

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: March 5, 2013
TO: **BOARD OF EDUCATION**
FROM: S. Dallas Dance, Superintendent
SUBJECT: **UPDATE OF KEY SCHOOL LEGISLATION**
ORIGINATOR: Edward J. Novak, Governmental Relations Liaison

INFORMATION

That the Board of Education receives information on Key School Legislation.

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BOARD OF EDUCATION OF BALTIMORE COUNTY
STATE LEGISLATIVE UPDATE

March 5, 2013

Background Information

The 433rd Session of the Maryland General Assembly began on January 9, 2013, and will meet until its Adjournment SINE DIE on April 8, 2013. Currently, there are a total of 2,478 legislative introductions: 1015 Senate Bills, 3 Joint Senate Resolutions, 1,456 House Bills, and 4 Joint House Resolutions.

Discussion

The following bills are presented for the Board of Education’s consideration. **The first section** contains bills that the Board has considered and voted on position. **The second section** contains informational bills. **The third section** contains informational items only.

SECTION 1: BOE POSITION

BILL	TITLE / SYNOPSIS	POSITION/ANALYSIS

SECTION 2: BOE INFORMATIONAL BILLS

BILL	TITLE / SYNOPSIS	ANALYSIS
<p>HB 165 SB 807</p>	<p>Elementary and Secondary Education – Security – School Resource Officers</p> <p>Introduced by Delegates Cluster, Afzali, Anderson, Aumann, Bromwell, Conaway, Costa, Eckardt, Elliott, Fisher, Frank, George, Glass, Hershey, Hough, Jacobs, Kach, K. Kelly, Kipke, McComas, McConkey, McDermott, McDonough, W. Miller, Minnick, Mitchell, Myers, Norman, O'Donnell, Ready, Schuh, Schulz, Smigiel, Szeliga, Valentino-Smith, and Weir</p> <p>Requiring each county superintendent of schools to enter into an agreement with an appropriate law enforcement agency to provide a school resource officer to each public elementary and secondary school; providing that additional funding required for school resource officers shall be paid from the Education Trust Fund from funds allocated from a specified source; and making the Act an emergency measure.</p> <p>Effective Date – Date Enacted</p>	<p>This bill would require the superintendent to enter into an agreement with the Baltimore County Police Department to provide a school resource officer (SRO) in each elementary and secondary school. Any additional required funds needed in excess of the school system’s FY 2013 operating budget would be provided from the state’s Education Trust Fund.</p>

BILL	TITLE / SYNOPSIS	ANALYSIS
	<p>Bill Status: House – 03/06/13 - Hearing http://mgaleg.maryland.gov/2013RS/bills/hb/hb0165F.pdf Senate – 02/28/13 – Hearing http://mgaleg.maryland.gov/2013RS/bills/hb/hb0807F.pdf</p>	
<p>HB 269</p>	<p>Public Schools – Requirements for Controlled Access</p> <p>Introduced by Delegates Luedtke, Clippinger, Cullison, A. Kelly, S. Robinson, Summers, and Waldstreicher</p> <p>Requiring a new school or a renovated school that receives State public school construction funds to be constructed or renovated to have controlled access to allow visitors to enter the school; providing for the application of the Act to the construction or the renovation of schools that have not initiated a specified Request For Proposal on or before January 1, 2014; etc.</p> <p>Effective Date – July 1, 2013</p> <p>Bill Status: House – 03/06/13 - Hearing http://mgaleg.maryland.gov/2013RS/bills/hb/hb0269F.pdf</p>	<p>This bill would require that any new or renovated school project (essentially beginning on 01/01/14) that receives state funds be required to have a controlled access system installed. The access system would be required to allow staff the ability to lock school doors, use camera and intercom systems to see and speak to any visitors seeking access to the school, and to use a remote buzzer to allow access to the building. The bill would require the Board of Public Works to issue implementing regulations.</p>
<p>HB 475</p>	<p>Public School Labor Relations - Renegotiation Procedures and Board Administration</p> <p>Introduced by Chair</p> <p>Authorizing a public school employer and an employee organization to use an alternative procedure regarding the renegotiation of allocated funds under specified circumstances; providing that, in connection with the Public School Labor Relations Board's administration of specified subtitles, references to written communications include electronic communications, time limits may be extended for good cause, and venues for judicial proceedings involving Board action shall be in a specified county; etc.</p> <p>Effective Date – October 1, 2013</p> <p>Bill Status: House – 02/13/13 - Hearing</p>	<p>Several years ago, the General Assembly enacted legislation that made changes in the collective bargaining process and created a Public Sector Labor Relations Board (PSLRB) to handle disputes arising from negotiations. The law contained a sunset provision that is set to expire on June 30, 2015. Under the law, the PSLRB has the authority to make recommendations for legislative action regarding this statute. This bill is based on PSLRB's recommended changes. The bill would cover both certificated and non-certificated bargaining units and allow a school system and a labor organization to negotiate an alternative procedure for the parties to use in situations where renegotiations are required IF the county does not approve sufficient funds to implement a negotiated agreement between the parties; any agreed procedure must comply with existing, relevant statutes regarding the fiscal relationship between a county and a local board. While this bill does not require specific</p>

