

Part L

Education

Education – Primary and Secondary

Bridge to Excellence in Public Schools Act

Based on a framework established by the Commission on Education Finance, Equity, and Excellence (the Thornton Commission), *Senate Bill 856 (passed)* restructures Maryland's public primary and secondary education financing system and phases in enhanced State aid for education over a period of six fiscal years. Additional fiscal 2003 State aid of \$74.7 million is financed through a 34-cent increase in the State tax on packs of cigarettes. Between fiscal 2004 and 2008, 27 existing State aid programs are eliminated and the funding that was provided through the programs is replaced with enhanced funding through programs that distribute State aid to local school systems based on student enrollments and local wealth. By fiscal 2008, the State will provide an additional \$1.3 billion in education funding to local school systems above what the State would have provided under the existing State aid structure.

Background

The Commission on Education Finance, Equity, and Excellence was established by legislation enacted in 1999. The 21-member commission was charged with examining the State's education financing and accountability systems and making recommendations to ensure equitable and adequate funding for public schools. The commission's final report was submitted to the Governor and the General Assembly in January 2002 and included recommendations founded on a standards-based approach to school financing. In this approach, the role of the State is to: (1) set academic performance standards for students; (2) ensure that schools have sufficient resources to achieve the standards; and (3) hold schools and school systems accountable when they fail to meet standards. Since the establishment of the Maryland School Performance Assessment Program (MSPAP) in the early 1990s, Maryland has had statewide academic

performance standards and a nationally-recognized accountability system. However, the standards-based approach to school finance includes two significant departures from Maryland's existing school finance structure. First, the approach demands that a link be established between the level of funding that school systems receive and the outcomes that are expected of students. Second, the approach gives local school systems broad flexibility to decide how to best utilize resources to meet the needs of their students.

Establishing a Link Between Inputs and Outcomes: The Thornton Commission attempted to establish a rational link between the amount of funding that is needed to ensure that schools and school systems can meet State performance standards and the amount of State funding that is provided to school systems. To accomplish this goal, the commission used results from "adequacy" studies conducted by a private consultant for the commission. The studies estimated per pupil costs that would be needed to ensure that students with no special needs could meet State standards. In addition, the studies estimated the additional costs associated with adequately serving students in three special needs categories: special education students, students with limited English proficiency, and economically disadvantaged students (as measured by eligibility for free and reduced price meals). In accordance with the commission's findings, ***Senate Bill 856*** establishes funding formulas that are directly linked to the estimated costs of achieving State performance standards.

Increased Local Flexibility: Many of the approximately 50 existing State aid programs provide restricted funding to local school systems that must be used for specific programs or purposes. Under this model of funding, accountability is driven by educational inputs such as the implementation of specific programs, the reduction of class sizes, or increases to teachers' salaries. In a pure standards-based approach, accountability is driven exclusively by the educational outputs (i.e., student performance) that a school system achieves. This approach assumes that local school boards and superintendents are in the best position to make decisions about how to use education funding. ***Senate Bill 856*** provides local school systems with education funding through flexible block grants and requires the Maryland State Department of Education (MSDE) to track more closely student performance among all student populations. When a school system is not meeting expectations, the State is granted additional authority to take actions that will improve the system.

Tobacco Tax

To enable the State to begin enhancing education funding in fiscal 2003, ***Senate Bill 856*** increases the tobacco tax on a pack of cigarettes from 66 cents to \$1 beginning June 1, 2002. The increased tax rate is expected to yield approximately \$101.4 million in fiscal 2003, and the first \$80.5 million it generates will be placed in a special fund that will be used to provide funding for ***Senate Bill 856***, ***Senate Bill 419/House Bill 371 (both passed)***, ***Senate Bill 737 (passed)***, and ***House Bill 949 (passed)***. (For a further discussion of ***Senate Bill 419/House Bill 371***, ***Senate Bill 737***, and ***House Bill 949***,

respectively, see “Maryland Infants and Toddlers Program,” “Adult Education,” and “Restructuring of the Prince George’s County Board of Education,” respectively within this part of *The 90 Day Report*.) Revenues generated after the first \$80.5 million will be placed in the State’s general fund. After fiscal 2003, the increased tobacco tax rate is expected to generate approximately \$70 million annually, and all of the revenues will be placed in the general fund.

Enhanced State Aid for Education

Fiscal 2003 Bridge Funding: *Senate Bill 856* provides for \$80.5 million in additional State aid for education in fiscal 2003, including \$64.7 million in unrestricted grants that will be distributed to all 24 local school systems and an additional \$10 million board of education restructuring grant for Prince George’s County. The board restructuring grant for Prince George’s County is contingent on the enactment of *House Bill 949 (passed)* and the approval of a comprehensive master plan for the system. The legislation includes the funds for enhancing infants and toddlers and adult education programs. The funding will be added to the State aid that local systems will receive in fiscal 2003. The distribution of the fiscal 2003 bridge funding is shown in **Exhibit L.1**.

Three high wealth counties -- Montgomery, Talbot, and Worcester -- must make a local education effort equal to at least 80 percent of the State average to receive their bridge funding. Based on each county’s fiscal 2002 local education appropriation relative to local wealth, Talbot and Worcester could be impacted by this requirement.

The Phase-in of New Funding Formulas: From fiscal 2004 to 2008, *Senate Bill 856* phases in enhanced funding for education based on a structure recommended by the Thornton Commission. Twenty-seven existing State education aid programs are eliminated or phased out, and the funding for the programs is replaced by enhanced funding for four programs -- one based on total student enrollment and three based on the enrollments of three categories of students with special needs. The bill also establishes a new State aid program, the Guaranteed Tax Base Program, and increases State aid for student transportation. Under the funding formulas established in the bill, greater proportions of State aid are targeted to school systems with low wealth and school systems with high numbers of students with special needs. The State aid programs established in the bill are discussed below.

Foundation Program: *Senate Bill 856* changes the name of the program that funds a base per pupil amount for all students in the State from the Basic Current Expense Program to the Foundation Program. A higher per pupil amount to be shared by the State and local governments is phased in from fiscal 2004 to 2008. During the phase-in period, the full-time equivalent enrollment value for a kindergarten student is increased from 0.5 to 1.0. The overall State share of the Foundation Program is 50 percent. By fiscal 2008, the minimum State share of the per pupil foundation amount that a local school system may receive is 15 percent.

