

Part L Education

Primary and Secondary Education

State Education Aid – Increases

As the final year of the phase-in for the Bridge to Excellence in Public Schools Act of 2002, fiscal 2008 will see the largest increase yet in State funding for public elementary and secondary education. Fiscal 2008 education aid will increase by \$691 million over fiscal 2007 to nearly \$5.2 billion, an increase of 15.4 percent. The large increase is mostly due to the continued phase-in of the new State aid structure established in the Bridge to Excellence legislation, but the teachers' retirement enhancement enacted last year and higher-than-expected inflation combined to add approximately \$190.0 million to the increase.

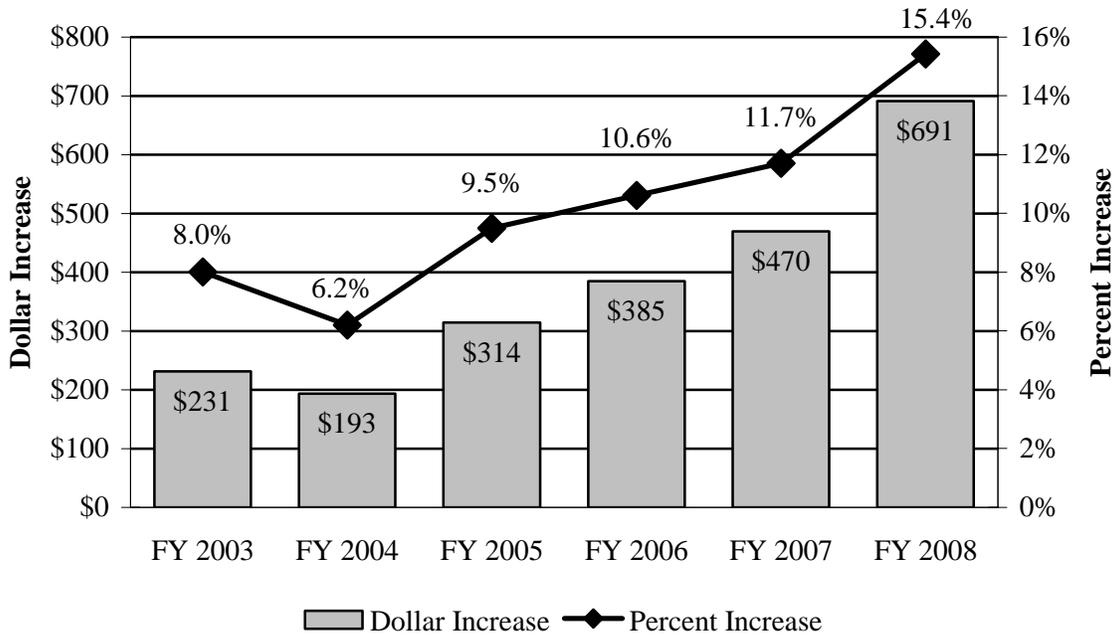
As shown in **Exhibit L-1**, funding for the Bridge to Excellence programs will increase by \$567 million in fiscal 2008, while other education aid programs, most notably teachers' retirement payments, will realize increases totaling \$124 million. Although the largest dollar increase is in the foundation 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 11 school systems located in jurisdictions with less than 80 percent of the statewide wealth per pupil. 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. State payments for teachers' retirement made on behalf of local school systems also increase significantly due in large part to the 2006 enhancement to the program. 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 Aid
Fiscal 2007 and 2008
(\$ in Millions)

<u>Bridge to Excellence Programs</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Foundation Program	\$2,493.2	\$2,782.7	\$289.5	11.6%
Compensatory Education	726.7	902.5	175.9	24.2%
Special Education Formula	231.8	280.3	48.4	20.9%
Limited English Proficiency	88.8	126.2	37.3	42.0%
Guaranteed Tax Base	60.5	78.9	18.4	30.4%
Student Transportation	202.1	219.0	16.9	8.4%
Extended Elementary Education	19.3	0.0	-19.3	-100.0%
Subtotal	\$3,822.4	\$4,389.6	\$567.2	14.8%
<u>Other Education Programs</u>				
Teachers' Retirement	\$446.1	\$566.4	\$120.3	27.0%
Nonpublic Special Education	116.5	125.2	8.7	7.4%
Other Programs	94.4	89.1	-5.3	-5.6%
Subtotal	\$657.1	\$780.7	\$123.7	18.8%
Grand Total	\$4,479.4	\$5,170.3	\$690.9	15.4%

The fiscal 2008 increase in State funding for education will follow increases of \$470.0 million in fiscal 2007, \$385.0 million in fiscal 2006, and \$314.0 million in fiscal 2005. In total, education aid will increase by \$2.2 billion from fiscal 2002 to 2008, reflecting an average annual growth rate of 10.2 percent. Annual dollar increases and percentage increases during the Bridge to Excellence phase-in are shown in **Exhibit L-2**. Since the new State aid structure will be fully implemented in fiscal 2008, future increases in State education aid will be driven by inflation and changes in enrollment and are expected to be more modest.

Exhibit L-2
Annual Increases in State Aid for Education
Fiscal 2003-2008
(\$ in Millions)



Geographic Cost of Education Index Aid Program

Despite the large increases in State education aid since the enactment of the Bridge to Excellence Act, the geographic cost of education index (GCEI), which was envisioned as one of the components of the Act, has not been funded. While the at-risk programs provide additional State funding to recognize the greater resource needs associated with educating specific student populations, the GCEI was intended to provide added State funds to account for the higher costs of educational resources in some areas of the State.

The Bridge to Excellence legislation required the Maryland State Department of Education (MSDE) to contract with a private consultant to develop a Maryland-specific GCEI and required the new GCEI to be used to adjust aid beginning in fiscal 2005. The consultant hired by MSDE submitted a report in December 2003; however, because there was no formula or amount included in the original Bridge to Excellence legislation, funding for GCEI was not considered mandatory State aid and was not included in the fiscal 2005 State budget.

The General Assembly passed legislation in 2004 that included a GCEI formula, but funding for the formula was left to the discretion of the Governor. If they had passed, *Senate Bill 109/House Bill 139 (both failed)*, Administration bills, and *House Bill 391 (failed)* would

have made the GCEI formula mandatory and would have established new phase-in schedules for the formula. By fiscal 2011, when the bills would have fully phased in the GCEI funding, State aid from the formula would have amounted to an estimated \$137 million. Although the bills did not pass, the discretionary formula remains in law and could be funded in future budgets.

