

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 326 (Senator Ferguson)
Education, Health, and Environmental Affairs

**Education – Public School Opportunities Enhancement Program –
Administration Resources**

This bill requires the Maryland State Department of Education (MSDE) to hire an employee to administer the Public School Opportunities Enhancement Program (PSOEP) and authorizes MSDE to retain a reasonable portion of appropriated funds to administer the program. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: None. Total annual appropriations for the program are not altered.

Local Effect: Local revenues and expenditures may be minimally affected in FY 2019 to 2021 to the extent that grantees are local school systems, as discussed below.

Small Business Effect: None.

Analysis

Current Law/Background: Chapter 32 of 2016 established PSOEP and required MSDE to develop and administer the grant program to assist local school systems, public community schools, and nonprofit organizations in the State in expanding or creating extended day and summer enhancement programs and to assist nonprofit organizations in the State and community schools in expanding or supporting existing educational programming during the school day.

Specified counties are eligible to participate in the program. If the grantee is a local school system, the local school system must provide at least an equal match to State grant funding.

Chapter 32 required the Governor to include \$7.5 million annually in the State budget for the program for fiscal 2018 through 2021. However, the Budget Reconciliation and Financing Act (BRFA) of 2017 (Chapter 23) reduced the mandated appropriation for PSOEP for fiscal 2018 from \$7.5 million to \$2.5 million. Also, the Governor’s proposed BRFA of 2018 (Senate Bill 187 and House Bill 161) removes the funding mandate for the program, authorizes \$2.5 million for the program in fiscal 2019, and leaves funding for the program in fiscal 2020 and 2021 at the Governor’s discretion.

State Fiscal Effect: MSDE advises that it does not have a staff member dedicated to the PSOEP grant. Instead it is being administered by staff throughout the Division of Student, Family and School Support. Under the bill, MSDE would engage one contractual employee (education program specialist) and the position would terminate at the end of fiscal 2021 (coinciding with the end of mandated funding for the program, under current law). The education program specialist will oversee the development and implementation of an annual program plan, conduct administrative meetings and training workshops, and coordinate the planning and implementation of an annual monitoring plan for grantees.

The total amount of general fund expenditures is not altered. Instead, total funding available to grantees during fiscal 2019 to 2021 is reduced by an amount equivalent to the costs associated with the education program specialist position. These expenditures total \$71,654 in fiscal 2019, which accounts for the bill’s July 1, 2018 effective date. This estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Position	1
Salary and Fringe Benefits	\$66,139
Operating Expenses	<u>5,515</u>
Total FY 2019 State Expenditures	\$71,654

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

Fiscal 2020 and 2021 expenditures for the position (totaling \$62,700 and \$64,811 respectively) reflect annual increases in salary, elimination of one-time costs, and ongoing operating expenses.

Local Fiscal Effect: Additional expenditures to administer the program (described above) will result in an equivalent reduction in total funding available to grantees during fiscal 2019 to 2021. To the extent that grantees are local school systems, local government grant funding is reduced. In turn, the local school system will be relieved of an equivalent amount of required matching funding.

Additional Comments: Nonprofits that provide services and programs that are eligible for grant funding under the bill may be adversely affected.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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