

Part L Education

Primary and Secondary Education

Significant Funding Enhancements for Public Schools Continue

Displaying continued commitment to the Bridge to Excellence in Public Schools Act of 2002, the fiscal 2007 State budget provides a record increase in State primary and secondary education aid for a third consecutive year. Fiscal 2007 education aid will increase by \$466 million over fiscal 2006 to nearly \$4.5 billion, an increase of 11.6 percent. This increase follows increases of approximately \$380 million in fiscal 2006 and \$323 million in fiscal 2005. In total, education aid will increase by \$1.6 billion from fiscal 2002 to 2007, reflecting an average annual growth rate of 9.2 percent from the year before the Bridge to Excellence legislation to the upcoming fiscal year. An increase of approximately \$500 million is projected for fiscal 2008, the final year of the Bridge to Excellence phase-in. After fiscal 2008, increases in State education aid will be driven by inflation and changes in enrollment and are expected to be more modest.

As shown in **Exhibit L-1**, funding for the Bridge to Excellence programs will increase by \$401 million in fiscal 2007, while other education aid programs will realize increases of \$65 million. Although the largest dollar increase is in the foundation program, there are larger percentage increases in funding for the at-risk programs – the compensatory education, special education, and limited English proficiency formulas – and the guaranteed tax base formula. The at-risk programs provide additional State support based on enrollments of students with greater needs, and the guaranteed tax base program provides State aid to 10 school systems located in jurisdictions with low wealth. The increases for these programs illustrate the Bridge to Excellence objective of enhancing aid for lower wealth jurisdictions and school systems with larger populations of at-risk students. Funding for the Baltimore City Partnership phases out completely in fiscal 2007 as other funding increases phase in. Increases in education aid for individual counties can be found in Part A – Budget and State Aid of this *90 Day Report*.

Exhibit L-1
State Education Operating Aid
Fiscal 2006 and 2007
(\$ in Millions)

<u>Bridge to Excellence Programs</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>\$ Change</u>	<u>% Change</u>
Foundation Program	\$2,308.3	\$2,493.2	\$184.9	8.0%
Compensatory Education	599.3	726.7	127.3	21.2%
Special Education Formula	190.0	231.8	41.8	22.0%
Limited English Proficiency	66.8	88.8	22.1	33.0%
Guaranteed Tax Base	38.7	60.5	21.8	56.2%
Student Transportation	187.1	202.1	15.0	8.0%
Baltimore City-State Partnership	14.1	0.0	-14.1	-100.0%
Extended Elementary Ed (EEEP)	<u>16.9</u>	<u>19.3</u>	<u>2.4</u>	<u>14.3%</u>
Subtotal	\$3,421.2	\$3,822.4	\$401.1	11.7%
 <u>Other Education Programs</u>				
Teachers' Retirement	406.9	446.1	39.3	9.7%
Nonpublic Special Education	107.5	116.5	9.0	8.4%
Other Programs	<u>77.9</u>	<u>94.5</u>	<u>16.6</u>	<u>21.3%</u>
Subtotal	\$592.3	\$657.2	\$64.9	11.0%
 Grand Total	 \$4,013.5	 \$4,479.5	 \$466.0	 11.6%

Public School Construction Reaches New High

The capital budget of 2006, *Senate Bill 370 (Ch. 46)* contains \$322.7 million for public school construction in fiscal 2007, including \$43.4 million added to the Governor's proposal by the General Assembly. This is the highest level of funding for public school construction since the program began in 1971. The final fiscal 2007 budget increases school construction funding by \$68.9 million, a 27.2 percent increase over the fiscal 2006 level. Included in the \$322.7 million total are \$284.7 million in General Obligation (GO) bonds (\$25.8 million added by the General Assembly), \$18.4 million in special fund PAYGO (\$2.4 million in Stadium Authority funds and \$16.0 million in bond premiums added by the General Assembly), and \$19.6 million in the contingency fund from unexpended amounts for projects budgeted in prior years.

For the second consecutive year, the level of public school construction funding has met the goal set in the Public School Facilities Act of 2004. The Act's funding goal of \$3.85 billion over eight years (\$2.0 billion paid by the State and \$1.85 billion paid by local governments under the State-local shared cost formula) reflects the amount needed to address deficiencies in facilities identified in 2003 by the Task Force to Study Public School Facilities. To meet the

funding goal, the State must spend \$250 million each year through fiscal 2013. The Governor’s fiscal 2007 Capital Improvement Program projects \$152.4 million annually from fiscal 2008 to 2010 and \$150 million in fiscal 2011.

Fiscal 2007 Allocations and Capital Budget Changes

The capital budget bill details the distribution of the \$322.7 million in fiscal 2007 school construction funds. (**Exhibit L-2** shows the allocations made to the 24 local jurisdictions.) A total of \$644.4 million in projects that are ready to go (A or B) was requested by local jurisdictions, with the General Assembly funding on average 71 percent of those projects. To be eligible for funding, projects must be designated as A (funded) or B (ready to go) on the Public School Construction Program’s ABC List. On January 18, 2006, the Board of Public Works (BPW) approved \$210.7 million for projects recommended by the Interagency Committee on School Construction (IAC). IAC revised upward its earlier recommendation of \$129 million when the Governor increased the initial proposal for school construction funding. As shown in the exhibit, the General Assembly allocated \$96 million for eligible projects in 12 jurisdictions, which supplemented BPW’s list of approved projects. Under the capital budget language, IAC will allocate 100 percent of the additional funds for specific eligible projects in the counties in local priority order. If allocated funds cannot be used for an eligible project, the budget bill gives counties the option of (1) using the funds for another eligible project; (2) reverting the funds to the contingency fund for a county project in the future; or (3) using the funds for a project eligible under the Aging Schools Program (subject to the same local match required for school construction projects).

Exhibit L-2 Fiscal 2007 Public School Construction Funding (\$ in Thousands)

<u>County</u>	<u>BPW Approved</u>	<u>General Assembly Additional</u>	<u>Total</u>	<u>% of A-B List</u>	<u>Total A-B List</u>	<u>% of FY 07 Total</u>
Allegany	\$10,250	<i>premium</i>	\$10,250	100%	\$14,441	3.3%
Anne Arundel	15,174	7,501	22,675	69%	32,760	7.4%
Baltimore Co	18,052	17,001	35,053	35%	99,581	11.4%
Calvert ¹	2,723	0	2,723	100%	2,723	0.9%
Caroline ¹	2,935	0	2,935	100%	2,935	1.0%
Carroll	8,282	0	8,282	52%	15,805	2.7%
Cecil	7,271	1,000	8,271	85%	9,716	2.7%
Charles	8,035	2,165	10,200	58%	17,447	3.3%
Dorchester ¹	872	0	872	100%	872	0.3%
Frederick	14,069	3,873	17,942	34%	52,036	5.9%
Garrett	1,235	0	1,235	50%	2,446	0.4%
Harford	11,096	0	11,096	64%	17,440	3.6%
Howard	12,776	5,032	17,808	51%	34,725	5.8%

