

**R00A02**  
**Aid to Education**  
Maryland State Department of Education

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18-19</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$5,846,006	\$5,839,754	\$6,004,692	\$164,938	2.8%
Adjustments	0	36,770	-19,250	-56,020	
<b>Adjusted General Fund</b>	<b>\$5,846,006</b>	<b>\$5,876,524</b>	<b>\$5,985,442</b>	<b>\$108,919</b>	<b>1.9%</b>
Special Fund	479,618	527,311	508,299	-19,012	-3.6%
Adjustments	0	-40,565	0	40,565	
<b>Adjusted Special Fund</b>	<b>\$479,618</b>	<b>\$486,747</b>	<b>\$508,299</b>	<b>\$21,552</b>	<b>4.4%</b>
Federal Fund	829,729	968,017	943,480	-24,537	-2.5%
Adjustments	0	0	0	0	
<b>Adjusted Federal Fund</b>	<b>\$829,729</b>	<b>\$968,017</b>	<b>\$943,480</b>	<b>-\$24,537</b>	<b>-2.5%</b>
Reimbursable Fund	13	140	30	-110	-78.6%
Adjustments	0	0	0	0	
<b>Adjusted Reimbursable Fund</b>	<b>\$13</b>	<b>\$140</b>	<b>\$30</b>	<b>-\$110</b>	<b>-78.6%</b>
<b>Adjusted Grand Total</b>	<b>\$7,155,366</b>	<b>\$7,331,428</b>	<b>\$7,437,251</b>	<b>\$105,824</b>	<b>1.4%</b>

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- The fiscal 2019 budget includes a fund swap of \$46.3 million for the fiscal 2018 appropriation that replaces special funds with general funds due to Education Trust Fund (ETF) revenue shortfalls in fiscal 2017 of \$5.7 million and lower revenue projections in fiscal 2018 of \$40.6 million. As the deficiency for projected revenues is the only portion affecting ongoing expenditures, only the fund swap for \$40.6 million is represented in the cover page.

Note: Numbers may not sum to total due to rounding.

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***R00A02 – MSDE – Aid to Education***

- The fiscal 2018 working appropriation reflects specific reversions in fiscal 2018 for Quality Teacher Stipends; the Teacher Induction, Retention, and Advancement Pilot Program; Anne Arundel County teacher stipends; and out-of-county placements that total \$3.8 million. These have occurred due to expected spending for these programs being lower than budgeted.
- The fiscal 2019 allowance is \$105.8 million (all funds) above the adjusted fiscal 2018 working appropriation. General funds increase by \$108.9 million, primarily due to formula funding for education aid, though this reflects \$19.3 million in reductions contingent on the Budget Reconciliation and Financing Act (BRFA) of 2018. Special funds increase \$21.6 million, primarily based on ETF revenue projections. Federal funds decrease \$24.5 million, which is primarily due to decreased cost estimates for food services programs, offset by new federal grants for literacy, children at risk, and charter schools.



## *Analysis in Brief*

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### **Major Trends**

***Partnership for Assessment of Readiness for College and Careers Results Relatively Level:*** Partnership for Assessment of Readiness for College and Careers (PARCC) assessments were administered for the third time during the 2016-2017 school year. In total, 41% of students across all exams demonstrated readiness in English/language arts (ELA), a 1.6 percentage point increase over the previous year. Scores for mathematics were lower, with 33.6% of students statewide demonstrating readiness, which was about the same as the previous year. **The Maryland State Department of Education (MSDE) should update the committees on which local education agencies (LEA) are administering PARCC for optional grades and subjects, such as grade 9 ELA and Geometry. MSDE should also update the committees on the State’s timeline for achieving the goal that students are college and career ready when leaving high school.**

***Graduation Rate Slows in Growth:*** Cohort graduation rates indicate that an increasing number of Maryland students are graduating on time each year, though the growth has slowed recently. The four-year adjusted cohort graduation rate for the class of 2017 was 87.7%, which amounts to a 0.1 percentage point increase over the class of 2016 rate.

### **Issues**

***State Aid to Education:*** Under current law, public schools are expected to receive \$6.5 billion in funding from the State in fiscal 2019, representing a \$157 million (2.5%) increase over the prior fiscal year. The largest increases can be attributed to the Foundation program, funding for students with limited English proficiency, net taxable income grants, and supplemental grants that allow all LEAs to receive an increase in direct education aid. Reductions contingent on the BRFA of 2018 seek to reduce the fiscal 2019 appropriation by \$19.3 million.

***Commission on Innovation and Excellence in Education Requests Extension:*** The Commission on Innovation and Excellence in Education has submitted a preliminary report with recommendations arranged around five policy areas. The commission has also requested an additional year to fully respond to its charge and “cost out” its recommendations. Legislation has been introduced that would extend the commission’s deadline while also implementing several of its preliminary recommendations.

***Pathways in Technology Early College High School Program:*** Pathways in Technology Early College High (P-TECH) schools are public schools that offer grades 9 through 14 and that integrate high school, college, and the workplace. There are currently five such schools in Maryland, with the number expected to increase to eight in fall 2018. To date, MSDE has only reported data for two schools in Baltimore City. Without information on enrollment in other schools, it is impossible to determine whether or not funding in the budget accurately represents costs for P-TECH. **MSDE should provide the enrollment of students at P-TECH schools in Allegany and Prince George’s counties,**



as well as the expected enrollment and industry partners for the three P-TECH schools receiving planning grants in fiscal 2018. MSDE should also explain how the fiscal 2019 allowance was determined, and how much of the funding is intended to cover required community college grants. Finally, MSDE should comment on whether funds designated for planning grants for a P-TECH school on the Eastern Shore were returned to the State and how much unused planning grant funding is anticipated to be returned at the end of fiscal 2018.

## **Operating Budget Recommended Actions**

### **Funds**

1. Add language requiring the Maryland State Department of Education to notify the budget committees of fund transfers from R00A02 Aid to Education to any other budgetary unit.
  2. Amend language for the Next Generation Scholars of Maryland Program to reflect a recommendation for the Budget Reconciliation and Financing Act of 2018 to reduce its mandated appropriation.
  3. Amend language for the Teacher Induction, Retention, and Advancement Pilot Program reflecting a recommendation for the Budget Reconciliation and Financing Act of 2018 to reduce its mandated appropriation.
  4. Strike language reducing the appropriation for stipends for teachers with National Board Certification.
  5. Reduce the appropriation for the Quality Teacher Incentives program. \$ 1,280,000
- Total Reductions** **\$ 1,280,000**

## **Budget Reconciliation and Financing Act Recommended Actions**

1. Reject provision repealing the mandate and reducing the stipend amount for teachers in comprehensive needs schools.
2. Amend provision regarding the Next Generation Scholars of Maryland Program to maintain the mandate and level funding of at least \$4.7 million.
3. Amend provision regarding the Teacher Induction, Retention, and Advancement Pilot Program to maintain the mandate and level funding of at least \$955,000.



## **Updates**

***Baltimore City Public Schools Cost Efficiencies:*** The budget committees adopted narrative in the 2017 *Joint Chairmen’s Report* (JCR) directing Baltimore City Public Schools (BCPS) and Baltimore City to convene a joint task force to determine arrangements for savings, including but not exclusive to retiree and current employee health care for BCPS employees, and report to the budget committees. While BCPS and Baltimore City are working toward cost savings in procurement, fleet operations, and other expenses, they are at odds over how to best implement cost savings for employee and retiree health care.

***School-based Health Centers:*** Due to concern about when and how school-based health centers (SBHC) receive funding, the budget committees included narrative in the 2017 JCR requiring MSDE to report on the status and timeliness of the award of SBHC funds for fiscal 2018. MSDE reports that the entering of grant information into MSDE’s fiscal management system and the subsequent review process caused delays in disbursing funds in fiscal 2017 and that it created a timeline to avoid such delays for fiscal 2018.



***R00A02 – MSDE – Aid to Education***



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## ***Operating Budget Analysis***

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### **Program Description**

State and local governments share responsibility for Maryland's public schools. In 2002, the Commission on Education Finance, Equity, and Excellence (a.k.a. the Thornton Commission) recommended, and the legislature approved, altering and enhancing the distribution of State aid to education. The new distribution system was phased in from fiscal 2003 through 2008. Since fiscal 2009, funding adjustments have been determined primarily by changes in enrollment.

Under the Bridge to Excellence (BTE) in the Public Schools Act of 2002, commonly referred to as "Thornton" (based on the name of the chair of the commission), school systems receive a basic per pupil funding amount through the Foundation program. Additional formulas provide supplemental aid based on students with special needs including students with disabilities, students eligible for free and reduced-price meals (FRPM), and students with limited English proficiency (LEP). The Geographic Cost of Education Index (GCEI) is a mandated formula to account for differences in the costs of educational resources among school systems. State aid for student transportation also increased under Thornton.

Along with enhanced funding, local jurisdictions received broad flexibility in determining how to meet State goals for student achievement. At the same time, each school system is held accountable for achieving the goals and student outcome measurements outlined in its Comprehensive Master Plan, which is updated annually. Local education agencies (LEA) submitted new five-year master plans in fall 2015, as required by Chapter 466 of 2012, which will be updated annually to encompass a rolling five-year period.

Previously, the Maryland State Department of Education (MSDE) was responsible for the general direction and control of library development in Maryland, and State library aid is budgeted under Aid to Education. However, Chapters 337 and 338 of 2017 created a new Maryland State Library Agency, under which these programs are now budgeted.

