

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 319 (The President, *et al.*) (By Request - Administration)
 Education, Health, and Environmental Affairs Ways and Means and Appropriations
 and Budget and Taxation

Pathways in Technology Early College High (P-TECH) School Act of 2017

This Administration bill alters many aspects of the Pathways in Technology Early College High (P-TECH) School Program and establishes funding mechanisms for the program. The funding mechanisms require State and local funds that result in no cost to the student.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: In FY 2018, general fund expenditures increase by \$897,000 for planning, supplemental college, and supplemental school grants as well as to hire staff. The FY 2018 operating budget includes \$855,000 for most of these purposes. General fund expenditures for P-TECH students escalate each year as additional students enroll. General fund expenditures increase beginning in FY 2020 for the Cade funding formula and beginning in FY 2022 due to including year five and six P-TECH students in the public school enrollment count. Baltimore City Community College (BCCC) higher education expenditures and revenues increase as explained below. **This bill establishes and increases mandated appropriations beginning in FY 2019.**

(\$ in thousands)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Higher Ed Rev.	\$22	\$54	\$97	\$140	\$183
GF Expenditure	\$897	\$783	\$1,305	\$1,927	\$3,056
Higher Ed Exp.	\$22	\$54	\$97	\$140	\$183
Net Effect	(\$897)	(\$783)	(\$1,305)	(\$1,927)	(\$3,056)

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

Local Effect: Due to the State share of the P-TECH supplemental school grant, local school system revenues increase by a total of \$165,500 in FY 2018, increasing to

\$1.5 million by FY 2022, excluding previously mandated funding for Baltimore City Public Schools (BCPS). Expenditures by local school systems with P-TECH schools increase by an estimated total of \$154,600 in FY 2018, increasing to \$860,900 by FY 2022 due to the local share of supplemental college and school grants, excluding previously mandated funding by BCPS. Beginning in FY 2022, for local school systems with P-TECH schools, revenues and expenditures increase due to including year five and six P-TECH students in the public school enrollment count; however, adding students to the enrollment count affects the distribution of State aid through wealth-based formulas to other school systems. Local community college revenues and expenditures increase by \$4,500 in FY 2018, increasing to \$1.2 million by FY 2022. **This bill imposes a mandate on a unit of local government that participates in the P-TECH program.**

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary/Current Law:

P-TECH School Program

A P-TECH school is a public secondary school selected by the Maryland State Department of Education (MSDE) that partners with both a college partner and an industry partner. The P-TECH school provides a “pathway sequence” which is a curriculum or course of study that leads to a high school diploma and an associate’s degree that may be completed within a six-year period.

The bill defines “college partner” as an institution of higher education that (1) has received a certificate of approval from the Maryland Higher Education Commission (MHEC); (2) has entered into a memorandum of understanding with a P-TECH school; (3) helps to develop and coordinate the pathway sequence; and (4) provides student support services to P-TECH students.

“Industry partner” is defined as an employer that (1) has entered into a memorandum of understanding (MOU) with a P-TECH school; (2) helps to develop and coordinate the pathway sequence; and (3) provides mentoring and internship opportunities for P-TECH students.

The college partner, industry partner, and local board of education must enter into an MOU that includes provisions to ensure that (1) each P-TECH student receives substantive mentoring by an industry partner; (2) each P-TECH student receives at least one paid summer internship of at least six weeks duration with an industry partner; and (3) P-TECH students are first in line for consideration of a job at the industry partner after graduation.

As under current law, a P-TECH school must reserve at least 50% of its available space for students who meet the free and reduced-price meal income criteria, and a P-TECH school may be established as a school within a school.

The bill also specifies that a P-TECH student may not be required to pay any cost related to enrollment and participation in the program, including tuition and mandatory fees.

