

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 1000 (The President, *et al.*) (By Request - Commission on Innovation and Excellence in Education)
 Education, Health, and Environmental Affairs
 and Budget and Taxation

Blueprint for Maryland's Future - Implementation

This bill, beginning in fiscal 2022, substantially alters State aid and State policy for public schools known as the Blueprint for Maryland’s Future. The bill establishes in law the policies and accountability recommendations of the Commission on Innovation and Excellence in Education, including creation of a new Accountability and Implementation Board to oversee implementation of the policies and funding provided under the Blueprint. Funding for existing education formulas, including the foundation program and targeted programs, is altered and new funding formulas are established for specific purposes, such as the concentration of poverty grant program and publicly funded full-day prekindergarten program. The bill also repeals and alters other grants and programs. Local government school funding requirements are also altered. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: State general fund expenditures increase by \$23.4 million in FY 2022 and by \$473.7 million in FY 2025. Special fund expenditures increase by \$21.6 million in FY 2021 and by \$130.2 million in FY 2022, after accounting for mandated Blueprint spending under current law. Special fund expenditures increase annually thereafter, primarily for State education aid formulas. **This bill establishes and increases mandated appropriations beginning in FY 2021.**

(\$ in millions)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	23.4	113.4	263.9	473.7
SF Expenditure	21.6	130.2	613.7	626.8	640.0
Net Effect	(\$21.6)	(\$153.6)	(\$727.1)	(\$890.7)	(\$1,113.6)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local school systems receive State aid increases of \$9.0 million in FY 2021, increasing to \$499.1 million in FY 2022 and \$1.1 billion in FY 2025. County government expenditures increase Statewide by an estimated \$230.4 million in FY 2022 and by \$396.3 million in FY 2025, predominantly due to increased local share requirements under the bill. Most counties will not be required to increase appropriations above current law projections under the bill. Local retirement costs increase beginning in FY 2024. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Potentially small businesses will benefit from contracts for training, financial system development, and other services required under the bill that cannot be met directly by State and local government or nonprofit organizations.

Analysis

Bill Summary: The Blueprint for Maryland's Future is to be based on the full set of recommendations of the Maryland Commission on Innovation and Excellence in Education.

Local Wealth and Repeal of Add-on Grants

Local wealth for determining State education aid and its wealth equalization, as well as local share requirements, no longer factors in September Net Taxable Income (NTI). Accordingly, NTI grants, which compare results using September NTI to results using November NTI, are repealed. Tax Increment Financing (TIF) add-on grants are also repealed. However, specified TIF wealth is subtracted within the definition of local wealth that remains under the bill.

Foundation Formula

The foundation formula grant is altered such that the count of students to be funded is the greater of (1) the prior year full-time equivalent (FTE) enrollment, and (2) the three-year moving average of FTE enrollment. Also, the target per pupil foundation amount (PPFA) is increased over current law to specified amounts for each year from fiscal 2022 to 2030, thus increasing annual funding under the program. After fiscal 2030, the PPFA is increased by inflation in accordance with current law.

PPFA includes increased costs associated with implementing the Blueprint that are provided for all students, including salary increases, additional teachers to provide professional learning and collaborative time for teachers, career counseling, behavioral health, instructional opportunities for students to become college and career ready (CCR), and supplies and materials for teachers.

Geographic Cost of Education Index/Comparable Wage Index

State Geographic Cost of Education Index (GCEI) funding is repealed after fiscal 2023. Comparable Wage Index (CWI) funding is established beginning in fiscal 2024 and increases both State and local funding for public schools in 11 counties. The bill specifies the percentage of CWI that is funded in each year. CWI is calculated by measuring variation in the wages of workers similar to teachers and examining costs outside of a school district's control, and unlike the GCEI, isolates only wage costs.

Transition Grants

Along with TIF and NTI grants discussed above, supplemental grants totaling \$46.6 million each year under current law are repealed. However, Blueprint Transition grants are provided under the bill to 12 counties, totaling \$57.7 million in each of fiscal 2022 to 2024. These grants then phase down annually to a total of \$11.5 million by fiscal 2029, terminating after fiscal 2029.

Transitional Supplemental Instruction

Transitional Supplemental Instruction (TSI) grants are provided to fund TSI, such as tutoring, for students in kindergarten through third grade who are identified as struggling learners. Literacy should be given priority in the provision of TSI, however, a district may direct funds toward mathematics if this is the priority for the district or a school. TSI funding phases up from \$476 per pupil in fiscal 2022 to \$680 per pupil in fiscal 2024, and then phases down to \$356 in fiscal 2026, and terminates after fiscal 2026. Students who continue to need additional support after fiscal 2026 will be tutored by their regular teachers, with funding provided through other programs.

Targeted Programs

Alteration of the funding weights applied to PPFA for special education, compensatory education, and English learner (EL) (formerly limited English proficient) grants is phased-in as specified through fiscal 2030.

By the 2021-2022 school year, a State alternative income eligibility form developed by the Maryland State Department of Education (MSDE) must be collected by each school that participates in the U.S. Department of Agriculture Community Eligibility Provision and may be collected by all other schools. The form must include a statement indicating that the income information requested on the form is used to determine local and State funding for education. The higher enrollment count of students eligible for free and reduced-price meals (FRPM) or students eligible under direct certification including Medicaid will be

used for purposes of calculating the compensatory education formula beginning in fiscal 2022.

Concentration of Poverty Grants

Like the grants provided in fiscal 2020 and 2021, concentration of poverty grants are provided in fiscal 2022 and each subsequent year. The grant has two components. First, each qualifying school receives a personnel grant to employ a community school coordinator and provide full-time coverage by at least one health care practitioner. Second, per pupil grants are provided for each qualifying school. The personnel grant is a State funded categorical amount that increases with inflation. Per pupil grants are only wealth equalized for districts that receive the minimum State funding (40%) under the compensatory education formula; for all other districts, the State pays the full amount. The local funding percentage is based on the compensatory education wealth equalization formula. The following table lays out the phase-in of the two components of the funding.

Concentration of Poverty Phase-In

School Poverty Percentage	Year Personnel Phased-In	Year Per Pupil Phased-In
>=80%	FY 20/FY 21	FY 22
75-80%	FY 23	FY 24
70-75%	FY 24	FY 25
65-70%	FY 25	FY 26
60-65%	FY 26	FY 27
55-60%	FY 27	FY 28

If a school has qualified for a personnel grant, it will continue to receive the grant for two more years even if it falls below the relevant percentage threshold. School concentration percentages are based on a three-year average of FRPM students in each public school. The per pupil funding amount for each eligible school is calculated based on a sliding scale linear equation, which is adjusted annually for inflation. The phase-in toward full funding of the per pupil grants culminating in fiscal 2030 is specified.

Career Ladder for Educators

A four-level career ladder must be implemented by each county board of education by July 1, 2023. Level one is a State-certified teacher. Level two is a teacher pursuing a Master’s Degree, 30 credits of a State board approved program of study, or National Board Certification (NBC). Level three is a teacher who has an NBC or an advanced professional certificate and includes an assistant principal. Level four is a teacher on the

teacher leadership track or administrative track of the career ladder, each of which are further divided into tiers.

Minimum salary increases are required as specified beginning in fiscal 2025 for certain accomplishments associated with movement up the career ladder. The costs associated with these salary increases are shared between the State and county government through a new wealth-equalized formula. The State must provide the cost of fees for initially attaining and renewing NBC to each teacher who pursues NBC, including one retake of each NBC assessment. County boards must pay one-third of the cost of the NBC fees to the State for each teacher pursuing an NBC. County boards must also demonstrate to the Accountability and Implementation Board by July 1, 2024, that teachers in the county received at least a 10% salary increase over the preceding five-year period. By fiscal 2030, all teachers must receive a salary of at least \$60,000.

College and Career Readiness Funding

In addition to funding for nonCCR and CCR students provided within the foundation PFFA, funding is provided for students who have met the CCR standard adopted by the State Board. Per pupil funding, covered by both State and local shares, begins at \$517 in fiscal 2022 and is inflation adjusted each subsequent year.

Model Curriculum

MSDE, in consultation with experienced teachers, must develop specified curriculum standards and curriculum resources that include specified elements and meet specified standards, for each subject at each grade level, that build on one another in logical sequence in core subjects. MSDE must submit the curriculum resources and curriculum standards developed to the State Board of Education for adoption.

Using specified assessments in specified core subjects, the State Board of Education must identify low-performing schools. If recommended by the Expert Review Team, a low-performing school must use the model curriculum.

CCR Standard

The State board must adopt a College and Career Ready Standard (CCR standard) as specified in English language arts, mathematics, and, when practicable, science. MSDE must develop and begin to implement a plan to publicize the standards by January 1, 2021.

Beginning with the 2020-2021 school year, each student must be assessed no later than the 10th grade by a method adopted by the State board to determine whether the student meets the CCR standard. Meeting the CCR standard must initially require a student to achieve

the equivalent of a score of 4 or 5 in the mathematics and English portions of the Partnership for Assessment for College and Career Readiness grade 10 assessments on the Maryland Comprehensive Assessment Program grade 10 assessments or any successor assessments. After the empirical study required is complete, the CCR standard must reflect the results of the study.

An open enrollment public institution of higher education must accept high school students who have met the CCR standard approved by the State board for enrollment in credit-bearing courses.

Empirical Study

By July 1, 2021, MSDE must contract with a public or private entity to conduct an empirical study of the CCR standard to be completed with recommendations by September 1, 2022. In fiscal 2022, the Governor must include \$500,000 for the study, and must include more funds if necessary to complete the study as specified. Based on the empirical study and periodically thereafter, the State board must adopt a new CCR standard and assessments as specified.

Program of Study for Students Who Have Not Yet Met the CCR Standard

Each local board of education, in collaboration with the community colleges, must develop and implement by the 2021-2022 school year, a program of study for students who have not met the CCR standard by the end of 10th grade. These courses must be implemented as specified for specified students.

Beginning with the 2021-2022 school year, a student may not be precluded from enrolling in the initial stages of one or more post college and career readiness (post-CCR) pathways, including the opportunity to make progress toward an industry-recognized career and technical education (CTE) credential. However, when the Blueprint for Maryland's Future has been fully implemented, post-CCR pathways must be available only to students who have met the CCR standard, except under limited circumstances determined by the State Board of Education.

Post-CCR Pathways

Beginning in the 2023-2024 school year, each local board must provide all students who meet the CCR standard with access to the following post-CCR pathways, at no cost to the student or the student's parents, including the cost of any fees: (1) a competitive entry college preparatory program, chosen by the local board of education, as specified; (2) a program that allows a student, through dual enrollment at a student's high school and an institution of higher education to earn an associate's degree or at least 60 credits, as

specified; and (3) a robust set of CTE programs that are recommended by the CTE Skills Standards Advisory Committee and approved by the CTE Committee as specified.

Each public high school must provide access to the programs through that public school or through another public school in the jurisdiction.

Each student who meets the CCR standard must be enrolled in at least one post-CCR pathway. Each student who enrolls in a post-CCR pathway must remain enrolled in the student's public high school. Each public high school must provide the full range of services, including advising and career counseling to every student, regardless of whether the student is enrolled in a post-CCR pathway as specified.

Graduation Credit for Post-CCR Pathways

MSDE must adopt regulations to require the award of credit toward high school graduation requirements for the time students spend participating in post-CCR pathways. The regulations must include high school credit toward the high school graduation requirements for any college courses that are approved by MSDE.

Dual Enrollment

Under the bill, as under current law, a public institution of higher education may not charge tuition to a dually enrolled student. A public school system must pay 75% of the cost of tuition for a public institution of higher education for its students. To that end, the bill repeals the existing tiered tuition discount at public institutions of higher education. If there is an agreement before July 1, 2020, between a public school and a public institution of higher education in which the public institution charges less than 75% of tuition to a dually enrolled student, the local board must pay the cost of tuition under the existing agreement. The bill also repeals the authorization for a local board of education to charge a dually enrolled student for the tuition paid to a public institution of higher education.

Publicly Funded Full-day Prekindergarten

Beginning in fiscal 2022, a new funding formula for voluntary full-day prekindergarten for four-year-olds and three-year-olds from low-income families is phased-in. Low income is defined as at or below 300% of the federal poverty level (approximately \$79,000 for a family of four). Expansion of full-day prekindergarten will first be focused on making full-day prekindergarten available for all four-year-olds from low-income families as half-day slots are being converted into full-day slots and new slots are coming on line. By the 2025-2026 school year, all four-year-olds from low-income families will be offered high-quality, full-day prekindergarten. This will occur at the same time as full-day prekindergarten is expanded gradually for three-year-olds from low-income families.

MSDE must develop a sliding scale to calculate the family share for families with income above 300% of the federal poverty level by July 1, 2022. Beginning in the 2025-2026 school year, four-year-olds from families whose income is between 300% and 600% of the federal poverty level will be offered full-day prekindergarten. Priority in expanding full-day prekindergarten slots is given to children from low-income families and children with disabilities regardless of income. For four-year-olds from families with income above 600%, the family share pays the full cost of full-day prekindergarten.

Public and private providers must meet specified requirements to be eligible to participate in the publicly funded full-day program. Initially private providers must make up 30% of full-day prekindergarten slots, increasing to 50% in fiscal 2025 and thereafter, unless a waiver is issued by MSDE.

The Prekindergarten Expansion Grant Program is modified to include low-income three-year-olds and funding may only be used to convert half-day prekindergarten programs to full-day programs and to expand enrollment in full-day programs. Public and private providers are eligible to receive State grant funds if they meet the requirements as specified. Funding for the program must be appropriated through fiscal 2025; beginning in fiscal 2026, funds appropriated to the Prekindergarten Expansion Fund must be consolidated into the publicly funded full-day prekindergarten established by the bill.

Other Early Childhood Education Provisions

Funding is provided for 9 additional Judy Centers annually in each of fiscal 2021 through 2025, and for 18 additional centers annually in fiscal 2026 through 2030, culminating in 135 new Judy Centers by fiscal 2030. The Governor must appropriate \$275,000 for each additional Judy Center, and the State must prioritize increasing the number of Judy Centers in Title I communities.

Funding is also provided for 3 additional Family Support Centers in each of fiscal 2021 through 2030, resulting in 30 additional centers. The Governor must appropriate \$330,000 for each additional center.

The bill also establishes several early childhood accreditation programs in statute that currently exist in MSDE regulations, including the Child Care Accreditation Support Fund, Child Care Incentive Grant Program, Maryland Child Care Credential Program, and Child Care Career and Professional Development Fund. Funding for these programs and funds must increase by 10% each fiscal year from fiscal 2021 until 2030.

Beginning in the 2020-2021 school year, a statewide kindergarten assessment must be given to all incoming kindergarten students (instead of a representative sample under current law) as specified.

Maintenance of Effort and Local Share

Each year, county government is required to appropriate funds to the local board of education equivalent to at least the same per pupil level as in the prior year (maintenance of effort), or its required local share – whichever is greater. Beginning with the fiscal 2022 appropriation, the per pupil maintenance of effort level each year is based upon the greater of (1) the prior year FTE enrollment and (2) the three-year moving average of FTE enrollment. The bill repeals, beginning in fiscal 2022, the requirement that a county that is below the statewide five-year moving average education effort level must increase its per pupil maintenance of effort amount by the lesser of (1) the increase in local wealth per pupil; (2) the statewide average increase in local wealth per pupil; or (3) 2.5%. Beginning in fiscal 2022, the local share requirement continues to include the local share of the foundation formula but also includes the local share of the compensatory education, English learner, special education, CWI, full-day prekindergarten, CCR, TSI, and career ladder grant programs. Also, counties that benefit from the compensatory education State funding floor are required to fund the local share of the concentration of poverty grant program.

