

JMartin HB598.pdf

Uploaded by: Jennifer Martin

Position: FAV

Good afternoon esteemed legislators, staff, and viewers. My name is Jennifer Martin, and it is my honor to serve as President of the Montgomery County Education Association (MCEA). As President of MCEA, I represent over 14,000 educators that are struggling with the daily challenges at our schools. I come to you today in support of House Bill 598, which is a strong step in the right direction to better fund our schools.

When I took office in July of 2021, we were smack dab in the middle of a global pandemic, an economic crisis, and a mass exodus from the education profession. Here we are -- a quarter of the way through 2023 -- still struggling to overcome some of these problems. Thankfully, this bill would help bring much-needed resources by fundamentally changing the way we calculate per-pupil funding across our great state.

At Montgomery County Public Schools, as with many jurisdictions in other counties, our enrollment continues to grow each year. However, how we currently calculate per-pupil funding leaves millions of dollars on the table that could be best spent to help our children succeed, provide better compensation and support for our educators, and fund equitable solutions to our most vulnerable communities. This new formula provides a more dynamic and accurate way to reflect

enrollment change and can better adjust to a sudden increase or decrease in the student population. This is especially important in a County like Montgomery, whose per-pupil funding is near the bottom of the counties in the state.

Every day our members spend countless hours giving their very best to our students so they will be on track for academic and personal success this school year and in their futures. We do all this because we truly love our public schools and the work we do. We stand with our students and their parents, who simply want a better future for their children.

We are continuously proud of our elected officials' words of support for our public schools, but we must do more to ensure our schools are fully funded and meet the needs of all. As students of color have become the majority in our schools, as the proportion of students needing special education services and English Language support has grown, and as the number of children in poverty has increased, real per-pupil spending in Montgomery County has declined. This is simply shameful.

It's time for us all, elected leaders, community members, and educators, to say: "We love our Public Schools" -- and then prove it by supporting creative solutions like this bill which will help bring the

necessary funding to meet the needs of the students we serve. Join us and do what is right. Our students' future and the future prosperity of Maryland are at stake. Thank you for your time and solidarity.

HB598_MSEA_Zwerling_FAV.pdf

Uploaded by: Samantha Zwerling

Position: FAV

**Testimony SUPPORT of House Bill 598
Education – Funding for General Education Programs – Definition
Alterations**

**House Appropriations Committee
March 16, 2023**

**Samantha Zwerling
Government Relations**

The Maryland State Education Association supports House Bill 598 as amended by the sponsor, change the way student enrollment is calculated for the purposes of education funding.

MSEA represents 75,000 educators and school employees who work in Maryland's public schools, teaching and preparing our almost 900,000 students so they can pursue their dreams. MSEA also represents 39 local affiliates in every county across the state of Maryland, and our parent affiliate is the 3 million-member National Education Association (NEA).

MSEA supports passage of an adequate, sustainable, predictable revenue stream that will adequately fund both the operating costs of our public schools. A great public school for every child means our students have updated technology, small manageable classes, safe and modern schools, proper healthcare and nutrition, and have highly qualified and highly effective educators. As currently implemented, school funding is based off of enrollment counts from the previous year. This does not do a good job of accounting for growth in enrollment in the current year, but school systems and educators still have to serve all students enrolled in a school whether the funding is there for that student or not. This bill would change the count to the previous enrollment number plus the average increase during the last three years which would help to make sure that funding more accurately reflects the current enrollment in our classrooms. The additional funding that would come with this more accurate enrollment counts would help support students and ensure they get all of the services that they need to thrive.

MSEA also appreciates the sponsor's amendments which would ensure that no school systems lose funding under the new calculation and support it whole heartedly.

MSEA urges a Favorable Report on House Bill 598 as amended by the sponsor.

