

Department of Legislative Services
 Maryland General Assembly
 2011 Session

FISCAL AND POLICY NOTE
 Revised

House Bill 448
 Ways and Means

(Delegate Ivey, *et al.*)

Budget and Taxation

Education - Residential Boarding Education Programs for At-Risk Youth -
 Funding

This bill alters the minimum amount of State funds to appropriate annually toward transportation, boarding, and administrative costs of residential boarding education programs for at-risk youth. Beginning in fiscal 2014, minimum funding per student will be the prior year funding amount as altered by the annual change in the per pupil foundation amount that is used to determine State aid for public primary and secondary education in accordance with the Bridge to Excellence in Public Schools Act of 2002.

The bill takes effect July 1, 2011.

Fiscal Summary

State Effect: General fund expenditures increase by \$101,200 in FY 2014 and by \$399,100 in FY 2016. Annual increases reflect projected growth in the per pupil foundation amount. **This bill increases a mandated appropriation.** Revenues are not affected.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	0	101,200	201,000	399,100
Net Effect	\$0	\$0	(\$101,200)	(\$201,000)	(\$399,100)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Chapter 397 of 2006 established a residential boarding education program for at-risk youth to be run by a private operator under the supervision of the Maryland State Department of Education (MSDE). The SEED Foundation, which runs a similar school in the District of Columbia, won the contract and operates the SEED School of Maryland. The school must provide at-risk students with a remedial middle school curriculum and a college preparatory high school curriculum. Students may apply to the program from any local school system in the State. Eligible fifth-grade students are selected first by a recommendation from the local superintendent of schools and then by a lottery system. Students selected for participation in the residential program may continue to live at and attend the school through high school graduation.

The State provides \$250,000 for every 10 students served by the school (or \$25,000 per student). The program began in fiscal 2009 with a \$2.0 million State appropriation, covering the first-year enrollment of 80 students. The initial plan was to increase enrollment by 80 students each year, with a commensurate annual \$2.0 million appropriation increase, until reaching an expected maximum enrollment of 400 students and a total appropriation of \$10.0 million in fiscal 2013 and subsequent years.

However, the Budget Reconciliation and Financing Act of 2010 (Chapter 484) extended the phase up to 400 students until fiscal 2014 by reducing fiscal 2012 enrollment from 320 to 308 and reducing the fiscal 2013 enrollment from 400 to 388. Consequently, Chapter 484 reduced fiscal 2012 and 2013 funding amounts by \$300,000 each year.

Foundation State Aid Funding for Public Schools

The foundation program is the major State aid program for public schools, accounting for nearly half of State education aid. A formula determines, for each local school system, the State and local shares of a minimum per pupil funding level, or “foundation.” Chapter 484 of 2010 limits to 1% the fiscal 2013 to 2015 inflationary increases for the per pupil foundation amount. Beginning in fiscal 2016, the cap on growth in the per pupil amount increases to 5%.

State Expenditures: Per pupil funding for the SEED School of Maryland increases beginning in fiscal 2014, due to the implementation of annual increases in the per pupil foundation amount. **Exhibit 1** shows the resulting general fund expenditure increases in fiscal 2014 through 2016, beginning with \$101,200 in fiscal 2014 and increasing to \$399,100 by fiscal 2016.

Exhibit 1
State Funding for Residential Boarding Education Programs for At-risk Youth

	Current Law			HB 448			
	<u>SEED</u>	<u>Per</u>		<u>Growth in</u>	<u>Per</u>		<u>Increase</u>
	<u>Enrollment</u>	<u>Pupil</u>	<u>Funding</u>	<u>Per Pupil</u>	<u>Pupil</u>	<u>Funding</u>	<u>Under</u>
		<u>Amount</u>		<u>Amount</u>	<u>Amount</u>		<u>the Bill</u>
FY 2012	308	\$25,000	\$7,700,000		\$25,000	\$7,700,000	\$0
FY 2013	388	25,000	9,700,000		25,000	9,700,000	0
FY 2014	400	25,000	10,000,000	1%	25,253	10,101,200	101,200
FY 2015	400	25,000	10,000,000	1%	25,502	10,201,000	201,000
FY 2016	400	25,000	10,000,000	2%	25,998	10,399,100	399,100

Source: Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: SB 615 (Senator Jones-Rodwell) – Budget and Taxation.

Information Source(s): Department of Human Resources, Maryland State Department of Education, Department of Juvenile Services, Department of Legislative Services

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