

**Department of Legislative Services**  
 Maryland General Assembly  
 2012 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 1218

(Delegate Ivey)

Ways and Means

Education, Health, and Environmental Affairs

**Task Force to Study the Improvement of Maryland Public Charter Schools**

This bill establishes a Task Force to Study the Improvement of Maryland Public Charter Schools. The Maryland State Department of Education (MSDE) must staff the task force. A report with findings and recommendations is due by September 30, 2013.

The bill takes effect July 1, 2012, and terminates June 30, 2014.

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$29,500 in FY 2013 and by \$13,400 in FY 2014, which reflects the cost of hiring one part-time contractual employee at MSDE to staff the task force. No effect on revenues.

(in dollars)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	29,500	13,400	0	0	0
Net Effect	(\$29,500)	(\$13,400)	\$0	\$0	\$0

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

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** The task force is charged with:

- studying the use of federal definitions relating to high-quality charter schools;
- evaluating the current charter school application process and reauthorization process for effectiveness and fairness, including the appeals process;
- studying whether additional authorizers are needed, what organizations might be appropriate authorizers, and how that process would work with local boards of education as the current authorizing authority;
- studying whether existing government-owned buildings might be able to be used for charter school facilities and how charter school facilities might be funded;
- reviewing procedures for ensuring the input of charter school operators in appointing principals and other leadership positions for charter schools; and
- studying any other issue that the task force agrees to study that affects Maryland's ability to apply for the federal Charter School Grant Award Program, which provides funds to State education agencies for planning and development grants to charter schools.

Task force members may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations, as provided in the State budget.

### **Current Law:**

#### *Chartering Authority*

The primary public chartering authority for charter schools is the local board of education; the State Board of Education is a secondary public chartering authority when acting in its appeal review capacity or as the public chartering authority for a restructured school.

An application to establish a public charter school must be submitted to the local board of education in the jurisdiction in which the charter school will be located. If the local board of education denies the application, the applicant can appeal the decision to the State Board of Education.

Public school staff, parents or guardians of public school students, nonsectarian nonprofit entities, or nonsectarian institutions of higher education in the State can apply to establish a public charter school. Private, parochial, or home schools are not eligible to become a public charter school.

### *Public Charter School Rules*

In general, a public charter school must comply with all the provisions of law and regulation governing other public schools. A public charter school may seek a waiver of these requirements through an appeal to the State board. A waiver may not be granted relating to audit requirements; student assessments; or health, safety, and civil rights.

A public chartering authority may not grant a charter to a public charter school whose operation would be inconsistent with any public policy initiative, court order, or federal improvement plan governing special education that is applicable to the State. The State board must provide technical assistance to the operators of a public charter school to help the school meet the requirements of federal and State laws.

### *Surplus School Site or Building*

If, with the approval of the State Superintendent of Schools, a local board of education determines that a school site or building no longer is needed for school purposes and after the county commissioners or county council have provided the required notice, the local board must inform the public charter schools in the jurisdiction that the school site or building is available for occupation and use by a public charter school on the terms determined by the local board.

Each local board of education must establish a procedure to determine which public charter school may occupy and use an available school site or building if more than one public charter school notifies the local board of an interest in occupying and using a school site or building.

Any portion of a building or property occupied and used by a public charter school must be exempt from property taxes for the duration of the occupation and use of the building or property as a public charter school.

The State board or the local board may give surplus educational materials, supplies, furniture, and other equipment to a public charter school.

The Public School Construction Program (PSCP) provides up to 50% of the funding for eligible costs related to the construction and renovation of public school facilities in the State, including major projects, systemic renovations, the movement and installation of State-owned relocatable classrooms, and other related capital projects. Funding for the program is established each year in the State's capital budget by the Governor and General Assembly, with revenues coming entirely or largely from the sale of general obligation bonds.

**Background:** Since 1991, 40 states and the District of Columbia have enacted laws that authorize public charter schools. Maryland established its public charter school law in

2003. There are 50 charter schools in the State: 38 in Baltimore City; 7 in Prince George’s County; 2 in Anne Arundel County; and 1 each in Baltimore, Frederick, and St. Mary’s counties. MSDE reports that an additional 7 charter schools are planning to open in fall 2012.

*Capital Funding*

According to the National Alliance for Public Charter Schools, public charter schools in 13 states and the District of Columbia receive some manner of state facilities aid, which can include discretionary grants, loans, per pupil allocations, and other support such as access to vacant school buildings. California has a charter school revolving fund that allows charter schools to receive loans for as much as \$250,000; schools can use these loans for any start-up costs, including facilities. Utah has a charter school revolving fund that provides loans to charter schools for the costs of constructing, renovating, and purchasing charter school facilities.

States with statutory requirements to provide per pupil aid to assist charter schools with their facility costs are eligible for the federal State Facilities Incentive Grant program. The program provides federal funds to match nonfederal dollars used by a state to fund charter school facilities on a per pupil basis. Grants are for five years and states pay an increasing share of the costs of the program. In Maryland, charter schools must use the per pupil amounts they receive for operational expenses and funds from other sources to pay for capital expenses.

The Governor’s fiscal 2013 CIP includes \$351.4 million for public school construction in fiscal 2013 and \$250 million annually in fiscal 2014 through 2017. The fiscal 2013 capital budget authorizes \$351.4 million in GO bonds.

**State Fiscal Effect:** General fund expenditures increase by \$29,500 in fiscal 2013, which accounts for a 90-day start-up delay following the bill’s July 1, 2012 effective date. This estimate reflects the cost of hiring one part-time contractual employee for one year to staff the task force. It includes a part-time salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. Fiscal 2014 expenditures reflect the termination of the contractual employee on September 30, 2013.

	<u>2013</u>	<u>2014</u>
Salary and Fringe Benefits	\$24,604	\$13,182
Operating Expenses	413	233
Start-up Costs	4,485	0
<b>Total State Expenditures</b>	<b>\$29,502</b>	<b>\$13,415</b>

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Budget and Management, Maryland State Department of Education, Office of Administrative Hearings, Maryland Association of Boards of Education, Public School Construction Program, National Alliance for Public Charter Schools, Department of Legislative Services

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