

## **Adequate and Equitable State and Local Funding of Public Education**

(Adopted 1990; amended 1993, 1994, 1997, 2000, 2002, 2004, 2007, 2010, 2011, 2012, 2013)

WHEREAS, the Maryland Association of Boards of Education (MABE), the preeminent voice for public education in Maryland, has consistently supported adequate and equitable funding for Maryland public schools; and

WHEREAS, there are substantial differences in the ability of local boards of education to fund programs; and historically this resulted in substantial inequity in the provision of educational opportunity to the children of Maryland; and

WHEREAS, the Maryland State Constitution requires that the General Assembly "shall by law establish throughout the state a thorough and efficient system of free public schools; and shall provide by taxation or otherwise for their maintenance"; and

WHEREAS, the Commission on Education Finance, Equity, and Excellence convened by the General Assembly in 1999 and:

- Determined, based on the conclusions of thorough expert analysis, that current per pupil funding was significantly inadequate; and
- Recommended consolidating categorical programs, increasing the base amount of per pupil funding, and enhancing supplements to this amount in order to address the increased costs arising from educating students with special needs; and
- Recommended providing local school systems maximum flexibility in allocating resources; and

WHEREAS, the Bridge to Excellence in Public Schools Act of 2002, based substantially on the recommendations of the Commission:

- Eliminated twenty-seven categorical programs and phases in significant state funding increases through fiscal 2008 to enhance the adequacy, equity, and flexibility of state public school funding; and
- Enhanced local school system accountability for student performance by requiring that all local school systems must develop a five-year comprehensive master plan for student achievement; and
- Established task forces to address issues including the adequacy and equity of the state public school construction program and student enrollment count methodology; and
- Mandated that all local school systems provide by 2007 universal kindergarten and targeted pre-kindergarten programs for all economically disadvantaged four-year-olds; and
- Required increased state education aid and local school system performance accountability without modifying the maintenance of effort law; and

WHEREAS, in FY 2008 the State achieved full funding of the Bridge to Excellence Act's mandated per pupil funding levels and targeted funding programs, after years of significant, incremental increases in State aid and local government funding that met or exceeded their minimum maintenance of effort funding amounts; and

WHEREAS, in 2009, MGT of America issued a report confirming that the increased funding provided by the Bridge to Excellence Act had resulted in significantly increased student performance for all students, including minority and economically disadvantaged students; and

WHEREAS, since 2008 Maryland and the nation have experienced an economic recession that prompted passage of the federal American Recovery and Reinvestment Act (ARRA), which provided Maryland with more than \$700 million in education funding in fiscal years 2010 and 2011; and

WHEREAS, in a Special Session convened in the fall of 2007 the State significantly increased its sales tax and income tax rates, in large part to sustain full funding of the Bridge to Excellence Act; and

WHEREAS, the Bridge to Excellence Act has been amended to curtail the annual growth in State aid called for under the Bridge to Excellence Act's inflation factor, while the per pupil foundation amount and Geographic Cost of Education Index have been fully funded; and

WHEREAS, the Commission on Education Finance, Equity, and Excellence that proposed the Bridge to Excellence Act concluded in its report that "meeting adequacy goals...will require that counties continue to exceed maintenance of effort" and "if counties provide increases in education funding comparable to the increases provided from fiscal 1997 to 2000, most school systems would meet or exceed adequacy goals..."; and

WHEREAS, Maryland's public school students deserve the affirmative commitment of all county governments to provide annual increases in public education funding which meet or exceed the minimum maintenance of effort funding level; and

WHEREAS, adequate local funding is essential to the current and continued success of Maryland's public schools, as it represents half of the total revenues provided to Maryland's 24 fiscally dependent school systems; and

WHEREAS, the amendments adopted in 2011 were interpreted to allow local governments to cut \$2.5 billion in local funding, reducing the \$5.3 billion provided in FY 2011 down to the floor of \$2.7 billion mandated as the local share of the foundation program; and