BILL	TITLE / SYNOPSIS	ANALYSIS
	http://mgaleg.maryland.gov/2013RS/bills/hb/hb0475F.pdf	<p>negotiations or agreements between the parties, it is likely that a challenge would arise if a school system refuses to consider and negotiate such procedure, potentially subjecting the board to increased scrutiny before the PSLRB with regard to the need to demonstrate “good faith” in bargaining relationships. This provision is unnecessary because current law requires renegotiation in this situation prior to the local board’s final determination regarding fund allocation.</p>
<p>HB 507</p>	<p>Baltimore County Public Schools - Enrollment and Transfer - Parental Decision</p> <p>Introduced by Delegates <u>Weir, Aumann, Boteler, Bromwell, Frank, Minnick, Olszewski, and Stein</u></p> <p>Authorizing the parent or guardian of a student eligible for enrollment in specified grades in Baltimore County public schools to decide to apply to enroll the student in a public school other than the public school to which the student was assigned by the Baltimore County Board of Education, beginning in the 2014-2015 school year; requiring all public schools to be open to specified students on a space-available basis under specified circumstances; etc.</p> <p>Effective Date – October 1, 2013</p> <p>Bill Status: House – 02/13/13 - Hearing</p> <p>http://mgaleg.maryland.gov/2013RS/bills/hb/hb0507F.pdf</p>	<p>This is a local bill that would allow parents/guardians to enroll their children in any BCPS school (with available space, as published annually for BCPS middle and high schools) for students entering the 6th and 9th grades. If more students apply for transfers than there are available seats, a lottery system would be used to select students. Once a student enrolls under this bill, they will be able to continue their attendance for all grades offered at that school. Parents/guardians of students transferring to a school other than their assigned school must agree to assume the responsibility and cost of transportation to that school. This bill is a modified version of legislation previously introduced (the Board opposed) that did not pass. The sponsor of the prior bill requested a study; a study was conducted by MSDE in conjunction with BCPS and found that this transfer option was not viable. Although more limited in scope, the bill would still make it difficult for staff to adequately plan and project for school capacity, given the significant number of variables that affect school enrollment and attendance, including special permission transfers, magnet programs, etc.</p>
<p>HB 661 SB 995</p>	<p>Teaching Techniques - Students with Special Needs and Limited English Proficiency</p> <p>Introduced by Delegates Luedtke, Afzali, Carr, Frick, A. Kelly, Serafini, Summers, A. Washington, and Zucker</p> <p>Requiring the State Department of Education to ensure that certified teachers receive adequate instruction in techniques for teaching students with special needs and students with limited English proficiency and in appropriate behavior interventions; applying the Act to teachers certified at specified times; and requiring the Department to adopt regulations.</p>	<p>This bill would require MSDE to provide each PreK-12 teacher (newly certified as of July 1, 2015, and all certified teachers as of July 1, 2017) with instruction regarding techniques for teaching students with special needs, students with limited English proficiency, and in appropriate behavioral interventions regardless of the teacher’s area of certification. The required instruction may be provided through a teacher preparatory program, supplemental coursework, or professional development. MSDE is required to adopt necessary regulations to implement this requirement.</p>

