

HOUSE BILL 562

F1

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;

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

7 (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%.

12 5-235.

22 1. State appropriations;

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
32 1, 2026.