Local School Board Budgets, Financial Management, and Student Data Tracking System

The bill requires at least 75% of most formula funding (100% of concentration of poverty and full-day prekindergarten funds for private providers) to be allocated by local boards to the schools those students attended (*i.e.*, money follows the students). Beginning with the fiscal 2023 budget, each local school board must provide additional specified detail, and for specified categories must show current year expenditure estimates and prior year actual expenditures for school-level expenditures. By July 1, 2022, MSDE must implement a financial management system and student data system capable of tracking and analyzing the information provided to the State Board of Education from local board budgets. In both fiscal 2021 and 2022, the Governor must appropriate \$2.5 million from the Blueprint Fund for MSDE to develop and implement the financial management and student data system.

Teaching Fellows for Maryland Scholarships, and Loan Assistance

The Governor must include at least the following funds in the State budget for the Teaching Fellows for Maryland scholarships: \$4,000,000 in fiscal 2022; \$8,000,000 in fiscal 2023; \$12,000,000 in fiscal 2024; and \$18,000,000 in fiscal 2025 and each subsequent fiscal year.

The Loan Assistance Repayment Program for teachers, known as the Nancy Grasmick Teacher Awards, is altered so that teachers that teach in a school with concentrated poverty as specified receive awards.

Teacher Quality and Diversity Program

The Maryland Higher Education Commission (MHEC) must administer this program and may award grants to institutions of higher education that receive grant funding from a non-State source to increase the quality and diversity of applicants to the institution's teacher training program. The grant amount may not exceed the amount of the non-State grant, and the total grants may not exceed \$500,000 in a fiscal year. MHEC must assist relevant institutions with the application process.

Teacher Induction Programs

MSDE must develop guidelines for comprehensive teacher induction programs in consultation with local school systems and the Maryland Education Deans and Directors Council. Induction programs must incorporate the framework of the Teacher Induction, Retention, and Advancement Pilot Program. Teachers selected as mentors must be high quality and selected using specified criteria.

Teacher Preparation Programs

The bill establishes requirements for teacher preparation programs at institutions of higher education and alternative teacher preparation programs, including course content, teacher training practicums, and mentor teacher selection criteria. Teacher training practicums must be of a specified duration, set to increase within five years from enactment, and developed in collaboration with local school systems and nonpublic schools. Practicums are to be designed to give participants exposure to diverse teaching opportunities, similar to teaching experiences in a variety of schools with diverse student populations across the State.

Grant money is available for funding teacher training practicums from the Teacher Collaborative Grant Program. MSDE, institutions of higher education, and local school systems must work together to strengthen teacher training through professional development by developing communication and feedback systems to make training relevant and produce high-quality teachers.

Teacher Certification

MSDE must assess the rigor of the current Basic Literacy Skills test and develop a new test if the current one is insufficient. Test takers may take the test as many times as necessary to pass. MSDE must develop challenging subject-specific examinations tailored to the subject and grade level at which teachers will teach. Beginning in 2025, teachers must pass these tests to earn initial certification. These new tests must be provided to

teacher preparation programs one year before administration to be incorporated into the course materials.

MSDE must assess the best exam for teaching skills required for initial certification and actively monitor and assess whether new standards and requirements negatively impact the diversity of teacher candidates. Beginning in 2025, to qualify for an initial certification to teach in Maryland, individuals who graduate from a Maryland teacher preparation program, including alternative preparation programs, must pass an exam of teaching ability, mastery of reading instruction, and meet other requirements. Teachers licensed or certified in other states have 18 months to pass an exam of teaching ability or hold an active NBC.

School Leadership Training Programs

Two school leadership training programs are established. One program is for the State Superintendent, local school superintendents, and senior instruction-related staff, and the other is for members of the State Board of Education, members of county boards of education, and school principals. Both are cohort-based, provide leadership training over the course of one or two years, and allow participants to discuss and implement lessons and skills while working as school leaders.

Accountability and Implementation Board

The Accountability and Implementation Board (AIB) is established as an independent unit of State government designed to hold other units of government accountable for implementing the Blueprint and evaluating the outcomes of the Blueprint during the implementation period. It exists beginning in fiscal 2021 through 2031. The seven-member board of experts (as specified) is appointed by the Governor, subject to Senate confirmation. The Governor must choose AIB members from a slate of names submitted by a six-member nominating committee. The bill establishes AIB's powers, duties, roles and responsibilities, which center around the development, approval, implementation, and monitoring of plans, and progress made under the plans, to implement the Blueprint. The board must develop and adopt a Comprehensive Implementation Plan to implement the Blueprint by December 15, 2020. Each unit of government responsible for implementing portions of the Blueprint, including each local school board, is required to adopt its own implementation plan and submit it to the board by September 15, 2021, which must be consistent with the comprehensive plan and must be approved by the board.

AIB is tasked with examining data as specified, including patterns in student outcomes and changes in achievement gaps between specific student subgroups and the makeup of public schools, in order to determine if the Blueprint is working as intended. The Maryland Longitudinal Data System Center must share data with AIB so that AIB may

perform its duties. Each November 1, the board must report on the progress made on the implementation of the Blueprint. In addition to the board's own assessments and monitoring of progress tracking, the board must contract with an entity to conduct an independent evaluation of the State's progress toward implementing the Blueprint. An independent entity is required to report its results to the board by October 1, 2024, and October 1, 2030. The board must submit a report by December 1, 2024, that includes whether the Blueprint is being implemented as intended and whether any legislative or structural corrections are necessary to fully implement the Blueprint. By December 1, 2030, the board must submit a final report that includes whether the Blueprint is working as intended, and whether the board should continue to monitor implementation of the Blueprint after June 30, 2031.

AIB Withholding of Funds

Beginning in fiscal 2022, 25% of the increase for the next fiscal year in the State's share of major education aid over the amount provided in the current fiscal year will automatically be withheld from a school system or public school. For fiscal 2022 through 2024, the board may release these funds if a local school system has adopted an implementation plan that is approved by the board. Beginning in fiscal 2025, the board may release funds if the board receives a recommendation to release the funds from MSDE, the CTE Committee, an Expert Review Team, or in the board's judgment. The board may also withhold additional funds if it finds appropriate steps to improve student progress or implement the Blueprint have not been taken.

The board must issue warnings to public schools or local school systems on or before December 1 that funds may not be released in the coming year. The board must make a final decision by February 1 on whether to release funds. A public school or local school system may appeal this decision in an appeals process developed by the board. The board is required to review the use of school-level expenditures and monitor school system compliance with minimum school funding requirements under the bill through reports submitted by the Department by January 1 of each year 2021 through 2031.

Beginning in fiscal 2022, the board may also determine to withhold appropriated funds from MSDE, MHEC, the CTE Committee, or any other entity of State or local government responsible for developing an implementation plan if the entity has not developed an approved implementation plan or has not implemented the plan appropriately.

Career and Technical Education Committee

The bill creates a CTE Committee within the Governor's Workforce Development Board to build an integrated, globally competitive framework for providing CTE to Maryland students in public schools, institutions of postsecondary education, and the

workforce. The CTE Committee may employ the staff necessary. Beginning with the 2023-2024 school year, CTE programs offered by public schools must be aligned with the CTE system developed by the CTE Committee. The CTE Committee must set annual goals so that by fiscal 2030 45% of high school students complete an industry-recognized credential before graduation, which to the extent practicable includes completing a youth or registered apprenticeship program. The bill also establishes a Skills Standards Advisory Committee to make recommendations to the CTE Committee on the CTE system.

Expert Review Teams

The Expert Review Team Program, administered by MSDE, will deploy teams of teachers and other experts to certain schools to determine whether the Blueprint is being successfully implemented. If progress is insufficient, the team works collaboratively to find reasons and solutions. Deployment of these teams will give priority to the lowest and lower performing schools in the state. Certain minimum percentages of schools must be visited annually, and every public school must be visited by the 2030-2031 school year. Team reports are advisory in fiscal 2022 to 2024; beginning in fiscal 2025, team reports and recommendations may be used by AIB in determining funding consequences.

The CTE Expert Review Team Program is administered by the CTE Committee. These teams function like the Expert Review Teams, with an emphasis on determining whether student progress in a CTE pathway is insufficient toward successful completion of the CTE pathway, and are deployed per a schedule developed by the CTE Committee.

Other Provisions

The State Department of Assessments and Taxation is required to provide data required to make specified calculations related to real and personal property by December 1 of each year.

Each local school board must evaluate whether its hiring practices contribute to the lack of diversity in Maryland's teaching staff and make changes as appropriate.

MSDE, MHEC, and each institution of higher education that offers a teacher preparation program must jointly review State requirements for teacher preparation programs to determine whether the requirements align with the recommendations of the Commission on Innovation and Excellence in Education.

The bill repeals \$250,000 mandated by Chapter 771 of 2019 (The Blueprint for Maryland's Future) in each of fiscal 2020 and 2021 for outreach and training.

The bill repeals obsolete provisions of law and the Governor's P-20 Leadership Council effective July 1, 2020.

Current Law/Background:

Commission on Innovation and Excellence in Education

Chapters 701 and 702 of 2016 established the Commission on Innovation and Excellence in Education to, among other charges, (1) review the findings of a consultant's study on adequacy of education funding and its related studies and make recommendations on the funding formulas; (2) review and make recommendations on expenditures of local education agencies; (3) review and make recommendations on innovative education delivery mechanisms and other strategies to prepare Maryland students for the 21st century workforce and global economy; and (4) review and make recommendations on expanding prekindergarten, including special education prekindergarten.

Consistent with [preliminary recommendations](#) of the Commission, Chapter 361 of 2018 established a Comprehensive Teacher Recruitment and Outreach Program, the Maryland Early Literacy Initiative, the Learning in Extended Academic Programs Grant Program, the Career and Technology Education Innovative Grant Program, and the Commission Fund. Chapter 361 also mandated annual funding for the Teaching Fellows for Maryland Scholarship Program; altered annual funding for the Public School Opportunities Enhancement Program while repealing the fiscal 2021 termination of the program; altered the scope of the special education study required under Chapter 715 of 2017; and extended the term of the Commission and the due date for its final report.

Consistent with the 2019 [interim recommendations](#) of the Commission, Chapter 771 of 2019, The Blueprint for Maryland's Future, established an array of programs and funding over the fiscal 2020 and 2021 period. Chapter 771 established (1) a Concentration of Poverty School Grant Program; (2) a Teacher Collaborative Grant Program; (3) a Teacher Salary Incentive Grant Program; and (4) a Transitional Supplemental Instruction for Struggling Learners Program. An additional \$65.5 million in both fiscal 2020 and 2021 is provided for special education services with specified allocations to each local education agency. In addition, Chapter 771 extended the declining enrollment grants to fiscal 2021, expanded and extended the supplemental prekindergarten grants under Chapter 6 of 2017 to fiscal 2021, and extended the free and reduced-priced meals student-count methodology for the compensatory aid program used to account for school and school system participation in the Community Eligibility Provision through fiscal 2025.

After more than three years of work, the Commission held its final meeting on November 21, 2019. This bill largely reflects the final recommendations of the Commission. **Appendix I** provides more information on the Commission.

Education Funding Formulas

The great majority of direct State aid to public schools (excluding teachers' retirement) is determined by funding formulas found in Title 5, Subtitle 2 of the Education Article. Together with some more recent enactments, these funding formulas were set forth in the Bridge to Excellence in Public Schools Act (Chapter 288 of 2002). Collectively, the formulas account for a uniform base cost per pupil that is necessary to provide general education services to students in every school system and address the additional costs associated with educating three student populations: special education students; students eligible for free and reduced-price meals; and students with limited English proficiency.

The majority of State education aid formulas also entail wealth equalization across counties, compensating for differences in local wealth by providing less aid per pupil to the more wealthy counties and more aid per pupil to the less wealthy counties. Although on the whole most State aid formulas are designed to have the State pay roughly one-half of program costs, the State's share for the less wealthy counties is higher than 50%, and the State's share for more wealthy counties is lower than 50%.

For purposes of determining State education aid and State and local shares of funding, wealth equals the sum of 40% of the real property assessable base, 50% of the personal property assessable base, and 100% of NTI. The property bases are determined as of July 1 of the previous fiscal year. NTI is computed using data from both September 1 and November 1 of the second preceding calendar year.

State aid to public schools in the Governor's proposed fiscal 2021 budget totals \$7.2 billion, including \$6.5 billion in direct aid and \$750.3 million for teacher retirement. **Appendix J** provides a detailed overview of current law regarding major State aid to public schools formulas.

Concentration of Poverty School Grant Program

This program provides grants to public schools in which at least 80% of the students were eligible for FRPM. For both fiscal 2020 and 2021, the State must distribute a grant to each local school board equal to \$248,833 for each existing eligible school; that same amount must be distributed by the local board to each eligible school. However, if the local school system has at least 40 eligible schools, the local board may distribute the funds in accordance with a plan developed in consultation with eligible schools that ensures that each eligible school receives the required positions/coverage and services. Fiscal 2020 grants are based on the number of qualifying schools in the 2017-2018 school year. Fiscal 2021 grants go to all of these same schools still in existence during the 2018-2019 school year plus any school that becomes newly eligible during the 2018-2019 school year.

Each of these schools must employ one community school coordinator and provide full-time coverage by at least one health care practitioner, as specified. For both fiscal 2020 and 2021, \$126,170 is provided to the MSDE to fund one director of community schools in MSDE. The Governor's proposed fiscal 2021 budget includes \$52.8 million in mandated funding, as well as \$12.4 million in additional funding for schools with between 75% and 80% concentration of poverty.

Transitional Supplemental Instruction for Struggling Learners

For each of fiscal 2020 and 2021, the State must distribute to local boards of education funds totaling \$23.0 million for the provision of TSI for struggling learners, which involves additional academic support using evidence-based programs and strategies that meet the expectations of strong or moderate evidence as defined in the federal Every Student Succeeds Act. Struggling learners are students who perform below grade level in English/language arts or reading in kindergarten through grade 3.

Prekindergarten Supplemental Grants and Prekindergarten Expansion Grants

Chapters 6 and 607 of 2017 established prekindergarten supplemental grants to local boards of education in which all prekindergarten students are provided full-day prekindergarten, for fiscal 2018 through 2020. The supplemental prekindergarten grant for each eligible local board equals the State share of the per pupil foundation amount, as defined, multiplied by the number of FTE eligible children enrolled in a public full-day prekindergarten program on September 30 of the previous school year. The grant program phased-in, beginning with a 50% supplemental grant in fiscal 2018, a 75% supplemental grant in fiscal 2019, and a 100% supplemental grant in fiscal 2020. Chapter 771 of 2019 expanded these grants to include State funding to a Local Education Agency (LEA) based on *every* four-year-old in full-day prekindergarten as of September 30 of each year, regardless of whether full-day services are available to all four-year-olds in the county's prekindergarten program and extended these enhanced grants to fiscal 2021. The Governor's proposed fiscal 2021 budget includes \$64.1 million for these grants.

