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FISCAL AND POLICY NOTE
First Reader

House Bill 1039
Ways and Means

(Delegate Fisher, *et al.*)

Education – Primary and Secondary Schools – Alternative School Options (Right to Learn Act)

This bill partially codifies the Broadening Options and Opportunities for Students Today Program (BOOST), administered by the Maryland State Department of Education (MSDE), and establishes Right to Learn scholarships within BOOST to pay for students in “failing schools” to attend an alternative school, including a nonpublic school. The purpose of the BOOST Program is to provide (1) scholarships for students who are eligible for the U.S. Department of Agriculture’s free and reduced-price lunch program to attend an eligible nonpublic school and (2) Right to Learn scholarships for students who attend a failing school and choose to attend a nonpublic school. If a student, as deemed by the school administrator, is violent or receives continuous disciplinary action, the student may elect to attend a military boarding school, with costs covered by the local school system. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: General fund expenditures may increase minimally for staffing and related administrative costs beginning in fiscal 2027. General and special fund (the Blueprint for Maryland’s Future Fund (BMFF)) expenditures for per-pupil education aid decrease beginning in FY 2028 due to reduced enrollment counts, but the overall effect is expected to be minimal, as discussed below. No effect on revenues.

Local Effect: Beginning in FY 2028, local school system revenues from the State and from county governments decrease due to remittances to MSDE, but the overall decrease is expected to be minimal, as discussed below. County expenditures for per-pupil education aid are similarly expected to decrease minimally beginning in FY 2029. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: A “failing school” means a school that has, for at least the three prior consecutive school years, received one star under the State accountability system adopted by the State board, as required by the federal Every Student Succeeds Act (ESSA). A school continues to be designated as a failing school until the school receives at least a two-star rating for two consecutive school years. By January 1 each year, each local board of education must provide to the parent of each student who attends a failing school notification that the school is failing and a list of alternative school options. Alternative school options include (1) a public school that is not a failing school but is in the same county as the failing school; (2) a nonpublic school; or (3) a boarding school, including a military boarding school. A student attending a failing school must be provided the opportunity to attend an alternative school. By April 1, the parent must notify the local board of the student’s decision to continue attending the school or attend a particular alternative school.

For each student who receives a Right to Learn scholarship, the local board of education must remit funds to MSDE equal to the local school board’s per-pupil expenditures for specified State aid programs, to cover the cost of the scholarship. MSDE must return any unused funds to the local board.

MSDE must adopt regulations for the Right to Learn provisions of the bill.

Current Law:

Broadening Options and Opportunities for Students Today Program

BOOST, which provides scholarships for students who are eligible for the free or reduced price lunch program to attend eligible nonpublic schools, has been authorized annually since fiscal 2017 through the budget bill and budget bill language. Special funds for this program are provided through the Cigarette Restitution Fund (CRF), but annual funding is not mandated. According to the annual authorizing language, scholarship amounts and distribution of scholarships are determined by the BOOST Advisory Board, while the program is administered by MSDE.

The fiscal 2026 operating budget, as enacted, details the criteria for nonpublic schools that have students who are eligible for a BOOST scholarship and would like to participate in BOOST. These criteria include:

- participation in the Aid to Non-Public Schools Program for textbooks and computer hardware and software in the prior school year;
- providing more grades than only prekindergarten and kindergarten;
- administering assessments, as specified, to all students in accordance with all State and federal law; and
- compliance with Title VI of the Civil Rights Act of 1964 as amended; Title 20, Subtitle 6 of the State Government Article (related to employment nondiscrimination) and not discriminate in student admissions, retention, or expulsion, or otherwise discriminate against any student based on race, color, national origin, sexual orientation, or gender identity or expression.

The fiscal 2026 operating budget also requires the BOOST Advisory Board to prioritize awards for current BOOST recipients and their siblings and specifies that a student must receive no less than the fiscal 2024 base award amount. Students who received a BOOST scholarship in a prior year who meet eligibility criteria for a scholarship must receive a scholarship renewal award. For students who receive a BOOST scholarship for the first time, priority must be given to students who attended public schools in the prior school year.

The fiscal 2027 budget (Senate Bill 282/House Bill 390) as introduced includes \$9.0 million in CRF monies, level with the fiscal 2025 appropriation for BOOST. The nonpublic school eligibility criteria closely align with those described above for fiscal 2026.

