

HOUSE BILL 814

F1, F3

4r1955
CF SB 534

By: **Delegates Beitzel, Arentz, Jacobs, and Smigiel**

Introduced and read first time: February 3, 2014

Assigned to: Ways and Means and Appropriations

Committee Report: Favorable

House action: Adopted

Read second time: March 28, 2014

CHAPTER _____

1 AN ACT concerning

2 **Education – State Grant to Counties With Small and Declining Student**
3 **Enrollment**

4 FOR the purpose of establishing eligibility for a county board of education to receive a
5 certain State grant; requiring a certain grant to be provided to eligible county
6 boards in certain fiscal years; declaring the intent of the General Assembly;
7 requiring the Governor to transfer certain funds for a certain fiscal year to
8 eligible counties in a certain year under certain circumstances; requiring certain
9 funds to be provided in a certain fiscal year if certain funds are not transferred;
10 altering the requirements for a certain adequacy study; and generally relating
11 to State education aid.

12 BY repealing and reenacting, with amendments,
13 Article – Education
14 Section 5–202(i)
15 Annotated Code of Maryland
16 (2008 Replacement Volume and 2013 Supplement)

17 Preamble

18 WHEREAS, The Maryland State Department of Education is required by
19 Chapter 288 of the Acts of the General Assembly of 2002, as amended by Chapter 397
20 of the Acts of the General Assembly of 2011, to contract with a public or private entity
21 to conduct a study of the adequacy of education funding in the State by June 30, 2014;
22 and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 WHEREAS, Small school districts in which enrollment is declining are in a
2 unique situation that is not addressed in the current State education funding
3 calculations; and

4 WHEREAS, Although the adequacy study provides an opportunity to study the
5 effect on State education funding resulting from declining enrollments in small school
6 districts, the study will not be completed until December 1, 2016, and any changes to
7 the State education funding calculations resulting from the study will not be effective
8 until fiscal year 2018; now, therefore,

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
10 MARYLAND, That the Laws of Maryland read as follows:

11 **Article – Education**

12 5–202.

13 (i) (1) In this subsection, “total direct education aid” means the total
14 financial assistance provided by the State to a county board under the following
15 programs:

16 (i) Funding for the foundation program including funds for the
17 Geographic Cost of Education under this section;

18 (ii) Transportation aid under § 5–205 of this subtitle;

19 (iii) Funding for compensatory education under § 5–207 of this
20 subtitle;

21 (iv) Funding for students with limited English proficiency under
22 § 5–208 of this subtitle;

23 (v) Funding for special education students under § 5–209 of this
24 subtitle;

25 (vi) Funding for the guaranteed tax base program under § 5–210
26 of this subtitle; and

27 (vii) Funding for grants provided under this subsection.

28 (2) For fiscal year 2012 only, if a county board’s total direct education
29 aid in the current fiscal year is less than the prior fiscal year by more than 6.5%, then
30 the State shall provide a grant to the county board in an amount necessary to ensure
31 that a decrease in total direct education aid is not more than 6.5%.

1 (3) For fiscal year 2013 only, if a county board's total direct education
2 aid in the current fiscal year is less than the prior fiscal year by more than 5%, then
3 the State shall provide a grant to the county board in an amount necessary to ensure
4 that a decrease in total direct education aid is not more than 5%.

5 (4) For fiscal year 2014 only, if a county board's total direct education
6 aid in the current fiscal year is less than the prior fiscal year by more than 1%, then
7 the State shall provide a grant to the county board equal to 25% of the decrease in
8 total direct education aid from the prior fiscal year to the current fiscal year.

9 **(5) (I) FOR FISCAL YEARS 2015 THROUGH 2017, A COUNTY**
10 **BOARD IS ELIGIBLE FOR A STATE GRANT UNDER THIS PARAGRAPH, IF A COUNTY**
11 **BOARD'S:**

12 **1. FULL-TIME EQUIVALENT ENROLLMENT IS LESS**
13 **THAN 5,000;**

14 **2. FULL-TIME EQUIVALENT ENROLLMENT IN THE**
15 **CURRENT FISCAL YEAR IS LESS THAN THE PRIOR FISCAL YEAR; AND**

16 **3. TOTAL DIRECT EDUCATION AID IN THE CURRENT**
17 **FISCAL YEAR IS LESS THAN THE PRIOR FISCAL YEAR BY MORE THAN 1%.**

18 **(II) THE STATE SHALL PROVIDE A GRANT TO A COUNTY**
19 **BOARD THAT IS ELIGIBLE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.**

20 **(III) THE GRANT SHALL BE EQUAL TO 50% OF THE**
21 **DECREASE IN TOTAL DIRECT EDUCATION AID FROM THE PRIOR FISCAL YEAR TO**
22 **THE CURRENT FISCAL YEAR.**

23 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
24 General Assembly that the Governor transfer funds to a county board of education for
25 fiscal year 2015 in accordance with this Act if funds are restricted for this purpose in
26 the 2015 budget bill (S.B. 170/H.B. 160) (Chapter ____, Acts of the General Assembly
27 of 2014). If funds are restricted in the budget bill and the Governor does not transfer
28 the fiscal 2015 funds in accordance with this Act, then that amount shall be provided
29 to the county board in fiscal year 2016. If a county board also qualifies for a grant for
30 fiscal 2016 under this Act, then the total grant owed to a county board in fiscal 2016
31 shall be equal to the fiscal 2016 amount calculated under this Act plus the fiscal 2015
32 amount calculated under this Act.

33 SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the
34 General Assembly that the impact of declining enrollment on small school districts be
35 reviewed as part of the adequacy study originally required by Chapter 288, Acts of the
36 General Assembly of 2002. The review shall include an evaluation of the

1 transportation costs in a school district that is geographically large but with small
2 enrollment as well as an evaluation of incorporating a small-size factor into the
3 calculation of State education aid. Further, the adequacy study shall also include a
4 review of the definition of wealth as it is applied to the calculation of State education
5 aid with a focus on geographically large counties with small populations that have a
6 greater proportion of their wealth in property assessments than other Maryland
7 counties.

8 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 June 1, 2014.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.