Exhibit L.1
FY 2003 Bridge Funding
SB 856

<u>School System</u>	<u>Bridge to Excellence (SB 856)</u>	<u>Board Restructuring Grant (SB 856)</u>	<u>Infants & Toddlers (SB 419/HB 371)</u>	<u>Adult Education (SB 737)</u>	<u>Subtotal</u>	<u>Earmarked Disparity Grant (SB 856)</u>	<u>Total</u>
Allegany	\$2,890,661 ¹		\$75,618	\$25,387	\$2,991,666	\$497,884	\$3,489,550
Anne Arundel	2,368,568		479,666	89,383	2,937,617		2,937,617
Baltimore City	18,684,668		747,150	152,492	19,584,310	4,326,695	23,911,005
Baltimore	3,087,705		638,238	172,578	3,898,521		3,898,521
Calvert	793,974		45,709	22,930	862,613		862,613
Caroline	929,352		24,265	4,330	957,947	140,125	1,098,072
Carroll	936,689		116,813	35,782	1,089,284		1,089,284
Cecil	900,472		53,045	14,410	967,927		967,927
Charles	1,278,854		69,410	61,921	1,410,185		1,410,185
Dorchester	408,720		38,373	7,319	454,412		454,412
Frederick	1,912,848		207,667	35,170	2,155,685		2,155,685
Garrett	312,282		15,236	6,028	333,546	10,626	344,172
Harford	1,811,353		291,750	35,584	2,138,687		2,138,687
Howard	1,849,594		264,663	57,182	2,171,439		2,171,439
Kent	120,310		4,515	3,871	128,696		128,696
Montgomery	7,586,129		835,183	134,114	8,555,426		8,555,426
Prince George's	12,527,220	10,000,000 ²	536,661	143,579	23,207,460	5,325,793	28,533,253
Queen Anne's	105,717		23,701	8,956	138,374		138,374
St. Mary's	496,593		71,668	10,388	578,649		578,649
Somerset	556,384		7,336	8,414	572,134	164,435	736,569
Talbot	1,009,900 ³		15,236	4,031	1,029,167		1,029,167
Washington	1,181,006		104,398	36,038	1,321,442	876,584	2,198,026
Wicomico	1,410,573		82,954	19,662	1,513,189	562,430	2,075,619
Worcester	1,497,263 ³		17,494	10,471	1,525,228		1,525,228
Total	\$64,656,835	\$10,000,000	\$4,766,749	\$1,100,020	\$80,523,604	\$11,904,572	\$92,428,176

¹ Includes the continuation of the FY 2002 \$1 million Allegany County Resource Deficiency Grant.

² \$10 million for Prince George's County is contingent on the passage of HB 949 and the approval of a master plan for the school system.

³ The grant amounts for Talbot and Worcester counties are dependent on increases to local education effort that would bring the counties to at least 80% of the statewide average. If this level of local education funding is not achieved, the funding levels would be \$417,165 and \$523,004 respectively.

In fiscal 2004, the State share of the Foundation Program will be increased for Baltimore City and Anne Arundel, Howard, and Montgomery counties to account for higher educational costs in these school systems identified from a study conducted for the National Center for Education Statistics. By September 30, 2002, MSDE must contract with a private entity to develop a geographic cost of education index specific to Maryland. Beginning in fiscal 2005, the State share of the Foundation Program will be adjusted to reflect cost differences identified in the development of the index.

Formulas for Students with Special Needs: Based on the work of the Thornton Commission, *Senate Bill 856* enhances the amount and proportion of State aid that is based on special education, limited English proficient, and economically disadvantaged student enrollments. The amount of State aid distributed through the formulas is linked to the per pupil amounts identified in the adequacy studies as the appropriate levels of funding needed to ensure that students with special needs can meet State performance standards. An overall State share of 50 percent for each program is phased in from fiscal 2004 to 2008. Local school systems receive a share of the funding for the programs based on local enrollments of special needs students and local wealth. Less wealthy jurisdictions receive a greater share of the per pupil funding, although, by fiscal 2008, no school system may receive less than a 40 percent State share of the per pupil amounts identified in the formulas.

The calculation of State aid through the three special needs formulas use enrollments from the prior fiscal year. However, in fiscal 2004, enrollments from the second prior fiscal year will be used for school systems with declining enrollments.

Guaranteed Tax Base Program: To provide an incentive for low wealth jurisdictions to increase their local board of education appropriations, *Senate Bill 856* establishes the Guaranteed Tax Base Program, which will be phased in between fiscal 2005 and 2008. The program distributes State funding to local jurisdictions that: (1) have less than 80 percent of the statewide wealth per pupil; and (2) provide local education funding above the local share required under the Foundation Program. The amount provided to each local school system is equal to the additional funding that would have been provided by the local government if the same education tax effort was made and the jurisdiction had the wealth base that is “guaranteed.” Regardless of local education tax effort, local school systems may not receive more per pupil than 20 percent of the base per pupil amount established in the Foundation Program.

Enhanced Student Transportation Aid: *Senate Bill 856* enhances State aid for base student transportation grants as well as grants for the transportation of disabled students. The base transportation grant is enhanced for 15 counties that experienced aggregate enrollment increases between 1980 and 1995, a time when the transportation formula did not include annual adjustments for enrollment increases. For eligible local school systems, the enhancements equal the increase in full-time equivalent enrollment

from September 30, 1980 to September 30, 1995, times the fiscal 2002 statewide average per pupil base transportation grant.

The amount each school system receives per student who requires special transportation services is increased from \$500 to \$1,000 by fiscal 2008. In addition, the existing offset for the number of disabled students transported in the 1980-1981 school year is eliminated.

Teachers' Retirement Costs: Teachers' retirement remains a State-paid categorical program under *Senate Bill 856*. In addition, the bill requires the State Retirement Agency to pay the retirement costs for all members of the Teachers' Pension System and the Teachers' Retirement System whose salaries are paid with funding from any State aid program. Currently local school systems reimburse the State for retirement costs associated with teachers funded through categorical programs.

State Aid Programs That Are Eliminated: To further the shift towards a standards-based approach to education funding, *Senate Bill 856* phases out or eliminates 27 State aid programs. The bill eliminates the following mandated State aid programs by fiscal 2008: the Governor's Teacher Salary Challenge Program; the Baltimore City-State Partnership; the Extended Elementary Education Program; Excellence in Education Incentive Grant Program; teacher mentoring; school library media incentives; the Maryland Learning Success Program (class size initiative); magnet schools; targeted improvement grants; targeted poverty I grants; additional poverty grants; the Effective Schools Program; integrated student support services; provisional teacher development and certification initiatives; teacher development grants; and the Academic Intervention and Support Program.

In addition, the bill states that it is the intent of the General Assembly that the following discretionary programs receive no funding in the State budget in future years: environmental education; the Maryland Student Service Alliance; the pre-kindergarten through third grade initiative; Allegany County resource deficiencies; high school assessment fees; foster care assessment; rural schools performance; rural school nurses; Potomac High School; pilot summer program; and Baltimore City teacher certification.

Affirmation of the State's Ability to Provide Enhanced State Aid: Total fiscal 2004 to 2008 State aid for education provided under each funding program is shown in **Exhibit L.2**. The exhibit shows that by fiscal 2008 the State will provide an estimated \$1.3 billion in additional aid for education under *Senate Bill 856*. The bill requires the General Assembly to affirm by joint resolution during the 2004 legislative session that the fiscal 2005 aid amount is within the State's fiscal resources. If the resolution is not adopted by the fiftieth day of the session, fiscal 2005 State aid for each jurisdiction will increase by 5 percent from fiscal 2004 to 2005 and by 5 to 6 percent annually from fiscal 2006 to 2008.