Maryland School Accountability System

In 2017, as required by ESSA, the reauthorization of the federal Elementary and Secondary Education Act, and the parameters set by the Protect Our Schools Act of 2017 (Chapter 29), the State board developed a Maryland school accountability system. Public schools are rated on a variety of weighted measures and then awarded between one and five stars based on their scores. This system was first implemented during the 2017-2018 school year. However, it was suspended for school years 2020-2021 and 2021-2022 due to the COVID-19 pandemic.

Annual Submission of Education Aid Data

On December 1 each year MSDE must submit to the Department of Budget and Management and the Department of Legislative Services (DLS) the enrollment counts and other data necessary to calculate the funding formulas to implement the Blueprint for Maryland's Future for the upcoming fiscal year.

Public School Student Enrollment and Education Funding Formulas

Student enrollment, especially full-time equivalent (FTE) enrollment totals by county influence the vast majority of State funding of public schools, because these counts determine the enrollment counts used under the foundation formula and because FTE enrollment is a key component of wealth-equalization within major education aid formula programs (including the foundation program). FTE enrollment also influences the local (county) share of major aid programs, including local share relief provisions; and the county per-pupil maintenance of effort (MOE) requirement. For an overview of the State and local funding of public schools in Maryland, see **Appendix – Public School Funding in Maryland**.

State Fiscal Effect: Local public school year calendars for school attendance tend to commence in late August or early September and to end in June of the following calendar year. Given the bill’s July 1, 2026, effective date, and the annual January 1 and April 1 notification dates under the bill, students in failing schools are not eligible to attend alternative schools until fall 2027. Beginning in fall 2027, students attending nonpublic alternative schools are not included in public school enrollment counts that year, which affects State per-pupil education aid expenditures beginning in fiscal 2029 (school year 2028-2029). Though provisions related to students deemed to be violent or to have received continuous disciplinary action having the option to attend military boarding school do not specify a timeline for notifications, it is assumed to be identical to the timeline for Right to Learn scholarships.

The number of public schools receiving a one-star rating has decreased from 39 in 2022, to 25 in 2023, to 15 in 2024; and increased to 18 in 2025. DLS is aware of one school that received one-star ratings in each of the past three years, an evening high school in Anne Arundel County. DLS is also aware of four additional schools with one-star ratings in each of the last two years: one each in Baltimore City, and Anne Arundel, Howard, and Montgomery counties. These five schools combined enroll a total of about 400 students.

To the extent that some or all of those five schools receive a one-star rating during the 2026-2027 school year, students in those schools become eligible for Right to Learn scholarships. If none of the schools receive a one-star rating, the bill has no effect in fiscal 2028 or 2029. Because much of the reduction in school system funding is driven by students in school systems with failing schools, as defined by the bill, reductions in funding for local school systems amount to about \$22,100 per student (absent reversions of unused funds).

State Education Aid and Right to Learn Scholarships

Beginning in fiscal 2028, general and special fund per-pupil expenditures decrease for every student not included in public school enrollment counts because they are attending a

nonpublic alternative school. A reliable estimate is not feasible because (1) the overall number of students in failing schools cannot be known in advance (and will change every year) and (2) some students in failing schools will elect to either remain in those schools or attend other alternative public schools in the same school system instead of nonpublic schools. For students who remain enrolled in public schools, State aid continues to be paid, but for those attending alternative nonpublic schools, State per-pupil aid decreases since they are no longer included in enrollment counts. However, because of the limited number of students expected to be eligible for the Right to Learn Scholarships, any such decrease in State per-pupil aid is expected to be minimal.

Payments for Students in Military Boarding Schools

Total general and special fund (BMFF) expenditures are similarly reduced by an indeterminate amount beginning in fiscal 2029, based on reduced enrollment in public schools by students electing to attend a military boarding school. Students attending military boarding schools are no longer included in the annual enrollment counts in fall 2027, thereby reducing State aid (and local county) payments to local school systems beginning in fiscal 2029. It is not known how many students (1) will be identified as violent or receive continuous disciplinary action or (2) how many of those students will elect to attend a military academy, so a reliable estimate of the reduction in State aid payments is not feasible but is expected to be minimal.

Broadening Options and Opportunities for Students Today

Though neither current law nor the bill require a specified annual appropriation for BOOST, leaving room for the possibility that Right to Learn scholarship funding under the bill offsets funding for traditional BOOST scholarships, this analysis assumes that BOOST scholarships continue in approximately the same form as in recent years and are funded at \$9.0 million annually in CRF funds. Thus, codifying the traditional BOOST scholarships does not substantially alter public school enrollment or funding. DLS notes that, since BOOST is not codified in statute and the bill does not specify funding levels or allowable uses for BOOST scholarships, funding levels and scholarship uses may vary substantially from these assumptions.

