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BILL: SB 284  
TITLE: Budget Reconciliation and Financing Act of 2026  
DATE: March 4, 2026  
POSITION: Favorable with Amendments  
COMMITTEE: Senate Budget and Taxation Committee  
CONTACT: Mary Pat Fannon, Executive Director, PSSAM

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The Public School Superintendents' Association of Maryland (PSSAM), on behalf of all twenty-four local school superintendents, **supports** Senate Bill 284 **with amendments**.

This omnibus legislation alters or repeals certain appropriations; authorizes the use of certain funds and revenues for certain purposes and distribution; alters eligibility for various programs; provides modifications to federal adjusted gross income of an individual or federal taxable income of a corporation for Maryland income tax purposes relating to certain depreciation deductions; etc.

On behalf of Maryland's 24 local superintendents, responsible for nearly 900,000 students and their families, we appreciate the difficult fiscal environment and the choices ahead as you craft the FY 2027 budget. In your deliberations we ask you to consider three amendments to the BRFA to help preserve education funding for Maryland students. These requests all affect hold-harmless provisions in the State budget.

**(1) A hold-harmless for districts who experienced a decline in multilingual learners and (2) students experiencing poverty.** This provision would ensure that no school system receives less compensatory funding than was provided in FY '26, approximately \$41 million in State funding. To sustain the State's previous funding for multilingual learners, it would require approximately \$12.5 million; both of these BRFA actions would require a supplemental budget appropriation.

**(3) We are requesting a permanent hold harmless for schools and districts participating in the Community Eligibility Program (CEP).**

We applaud Governor Moore's budget that reflects this for the FY '27 budget, and AIB's request to extend this for two years. *However, we believe the most appropriate action is to make the hold harmless permanent until a new statewide poverty measure is adopted.* This proposal maintains stability until the required analysis to establish a new poverty measure is complete.

Both of these requests are consistent with our [November 25, 2025 letter](#) to the Governor requesting his support as school systems face enrollment fluctuations. Complicating our enrollment declines is the absence of the revised methodology for counting students in poverty. As this committee is aware, the statutory language in 5-222, crafted during the passage of the Blueprint legislation, changed the formula for how districts count poverty. This language was changed in anticipation of a new methodology to be established by FY '27, along with an alternative form created by MSDE. This was to be informed by a study and broad consultation with stakeholders; that work is not complete and a new methodology has yet to be created.

In the absence of a reliable statewide poverty measure, districts face significant uncertainty. CEP calculations alone do not capture a complete picture of poverty, yet compensatory education funding remains heavily dependent on those counts. A refined statewide methodology is crucial to ensuring that funding is distributed in a way that achieves true equity under the Blueprint.

***The Impact of Enrollment on Student Funding and Maryland's Previous Use of Hold-Harmless Provisions***

Following national trends, Maryland's public school enrollment has softened due to lower birth rates, slower reentry from pandemic homeschooling and private school placements, and federal immigration dynamics. In Maryland, enrollment declines are uneven across districts and sometimes concentrated in specific schools. In addition, the impacts of the federal changes to SNAP and Medicaid eligibility enacted in the OBBA/HR 1 are almost certainly going to negatively impact enrollment of students and families living in poverty. Small enrollment changes can produce outsized funding swings, even as fixed costs are rising and outpacing inflation, including utilities and transportation.

Holding enrollment or aggregate funding at the district level "harmless" has been embraced by previous Maryland leaders. In 2021, the General Assembly removed the September 2020 count from the three-year rolling average, and in 2023 they provided similar relief when faced with a precipitous decline in compensatory education enrollment - both measures aimed to hedge pandemic anomalies from driving formula losses. We ask for similar hold-harmless provisions to anchor school funding while trends normalize.

Therefore, PSSAM **supports** Senate Bill 284 and kindly requests the committee's consideration of the **amendments** outlined above.