



BILL NO.: House Bill 410
TITLE: Education – Statewide Maintenance of Effort Waiver
POSITION: **SUPPORT**
DATE: February 24, 2010
COMMITTEE: Ways and Means
CONTACT: Leslie Knapp Jr.

The Maryland Association of Counties (MACo) **SUPPORTS** House Bill 410. The bill would waive the maintenance of effort (MOE) requirement for the counties and Baltimore City for FY 2011.

Just as the State struggles with budget deficits and the economic downturn, so does its counties. However, unlike the State, whose fiscal situation may be past the worst of its revenue plight, county revenue will remain in decline over the next several years as falling property tax assessments are fully realized. The proposed FY 2011 budget, reflecting some \$400 million in cuts to local governments being carried over from FY 2010, provides \$600 million less in funding to county and municipal government than that of FY 2007, sending local government aid down to 1984 levels. As a result, counties and municipalities have laid off 400 employees, used furloughs and salary cuts, and dipped into “rainy day” funds and balances.

The current MOE waiver process is unreliable and wholly subjective. For FY 2010, Montgomery, Prince George’s, and Wicomico Counties requested partial MOE waivers from the State Board of Education – the first such requests since the waiver law was enacted. Despite their good faith efforts, the State Board summarily rejected all three counties using subjective and sometimes contradictory reasoning. In its opinion to Wicomico County, the State Board stressed the need for more collaboration with its local school board.¹ Yet in its opinion to Montgomery County, which exceeded MOE by \$408 million for FY 2004-09 and had agreement with its local school board, the State Board seemed to discount the County’s efforts.²

During the early 1990s’ major fiscal crisis, the General Assembly granted counties a “blanket” waiver. Counties again need a “blanket” waiver for FY 2011 to address comparable budgetary challenges. Accordingly, MACo recommends the Committee issue a **FAVORABLE** report.

¹ *In Re Waiver Request of Wicomico County*, p. 11, Maryland State Board of Education (May 15, 2009).

² *In Re Waiver Request of Montgomery County*, pp. 12-13, Maryland State Board of Education (May 15, 2009).