Maryland State Department of Education Administrative Costs

Current BOOST staffing includes one full-time program manager and a 0.5 administrative staff position, whose work results in approximately 3,000 BOOST scholarships annually.

This level of scholarships is about 650% more than all students eligible for alternative school placements under the bill choosing an alternative school placement in a nonpublic school. Given the other options of remaining in the failing school or choosing an alternative

public school, and given the possibility that one or more of the five identified schools (discussed further below) will receive a star rating above 1 in 2026, it is assumed that MSDE will require at most one additional position to administer Right to Learn scholarships under the augmented BOOST program. MSDE anticipates that its contract with its online vendor for online BOOST scholarship applications will increase by approximately \$190,000 annually. DLS assumes there are far less costly means for local boards of education to notify MSDE of students who will attend alternative nonpublic schools and thus receive Right to Learn funding.

Local Fiscal Effect:

County Government Expenditures

As with State education aid, county per-pupil payments decrease for each student from a failing school who enrolls in a nonpublic school because they are no longer included in the public school enrollment counts. County governments are responsible for providing at least the greater of (1) the local share of major aid programs, after accounting for local share relief and (2) the per-pupil MOE. Both local share and MOE are driven by school enrollment counts.

To the extent that public school students are diverted to military boarding schools public school enrollment counts are further reduced. Thus, beginning in fiscal 2029, local per-pupil appropriations to local school systems are reduced to the extent that these alternative options are available and exercised. Fiscal 2026 local appropriations averaged \$10,376 per student, ranging from about \$3,865 in Wicomico County to about \$15,405 in Montgomery County, and amounted to about \$5,600 in Baltimore City.

Assuming State CRF funding for BOOST is maintained at current levels, BOOST's continuation has no effect on enrollment counts or county funding for public schools.

Local Education Agency Revenues

Local school system revenues decrease, likely minimally, beginning in fiscal 2028. For each student receiving a Right to Learn scholarship beginning in fiscal 2028, some or all State and county funding linked to that student is remitted to MSDE and used instead to pay for the scholarship. As the bill does not specify (1) the amount of Right to Learn scholarships; (2) allowable costs for the scholarships; or (3) whether the scholarships are required to cover all allowable costs of attending an alternative school or only a portion of those costs, DLS cannot determine what proportion of State and county education aid is diverted for the scholarships. Although some unused portion may revert to the local school system, the amount of any reversion cannot be reliably estimated. Nevertheless, the net

effect on local school systems is loss of education aid funds for each student who attends an alternative nonpublic or military school.

As with State expenditures, the bill's overall effects on county expenditures and local school system revenues are anticipated to be minimal because of (1) the small number of eligible students and (2) the public alternative options available to students in failing schools.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB1180 of 2025, HB 1027 of 2024, and HB 737 of 2023.

Designated Cross File: None.

Information Source(s): Baltimore City Public Schools; Montgomery County Public Schools; Prince George's County Public Schools; Maryland State Department of Education; Department of Legislative Services

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me/mcr

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Appendix – Public School Funding in Maryland

State Aid for Public Schools

Blueprint for Maryland’s Future and Education Funding Formulas

The majority of direct State aid to public schools (excluding teachers’ retirement) is determined by enrollment-based funding formulas generally found in Title 5, Subtitle 2 of the Education Article. This includes the foundation formula, which makes use of a per pupil foundation amount (PPFA) and an “enrollment count,” which is the greater of (1) the prior year full-time equivalent (FTE) enrollment and (2) the three-year moving average of FTE enrollment. Collectively, the formulas account for a uniform base cost per pupil that is necessary to provide general education services to students in every local school system and address the additional costs associated with educating three student populations: special education students; students eligible for free and reduced-price meals; and students who are English learners. Under Chapter 237 of 2025, beginning in fiscal 2026, the special education, compensatory education, and English learner formulas – structured similarly to the foundation program, but targeting the three student populations mentioned above – use statutory per-pupil dollar amounts (rather than percentage weights of PPFA), with amounts specified through fiscal 2033 and inflation adjustments thereafter.