WHEREAS, MABE advocated successfully for legislation enacted in 2012 by the Governor and General Assembly to amend the maintenance of effort law to provide a constitutionally adequate combination of state and local funding by making maintenance of effort the annual local funding floor, and placing the penalty for failing to meet maintenance of effort on the local government, not the school system; and

WHEREAS, Maryland's county governments have significant revenue generating capacity through county-wide local income taxes and county-wide property taxes, taxing authority not available to county governments in much of the United States; and

WHEREAS, providing local boards of education with taxing authority is not warranted in light of the ample scope of local taxing authority and the State's authority to control the investment of those local revenues; and

WHEREAS, the federal government, Maryland's General Assembly, Governor, and State Board and Department of Education, continue to adopt and promote new mandates in areas such as curriculum, assessments, student discipline, collective bargaining, professional development, and procurement, that impose significant increased costs on local school systems at a time when combined federal, state and local funding is decreasing; and

WHEREAS, the Budget Reconciliation and Financing Act of 2011 requires MSDE to contract for a new study of the adequacy of education funding, to commence in 2014 and conclude in 2016, in order to: identify a base funding level for students without special needs; identify per pupil weights for students with special needs to be applied to the base funding level; and analyze the effect of concentrations of poverty on adequacy targets;

NOW, THEREFORE, BE IT RESOLVED, that MABE will work collaboratively and vigorously with all stakeholders to ensure broad public support for full funding of the Bridge to Excellence Act by state and local governments; and

BE IT FURTHER RESOLVED, that MABE urges the Governor and General Assembly to fully fund the Bridge to Excellence Act, including maintaining the per pupil foundation amount and providing increases mandated by the Act's annual inflation factor; and

BE IT FURTHER RESOLVED, that MABE will advocate for state and local efforts to secure increased local contributions consistent with the equity and adequacy goals of the Bridge to Excellence Act; and

BE IT FURTHER RESOLVED, that MABE will support local flexibility in adopting policies and procedures intended to optimize student learning while at the same time reducing costs, and MABE will oppose the implementation of new state or federal policies or programs that impose any new unfunded mandates on local school systems; and

BE IT FURTHER RESOLVED, that MABE will consider supporting legislation, regulations, and MSDE policies and procedures, that permanently or temporarily repeal mandated programs, services, and other requirements imposing costs on local school systems that are not directly related to school systems' abilities to provide high quality classroom instruction; and

BE IT FURTHER RESOLVED, that MABE will vigorously oppose any effort to reduce state funding and/or shift funding responsibilities from the state to county governments; actions which would reduce levels of education programs and services for students, and erode the state's progress toward an adequate and equitable education for all students in Maryland's public schools; and

BE IT FURTHER RESOLVED, that MABE urges the Governor, General Assembly, and Maryland's State Board and Department of Education to work collaboratively in support of legislation to create a new "Blue Ribbon Commission", including MABE representation, to study and make legislative and funding recommendations consistent with updating Maryland's nationally recognized standards-based school finance system.



**DRAFT – NOT INTENDED FOR DISTRIBUTION (OCTOBER 21, 2013)**

AN ACT concerning

**Commission on Education Finance, Equity, and Excellence**

FOR the purpose of establishing a Commission on Education Finance, Equity, and Excellence; requiring the Commission to make recommendations to ensure the adequacy and equity in funding for students in public schools statewide, to ensure excellence in school systems and student performance, and to analyze whether the current funding formulas and procedures should be retained or modified; providing for the appointment of members of the Commission; providing for the staffing for the Commission; requiring a final report by certain dates; providing for the termination of this Act; and generally relating to the Commission on Education Finance, Equity, and Excellence.

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That:

(a) There is a Commission on Education Finance, Equity, and Excellence.

