

SENATE BILL 534

F1, F3

4r1039
CF 4r1955

By: **Senators Edwards and Hershey**

Introduced and read first time: January 29, 2014

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Education – State Grant to Counties With Small and Declining Student**
3 **Enrollment**

4 FOR the purpose of establishing eligibility for a county board of education to receive a
5 certain State grant; requiring a certain grant to be provided to eligible county
6 boards in certain fiscal years; declaring the intent of the General Assembly;
7 requiring the Governor to transfer certain funds for a certain fiscal year to
8 eligible counties in a certain year under certain circumstances; requiring certain
9 funds to be provided in a certain fiscal year if certain funds are not transferred;
10 altering the requirements for a certain adequacy study; and generally relating
11 to State education aid.

12 BY repealing and reenacting, with amendments,
13 Article – Education
14 Section 5–202(i)
15 Annotated Code of Maryland
16 (2008 Replacement Volume and 2013 Supplement)

17 Preamble

18 WHEREAS, The Maryland State Department of Education is required by
19 Chapter 288 of the Acts of the General Assembly of 2002, as amended by Chapter 397
20 of the Acts of the General Assembly of 2011, to contract with a public or private entity
21 to conduct a study of the adequacy of education funding in the State by June 30, 2014;
22 and

23 WHEREAS, Small school districts in which enrollment is declining are in a
24 unique situation that is not addressed in the current State education funding
25 calculations; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, Although the adequacy study provides an opportunity to study the
2 effect on State education funding resulting from declining enrollments in small school
3 districts, the study will not be completed until December 1, 2016, and any changes to
4 the State education funding calculations resulting from the study will not be effective
5 until fiscal year 2018; now, therefore,

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
7 MARYLAND, That the Laws of Maryland read as follows:

8 **Article – Education**

9 5–202.

10 (i) (1) In this subsection, “total direct education aid” means the total
11 financial assistance provided by the State to a county board under the following
12 programs:

13 (i) Funding for the foundation program including funds for the
14 Geographic Cost of Education under this section;

15 (ii) Transportation aid under § 5–205 of this subtitle;

16 (iii) Funding for compensatory education under § 5–207 of this
17 subtitle;

18 (iv) Funding for students with limited English proficiency under
19 § 5–208 of this subtitle;

20 (v) Funding for special education students under § 5–209 of this
21 subtitle;

22 (vi) Funding for the guaranteed tax base program under § 5–210
23 of this subtitle; and

24 (vii) Funding for grants provided under this subsection.

25 (2) For fiscal year 2012 only, if a county board’s total direct education
26 aid in the current fiscal year is less than the prior fiscal year by more than 6.5%, then
27 the State shall provide a grant to the county board in an amount necessary to ensure
28 that a decrease in total direct education aid is not more than 6.5%.

29 (3) For fiscal year 2013 only, if a county board’s total direct education
30 aid in the current fiscal year is less than the prior fiscal year by more than 5%, then
31 the State shall provide a grant to the county board in an amount necessary to ensure
32 that a decrease in total direct education aid is not more than 5%.

1 (4) For fiscal year 2014 only, if a county board's total direct education
2 aid in the current fiscal year is less than the prior fiscal year by more than 1%, then
3 the State shall provide a grant to the county board equal to 25% of the decrease in
4 total direct education aid from the prior fiscal year to the current fiscal year.

5 **(5) (I) FOR FISCAL YEARS 2015 THROUGH 2017, A COUNTY**
6 **BOARD IS ELIGIBLE FOR A STATE GRANT UNDER THIS PARAGRAPH, IF A COUNTY**
7 **BOARD'S:**

8 **1. FULL-TIME EQUIVALENT ENROLLMENT IS LESS**
9 **THAN 5,000;**

10 **2. FULL-TIME EQUIVALENT ENROLLMENT IN THE**
11 **CURRENT FISCAL YEAR IS LESS THAN THE PRIOR FISCAL YEAR; AND**

12 **3. TOTAL DIRECT EDUCATION AID IN THE CURRENT**
13 **FISCAL YEAR IS LESS THAN THE PRIOR FISCAL YEAR BY MORE THAN 1%.**

14 **(II) THE STATE SHALL PROVIDE A GRANT TO A COUNTY**
15 **BOARD THAT IS ELIGIBLE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.**

16 **(III) THE GRANT SHALL BE EQUAL TO 50% OF THE**
17 **DECREASE IN TOTAL DIRECT EDUCATION AID FROM THE PRIOR FISCAL YEAR TO**
18 **THE CURRENT FISCAL YEAR.**

19 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
20 General Assembly that the Governor transfer funds to a county board of education for
21 fiscal year 2015 in accordance with this Act if funds are restricted for this purpose in
22 the 2015 budget bill (S.B. 170/H.B. 160) (Chapter ____, Acts of the General Assembly
23 of 2014). If funds are restricted in the budget bill and the Governor does not transfer
24 the fiscal 2015 funds in accordance with this Act, then that amount shall be provided
25 to the county board in fiscal year 2016. If a county board also qualifies for a grant for
26 fiscal 2016 under this Act, then the total grant owed to a county board in fiscal 2016
27 shall be equal to the fiscal 2016 amount calculated under this Act plus the fiscal 2015
28 amount calculated under this Act.

29 SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the
30 General Assembly that the impact of declining enrollment on small school districts be
31 reviewed as part of the adequacy study originally required by Chapter 288, Acts of the
32 General Assembly of 2002. The review shall include an evaluation of the
33 transportation costs in a school district that is geographically large but with small
34 enrollment as well as an evaluation of incorporating a small-size factor into the
35 calculation of State education aid. Further, the adequacy study shall also include a
36 review of the definition of wealth as it is applied to the calculation of State education
37 aid with a focus on geographically large counties with small populations that have a

1 greater proportion of their wealth in property assessments than other Maryland
2 counties.

3 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 June 1, 2014.