Two Small State Aid Programs Established

Although the vast majority of State aid for education will continue to be distributed through the large funding formulas, two small State aid programs are scheduled to begin in fiscal 2009. *Senate Bill 711 (Ch. 49)* establishes a “Share the State Fair!” program and requires the Governor to include \$25,000 per year in the State budget for the program. Program funds may be used only to provide annual matching grants of up to \$1,000 to local boards of education to provide opportunities for pre-kindergarten through eighth grade students to attend the State Fair. Local boards may use their matching grants to pay for transportation and refreshments for students attending the fair.

House Bill 1017 (passed) establishes a Parent-Teacher Association Matching Fund Pilot Program to encourage parent-teacher associations (PTAs) in Baltimore City and Prince George’s County to raise funds for public high schools. Each high school PTA in Prince George’s County and Baltimore City is eligible for a dollar-for-dollar match from the State for private donations made to the school’s PTA, up to a maximum of \$125,000 for each school system divided by the number of public high schools in the system. The matching program is subject to the availability of funds for the pilot in the State budget, and total State expenditures for the program may not exceed \$200,000. The pilot program terminates after three years.

School Construction Funding

The capital budget of 2007, *House Bill 51 (passed)* contains \$401.8 million for public school construction in fiscal 2008. This is the highest level of school construction funding since the program began in 1971, following the previous high of \$322.7 million in fiscal 2007. The fiscal 2008 amount represents a \$79.1 million or 24.5 percent increase over fiscal 2007 funding. Included in the \$401.8 million school construction budget are \$385.8 million in general obligation bonds, \$2.4 million in special fund PAYGO in Stadium Authority funds, and \$13.6 million in the contingency fund from unexpended amounts for projects budgeted in prior years.

For the third consecutive year, the level of public school construction funding has met or exceeded the annual funding goal in the Public School Facilities Act of 2004 of \$250.0 million over eight years. The goal reflects the amount needed to address deficiencies in facilities identified in 2003 by the Task Force to Study Public School Facilities. The 2007 *Capital Improvement Program* projects that the annual goal of \$250.0 million in State funds through 2013 will continue to be met, with \$252.4 million in fiscal 2009 and 2010, and \$250.0 million in 2011 and 2012.

Capital Budget Allocations for Counties

The capital budget bill details the distribution of \$401.8 million in fiscal 2008 school construction funds. (**Exhibit L-3** shows the allocations made to the 24 local jurisdictions.) A total of \$652.2 million was requested by local jurisdictions for projects that are either A (funded) or B (ready to go). The General Assembly funded on average 61.6 percent of those projects. In January 2007, the Board of Public Works (BPW) approved \$242.2 million for projects recommended by the Interagency Committee on Public School Construction (IAC), representing 75.0 percent of the preliminary \$323.0 million proposed by Governor Ehrlich for fiscal 2008. After the increase in funding to \$400.0 million by Governor O'Malley, the General Assembly allocated the additional \$159.7 million to 22 jurisdictions.

Capital budget bill language clarifies the allocation process for school construction funds. In a departure from fiscal 2007, the capital budget bill specifies that BPW, based on IAC recommendations, will approve the allocation of funds to specific projects in each county after May 1, 2007. The bill also contains new language requiring that any construction funds not used within two years of allocation to a county must revert to the contingency fund. The capital budget bill (Section 15) also prohibits BPW from allocating more than 75 percent of the preliminary public school construction allocation before May 1, 2008, continuing the limit imposed in 2006 and 2007.

Additionally, Section 14 of the capital budget bill requires the IAC to make recommendations each year by March 1 that equal 90 percent of the final amount for school construction that the Governor provides in the capital budget for the next fiscal year. The IAC is already required to make recommendations by December 31 each year that equal 75 percent of the preliminary allocation for school construction announced for the next fiscal year.

Exhibit L-3 Fiscal 2008 Public School Construction Funding (\$ in Thousands)

<u>County</u>	<u>BPW Approved</u>	<u>General Assembly Allocated</u>	<u>Total</u>	<u>Total A-B List</u>	<u>% of A-B List</u>	<u>% of FY 08 Total</u>
Allegany	\$412	\$0	\$412	\$412	100.0%	0.1%
Anne Arundel	19,001	8,826	27,827	29,429	94.6%	6.9%
Baltimore City	27,694	24,971	52,665	106,037	49.7%	13.1%
Baltimore Co	27,917	24,333	52,250	91,285	57.2%	13.0%
Calvert	5,121	7,523	12,644	19,973	63.3%	3.1%
Caroline	2,324	102	2,426	2,433	99.7%	0.6%
Carroll	7,079	1,140	8,219	7,948	103.4%	2.0%
Cecil	4,745	4,788	9,533	13,445	70.9%	2.4%

<u>County</u>	<u>BPW Approved</u>	<u>General Assembly Allocated</u>	<u>Total</u>	<u>Total A-B List</u>	<u>% of A-B List</u>	<u>% of FY 08 Total</u>
Charles	8,131	5,039	13,170	27,177	48.5%	3.3%
Dorchester	2,337	3,800	6,137	9,152	67.1%	1.5%
Frederick	12,733	5,995	18,728	36,659	51.1%	4.7%
Garrett	4,800	1,443	6,243	8,730	71.5%	1.6%
Harford	11,966	4,272	16,238	38,356	42.3%	4.0%
Howard	15,033	8,173	23,206	33,156	70.0%	5.8%
Kent	1,087	248	1,335	1,087	122.8%	0.3%
Montgomery	29,311	22,986	52,297	74,975	69.8%	13.0%
Prince George's	29,267	22,983	52,250	82,757	63.1%	13.0%
Queen Anne's	1,957	1,968	3,925	6,647	59.0%	1.0%
St. Mary's	6,861	2,945	9,806	13,713	71.5%	2.4%
Somerset	3,251	1,902	5,153	5,153	100.0%	1.3%
Talbot	2,038	0	2,038	2,038	100.0%	0.5%
Washington	6,700	2,270	8,970	20,194	44.4%	2.2%
Wicomico	6,259	1,884	8,143	11,034	73.8%	2.0%
Worcester	6,126	2,087	8,213	10,396	79.0%	2.0%
Total	\$242,150	\$159,678	\$401,828	\$652,186	61.6%	100.0%

Note: The total includes \$1.8 million that has been reserved in the contingency fund for Dunbar High School in Baltimore City.

