

Department of Legislative Services
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2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1267
Ways and Means

(Delegates Wilkins and Toles)

Promise Schools - Establishment

This bill requires the Maryland State Department of Education (MSDE) to annually identify at least 10 schools that are eligible for per pupil concentration of poverty grants (CPGs) as promise schools. MSDE may designate a school as a promise school if it is a low-performing school or if the school has been identified for comprehensive support and improvement (CSI). The local board of education that has a promise school must perform a specified comprehensive analysis and establish a specified three-year promise school plan designed to improve outcomes for students in the school. MSDE may modify and must approve promise school plans and must create a promise budget plan. The State Superintendent of Schools must designate a Director of Promise Schools in MSDE. Promise schools receive enhanced CPG funding, and the Governor must include an appropriation in the annual budget bill for the promise budget plan as well as \$2.0 million for MSDE to support local boards. A child may attend a school anywhere in the State if the promise school in the child's county has not improved student outcomes. Every three years a community schools coordinator must review and update the school's implementation plan and wraparound services. MSDE may modify community school needs assessments and implementation plans before granting approval. **The bill takes effect June 1, 2023.**

Fiscal Summary

State Effect: State expenditures increase significantly, beginning as early as FY 2024, to provide for MSDE administrative costs and to provide substantial funding increases for public schools, as described below. **This bill establishes a mandated appropriation and increases a mandated appropriation beginning in FY 2025.**

Local Effect: Local school systems with promise schools receive substantially increased State funding beginning as early as FY 2024. Increased out-of-county transfers affect local public school enrollment, and thus required State and local funding, as well as transportation costs. Local school system costs may increase to develop and update required plans. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: The Director of Community Schools must assist the Director of Promise Schools in overseeing the promise school program.

Three-year Promise School Plan and Promise Budget Plan

The three-year promise school plan must include, as specified:

- salary increases amounting to at least \$7,000, as specified, for the recruitment and retention of highly-accomplished educators;
- an extension of the school day or the school year;
- detailed logic models that demonstrate the programs, initiatives, and activities that will accelerate student learning;
- the use of high-quality tutors;
- in-school professional development;
- free breakfast and lunch for each student in the school; and
- wraparound services.

MSDE may approve the plan as submitted or modify the plan before approval. MSDE must create a detailed, itemized promise budget plan for each year of the promise school plan that includes the additional funding necessary for each item in the plan. MSDE must continue to create a promise budget plan after the three-year promise school plan has ended for expenses necessary to ensure the promise school's continued success. A salary increase provided under a promise budget plan continues to be in effect as long as the educator remains employed at the promise school. The Governor must include in each budget bill an appropriation that includes MSDE's promise budget plan for that fiscal year. MSDE must distribute to each promise school the entirety of the promise budget for that school.

During the course of the promise school plan, the school must periodically assess progress of students and share student progress and student accomplishments with families and the public. During the course of the promise school plan, MSDE may require the local board of education to work with a partner to accelerate student achievements.

School Choice

If, after the conclusion of the three-year promise school plan, MSDE determines that student outcomes in the promise school have not improved, the student's parent or guardian may transfer the student to a school, anywhere in the State, that is not identified as low-performing or for CSI. The local board with the promise school must provide transportation for the student. If the student transfers to another county, the county with the promise school must pay the receiving county for the equivalent of prior year per pupil local expenditures in either the sending or receiving county, whichever is less. MSDE must facilitate any related changes in enrollment.

Current Law:

Blueprint for Maryland's Future and Education Funding Formulas

Blueprint for Maryland's Future (Blueprint) legislation, including Chapter 771 of 2019; Chapters 36 and 55 of 2021; and Chapter 33 of 2022 established new programs and updated education funding formulas, to among other provisions provide additional support for schools serving high concentrations of students living in poverty, including community schools and wraparound services, and increased support for students learning English and students with disabilities.