P-TECH Funding Mechanisms

The P-TECH funding mechanisms established in the bill include (1) inclusion of P-TECH students in the K-12 Foundation Program funding formula for public schools; (2) P-TECH planning grants; (3) P-TECH supplemental college grants; (4) P-TECH supplemental school grants; and (5) inclusion of P-TECH students in the Senator John A. Cade Funding Formula for local community colleges and the BCCC funding formula. The bill also specifies that a student who is enrolled in a P-TECH school may not be considered a dually enrolled student under Title 18, Subtitle 14A of the Education Article.

K-12 Foundation Funding Formula

P-TECH students must be included in the full-time equivalent student (FTES) enrollment for the Foundation Program funding formula as follows: (1) multiply the number of students who are enrolled in the fifth year of the program by 0.50; and (2) multiply the number of students who are enrolled in the sixth year of the program by 0.25.

P-TECH Planning Grants

The bill establishes a P-TECH planning grant program to provide grants to local boards of education to plan and develop P-TECH schools, expanding upon the P-TECH planning grants that were awarded in fiscal 2017. Beginning in fiscal 2018, no more than one P-TECH planning grant may be awarded in a local school system. Funds for grants are as provided in the State budget. Beginning in fiscal 2019, no new P-TECH planning grants may be awarded to establish a new P-TECH school until the 2016-2017 cohort of P-TECH students completes the six-year pathway sequence.

P-TECH Supplemental College Grants

The bill establishes a P-TECH supplemental college grant that is equal to the tuition and fees that would normally be charged for the classes in which the P-TECH student is enrolled. The State share of a P-TECH supplemental college grant must be calculated and distributed by the State to college partners. For counties that received a disparity grant in the prior fiscal year, the State share is 50% and the local share is 50%. For counties that did *not* receive a disparity grant in the prior fiscal year, the State share is 25% and the local share is 75%.

P-TECH Supplemental School Grant

The State share of a P-TECH supplemental school grant is not less than \$750 per P-TECH student per school year and must be used for P-TECH school costs. The State share of a P-TECH supplemental school grant must be calculated and distributed by MSDE to local boards of education. A local board of education that receives a P-TECH supplemental school grant must match 100% of the State share.

P-TECH school costs are defined by the bill as costs of operating a P-TECH school and offering and administering a pathway sequence. The following costs are P-TECH school costs: (1) additional staff for the P-TECH school to implement the pathway sequence; (2) instructional support services, including professional development for staff for the pathway sequence, pathway sequence material, additional teacher planning, and additional coordination; (3) extended day programs; (4) student support services, including counseling, tutoring, student career exploration, and student events relating to a pathway sequence; (5) student textbooks, materials, or technology that a student is required to use as part of the pathway sequence; and (6) transportation services.

Senator John A. Cade and Baltimore City Community College Funding Formulas

Student credit hours earned at a community college by a P-TECH student must be included in the FTES calculation for the Cade community college funding formula and the BCCC funding formula.

Additional P-TECH Schools

The bill states the intent of the General Assembly that no additional P-TECH school be established other than those that receive a P-TECH planning grant in fiscal 2017 or 2018 until the P-TECH program is shown to be successful in preparing students for the workforce or for further postsecondary education.

Reporting and Regulations

By December 1 each year, MSDE, in consultation with MHEC, must report to the Governor and the General Assembly on (1) the implementation of the program and (2) specified

information related to P-TECH costs. By December 1, 2023, MSDE, in consultation with MHEC, must submit to the Governor and the General Assembly (1) an analysis of the annual data reported regarding the P-TECH program and (2) an evaluation of whether the P-TECH program is successful in preparing students for the workforce or for further postsecondary education. MSDE must adopt regulations to carry out the bill.

Background:

P-TECH in Maryland

Chapter 144 of 2016 established P-TECH schools in Maryland, which are public schools that offer grades 9 through 14 and that integrate high school, college, and the workplace. The result is intended to be a seamless pathway that enables students to graduate in six years or less with a high school diploma, an associate's degree or certificate, and relevant professional experience. One of the goals of P-TECH schools, which distinguishes them from other early college programs, is for students to earn a credential and workplace skills that are aligned with industry needs and expectations. Other aspects of the P-TECH program are open admission and no cost to students.