Exhibit L.2
Estimated State Aid
Fiscal 2004 to 2008
(\$ in Millions)

Program	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Foundation	\$2,005.4	\$2,144.7	\$2,345.8	\$2,522.9	\$2,750.8
Compensatory Ed	357.5	490.2	600.2	741.2	891.9
Special Ed	114.3	155.2	188.6	230.9	277.1
Limited English Profic.	38.3	55.7	73.1	97.1	126.3
Guaranteed Tax Base	0.0	21.9	43.7	67.5	88.6
Transportation	166.5	175.3	184.0	193.1	201.8
Teachers Retirement	373.0	393.5	414.4	446.0	482.8
City Partnership	28.2	21.1	14.1	0.0	0.0
Salary Challenge	36.5	18.3	0.0	0.0	0.0
EEEEP	19.3	19.3	19.3	19.3	0.0
Other Programs	199.4	210.9	223.5	237.3	252.5
Subtotal	\$3,338.4	\$3,706.1	\$4,106.8	\$4,555.3	\$5,071.9
Aid w/Existing Structure	\$3,190.6	\$3,341.8	\$3,467.6	\$3,607.3	\$3,766.2
Increase from SB 856	\$147.8	\$364.3	\$639.2	\$948.0	\$1,305.7

Local Funding for Education: *Senate Bill 856* requires eight local jurisdiction (Baltimore City and Allegany, Caroline, Garrett, Prince George's, Somerset, Washington, and Wicomico counties) to earmark a portion of the disparity grants they receive from the State in fiscal 2003 to enhance local funding for education. The earmarked portions of the disparity grants must be used to provide local education appropriations above the maintenance of effort requirement. The amounts that each jurisdiction must earmark, which total \$11.9 million, are shown in Exhibit L.1.

Estimated State Aid Increases by Local School System: The estimated fiscal 2004 to 2008 State aid increases provided by *Senate Bill 856* are shown in **Exhibit L.3**. The estimated percentage increase in State aid from fiscal 2002 to 2008 for each county is shown in **Exhibit L.4**.

Exhibit L.3
Estimated Increases in State Aid over Current Law under Senate Bill 856
FY 2004 to 2008

<u>School System</u>	<u>Total Dollars in Millions</u>					<u>Per Pupil Dollars</u>				
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Allegany	\$2.8	\$7.4	\$12.8	\$18.9	\$25.1	\$287	\$766	\$1,340	\$2,005	\$2,711
Anne Arundel	4.4	15.1	28.5	44.2	60.4	60	204	387	600	822
Baltimore City	28.1	68.9	125.5	187.6	258.6	309	775	1,443	2,179	3,069
Baltimore	7.4	26.7	51.3	82.0	120.1	71	257	497	797	1,174
Calvert	2.8	6.4	10.4	14.0	18.3	171	380	624	839	1,095
Caroline	2.4	4.8	7.8	10.9	13.6	453	911	1,476	2,052	2,588
Carroll	3.1	5.9	12.0	17.3	23.9	112	209	424	613	846
Cecil	2.3	5.6	10.7	15.8	21.9	147	358	680	1,000	1,376
Charles	4.3	8.6	15.2	22.0	30.4	181	362	634	898	1,231
Dorchester	1.1	2.4	3.9	5.6	6.7	236	528	872	1,267	1,543
Frederick	6.3	11.1	20.6	29.8	42.6	165	289	529	751	1,063
Garrett	0.6	1.6	2.9	4.3	5.4	125	334	628	914	1,159
Harford	5.8	11.0	20.4	29.1	38.3	148	279	519	740	974
Howard	6.3	10.8	19.2	28.5	39.2	135	230	402	588	806
Kent	0.1	0.5	1.2	2.0	2.2	54	200	469	793	902
Montgomery	19.1	40.6	67.8	105.4	152.4	141	297	493	761	1,101
Prince George's	36.9	108.5	179.6	258.7	350.4	278	815	1,350	1,945	2,654
Queen Anne's	0.4	1.0	2.3	3.7	5.0	56	140	316	507	687
St. Mary's	1.6	3.3	6.9	10.0	12.8	105	224	465	673	860
Somerset	1.1	2.9	5.1	7.6	10.2	389	1,027	1,807	2,716	3,668
Talbot	3.8	5.1	6.2	7.0	7.2	889	1,197	1,501	1,672	1,714
Washington	3.4	6.9	12.4	17.7	23.1	175	350	632	904	1,187
Wicomico	3.6	8.6	15.7	24.9	37.7	265	636	1,167	1,820	2,725
Worcester	4.7	6.2	6.8	7.5	7.4	710	934	1,003	1,106	1,097
Unallocated	(4.6)	(5.7)	(6.3)	(6.6)	(7.3)	(5)	(7)	(7)	(8)	(9)
Total	\$147.8	\$364.3	\$639.2	\$948.0	\$1,305.7	\$176	\$433	\$760	\$1,125	\$1,555

This chart does not include proposed enhancements to Infants & Toddlers and Adult Education grants that would be implemented through other legislation. These estimates assume that the cost index developed for implementation in FY 2005 would identify greater cost differentials than the GCEI.

Prepared by: The Department of Legislative Services and the Maryland State Department of Education

Exhibit L.4
State Education Aid Including SB 856 Enhancements
FY 2002 to 2008

<u>School System</u>	<u>Total (\$ in Millions)</u>				<u>Per Pupil</u>			
	<u>FY 2002</u>	<u>FY 2008</u>	<u>Increase</u>	<u>Percent Increase</u>	<u>FY 2002</u>	<u>FY 2008</u>	<u>Increase</u>	<u>Percent Increase</u>
Allegany	\$47.7	\$82.4	\$34.6	72.5%	\$4,698	\$8,884	\$4,185	89.1%
Anne Arundel	200.8	309.9	109.1	54.3%	2,733	4,216	1,483	54.3%
Baltimore City	583.4	958.6	375.2	64.3%	6,073	11,381	5,308	87.4%
Baltimore	306.6	527.2	220.6	72.0%	2,960	5,153	2,193	74.1%
Calvert	49.4	86.7	37.3	75.4%	3,121	5,181	2,061	66.0%
Caroline	24.5	45.1	20.6	84.4%	4,572	8,559	3,987	87.2%
Carroll	89.2	140.8	51.6	57.9%	3,264	4,995	1,731	53.0%
Cecil	57.7	97.4	39.7	68.8%	3,743	6,128	2,386	63.7%
Charles	80.9	141.1	60.2	74.4%	3,562	5,722	2,161	60.7%
Dorchester	19.8	30.6	10.7	54.0%	4,258	7,033	2,775	65.2%
Frederick	114.1	200.9	86.8	76.1%	3,155	5,008	1,853	58.7%
Garrett	20.2	30.2	10.0	49.5%	4,203	6,493	2,289	54.5%
Harford	127.9	201.9	74.0	57.9%	3,315	5,136	1,821	54.9%
Howard	117.0	194.9	77.9	66.6%	2,637	4,000	1,363	51.7%
Kent	9.1	13.2	4.1	44.9%	3,400	5,351	1,951	57.4%
Montgomery	274.2	537.1	263.0	95.9%	2,084	3,879	1,795	86.2%
Prince George's	509.7	1,056.0	546.3	107.2%	3,921	7,998	4,077	104.0%
Queen Anne's	21.1	32.1	11.0	51.9%	3,056	4,393	1,337	43.7%
St. Mary's	52.3	79.6	27.3	52.3%	3,591	5,362	1,771	49.3%
Somerset	14.0	27.9	13.9	99.8%	4,807	10,067	5,261	109.4%
Talbot	7.1	13.6	6.5	90.5%	1,646	3,255	1,610	97.8%
Washington	69.6	111.3	41.7	59.9%	3,583	5,710	2,127	59.4%
Wicomico	54.5	109.6	55.1	101.2%	4,017	7,932	3,914	97.4%
Worcester	11.0	21.4	10.4	94.3%	1,656	3,167	1,511	91.3%
Unallocated	21.0	22.5	1.5	7.1%	25	27	2	6.1%
Total	\$2,882.7	\$5,071.9	\$2,189.2	75.9%	\$3,469	\$6,043	\$2,574	74.2%

