

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: December 4, 2007

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **LEGISLATIVE UPDATE**

ORIGINATOR: Dr. Joe A. Hairston, Superintendent

RESOURCE PERSON(S): Dr. Donald A. Peccia, Assistant Superintendent, Human Resources and Governmental Relations

INFORMATION

The following will provide an update on the current Special Session of the Maryland General Assembly.

Legislative Update

December 4, 2007

Legislative Update

As of November 14, 2007, both the House and the Senate have agreed upon the Budget Reconciliation Act with only a few differences that will be worked out by a conference committee of both chambers. Since the last update, efforts by school systems to decrease the amount of reductions have been somewhat successful. Those efforts can be summarized in the following:

- The Geographic Cost of Education Index, which was originally to be funded at the 30 percent level in 2008-2009 and 60 percent in 2009-2010, has been recommended to be funded at the 60 percent level in 2008-2009 and 100 percent in 2009-2010.
- The bill was amended to include an inflation factor that is “the CPI or the Implicit Price Deflator (IPD), whichever is less and not to exceed five percent.”

This represents a commitment to return to a true inflation factor.

The impact of these amendments means that the Baltimore County School Systems will receive approximately \$487,652,000 in indirect aid in 2008-2009, an increase of \$4,590,000 over 2007-2008. This represents an increase in funding of about 1.0 percent over the last year. It also represents about \$2,189,000 more than originally proposed in the Budget Reconciliation Act but still \$21,758,000 less than originally proposed under the current Thornton funding formula. Additionally, an estimate of 2009-2010 funding is provided.

Budget Reductions

In addition to the reductions to Thornton funding, there were several other areas of budget reductions that impacted education. Those items pertaining to education are

listed on the Potential Reductions to Fiscal 2009 Baseline Budget sheet. Those items listed as rejected by the House Education and Economic Development Committee will need to be addressed in the conference committee with the Senate.

One other reduction recommended by the House was a one-year adjustment of the state/local share for the excess costs of non-public placements from the current 80/20 split to a 75/25 split resulting in local school systems having to pick up an additional five percent of the cost (a \$7.8 million savings for the State) for 2008-2009.

Fiscal 2009 Direct Education Aid* Under Senate Budget Reconciliation Act (BRA)

(\$ in Thousands)

County	Change from Fiscal 2008 to 2009				Fiscal 2009 Difference from	
	FY 2008 Direct Aid	BRA Direct Aid	\$ Change	% Change	BRA as Introduced	Current Law
Allegheny	\$80,434	\$80,962	\$528	0.7%	\$169	(\$3,054)
Anne Arundel	252,189	255,327	3,139	1.2%	2,578	(9,580)
Baltimore City	796,651	807,931	11,280	1.4%	9,886	(16,099)
Baltimore	483,062	487,652	4,590	1.0%	2,189	(21,758)
Calvert	81,674	83,145	1,471	1.8%	720	(3,305)
Caroline	40,854	41,093	239	0.6%	81	(1,697)
Carroll	135,930	137,396	1,466	1.1%	1,481	(4,868)
Cecil	94,350	96,192	1,842	2.0%	0	(4,479)
Charles	142,080	146,970	4,890	3.4%	1,047	(5,700)
Dorchester	29,206	29,419	213	0.7%	79	(613)
Frederick	193,566	201,332	7,766	4.0%	1,928	(7,878)
Garrett	24,434	24,567	133	0.5%	111	(163)
Harford	201,101	201,957	856	0.4%	1,155	(8,031)
Howard	178,165	183,316	5,150	2.9%	1,460	(7,291)
Kent	9,354	9,444	90	1.0%	89	236
Montgomery	378,639	408,178	29,539	7.8%	9,214	(9,866)
Prince George's	868,042	895,479	27,437	3.2%	11,903	(29,340)
Queen Anne's	28,560	29,098	538	1.9%	166	(1,188)
St. Mary's	87,042	88,374	1,332	1.5%	64	(4,185)
Somerset	23,098	23,254	156	0.7%	0	(981)
Talbot	9,656	9,710	54	0.6%	28	(405)
Washington	131,972	135,564	3,592	2.7%	0	(6,318)
Wicomico	102,651	105,681	3,029	3.0%	0	(4,617)
Worcester	16,273	16,249	(24)	-0.1%	0	(710)
Total State	\$4,388,984	\$4,498,289	\$109,304	2.5%	\$44,349	(\$151,888)

*Estimates include the following education aid formulas: foundation, compensatory education, limited English proficiency, special education, guaranteed tax base, geographic cost of education index (GCEI), student transportation, and the supplemental grant assuming a 60% phase-in of the GCEI formula in fiscal 2009.

Fiscal 2010 Direct Education Aid* Under Senate Budget Reconciliation Act (BRA)

(\$ in Thousands)

