

SENATE BILL 1024

F1

7lr3531
CF HB 684

By: **Senators McFadden and Ready**

Introduced and read first time: February 8, 2017

Assigned to: Rules

Re-referred to: Budget and Taxation, February 15, 2017

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 25, 2017

CHAPTER _____

1 AN ACT concerning

2 **Education – ~~Grant~~ State Grants for ~~Declining~~ Education Aid**

3 FOR the purpose of establishing the criteria for a county board of education to be eligible
4 to receive ~~a certain State grant in a certain fiscal year; specifying the calculation of~~
5 ~~a certain amount in a certain year for a certain purpose~~ certain State grants in
6 certain fiscal years; specifying the calculation of certain amounts in certain fiscal
7 years for certain State grants; requiring certain State grants to be distributed at the
8 same time as certain other State funding; making certain grants to Baltimore City
9 Public Schools subject to Baltimore City providing certain local contributions in
10 certain fiscal years; requiring a certain calculation to include a certain amount in a
11 certain fiscal year; prohibiting a certain amount from being included in a certain
12 calculation in a certain fiscal year; defining certain terms; requiring the Baltimore
13 City Board of School Commissioners to make certain disbursements to public charter
14 schools in certain fiscal years; requiring the Baltimore City Board of School
15 Commissioners, by a certain date, to contract with a certain accountant to conduct a
16 certain audit; requiring the Baltimore City Board of School Commissioners to consult
17 with the Secretary of Budget and Management on the scope of the audit; requiring
18 the Baltimore City Public School System to fully submit to a certain audit and
19 provide certain documents, records, and information; requiring a certain accountant
20 to make a certain report to certain entities by a certain date; requiring the Baltimore
21 City Board of School Commissioners to comply with certain requirements as a
22 condition of receiving certain funds; requiring the Baltimore City Board of School
23 Commissioners to develop a certain financial recovery plan and to submit the plan
24 to certain entities by a certain date and to make certain quarterly reports; requiring

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



the Mayor of Baltimore City and the Baltimore City Council to develop a certain plan by a certain date and submit the plan to certain entities; and generally relating to State education aid.

BY repealing and reenacting, with amendments,
Article – Education
Section 5–202(i)
Annotated Code of Maryland
(2014 Replacement Volume and 2016 Supplement)

BY adding to
Article – Education
Section 5–218
Annotated Code of Maryland
(2014 Replacement Volume and 2016 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Education

5–202.

(i) (1) In this subsection, “total direct education aid” means the total financial assistance provided by the State to a county board under the following programs:

(i) Funding for the foundation program including funds for the Geographic Cost of Education under this section;

(ii) Transportation aid under § 5–205 of this subtitle;

(iii) Funding for compensatory education under § 5–207 of this subtitle;

(iv) Funding for students with limited English proficiency under § 5–208 of this subtitle;

(v) Funding for special education students under § 5–209 of this subtitle;

(vi) Funding for the guaranteed tax base program under § 5–210 of this subtitle; and

(vii) Funding for grants provided under this subsection.

(2) For fiscal year 2012 only, if a county board’s total direct education aid in the current fiscal year is less than the prior fiscal year by more than 6.5%, then the State

shall provide a grant to the county board in an amount necessary to ensure that a decrease in total direct education aid is not more than 6.5%.

(3) For fiscal year 2013 only, if a county board's total direct education aid in the current fiscal year is less than the prior fiscal year by more than 5%, then the State shall provide a grant to the county board in an amount necessary to ensure that a decrease in total direct education aid is not more than 5%.

(4) For fiscal year 2014 only, if a county board's total direct education aid in the current fiscal year is less than the prior fiscal year by more than 1%, then the State shall provide a grant to the county board equal to 25% of the decrease in total direct education aid from the prior fiscal year to the current fiscal year.

(5) (i) For fiscal years 2015 through 2017, a county board is eligible for a State grant under this paragraph if a county board's:

1. Full-time equivalent enrollment is less than 5,000;

2. Full-time equivalent enrollment in the current fiscal year is less than the prior fiscal year; and

3. Total direct education aid in the current fiscal year is less than the prior fiscal year by more than 1%.

(ii) The State shall provide a grant to a county board that is eligible under subparagraph (i) of this paragraph.

(iii) The grant shall be equal to 50% of the decrease in total direct education aid from the prior fiscal year to the current fiscal year.