The great majority of direct State aid to public schools (excluding teachers' retirement) is determined by enrollment-based funding formulas generally found in Title 5, Subtitle 2 of the Education Article. Collectively, the formulas account for a uniform base cost per pupil that is necessary to provide general education services to students in every school system and address the additional costs associated with educating three student populations: special education students; students eligible for free and reduced-price meals (FRPMs); and students who are English-language learners. Chapter 36 established additional major education aid programs.

Most State education aid formulas also entail wealth equalization across counties, compensating for differences in local wealth by providing less aid per pupil to the more wealthy counties and more aid per pupil to the less wealthy counties. Although on the whole most State aid formulas are designed to have the State pay roughly one-half of program costs, the State's share for the less wealthy counties is higher than 50%, and the State's share for more wealthy counties is lower than 50%.

Concentration of Poverty Grants

CPGs have two components. First, each qualifying school receives a personnel grant to employ a community school coordinator with specified qualifications and provide full-time

coverage by at least one health care practitioner. A county that provides health coverage or community school services with funds other than the personnel grant must continue to provide those services through fiscal 2030. Second, per pupil grants are provided for each qualifying school following the completion of a specified needs assessment. The personnel grant is a State-funded categorical amount that increases with inflation. Per pupil grants are only wealth equalized for districts that receive the minimum State funding (40%) under the compensatory education formula; for all other districts, the State pays the full amount. The local funding percentage is based on the compensatory education wealth equalization formula. The following table lays out the phase-in of the two components of the funding.

Concentration of Poverty Phase-in

School Poverty Percentage	Year Personnel Phased-in	Year Per Pupil Phased-in
> = 80%	FY 2020	FY 2022
75%-80%	FY 2021	FY 2023
70%-75%	FY 2022	FY 2024
65%-70%	FY 2023	FY 2025
60%-65%	FY 2024	FY 2026
55%-60%	FY 2025	FY 2027

School concentration percentages are based on a three-year average of compensatory education enrollment in each public school. Under Chapter 55, the three-year enrollment count excludes the 2020-2021 school year. A percentage increment of per pupil funding for each of six years of eligibility, beginning with 16% in the first year of eligibility and culminating in 100% funding by the seventh year, is specified in statute.

Career Ladder for Educators

Under the Blueprint, a four-level career ladder must be implemented by each county board of education by July 1, 2023. Minimum salary increases are required as specified beginning in fiscal 2023 for certain accomplishments associated with movement up the career ladder. Among the requirements is that teachers with National Board Certification receive salary increases (of \$10,000) beginning in fiscal 2023 and an additional amount (\$7,000) if they teach in a low-performing school.

Community Schools

Community schools in the State must promote active family and community engagement, including educational opportunities for adults and family members of students at the school who live in the neighborhood of the school. Community schools must have a community school coordinator who is responsible for (1) establishing a community school;

(2) completing an assessment of the needs of the students in the school for appropriate wraparound services to enhance the success of all students in the school; (3) developing an implementation plan based on the assessment of needs for the community school, in cooperation with other interested stakeholders; and (4) coordinating support programs that address out-of-school learning barriers for students and families, including wraparound services, tutoring, and other appropriate programs. The Director of Community Schools in MSDE must coordinate professional development for community school coordinators at each community school.

School Attendance Areas and Student Transportation

Generally, a student must attend the school designated to serve the student's attendance area. However, local boards of education have various policies allowing for enrollment of or the transfer of a student outside of his or her attendance area, under certain circumstances. Unique hardship circumstances, childcare needs, programming purposes, and relief of school overcrowding are among the local exceptions to required pupil attendance within designated attendance areas. Under certain conditions, a county may send children who reside within its borders to a public school in an adjoining "receiving county." A public school that is near the boundary of two counties may thereby be jointly attended by students from both counties. The county school boards of the two counties may provide jointly for the maintenance and support of the jointly attended school and determine the geographical attendance areas and other attendance policies for all jointly attended schools in the receiving county. If the two counties fail to agree on a geographical attendance area, then the State Superintendent must decide the matter. The State provides funding for students in certain out-of-county living arrangements.