<u>County</u>	<u>BPW Approved</u>	<u>General Assembly Additional</u>	<u>Total</u>	<u>% of A-B List</u>	<u>Total A-B List</u>	<u>% of FY 07 Total</u>
Kent ¹	3,479	0	3,479	100%	3,479	1.1%
Montgomery	21,097	18,943	40,040	34%	117,519	13.1%
Prince George's	20,692	16,733	37,425	43%	88,016	12.2%
Queen Anne's	3,000	0	3,000	72%	4,157	1.0%
St. Mary's	4,995	500	5,495	79%	6,935	1.8%
Somerset ²	10,522	<i>premium</i>	10,522	100%	12,022	3.4%
Talbot ¹	2,405	0	2,405	84%	2,867	0.8%
Washington	4,478	0	4,478	89%	5,044	1.5%
Wicomico	3,400	778	4,178	100%	4,178	1.4%
Worcester	5,400	1,472	6,872	55%	12,472	2.2%
Baltimore City	18,437	20,999	39,436	46%	84,821	12.9%
Total	\$210,675	\$95,997	\$306,672	71%	\$644,437	100%
Bond Premiums			\$16,000			
Grand Total			\$322,672			

Premium means the county received additional funds in Section 4 of SB 370 of 2006 (capital budget bill) for a fiscal 2007 project. In total, \$16 million is provided for school construction from fiscal 2007 bond premiums, including \$8.4 million for Allegany County to complete the new high school, \$1.5 million for Somerset County, and \$6.1 million for 10 counties whose prior year funds were mistakenly re-allocated from the contingency fund by the IAC.

A-B List as of 2/24/06, projects eligible for funding; total % of A-B List is the LEA average.

¹County did not appeal to Board of Public Works (BPW) for additional funding.

²Fiscal 07 includes \$7.6 million in contingency funds originally allocated in fiscal 05 and 06.

The General Assembly also set aside \$16 million in bond premiums from the July 2006 bond sale for school construction. Section 4 of the capital budget bill identifies counties that will receive funding from the premiums, including \$8.4 million to complete the new Mountain Ridge High School in Allegany County, \$1.5 million for Tawes Intermediate School in Somerset County, \$1.8 million for Dunbar High School in Baltimore City, and \$4.3 million for projects in nine counties for which the IAC mistakenly re-allocated prior year funds from the contingency fund. A corresponding section in the operating budget bill allows the transfer of funds from the State Reserve Fund for school construction if the State does not receive \$16 million from the July 2006 bond sale. If funds are transferred from the Reserve Fund and additional bond premiums are received from the bond sale in February or March 2007, the bond premiums may be used to replenish the monies transferred from the Reserve Fund.

The capital budget bill also clarifies the allocation process for school construction funds. Section 6 clarifies that, by December 31 each year, the IAC must recommend 75 percent of the Governor's preliminary, rather than anticipated, allocation for school construction for the following fiscal year. The Governor's preliminary allocation is reported to the Capital Debt Affordability Committee in October each year, and may not be revised. The bill makes clear that if two proposals are submitted by the Governor, as occurred for the fiscal 2007 allocation, the 75

percent limit applies to the preliminary, not the amended, allocation. In addition, Section 7 of the capital budget bill prohibits BPW's approval of more than 75 percent of the Governor's preliminary allocation for fiscal 2008 before May 1, 2007. Similar language was adopted last year for the fiscal 2007 allocations.

Aging Schools Program Enhanced

The General Assembly increased funding for the Aging Schools Program by \$3.7 million in PAYGO funds. Projects receiving grants from the new funds are subject to the local participation requirements that apply to other school construction projects. Other funds for the Aging Schools Program include \$9.9 million in IAC's operating budget and \$1.6 million that was transferred from the capital budget to PAYGO. **Exhibit L-3** shows the allocation of the \$15.1 million available for fiscal 2007.

Exhibit L-3 Fiscal 2007 Aging Schools Program Allocations

<u>School System</u>		<u>School System</u>	
Allegany	\$319,444	Harford	\$498,915
Anne Arundel	1,161,431	Howard	201,459
Baltimore City	3,185,485	Kent	87,885
Baltimore	2,734,477	Montgomery	1,383,171
Calvert	87,885	Prince George's	2,775,806
Caroline	114,926	Queen Anne's	114,926
Carroll	391,033	St. Mary's	114,926
Cecil	316,388	Somerset	87,885
Charles	114,926	Talbot	132,885
Dorchester	87,885	Washington	309,625
Frederick	419,143	Wicomico	331,725
Garrett	87,885	Worcester	87,885

The Aging Schools Program was also addressed in other legislation. Beginning in fiscal 2008, *Senate Bill 432/House Bill 705 (both passed)* require the \$10.4 million in statutory State grants for the program to be adjusted each year for inflation. By fiscal 2011, compounding inflation will add an estimated \$1.2 million to the grants.

State Takeover of Eleven Baltimore City Schools – Moratorium

On March 29, 2006, the State Board of Education voted to require significant changes to the governance structures of seven middle schools in Baltimore City and to have a third party

manage four high schools in the city under the direction of the Maryland State Department of Education (MSDE). According to the timetable established by the State board, the new governance structures were to be implemented for the 2007-2008 school year. The General Assembly, however, took quick action to prevent the State board from taking over schools in Baltimore City.

House Bill 1215 (Ch. 59) places a one-year moratorium on State-imposed school restructuring in Baltimore City. Specifically, the State Board of Education and the State Superintendent of Schools are prohibited from imposing a major restructuring of the governance structure of a public school in Baltimore City or removing a public school from the direct control of the Baltimore City Board of School Commissioners. The prohibition applies retroactively to any action in furtherance of restructuring that was taken by the State board and the State superintendent on or after March 28, 2006. The prohibition terminates May 30, 2007.

The State board's actions were taken in accordance with the federal No Child Left Behind Act (NCLB), which requires increasingly severe interventions for schools and school systems that do not meet State academic standards, and are believed to be the first attempt at a state takeover under NCLB. In Maryland, State regulations govern the processes that are used to identify schools as they progress through the school improvement categories required by NCLB. Once a school is identified for restructuring, the final stage in the progression, the local school system must develop a plan for an alternative governance structure of the school. The plan must be approved by the State board and must be implemented at the beginning of the next school year. An alternative governance structure may include:

- reopening the school as a public charter school;
- replacing school staff relevant to the failure to meet standards;
- entering into a contract with an entity to operate the school; or
- any other restructuring effort that makes fundamental reform and has substantial promise of enabling students in the school to meet standards

State regulations do not specifically provide for State board-imposition of an alternative governance structure that must be implemented by the local school system. There are 80 Maryland schools in restructuring status in the 2005-2006 school year, including 66 in Baltimore City, 13 in Prince George's County, and 1 in Baltimore County.