Most State education aid formulas also include wealth equalization across counties, compensating for differences in local wealth by providing less aid per pupil to the more wealthy counties and more aid per pupil to the less wealthy counties. Although on the whole most State aid formulas are designed to have the State pay roughly one-half of program costs, the State’s share for the less wealthy counties is higher than 50%, and the State’s share for more wealthy counties is lower than 50%. For purposes of determining State and local shares of funding, wealth equals the sum of 100% of assessed public utilities real property value, 40% of the assessed value of all other real property, 50% of the assessed value of personal property, and 100% of net taxable income.

Major education aid programs include the foundation formula, comparable wage index (CWI), guaranteed tax base (GTB), compensatory education, concentration of poverty grants (CPG), English learner, special education, full-day prekindergarten, college and career ready (CCR), transitional supplemental instruction (through fiscal 2026), career ladder, and transportation grant programs.

The Blueprint for Maryland’s Future (Blueprint) legislation, including Chapter 771 of 2019; Chapters 36 and 55 of 2021; and Chapter 33 of 2022 established new programs and updated education funding formulas, to among other provisions provide additional

support for schools serving high concentrations of students living in poverty, including community schools and wraparound services, and increased support for students learning English and students with disabilities. Chapter 237, among other provisions, curtailed foundation program per pupil funding.

Blueprint for Maryland's Future Fund

The Blueprint for Maryland's Future Fund (BMFF) was created by Chapter 771 as the successor to the Commission on Innovation and Excellence in Education Fund. The BMFF is intended to assist in providing adequate funding for early childhood education and primary and secondary education to provide a world-class education to students in Maryland.

Comparable Wage Index

CWI provides additional funds to local school systems with above-average personnel costs but does not decrease funding for local school systems with below-average costs. CWI adjustment values are fixed in statute and range from 0.047 in Frederick County to 0.166 in Montgomery County. The formula multiplies the adjustment value by the foundation program for a given county, which is the PPFA multiplied by the enrollment count for the county.

Guaranteed Tax Base

The GTB program is intended to encourage less wealthy jurisdictions to maintain or increase local education tax effort, *i.e.*, local education appropriation as a percentage of local tax base. The program provides additional State education aid to counties that (1) have less than 80% of the statewide average wealth per pupil and (2) provide local education funding above the minimum local share required by the Foundation Program. The program uses local education tax effort and wealth to determine State aid amounts for each eligible local school system.

Concentration of Poverty Grant Program

Blueprint legislation provides additional support for schools serving high concentrations of students living in poverty through the CPG Program. CPG funding has two components, a personnel grant and a per-pupil grant.

Personnel Grants are provided to employ a community school coordinator with specified qualifications and provide full-time coverage by at least one health care practitioner. A county that provides health coverage or community school services with funds other than the personnel grant must continue to provide those services through fiscal 2030. If the

personnel grant provided to an eligible school exceeds the costs to employ those positions and provide health coverage, the eligible school may use excess funds to provide wraparound services and complete the community school needs assessment. The personnel grant is a State-funded categorical amount that increases with inflation.

Per-pupil Grants are provided for each qualifying school following the completion of a community school needs assessment, and each eligible school must use the per-pupil grant to provide wraparound services and other programs and services as identified in the school needs assessment. CPG funds must generally be distributed by the local board to each eligible school. However, if the local school system has at least 10 eligible schools or at least 35% of a local school system’s schools are eligible schools, the local board may expend up to 50% of CPG personnel and per-pupil grants on behalf of eligible schools on program costs that directly benefit the school, and in accordance with a plan developed in consultation with eligible schools that ensures that each eligible school receives the required positions/coverage and services. Per-pupil grants are only wealth equalized for districts that receive the minimum State funding (40%) under the compensatory education formula; for all other districts, the State pays the full amount. The local funding percentage is based on the compensatory education wealth equalization formula.

The following table lays out the phase-in of the two components of the funding.

Concentration of Poverty Grants Phase-in

<u>School Poverty Percentage</u>	<u>Year Personnel Phased-in</u>	<u>Year Per Pupil Phased-in</u>
> = 80%	FY 2020	FY 2022
75%-80%	FY 2021	FY 2023
70%-75%	FY 2022	FY 2024
65%-70%	FY 2023	FY 2025
60%-65%	FY 2024	FY 2026
55%-60%	FY 2025	FY 2027

School concentration percentages are based on a three-year average of compensatory education enrollment in each public school.

