

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 908

(Senator Ferguson, *et al.*)

Budget and Taxation

Ways and Means

Maryland Education Development Collaborative - Established

This bill establishes the Maryland Education Development Collaborative (EDCO) as an instrumentality of the State. EDCO is managed by a governing board and must employ an executive director.

The bill terminates September 30, 2021.

Fiscal Summary

State Effect: General fund expenditures increase by \$163,000 in FY 2018, by approximately \$190,000 to \$200,000 annually from FY 2019 through 2021, and by \$51,400 in FY 2022 to provide funding for EDCO's basic administrative expenses. This reflects the termination of EDCO in FY 2022. The General Assembly has restricted \$250,000 in the FY 2018 State budget for costs associated with EDCO, contingent upon passage of this bill (and subject to the Governor releasing the funds for this purpose). Therefore, general fund expenditures further increase by \$87,000 in FY 2018 for EDCO to provide grants and other funding for pilot programs, initiatives, and research studies, as authorized under the bill; general fund expenditures further increase from FY 2019 through 2022 to the extent that additional funding is also made available for EDCO in those years for these purposes. Higher education revenues may increase minimally from EDCO's funding of pilot programs, initiatives, and research studies in any year funding is available.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	250,000	187,300	193,200	199,400	51,400
Net Effect	(\$250,000)	(\$187,300)	(\$193,200)	(\$199,400)	(\$51,400)

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

Local Effect: To the extent that EDCO receives sufficient funding to provide grants and other funds to support education-related practices in addition to its other duties, local school system revenues may increase minimally from FY 2018 through 2022.

Small Business Effect: None.

Analysis

Bill Summary: The purposes of EDCO are to:

- advise and make recommendations to the State Board of Education, the General Assembly, and local school systems regarding statutory and regulatory policies necessary to promote twenty-first century learning and to enhance socioeconomic and demographic diversity across the State's public schools;
- study and promote policies or programs that increase the opportunity for enhancing socioeconomic and demographic diversity of student enrollment through twenty-first century learning opportunities across all public schools and between local school systems in the State;
- support the collecting and transmitting of knowledge and technology between local school systems, the State Board of Education, and local and State policymakers of evidence-based best practices, public school programs and designs, and twenty-first century learning that support the essential elements of a world-class education system;
- foster partnerships between public schools, private businesses, universities, government, and nonprofit entities to develop and support the implementation of modern public school designs, twenty-first century curricula, positive school culture, and restorative discipline to promote socioeconomic and demographic diversity and twenty-first century learning in public schools in the State; and
- authorize funds and innovation grants to support and develop, through pilot programs, initiatives, and research studies, twenty-first century public school programs, modern public school designs, and twenty-first century curricula, technologies, and practices in the State.

EDCO must perform the following functions and duties:

- collaborate with local school systems, State and local government, employers, community organizations, parents, institutions of higher education, educators, organizations representing educators, and other stakeholders in the State to provide a research and development approach to twenty-first century learning opportunities in the State's public schools;

- work in partnership with stakeholders to (1) disseminate information on best practices, programs, and resources; (2) provide technical assistance and training; (3) collaborate on the collection, analysis, and integration of statewide, local school system, and school level data regarding twenty-first century learning and socioeconomic diversity; and (4) promote interagency efforts that support twenty-first century learning and enhance socioeconomic diversity;
- assist local school systems or cohorts of public schools in assessing opportunities to enhance socioeconomic diversity; and
- develop a database of evidence-based programs and initiatives existing in the State's public schools that enhance twenty-first century learning and socioeconomic diversity.

A governing board is established, consisting of various members with specified experience or expertise from government, private industry, education, and stakeholder organizations. A member of the board may not receive compensation as a member but is entitled to reimbursement for expenses under the standard State travel regulations, as provided in the State budget. The term of appointed members is four years. The board must establish an advisory council of educators and representatives of the business community, nonprofit organizations, and other stakeholders.

EDCO must employ an executive director, who must have experience with and possess qualifications relevant to the activities and purposes of EDCO. The Attorney General is the legal advisor to EDCO; however, with the approval of the Attorney General, EDCO may retain any necessary lawyers. EDCO may also retain any necessary accountants, financial advisors, or other consultants.

EDCO may do all things necessary or convenient to carry out the powers granted by the bill, including:

- maintain offices at a place EDCO designates in the State;
- accept loans, grants, or assistance of any kind from the federal or State government, local government, a college or university, or a private source; and
- enter into contracts and other legal instruments.

Institutions of higher education may:

- contract with EDCO;
- assign to EDCO intellectual property and other resources to assist in research and development and activities; and
- assign faculty and staff to EDCO.