BILL	TITLE / SYNOPSIS	ANALYSIS
	<p>Effective Date – October 1, 2013</p> <p>Bill Status: House – 02/20/13 – Hearing http://mgaleg.maryland.gov/2013RS/bills/hb/hb0661F.pdf Senate – 02/18/13 – First Reading http://mgaleg.maryland.gov/2013RS/bills/sb/sb0995F.pdf</p>	
<p>HB 833 SB 740</p>	<p>College Readiness and Completion Act of 2013</p> <p>Introduced by Delegates Kaiser, Bohanan</p> <p>Introduced by Senators Pinsky, Madaleno</p> <p>Requiring the State Department of Education to establish specified mathematics course requirements for specified students; requiring students to enroll in a college preparation curriculum except in a specified circumstance; requiring the Department to make a specified assessment of all students in the 11th grade by a specified school year; requiring the Department, in collaboration with a specified association, to develop and implement specified courses for the 12th grade by a specified school year; etc.</p> <p>Effective Date – July 1, 2013</p> <p>Bill Status: House – 02/26/13 – Hearing http://mgaleg.maryland.gov/2013RS/bills/hb/hb0833F.pdf Senate – 03/06/13 – Hearing http://mgaleg.maryland.gov/2013RS/bills/sb/sb0740F.pdf</p>	<p>This bill would require MSDE to establish specified mathematics course requirements for certain students and would require students to enroll in a college preparation curriculum (unless a parent or student declines to enroll). MSDE would be required to conduct a specified assessment of all students in the 11th grade and, in collaboration with Maryland public community colleges, to develop and implement specified courses for the 12th grade to facilitate student college readiness. The bill establishes Algebra II as the minimum level of math competency for a high school student enrolled in a college preparation program and would require that additional high school math instruction be in “non-trivial” math classes. The bill also includes provisions for creating a new Early College Access Grant and mandating local school system payment of tuition for all dually enrolled students.</p>
<p>HB 843</p>	<p>State Board of Education - Financial Literacy Curriculum - Graduation Requirement</p> <p>Introduced by Delegates Walker, Arora, Bobo, Bromwell, Cane, Clagett, Clippinger, DeBoy, George, Haddaway-Riccio, Hough, Jameson, K. Kelly, Kipke, McDonough, Mitchell, Norman, Oaks, Olszewski, B. Robinson, Schuh, Sophocleus, Stocksdale, Stukes, Valderrama, Valentino-Smith, Wilson, Wood, and Zucker</p> <p>Requiring the State Board of Education to develop curriculum content for a course in financial literacy; requiring each county board of education to implement the financial literacy curriculum content developed by the State Board in every high school in the county; and requiring students to complete a course in financial literacy in order to graduate from high school.</p>	<p>This bill would require the Maryland State Board of Education to develop a semester long financial literacy curriculum that each local board must implement. The course will be a requirement for high school graduation.</p>