State regulations also require actions against school systems that fail as a whole to meet academic standards. The State Board of Education, upon a recommendation by the State Superintendent of Schools or upon its own motion, is required to identify a local school system for corrective action if it does not meet State academic standards for a number of consecutive years after initially being placed on the State's watch list. The State superintendent and the State board must continue to provide technical assistance to a school system in corrective action and must take at least one of the following actions:

- defer, reduce, or redirect State and federal funds;
- order the school system to implement a curriculum aligned with the voluntary State curriculum;
- order the school system to replace principals and executive officers with qualified personnel approved by the State superintendent and the State board;
- remove schools from the direct control of the local school system and establish alternative governance structures for the schools
- order a reorganization of the local school system that groups schools under the direct supervision of an executive officer approved by the State superintendent;
- through a court proceeding, appoint a receiver or trustee to administer the affairs of the local school system in place of the local superintendent of schools and the local board of education; or
- with legislative authorization, abolish or restructure the local school system.

Baltimore City is the only school system currently in corrective action status. However, eight other school systems are in improvement categories that could lead to entering corrective action in the next two years.

In an April 5, 2006 letter, the U.S. Department of Education informed Maryland that the enactment of *House Bill 1215* could jeopardize \$171 million in federal Title I funds due to noncompliance with NCLB. The majority of this funding, an estimated \$163 million, passes through the State budget and is allocated to local school systems. The Attorney General of Maryland has advised that the bill only restricts the State's ability to impose certain restructuring options on the Baltimore City Public School System and does not preclude the school system from implementing any restructuring on its own initiative. The Attorney General has concluded, therefore, that the bill will have no impact on federal funds.

The 11 Baltimore City schools that prompted the State board's action and the legislation must continue to implement State board-approved governance plans during the 2006-2007 school year, as must all other schools in the restructuring status for more than one year under current law.

In addition to blocking the proposed school takeovers, *House Bill 1215* increases the maximum aggregate principal amount of bonds that the Baltimore City Board of School Commissioners may issue from \$75 million to \$100 million. The increased bond authority will be used to aid with the city's school closing and consolidation efforts.

Residential Boarding School to Serve At-risk Students

Since fall 2005, several media reports have suggested that Baltimore City has been working to acquire a public boarding school modeled after the SEED (Schools for Educational Evolution and Development) School located in Washington, DC. *Senate Bill 714 (passed)* and *House Bill 1432 (passed)* establish a Residential Boarding Education Program for at-risk youth that must be operated under the supervision of MSDE. MSDE may contract with a private nonprofit or public entity to provide the program, and a Board of Trustees of Residential Boarding Education Programs is established to govern the program. Disadvantaged and at-risk Maryland students are eligible to participate in the program. In addition to a number of other services, the boarding program must provide a remedial curriculum for middle school students and a college preparatory curriculum for high school students. The Washington, DC SEED School reports that 100 percent of its graduating classes for the last two years have been accepted into college.

Beginning in fiscal 2009, the Governor must provide at least \$2 million for the boarding school to serve up to 80 students. For each additional 10 students enrolled in the program, the Governor must appropriate an additional \$250,000, up to a maximum of \$10 million annually. The State funding will support transportation, boarding, and administrative costs of the program.

To support instructional programming for participating students, the school system for the county in which the student resides must pay MSDE 85 percent of the cost per pupil in the school system and MSDE must disburse the funds to the boarding school. The cost per pupil includes local funding and State funding that is provided through the major State aid formulas. Local school systems retain the other 15 percent of the cost per pupil.

To ensure that students in all parts of Maryland have an opportunity to attend the boarding school, the operator of the program must conduct an outreach program to provide information about the program to each local school system and encourage student recruitment and participation from each jurisdiction in the State. Twice a year, MSDE must report to each local board of education the names of students from the county participating in the program.

Teacher Quality Enhancement

Although support for teachers has been a priority for Maryland lawmakers for many years, NCLB has brought additional attention to the issue of teacher quality. NCLB requires all core academic courses to be taught by highly qualified teachers by 2006. Data from the 2004-2005 school year show that many school systems in Maryland have not yet achieved this standard. Statewide, approximately three-quarters of courses were taught by highly qualified teachers, with percentages for individual school systems ranging from 42 to 94 percent. The General Assembly passed several bills that attempt to encourage and enhance professional development opportunities and to support new teachers.

The General Assembly approved legislation, *Senate Bill 1019/House Bill 1737 (both passed)*, that enhances pension benefits for all members of the Teachers' Pension System and the

Employees' Pension System. The benefit multiplier increases from 1.4 to 1.8 percent for service credit retroactive to 1998. Employee and teacher contribution rate increases are phased in over three years, rising from the current rate of 2 to 5 percent by July 1, 2008. For a new teacher hired for the upcoming school year who teaches for 30 years this enhancement increases the first year pension benefit from 42 percent of average final salary to 54 percent of average final salary, roughly a 28 percent increase in the benefit. A more detailed discussion of *Senate Bill 1019/House Bill 1737* may be found under Part C – State Government of this *90 Day Report*.

Senate Bill 458 (passed) establishes a National Board Certified Teacher Pilot Program and requires the State Board of Education to develop guidelines for an incentive program to encourage public school systems to improve support systems for new teachers. The bill also requires MSDE to study the feasibility of providing competitive grants to local school systems to implement teacher support systems and tuition assistance to individuals pursuing alternative routes into the teaching profession.

Title I schools and schools identified for school improvement, corrective action, or restructuring under the State's school accountability program are eligible to participate in the National Board Certified Teacher Pilot Program created by *Senate Bill 458*. The State Superintendent of Schools must select five eligible schools in three local school systems to participate in the program for three years. A participating school must employ at least three teachers who have agreed to pursue certification from the National Board for Professional Teaching Standards and who sign a letter of intent to teach at the school for at least three years. The State must provide funding for the salary of a staff development teacher at the school.

The teacher support incentive program guidelines that the State Board of Education is required to develop under *Senate Bill 458* must encourage public school systems to adopt teacher support systems that provide year-long assistance and support to teachers and improve teacher retention in the first five years of service. If money becomes available, it is the intent of the General Assembly that the Governor provide grants for teacher support incentive programs that are established in accordance with the guidelines developed by the State board.

Separate legislation, *Senate Bill 238 (passed)*, requires MSDE to develop guidelines for the establishment of comprehensive induction programs for new teachers working in hard-to-staff schools. Schools in high-poverty urban and rural areas frequently have a harder time attracting and retaining high quality teachers than schools in more affluent suburban areas. Research has validated the commonly held belief that schools in these high-poverty areas tend to employ fewer highly qualified teachers. This is often due to high turnover rates of experienced teachers whose seniority allows them to choose the schools at which they teach. The guidelines developed in response to *Senate Bill 238* must include provisions concerning mentoring, professional development, eligibility criteria for teachers, and standards for identifying hard-to-staff schools.

