

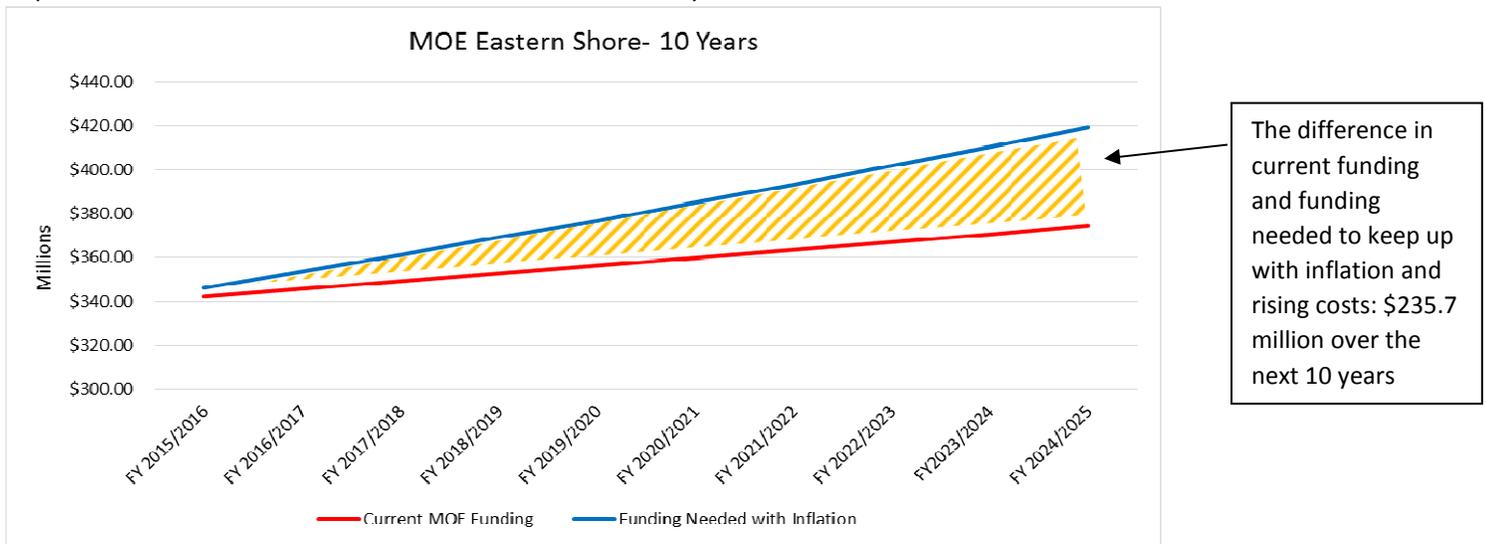
Executive Summary

Impact of Maintenance of Effort on the Local School Systems of the Eastern Shore Region

Maintenance of Effort “MOE”:

- At a minimum, the same amount of county funding per student must be sustained from one fiscal year to the next fiscal year
- Creates challenges for school systems because MOE assumes that all students have the same needs and costs from year to year
- MOE does not take into account the rising costs of operating a school system such as energy, transportation, fixed charges, benefits, and pay
- As a region, state funding under “Bridge to Excellence” continues to increase while local funding has not met needs causing reallocation of funds such as deferring maintenance projects

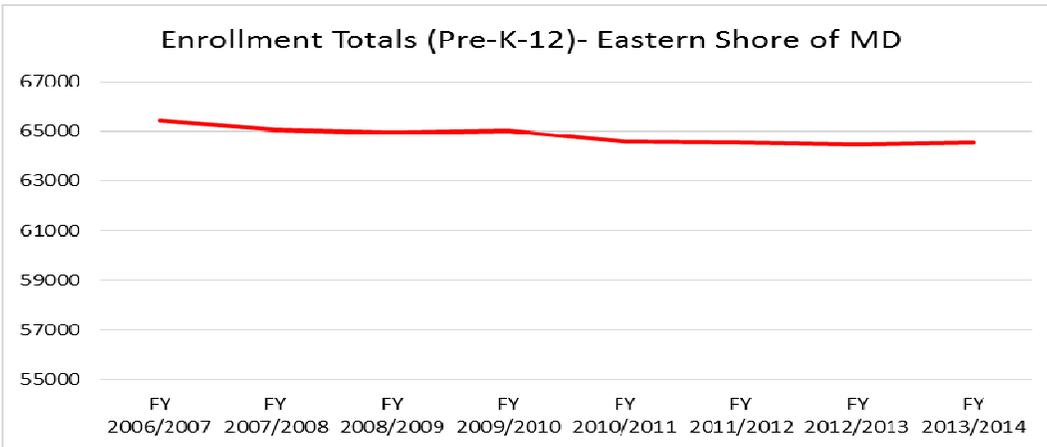
Impact of Maintenance of Effort Allocation on Local School Systems:



This gap in funding will result in existing positions being cut and/or needed positions not being created. An estimated 1,244 positions would be impacted by the \$235.7 million funding gap over the next ten years.

