

HOUSE BILL 562

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6lr2276

By: **Delegates Feldmark, Acevero, Allen, Boyce, Coley, Fair, Hill, Kaiser, Pasteur, Solomon, Terrasa, and Ziegler**

Introduced and read first time: January 28, 2026

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Primary and Secondary Education – Maintenance of Effort – Inflation**
3 **Adjustment**
4 **(Maintenance of Effort Modernization Act)**

5 FOR the purpose of altering the method for calculating the maintenance of effort amount
6 county governing bodies are required to appropriate to the school operating budget;
7 and generally relating to inflation adjustment of the maintenance of effort
8 requirement.

9 BY repealing and reenacting, without amendments,
10 Article – Education
11 Section 5–201(a) and (h)
12 Annotated Code of Maryland
13 (2025 Replacement Volume and 2025 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Education
16 Section 5–235(a)
17 Annotated Code of Maryland
18 (2025 Replacement Volume and 2025 Supplement)

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

21 **Article – Education**

22 5–201.

23 (a) In this subtitle, except as otherwise provided, the following words have the
24 meanings indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(h) (1) Subject to paragraph (2) of this subsection, “inflation adjustment” means a percentage, rounded to the nearest two decimal places, that is the lesser of:

(i) The increase in the implicit price deflator for State and local government expenditures for the second prior fiscal year;

(ii) The Consumer Price Index for All Urban Consumers for the Washington Metropolitan Area, or any successor index, for the second prior fiscal year; or

(iii) 5%.

(2) If there is no increase in the implicit price deflator for State and local government expenditures for the second prior fiscal year or in the Consumer Price Index for All Urban Consumers for the Washington Metropolitan Area, or any successor index, for the second prior fiscal year, then “inflation adjustment” means 0%.

5–235.

(a) (1) (i) Subject to subsection (o) of this section and beginning in fiscal year 2023, 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 major education aid as adjusted under § 5–239 of this subtitle.

(ii) For the purposes of calculating the local share of major education aid and regardless of the source of the funds, all funds that a county board, including the Baltimore City Board of School Commissioners, is authorized to expend for schools may be considered as levied by the county council, board of county commissioners, or the Mayor and City Council of Baltimore except for:

1. State appropriations;
2. Federal education aid payments; and
3. The amount of the expenditure authorized for debt service and capital outlay.

(2) Subject to subsection (o) of this section and except as provided in subsection (a–1) of this section, the county governing body shall appropriate local funds to the school operating budget in an amount no less than the product, **INCREASED BY THE INFLATION ADJUSTMENT**, of the county’s enrollment count for the current fiscal year and the local appropriation on a per pupil basis for the prior fiscal year using enrollment count.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026.