Further development of teaching skills is also addressed in *Senate Bill 848/House Bill 1439 (both passed)*. The bills establish an Educational Technology Pilot Program to train teachers to integrate technology into curricula and to introduce elementary age students to

computer technology. The State Superintendent of Schools must identify eligible nonprofit program providers and, with the providers, must develop a plan to implement the pilot program in two elementary schools in each of five school systems: Baltimore City and Dorchester, Prince George's, St. Mary's, and Somerset counties. The bills respond to research that suggests that, despite the increased presence of computers in schools, computers are not being used effectively to enhance student learning. Two years after receiving grants under the pilot program, the participating school systems must report on the program's benefits.

Finally, **House Bill 794 (passed)** provides incentives to encourage individuals to enter the teaching profession in the fields of science, mathematics, and special education. The bill establishes a Maryland Alternative Teaching Opportunity Program to encourage the use of alternative teacher preparation programs to meet the demand for teachers in these fields. Participation in the program leads to a Resident Teacher Certificate and includes a teaching assignment with supervision and mentoring by a qualified teacher. Local boards of education may apply to MSDE to participate in the program, and the local board and MSDE must share in the cost of providing a per diem stipend to program participants during a four- to eight-week pre-residency internship program. To qualify, a candidate must be enrolled in an alternative teacher preparation program with the intention of becoming a science, mathematics, or special education teacher at a Maryland public school. The candidate must also make a commitment to a local board of education to teach in the public school for at least three years.

Students with Special Needs

The Maryland Infants and Toddlers Program provides a system of comprehensive community-based intervention services for very young children (birth through age two) with developmental delays and disabilities. MSDE oversees local infants and toddlers programs established in the 23 counties and Baltimore City. State funding for the programs passes through MSDE's budget and is distributed to the local school system or the local health department in each jurisdiction, whichever acts as the lead agency.

The fiscal 2007 State budget increases funding for the infants and toddlers program to \$5.8 million, the first increase since fiscal 2003. **Senate Bill 367/House Bill 133 (both passed)** ensure that funding for the program will not decrease in future fiscal years. The bills require the Governor to include in the annual State budget an amount for the Maryland Infants and Toddlers Program that is at least equal to the amount appropriated for the program in the previous year's budget.

To ensure that blind and visually impaired students are able to access instructional materials, **Senate Bill 392/House Bill 710 (both passed)** require MSDE to collaborate with and provide support to the Instructional Resources Center (IRC) in order to develop procedures to coordinate the statewide availability of textbooks and instructional materials that may be accessed using specialized formats that use the National Instructional Materials Accessibility Standards (NIMAS). NIMAS is a collection of very specific electronic source files that can be created by textbook publishers. From the file formats provided by publishers, textbooks can be transformed into versions that are accessible to individuals who are blind, visually impaired, and

otherwise disabled. MSDE and local boards of education must include language in textbook and other printed instructional material procurement contracts requiring the publisher to provide materials in formats that meet NIMAS, or in other specialized formats. Beginning July 1, 2007, IRC must make reasonable efforts to provide instructional materials in the proper format to blind and visually impaired students on the first day of classes each year or in a timely manner.

Senate Bill 392/House Bill 710 also require the Maryland Higher Education Commission and the Maryland Department of Disabilities to review the research and recommendations developed by the Association of American Publishers' National Alternative Formats Initiative regarding approaches and technologies to best provide textbooks to postsecondary education students with print disabilities. By December 31, 2006, the agencies must report on procedures that will ensure that postsecondary students with print disabilities have access to instructional materials.

In response to new federal requirements that were implemented in the reauthorization of the Individuals with Disabilities Education Act (IDEA) of 2004, *Senate Bill 107 (passed)*, an MSDE departmental bill, clarifies and updates Maryland's laws relating to educational services for children with disabilities. Enactment of the legislation will ensure that Maryland continues to receive federal IDEA funds.

Early Childhood Programs

In 2005, the Child Care Administration was transferred from the Department of Human Resources to MSDE by Chapter 585. That legislation also required MSDE to study whether the child care subsidy program (Purchase of Care), which provides child care vouchers to low-income families, should also be transferred. That transfer was effectuated with a February 13, 2006, executive order and the transfer of funds in the fiscal 2007 State budget. The budget transfers \$34.7 million in general funds and \$72.2 million in federal funds to MSDE to enable MSDE to operate the voucher program. The General Assembly also added language to the budget bill that prohibits the use of program funding for any other purpose.

The Bridge to Excellence in Public Schools Act of 2002 requires all local school systems to make publicly funded prekindergarten programs available to economically disadvantaged four-year-old children by the beginning of the 2007-2008 school year, a deadline that is rapidly approaching. *House Bill 1466 (passed)* begins preparations for the next step in early childhood education by establishing a Task Force on Universal Preschool Education. Noting the significance of early learning opportunities in the development of children, the bill requires the task force to recommend a conceptual framework for increasing access to early childhood education opportunities for families. The task force must submit a final report by December 1, 2007.

At the elementary level, *House Bill 1495 (passed)* reduces the suspension rate needed to trigger the requirement that a public elementary school implement a positive behavioral interventions and support (PBIS) program or an alternative behavioral modification program. PBIS is a research-based approach to enhancing the ability of school staff to adopt and sustain

the use of positive and effective practices that improve the learning environment. Schools that have implemented PBIS report reductions in office referrals, and MSDE has reported that PBIS increases minutes in instruction, makes instructional minutes more effective, and creates a climate that is more calm and conducive to learning. Chapter 222 of 2004 initially established the requirement that elementary schools implement behavioral modification programs and set a suspension rate threshold of 18 percent to prompt implementation of the programs. *House Bill 1495* reduces the suspension rate threshold by 2 percent per year beginning in the 2006-2007 school year and ending in the 2009-2010 school year at 10 percent.

High Schools – Automated External Defibrillators

Senate Bill 249/House Bill 1200 (both passed) require each local board of education to develop and implement an automated external defibrillator (AED) program for each of its high schools. The program must ensure that an AED is provided on-site and that an individual trained in the operation and use of an AED is present at all school-sponsored athletic events. In consultation with other agencies, MSDE has developed guidelines for implementing AED programs in public schools, and eight school systems in Maryland currently have AEDs in high schools. *Senate Bill 249/House Bill 1200* will ensure that AEDs are available in high schools in the other 16 school systems.

Accountability for High School Graduation

In a 2005 report entitled *Graduation Counts*, a task force assembled by the National Governors Association to examine states' high school graduation data made adopting a standard four-year adjusted cohort graduation rate its top recommendation. The report notes that "the quality of state high school graduation and dropout data is such that most states cannot accurately account for their students as they progress through high school." *Senate Bill 59/House Bill 71 (both passed)* require Maryland to implement the standardized graduation rate calculation recommended by the National Governors Association. By September 1, 2011, and each year thereafter, local school systems and MSDE must report graduation rates as calculated using the new methodology. Rates must be reported in the aggregate and disaggregated by five race/ethnicity groups and three at-risk categories. Unless MSDE implements the graduation rate formula earlier than is required by the bill, local boards and MSDE must continue to report less precise interim graduation rate from 2006 to 2010.