The Prekindergarten Expansion Grant Program is intended to broaden the availability of prekindergarten and school readiness services throughout the State for children and their families. Beginning in fiscal 2020, the Governor must annually appropriate at least the prior year amount (equating to \$26.6 million) to the Prekindergarten Expansion Fund.

Teacher Retirement Funding

Before 2012, Maryland was 1 of 11 states that paid the full employer pension contribution for teachers and other related staff employed by local school boards. Chapter 1 of the first special session of 2012, the Budget Reconciliation and Financing Act of 2012, phased in a

requirement that local school boards pay 100% of the employer *normal* cost for active members of the Teachers' Retirement and Pension Systems, while the State will continue to pay 100% of the amortized accrued liability for active and retired members. The employer normal cost represents the employer's share of the payment that is necessary to fund the benefits that currently employed members accrue in a given year. Local school boards are also required to pay their prorated share of the administration costs of the State Retirement Agency. The State Teacher Retirement Supplemental Grant program softens the impact on the counties of sharing the cost of teachers' retirement, and local school boards are no longer required to reimburse the State for the pension costs of federally funded teachers and related staff.

Maintenance of Effort

Generally, under the maintenance of effort (MOE) requirement, each county government (including Baltimore City) must provide on a per pupil basis at least as much funding for the local school board as was provided in the prior fiscal year. A county that has an education effort below the five-year statewide average education effort must increase its MOE payment to the local school board in years when the wealth base per pupil is increasing. The required increase is the lesser of the increase in a county's per pupil wealth, the average statewide increase in per pupil local wealth, or 2.5%. This escalator provision ensures an increase in the amount a county provides to the local school board concomitant with an increase in county wealth.

Constitutional Amendment on Supplemental Funding for Public Schools

Chapter 357 of 2018 authorized a constitutional amendment, which was subsequently approved by Maryland voters in November 2018, requiring the Governor to provide supplemental State funding for public education through the use of commercial gaming revenues that are dedicated to public education in the State budget beginning in fiscal 2020. Supplemental funding must total \$125.0 million in fiscal 2020, \$250.0 million in fiscal 2021, and \$375.0 million in fiscal 2022. In all subsequent years, 100% of the gaming revenues dedicated to public education must be used for supplemental funding. Beginning in fiscal 2020, the Governor must identify in the annual State budget how the supplemental revenue is being used to supplement and not supplant spending on public schools.

The Blueprint for Maryland's Future Fund

This special, nonlapsing fund may be used only to assist in providing funding for early childhood education and primary and secondary education based on the recommendations of the Commission, including revised education funding formulas. The fund consists of \$200 million in income tax funds within the existing fund and any sales and use tax

revenues in excess of \$100 million each year collected by the Comptroller from marketplace facilitators and certain out-of-state vendors.

State Fiscal Effect: Special fund expenditures increase by an estimated \$21.6 million in fiscal 2021 and by \$130.2 million in fiscal 2022, after accounting for \$370.9 million mandated for Blueprint spending in fiscal 2022 by Chapter 771 of 2019. Special fund expenditures increase annually thereafter as State education aid formulas are phased-in, reaching \$640.0 million by fiscal 2025. General fund expenditures increase by \$23.4 million in fiscal 2022 and by \$473.7 million in fiscal 2025.

The projected fiscal 2022 to 2025 impact of the bill by program is detailed in **Exhibit 1**, the vast majority of which is in the form of State aid to local public school systems. The major contributors to annual change are increases to funding under the foundation program and the special education program as well as increases for full-day prekindergarten and increased resources for low-income students via the concentration of poverty formula. **Appendix A** shows the estimated change in State expenditures for fiscal 2022 through 2030.

Exhibit 1
Estimated Change in State Expenditures under the Bill
Fiscal 2022 to 2025
(\$ in Millions)

<u>Program</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Foundation Program ¹	\$226.2	\$303.1	\$376.5	\$439.9
CWI/GCEI ²	0.0	0.0	-0.4	-1.5
Supplemental Grants	-46.6	-46.6	-46.6	-46.6
Net Taxable Income Grants	-64.2	-64.8	-66.0	-67.5
Transition Grants	57.7	57.7	57.7	49.0
Guaranteed Tax Base	6.0	25.0	22.9	22.9
Transitional Supplemental Instruction	32.9	45.9	47.1	36.1
Teacher Career Ladder	0.0	0.0	0.0	52.8
Post-CCR	11.2	12.4	13.8	15.3
Compensatory Education	9.4	5.2	-3.5	-18.6
Concentration of Poverty	89.7	137.7	180.7	272.4
English Learners	32.3	41.5	50.2	58.1
Special Education	80.1	90.2	110.1	125.4
Prekindergarten	52.9	75.9	97.9	120.2
Categorical State Aid ³	11.5	13.9	16.4	16.9
Total Change in State Aid	499.1	697.1	856.6	1,074.7
Other Categorical Spending ³	25.5	30.0	34.1	38.9
Total Change in State Expenditures	\$524.6	\$727.1	\$890.7	\$1,113.6

CCR: College and Career Ready
CWI: Comparable Wage Index
GCEI: Geographic Cost of Education Index

¹ Includes impact due to repeal of Tax Increment Financing grants.

² GCEI grants are replaced by CWI grants beginning in fiscal 2024.

³ Categorical State aid includes funding for Judy Centers and for School-Based Health Centers and accounts for the repeal of existing career and technical education grants after fiscal 2024. Other categorical spending is not primarily provided to local government. See below for more details.

Source: Department of Legislative Services

Although State funding for the SEED School, the Maryland School for the Blind, and the Maryland School for the Deaf may be altered by the bill, this analysis does not reflect any

impact. This analysis includes estimates of increased costs for MSDE related to new or expanded functions, including expert review teams, college and career readiness, training, curriculum resources, and financial reporting. MSDE may incur additional costs to implement the bill. This analysis does not account for any additional resources that may be needed by MHEC to implement the bill. **Appendix B** shows the fiscal impact associated with several categorical programs and initiatives. A description of these and associated fiscal impacts follows.

Early Childhood

As a result of funding mandated in the bill, expenditures for Judy Centers increase by \$2.5 million in fiscal 2021 and by \$37.1 million in fiscal 2030, for a total of 135 new centers with a State grant of \$275,000 each. Mandated funding for Family Support Centers increases by \$990,000 in fiscal 2021 and by \$10.0 million in fiscal 2030 to open 3 new Family Support Centers each year with a State grant of \$330,000 each. Funding for early childhood capacity building programs within MSDE increases by 10% each year culminating in \$19.0 million additional annual funding by fiscal 2030. The Governor's proposed fiscal 2021 budget includes a total of \$23.6 million increase for these centers and programs, funded by the Blueprint Fund.

Teaching Scholarships

The Governor is required to appropriate to the Teaching Fellows for Maryland scholarship at least an additional \$2.0 million in fiscal 2022; \$6.0 million in fiscal 2023; \$10.0 million in fiscal 2024; and \$16.0 million in fiscal 2025 and each fiscal year thereafter. The Governor's proposed fiscal 2021 budget includes \$2.0 million for the program funded by the Blueprint Fund.

Training Leaders and Teachers

The commission recommended training to provide the necessary knowledge to implement the commission's recommendations for the State Superintendent of Education; the 24 local superintendents; their senior instruction-related staff; State and local board of education members; and school principals. Between fiscal 2022 and 2024, the estimated one-time cost for this training totals \$12.4 million in essentially one-time costs for MSDE. Beginning in fiscal 2025, ongoing annual costs total \$200,000.

The initial cost to implement teacher training for all teachers in the State totals \$3 million, with \$1 million incurred in fiscal 2021 and the remaining \$2 million incurred in fiscal 2022. Beginning in fiscal 2023, ongoing annual training costs total \$2 million.

State Model Curriculum

This estimate assumes a permanent staff of nine including, an Executive Director and eight education specialists, for MSDE to develop and maintain model curriculum standards and materials. It also includes six contractual staff through fiscal 2024 to work with highly effective teachers to develop the required standards and resources, and approximately \$1.5 million in teacher stipends, travel, supplies, and expenses for curriculum workgroup meetings each year through fiscal 2024.

Equating Study

The bill mandates \$500,000 in fiscal 2022 for the equating study to be contracted by MSDE; this estimate assumes that Maryland conducts follow-up equating studies every five years.

Career and Technical Education Committee

This estimate assumes a permanent staff of five for the CTE Committee including, an Executive Director, two analysts, one grants and fiscal specialist, and one support staff. The estimate also includes three CTE experts to evaluate CTE pathways in schools.

Career and Technical Education Innovation Grants

Chapter 361 of 2018 created the CTE Innovation Grant Program to fund partnerships among at least one local board of education, one community college, and an industry partner to develop and implement an innovative CTE curriculum framework and pathway that includes the United States and international best practices. The Governor is required to appropriate at least \$2.0 million annually for the grant program. The bill terminates the grant program beginning in fiscal 2025.

School-based Health Centers and Behavioral Health

The bill mandates State funding for School-based Health Centers (SBHCs) in MSDE be increased from its current level of approximately \$2.5 million in fiscal 2019 to \$9.0 million annually beginning in fiscal 2021, which may support an additional 216 SBHCs.

Additional State funding for local school systems to train school staff to recognize student behavioral health issues is estimated at \$25,000 for each local school system and an additional \$100,000 annually for the State's health coordinator to assist local school systems with their training programs. Also, local boards of education must enhance and expand the availability of behavioral health services to students.

Accountability and Implementation Board (AIB)

This estimate assumes a staff of 15 people for the board, including an Executive Director, two Deputy Directors, two Assistant Attorneys General, and additional programmatic, fiscal, and support staff. It also includes \$250,000 annually for consultants to evaluate the implementation of the Blueprint, including the required independent evaluations.

Expert Review Teams

This estimate assumes a total of 12 MSDE expert review team members, and includes annual travel costs of \$42,000 to facilitate their travel to schools throughout the State beginning in fiscal 2021.

Financial Reporting

The cost to develop MSDE's new financial reporting system is estimated at \$5 million; those costs are split equally between fiscal 2021 and 2022. After the system is developed, ongoing maintenance costs are estimated at \$250,000 annually beginning in fiscal 2023.

Teacher Retirement

The General Assembly's consulting actuary projects that, although teacher salaries increase substantially under the bill, in most years this increase will still lead to overall salary bases that are below current actuarial assumptions for projecting State teacher retirement cost contributions. Because this results in unfunded liabilities that do not increase in most years, this analysis assumes that the bill is cost neutral with respect to State retirement costs for covering the accrued liability for active and retired members Teachers' Retirement and Pension Systems.

Local Revenues: State aid to local public schools increases by \$499.1 million in fiscal 2022 and by \$1.1 billion in fiscal 2025. Current projections indicate that State aid to public schools will increase by \$2.6 billion in fiscal 2030. **Exhibit 2** shows the estimated increase in direct State aid to public schools by county in each of fiscal 2022 through 2025. **Appendix C** shows the estimated direct State aid increase by county for fiscal 2022 through 2030. Direct aid does not include retirement.

Exhibit 2
Estimated Increase in Direct State Aid to Public Schools
(\$ in Millions)

<u>County</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Allegany	\$7.0	\$8.9	\$11.6	\$14.6
Anne Arundel	30.8	40.6	53.9	67.5
Baltimore City	108.2	163.8	183.6	226.9
Baltimore	45.0	64.0	92.6	118.6
Calvert	6.7	9.6	10.9	13.2
Caroline	4.5	6.2	7.0	8.1
Carroll	11.4	14.1	14.9	18.8
Cecil	8.5	11.4	14.5	18.2
Charles	13.9	18.2	21.5	26.1
Dorchester	5.4	7.5	8.3	10.6
Frederick	21.4	28.0	31.1	38.2
Garrett	1.6	1.9	2.3	3.0
Harford	18.2	24.0	36.6	45.8
Howard	20.7	27.5	42.4	52.2
Kent	0.6	0.7	0.8	1.0
Montgomery	32.6	50.2	59.1	82.1
Prince George's	104.5	144.2	173.1	219.2
Queen Anne's	2.8	3.5	3.4	4.4
St. Mary's	9.4	12.9	17.8	20.5
Somerset	4.4	5.7	6.6	8.2
Talbot	1.1	1.4	1.5	2.1
Washington	14.8	19.7	23.7	28.7
Wicomico	13.0	17.5	21.1	26.7
Worcester	1.3	1.7	1.9	3.2
Unallocated	11.5	13.9	16.4	16.9
Total	\$499.1	\$697.1	\$856.6	\$1,074.7

Appendix D shows the increase in per pupil direct State aid under the bill for fiscal 2022 to 2030.

Local Expenditures: Local boards of education will expend increased State funding commensurate with the increased State aid provided each year, as described above. County appropriations to local boards of education increase by an estimated \$230.4 million in fiscal 2022 and by \$396.3 million in fiscal 2025, primarily due to increased local share

requirements under the bill. **Appendix E** shows the increase in the required local share by program for fiscal 2022 through 2030. This analysis assumes that no portion of the total local share requirement under the bill may be used to cover the required local cost of teacher retirement. **Exhibit 3** shows the amount that county governments will be required to increase local appropriations under the bill above projections of what they would contribute under current law and practice for fiscal 2022 through 2025; **Appendix F** shows the results through fiscal 2030.

Exhibit 3
Estimated Increase in Direct Local Appropriations to Public Schools under the Bill
Assumes the Required Local Share May Not Cover Local Retirement Costs
(\$ in Millions)

<u>County</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Allegany	\$0.0	\$0.0	\$0.0	\$0.0
Anne Arundel	0.0	0.0	0.0	0.0
Baltimore City	161.6	174.6	200.6	216.5
Baltimore	0.0	0.0	0.0	0.0
Calvert	0.0	0.0	0.0	0.0
Caroline	2.4	2.6	2.6	2.6
Carroll	0.0	0.0	0.0	0.0
Cecil	0.0	0.0	0.0	1.2
Charles	0.0	0.0	0.0	0.0
Dorchester	2.3	1.9	1.9	1.7
Frederick	0.0	0.0	0.0	0.0
Garrett	0.0	0.0	0.0	0.0
Harford	0.0	0.0	0.0	0.0
Howard	0.0	0.0	0.0	0.0
Kent	1.3	1.8	2.2	2.8
Montgomery	0.0	0.0	0.0	0.0
Prince George's	49.6	70.8	122.9	155.3
Queen Anne's	0.0	0.0	0.0	0.0
St. Mary's	0.0	0.0	0.0	0.0
Somerset	0.5	0.3	0.3	0.2
Talbot	9.5	10.7	11.4	12.7
Washington	0.0	0.0	0.0	0.0
Wicomico	3.2	3.1	3.3	3.3
Worcester	0.0	0.0	0.0	0.0
Total	\$230.4	\$265.9	\$345.2	\$396.3

However, if a portion of the required local share may be used to cover local retirement costs, then county appropriations to local boards of education will increase less, by an estimated \$150.0 million statewide in fiscal 2022 and by \$315.6 million in fiscal 2025. **Exhibit 4** shows these results by county for fiscal 2022 through 2025. Regardless, most counties will not be required to increase local funding during this period.