All school systems are required to *arrange* transportation to and from school for all public school students and are required to *provide* transportation to and from school for all disabled students. The State provides aid for student transportation. The funding consists of two parts: a base grant that is adjusted annually; and a per pupil grant based on the number of students with special transportation needs.

Low-performing Schools and Comprehensive Support and Improvement Plans

The State Board of Education must establish a system of assessments to ensure that students are acquiring the knowledge contained in the curriculum standards in English, mathematics, science, and history or social studies. Using these assessments, the State Board of Education must identify low-performing schools. If MSDE, based on a recommendation by the Expert Review Team, determines that a low-performing school's performance is largely due to curricular problems, then the school must use the model curriculum. Otherwise, local school systems and public schools are not required to adopt the curriculum standards and resources developed by MSDE.

In 2017, as required by the Every Student Succeeds Act, the reauthorization of the federal Elementary and Secondary Education Act, and the parameters set by the Protect Our Schools Act of 2017 (Chapter 29), the State board developed a Maryland school accountability system. Schools are rated on a variety of weighted measures and then awarded between one and five stars based on their scores. This system was first implemented during the 2017-2018 school year; schools have not received star ratings since the 2018-2019 school year. For each school identified by MSDE for CSI the local board of education must develop and implement a CSI plan for the school to improve student outcomes. MSDE must also use the accountability system to identify schools for targeted support and improvement.

School Nutrition Programs

The School Breakfast Program and the National School Lunch Program are federally assisted meal programs for schools. The School Breakfast Program subsidizes public and participating nonprofit private schools of high school grade or lower and participating residential child care institutions for breakfast meals served to children. Similarly, the National School Lunch Program subsidizes public and participating nonprofit private schools of high school grade or lower and participating residential child care institutions for lunches served to children. In both programs, federal funds pass through MSDE to participating schools and institutions.

Maryland Meals for Achievement

Maryland Meals for Achievement (MMFA) is a joint effort of MSDE and local boards of education or sponsoring agencies for eligible nonpublic schools. MMFA provides funding for schools that make an in-class breakfast available to all students enrolled in schools in which 40% or more of the students qualify for FRPMs. A school that for one year falls below the 40% FRPM student population eligibility threshold is eligible for MMFA funding in that year. However, the school is no longer eligible for MMFA funding if its percentage of students falls below 40% in a second consecutive year.

Schools are selected to participate in the program and must serve breakfasts that meet MSDE guidelines and the nutritional standards of the U.S. Department of Agriculture for schools that participate in the federal school breakfast program. Participating schools must serve breakfasts in the classroom after arrival of students to the school. However, secondary schools (middle schools and high schools) that participate in MMFA may serve breakfast in any part of the school, including from “Grab and Go” carts, after arrival of students to the school. The Governor must include in the annual budget bill \$7.55 million for MMFA.

Maryland Cares for Kids Act

Under the Maryland Cares for Kids Act (Chapter 560 of 2018), the State is responsible for the *student share* of the costs of (1) reduced-price breakfasts provided under the federal School Breakfast Program by fiscal 2022 and (2) reduced-price lunches provided under the National School Lunch Program by fiscal 2023; the responsibility is phased-in beginning with fiscal 2020. A local board of education or participating nonpublic school is prohibited from charging a student who is eligible for a reduced-price breakfast beginning in fiscal 2022 or a reduced-price lunch beginning in fiscal 2023, for any portion of the cost of a meal.