Amendment offered by Sponsor

Uploaded by: Delegate Wu

Position: FWA

UNOFFICIAL COPY OF HOUSE BILL 598

HOUSE BILL 598

F1

3lr1478

By: **Delegates Wu, D. Barnes, Boafu, Grossman, Hill, Kelly, Mireku-North,
Pasteur, Qi, Stewart, Terrasa, and Ziegler**

Introduced and read first time: February 3, 2023

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Education - Funding for General Education Programs - Definition Alterations**

3 FOR the purpose of altering certain definitions relating to enrollment that are used for the
4 calculation of funding for general education programs; and generally relating to
5 funding for general education programs.

6 BY repealing and reenacting, with amendments,

7 Article - Education

8 Section 5-201 and 5-239(b)(1)(v) and (d)

9 Annotated Code of Maryland

10 (2022 Replacement Volume)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

12 That the Laws of Maryland read as follows:

13 **Article - Education**

14 5-201.

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

17 (b) "Assessable base" has the meaning stated in:

18 (1) § 12-201 of the Economic Development Article; or

19 (2) For Baltimore City, Article II, § 62 of the Charter of Baltimore City.

20 (c) "Assessed value of personal property" means the most recent estimate by the
21 State Department of Assessments and Taxation before the annual State budget is

2

UNOFFICIAL COPY OF HOUSE BILL 598

1 submitted to the General Assembly of the assessed value for county purposes of personal
 2 property as of July 1 of the first completed fiscal year before the school year for which the
 3 calculation is made under this section.

4 (d) (1) Subject to paragraph (2) of this subsection, "assessed value of real
 5 property" means the most recent estimate made by the State Department of Assessments
 6 and Taxation before the annual State budget is submitted to the General Assembly of the
 7 assessed value of real property for State purposes as of July 1 of the first completed fiscal
 8 year before the school year for which the calculation of State aid is made under this section.

9 (2) (i) Subject to subparagraphs (ii), (iii), and (iv) of this paragraph, for
 10 counties that qualify for a disparity grant under § 16-501 of the Local Government Article
 11 and that established a development district under Title 12, Subtitle 2 of the Economic
 12 Development Article or Article II, § 62 of the Charter of Baltimore City after May 1, 2016,
 13 and is still in effect, using the assessed value of real property as of July 1 of the second
 14 completed fiscal year before the school year for which the calculation of State aid is made
 15 under this section, "assessed value of real property" does not include the lesser of:

16 1. The difference between the original base and the
 17 assessable base of all real property in a development district that is subject to tax increment
 18 financing under Title 12, Subtitle 2 of the Economic Development Article or Article II, § 62
 19 of the Charter of Baltimore City as certified by the State Department of Assessments and
 20 Taxation; or

21 2. The quotient of the annual debt service for a tax increment
 22 financing bond in a development district divided by the county's real property tax rate
 23 pledged to the tax increment financing bond multiplied by 100.

24 (ii) If the result of items 1 or 2 of subparagraph (i) of this paragraph
 25 is a negative number, then the result shall be \$0.

26 (iii) The calculations under this paragraph shall be made separately
 27 for each development district in a county.

28 (iv) For Baltimore City, if the result of item 1 or 2 of subparagraph
 29 (i) of this paragraph is a positive number, then the amount is required to be appropriated
 30 by the Mayor and City Council of Baltimore City to the Baltimore City Board of School
 31 Commissioners.

32 **(E) "AVERAGE ENROLLMENT CHANGE" MEANS THE RESULT OF THE**
 33 **FOLLOWING CALCULATION:**

34 **(1) THE PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT ENROLLMENT**
 35 **MINUS THE THIRD PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT ENROLLMENT;**
 36 **DIVIDED BY**

UNOFFICIAL COPY OF HOUSE BILL 598

1 (2) TWO.