Exhibit 4
Estimated Increase in Direct Local Appropriations to Public Schools under the Bill
Assumes the Local Share Total under the Bill May Cover Retirement
(\$ in Millions)

<u>County</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Allegany	\$0.0	\$0.0	\$0.0	\$0.0
Anne Arundel	0.0	0.0	0.0	0.0
Baltimore City	136.6	149.8	175.8	191.7
Baltimore	0.0	0.0	0.0	0.0
Calvert	0.0	0.0	0.0	0.0
Caroline	0.5	0.8	0.7	0.7
Carroll	0.0	0.0	0.0	0.0
Cecil	0.0	0.0	0.0	0.0
Charles	0.0	0.0	0.0	0.0
Dorchester	0.8	0.4	0.4	0.2
Frederick	0.0	0.0	0.0	0.0
Garrett	0.0	0.0	0.0	0.0
Harford	0.0	0.0	0.0	0.0
Howard	0.0	0.0	0.0	0.0
Kent	0.6	1.1	1.5	2.1
Montgomery	0.0	0.0	0.0	0.0
Prince George's	3.5	25.1	77.1	109.7
Queen Anne's	0.0	0.0	0.0	0.0
St. Mary's	0.0	0.0	0.0	0.0
Somerset	0.0	0.0	0.0	0.0
Talbot	8.1	9.3	9.9	11.3
Washington	0.0	0.0	0.0	0.0
Wicomico	0.0	0.0	0.0	0.0
Worcester	0.0	0.0	0.0	0.0
Total	\$150.0	\$186.4	\$265.4	\$315.6

The bill alters the current MOE provision by eliminating the escalator and by determining the required per pupil funding to be based upon the greater of (1) the prior year (FTE) enrollment and (2) the three-year moving average of FTE enrollment. The bill also substantially increases annual local share requirements, such that in addition to the local share of the foundation program, counties must fund the local share of the compensatory education, English learner, special education, CWI, full-day prekindergarten, CCR, TSI, and career ladder grant programs. Also, counties that benefit from the compensatory education State funding floor are required to fund the local share of the concentration of poverty grant program.

The impact of altering the MOE pupil count will be mixed across counties, will not impact counties experiencing enrollment increases each year, and will depend upon the particular pattern and relative degree of enrollment decreases for each county and whether a county experiences enrollment decreases followed by enrollment increases. Removal of the escalator will relieve certain counties from the need to not only maintain, but increase effort from one year to the next under that provision. Currently it is estimated that 12 of the 24 counties will be required to provide the maximum increase of 2.5% per pupil under the escalator provision in determining the fiscal 2021 local appropriation for public schools.

Appendix G shows the change in per pupil direct local appropriations, driven largely by increased local share requirements under the bill. **Appendix H** shows the total and annual change in State and local per pupil funding in fiscal 2022 through 2030.

Teacher Retirement

Local school boards are responsible for the actual normal cost of pensions for qualifying personnel. Thus, to the extent that the bill increases expenditures under the bill for salaries, local retirement costs increase as early as fiscal 2024. The impact is assumed to be material beginning in fiscal 2024 and to amount to approximately \$27.4 million statewide at full implementation.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1300 (The Speaker, *et al.*) (By Request - Commission on Innovation and Excellence in Education) - Appropriations and Ways and Means.

Information Source(s): Maryland Association of County Health Officers; Governor's Office; Maryland State Department of Education; Maryland Higher Education Commission; Maryland Center for School Safety; Department of Budget and Management; Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - February 16, 2020
rh/rhh

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Appendix A
Change in State Expenditures under the Bill
(\$ in Millions)

	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>	<u>FY 30</u>
Foundation Program ¹	\$226	\$303	\$377	\$440	\$540	\$661	\$796	\$933	\$1,069
CWI/GCEI ²	0	0	0	-2	-1	-1	-4	-4	-4
Supplemental Grants	-47	-47	-47	-47	-47	-47	-47	-47	-47
Net Taxable Income Grants	-64	-65	-66	-67	-70	-72	-74	-77	-79
Transition Grants	57.7	57.7	57.7	49.0	37.5	28.8	20.2	11.5	0.0
Guaranteed Tax Base	6	25	23	23	22	21	19	18	17
Transitional Supplemental Instruction	33	46	47	36	25	0	0	0	0
Teacher Career Ladder	0	0	0	53	69	88	110	137	168
Post College and Career Readiness	11	12	14	15	17	19	21	23	26
Compensatory Education	9	5	-4	-19	-26	-47	-70	-74	-57
Concentration of Poverty	90	138	181	272	364	456	548	639	692
English Learners	32	42	50	58	51	49	52	55	57
Special Education	80	90	110	125	132	162	172	180	182
Prekindergarten	53	76	98	120	178	236	311	406	529
Categorical Funding State Aid ³	11	14	16	17	22	27	32	37	42
State Aid Total	\$499	\$697	\$857	\$1,075	\$1,314	\$1,581	\$1,886	\$2,238	\$2,595
Other Categorical ³	\$25	\$30	\$34	\$39	\$42	\$45	\$47	\$51	\$54
Total State Expenditures	\$525	\$727	\$891	\$1,114	\$1,356	\$1,626	\$1,933	\$2,289	\$2,649

CWI: Comparable Wage Index

GCEI: Geographic Cost of Education Index

¹Includes impact due to repeal of Tax Increment Financing grants.

²GCEI grants are replaced by CWI grants beginning in fiscal 2024.

³Categorical State aid includes funding for Judy Centers and for School Based Health Centers (SBHCs) and accounts for the repeal of existing Career and Technical Education (CTE) grants after fiscal 2024. Other categorical spending is not primarily provided to local government. See Appendix B for more details.

Appendix B
State-funded Categorical Program Phase-in

	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>	<u>FY 30</u>
Early Childhood Capacity										
Building	\$2.2	\$4.1	\$6.2	\$8.3	\$9.7	\$11.2	\$12.9	\$14.7	\$16.8	\$19.0
Expand Judy Centers*	2.5	5.0	7.4	9.9	12.4	17.3	22.3	27.2	32.2	37.1
Expand Family Support										
Centers	1.0	2.0	3.0	4.0	5.0	5.9	6.9	7.9	8.9	9.9
Teaching Scholarships/Loans	0.0	2.0	6.0	10.0	16.0	16.0	16.0	16.0	16.0	16.0
Training – Leaders	-0.5	5.2	5.2	2.1	0.2	0.2	0.2	0.2	0.2	0.2
Training – Teachers	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
State Model Curriculum	2.5	2.7	2.7	2.8	1.0	1.0	1.0	1.1	1.1	1.2
Equating Study	0.0	0.5	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
CTE Committee/Expert										
Review	0.6	0.7	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.0
CTE Innovation Grants*	0.0	0.0	0.0	0.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
School Based Health Centers*	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Behavioral Health Training	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
AIB	1.5	1.8	1.8	1.9	2.0	2.0	2.1	2.1	2.2	2.3
Expert Review Teams	1.1	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.6	1.6
Financial Reporting	2.5	2.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
	\$21.6	\$36.9	\$43.9	\$50.5	\$55.8	\$63.4	\$71.7	\$79.2	\$87.4	\$95.7

AIB: Accountability and Implementation Board

CTE: Career and Technical Education

* Indicates State aid items.

Appendix C
Direct State Aid Change from Current Law
(\$ in Millions)

<u>County</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>	<u>FY 30</u>
Allegany	\$7	\$9	\$12	\$15	\$20	\$25	\$29	\$35	\$41
Anne Arundel	31	41	54	68	82	99	117	139	162
Baltimore City	108	164	184	227	260	301	356	416	469
Baltimore	45	64	93	119	155	189	224	267	310
Calvert	7	10	11	13	16	19	23	28	33
Caroline	5	6	7	8	10	12	15	18	21
Carroll	11	14	15	19	23	29	35	43	52
Cecil	8	11	14	18	23	28	33	39	46
Charles	14	18	22	26	33	41	49	58	69
Dorchester	5	7	8	11	13	16	18	22	26
Frederick	21	28	31	38	47	58	70	84	100
Garrett	2	2	2	3	3	5	5	7	8
Harford	18	24	37	46	55	66	78	90	102
Howard	21	28	42	52	63	78	92	109	129
Kent	1	1	1	1	1	2	2	2	3
Montgomery	33	50	59	82	101	126	156	190	222
Prince George's	104	144	173	219	269	319	381	453	521
Queen Anne's	3	3	3	4	6	8	9	11	14
St. Mary's	9	13	18	21	25	29	35	41	47
Somerset	4	6	7	8	11	13	15	18	21
Talbot	1	1	2	2	2	3	3	4	5
Washington	15	20	24	29	37	45	54	64	77
Wicomico	13	17	21	27	34	41	49	59	69
Worcester	1	2	2	3	4	5	5	6	7
Unallocated	11	14	16	17	22	27	32	37	42
Total	\$499	\$697	\$857	\$1,075	\$1,314	\$1,581	\$1,886	\$2,238	\$2,595

Appendix D Direct State Aid Per Pupil

<u>County</u>	<u>Estimated Direct State Aid Per Pupil – Bill</u>									<u>Change from Current Law</u>								
	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>	<u>FY 30</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>	<u>FY 30</u>
Allegany	\$11,668	\$12,182	\$12,822	\$13,552	\$14,515	\$15,519	\$16,460	\$17,520	\$18,715	\$880	\$1,124	\$1,470	\$1,838	\$2,502	\$3,143	\$3,720	\$4,417	\$5,233
Anne Arundel	5,337	5,551	5,822	6,096	6,376	6,691	7,012	7,376	7,740	368	479	630	782	940	1,134	1,337	1,581	1,840
Baltimore City	12,930	13,814	14,273	15,075	15,898	16,743	17,804	18,958	20,022	1,478	2,244	2,544	3,181	3,645	4,273	5,133	6,057	6,860
Baltimore	7,201	7,522	7,957	8,368	8,865	9,350	9,848	10,407	10,971	402	566	814	1,037	1,350	1,644	1,954	2,340	2,717
Calvert	6,281	6,547	6,784	7,059	7,400	7,768	8,183	8,642	9,156	431	625	707	855	1,061	1,265	1,516	1,797	2,132
Caroline	12,004	12,487	12,880	13,389	14,065	14,787	15,530	16,335	17,243	818	1,117	1,265	1,458	1,832	2,258	2,734	3,238	3,894
Carroll	6,011	6,199	6,326	6,599	6,911	7,284	7,697	8,197	8,721	464	574	609	774	962	1,199	1,447	1,762	2,112
Cecil	7,885	8,219	8,574	8,980	9,460	9,984	10,533	11,127	11,795	579	779	988	1,247	1,563	1,921	2,309	2,725	3,198
Charles	7,977	8,260	8,558	8,909	9,350	9,815	10,291	10,825	11,396	519	676	792	955	1,205	1,481	1,763	2,090	2,459
Dorchester	11,751	12,589	13,122	14,029	14,902	15,827	16,861	18,022	19,258	1,176	1,592	1,753	2,218	2,713	3,241	3,836	4,561	5,276
Frederick	6,983	7,234	7,425	7,724	8,059	8,448	8,870	9,349	9,857	504	656	724	888	1,096	1,337	1,609	1,923	2,265
Garrett	6,484	6,663	6,900	7,199	7,490	7,956	8,371	8,891	9,408	432	516	643	836	958	1,265	1,478	1,784	2,130
Harford	6,596	6,867	7,315	7,700	8,069	8,522	8,986	9,476	9,980	485	636	975	1,222	1,474	1,784	2,113	2,450	2,790
Howard	5,449	5,698	6,089	6,406	6,736	7,123	7,514	7,948	8,409	355	465	708	861	1,037	1,260	1,488	1,756	2,047
Kent	5,852	5,956	6,044	6,295	6,550	6,888	7,161	7,620	8,093	314	411	433	582	766	932	994	1,223	1,470
Montgomery	5,170	5,389	5,584	5,865	6,111	6,406	6,722	7,059	7,391	201	308	360	498	609	767	950	1,154	1,350
Prince George's	10,221	10,669	11,074	11,600	12,151	12,714	13,355	14,063	14,735	795	1,082	1,285	1,617	1,974	2,334	2,777	3,291	3,773
Queen Anne's	5,201	5,366	5,450	5,701	6,003	6,382	6,702	7,106	7,566	375	464	452	584	757	984	1,192	1,447	1,735
St. Mary's	7,300	7,658	8,103	8,451	8,872	9,349	9,892	10,473	11,080	545	734	1,011	1,157	1,379	1,648	1,940	2,266	2,624
Somerset	14,390	15,238	15,843	16,810	18,175	19,411	20,792	22,301	23,877	1,624	2,077	2,394	2,973	3,935	4,659	5,610	6,621	7,751
Talbot	3,891	4,030	4,130	4,334	4,502	4,687	4,885	5,144	5,419	245	314	341	460	544	639	753	901	988
Washington	9,398	9,768	10,141	10,601	11,237	11,873	12,553	13,328	14,231	674	896	1,082	1,314	1,671	2,055	2,454	2,923	3,486
Wicomico	11,960	12,526	13,061	13,754	14,556	15,348	16,215	17,178	18,242	900	1,192	1,435	1,812	2,269	2,773	3,359	4,035	4,798
Worcester	3,481	3,578	3,688	3,959	4,150	4,337	4,523	4,781	5,042	194	255	296	487	602	706	814	986	1,162
Unallocated	51	72	67	67	67	67	67	68	61	0	0	0	0	0	0	0	0	0
Total	\$7,646	\$8,014	\$8,335	\$8,737	\$9,175	\$9,639	\$10,144	\$10,706	\$11,265	\$554	\$770	\$942	\$1,183	\$1,441	\$1,733	\$2,069	\$2,456	\$2,842

Appendix E
Increased Required Local Share under the Bill
(\$ in Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Foundation Program	\$223	\$300	\$369	\$429	\$533	\$649	\$775	\$913	\$1,060
Comparable Wage Index	0	0	189	192	198	203	204	209	215
Transitional Supplemental Instruction	33	46	47	36	25	0	0	0	0
Teacher Career Ladder	0	0	0	52	68	87	109	135	166
Post College and Career Readiness	11	12	14	15	17	19	21	23	26
Compensatory Education	1,357	1,390	1,420	1,441	1,479	1,493	1,504	1,536	1,592
Concentration of Poverty	2	4	7	13	19	26	34	42	46
English Learners	384	406	430	453	463	472	487	502	517
Special Education	390	409	437	461	476	513	530	546	558
Prekindergarten	53	76	98	120	205	263	338	433	556
Total	\$2,454	\$2,643	\$3,010	\$3,213	\$3,484	\$3,725	\$4,000	\$4,339	\$4,736

Appendix F

Estimated Increase in Direct Local Appropriations to Public Schools Assumes the Required Local Share Total May Not Cover Retirement (\$ in Millions)