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	<p>Effective Date – October 1, 2013</p> <p>Bill Status: House – 03/13/13 - Hearing</p> <p>http://mgaleg.maryland.gov/2013RS/bills/hb/hb0926F.pdf</p>	
<p>HB 926</p>	<p>County Boards of Education - Spending - Reporting Requirement</p> <p>Introduced by Delegate Olszewski</p> <p>Requiring each county board of education to provide a report to the State Department of Education by specified dates on the amount of State, local, and federal funds spent per student for specified students at each school; requiring the Department to submit a specified report to the General Assembly by specified dates; etc.</p> <p>Effective Date – October 1, 2013</p> <p>Bill Status: House – 02/27/13 - Hearing</p> <p>http://mgaleg.maryland.gov/2013RS/bills/hb/hb0843F.pdf</p>	<p>This bill would require that each local board to submit a funding report to MSDE (which would report all 24 board’s information to the General Assembly). The report would include state, local, and federal funding on a per student basis and by individual school for the following funding categories:</p> <ul style="list-style-type: none"> • students receiving compensatory education (FARMS-eligible) • limited-English proficiency • special education funding • magnet students • all remaining students <p>The reporting would begin no later than 10/01/14, and continue each subsequent 3 years. Implementation of the bill would require a different system of collecting and reporting data because it does not follow existing MSDE reporting.</p>
<p>HB 1174</p>	<p>Educator Evaluation System - Pilot Program Extension</p> <p>Introduced by Delegates <u>Stein</u>, <u>Cardin</u>, Cullison, Gutierrez, <u>Lafferty</u>, Luedtke, <u>Malone</u>, Mizeur, <u>Morhaim</u>, and <u>Weir</u></p> <p>Requiring the State Department of Education to extend the pilot program for the Educator Evaluation System until specified assessments are aligned with the Maryland Common Core State Curriculum and the assessments are fully implemented; and requiring the Department to take the steps necessary to implement the pilot program extension requirement.</p> <p>Effective Date – June 1, 2013</p> <p>Bill Status: House – 03/06/13 - Hearing</p> <p>http://mgaleg.maryland.gov/2013RS/bills/hb/hb1174F.pdf</p>	<p>This bill would require the MSDE to extend the Education Evaluation System Pilot Program until such time that the state assessments are aligned with the Common Core State Curriculum and the necessary assessments are fully implemented.</p>

<p>HB 1288</p>	<p>Accountability in Education Act of 2013</p> <p>Introduced by Delegates Stocksdale, <u>Aumann</u>, Bates, <u>Boteler</u>, Frank, and Wood</p> <p>Requiring a county board of education to pay a public institution of higher education 50% of the tuition and fees charged to a student enrolled in a noncredit remedial education course under specified circumstances; requiring a county board to remit payment within a specified number of days on receipt of a specified notification from a public institution of higher education; etc.</p> <p>Effective Date – June 1, 2013</p> <p>Bill Status: House – 03/13/13 - Hearing</p> <p>http://mgaleg.maryland.gov/2013RS/bills/hb/hb1288F.pdf</p>	<p>This bill would require a local board to pay a Maryland public institution of higher education 50% of the tuition and fees charged (upon request and receipt of an invoice) to a student for a noncredit remedial course taken if that student has been certified by a high school principal as qualified to pursue a higher education and enrolled in a public institution within 18 months after graduation from a Maryland public high school. The bill would be effective beginning in the 2014-2015 academic year.</p>
<p>SB 10 HB 413</p>	<p>Baltimore County – Board of Education – Selection of Members</p> <p>Introduced by Senator <u>Zirkin</u></p> <p>Establishing procedures for the election and appointment of the members of the Baltimore County Board of Education; repealing provisions governing the appointment of members of the county board; establishing the composition of the county board; requiring members of the county board to reside in, be a registered voter in, and be elected from specified districts; providing for a student member of the county board; providing for the removal of, and hearings and appeal procedures for, specified members of the county board; etc.</p> <p>Effective Date – June 1, 2013</p> <p>Bill Status: Senate – Unfavorable Report **</p> <p>http://mgaleg.maryland.gov/2013RS/bills/sb/sb0010F.pdf House – 02/13/13 – Hearing http://mgaleg.maryland.gov/2013RS/bills/hb/hb0413F.pdf</p> <p>** The Baltimore County Senate Delegation approved amendments to the bill, but an unfavorable report was issued on the bill based on the 4 to 4 vote.</p>	<p>SB 10 was pre-filed for the 2013 Session. A similar bill was previously introduced as SB 407 in the 2012 General Assembly. SB 407 was amended in the committee on Education Health and Environmental Affairs and again on the Senate floor during deliberations. The language contained in SB 10 reflects SB 407, as amended. The amended SB 407 was passed by the Senate but no action was taken by the House of Delegates.</p> <p>Summary of SB 10 Provisions:</p> <ul style="list-style-type: none"> • Would retain the current 12-member size of the board but would change its composition to include 6 members elected on a nonpartisan basis, 5 members appointed by the Governor and 1 student member. • Elected members would be elected (based on affirmative “for” vote cast) from each of the 6 school districts to be established by the Baltimore County Council; members must be residents of the specific school district and a registered voter; districts must be substantially equal in population and will be redrawn by the County Council after each 10 year census, with consultation with the county board and public input. • Authorizes the County Executive to appoint a member(s) if no qualified candidate runs for the office, with the

