

# SENATE BILL 244

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CF HB 118

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By: **Senator Jones–Rodwell (By Request – Baltimore City Administration)**

Introduced and read first time: January 24, 2012

Assigned to: Budget and Taxation

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Committee Report: Favorable

Senate action: Adopted

Read second time: March 17, 2012

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## CHAPTER \_\_\_\_\_

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:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

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

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

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

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

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

25 **(III) REDUCTIONS IN THE COST OF HEALTH BENEFITS FOR**  
26 **RETIRED EMPLOYEES OF THE COUNTY BOARD IF A SIMILAR REDUCTION IS**  
27 **MADE FOR ALL PARTICIPANTS IN THE HEALTH BENEFITS PROGRAM FOR**  
28 **RETIRED EMPLOYEES THAT IS ADMINISTERED BY THE COUNTY AND THAT**  
29 **INCLUDES RETIRED EMPLOYEES OF THE COUNTY AND THE COUNTY BOARD.**

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

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

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

- 1 (i) Computer laboratories;
- 2 (ii) Technology enhancement;
- 3 (iii) New instructional program start-up costs; and
- 4 (iv) Books other than classroom textbooks.

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

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

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

15 (iv) The State Board of Education shall inform the county  
16 whether the waiver for a fiscal year is approved or denied in whole or in part by May  
17 15 of the prior fiscal year.

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

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

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

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