2 [(e)] (F) "Enrollment count" means ~~the~~ the greater of:

3 (1) The PRIOR SCHOOL YEAR full-time equivalent enrollment; ~~or~~

4 (2) The 3-year moving average enrollment~~];~~ OR

5 (3) ~~THE~~ THE SUM OF THE PRIOR

6 SCHOOL YEAR FULL-TIME EQUIVALENT ENROLLMENT AND THE AVERAGE
7 ENROLLMENT CHANGE.

7 [(f)] (G) "Foundation program" means the product of the annual per pupil
8 foundation amount and a county's enrollment count.

9 [(g)] (H) "Full-time equivalent enrollment" means the sum of:

10 (1) The number of students enrolled in kindergarten through grade 12 or
11 their equivalent in regular day school programs on September 30 of the [prior] school year;

12 (2) The number of full-time equivalent students, as determined by a
13 regulation of the Department, enrolled in evening high school programs during the [prior]
14 school year; and

15 (3) The number of P-TECH students, as provided in § 7-1804(b) of this
16 article.

17 [(h)] (I) (1) Subject to paragraph (2) of this subsection, "inflation
18 adjustment" means a percentage, rounded to the nearest two decimal places, that is the
19 lesser of:

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

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

24 (iii) 5%.

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

29 [(i)] (J) "Local contribution rate" means the figure that is calculated as follows:

30 (1) Multiply the statewide full-time equivalent enrollment by the target
31 per pupil amount and by 0.50; divided by

4

UNOFFICIAL COPY OF HOUSE BILL 598

1 (2) The sum of the wealth of all of the counties in this State; and

2 (3) Round the result obtained in paragraph (2) of this subsection to seven
3 decimal places and express as a percent with five decimal places.

4 ~~[(j)]~~ **(K)** "Local share of the foundation program" means the product of the local
5 contribution rate and a county's wealth rounded to the nearest whole dollar.

6 ~~[(k)]~~ **(L)** "Local wealth per pupil" means a county's wealth divided by the
7 county's full-time equivalent enrollment.

8 ~~[(l)]~~ **(M)** "Major education aid" means the sum of the State and local share of the
9 following:

- 10 (1) Foundation program under § 5-213 of this subtitle;
- 11 (2) Transportation aid under § 5-218 of this subtitle;
- 12 (3) Compensatory education under § 5-222 of this subtitle;
- 13 (4) English learner program under § 5-224 of this subtitle;
- 14 (5) Special education under § 5-225 of this subtitle;
- 15 (6) Guaranteed tax base program under § 5-214 of this subtitle;
- 16 (7) Comparable wage index grant under § 5-216 of this subtitle;
- 17 (8) Post college and career readiness pathways under § 5-217 of this
18 subtitle;
- 19 (9) Concentration of poverty under § 5-223 of this subtitle;
- 20 (10) Transitional supplemental instruction under § 5-226 of this subtitle;
- 21 (11) Publicly funded prekindergarten under § 5-229 of this subtitle; and
- 22 (12) Career ladder for educators under § 6-1009 of this article.

23 ~~[(m)]~~ **(N)** "Net taxable income" means the amount certified by the State
24 Comptroller for the second completed calendar year before the school year for which the
25 calculation of State aid under this section is made, based on tax returns filed on or before
26 November 1 after the current calendar year.

27 ~~[(n)]~~ **(O)** "Original base":

5

UNOFFICIAL COPY OF HOUSE BILL 598

1 (1) Has the meaning stated in § 12-201 of the Economic Development
2 Article; or

3 (2) For Baltimore City, means "original assessable base" as defined in
4 Article II, § 62 of the Charter of Baltimore City.

5 **[(o)] (P)** "Personal property" means all property classified as personal property
6 under § 8-101(c) of the Tax - Property Article.

7 **[(p)] (Q)** "Real property" means all property classified as real property under §
8 8-101(b) of the Tax - Property Article.

9 **[(q)] (R)** "State share of the foundation program" means, rounded to the nearest
10 whole dollar, the greater of:

11 (1) The difference between the foundation program and the local share of
12 the foundation program; and

13 (2) The result obtained by multiplying the target per pupil foundation
14 amount by the county's enrollment count, and multiplying this product by 0.15 in fiscal
15 year 2008 and each fiscal year thereafter.