Relocatable Classrooms – Funding

Apart from the \$401.8 million for public school construction projects, \$250,000 is included in the fiscal 2008 capital budget for the renovation of relocatable classrooms. The State owns 202 relocatable classrooms, most of which are more than 30 years old. To provide a funding source for renovations and necessary demolitions, the Public School Construction Program has traditionally requested \$200,000 in State funding every other year. The *Capital Improvement Program* projects an increase to \$300,000 in fiscal 2010 and 2012.

Senate Bill 552/House Bill 164 (both passed) require BPW to adopt regulations establishing criteria designed to enhance indoor air quality in relocatable classrooms that may be purchased or leased with State or local funds. The bills apply only prospectively, and do not affect relocatable classrooms already in use around the State. The new criteria, once established, are expected to add between \$3,000 and \$5,000 to the cost of a standard relocatable classroom.

Aging Schools Program – Funding

The federal Qualified Zone Academy Bond (QZAB) program was extended for two more years in 2006, with Maryland’s allocation totaling \$11.1 million. *Senate Bill 986 (passed)* authorizes the State to issue a total of \$11.1 million in additional QZABs, and requires \$5.5 million to be allocated to the 24 jurisdictions through the Aging School Program as required in Section 5-206(f) of the Education Article. Maryland has authorized a total of \$35.5 million in QZABs from 1999 to 2005.

The General Assembly reduced operating funds for the Aging Schools Program by \$5.5 million, contingent upon replacement with an equal amount of QZABs, as required by *Senate Bill 986*. Total funding for the Aging School Program in fiscal 2008 is \$12.5 million, which includes the statutory base funding, an inflation-based increase, the final year of “hold harmless” grants to six counties, and a \$1.1 million discretionary enhancement. The General Assembly also clarified in fiscal 2008 budget bill language that the enhancement must be distributed to local jurisdictions in the same manner as the statutory funding. **Exhibit L-4** shows the allocation of the \$12.5 million available for Aging Schools grants in fiscal 2008.

Exhibit L-4 Fiscal 2008 Aging Schools Program Allocations

<u>County</u>	<u>Base</u>	<u>Inflation Adjustment</u>	<u>Hold Harmless</u>	<u>Enhancement</u>	<u>Total</u>
Allegany	\$166,000	\$7,171	\$47,000	\$18,041	\$238,212
Anne Arundel	859,000	37,109		93,355	989,464
Baltimore City	2,356,000	101,779		256,047	2,713,826
Baltimore	1,484,000	64,109	364,000	161,279	2,073,388
Calvert	65,000	2,808		7,064	74,872
Caroline	85,000	3,672		9,238	97,910
Carroll	233,000	10,066	38,000	25,322	306,388
Cecil	163,000	7,042	48,000	17,715	235,757
Charles	85,000	3,672		9,238	97,910
Dorchester	65,000	2,808		7,064	74,872
Frederick	310,000	13,392		33,690	357,082
Garrett	65,000	2,808		7,064	74,872
Harford	369,000	15,941		40,103	425,044
Howard	149,000	6,437		16,193	171,630
Kent	65,000	2,808		7,064	74,872
Montgomery	1,023,000	44,194		111,178	1,178,372
Prince George’s	2,053,000	88,690		223,118	2,364,808
Queen Anne’s	85,000	3,672		9,238	97,910
St. Mary’s	85,000	3,672		9,238	97,910

<u>County</u>	<u>Base</u>	<u>Inflation Adjustment</u>	<u>Hold Harmless</u>	<u>Enhancement</u>	<u>Total</u>
Somerset	65,000	2,808		7,064	74,872
Talbot	65,000	2,808	23,000	7,064	97,872
Washington	229,000	9,893		24,887	263,780
Wicomico	181,000	7,819	44,000	19,671	252,490
Worcester	<u>65,000</u>	<u>2,808</u>		<u>7,064</u>	<u>74,872</u>
Total	\$10,370,000	\$447,986	\$564,000	\$1,127,000	\$12,508,986

School System Comprehensive Master Plans

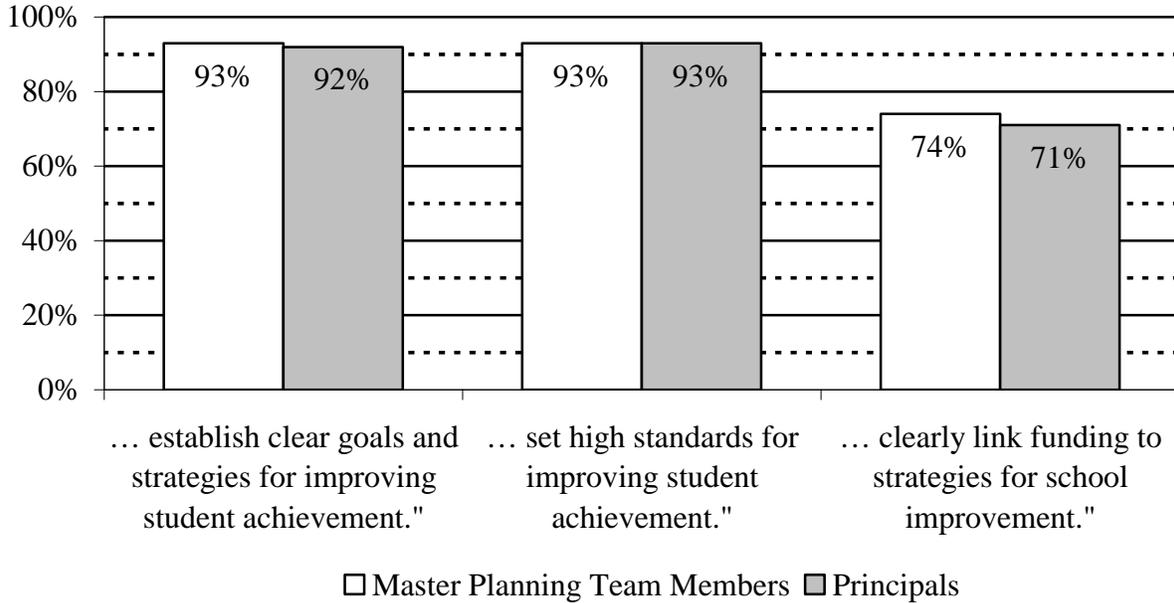
The development of a comprehensive master plan by each local school system was one of the major accountability components of the Bridge to Excellence in Public Schools Act. As described above, the Act has provided significant enhancements to State funding for public elementary and secondary education. The legislation also eliminated a large number of State aid programs that provided funding for specific purposes or initiatives and instead gave local school systems broad discretion to use the added State funding for programs, initiatives, and enhancements that would best serve local student populations.