A debt, a claim, an obligation, or a liability of EDCO is not (1) a debt, a claim, an obligation, or a liability of the State, a unit or an instrumentality of the State, or a State officer or State employee or (2) a pledge of the credit of the State.

EDCO is exempt from State and local taxes and generally exempt from State procurement law and provisions related to the sale and transfer of property. The officers and employees of EDCO are not subject to the specified provisions of law that govern the State personnel management system.

However, EDCO is subject to the Public Information Act; the board and the officers and employees of EDCO are subject to the Public Ethics Law; and EDCO, the board, and the employees of EDCO are subject to the policies and procedures of units exempt from State procurement law.

The books and records of EDCO are subject to audit at any time by the State and each year by an independent auditor. By September 1 of each year, EDCO must report to the Governor, the Maryland State Department of Education, and the General Assembly. The report must include (1) a complete operating and financial statement covering EDCO's operations; (2) a summary of EDCO's activities during the preceding fiscal year; and (3) an evaluation of the impact of EDCO's activities to promote and enhance twenty-first century learning and socioeconomic diversity in the State's public schools.

Current Law/Background: The Bridge to Excellence in Public Schools Act (Chapter 288 of 2002), which established State education aid formulas for public schools based on the concept of adequacy (the level of resources that are necessary for all public school students to have the opportunity to achieve academic proficiency standards), required the State to contract with a consultant to conduct a follow-up study of the adequacy of education funding in the State. The consultant, Augenblick, Palaich, and Associates (APA), was hired and began work in June 2014. APA submitted its final report to the Governor and General Assembly on November 30, 2016.

Chapters 701 and 702 of 2016 established the 25-member Commission on Innovation and Excellence in Education that, among other charges, must (1) review the findings of the APA study on adequacy of education funding and its related studies and make recommendations on the funding formula; (2) review and make recommendations on expenditures of local school systems; (3) review and make recommendations on innovative education delivery mechanisms and other strategies to prepare Maryland students for the twenty-first century workforce and global economy; and (4) review and make recommendations on expanding prekindergarten, including special education prekindergarten.

The commission members were appointed in the summer of 2016 with former University System of Maryland Chancellor Dr. William “Brit” Kirwan being appointed to serve as chair of the commission. The commission has so far held several meetings, having discussed topics such as K-12 outcomes for students in the United States and Maryland compared with other countries, funding for K-12 education in Maryland, and the APA final report and recommendations.

The commission was required to provide a [preliminary report](#) by December 31, 2016, which can be found on the Department of Legislative Services’ (DLS) website. The commission will continue to meet during the 2017 interim before providing a final report and recommendations by December 31, 2017.

State Fiscal Effect: The bill does not mandate funding for EDCO. Institutions of higher education are authorized, but not required, to provide resources to assist EDCO, and may assign faculty and staff to EDCO. As noted above, the bill terminates September 30, 2021.

It is assumed that the State provides annual funding to EDCO through a general fund appropriation from fiscal 2018 through 2022. The cost to the State depends on the size and scope of EDCO, which is unknown at this time. At a minimum, EDCO must hire an executive director as required by the bill and needs a physical office, basic office supplies, and program and administrative staff to function.

Therefore, this analysis assumes that EDCO hires one executive director, one program administrator, and one administrative staff – all on a contractual basis concurrent with the bill’s October 1, 2017 effective date because the bill terminates after four years.

Accordingly, general fund expenditures increase by \$163,000 in fiscal 2018, about \$190,000 to \$200,000 annually from fiscal 2019 through 2021, and \$51,400 in fiscal 2022 to provide funding for EDCO’s basic administrative expenses.

As noted above, the General Assembly has restricted \$250,000 in the fiscal 2018 State budget for costs associated with EDCO, contingent upon passage of this bill (and subject to the Governor releasing the funds for this purpose). Therefore, general fund expenditures further increase by \$87,000 in fiscal 2018 for EDCO to provide grants and other funding for pilot programs, initiatives, and research studies as authorized under the bill. General fund expenditures further increase from fiscal 2019 through 2022 to the extent that additional funding is also made available in those years for these purposes.

To the extent that institutions of higher education provide support to EDCO, higher education expenditures may increase and general fund expenditures to support EDCO may

decrease. Also, higher education revenues may increase minimally from EDCO's funding of pilot programs, initiatives, and research studies.

Additional Information

Prior Introductions: SB 910 of 2016, a similar bill, passed the General Assembly but was vetoed by the Governor. Its cross file, HB 1399, passed the House and received a favorable report from the Senate Budget and Taxation Committee, but no further action was taken.

Cross File: None.

Information Source(s): Office of the Attorney General; University System of Maryland; Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2017
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Analysis by: Stephen M. Ross

Direct Inquiries to:
(410) 946-5510
(301) 970-5510