(b) The Commission shall review the current education financing formulas and accountability measures and make recommendations for:

- (1) ensuring the adequacy of funding for students in public schools statewide;
- (2) ensuring equity in funding for students in public schools statewide;
- (3) ensuring excellence in school systems and student performance statewide;
- (4) ensuring adequate and equitable funding for prekindergarten and other early childhood education programs;
- (5) updating and enhancing the funding formulas established by the Bridge to Excellence in Public Schools Act of 2002; and
- (6) ensuring adequate and equitable funding for programs and services mandated by federal and state laws and regulations.

(c) The Commission shall be composed of 27 members as follows:

- (1) a chairman appointed by the Governor;
- (2) the President of the Senate and the Speaker of the House;
- (3) two members of the Senate Education, Health, and Environmental Affairs Committee appointed by the President of the Senate;
- (4) two members of the Senate Budget and Taxation Committee appointed by the President of the Senate;
- (5) two members of the House Ways and Means Committee appointed by the Speaker of the House;

**DRAFT – NOT INTENDED FOR DISTRIBUTION (OCTOBER 21, 2013)**

(6) two members of the House Appropriations Committee appointed by the Speaker of the House;

(7) the State Superintendent of Schools;

(8) the Secretary of Budget and Management;

(9) the President of the State Board of Education;

(10) the Chancellor of the University System of Maryland;

(11) the following members, appointed by the Governor:

(i) a representative of the Maryland Association of Boards of Education;

(ii) a representative of the Public School Superintendents Association of Maryland;

(iii) a representative of the Maryland Parent Teacher Association;

(iv) a representative of the Maryland State Education Association;

(v) a representative of the Baltimore Teachers Union;

(vi) a representative of the Advocates for Children and Youth;

(vii) a representative of the American Civil Liberties Union;

(viii) a representative of the Maryland Disability Law Center;

(ix) a representative of the Maryland Association of Community Colleges;

(x) a representative of the Maryland Business Roundtable;

(xi) a representative of the Maryland Chamber of Commerce;

(xii) a representative of the Maryland Association of Counties;

(d) The Commission shall utilize multiple adequacy studies, in addition to the studies required by Chapter 288 of the Acts of 2002, as amended by Chapter 397 of the Acts of 2011, and Chapter 709 of the Acts of 2012;

(e) The Governor shall include sufficient funds in the State budget for the appropriate fiscal years to fund the adequacy studies approved by the Commission.

(f) To the extent practicable, the Governor shall attempt to ensure regional, ethnic, economic, and gender diversity on the Commission.

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(g) The State Board of Education and the Department of Legislative Services shall provide staff support to the Commission.

(h) The Commission shall provide a final report of its findings and recommendations to the Governor and, in accordance with § 2-1246 of the State Government Article, to the General Assembly by December 1, 2015.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2014. It shall remain effective for a period of 2 years and 6 months and, at the end of December 2016, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.





# HOUSE BILL 72

B1

(1lr0143)

## ENROLLED BILL

— Appropriations / Budget and Taxation —

Introduced by The Speaker (By Request – Administration)

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Budget Reconciliation and Financing Act of 2011**

3 FOR the purpose of altering or repealing certain required appropriations; altering the  
4 distribution of certain revenues; altering or repealing certain funding  
5 requirements; altering the authorized use of certain funds; altering or repealing  
6 certain grant programs; *altering for a certain fiscal year a certain percentage*  
7 *used to determine eligibility for and the amount of certain State grants to certain*  
8 *counties and Baltimore City based on per capita yield of county income taxes;*  
9 authorizing certain units of government to charge a certain fee for certain  
10 purposes; ~~repealing altering certain requirements for a certain notice relating to~~  
11 ~~abandoned property to be published in certain newspapers; requiring the~~  
12 ~~Comptroller to maintain, or cause to be maintained, an abandoned property~~  
13 ~~database containing the names and last known addresses, if any, of persons~~  
14 ~~listed in certain reports; requiring the Comptroller to maintain, or cause to be~~  
15 ~~maintained, a certain Internet website relating to the abandoned property~~

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics* indicate opposite chamber / conference committee amendments.