To ensure that the new money would be used effectively, the Bridge to Excellence Act required local boards of education to submit five-year comprehensive master plans by October 1, 2003, and annual updates to the plans that extend to the 2007-2008 school year. The plans, and subsequent updates to the plans, had to identify the strategies that would be used to improve academic performance for all students. The State Superintendent of Schools was required to review each comprehensive master plan to make certain that it included all the required components and that the articulated strategies were aligned with the school system's budget and would improve student performance across all student populations. *Senate Bill 907 (passed)* requires local boards of education to continue submitting updates to their comprehensive master plans in October 2008 and 2009 and to submit new five-year comprehensive master plans by October 15, 2010. After the 2010 master plan, updates to the plan must be submitted annually, with each update covering a five-year period.

The Bridge to Excellence Act also required MSDE to conduct an evaluation of the effect of increased State aid for education on student and school performance in each local school system, and MSDE has contracted with MGT of America, Inc. to do the study. An initial report on the evaluation was submitted in December 2006, and the final report is due December 31, 2008. *Senate Bill 907* adds an interim report to be submitted by December 31, 2007. In the initial report, MGT surveyed school system personnel about the utility and effectiveness of the comprehensive master plans. As shown in **Exhibit L-5**, the majority of survey respondents think that the plans have positively impacted school system strategic planning processes.

**Exhibit L-5
Percentage of Survey Respondents Agreeing with the Statements**

"The Comprehensive Master Plans ...



Source: *An Evaluation of the Effect of Increased State Aid to Local School Systems Through the Bridge to Excellence Act*, MGT of America, Inc.

Senate Bill 907 requires the General Assembly to review findings from the evaluation of the Bridge to Excellence in Public Schools Act during the 2009 legislative session and determine whether the comprehensive master plan requirements should be differentiated among the 24 local school systems, meaning some school systems may be required to submit new master plans while others continue implementation of their existing plans. However, if the General Assembly does not take further action, a provision in current law allowing pre-existing management plans to satisfy the master plan requirement is repealed effective July 1, 2009. **Senate Bill 907** also repeals the authority of the State Board of Education to withhold funds from a local school system that fails to demonstrate improvements in student performance and fails to submit an adequate master plan.

High School Assessments

The State Board of Education decided in 2004 to make passage of the High School Assessments (HSAs) mandatory for high school graduation beginning with the class of 2009. HSAs are end-of-course tests taken in four subject areas: algebra, biology, government, and English. Students must pass each HSA or achieve a combined total passing score on all of the HSAs in order to receive a Maryland high school diploma.

In response to concerns about implementation of this requirement, the State Board of Education has recently indicated that it will conduct a thorough review of student performance on the HSAs following the spring 2007 HSA testing, rather than waiting for the 2008 HSA results under the schedule currently established in regulation. The State Superintendent of Schools also announced her intention to recommend that the State Board of Education delay linkage of passage of the HSAs to the Maryland high school diploma for special education students, limited English proficient students, and students who have physical or mental impairments that substantially limit one or more major life activities (“504 students”). The State Board of Education has said that it will propose changes to the use of the HSAs as a graduation requirement by December 2007.

Legislators likewise expressed concern about the use of HSAs as a graduation requirement, introducing several bills – *Senate Bill 475/House Bill 994 (both failed)* and *House Bill 1119 (failed)* – that would have established a task force to evaluate the use of the HSAs as a diploma requirement and suggest targeted interventions to increase the HSA passage rate. Instead, narrative adopted by the budget committees and included in the *Joint Chairmen’s Report* requests that the State Board of Education hold five regional public hearings (in Western Maryland, Southern Maryland, the Eastern Shore, the Baltimore area, and the Washington, DC area) on the HSAs to educate the public about current policies and potential changes to the HSA as a graduation requirement and to hear the public’s concerns. The budget narrative asks that the State Board of Education submit a report by January 1, 2008, on the hearings, proposed changes to the use of HSAs as a graduation requirement, and recommendations for academic interventions to help students pass the HSAs.

Student Behavior

Student attendance, discipline, suspension, and expulsion policies have often been the subject of legislative proposals. Legislation enacted in 2006 established a Task Force on School Safety that, among other issues, is required to evaluate and make recommendations regarding the impact of students who exhibit chronic patterns of misbehavior and the use of suspension and expulsion to address student behavior problems. Although the task force will not submit a final report until December 1, 2007, the General Assembly took action this year to address truancy and examine more closely local student discipline policies.

Truancy Bills

In the 2005-2006 school year, more than 20,000 public school students in Maryland were considered habitually truant, meaning they missed 20.0 percent or more of the school days in a marking period, semester, or school year. The statewide habitual truancy rate was 2.37 percent, but the rates ranged from less than 1.0 percent in 13 of the 24 local school systems to 10.6 percent in Baltimore City. There were also nearly 8,700 student suspensions in the 2005-2006 school year for attendance problems. In an effort to discourage truancy, *Senate Bill 519/House Bill 571 (both passed)* prohibit the Motor Vehicle Administration from issuing a learner's instructional driving permit to an applicant under the age of 16 if the applicant's school attendance record indicates more than 10 unexcused absences during the prior school semester.

A second bill relating to truancy, *House Bill 1325 (passed)* authorizes the establishment of a Truancy Reduction Pilot Program in the juvenile courts in Harford and Prince George's counties and extends the authorization for existing truancy reduction programs in Dorchester, Somerset, Wicomico, and Worcester counties from June 30, 2007, to June 30, 2009. A more detailed discussion of this bill can be found in the subpart "Juvenile Law" in Part E – Crimes, Corrections, and Public Safety of this *90 Day Report*.

Local School Discipline Policies

In the 2005-2006 school year, more than 72,600 students were suspended, representing 8.7 percent of the public school enrollment. The percentage of students suspended by each local school system ranged from 3.9 percent in Washington County to 18.7 percent in Somerset County, suggesting some disparities in the use of suspension as a disciplinary tool. *Senate Bill 132 (passed)* requires MSDE to review the policies and procedures of each local board of education relating to student discipline, student suspension, and student expulsion. The review must include suspension rates, reasons for suspensions, and the efficacy of the positive behavioral interventions and support programs that are currently required for elementary schools with high suspension rates. MSDE must submit a report on the review by December 31, 2007.

Restructuring of Local Boards of Education

Several bills to restructure local boards of education were considered by the General Assembly. Maryland has 17 elected school boards and 7 appointed boards, and the recent trend has been for appointed boards to shift to elected boards. Although no boards will shift their selection methods from appointment to election, substantial changes were made to the selection processes for the Prince George's and Anne Arundel county boards. Proposals to restructure or alter the selection processes for the Baltimore City and Baltimore and Harford county boards were unsuccessful.