16 **[(r)] (S)** "Statewide wealth per pupil" means the sum of the wealth of all
17 counties divided by the statewide full-time equivalent enrollment.

18 **[(s)] (T)** "Target per pupil foundation amount" means:

19 (1) For fiscal year 2022, \$7,991;

20 (2) For fiscal year 2023, \$8,310;

21 (3) For fiscal year 2024, \$8,642;

22 (4) For fiscal year 2025, \$8,789;

23 (5) For fiscal year 2026, \$9,226;

24 (6) For fiscal year 2027, \$9,732;

25 (7) For fiscal year 2028, \$10,138;

26 (8) For fiscal year 2029, \$10,564;

27 (9) For fiscal year 2030, \$11,004;

28 (10) For fiscal year 2031, \$11,442;

6 UNOFFICIAL COPY OF HOUSE BILL 598

1 (11) For fiscal year 2032, \$11,898;

2 (12) For fiscal year 2033, \$12,365; and

3 (13) For subsequent fiscal years, the target per pupil foundation amount for
4 the prior fiscal year increased by the inflation adjustment rounded to the nearest whole
5 dollar.

6 ~~(U)~~ (U)
(1) Except as provided in paragraph (2) of this subsection, "3-year moving
7 average enrollment" means the average of the full-time equivalent enrollment in the 3
8 prior school years.

9 (2) If the 3 prior school years includes the 2020-2021 school year, "3-year
10 moving average enrollment" means:

11 (i) The sum of the full-time equivalent enrollment for the 4 prior
12 school years minus the 2020-2021 school year full-time equivalent enrollment; divided by

13 (ii) Three.‡

14 ~~(V)~~ (V) "Wealth" means the sum of:

15 (1) Net taxable income;

16 (2) 100 percent of the assessed value of the operating real property of public
17 utilities;

18 (3) 40 percent of the assessed value of all other real property; and

19 (4) 50 percent of assessed value of personal property.

20 5-239.

21 (b) (1) (v) "Major education aid" has the meaning stated in [§ 5-201(l)] §
22 **5-201(M)** of this subtitle minus item (9) of [§ 5-201(l)] § **5-201(M)** of this subtitle.

23 (d) Subject to the limitation in subsection (a) of this section, the local share of
24 major education aid shall be reduced by:

25 (1) The sum of the amount of State funds provided to a county board in a
26 county that is eligible for the minimum State funding under the foundation program as
27 defined in [§ 5-201(q)(2)] § **5-201(R)(2)** of this subtitle and the difference between the
28 local share of the foundation program and the foundation program; and

29 (2) The amount by which the sum of the State share and local share of the
30 at-promise programs as defined in § 5-221(c)(2) of this subtitle exceeds the total program
31 amount as defined in § 5-221(e) of this subtitle for each program.

7

UNOFFICIAL COPY OF HOUSE BILL 598

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2023.

Sponsor Graph

Uploaded by: Delegate Wu

Position: FWA

Education- Funding for General Education Programs- Definition Alterations

HB0598

Enrollment (September 30 for each year)

| Year | 2020-2021 | 2021-2022 | 2022-2023 | 2023 -2024 |
|------------|-----------|-----------|-----------|------------|
| Enrollment | A_3 | A_2 | A_1 | A_0 |

| Current | New | |
|---|--|--|
| $A_0 = \text{Greater} \left(A_1, \frac{A_1 + A_2 + A_3}{3} \right)$ <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> $\text{Three-year mean} = \frac{A_1 + A_2 + A_3}{3}$ </div> | $A_0 = \text{Greatest} \left(A_1, \frac{A_1 + A_2 + A_3}{3}, A_1 + \frac{A_1 - A_3}{2} \right)$ <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> $\text{Growth Formula} = A_1 + \frac{A_1 - A_3}{2}$ </div> | |
| <p align="center">Case 1</p> <p align="center">Enrollment Number vs Year</p> | <p align="center">Case 2</p> <p align="center">Enrollment Number vs Year</p> | <p align="center">Case 3</p> <p align="center">Enrollment Number vs Year</p> |

