

HOUSE BILL 221

F1

(PRE-FILED)

4lr0875
CF 4lr0876

By: **Delegates Wu, T. Morgan, Simmons, Terrasa, and Ziegler**

Requested: October 6, 2023

Introduced and read first time: January 10, 2024

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Education – Funding for General Education Programs – Definition Alterations**

3 FOR the purpose of altering certain definitions relating to student enrollment that are used
4 for the calculation of funding for general education programs; and generally relating
5 to funding for general education programs.

6 BY repealing and reenacting, with amendments,

7 Article – Education

8 Section 5–201 and 5–239(b)(1)(v) and (d)

9 Annotated Code of Maryland

10 (2022 Replacement Volume and 2023 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
12 That the Laws of Maryland read as follows:

13 **Article – Education**

14 5–201.

15 (a) In this subtitle, except as otherwise provided, the following words have the
16 meanings indicated.

17 (b) “Assessable base” has the meaning stated in:

18 (1) § 12–201 of the Economic Development Article; or

19 (2) For Baltimore City, Article II, § 62 of the Charter of Baltimore City.

20 (c) “Assessed value of personal property” means the most recent estimate by the
21 State Department of Assessments and Taxation before the annual State budget is

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 submitted to the General Assembly of the assessed value for county purposes of personal
2 property as of July 1 of the first completed fiscal year before the school year for which the
3 calculation is made under this section.

4 (d) (1) Subject to paragraph (2) of this subsection, “assessed value of real
5 property” means the most recent estimate made by the State Department of Assessments
6 and Taxation before the annual State budget is submitted to the General Assembly of the
7 assessed value of real property for State purposes as of July 1 of the first completed fiscal
8 year before the school year for which the calculation of State aid is made under this section.

9 (2) (i) Subject to subparagraphs (ii), (iii), and (iv) of this paragraph, for
10 counties that qualify for a disparity grant under § 16–501 of the Local Government Article
11 and that established a development district under Title 12, Subtitle 2 of the Economic
12 Development Article or Article II, § 62 of the Charter of Baltimore City after May 1, 2016,
13 and is still in effect, using the assessed value of real property as of July 1 of the second
14 completed fiscal year before the school year for which the calculation of State aid is made
15 under this section, “assessed value of real property” does not include the lesser of:

16 1. The difference between the original base and the
17 assessable base of all real property in a development district that is subject to tax increment
18 financing under Title 12, Subtitle 2 of the Economic Development Article or Article II, § 62
19 of the Charter of Baltimore City as certified by the State Department of Assessments and
20 Taxation; or

21 2. The quotient of the annual debt service for a tax increment
22 financing bond in a development district divided by the county’s real property tax rate
23 pledged to the tax increment financing bond multiplied by 100.

24 (ii) If the result of items 1 or 2 of subparagraph (i) of this paragraph
25 is a negative number, then the result shall be \$0.

26 (iii) The calculations under this paragraph shall be made separately
27 for each development district in a county.

28 (iv) For Baltimore City, if the result of item 1 or 2 of subparagraph
29 (i) of this paragraph is a positive number, then the amount is required to be appropriated
30 by the Mayor and City Council of Baltimore City to the Baltimore City Board of School
31 Commissioners.

32 (E) “AVERAGE ENROLLMENT CHANGE” MEANS THE RESULT OF THE
33 FOLLOWING CALCULATIONS FOR THE FOLLOWING FISCAL YEARS:

34 (1) FOR FISCAL YEAR 2025, THE RESULT OF THE FOLLOWING
35 CALCULATION MULTIPLIED BY 0.10:

36 (I) THE PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT

1 ENROLLMENT MINUS THE THIRD PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
2 ENROLLMENT; DIVIDED BY

3 (II) TWO;

4 (2) FOR FISCAL YEAR 2026, THE RESULT OF THE FOLLOWING
5 CALCULATION MULTIPLIED BY 0.20:

6 (I) THE PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
7 ENROLLMENT MINUS THE THIRD PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
8 ENROLLMENT; DIVIDED BY

9 (II) TWO;

10 (3) FOR FISCAL YEAR 2027, THE RESULT OF THE FOLLOWING
11 CALCULATION MULTIPLIED BY 0.30:

12 (I) THE PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
13 ENROLLMENT MINUS THE THIRD PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
14 ENROLLMENT; DIVIDED BY

15 (II) TWO;

16 (4) FOR FISCAL YEAR 2028, THE RESULT OF THE FOLLOWING
17 CALCULATION MULTIPLIED BY 0.40:

18 (I) THE PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
19 ENROLLMENT MINUS THE THIRD PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
20 ENROLLMENT; DIVIDED BY