Prince George's County

Legislation from 2002 eliminated the then-elected Board of Education of Prince George's County and established a new Prince George's County Board of Education, which consisted of nine voting members jointly appointed by the county executive and the Governor from a list of nominees submitted by the State Board of Education. The new board members took office June 1, 2002, and their terms expired December 3, 2006. A newly elected board consisting of five regional board members, four at-large members, and one student member took office on December 4, 2006, following the November 2006 general election.

Senate Bill 657/House Bill 1239 (both passed) alter the election structure by requiring that each of the nine elected members of the Prince George's County Board of Education reside in, and be elected only by the residents of, designated school board districts. The bills also establish eligibility criteria for school board members and new procedures for electing members to fill vacant positions. Finally, the bills repeal a mandated external review of the Prince George's County school system and the appointed board.

Anne Arundel County

The Anne Arundel County Board of Education is one of the seven appointed school boards in Maryland. *House Bill 1114 (passed)* establishes a School Board Nominating Commission of Anne Arundel County to select nominees to fill vacancies on the county board of education. The commission consists of 11 members, including 5 appointed by the Governor and 1 each appointed by:

- the county executive;
- the teachers' association of Anne Arundel County;
- the Annapolis and Anne Arundel County Chamber of Commerce;
- the Anne Arundel County Council of Parent Teacher Associations;
- the Anne Arundel County Community College Board of Trustees; and
- the Association of Education Leaders.

Beginning January 1, 2008, the commission will submit at least two nominees to the Governor for each vacancy on the board, unless there are fewer than two applicants for a vacancy. The Governor must select one of the nominees submitted by the commission to fill the vacancy. Once appointed to the board, a member may serve a second consecutive term if the voters in the county approve the member's continuance in office. Members of the county school board serving their first term as of June 30, 2008, are eligible to be included in the list of nominees submitted to the Governor to serve a second term. However, their reappointment by the Governor must be approved by a majority of county voters at the next general election to remain in office.

House Bill 1114 also expands the size of the board of education from eight to nine members by increasing the number of regional seats from four to five. Finally, it increases compensation for board members effective at the beginning of the next term of office.

Student Health

The General Assembly considered several bills addressing student health issues. *House Bill 1046 (passed)* requires MSDE, in collaboration with the Department of Health and Mental Hygiene (DHMH), to provide awareness and training on self-mutilation, including injury by cutting, for directors of student services in local school systems. It has been estimated that as many as 3 million people in the U.S., mostly adolescents, exhibit some form of self-injuring behavior. This most commonly involves cutting of the skin to achieve a hormonal release, but can also include burning, scratching, branding, and bruising. A similar bill, *House Bill 1372 (passed)* requires MSDE to collaborate with DHMH to provide awareness and training on the abuse of inhalants. Many ordinary household products can be deliberately sniffed or inhaled to achieve a “high.” Common symptoms of inhalant use include slurred or disoriented speech, red or runny eyes and nose, and nausea, but more serious abuse of inhalants can cause brain damage, loss of muscle control, organ damage, or even death. Both bills require DHMH to provide MSDE with resource information to be distributed to local school supervisors of health, counseling, and psychology, as well as materials that describe local, State, and national resources to which students, parents, counselors, and school personnel may refer for more information on the health problems.

House Bill 957 (passed) requires MSDE and DHMH to jointly establish guidelines for providing emergency medical care to students with special health needs. The guidelines must include the emergency administration of medication and follow-up emergency procedures; a description of parental, school, and student responsibilities with respect to health emergencies; and any other issues relevant to the emergency medical care of students with special health needs. MSDE and DHMH must provide technical assistance to schools and develop a process to monitor the implementation of the guidelines. The guidelines that are established will supplement existing Maryland State School Health Guidelines.

There are currently three separate school health-related risk surveys that samples of Maryland students take in middle and high school: the Youth Risk Behavior Surveillance System Survey, the Maryland Adolescent Survey, and the Youth Tobacco Survey. Each survey takes about one class period to complete, and there is some overlap in the data collected by the different surveys. In response to the burden that multiple surveys place on schools, *Senate Bill 9/House Bill 610 (both passed)* require MSDE and DHMH to establish a workgroup to evaluate and reduce the impact on schools and students of administering and taking the surveys, while still collecting valid data that meet the legal data collection responsibilities of the two departments. The workgroup may consult with various stakeholders and must study the feasibility of administering a single survey or coordinating the administration of multiple health-related surveys. The workgroup must submit a report on the surveys by September 1, 2008.

Teaching Standards

Senate Bill 57/House Bill 275 (both passed) enhance and extend the State and Local Aid Program for Certification by the National Board for Professional Teaching Standards (NBPTS). NBPTS is an independent, nonprofit organization that has established rigorous standards for accomplished teachers and has certified more than 55,000 teachers nationally who have achieved those standards. Currently, the State's program allows the State Board of Education to pay two-thirds of the cost of obtaining national certification for up to 750 teachers; local boards pay the remaining one-third. These bills extend the program's termination date from May 31, 2008, to June 30, 2013. They also expand membership in the program to include teachers seeking recertification, raise the participation limit to 1,000 teachers, and authorize the State board to fund up to one retake of an unsuccessful entry on the NBPTS assessment. Finally, the bills require MSDE to include in its annual budget request the total amount of money needed to fund the full number of eligible program participants.

Obtaining NBPTS certification requires teachers pursuing the certification to develop comprehensive portfolios of their work and accomplishments and often takes one to three years to complete. The certification is then good for 10 years. For teachers who achieve national board certification, the State matches local stipends provided to the teachers, up to a maximum of \$2,000 per teacher per year. There have been proposals in recent years to extend eligibility for the State stipends to other, nonteaching school system personnel who are subject to national certification in their fields. In response, *Senate Bill 58/House Bill 274 (both passed)* establish a study commission to assess the rigor of national certification for speech-language pathologists, occupational therapists, school psychologists, physical therapists, school counselors, and other school system personnel, as compared to national teacher certification by NBPTS. By December 31, 2007, the commission must submit its findings and recommendations regarding the expansion of eligibility for the national certification stipends currently provided to teachers and nonadministrative school-based personnel who hold certification from NBPTS. MSDE will staff the commission which sunsets on May 31, 2008.

Civics Education

Federal law requires all schools receiving federal funds to hold instructional programs on the U.S. Constitution on September 17, the anniversary of the signing of the Constitution. *Senate Bill 128 (Ch. 12)* authorizes local boards of education to establish programs to teach students about the U.S. and Maryland Constitutions annually on this date. The programs may provide opportunities for eligible students to register to vote.