County	Change from Fiscal 2009 to 2010				Fiscal 2010 Difference from	
	FY 2009 Direct Aid	FY 2010 BRA Direct Aid	\$ Change	% Change	BRA as Introduced	Current Law
Allegany	\$80,962	\$81,177	\$215	0.3%	\$41	(\$4,866)
Anne Arundel	255,327	256,835	1,507	0.6%	4,108	(16,135)
Baltimore City	807,931	814,006	6,075	0.8%	15,786	(26,764)
Baltimore	487,652	493,503	5,851	1.2%	1,307	(36,792)
Calvert	83,145	83,569	424	0.5%	2,123	(5,512)
Caroline	41,093	41,989	895	2.2%	(87)	(2,906)
Carroll	137,396	137,963	568	0.4%	2,349	(7,925)
Cecil	96,192	96,568	375	0.4%	(43)	(6,979)
Charles	146,970	151,546	4,575	3.1%	5,424	(9,645)
Dorchester	29,419	29,500	82	0.3%	293	(1,398)
Frederick	201,332	205,794	4,462	2.2%	2,158	(13,445)
Garrett	24,567	24,613	46	0.2%	312	(24)
Harford	201,957	202,453	496	0.2%	2,690	(11,527)
Howard	183,316	185,731	2,415	1.3%	1,382	(12,234)
Kent	9,444	9,460	16	0.2%	191	719
Montgomery	408,178	428,796	20,619	5.1%	10,682	(19,771)
Prince George's	895,479	923,067	27,587	3.1%	17,371	(51,661)
Queen Anne's	29,098	29,428	330	1.1%	134	(1,967)
St. Mary's	88,374	88,944	571	0.6%	(203)	(6,781)
Somerset	23,254	23,549	295	1.3%	(56)	(1,585)
Talbot	9,710	9,725	15	0.1%	89	(600)
Washington	135,564	139,632	4,068	3.0%	(305)	(10,349)
Wicomico	105,681	108,284	2,604	2.5%	(280)	(7,547)
Worcester	16,249	16,200	(49)	-0.3%	0	(1,131)
Total State	\$4,498,289	\$4,582,331	\$84,043	1.9%	\$65,464	(\$256,826)

*Estimates include the following education aid formulas: foundation, compensatory education, limited English proficiency, special education, guaranteed tax base, geographic cost of education index (GCEI), student transportation, and the supplemental grant assuming a 100% phase-in of the GCEI formula in fiscal 2010.

Note: As introduced, the BRA would have impacted county wealth bases in fiscal 2009, and therefore local education aid in fiscal 2010, due to the repeal of the 50% personal property tax exemption for electric-generating equipment. The Senate removed the repeal.

**Potential Reductions to Fiscal 2009 Baseline Budget
(\$ in Millions)**

			<u>Possible FY 2008 Savings</u>	<u>FY 2009 GF Savings</u>	<u>Statutory Change Needed?</u>	<u>Subcommittee Decision - FY08</u>	<u>Subcommittee Decision - FY09</u>
Education and Economic Development Subcommittee							
USM, MSU, SMCM	(5)	Level fund public higher education; statutory change needed to alter formula for St. Mary's College of Maryland only. Fiscal 2008 recommendation is a reduction to enhancement funding	\$9.3	\$37.6	Y		\$3.0
MHEC	(13)	Level fund grants to private higher education institutions at fiscal 2008 levels		6.2	Y		3.4
MHEC, BCCC	(11)	Defer additional enhancement to the community college formula by holding the Cade formula at the fiscal 2008 level of 25.5% and Baltimore City Community College at 66.5%		6.7	Y		6.7
MHEC	(25)	Level fund small community colleges grants		0.1	Y		Reject
MSDE, MHEC	(6)	Share the increase in retirement costs of teachers, librarians, and community college employees with local government		29.5	Y		Reject
MSDE	(7)	Reduce Geographic Cost of Education Index by applying the formula to the State share of the Foundation program only		19.6	Y		Reject
MSDE	(14)	Defer inflationary adjustment to student transportation grants		5.8	Y		Reject
MSDE	(16)	Defer additional enhancement to the public libraries formula by holding the formula at the fiscal 2008 level of \$14 per capita for local libraries and \$6.50 per capita for Regional Resource Libraries		3.3	Y		3.3
MSDE	(24)	Eliminate general fund mandates for PTA matching grants and the Share the State Fair grant program		0.2	Y		0.2
MSDE	(34)	Level fund Maryland Infants and Toddlers Program; baseline assumes this non-mandated formula is fully funded		8.2	N		8.0
MSDE	(41)	Defer funding for School Facilities Assessment Survey; baseline assumes this non-mandated program is funded		2.8	N		2.8
MSDE	(42)	Defer expansion of MSDE education programs into additional Juvenile Services facilities; baseline forecast assumes expansion into the Waxter Center and Noyes Center		2.5	N		1.7
IAC	(23)	Defer inflationary increase to Aging Schools program		0.3	Y		0.3
DBED	(18)	Level fund Maryland State Arts Council grants at fiscal 2008 level		0.7	Y		0.7
DBED	(35)	Fund Stem Cell Research Grants at fiscal 2007 level of \$15 million	4.0	8.0	N	3.0	3.0

Potential Reductions to Fiscal 2009 Baseline Budget
(\$ in Millions)

			Possible FY 2008 <u>Savings</u>	FY 2009 GF <u>Savings</u>	Statutory Change <u>Needed?</u>	Subcommittee Decision - <u>FY08</u>	Subcommittee Decision - <u>FY09</u>
DBED	(37)	Eliminate Film Production Wage Rebate Program		4.0	N		Reject
DBED	(40)	Fund Maryland Small Business Development Financing Authority solely with special funds	1.5	2.9	N		Reject
DBED	(46)	Fund Rural Broadband Assistance Fund with MEDAF special funds		2.0	Y		2.0
		Repeal Small Business Development Fund mandate (UMCP)					0.8
		For fiscal 2009, establish State-local cost share at 75%-25% for Nonpublic Placements					7.8
		Delete funding for NorthBay environmental education center					1.7
		Repeal mandated amount for County Library Capital Grants program					
		Subcommittee Total	\$14.8	\$140.4			\$45.4