



FEBRUARY 24, 2026

Local Education Funding Should Reflect Economy-Wide Price Increases

Position Statement in Support of House Bill 562

Given before the House Appropriations Committee

Educating Maryland's children is one of the most important responsibilities of our state and local governments, and one of the strongest tools available to support long-term economic growth. Maryland's maintenance of effort requirement for local school funding is intended to ensure that counties do not reduce their support for public schools over time. However, as currently designed, it allows the purchasing power of this support to erode. House Bill 562 would ensure that local support for public schools keeps up with rising costs. **For these reasons, the Maryland Center on Economic Policy supports House Bill 562.**

The purpose of Maryland's maintenance of effort standard is precisely what its name implies: to ensure that counties do not decrease their support for public schools over time, and that any increase in state or federal funding benefits school systems rather than enabling local cuts.

The standard does not simply require that counties appropriate at least as many dollars as the previous year, but that they maintain at least constant funding *per pupil*. This reflects the principle that maintaining effort means that each year's funding level must be at least as sufficient as the previous year's, taking need into account. A \$100 million appropriation spread across 11,000 students (for example) does not go as far as the same dollar amount spread over 10,000 students, and the maintenance of effort requirement appropriately reflects this.

But the current design does allow counties to reduce their support for public schools over time in another way. As we have all been reminded each time we visited the grocery store or paid our electric bill over the last five years, \$1 today does not go as far as it did a year ago. By the same token, last year's per-pupil funding level will not go as far at this year's prices. House Bill 562 would require that counties maintain at least the same purchasing power per pupil over time, fully reflecting the intent of the MOE requirement.

If we want Maryland to have a prosperous, just future, we must invest in education today – and both the state and local governments must do their part. House Bill 562 would be an important step in the right direction.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the House Appropriations Committee make a favorable report on House Bill 562.

Equity Impact Analysis: House Bill 562

Bill summary

House Bill 562 would incorporate annual inflation adjustment into the maintenance of effort calculation for county appropriations to public school systems.

Background

Chapter 85 of 1984 established the maintenance of effort requirement for local education funding. Lawmakers have since altered the requirement several times, most recently by Chapter 33 of 2022.

Inflation has averaged 4.5% over the last five years. Today, \$1 million has the same purchasing power as only \$804,000 in 2021.

Equity Implications

High-quality public schools are a powerful tool to build economic opportunity for all Marylanders. Sufficient education funding is especially important for students who face greater challenges in the classroom – from the stress of growing up amid financial hardship or in a struggling neighborhood, or due to a disability, language barriers, racial stigma and discrimination, or the fear that armed federal agents will tear one’s family apart. Excellent teachers and school-based supports are not sufficient to address these barriers, but they are necessary.

House Bill 562 would strengthen these supports by modernizing and modestly raising local education funding standards.

Impact

House Bill 562 would likely **improve racial, economic, and disability equity** in Maryland.