State Fiscal Effect: State expenditures increase significantly, beginning as early as fiscal 2024, to provide for MSDE administrative costs and to provide substantial funding increases for public schools. Further, some of these expenditures are mandated. Though certain elements of the bill's costs are known, the total effect on State expenditures cannot be determined at this time due to several unknown variables, including the number and county locations of promise schools identified each year (at least 10); the student population and number of teachers at the particular promise schools, including the proportion eligible for free meals; the extent of extension of the school day or year at a given promise school; and the degree of additional professional development, tutoring, and wraparound services required for each promise school. Thus, the funding amounts to be determined in promise school budget plans, and the amount, if any, of funding needed for each promise school after the three-year promise plan expires cannot be precisely estimated.

Assuming that 10 promise schools are identified/designated each year, the total number of promise schools to be funded is assumed to increase by 10 each year; thus, funding under the bill escalates on an annual basis until such time that all low-performing and CSI schools have been identified at some time as promise schools. After the third year for a given promise school, funding may considerably abate if student outcomes improve (though salary increases provided under a school's promise budget plan continue to be in effect as long as the educator remains at the promise school).

The precise effect on State CPG expenditures depends upon the particular schools chosen, their student population and concentration levels, and year of eligibility when identified as a promise school. Based upon the average current CPG school size and funding levels, the increase could be as much as \$400,000 per school, with the number of schools increasing by an assumed amount of 10 per year. *Under this set of assumptions*, State CPG expenditures increase by \$4.0 million increments each year through fiscal 2026, or as much as \$4.0 million as early as fiscal 2024 and \$12.0 million by fiscal 2026. In subsequent years, annual increases in CPG grants will be somewhat less than \$4.0 million, to the extent

that under current law the identified schools will be either at, or one step away from, full CPG per pupil grant phase-in.

Promise school plans must incorporate several cost-driving elements, including salary increases and professional development, school meal costs, and costs associated with enhanced tutoring and wraparound services. These costs, which cannot be reliably estimated at this time are assumed to be incorporated into promise budget plans to be funded by the State; promise budget plans are also assumed to incorporate enhanced CPG expenditures addressed above.

MSDE administrative costs, including those associated with the new Director of Promise Schools position, increase by as early as fiscal 2024. It is assumed that the required annual \$2.0 million appropriation provides more than sufficient general funds to cover these expenses.

Through fiscal 2026, State expenditure increases include both general funds and special funds, to the extent that Blueprint for Maryland's Future Funds (BMFF), which are used to provide for enhancements under the Blueprint are deemed to be appropriate under the bill. BMFF funds are projected to be insufficient to cover current law increases under the Blueprint, and thus current law increases are partially covered by general funds. Therefore, increased expenditures under the bill for fiscal 2027 and subsequent years are covered by general funds. Net State revenues are not affected.

Local Fiscal Effect: Local school systems receive substantially increased funding under the bill, as described above. The statewide and county-by-county affects cannot be reliably estimated, but counties (including Baltimore City) with substantial numbers of CPG and low-performing schools are presumed to benefit the most from increased State funding. Expenditures, which include increased administrative costs to provide required analyses and school plans, increase accordingly.

To the degree that students in continually unimproved promise schools transfer to other schools in the county, local school system transportation costs increase. Further, to the extent that students transfer to other counties, school system transportation costs are further affected, and enrollment counts used to determine relative State and local funding through multiple funding formulas targeted to public schools are affected, in the fiscal year following the particular fall enrollment count. Thus, county expenditures are affected to the degree that changes in local shares of various formulas increase overall required effort.

Additional Comments: The bill increases local responsibilities, including analyses and plan developments as early as fiscal 2024. If the fiscal 2024 budget does not account for promise budget plans, it is assumed, but not certain, that the State will later reimburse these costs.

Additional Information

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

Designated Cross File: SB 814 (Senator A. Washington) - Education, Energy, and the Environment and Budget and Taxation.

Information Source(s): Baltimore City Public Schools, Anne Arundel County Public Schools; Carroll and Queen Anne's counties; Maryland Association of Counties; Maryland State Department of Education; Department of Budget and Management; Department of Legislative Services

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