		<p>agreement of the County Council.</p> <ul style="list-style-type: none"> • Election of members would first occur at the November 2014 General Election; elected members' term of 4 years would begin on December 8, 2014; 5 appointed members would be required to be appointed within 90 days of the general election; existing appointed members' terms would expire no later than December 7, 2014. • All members (except the student member whose term is 1 year) are limited to not more than 3 consecutive terms. • All members (except the student member) are entitled to \$100 annual compensation and allowances for travel and other expenses. • Authorizes the Maryland State Board of Education to remove a board member for any of 5 specified grounds, including failure to attend, without good cause, at least 75% of scheduled meetings. • Board members would elect a chair and vice-chair from among members at the board's first December meeting.
<p>SB 115</p>	<p>County Boards of Education – School Budget, Audit, and Procurement Information – Web site Publication</p> <p>Introduced by Senator Benson</p> <p>Requiring county boards of education to develop and operate a searchable Web site that includes specified information relating to school budgets, audits, and procurement; specifying parameters of the Web site; and defining terms.</p> <p>Effective Date – July 1, 2013</p> <p>Bill Status: Senate – 01/24/13 - Hearing</p> <p>http://mgaleg.maryland.gov/2013RS/bills/sb/sb0115F.pdf</p>	<p>This bill would require each board to create a searchable Web site (no later than 07/01/14) that would provide budget and audit data annually on an individual school basis, as well as contractor payment data for a party who receives a total annual payment of \$25,000 or more; the payment information would be required to include the payee name, zip code, payment amount, purpose, and whether the payee is a minority business enterprise. BCPS was required under HB 160 enacted in the 2011 General Assembly Session to provide information on its Web site regarding contractor payment information as proposed in SB 115. In addition to BCPS, prior local laws enacted require similar information in Montgomery and Howard counties and Prince George's County is working on implementing a similar local law. Potential concern with this bill is the cost to provide the budget and audit information on an individual school basis.</p>
<p>SB 277 HB 229</p>	<p>State Aid for Public Education – Certification of Net Taxable Income</p> <p>Introduced by The President (By Request - Administration) and Senators Benson, Currie, Miller,</p>	<p>This bill would alter the computation of net taxable income annually performed by the Comptroller and used to determine state education aid formulas that use a wealth factor in their calculations. Current law uses tax</p>

