



BILL NO.: House Bill 660
TITLE: Education - State Aid - Grant to Limit Decreases in Funding
POSITION: **SUPPORT**
DATE: March 8, 2012
COMMITTEE: Ways and Means
CONTACT: Michael Sanderson

The Maryland Association of Counties (MACo) **SUPPORTS** House Bill 660. This bill would create a new lower bound for the total amount of school funding, ensuring that in the short term no system would be reduced by more than 5% in any one year.

Counties value public education as a high priority, and an essential service and benefit to the citizens and the economy. Public budgeting formulas and requirements complicate this commitment, including the sometimes strange disincentives created by the state's maintenance of effort laws, a matter under appropriate review by the General Assembly.

HB 660 targets another anomaly in school funding, where each dollar of formula funding is distributed on a per-pupil basis. While logical, this system defies reason when implemented in a school system with declining enrollment, where the implied assumption is that every cost in the school system declines along with each student. Couple the effects of enrollment drops with the inevitable year-to-year variability in wealth calculations, and the effective lag of both enrollment and economic data, and the output can be sharp and unwarranted drops in state funding to jurisdictions that cannot realize such immediate savings.

HB 660 seeks to provide a reasonable floor to this "cliff effect," by limiting the overall decline in funding to 5% in any year. Accordingly, MACo recommends the Committee issue a **FAVORABLE** report on HB 660.