Public School Facilities: The Thornton Commission did not evaluate the adequacy of the State's public school facilities because this fell outside the scope of the commission's charge. However, in its final report, the commission noted that adequate public school facilities are a necessary component of a good public school system. The commission recommended that a new task force be established to study issues relating to public school facilities. *Senate Bill 856* includes language that establishes a Task Force to Study Public School Facilities. It also includes language that extends special rules governing school construction projects in Prince George's County and Baltimore City through fiscal 2004. These aspects of *Senate Bill 856* are discussed under "Public School Facilities" within this part of *The 90 Day Report*.

Accountability

The standards-based model of school finance requires strong accountability policies. Local school systems must have clear guidance on the performance standards that students are expected to accomplish and must understand the consequences of not meeting standards. *Senate Bill 856* does not alter the State's accountability system but does require each local school system to develop a comprehensive master plan that describes the strategies that will be used to improve performance in every segment of the student population. Each plan must include goals that are aligned with State standards, implementation strategies, methods for measuring progress toward meeting goals, and time lines for the implementation of strategies. If any segment of the student population in a school system fails to demonstrate progress toward meeting performance standards, the State Superintendent of Schools must review the system's plan and may require the system to make changes to its plan. The State Board of Education may withhold funding from a school system that fails to demonstrate progress toward State standards and fails to develop an adequate plan. With the exception of the Prince George's County Public School System, all local school systems must submit the master plans by October 1, 2003. The Prince George's County school system must submit its plan by September 30, 2002, and the State Superintendent of Schools may not release Prince George's County's fiscal 2003 \$10 million board of education restructuring grant until the plan has been approved.

Senate Bill 856 also requires each local board of education to provide a report on its annual audit to the Joint Audit Committee of the General Assembly; the Senate Budget and Taxation Committee; the Senate Education, Health, and Environmental Affairs Committee; the House Appropriations Committee; and the House Committee on Ways and Means.

To ensure that the enhanced State aid is having the intended impact on student performance and total funding for education, the bill also requires the State to fund an evaluation of the impact of the enhanced State aid by December 2008. In addition, a new adequacy study must be completed by June 2012 to gauge the State's progress toward achieving adequate funding for public schools.

Kindergarten and Pre-Kindergarten

In recognition of the importance of early childhood educational experiences, *Senate Bill 856* requires every school system to provide full-day kindergarten for all students by the 2007-2008 school year. Also by the 2007-2008 school year, each school system must make publicly funded pre-kindergarten programs available to all economically disadvantaged four-year-old children. Each school system must identify the strategies that will be used to accomplish these requirements in its comprehensive master plan.

Help for Struggling School Systems

Baltimore City-State Partnership

In 1997, following a consent decree approved by the Baltimore City Circuit Court regarding the Baltimore City Public School System (BCPSS), the General Assembly passed legislation establishing the Baltimore City-State Partnership. At the time, BCPSS was struggling with the poor academic performance of its students, and there were questions about the system's administration and accountability. The partnership legislation restructured the Baltimore City school board, increased State oversight of BCPSS, and provided a total of \$230 million in additional State operating aid from fiscal 1998 to 2002. Legislation passed in the 2001 legislative session extended the fiscal 2002 sunset on partnership funding through fiscal 2003.

The 1997 legislation that created the partnership required a final comprehensive evaluation of the school system by December 1, 2001. This evaluation was conducted by Westat and was presented to the General Assembly on January 17, 2002. Westat concluded that the partnership has worked well to improve student achievement and system management and recommended that the partnership continue. In addition, Westat recommended that BCPSS make a greater effort to engage teachers in the school reform movement. BCPSS asked that the General Assembly continue to provide support to the school system as the system continues its reform efforts.

Senate Bill 687/House Bill 853 (both passed) update the partnership to ensure its continuation and to reflect the recommendations of the Westat evaluation. The bills remove "New" from the name of the New Baltimore City Board of School Commissioners and require the Chief Executive Officer of BCPSS to submit a new five-year master plan to the board by June 1, 2002. The city board must submit the plan to the State Board of Education and the State Superintendent by July 30, 2002, and must begin implementing the plan by August 30, 2002. The master plan must incorporate the recommendations of the 1992 Towers Perrin/Cresap Management Study Report, the 1994 and 1995 MGT of America, Inc. reports, and the December 2001 final evaluation of the City-State Partnership by Westat, as well as other specific information. The bills also state that the master plan satisfies any other requirements in law or regulation for a master plan by the school system.

The bills also require the State to continue to provide additional funding for the partnership if *Senate Bill 856* is not enacted. In addition, the maximum aggregate principal amount of bonds that the Baltimore City Board of School Commissioners may issue is increased from \$25 million to \$75 million. (The same increase in bonding authority was established in *Senate Bill 295/House Bill 577 (both passed)*).

Senate Bill 687/House Bill 853 also require Baltimore City to transfer the real property assets associated with operations of BCPSS to the city board by June 30, 2009. BCPSS must submit a written plan for the property transfer to MSDE by June 30, 2002. State funds for the construction of new schools in Baltimore City may only be approved on sites owned by the Baltimore City Board of School Commissioners. Under the bill, Baltimore City also must continue to work with BCPSS to eliminate environmental hazards within public school buildings. Further, a memorandum of understanding between the city and BCPSS must be developed to ensure that the city continues to support hazard elimination after the transfer of property has occurred.

Additional meeting requirements are also established in the bills. *Senate Bill 687/House Bill 853* declare the intent of the General Assembly that the CEO, Chief Academic Officer, Chief Operating Officer, and Special Education Officer for BCPSS as well as the State Superintendent of Schools and Assistant State Superintendent for Special Education meet at least quarterly with the Special Master for Vaughn G., et al. v. Mayor and City Council, et al. After six meetings, the meeting schedule may be altered by the CEO and the State Superintendent. Justification for altering the schedule must be provided to the General Assembly. Executive level representatives from BCPSS, MSDE, and the Interagency Committee on Public School Construction must also develop a mechanism to communicate quarterly on issues relating to facility planning in BCPSS. The State Superintendent may modify the communication schedule after six meetings, provided that justification is given to the General Assembly.

Finally, the bills continue the existing appointment process for members of the Baltimore City Board of School Commissioners. The State Board of Education must continue to submit a list of qualified candidates to the Governor and the Mayor of Baltimore City, who jointly appoint individuals from the list to the city board.