21 (II) TWO;

22 (5) FOR FISCAL YEAR 2029, THE RESULT OF THE FOLLOWING
23 CALCULATION MULTIPLIED BY 0.50:

24 (I) THE PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
25 ENROLLMENT MINUS THE THIRD PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
26 ENROLLMENT; DIVIDED BY

27 (II) TWO;

28 (6) FOR FISCAL YEAR 2030, THE RESULT OF THE FOLLOWING
29 CALCULATION MULTIPLIED BY 0.60:

1 (I) THE PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
2 ENROLLMENT MINUS THE THIRD PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
3 ENROLLMENT; DIVIDED BY

4 (II) TWO;

5 (7) FOR FISCAL YEAR 2031, THE RESULT OF THE FOLLOWING
6 CALCULATION MULTIPLIED BY 0.70:

7 (I) THE PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
8 ENROLLMENT MINUS THE THIRD PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
9 ENROLLMENT; DIVIDED BY

10 (II) TWO;

11 (8) FOR FISCAL YEAR 2032, THE RESULT OF THE FOLLOWING
12 CALCULATION MULTIPLIED BY 0.80:

13 (I) THE PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
14 ENROLLMENT MINUS THE THIRD PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
15 ENROLLMENT; DIVIDED BY

16 (II) TWO;

17 (9) FOR FISCAL YEAR 2033, THE RESULT OF THE FOLLOWING
18 CALCULATION MULTIPLIED BY 0.90:

19 (I) THE PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
20 ENROLLMENT MINUS THE THIRD PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
21 ENROLLMENT; DIVIDED BY

22 (II) TWO; AND

23 (10) FOR FISCAL YEAR 2034, AND EACH FISCAL YEAR THEREAFTER,
24 THE RESULT OF THE FOLLOWING CALCULATION:

25 (I) THE PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
26 ENROLLMENT MINUS THE THIRD PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT
27 ENROLLMENT; DIVIDED BY

28 (II) TWO.

1 [(e)] (F) “Enrollment count” means the greater of:

2 (1) The **PRIOR SCHOOL YEAR** full-time equivalent enrollment; [or]

3 (2) The 3-year moving average enrollment; **OR**

4 (3) **THE SUM OF THE PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT**
5 **ENROLLMENT AND THE AVERAGE ENROLLMENT CHANGE.**

6 [(f)] (G) “Foundation program” means the product of the annual per pupil
7 foundation amount and a county’s enrollment count.

8 [(g)] (H) “Full-time equivalent enrollment” means the sum of:

9 (1) The number of students enrolled in kindergarten through grade 12 or
10 their equivalent in regular day school programs on September 30 of the [prior] school year;

11 (2) The number of full-time equivalent students, as determined by a
12 regulation of the Department, enrolled in evening high school programs during the [prior]
13 school year; and

14 (3) The number of P-TECH students, as provided in § 7-1804(b) of this
15 article.

16 [(h)] (I) (1) Subject to paragraph (2) of this subsection, “inflation
17 adjustment” means a percentage, rounded to the nearest two decimal places, that is the
18 lesser of:

19 (i) The increase in the implicit price deflator for State and local
20 government expenditures for the second prior fiscal year;

21 (ii) The Consumer Price Index for All Urban Consumers for the
22 Washington Metropolitan Area, or any successor index, for the second prior fiscal year; or

23 (iii) 5%.

24 (2) If there is no increase in the implicit price deflator for State and local
25 government expenditures for the second prior fiscal year or in the Consumer Price Index
26 for All Urban Consumers for the Washington Metropolitan Area, or any successor index,
27 for the second prior fiscal year, then “inflation adjustment” means 0%.

28 [(i)] (J) “Local contribution rate” means the figure that is calculated as follows:

29 (1) Multiply the statewide full-time equivalent enrollment by the target
30 per pupil amount and by 0.50; divided by

1 (2) The sum of the wealth of all of the counties in this State; and

2 (3) Round the result obtained in paragraph (2) of this subsection to seven
3 decimal places and express as a percent with five decimal places.

4 ~~[(j)]~~ **(K)** “Local share of the foundation program” means the product of the local
5 contribution rate and a county’s wealth rounded to the nearest whole dollar.

6 ~~[(k)]~~ **(L)** “Local wealth per pupil” means a county’s wealth divided by the
7 county’s full-time equivalent enrollment.

