

Required County Government Maintenance of (Funding) Effort

Maintenance of effort is a part of State law governing funding provided by the county government to the school system. It essentially sets a floor, or minimum funding level, that the county must provide to the school system. The county may not decrease funding, when calculated on a per pupil basis, from year to year. This means that in times of increasing enrollment, the total minimum amount of funding increases; conversely, in times of declining enrollment a county can decrease total funding provided to the school system.

Calculation of the maintenance of effort level allows for excluding the impact of certain one-time expenditures and does not include pension costs recently passed back to the local level until fiscal year 2017. The calculation uses actual enrollments of the previous two years. For example, in calculating the maintenance of effort funding level for fiscal year 2014, fiscal year 2013 county funding is divided by the official fiscal year 2012 enrollment count to determine the per pupil maintenance of effort level, and then this per pupil figure is multiplied by the official fiscal year 2013 enrollment count. In this way, no estimates are required; funding is always based on the prior year's enrollment and the impact of changes in enrollment trail the process by one full fiscal year.

The law establishes the possibilities and processes for requesting waivers from the maintenance of effort funding levels on a temporary basis or a permanent ("rebasings") basis if certain criteria are met. The law also includes a small inflationary protection so that the same per pupil basis cannot be used in perpetuity.

While in the abstract it seems to make sense that costs decrease proportionately when enrollment declines, this is not usually the case in actuality. For example, a decrease of 125 students from one year to the next would legally allow the county government to decrease its annual funding by approximately \$750,000. Growth and contraction of enrollment is usually spread across most or all schools. This means that on average each school lost less than one student per grade. The loss of one student in a grade and about 3 across an entire school does not mean that teaching, custodial, or other support positions can be cut at any one school (without significantly impacting all students), but the school system nonetheless needs to cut approximately 12 teachers by picking some positions at certain schools or make other equivalent cuts.

Sample:

Maintenance of Effort Calculation For Fiscal Year 2014

Fiscal Year 2013 Local Appropriation to School System Operating Budget (adjusted for pension and certain one-time expenditures)	<u>\$ 163,784,618</u>
Divided by	
MSDE Certified FTE Enrollment as of 9-30-2011 for Fiscal Year 2013	26,785.75
Fiscal Year 2013 Appropriation Per Student	<u>\$ 6,114.617586</u>
Multiplied by	
MSDE Certified FTE Enrollment as of 9-30-2012 for Fiscal Year 2014	26,317.00
Equals	
Required Level of Funding to meet Maintenance of Effort (excludes required amount towards pension costs)	<u>\$ 160,918,391</u>