~~(6) (i) FOR FISCAL YEAR 2018, A COUNTY BOARD IS ELIGIBLE FOR A STATE GRANT UNDER THIS PARAGRAPH IF A COUNTY BOARD'S:~~

~~1. FULL-TIME EQUIVALENT ENROLLMENT IN THE CURRENT FISCAL YEAR IS LESS THAN THE PRIOR FISCAL YEAR; AND~~

~~2. TOTAL DIRECT EDUCATION AID IN THE CURRENT FISCAL YEAR IS LESS THAN THE PRIOR FISCAL YEAR BY MORE THAN 1%.~~

~~(ii) THE STATE SHALL PROVIDE A GRANT TO A COUNTY BOARD THAT IS ELIGIBLE UNDER SUBPARAGRAPH (i) OF THIS PARAGRAPH.~~

~~(iii) THE GRANT SHALL BE EQUAL TO 50% OF THE DECREASE IN TOTAL DIRECT EDUCATION AID FROM THE PRIOR FISCAL YEAR TO THE CURRENT FISCAL YEAR.~~

~~SECTION 2. AND BE IT FURTHER ENACTED, That the following amounts shall be included in the fiscal year 2017 total direct education aid calculation under § 5-202(i) of the Education Article to determine eligibility for and amount of the grant for fiscal 2018:~~

~~(1) Baltimore City \$12,674,305;~~

~~(2) Calvert County \$1,090,580;~~

~~(3) Carroll County \$4,000,000;~~

~~(4) Garrett County \$1,300,000; and~~

~~(5) Kent County \$300,000.~~

(6) (I) 1. IN THIS PARAGRAPH THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

2. "3-YEAR MOVING AVERAGE FULL-TIME EQUIVALENT ENROLLMENT" MEANS THE AVERAGE OF THE FULL-TIME EQUIVALENT ENROLLMENT IN THE 3 PREVIOUS SCHOOL YEARS.

3. "TOTAL DIRECT EDUCATION AID" MEANS THE SUM OF THE AMOUNTS LISTED IN PARAGRAPH (1)(I) THROUGH (VI) OF THIS SUBSECTION.

(II) A COUNTY BOARD IS ELIGIBLE FOR A SUPPLEMENTAL STATE GRANT UNDER THIS PARAGRAPH IF A COUNTY'S 3-YEAR MOVING AVERAGE FULL-TIME EQUIVALENT ENROLLMENT IS GREATER THAN THE FULL-TIME EQUIVALENT ENROLLMENT IN THE PREVIOUS SCHOOL YEAR.

(III) FOR EACH OF FISCAL YEARS 2018 THROUGH 2020, THE STATE SHALL PROVIDE A SUPPLEMENTAL GRANT TO AN ELIGIBLE COUNTY BOARD THAT EQUALS:

1. THE QUOTIENT OF THE TOTAL DIRECT EDUCATION AID OF A COUNTY BOARD DIVIDED BY THE FULL-TIME EQUIVALENT ENROLLMENT OF THE COUNTY IN THE PREVIOUS SCHOOL YEAR; MULTIPLIED BY

2. THE DIFFERENCE BETWEEN THE 3-YEAR MOVING AVERAGE FULL-TIME EQUIVALENT ENROLLMENT IN THE COUNTY AND THE FULL-TIME EQUIVALENT ENROLLMENT IN THE COUNTY IN THE PREVIOUS SCHOOL YEAR.

(IV) THE STATE SHALL DISTRIBUTE THE SUPPLEMENTAL GRANT AT THE SAME TIME THE STATE DISTRIBUTES FUNDS TO COUNTY BOARDS UNDER THIS SUBTITLE.

1 5-218.

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
3 INDICATED.

4 (2) “ELIGIBLE CHILD” MEANS A CHILD:

5 (I) WHOSE PARENT OR GUARDIAN ENROLLS THE CHILD IN A
6 PUBLIC PREKINDERGARTEN PROGRAM; AND

7 (II) WHO IS 4 YEARS OLD ON SEPTEMBER 1 OF THE SCHOOL
8 YEAR IN WHICH THE PARENT OR LEGAL GUARDIAN ENROLLS THE CHILD IN A PUBLIC
9 PREKINDERGARTEN PROGRAM.

10 (3) “ELIGIBLE COUNTY BOARD” MEANS A COUNTY BOARD THAT
11 MAKES A FULL-DAY PUBLIC PREKINDERGARTEN PROGRAM AVAILABLE FOR ALL
12 ELIGIBLE CHILDREN.

13 (4) “STATE SHARE OF THE PER PUPIL FOUNDATION AMOUNT” MEANS
14 THE QUOTIENT OF THE STATE SHARE OF THE FOUNDATION PROGRAM FOR A
15 COUNTY DIVIDED BY THE FULL-TIME EQUIVALENT ENROLLMENT OF THE COUNTY.

16 (B) FOR EACH OF FISCAL YEARS 2018 THROUGH 2020, THE STATE SHALL
17 PROVIDE A SUPPLEMENTAL PREKINDERGARTEN GRANT TO AN ELIGIBLE COUNTY
18 BOARD THAT EQUALS THE PERCENTAGE OF THE STATE SHARE OF THE PER PUPIL
19 FOUNDATION AMOUNT MULTIPLIED BY THE NUMBER OF FULL-TIME EQUIVALENT
20 ELIGIBLE CHILDREN ENROLLED IN A PUBLIC FULL-DAY PREKINDERGARTEN
21 PROGRAM ON SEPTEMBER 30 OF THE PREVIOUS SCHOOL YEAR:

22 (1) FOR FISCAL YEAR 2018, 50%;

23 (2) FOR FISCAL YEAR 2019, 75%; AND

24 (3) FOR FISCAL YEAR 2020, 100%.

