

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** January 22, 2013  
**TO:** **BOARD OF EDUCATION**  
**FROM:** S. Dallas Dance, Superintendent  
**SUBJECT:** **REPORT ON KEY SCHOOL LEGISLATION**  
**ORIGINATOR:** Michele Prumo, Chief of Staff  
**RESOURCE STAFF:** Edward J. Novak, Governmental Relations Liaison

**RECOMMENDATION**

That the Board of Education receives information on Key School Legislation.

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# BOARD OF EDUCATION OF BALTIMORE COUNTY

## STATE LEGISLATIVE UPDATE

January 22, 2013

### Background Information

The 433rd Session of the Maryland General Assembly began on January 9, 2013, and will meet until its Adjournment SINE DIE on April 8, 2013. Currently, there are a total of 212 legislative introductions: 120 Senate Bills, 91 House Bills, and 1 Joint House Resolutions.

### Discussion

The following bills are presented for the Board of Education’s consideration. **The first section** contains bills that the Board has considered and voted on position. **The second section** contains informational bills. **The third section** contains informational items only.

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### SECTION 1: BOE POSITION

BILL	TITLE / SYNOPSIS	POSITION/ANALYSIS

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### SECTION 2: BOE INFORMATIONAL BILLS

BILL	TITLE / SYNOPSIS	POSITION/ANALYSIS
<b>SB 10</b>	<p><b>Baltimore County – Board of Education – Selection of Members</b></p> <p>Introduced by Senate Zirkin</p> <p>Establishing procedures for the election and appointment of the members of the Baltimore County Board of Education; repealing provisions governing the appointment of members of the county board; establishing the composition of the county board; requiring members of the county board to reside in, be a registered voter in, and be elected from specified districts; providing for a student member of the county board; providing for the removal of, and hearings and appeal procedures for, specified members of the county board; etc.</p> <p style="color: teal;"><b>Effective Date – June 1, 2013</b></p> <p style="color: magenta;"><b>Bill Status: Senate – 01/09/13 – First Reading</b></p>	<p>SB 10 was pre-filed for the 2013 Session. A similar bill was previously introduced as SB 407 in the 2012 General Assembly. SB 407 was amended in the Committee on Education Health and Environmental Affairs and again on the Senate floor during deliberations. The language contained in SB 10 reflects SB 407, as amended. The amended SB 407 was passed by the Senate but no action was taken by the House of Delegates.</p> <p>Summary of SB 10 Provisions:</p> <ul style="list-style-type: none"> <li>Would retain the current 12-member size of the Board but would change its composition to include: 6 members elected on a nonpartisan basis, 5 members appointed by the Governor and 1 student member.</li> <li>Elected members would be elected (based on affirmative “for” vote cast) from each of the 6 school districts to be established by the Baltimore County Council; members must be residents of the specific school district and a registered voter; districts must be</li> </ul>

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	<a href="http://mgaleg.maryland.gov/2013RS/bills/sb/sb0010f.pdf">http://mgaleg.maryland.gov/2013RS/bills/sb/sb0010f.pdf</a>	<p>substantially equal in population and will be redrawn by the County Council after each 10 year census, with consultation with the County Board and public input.</p> <ul style="list-style-type: none"> <li>• Authorizes the County Executive to appoint a member(s) if no qualified candidate runs for the office, with the agreement of the County Council.</li> <li>• Election of members would first occur at the November 2014 General Election; elected members' term of 4 years would begin on December 8, 2014; 5 appointed members would be required to be appointed within 90 days of the general election; existing appointed members' terms would expire no later than December 7, 2014.</li> <li>• All members (except the student member whose term is 1 year) are limited to not more than 3 consecutive terms.</li> <li>• All members (except the student member) are entitled to \$100 annual compensation and allowances for travel and other expenses.</li> <li>• Authorizes the Maryland State Board of Education to remove a Board member for any of 5 specified grounds, including failure to attend, without good cause, at least 75% of scheduled meetings.</li> <li>• Board members would elect a chair and vice-chair from among members at the Board's first December meeting.</li> </ul>

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**SECTION 3: BOE INFORMATION ITEMS**

**Update: Status of Federal Budget & Funding Issues**

**Background:**

- After numerous delays and last-minute posturing, in early January 2013, Congress enacted and the President signed a bill that addressed the federal “fiscal cliff.” The law delayed the implementation of sequestration (consisting primarily of an 8.2% across-the-board cut in most federal programs) for 60 days until March 1, 2013. The legislation also raised taxes on individuals earning in excess of \$400,000 (for families the level is \$450,000).
- To fund the budgetary effects of delayed sequestration, one-half of the costs (estimated to be \$24 billion) will come from a \$12 billion in discretionary cuts, equally split between defense and non-

defense spending. The other half of the required spending will come from \$12 billion in increased revenues, including taxing voluntary transfers of traditional IRAs to Roth IRAs.