Restructuring of the Prince George's County Board of Education

Organizational Structure: After years of controversy surrounding management of the Prince George's County school system, the General Assembly passed legislation that restructures the Prince George's County Board of Education and modifies the organizational structure of the school system. *House Bill 949 (passed)* replaces the current nine-member elected school board with an appointed school board, jointly appointed by the Governor and the County Executive from a list submitted by the State Board of Education, that will serve until December 3, 2006. On December 4, 2006, the school board will become a nine-member elected school board. Five members will be elected from individual school-board districts by the registered voters of the entire county

and four members will be at-large members elected by the voters of the entire county. The restructuring under *House Bill 949* follows several years of conflict between the Prince George's County Board of Education and the county's Superintendent of Schools, which culminated in the school board's February 2002 decision to dismiss the Superintendent of Schools. After the school board's decision was overturned by the State Board of Education, the school board filed an appeal that was still pending at the close of the 2002 session.

The organizational structure of the new appointed board created by *House Bill 949* is very similar to the Baltimore City Board of School Commissioners. It includes a Chief Executive Officer (CEO), a Chief Financial Officer, a Chief Academic Officer, and a Chief Accountability Officer. The bill provides that the provisions of current law that give the State Superintendent authority to approve the employment of a CEO or to remove a CEO do not apply to the CEO of the New Prince George's County Board of Education. In order to allow for a smooth transition when the bill becomes effective on June 1, 2002, *House Bill 949* allows the new school board to employ an interim administrator until the earlier of the hiring of an interim CEO or the appointment of a permanent CEO. The bill terminates the Management Oversight Panel that was established by the General Assembly in 1998 for the purpose of monitoring the implementation of recommendations that resulted from a performance audit of the Prince George's County school system.

Additional Education Aid for Prince George's Schools: House Bill 949 includes several provisions that provide financial assistance to the Prince George's County school system. The bill requires the Prince George's County Council to impose a telephone tax of at least 5 percent on telecommunications services in Prince George's County and requires the county council to use the proceeds of the tax for operating expenditures of the county's school system. The bill requires that the tax be imposed on any telecommunications service that: (1) originates and terminates in the county; or (2) originates or terminates in the county and has a service address outside the county. It is estimated that a 5 percent tax will raise about \$20 million in new revenues. For a more detailed discussion of the telecommunications tax and its impact on county revenues, see "Miscellaneous Taxes" under Part B of this *90 Day Report*. The bill extends special rules governing the State and local cost shares for Prince George's County school construction projects through fiscal 2007. These special rules are discussed under the subheading "Public School Facilities" below. Under *Senate Bill 856* (discussed under the subheading "Bridge to Excellence in Public Schools Act" within this part of *The 90 Day Report*) a \$10,000,000 State grant is provided for the Prince George's County school system in fiscal 2003, contingent on the enactment of *House Bill 949*. However, if *Senate Bill 856* is not signed by the Governor, *House Bill 949* requires the Governor to include an additional \$20,000,000 million in the State budgets for fiscal 2004 through 2007 to fund school reform efforts in Prince George's County.

Public School Facilities

Task Force to Study Public School Facilities

The General Assembly passed two bills during the 2002 session that create a Task Force to Study Public School Facilities. With a few exceptions, the task forces created by *Senate Bill 856* and *House Bill 937 (passed)* are identical. Under both bills, the mission of the task force is to review, evaluate, and make findings and recommendations by December 2002 regarding the following issues: (1) whether public school facilities are adequate to support programs funded through an adequate operating budget as proposed by the Commission on Education Finance, Equity, and Excellence in its January 2002 Final Report; (2) the equity of the State's public school construction program, particularly the equity of the State and local cost shares for school construction projects; (3) whether the Aging Schools Program should be continued as a permanent program; and (4) any other matter that the task force determines to be relevant to an evaluation of the adequacy and equity of the State's public school construction program.

In addition, *House Bill 937* requires the task force to review, evaluate, and make findings and recommendations regarding the issue of whether the State should provide a greater share of eligible costs for schools with 50 percent or more of its students eligible for free and reduced price meals, small schools constructed or renovated in a priority funding area, and schools located in qualified distressed counties. *House Bill 937* also alters the composition of the task force by replacing the Executive Director of the Interagency Committee on School Construction (IAC) with the Secretary of Planning, who is a member of the IAC. If both *Senate Bill 856* and *House Bill 937* are signed by the Governor, the provisions of *House Bill 937* will govern the work of the Task Force to Study Public School Facilities.

Aging Schools Program

Since fiscal 1999 the State has distributed a total of \$10,370,000 to county boards of education each year under the Aging Schools Program to support the renovation and maintenance of aging schools, with each county board of education receiving a specific grant amount that is identified in statute. These grant amounts are based primarily on April 1995 data regarding the amount of square footage in each county of schools facilities that were constructed before 1960 that have not been renovated since that date.

This program is scheduled to terminate at the end of fiscal 2003. *Senate Bill 856* extends the life of the Aging Schools Program for one year, until the end of fiscal 2004. *House Bill 937* deletes the termination date for the program and modifies the allocation method for State funds distributed under the program to require that these funds be distributed to counties based on current data regarding the total square footage in each county of school facilities that were constructed before 1960 that have not been renovated since that date. Under the bill, each county will receive a share of the \$10,370,000 total program funding that is proportional to each county's share of the local square footage of facilities constructed before 1960 that have not been renovated since that date. **Exhibit L.5** shows the current allocation and the allocation proposed in *House*

Bill 937. If both *Senate Bill 856* and *House Bill 937* are signed by the Governor, the provisions of *House Bill 937* will govern the administration of the Aging Schools Program.

State and Local Cost Shares for Public School Construction Projects

The amount of State funds allocated each year for public school construction projects in a particular county is generally decided by the Interagency Committee on School Construction and the Board of Public Works. The extent to which the State shares in the cost of school construction projects in a particular county is generally determined by rules and regulations promulgated by the Board of Public Works. However, legislation enacted in 1998 and 2001 established specific rules that apply to school construction projects in Prince George's County and Baltimore City until the end of fiscal 2003. For Prince George's County, and contingent on future economic conditions the State is required to provide at least \$35 million for public school construction projects. These funds must be used for projects in which the State pays for 75 percent of the eligible construction costs. For funding above \$35 million, the State share of eligible construction costs is 60 percent. For Baltimore City, the State is required to use the first \$20 million in State funding for public school construction projects to pay for 90 percent of the eligible costs of the projects. For funding above \$20 million, the State share of eligible construction costs is 75 percent. (The Board of Public Works adopted a rule in 1997 to provide 90 percent of eligible costs for projects in Baltimore City up to \$10 million, and 75 percent of eligible costs above \$10 million for fiscal 1998 to 2002. This was consistent with the provisions or the consent decree on the Baltimore City-State Partnership.)

Two bills that were passed by the General Assembly during the 2002 session modify the special rules governing school construction projects in Prince George's County and Baltimore City. *Senate Bill 856* extends the applicability of these rules through fiscal 2004. *House Bill 949* extends the special rules governing Prince George's County through fiscal 2007. *House Bill 949* also provides that for fiscal 2004 through 2007, the State share of eligible costs for funding above \$35 million is 65 percent rather than 60 percent. If both *Senate Bill 856* and *House Bill 949* are signed by the Governor, the provisions of *House Bill 949* will govern the school construction program in Prince George's County.