25 (C) THE STATE SHALL DISTRIBUTE THE SUPPLEMENTAL
26 PREKINDERGARTEN GRANT AT THE SAME TIME THE STATE DISTRIBUTES FUNDS TO
27 COUNTY BOARDS UNDER THIS SUBTITLE.

28 SECTION 2. AND BE IT FURTHER ENACTED, That:

29 (a) In this section, “local contribution” means the Baltimore City appropriation to
30 Baltimore City Public Schools and services provided by Baltimore City for the benefit of
31 Baltimore City Public Schools.

(b) State funds provided to Baltimore City Public Schools under this Act may not be distributed until Baltimore City provides:

(1) in fiscal year 2018, a \$22,000,000 local contribution to the Baltimore City Public Schools above the local appropriation provided in fiscal year 2017; and

(2) in each of fiscal years 2019 and 2020, a \$20,000,000 local contribution to the Baltimore City Public Schools above the local appropriation provided in fiscal year 2017.

(c) (1) For fiscal year 2019, the maintenance of effort amount calculated under § 5-202 of the Education Article shall be based on the total per pupil appropriation for fiscal year 2018 including \$10,000,000 of the local contribution required under this section.

(2) The remaining local contributions required under this section may not be included in the calculation of the required maintenance of effort amount.

(d) The Baltimore City Board of School Commissioners shall disburse any additional revenue appropriated by Baltimore City and the State to Baltimore City Public Schools in fiscal years 2018 through 2020 to public charter schools in amounts that are commensurate with the amounts disbursed to other public schools in the City.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) (1) On or before December 31, 2017, the Baltimore City Board of School Commissioners shall contract with an independent certified public accountant to conduct an independent, comprehensive audit of the Baltimore City Public School System.

(2) The Baltimore City Board of School Commissioners shall consult with the Secretary of Budget and Management on the scope of the audit.

(b) The accountant selected under subsection (a) of this section:

(1) shall be licensed to practice accounting in the State;

(2) shall be experienced and qualified in accounting and auditing public bodies; and

(3) may not have a direct or indirect personal interest in the affairs of Baltimore City or the Baltimore City Public School System.

(c) The Baltimore City Public School System shall fully submit to the audit and provide any and all documents, records, and information requested by the accountant.

(d) The accountant shall perform the audit in accordance with generally accepted government auditing standards.

(e) On or before December 31, 2019, the accountant shall report and present its findings, conclusions, and recommendations to the Secretary of Budget and Management; the State Board of Education; in accordance with § 2–1246 of the State Government Article, the General Assembly, the Senate Budget and Taxation Committee, and the House Appropriations Committee; the Mayor of Baltimore City; and the Baltimore City Board of School Commissioners.

SECTION 4. AND BE IT FURTHER ENACTED, That:

(a) As a condition of receiving State funds under Section 1 of this Act, the Baltimore City Board of School Commissioners shall comply with the requirements of this section.

(b) The Baltimore City Board of School Commissioners shall develop a financial recovery plan that shall:

(1) address all repeat findings from the Office of Legislative Audits; and

(2) include steps to:

(i) eliminate the structural deficits of the Baltimore City Public School System by fiscal year 2020;

(ii) balance the Baltimore City Public School System budget and future deficits;

(iii) alter permanent and temporary staffing levels and review existing employment contracts and attrition levels to achieve greater efficiency, including size and scope of the Baltimore City Public School System central office;

(iv) alter the administrative organization of the Baltimore City Public School System to achieve greater efficiency;

(v) conduct special audits or further studies to analyze the effectiveness of the financial recovery plan; and

(vi) establish a capital budget that maximizes the use of available resources to address infrastructure deficiencies.

(c) By August 1, 2017, the Baltimore City Board of School Commissioners shall submit the financial recovery plan to the Mayor of Baltimore City, the Secretary of Budget and Management, and, in accordance with § 2–1246 of the State Government Article, the Senate Budget and Taxation Committee and the House Appropriations Committee.

(d) (1) The Baltimore City Board of School Commissioners shall report quarterly on the progress of the financial recovery plan to the Mayor of Baltimore City, the

Secretary of Budget and Management, and, in accordance with § 2-1246 of the State Government Article, the Senate Budget and Taxation Committee and the House Appropriations Committee.

(2) The first quarterly report shall be submitted no later than November 1, 2017.

(3) The financial recovery plan shall be a public record and be posted on the Baltimore City Public School System's Web site.

(e) By August 1, 2017, the Mayor of Baltimore City and the Baltimore City Council shall develop a plan to sell, lease, convey, assign, or dispose of surplus school system assets and submit the plan to the Secretary of Budget and Management, and, in accordance with § 2-1246 of the State Government Article, the Senate Budget and Taxation Committee and the House Appropriations Committee.

SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2017.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.