



House Bill 684

Education – State Grants for Education Aid

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: March 23, 2017

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 684. This bill would help to offset the sudden drop-off in education funding to jurisdictions with declining enrollment, ensuring school systems can offer equivalent courses and programs, even with fewer students.

Counties value public education as a high priority, and an essential service and benefit to the residents and the economy. State budgeting formulas and requirements complicate this commitment, especially because nearly all state education funding is distributed on a per-pupil basis, meaning that the more students a school system serves, the more funding it receives.

By contrast, when the number of students declines, schools can experience a sudden drop in funding. This dynamic can strain local budgets – reflecting the reality that not every dollar spent in a school system is truly a “variable cost.” A sudden drop in students across a county school system may mean some cost savings in bus transportation and meals service – but may not have any effect on “fixed costs,” which account for most system-wide expenditures on education and administration.

HB 684 seeks to address this inequity in education funding by requiring the State to provide a grant to a local board of education if full-time equivalent (FTE) enrollment in 2018 is less than it was in 2017 and “total direct education aid” in 2018 is less than it was in 2017 by more than 1%. The grant would be equal to 50% of the decrease in total direct education aid.

MACo believes HB 684 would provide a temporary remedy for local school systems experiencing declining enrollment by setting a reasonable floor to these “cliff effect” funding decreases. For these reasons, MACo **SUPPORTS** HB 684 and recommends the Committee issue a **FAVORABLE** report.