



Mary Pat Fannon, Executive Director
1217 S. Potomac Street
Baltimore, MD 21224
410-935-7281
marypat.fannon@pssam.org

BILL: HB 562
TITLE: Primary and Secondary Education – Maintenance of Effort – Inflation
Adjustment (Maintenance of Effort Modernization Act)
DATE: February 24, 2026
POSITION: Favorable
COMMITTEE: House Appropriations Committee
CONTACT: Mary Pat Fannon, Executive Director

The Public School Superintendents’ Association of Maryland (PSSAM), on behalf of all twenty-four Maryland local school superintendents, **supports** House Bill 562.

This legislation alters the method for calculating the maintenance of effort county governing bodies are required to appropriate to the school operating budget by including an annual inflation adjustment.

Maryland first embedded Maintenance of Effort (MoE) into statute in 1984 to ensure local governments remained meaningful and predictable partners in funding public education. The Blueprint for Maryland’s Future later added “local share” as a second potential funding calculation. While neither formula is perfect for every local school system, together they have provided stability, accountability, and a predictable budgeting framework.

Under current law, counties must provide, at a minimum, the greater of:

1. The local share of certain major education aid formulas, or
2. The per pupil amount provided in the prior fiscal year (MoE).

MoE has been a strong accountability tool. However, it no longer reflects the true cost of operating modern school systems.

We appreciate the difficult balancing act local governments face where education, public safety, health, infrastructure, and other essential services all compete for limited resources. But we are compelled to voraciously advocate for equitable and adequate local education funding.

MoE was designed to ensure predictable minimum funding. What it does not do is ensure that funding keeps pace with rising costs.

Local funding increases have not materialized at the levels envisioned by the Kirwan Commission, nor have they consistently tracked with increases in county wealth or statewide per pupil investment. While the State foundation amount is adjusted annually using an inflation factor (the lesser of the Implicit Price Deflator, CPI, or 5%), the local MoE does not. That creates an imbalance. Meanwhile, the cost of running school systems has risen dramatically:

- Wage inflation for teachers and support staff
- Escalating employee and retiree health benefits
- Transportation fuel and fleet costs
- Food service inflation
- School security and health services
- Building maintenance and capital improvements
- Skyrocketing utility costs

The Blueprint embedded per pupil amounts in statute based on assumptions made pre-COVID. No one could have predicted the pandemic or the inflationary shock that followed and has fundamentally reshaped our economy in many ways.

This legislation adds a modest, built-in inflation factor to the Maintenance of Effort amount. It does not overhaul local share. It does not impose unpredictable spikes. It simply ensures that the minimum local contribution keeps pace with economic reality.

No one can predict the future, but we can rely on established economic indicators such as CPI or the Implicit Price Deflator. An inflation adjustment would:

- Preserve MoE's predictability
- Protect against erosion of purchasing power
- Promote greater per pupil equity across jurisdictions
- Better align local contributions with the State's inflation-adjusted investment
- Help balance the state-local partnership necessary for Blueprint success

Unfortunately, some local governments provide no more than the statutory minimum and the real value of local education funding declines over time. Adding an inflation factor restores balance.

It reflects the shared responsibility envisioned by the Blueprint and ensures that local governments remain meaningful partners in advancing educational adequacy and equity.

This is not a radical change. It is a modest modernization of an accountability tool that has served Maryland well for more than a decade. An inflationary adjustment to Maintenance of Effort will ensure Maryland's education funding framework reflects today's economic reality and continues moving us toward equitable per pupil investment statewide.

For these reasons, PSSAM **supports** HB 562 and requests a **favorable** committee report.