### **Performance Analysis: Managing for Results**

#### **1. Partnership for Assessment of Readiness for College and Careers Results Relatively Level**

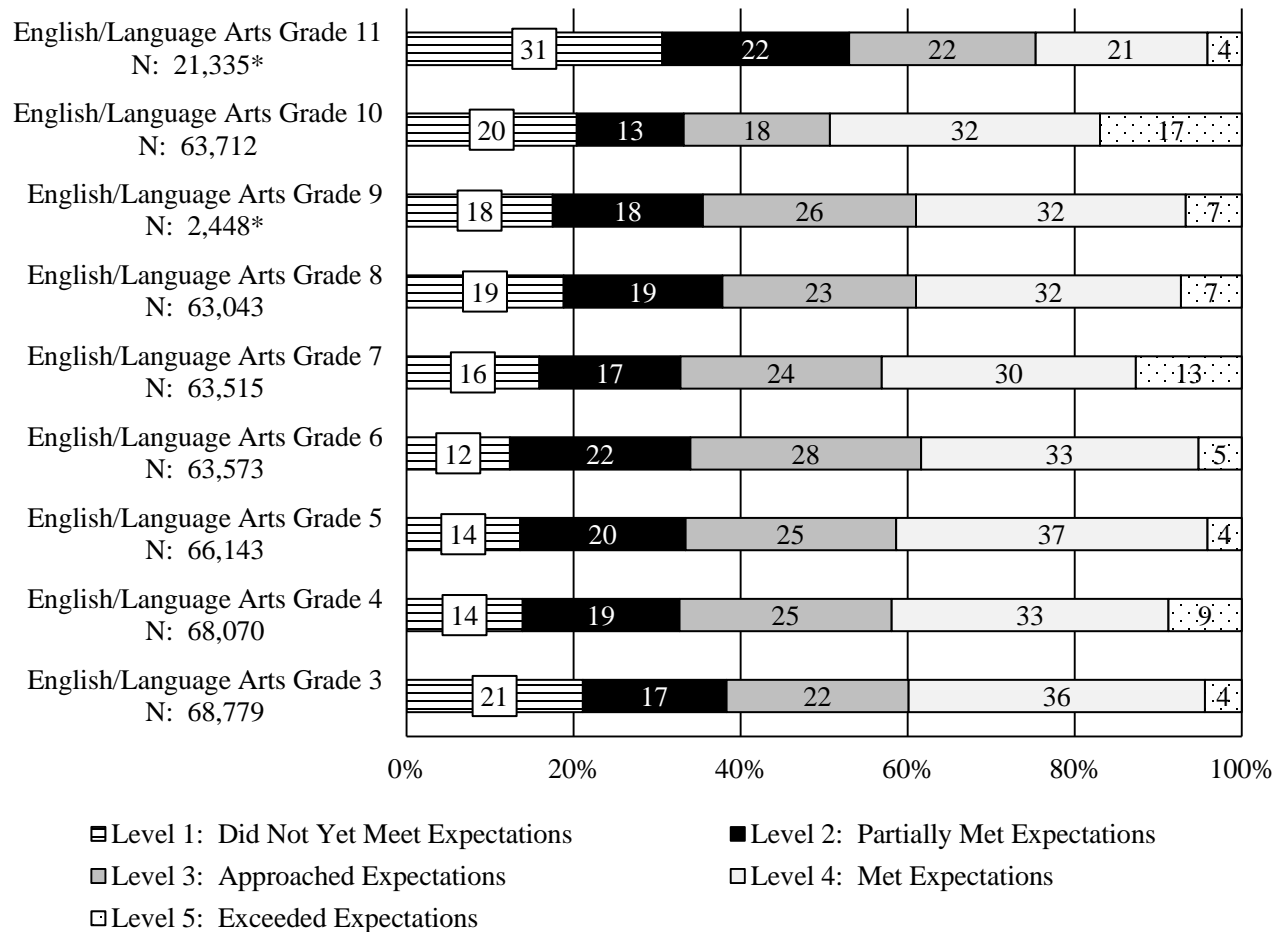
Partnership for Assessment of Readiness for College and Careers (PARCC) assessments were administered for the third time during the 2016-2017 school year. These scores represent the second administration of PARCC in which students are required to be assessed using college placement



cut scores no later than grade 11 to determine whether they are ready for college-level credit-bearing coursework in English/language arts (ELA) and mathematics. Scores for ELA are shown in **Exhibit 1**, while the change from the previous year's administration by percentage point change is shown in **Exhibit 2**. The scores and change of scores for mathematics are shown in **Exhibit 3** and **Exhibit 4**. A score in Level 3 is currently required to pass the assessment. A score in Level 4 or 5 denotes college and career readiness. Students determined not to be college and career ready by the end of grade 11 are required to receive transition courses or other instructional opportunities in grade 12, as developed by MSDE in collaboration with LEAs and community colleges. It should be noted that LEAs can choose from several options for 11th grade college readiness, including PARCC exams for grade 11 ELA or Algebra 2, and other options such as SAT or ACT scores above a minimum threshold. Only about one-third of 11th graders took the PARCC exam for grade 11 ELA and about half took Algebra 2. **MSDE should update the committees on which LEAs are administering PARCC for optional grades and subjects, such as grade 9 ELA and Geometry.**



**Exhibit 1**  
**English/Language Arts PARCC Results**  
**Percent of Students by Level**  
**Academic Year 2016-2017**



\*Optional exams.

N: students tested

PARCC: Partnership for Assessment of Readiness for College and Careers

Source: *The Maryland Report Card*, Maryland State Department of Education



**Exhibit 2**  
**PARCC Percentage Point Change**  
**English/Language Arts**  
**Academic Years 2015-2016 to 2016-2017**

<u><b>Assessment</b></u>	<u><b>Levels 1 and 2</b></u>	<u><b>Level 3</b></u>	<u><b>Level 4 and 5</b></u>
Grade 3	-2.3	-0.1	2.4
Grade 4	-0.5	-1.0	1.6
Grade 5	-0.7	-1.3	2.0
Grade 6	0.4	-1.7	1.4
Grade 7	-2.5	-1.1	3.7
Grade 8	0.9	-1.3	0.4
Grade 9*	3.1	-1.9	-1.1
Grade 10	-3.2	-1.7	4.9
Grade 11*	13.2	-0.6	-12.6
All Exams	-0.5	-1.1	1.6

PARCC: Partnership for Assessment of Readiness for College and Careers

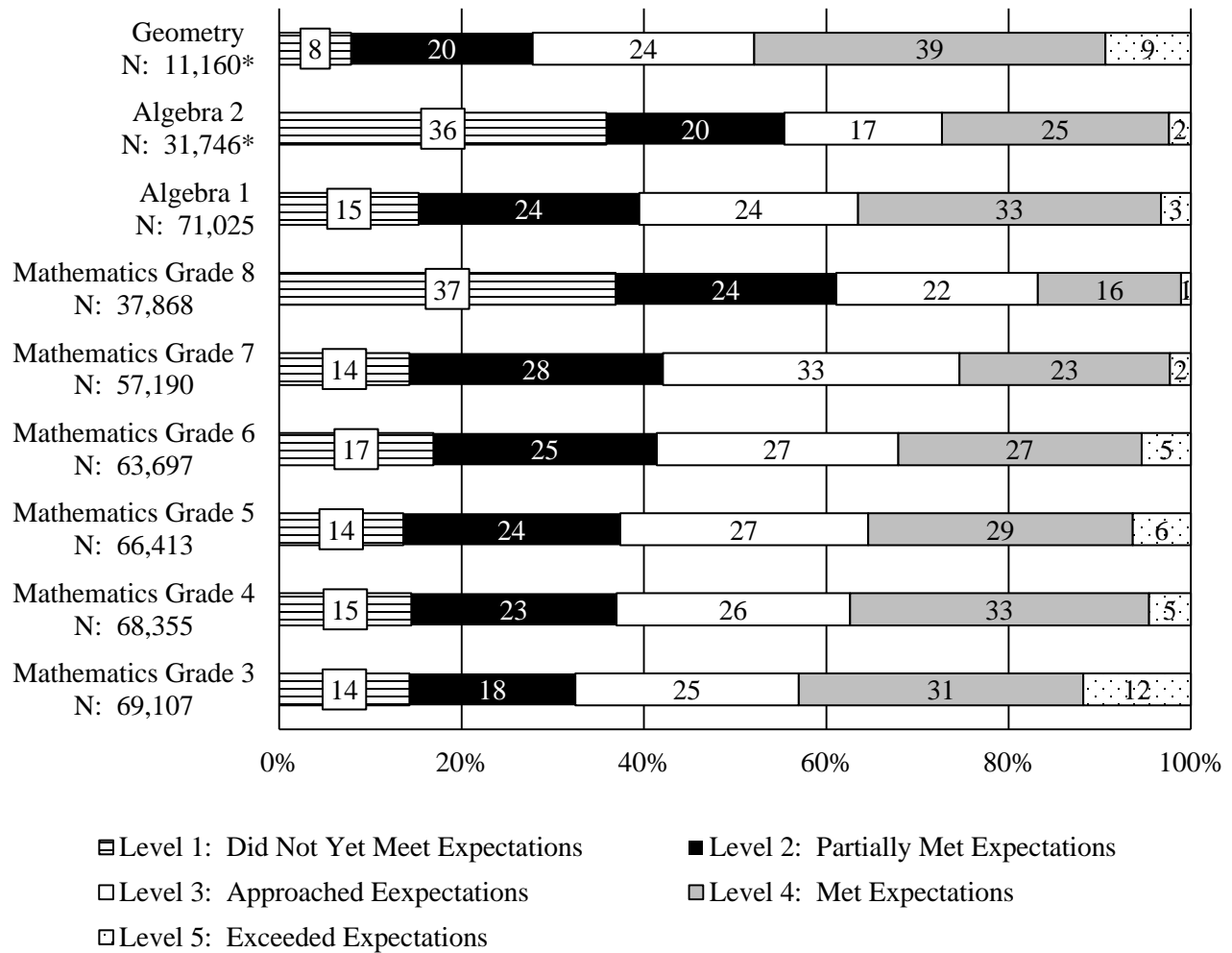
\* Optional exams.

