

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 62

(Senators Lewis Young and Ready)

Budget and Taxation

Appropriations

Task Force on Education Funding and Student Population Growth

This bill establishes a Task Force on Education Funding and Student Population Growth. The task force must (1) analyze challenges related to the delay in student enrollment counts and its effect on school funding; (2) analyze the connection between growing student populations and the provision of school funding; and (3) make recommendations regarding improvements to the provision of school funding. The Office of the Governor must provide staff for the task force. A member of the task force may not receive compensation as a member of the task force but is entitled to reimbursement for expenses. The task force must by December 15, 2025, report its findings and recommendations to the Governor and the General Assembly. **The bill takes effect July 1, 2025, and terminates June 30, 2026.**

Fiscal Summary

State Effect: The Department of Legislative Services (DLS) assumes that the task force can be staffed using existing resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The vast majority of mandatory State and local education funding for public schools in Maryland is based upon funding formulas that include public school student enrollment as key variables. This includes the foundation formula, which is based upon “enrollment count,” which is defined below; and includes targeted enrollment-based funding of compensatory education formula grants, concentration of poverty grants

(CPGs), English language-learners grants, special education grants, and full-day prekindergarten grants. Funding mandates via these formulas in a given fiscal year is generally based on actual enrollment counts in the fall of the prior fiscal year – the most recent actual counts available at the time of State budget formulation. Chapter 36 of 2021 substantially increased per pupil State and county funding of public schools and initiated several additional funding formulas. Per Chapter 36, the “enrollment count” for the foundation program is the greater of (1) the prior year full-time equivalent (FTE) enrollment and (2) the three-year moving average of FTE enrollment.

Each of the above-named programs includes an enrollment-based local share. Annually, the county government (including Baltimore City) is required to appropriate funds to the local board of education equivalent to the greater of the Maintenance of Effort (MOE) requirement or the local share amount of all wealth-equalized formulas. The per pupil MOE amount is based upon the “enrollment count,” as described above. Only counties that benefit from the compensatory education State funding floor are required to fund the local share of CPGs. However, for some counties, the combined local share across these several programs is subject to certain adjustments.

Chapters 6 and 607 of 2017 provided declining enrollment supplemental grants to eligible local boards of education for fiscal 2018 through 2020. A local board was eligible for an enrollment-based supplemental grant if the county’s most recent prior three-year moving average FTE enrollment is greater than the FTE enrollment in the previous school year. Chapter 771 of 2019 extended the grants through fiscal 2021. Initiation of the “enrollment count” per Chapter 36 effectively made declining enrollment grants redundant.

State Fiscal Effect: The Office of the Governor advises that it lacks the capacity to adequately staff the task force and therefore will require both contractual support at an estimated cost of \$200,000 and an education funding policy advisor at an estimated cost of \$124,000.

However, DLS notes that task force membership includes State and local entities with considerable expertise regarding education funding law and procedures, including representatives from the Maryland State Department of Education (MSDE), the Maryland General Assembly, and various associations representing Maryland public education stakeholders. MSDE posts [documents showing the calculation of major State education aid programs](#); enrollment data for several past years is readily available, allowing for projection of future enrollment; and the Maryland Department of Planning [projects Maryland school enrollment](#). DLS assumes that the Office of the Governor can rely on these various State and local resources to provide data and analytical support, and thereby can adequately staff the task force using existing resources.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 53 (Delegate Fair, *et al.*) - Appropriations.

Information Source(s): Comptroller's Office; Governor's Office; Maryland State Department of Education; Department of Legislative Services

Fiscal Note History: First Reader - January 14, 2025
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