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Alliance: Aid to Schools & Community Colleges, Capital Construction Are Top Legislative Priorities

The Prince George's Business-Education Alliance today called on Governor Martin O'Malley and the Maryland General Assembly to ensure that the county's public schools and community college receive their full allotment of state aid in the fiscal 2009 operating budget, as well as adequate funds for critical capital construction and renovation projects. In addition, the ten-point legislative agenda released by the Alliance asks that state leaders address issues related to the Maryland State Board of Education's plan to require students to pass the High School Assessments (HSAs) to graduate beginning in 2009 and the widespread shortage of highly qualified teachers in the public schools.

The 2009 budget is the first of the "post-Thornton" era. The 2002 Bridge to Excellence in Public Schools Act, which embodied the recommendations of the Thornton Commission, initiated a six-year phase-in of substantial increases in state education aid, targeted heavily to jurisdictions with large numbers of low income students, ending in the current fiscal year. The act also required that, following the phase-in period, education aid be adjusted annually to reflect increases in the "implicit price deflator," a measure of the cost to local governments of providing goods and services.

However, during its special session last November, the General Assembly repealed that provision and froze funding for the next two years. Beginning in fiscal 2011, the education aid formulas will be adjusted using the lesser of the implicit price deflator, the Consumer Price Index for the Washington-Baltimore metropolitan area, or 5 percent. The inflation freeze will cost the Prince George's County Public Schools (PGCPS) more than \$41.2 million in anticipated aid in fiscal 2009 and even more in subsequent years.

"Cuts in projected funding already have forced PGCPS to freeze salaries and scale back planned education reforms significantly," noted Alliance Executive Director David Merkowitz. "Despite the best efforts of Superintendent Deasy and his administration, without adequate funding we run the risk of stalling the enormous progress Prince George's has made in recent years in school improvement and student performance."

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Help could come if the General Assembly funds the Geographic Cost of Education Index (GCEI), a feature of the Bridge to Excellence Act that has not been funded since its initial year. The GCEI was designed to provide extra help to jurisdictions that face higher costs in providing educational services. Governor O'Malley has requested \$75.8 million for GCEI, which would begin phasing in the program at 60 percent of its ultimate cost. If approved, this would provide almost \$24 million in extra aid to PGCPS.

In addition, the Alliance is pushing for the legislature to correct a flaw in the formula that measures the relative wealth of different jurisdictions for purposes of determining levels of state aid. Currently, the formula computes local wealth based on each jurisdiction's assessable property base and its residents' net taxable income (NTI) on federal tax returns. At the time the Bridge to Excellence Act was written, the federal government and Maryland both set August 15 as the deadline for late filing, so the bill used September 1 as the cut-off date. In 2005, however, the federal government changed the deadline for late filing to October 15, and Maryland followed suit. But because the earlier date is specified in the Bridge to Excellence Act, the state aid formula fails to capture the full wealth of more affluent jurisdictions, whose upper income taxpayers more frequently use extensions for filing their returns. PGCPS lost more than \$23 million in the current fiscal year due to this discrepancy.

The Alliance also is supporting a scheduled increase in state aid for Maryland's community colleges. Two years ago, the General Assembly approved a boost, phased in over six years, in the so-called Cade formula, which is pegged to the amount of state support per full-time equivalent (FTE) student allocated to the University of Maryland. Prince George's Community College (PGCC) would receive almost \$2.9 million more in state aid next year under the formula, an increase of 13.3 percent.

The legislative agenda calls on the General Assembly to provide at least \$400 million in the state capital budget for school construction and renovation to reduce the backlog in facility needs. That would essentially match the current year's allocation of \$401.8 million. However, Governor O'Malley has requested only \$327.4 million in new money for school construction in his capital budget, plus another \$6 million recycled from prior year appropriations.

In addition, the Alliance wants the state to restore its full contribution of \$11 million to the Aging School Program, which was cut in half last year. The program provides funds to local districts for capital improvements, repairs, and deferred maintenance at existing school buildings and is of substantial benefit to PGCPS, which has numerous antiquated facilities.

"A larger investment in school construction and renovation would allow the state to make continued progress in providing appropriate learning environments for Maryland students," Merkowicz said. "It also would constitute a useful economic stimulus at a time of rapidly declining employment in the construction industry."

The Alliance also endorsed the Maryland Community Colleges Association request for \$104 million for capital improvements at 16 community colleges. That amount would allow each college to receive funding for its top priority project, including PGCC's Center for Health Studies, which was deferred in the 2008 request. However, the Center for Health Studies, at a cost of \$23 million, ranks 14th and last on the list. Governor O'Malley has requested \$81 million for capital construction at community colleges, which would exclude the Center for Health Studies.

"GCEI, NTI, and construction funding for the schools and community college are issues where the Prince George's Senate and House delegations should make their weight felt in the budget process," Merkowitz argued. "In contrast to their counterparts in Montgomery County, our delegations have not united behind a strong education agenda—arguably the most important challenge facing the county."

The Alliance wants the General Assembly to take "appropriate steps" to mitigate the impact of the State Board of Education's decision to require students to pass the HSAs to graduate in 2009. The legislature last year required the Board to conduct regional hearings on the HSAs and submit a report on its findings. However, in November, on an 8-4 vote, the Board affirmed the requirement, while also approving a "Bridge Plan" that would allow seniors who fail the tests repeatedly to complete a project designed to demonstrate that they possess the equivalent knowledge.

"PGCPS has diverted an enormous amount of resources to trying to help students pass the HSAs," Merkowitz said. "These costs were not anticipated when the Bridge to Excellence Act was passed. Even so, many seniors next year may be denied their diplomas, and others may be discouraged from continuing in school, solely because of poor performance on the HSAs. We need a more sensible system to determine whether students are prepared to meet the demands of higher education and the workplace."

The Alliance renewed its call from last year for the state to "create programs and incentives to ensure that every Maryland student is taught by highly qualified teachers," as required under the federal No Child Left Behind Act (NCLB). In addition, the Alliance opposes "any attempt to shift current state obligations, such a teacher retirement contributions, to local governments," which could save the state enormous amounts of money but saddle counties and school systems with the bill. Although they have been defeated in the past, "these are Dracula proposals," Merkowitz said. "No matter how many times you kill them, they keep coming back to life."

The Alliance developed its legislative agenda following consultations with public school and community college leaders and members of the General Assembly. Over the next month, it will meet with the Prince George's House and Senate delegations to promote the agenda and emphasize the support it enjoys from the county's business community.