



Local Maintenance of Effort

§5-235(n)

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Factors Impacting the FY 2023 Maintenance of Effort Calculation

Pursuant to §5-235(n) of the Education Article, the Maryland State Department of Education (MSDE) is submitting this report regarding the required fiscal year 2023 local Maintenance of Effort (MOE) of education funding for the twenty-four local education agencies (LEAs)

Per the Statute, on or before December 31 of each year the Department shall report to the Governor and, in accordance with §2-1257 of the State Government Article, the General Assembly on all waiver requests, maintenance of effort calculations made by the Department and the county, the Department's decisions regarding waiver requests, the Department's certification of whether a county has met the requirement, and any other information relating to a county's request for a waiver and the Department's maintenance of effort decisions.

BLUEPRINT FOR MARYLAND'S FUTURE

The Blueprint for Maryland's Future adds a **required local share** for all major State Aid programs, provides for an adjustment to the required local share, and identifies the required local share as the **new floor** for local MOE. Maintenance of Effort is calculated as the higher of the required local share or the prior year highest local appropriation on a per pupil basis. The required local share of Major State Aid can be adjusted based on local education effort.

Chapter 33 of 2022 (HB1450) further clarifies the MOE calculation for fiscal year (FY) 2023 and FY 2024. For FY 2023, the minimum local MOE amounts are established in Statute and represent the higher of the FY 2023 required local share, the FY 2022 net local appropriation or the calculated FY 2023 MOE amount. For FY 2024, the jurisdictions required to provide the FY 2022 net local appropriation in FY 2023 will see the required FY 2024 MOE amount reduced by the difference between the FY 2022 net local appropriation and the calculated FY 2023 MOE amount.

NONRECURRING COST EXCLUSIONS

Local governments, in consultation with local school systems, can request certain costs be excluded from the maintenance of effort calculation. Non-recurring cost exclusion requests, which are reviewed and approved by MSDE, must be associated with one of six categories including new school startup costs, new technology, and capital costs. For FY 2023, five LEAs submitted requests for non-recurring cost exclusions. A total of \$25 million was requested, **\$8.6 million** of the approved items were funded by local governments.

One LEA appealed the Department's decision to deny \$15.6 million in nonrecurring cost exclusion requests. The requests were denied for one of several reasons; the items were considered replacements, supplies and materials, or because the item was specifically found to be ineligible based on a State Board Opinion. The State Board heard the appeal per the Board's appeals process and the appeal was denied.

EDUCATION EFFORT

Education Article §5-239 allows for a reduction in the required local share of Major State Aid programs if a LEA's education effort index is **greater than 1.0** for two consecutive years, and if the reduction does not reduce the required local share below the local appropriation on a per pupil basis. Education Effort is the ratio between the required local share and local wealth. Statewide education effort is the ratio of total

required local share and total local wealth. The Education Effort index is calculated as the local education effort divided by the statewide education effort. For FY 2023, **two LEAs** benefitted from the Education Effort Adjustment.

MAINTENANCE OF EFFORT CERTIFICATION

Education Article §5-235(a) states that a county governing body shall appropriate local funds to the school operating budget equal to the local share of major education aid, as adjusted, and an amount no less than the product of the county's full-time equivalent enrollment for the current fiscal year and the local appropriation on a per pupil basis for the prior fiscal year using enrollment count. §5-239 includes the required adjustment for education effort, if applicable.

The Statute includes a detailed process for local jurisdictions to apply to the State Board for a waiver and the conditions under which a waiver may be granted. No jurisdiction applied for a waiver from the FY 2023 MOE requirement.

All twenty-four jurisdictions **met the required MOE funding level** for FY 2023. Exhibit 1 contains the county-by-county MOE Data.

EXHIBIT 1: FY 2023 LOCAL MAINTENANCE OF EFFORT

LEA	FY 2023 Local Share	FY 2023 Calculated MOE	FY 2023 REQ MOE - HB 1450	FY 2023 Total Local APPN	FY 2023 Net Local APPN	DIFF Net Local APPN - MOE
Allegany	21,139,081	31,470,414	31,854,912	31,854,912	31,854,912	-
Anne Arundel	598,437,392	774,449,851	784,741,000	834,751,000	834,751,000	50,010,000
Baltimore City	313,316,455	274,429,835	275,513,758	313,316,455	313,316,455	-
Baltimore	714,275,779	846,579,563	888,261,619	918,022,771	916,972,021	28,710,402
Calvert	74,223,576	132,595,891	134,705,250	141,305,251	141,305,251	6,600,001
Caroline	15,134,164	16,080,832	16,080,832	16,080,832	16,080,832	-
Carroll	126,817,414	197,068,098	204,617,860	213,022,400	213,022,400	8,404,540
Cecil	75,238,965	89,196,266	89,196,266	89,196,266	89,196,266	-
Charles	127,155,050	193,611,861	200,686,400	200,686,400	200,686,400	-
Dorchester	20,676,497	20,937,715	20,937,715	20,937,715	20,937,715	-
Frederick	227,396,752	307,271,951	316,348,012	349,748,012	349,498,012	33,150,000
Garrett	25,611,391	28,363,255	28,705,313	28,817,097	28,817,097	111,784
Harford	203,326,976	274,300,253	293,812,984	324,237,657	324,237,657	30,424,673
Howard	359,576,191	604,820,116	628,300,000	675,576,796	673,300,000	45,000,000
Kent	16,578,786	18,071,598	18,559,629	18,559,629	18,559,629	-
Montgomery	1,315,190,693	1,721,670,159	1,752,662,235	1,839,071,460	1,837,815,368	85,153,133
Prince George's	796,950,845	720,468,566	766,762,200	846,997,300	797,928,800	977,955
Queen Anne's	48,247,915	62,152,864	62,559,389	64,085,219	64,085,219	1,525,830
St. Mary's	81,907,300	108,430,153	114,540,490	121,524,907	121,524,907	6,984,417
Somerset	8,569,541	10,490,432	10,490,432	10,626,932	10,490,432	-
Talbot	45,856,486	43,173,438	43,905,596	46,851,795	46,851,795	2,946,199
Washington	86,820,235	106,847,824	106,847,824	109,070,360	109,070,360	2,222,536
Wicomico	42,302,528	49,135,024	49,135,024	49,135,024	49,135,024	-
Worcester	63,062,216	97,117,331	97,117,331	100,285,947	100,285,947	3,168,616
Total	5,407,812,228	6,728,733,290	6,936,342,071	7,363,762,137	7,309,723,499	