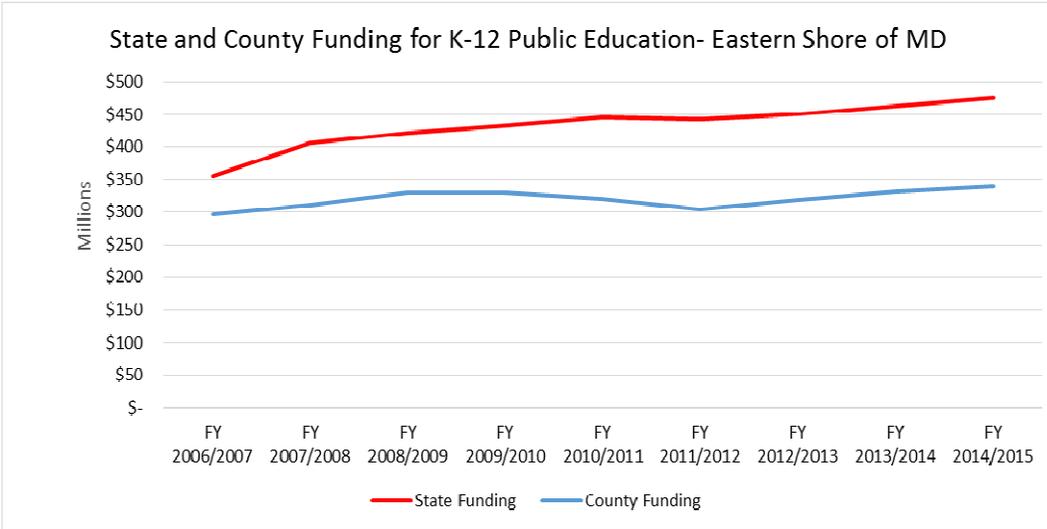
Deferred Maintenance Projects:

- Currently, the Eastern Shore has a deferred maintenance cost of about \$252,756,549.
- Every \$1 in maintenance or repair costs that is deferred will incur a cost of \$4 in the future
- Currently, educational facilities last between 24-50 years but delaying preventative maintenance can make facilities only last between 8-17 years
- The longer maintenance is deferred the higher the cost to bond and the less funding there is available for operating costs or other projects
- To address human resource needs, in some instances, essential maintenance projects are deferred which has long-term implications.



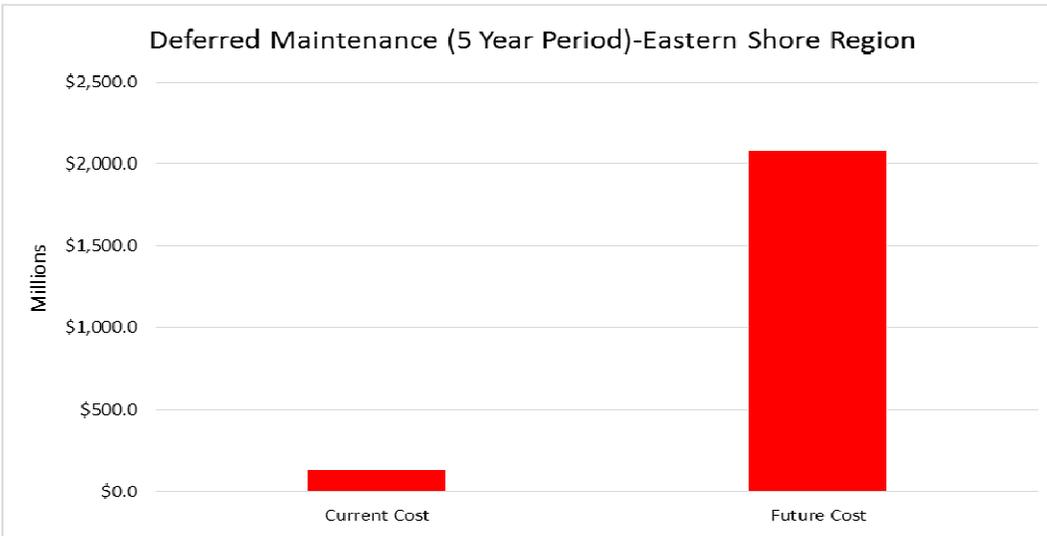
Enrollment in the region has changed slightly from FY 2006/2007 to FY 2013/2014 from 65,437 to 64,530 students (no current data available for PreK enrollment for FY 2014/2015).

Source: Maryland Department of Legislative Services, Maryland State Department of Education



On average, regional state yearly funding has increased \$13.3 million while regional county yearly funding has increased by \$4.6 million.

Source: Maryland Department of Legislative Services



Deferring current maintenance needs could result in a future cost of \$2,087,704,784.

Source: CIP- Eastern Shore Counties (2015)