

Department of Legislative Services  
 Maryland General Assembly  
 2019 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1168 (Delegate Rose, *et al.*)  
 Ways and Means

**Education - Career and Technical Education Expansion Grant - Established**

This bill establishes a Career and Technical Education (CTE) Expansion Grant in the State. In fiscal 2021, the Governor must appropriate from the Commission on Innovation and Excellence in Education (commission) Fund a grant of \$2.0 million to each local board of education. The bill alters the permissible uses of monies in the Commission Fund. Each local board (1) may use the grant to expand the CTE programs and facilities in the county and (2) must develop and approve a plan for expending the grant with consideration given to programs for which there is high demand by either the students or the business community in the county. The funds may be used to support the operations, construction, and equipping of a CTE facility in the county. **The bill takes effect July 1, 2019.**

**Fiscal Summary**

State Effect: Special fund expenditures increase by \$48.0 million in FY 2021. **This bill establishes a mandated appropriation for FY 2021.**

(\$ in millions)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	0	48.0	0	0	0
Net Effect	\$0.0	(\$48.0)	\$0.0	\$0.0	\$0.0

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

**Local Effect:** Each local board of education receives \$2.0 million in FY 2021. Local expenditures on operations, construction, and equipping of a CTE facility increase accordingly. However, statewide, \$48.0 million is made unavailable for current law uses of the Commission Fund, resulting in an indeterminate impact on a county-by-county basis.

**Small Business Effect:** Small businesses that provide equipment and construction services related to CTE programs and facilities may benefit substantially.

## Analysis

**Bill Summary:** The bill repeals the requirement that monies in the Commission Fund be used for adequate funding of education through revised education funding formulas based on the final recommendations of the commission. Instead, the fund can be used to assist in providing funding for education based on policy areas identified by the commission.

### **Current Law/Background:**

#### *Commission on Innovation and Excellence in Education*

Chapters 701 and 702 of 2016 established the Commission on Innovation and Excellence in Education to, among other charges, (1) review the findings of a consultant's 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 education agencies; (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.

Among other things, Chapter 361 of 2018 extended the termination date for the commission and instituted programs in accordance with the preliminary recommendations of the commission. Chapter 361 established the CTE Innovation Grant Program to fund partnerships between at least one local board of education, community college, and industry partner to develop and implement an innovative CTE curriculum framework and pathway that includes the United States and international best practices. To be eligible for a grant, the pathway to be developed must be of high quality; aligned with skills needed by employers; lead to an industry-recognized license or certificate; create internship or apprenticeship opportunities; and prepare students to successfully compete in a global economy. The Governor must appropriate at least \$2.0 million annually for the grant program. The Maryland State Department of Education (MSDE) may use up to 3% of this appropriation (\$60,000) to administer the program.

The January 2019 [interim report](#) of the commission urges the State to establish a standard of literacy in English and mathematics (and when practicable also science) at the level needed to assure a high probability of success in the first-year programs of the State's community colleges and other open enrollment postsecondary institutions, to be called the College and Career Readiness (CCR) standard. Those who meet the CCR standard would have access to ambitious and rewarding post-CCR pathway programs, including a set of robust CTE programs offered by Maryland high schools, two- and four-year colleges, and training providers, allowing students to explore and prepare for various career options,

through apprenticeships wherever feasible, and acquire technical credentials with significant value in the labor market.

The commission also recommends that the State establish a CTE Committee within the Governor's Workforce Development Board to build and steer the CTE system, which will be fully aligned with the State's economic and workforce priorities and combine classroom education with workplace training. The commission envisions that as part of the redesigned CTE system, every middle and high school student will have access to career counseling to advise them on CTE pathway options. The interim report also indicates that the recommended framework and pathways will be in place by year five, rendering the \$2.0 million in annual funding from the CTE Innovation Grant Program unnecessary at that time.

#### *Commission on Innovation and Excellence in Education Fund*

Chapter 361 of 2018 also established the Commission on Innovation and Excellence in Education Fund as a special, nonlapsing fund. The fund is to be used to provide adequate funding for a world-class education for early childhood education and primary and secondary education in accordance with the State budget through revised funding formulas, based on the final recommendations of the Commission on Innovation and Excellence in Education. The Comptroller must distribute \$200 million in income tax revenue to the fund in fiscal 2019. The fund also consists of additional money appropriated in the State budget and any money from other sources accepted for the benefit of the fund. MSDE must administer the fund. The Governor's proposed fiscal 2020 budget does not include any appropriations from the Commission Fund.