1           ~~(1) FOR FISCAL YEARS 2012 AND 2013, TO THE GENERAL FUND;~~  
2     AND

3           ~~(2) FOR ALL FISCAL YEARS BEGINNING ON OR AFTER JULY 1,~~  
4     ~~2013, TO THE MARYLAND EMERGENCY MEDICAL SYSTEM OPERATIONS FUND~~  
5     ~~ESTABLISHED UNDER § 13-955 OF THIS ARTICLE.~~

6   Chapter 288 of the Acts of 2002

7           SECTION 7. AND BE IT FURTHER ENACTED, That, [within the next 10  
8     years, and] no later than June 30, [2012] 2014, the Maryland State Department of  
9     Education, in consultation with the Department of Budget and Management and the  
10    Department of Legislative Services, shall contract with a public or private entity to  
11    conduct a study of the adequacy of education funding in the State. At a minimum, the  
12    adequacy study shall: (1) identify a base funding level for students without special  
13    needs; (2) per pupil weights for students with special needs to be applied to the base  
14    funding level; and (3) an analysis of the effect of concentrations of poverty on adequacy  
15    targets. THE STUDY SHALL BE CONDUCTED IN PHASES, WITH THE FIRST PHASE  
16    BEGINNING NO LATER THAN JUNE 30, 2014, AND THE FINAL PHASE BEING  
17    COMPLETED BY DECEMBER 1, 2016. THE STUDY SHALL INCORPORATE  
18    STANDARDS FROM THE COMMON CORE CURRICULUM ADOPTED BY THE STATE  
19    BOARD OF EDUCATION AND 2 YEARS OF RESULTS FROM THE NEW COMMON  
20    CORE ASSESSMENTS, WHICH ARE SCHEDULED TO BE IMPLEMENTED BEGINNING  
21    IN THE 2014–2015 SCHOOL YEAR. The Governor shall include sufficient funds in the  
22    State budget for the appropriate fiscal years for the Maryland State Department of  
23    Education to cover the costs of conducting the adequacy study.

24   Chapter 503 of the Acts of 2007

25           SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in  
26    Section 3 and subject to Section 4 of this Act, this Act shall take effect July 1, 2007. [It  
27    shall remain effective for a period of 5 years and, at the end of June 30, 2012, with no  
28    further action required by the General Assembly, this Act shall be abrogated and of no  
29    further force and effect.]

30   Chapter 487 of the Acts of 2009, as amended by Chapter 484 of the Acts of 2010

31           SECTION 38. AND BE IT FURTHER ENACTED, That, notwithstanding any  
32    other provision of law:

33           (i) Subject to subsection (c) of this section, for fiscal year 2011 OR FISCAL  
34    YEAR 2012, [an] A CUMULATIVE amount up to \$500,000 of the balance in the Fund  
35    may be transferred to the State Board of Elections for the purpose of implementing an  
36    online campaign finance reporting system.



Department of Legislative Services  
Maryland General Assembly  
2012 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 1214

(Delegate Kaiser, *et al.*)

Ways and Means

Education, Health, and Environmental Affairs

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**Education - Public Schools - Maximum Student Enrollment Policy - Study**

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This bill requires the adequacy of education funding study scheduled to begin by June 30, 2014, to include, during the first phase of the study, a study regarding the size of public schools.

The bill takes effect July 1, 2012.

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**Fiscal Summary**

**State Effect:** General fund expenditures for the required adequacy study may increase by an indeterminate amount in FY 2014 through 2017.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The adequacy study must include study of whether counties currently have policies regarding the size of schools, best practices in other states regarding school size, and the educational and extracurricular impacts of school size. The study must also assess the factors that contribute to large school sizes and how the State might mitigate those factors; the ideal size for high schools, middle schools, elementary schools, and alternative schools; and how to ensure appropriate public input into the establishment of any school size standard or guideline.

Further, the analysis must include study on whether models exist for the creation of smaller schools, the potential impacts on the school construction program of establishing stricter policies regarding smaller schools, the costs and impacts on zoning of building new schools and how those costs can be reduced, school boundaries and attendance areas and how they affect school size, and whether opportunities are available for alternative methods to create space for smaller schools.