For the per-pupil grant, schools receive funding along a sliding scale according to their CPG level, the three-year average percentage of compensatory education enrollment students at each school. Schools at or below 55% CPG level receive no funding per pupil. Schools above 55% and below 80% CPG level see the per-pupil amount increase until, for schools at or above 80% CPG level, per-pupil funding reaches the statutorily established per-pupil maximum amount. The per-pupil amount established by this sliding scale is then multiplied by a school’s compensatory education enrollment in the second prior fiscal year

to get a calculated grant amount. A percentage increment of per-pupil funding is then applied for each of six years of eligibility, beginning with 16% in the first year of eligibility and culminating in 100% funding by the seventh year, is specified in statute as shown in the table below.

<u>Eligibility Year</u>	<u>Share of CPG Per Pupil</u>
NOT ELIGIBLE	0%
Year 1	16%
Year 2	32%
Year 3	37%
Year 4	55%
Year 5	66%
Year 6	75%
Year 7 and Beyond	100%

Beginning in fiscal 2030, however, all schools receive 100% of the calculated per-pupil grant amount regardless of year of eligibility.

College and Career Ready Funding

It is the goal of the State that students enrolled in public school will meet the CCR standard adopted by the State Board of Education before the end of the 10th grade and no later than the time the student graduates from high school. In addition to funding for non-CCR and CCR students provided within the foundation formula, funding is provided for students in grades 9 through 12 who have met the CCR standard. Per-pupil funding, covered by both State and local shares, begins at \$517 in fiscal 2022 and is inflation adjusted each subsequent year. These funds support various pathways and educational options available to students who meet the CCR standard.

Career Ladder for Educators

Under Chapter 36, as amended by Chapter 55, a four-level career ladder must be implemented by each local board of education by July 1, 2024. Level one is a State-certified teacher. Level two is a teacher pursuing a master’s degree, 30 credits of a State board-approved program of study, or National Board Certification (NBC). Level three is a teacher who has an NBC or, if NBC or a comparable assessment is not available in the teacher’s content area, a master’s degree in that area. Level three includes an assistant principal. Level four is a teacher on the teacher leadership track or administrative track of the career ladder, each of which is further divided into tiers. If a teacher achieves level three or four on the career ladder by being an NBC teacher, the

teacher must retain NBC status in order to remain at that level. The State and county governments share the cost of required salary increases for educators reaching certain levels on the career ladder, including for attaining and retaining NBC status.

Grow Your Own Educators

Chapters 227 and 228 of 2024 established the Grow Your Own Educators Program to provide support to eligible provisional teachers and noncertified education support professionals interested in teaching who pledge to fulfill a service obligation. Administered by the Maryland State Department of Education (MSDE), the program provides grants to local school systems in collaboratives for certain teacher candidates' expenses and program administration costs. Chapter 237 made several alterations to the program, including clarifying that the program purpose is to support collaboratives that offer teacher licensure programs with on-the-job experiential learning for eligible individuals, not to directly support the individuals.

Full-day Prekindergarten

The full-day prekindergarten funding formula provides State and local funding for voluntary full-day prekindergarten for (1) children who are three or four years old from low-income families and homeless youths and whose family income is less than or equal to 300% of the federal poverty level (FPL) (Tier I children) and (2) four-year-olds from families whose income is – for fiscal 2026 funding – between 300% and 360% of FPL, and beginning fiscal 2027 between 300% and 600% of FPL (Tier II students).

There is no family share for Tier I students. For Tier II students, a sliding scale developed by MSDE determines the family share. For four-year-olds from families with income above 600% (Tier III), the family share covers the full cost of full-day prekindergarten. However, a local board may provide up to 100% of the family share on behalf of the family. Local governments are required to fund the local share of the full-day prekindergarten program. The funding formula for full-day prekindergarten is based in part on the per-pupil amount. The per-pupil amount is \$14,473 for fiscal 2026, escalates to \$19,950 in fiscal 2027 and 2028, and increases annually by inflation beginning in fiscal 2029.

Beginning in the 2024-2025 school year, prekindergarten slots provided by eligible private providers must account for at least 10% of the total prekindergarten slots provided by eligible prekindergarten providers in each county. The proportion of eligible private provider prekindergarten slots in each county increases by 10 percentage points every school year, until, in the 2028-2029 school year, and each subsequent school year, eligible private provider prekindergarten slots account for at least 50% of eligible prekindergarten provider prekindergarten slots in each county.

Priority in expanding full-day prekindergarten slots is given to three- and four-year-olds who are Tier I children, children with disabilities regardless of family income, and children living in homes where English is not the primary spoken language. The proportion of enrolled Tier I children who are three- and four-year-olds must increase annually until all such children are enrolled in a full-day prekindergarten program.