Exhibit L.5
Aging Schools Program Allocation Based on HB 937

<u>County</u>	<u>Current Allocation</u>	<u>Proposed Allocation</u>	<u>Difference</u>
Allegany	\$355,000	\$206,705	(\$148,295)
Anne Arundel	570,000	659,580	89,580
Baltimore City	1,635,000	3,316,106	1,681,106
Baltimore	2,940,000	2,665,788	(274,212)
Calvert	65,000	60,862	(4,138)
Caroline	85,000	88,074	3,074
Carroll	385,000	278,004	(106,996)
Cecil	355,000	177,887	(177,113)
Charles	65,000	0	(65,000)
Dorchester	65,000	0	(65,000)
Frederick	85,000	105,815	20,815
Garrett	85,000	62,871	(22,129)
Harford	400,000	384,740	(15,260)
Howard	65,000	24,932	(40,068)
Kent	65,000	53,645	(11,355)
Montgomery	1,170,000	256,313	(913,687)
Prince George's	970,000	1,300,659	330,659
Queen Anne's	85,000	32,578	(52,422)
St. Mary's	85,000	152,226	67,226
Somerset	65,000	0	(65,000)
Talbot	155,000	107,824	(47,176)
Washington	200,000	276,694	76,694
Wicomico	355,000	149,054	(205,946)
Worcester	65,000	9,643	(55,357)
Total	\$10,370,000	\$10,370,000	\$0

Increased Collective Bargaining Rights for School Personnel

Senate Bill 233 (passed) authorizes local boards of education and local school employee organizations representing certificated and noncertificated school personnel to negotiate over mutually agreeable matters other than salaries, wages, hours, and working conditions. Local boards, however, may not negotiate the school calendar, class sizes, or matters precluded by statutory law. If either party declines to negotiate a permissive item, it cannot be subject to an impasse. The bill also extends collective bargaining rights to noncertificated school employees who work for school systems on the Eastern Shore. The discipline and discharge of noncertificated employees for just cause is also added to the subjects that may be bargained.

Maryland Infants and Toddlers Program

The Maryland Infants and Toddlers Program provides early intervention services for children (ages zero through two) with developmental delays and disabilities. *Senate Bill 419/House Bill 371 (both passed)* establishes a State funding formula for the Maryland Infants and Toddlers Program to provide grants to local agencies. An increase of \$4.8 million in fiscal 2003 funding for the program is financed with the increase in the tobacco tax rate for cigarettes described under “Bridge to Excellence in Public Schools Act” in this part of *The 90 Day Report*. Beginning in fiscal 2004, funding for the formula is as provided in the State budget. The proposed State formula is based on the number of children receiving services through the Maryland Infants and Toddlers Program in the second prior fiscal year multiplied by a certain percent of the annual per child cost for the program. The formula is phased in over four years, increasing 5 percent each year until it reaches 20 percent of the per child cost in fiscal 2007. In fiscal 2004, the annual per child cost is set at \$4,044. Beginning in fiscal 2005, the annual per child cost is adjusted by the implicit price deflator for State and local government expenditures from the second prior fiscal year. MSDE is required to conduct a study of the effectiveness of the program and make recommendations regarding whether the program should be continued or modified in fiscal 2006 and thereafter to the Governor and the General Assembly on or before December 15, 2005.

Adult Education

Senate Bill 737 (passed) requires MSDE to distribute competitive grants for adult education services according to the State plan for adult education and family literacy. An increase of \$1.1 million in fiscal 2003 funding for adult education and literacy services is financed with the increase in the tobacco tax rate for cigarettes described under “Bridge to Excellence in Public Schools Act” in this part of *The 90 Day Report*. After fiscal 2003, funding will be as provided in the State budget. MSDE must develop and submit the methodology for determining the need and cost of adult education instruction to the Legislative Policy Committee by September 15, 2002.

Budget Enhancement for Correctional Education

State law requires eligible inmates to participate in either an education or vocational training program to earn their General Education Diploma (G.E.D.) or high school diploma. Eligible inmates must participate in either the education program for at least 120 days or a vocational training program.

A lack of teachers has generated waiting lists of inmates who are eligible for the mandatory education or vocational training program. The Maryland State Department of Education (MSDE) recently noted that although 13,300 inmates are eligible for the program, only about 4,400, or 33.1 percent, are served each day by the program. MSDE also noted that a February 1, 2002, study found approximately 1,800 inmates on waiting lists to enter the programs.

To reduce these waiting lists and to open a school at the new North Branch Correctional Facility in Cumberland, Maryland, the budget includes \$680,165 for 30.5 new positions. MSDE noted that 21.5 positions would be used to reduce the waiting lists by 50 percent. The remaining nine positions would be used to staff the school at the North Branch Correctional Facility. The funding assumes a six-month start-up period will be needed to fill these positions.

Education Initiatives

To address the critical need for additional and better prepared school-based leaders in the public schools, *House Bill 7 (passed)* establishes a Principal Training Pilot Program for three years, beginning July 1, 2002. A public school, a group of schools, a local board of education, or a group of local boards may apply for a State incentive grant under the pilot program by submitting a principal training program plan to the State Board of Education. An application must include a description of the plan and a listing of the expenses associated with the plan. A plan must provide at least 40 hours of training. The State board approves or disapproves applications and awards incentive funding, which may not exceed \$1,500 per principal. Each \$1,500 received by an applicant must be matched with \$500 from local, federal, or private sources. Under the bill, 100 principals may be selected for the program. Each local superintendent of schools must choose three principals for participation in the program. Then, the State Superintendent of Schools must select an additional 28 principals, giving the highest priority to principals working in schools that have been placed under local reconstitution. The State board must report on the effectiveness of the program by June 30, 2004.

House Bill 1370 (passed) expands the Maryland Educational Opportunity Summer Pilot Program to apply statewide if additional federal funding becomes available for the pilot program and extends the termination provisions for the pilot program to June 30, 2007. The program authorizes local boards of education to develop proposals that use existing faculty to provide educational services to students in kindergarten through grade 12 during the summer months.

Students with Disabilities

Transfer of Rights at Age of Majority: ***Senate Bill 83 (passed)*** allows a child with disabilities who has not been adjudged incompetent and is at least 18 years old to obtain specified parental rights under the federal Individuals with Disabilities Education Act (IDEA) if the child's parent or guardian is unknown or unavailable, or is unwilling or unable to make educational decisions for the child. The IDEA rights that would transfer to the child are the right to participate in educational decisions and the right to obtain or make changes to educational services. An eligible child whose parents do not consent to a transfer of these rights may file for an administrative hearing to determine if the rights should be transferred.

Educational Technology - Equivalent Access: ***Senate Bill 226 (passed)*** requires the State Superintendent of Schools and the Secretary of Business and Economic Development to jointly ensure that grant and procurement contract specifications for technology-based instructional products require equivalent access for students with disabilities and that vendors are given notice of the requirement. The State and local school systems must select products that provide the greatest access. An exemption is available to obtain a product that does not meet equivalent access standards if a product that meets the standards is not available or if obtaining a product that meets standards would result in an undue burden.