| Year | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 |
|------------|--------------|--------------|--------------|-----------|
| Enrollment | $A_3 = 1000$ | $A_2 = 1020$ | $A_1 = 1060$ | $A_0 = ?$ |

| | |
|-----------------|---|
| <u>Current:</u> | $A_0 = \text{Greater}\left(1060, \frac{1060 + 1020 + 1000}{3}\right)$ $= \text{Greater}(1060, 1027)$ $= 1060$ |
| <u>New:</u> | $A_0 = \text{Greatest}\left(1060, \frac{1060 + 1020 + 1000}{3}, 1060 + \frac{(1060 - 1000)}{2}\right)$ $= \text{Greatest}(1060, 1027, 1090)$ $= 1090$ |

HB 598.Enrollment Growth Factor .pdf

Uploaded by: John Woolums

Position: FWA

BILL: House Bill 598
TITLE: Education – Funding for General Education Programs – Definition Alterations
POSITION: SUPPORT WITH AMENDMENTS
DATE: March 14, 2023
COMMITTEE: Appropriations
CONTACT: John R. Woolums, Esq.

The Maryland Association of Boards of Education (MABE) supports House Bill 598 which would add a new component to the enrollment-based school funding system in Maryland.

MABE supports the concept introduced by House Bill 598 to appropriately enhance the provision of state aid to school systems experiencing consistent enrollment growth. Such school systems inherently experience wider gaps between the numbers of students in classrooms at the start of the new school year and the amount of pupil funding generated by the prior year's September 30 enrollment count. House Bill 598 would close these gaps and, with straightforward amendments, ensure that other school systems with declining enrollments are in no way negatively affected.

MABE traditionally opposes legislation proposing to shift from the actual September 30 student count from the prior year, recognizing that such proposals invariably result in less funding for certain jurisdictions. For this reason, MABE typically supports maintaining the current methodology for counting students enrolled in public schools for the purpose of determining state and local aid amounts in the following fiscal year. With amendments to clarify that House Bill 598 would serve to supplement, not subtract, from any jurisdiction's current enrollment-based funding allocation, MABE supports this bill's approach to addressing a longstanding concern.

To be clear, MABE supports House Bill 598 with an amendment to ensure that state funding is based on the greater of the full-time equivalent enrollment count, the 3-year moving average enrollment, or the sum of the prior school year full-time equivalent enrollment and the average enrollment change as defined in the bill.

For these reasons, MABE requests a favorable report on House Bill 598 with the amendments described above.

HB0598 Howard Co BOE Testimony 031623 for APPRO -

Uploaded by: Staff Howard County

Position: FWA



Board of Education of Howard County
Testimony Submitted to the Maryland House of Delegates,
Appropriations Committee
March 16, 2023



Board of Education
of Howard County

Antonia Watts, *Chair*

Yun Lu, Ph.D., *Vice Chair*

Linfeng Chen, Ph.D.

Jennifer Swickard Mallo

Jacky McCoy

Jolene Mosley

Abisola Ayoola
Student Member

Michael J. Martirano, Ed.D.
*Superintendent
Secretary/Treasurer*

HB0598: FAVORABLE W/AMENDMENTS

Education - Funding for General Education Programs - Definition Alterations

The Board of Education of Howard County (the Board) supports **HB0598 Education - Funding for General Education Programs - Definition Alterations** with amendments to preserve existing statutory authority for school systems to maximize funding to support ongoing fixed costs.

