
TO: Senate Budget and Taxation Committee

BILL: Senate Bill (SB) 0712: Primary and Secondary Education - Funding Accuracy and Full-Time Equivalent Enrollment Count - Alterations and Report (Education Funding Accuracy Act)

DATE: March 3, 2026

POSITION: Letter of Information

The Maryland State Board of Education (State Board) and the Maryland State Department of Education (MSDE) respectfully submit this letter of information regarding SB0712 - Primary and Secondary Education - Funding Accuracy and Full-Time Equivalent Enrollment Count - Alterations and Report (Education Funding Accuracy Act), which changes the method of calculating the full-time equivalent (FTE) student count for the purposes of calculating State Aid to Education and requires MSDE to submit an annual report by December 31st that includes all the data elements used to calculate State Aid.

Currently, the statute bases FTE student counts for State Aid on the number of students enrolled in kindergarten through grade 12 or their equivalent in regular day school programs for a given year, on September 30 of the prior year. The September 30 count gives MSDE two months to clean and verify LEA enrollment counts before submitting the data to the Department of Budget and Management (DBM), which uses the count for the state budget that is required to be introduced on the seventh day after the start of the subsequent legislative session. This budget is proposed in January and passed in April. Under current practice, education aid is calculated using enrollment counts from the previous school year.

The proposed legislation changes the FTE count to an average of two points in time, September 30 and May 31 of the prior school year. In order to be viable, the proposed changes would require one of two changes to the budget process. The legislature would either have to:

- a) Reconsider and amend the budget after the legislative session and the fiscal year budget has been adopted, in order to incorporate data from the proposed May 31 enrollment count, which would need to be cleaned and verified (likely by August of a given year), or
- b) Use enrollment data from two years prior to the budget for which the education aid is being calculated, increasing the lag between enrollment and budgets by one additional year beyond current practice (which would also require amending this proposed legislative language from “the prior school year” to “the school year two years prior”)

Both options outlined above present significant practical and policy concerns, as each would either require reopening and amending an already adopted budget or further extending the lag between enrollment counts and education funding. Local budget planning is also dependent on early reporting of estimated and final

state aid amounts to produce locally approved budgets that include staffing allocations. MSDE recognizes that methodologies for calculating state aid vary from state to state, and each has its benefits and drawbacks. The General Assembly has supported enrollment studies in the past, although not since the enactment of the Bridge to Excellence Act in 2002.

At this time, given the State's current fiscal status, both the State Board and MSDE are concerned about the potential implications of implementing a major change in the enrollment count mechanism, which may have significant impacts on funding for LEAs and State and local governments.

For further information, please contact Laurel Cratsley, Interim Executive Director of Government Affairs, at 443-571-5461 or Laurel.Cratsley@maryland.gov.