

## Chapter 6

## (House Bill 684)

AN ACT concerning

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

FOR the purpose of establishing the criteria for a county board of education to be eligible to receive ~~a certain State grant in a certain fiscal year; specifying the calculation of a certain amount in a certain year for a certain purpose~~ certain State grants in certain fiscal years; specifying the calculation of certain amounts in certain fiscal years for certain State grants; requiring certain State grants to be distributed at the same time as certain other State funding; stating the intent of the General Assembly; requiring certain State grants in a certain fiscal year to include a certain amount under a certain circumstance; making certain grants to Baltimore City Public Schools subject to Baltimore City providing certain local contributions in certain fiscal years; requiring a certain calculation to include a certain amount in a certain fiscal year; prohibiting a certain amount from being included in a certain calculation in a certain fiscal year; requiring the Baltimore City Board of School Commissioners to make certain disbursements to public charter schools in certain fiscal years; requiring the Baltimore City Board of School Commissioners, by a certain date, to contract with a certain accountant to conduct a certain audit; requiring the Baltimore City Board of School Commissioners to consult with the Secretary of Budget and Management on the scope of the audit; requiring the Baltimore City Public School System to fully submit to a certain audit and provide certain documents, records, and information; requiring a certain accountant to make a certain report to certain entities by a certain date; requiring the Baltimore City Board of School Commissioners to comply with certain requirements as a condition of receiving certain funds; requiring the Baltimore City Board of School Commissioners to develop a certain financial recovery plan and to submit the plan to certain entities by a certain date and to make certain quarterly reports; requiring 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; defining certain terms; 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 toArticle – EducationSection 5–218Annotated 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.

5-218.

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

(2) “ELIGIBLE CHILD” MEANS A CHILD:

(i) WHOSE PARENT OR GUARDIAN ~~SEEKS TO ENROLL~~ ENROLLS THE CHILD IN A PUBLIC PREKINDERGARTEN PROGRAM; AND

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

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

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

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

(1) FOR FISCAL YEAR 2018, 50%;

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

(3) FOR FISCAL YEAR 2020, 100%.

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

~~SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that the Governor provide funds in a supplemental budget appropriation or a deficiency appropriation to a county board of education for fiscal year 2018 in accordance with this Act. If funds are not provided in fiscal year 2018, the total grants owed to a county board in fiscal year 2019 shall be equal to the fiscal year 2019 amount calculated under this Act plus the fiscal year 2018 amount calculated under this Act.~~

SECTION ~~3~~ 2. AND BE IT FURTHER ENACTED, That:

(a) In this section, “local contribution” means the Baltimore City appropriation to Baltimore City Public Schools and services provided by Baltimore City for the benefit of 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 ~~3~~ 4 5. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2017.

**Approved by the Governor, April 3, 2017.**