

BILL: Senate Bill 803
TITLE: Education – Local Share of Major Education Aid – Nonrecurring Costs Exclusion
POSITION: OPPOSE
DATE: February 28, 2024
COMMITTEE: Budget and Taxation
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The Maryland Association of Boards of Education (MABE) strongly opposes Senate Bill 803. This bill purports to deal with nonrecurring cost exclusions from the minimum Maintenance of Effort amount mandated to be provided in the next fiscal and school year. However, this bill would allow for local agreements to exclude funding amounts based increases in local funding called for under the law. This bill could, therefore, see agreement to reduce the amount of mandated local funding in the next year without involving any commensurate one-time increases in funding on a one year basis, which is the definition a nonrecurring cost.

Under longstanding state education funding law, counties, including Baltimore City, may fund certain “nonrecurring cost” items without that expenditure increasing the annual operating budget figure that determines the next year’s minimum maintenance of effort requirement. These are referred to as nonrecurring cost exclusions. Since 1984, counties may exclude from the calculation of the county’s highest local appropriation to its school operating budget for the prior fiscal year:

- A nonrecurring cost that is supplemental to the regular school operating budget, if the exclusion qualifies under regulations adopted by the State Board; and
- A cost of a program that has been shifted from the county school operating budget to the county operating budget.

Qualifying nonrecurring costs are defined in statute (Md. Ann. Code, Ed. Art. § 5-202(d)(6)) as including, but not limited to: Computer laboratories; Technology enhancements; New instructional program start-up costs; and Books other than classroom textbooks. The law also allows for agreements regarding “Other unique one-time costs.” And State Board regulations, under COMAR 13A.02.05.03, further expand the statutory definition of nonrecurring costs. Again, MABE believes the law already addresses one-time costs as potential exclusions from the ongoing baseline amount of mandated local funding. MABE opposes Senate Bill 803 because it would allow for potentially substantial exclusions based on the amount of formula-driven funding increase called for in the law.

As this committee knows, the Blueprint law is an enormous and multi-faceted set of education funding and policy reforms. At its core, the Blueprint mandates increases in State and local funding for public education that represent the full commitment Maryland must make to fully and equitably fund a world class public education for all of Maryland’s nearly 900,000 students. Unfortunately, not all county governments are either mandated or volunteering to step up to generate and invest increases in local funding to fulfill the promise of a robust combination of state and local funding. To be clear, many counties and Baltimore City are investing historically high and increasing amounts of revenues to support their school system’s transformative, comprehensive, and therefore quite costly Blueprint reforms.

The Kirwan Commission recommendations and key components of the Blueprint law, include:

- Ensuring high-quality early childhood education and care, including expanded full-day prekindergarten for low-income three and four year-olds;
- Elevating teachers and leaders through increased salaries and numbers of teachers, counselors and other staff, including a more diverse workforce;
- Creating a world-class instructional system of college and career readiness pathways, including career and technical education (CTE);
- Increasing per pupil funding for all students and targeting additional funding for students who need it most, including economically disadvantaged students, students receiving special education services, and English language learners;
- Providing comprehensive supports by targeting funding to schools serving high concentrations of students living in poverty to provide community schools which feature before-and after-school, summer academic programs, and student access to needed health and social services; and
- Ensuring excellence for all through enhanced oversight and accountability to ensure that the Commission's recommendations are successfully implemented and produce the desired results.

Again, MABE believes that the success of the Blueprint will continue to deserve the legislature's serious scrutiny and consideration of amendments to ensure full funding, at both the state and local levels. MABE looks forward to the State's ongoing and long-term promise to guarantee an equitable funding opportunity for all school systems to make the Blueprint a success story in their local schools and communities and for each and every student.

For these reasons, MABE urges an unfavorable report on Senate Bill 803.