

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 410
Ways and Means

(Delegate Hixson, *et al.*)

Education - Statewide Maintenance of Effort Waiver

This emergency bill waives the public school maintenance of effort (MOE) requirement for the counties and Baltimore City for fiscal 2011. For fiscal 2012, the minimum required level of appropriation by the county governing body and Baltimore City will be calculated based on the per pupil local appropriation for fiscal 2011 or 2010, whichever is greater.

Fiscal Summary

State Effect: The bill eliminates the possibility of any general fund reduction due to MOE penalties for FY 2011 by waiving the MOE requirement. Revenues are not affected.

Local Effect: County governing bodies may choose to reduce their appropriations to local school systems in FY 2011 due to the waiver of the MOE requirement. If county governing bodies choose to reduce their appropriations to local school systems, local school system revenues from State aid will not be reduced in FY 2011.

Small Business Effect: None.

Analysis

Current Law/Background: To be eligible for increases in State education aid under Section 5-202 of the Education Article (the State share of the foundation program, the State's largest aid to education program; the geographic cost of education index; and the supplemental grant), a local jurisdiction must provide at least as much funding per pupil to the local school system as it provided in the previous fiscal year. Chapter 175 of 1996

added a waiver provision that allows counties to request from the State Board of Education a partial or temporary waiver from the MOE requirement. Until fiscal 2010, the waiver option had never been used, but three counties (Montgomery, Prince George's, and Wicomico) applied for waivers for fiscal 2010. All three applications were denied by the State Board of Education.

During the fiscal crisis of the early 1990s, the General Assembly passed legislation in 1991 and 1992 waiving MOE requirements for fiscal 1992 and 1993.

Local Fiscal Effect: County governing bodies may choose to reduce their appropriations to local school systems in fiscal 2011 due to the MOE requirement being waived in fiscal 2011. **Exhibit 1** details the estimated required MOE for fiscal 2011 for each county, which ranges from \$1.5 billion for Montgomery County to \$8.6 million for Somerset County. Under the bill county governing bodies could choose to reduce their appropriations to local school systems by any amount and not lose any State education aid due to MOE penalties. In fiscal 2012, the required MOE level would be based on the local appropriation from either fiscal 2010 or 2011, whichever is greater.

Exhibit 1
Maintenance of Effort Levels
Fiscal 2010 and 2011

County	Certified FY 2010 MOE Appropriations	Estimated FY 2011 Required MOE	FY 2010 to 2011 Change
Allegany	\$28,200,000	\$27,991,481	(\$208,519)
Anne Arundel	554,026,500	562,359,959	8,333,459
Baltimore City	199,427,631	199,524,949	97,318
Baltimore	659,978,426	661,437,376	1,458,950
Calvert	103,264,617	103,044,599	(220,018)
Caroline	12,145,724	12,078,672	(67,052)
Carroll	165,793,857	164,530,683	(1,263,174)
Cecil	68,385,625	68,350,619	(35,006)
Charles	145,093,200	145,296,585	203,385
Dorchester	17,034,817	17,389,545	354,728
Frederick	228,942,398	228,794,510	(147,888)
Garrett	23,159,000	22,576,079	(582,921)
Harford	210,914,800	211,067,375	152,575
Howard	450,473,114	457,878,411	7,405,297
Kent	17,329,706	17,154,827	(174,879)
Montgomery	1,450,017,125	1,473,150,535	23,133,410
Prince George's	526,405,800	520,573,223	(5,832,577)
Queen Anne's	48,215,625	47,957,462	(258,163)
St. Mary's	74,139,685	75,969,808	1,830,123
Somerset	8,624,324	8,586,986	(37,338)
Talbot	34,219,073	34,329,542	110,469
Washington	87,829,920	88,433,726	603,806
Wicomico	50,781,711	50,843,318	61,607
Worcester	71,954,064	71,339,072	(614,992)
Total	\$5,236,356,742	\$5,270,659,342	\$34,302,600

Note: Fiscal 2011 MOE amounts for Montgomery and Prince George's counties are estimated excluding the fiscal 2010 amounts that are devoted to debt service on public school construction.

Source: Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education; Anne Arundel, Charles, Frederick, and Somerset counties; Maryland Association of Counties; Department of Legislative Services

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Analysis by: Caroline L. Boice

Direct Inquiries to:
(410) 946-5510
(301) 970-5510