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

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**Exhibit 3**  
**Mathematics PARCC Results**  
**Percent of Students by Level**  
**Academic Year 2016-2017**



\*Optional exams.

N: students tested

PARCC: Partnership for Assessment of Readiness for College and Careers

Source: *The Maryland Report Card*, Maryland State Department of Education



**Exhibit 4**  
**PARCC Percentage Point Change**  
**Mathematics**  
**Academic Years 2015-2016 to 2016-2017**

	<u>Levels 1 and 2</u>	<u>Level 3</u>	<u>Levels 4 and 5</u>
Grade 3	-0.2	1.3	-1.0
Grade 4	-1.0	0.7	0.4
Grade 5	0.5	0.7	-1.2
Grade 6	0.9	-0.4	-0.5
Grade 7	-1.2	0.0	1.2
Grade 8	4.5	0.6	-5.1
Algebra I	-0.5	-0.3	0.9
Algebra II*	1.7	-2.3	0.5
Geometry*	-10.2	1.4	8.9
All Exams	0.0	0.2	-0.1

PARCC: Partnership for Assessment of Readiness for College and Careers

\*Optional exams.

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

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In total, 41% of students across all exams demonstrated readiness in ELA, a 1.6 percentage point increase over the previous year. The largest gains occurred for students taking grade 10 assessments (4.9 percentage points), while the largest drop was for students taking grade 11 assessments (12.6 percentage points). The 2016-2017 school year was only the second year of testing for grade 11 assessments, which as described above are optional. These factors contribute to the variability in results. Scores for mathematics were lower, with 33.6% of students statewide demonstrating readiness. While these scores were about level as a whole when compared to the previous year, there was a large increase for the Geometry assessments (8.9 percentage points), which are optional and are in their second year of administration, while grade 8 assessments decreased (5.1 percentage points). However, the roll-out of these exams and the ability for advanced learners to take exams at higher levels contributes to these point swings. **MSDE should update the committees on the State's timeline for achieving the goal that students are college and career ready when leaving high school.**

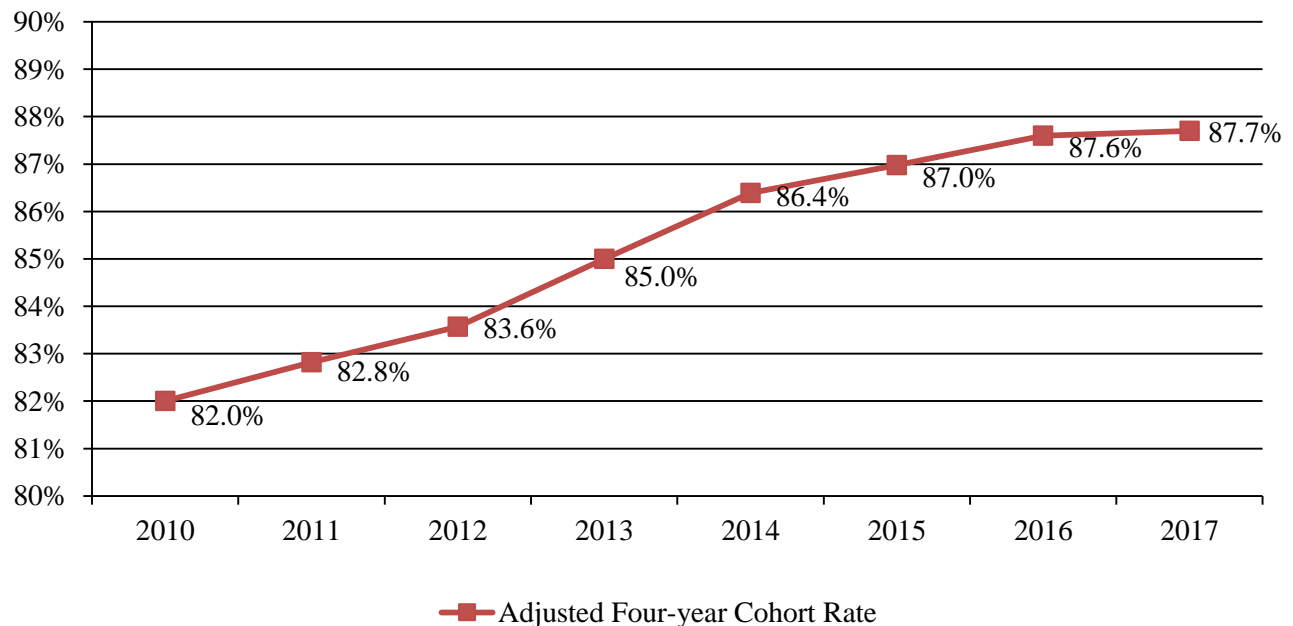


## 2. Graduation Rate Slows in Growth

The four-year adjusted cohort rate follows the cohort of students who entered high school. From the beginning of grade 9, students who transfer into the cohort later during grade 9 and the next three years are added, and students who transfer out, emigrate to another country, or die during that same period are subtracted. The four-year cohort graduation rate is calculated by dividing the number of students who graduate in four years or less with a regular high school diploma by the number of students who form the adjusted cohort for that graduating class. Students who drop out remain in the adjusted cohort in the denominator of the calculation. MSDE also reports three- and five-year adjusted cohort rates.

Cohort graduation rates indicate that an increasing number of Maryland students are graduating on time each year, though the growth has slowed recently. The four-year adjusted cohort graduation rate for the class of 2017 was 87.7%, as shown in **Exhibit 5**, which amounts to a 0.1 percentage point increase over the class of 2016 rate. Graduation rates by districts are shown in **Exhibit 6**, with 12 districts and the School for Education Evolution and Development (SEED) performing above 90%. The lowest graduation rate in the State at 70.7% was in Baltimore City, which was only 0.02 percentage points above the previous year's cohort.

**Exhibit 5**  
**State Graduation Rates**  
**2010-2017 Graduation Classes**



Source: *The Maryland Report Card*, Maryland State Department of Education



**Exhibit 6**  
**Graduation Rate by County**  
**2017 Graduating Class**

<u>School System</u>	<u>Students Graduating</u>	<u>Adjusted Cohort</u>	<u>Rate</u>	<u>Percentage Point Difference From Prior Year Rate</u>
Allegany	536	604	88.7%	-1.5
Anne Arundel	5,086	5,745	88.5%	-0.6
Baltimore City	3,701	5,237	70.7%	0.0
Baltimore County	7,155	8,039	89.0%	-0.2
Calvert	1,214	1,283	94.6%	0.1
Caroline	326	396	82.3%	-6.6
Carroll	*	2,044	≥95.0%	n/a
Cecil	1,062	1,173	90.5%	-0.1
Charles	1,945	2,053	94.7%	2.6
Dorchester	242	291	83.2%	-3.3
Frederick	2,852	3,084	92.5%	0.4
Garrett	267	289	92.4%	0.7
Harford	2,445	2,749	88.9%	-0.2
Howard	3,766	4,081	92.3%	-0.9
Kent	133	147	90.5%	1.9
Montgomery	10,233	11,431	89.5%	-0.3
Prince George's	7,402	8,951	82.7%	1.3
Queen Anne's	*	560	≥95.0%	n/a
Saint Mary's	1,176	1,252	93.9%	0.3
Somerset	159	185	85.9%	3.4
Talbot	311	357	87.1%	1.6
Washington	1,516	1,644	92.2%	1.2
Wicomico	889	1,061	83.8%	2.3
Worcester	492	536	91.8%	0.1
SEED**	42	46	91.3%	≥-3.7
<b>State</b>	<b>55,438</b>	<b>63,238</b>	<b>87.7%</b>	<b>0.3</b>

SEED: School for Education Evolution and Development

\* Specific number not reported to ensure student data privacy.

\*\* For the 2016 graduating class, SEED had a graduation rate of 95% or more, leading to the data on the exact number of students graduating being suppressed. As a result, the percentage point difference for the 2016 and 2017 graduation classes' graduation rate is at least -3.7, but could be more.

Source: *The Maryland Report Card*, Maryland State Department of Education



**Fiscal 2018 Actions****Proposed Deficiency**

The fiscal 2019 budget includes a fund swap of \$46.3 million for the fiscal 2018 appropriation that replaces special funds with general funds due to Education Trust Fund revenue shortfalls in fiscal 2017 (\$5.7 million) and lower revenue projections in fiscal 2018 (\$40.6 million).

**Specific Reversions**

The budget includes specific reversions for initiatives funded through Chapter 740 of 2016. These include \$1.5 million for Quality Teacher Incentives (QTI), \$1.1 million for the Teacher Induction, Retention, and Advancement Act Pilot Program (TIRA), and \$950,000 for stipends for certain teachers in Anne Arundel County. This funding is not anticipated to be used in fiscal 2018. The budget bill also includes a specific reversion of \$200,000 for the Out-of-County Placements Program, due to lower than anticipated spending from changing enrollment.

**Proposed Budget**

As shown in **Exhibit 7**, the fiscal 2019 allowance represents a \$105.8 million (1.4%) increase over the fiscal 2019 working appropriation after accounting for contingent reductions proposed by the Administration via budget reconciliation legislation.