Another topic related to graduation that has generated legislative interest for a number of years has been the age of compulsory school attendance. Bills that would have increased the age of required school attendance from 15 to 17 have been introduced in each of the previous four legislative sessions, but all have failed. In the 2004-2005 school year, more than 11,000 public high school students dropped out of school before graduating. *Senate Bill 741/House Bill 36 (both passed)* establish a Task Force to Study Raising the Compulsory Public School Attendance Age to 18 to assess the impact of increasing the mandatory school attendance age. The task force will begin its work by November 2006 and report its findings and recommendations by December 1, 2007.

Queen Anne’s County – School Board Selection Process

Senate Bill 481/House Bill 338 (both passed) submits to referendum the question of whether the Queen Anne’s County Board of Education should remain an appointed board or change to an elected board. The referendum must be on the ballot in Queen Anne’s County for the 2006 general election.

In recent years, legislation has resulted in the Cecil, Dorchester, Talbot, and Worcester county boards of education changing from appointed to elected boards. If Queen Anne’s County residents opt to join these Eastern Shore counties in electing board of education members, the new members will be selected at the 2008 general election. One member will be elected from each of the four county commissioner districts, and one member will be elected from the county at-large. Elected members will serve staggered four-year terms, with three of the initial elected members serving six-year terms. In addition to the five voting members, the board will include one nonvoting student member from each of the public high schools in the county, each of whom serves a one-year term.

Prince George’s County – Election of Board of Education in 2006

Legislation enacted in 2002 disbanded the elected Prince George’s County Board of Education and reorganized the school system’s governance structure under a board appointed jointly by the Governor and the county executive. The legislation scheduled an end to the appointed board in December 2006, when a new board members elected at the 2006 general election will take office. The new board will consist of one member from each of five school board districts that were established in the 2002 legislation and four members elected from the county at-large. Several bills were introduced to alter the 2002 legislation.

The Prince George’s County Board of Elections discovered several flaws in the boundaries for the five school board districts when it was reviewing the 2002 legislation. *Senate Bill 390 (failed)* would have corrected those flaws in preparation for the 2006 general election. If they had been enacted, *Senate Bill 1094 (failed)* and *House Bill 1360 (failed)* would instead have established nine separate school board districts with one board member elected from each of the new districts.

Higher Education

Tuition Freezes at Most Four-year Public Institutions

From fiscal 2002 to 2006, tuition and fee revenues at Maryland’s four-year public institutions of higher education increased significantly while State appropriations for the institutions decreased through fiscal 2005. During this four-year span, the percent of unrestricted revenues coming from State funding decreased from 41 percent in fiscal 2002 to 32 percent in fiscal 2006 and the percent coming from tuition and fees revenues increased from 31 to 38 percent. Unrestricted revenues for the institutions continued to climb by a total of

\$473 million throughout this four-year period despite decreases in State funding, primarily due to tuition and fee revenue increases of \$345 million. From fall 2002 to fall 2005, resident undergraduate tuition rates increased approximately 10 to 12 percent on average each year at the four-year institutions. Proposed increases for fall 2006 ranged from 3 to 8 percent.

In response to the escalating cost of tuition, *Senate Bill 959 (Ch. 57)/House Bill 1381 (Ch. 58)* – Tuition Affordability Act of 2006 – prohibit University System of Maryland (USM) institutions and Morgan State University (MSU) from increasing resident undergraduate tuition for the 2006-2007 academic year beyond the rates charged in the 2005-2006 academic year. Chapters 57 and 58 also limit fall 2006 resident tuition increases at St. Mary's College of Maryland (SMCM) to 4.8 percent. The fiscal 2007 budget includes \$18.5 million in general funds originally budgeted for overstated health insurance costs that will offset the loss of tuition revenues for USM, MSU, and SMCM.

In addition to the one-year moratorium on tuition increases, the Acts establish the Commission to Develop the Maryland Model for Funding Higher Education. The commission will be made up of legislators, cabinet secretaries, presidents of various higher education institutions, other representatives of the higher education community, members of the business community, and members of the public. The commission is charged with reviewing options and making recommendations relating to the development of a statewide framework for higher education funding that is consistent and stable and ensures affordability of and accessibility to all of Maryland's institutions of higher education. The commission is also required to review options and make recommendations relating to the appropriate level of funding for the State's Historically Black Institutions to ensure comparability and competitiveness with other public institutions of higher education. The commission must report its findings and recommendations to the Governor and General Assembly by December 31, 2007.

Higher Education Funding Increases Significantly

All Higher Education Institutions Receive Funding Increases

Every segment of higher education receives a general fund increase in the fiscal 2007 budget. New general funds total \$130 million, an 11.2 percent increase over fiscal 2006, with the largest share of funding allocated to USM (\$99 million), as shown in **Exhibit L-4**. Public higher education institutions will receive an additional \$21.5 million of general funds from the Department of Budget and Management in fiscal 2007 to defray expenses associated with a cost-of-living increase for State employees.

Four-year Institutions

USM will receive a general fund increase of \$99 million, or 12 percent over the fiscal 2006 level. The additional general funds will support ongoing operating costs, program enhancements, and the enrollment of an additional 3,386 full-time equivalent students (FTES). The USM allocation includes a \$3.5 million grant for the School of Aging Studies at the University of Maryland Baltimore County. In fiscal 2006 the school received \$1.5 million in

general funds. The fiscal 2007 funds bring the total State support for the School of Aging Studies to \$5 million. This fulfills the expected State support for the school.

MSU receives an increase of \$8.5 million in general funds, or 15.8 percent over the fiscal 2006 level. The increase in general funds at SMCMM is \$1.3 million, or 9 percent over fiscal 2006, which is 6 percent higher than the formula funding required by statute.

Exhibit L-4
General Funds for Maryland Institutions of Higher Education
Fiscal 2006 and 2007
(\$ in Thousands)

	<u>FY 2006</u>	<u>FY 2007</u>	<u>Change</u> <u>FY 06 - 07</u>	<u>% Change</u> <u>FY 06 - 07</u>
University System of Maryland ⁽¹⁾⁽²⁾	\$814,930	\$913,474	\$98,544	12.1%
Morgan State University ⁽¹⁾	53,369	61,819	8,450	15.8%
St. Mary's College	14,593	15,906	1,313	9.0%
Maryland Higher Education Commission				
Special Grants	8,902	11,776	2,874	32.3%
Community Colleges	191,662	205,883	14,221	7.4%
Baltimore City Community College	34,314	35,025	711	2.1%
Sellinger/Private Institutions	45,830	49,965	4,134	9.0%
Total Increase			\$130,248	11.2%

Notes:

Fiscal 2007 does not include \$21.5 million of general funds that will be transferred from the Department of Budget and Management's appropriation to USM, Morgan, and BCCC to defray expenses associated with the cost-of-living increase for State employees.

⁽¹⁾ For comparability, fiscal 2006 includes \$6.0 million of funds for Access and Success Programs that were budgeted with the Maryland Higher Education Commission for use by the historically black institutions (\$1.5 million each). In fiscal 2007, the Governor's budget allocates these funds directly to the institutions.

