

SENATE BILL 627

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5lr2040
CF HB 1079

By: **Senators Eckardt, Ready, ~~and Reilly~~ Reilly, and Serafini**

Introduced and read first time: February 6, 2015

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 29, 2015

CHAPTER _____

1 AN ACT concerning

2 **Education – Maintenance of Effort Requirement – ~~Alterations~~ Alteration and**
3 **Study**

4 FOR the purpose of ~~removing the requirement that the maintenance of effort amount~~
5 ~~increase by a certain amount under certain circumstances; requiring county~~
6 ~~governing bodies to exclude the cost of a fixed term lease for a certain school facility~~
7 ~~from the maintenance of effort calculation under certain circumstances; prohibiting~~
8 ~~certain appropriations not excluded as certain nonrecurring costs from being~~
9 ~~included in calculating a county's highest local appropriation under certain~~
10 ~~circumstances; requiring a certain appropriation to be shifted from a county's school~~
11 ~~operating budget to the county's operating budget under certain circumstances;~~
12 ~~prohibiting the State Board of Education from denying a county's request to exclude~~
13 ~~certain appropriations from the maintenance of effort calculation as a qualifying~~
14 ~~nonrecurring cost~~ excluding from a certain calculation the cost to provide certain
15 features required under accessibility laws; requiring the State Board of Education,
16 in collaboration with county governing bodies and county boards of education, to
17 study certain issues relating to a certain application process and the use of certain
18 financing mechanisms by county boards of education; requiring the State Board to
19 make a certain report on or before a certain date; and generally relating to
20 maintenance of effort funding.

21 BY repealing and reenacting, with amendments,
22 Article – Education
23 Section ~~5-202(d)(1), (3), (5), and (6)~~ 5-202(d)(3)
24 Annotated Code of Maryland

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.



(2014 Replacement Volume and 2014 Supplement)

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

Article – Education

5–202.

(d) ~~(1) (i) Subject to § 5–213.1 of this subtitle, the county governing body shall levy and appropriate an annual tax sufficient to provide an amount of revenue for elementary and secondary public education purposes equal to the local share of the foundation program.~~

~~(ii) [1. Except as provided in subsubparagraph 2 of this subparagraph and subject] SUBJECT to § 5–213 of this subtitle, the county governing body shall appropriate local funds to the school operating budget in an amount no less than the product of the county’s full-time equivalent enrollment for the current fiscal year and the local appropriation on a per pupil basis for the prior fiscal year.~~

~~[2. Except as provided in paragraph (3)(ii) of this subsection and subject to subparagraph (iii) of this paragraph, in each fiscal year if a county’s education effort, as defined in paragraph (10) of this subsection, is below 100% of the statewide 5-year moving average of education effort, the required maintenance of effort amount for the county shall be adjusted by increasing the per pupil amount by the lesser of:~~

~~A. A county’s increase in the local wealth per pupil;~~

~~B. The statewide average increase in local wealth per pupil;~~

~~C. 2.5%.]~~

~~(iii) The calculation of local wealth for the purposes of paragraphs (1) and (10) of this subsection shall use the amount certified for net taxable income under subsection (k)(2)(ii) of this section based on tax returns filed on or before:~~

~~1. For fiscal years 2015 through 2017, September 1; and~~

~~2. For fiscal year 2018 and each fiscal year thereafter, November 1.~~

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

1 1. A nonrecurring cost that is supplemental to the regular
 2 school operating budget, if the exclusion qualifies under regulations adopted by the State
 3 Board;

4 2. A cost of a program that has been shifted from the county
 5 school operating budget to the county operating budget;

6 3. The cost of debt service incurred for school construction
 7 projects; [and]

8 4. For a county that shifts the recurring costs associated with
 9 providing retiree health benefits for current retirees to the county board, any reduction in
 10 those retiree health costs from the amount the county was required to appropriate in the
 11 previous year; AND