HB0598 alters the “enrollment count” calculation under Education Article §5-201 which is the foundation for school funding on a per pupil basis. Specifically, it deletes the current provision defining “enrollment count” as the greater of the full-time equivalent enrollment (enrollment as of September 30 of the prior year) or the three-year moving average enrollment (average of the three prior years enrollment as of September 30). New language under the bill creates an average enrollment change calculation which takes the prior school year full-time equivalent enrollment minus the difference over the prior three years divided by two, and then adds that to the prior year full-time equivalent enrollment.

The proposed calculation is presumably intended to take into account past trends in school enrollment to inform future enrollment counts given the traditional prior year enrollment lags current year actual counts. While this new calculation could result in a higher enrollment count when the enrollment is growing compared to the enrollment as of September 30 of the prior year, this also means the new calculation could result in lower enrollment counts when populations drop over three years. Because school systems can currently use the greater of full-time equivalent enrollment or the three-year moving average to lessen the burden of swings in enrollment, Howard County Public School System staff and the Board recommend this option remain in statute. Additionally, where the new average enrollment change included in HB0598 has the potential to increase counts when enrollment is trending up, an amendment is recommended that would add this as one of the “greater of” options available to schools.

Thus, lines 2 through 6 on page 3 would read:

[(e)] (F) “Enrollment count” means the greater of:

- (1) The full-time equivalent enrollment;
- (2) The 3-year moving average enrollment; or
- (3) THE SUM OF THE PRIOR SCHOOL YEAR FULL-TIME EQUIVALENT ENROLLMENT AND THE AVERAGE ENROLLMENT CHANGE.

With the above changes, we urge a FAVORABLE report of HB0598 from this Committee.

HB598 Education - Funding for General Educaiton Pr

Uploaded by: Dawana Sterrette

Position: UNF

BALTIMORE CITY PUBLIC SCHOOLS

Brandon M. Scott
Mayor, City of Baltimore

Johnette A. Richardson
Chair, Baltimore City Board
of School Commissioners

Dr. Sonja Brookins Santelises
Chief Executive Officer

**Testimony of the
Baltimore City Board of School Commissioners
In Opposition of House Bill 598
Education – Funding for General Education Programs –
Definition Alterations**

March 16, 2023

The Baltimore City Board of School Commissioners opposes House Bill 598 because it seems to only cater to those school districts that have a growing enrollment and those school districts with declining enrollment may not make out well in this newly crafted definition.

Current law to define enrollment count is the greater of (1) The full-time equivalent enrollment; (2) The 3-year moving average enrollment. The current law takes into consideration of not only declining enrollment but the idea that there is a high mobility rate in some school districts requiring that there be funding available to teach students that come and go through the school system for various societal reasons. This legislation will only benefit those school districts that have historically increasing enrollment.

Any change in how to calculate enrollment should also be strongly reconsidered as we move into the Blueprint for Maryland Future's funding. During the Kirwan Commission meetings and the subsequent discussions on the Blueprint for Maryland Future's legislation, enrollment count and determining concentration of poverty numbers were all considered and any changes needed to the funding formula were made and/or required the Maryland State Department of Education (MSDE) to come back to the General Assembly with an alternative. The only change in the funding formula was provided by MSDE in its final report on the Neighborhood Indicators of Poverty. This final report has shed light on the inadequacy of the current identification for poverty used by the State. The current methodology does not truly reflect poverty, nor concentrations of poverty, as the Blueprint requires the State to do so. Using the methodology that MSDE described in the report would provide for a consistent, more refined mechanism for counting poverty statewide that directs resources to students who need them most.

For the foregoing reasons, the Baltimore City Board of School Commissioners opposes House Bill 598 and urges an unfavorable report.