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**Exhibit 7**  
**Proposed Budget**  
**MSDE – Aid to Education**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
Fiscal 2017 Actual	\$5,846,006	\$479,618	\$829,729	\$13	\$7,155,366
Fiscal 2018 Working Appropriation	5,876,524	486,747	968,017	140	7,331,428
Fiscal 2019 Allowance	<u>5,985,442</u>	<u>508,299</u>	<u>943,480</u>	<u>30</u>	<u>7,437,251</u>
Fiscal 2018-2019 Amount Change	\$108,919	\$21,552	-\$24,537	-\$110	\$105,824
Fiscal 2018-2019 Percent Change	1.9%	4.4%	-2.5%	-78.6%	1.4%



*R00A02 – MSDE – Aid to Education*

**Where It Goes:**

**Bridge to Excellence Changes**

Foundation formula.....	\$50,920
Limited English proficiency .....	39,358
Net taxable income adjustment.....	13,323
Transportation funding.....	6,244
Special education formula.....	5,939
Geographic Cost of Education Index .....	2,447
Compensatory education.....	-493
Guaranteed Tax Base .....	-2,135

**Contingent Reduction Affected Programs**

Public School Opportunities Enhancement Program.....	5,000
Contingent reduction for Public School Opportunities Enhancement Program .....	-5,000
Teacher Induction, Retention, and Advancement Pilot Program (TIRA).....	4,045
Contingent reduction for the TIRA.....	-5,000
Quality Teacher Incentives (QTI).....	2,100
Contingent reduction for QTI .....	-2,100
Anne Arundel County teacher stipends .....	1,900
Contingent reduction for Anne Arundel County teacher stipends .....	-1,900
Next Generation Scholars Program (replacing funds reserved for Bard Early College High School) .....	300
Contingent reduction for the Next Generation Scholars Program .....	-5,000
Contingent reduction for the Robotics Grant Program .....	-250

**Other General Fund Changes**

“Hold Harmless Plus” grant.....	15,178
Opioid prevention (Chapters 573 and 574 of 2017).....	3,000
Autism waiver.....	2,700
Declining enrollment grant (Chapters 6 and 607 of 2017) .....	1,403
Tax increment financing grant .....	120
Nonpublic placements.....	-118
Maryland Education Development Collaborative (Chapter 849 of 2017) .....	-250
Teacher retirement .....	-1,533

**Combined General and Special Fund Changes**

School for Education Evolution and Development.....	274
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**Federal Fund Changes**

Literacy grant.....	14,250
Children at risk (includes Safe and Drug Free Schools grant and After School Learning Centers grant) .....	13,188



*R00A02 – MSDE – Aid to Education*

**Where It Goes:**

Charter schools grant .....	3,250
Career and technology education .....	752
Rural school enhancement .....	80
English language grants .....	-57
Advanced Placement test fee program.....	-800
Teacher development – Improving Teacher Quality .....	-1,500
Special education – Individuals with Disabilities Education Act and Medical Assistance	-1,885
Title I – educationally deprived children funds and school improvement grants .....	-6,582
Food services program .....	-45,233

**Reimbursable Fund Changes**

Maryland Department of Health .....	-110
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**Total** **\$105,824**

MSDE: Maryland State Department of Education

Note: Numbers may not sum to total due to rounding.

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**BTE Changes**

- ***Foundation Formula (\$50.9 Million Increase):*** The Foundation formula ensures a minimum funding level per pupil and requires the LEA to provide a local match. The formula is calculated based on a per pupil amount and student enrollment. Less wealthy school systems, as measured by the assessable base and net taxable income (NTI), receive more aid per pupil than wealthier school systems. Further discussion on the increase for foundation funding is located in the Issues section of this analysis.
- ***LEP (\$39.4 Million Increase):*** The LEP formula provides additional funds based on the number of students for whom English is a second language. The formula is calculated based on the enrollment of LEP students and 99% of the per pupil foundation amount. The \$39.4 million increase represents a 15.8% increase over the fiscal 2018 level and is based on 10,577 more LEP students. Like the compensatory formula, the State pays 50% of the formula costs statewide for LEP with a floor of 40% for each LEA.
- ***NTI (\$13.3 Million Increase):*** The fiscal 2019 allowance includes a \$13.3 million increase for the final year of a six-year phased change to the NTI amount used to calculate wealth-based education formulas enacted by Chapter 4 of 2013. A detailed discussion on changes in NTI funding is located in the Issues section of this analysis.



- ***Transportation Funding (\$6.2 Million Increase):*** The State provides grants to assist LEAs with the cost of transporting students to school. The grant includes a separate component for the transportation of disabled students, which equals \$1,000 per student requiring special transportation enrolled in the school system in the prior fiscal year. Section 5-205 of the Education Article requires an inflationary increase based on the Consumer Price Index (CPI) for private transportation in the second preceding fiscal year for the base grant. The rate can fluctuate between 1% and 8%. The fiscal 2019 allowance includes funds to support a 1.1% increase for student transportation.
- ***Special Education (\$5.9 Million Increase):*** The special education formula provides additional aid based on the number of students with disabilities. The formula is calculated using special education enrollment and 74% of the per pupil foundation amount. The State share of the formula cost is 50% statewide with a floor of 40% for each LEA. The State share increases in the fiscal 2019 allowance by \$5.9 million, or 2.1%, and is due to a 0.8% increase in the foundation per pupil amount and an increase of 1,606 students.
- ***GCEI (\$2.4 Million Increase):*** The GCEI is a mandated formula applied to the foundation amount calculated for LEAs that accounts for their differences in the costs of educational resources. Funding for the GCEI was mandated for fiscal 2017 and beyond after being funded at 50% in fiscal 2016. Thirteen school systems are eligible for GCEI funds in fiscal 2019.
- ***Compensatory Education (\$493,000 Decrease):*** The compensatory education formula provides additional funding based on the number of students eligible for FRPM. The formula is calculated using the number of eligible students and 97% of the per pupil foundation amount. The State share of the formula cost is 50%. Funds are distributed to each LEA based on the enrollment of students eligible for FRPM in the school system and local wealth, with the State paying no less than 40% of formula funding for each LEA. The \$493,000 decrease in fiscal 2019 reflects a decrease of 2,229 FRPM students. Currently, 42.5% of students statewide qualify for FRPM.
- ***Guaranteed Tax Base (\$2.1 Million Decrease):*** The Guaranteed Tax Base provides additional funding to LEAs with less than 80% of statewide wealth per pupil and with a contribution of more than the minimum required local share under the Foundation program in the prior fiscal year compared to the LEA's wealth (*i.e.*, education effort). In fiscal 2019, 10 school systems qualify for the grant. Charles County receives a grant of \$1.6 million in fiscal 2019, after not qualifying in fiscal 2018 based on it having more than 80% of statewide wealth per pupil.

### **Contingent Reduction Affected Programs**

- ***Public School Opportunities Enhancement Program (\$5 Million Increase):*** Chapter 32 of 2016 established the Public School Opportunities Enhancement Program, which is a grant program to assist LEAs, public community schools, and nonprofit organizations in the State in expanding or creating extended day and summer enhancement programs and to also assist nonprofit organizations in the State and community schools in expanding or supporting existing



educational programming during the school day. Chapter 32 mandates \$7.5 million annually for the program from fiscal 2018 through 2021, though Chapter 23 of 2017 (Budget Reconciliation and Financing Act (BRFA)) reduced the funding for fiscal 2018 to \$2.5 million. The entire \$5 million increase is cut for this program in fiscal 2019 contingent on repealing the mandate through the BRFA of 2018.

- ***TIRA (\$4 Million Increase):*** Chapter 740 established the TIRA to afford first-year teachers and veteran mentor teachers selected by their LEAs more time for specified professional development activities for fiscal 2018 through 2022. Chapter 740 mandated that \$5 million be appropriated annually for the program, though Chapter 23 reduced the fiscal 2018 mandate to \$2.1 million. A targeted reversion for fiscal 2018 reduces the appropriation further to \$955,000, as that is all the funding necessary to provide funds for the three LEAs that applied for grants: Montgomery (\$724,031), Prince George's (\$92,733), and Washington (\$137,473) counties. The entire \$5 million for the program in fiscal 2019 is reduced contingent on repealing its mandate through the BRFA of 2018. **The Department of Legislative Services (DLS) recommends altering the BRFA provision to maintain the mandate for the TIRA and level fund the program at its fiscal 2018 amount for fiscal 2019 through 2022.**
- ***QTIs (\$2.1 Million Increase):*** Funds for QTIs are used to recruit and retain quality teachers by providing stipends to teachers achieving the National Board Certification (NBC), with teachers in comprehensive needs schools receiving \$2,000 in fiscal 2018 and \$4,000 beginning in fiscal 2019; all other qualified teachers receive \$1,000 in both years. The fiscal 2019 allowance provides \$4.1 million for this program, a \$2.1 million increase after adjusting for a targeted reversion in fiscal 2018. The BRFA of 2018 reduces the amount that teachers in comprehensive needs schools receive for the stipend from \$4,000 to \$2,000 and removes the mandate for the program. The fiscal 2019 allowance of \$4.1 million is reduced by \$2.1 million contingent on the BRFA of 2018. However, based on updated expectations for an increase in the number of qualified teachers in the State in comprehensive needs schools, DLS estimates that such a reduction would underfund the program. These updated expectations are due to actions taken by the State Board of Education on January 30, 2018, to change which schools in the State should be identified as comprehensive needs schools to all Title I schools, increasing the number of NBC teachers in comprehensive needs schools from 10 to 278 for fiscal 2018. The budget includes a \$1.5 million targeted reversion in fiscal 2018, which may not leave enough funding for QTIs depending on the final QTI awards. Based on these updated expectations, it is assumed that 1,990 teachers in total would receive a stipend in fiscal 2019. QTIs would likely cost a total of \$2.8 million in fiscal 2019 under the program and \$2.3 million if the stipend is reduced in the BRFA of 2018. **Due to updated expectations, DLS recommends rejecting the BRFA provision, and instead recommends reducing funding for the program by \$1.3 million to fund it according to updated cost estimates assuming that the increased stipend amount is retained.**



