

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 First Reader

Senate Bill 869 (Senator Ferguson)

Budget and Taxation and Education, Energy,
 and the Environment

Primary and Secondary Education – Concentration of Poverty School Grant
 Program – Eligibility

This bill increases funding of Concentration of Poverty Grants (CPG) by accelerating the phase-in of CPG personnel grants in fiscal 2024 and the phase-in of CPG per pupil grants in fiscal 2024, 2025, and 2026. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: State expenditures increase by \$28.0 million in FY 2024 and by \$9.3 million by FY 2028. Revenues are not affected. **This bill increases a mandated appropriation beginning in FY 2025.**

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	0	0	8.7	9.3
SF Expenditure	28.0	9.0	7.5	0	0
Net Effect	(\$28.0)	(\$9.0)	(\$7.5)	(\$8.7)	(\$9.3)

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

Local Effect: The majority of local boards of education receive an increase in State aid, beginning in FY 2024. Based upon current projections, the local appropriation to the boards of education in Garrett, Kent, and Talbot counties will increase under the bill.

Small Business Effect: None.

Analysis

Current Law/Bill Summary:

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.

Current Law Concentration of Poverty Phase-in

<u>School Poverty Percentage</u>	<u>Year Personnel Phased-in</u>	<u>Year Per Pupil Phased-in</u>
> = 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

The bill accelerates the phase-in of CPG personnel grants by including schools with poverty concentrations as low as 55% by fiscal 2024. The bill also accelerates the phase-in of CPG per pupil grants by including schools with poverty concentrations as low as 65% by fiscal 2024, as low as 60% by fiscal 2025, and as low as 55% by fiscal 2026.

The following features of current law are not altered by the bill. 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. County governments (including Baltimore City) must appropriate the greater of the combined local share of several aid

programs, including the CPG program, after certain local relief provisions are applied, or the per pupil maintenance of effort (MOE) result.

State Expenditures: State expenditures, in the form of CPG State aid, increase by \$28.0 million in fiscal 2024, including \$22.6 million for personnel grants and \$5.4 million for per pupil grants. The bill does not alter the concentration of poverty level for personnel grants beyond fiscal 2024; personnel grants reach full phase-in regarding personnel grant concentration levels by fiscal 2025 under current law. CPG per pupil State aid expenditures increase by an estimated \$9.0 million in fiscal 2025 and by an estimated \$9.3 million by fiscal 2028. Because proportions of the CPG per pupil grant increase with each year of eligibility, until reaching 100% of the per pupil grant by the seventh year, acceleration of eligibility in fiscal 2024 through 2026 results in increased CPG per pupil grant funding through fiscal 2028 and beyond. **Exhibit 1** shows estimated increases to State aid under the bill.

Exhibit 1
Estimated Increases in CPG State Aid under the Bill
(\$ in Millions)

	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
Personnel Grants	\$22.6	\$0.0	\$0.0	\$0.0	\$0.0
Per Pupil Grants	5.4	9.0	7.5	8.7	9.3
Total	\$28.0	\$9.0	\$7.5	\$8.7	\$9.3

CPG: Concentration of Poverty Grants

Source: Department of Legislative Services

Blueprint for Maryland’s Future Fund (BMFF) special fund revenues are projected to be sufficient to cover mandated annual increases in expenditures for BMFF through fiscal 2026. However, current projections indicate that, under current law, revenues in BMFF, including prior-year fund balances, will be less than the current law required increases to annual expenditures under the Blueprint beginning in fiscal 2027. Thus, the expenditures shown in Exhibit 1 are covered by special funds through fiscal 2026 but are covered by general funds beginning in fiscal 2027.

Local Fiscal Effect: As described above, certain counties are subject to a local share of CPG per pupil grants. Given both the local share and MOE requirements under current law, some county governments will be required to increase local appropriations to the local boards. **Exhibit 2** shows the estimated increase in local appropriations under the bill.

Exhibit 3 shows estimated increases in combined State aid and local appropriations to local public schools under the bill, based on factors discussed above.

Exhibit 2
Estimated Increases in Local Appropriations under the Bill

County	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Allegany	\$0	\$0	\$0	\$0	\$0
Anne Arundel	0	0	0	0	0
Baltimore City	0	0	0	0	0
Baltimore	0	0	0	0	0
Calvert	0	0	0	0	0
Caroline	0	0	0	0	0
Carroll	0	0	0	0	0
Cecil	0	0	0	0	0
Charles	0	0	0	0	0
Dorchester	0	0	0	0	0
Frederick	0	0	0	0	0
Garrett	0	23,014	31,810	16,118	30,381
Harford	0	0	0	0	0
Howard	0	0	0	0	0
Kent	52,423	54,920	17,453	64,860	40,496
Montgomery	0	0	0	0	0
Prince George's	0	0	0	0	0
Queen Anne's	0	0	0	0	0
St. Mary's	0	0	0	0	0
Somerset	0	0	0	0	0
Talbot	150,841	113,238	49,952	184,302	114,979
Washington	0	0	0	0	0
Wicomico	0	0	0	0	0
Worcester	0	0	0	0	0
Total	\$203,264	\$191,172	\$99,215	\$265,280	\$185,856

Source: Department of Legislative Services

Exhibit 3
Estimated Increases in State Aid and Local Appropriations under the Bill

County	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Allegany	\$545,646	\$55,780	\$88,294	\$50,025	\$77,307
Anne Arundel	1,678,610	112,163	116,532	107,125	127,091
Baltimore City	0	0	0	0	0
Baltimore	7,387,200	2,510,776	1,888,165	2,405,731	2,452,679
Calvert	0	0	0	0	0
Caroline	0	30,575	31,351	10,008	36,814
Carroll	272,823	0	10,604	10,831	3,459
Cecil	1,043,798	256,167	235,295	294,086	257,359
Charles	272,823	168,163	172,435	55,045	202,478
Dorchester	711,965	184,074	201,229	225,332	239,284
Frederick	513,209	363,071	194,358	333,654	318,975
Garrett	1,091,292	32,414	45,397	23,028	42,995
Harford	469,412	381,118	267,711	323,336	369,552
Howard	545,646	7,358	50,902	46,698	23,002
Kent	67,708	71,093	22,781	83,775	52,312
Montgomery	3,268,912	383,950	420,376	425,701	429,228
Prince George's	5,911,522	3,151,190	2,441,435	3,027,892	3,082,232
Queen Anne's	272,823	0	818	831	266
St. Mary's	0	0	0	0	0
Somerset	408,712	142,683	51,456	173,993	106,859
Talbot	186,812	152,500	62,855	231,141	144,332
Washington	878,364	345,274	349,955	207,652	399,412
Wicomico	2,709,830	840,496	991,899	866,913	1,071,561
Worcester	14,483	15,592	5,269	18,369	11,584
Total	\$28,251,590	\$9,204,437	\$7,649,117	\$8,921,166	\$9,448,781

Source: Department of Legislative Services

Additional Information

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

Designated Cross File: None.

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

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rh/hlb

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