Local Expenditures: Baltimore City advises that there will be savings in staff time associated with repeal of the specified reporting requirements, but that cost savings will be minimal.

Additional Information

Prior Introductions: None.

Cross File: SB 98 (Senator McFadden) - Budget and Taxation and Education, Health, and Environmental Affairs.

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

Fiscal Note History: First Reader - February 8, 2011
mc/hlb

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Exhibit 1
Revenue Sources for Public Schools in Fiscal 2011

<u>County</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Ranking by Percent State</u>		<u>Ranking by Percent Local</u>			
Allegany	6.7%	71.2%	22.1%	1.	Baltimore City	74.0%	1.	Worcester	68.2%
Anne Arundel	4.7%	37.4%	57.9%	2.	Caroline	72.3%	2.	Talbot	66.5%
Baltimore City	9.8%	74.0%	16.3%	3.	Allegany	71.2%	3.	Montgomery	64.5%
Baltimore	6.3%	44.8%	48.9%	4.	Wicomico	68.9%	4.	Howard	61.1%
Calvert	4.9%	47.1%	48.0%	5.	Somerset	66.5%	5.	Anne Arundel	57.9%
Caroline	7.9%	72.3%	19.8%	6.	Dorchester	62.5%	6.	Kent	55.8%
Carroll	4.1%	47.5%	48.4%	7.	Washington	60.0%	7.	Queen Anne's	52.5%
Cecil	6.0%	58.8%	35.2%	8.	Cecil	58.8%	8.	Baltimore	48.9%
Charles	5.4%	51.4%	43.2%	9.	Prince George's	57.3%	9.	Carroll	48.4%
Dorchester	6.0%	62.5%	31.5%	10.	St. Mary's	55.3%	10.	Calvert	48.0%
Frederick	5.1%	48.9%	46.0%	11.	Charles	51.4%	11.	Frederick	46.0%
Garrett	8.0%	50.9%	41.1%	12.	Garrett	50.9%	12.	Harford	44.4%
Harford	5.8%	49.9%	44.4%	13.	Harford	49.9%	13.	Charles	43.2%
Howard	3.9%	35.1%	61.1%	14.	Frederick	48.9%	14.	Garrett	41.1%
Kent	5.0%	39.2%	55.8%	15.	Carroll	47.5%	15.	St. Mary's	38.8%
Montgomery	4.2%	31.3%	64.5%	16.	Calvert	47.1%	16.	Cecil	35.2%
Prince George's	7.8%	57.3%	34.9%	17.	Baltimore	44.8%	17.	Prince George's	34.9%
Queen Anne's	6.8%	40.7%	52.5%	18.	Queen Anne's	40.7%	18.	Washington	33.1%
St. Mary's	6.0%	55.3%	38.8%	19.	Kent	39.2%	19.	Dorchester	31.5%
Somerset	11.4%	66.5%	22.2%	20.	Anne Arundel	37.4%	20.	Wicomico	23.8%
Talbot	4.7%	28.8%	66.5%	21.	Howard	35.1%	21.	Somerset	22.2%
Washington	6.9%	60.0%	33.1%	22.	Montgomery	31.3%	22.	Allegany	22.1%
Wicomico	7.3%	68.9%	23.8%	23.	Talbot	28.8%	23.	Caroline	19.8%
Worcester	7.0%	24.8%	68.2%	24.	Worcester	24.8%	24.	Baltimore City	16.3%
Total	6.1%	48.4%	45.5%						

Source: Local School Budgets; Department of Legislative Services

Exhibit 2
Per Pupil Revenues for Public Schools in Fiscal 2011

County	Federal	State	Local	Total	Ranking by Total Per Pupil Funding	
Allegany	\$1,027	\$10,891	\$3,382	\$15,300	1.	Worcester \$16,585
Anne Arundel	620	4,941	7,656	13,218	2.	Baltimore City 16,338
Baltimore City	1,598	12,083	2,657	16,338	3.	Montgomery 15,776
Baltimore	866	6,142	6,706	13,713	4.	Howard 15,403
Calvert	660	6,329	6,439	13,428	5.	Allegany 15,300
Caroline	1,005	9,178	2,510	12,693	6.	Kent 15,214
Carroll	533	6,151	6,279	12,963	7.	Somerset 14,901
Cecil	762	7,500	4,490	12,752	8.	Prince George's 14,618
Charles	704	6,735	5,660	13,099	9.	Garrett 13,805
Dorchester	795	8,226	4,150	13,171	10.	Baltimore 13,713
Frederick	658	6,279	5,912	12,848	11.	Calvert 13,428
Garrett	1,101	7,025	5,680	13,805	12.	Anne Arundel 13,218
Harford	753	6,484	5,769	13,006	13.	Dorchester 13,171
Howard	596	5,400	9,408	15,403	14.	Wicomico 13,101
Kent	758	5,966	8,491	15,214	15.	Charles 13,099
Montgomery	656	4,943	10,177	15,776	16.	Harford 13,006
Prince George's	1,141	8,377	5,100	14,618	17.	Carroll 12,963
Queen Anne's	853	5,071	6,544	12,467	18.	Frederick 12,848
St. Mary's	720	6,651	4,664	12,034	19.	Cecil 12,752
Somerset	1,693	9,906	3,302	14,901	20.	Caroline 12,693
Talbot	574	3,511	8,109	12,194	21.	Washington 12,523
Washington	858	7,516	4,148	12,523	22.	Queen Anne's 12,467
Wicomico	957	9,020	3,124	13,101	23.	Talbot 12,194
Worcester	1,156	4,117	11,312	16,585	24.	St. Mary's 12,034
Total	\$870	\$6,946	\$6,535	\$14,351		

Source: Local School Budgets; Department of Legislative Services