⁽²⁾ USM fiscal 2006 and 2007 funds include grants of \$1.5 million and \$3.5 million respectively for the University of Maryland Baltimore County's School of Aging Studies funded through the MHEC budget.

Source: Maryland State Budget Books; Department of Legislative Services

Regional Higher Education Centers and Private Institutions

The General Assembly restricted \$950,000 proposed by the Governor for the Education Excellence Awards to enhance funding for six regional higher education centers. The Arundel Mills Center, the HEAT Center, the Laurel Center, and the Waldorf Center each receive an additional \$100,000, which doubles their funding in fiscal 2007. The Eastern Shore Center receives \$400,000 and the Southern Maryland Center receives \$150,000 raising total funding for

each center to \$500,000. The fiscal 2007 budget also requests that the Governor begin implementing the Regional Higher Education Center Funding Strategy proposed by the Maryland Higher Education Commission (MHEC), in response to a request in the *2005 Joint Chairmen's Report*, in fiscal 2008. The fiscal 2007 operating budget also includes \$3 million for the Shady Grove Regional Higher Education Center and \$2 million for the Hagerstown Higher Education Center budgeted under USM.

The State aid for private institutions program, known as the Joseph A. Sellinger Program, increases \$4.1 million over fiscal 2006. Under the Sellinger formula, aid per nonpublic FTES equals 16 percent of the per FTES general fund support for selected four-year public institutions in the previous year.

Community Colleges

For fiscal 2007 the budget fully funds community colleges in accordance with the Senator John A. Cade funding formula. Cade funds increase \$10.7 million, or 6.9 percent over fiscal 2006. The amount distributed through the formula is based on 25 percent of the previous year's aid per FTES at selected public institutions. Community colleges also receive other revenues from the State, tuition and fee revenues, and appropriations from local governments. Including additional State funds for fringe benefits and other programs, the overall community college increase is \$14.2 million in general funds.

The Baltimore City Community College (BCCC), as the only State-run community college, has its own formula, which sets State support at 66 percent of the prior year State appropriations per FTES at selected public institutions. Under the formula, BCCC would not have received an increase over the fiscal 2006 general fund appropriation in the fiscal 2007 budget. However, the Governor proposed increasing BCCC's appropriation by \$2.3 million. The General Assembly reduced the Governor's proposed increase by \$85,413 to match the 6.9 percent increase that other community colleges received. BCCC also receives a \$1.5 million fiscal 2006 deficiency appropriation for a mold remediation project.

Office for Civil Rights and Other MHEC Special Grants

In December 2000 the State entered into a Partnership Agreement with the U.S. Department of Education's Office for Civil Rights (OCR) to eliminate any remaining vestiges of segregation in Maryland's public colleges and universities. The State made a number of commitments to enhance the State's four Historically Black Institutions (HBIs). The State's Partnership Agreement with OCR expired on December 31, 2005. Under the agreement, the State and OCR will determine if the commitments contained in the Partnership Agreement have been fully implemented.

The fiscal 2007 budget includes \$4.9 million to continue enhancement grants for HBIs. There is also \$6 million for Access and Success programs to improve graduation and retention rates allocated directly to the HBIs. An additional \$100,000 is provided for a consultant to work with each HBI to develop campus-based strategies to increase retention for first year students. In addition, general fund support for all HBIs increases 27.5 percent in the fiscal 2007 budget, with

individual institutions receiving 19 to 45 percent increases over fiscal 2006. The General Assembly also added language to the budget bill expressing the intent to continue support of the State’s HBIs after the expiration of the OCR Partnership Agreement.

The fiscal 2007 budget includes several new grants for higher education programs. For example, \$2 million is provided for Professional Development Schools to support private and public higher education institutions training student teacher interns in specially designed schools as required by the Redesign of Teacher Education in Maryland. The funding will assist in providing a highly qualified workforce of teachers and improve teacher retention. The Maryland Industrial Partnerships Program receives \$1 million to help promote science and technology initiatives through industry/university research partnerships. The program is operated by the University of Maryland, College Park.

Capital Funding

The fiscal 2007 capital program for all segments of higher education is \$278.3 million, including general obligation bonds, academic revenue bonds, and general funds. Of the total funding, four-year public institutions receive \$213.7 million and independent colleges receive \$9 million. Community colleges receive \$55.6 million in fiscal 2007, the highest funding level in a single year for community colleges. For further information on higher education capital funding, see Part A – Capital Budget.

University System Board of Regents

Ethics: *House Bill 1674 (Ch. 60)* prohibits a member of the Board of Regents of USM from engaging in fundraising activities on behalf of the Governor, Lieutenant Governor, Attorney General, Comptroller, a member of the General Assembly, or a candidate for election to any of the above referenced offices. A member of the board may not be a candidate for public office while serving on the board. These prohibitions apply to the entire term of the member’s tenure. A member of the board may continue to make personal political contributions, inform an entity of a position taken by a candidate or official, or engage in an activity not specifically prohibited by the Act. The bill was vetoed by the Governor for policy reasons, and the veto was overridden by the General Assembly.

Maryland Higher Education Commission

Duplicative Academic Programs: *Senate Bill 998 (passed)* requires MHEC to make a determination as to whether a new academic program approved or implemented after July 1, 2006, is unreasonably duplicative at the request of any directly affected public institution of postsecondary education. Under current law, MHEC is authorized to make a determination upon receipt of a request and MHEC’s decision is final. The bill also allows an institution that is directly affected by what is believed to be an unreasonably duplicative academic program to appeal a determination of MHEC to the circuit court.

Review of Mission Statements: MHEC determined that the two-year timeframe for submitting reviews of the State Plan for Higher Education is too short to implement initiatives

and measure the success of the plan. Requiring the submission of mission statements in the year after a review of the State Plan for Higher Education would allow for better alignment between the State plan and institutional missions and is consistent with current practice. *House Bill 122 (Ch. 78)* changes the schedule for submitting reviews of the State Plan for Higher Education to every fourth year from every other year. MHEC must submit the first quadrennial review by July 1, 2008. The year following each quadrennial review, public institutions of higher education and regional higher education centers must submit updates of their mission statements to MHEC for review and approval.

Student Financial Assistance Enhanced and Expanded

Need-based Aid Increases

The fiscal 2007 budget includes \$110.1 million for scholarship programs administered by MHEC, which is a \$14.7 million, or 15.4 percent increase over fiscal 2006. The largest increase, \$16.5 million, or 24.8 percent is in need-based aid, which includes the Educational Excellence Awards program (the main source of State undergraduate need-based aid), the Graduate and Professional Scholarship, and the Part-time Grant program. The HOPE scholarship programs decrease 56 percent as they continue to phase out; only renewals are being funded in fiscal 2007. Overall, MHEC expects to award aid to 57,692 recipients in fiscal 2007. The average award for all scholarships is projected to increase from \$1,691 in fiscal 2006 to \$1,899 in fiscal 2007. All eligible applicants for need-based aid are expected to be served in fiscal 2007.

