

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 764 (Delegate Kittleman)
Ways and Means and Appropriations

Education - Broadening Options and Opportunities for Students Today Program
- Established and Mandated Funding

This bill establishes the Broadening Options and Opportunities for Students Today (BOOST) Program, to be administered by the Maryland State Department of Education (MSDE). The purpose of the program is to provide scholarships for students who are eligible for the free and reduced-price lunch program to attend a nonpublic school. Beginning in fiscal 2022, the Governor must annually appropriate \$15.0 million for the program. MSDE must adopt regulations to carry out provisions of the bill. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: Special fund expenditures for the BOOST Program increase by approximately \$7.6 million beginning as early as FY 2022 (at the discretion of the Governor), necessitating an equivalent increase in general fund expenditures annually, as discussed below. To the extent that the bill reduces public school enrollment, general fund expenditures for public schools decrease as early as FY 2023. The net impact on annual general fund expenditures cannot be reliably estimated but is likely minimal. **This bill establishes a mandated appropriation beginning in FY 2023.**

Local Effect: Beginning as early as FY 2023, local school system revenues and local government expenditures for public schools may decrease. The impact on revenues and related expenditures cannot be reliably estimated.

Small Business Effect: None.

Analysis

Current Law: The BOOST Program has been authorized annually since fiscal 2017 through the budget bill and budget bill language. Special funds for this program are provided through the Cigarette Restitution Fund (CRF), but annual funding is not mandated. According to the annual authorizing language, scholarship amounts and distribution of scholarships are determined by the BOOST Advisory Board, while the program is administered by MSDE.

State Expenditures: The bill requires an annual appropriation of \$15.0 million for the BOOST Program. The fiscal 2021 appropriation for the BOOST Program totals \$7.4 million; the Governor's proposed fiscal 2022 budget increases the appropriation to \$10.0 million. Assuming continued appropriation of \$7.4 million annually under current law, the bill increases annual appropriations for the BOOST Program by approximately \$7.6 million. However, the Governor is not obligated to increase funding in fiscal 2022.

Assuming continued funding of the program via CRF, special fund expenditures for the BOOST Program increase by \$7.6 million annually, beginning as early as fiscal 2022. However, because the CRF is used along with general funds to meet State Medicaid obligations, an equivalent (\$7.6 million) increase in general fund expenditures for Medicaid will be incurred annually.

To the extent that the bill encourages more students to attend private school than under current BOOST funding levels, State aid to public schools, which depends largely on student enrollment counts, will be reduced as early as fiscal 2023. In fiscal 2020, State aid per full-time equivalent student was approximately \$8,000; however, the amount of State per pupil aid varied by local school system from about \$4,200 for Talbot County to about \$14,200 for Somerset County. The impact on enrollment and, therefore, on State general fund expenditures for public schools, cannot be reliably estimated. The anticipated increase in general fund expenditures for Medicaid is likely to be similar in magnitude to the decrease in general fund expenditures for State aid to public schools. Therefore, the net impact on general fund expenditures beginning in fiscal 2023 is likely to be minimal.

Because MSDE has administered a BOOST Program that in practice is assumed to be similar to what the bill requires, with the assistance of a BOOST advisory board, it is assumed that MSDE can handle the bill with existing resources. However, to the extent that additional resources are necessary, it is assumed that some portion of the additional (and mandated) funding under the bill can be used to cover these costs, with an equivalent reduction in funds available for BOOST scholarships.

Local Fiscal Effect: As discussed above, to the extent that the bill encourages more students to attend private school than under current BOOST funding levels, State aid to

public schools will be reduced as early as fiscal 2023. Similarly, reduced public school enrollment reduces the required minimum local appropriations to public schools beginning in fiscal 2023. Per pupil local appropriations for public schools averaged about \$7,600 in fiscal 2020, ranging from about \$2,800 in Caroline County to \$14,100 in Worcester County. To the extent local school system enrollment significantly decreases, local school system expenditures may also decrease; however, many local school system expenditures are fixed costs and cannot be quickly adjusted. Any such impact cannot be reliably estimated and could vary significantly by school system.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland State Department of Education; Department of Budget and Management; Montgomery County Public Schools; Department of Legislative Services

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