Dawana Merritt Sterrette, Esq.
Director, Legislative and Government Affairs
dsterrette@bcps.k12.md.us
443-250-0190

Melissa Broome
Director, Policy and Legislative Affairs
mcbroome@bcps.k12.md.us
443-525-3038

BALTIMORE CITY --- PUBLIC SCHOOLS

Brandon M. Scott
Mayor, City of Baltimore

Jhnette A. Richardson
Chair, Baltimore City Board
of School Commissioners

Dr. Sonja Brookins Santelises
Chief Executive Officer

HB 598 - Letter of Information.pdf

Uploaded by: Helene Grady

Position: INFO



WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor

HELENE GRADY
Secretary

MARC L. NICOLE
Deputy Secretary

HOUSE BILL 598 Education - Funding for General Education Programs – Definition Alterations

STATEMENT OF INFORMATION

DATE: March 16, 2023

COMMITTEE: House Appropriations

SUMMARY OF BILL: HB 598 modifies the calculation method used for major K-12 education funding formulas in a given fiscal year by redefining “enrollment count” as the sum of the prior year’s enrollment plus the average enrollment change over the three prior years, from its current definition as the greater of full-time equivalent enrollment in the prior school year or the three-year moving average enrollment figure. This alteration specifically affects the Foundation, Regional Cost of Education, and Guaranteed Tax Base funding formulas, which use the current definition of “enrollment count” to help determine the amounts that each local education agency (LEA) should receive for those funding formulas. This change in statute would increase State expenditures on K-12 education formulas significantly in future years.

EXPLANATION: Currently, the Foundation, Regional Cost of Education/Comparable Wage Index, and Guaranteed Tax Base funding formulas for K-12 education provide jurisdictions with funding based in part on the greater of enrollment in the prior year or the three-year moving average of enrollment. HB 598 would modify this approach by instead defining “enrollment count” as the prior year’s enrollment plus the average change in enrollment from the third-prior year to the prior year. For a jurisdiction where enrollment grew from the third-prior year to the prior year, the enrollment figure used for funding calculations would be greater than it would be under existing statute. Meanwhile, a jurisdiction with declining enrollment would receive less funding than the amount provided under existing statute.

In recent years, enrollment has trended downward due to the COVID-19 pandemic. Therefore, if this proposed enrollment count method was used for FY 2024, State K-12 spending would be \$80.5 million less than in the Governor’s Allowance due to average enrollment change in most jurisdictions being negative. Baltimore City and Prince George’s County schools alone would lose over \$63 million due to enrollment declines in those jurisdictions, while the jurisdiction that would benefit the most from this revised method would be Carroll County, with a net increase of \$4.9 million. However, using current enrollment projections, compared to the current baseline, this legislation would increase State expenditures by \$52 million in FY 2025, \$83 million in FY 2026, \$66 million in FY 2027, and \$48 million in FY 2028.

Therefore, this legislation would supplement recent enhancements for education. Funding in the State

budget for K-12 education is at record levels in FY 2024, at approximately \$8.8 billion. Under current law this amount will grow as per pupil funding amounts increase each year. This legislation would accelerate the currently projected exhaustion of the Blueprint for Maryland’s Future Fund, which funds the Foundation and Regional Cost of Education formulas and increase the Fund’s reliance on the State’s General Fund to support mandated education funding formulas.

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and strives to create a structurally balanced budget, in which the growth in spending is less than the growth in revenues. In light of current economic uncertainty and the potential for a downturn, the Department urges caution in passing legislation significantly expanding State required expenditures without offsetting revenues. General fund mandates can have the effect of crowding out the State’s ability to fund staffing, salary adjustments, and in general invest strategically and holistically in State government’s human capital and the infrastructure required to carry out State government’s mission. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes.

General Fund Structural Budget Outlook, Fiscal 2024 – 2028 (\$ millions)

| | Est. 2024 | Est. 20235 | Est. 2026 | Est. 2027 | Est. 2028 |
|-------------------------------|------------------|-------------------|------------------|------------------|------------------|
| Structural Balance | \$337 | \$232 | \$263 | \$529 | \$1,113 |
| Adjusted for Blueprint | | | | -\$963 | -\$1,207 |

Department of Legislative Services, January 2023 Fiscal Briefing

For additional information, contact Marc Nicole at (410) 260-7288 or marc.nicole@maryland.gov