	<p>Peters, Pinsky, Ramirez, and Rosapepe</p> <p>Altering the definition of "net taxable income" for purposes of calculating specified State aid formulas for education; requiring the Comptroller to certify annually the amount of net taxable income in a specified manner; requiring State aid for education to be paid in a specified manner under specified circumstances; etc.</p> <p>Effective Date – July 1, 2013</p> <p>Bill Status: Senate – 02/27/13 Hearing http://mgaleg.maryland.gov/2013RS/bills/sb/sb0277F.pdf</p> <p>House – 02/13/13 Hearing http://mgaleg.maryland.gov/2013RS/bills/hb/hb0229</p>	<p>returns filed no later than September 1 of each year – this bill would require use of the greater of tax returns filed by September 1st or also by November 1st of each year. The bill would be effective beginning in FY 2014 and annually thereafter and would use a five-year phase-in to provide any increased state education aid.</p>
<p>SB 300</p>	<p>Baltimore County – Board of Education – Prohibited Members</p> <p>Introduced by Senators <u>Zirkin, Brochin</u></p> <p>Prohibiting a regulated lobbyist or the spouse of a regulated lobbyist from being appointed as a member of the Baltimore County Board of Education.</p> <p>Effective Date – July 1, 2013</p> <p>Bill Status: Senate – Unfavorable Report**</p> <p>http://mgaleg.maryland.gov/2013RS/bills/sb/sb0300F.pdf</p> <p>** An unfavorable report was issued by the Education, Health, and Environmental Affairs Committee and the bill was withdrawn by the sponsor</p>	<p>This bill would change current law to prohibit the appointment of a regulated lobbyist or spouse to the Baltimore County Board of Education.</p>
<p>SB 422 HB 667</p>	<p>Public School Employees - Collective Bargaining - Representation Fees</p> <p>Introduced by Senators Pugh, Benson, Conway, Currie, Ferguson, Forehand, Frosh, Garagiola, Gladden, <u>Kelley</u>, King, <u>Klausmeier</u>, Madaleno, Manno, McFadden, Montgomery, Peters, Pinsky, Ramirez, Robey, Rosapepe, <u>Stone</u>, and Young</p> <p>Requiring public school employers to negotiate with employee organizations designated as the exclusive</p>	<p>This bill would mandate that all school boards negotiate a "required reasonable service or representation fee" (an agency fee) to be charged to nonmembers (both certificated and non-certificated employee) of collective bargaining organizations for the costs of the organization representing them." If such a fee has been previously negotiated in a specific county before July 1, 2013, the fee shall be implemented pursuant to the negotiated Agreement, but it must be implemented</p>

	<p>representatives for the public school employees a required service or representation fee to be charged to nonmembers; providing a specified exception and requirement for specified noncertificated employees whose religious beliefs are opposed to joining or financially supporting a collective bargaining organization; requiring the exclusive representative to establish and maintain a specified procedure; etc.</p> <p>Effective Date – July 1, 2013</p> <p>Bill Status: Senate – Hearing Cancelled http://mgaleg.maryland.gov/2013RS/bills/sb/sb0422F.pdf House – 02/20/13 - Hearing http://mgaleg.maryland.gov/2013RS/bills/hb/hb0667F.pdf</p>	<p>"consistent with the requirements" of this new bill "without the need for further negotiations." This is a collective bargaining issue desired by unions because they are legally required to represent all employees in a bargaining unit (regardless of whether they are members or not) in many matters that are intrinsic in the labor-management relationship, including negotiations and contract administration, including grievance representation. The "agency" shop model allows unions to recoup the costs of these representational duties by the imposition of a fee that would cover such expenses but would but less than the cost of full union membership, because it would not include payment for expenses related to political or advocacy-related matters. Within the past year, the board has taken action involving changes in the threshold level for modified agency fee involving several collective bargaining agreements.</p>
<p>SB 572 HB 925</p>	<p>Maryland Early Learning Challenge and School Readiness Act (Race to the Tots)</p> <p>Introduced by Senators Ferguson and Madaleno</p> <p>Establishing the Early Learning Challenge and School Readiness Grant Program in the State Department of Education; providing for the purpose and priorities of the Program; establishing the Early Learning Challenge and School Readiness Grant Program Fund as a special fund to be used for specified purposes; requiring the Department to submit a specified report to the General Assembly on or before a specified date each year; authorizing the Department to accept money from specified sources to award grants under the Program; etc.</p> <p>Effective Date – July 1, 2013</p> <p>Bill Status: Senate – 03/06/13 - Hearing http://mgaleg.maryland.gov/2013RS/bills/sb/sb0572F.pdf House – 03/06/13 – Hearing http://mgaleg.maryland.gov/2013RS/bills/hb/hb0925F.pdf</p>	<p>This bill establishes an early learning challenge and school readiness grant in MSDE to increase the number of children in high-quality learning programs in locally determined enhancement projects to be funded in FY 2015 and FY 2016 by \$10 million appropriated from the Education Trust Fund. The local projects include preschool for all sites (where prekindergarten programs are integrated in child care, head start, or community hubs) to provide existing community services for families with children from birth through age 5 and professional development activities that increase the number of child care providers attaining the highest levels in the Maryland EXCELS Program.</p>
<p>SB 691 HB 1286</p>	<p>Education - Due Process Hearings for Children with Disabilities - Burden of Proof</p> <p>Introduced by Senators Montgomery and Benson</p> <p>Requiring the State Department of Education, a local</p>	<p>This bill would shift the burden of proof in cases involving impartial due process hearings that are requested by any party challenging the appropriateness of a disabled child's individualized education program from the party initiating the complaint to the party that is</p>