- This law provides temporary relief, but will require additional Congressional action again on or near March 1, 2013.

### **Next Three Months:**

1. Federal Debt Ceiling (authorization to borrow monies to pay previously incurred expenses)
  - Current estimates indicate that the debt ceiling will need to be increased no later than the end of February 2013.
  - During the last significant debt ceiling increase debate (August 2011) Congress created and approved the current budget sequestration process that led to the recently averted “fiscal cliff” crises because of the linkage of an increase in the debt ceiling with mandatory spending cuts.
  - Current political confrontation includes some who argue that the President is empowered to increase the debt ceiling unilaterally (without Congressional approval) based on the authority contained in Article 14, section 4 of the U.S. Constitution, specifically, “The validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions . . . shall not be questioned.”; Republican Congressional leadership continue to argue that they will not approve an increase in the debt ceiling absent significant cuts in federal spending, including the Social Security and Medicare programs.
2. Annual Congressional Appropriations
  - In recent years, Congress has not enacted the 13 major annual appropriations bills needed to fund the federal government.
  - Funding has been provided through a series of Continuing Resolutions (CR) to fund government operations; much of the CR funding is based on prior spending levels and does not completely consider mandated cost increases in various programs.
  - Current federal funding has been based on a 6-month CR that will expire on March 27, 2013, unless acted upon previously.

### **Potential Impact:**

- The combination of the three issues discussed above could result in increased chaos and uncertainty in the federal budgetary picture
- This is of particular significance because of the 2013 General Assembly Session and its budget deliberation process and schedule. If additional Congressional action on any of these issues is delayed beyond early March 2013, the uncertainty could affect the 2014 state budget because the later part of March is the period when substantial budget determinations are made in anticipation of members taking legislative action to meet this Session’s April 1, 2013, budget approval deadline.

## **Baltimore City Public Schools: Proposed Alternative Financing for Public School Construction**

### **Background:**

- Baltimore City Public Schools has the oldest inventory of school buildings in Maryland with the average age of school buildings of almost 40 years. Estimates of the cost of addressing school capital program needs in Baltimore City have ranged up to \$2.8 billion. Baltimore City Public Schools commissioned a study (Jacobs Report) to provide a current and specific assessment of school facilities needs and associated costs. The results of the report are expected to be finalized and released to the General

Assembly and the public shortly. Critical construction needs are expected to require the expenditure of \$1 billion over a 10-year period.

**Prior Legislation:**

- HB 304 was introduced in the 2012 General Assembly. The bill would have provided Baltimore City Public Schools a block grant of either the greater of 15% of the total state public construction capital program or \$32 million (annually adjusted for inflation). The bill had a hearing in the House Appropriations Committee but no further action was taken. There was no cross-filed bill nor was any action taken by the Senate on HB 304.

**Proposed Financing:**

- Baltimore City Public Schools has indicated that its priority is to seek legislative approval from the General Assembly to change the way that public schools construction funding is provided to Baltimore City.
- Maryland currently allocates funds for school construction through an annual budget appropriations process that utilizes standards under the Public School Construction Capital Improvement Program administered by the Interagency Committee on School Construction.
- Baltimore City Public Schools is interested in obtaining its allocation of state construction funds in the form of an annual block grant of at least \$32 million (potentially adjusted for inflation) instead of an annual appropriation (Baltimore City Public Schools indicates that capital funding received in the past 5 years from the state has averaged \$36 million per year and capital funding received in the last 5 years from Baltimore City government averaged \$19 million per year).
- Funding via a block grant is expected to allow the Baltimore City Public Schools to borrow by leveraging funds to accelerate progress on meeting critical school renovation/construction needs; Baltimore City Public Schools believes that it could borrow funds at a ratio of \$15 million in 30-year term bond funds for each \$1 million provided by the state in a block grant - thus \$32 million yearly would yield about \$480 million in borrowed construction funds.
- To provide such leverage, it has been reported that the block grant would have to be agreed to be provided by the state annually for at least a period of 20 years; this alternative approach would also require the creation of a non-profit corporation (under section 6320 of the Internal Revenue Code) expected to be known as the Baltimore City Schools Construction Authority that would issue bonds and solicit construction contracts (authority to use such an entity would need to be included in the authorizing legislation).

**Pending Activities:**

- Legislation has not yet been introduced this session.
- Baltimore City Public Schools is planning to brief key committees during the week of January 14, 2013.
- Initial reactions in Annapolis have ranged from cautious to negative; concerns expressed include the effects on the State's credit and bond rating, total bonding capabilities, potential impact on other school systems, interest from other school systems in obtaining similar authority, level of local funding provided by Baltimore City Public Schools, potential for higher interest costs for the construction bonds because they would be issued by a separate bonding authority (not the city or state), and the capacity of the school system to manage significant, additional construction activities.