

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1240 (Delegate Jacobs, *et al.*)
 Appropriations

Education - Low-Density Calculation - Mandated Funding

This bill establishes a State aid program to county governments based on low population density beginning in fiscal 2024. State funding is provided to jurisdictions with (1) a county population density of less than 100 individuals per square mile and (2) a public school full-time equivalent (FTE) enrollment of less than 2,000 students. Per pupil aid amounts, which increase each year, are specified. The State aid amount is determined by multiplying the FTE enrollment by the product of the per pupil amount and the number of square miles in the county. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: General fund expenditures increase by \$202,600 in FY 2024 and by \$1.1 million in FY 2027. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2024.**

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	202,600	505,100	611,800	1,139,600
Net Effect	\$0	(\$202,600)	(\$505,100)	(\$611,800)	(\$1,139,600)

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

Local Effect: State aid to Kent County increases by \$202,600 in FY 2024 and by \$1.1 million in FY 2027. County expenditures are not affected.

Small Business Effect: None.

Analysis

Bill Summary: As shown in **Exhibit 1**, per pupil amounts for the purpose of determining State aid under the bill are specified through fiscal 2031. For each subsequent year, the per pupil amount is increased by \$0.85.

Exhibit 1 Per Pupil Amount under the Bill

<u>Fiscal Year</u>	<u>Per Pupil Amount</u>
2024	\$0.43
2025	\$1.06
2026	\$1.27
2027	\$2.34
2028	\$3.61
2029	\$4.67
2030	\$5.95
2031	\$7.22

Source: Department of Legislative Services

Current Law: FTE enrollment is a key factor in determining most of the direct State aid provided to local school systems. FTE enrollment is also a key factor in determining required minimum funding, or effort, that county governments (including Baltimore City) must provide to local school systems each year. While the sharing of public school costs between the State and county governments is based upon both local wealth and FTE enrollment, population density and relative magnitude of enrollment are not factors used to determine these shared costs, nor are these factors used in combination to determine funding provided by the State to county governments.

State Expenditures: General fund expenditures increase by \$202,600 in fiscal 2024 and by \$1.1 million in fiscal 2027, in the form of State aid to Kent County. **Exhibit 2** shows by county (1) the July 2020 population according to the 2020 Census; (2) square miles and the resulting population density; and (3) the September 2021 FTE enrollment for each local school system. Based on these figures, Kent County is the only jurisdiction eligible to receive funding under the new State aid program. Further, based on current projections of both the county population and FTE enrollment, Kent County continues to receive funding under the bill for the foreseeable future. Because the per pupil funding amount increases substantially each year under the bill, State expenditures continue to increase annually.

Exhibit 2
Population Density and FTE Enrollment by County

County	Population July 2020	Land Area (Square Miles)	Population Density	FTE Student Enrollment Sept. 2021
Allegany	68,106	424.2	160.6	7,661.5
Anne Arundel	588,261	414.9	1,417.8	80,867.5
Baltimore City	585,708	80.9	7,236.3	71,358.0
Baltimore	854,535	598.3	1,428.3	107,114.8
Calvert	92,783	213.2	435.3	14,949.3
Caroline	33,293	319.4	104.2	5,259.0
Carroll	172,891	447.6	386.3	24,608.0
Cecil	103,725	346.3	299.5	14,159.8
Charles	166,617	457.8	364.0	25,986.8
Dorchester	32,531	540.8	60.2	4,314.8
Frederick	271,717	660.2	411.6	43,810.5
Garrett	28,806	647.1	44.5	3,348.3
Harford	260,924	437.1	597.0	36,880.0
Howard	332,317	250.7	1,325.3	55,838.3
Kent	19,198	277.0	69.3	1,706.5
Montgomery	1,062,061	491.3	2,162.0	154,409.5
Prince George's	967,201	482.7	2,003.8	124,362.0
Queen Anne's	49,874	371.9	134.1	7,124.0
St. Mary's	113,777	357.2	318.5	16,714.0
Somerset	24,620	319.7	77.0	2,557.8
Talbot	37,526	268.5	139.7	4,232.8
Washington	154,705	457.8	337.9	21,100.0
Wicomico	103,588	374.4	276.6	13,888.0
Worcester	52,460	468.3	112.0	6,402.3
Total	6,177,224	9,707.2	636.4	848,653.0

FTE: Full-time equivalent

Source: U.S. Census Bureau; Maryland Department of Planning

Local Fiscal Effect: State aid to Kent County increases by \$202,600 in fiscal 2024 and by \$1.1 million in fiscal 2027. The bill does not prescribe how the county government must use the additional State funding; however, it is assumed that to some extent this funding

will be used to meet the local maintenance of effort requirement with respect to public school funding.

Kent County is one of the five jurisdictions that the Department of Legislative Services (DLS) indicates will face significant stress in future years to meet the local funding requirements under the Blueprint for Maryland's Future. Based on findings from the report, Kent County will need to increase its local appropriation by approximately \$0.5 million in fiscal 2024 in order to meet the Blueprint local funding requirement. This amount increases to \$3.3 million in fiscal 2028 and \$7.0 million by fiscal 2034, which represents a 16.0% and 28.9% respective increase over the county's projected pre-Blueprint local appropriation. On a per pupil basis, the required increase in the local appropriation totals \$1,913 in fiscal 2028 and \$3,957 in fiscal 2034, which represents the second highest per pupil increase among the local jurisdictions.

The report also indicates that Kent County will experience a significant gap between the required increase in local education funding under the Blueprint legislation and the projected growth in local revenues. Between fiscal 2022 and 2034, local revenues in Kent County are projected to increase by 3.3% on an annual basis, while the required local appropriation under the Blueprint legislation will increase by 4.4%. This results in a 1.1% gap between the projected annual revenue growth and the required increase in education funding (the third highest gap among the local jurisdictions).

Additional information on the local fiscal impact of the Blueprint legislation can be found in the following [report](#) which is available on the DLS [website](#).

Additional Information

Prior Introductions: None.

Designated Cross File: SB 986 (Senator Hershey) - Rules.

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

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