<u>County</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>	<u>FY 30</u>
Allegany	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1
Anne Arundel	0	0	0	0	0	0	20	61	108
Baltimore City	162	175	201	216	240	258	279	307	340
Baltimore	0	0	0	0	0	0	24	67	114
Calvert	0	0	0	0	0	0	0	0	0
Caroline	2	3	3	3	3	3	4	4	5
Carroll	0	0	0	0	0	0	0	0	0
Cecil	0	0	0	1	5	8	11	15	19
Charles	0	0	0	0	0	0	0	0	0
Dorchester	2	2	2	2	2	2	2	2	2
Frederick	0	0	0	0	0	0	0	0	10
Garrett	0	0	0	0	0	0	0	0	2
Harford	0	0	0	0	0	0	0	1	12
Howard	0	0	0	0	0	0	0	0	0
Kent	1	2	2	3	4	5	6	7	9
Montgomery	0	0	0	0	0	30	110	200	294
Prince George's	50	71	123	155	198	232	273	325	386
Queen Anne's	0	0	0	0	0	0	0	0	2
St. Mary's	0	0	0	0	0	0	0	0	0
Somerset	0	0	0	0	0	0	0	0	0
Talbot	10	11	11	13	15	16	18	20	22
Washington	0	0	0	0	0	1	3	5	7
Wicomico	3	3	3	3	4	5	6	8	10
Worcester	0	0	0	0	0	0	0	0	4
Unallocated	0	0	0	0	0	0	0	0	0
Total	\$230	\$266	\$345	\$396	\$471	\$561	\$757	\$1,022	\$1,348

Appendix G Direct Local Appropriations Per Pupil

County	Estimated Direct Local Appropriations Per Pupil – Bill									Change from Current Law								
	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
Allegany	\$3,666	\$3,769	\$3,871	\$3,961	\$4,066	\$4,176	\$4,286	\$4,399	\$4,518	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Anne Arundel	9,099	9,281	9,427	9,527	9,595	9,669	9,754	10,251	10,905	0	0	0	0	0	0	0	397	929
Baltimore City	5,529	5,817	6,300	6,652	7,094	7,485	7,953	8,498	9,116	1,866	2,053	2,436	2,687	3,022	3,307	3,668	4,101	4,601
Baltimore	7,648	7,768	7,880	7,977	8,048	8,111	8,183	8,517	9,037	0	0	0	0	0	0	0	250	665
Calvert	8,599	8,869	9,143	9,402	9,642	9,882	10,110	10,343	10,592	0	0	0	0	0	0	0	0	0
Caroline	2,571	2,696	2,757	2,828	2,979	3,122	3,308	3,476	3,765	89	141	128	125	200	269	379	467	676
Carroll	8,069	8,307	8,533	8,734	8,903	9,076	9,278	9,514	9,793	0	0	0	0	0	0	0	0	0
Cecil	5,632	5,750	5,869	5,978	6,088	6,378	6,757	7,193	7,686	0	0	0	0	0	165	400	661	949
Charles	7,333	7,535	7,720	7,871	8,011	8,170	8,354	8,563	8,799	0	0	0	0	0	0	0	0	0
Dorchester	4,340	4,316	4,347	4,331	4,521	4,602	4,676	4,809	4,890	166	91	83	37	153	117	74	89	97
Frederick	6,777	6,905	7,003	7,071	7,142	7,222	7,315	7,426	7,562	0	0	0	0	0	0	0	0	0
Garrett	7,869	8,197	8,511	8,805	9,096	9,402	9,698	9,968	10,422	0	0	0	0	0	0	0	0	187
Harford	6,990	7,169	7,323	7,446	7,548	7,652	7,761	7,886	8,056	0	0	0	0	0	0	0	0	25
Howard	10,792	11,024	11,213	11,351	11,469	11,601	11,752	11,931	12,143	0	0	0	0	0	0	0	0	0
Kent	10,509	11,034	11,484	12,029	12,929	13,607	14,248	14,996	15,905	334	601	828	1,215	2,023	2,617	3,161	3,777	4,492
Montgomery	10,805	10,953	11,057	11,115	11,178	11,247	11,598	12,241	12,931	0	0	0	0	0	0	273	822	1,396
Prince George's	6,027	6,287	6,748	7,050	7,431	7,758	8,135	8,597	9,142	27	188	572	809	1,118	1,364	1,658	2,029	2,464
Queen Anne's	7,952	8,133	8,302	8,450	8,655	8,882	9,110	9,347	9,583	0	0	0	0	0	0	0	0	0
St. Mary's	6,203	6,354	6,488	6,600	6,709	6,832	6,975	7,145	7,343	0	0	0	0	0	0	0	0	0
Somerset	3,422	3,477	3,571	3,672	3,755	3,853	3,955	4,058	4,169	0	0	0	0	0	0	0	0	0
Talbot	11,366	11,790	12,052	12,442	13,021	13,609	14,173	14,842	15,595	1,819	2,081	2,206	2,490	2,887	3,215	3,511	3,922	4,429
Washington	4,537	4,660	4,784	4,911	5,043	5,175	5,311	5,452	5,627	0	0	0	0	0	0	0	0	33
Wicomico	2,974	3,054	3,140	3,228	3,318	3,417	3,592	3,806	4,050	0	0	0	0	0	11	95	216	362
Worcester	14,659	15,089	15,470	15,754	15,981	16,234	16,529	16,883	17,436	0	0	0	0	0	0	0	0	119
Unallocated	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$7,870	\$8,062	\$8,284	\$8,445	\$8,616	\$8,782	\$9,023	\$9,416	\$9,888	\$170	\$210	\$298	\$353	\$431	\$494	\$623	\$892	\$1,221

Appendix H
Direct State Aid and Local Appropriations Per Pupil

Estimated Direct State and Local Appropriations Per Pupil – Bill

Change from Current Law

<u>County</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>	<u>FY 30</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>	<u>FY 28</u>	<u>FY 29</u>	<u>FY 30</u>
Allegany	\$15,334	\$15,951	\$16,692	\$17,514	\$18,581	\$19,694	\$20,745	\$21,919	\$23,233	\$880	\$1,124	\$1,470	\$1,838	\$2,502	\$3,143	\$3,720	\$4,417	\$5,233
Anne Arundel	14,436	14,831	15,249	15,623	15,971	16,360	16,766	17,627	18,644	368	479	630	782	940	1,134	1,337	1,978	2,768
Baltimore City	18,459	19,632	20,573	21,727	22,992	24,228	25,757	27,456	29,138	3,344	4,297	4,980	5,868	6,667	7,580	8,800	10,159	11,461
Baltimore	14,849	15,290	15,837	16,345	16,914	17,462	18,031	18,924	20,008	402	566	814	1,037	1,350	1,644	1,954	2,589	3,383
Calvert	14,880	15,416	15,927	16,462	17,043	17,649	18,293	18,986	19,747	431	625	707	855	1,061	1,265	1,516	1,797	2,132
Caroline	14,574	15,183	15,637	16,218	17,043	17,910	18,838	19,810	21,008	906	1,259	1,393	1,583	2,032	2,527	3,114	3,705	4,570
Carroll	14,081	14,506	14,859	15,333	15,814	16,360	16,976	17,712	18,514	464	574	609	774	962	1,199	1,447	1,762	2,112
Cecil	13,518	13,969	14,443	14,958	15,548	16,363	17,290	18,320	19,480	579	779	988	1,247	1,563	2,086	2,709	3,386	4,147
Charles	15,310	15,795	16,278	16,780	17,361	17,985	18,645	19,388	20,195	519	676	792	955	1,205	1,481	1,763	2,090	2,459
Dorchester	16,091	16,905	17,469	18,360	19,423	20,429	21,537	22,832	24,148	1,342	1,683	1,836	2,255	2,866	3,357	3,911	4,650	5,372
Frederick	13,760	14,139	14,428	14,794	15,201	15,670	16,184	16,775	17,418	504	656	724	888	1,096	1,337	1,609	1,923	2,265
Garrett	14,353	14,860	15,411	16,004	16,587	17,359	18,069	18,859	19,830	432	516	643	836	958	1,265	1,478	1,784	2,317
Harford	13,585	14,036	14,638	15,146	15,617	16,174	16,747	17,362	18,037	485	636	975	1,222	1,474	1,784	2,113	2,450	2,815
Howard	16,240	16,722	17,302	17,757	18,205	18,723	19,266	19,879	20,552	355	465	708	861	1,037	1,260	1,488	1,756	2,047
Kent	16,362	16,990	17,528	18,324	19,480	20,495	21,410	22,616	23,999	648	1,012	1,261	1,796	2,788	3,549	4,154	5,000	5,962
Montgomery	15,975	16,342	16,642	16,980	17,289	17,654	18,320	19,300	20,322	201	308	360	498	609	767	1,222	1,977	2,746
Prince George's	16,248	16,956	17,822	18,649	19,582	20,472	21,490	22,660	23,876	822	1,271	1,857	2,427	3,093	3,698	4,434	5,320	6,236
Queen Anne's	13,153	13,499	13,752	14,151	14,659	15,264	15,812	16,453	17,149	375	464	452	584	757	984	1,192	1,447	1,735
St. Mary's	13,503	14,012	14,591	15,051	15,581	16,180	16,866	17,617	18,423	545	734	1,011	1,157	1,379	1,648	1,940	2,266	2,624
Somerset	17,813	18,715	19,414	20,482	21,930	23,264	24,747	26,359	28,046	1,624	2,077	2,394	2,973	3,935	4,659	5,610	6,621	7,751
Talbot	15,257	15,820	16,182	16,776	17,522	18,297	19,058	19,986	21,014	2,065	2,395	2,547	2,950	3,431	3,855	4,264	4,823	5,416
Washington	13,935	14,428	14,925	15,513	16,280	17,048	17,865	18,780	19,859	674	896	1,082	1,314	1,671	2,055	2,454	2,923	3,519
Wicomico	14,934	15,580	16,200	16,982	17,874	18,765	19,807	20,985	22,292	900	1,192	1,435	1,812	2,269	2,784	3,454	4,252	5,160
Worcester	18,140	18,667	19,158	19,713	20,131	20,570	21,051	21,664	22,478	194	255	296	487	602	706	814	986	1,282
Unallocated	51	72	67	67	67	67	67	68	61	0	0	0	0	0	0	0	0	0
Total	\$15,516	\$16,076	\$16,619	\$17,182	\$17,791	\$18,421	\$19,166	\$20,121	\$21,153	\$724	\$980	\$1,240	\$1,536	\$1,871	\$2,227	\$2,692	\$3,348	\$4,062

Appendix I – Commission on Innovation and Excellence in Education

Commission on Innovation and Excellence

After more than three years of work, the [Commission on Innovation and Excellence in Education](#) held its final meeting on November 21, 2019. The commission was established by Chapters 701 and 702 of 2016 to, among other charges, (1) review the findings of a consultant’s study on adequacy of education funding (2016 adequacy study) and its related studies and make recommendations on the funding formulas; (2) review and make recommendations on expenditures of local education agencies; (3) review and make recommendations on innovative education delivery mechanisms and other strategies to prepare Maryland students for the 21st century workforce and global economy; and (4) review and make recommendations on expanding prekindergarten, including special education prekindergarten.

In January 2019, the commission released [an interim report](#) that included detailed recommendations in the five policy areas outlined in its December 2017 [preliminary report](#):

- ***Policy Area 1 – Early Childhood Education:*** A significant expansion of voluntary, high-quality, full-day prekindergarten, which will be free for all low-income three- and four-year-olds and provided on a sliding scale for all other four-year-olds, as well as capacity building for child care providers and additional supports and services for young children and their families;
- ***Policy Area 2 – High-quality and Diverse Teachers and Leaders:*** Raising the standards and status of the teaching profession, including a performance-based career ladder and salaries comparable to other fields with similar education requirements as well as revamped teacher preparation programs to provide the skills and knowledge teachers need to be successful with students’ different learning abilities and styles;
- ***Policy Area 3 – College and Career Readiness:*** An internationally benchmarked curriculum that enables most students to achieve college and career readiness by the end of 10th grade and then pursue pathways that include early college, high-quality college preparatory programs, and/or rigorous career and technical education with an apprenticeship or other workplace experience leading to an industry-recognized credential;

- ***Policy Area 4 – More Resources for Students to be Successful:*** Extensive additional support for schools serving high concentrations of students living in poverty, including community schools and wraparound services, and increased support for students learning English and students with disabilities; and
- ***Policy Area 5 – Governance and Accountability:*** An independent accountability board with the authority to ensure that the commission’s recommendations are successfully implemented and produce the desired results.

The interim report included detailed estimates of the cost to implement the policy recommendations phased in over 10 years. The total estimated cost, including State and local funds, was \$3.8 billion annually at full implementation.

The Blueprint for Maryland’s Future

In response to the commission’s interim report, The Blueprint for Maryland’s Future (Chapter 771 of 2019) established in statute the policy framework for a world-class education system in Maryland based on the commission’s recommendations. The Blueprint legislation also provided to the commission the additional year that it requested to complete its work and a “down payment” on funding to begin implementing its recommendations, pending the development of new funding formulas.

The Blueprint legislation provided initial funding for fiscal 2020 and 2021 for some of the commission’s top priorities and mandated in fiscal 2022 at least \$370 million, and up to \$500 million, for the new funding formulas to begin to be implemented. New State funding totals \$255.7 million in fiscal 2020 and \$355.6 million in fiscal 2021.

State and Local Funding and Funding Formulas

In June 2019, the Presiding Officers of the Senate and the House of Delegates appointed a Funding Formula Workgroup consisting of several members of the commission and State and local officials with experience in finance and education to review the State’s education funding formulas and make recommendations to the full commission regarding (1) the distribution of funds between the State and local governments and by local education agency to implement the commission’s policy recommendations and (2) specific funding formulas for ongoing costs within the commission’s recommendations. The workgroup also made recommendations for a more even phase-in schedule over the 10-year implementation period in response to a request in The Blueprint legislation.

The workgroup completed its work in October 2019, and the commission adopted the workgroup’s recommendations nearly unchanged in November. The commission also adopted a revised implementation schedule of the policy recommendations based on the

new phase-in schedule which more evenly distributed the increase in State aid over the 10-year period.

Specifically, the workgroup recommended per pupil funding formula amounts for the Foundation Program and the three targeted formulas (compensatory education, English Learners, and special education) as well as several new formulas including concentration of poverty. It also made recommendations related to enrollment counts, local wealth calculations, and numerous other factors related to the formulas. The workgroup's recommendations fully implement the commission's recommendations in 10 years, as envisioned by the commission in its interim report. However, the specific pacing of the workgroup's phase-in differs from what the commission envisioned, in part due to changes in assumptions about how quickly specific changes can be implemented (*e.g.*, the teacher career ladder) and the need for sufficient planning time so that the recommendations are implemented as intended with consideration for the fiscal impact on the State and local governments.

Materials related to the Funding Formula Workgroup and the commission's 2019 meetings are available on the commission website (<http://bit.ly/MDCCommission>).

Appendix J – Education Funding Formulas and Maintenance of Effort – Current Law

Foundation Program

The Foundation Program is the major State general education aid program for public schools, accounting for nearly half of State education aid as shown in **Exhibit 1**. All figures in this appendix are shown for fiscal 2019, which is the most recent completed fiscal year.

For each school system, a formula determines the State and local shares of a minimum per pupil funding level, or “foundation.” For fiscal 2019, the per pupil foundation amount is \$7,065. The total cost of the Foundation Program, which equals the per pupil foundation amount times the full-time equivalent (FTE) student enrollment count, is shared equally by the local governments and the State. However, as a wealth-equalized formula, the State provides more aid per pupil to school systems in the less wealthy jurisdictions and less aid per pupil to school systems in the more wealthy jurisdictions.

The State has used some type of base funding approach since 1922 to equalize funding and provide a minimum level of support for school systems. Since 2004, the per pupil funding level in the Foundation Program is based on an estimate of the amount of funding that is needed to provide resources sufficient for the “average” student (*i.e.*, one without any supplemental needs) to meet State standards. The target per pupil foundation amount is adjusted each year to reflect inflationary increases, although the State has limited inflationary increases in recent years due to budget constraints.