The first P-TECH schools in Maryland opened for students in Baltimore City in the 2016-2017 school year with 50 ninth grade students at Paul Laurence Dunbar High School and 50 ninth grade students at Carver Vocational-Technical High School. P-TECH @ Dunbar is a partnership with Johns Hopkins Hospital; University of Maryland, Baltimore Campus; and Kaiser Permanente. P-TECH @ Carver is a partnership with IBM.

Four additional P-TECH schools are projected to open with approximately 20 ninth grade students in each school in the 2017-2018 school year, with one school in Allegany County, one school on the Upper Eastern Shore, and two schools in Prince George's County. Planning grants totaling \$600,000 were budgeted for all six schools in fiscal 2016.

Chapter 144 only authorized the first two schools opening in the 2016-2017 school year to receive additional State aid. The fiscal 2017 budget included additional operating funds for the two P-TECH schools in Baltimore City. Additional legislation must be enacted in the 2017 session to expand State-supported P-TECH schools in accordance with the planning grants.

P-TECH Stakeholders Workgroup Report

Chapter 144 established and charged a P-TECH stakeholders workgroup with determining the optimal structure and funding strategy for P-TECH schools in Maryland and required a [report](#) to be submitted by December 1, 2016. The report recommended two options for funding P-TECH schools, both of which include FTES funding through the community college funding formulas for all six years of the program based on the number of college credits a P-TECH student enrolls in each year. The first option includes full per pupil

funding through the State K-12 education aid formulas for all six years of the program, regardless of the number of K-12 classes in which a student is enrolled. The second option includes full per pupil funding through the State K-12 education aid formulas for years one through four. However, for the fifth and sixth years of the program, the report recommends partial per pupil funding based on the number of high school credits in which the P-TECH student is enrolled (that is, 0.5 FTES in year five and 0.25 FTES in year six).

Also, the first option includes an increase in the State P-TECH grant from \$520 to \$1,500 per student and full tuition and fee costs paid by the State (up to \$3,161), while the second option includes a \$1,500 State P-TECH grant per student and half of tuition and fee costs paid by the State (\$1,580). However, the workgroup’s recommendations do not specify the exact mechanism for payment of the tuition and fee costs by the State.

The estimated number of P-TECH students in each P-TECH school according to the P-TECH report and the fiscal 2018 Governor’s Budget Book are shown in **Exhibit 1**.

Exhibit 1
Location and Estimated Number of P-TECH Students

Local School System	<u>First Cohort</u>	<u>Ninth Grade Cohort</u>
<u>Community College</u>		
Baltimore City	Fall 2016	100 students
Baltimore City Community College		(50 students each school)
Allegany County Public Schools	Fall 2017	20 students
Allegany College		
Caroline, Queen Anne’s, and Talbot public schools	Fall 2017	20 students
Chesapeake College		
Prince George’s County Public Schools	Fall 2017	50 students
Prince George’s Community College		(25 students each school)
6 new schools	Fall 2018	300 students
		(50 students each school) ¹

¹Estimated number of students based on number of students for current P-TECH schools.

Source: P-TECH [report](#), Fiscal 2018 Governor’s Budget Book, Volume 2

Dual Enrollment Funding Mechanism for P-TECH

In the fiscal and policy note for Chapter 144, DLS assumed that, absent a change in law, current law provisions related to dual enrollment would apply to P-TECH students (including P-TECH students in the fifth and sixth year of the program). Generally, for dually enrolled students, local school systems pay 75% of tuition, while students may be responsible for mandatory fees, books, and transportation.