New Veterans Scholarship Established

The war in Iraq has claimed the lives of 2,479 coalition soldiers, including 33 Maryland residents, and the conflict in Afghanistan has resulted in 337 coalition deaths, including 4 State residents, according to CNN.com. In total, an estimated 7,000 to 9,000 Maryland residents have served or are serving in Iraq and Afghanistan.

House Bill 3 (passed) establishes a Veterans of the Afghanistan and Iraq Conflicts Scholarship for residents of the State who are veterans of either the Afghanistan or Iraq conflict, are on active duty and served in either the Afghanistan or Iraq conflict, are members of the U.S. Armed Forces reserves or Maryland National Guard who were activated as a result of the Afghanistan or Iraq conflict, or are a dependent of a qualifying veteran or individual on active duty. The scholarship may be used for tuition and mandatory fees or room and board at eligible institutions of higher education. The maximum scholarship amount is 50 percent of the equivalent tuition, mandatory fees, and room and board of a resident undergraduate student at specified universities. For a more detailed summary of this bill, see the Veterans subpart under Part C – State Government.

Workforce Shortages Addressed

Consolidation: Currently, separate scholarship and student financial assistance programs are established for nurses; public school teachers; child care workers; physical and occupational therapists; certain medical professions; direct service employees working in developmental

disabilities, mental health, juvenile justice, and child welfare fields; and public servants. Chapter 429 of 2005 required MHEC to establish a workgroup to study the consolidation of work-based shortage programs into a single program. The workgroup submitted a report in December 2005.

House Bill 988 (passed) consolidates eight existing workforce shortage scholarship and financial assistance programs into a single Workforce Shortage Student Assistance Grants program, based on the workgroup's recommendations. With the advice of an Advisory Council on Workforce Shortage established in the bill, MHEC must identify workforce shortage fields in the State, designate the workforce shortage fields that will be eligible for grants, and remove fields that no longer qualify as workforce shortages. The bill prohibits MHEC from awarding initial scholarships or grants under existing workforce shortage programs after June 30, 2007, although award renewals may be granted. Initial awards under the new Workforce Shortage Student Assistance Grants may be made in fiscal 2008. The bill also expands teacher scholarships to include private school teachers in addition to public school teachers.

Nurses: Senate Bill 230/House Bill 322 (both passed) establish a Nurse Support Program Assistance Fund in MHEC that consists of funds generated by an increase in hospital rates approved by the Health Services Cost Review Commission (HSCRC). A portion of the funds, to be administered by MHEC, will support scholarships for undergraduate and graduate nursing students. For a more detailed discussion, see the health occupations subpart under Part J – Health.

Human Resources: House Bill 1247 (passed) expands the employment options that satisfy the service obligation associated with the Developmental Disabilities, Mental Health, Child Welfare, and Juvenile Services Workforce Tuition Assistance Program. Recipients of an award under the program may fulfill the service obligation by providing direct care or acting as first-line supervisors in a program certified by the Office of Health Care Quality to provide alcohol and drug treatment services.

Other Financial Assistance Programs Expanded

Public Safety Employee Dependents: House Bill 1568 (passed) expands eligibility for the Edward T. Conroy Memorial Scholarship Program to include the child or spouse of a public safety employee who sustains an injury in the line of duty that renders the employee 100 percent disabled.

Community Colleges Access Initiative: House Bill 1435 (passed) requires MHEC to increase award amounts for Educational Excellence Awards granted to community college students. Awards must be based on at least 55 percent of financial need in fiscal 2007 and at least 60 percent of financial need in fiscal 2008 and thereafter. Awards were based on 45 percent of financial need in fiscal 2006.

Major Funding Enhancements for Community Colleges

Community colleges serve nearly half of Maryland's undergraduate students and play an important role in keeping higher education affordable in the State. Maryland has consistently received low marks for higher education affordability from the national Measuring Up report card, issued every two years. Over the last 10 years, tuition at Maryland's community colleges has increased by an average of 52.5 percent, with tuition growing at faster rates during the more recent five-year period. As with four-year institutions of higher education, higher levels of State support for community colleges are assumed to result in lower tuition rates for students.

Fifteen of the State's 16 community colleges receive aid through the Senator John A. Cade funding formula (Cade formula). The Cade formula distributes per pupil aid equal to 25 percent of the per pupil funding provided to certain public four-year institutions of higher education during the previous fiscal year. BCCC is operated by the State and receives funding through a separate formula. *Senate Bill 356/House Bill 586 (both passed)* phase in higher funding levels for all of the community colleges from fiscal 2008 to 2013. Specifically, the Cade formula increases from 25 percent per pupil funding to 30 percent per pupil funding over the six-year period. During the same period, BCCC's formula increases from 66 percent per pupil to 71 percent per pupil. When fully implemented in fiscal 2013, State funding for community colleges will increase \$152.2 million – \$53 million higher than under current law. State funding under the Cade formula will increase 78.1 percent over the six-year period, while the BCCC formula will increase 72.5 percent.

Senator John A. Cade Funding Formula Adjustments

A community college qualifies for the size factor component of the Cade formula in any year when its FTES enrollment is below 80 percent of the median community college FTES enrollment. *Senate Bill 357/House Bill 533 (both passed)* establish a gradual phase-out of the size factor component once the college no longer qualifies for the size factor component. The first year a community college fails to qualify for the component, it receives 80 percent of the amount received from the component in the prior year. This percentage is reduced by 20 percent in each succeeding year, until it reaches 0 percent in the fifth year after the college last qualified. The bills intend to lessen the impact to a small community college that no longer qualifies for size factor component funding. Total funding for the size factor component is not changed by the bill; only the distribution of the funding is affected.

Senate Bill 575 (passed) increases the State funding limit for English for speakers of other languages (ESOL) programs at locally operated community colleges from \$2.5 million to \$6 million per year. Under current law, locally operated community colleges receive \$800 per full-time equivalent ESOL student enrolled. The annual State appropriation is limited to \$2.5 million – this serves 3,125 students. If the total amount of grants exceeds the \$2.5 million cap, then each grant is prorated to an amount necessary to reduce the total to \$2.5 million. Since fiscal 2004, there have been more than 3,125 ESOL students; therefore, the colleges have received less than \$800 per ESOL student. Raising the funding limit will ensure that the locally operated community colleges receive the full \$800 for each currently enrolled ESOL student.

Students with Disabilities: *House Bill 1681 (passed)* requires MHEC to establish and administer a grant program for supplemental services and supports for students with disabilities in community colleges. For a more detailed discussion of this bill, see Part M – Human Resources.