12 **5. THE COST TO PROVIDE BUILDING FEATURES**
 13 **REQUIRED UNDER ACCESSIBILITY LAWS.**

14 ~~**5. THE COST OF A FIXED TERM LEASE FOR A SCHOOL**~~
 15 ~~**FACILITY IF THE TERM OF THE LEASE EXPIRES AND THE COST DOES NOT CONTINUE**~~
 16 ~~**INTO THE CURRENT FISCAL YEAR.**~~

17 (ii) For purposes of the adjustment required under paragraph (1)(ii)
 18 of this subsection, a county that dedicates to public school construction any additional State
 19 funds received from recurring retiree health costs shifted to the county board may exclude
 20 those retiree health costs from the highest local appropriation on a per pupil basis.

21 ~~(5) Any appropriation that is not excluded under paragraph (3)(i)1 of this~~
 22 ~~subsection as a qualifying nonrecurring cost, OR WITHDRAWN BY THE COUNTY~~
 23 ~~GOVERNING BODY SUBSEQUENT TO A DETERMINATION THAT THE COST DOES NOT~~
 24 ~~QUALIFY AS NONRECURRING UNDER PARAGRAPH (3)(I)1 OF THIS SECTION, shall be~~
 25 ~~included in calculating the county's highest local appropriation to its school operating~~
 26 ~~budget.~~

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

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

~~(H) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SUBSECTION, THE STATE BOARD MAY NOT DENY A COUNTY'S REQUEST TO EXCLUDE AN APPROPRIATION UNDER PARAGRAPH (3)(I)1 AS A QUALIFYING NONRECURRING COST SOLELY BECAUSE THE NONRECURRING COST IS:~~

~~1. NECESSARY TO MEET OR COMPLY WITH A FEDERAL OR STATE MANDATE, INCLUDING FACILITY OR ACCESSIBILITY REQUIREMENTS UNDER FEDERAL LAW AND REGULATIONS; OR~~

~~2. AN OCCASIONAL COST THAT MAY BE SCHEDULED ON A MULTI-YEAR CYCLE, INCLUDING PERFORMANCE AUDITS AND ACTUARIAL STUDIES.~~

~~(III) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SUBSECTION, THE STATE BOARD SHALL APPROVE A COUNTY'S REQUEST TO EXCLUDE AN APPROPRIATION FOR A START-UP COST TO IMPLEMENT THE MARYLAND COLLEGE AND CAREER READY STANDARDS AND THE PARTNERSHIP FOR ASSESSMENT OF READINESS FOR COLLEGE AND CAREERS ASSESSMENTS, INCLUDING EQUIPMENT NECESSARY TO ADMINISTER THE ASSESSMENTS ONLINE FOR ALL STUDENTS AS A QUALIFYING NONRECURRING COST UNDER PARAGRAPH (3)(I)1.~~

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) The State Board, in collaboration with county governing bodies and county boards of education, shall study:

(1) the use of leases and other alternative financing mechanisms by county boards of education for school facilities and buildings; and

(2) the feasibility of a year-round process for approving requests to exclude qualifying nonrecurring costs from a county's maintenance of effort calculation.

(b) As part of the study required under subsection (a)(1) of this section, the State Board shall examine:

(1) changes necessary to existing law to encourage collaboration between county governing bodies and county boards of education in using leases and alternative financing mechanisms; and

(2) whether and when, within the term of a lease or other alternative financing mechanism, the fixed cost of the lease or other alternative financing mechanism should be included or excluded in a county's maintenance of effort calculation.

1 ~~(b)~~ (c) As part of the study required under subsection (a)(2) of this section, the
2 State Board shall consider:

3 (1) the budget schedules of counties and school boards whose budget
4 processes fall after existing application deadlines; and

5 (2) changes to existing law to make the application process more flexible
6 and useful for county governing bodies and county boards of education.

7 ~~(e)~~ (d) On or before December ~~31~~, 1, 2015, in accordance with § 2-1246 of the
8 State Government Article, the State Board shall report its findings and recommendations
9 to the Senate Budget and Taxation Committee and the House Committee on Ways and
10 Means.

11 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June
12 1, 2015.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.