- ***Anne Arundel County Teaching Stipends (\$1.9 Million Increase):*** Chapter 740 established stipends for certain teachers in Anne Arundel County Public Schools (AACPS) with more than 30% of students receiving FRPM. The fiscal 2019 allowance includes \$1.9 million for these stipends. In fiscal 2018, \$950,000 was provided for the program; however, this entire amount is reduced by a targeted reversion for the program due to AACPS not providing its matching requirement under the law. The \$1.9 million for these stipends is reduced contingent on repealing its mandate through the BRFA of 2018. AACPS reports that it has no plans to participate in the program in fiscal 2019.
- ***Next Generation Scholars of Maryland Program (\$300,000 Increase):*** Chapter 33 of 2016 reestablished the College Readiness Outreach Program as the Next Generation Scholars of Maryland Program (Next Generation Scholars). The program mandates that, from fiscal 2018 through 2023, \$5 million be distributed annually to qualified nonprofit organizations to provide guidance and services, including mentorship, graduation guidance, and an intensive summer bridge program to cohorts of specified students eligible for the Guaranteed Access scholarship for qualified low-income students to attend an institution of higher education. However, \$300,000 of this funding in fiscal 2018 was reserved by the General Assembly for the Bard Early College High School (Bard) in Baltimore City. This \$300,000 for Bard has been included in the fiscal 2019 allowance independent of the funding for Next Generation Scholars. The remaining \$4.7 million was awarded to 18 grantees in eight counties including Baltimore City. The entire \$5 million for Next Generation Scholars is reduced in fiscal 2019 contingent on repealing its mandate through the BRFA of 2018. **As \$4.7 million has already been awarded to grantees, DLS recommends altering the BRFA provision to maintain the mandate and level fund the program at its fiscal 2018 amount for fiscal 2019 through 2023.**
- ***Robotics Grant (\$250,000 Decrease):*** Chapters 681 and 682 of 2016 established a Robotics Grant Program to provide grants to public schools and nonprofit robotics clubs to support existing robotics programs and increase the number of robotics programs in the State, with \$250,000 mandated annually for the program. The \$250,000 for this program in fiscal 2019 is reduced contingent on repealing its mandate through the BRFA of 2018.

### **Other General Fund Changes**

- ***“Hold Harmless Plus” Grant (\$15.2 Million Increase):*** The fiscal 2019 allowance includes supplemental funding to ensure that after calculating all direct education aid through a two-step process that accounts first for all formula funded programs and then State education aid as a whole, LEAs receive grants to ensure that they receive at least an increase of \$100,000 in fiscal 2019 over fiscal 2018. In total, this includes five LEAs: Baltimore City (\$11.1 million), as well as Calvert (\$541,000), Carroll (\$100,000), Cecil (\$3.4 million), and Garrett (\$48,000) counties. A combination of increasing local wealth and declining enrollment resulted in these counties receiving less in fiscal 2019 under current law. The “hold harmless plus” grants are not in statute and, therefore, are discretionary in the budget.



- ***Opioid Prevention (\$3 Million Increase):*** The Start Talking Maryland Act (Chapters 573 and 574 of 2017), among other provisions, includes a new grant to assist LEAs with the purchase of naloxone kits and the implementation of drug addiction and prevention education instruction related to heroin and opioid addiction. The \$3 million is mandated for these grants only in fiscal 2019.
- ***Autism Waiver (\$2.7 Million Increase):*** The Autism Waiver Program provides services to children with autism through the use of Medical Assistance funding. The fiscal 2019 allowance includes a \$2.7 million increase over the fiscal 2018 working appropriation. This new funding includes the estimated cost to decrease the Autism Waiver waitlist by 100 individuals. MSDE reports that there are 1,100 total slots for the Autism Waiver in fiscal 2018, and that 5,477 remain on the Autism Waiver waitlist as of January 31, 2018.
- ***Declining Enrollment Grant (\$1.4 Million Increase):*** Chapters 6 and 607 of 2017 created grants in fiscal 2018 through 2020 for declining enrollment for LEAs. A LEA is eligible for an enrollment-based supplemental grant if the county's most recent prior three-year average full-time equivalent (FTE) enrollment is greater than the FTE enrollment in the previous school year. Eight LEAs qualify for this grant in fiscal 2019, totaling \$18.6 million. The majority of this funding (\$16 million) is for Baltimore City. DLS believes that this program is underfunded by \$7,066 in fiscal 2018, though the Department of Budget and Management reports that this funding will be realigned from elsewhere within the Aid to Education budget.
- ***Tax Increment Financing Grant (\$120,000 Increase):*** Chapter 258 of 2016 authorized grants in fiscal 2018 and 2019 for counties that establish a tax increment financing development district after May 1, 2016, and qualify for State disparity grant funding. If the amount of State education aid for the county calculated as reduced by the tax increment is greater than the amount of State aid calculated without excluding the tax increment, the difference is provided as a grant to the county board of education. Baltimore City is the only LEA receiving funding under the grant, with \$542,000 in fiscal 2019, an increase of \$120,000 over the previous year.
- ***Nonpublic Placement (\$118,000 Decrease):*** The State funds a share of the cost of placing students with special needs in nonpublic school facilities. The costs vary depending on the number of students and the cost of the services provided for students placed in the program. Funding for nonpublic placements decreases by \$118,000 in fiscal 2019.
- ***Maryland Education Development Collaborative (\$250,000 Decrease):*** Chapter 849 of 2017 established the Maryland Education Development Collaborative (EDCO), an organization to promote and enhance twenty-first century learning and socioeconomic diversity in the State's public schools. The General Assembly reserved \$250,000 for EDCO in the fiscal 2018 budget; however, this funding is not provided in the fiscal 2019 allowance.
- ***Teachers' Retirement (\$1.5 Million Decrease):*** Funding for K-12 teacher retirement decreases \$1.5 million, primarily due to the State's contribution rate for the Teachers' retirement systems decreasing from 16.45% in fiscal 2018 to 16.15% in fiscal 2019.



## Combined General and Special Fund Changes

- **SEED (\$274,000 Increase):** SEED of Maryland is a residential education boarding program for at-risk students that opened in August 2008. General funds increase by \$78,000 in the allowance, bringing the total State funds for SEED to \$10.5 million. State support for SEED is based annually on growth in the State's base per pupil funding amount, which in fiscal 2019 is 0.8%. Special funds for SEED increase in the allowance by \$196,000, to \$5.1 million. Special funds are collected from LEAs where SEED students are domiciled. Because the LEA local cost of education (LCE) varies from year to year, the SEED special fund budget is an estimate, which is adjusted after the fiscal year starts. Once the actual LEA LCE fund amounts are calculated, usually in March, the appropriation is either increased or a deficiency request or a budget amendment is submitted to cover the shortfall.

## Federal Fund Changes

- **Striving Readers Grant (\$14.3 Million Increase):** Maryland has been awarded a federal grant under the Striving Readers/Comprehensive Literacy Development program. The grant is discretionary and is to advance literacy skills, including pre-literacy skills, reading and writing for students from birth through grade 12, including English learners and students with disabilities. Maryland receives \$45 million over three years, with the \$14.3 million in fiscal 2019 being the first installment. **MSDE should comment on how it plans to distribute these additional funds.**
- **Children at-risk (\$13.2 Million Increase):** Programs for at-risk youth receive an increase of \$13.2 million in federal funds. This is primarily due to increased funding for after-school learning centers, which increases by \$7.7 million in fiscal 2019, as well as a \$5.7 million under the Safe and Drug-Free Schools grant. **MSDE should comment on how it plans to distribute these additional funds.**
- **Charter Schools (\$3.3 Million Increase):** Maryland has been awarded \$17.2 million over five years for the federal Charter Schools Program Grant. This program is for the purpose of starting up new charter schools and the replication and expansion of high-quality charter schools. This funding is to be awarded as subgrants to nonprofit organizations operating or seeking to operate public charter schools in Maryland and will be made on a competitive basis. Maryland receives \$3.3 million in its first year as part of the program.
- **Career and Technology Education (\$752,000 Increase):** Programs for local school systems (LSS) and community colleges to provide career and technical education (CTE) receive an increase of \$752,000 in federal funds.
- **Rural School Enhancement (\$80,000 Increase):** Maryland is receiving an \$80,000 increase in formula funding to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools.



- ***English Language Grants (\$57,000 Decrease):*** The Language Assistance Program supports instruction in public and nonpublic schools for students whose native language is not English. Funds are provided to LEAs for speakers of other languages or bilingual instruction, in-service training for English to speakers of other languages/bilingual teachers, and curriculum and materials.
- ***Advanced Placement Test Fee Program (\$800,000 Decrease):*** Previously, the federal government distributed grants to State education agencies to subsidize Advanced Placement test fees for low-income children. However, the Every Student Succeeds Act (ESSA) consolidated this program with a new block grant that goes directly to LEAs. This results in an \$800,000 decrease for the State in fiscal 2019. (Federal funds received directly by LEAs are not reflected in the State budget.)
- ***Improving Teacher Quality (\$1.5 Million Decrease):*** Federal funds for improving teacher quality are distributed to states based on a two-part formula: a base allocation and a formula that accounts for each state's share of the population ages 5 to 17 and relative share of poor children in that age range. Funds are used for professional development, class-size reduction, and other activities that improve teacher quality.
- ***Special Education (\$1.9 Million Decrease):*** Federal special education funds include special education grants to states, preschool grants, and grants for infants and families with disabilities.
- ***Title I – Educationally Deprived Children (\$6.6 Million Decrease):*** Federal Title I grants are allocated to states under the Elementary and Secondary Education Act to provide additional resources for low-income children. Funding from Title I decreases in fiscal 2019 primarily due to new projections for school improvement grants under the ESSA, which decrease from \$14.2 million in fiscal 2018 to \$6.7 million in fiscal 2019. **MSDE should comment if \$14.2 million for school improvement grants in fiscal 2018 represents an accurate estimate of expenditures.**
- ***Food Services Program (\$45.2 Million Decrease):*** Federal funds budgeted for food services include the School Breakfast Program, the National School Lunch Program, and the Child and Adult Care Food Program. Budgeted funding for food services programs decreases from \$428.6 million in fiscal 2018 to \$383.4 million in fiscal 2019, a \$45.2 million decrease. MSDE explains that it budgeted for all Maryland LEAs to participate in the Community Eligibility Program under the federal Healthy, Hunger Free Kids Act of 2010 when the fiscal 2018 budget was submitted, when only three LEAs (Baltimore City, as well as Dorchester and Somerset counties) have chosen to participate systemwide. Therefore, the fiscal 2018 appropriation is likely overstated.