Nonpublic Placement: ***House Bill 1221 (passed)*** makes a disabled child eligible for a nonpublic educational placement if the child cannot attend a public school in the local school system due to the child's home circumstances or because of medical necessity. The State and local school system are required to pay the cost for wraparound services for a child who qualifies for a nonpublic educational program if the child's parent or local guardian is unable to provide those services. State and local payments under this provision are not required if the child is eligible for funding under the out-of-state placement program or if alternative federal, State, or local funding is available. The bill states that it is the intent of the General Assembly that the Governor include at least \$250,000 in the fiscal 2003 State budget to fund the bill's provisions.

The costs for special education students placed in nonpublic programs are shared by the State and local governments. The counties are responsible for the local share of the basic costs of educating a non-disabled child plus 200 percent of the basic costs. Any costs above this base amount are shared between the State and local school systems on an 80 percent State/20 percent local basis.

Task Force to Study Student Behavior Interventions

House Bill 569 (passed) requires the State Superintendent of Schools to appoint a task force to propose regulations to the State board regarding student behavior intervention practices. Advocates maintain that the lack of specific, comprehensive, and consistent policies and procedures throughout the State to govern student behavior intervention practices in the schools – including the use of restraint, seclusion, time-out, and other disciplinary measures – is a major deficiency in the current State policy. The task force must include representatives from MSDE, local school systems, advocacy communities, and nonpublic special education facilities, and individuals with knowledge of and expertise in positive behavioral interventions. MSDE must submit proposed regulations to the State Board of Education on or before December 31, 2002. Local school systems, State operated programs, and nonpublic schools must develop policies and procedures in compliance with the regulations adopted by MSDE. The State Superintendent must consult with representatives of institutions of higher education and the Professional Standards and Teacher Education Board to ensure that sufficient training in positive behavior interventions is available to persons entering the field of education.

Higher Education

College Readiness for Disadvantaged and Capable Students

In 1998, the Southern Education Foundation (SEF) issued *Miles to Go, A Report on Black Students and Postsecondary Education in the South*, which is an analysis of minority opportunities in public higher education in the 19 states, including Maryland, that at one time operated segregated systems of higher education. Subsequently, the SEF Maryland Leadership group issued *Miles to Go: Maryland*, the first state-specific publication responding to the initial SEF document. *Miles to Go: Maryland* suggested that the State has made strides towards equity but that additional progress is needed. The report provided the impetus for the General Assembly to establish the Task Force to Study College Readiness for Disadvantaged and Capable Students during the 2000 legislative session (Chapter 664). The task force concluded its work in December 2001 with a final report and recommendations for legislation that were included in **Senate Bill 453/House Bill 661 (both passed)**.

The major elements of **Senate Bill 453/House Bill 661** are as follows:

- The bills establish the College Readiness Outreach Program. This program is designed to encourage high school students to go to college by providing one-to-one mentoring and by prequalifying ninth and tenth grade students for Guaranteed Access Grants. Funding for the program is as provided in the budget. The program begins in fiscal 2004 and is phased in over five years. The Maryland State Department of Education (MSDE) is required to implement a

pilot program in fiscal 2004, to the extent funds are available, in Allegany, Prince George's, and Wicomico counties and Baltimore City.

- The bills also codify the existing Graduate and Professional Scholarship Program, which provides scholarships to students in graduate or professional programs.
- The bills change the name of the State Scholarship Administration to the Office of Student Financial Assistance. The new name better reflects the range of student financial assistance provided by the State.
- The bills require MSDE to distribute grants to One Maryland counties in fiscal 2003 and 2004 for the administration of the PSAT to tenth grade students. The rest of the counties will receive grants beginning in fiscal 2005.
- The bills provide that the K-16 Leadership Council (which was recently formalized through a Memorandum of Understanding) will plan for the establishment of a K-16 Research and Development Institute and a Maryland Clearinghouse for Educational Statistics.
- The bills declare the intent of the General Assembly that MSDE develop a certificate for middle school teachers.

Higher Education Office for Civil Rights Enhancements

The Fiscal 2003 Budget includes \$3.4 million in enhancement funding in the Maryland Higher Education Commission (MHEC) for the four public historically black institutions (HBIs) pursuant to the State's Partnership Agreement with the U.S. Department of Education's Office for Civil Rights (OCR). The agreement includes commitments to make the HBIs comparable and competitive with the State's traditionally white institutions in all facets of their operations and programs. Intended uses of future enhancement appropriations include paying debt service on a projected \$75 million in capital projects at the four HBIs. The budget bill also expresses the intent of the General Assembly that the Governor increase the OCR enhancement appropriation in fiscal 2004 to reflect the partial deferral of enhancement funds in fiscal 2003. The budget bill also requires MHEC to report to the budget committees its spending plan for \$3 million of these funds prior to expenditure and directs \$400,000 of the enhancement funding to support the purchase of personal computers for low-income students at Morgan State University. The budget bill also includes \$1.2 million in information technology funding in the Department of Budget and Management to support the same activity for the three HBIs within the University System of Maryland (USM).

In addition, Access and Success funding in MHEC for the four HBIs increases by \$1.5 million. These funds support student retention activities. The increase in this program fulfills one of the commitments of the agreement. The General Assembly also

directs the USM Board of Regents to provide an increase in general funds to its three HBIs that is proportional to the average increase provided to the other four-year institutions for fiscal 2003.

Scholarships and Financial Aid Programs

The total fiscal 2003 appropriation for State financial aid is \$83.3 million, an increase of \$1.4 million or 1.7 percent. Of the total, 49.6 percent is for need-based financial aid (\$41.1 million) and 25.7 percent is for the HOPE Scholarships Program (\$21.4 million). The balance of 24.7 percent includes several workforce shortage and merit-based financial aid programs. Need-based financial aid increases 0.7 percent over fiscal 2002. The HOPE Scholarships Program increases \$2.6 million or 13.9 percent over the \$18.8 million expended in fiscal 2002 (\$2 million in HOPE funds were restricted for fiscal 2002). In addition, \$1 million of the HOPE appropriation is earmarked for need-based scholarship programs for fiscal 2003. Counting this \$1 million restriction, the HOPE Scholarships Program increases by 8.5 percent while need-based aid increases by 3.2 percent.

Eligibility for the Edward T. Conroy Memorial Scholarship Program

Approximately 3,021 people died in the September 11 terrorist attacks, including 49 Maryland residents. In November 2001, the Governor established by executive order the Maryland Survivors Scholarship Fund to help raise private money to provide scholarships to the children of Maryland residents who died in the terrorist attacks. In addition, *Senate Bill 237/House Bill 300 (both passed)* expand the eligibility of the Edward T. Conroy Memorial Scholarship Program to allow the child or surviving spouse of a victim of the September 11, 2001, terrorist attacks to receive an award under the program. The child of a victim must be at least 16 years old to receive an award. The bills require the State Scholarship Administration to take into account other survivor scholarships that a student may receive when determining the amount of a scholarship under the provisions of the bills. (For example, the maximum scholarship for tuition and fees under the Conroy program is currently \$5,341. If a student receives a \$2,000 scholarship from another source based on the student's status as a child of a victim of terrorism, the student would be eligible to receive a Conroy scholarship for \$3,341.)