#### *Constitutional Amendment on Supplemental Funding for Public Schools*

Chapter 357 of 2018 authorized a constitutional amendment, which was subsequently approved by Maryland voters in November 2018, requiring the Governor to provide supplemental State funding for public education through the use of commercial gaming revenues that are dedicated to public education in the State budget beginning in fiscal 2020. Supplemental funding must total \$125.0 million in fiscal 2020, \$250.0 million in fiscal 2021, and \$375.0 million in fiscal 2022. In all subsequent years, 100% of the gaming revenues dedicated to public education must be used for supplemental funding. Beginning in fiscal 2020, the Governor must identify in the annual State budget how the supplemental revenue is being used to supplement and not supplant spending on public schools. One permissible use of these supplemental funds is to provide opportunities for public school students to participate in career and technical education programs that lead to an identified job skill or certificate. The Governor's fiscal 2020 budget includes approximately \$36 million of supplemental funding for unspecified commission recommendations.

## *Career and Technical Education*

The Strengthening Career and Technical Education for the 21<sup>st</sup> Century Act is the 2018 reauthorization of the federal Carl D. Perkins Career and Technical Education Act (Perkins), which was last overhauled in 2006. The new Perkins law provides approximately \$1.2 billion in formula grants to states to implement CTE programs in their secondary schools and postsecondary institutions. The new law allows states to set their own goals for CTE programs, requires them to make progress toward those goals, and makes other changes to federal CTE law. Generally, Perkins requires states to develop sequences of academic and CTE coursework, called programs of study, that prepare students for postsecondary degrees or industry-recognized credentials. Many of the programs of study – which range from plumbing and culinary arts to aerospace engineering and cybersecurity – include or encourage apprenticeship or preapprenticeship opportunities. At a minimum, a program of study must:

- incorporate and align secondary and postsecondary education elements;
- include academic and CTE content in a coordinated, nonduplicative progression of courses;
- offer the opportunity, where appropriate, for secondary students to acquire postsecondary credits; and
- lead to an industry-recognized credential or certificate at the postsecondary level, or an associate or baccalaureate degree.

In federal fiscal 2018, Maryland received \$17.0 million in Perkins Title I grants to support CTE programs in secondary schools and postsecondary institutions. Of that amount, \$14.4 million (85%) was distributed to local governments and the remaining 15% was designated for statewide activities and administration. Of the \$14.4 million distributed to local governments, 65% was used for secondary school programs and 35% was spent on postsecondary programs. Perkins funds are used for a variety of purposes at the local level, including teacher professional development, equipment, and program development and administration.

MSDE has developed several dozen programs of study grouped within 10 career clusters. Each program of study includes a sequence of four courses that begin in either grade 10 or 11 and prepares students for either further study or industry certification; students that complete the course sequence by high school graduation are considered “CTE completers.” Almost one-quarter of the class of 2017 (22.5%) completed a CTE program of study, and more than half of those also completed the requirements for admission to the University System of Maryland (*i.e.*, “dual completers”).

Chapter 149 of 2017 required MSDE, in consultation with the Department of Labor, Licensing, and Regulation and the Governor's Workforce Development Board, to develop statewide goals each year from 2018 through 2024 so that by January 1, 2025, 45% of high school students successfully complete a CTE program, earn industry-recognized occupational or skill credentials, or complete a registered youth or other apprenticeship before graduating high school.

**State Expenditures:** Special fund expenditures increase by \$48.0 million in fiscal 2021 due to the required appropriation of a portion of the \$200 million dedicated to the Commission Fund. Thus, \$48.0 million less is available for current law allowable purposes, *i.e.*, those related to adequate funding of education through revised education funding formulas based on the final recommendations of the commission.

Current law requires MSDE to administer the Commission Fund. Therefore, it is assumed that MSDE can distribute the \$48.0 million using existing resources.

**Local Fiscal Effect:** Each of 24 local boards of education receives \$2.0 million in State grant funding in fiscal 2021. Local expenditures on operations, construction, and equipping of a CTE facility increase accordingly. It is assumed that much of the expenditure will be one-time expenditures in fiscal 2021, though some local boards may opt to expend some portion of funding in one or more subsequent years. It is also assumed that each local board can develop and approve a plan for expending the grants using existing resources.

However, statewide, \$48.0 million is made unavailable for current law uses of the Commission Fund, many of which would benefit local school systems. It is difficult to determine how this will impact school systems on a county-by-county basis. However, because the bill provides \$2.0 million to each local board regardless of its population size and its local wealth per student, and because much of State aid to public schools is distributed on a wealth-equalized basis (whereby relatively less affluent counties receive more per pupil State funding), it is assumed that compared to current law school systems in relatively small counties with relatively high per pupil wealth will realize net gains in State funding while relatively large counties with relatively low per pupil wealth will realize net losses in State funding.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Association of Counties; Maryland State Department of Education; Anne Arundel County Public Schools; Baltimore City Public Schools; Montgomery County Public Schools; Department of Legislative Services

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