Senate Bill 492 (passed) builds on the work of the Summit on Civic Literacy held in January 2007, by establishing a broad-based, 30-member Commission on Civic Literacy to develop programs, networks, and clearinghouses that promote and support civic education in schools. The commission must meet at least twice annually, with staff support provided by MSDE. Authorization for the commission expires on September 30, 2012.

Higher Education

Funding

Every segment of higher education receives a general fund increase in the fiscal 2008 budget. New general funds total \$136.7 million in fiscal 2008, or 10.4 percent, as shown in **Exhibit L-6**. The exhibit includes \$23.0 million of general funds from the Department of Budget and Management in fiscal 2008 to defray expenses associated with a 2 percent cost-of-living allowance (COLA) for State employees. COLA increases are included in the fiscal 2007 data as well. However, the total amount of general funds that are available for expenditure in fiscal 2008 is actually higher due to one-time savings in retiree health insurance that will be realized in fiscal 2008. These savings equate to approximately \$29.3 million in general funds for the University System of Maryland (USM), Morgan State University (MSU), and Baltimore City Community College (BCCC). After accounting for this amount, institutions actually have approximately \$166 million in additional general funds, or an increase of 12.6 percent, that is available for expenditure in fiscal 2008.

Exhibit L-6
General Funds for Maryland Institutions of Higher Education
Fiscal 2007 and 2008
(\$ in Thousands)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>Change</u> <u>FY 07-08</u>	<u>% Change</u> <u>FY 07-08</u>
University System of Maryland ¹	\$937,037	\$1,017,000	\$79,963	8.5%
Morgan State University	62,915	68,134	5,219	8.3%
St. Mary's College	15,906	16,367	461	2.9%
Maryland Higher Education Commission Special Grants ²	11,776	10,776	-1,000	-8.5%
Community Colleges ³	205,883	244,201	38,317	18.6%
Baltimore City Community College	35,025	40,198	5,173	14.8%
Private Institutions	49,965	58,551	8,586	17.2%
Total	\$1,318,506	\$1,455,227	\$136,720	10.4%
Total Increase with Retiree Health Savings ⁴			\$166,007	12.6%

Note: Includes \$23 million of general funds in fiscal 2008 that will be transferred from the Department of Budget and Management's appropriation to the University System of Maryland (USM) and Morgan for the cost-of-living allowance (COLA) for State employees. General funds received in fiscal 2007 for the COLA are also included.

¹ USM fiscal 2007 funds include a \$3.5 million grant for the University of Maryland Baltimore County's School of Aging Studies funded through the Maryland Higher Education Commission budget. This was the final year of funding for the school.

² The General Assembly reduced funding for professional development schools by \$1 million in fiscal 2008.

³ Community College funds include the Senator John A. Cade formula funds, fringe benefit funds, and \$500,000 for the Community College Initiative for Students with Disabilities budgeted through the Maryland Higher Education Commission in fiscal 2008.

⁴ All State agencies, including institutions of higher education, will realize retiree health insurance savings in fiscal 2008. The savings equate to \$29.3 million in general funds that were in the fiscal 2007 budget for retiree health but are available for other purposes in fiscal 2008 for USM, Morgan, and Baltimore City Community College. The availability of these dollars results in a total increase of 12.6%.

Source: Maryland State Budget Books; Department of Legislative Services

Four-year Institutions

USM will receive a total general fund increase of \$80 million, or 8.5 percent over fiscal 2007, including \$15.4 million to offset the loss of tuition revenue so that USM may freeze undergraduate resident tuition for a second consecutive year. Legislation mandating the tuition freeze for USM and MSU is discussed in more detail further below. The additional general funds will support ongoing operating costs, program enhancements, and the enrollment of additional students at five institutions. MSU receives a total increase of \$5.2 million in general funds including \$0.9 million for the tuition freeze, or 8.3 percent higher than fiscal 2007. The increase in general funds for St. Mary's College (SMCM) is \$0.5 million over fiscal 2007, or a 2.9 percent increase.

State aid for private institutions, through the Joseph A. Sellinger Program, increases \$8.6 million over fiscal 2007, or 17.2 percent. Under the Sellinger formula, aid per nonpublic full-time equivalent student (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 2008 the budget fully funds community colleges in accordance with the Senator John A. Cade funding formula. Cade funds increase \$31.8 million over fiscal 2007. The amount distributed through the formula in fiscal 2008 is based on 25.5 percent of the previous year's aid per FTES at selected four-year public institutions. Community colleges also receive other revenues from the State, tuition and fee revenues, and appropriations from local governments. When additional State funds for fringe benefits and other programs are included, the overall community college increase is \$37.8 million in general funds, an 18.4 percent increase.

The Baltimore City Community College, as the only State-run community college, has its own formula, which for fiscal 2008 sets State support at 66.5 percent of the prior year State appropriations per FTES at selected four-year public institutions. BCCC receives a \$5.2 million, or 14.8 percent, increase in general funds in fiscal 2008.

Tuition Measures

Freeze for Second Consecutive Year

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. In response, Chapters 57 and 58 of 2006 froze tuition at fall 2005 rates for in-state undergraduates attending USM institutions and MSU for the 2006-2007 academic year. Chapters 57 and 58 also limited the fall 2006 resident tuition rates at St. Mary's College of Maryland (SMCM) to 4.8 percent. Excess funds in the fiscal 2007 budget were used to offset the loss of tuition revenues for USM, MSU, and SMCM.

In a continuing effort to address concerns about the affordability of college, *Senate Bill 108/House Bill 134 (both passed)* extend the tuition freeze for resident undergraduate students at USM institutions and MSU for the 2007-2008 academic year. The fiscal 2008 budget includes an additional \$16.2 million in general funds to cover the loss of tuition revenue.

Tuition Charges for Undocumented Immigrants

Since 2003, the General Assembly has attempted to address the issue of allowing undocumented immigrants to pay in-state tuition rates at public institutions of higher education. Following the lead of states like California, New York, Texas, and Utah, in 2003 the General Assembly passed House Bill 253, which would have extended in-state tuition benefits to undocumented and other immigrants who attended and graduated from Maryland high schools. However, the bill was vetoed by the Governor. In the 2004 session, a similar bill, House Bill 1171, was introduced but did not pass.