## ***Issues***

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### **1. State Aid to Education**

Under current law, public schools are expected to receive \$6.5 billion in funding from the State in fiscal 2019, representing a \$157 million (2.5%) increase over the prior fiscal year. The increase is comprised of aid that flows directly to local school boards, which is projected to increase by \$158.6 million (2.8%), as well as by retirement aid that is projected to decrease by \$1.5 million (0.2%). The increase in direct aid is largely driven by a slight expected rise in the per pupil foundation amount, projected enrollment increases, the continued phase-in of NTI education grants, and additional “hold harmless plus” grant funding provided in the fiscal 2019 budget. However, after accounting for reductions in the BRFA of 2018, there is a total increase of \$137.8 million, as shown in **Exhibit 8**.

#### **Foundation and Most Other Direct Aid Programs Increase Slightly**

The Foundation program is the major State aid program for public schools, accounting for nearly half of State education aid. For each school system, a formula determines the State and local shares of a minimum per pupil funding level, or “foundation.” The Foundation program totals almost \$3.1 billion in fiscal 2019, an increase of \$50.9 million (1.7%) over fiscal 2018, as shown in Exhibit 8. The increase is attributable to statewide enrollment growth of 1.0% (8,286 full-time equivalent students (FTES)) and a 0.8% inflationary increase in the per pupil foundation amount, from \$7,012 to \$7,065. The 0.8% increase in the per pupil foundation amount in fiscal 2019 is equivalent to the CPI for all urban consumers (commonly known as CPI-U) for the Washington/Baltimore Metropolitan Area. Statute provides that the inflationary adjustment is the lesser of the CPI-U or the Implicit Price Deflator for State and Local Government (IPD) up to 5.0%. For fiscal 2019, the IPD is higher than the CPI-U at 2.3%. Although projected enrollment grows statewide, it varies by LSS, from an increase of 2.2% to a decline of 2.4%.

The LEP formula has the second largest increase, with \$39.4 million (15.8%). This is due to an increase of over 10,577 limited English FTES for fiscal 2019. Special education also experiences an increase of \$5.9 million (2.1%) due to an increase of 1,606 special education FTES. Meanwhile, compensatory education actually decreases in fiscal 2019 by \$493,000 due to a decrease in 2,229 FRPM FTES (1%). This decrease is especially prevalent in Baltimore City, Calvert, and Cecil counties



**Exhibit 8**  
**State Aid for Education**  
**Fiscal 2018-2019**  
**(\$ in Thousands)**

<u>Program</u>	<u>Working 2018</u>	<u>Allowance 2019</u>	<u>Current Law Change</u>	<u>% Change</u>
Foundation Program	\$3,005,270	\$3,056,189	\$50,920	1.7%
Geographic Cost Adjustment	139,127	141,574	2,447	1.8%
Declining Enrollment Grants	17,244	18,640	1,396	8.1%
Supplemental Grant	46,620	46,620	0	0.0%
Net Taxable Income Grants	49,170	62,493	13,323	27.1%
“Hold Harmless Plus” Grant	0	15,178	15,178	n/a
Teach Incentive Fund Grant	422	542	120	28.3%
Compensatory Education Program	1,305,545	1,305,052	-493	0.0%
Special Education Formula	284,873	290,813	5,939	2.1%
Nonpublic Placements	123,618	123,500	-118	-0.1%
Limited English Proficiency	248,684	288,041	39,358	15.8%
Guaranteed Tax Base	50,304	48,170	-2,135	-4.2%
Student Transportation	276,341	282,585	6,244	2.3%
Aging Schools	6,109	7,609	1,500	24.6%
Other	93,792	118,674	24,882	26.5%
<b>Direct Aid Subtotal</b>	<b>\$5,647,119</b>	<b>\$5,805,680</b>	<b>\$158,561</b>	<b>2.8%</b>
Teachers’ Retirement	\$734,454	\$732,921	-\$1,533	-0.2%
<b>Total</b>	<b>\$6,381,574</b>	<b>\$6,538,601</b>	<b>\$157,027</b>	<b>2.5%</b>
Contingent reductions	\$0	-\$19,250	-\$19,250	n/a
<b>Adjusted Total</b>	<b>\$6,381,574</b>	<b>\$6,519,351</b>	<b>\$137,777</b>	<b>2.0%</b>

Note: Other includes SEED School, Specific Populations, Prekindergarten Expansion, Infants and Toddlers, Innovative Programs, Food Service, Quality Teacher Incentives, Judy Centers, Head Start, and Adult Education. Aging Schools receives funding from general obligation bonds. Adult Education is budgeted under the Department of Labor, Licensing, and Regulation.

Source: Department of Legislative Services



About three-quarters of State aid to public schools is distributed inversely to local wealth, whereby the less affluent school systems receive relatively more State aid. NTI is one component of calculating local wealth for purposes of State aid for education. Fiscal 2019 is the final year of the phase-in of additional education grants authorized by Chapter 4 for counties whose formula aid is higher using November NTI as compared to September NTI. NTI education grants increase to \$62.5 million in fiscal 2019 to be distributed to 19 LEAs.

As described earlier in this analysis, the fiscal 2019 budget includes \$15.2 million in additional “hold harmless plus” grants, which ensure that all LEAs receive an increase of at least \$100,000 in education funding after accounting for all current State aid programs in fiscal 2019. The funding is discretionary.

### **State Retirement Costs Decrease; Local Costs Increase**

State retirement costs for public school teachers and other professional personnel will total an estimated \$732.9 million in fiscal 2019, representing a \$1.5 million (0.2%) decrease. This is attributed to a decrease in the State contribution rate, offset by modest salary base growth. In addition to the State’s share of teacher pension costs, local governments will contribute approximately \$306.4 million in fiscal 2019. As shown in **Appendix 2**, this includes \$283.8 million for the local share of pension contributions, which is the employer “normal cost” for active members of the State Teachers’ Pension or Retirement Systems, as well as \$22.6 million toward State Retirement Agency (SRA) administrative costs, a portion of which will go toward SRA information technology upgrades. This represents an \$8.5 million total increase for locals over what the locals contribute in fiscal 2018. Fiscal 2019 is the third year in which the actual normal cost will be used to determine local contributions; the estimated normal cost was set in statute for each county during the fiscal 2012 to 2016 phase-in period under Chapter 1 of the 2012 first special session. The normal cost for fiscal 2019 is 4.41% of salary base as compared to 4.47% in fiscal 2018; however, this rate decline is somewhat offset by the LEA salary base growth.

### **Maintenance of Effort**

The Maintenance of Effort (MOE) law requires each county government, including Baltimore City, to provide as much per pupil funding for the local school board as was provided in the prior fiscal year. Beginning in fiscal 2017, the local retirement contribution for the normal cost is included in the highest local appropriation for purposes of calculating the per pupil MOE amount. As of October 2017, MSDE has certified that the school appropriations of all 24 counties have met the fiscal 2018 MOE requirement. In total, 14 counties significantly exceeded MOE, including Baltimore City.

Several provisions of law have required certain counties to increase their fiscal 2018 MOE appropriation. Fiscal 2018 budget language requires counties that receive increases in their disparity grants in fiscal 2018 to provide the increase to their school systems above the required MOE amount. This includes Baltimore City (\$946,445) and Cecil (\$196,240), Prince George’s (\$4,245,462), Washington (\$52,938), and Wicomico (\$587,801) counties. In addition, Chapters 6 and 607 and fiscal 2018 budget language required Baltimore City to increase its education appropriation by



\$10 million over the MOE in fiscal 2018; according to MSDE, this requirement has been met. This amount is required to be included in Baltimore City's MOE calculation in fiscal 2019.

Chapter 6 of 2012 made several changes to the MOE law and waiver processes. Under the law, beginning in fiscal 2015, 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 its local wealth base 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 wealth, or 2.5%. This provision ensures an increase in the amount that a county provides to the local school board concomitant with an increase in county wealth.

For fiscal 2019, the five-year statewide average education effort that a jurisdiction should not be below is 1.3%. MSDE has reported that 12 jurisdictions fall below this requirement. However, because 2 counties (Allegany and Talbot) do not have an increase in wealth per pupil, only 10 jurisdictions are required to raise its MOE in fiscal 2019; 4 (Queen Anne's, Somerset, and Wicomico counties, as well as Baltimore City) will raise the MOE by the statewide average increase in wealth per pupil of 1.5%, and 6 (Caroline, Dorchester, Garrett, Kent, Washington, and Worcester counties) will increase according to their own increase in wealth per pupil. The methodology for the MOE in fiscal 2019 is available in **Appendix 3**.

