

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Revised

House Bill 818 (Delegate Conway, et al.)

Ways and Means

Referred to Budget and Taxation

Wicomico County - Education Maintenance of Effort Requirement

This amended bill waives the education maintenance of effort requirement for Wicomico County for fiscal 1996.

This bill takes effect June 1, 1996.

Fiscal Summary

State Effect: None. Full funding of the State share of the basic current expense formula is already included in the FY 1996 State budget. However, absent this legislation, if Wicomico County remains out of compliance with the maintenance of effort requirement, \$807,000 will revert to the State general fund.

Local Effect: Wicomico County revenues and expenditures would increase by \$807,000 in FY 1996.

Fiscal Analysis

Local Effect: The maintenance of effort provision requires local governments to appropriate a certain amount of funding to the local boards of education as a condition of receiving any increase in State current expense and compensatory formula aid over the prior year. If a county's enrollment increases, the county's per pupil appropriation for a fiscal year may not be less than the prior year's per pupil appropriation. With declining enrollment, a county's total appropriation may not be less than the previous year's. When determining the required appropriation for a fiscal year, the highest county appropriation to its school operating budget in the prior fiscal year must be used.

In fiscal 1996, Wicomico County appropriated \$27.6 million to the local boards of education, \$2.3 million less than required by the maintenance of effort provision. Accordingly, the Maryland State Department of Education withheld \$807,000 in State funding from Wicomico County. This bill waives the maintenance of effort requirement for fiscal 1996, thereby enabling Wicomico County to receive the \$807,000 in funding that was withheld by the State.

Information Source(s): Department of Fiscal Services, Maryland State Department of Education, Wicomico County

Fiscal Note History: First Reader - February 26, 1996

ncs Revised - House Third Reader - March 21, 1996

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