Disparity Grants

The disparity grant program provides noncategorical State aid to low-wealth jurisdictions for county government purposes. The program reflects the State's policy to improve fiscal equity among jurisdictions by making less affluent jurisdictions less dependent on their own tax base to fund public services. Specifically, disparity grants address the differences in the abilities of counties to raise revenues from the local income tax, which for most counties is one of the larger revenue sources. In fiscal 2017, Baltimore City and the following 10 counties received disparity grants: Allegany, Caroline, Cecil, Dorchester, Garrett, Kent, Prince George's, Somerset, Washington, and Wicomico. The counties that receive disparity grants have remained constant over at least the past four years.

Fiscal 2018 Budget

The fiscal 2018 State operating budget includes \$855,000 for the P-TECH program. According to the Governor's fiscal 2018 budget highlights, \$600,000 of this amount is for P-TECH planning grants for an additional six P-TECH schools. The budget specifies that, during the 2017-2018 school year, funds for *new* P-TECH schools may be used only for one P-TECH school for Allegany County Public Schools; one P-TECH school serving Queen Anne's County, Talbot County, and Caroline County; and two P-TECH schools for Prince George's County Public Schools. (Two P-TECH schools that opened in Baltimore City in the 2016-2017 school year are also funded in the 2017-2018 school year.)

State Fiscal Effect: As shown in **Exhibit 2**, general fund expenditures increase by a total of \$897,200 in fiscal 2018, of which \$600,000 is for six planning grants for additional P-TECH schools, \$165,500 is for P-TECH supplemental school grants, \$55,700 is for P-TECH supplemental college grants, and \$75,800 is for MSDE to hire one educational program specialist. General fund expenditures for P-TECH students escalate each year as additional students enroll. Beginning in fiscal 2020, general fund expenditures for the Cade community college funding formula increase due to additional college credits taken by P-TECH students. Beginning in fiscal 2022, general fund expenditures increase due to year five and six P-TECH students being included in the public school enrollment count as specified. General fund expenditures increase to \$3.1 million by fiscal 2022. The fiscal impact for the six currently planned schools and for the six additional schools will be fully

reflected in general fund expenditures by fiscal 2026 if the six additional schools open in fall 2018.

This estimate does not reflect any costs for P-TECH schools beyond those two currently operating, four planning to open in fall 2017, and six planning grants for schools anticipated to open in fall 2018. The bill prohibits additional planning grants after fiscal 2018 until the first cohort of P-TECH students completes the six-year sequence. It also states the intent of the General Assembly that no additional P-TECH schools be established other than those that receive a P-TECH planning grant in fiscal 2017 or 2018 until the P-TECH program is shown to be successful in preparing students for the workforce or for further postsecondary education.

Exhibit 2
Estimated Number of P-TECH Students and Credits Taken by P-TECH Students
Estimated General Fund Expenditures for P-TECH students
(\$ in Thousands)

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Number of P-TECH Students ¹	290	780	1,270	1,748	2,204
Number of College Credits ²	813	2,684	7,332	13,229	20,089
Planning Grants	\$600	-	-	-	-
P-TECH Supplemental School Grants	166	\$507	\$849	\$1,184	\$1,507
K-12 Funding Formula	-	-	-	-	204
P-TECH Supplemental College Grants	56	180	354	550	749
Cade Funding Formula	-	-	3	88	487
BCCC Funding Formula ³	-	-	-	-	-
MSDE Staff	76	96	100	105	109
Total	\$897	\$783	\$1,305	\$1,927	\$3,056

¹Includes P-TECH students at currently authorized schools in Baltimore City.

²Includes credits taken by students at currently authorized schools in Baltimore City.

³Does not include dual enrollment funding that current P-TECH students in Baltimore City would receive under current law.

BCCC: Baltimore City Community College MSDE: Maryland State Department of Education

Note: Numbers may not sum to total due to rounding.