8 ~~[(l)]~~ **(M)** “Major education aid” means the sum of the State and local share of the
9 following:

10 (1) Foundation program under § 5–213 of this subtitle;

11 (2) Transportation aid under § 5–218 of this subtitle;

12 (3) Compensatory education under § 5–222 of this subtitle;

13 (4) English learner program under § 5–224 of this subtitle;

14 (5) Special education under § 5–225 of this subtitle;

15 (6) Guaranteed tax base program under § 5–214 of this subtitle;

16 (7) Comparable wage index grant under § 5–216 of this subtitle;

17 (8) Post college and career readiness pathways under § 5–217 of this
18 subtitle;

19 (9) Concentration of poverty under § 5–223 of this subtitle;

20 (10) Transitional supplemental instruction under § 5–226 of this subtitle;

21 (11) Publicly funded prekindergarten under § 5–229 of this subtitle; and

22 (12) Career ladder for educators under § 6–1009 of this article.

23 ~~[(m)]~~ **(N)** “Net taxable income” means the amount certified by the State
24 Comptroller for the second completed calendar year before the school year for which the
25 calculation of State aid under this section is made, based on tax returns filed on or before
26 November 1 after the current calendar year.

27 ~~[(n)]~~ **(O)** “Original base”:

28 (1) Has the meaning stated in § 12–201 of the Economic Development

1 Article; or

2 (2) For Baltimore City, means “original assessable base” as defined in
3 Article II, § 62 of the Charter of Baltimore City.

4 ~~[(o)]~~ **(P)** “Personal property” means all property classified as personal property
5 under § 8–101(c) of the Tax – Property Article.

6 ~~[(p)]~~ **(Q)** “Real property” means all property classified as real property under §
7 8–101(b) of the Tax – Property Article.

8 ~~[(q)]~~ **(R)** “State share of the foundation program” means, rounded to the nearest
9 whole dollar, the greater of:

10 (1) The difference between the foundation program and the local share of
11 the foundation program; and

12 (2) The result obtained by multiplying the target per pupil foundation
13 amount by the county’s enrollment count, and multiplying this product by 0.15 in fiscal
14 year 2008 and each fiscal year thereafter.

15 ~~[(r)]~~ **(S)** “Statewide wealth per pupil” means the sum of the wealth of all
16 counties divided by the statewide full–time equivalent enrollment.

17 ~~[(s)]~~ **(T)** “Target per pupil foundation amount” means:

18 (1) For fiscal year 2022, \$7,991;

19 (2) For fiscal year 2023, \$8,310;

20 (3) For fiscal year 2024, \$8,642;

21 (4) For fiscal year 2025, \$8,789;

22 (5) For fiscal year 2026, \$9,226;

23 (6) For fiscal year 2027, \$9,732;

24 (7) For fiscal year 2028, \$10,138;

25 (8) For fiscal year 2029, \$10,564;

26 (9) For fiscal year 2030, \$11,004;

27 (10) For fiscal year 2031, \$11,442;

28 (11) For fiscal year 2032, \$11,898;

1 (12) For fiscal year 2033, \$12,365; and

2 (13) For subsequent fiscal years, the target per pupil foundation amount for
3 the prior fiscal year increased by the inflation adjustment rounded to the nearest whole
4 dollar.

5 **[(t)] (U)** (1) Except as provided in paragraph (2) of this subsection, “3-year
6 moving average enrollment” means the average of the full-time equivalent enrollment in
7 the 3 prior school years.

8 (2) If the 3 prior school years includes the 2020–2021 school year, “3-year
9 moving average enrollment” means:

10 (i) The sum of the full-time equivalent enrollment for the 4 prior
11 school years minus the 2020–2021 school year full-time equivalent enrollment; divided by

12 (ii) Three.

13 **[(u)] (V)** “Wealth” means the sum of:

14 (1) Net taxable income;

15 (2) 100 percent of the assessed value of the operating real property of public
16 utilities;

17 (3) 40 percent of the assessed value of all other real property; and

18 (4) 50 percent of assessed value of personal property.

19 5–239.

20 (b) (1) (v) “Major education aid” has the meaning stated in **[(§ 5–201(l)) §**
21 **5–201(M)]** of this subtitle minus item (9) of **[(§ 5–201(l)) § 5–201(M)]** of this subtitle.

22 (d) Subject to the limitation in subsection (a) of this section, the local share of
23 major education aid shall be reduced by:

24 (1) The sum of the amount of State funds provided to a county board in a
25 county that is eligible for the minimum State funding under the foundation program as
26 defined in **[(§ 5–201(q)(2)) § 5–201(R)(2)]** of this subtitle and the difference between the
27 local share of the foundation program and the foundation program; and

28 (2) The amount by which the sum of the State share and local share of the
29 at–promise programs as defined in § 5–221(c)(2) of this subtitle exceeds the total program
30 amount as defined in § 5–221(e) of this subtitle for each program.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2024.