## **2. Commission on Innovation and Excellence in Education Requests Extension**

Chapters 701 and 702 of 2016 established a 25-member 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 formula; (2) review and make recommendations on expenditures of LEAs; (3) review and make recommendations on innovative education delivery mechanisms and other strategies to prepare Maryland students for the twenty-first century workforce and global economy; and (4) review and make recommendations on expanding prekindergarten, including special education prekindergarten. The commission members were appointed during summer 2016, with former University System of Maryland Chancellor Dr. William "Brit" Kirwan being appointed to serve as chair of the commission. To date, the commission has held 17 all-day meetings, as well as 4 public hearings throughout Maryland (Stevensville, Frederick, Upper Marlboro, and Baltimore City).

The consultant study that the commission was directed to review resulted from the BTE in Public Schools Act (Chapter 288 of 2002), which established State education aid formulas for public schools based on the concept of adequacy (the level of resources that are necessary for all public school students to have the opportunity to achieve academic proficiency standards), and required the State to contract with a consultant to conduct a follow-up study of the adequacy of education funding in the State. The consultant, Augenblick, Palaich, and Associates (APA), was hired and began work in June 2014. APA submitted its final report to the Governor and General Assembly on November 30, 2016. APA recommended that Maryland keep its basic formula structure but that increased spending would be necessary to provide adequate funding. APA found that a total increase of \$2.9 billion over fiscal 2015 spending is needed, with \$1.9 billion from the State and \$1 billion from counties (including Baltimore City). This amount does not include State teacher retirement costs.



In order to develop appropriate policy recommendations, in January 2017, the commission asked the National Center on Education and the Economy (NCEE) to perform a gap analysis to help the commission compare Maryland’s education system to systems in top-performing countries and states. The gap analysis was designed to help the commission identify policy priorities and implementation strategies to be considered in conjunction with changes to the State education aid formulas. NCEE presented the *9 Building Blocks for World-Class Education Systems* to the commission, with each building block representing a policy area for Maryland to pursue to achieve student outcomes comparable to those in top-performing systems. The commission has arranged the nine building blocks into five policy areas around which it has organized its policy recommendations. These policy areas and building blocks are shown in **Exhibit 9**.

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**Exhibit 9**  
**Crosswalk of Main Policy Areas and 9 Building Blocks**  
**Maryland Commission on Innovation and Excellence in Education**

<b>Maryland Education Commission</b> <b><u>Main Policy Areas</u></b>	<b><u>9 Building Blocks for a World-class Education System</u></b>
Early Childhood Education	1. Provide strong supports for children and their families before students arrive at school.
Ample Supply of Highly Qualified and Diverse Teachers and School Leaders	5. Assure an abundant supply of highly qualified teachers. 6. Redesign schools to be places in which teachers will be treated as professionals, with incentives and support to continuously improve their professional practice and the performance of their students. 8. Create a leadership development system that develops leaders at all levels to manage such systems effectively.
College and Career Readiness Pathways	3. Develop world-class highly coherent instructional systems. 4. Create clear gateways for students through the system, set to global standards, with no dead ends. 7. Create an effective system of career and technical education and training.
More Resources for At-risk Students	2. Provide more resources for at-risk students than for others.
Governance and Accountability	9. Institute a governance system that has the authority and legitimacy to develop coherent, powerful policies and is capable of implementing them at scale.

Source: Department of Legislative Services

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The commission has requested an additional year in order to fully respond to its charge. In a preliminary report completed in January 2018, the commission submitted its preliminary policy recommendations (59 in total). It also stated its intention to work during the 2018 interim to develop greater specificity for each recommendation in order to “cost out” their fiscal impact, thereby allowing the commission to make recommendations for adequate funding in its final 2018 report.

Legislation (SB 1092/HB 1415) has been introduced during the 2018 session that, if enacted, would extend the commission’s deadline for a final report by one year, to December 31, 2018. This legislation also proposes initiatives to implement several of the commission’s preliminary recommendations. These initiatives are outlined below, arranged according to their policy area.

### **Early Childhood Education**

- Require the State to maintain its commitment to expanding prekindergarten for low-income four-year-olds by mandating that funding continue at least at the fiscal 2019 level (*\$15 million annually to backfill federal funds and \$8 million in State matching funds in fiscal 2020 and beyond*).

### **Ample Supply of Highly Qualified and Diverse Teachers and School Leaders**

- Create an outreach and recruitment program to encourage the top 25% of high school graduates from each county to consider becoming a teacher; improve the public perception of the teaching profession; and increase awareness of available financial aid programs for teaching candidates (*\$250,000 annually*).
- Mandate funding for the Teaching Fellows for Maryland Scholarship, which was created by Chapters 542 and 543 of 2014 but has never been funded. Also alter the scholarship’s eligibility and service obligation requirements and include individuals who change majors or change careers to pursue a teaching certificate (*\$2 million annually for 100 awards*).

### **College and Career Readiness Pathways**

- Create CTE innovation competitive grants for local boards of education to partner with community colleges and business and industry to develop and implement an innovative CTE curriculum framework that includes the United States and international best practices (*\$2 million annually*).

### **More Resources for At-risk Students**

- MSDE must contract with an independent consultant to study current costs of special education both in the United States and internationally and recommend an appropriate formula weight for providing adequate education to students in special education (*estimated cost of \$350,000*).



- Create an Early Literacy Initiative program to assist Title I schools to implement evidence-based literacy programs to provide interventions and weekly services to students struggling with reading (*\$2.5 million annually for 50 grants*).
- Create a Learning in Extended Academic Program Grant program to assist schools with at least 90% of students eligible for FRPM to provide before school, after school, or summer academic programs that have a positive measurable impact on academic performance and well-being of students at risk of falling behind in school (*\$5 million annually in grants; funding for the Public School Opportunities Enhancement Program is reduced by \$5 million*).

### **3. Pathways in Technology Early College High School Program**

Chapter 144 of 2016 established Pathways in Technology Early College High (P-TECH) schools in Maryland, which are public schools that offer grades 9 through 14 and that integrate high school, college, and the workplace. The result is intended to be a seamless pathway that enables students to graduate in six years or less with a high school diploma, an associate's degree, and relevant professional experience. One of the goals of P-TECH schools, which distinguishes them from other early college programs, is for students to earn a credential and workplace skills that are aligned with industry needs and expectations. P-TECH students are required to receive at least one paid summer internship of at least six weeks duration with an industry partner. The P-TECH program is open admission and has no cost to students.

**Exhibit 10** shows the timeline for when P-TECH schools have or will be opened in the State. The first P-TECH schools in Maryland opened for students in Baltimore City in the 2016-2017 school year with 50 grade nine students at Paul Laurence Dunbar High School and 50 grade nine students at Carver Vocational-Technical High School. P-TECH at Dunbar is in a partnership with The Johns Hopkins Hospital; the University of Maryland, Baltimore Campus; and Kaiser Permanente. P-TECH at Carver is in a partnership with IBM.

Three additional schools opened across the State for the 2017-2018 school year. This includes two in Prince George's County. Both are located at Frederick Douglass High School, with one partnering with Marriott and the other with MedStar Health. Allegany County started its first P-TECH school as well, partnered with Western Maryland Health Systems. One school was supposed to open on the Eastern Shore to serve Caroline, Queen Anne's, and Talbot counties but was never able to find an industry partner and get started.

The fiscal 2018 budget provided funding for planning grants for six additional P-TECH schools to open in fall 2018. However, MSDE reports that only three planning grants have been made in fiscal 2018 for schools to start in fall 2018: one for Baltimore County, one for Montgomery County, and one more for Baltimore City (this will bring Baltimore City's total number of P-TECH schools up to three). This means that there will be a total of eight P-TECH schools statewide for the 2018-2019 school year. Chapter 591 of 2017 specifies that this latest round of planning grants will be the last until the initial P-TECH cohort from the 2016-2017 school year completes its six-year sequence.



**Exhibit 10**  
**P-TECH School Openings Timeline**  
**Fall 2016-2018**

	<u>New P-TECH Schools</u>	<u>LEAs with New P-TECH Schools</u>	<u>Total P-TECH Schools Statewide</u>
<b>Fall 2016</b>	2	Baltimore City (2)	2
<b>Fall 2017</b>	4 3	Allegany, Prince George's (2), <del>Eastern Shore</del>	5
<b>Fall 2018</b>	6 3	Baltimore City, Baltimore County, and Montgomery	8

LEA: local education agency

P-TECH School: Pathways in Technology Early College High School

Note: Originally, four schools were supposed to open in fall 2017, but the school meant to serve the Eastern Shore could not find an industry partner and never started. Also, the fiscal 2018 budget supplied funding sufficient to fund six planning grants, but only three LEAs have been awarded grants from this funding to start new schools.

Source: Department of Legislative Services

Chapter 591 also put in place the funding structure for the P-TECH program. This funding is split between K-12 funding provided to LEAs and higher education funding provided to community colleges. For K-12, students are counted normally in their LEAs formula funding in their first four years in the program (*i.e.*, grades 9 through 12). For their fifth year in the program (grade 13) they remain in the LEAs formula but are counted as 50% of an FTE for their LEA, and in their sixth and final year (grade 14) they are counted as 25%. In addition, LEAs receive \$750 from the State per P-TECH student, which must be matched 100% by the LEA. For community colleges, Chapter 591 establishes a supplemental college grant that is equal to the tuition and fees that would normally be charged for the classes in which a P-TECH student enrolls. For counties that received a disparity grant in the prior fiscal year, the State share is 50% and the local share is 50%; for counties that did not receive a disparity grant in the prior fiscal year, the State share is 25% and the local share is 75%. Student credit hours at a community college are also included in the college's FTES calculation for their funding formulas, providing additional funding.