	<p>school system, or any State agency responsible for providing education to students with disabilities to bear the burden of proof in a due process hearing relating to a dispute over the identification, evaluation, educational placement, or provision of a free appropriate education to a child with disabilities.</p> <p>Effective Date – October 1, 2013</p> <p>Bill Status: Senate – 02/28/13 - Hearing http://mgaleg.maryland.gov/2013RS/bills/sb/sb0691F.pdf House – 03/06/13 – Hearing http://mgaleg.maryland.gov/2013RS/bills/hb/hb1286F.pdf</p>	<p>required to defend the challenged action. This bill seeks to negate the decision in a 2005 Supreme Court case involving Montgomery County, Maryland that upheld the general rule applicable in court cases that the burden of proof rests with the party initiating a legal challenge, absent a specific, applicable statute to the contrary.</p>
<p>SB 958</p>	<p>Education - State Funding - Operating and Capital Funds</p> <p>Introduced by Senator Madeleno</p> <p>Establishing the rate by which the target per pupil foundation amount is increased in specified fiscal years; requiring that the county boards of education receive a specified grant; and establishing the State goal to provide at least \$350,000,000 in each fiscal year to fund public school construction or capital improvement costs.</p> <p>Effective Date – July 1, 2013</p> <p>Bill Status: Senate – 02/14/13 – First Reading</p> <p>http://mgaleg.maryland.gov/2013RS/bills/sb/sb0958F.pdf</p>	<p>This bill would increase the target per pupil foundation amount in specified fiscal years and require that the local boards receive a specified grant. It would also establish a state goal to provide at least \$350 million in each fiscal year to fund public school construction or improvement projects. The bill’s change in the geographic cost index used in the state funding formula to balances allocations among jurisdictions would likely result in little, if any, change for BCPS. The \$350 million goal for annual public school construction financing is notable but it is only a goal and the actual amount would likely vary based upon the state budget climate and overall economic condition.</p>

SECTION 3: BOE INFORMATION ITEMS

Update: Status of Federal Budget & Funding Issues

Background:

- After numerous delays and last minute posturing, in early January 2013, Congress enacted and the President signed a bill that addressed the federal “fiscal cliff.” The law delayed the implementation of sequestration (consisting primarily of an 8.2% across-the-board cut in most federal programs) for 60 days until March 1, 2013. The legislation also raised taxes on individuals earning in excess of \$400,000 (for families the level is \$450,000).
- To fund the budgetary effects of delayed sequestration, one-half of the costs (estimated to be \$24 billion) will come from a \$12 billion in discretionary cuts, equally split between defense and non-defense spending. The other half of the required spending will come from \$12 billion in increased revenues, including taxing voluntary transfers of traditional IRAs to Roth IRAs.
- This law provides temporary relief, but will require additional Congressional action again on or near March 1, 2013.

Next Three Months:

1. Federal Debt Ceiling (authorization to borrow monies to pay previously incurred expenses)
 - Current estimates indicate that the debt ceiling will need to be increased no later than the end of February 2013.
 - During the last significant debt ceiling increase debate (August 2011) Congress created and approved the current budget sequestration process that led to the recently averted “fiscal cliff” crises because of the linkage of an increase in the debt ceiling with mandatory spending cuts.
 - Current political confrontation includes some who argue that the President is empowered to increase the debt ceiling unilaterally (without Congressional approval) based on the authority contained in Article 14, section 4 of the U.S. Constitution, specifically, “The validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions . . . shall not be questioned.”; Republican Congressional leadership continue to argue that they will not approve an increase in the debt ceiling absent significant cuts in federal spending, including the Social Security and Medicare programs.
2. Annual Congressional Appropriations
 - In recent years, Congress has not enacted the 13 major annual appropriations bills needed to fund the federal government.
 - Funding has been provided through a series of Continuing Resolutions (CR) to fund government operations; much of the CR funding is based on prior spending levels and does not completely consider mandated cost increases in various programs.
 - Current federal funding has been based on a 6-month CR that will expire on March 27, 2013, unless acted upon previously.

