

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 603 (Delegate Stein, *et al.*)
 Ways and Means

Nonpublic Schools - School Health Services Program - Eligibility for Participation

This bill requires the Maryland State Department of Education (MSDE) and the Maryland Department of Health (MDH) to develop a process for certain nonpublic schools to apply to participate in local school health services programs. The bill also specifies that MSDE and MDH must jointly develop public standards and guidelines for school health programs that ensure adequate and equitable health services for public and nonpublic school students. To participate, a nonpublic school must be eligible for the Nonpublic Schools Textbook and Technology Grants Program. Neither a nonpublic school nor a nonpublic school student may be compelled to participate in a school health services program. Beginning in fiscal 2025, the Governor must include \$4.0 million, adjusted annually for inflation, in the annual State budget bill to MSDE for disbursement to counties for funding adequate health services. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: General fund expenditures increase by \$40,100 in FY 2024 to hire a contractor, future years reflect terminating the contractor in FY 2025 and the bill’s mandated appropriation, as discussed below. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2025.**

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	40,100	4,010,600	4,252,400	4,360,400	4,454,200
Net Effect	(\$40,100)	(\$4,010,600)	(\$4,252,400)	(\$4,360,400)	(\$4,454,200)

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

Local Effect: Local school system or local health department (LHD) expenditures (depending on which entity provides school health services in each county) may increase

to hire additional staff and provide adequate health services for nonpublic students. These expenditures are at least partially, if not fully, offset by increases in local revenues in accordance with the bill's requirement that mandated funds be disbursed by MSDE to counties for providing services to nonpublic schools. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Bill Summary: A local board also may not provide adequate health services in nonpublic health schools that discriminate in student admissions, retention, or expulsion or against any student on the basis of race, color, national origin, sexual orientation, or gender identity or expression. Further, a local board may not be required to expend more than \$40 per student, adjusted annually for inflation, in providing adequate health services to a nonpublic school.

Current Law: With the assistance of the LHD, each local board of education must provide adequate school health services, instruction in health education, and a healthful school environment. MSDE and MDH must jointly develop public standards and guidelines for school health programs and offer assistance to the local boards of education and LHDs in their implementation.

Funding for the State Nonpublic Schools Textbook and Technology Grants Program is not mandated but has been provided for several years through the annual operating and capital budget bills, with accompanying budget language regarding eligibility that currently includes:

- holding a certificate of approval from or being registered with the State Board of Education;
- not charging tuition above a specified rate; and
- complying with Title VI of the Civil Rights Act of 1964.

State Expenditures: MSDE can collaborate to develop specified processes, standards, and guidelines with existing resources. However, MDH advises that because the Office of School Health (OSH) currently retains only two staffers (a director and a board-certified pediatrician), OSH requires additional half-time contractual assistance to be able to collaborate effectively with MSDE in developing new processes, standards, and guidelines related to nonpublic participation.

Accordingly, general fund administrative expenditures increase by \$40,111 in fiscal 2024, which accounts for a 90-day start-up delay from the bill’s July 1, 2023 effective date. Expenditures also increase by \$10,592 in fiscal 2025 to reflect OSH retaining the contractual position for one full year. This estimate reflects the cost of hiring one half-time contractual nurse program consultant to coordinate with MSDE on new processes, standards, and guidelines. It includes a half-time salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Position	0.5
Salary and Fringe Benefits	\$33,099
One-time Start-up Costs	6,614
Operating Expenses	<u>398</u>
Total FY 2024 Expenditures	\$40,111

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.

Beginning in fiscal 2025, the Governor must include in the annual budget bill an appropriation of \$4.0 million, adjusted for inflation in accordance with the Consumer Price Index for all Urban Consumers (CPI-U) for the Washington Metropolitan Area, for MSDE to disburse to the counties for purposes of funding adequate health services for students at nonpublic schools under the bill. Thus, general fund expenditures also increase by \$4.0 million in fiscal 2025, increasing to an estimated \$4.5 million in fiscal 2028. Actual increases in the mandated appropriation depend on the actual CPI-U for the Washington Metropolitan Area each year.

Local Fiscal Effect: Expenditures for local school systems, and potentially LHDs in the 14 jurisdictions where LHDs provide school nurses, *may* increase to hire adequate staff to provide health services to nonpublic schools (up to a required rate of \$40 per student). These costs are at least partially, if not fully, offset by the \$4.0 million, adjusted annually for inflation, distributed by MSDE to counties for the provision of health services for nonpublic school students under the bill. The mandated appropriation is sufficient to offset the cost of providing \$40 in care to 100,000 students annually.

The assumption that the mandated funding may partially, if not fully, offset required expenditures is based on the following information. According to MSDE, as of September 30, 2021, there were 128,498 students [enrolled](#) in nonpublic schools, a count that includes nursery schools, private schools (K-12), church-exempt schools (ages 2, 3, 4, and K-12), and publicly funded nonpublic schools (K-12). Approximately one-third of the nonpublic schools (414) in the State were [eligible](#) to participate in the Nonpublic Textbook Program in fiscal 2023. Thus, *for illustrative purposes*, local

expenditures increase between \$1.7 million and \$5.1 million to provide nonpublic school students with the required \$40 of care. Therefore, the mandated funding may be sufficient to provide the *required* services for some, if not most, counties; however, expenditures may increase meaningfully for counties that provide more than the minimal required level of care or with a significant population of eligible students.

The Maryland Association of County Health Officers advises that public schools are currently experiencing a school nurse shortage and face great difficulty recruiting. Therefore, it is likely that local school systems and LHDs will face enormous difficulty in retaining additional nurses and health staff to cover new nonpublic school health service needs. This difficulty may greatly increase the cost to hire adequate nurses to cover nonpublic schools.

Montgomery County advises that, based on 2019-2020 enrollments at qualifying nonpublic schools, costs to cover health services for nonpublic students would likely increase expenditures by \$337,240 (assuming services are provided at the cost cap of \$40 per student). However, Montgomery County also advises that enrollment trends following the pandemic suggest that up to an additional 3,000 students could require services as public school enrollments decline and nonpublic enrollments increase. To the extent Montgomery County has funds disbursed from MSDE for this purpose, these costs would be offset.

Anne Arundel County Public Schools advises that its memorandum of understanding with the LHD does not extend to covering health services to nonpublic schools. Therefore, it advises that the exact cost to the local school system to provide health services to nonpublic schools is difficult to estimate without knowing how many nonpublic schools will participate. However, even considering costs capped at \$40 per student and additional distributions from the bill's mandated appropriation, the school system may still face significant additional expenditures.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 419 (Senator Hettleman) - Education, Energy, and the Environment and Budget and Taxation.

Information Source(s): Anne Arundel County Public Schools; Baltimore City Public Schools; Prince George's County Public Schools; Montgomery County; Department of Budget and Management; Maryland Association of County Health Officers; Maryland State Department of Education; Maryland Department of Health; Department of Legislative Services

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