**Current Law:** A statewide system of free public schools is required under State law. Under the direction of the county superintendent, a local board may take a school census of the children under the age of 18 in its county. Each local board of education must determine the geographical attendance area for each of its public schools. Generally, a student must attend the school designated to serve the student's attendance area. However, local boards of education have various policies allowing for the enrollment of or the transfer of a student outside of his or her attendance area, under certain circumstances.

#### *Study of the Adequacy of Education Funding*

The Maryland State Department of Education must contract with a public or private entity to conduct a study of the adequacy of education funding in the State. The study must be conducted in phases, with the first phase beginning no later than June 30, 2014, and the final phase being completed by December 1, 2016, and must incorporate standards from the common core curriculum adopted by the State Board of Education and two years of results from the common core assessments.

#### *Construction and Renovation of School Buildings*

With the approval of the State Superintendent of Schools, each local board of education may buy or otherwise acquire land, school sites, or buildings and rent, repair, improve, and build school buildings or approve contracts for doing so, if the plans conform to the requirements set by the State Board of Education. The construction or remodeling of a school building must conform to all applicable State and county building, electrical, fire, and plumbing regulations and codes.

#### *Public School Construction Program*

Public School Construction Program (PSCP) funding levels are established annually through the State's capital budget process. The State pays at least 50% of eligible costs of school construction and renovation projects, based on a funding formula that takes into account numerous factors including each local school system's wealth and ability to pay. The Public School Facilities Act (Chapters 306 and 307 of 2004) requires that the cost-share formulas be recalculated every three years. The first recalculation occurred in 2007, and the second recalculation occurred in 2010.

Subject to the final approval of the Board of Public Works (BPW), the IAC manages State review and approval of local school construction projects. Each year, local school systems develop and submit to IAC facilities master plans that include analyses of future school facility needs based on the current condition of school buildings and projected enrollments. Each master plan must be approved by the local school board. Subsequently, each local school system submits a capital improvement plan to IAC that includes projects for which it seeks planning approval, projects for which it seeks funding approval, and projects that the local school system has forward funded. In addition to approval from the local school board, the capital improvement plan must be approved by the county's governing body. Typically, the submission letter to IAC contains signatures of both the school board president and either the county council president or chair of the board of county commissioners.

Based on its assessment of the relative merit of all the project proposals it receives, and subject to the projected level of school construction funds available, IAC determines which projects to recommend to BPW for State funding. By December 31 of each year, IAC recommends to BPW projects comprising 75% of the preliminary school construction allocation projected to be available. Local school districts may then appeal the IAC recommendations directly to BPW. By March 1 of each year, IAC recommends to BPW and the General Assembly projects comprising 90% of the allocation for school construction submitted in the Governor's capital budget. Following the legislative session, IAC recommends projects comprising the remaining school construction funds included in the enacted capital budget for BPW approval.

**Background:** In practice, local decisions and plans to consolidate local schools, expand an existing school facility, add or remove relocatable classrooms, build a new school facility, and modify geographic attendance areas are based largely on current and projected student enrollments and also on educational program priorities. PSCP advises that the severe lack of facilities for extracurricular facilities at one or more local public schools does substantially affect local school facilities priorities in some jurisdictions as well. These decisions and plans may be influenced by the establishment of a local policy on maximum student enrollment for local schools.

**State Fiscal Effect:** The adequacy study required under current law is estimated to cost approximately \$500,000, or \$125,000 annually in fiscal 2014 through 2017. However, a request for proposals has yet to be issued for the contract to perform the study. The bill may add to the cost of the contract, but the additional amount, if any, cannot be reliably estimated.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Frederick County, Maryland State Department of Education,  
Public School Construction Program, Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2012  
ncs/mwc Revised - House Third Reader - March 28, 2012  
Revised - Enrolled Bill - May 15, 2012

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Analysis by: Scott P. Gates

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