Baltimore City Community College

Governance: In November 2004, MHEC completed an evaluation of BCCC to determine whether the college was in compliance with State regulations for *Minimum Requirements for Degree-granting Institutions*. The evaluation was conducted in response to concerns with actions taken by the BCCC Board of Trustees over the previous year. The report found that the board, while acting within its statutory authority, was operating beyond the regulatory authority granted to higher education governing boards. The report further noted that the statutory authority granted to the board is greater than the authority granted to the other locally operated community colleges in the State. Several recommendations were made to align the BCCC board's statutory authority with regulations and the boards of trustees for other community colleges. *Senate Bill 313 (passed)* modifies the powers and authority of the BCCC president and board of trustees and increases the required annual appropriation from Baltimore City to BCCC from \$800,000 to \$1,000,000 beginning July 1, 2006.

Security: BCCC security personnel do not have the powers of police officers. To become officers, they must successfully complete police officer training and be granted police officer powers in State law. *Senate Bill 819/House Bill 1669 (both passed)* grant the status of police officer and law enforcement officer to members of the police force of BCCC, making them subject to the Law Enforcement Officers' Bill of Rights and eligible for certification as police officers by the Maryland Police Training Commission (PTC). The BCCC board of trustees is authorized to adopt standards, qualifications, and prerequisites for BCCC police officers in consultation with the Secretary of State Police and the PTC. The fiscal 2007 budget includes \$250,000 to pay for training and equipment costs for BCCC's new police force contingent on the enactment of this bill.

Additional Financial Authority Granted

Autonomy: *Senate Bill 444/House Bill 1501 (both passed)* expand the autonomy of SMCM and MSU to manage capital improvement projects on their campuses. For most State agencies, the Department of General Services (DGS) oversees capital improvement projects, but this legislation exempts SMCM and MSU from DGS oversight of projects on their campuses. The bill also authorizes MSU to finance or operate businesses and makes MSU subject to the State's Small Business Preference Program.

Financial Management: By law, all State agencies are required to use the Financial Management Information System (FMIS) administered by the Department of Budget and Management as its accounting, budgeting, personnel, and payroll system. However, USM and MSU have never used the system and instead use management systems that interface daily with FMIS. In their last three audits, the Office of Legislative Audits recommended that the

institutions either comply with the law or seek a change in the law that allows them to use their own financial management systems. *Senate Bill 84/House Bill 787 (both passed)* allow USM and MSU to use internal financial management information systems with State-approved interfaces for their accounting, budgeting, personnel, and payroll systems rather than the statewide FMIS.

Academic and Auxiliary Facilities Bonding Authority: House Bill 1666 (passed) increases USM's bonding authority by \$25 million, from \$1.025 billion to \$1.050 billion. The bill also increases SMCM's bonding authority by \$15 million, from \$45 million to \$60 million. *Senate Bill 83/House Bill 332 (both passed)* increase MSU's bonding authority by \$11 million, from \$77 million to \$88 million.

Miscellaneous

Adult Education

For several years, the General Assembly has expressed concern about the number of individuals on the waiting list for adult education and literacy services. The waiting list has consistently been estimated at approximately 4,000 to 5,000 individuals. Legislation enacted in 2005 required State funding for adult education and literacy grants to total at least \$4 million in fiscal 2007 and 2008. It also required the Maryland State Department of Education (MSDE) to establish an ongoing method for funding adult education in order to reduce the waiting list. In response to legislative actions during the 2005 session, a Superintendent's Panel on Excellence in Adult Education was established. In its final report, *Stepping Up to the Future*, released on December 1, 2005, the panel found that there are approximately 1 million Marylanders who need adult education services.

House Bill 1130 (passed) requires the Governor to include in the fiscal 2008 State budget an appropriation for adult education equal to an increase of \$1.5 million over the fiscal 2007 appropriation. MSDE must distribute the funding as Literacy Works Grants for adult education and literacy services. The fiscal 2007 State budget includes \$5.4 million in State general funds for adult education, which is \$1.4 million more than the minimum required appropriation and \$2.0 million more than the amount appropriated in fiscal 2006. With the required increase, the fiscal 2008 State budget proposed by the Governor should include an appropriation for adult education of \$6.9 million.

Although it was not formally codified until 1997, the Adult External High School Program has been in existence since 1978 and has enabled 13,435 adults in Maryland to earn high school diplomas. Currently, 13 counties and Baltimore City receive grants from the State to operate external high school programs locally. Ten of the grantees are local school systems, three are community colleges, and one is a community-based organization. Grants from the program are awarded on a competitive basis, and grant amounts are determined by the number of adults in the jurisdiction without a high school diploma.

Under the 1997 law, the program was due to expire on July 1, 2006. *Senate Bill 373 (Ch. 47)/House Bill 129 (passed)* eliminates the termination date on the Maryland Adult External High School Program and mandates an annual general fund appropriation for the program that is at least equal to the program's fiscal 2006 general fund appropriation. Since 1997, and including fiscal 2006, the State has provided \$281,070 each year for the program. To the extent that funds are available, federal funds for the program in an amount at least equal to the amount provided in fiscal 2006, \$439,189, must also be provided in the State budget each fiscal year.

Other Education Legislation

Public Library Capital Improvements

The State and local governments share in the operating costs of public libraries through the county-State minimum library program. However, prior to the 2006 legislative session, the State did not have a program to aid local public library systems with capital projects. *Senate Bill 709/House Bill 1380 (both passed)* establish a State grant program for public library capital projects to provide a uniform and objective analysis of proposed capital projects and to support projects that address library needs in the State. Beginning in fiscal 2008, the Governor must include \$5 million annually in the State operating or capital budget for the program. Grants under the program (1) require a matching fund; (2) may not exceed 50 percent of the total cost of a capital project; and (3) may not be for an amount less than \$20,000. The State Board of Education must adopt regulations to implement the program.

Civic Literacy

Senate Bill 47 (passed) establishes a Task Force to Convene a Summit on Civic Literacy in Maryland staffed by the Maryland State Department of Education and the Maryland Higher Education Commission to develop and recommend a plan for enhancing civic engagement and literacy in the State. The Center for Information and Research on Civic Learning and Engagement must be invited to facilitate the summit. The center, based in the University of Maryland's School of Public Policy, promotes research on the civic and political engagement of Americans between the ages of 15 and 25. A final report is due by December 31, 2006.

Health Environment of Portable Classrooms

Portable classrooms have been a feature of many school districts for years. According to MSDE, as of November 2005, there were 2,986 portable classrooms in use in the State. Recent surges in student population fueled a significant increase in the use of portable classrooms in many parts of the country, raising concerns about the healthfulness of portable classrooms. The U.S. Environmental Protection Agency has advised that the most common problems with portable classrooms include poorly functioning HVAC systems that provide minimal ventilation with outside air and mold growth.

Senate Bill 1096/House Bill 1733 (both failed) would have established a task force to conduct a study of environmental health conditions in all classrooms, including portable

classrooms, throughout the State. Although both bills failed, the House Ways and Means Committee has urged MSDE to conduct a study of environmental health conditions in portable classrooms and report its findings to the Senate Education, Health, and Environmental Affairs Committee, the House Health and Government Operations Committee, and the House Ways and Means Committee during the 2006 legislative interim.