Source: P-TECH [report](#); Department of Legislative Services

BCCC higher education revenues and expenditures increase by \$22,300 in fiscal 2018 due to BCCC receiving 100% of tuition and fees (rather than the 75% of tuition assumed under current law) as described below.

The following information and assumptions were used in this estimate.

Number of Students

Under current law, two P-TECH schools are authorized to receive State funding, both in Baltimore City and working in partnership with BCCC. According to the P-TECH report, there are 100 students enrolled in the two schools (50 each) in the 2016-2017 school year, and cohorts of 100 students will be added in each of the next five years. It is assumed that the cohort sizes for the six additional P-TECH schools receiving planning grants in fiscal 2018 are each 50 students, the same as Baltimore City. The P-TECH report specifies the cohort sizes for the four new P-TECH schools slated to open in fall 2018.

Given information from the P-TECH report, it is assumed that 12% of P-TECH students take four years to complete the program, 13% of P-TECH students take five years to complete the program, and 75% of students take six years to complete the program. Assumptions on the number of high school and college credits taken each year by a student on each of the three tracks are detailed in the report. For the purposes of this analysis, it is assumed that all students complete the program. The total number of P-TECH students calculated from those assumptions is shown in **Exhibit 3**. This information and these assumptions were also used to calculate the number of P-TECH students in years five and six of the program, and they were used to calculate the number of credits taken by P-TECH students.

Exhibit 3
Estimated Total Number of P-TECH Schools and Number of Students by Year

<u>Local School System</u>	<u>Community College</u>	<u># of Schools</u>	<u>Fall 2017</u>	<u>Fall 2018</u>	<u>Fall 2019</u>	<u>Fall 2020</u>	<u>Fall 2021</u>
Baltimore City Public Schools	BCCC	2	200	300	400	488	563
Allegany County Public Schools	Allegany College	1	20	40	60	80	98
Caroline County Public Schools							
Queen Anne’s County Public Schools	Chesapeake College	1	20	40	60	80	98
Talbot County Public Schools							
Prince George’s County Public Schools	PGCC	2	50	100	150	200	245
TBD	TBD	6	-	300	600	900	1,200
Total		12	290	780	1,270	1,748	2,204

BCCC: Baltimore City Community College
 PGCC: Prince George’s Community College
 TBD: to be determined

Source: P-TECH [report](#); Department of Legislative Services

Planning Grants

The fiscal 2018 operating budget includes \$600,000 in planning grants for an additional six P-TECH schools. It is assumed that all six planning grants are awarded in fiscal 2018, and six additional P-TECH schools with 50 students each open in fall 2018 (fiscal 2019). This assumption is based on the current P-TECH schools in Baltimore City.

P-TECH Supplemental School Grants

Under the bill, general fund expenditures increase by \$165,500 in fiscal 2018 due to the P-TECH supplemental school grant. This assumes that 90 newly authorized P-TECH students in fall 2017 (fiscal 2018) receive \$750 each from the State share of the P-TECH supplemental school grant, for a total of \$67,500. This also assumes that the State share of the P-TECH supplemental school grant increases by \$490 (accounting for the \$260 per student amount under current law) for the 200 currently authorized P-TECH students for a total of \$98,000.

Given the information about the length of time to complete the program and the estimated number of P-TECH students per cohort, it is assumed that general fund expenditures for the P-TECH supplemental school grant increase to \$1.5 million by fiscal 2022, as shown in Exhibit 2. Actual expenditures depend on the actual number of P-TECH students enrolled each year.