Computing State aid through the Foundation Program involves two steps. In the first step, a per pupil foundation level is identified. Then, through the wealth equalization formula, the State and local shares of the foundation are calculated. The determination of the foundation level and the distribution of State aid are both specified in statute.

Determining the Per Pupil Foundation Level: The Bridge to Excellence in Public Schools legislation required the target adequate foundation level to be phased in from fiscal 2004 to 2008. During the phase-in period, the target funding level increased with inflation, and the actual funding level increased on a set implementation schedule until it reached the full target funding level in fiscal 2008. Beginning in fiscal 2009, increases in the per pupil foundation amount were scheduled to be tied to inflation. However, due to State budget constraints, the per pupil foundation amount was frozen at the fiscal 2008 level for fiscal 2009 through 2012, and inflation was capped at 1% for fiscal 2013 through 2015. Beginning in fiscal 2016, the per pupil amount increased by the lesser of the

Consumer Price Index (CPI) for the Baltimore/Washington metropolitan area, the implicit price deflator for State and local governments, or 5%. With the elimination of the combined Baltimore/Washington CPI, beginning in fiscal 2020 the Washington CPI is used in the inflation calculation.

Exhibit 1
Funding for General Education Programs
Fiscal 2019
(\$ in Thousands)

County	Foundation Program	Geographic Cost Index	Supplemental Grants	Declining Enrollment	Teachers' Retirement	NTI & TIF Grants¹	Guaranteed Tax Base	Other General Education²	Total
Allegany	\$40,475	\$0	\$10	\$439	\$6,724	\$2,066	\$4,492	\$0	\$54,206
Anne Arundel	218,016	10,218	0	0	61,591	465	0	93	290,383
Baltimore City	353,460	22,211	18,311	15,962	62,241	535	21,243	11,206	505,169
Baltimore	405,336	6,180	0	0	87,122	0	0	1,212	499,849
Calvert	56,349	2,290	0	363	12,972	1,468	0	550	73,992
Caroline	28,130	0	967	0	4,516	912	1,741	0	36,266
Carroll	90,571	2,466	0	263	19,019	2,369	0	126	114,814
Cecil	63,349	0	49	1,181	12,844	2,971	679	1,099	82,171
Charles	111,700	3,686	0	0	20,933	5,612	1,597	64	143,592
Dorchester	20,901	0	1,322	0	3,681	875	1,246	5	28,031
Frederick	162,097	6,910	0	0	30,547	2,958	0	2	202,514
Garrett	9,925	0	1,201	41	2,912	554	0	24	14,657
Harford	138,029	0	0	0	26,750	3,611	0	98	168,487
Howard	173,144	5,868	0	0	55,443	443	0	182	235,081
Kent	2,512	132	1,003	113	1,720	96	0	8	5,583
Montgomery	351,745	37,712	0	0	155,859	0	0	179	545,495
Prince George's	539,619	43,073	20,506	0	109,000	29,288	1,294	66	742,846
Queen Anne's	22,354	586	0	0	5,840	174	0	1	28,954
St. Mary's	68,668	242	3,251	0	12,861	1,646	0	0	86,668
Somerset	13,605	0	0	302	2,637	603	1,711	0	18,858
Talbot	4,669	0	0	0	3,332	0	0	24	8,025
Washington	101,451	0	0	0	16,020	4,072	7,076	14	128,633
Wicomico	73,406	0	0	0	11,794	2,341	7,090	0	94,631
Worcester	6,681	0	0	0	6,565	0	0	0	13,246
Unallocated	0	0	0	0	0	0	0	2,500	2,500
Statewide	\$3,056,189	\$141,574	\$46,620	\$18,664	\$732,921	\$63,059	\$48,170	\$17,456	\$4,124,652

¹NTI: Net Taxable Income; TIF: Tax Increment Financing.

²Other general education includes foundation special grants, the Maryland Early Literacy funding, and State grants to counties for students with out-of-county living arrangements, including students living near county boards.

Note: Formula funding that reflects local wealth is based on September NTI data, except NTI grants which are based on September and November NTI data and TIF grants which are based solely on November NTI data.

Source: Department of Legislative Services

Distribution: The calculation of the State and local shares of the minimum foundation for each of the 24 school systems is based on public school enrollment and county wealth. For purposes of the formula, the statute defines enrollment and wealth as follows.

- *FTE enrollment* equals the total number of students enrolled in kindergarten through grade 12 plus the number of FTE students enrolled in evening high school programs. FTE enrollment is calculated using a September 30 student count from the prior fiscal year.
- *Wealth* equals the sum of 40% of the real property assessable base, 50% of the personal property assessable base, and 100% of net taxable income. The property bases are determined as of July 1 of the previous fiscal year. Net taxable income is computed using data from September 1 of the second preceding calendar year.

Once FTE enrollment and wealth have been determined for each local jurisdiction and summed to produce State totals, a local contribution rate is calculated. The local contribution rate is a statewide “tax” rate representing the counties’ aggregate share of the Foundation Program divided by total county wealth. Specifically, the local contribution rate equals the total cost of the program (FTE enrollment times the per pupil foundation), multiplied by the overall local share of the Foundation Program (50%), and divided by total local wealth. Each county’s local share of the Foundation Program is calculated by multiplying the local contribution rate by the county’s wealth.

The State’s share of the Foundation Program is calculated by subtracting the local share from the total program cost. The formula for State aid to a specific school system, therefore, is:

$$\text{(Per Pupil Foundation} \times \text{Local Enrollment)} - \text{(Local Contribution Rate} \times \text{Local Wealth)}$$

For a very wealthy county, this calculation could result in an aid figure that is less than \$0; however, each school system is guaranteed a minimum State share of 15% of the program cost for the Foundation Program. **Exhibit 2** shows the calculation of Foundation Program variables, and **Exhibit 3** shows the fiscal 2019 distribution of \$3.1 billion in State aid under the Foundation Program using the variables from Exhibit 2.

Exhibit 2
Calculating Foundation Program Variables
Fiscal 2019

Row Per Pupil Foundation Amount

1	Target per pupil amount	\$7,065	
Minimum State Per Pupil Foundation Amount			
2	Per pupil amount	\$7,065	= Row 1
3	Minimum State share	15%	= Constant
4	Minimum amount	\$1,060	= Row 2 x Row 3
Local Contribution Rate			
5	Per pupil foundation	\$7,065	= Row 1
6	Local share	50%	= Constant
7	FTE enrollment 9/30/17	860,805.75	= Actual
8	Wealth base	\$443,660,576,443	= Actual
9	Local contribution rate	0.0068539	= (Row 5 x Row 6 x Row 7) / Row 8

FTE: Full-time equivalent

Source: Department of Legislative Services

Exhibit 3
Foundation Program Calculation
Fiscal 2019

County	Basic Program:			Local Share 0.0068539 Times Wealth	Formula State Aid¹	Min. State Aid	
	FTE Enrollment Sept. 30, 2017	\$7,065 Times Enrollment	Wealth Base			\$1060 Times Enrollment	Total State Aid²
Allegany	8,166.25	\$57,694,556	\$2,512,410,789	\$17,219,812	\$40,474,744	\$8,654,183	\$40,474,744
Anne Arundel	80,350.25	567,674,516	51,015,963,910	349,658,315	218,016,201	85,151,177	218,016,201
Baltimore City	74,853.00	528,836,445	25,587,904,312	175,376,937	353,459,508	79,325,467	353,459,508
Baltimore	109,342.50	772,504,763	53,570,831,528	367,169,122	405,335,641	115,875,714	405,335,641
Calvert	15,434.50	109,044,743	7,688,465,561	52,695,974	56,348,769	16,356,711	56,348,769
Caroline	5,469.00	38,638,485	1,533,187,180	10,508,312	28,130,173	5,795,773	28,130,173
Carroll	24,934.75	176,164,009	12,488,254,284	85,593,246	90,570,763	26,424,601	90,570,763
Cecil	14,782.25	104,436,596	5,994,845,717	41,088,073	63,348,523	15,665,489	63,348,523
Charles	26,085.00	184,290,525	10,591,086,127	72,590,245	111,700,280	27,643,579	111,700,280
Dorchester	4,526.00	31,976,190	1,615,892,665	11,075,167	20,901,023	4,796,429	20,901,023
Frederick	40,752.00	287,912,880	18,356,813,291	125,815,763	162,097,117	43,186,932	162,097,117
Garrett	3,648.75	25,778,419	2,313,101,395	15,853,766	9,924,653	3,866,763	9,924,653
Harford	36,876.50	260,532,473	17,873,597,014	122,503,847	138,028,626	39,079,871	138,028,626
Howard	55,371.75	391,201,414	31,815,054,766	218,057,204	173,144,210	58,680,212	173,144,210
Kent	1,866.00	13,183,290	1,557,036,268	10,671,771	2,511,519	1,977,494	2,511,519
Montgomery	156,995.00	1,109,169,675	110,510,052,629	757,424,850	351,744,825	166,375,451	351,744,825
Prince George's	127,012.75	897,345,079	52,193,029,722	357,725,806	539,619,273	134,601,762	539,619,273
Queen Anne's	7,536.00	53,241,840	4,506,675,346	30,888,302	22,353,538	7,986,276	22,353,538
St. Mary's	17,154.75	121,198,309	7,664,231,062	52,529,873	68,668,436	18,179,746	68,668,436
Somerset	2,697.00	19,054,305	795,067,311	5,449,312	13,604,993	2,858,146	13,604,993
Talbot	4,405.50	31,124,858	4,287,844,670	29,388,459	1,736,399	4,668,729	4,668,729
Washington	21,901.00	154,730,565	7,773,603,630	53,279,502	101,451,063	23,209,585	101,451,063
Wicomico	14,341.25	101,320,931	4,072,824,511	27,914,732	73,406,199	15,198,140	73,406,199
Worcester	6,304.00	44,537,760	7,342,802,755	50,326,836	(5,789,076)	6,680,664	6,680,664
Statewide	860,805.75	\$6,081,592,624	\$443,660,576,443	\$3,040,805,226	\$3,040,787,398	\$912,238,894	\$3,056,189,470

FTE: Full-time equivalent

¹Formula State aid equals the basic program minus the local share.

²State aid equals the greater of formula State aid and minimum State aid.

Note: Local wealth is calculated based on net taxable income data from September 1.

Source: Department of Legislative Services

Special Provisions: At a minimum, by statute, counties must provide the greater of the local share of the foundation amount or at least the same dollars per pupil as they provided in the previous fiscal year. This is known as the “maintenance of effort” requirement. The State Board of Education may grant a county government experiencing fiscal problems a temporary or rebasing waiver of the maintenance of effort requirement. In addition, to calculate the prior year’s local appropriation, nonrecurring costs may be excluded if they are documented and approved by the State board.

Geographic Cost of Education Index

The Bridge to Excellence in Public Schools Act required the development of a Maryland-specific geographic cost of education index (GCEI) that would be available to adjust State aid beginning in fiscal 2005. Chapter 430 of 2004 established a formula for the GCEI, but unlike the rest of the major State aid programs, the formula was not mandated. The formula received no funding through fiscal 2008 and was phased in at 30% in fiscal 2009 and 100% in fiscal 2010; it has been fully funded each year since then, except in fiscal 2016 when it was funded at 50%. Chapter 477 of 2015 made funding of the program mandatory beginning in fiscal 2017.

Distribution: The goal of the GCEI is to recognize regional differences in the cost of educational resources and to compensate school systems where resources cost more due to factors beyond the control of local jurisdictions. For example, personnel costs might be affected by factors like the local student population, local quality of life, and local cost of living. Energy costs could be impacted by different local weather patterns. The original Maryland-specific index that was developed as required by the Bridge to Excellence in Public Schools Act is shown in **Exhibit 4**. The values range from 0.948 in Garrett County to 1.048 in Prince George’s County, with values above 1.000 representing above-average costs and values below 1.000 reflecting below-average costs.

Exhibit 4
Geographic Cost of Education Index

County	GCEI Value	County	GCEI Value
Allegany	0.959	Harford	0.992
Anne Arundel	1.018	Howard	1.015
Baltimore City	1.042	Kent	1.010
Baltimore	1.008	Montgomery	1.034
Calvert	1.021	Prince George's	1.048
Caroline	1.000	Queen Anne's	1.011
Carroll	1.014	St. Mary's	1.002
Cecil	0.989	Somerset	0.973
Charles	1.020	Talbot	0.991
Dorchester	0.978	Washington	0.974
Frederick	1.024	Wicomico	0.971
Garrett	0.948	Worcester	0.959

GCEI: geographic cost of education index

Source: *Adjusting for Geographic Differences in the Cost of Education Provision in Maryland, 2003*

The formula passed by the General Assembly for the index provides additional funds to local school systems with index values above 1.000 but does not decrease funding for systems with below-average costs. The State pays 100% of the additional funding. The basic formula for the index is:

$\text{FTE Enrollment} \times \text{Per Pupil Foundation Amount} \times (\text{GCEI value} - 1.000)$
--

Chapter 2 of the 2007 special session required that the GCEI be updated every three years beginning in September 2009. The index update must use the most current available data and the same methodology used to develop the original Maryland-specific GCEI. Chapter 2 also required that the Maryland State Department of Education recommend legislation to alter the adjustments used in the formula in the legislative session that follows an update of the index. The index was updated as required in 2009, but the newer index was not codified and has not been used to calculate the formula. The calculation of the formula based on the original index for fiscal 2019 totals \$141.6 million and is shown in **Exhibit 5**. The 2012 update was deferred to 2016 by Chapter 397 of 2011.

The consultants who conducted the required 2016 adequacy study, the results of which were considered by the Commission on Innovation and Excellence in Education, evaluated

the current methodology and recommended changes to how the index is calculated. Two reports were produced examining regional cost adjustments for the Maryland school funding model. In November 2015, the *Geographic Cost of Education Adjustment for Maryland* report examined the current approach used by the State, the GCEI, and the alternative approaches available for adjusting for regional cost differences. The report recommended switching from the GCEI to a Comparable Wage Index (CWI) approach for regional cost adjustments to better account for the differences in costs faced by districts in Maryland. The June 2016 report *A Comparable Wage Index for Maryland* calculated the CWI figure for each school district in the State. The consultants recommend using the CWI figure to adjust for regional cost differences.