Prekindergarten Expansion Grant Program

The Prekindergarten Expansion Grant Program, administered by MSDE, is intended to broaden the availability of high-quality prekindergarten and school readiness services throughout the State for children and their families in coordination with the expansion of publicly funded full-day prekindergarten under the Blueprint. The program is a competitive grant program to provide grants to qualified providers, including (1) a local board of education or (2) if partnering with a local board under a memorandum of understanding, a State accredited or nationally accredited child care program or a nonpublic school approved by MSDE to provide prekindergarten services.

Grants may be used to add available slots to expand prekindergarten services, including (1) establishing or expanding full-day prekindergarten for eligible young children and (2) expanding existing half-day prekindergarten programs into full-day prekindergarten for eligible young children. Grants may not be used (1) to supplant existing funding for prekindergarten services; (2) for capital improvements; or (3) to fund the same full-day prekindergarten slot that is funded under the full-day prekindergarten program established by Blueprint legislation.

Through fiscal 2029, the Governor must annually appropriate to the Prekindergarten Expansion Fund (established to provide funds to the program) an amount that is at least equal to the total amount of all funds received by the program in the prior fiscal year. Beginning in fiscal 2030, funds appropriated to the Prekindergarten Expansion Fund must be consolidated into the publicly funded full-day prekindergarten program.

Public School Transportation

All school systems are required to arrange transportation to and from school for all public school students and are required to provide transportation to and from school for all disabled students. The State provides annual aid to public schools for the purpose of funding student transportation. The funding consists of two parts: a base grant that is adjusted annually; and a per-pupil grant based on the number of students with special transportation needs.

Local Funding for Public Schools

Maintenance of Effort and Local Share

Each year, the county government (including Baltimore City) is required to appropriate funds to the local board equivalent to the greater of the per-pupil 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 defined above. The local share of major education aid programs equals the local share of the foundation formula, compensatory education, English learner, special education, CWI, full-day prekindergarten, CCR, transitional supplemental instruction (through fiscal 2026), and career ladder grant programs. Also, counties that benefit from the compensatory education State funding floor are required to fund the local share of CPG. However, for some counties, the combined local share across these several programs is subject to adjustments described below. Additionally, under Chapter 336 of 2024, the State and county governments must pay for Blueprint implementation coordinator salaries in the same proportion as the foundation program.

Education Effort Adjustment to Local Share Requirement

Local governments are required to fund the local share of the foundation program and the required local shares for several other funding formula programs. The law also includes a mechanism for establishing a maximum local share that a county must fund each year. This involves “local education effort,” which is determined for each county by dividing the county’s local share of major education aid by the county’s wealth. An “education effort index,” which is the local education effort divided by the “State average education effort” is then determined. A “maximum local share” is calculated for each county, which is the county’s local wealth multiplied by the State average education effort.

Each county with an education effort above 1.0 for two consecutive years receives relief based upon its “education effort adjustment,” which is the amount by which the calculated local share exceeds the maximum local share. This relief (which results in increases to State aid), is provided to counties within one of three tiers, based on whether the education effort is (1) greater than 1.0 but less than 1.15; (2) at least 1.15 but less than 1.27; or (3) at least 1.27. State relief for the first tier is phased up from 15% of the education effort adjustment in fiscal 2023 to 50% by fiscal 2030. State relief for the second tier is phased up from 20% of the education effort adjustment in fiscal 2023 to 100% by fiscal 2030. State relief for the third tier is 100% beginning in fiscal 2023. However, the education effort adjustment for a county is only allowed to the degree that per-pupil MOE is met each year.

Additional Reductions to Local Share

A county may be eligible for a reduction in the required local share of major aid formulas in three additional ways: (1) if a county receives State funds from the GTB program, the

local share may be reduced by the amount of GTB funds, except that for Baltimore City only the amount above \$10.0 million may be reduced from the local share; (2) if a county receives State funds to support the minimum funding floors of 15% for the foundation and 40% for the targeted programs; and (3) if a county has a CWI of at least 0.13, the local share of CWI may be reduced by 50%. However, in all of these cases, the local share may not be reduced to below the required per-pupil MOE amount.

Minimum School Funding Requirement

Each local board of education must distribute to its public schools at least 75% of the applicable per-pupil funding amounts generated under the foundation program and most major education aid formulas. In addition, local boards must distribute 100% of the per-pupil amounts provided under the concentration of poverty grant program and for eligible private provider prekindergarten slots.