



Legislative Committee Meeting

Monday, December 12, 2016

10:00 a.m. – Noon

MABE Conference Room

Stacy KorbelaK, Legislative Committee Chair
Warner Sumpter, Legislative Committee Vice Chair

Agenda

1.	Welcome and Introductions	Information	Stacy KorbelaK	
2.	Reports from Board Members	Information & Discussion	Stacy KorbelaK/ All	20 min.
3.	MABE’s Legislative Process for the 2017 Session	Information & Discussion	John Woolums/ All	20 min.
4.	“Knott” Commission on 21 st Century School Facilities • Update	Information & Discussion	Warner Sumpter/ John Woolums	15 min.
5.	“Kirwan” Commission on Innovation and Excellence in Education • Adequacy Study Update	Information & Discussion	Joy Schaefer/ John Woolums	20 min.
6.	Legislative Updates • Teacher Retirement Funding Gap Agreement • Other Issues	Information & Discussion	John Woolums/ All	10
7.	Calendar • Future Dates & Agendas • Legislative Day Luncheon – Thursday, February 9th, 2017	Information	All	5 min.
8.	Guest Speaker Heidi Dudderar Deputy Legislative Officer Office of the Governor	Information & Discussion	Stacy KorbelaK/ All	30
9.	Adjournment	Closing Remarks		

* Meeting Materials on Reverse

Materials & Resources for December 12, 2016 Meeting

Guest Speaker

Link to Keiffer Mitchell's Biography:

<http://msa.maryland.gov/msa/mdmanual/08conoff/gov/staff/html/msa14509.html>

MABE's Legislative Process

- [Presentation on MABE's Legislative Process](#)
- [Legislative Committee Procedures](#)

Legislative Committee Calendar

December 12, 2016; January 9, 2017 – Pre-Session; January 23, 2017 – Post Budget release; February 13, 2017; (February 9, 2017 Legislative Day); March 6, 2017; March 20, 2017; April 3, 2017; and May 1, 2017.

Adequacy Study & Kirwan Commission on Innovation and Excellence in Education

Final Report - National Experts Recommend \$1.9 Billion Increase in Statewide School Funding

- Links to the [Executive Summary](#); [Outline of Changes](#) from the draft report; and full (360 pg.) [Adequacy Study: Final Report](#) (11/30/2016 - Prepared by APA Consulting for MSDE)

On December 2, 2016 the Maryland Association of Boards of Education (MABE) received the final report in which nationally recognized consultants recommend a \$1.9 billion increase in state education funding. In 2001, consultants made similarly bold recommendations and the General Assembly and Governors took courageous steps to fully fund the Bridge to Excellence Act. Today, 14 years later, the experts are recommending precisely how much state and local funding is enough to provide the adequate resources for all students across the state to succeed on Maryland's recently adopted College and Career Readiness Standards. MABE applauds the adequacy study report for finding that current amounts of per pupil funding are inadequate for all students, and in need of dramatic increases for students receiving special education services, and for four-year old prekindergarten students. These recommendations address MABE's longstanding support for additional resources in these critical areas of need. The consultant's report recommends major changes in the way school systems are funded, including a much higher per pupil amount for all students, less targeted funding for English language learners and students living below the federal poverty level, and more targeted funding for special education. The report also recommends major shifts in the relative role of state and local funding in each of Maryland's 24 jurisdictions.

The Kirwan Commission on Innovation and Excellence in Education

The Kirwan Commission met on December 8, 2016 to receive a comprehensive briefing from the consultants on the final adequacy study. Link to Dec. 8 [meeting materials](#).

The General Assembly passed [Senate Bill 905](#), and [House Bill 999](#) to create the Commission on Innovation and Excellence in Education. This bill was one of MABE's top legislative priorities for the 2016 session. The commission must review the findings of the study on adequacy of funding for education, due on December 1, 2016, and related studies, and provide recommendations on preparing students in the State to meet specified objectives. The Commission must provide a preliminary report and a final report of its finding and recommendations to the Governor and specified committees by December 31, 2016, and December 31, 2017, respectively. The bill took effect June 1, 2016, and terminates May 31, 2018.

On September 29, 2016 the Kirwan Commission held its first meeting. Commission Chair, William E. "Brit" Kirwan, has indicated that the Commission will not be making any substantive recommendations in its interim report to the General Assembly this December, but would include a summary of the Commission's work to date and the work plan for 2017. He was clear about the heavy workload beginning in mid-April, following the legislative session, for the Commission to complete its work in the following eight months.

MABE has played a leading role as a member of the [MSDE Stakeholder Group](#) monitoring and providing input to the ongoing adequacy studies being conducted by consultants Augenblick, Palaich and Associates. The [MSDE webpage for the Adequacy Study and Stakeholder Group](#) contains all of the consultants' reports and stakeholder group meeting materials.