Potential Impact:

- The combination of the three issues discussed above could result in increased chaos and uncertainty in the federal budgetary picture
- This is of particular significance because of the 2013 General Assembly Session and its budget deliberation process and schedule. If additional Congressional action on any of these issues is delayed beyond early March 2013, the uncertainty could affect the 2014 state budget because the later part of March is the period when substantial budget determinations are made in anticipation of members taking legislative action to meet this Session’s April 1, 2013, budget approval deadline.

Baltimore City Public Schools: Proposed Alternative Financing for Public School Construction

Background:

- Baltimore City Public Schools has the oldest inventory of school buildings in Maryland with the average age of school buildings of almost 40 years. Estimates of the cost of addressing school capital program needs in Baltimore City have ranged up to \$2.8 billion. Baltimore City Public Schools commissioned a study (Jacobs Report) to provide a current and specific assessment of school facilities needs and associated costs. The results of the report are expected to be finalized and released to the General Assembly and the public shortly. Critical construction needs are expected to require the expenditure of \$1 billion over a 10-year period.

Prior Legislation:

- HB 304 was introduced in the 2012 General Assembly. The bill would have provided Baltimore City Public Schools a block grant of either the greater of 15% of the total state public construction capital program or \$32 million (annually adjusted for inflation). The bill had a hearing in the House Appropriations Committee but no further action was taken. There was no cross-filed bill nor was any action taken by the Senate on HB 304.

Proposed Financing:

- Baltimore City Public Schools has indicated that its priority is to seek legislative approval from the General Assembly to change the way that public schools construction funding is provided to Baltimore City.
- Maryland currently allocates funds for school construction through an annual budget appropriations process that utilizes standards under the Public School Construction Capital Improvement Program administered by the Interagency Committee on School Construction.
- Baltimore City Public Schools is interested in obtaining its allocation of state construction funds in the form of an annual block grant of at least \$32 million (potentially adjusted for inflation) instead of an annual appropriation (Baltimore City Public Schools indicates that capital funding received in the past 5 years from the state has averaged \$36 million per year and capital funding received in the last 5 years from Baltimore City government averaged \$19 million per year).
- Funding via a block grant is expected to allow the Baltimore City Public Schools to borrow by leveraging funds to accelerate progress on meeting critical school renovation/construction needs; Baltimore City Public Schools believes that it could borrow funds at a ratio of \$15 million in 30-year term bond funds for each \$1 million provided by the state in a block grant - thus \$32 million yearly would yield about \$480 million in borrowed construction funds.
- To provide such leverage, it has been reported that the block grant would have to be agreed to be provided by the state annually for at least a period of 20 years; this alternative approach would also require the creation of a non-profit corporation (under section 6320 of the Internal Revenue Code) expected to be known as the Baltimore City Schools Construction Authority that would issue bonds and solicit construction contracts (authority to use such an entity would need to be included in the authorizing legislation).

Pending Activities:

- Legislation has not yet been introduced this session.
- Baltimore City Public Schools is planning to brief key committees during the week of January 14, 2013.
- Initial reactions in Annapolis have ranged from cautious to negative; concerns expressed include the effects on the State's credit and bond rating, total bonding capabilities, potential impact on other school systems, interest from other school systems in obtaining similar authority, level of local funding provided by Baltimore City Public Schools, potential for higher interest costs for the construction bonds because they would be issued by a separate bonding authority (not the city or state), and the capacity of the school system to manage significant, additional construction activities.