House Bill 6 (failed) would have exempted many undocumented immigrants who attended and graduated from Maryland high schools from paying nonresident tuition. The bill would have required the governing board of each public institution of higher education to adopt policies to implement the bill. In order for a student to qualify for an exemption from paying nonresident tuition, *House Bill 6* would have required a student to attend high school in the State for at least two years and receive a diploma or diploma equivalent in the State, provide documentation indicating the student or the student's parents had Maryland income taxes withheld during the year prior to high school graduation, and apply for admission to a public institution of higher education within three years of high school graduation. The bill also would have required a student who qualifies for the exemption and is not a permanent resident to provide an affidavit stating that the student will file an application to become a permanent resident within 30 days after becoming eligible to do so. The exemption would have applied to

all immigrants regardless of residency status except for documented immigrants who are in the country on student visas.

Tuition for Foster Care Children

Chapter 506 of 2000 established the tuition waiver program for children in foster care homes. Under the existing program, a foster care recipient has to meet certain requirements to qualify for a tuition waiver at a public institution of higher education. For example, foster care recipients who had been placed in group homes, residential treatment centers, and other placements were not eligible for tuition waivers. *House Bill 1309 (passed)* expands eligibility under the tuition waiver program to any individual in an out-of-home placement.

Duplicative Academic Programs

The Maryland Higher Education Commission (MHEC) is responsible for approving or disapproving new academic programs proposed by higher education institutions in the State. When a new academic program is proposed, MHEC and other institutions may object to the new program for several reasons, one of which is that the program would unnecessarily duplicate an existing program. “Unnecessary duplication” is a federal standard set forth in *United States v. Fordice*, 505 U.S. 717 (1992) that prohibits a traditionally white institution in close geographic proximity to a historically black institution (HBI) from offering bachelor’s level nonbasic liberal arts and sciences courses or master’s and doctorate level courses that are broadly similar to courses already offered at an HBI unless there is a sound educational justification for the duplication.

A 2005 decision by the Secretary of Higher Education authorized Towson University to offer a joint Masters of Business Administration (MBA) program with the University of Baltimore (UB). This decision resulted in an appeal to the full commission by Morgan State University (MSU), which has had an MBA program for over 30 years and, like Towson and UB, is located in the Baltimore area. MSU claimed that the new MBA program would unnecessarily duplicate its program and would lead to further segregation in Baltimore-area universities. In November 2005, MHEC members affirmed the Secretary’s decision to allow Towson and UB to implement the new joint MBA program.

In response, Senate Bill 998 of 2006 would have enabled an institution directly affected by what is believed to be an unreasonably duplicative academic program to appeal a decision of MHEC to the circuit court; however, the bill was vetoed by the Governor.

Senate Bill 29/House Bill 81 (both failed) again attempted to provide an avenue of appeal for a party aggrieved by certain MHEC academic program decisions. Using *Senate Bill 29* as the vehicle, the Senate and the House each took a very different approach to provide a process of appeal. *Senate Bill 29*, as amended by the Senate, required MHEC to review its decision authorizing Towson to offer a joint MBA program with UB over MSU’s objections. The bill authorized judicial review in the circuit court of MHEC’s decision regarding the joint MBA program and all future MHEC decisions regarding unnecessary duplication. *Senate Bill 29*, as amended by the House, permitted MSU to file an appeal regarding the joint

MBA program determination, which would set in motion a process of mediation and binding arbitration. If the parties were unable to resolve the dispute through mediation, the dispute would be submitted to binding arbitration and an arbitration panel consisting of three members chosen by the parties would resolve the dispute. The House version of the bill did not permit appeals of future MHEC determinations; however, the bill required MHEC to convene a workgroup to review the academic program approval process and make recommendations to the General Assembly regarding the program approval and appeal process prior to the 2008 session.

Although both houses spent a considerable amount of time on this issue, they were not able to agree on the final version of *Senate Bill 29*; consequently, the bill failed. MSU maintains that it can pursue legal proceedings against the State in circuit court without authorizing legislation. However, the Attorney General's Office has advised that judicial review of MHEC's November 2005 decision is not permitted under current law.

Student Financial Assistance

In addition to addressing concerns over the rising cost of tuition at public institutions of higher education, the General Assembly also addressed enhancements and refinements to State financial assistance for Maryland students.

Legislative Scholarships

Senatorial Scholarship Program Awards: Senate Bill 604 (passed) increases the maximum annual award that a recipient may receive under the Senatorial Scholarship Program from \$2,000 to the equivalent annual tuition and mandatory fees for a full-time resident undergraduate student at the USM institution with the highest annual expenses, excluding the University of Maryland University College and the University of Maryland, Baltimore. The bill also eliminates the \$8,000 limit on the amount a student may receive over multiple years. In addition, *Senate Bill 604* repeals limitations on the use of senatorial scholarship funds for summer study. With these changes, the amount a senator may award to a single recipient is the same as an amount a delegate may award. This bill does not impact the annual appropriation for senatorial scholarships. Instead, if the average award amount increases as a result of the bill, fewer students would be awarded senatorial scholarships each year.

Limitations on Legislative Scholarships: Senate Bill 739 (failed) would have prohibited senators and delegates from awarding legislative scholarships to their relatives and from knowingly awarding legislative scholarships to the relatives of other members of the General Assembly who represent the same district. Under the bill, if a member awarded a scholarship in violation of this prohibition, the scholarship recipient could continue to use the award until the end of the school year, and the Office of Student Financial Assistance would have been required to send a letter to the member and the recipient stating that the award may not be renewed.

New Financial Assistance Programs

Walter Sondheim, Jr. Public Service Summer Internship Scholarship Program: To provide an incentive for higher education students to explore careers in public service,

House Bill 269 (passed) establishes a Walter Sondheim, Jr. Public Service Summer Internship Scholarship Program to be administered by the Shriver Center at the University of Maryland Baltimore County (UMBC). Each participating student is placed in a summer internship with a qualifying nonprofit company, the State, or a local government and receives a \$3,000 scholarship from the Shriver Center. The program is named in honor of Walter Sondheim, Jr., a long-time leader in civic affairs, who died February 15, 2007, at the age of 98.

Dual Enrollment Grant Program: To provide assistance for Maryland residents who are simultaneously enrolled in high school and college and who demonstrate financial need, **Senate Bill 525/House Bill 538 (both passed)** establish a new Dual Enrollment Grant Program. Under the bills, the Maryland Higher Education Commission (MHEC) must administer the Dual Enrollment Grant Program in cooperation with institutions of higher education and funds are allocated based on the number of dually enrolled students at each institution. The Dual Enrollment Grant Program will expire on June 30, 2008. By November 1, 2007, the Maryland Partnership for Teaching and Learning PreK-16 Council must provide the General Assembly with a list of recommendations to facilitate dual-enrollment opportunities.