MABE took the additional initiative to form its own [Committee on School Funding Adequacy](#) which in September of 2016 released a report "[Priorities and Perspectives on the Future of Public School Funding in Maryland](#)" ([Executive Summary](#)) to provide background information, in-depth analysis, and an overview of local board perspectives on the ongoing adequacy study. MABE issued an initial version of this report in January of 2016. For more information, go to [MABE's Priority Issue Page](#).

The Knott 21st Century School Facilities Commission

Senate President Miller and House Speaker Busch formed a commission to review the State's school construction policies and make recommendations for more efficient and effective school construction practices into the future. The 21st Century School Commission is chaired by Martin Knott, President of Knott Mechanical. The Commission met for the first time on April 25, 2016 and after completing the work outlined below will report to the General Assembly by December 2016. MABE is represented on the Commission by MABE's Immediate Past President Warner Sumpter. On July 21, 2016 MABE leaders testified before the Commission, including President-elect Donna Brightman, Legislative Committee Chair Joy Schaefer, and Legislative Committee Vice-Chair Stacy Korbela. The Commission met on Oct. 13, 2016 ([agenda & materials](#)); October 27, 2016 ([agenda & materials](#)); and November 10, 2016 ([agenda & materials](#)).

The Committee's next meeting is scheduled for December 15, 2016 at 10:00 a.m. in the House Appropriations Committee Room 120.

For more information, go to [MABE's Priority Issue Page](#).

Teacher Retirement Funding Agreement Reached

MABE News Release - November 30, 2016 - [PDF version](#); (Baltimore Sun [article](#); Washington Post [article](#))

MABE welcomes [the announcement](#) that the Governor, Speaker of the House, and President of the Senate have agreed to approve both a conditional loan for Northrop Grumman as well as legislation in 2017 to provide additional state funding to reduce teacher retirement costs for public school systems. The announced agreement would close the teacher retirement funding gap in the future; ensuring that unfunded increases in retirement costs do not compete with funding for the classroom.

In 2012, the General Assembly shifted 100% of teachers' retirement costs for current employees to local boards of education. From 2013 to 2016 school board funding obligations were matched entirely by mandated local government payments to local school boards. Beginning in 2016, any future growth in the retirement costs is included in the bills received from the State Retirement Agency by local boards of education. Maryland's local boards of education are experiencing a substantial gap between local government funding and the amount the State Retirement Agency is billing school systems for teacher retirement costs. In FY 2017 and subsequent years, the growth over FY 2016 is estimated to be nearly \$25 million statewide.

Shifting teacher retirement costs to local governments and school systems has placed considerable strain on local government and local board of education budget decisions. The additional unfunded gap presents a significant additional challenge for local boards in the coming years. MABE supported legislation in 2016 (House Bill 934/Senate Bill 674) to address this serious threat to the budgets of local school systems across the state. This legislation did not pass; and additional funding set aside by the legislature was not allocated to school systems following the 2016 session.

Background on the Teacher Retirement Funding Gap

Maryland's 24 school systems face a gap between local funding and their State Retirement Agency bills for shifted teacher retirement costs. In 2012, the General Assembly shifted 100% of the "normal" cost share of teachers' retirement costs to local boards of education. Since FY 2013, school board funding obligations have been matched substantially by mandated local government payments to local boards. (See the [funding tables](#) from HB 1301(2012))

In accordance with the law, in FY 2016 the shifted cost was rolled into the mandated maintenance of effort amount each local government must provide going forward. This means any future growth in the "normal" costs will be included in the State Retirement Agency bills received by the local boards, without any provision of a funding source. In FY 2017, the growth over FY 2016 is approximately \$25 million statewide.

During the 2016 legislative session, legislation was introduced but not enacted ([SB 674 Fiscal and Policy Note](#)) which would have mandated future state funding for FY 2018 and beyond to alleviate this funding gap. In the alternative, language was included in the State Budget Bill ([SB 190](#)) to provide \$19 million for FY 2017. However, the Budget Bill restricts a large package of \$80 million in restricted funds; \$25 million of which pertains to education funding including the \$19 million for retirement costs. The budget requires that the Governor transfer all, or none, of the restricted funds to their designated purposes; the Governor may not elect to transfer only some of the restricted funds. The \$25 million in education funding includes not only \$19 million for teacher retirement costs but also \$6 million for the public Aging Schools Program.

[MABE wrote to Governor Hogan on April 25, 2016](#) to request his action to allocate these much needed funds. The Governor announced on August 3, 2016 that he would not release the \$80 million in restricted funds, including the \$19 million for school system retirement costs.