

Department of Legislative Services
 Maryland General Assembly
 2016 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 709
 Ways and Means

(Delegate Jones)

Budget and Taxation

Education - Maryland School for the Blind - Funding

This bill increases annual State funding for the Maryland School for the Blind (MSB) by including the number of children served annually by MSB’s Outreach Program as a component of State formula funding. Also, the Governor must annually include at least \$1.0 million in the State budget for the cost of residential services. In addition, the bill requires MSB teachers and other professionals to be paid salaries equal to salaries paid in Baltimore County Public Schools.

The bill makes clarifying changes and reorganizes and recodifies provisions of current law relating to the Maryland School for the Deaf without making substantive changes.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$1.0 million in FY 2017 and by approximately \$1.1 million annually in FY 2018 through 2021, predominantly due to the requirement to add \$1.0 million in funding for the cost of MSB residential services. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2018.**

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1,028,104	1,137,814	1,146,891	1,135,977	1,179,973
Net Effect	(\$1,028,104)	(\$1,137,814)	(\$1,146,891)	(\$1,135,977)	(\$1,179,973)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Specifically, the “4-year average annual full-time equivalent enrollment” is altered by including one-half the average number of children served annually by the Outreach Program by dividing, for the 4-year period, the program’s aggregate monthly enrollment by the number of months the program operates.

Current Law: MSB receives an appropriation equal to or greater than the sum of:

- 75% of the prior year appropriation multiplied by the product of:
 1. the sum of the weighted enrollment growth plus one; and
 2. the sum of the growth in the per pupil basic current expense figure plus one; and
- 25% of the prior year appropriation multiplied by the sum of the weighted enrollment growth plus one.

This minimum appropriation may be reduced to the extent reductions are made to the administrative expenses of MSB.

“Weighted enrollment growth” is the product of 0.2 times the percentage change in the 4-year average annual full-time equivalent enrollment from the third through fifth prior school to the second and fifth prior school years. The “4-year average annual full-time equivalent enrollment” is the addition of (1) the average number of students enrolled annually in grades prekindergarten through 12 at MSB during four consecutive years and (2) one-half the average number of children served annually by the MSB Early Intervention Program.

Teachers and other professional personnel at MSB must be paid an annual salary equal to the salary received by public school teachers and other professionals of similar training and experience in the county in which the school is located.

Background: MSB is a nonprofit organization that provides educational programs to Maryland students from birth to age 21 who are blind, severely visually impaired, or visually impaired/multi-disabled. At MSB’s campus, which is located on the Baltimore City/Baltimore County border, the school provides highly specialized services to these students. The Maryland School for the Blind also provides equipment, Braille textbooks, and tutoring services to students with visual impairments who are attending schools across the State.

MSB's Statewide Outreach Services offers expertise and specialized skills to Maryland students with visual impairment and additional disabilities, ages birth to 21, their families, and local school system staff through a variety of programs and services. MSB's Outreach staff consist of highly qualified Teachers of the Visually Impaired, a Certified Low Vision Specialist, Orientation and Mobility Specialists, a doctorate level Psychologist, Licensed Clinical Social Workers, a Parent Coordinator, and highly trained paraeducators.

Since fiscal 2008, there has been minimal growth in the target per pupil foundation amount used to calculate K-12 education aid, which impacts the mandated funding for MSB through the main formula grant. MSB has expressed concern that its State operating funding does not adequately address the considerable expense of providing the services necessary to meet the needs of its student population, particularly because so many students have multiple disabilities; MSB is projecting a fiscal 2017 shortfall of \$1.4 million, despite the continuation of the \$1.8 million grant first provided in fiscal 2016 and a \$1.0 million enhancement first provided in fiscal 2014. State funding for MSB in the fiscal 2017 proposed budget, including the \$1.8 million additional grant, totals \$21.4 million in fiscal 2016 and \$21.5 million in fiscal 2017. This does not include funding that MSB receives for students receiving services through the enhanced program. These students are at risk of requiring nonpublic placement in an out-of-state facility including students who are deaf and blind or students with other severe and multiple disabilities. These costs are shared by the State and school systems.

State Fiscal Effect: General fund expenditures increase by \$1.0 million in fiscal 2017 and by approximately \$1.1 million annually in fiscal 2018 through 2021. Funds are mandated beginning in fiscal 2018; however, Supplemental Budget No. 3 of the fiscal 2017 budget includes \$1.0 million in additional general funds for MSB, contingent on enactment of this legislation or its cross file. Beginning in fiscal 2017, annual general fund appropriations increase by \$1.0 million for the cost of residential services. In addition, by redefining the "4-year average annual full-time equivalent enrollment," the bill alters the relevant enrollment calculation going back to fiscal 2011. The Maryland State Department of Education (MSDE) advises that enrollment growth for MSB was approximately 1.6% in fiscal 2011 to 2015. This analysis assumes similar growth for MSB and outreach student enrollment through fiscal 2021 and modest growth in the target per pupil foundation amount. MSDE advises that MSB outreach enrollment was 187 in fiscal 2011, 153 in fiscal 2012, 212 in fiscal 2013, 247 in fiscal 2014, and 213 in fiscal 2015. This estimate assumes that enrollment is 225 in fiscal 2016, 230 in fiscal 2017, and then increases by 1.6% annually.

The use of the 4-year average under current law is intended to smooth out year-to-year fluctuations in the funding formula results. This effect continues under the bill. Thus, the change to the enrollment count has a relatively modest effect on future funding. Formula aid increases by an estimated \$29,000 in fiscal 2017, increasing to \$180,000 by fiscal 2021.

It is assumed that the requirement to pay teachers and professionals salaries equal to Baltimore County Public Schools does not require additional funding. Based on a comparison of median teacher and professional salaries in Baltimore City and Baltimore County, from MSDE's *Analysis of Professional Salaries in Maryland Public Schools* dated October 2015, median salaries for teachers and other school based personnel are lower in Baltimore County, whereas salaries for coordinators and supervisors are somewhat higher.

Additional Information

Prior Introductions: None.

Cross File: SB 422 (Senator Kasemeyer) - Budget and Taxation.

Information Source(s): Baltimore City, Montgomery and Prince George's counties, Maryland Association of Counties, Judiciary (Administrative Office of the Courts), Maryland State Department of Education, Maryland School for the Blind, Maryland School for the Deaf, Maryland Association of Boards of Education, Department of Budget and Management, Department of Legislative Services

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