

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 450 (Chair, Anne Arundel County Senators)
Budget and Taxation

Education Trust Fund - Security Personnel and Equipment and Mental Health Services

This bill expands the authorized use of video lottery (and table game) proceeds credited to the Education Trust Fund (ETF) to include providing funds for security personnel and equipment and for mental health services at public elementary and secondary schools in the State and their parents or guardians.

The bill takes effect July 1, 2013.

Fiscal Summary

State Effect: Expanding the authorized use of State gaming proceeds does not directly affect revenues or expenditures; however, actually using ETF monies for the expanded use will increase general fund expenditures by an equal amount, because currently all gaming proceeds credited to ETF are budgeted for the Bridge to Excellence foundation formula and programs, including the Geographic Cost of Education Index (GCEI).

Local Effect: If additional monies are directed towards security and mental health services at public elementary and secondary schools, local school system or local law enforcement revenues and expenditures for these purposes will increase.

Small Business Effect: None.

Analysis

Current Law: ETF is a nonlapsing, special fund to be used for continued funding of the Bridge to Excellence formulas and programs, including GCEI. The fund may also be

used to support capital projects for public schools, community colleges, and public four-year institutions and to expand public early childhood education programs in the State. A portion of the proceeds from video lottery terminals and table games is dedicated to the Education Trust Fund.

Background: On December 14, 2012, a 20-year-old gunman fatally shot 20 children and 6 adult staff members at Sandy Hook Elementary School in Newtown, Connecticut. The incident was the second-deadliest school shooting in U.S. history, after the 2007 Virginia Tech massacre. The gunman reportedly had a mental disability or disorder, although the exact nature of the illness is under dispute. In the aftermath of the shooting, school security and mental health services have been widely discussed in the media and the political arena.

School Security

Some local school systems have memorandums of understanding with local law enforcement agencies to have specially trained officers, known as school resource officers, in schools. The Maryland State Department of Education (MSDE) reports that there are 302 school resource officers for the 1,437 public schools in the State.

In 2010, U.S. Department of Education awarded MSDE a \$3.1 million Safe and Supportive School grant to help measure school safety at the building level and assist in helping those schools with the greatest safety needs. The Governor's proposed 2014 capital budget includes \$25 million for statewide public school security improvements.

Mental Health Services in Schools

The Student Services and Alternative Programs (SSAP) Branch within MSDE provides leadership, support, and accountability for effective, local programs of student services that promote the social-emotional, psychological, behavioral, and physical health of all students. SSAP promotes healthy development, prevention, early intervention, and systems of care.

School-based mental health programs encompass a range of prevention and intervention services, many of which are routinely provided in a school setting by school system personnel. School system personnel who provide these services include student services personnel such as school counselors, school psychologists, school nurses, social workers, and pupil personnel workers.

Expanded school mental health programs build upon this foundation and expands the level of services delivered in schools to provide a continuum of mental health services for

children and adolescents in both general and special education, developed through strong school-family-community partnerships. These services may:

- involve school-employed and collaborating community mental health professionals working together in schools to implement a full array of prevention, mental health promotion, early intervention and treatment programs; and/or
- result in the delivery of mental health services provided outside of the school setting by providers who are linked to the school.

According to Code of Maryland Regulations (COMAR), the School Counseling Program is a planned, systematic program of counseling, consulting, appraisal, information, and placement services for students in kindergarten through grade 12. The services are intended to help a student demonstrate personal and academic growth, make appropriate educational and career decisions, and have productive interactions with others.

A ratio of school counselors to students is not mandated in COMAR; however, generally elementary schools have one certified school counselor, and middle and high schools have two to five certified school counselors, depending on the size of the school. To become a certified school counselor, an applicant must meet a number of qualifications including having a master's degree in school guidance and counseling.

COMAR recommends one person responsible for the supervision of the pupil personnel services for the first 2,500 students enrolled and one pupil personnel worker (visiting teacher, school social worker, or school psychologist) for each additional 2,500 students. To become a pupil personnel worker, an applicant must have a master's degree in pupil personnel or a related field, three years of satisfactory teaching experience or the recommendation of a local superintendent of schools (two years of related experience may be substituted for two years of teaching experience) and three semester hours of credit or State-approved continuing professional development credits in inclusion of special needs student populations.

Education Trust Fund

ETF was established during the 2007 special session as part of the video lottery terminal (VLT) legislation to receive approximately half of the gross VLT proceeds, after payouts to bettors. Senate Bill 1 of the second special session of 2012 made numerous changes to the State's gaming program including authorizing a sixth license in Prince George's County, table games at VLT facilities, and 24-hour per day gaming, all subject to voter approval (Question 7). On November 6, 2012, the voters of Maryland approved Question 7 by a 52% to 48% margin. Due to the legislation, ETF special fund revenues were estimated to increase by approximately \$199 million by fiscal 2019 (including savings from the licensees purchasing or leasing the VLTs rather than the State).

A portion of table game revenues is also distributed to ETF. The legislation also altered the distribution of VLT proceeds and broadened the authorized uses of ETF to encompass funding that expands public early childhood education programs in Maryland. The estimated ETF revenues for fiscal 2014-2018 are shown in **Exhibit 1**. The exhibit shows that the projected ETF revenues are less than the annual \$3 billion in Bridge to Excellence foundation program expenditures.

Exhibit 1
Estimated Education Trust Fund Revenues
Fiscal 2014-2018
(\$ in Millions)

<u>Education Trust Fund</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>
Video Lottery Terminals	\$296.9	\$477.7	\$484.0	\$534.3	\$561.1
Table Games	25.4	44.2	47.6	48.0	50.3
Prince George’s License Fee	18.0	0	0	0	0
Total ETF Revenues	\$340.3	\$521.9	\$531.6	\$582.3	\$611.4

Source: Department of Legislative Services

State Fiscal Effect: If gaming proceeds credited to ETF are used for the expanded uses described in the bill, then general fund expenditures will increase by an equal amount, because currently all proceeds credited to ETF are budgeted for the Bridge to Excellence foundation formula and programs, including the GCEI. The Governor’s proposed fiscal 2014 budget includes \$340.3 million in ETF revenues, all of which are directed towards the \$3.0 billion in Bridge to Excellence foundation formulas, including GCEI. The remaining \$2.7 billion in foundation formula funding is general funds.

Thus, using any gaming proceeds credited to ETF for security personnel and equipment and for mental health services will necessitate an equal increase in general fund expenditures.

For illustrative purposes only, general fund expenditures will increase by an estimated \$224.6 million in fiscal 2014 to hire 1,135 school resource officers, enough so that each school without a resource officer has one; and 1,437 mental health workers (*e.g.*, school therapist, guidance counselor, school psychologist, social worker), which is one additional worker per school. The following information and assumptions were used in this estimate.

- MSDE reports that there are 1,437 public schools in Maryland, and there are currently 302 school resource officers. Therefore for each school to have at least one school resource officer, an additional 1,135 school resource officers would need to be hired.
- It is estimated that the average salary and benefits for a school resource officer will be approximately \$78,900 in fiscal 2014. Therefore hiring an additional 1,135 school resource officers will cost approximately \$89.6 million in fiscal 2014. Equipment costs increase expenditures further.
- It is estimated that the average salary and benefits for a school guidance counselor will be approximately \$94,000 in fiscal 2014. Therefore it will cost approximately \$135.1 million in fiscal 2014 to hire an additional guidance counselor for each school.

Actual expenditures will depend on whether, and how much, ETF monies are allocated for security personnel and equipment and for mental health services.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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