Exhibit 5
Geographic Cost of Education Index Formula Calculation
Fiscal 2019

County	FTE Enrollment Sept 30, 2017	Foundation: \$7,065 Times Enrollment	GCEI Adjustment	Formula
Allegany	8,166.25	\$57,694,556	0	\$0
Anne Arundel	80,350.25	567,674,516	0.018	10,218,141
Baltimore City	74,853.00	528,836,445	0.042	22,211,131
Baltimore	109,342.50	772,504,763	0.008	6,180,038
Calvert	15,434.50	109,044,743	0.021	2,289,940
Caroline	5,469.00	38,638,485	0	0
Carroll	24,934.75	176,164,009	0.014	2,466,296
Cecil	14,782.25	104,436,596	0	0
Charles	26,085.00	184,290,525	0.020	3,685,811
Dorchester	4,526.00	31,976,190	0.000	0
Frederick	40,752.00	287,912,880	0.024	6,909,909
Garrett	3,648.75	25,778,419	0	0
Harford	36,876.50	260,532,473	0	0
Howard	55,371.75	391,201,414	0.015	5,868,021
Kent	1,866.00	13,183,290	0.010	131,833
Montgomery	156,995.00	1,109,169,675	0.034	37,711,769
Prince George's	127,012.75	897,345,079	0.048	43,072,564
Queen Anne's	7,536.00	53,241,840	0.011	585,660
St. Mary's	17,154.75	121,198,309	0.002	242,397
Somerset	2,697.00	19,054,305	0	0
Talbot	4,405.50	31,124,858	0	0
Washington	21,901.00	154,730,565	0	0
Wicomico	14,341.25	101,320,931	0	0
Worcester	6,304.00	44,537,760	0	0
Statewide	860,805.75	\$6,081,592,624	--	\$141,573,510

FTE: Full-time equivalent

GCEI: geographic cost of education index

Source: Department of Legislative Services

Net Taxable Income Education Grants

Net taxable income is one factor in calculating local wealth for purposes of State aid for education. In general, income tax returns must be filed by April 15; however, taxpayers may pay an estimated tax amount and request an extension from the federal and State governments. Beginning in tax year 2005, the federal government changed the automatic filing extension from four months (August 15) to six months (October 15), and the State conformed to this schedule. Prior to fiscal 2014, the State used net taxable income data as of September 1, which reflected the tax returns filed by the automatic federal extension deadline of August 15, to calculate local wealth. As a result, the net taxable income data used by the State in determining local wealth did not include returns filed in September and October.

Chapter 4 of 2013 changed that by requiring State education aid formulas that include a local wealth component to be calculated twice, once using a net taxable income amount for each county based on tax returns filed by September 1, and once using a net taxable income amount based on tax returns filed by November 1. Each local school system then receives the greater State aid amount that results from the two calculations, with the increase phased in over five years beginning in fiscal 2014. Under Chapter 489 of 2015, the scheduled phase-in of the grants was delayed by one year beginning in fiscal 2016, resulting in fiscal 2019 being the first year of full phase-in. Net taxable income education grants to 19 counties totaled \$62.5 million in fiscal 2019.

Tax Increment Financing Grants

Chapter 258 of 2016 provided grants, for fiscal 2018 and 2019, to counties that established a tax increment financing (TIF) development district after May 1, 2016, and that qualify for State disparity grant funding. State education aid must be calculated twice for eligible counties: once including the assessed value of property in a TIF district and once excluding the increase in the value of property in the TIF district. A county receives a State grant to ensure it receives the higher amount of State aid for education between the two calculations. Baltimore City and Prince George's County are the only two jurisdictions currently receiving grant funding. Under Chapter 387 of 2018, the termination date for the program was repealed.

Grant to Counties with Declining Enrollment

Beginning in fiscal 2012 decreases in education aid in several counties were projected to occur, primarily due to declines in student enrollment. Chapter 397 of 2011 provided State grants to limit decreases in total direct education aid for fiscal 2012 to 6.5%. Chapter 425 of 2013 provided a grant for fiscal 2014 equal to 25% of the decrease in total direct education aid, if a local board of education's total direct education aid in the current

fiscal year is less than the prior year by more than 1%. Chapters 515 and 516 of 2014 required the State to provide a grant in fiscal 2015 through 2017 to a local board of education if (1) FTE enrollment is less than 5,000; (2) FTE enrollment in the current fiscal year is less than the prior fiscal year; and (3) “total direct education aid” in the current fiscal year is less than the prior fiscal year by more than 1%.

Chapters 6 and 607 of 2017 provided declining enrollment supplemental grants to eligible local boards of education for fiscal 2018 through 2020. A local board is eligible for an enrollment-based supplemental grant if the county’s most recent prior three-year moving average FTE enrollment is greater than the FTE enrollment in the previous school year. Chapter 771 of 2019 (The Blueprint for Maryland’s Future) extended the grants through fiscal 2021. This change was based on a recommendation made in the 2016 adequacy study that the State should use a three-year rolling average for the Foundation Program to provide some relief to counties experiencing declining enrollment.

Guaranteed Tax Base

The Bridge to Excellence in Public Schools legislation established a guaranteed tax base program in order to encourage less wealthy jurisdictions to maintain or increase local education tax effort, *i.e.*, local education appropriation as a percent of local tax base, which was phased in from fiscal 2005 to 2008. The program provides additional State education aid to counties that have less than 80% of the statewide average wealth per pupil and provide local education funding above the minimum local share required by the Foundation Program. The program uses local education tax effort and wealth to determine State aid amounts for each eligible school system.

Distribution: To determine which counties qualify for State aid under the guaranteed tax base program, wealth and FTE enrollment, as defined for the Foundation Program, are used to compute wealth per pupil figures for the State and for each of the 24 jurisdictions. To qualify for the program, a county must have a wealth per pupil figure that is less than 80% of the statewide figure. In addition, the county’s local school board appropriation must be greater than the county’s required local share of the Foundation Program.

Once qualifying counties have been identified, the distribution of State aid is determined by wealth, FTE enrollment, and supplemental local education tax effort. A county’s supplemental local effort is calculated by subtracting the county’s local share of the Foundation Program from the county’s overall education appropriation, and dividing the difference by the county’s wealth. State aid for each school system is then calculated as follows:

$\text{Supplemental Local Effort} \times (80\% \text{ of Statewide Wealth Per Pupil} - \text{Local Wealth Per Pupil}) \\ \times \text{Local Enrollment}$
--

The per pupil State contribution is limited to 20% of the per pupil foundation amount as determined under the Foundation Program. In effect, the formula provides as much State aid to a local school system as the system would have received from the county government at the county's actual level of education tax effort if the county had the tax base that is "guaranteed." Thus, counties with high tax effort and low wealth receive the highest per pupil State aid amounts.

Exhibit 6 shows the calculation of the guaranteed tax base allocation for fiscal 2019.

Exhibit 6
Guaranteed Tax Base Program Calculation
Fiscal 2019

County	FY 2019 Wealth Base	FY 2018 Local Education Appropriation	FY 2019 Local Share of Foundation	Supplemental Education Tax Effort ¹	FTE Enrollment Sept 30, 2017	Wealth Per Pupil	Guaranteed Per Pupil ²	Full Program ²
Allegany	\$2,512,410,789	\$30,424,308	\$17,219,812	0.0052557	8,166.25	\$307,658	\$550.08	\$4,492,091
Anne Arundel	51,015,963,910	678,639,500	349,658,315	0.0064486	80,350.25	634,920	0.00	0
Baltimore City	25,587,904,312	278,412,181	175,376,937	0.0040267	74,853.00	341,842	283.80	21,243,281
Baltimore	53,570,831,528	790,069,124	367,169,122	0.0078942	109,342.50	489,936	0.00	0
Calvert	7,688,465,561	120,670,112	52,695,974	0.0088411	15,434.50	498,135	0.00	0
Caroline	1,533,187,180	14,207,361	10,508,312	0.0024127	5,469.00	280,341	318.43	1,741,494
Carroll	12,488,254,284	186,864,400	85,593,246	0.0081093	24,934.75	500,837	0.00	0
Cecil	5,994,845,717	81,688,528	41,088,073	0.0067726	14,782.25	405,544	45.90	678,505
Charles	10,591,086,127	175,509,060	72,590,245	0.0097175	26,085.00	406,022	61.21	1,596,663
Dorchester	1,615,892,665	19,120,529	11,075,167	0.0049789	4,526.00	357,024	275.32	1,246,098
Frederick	18,356,813,291	260,826,623	125,815,763	0.0073548	40,752.00	450,452	0.00	0
Garrett	2,313,101,395	27,314,472	15,853,766	0.0049547	3,648.75	633,944	0.00	0
Harford	17,873,597,014	238,715,645	122,503,847	0.0065019	36,876.50	484,688	0.00	0
Howard	31,815,054,766	572,871,655	218,057,204	0.0111524	55,371.75	574,572	0.00	0
Kent	1,557,036,268	17,233,593	10,671,771	0.0042143	1,866.00	834,425	0.00	0
Montgomery	110,510,052,629	1,665,466,863	757,424,850	0.0082168	156,995.00	703,908	0.00	0
Prince George's	52,193,029,722	739,181,200	357,725,806	0.0073086	127,012.75	410,927	10.19	1,294,260
Queen Anne's	4,506,675,346	55,495,261	30,888,302	0.0054601	7,536.00	598,020	0.00	0
St. Mary's	7,664,231,062	102,189,940	52,529,873	0.0064795	17,154.75	446,770	0.00	0
Somerset	795,067,311	9,741,620	5,449,312	0.0053987	2,697.00	294,797	634.48	1,711,193
Talbot	4,287,844,670	38,002,162	29,388,459	0.0020089	4,405.50	973,294	0.00	0
Washington	7,773,603,630	97,053,410	53,279,502	0.0056311	21,901.00	354,943	323.10	7,076,213
Wicomico	4,072,824,511	43,605,002	27,914,732	0.0038524	14,341.25	283,994	494.37	7,089,884
Worcester	7,342,802,755	83,870,125	50,326,836	0.0045682	6,304.00	1,164,785	0.00	0
Statewide	\$443,660,576,443	\$6,327,172,674	\$3,040,805,226	0.0074074	860,805.75	\$515,402		\$48,169,682
					Guaranteed tax base:	\$412,321		

¹Supplemental education tax effort equals the local appropriation minus the local share of the foundation, divided by local wealth.

²Guaranteed per pupil equals guaranteed tax base (GTB) minus local per pupil wealth times supplemental education tax effort, or \$0 if local wealth exceeds the GTB.

³Full program equals guaranteed per pupil times full-time equivalent enrollment.

Source: Department of Legislative Services

Targeted Student Funding

The second major category of State aid programs provides additional funding to school systems based on their enrollments of students with special needs as shown in **Exhibit 7**. Although the State supported numerous categorical programs that targeted funds to school systems with higher proportions of at-risk students prior to 2002, the adequacy concept and the Bridge to Excellence in Public Schools legislation altered the landscape of targeted funding considerably.

The 2001 adequacy study conducted for the Commission on Education Finance, Equity, and Excellence (Thornton Commission) estimated the additional costs of providing services to three groups of students – special education students, students from economically disadvantaged backgrounds, and students with limited English proficiency. Instead of dollar values, the estimates were expressed as “weights” – the proportion of the general education base per pupil cost that would be needed, over and above the base cost, to reasonably assume that an at-risk student could achieve State standards. Following some empirical and other adjustments to the initial study results, weights of 0.74 for special education students, 0.97 for students eligible for free and reduced-price meals, and 0.99 for limited English proficient students were calculated. The special needs pupil weights computed through the adequacy study were incorporated into the funding formulas for each of the three special needs groups. The three formulas make up the majority of State aid for at-risk students.

The programs use three slightly different versions of the same funding formula. State funding levels for the programs are based on the number of at-risk students enrolled in public schools at the end of October of the prior year and the per pupil foundation amount established in the Foundation Program (because the weights reflect a percentage of the per pupil foundation amount). The State has an overall share of 50% for all three programs, with more wealthy counties receiving lower State shares than less wealthy counties. Unlike the Foundation Program, however, local governments are not required by law to provide a local share to match the State funding. Each program has a minimum 40% State share of the per pupil amount, regardless of local wealth.

To determine the distribution of State aid through each of the three at-risk formulas, the following formula is used:

$$\frac{\text{State aid amount per at-risk pupil} \times \text{Enrollment of at-risk students}}{\text{Local wealth per pupil} / \text{statewide wealth per pupil}}$$

When the amounts for each school system are summed, however, the total does not equal the intended State contribution. Therefore, another step is taken to proportionally adjust the school system allocations by a reducing factor to bring the total back to the calculated

funding level. In the final step, each jurisdiction's per pupil aid, as calculated in the previous steps, is compared to a statutory minimum State contribution. If the formula aid for a school system is less than the minimum aid, the school system receives the minimum rather than the amount computed through the formula. Fiscal 2019 funding levels for targeted aid programs – including the three at-risk formulas, State support for nonpublic special education, and the SEED School of Maryland – are shown in **Exhibit 7**.

Exhibit 7
Targeted Education Aid Programs
Fiscal 2019
(\$ in Thousands)

County	Special Education Formula	Nonpublic Placements	Compensatory Education	LEP Formula	Total
Allegany	\$5,658	\$1,959	\$22,123	\$85	\$29,825
Anne Arundel	18,139	9,306	67,731	14,855	110,031
Baltimore City	46,237	13,056	288,578	25,178	373,048
Baltimore	37,503	17,054	148,756	24,270	227,583
Calvert	3,811	940	8,990	492	14,233
Caroline	2,549	244	15,323	2,462	20,577
Carroll	7,377	2,993	14,273	1,093	25,737
Cecil	6,993	928	23,229	1,123	32,273
Charles	9,706	1,194	34,227	2,860	47,988
Dorchester	1,549	121	12,794	901	15,366
Frederick	12,780	4,244	35,111	9,914	62,049
Garrett	813	150	4,458	25	5,447
Harford	12,579	6,198	34,404	2,238	55,419
Howard	12,003	4,112	31,926	9,322	57,362
Kent	546	297	2,703	173	3,719
Montgomery	40,404	16,914	141,593	73,546	272,457
Prince George's	45,005	21,034	286,326	107,415	459,779
Queen Anne's	1,844	74	5,066	686	7,671
St. Mary's	5,203	875	18,259	1,039	25,375
Somerset	1,718	30	10,117	666	12,531
Talbot	1,033	49	5,357	895	7,335
Washington	8,125	1,050	45,484	2,429	57,089
Wicomico	7,565	258	44,251	5,993	58,067
Worcester	1,673	39	7,257	380	9,350
Statewide	\$290,813	\$103,119	\$1,308,336	\$288,040	\$1,990,311

LEP: Limited English Proficiency

Note: Numbers may not sum due to rounding.

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

Special Education Programs

Maryland law requires that the State and each county make free appropriate educational programs available to students with disabilities until the age of 21. Most students currently receive special education services in the public schools. If an appropriate program is not available in the public schools, however, the student is placed in a private or nonpublic school offering more specialized services. State support for nonpublic schools that serve special education students is provided through aid for nonpublic placements. All special education students, regardless of where they are educated, must have Individualized Education Programs that define the services the students need and outline goals for students, as required by federal law. Individualized Education Programs must be updated annually.

Special Education Formula

Some additional State funding has been provided for the “excess” costs associated with educating students with special education needs as far back as fiscal 1930.

The 2002 Bridge to Excellence in Public Schools Act implemented a special education funding formula that provides State aid based on the number of special education students enrolled in each public school system. The formula calculates a per special education pupil cost to be shared by State and local governments that is 0.74 times the per pupil funding level established in the Foundation Program. This funding level, when coupled with federal special education funding and aid for nonpublic placements and adjusted for at-risk students who qualify under more than one category of special needs, would bring the additional aid per special education student to approximately 1.17 times the per pupil foundation amount, as recommended by the adequacy study conducted for the Commission on Education Finance, Equity, and Excellence.

Distribution: Funding for the special education formula is based on local special education enrollments and wealth. **Exhibit 8** shows the calculation of \$290.8 million in fiscal 2019 State aid for the special education formula.

