

BILL: Senate Bill 284
TITLE: Budget Reconciliation and Financing Act of 2026
HEARING DATE: March 4, 2026
POSITION: SUPPORT WITH AMENDMENT
COMMITTEE: Budget and Taxation
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The Maryland Association of Boards of Education (MABE), representing all 24 local boards of education, **supports Senate Bill 284 with targeted amendments** to protect stability in education funding as the General Assembly finalizes the FY 2027 budget.

Local boards recognize the significant fiscal pressures facing the State and appreciate the complexity of the budget reconciliation process. At the same time, Maryland's nearly 900,000 public school students depend on predictable and equitable funding. MABE therefore urges adoption of several adjustments to preserve stability in the face of enrollment shifts and methodological uncertainty.

First, MABE requests hold-harmless protections for both (1) school systems that have experienced declines in counts of multilingual learners and (2) students experiencing poverty. These adjustments would ensure that no district receives less compensatory education funding in FY 2027 than it received in FY 2026. Maintaining prior-year funding levels would require supplemental appropriations, but it would prevent abrupt funding losses driven by short-term enrollment fluctuations rather than changes in student need.

Second, MABE supports establishing a permanent hold-harmless provision for schools and districts participating in the Community Eligibility Provision (CEP). While the Governor's proposed budget reflects temporary relief and the Accountability and Implementation Board (AIB) has recommended a limited extension, a permanent safeguard is the more prudent course until the State adopts a revised, statewide poverty methodology. This approach would provide continuity while the required study and stakeholder process are completed.

The need for stability is heightened by the fact that the revised poverty-counting methodology contemplated in statute has not yet been implemented. During enactment of the Blueprint legislation, changes were made to the formula for identifying students in poverty with the expectation that a new statewide measure would be in place by FY 2027. That work remains unfinished. In the absence of a reliable and comprehensive poverty metric, continued reliance on CEP counts alone creates volatility and may not fully reflect

student need. A refined statewide measure is essential to ensuring equitable distribution of compensatory education funding.

Enrollment trends further complicate this picture. Maryland, like many states, has experienced reduced public school enrollment due to demographic changes, pandemic-related shifts, and evolving federal policies affecting immigrant and low-income families. Declines are uneven across districts and often concentrated within particular schools. Even modest enrollment changes can trigger substantial funding reductions, while fixed costs (such as transportation, utilities, and staffing) continue to rise.

Maryland has previously used hold-harmless mechanisms to mitigate anomalous enrollment effects. In 2021, the General Assembly excluded the September 2020 count from the rolling enrollment average to blunt pandemic distortions. In 2023, similar relief was provided in response to sharp declines in compensatory education counts. These precedents reflect a longstanding recognition that formula-driven losses during atypical periods can undermine educational stability.

MABE's proposed amendments are consistent with that approach. They are designed not to alter the long-term structure of the Blueprint, but to provide stability while enrollment patterns normalize and a valid statewide poverty methodology is completed.

For these reasons, MABE Supports Senate Bill 284 with the targeted amendments outlined above.