K-12 Foundation Program Funding Formula

Under the bill, P-TECH students in the fifth and sixth years of the program must be added to the public school enrollment count which is used to calculate the K-12 Foundation Program funding. Fifth-year students count as 0.5 of an FTES and sixth-year students count as 0.25 of an FTES. Given that the first fiscal year in which there will be P-TECH students in their fifth year of the program will be fall 2020, no additional students will be included in the funding formula until fiscal 2022. Using the assumptions explained above for calculating the number of P-TECH students, general fund expenditures increase by an estimated \$204,000 in fiscal 2022. This accounts for adding 44 additional FTES from Baltimore City to the K-12 Foundation Program funding formula. As the number of P-TECH students in years five and six increases, the general fund expenditures for the K-12 Foundation Program funding formula increase accordingly. It is estimated that, once the 12 P-TECH programs that are currently anticipated are fully phased in, there will be approximately 496 additional FTES included in the K-12 Foundation Program funding formula for fiscal 2026.

P-TECH Supplemental College Grants

General fund expenditures increase by an estimated \$55,700 in fiscal 2018 due to the State share of the P-TECH supplemental college grant. Under the bill, the P-TECH supplemental college grant is equal to tuition and fees that normally would have been charged the students. For counties that received a disparity grant in the prior fiscal year, the State share is 50% and the local share is 50%. For counties that did *not* receive a disparity grant in the prior fiscal year, the State share is 25% and the local share is 75%. This estimate takes into account the disparity grants for fiscal 2017 for currently planned P-TECH schools (and assumes the eligibility for disparity grants remains unchanged) and assumes that half of the new P-TECH schools will be in counties that receive disparity grants. It is assumed that community college tuition and fees increase 2% annually. The actual State share of the P-TECH supplemental college grants depends on where the new P-TECH schools are located, the number of credits taken by P-TECH students, and actual tuition and fee rates. By fiscal 2022, the State share of the P-TECH supplemental college grant is estimated to increase to \$749,200. It is estimated that the State share of the supplemental college grant will be approximately \$859,500 when the number of P-TECH students currently anticipated is fully phased in in fiscal 2024.

Senator John A. Cade and Baltimore City Community College Funding Formulas

Beginning in fiscal 2020, general fund expenditures for the Cade funding formula increase by \$2,900 due to P-TECH students enrolled in local community college courses during the 2017-2018 academic year. Due to P-TECH enrollment increases and an increasing number of credits taken by P-TECH students as they progress through the program, general fund expenditures for the Cade funding formula increase to \$486,900 by fiscal 2022.

The fiscal and policy note for Chapter 144 assumed that, absent a change in law, P-TECH students would be treated as dually enrolled students. Thus, it has been assumed that credits earned by P-TECH students at the currently authorized P-TECH schools are to be counted in the BCCC funding formula. Under the bill, credits earned by P-TECH students at the currently authorized P-TECH schools are expressly included in the BCCC funding formula. Thus, there is no additional funding for BCCC under the bill than under current law. As under current law, BCCC funding through its funding formula increases beginning in fiscal 2019.

For the purposes of this estimate, it is assumed that none of the new P-TECH schools partners with BCCC. However, to the extent that additional P-TECH schools partner with BCCC, BCCC funding increases accordingly.

Baltimore City Community College Tuition and Fees

The fiscal and policy note for Chapter 144 assumed that, absent a change in law, P-TECH students would be treated as dually enrolled students. Thus, it is assumed that under current law BCCC only receives 75% of tuition for P-TECH students. Under the bill, BCCC receives 100% of mandatory tuition and fees through the P-TECH supplemental college grant. Thus, BCCC revenues increase by \$22,300 in fiscal 2018 and increase to \$183,000 by fiscal 2022. BCCC expenditures increase correspondingly.

Maryland State Department of Education Staff

General fund expenditures increase by \$75,800 in fiscal 2018, which accounts for a 90-day start-up delay following the bill's July 1, 2017 effective date. This estimate reflects the cost of hiring one education program specialist to coordinate and support the P-TECH program and manage the grants created by the bill. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses.

