

SENATE BILL 627

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5lr2040

By: **Senators Eckardt, Ready, and Reilly**
Introduced and read first time: February 6, 2015
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Education – Maintenance of Effort Requirement – Alterations**

3 FOR the purpose of removing the requirement that the maintenance of effort amount
4 increase by a certain amount under certain circumstances; requiring county
5 governing bodies to exclude the cost of a fixed term lease for a certain school facility
6 from the maintenance of effort calculation under certain circumstances; prohibiting
7 certain appropriations not excluded as certain nonrecurring costs from being
8 included in calculating a county's highest local appropriation under certain
9 circumstances; requiring a certain appropriation to be shifted from a county's school
10 operating budget to the county's operating budget under certain circumstances;
11 prohibiting the State Board of Education from denying a county's request to exclude
12 certain appropriations from the maintenance of effort calculation as a qualifying
13 nonrecurring cost; requiring the State Board, in collaboration with county governing
14 bodies and county boards of education, to study certain issues relating to a certain
15 application process; requiring the State Board to make a certain report on or before
16 a certain date; and generally relating to maintenance of effort funding.

17 BY repealing and reenacting, with amendments,
18 Article – Education
19 Section 5–202(d)(1), (3), (5), and (6)
20 Annotated Code of Maryland
21 (2014 Replacement Volume and 2014 Supplement)

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

24 **Article – Education**

25 5–202.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



(d) (1) (i) Subject to § 5–213.1 of this subtitle, the county governing body shall levy and appropriate an annual tax sufficient to provide an amount of revenue for elementary and secondary public education purposes equal to the local share of the foundation program.

(ii) [1. Except as provided in subsubparagraph 2 of this subparagraph and subject] **SUBJECT** to § 5–213 of this subtitle, the county governing body shall appropriate local funds to the school operating budget in an amount no less than the product of the county’s full–time equivalent enrollment for the current fiscal year and the local appropriation on a per pupil basis for the prior fiscal year.

[2. Except as provided in paragraph (3)(ii) of this subsection and subject to subparagraph (iii) of this paragraph, in each fiscal year if a county’s education effort, as defined in paragraph (10) of this subsection, is below 100% of the statewide 5–year moving average of education effort, the required maintenance of effort amount for the county shall be adjusted by increasing the per pupil amount by the lesser of:

A. A county’s increase in the local wealth per pupil;

B. The statewide average increase in local wealth per pupil;

or

C. 2.5%.]

(iii) The calculation of local wealth for the purposes of paragraphs (1) and (10) of this subsection shall use the amount certified for net taxable income under subsection (k)(2)(ii) of this section based on tax returns filed on or before:

1. For fiscal years 2015 through 2017, September 1; and

2. For fiscal year 2018 and each fiscal year thereafter, November 1.

(3) (i) For purposes of this subsection, for fiscal year 1997 and each subsequent fiscal year, the calculation of the county’s highest local appropriation to its school operating budget for the prior fiscal year shall exclude:

1. A nonrecurring cost that is supplemental to the regular school operating budget, if the exclusion qualifies under regulations adopted by the State Board;

2. A cost of a program that has been shifted from the county school operating budget to the county operating budget;

3. The cost of debt service incurred for school construction projects; [and]

1 4. For a county that shifts the recurring costs associated with
2 providing retiree health benefits for current retirees to the county board, any reduction in
3 those retiree health costs from the amount the county was required to appropriate in the
4 previous year; AND

5 **5. THE COST OF A FIXED TERM LEASE FOR A SCHOOL**
6 **FACILITY IF THE TERM OF THE LEASE EXPIRES AND THE COST DOES NOT CONTINUE**
7 **INTO THE CURRENT FISCAL YEAR.**

8 (ii) For purposes of the adjustment required under paragraph (1)(ii)2
9 of this subsection, a county that dedicates to public school construction any additional State
10 funds received from recurring retiree health costs shifted to the county board may exclude
11 those retiree health costs from the highest local appropriation on a per pupil basis.

12 (5) Any appropriation that is not excluded under paragraph (3)(i)1 of this
13 subsection as a qualifying nonrecurring cost, **OR WITHDRAWN BY THE COUNTY**
14 **GOVERNING BODY SUBSEQUENT TO A DETERMINATION THAT THE COST DOES NOT**
15 **QUALIFY AS NONRECURRING UNDER PARAGRAPH (3)(I)1 OF THIS SECTION**, shall be
16 included in calculating the county's highest local appropriation to its school operating
17 budget.

18 (6) **(I)** Qualifying nonrecurring costs, as defined in regulations adopted
19 by the State Board, shall include but are not limited to:

20 [(i)] 1. Computer laboratories;

21 [(ii)] 2. Technology enhancement;

22 [(iii)] 3. New instructional program start-up costs; and

23 [(iv)] 4. Books other than classroom textbooks.

24 **(II) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS**
25 **SUBSECTION, THE STATE BOARD MAY NOT DENY A COUNTY'S REQUEST TO EXCLUDE**
26 **AN APPROPRIATION UNDER PARAGRAPH (3)(I)1 AS A QUALIFYING NONRECURRING**
27 **COST SOLELY BECAUSE THE NONRECURRING COST IS:**

28 1. **NECESSARY TO MEET OR COMPLY WITH A FEDERAL**
29 **OR STATE MANDATE, INCLUDING FACILITY OR ACCESSIBILITY REQUIREMENTS**
30 **UNDER FEDERAL LAW AND REGULATIONS; OR**

31 2. **AN OCCASIONAL COST THAT MAY BY SCHEDULED ON**
32 **A MULTI-YEAR CYCLE, INCLUDING PERFORMANCE AUDITS AND ACTUARIAL**
33 **STUDIES.**

1 (III) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS
2 SUBSECTION, THE STATE BOARD SHALL APPROVE A COUNTY'S REQUEST TO
3 EXCLUDE AN APPROPRIATION FOR A START-UP COST TO IMPLEMENT THE
4 MARYLAND COLLEGE AND CAREER-READY STANDARDS AND THE PARTNERSHIP
5 FOR ASSESSMENT OF READINESS FOR COLLEGE AND CAREERS ASSESSMENTS,
6 INCLUDING EQUIPMENT NECESSARY TO ADMINISTER THE ASSESSMENTS ONLINE
7 FOR ALL STUDENTS AS A QUALIFYING NONRECURRING COST UNDER PARAGRAPH
8 **(3)(I)1.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That:

10 (a) The State Board, in collaboration with county governing bodies and county
11 boards of education, shall study the feasibility of a year-round process for approving
12 requests to exclude qualifying nonrecurring costs from a county's maintenance of effort
13 calculation.

14 (b) As part of the study, the State Board shall consider:

15 (1) the budget schedules of counties and school boards whose budget
16 processes fall after existing application deadlines; and

17 (2) changes to existing law to make the application process more flexible
18 and useful for county governing bodies and county boards of education.

19 (c) On or before December 31, 2015, in accordance with § 2-1246 of the State
20 Government Article, the State Board shall report its findings and recommendations to the
21 Senate Budget and Taxation Committee and the House Committee on Ways and Means.

22 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June
23 1, 2015.