Developmental Disabilities and Mental Health Tuition Assistance Program

Senate Bill 174 (passed) allows a recipient of assistance under the Developmental Disabilities and Mental Health Tuition Assistance Program to take courses in summer sessions to meet the required minimum of 12 credit hours for each academic year. In addition, the bill allows assistance recipients to satisfy the program's employment obligation by working in a for-profit community program licensed by the Developmental Disabilities Administration or approved by the Mental Hygiene Administration.

Effective October 1, 2003, the bill also expands the employment opportunities available to fulfill the employment obligation under the program to allow students to work in community programs that serve children in the custody of a local department of social services or the Department of Juvenile Justice.

Eligibility for Student Financial Assistance

House Bill 399 (passed) allows students to hold any State scholarship or grant with any other State scholarship or grant as long as eligibility requirements are met for all State scholarships and grants and the maximum amount received does not exceed the tuition, fees, room and board charged at a public four-year institution.

The bill also changes the maximum annual award for Guaranteed Access Grants, Delegate Scholarships, Edward T. Conroy Memorial Scholarships, tuition reimbursements for firefighters and ambulance and rescue squad workers, and Sharon Christa McAuliffe Memorial Teacher Education Awards. Annual awards under these programs may not exceed the equivalent annual expenses or the mandatory tuition and fees of a full-time resident undergraduate at the University System of Maryland institution, excluding the University of Maryland University College and the University of Maryland, Baltimore, with the highest annual expenses. In addition, the eligibility for the Conroy Scholarship Program is expanded to include veterans who suffered a service-related disability of 25 percent or greater and have exhausted their federal educational benefits.

Finally, the bill allows an individual who currently holds multiple State scholarship and grant awards in excess of the limits established in the bill to maintain the awards as long as the individual continues to meet the eligibility criteria for the awards.

Eligibility for the Maryland Teaching Scholarship Program

Senate Bill 734/House Bill 1172 (both passed) allow a part-time undergraduate student to receive or renew a scholarship award from the Maryland Teacher Scholarship Program. Annual awards for part-time undergraduate students are \$2,000 for students attending two-year institutions of higher education and \$2,500 for students attending four-year institutions of higher education. For example, a teaching assistant who wishes to continue to work and go back to school part-time, either to a two-year or four-year institution of higher education, could complete their undergraduate or graduate education leading to a Maryland professional teacher's certificate.

Establishment of New Academic Programs

In response to the work of the Task Force to Study the Governance, Coordination, and Funding of the University System of Maryland, the General Assembly passed legislation in 1999 (Chapter 515) that required additional higher education funding and

defined more clearly the roles and responsibilities of MHEC, the USM Board of Regents, and USM member institutions. With respect to program approval and elimination, the task force found that “the duplication of new program review is unnecessary, overly bureaucratic, and inhibits institutions from responding to the needs of citizens.” The task force legislation, therefore, included new procedures that USM institutions were to follow in establishing new programs and abolishing existing programs. The new procedures included a termination date of June 30, 2002, and required MHEC to report on the effectiveness of the procedures by January 2002. In its report, MHEC noted that there is no mechanism for MHEC or the State to receive assurance that the programs approved under the accelerated process are being implemented within existing resources or that the programs are of a certain quality. In addition, since Chapter 515 of 1999 was enacted, MHEC has identified 168 low-productivity programs for closer review. Of these programs, 31 were recommended for discontinuance, 108 for exemption, and 29 for further study. However, USM governing boards have not reported the current status of the programs to MHEC.

Senate Bill 85/House Bill 731 (both passed) extend the termination date on the program approval process to June 30, 2004, and makes some modifications to the process to recognize the concerns identified in MHEC’s January 2002 report. The bills require USM governing boards and the USM Board of Regents to ensure that proposed new programs meet criteria for quality developed in consultation with MHEC. In addition, the ability of institutions to implement new programs with existing resources must be verified by a process established in consultation with MHEC. The bills also require presidents of USM institutions to respond in writing within 60 days if they are notified by MHEC that programs at their institutions are inconsistent with the State Plan for Higher Education or are low productivity programs. Presidents’ responses must include either: (1) an action plan for abolishing or modifying the program; or (2) a justification for the continuation of the program. MHEC must submit a report on the procedures for establishing or abolishing programs by January 1, 2004.

Senate Bill 622 (passed) allows an institution of higher education to establish a graduate professional certificate program that satisfies the requirements beyond the baccalaureate level for licensure or certification in a profession or occupation. An institution may offer a professional certificate program if it offers a degree program directly related to the area of licensure or certification. The president of an institution that intends to offer a graduate professional certificate program must notify the governing board of the institution and MHEC, and the program must be approved by MHEC. The bill is contingent on the enactment of *Senate Bill 85/House Bill 731*.

Private Donation Incentive Program

The Private Donation Incentive Program was re-established by Chapter 515 of 1999, which implemented the recommendations of the Larson Task Force regarding the coordination, governance, and funding of the University System of Maryland. The

program provides State matches for private donations made to the public institutions of higher education. *House Bill 93 (passed)* increases the maximum State match for the University of Maryland Baltimore County (UMBC) to \$1.25 million. The increase reflects the Carnegie classification of UMBC as a top tier research institution, the same status as the University of Maryland, College Park and the University of Maryland, Baltimore, both of which are eligible to receive State matches of up to \$1.25 million under the program.

House Bill 965 (passed) authorizes Morgan State University (MSU) to establish a distinguished scholar position known as the Clarence W. Blount Chair of Public Policy and Urban Politics and to fund the position with State matches received through the Private Donation Incentive Program. The President of MSU may appoint a person to fill the position for a term of up to two years. A person appointed to the position will teach, conduct research, and perform community service in public policy and urban politics and will receive a salary of \$100,000 per year. Other employment contract terms and conditions may be established by the President of MSU.

Community Colleges

Chapter 601 of 1998 established the Innovative Partnerships for Technology Program. The purpose of the program was to enhance the technology available in community colleges and to leverage private support for community colleges through the use of State matches for technology donations made in fiscal 1998 to 2002. *House Bill 1237 (passed)* restarts the program beginning in fiscal 2003. Technology donations made to community colleges during fiscal 2003 and 2004 must be matched by the State, up to a maximum State match of \$150,000 per college. Colleges that earn the entire State match from fiscal 2003 and 2004 donations are eligible for additional State matches of up to \$150,000 for technology donations made in fiscal 2005 and 2006. State matches are paid in the second fiscal year following the fiscal year in which the donations were received. To determine what donations are eligible for a State match, private technology donations are compared to the donations each institution received in fiscal 2002. To be eligible, donations must be from new donors or represent increases over the amounts given by donors in fiscal 2002. Donations may be in the form of technology equipment or monetary contributions that are specifically designated for technology.

Funding enhancements were also approved for Allegany College of Maryland and Garrett Community College. *Senate Bill 310/House Bill 179 (both passed)* provide additional unrestricted State grants to Allegany College of Maryland and Garrett Community College from fiscal 2003 to 2005. The additional grant for Allegany College of Maryland is \$360,000, and the additional grant for Garrett Community College is \$240,000.