Under the bill additional P-TECH schools beyond the two existing programs in Baltimore City are permitted, thus significantly increasing the MSDE staff time required. To successfully implement P-TECH programs, MSDE staff has to develop new procedures, provide technical assistance to local school systems, and collect data and develop reporting requirements for P-TECH schools. Specific requirements of the P-TECH program include coordination of partnership agreements, establishment of curriculum pathways from high school to an associate's degree, and supplemental support services for each six-year cohort of students. P-TECH accountability and reporting also require new data collection and reports.

Local Fiscal Effect:

Local School Systems

Due to the State share of the P-TECH supplemental school grant, local school system revenues increase by a total of \$165,500 in fiscal 2018, increasing to \$1.5 million by fiscal 2022, excluding previously mandated funding for BCPS P-TECH students.

Due to the local shares of the P-TECH supplemental school and college grants, local board expenditures for school systems with P-TECH schools increase by an estimated total of \$154,600 in fiscal 2018, increasing to \$860,900 by fiscal 2022. This estimate accounts for the estimated number of P-TECH students as shown in Exhibit 3 and excludes previously mandated local funding by BCPS for its two current P-TECH programs.

The local share of the P-TECH supplemental school grant for each P-TECH student is at least \$750 (it must be 100% of the State share), and the local share of the P-TECH supplemental college grant is the amount of tuition and fees not paid by the State using the formulas based on disparity grants explained above.

Beginning in fiscal 2022, local school system revenues and expenditures also increase due to including year five and six P-TECH students in the public school enrollment count of the K-12 Foundation Program funding formula. Due to an additional 44 FTES included in the fall 2020 public school enrollment count for the K-12 Foundation Program funding formula, State aid for BCPS increases by \$554,500 in fiscal 2022. However, State aid to the other 23 local school systems decreases by an estimated total of \$350,400, with State aid to Prince George's County Public Schools decreasing by almost \$97,000 and State aid to Baltimore County Public Schools decreasing by approximately \$43,500. The distribution of wealth-based State aid programs will change as the currently anticipated P-TECH students are fully phased in by fall 2023 (fiscal 2024). Actual revenues and expenditures will depend on the actual number of year five and six P-TECH students enrolled.

BCPS advises that its expenditures for its P-TECH programs will continue to exceed revenues. DLS advises that, under the bill, BCPS receives more funding per P-TECH student than it would under current law, although under the bill, BCPS is responsible for the local share of 100% of tuition and mandatory fees for P-TECH students rather than 75% of tuition as was assumed under current law.

DLS also notes that BCPS assumes in its cost estimate that BCPS will be responsible for paying minimum wage for summer internships for all P-TECH students. Current law and the bill both require P-TECH students to receive at least one paid summer internship of at least six weeks duration with an industry partner. DLS assumed in the fiscal and policy note for Chapter 144 that industry partners would be responsible for paying for student interns, not the local school systems; however, actual assignment of costs depends on the locally negotiated P-TECH MOUs.

Montgomery County Public Schools advises that it does not currently have a P-TECH school, nor does it have plans in place to develop a P-TECH school or apply for a P-TECH planning grant.

Local Community Colleges

Due to the tuition and fees from P-TECH students (paid by the State and local school systems as described above through the P-TECH supplemental college grants) and the Cade funding formula, local community college revenues increase by \$4,500 in fiscal 2018,

increasing to \$1.2 million by fiscal 2022. It is assumed that local community college expenditures increase accordingly.

Additional Information

Prior Introductions: None.

Cross File: HB 413 (The Speaker, *et al.*) (By Request - Administration) – Ways and Means and Appropriations.

Information Source(s): Maryland State Department of Education; Maryland Higher Education Commission; Baltimore City Community College; Baltimore City; Caroline and Montgomery counties; P-TECH report; Department of Legislative Services

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Analysis by: Caroline L. Boice

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

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Pathways in Technology Early College High (P-TECH) School Act of 2017

BILL NUMBER: SB 319/HB 413

PREPARED BY: Governor's Legislative Office
(Dept./Agency/GLO)

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

A small business would be impacted if it elects to become an industry partner in the P-Tech program.