

LOCAL FUNDING & MAINTENANCE OF EFFORT

MABE POSITIONS

The Maryland Association of Boards of Education, representing all local boards of education in Maryland:

- ✓ **Supports** reasonable growth in local funding based on inflation and other factors, and to provide supplemental per pupil funding for prekindergarten, English learners, low-income students, and students receiving special education services.
- ✓ **Supports** the maintenance of effort law enacted in 2012 because it provides for a legally enforceable minimum amount of local funding, allows for multiple exceptions and waivers, and provides reasonable state and local mechanisms to increase education funding.
- ✗ **Opposes** legislation to provide additional school budget authority to local governments or weaken the maintenance of effort law enacted in 2012.

BACKGROUND

Maryland's twenty-four local school systems are fiscally dependent on state funding, provided primarily through statutory formulas on a per pupil basis; and local government funding, provided in accordance with a statutory "maintenance of effort" (MOE) provision that requires each county government, including Baltimore City, to provide on a per pupil basis at least as much funding for the local school system as was provided in the prior fiscal year. MABE places the highest priority on ensuring sustained local government investments in public education in accordance with the state MOE law. Adequate local funding is essential to the current and continued success of Maryland's public schools. Maryland's public school students deserve the affirmative commitment of all county governments to provide annual increases in public education funding which exceed the minimum maintenance of effort funding level.

Statewide, local funding provides nearly 50% of total education spending, and individual counties allocate approximately half of the property and income taxes they collect to the local board of education. However, less wealthy counties may be funding less than 25% of the total per pupil cost and wealthier counties providing more than 60%, with "wealth equalized" state funding and federal aid making up the difference. In addition, there is no cap on what wealthier counties may provide, only a floor below which no county may fall. The MOE "floor" is subject to adjustments up or down based on enrollment, and may be increased based on funding provided in the prior year above what MOE required. Since enacted, MOE generally has ensured a stable, predictable minimum amount of local funding from year to year, but has not kept pace with rising costs of doing business and providing an excellent education for all students.

Local governments have considerable flexibility in determining the annual funding total they provide, based on meeting or exceeding MOE, as well as through a set of waiver and exemption options. In 1996, the legislature adopted two major amendments to MOE proposed by local governments. A county may submit a waiver request to the State Board of Education to provide less than MOE, based on economic hardship. In addition, a county may seek permission to exempt certain one-time expenditures, or non-recurring costs, from increasing the MOE "floor" for the next year's budget. Local governments also have considerable budgetary control regarding the annual school system budget, through exercising their authority to revise the total budget requested by the board of education.

In 2012, major reforms were enacted to mandate MOE as the annual funding floor, and reform the waiver and enforcement processes. The law now requires counties to apply for a waiver if they believe they cannot meet MOE, but also expands the factors the State Board must consider. A key provision allows counties to override local charters limiting or capping local taxes, but only for education funding. The law also mandates modest growth in local education funding by holding counties to an MOE standard based on the statewide average of per pupil spending and county wealth, with mandated increases above MOE capped at 2.5%.

For additional information, see [MABE's Resolution on Maintenance of Effort](#).