

HOUSE BILL 118

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By: **Delegate Anderson (By Request – Baltimore City Administration)**

Introduced and read first time: January 20, 2012

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Education – Retiree Health Savings – Maintenance of Effort**

3 FOR the purpose of excluding from the maintenance of effort calculation a reduction in
4 retiree health costs under certain circumstances; excluding from the
5 maintenance of effort calculation a certain calculation for a certain year;
6 providing for the application of this Act; and generally relating to education
7 funding.

8 BY repealing and reenacting, with amendments,
9 Article – Education
10 Section 5–202(d)
11 Annotated Code of Maryland
12 (2008 Replacement Volume and 2011 Supplement)

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

15 **Article – Education**

16 5–202.

17 (d) (1) To be eligible to receive the State share of the foundation program:

18 (i) The county governing body shall levy an annual tax
19 sufficient to provide an amount of revenue for elementary and secondary public
20 education purposes equal to the local share of the foundation program; and

21 (ii) The county governing body shall appropriate local funds to
22 the school operating budget in an amount no less than the product of the county's
23 full-time equivalent enrollment for the current fiscal year and the local appropriation
24 on a per pupil basis for the prior fiscal year.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) Except as provided in paragraph (3) of this subsection, for purposes
2 of this subsection, the local appropriation on a per pupil basis for the prior fiscal year
3 for a county is derived by dividing the county's highest local appropriation to its school
4 operating budget for the prior fiscal year by the county's full-time equivalent
5 enrollment for the prior fiscal year. For example, the calculation of the foundation aid
6 for fiscal year 2003 shall be based on the highest local appropriation for the school
7 operating budget for a county for fiscal year 2002. Program shifts between a county
8 operating budget and a county school operating budget may not be used to artificially
9 satisfy the requirements of this paragraph.

10 (3) For purposes of this subsection, for fiscal year 1997 and each
11 subsequent fiscal year, the calculation of the county's highest local appropriation to its
12 school operating budget for the prior fiscal year shall exclude:

13 (i) A nonrecurring cost that is supplemental to the regular
14 school operating budget, if the exclusion qualifies under regulations adopted by the
15 State Board; [and]

16 (ii) A cost of a program that has been shifted from the county
17 school operating budget to the county operating budget; AND

18 **(iii) REDUCTIONS IN THE COST OF HEALTH BENEFITS FOR**
19 **RETIRED EMPLOYEES OF THE COUNTY BOARD IF A SIMILAR REDUCTION IS**
20 **MADE FOR ALL PARTICIPANTS IN THE HEALTH BENEFITS PROGRAM FOR**
21 **RETIRED EMPLOYEES THAT IS ADMINISTERED BY THE COUNTY AND THAT**
22 **INCLUDES RETIRED EMPLOYEES OF THE COUNTY AND THE COUNTY BOARD.**

23 (4) The county board must present satisfactory evidence to the county
24 government that any appropriation under paragraph (3)(i) of this subsection is used
25 only for the purpose designated by the county government in its request for approval.

26 (5) Any appropriation that is not excluded under paragraph (3)(i) of
27 this subsection as a qualifying nonrecurring cost shall be included in calculating the
28 county's highest local appropriation to its school operating budget.

29 (6) Qualifying nonrecurring costs, as defined in regulations adopted by
30 the State Board, shall include but are not limited to:

31 (i) Computer laboratories;

32 (ii) Technology enhancement;

33 (iii) New instructional program start-up costs; and

34 (iv) Books other than classroom textbooks.

1 (7) (i) The provisions of this subsection do not apply to a county if
2 the county is granted a temporary waiver or partial waiver from the provisions by the
3 State Board of Education based on a determination that the county's fiscal condition
4 significantly impedes the county's ability to fund the maintenance of effort
5 requirement.

6 (ii) After a public hearing, the State Board of Education may
7 grant a waiver under this paragraph in accordance with its regulations.

8 (iii) In order to qualify for the waiver under this paragraph for a
9 fiscal year, a county shall make a request for a waiver to the State Board of Education
10 by April 1 of the prior fiscal year.

11 (iv) The State Board of Education shall inform the county
12 whether the waiver for a fiscal year is approved or denied in whole or in part by May
13 15 of the prior fiscal year.

14 (v) If the State Board of Education grants a county a temporary
15 waiver or partial waiver from the provisions of this subsection for any fiscal year, the
16 minimum appropriation of local funds required under this subsection for the county to
17 be eligible to receive the State share of the foundation program for the next fiscal year
18 shall be calculated based on the per pupil local appropriation for the prior fiscal year
19 or the second prior fiscal year, whichever is greater.

20 SECTION 2. AND BE IT FURTHER ENACTED, That, for fiscal year 2013 only,
21 a reduction in county funding due to a change in the allocation of costs of the health
22 benefits program for retired employees of the county board from the estimated number
23 of retired employees of the county board to an estimate of the amount of actual claims
24 for the number of retired employees of the county board shall not be subject to
25 maintenance of effort.

26 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall apply to a
27 county's required maintenance of effort amount under § 5-202(d)(1) of the Education
28 Article beginning in fiscal year 2013.

29 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 June 1, 2012.