Exhibit 8
Special Education Formula Calculation
Fiscal 2019

<u>County</u>	<u>Oct. 2017 Special Ed Enrollment</u>	<u>Program Level: \$2,614 x Enrollment</u>	<u>Wealth Per Pupil Factor¹</u>	<u>Adjusted Grant²</u>	<u>Minimum Grant: \$2,091 x Enrollment</u>	<u>Total Aid³</u>
Allegany	1,413	\$3,693,582	0.5969282	\$5,657,947	\$2,954,866	\$5,657,947
Anne Arundel	8,674	22,673,836	1.2318928	16,830,046	18,139,069	18,139,069
Baltimore City	12,830	33,537,620	0.6632531	46,236,630	26,830,096	46,236,630
Baltimore	14,915	38,987,810	0.9505900	37,503,243	31,190,248	37,503,243
Calvert	1,541	4,028,174	0.9664980	3,811,014	3,222,539	3,811,014
Caroline	580	1,516,120	0.5439269	2,548,744	1,212,896	2,548,744
Carroll	2,999	7,839,386	0.9717405	7,376,749	6,271,509	7,376,749
Cecil	2,302	6,017,428	0.7868499	6,992,819	4,813,942	6,992,819
Charles	3,199	8,362,186	0.7877773	9,706,208	6,689,749	9,706,208
Dorchester	449	1,173,686	0.6927098	1,549,294	938,949	1,549,294
Frederick	4,673	12,215,222	0.8739819	12,780,038	9,772,178	12,780,038
Garrett	389	1,016,846	1.2299991	755,934	813,477	813,477
Harford	4,949	12,936,686	0.9404077	12,578,825	10,349,349	12,578,825
Howard	5,598	14,633,172	1.1148036	12,002,545	11,706,538	12,002,545
Kent	261	682,254	1.6189790	385,335	545,803	545,803
Montgomery	19,321	50,505,094	1.3657456	33,814,159	40,404,075	40,404,075
Prince George's	15,012	39,241,368	0.7972942	45,004,792	31,393,094	45,004,792
Queen Anne's	882	2,305,548	1.1602982	1,816,929	1,844,438	1,844,438
St. Mary's	1,887	4,932,618	0.8668379	5,203,228	3,946,094	5,203,228
Somerset	411	1,074,354	0.5719749	1,717,528	859,483	1,717,528
Talbot	494	1,291,316	1.8884172	625,271	1,033,053	1,033,053
Washington	2,341	6,119,374	0.6886721	8,125,082	4,895,499	8,125,082
Wicomico	1,744	4,558,816	0.5510145	7,565,233	3,647,053	7,565,233
Worcester	800	2,091,200	2.2599544	846,114	1,672,960	1,672,960
Statewide	107,664	\$281,433,696		\$281,433,707	\$225,146,957	\$290,812,794
			Reducing Factor = 0.9143937			

¹Wealth per pupil factor equals the local wealth per pupil divided by the statewide wealth per pupil. Local wealth is based on September 1 net taxable income data.

²The adjusted grant equals the program level divided by the wealth per pupil factor. The outcome is multiplied by the reducing factor, which brings the statewide total back to the calculated State funding level.

³Formula aid for each school system equals the greater of the adjusted grant and the minimum grant.

Source: Department of Legislative Services

Compensatory Education Formula

Maryland also provides supplemental funding to school systems to ensure that students receive additional support services if they are struggling to meet State standards. One of the most consistent predictors of lower test scores for schools and school systems is the proportion of economically disadvantaged students. The State has distributed compensatory aid to local school boards since 1980 to fund programs for students with educational needs resulting from educationally or economically disadvantaged environments.

The funding for economically disadvantaged students was further enhanced by the Bridge to Excellence in Public Schools Act. Since fiscal 2004, the formula has used the number of students eligible for free and reduced-price meals instead of the number of Title I-eligible students, resulting in a higher student count. In addition, the formula uses a per pupil cost to be shared by State and local governments that is 0.97 times the per pupil funding level established in the Foundation Program. This funding level, when coupled with federal Title I funding and other State aid programs targeting struggling or disadvantaged students, brings the total aid per student who is eligible for free and reduced-price meals to approximately 1.1 times the per pupil foundation amount, which is the full amount of the weight recommended by the adequacy study conducted for the Commission on Education Finance, Equity, and Excellence.

Distribution: Funding for the compensatory education formula is based on local enrollments of students eligible for free and reduced-priced meals and local wealth. The calculation of \$1.3 billion in fiscal 2019 State aid for the compensatory education formula is shown in **Exhibit 9**.

Exhibit 9
Compensatory Education Formula Calculation
Fiscal 2019

County	Oct. 2017 FRPM Enrollment	Program Level: \$3,427 x Enrollment	Wealth Per Pupil Factor¹	Adjusted Grant²	Minimum Grant: \$2,742 x Enrollment	Total Aid³
Allegany	4,473	\$15,328,971	0.5969282	\$22,122,620	\$12,263,177	\$22,122,620
Anne Arundel	24,705	84,664,035	1.2318928	59,206,815	67,731,228	67,731,228
Baltimore City	64,831	222,175,837	0.6632531	288,577,980	177,740,670	288,577,980
Baltimore	47,897	164,143,019	0.9505900	148,756,115	131,314,415	148,756,115
Calvert	2,943	10,085,661	0.9664980	8,989,780	8,068,529	8,989,780
Caroline	2,823	9,674,421	0.5439269	15,322,516	7,739,537	15,322,516
Carroll	4,698	16,100,046	0.9717405	14,273,237	12,880,037	14,273,237
Cecil	6,191	21,216,557	0.7868499	23,228,901	16,973,246	23,228,901
Charles	9,133	31,298,791	0.7877773	34,227,072	25,039,033	34,227,072
Dorchester	3,002	10,287,854	0.6927098	12,794,376	8,230,283	12,794,376
Frederick	10,394	35,620,238	0.8739819	35,110,744	28,496,190	35,110,744
Garrett	1,626	5,572,302	1.2299991	3,902,793	4,457,842	4,457,842
Harford	10,959	37,556,493	0.9404077	34,404,442	30,045,194	34,404,442
Howard	11,645	39,907,415	1.1148036	30,839,043	31,925,932	31,925,932
Kent	986	3,379,022	1.6189790	1,798,023	2,703,218	2,703,218
Montgomery	51,646	176,990,842	1.3657456	111,641,750	141,592,674	141,592,674
Prince George's	77,325	264,992,775	0.7972942	286,326,195	211,994,220	286,326,195
Queen Anne's	1,848	6,333,096	1.1602982	4,702,102	5,066,477	5,066,477
St. Mary's	5,361	18,372,147	0.8668379	18,258,609	14,697,718	18,258,609
Somerset	1,960	6,716,920	0.5719749	10,116,699	5,373,536	10,116,699
Talbot	1,954	6,696,358	1.8884172	3,054,825	5,357,086	5,357,086
Washington	10,610	36,360,470	0.6886721	45,484,419	29,088,376	45,484,419
Wicomico	8,259	28,303,593	0.5510145	44,251,113	22,642,874	44,251,113
Worcester	2,647	9,071,269	2.2599544	3,457,913	7,257,015	7,257,015
Statewide	367,916	\$1,260,848,132		\$1,260,848,082	\$1,008,678,507	\$1,308,336,290
		Reducing Factor = 0.8614809				

FRPM: free and reduced-price meals.

¹Wealth per pupil factor equals the local wealth per pupil divided by the statewide wealth per pupil. Local wealth is based on September 1 net taxable income data.

²The adjusted grant equals the program level divided by the wealth per pupil factor. The outcome is multiplied by the reducing factor, which brings the statewide total back to the calculated State funding level.

³Formula aid for each school system equals the greater of the adjusted grant and the minimum grant.

Source: Department of Legislative Services

Limited English Proficiency Formula

Funding for limited English proficient students was initially provided in the fiscal 1994 State budget; the program was first established in statute in 1994.

The Bridge to Excellence in Public Schools Act established a new formula for limited English proficiency funding based on the same adequacy study that informed the special education and compensatory education formulas. The study estimated that school systems need an additional 0.99 times the per pupil foundation amount for each student with limited English proficiency.

Distribution: Funding for the limited English proficiency formula is based on local enrollments of limited English proficient students and local wealth. The calculation of \$288.0 million in fiscal 2019 State aid for the limited English proficiency formula is shown in **Exhibit 10**.

Exhibit 10
Limited English Proficiency formula Calculation
Fiscal 2019

County	Oct. 2017 LEP Enrollment	Program Level: \$3,497 x Enrollment	Wealth Per Pupil Factor¹	Adjusted Grant²	Minimum Grant: \$2,798 x Enrollment	Total Aid³
Allegany	15	\$52,455	0.5969282	\$84,756	\$41,964	\$84,756
Anne Arundel	5,310	18,569,070	1.2318928	14,538,671	14,855,256	14,855,256
Baltimore City	4,951	17,313,647	0.6632531	25,177,739	13,850,918	25,177,739
Baltimore	6,840	23,919,480	0.9505900	24,269,786	19,135,584	24,269,786
Calvert	141	493,077	0.9664980	492,064	394,462	492,064
Caroline	397	1,388,309	0.5439269	2,461,802	1,110,647	2,461,802
Carroll	315	1,101,555	0.9717405	1,093,361	881,244	1,093,361
Cecil	262	916,214	0.7868499	1,123,085	732,971	1,123,085
Charles	668	2,335,996	0.7877773	2,860,066	1,868,797	2,860,066
Dorchester	185	646,945	0.6927098	900,790	517,556	900,790
Frederick	2,569	8,983,793	0.8739819	9,914,361	7,187,034	9,914,361
Garrett	9	31,473	1.2299991	24,680	25,178	25,178
Harford	624	2,182,128	0.9404077	2,238,059	1,745,702	2,238,059
Howard	3,081	10,774,257	1.1148036	9,321,728	8,619,406	9,321,728
Kent	62	216,814	1.6189790	129,167	173,451	173,451
Montgomery	26,289	91,932,633	1.3657456	64,924,310	73,546,106	73,546,106
Prince George's	25,391	88,792,327	0.7972942	107,414,841	71,033,862	107,414,841
Queen Anne's	236	825,292	1.1602982	686,034	660,234	686,034
St. Mary's	267	933,699	0.8668379	1,038,906	746,959	1,038,906
Somerset	113	395,161	0.5719749	666,353	316,129	666,353
Talbot	320	1,119,040	1.8884172	571,551	895,232	895,232
Washington	496	1,734,512	0.6886721	2,429,251	1,387,610	2,429,251
Wicomico	979	3,423,563	0.5510145	5,992,703	2,738,850	5,992,703
Worcester	136	475,592	2.2599544	202,975	380,474	380,474
Statewide	79,656	\$278,557,032		\$278,557,039	\$222,845,626	\$288,041,382
		Reducing Factor =	0.9645116			

LEP: Limited English Proficiency

¹Wealth per pupil factor equals the local wealth per pupil divided by the statewide wealth per pupil. Local wealth is based on September 1 net taxable income data.

²The adjusted grant equals the program level divided by the wealth per pupil factor. The outcome is multiplied by the reducing factor, which brings the statewide total back to the calculated State funding level.

³Formula aid for each school system equals the greater of the adjusted grant and the minimum grant.

Source: Department of Legislative Services

Maintenance of Effort Requirement

Minimum annual appropriations from each county (including Baltimore City) to the local school system are governed by a maintenance of effort provision under State law. This provision requires each county to provide, at a minimum, the greater of (1) the local share of the foundation amount, which is a uniform percentage of the local wealth base applicable to all counties or (2) the per pupil amount provided by the county in the previous year. Counties may request that nonrecurring costs be excluded from the per pupil calculation subject to State board approval. Historically, county contributions to local school boards have exceeded the local share of the foundation, so providing at least as much funding per pupil as was provided in the previous fiscal year has been the higher threshold for counties to meet. In most years, counties have also exceeded the higher maintenance of effort requirement. However, in times of fiscal constraint, meeting maintenance of effort becomes an issue.

In 1996, the State enacted Chapter 175 to allow county governments to apply to the State Board of Education for a one-year waiver from the maintenance of effort requirement. To approve a waiver, the State board must find that the county showed, by a preponderance of evidence, that its “fiscal condition significantly impedes the county’s ability to fund the maintenance of effort requirement.” A separate piece of legislation, Chapter 72, was also enacted in 1996 that granted a one-time waiver to Wicomico County. No county applied for a waiver until 2009, when three counties applied for waivers from their fiscal 2010 maintenance of effort levels. Although the State board denied all three fiscal 2010 applications, ultimately two counties failed to meet the requirements. At that time, if a county did not meet the maintenance of effort requirement, any *increase* in State education aid to the local school board would be withheld. However, legislative action prohibited a penalty against these two counties – Montgomery and Prince George’s.

Two counties – Montgomery and Wicomico – applied for fiscal 2011 waivers, and approval of both applications represented the first time the waiver process was used to successfully reduce maintenance of effort funding levels. Six counties expressed intent to apply for a waiver in fiscal 2012. However, due to State fiscal constraints, many counties did not receive an increase in State funds. Therefore, there was no penalty for reducing funding below the locally required amount for those counties. Because of this dynamic, the counties decided to bypass the waiver process and, ultimately, seven counties rebased their school appropriations below the required maintenance of effort amounts in fiscal 2012. This caught the attention of legislators and resulted in renewed interest in a comprehensive evaluation of the State’s law.

Many of the issues that had arisen were addressed in Chapter 6 of 2012, which altered the maintenance of effort penalty, the waiver process, and the calculation of annually required

amounts. Under Chapter 6, if a county does not receive a waiver and does not provide the required funding to the local school board, the State will intercept the county's local income tax revenues in the amount by which the county was below the required amount and forward the funds directly to the local school board, thus ensuring that annual maintenance of effort funding will be provided to that local school board.

Additionally, three avenues to receive a waiver were created by Chapter 6. First, a one-year waiver is available if the State board approves the request after evaluating nine factors enumerated in statute, which includes experiencing a broad economic downturn (much like the 2007-2009 great recession). Previously, a county had to show that it had a more severe economic downturn than other counties. Second, after receiving a one-year waiver, a county may request a waiver that allows the county to permanently reduce its required payment. This is known as a rebasing waiver. The rebasing waiver requires a county to demonstrate ongoing problems with meeting maintenance of effort through an additional set of factors the State board must consider and allows for limited decreases in the county's required amount. Finally, the State board is required to grant a waiver request when a county and the local school board have agreed to reductions in recurring costs and have agreed on the amount of the waiver. The agreed upon waiver amount may be less than the total amount of savings generated through the reduction in recurring costs but may not exceed the savings.

Unless a county received a rebasing waiver or a waiver for reductions in recurring costs, Chapter 6 set the county's per pupil maintenance of effort amount for the following year at the per pupil amount the county provided in the most recent year in which it met maintenance of effort. However, Chapter 6 and the Budget Reconciliation and Financing Act of 2012 granted rebasing waivers to the fiscal 2012 level to counties that maximized their local taxing authority; three counties (Montgomery, Queen Anne's, and Wicomico) utilized this provision. Chapter 6 also required that, beginning in fiscal 2015, a county that is below the statewide five-year moving average education effort level must increase its per pupil maintenance of effort amount by the lesser of (1) the increase in local wealth per pupil; (2) the statewide average increase in local wealth per pupil; or (3) 2.5%. After the enactment of Chapter 6, all counties had met the maintenance of effort requirement since 2013 until fiscal 2020, when Baltimore City was determined to have not met its maintenance of effort requirement.