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New state law delays penalty if school funding doesn't match previous year's

Advocates worried about budget amendment regarding minimum spending

by Andrew Ujifusa | Staff Writer

After months of wrangling over education funding, both good and bad news for school officials emerged from the General Assembly this week.

Legislators passed a new law that delays by one fiscal year the penalty that school systems face if their counties fail to allocate the same per-pupil funds as the previous year, known as "maintenance of effort." Without a waiver from the Maryland State Board of Education, the penalty now takes the form of the loss of any increase in state education aid for the upcoming fiscal year.

However, House Bill 869 mandates that if a county does not meet maintenance-of-effort funding for fiscal 2012 and the state school board does not grant a waiver, the school system would not be hit with the penalty until fiscal 2013. The penalty can add up to millions of dollars for the state's largest school systems.

"Hopefully, we won't have to deal with a penalty. But anticipating that that's very possible, that's helpful," said Montgomery County Board of Education President Christopher S. Barclay.

However, county and school officials, particularly from Montgomery County, were not successful in pushing for other changes. They wanted more economic and past funding factors to be considered when the state board decides on waivers, and for penalties to fall on counties, not school systems.

Sen. Nancy J. King said Wednesday that maintenance of effort still needed changes. Montgomery County leaders had told her that they probably would not be able to meet it for the next few years, unless the minimum per-pupil spending amount was somehow lowered, she said.

"I think there are still some major things that need to be worked out," said King (D-Dist. 39) of Montgomery Village.

Six counties, including Montgomery County, have announced that they will seek a waiver from maintenance of effort for fiscal 2012.

But an amendment to the House's budget bill has school officials worried. The amendment clarifies a previous law that sets a minimum amount counties must provide annually to the school systems. The minimum is the county's share of the state's "foundation" program, which sets a base for per-pupil spending that is indexed to cost of living.

For example, in fiscal 2010, Montgomery County's maintenance-of-effort funding would have been \$1.52 billion, but the absolute minimum would have been \$686 million.

While not changing the law itself, the amendment highlights a legal remedy for county officials to make severe cuts to schools, argued John Woolums, director of governmental relations for the Maryland Association of Boards of Education.

"Why shine a light on the worst-case scenario and show people the path, those who seek the bottom?" Woolums said.