Expanded Eligibility for Existing Financial Assistance Programs

Delegate Howard P. Rawlings Educational Excellence Award Program/Guaranteed Access Grants: The Educational Excellence Award Program is the State's largest financial aid program. The program includes two types of awards, the guaranteed access grant and the educational assistance grant. To qualify for either grant, a recipient must be a Maryland resident who demonstrates a financial need and has been accepted at a two-year or four-year Maryland institution of higher education. **Senate Bill 834 (passed)** expands eligibility for the Guaranteed Access Grant Program by prohibiting the Office of Student Financial Assistance from considering an amount received as an earned income credit when determining the financial need of an applicant for a guaranteed access grant.

In addition, in honor of the late Delegate Howard P. Rawlings, the bill re-names the Educational Excellence Award Program after him. Delegate Rawlings died in November 2003 while he served as the chairman of the House Committee on Appropriations, which he chaired for 11 years. Delegate Rawlings was a member of the House of Delegates for 24 years.

Workforce Shortage Student Assistance Grants: Chapter 367 of 2006 consolidated eight workforce shortage scholarship and financial assistance programs into a single Workforce Shortage Student Assistance Grants program under which MHEC, with the advice of the Advisory Council on Workforce Shortage, is required to designate workforce shortage fields that are eligible for grant assistance. **House Bill 279 (passed)** provides more guidance to MHEC and the advisory council by defining a "public good or benefit," which the advisory council must consider when making recommendations for workforce shortage fields that merit grant assistance. The bill also clarifies that students must earn at least 12 undergraduate credit hours or 9 graduate credit hours per year to qualify for Workforce Shortage Student Assistance grants and authorizes MHEC to make awards to qualifying students during summer sessions.

Edward T. Conroy Memorial Scholarship Program: The Edward T. Conroy Memorial Scholarship Program awards postsecondary education financial assistance to a variety of students who are related to certain members of the armed services, public safety employees, or victims of the September 11, 2001 terrorist attacks. **House Bill 318 (passed)** expands eligibility for the scholarship by eliminating the program’s Maryland residency requirement for the child or surviving spouse of a State or local public safety employee killed in the line of duty.

Other Changes to Financial Assistance Programs

Maryland Dent-Care Program: The Maryland Dent-Care Program was established by Chapters 536 and 537 of 2000 in an effort to increase access to oral health services for underserved Medicaid recipients. The program provides higher education loan repayment assistance to licensed dentists who agree that at least 30 percent of the patients they serve will be Medicaid enrollees. To qualify for a grant, a dentist must also demonstrate a financial need.

Following reports of a child who died from an infection caused by an abscessed tooth because the child’s family did not have access to a dentist, the General Assembly passed **Senate Bill 286 (passed)**. The bill repeals statutory limits on the number of dentists who may participate in the program and the amounts they may be awarded. OSFA must adopt regulations to determine participation and award limits in collaboration with the Department of Health and Mental Hygiene.

Ida G. and L. Leonard Ruben Scholarships: **House Bill 1123 (passed)** renames the grants awarded for developmental disabilities, mental health, child welfare, and juvenile justice providers under the Workforce Shortage Student Assistance Grants Program as Ida G. and L. Leonard Ruben Scholarships. Ida G. Ruben was a member of the General Assembly for 32 years. L. Leonard Ruben served four years in the House of Delegates in the early 1970s until he was appointed to the District Court as a judge in 1974. Judge Ruben passed away on March 21, 2007.

Higher Education Governance

The General Assembly passed several bills relating to the governance of public institutions of higher education. **Senate Bill 764 (passed)** clarifies that SMCM is exempt from most State procurement laws. The bill also clarifies that procurement policies and procedures established by SMCM must promote the general purposes of State procurement law and that they are subject to review and approval by the Board of Public Works and the General Assembly’s Administrative, Executive, and Legislative Review Committee. **Senate Bill 882 (passed)** removes the Executive Director of the Maryland Institute for Emergency Medical Services Systems from the Board of Directors of the University of Maryland Medical System. Finally, **Senate Bill 1014 (passed)** decreases from 10 to 8 the number of members on the Board of Regents of Morgan State University who must be Maryland residents.

Other Higher Education Legislation

Maryland Prepaid College Trust: The Maryland Prepaid College Trust was established in 1997 as a way for Maryland residents to prepay tuition for a college education. The trust was designed to pay the equivalent of in-state tuition and fees at public colleges and universities through the purchase of tuition contracts, under which the purchaser enters into a contract with the board and makes payments in advance of enrollment. ***House Bill 1248 (Ch. 96)*** clarifies that amounts received for a refund from the Maryland Prepaid College Trust for a student who graduates early from college are subject to a 10 percent federal distribution tax. Prior to this Act, State law exempted refunds due to early graduation from the tax, as well as refunds on account of scholarships received or because of death.

Instructional Materials for Blind and Print Disabled Students: To address the barriers faced by blind, visually impaired, and print-disabled postsecondary students, a report by MHEC and the Maryland Department of Disabilities under Chapter 367 of 2006 recommended designation of an entity that would be responsible for providing accessibility services to postsecondary institutions in Maryland and suggested an annual budget for the entity of \$200,000. ***Senate Bill 268/House Bill 1056 (both passed)*** establish an Instructional Materials Access Guidelines Committee in order to assist the Maryland Library for the Blind and Physically Handicapped (LBPH) in developing guidelines to facilitate the distribution of instructional materials to blind and print disabled students. Upon the request of an eligible blind or print disabled student, LBPH must request that a publisher that sells electronic or print instructional materials used by postsecondary education students in Maryland provide the instructional materials to LBPH in an electronic format. Beginning in fiscal 2009, the Governor must include \$200,000 for LBPH in the annual State budget to implement the bill's requirements.

English for Speakers of Other Languages Grant for Baltimore City Community College: Baltimore City Community College (BCCC), a State-operated institution, receives \$800 per full-time enrolled English for Speakers of Other Languages (ESOL) student up to a maximum total grant of \$500,000. In recent years, the maximum amount BCCC can receive under the grant program has not been adequate to fully compensate the college for all of its ESOL students. To remedy this deficiency, ***House Bill 1421 (Ch. 106)*** increases from \$500,000 to \$1 million the maximum State funding for ESOL students at BCCC. The General Assembly passed similar legislation in 2006 that increased the ESOL cap for the locally operated community colleges from \$2.5 million to \$6.0 million.