Under Chapter 591, MSDE is required to report annually by December 1 on a number of P-TECH-related items, including the number of P-TECH students enrolled in each P-TECH school and the associated industry partners. However, to date, MSDE has only reported on data for the P-TECH schools in Baltimore City while providing no information in its report on the new schools in Allegany and Prince George's counties nor on the predicted enrollment or industry partners for the schools receiving planning grants in fiscal 2018. It also mentions in its report that of the 100 first-year students that enrolled in the initial P-TECH cohort in Baltimore City, 23 did not continue into their second year.



Currently, P-TECH is level funded at \$855,000 in both the fiscal 2018 working appropriation and the fiscal 2019 allowance. The fiscal 2018 funding included \$600,000 for planning grants, but no planning grants are allowed for fiscal 2019 under Chapter 591. All of this funding is provided in the Innovative Programs budget; none has been budgeted for community colleges. However, without updated enrollment numbers, it is impossible to determine whether or not the funding accurately portrays costs for P-TECH, or to predict how expensive P-TECH will be in the out-years. **MSDE should provide the enrollment of students at P-TECH schools in Allegany and Prince George’s counties, as well as the expected enrollment and industry partners for the three P-TECH schools receiving planning grants in fiscal 2018. MSDE should also explain how the fiscal 2019 allowance was determined and how much of the funding is intended to cover required community college grants. Finally, MSDE should also comment on whether funds designated for planning grants for a P-TECH school on the Eastern Shore were returned to the State and how much unused planning grant funding is anticipated to be returned at the end of fiscal 2018.**



## ***Operating Budget Recommended Actions***

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1. Add the following language:

Provided that the Maryland State Department of Education shall notify the budget committees of any intent to transfer the funds from program R00A.02 Aid to Education to any other budgetary unit. The budget committees shall have 45 days to review and comment on the planned transfer prior to its effect.

**Explanation:** The Maryland State Department of Education (MSDE) should not transfer any funds from Aid to Education until the transfer is reviewed by the budget committees.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on any transfer of funds from R00A02	MSDE	45 days prior to transfer

2. Amend the following language to the general fund appropriation:

Further provided that this appropriation shall be reduced by ~~\$5,000,000~~ \$300,000 contingent upon the enactment of legislation ~~repealing~~ altering the mandate that funding be provided for the Next Generation Scholars Program.

**Explanation:** This is a technical amendment reflecting a recommendation by the Department of Legislative Services that the Budget Reconciliation and Financing Act of 2018 be amended to alter the mandated funding level for the Next Generation Scholars of Maryland Program to fund the program at its fiscal 2018 level of \$4.7 million.

3. Amend the following language to the general fund appropriation:

General Fund Appropriation, provided that this appropriation shall be reduced by ~~\$5,000,000~~ \$4,045,000 contingent upon the enactment of legislation ~~repealing~~ altering the mandate that funding be provided for the Teacher Induction, Retention, and Advancement Pilot Program.

**Explanation:** This is a technical amendment reflecting a recommendation by the Department of Legislative Services that the Budget Reconciliation and Financing Act of 2018 be amended to alter the mandated funding level for the Teacher Induction, Retention, and Advancement Pilot Program to fund the program at its fiscal 2018 level of \$955,000.



*R00A02 – MSDE – Aid to Education*

4. Amend the following language to the general fund appropriation:

~~Further provided that this appropriation shall be reduced by \$2,100,000 contingent upon the enactment of legislation reducing the mandated stipend for teachers who hold a certificate issued by the National Board for Professional Teaching Standards~~

**Explanation:** This is a technical amendment based on the recommendation by the Department of Legislative Services to reject the provision in the Budget Reconciliation and Financing Act of 2018 to reduce the mandated stipend for teachers who hold National Board Certification.

	<b><u>Amount Reduction</u></b>	
5. Reduce the appropriation for the Quality Teacher Incentives program based on updated expectations for the number of teachers with National Board Certification teaching in schools with comprehensive needs.	\$ 1,280,000	GF
<b>Total General Fund Reductions</b>	<b>\$ 1,280,000</b>	



## ***Updates***

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### **1. Baltimore City Public Schools Cost Efficiencies**

As Baltimore City Public Schools (BCPS) have faced year-over-year funding shortfalls due to declining enrollment and increasing wealth in Baltimore City, cost efficiencies for BCPS have been an ongoing concern for the General Assembly. To this end, language in the fiscal 2017 budget required a joint report from BCPS and Baltimore City on potential cost efficiencies through shared costs and other arrangements. The report that BCPS and Baltimore City submitted did contain some areas for collaboration, including risk management, crossing guards, school health services, school-site recreation centers and pools, child care centers, procurement services, transportation services, and fleet management. However, the report did contain an area of disagreement and concern between the two entities, as Baltimore City believed its requirement to pay a portion of health care for BCPS retirees was overly burdensome and suggested transferring this liability to BCPS to allow for BCPS to fully control its staffing. BCPS disagreed with this suggestion, stating that it would rather avoid the risk of taking on these liabilities and financial obligations. Meanwhile, Baltimore City also suggested that BCPS fund health care for its active employees with a blended premium rate, which would subsidize health benefits for retirees and require BCPS employees to pay a higher rate for their health care costs, thereby saving BCPS money. BCPS has disagreed with this proposal as well, stating that implementation would require salary and benefit increases that are outside of its means.

The budget committees adopted narrative in the 2017 *Joint Chairmen's Report* (JCR) directing BCPS and Baltimore City to convene a joint task force to determine arrangements for savings, including but not exclusive to retiree and current employee health care for BCPS employees and report to the budget committees. After receiving an extension, the task force completed its report in January 2018. The task force reported that it has met twice, and that Baltimore City and BCPS are establishing three subcommittees to investigate possible advantages for joint actions in (1) procurement; (2) fleet operations; and (3) printing services, which will submit recommendations to the task force by March 31, 2018. Additionally, the report describes what the School Reuse Task Force, which is working under Chapter 6 and 607, is doing to find cost savings in surplusings and reusing BCPS buildings.

However, the task force did not come to any conclusions about cost savings in regard to health care, as both Baltimore City and BCPS have remain unchanged in their views on the matter. BCPS does state that it is attempting to lower its health care costs through other means as it negotiates with the Baltimore Teachers Union, which could result in savings of approximately \$4 million annually. Additionally, BCPS is in the process of rebidding health care contracts with all providers. Finally, BCPS and Baltimore City did use this report to raise a new issue: a disagreement over unfunded pension liability that BCPS believes it was unfairly attributed during fiscal 2015, though it is not clear how this issue is germane to the task force's charge of identifying cost savings between the two entities.



## **2. School-based Health Centers**

Due to concern about when and how school-based health centers (SBHC) receive funding, the budget committees included narrative in the 2017 JCR requiring MSDE to report on the status and timeliness of the award of SBHC funds for fiscal 2018. In its report submitted on August 1, 2017, MSDE states that its Division of Student, Family, and School Support annually administers approximately \$2.5 million in SBHC grants, ranging in size from \$53,000 to \$533,010. However, the entering of grant information into MSDE's fiscal management system and the subsequent review process caused delays in disbursing funds in fiscal 2017.

In order to avoid another delay in disbursing the fiscal 2018 grants, MSDE created the following timeline:

- the Maryland SBHC application for fiscal 2018 was updated to include a process for initial applicants, continuation applicants, and approval of new sites;
- the updated application was posted on the MSDE website on May 5, 2017, and shared with the Maryland Council for the Advancement of School Based Health Centers and all SBHC administrators;
- the due date for submission of all applications was June 5, 2017. As of June 12, 2017, 19 applications were received;
- all applications were reviewed and entered into the MSDE Notice of Grant Award (NOGA) system on June 19, 2017;
- the MSDE budget office began review of information entered into the NOGA system on July 1, 2017;
- at the time of the submission of its report, MSDE was in the process of assigning grant amounts and preparing grant award letters to SBHC program directors. This process was expected to be completed by mid-September 2017; and
- MSDE expected to award funding to SBHC's in October 2017.



**Appendix 1**  
**Current and Prior Year Budgets**  
**MSDE – Aid to Education**  
**(\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2017</b>					
Legislative Appropriation	\$5,865,476	\$463,944	\$913,558	\$140	\$7,243,118
Deficiency Appropriation	-15,382	15,757	0	0	376
Cost Containment	0	0	0	0	0
Budget Amendments	300	0	-984	0	-684
Reversions and Cancellations	-4,388	-84	-82,844	-127	-87,443
<b>Actual Expenditures</b>	<b>\$5,846,006</b>	<b>\$479,618</b>	<b>\$829,729</b>	<b>\$13</b>	<b>\$7,155,366</b>
<b>Fiscal 2018</b>					
Legislative Appropriation	\$5,839,754	\$527,311	\$968,017	\$140	\$7,335,223
Cost Containment	0	0	0	0	0
Budget Amendments	0	0	0	0	0
<b>Working Appropriation</b>	<b>\$5,839,754</b>	<b>\$527,311</b>	<b>\$968,017</b>	<b>\$140</b>	<b>\$7,335,223</b>

MSDE: Maryland State Department of Education

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.



## **Fiscal 2017**

General fund expenditures totaled approximately \$5.8 billion in fiscal 2017, reflecting nearly a \$19.5 million decrease when compared to the legislative appropriation.

- In total, deficiency appropriations and reductions decreased the legislative appropriation by nearly \$15.4 million. The reduction comes from a fund swap of nearly \$15.8 million to replace general funds with Education Trust Fund (ETF) revenues due to revised video lottery terminal (VLT) revenue projections, along with a reduction of nearly \$233,000 in excess funding for the Out-of-County Placements Program. This was offset by deficiency appropriations of approximately \$378,000 to fund a shortfall in the Autism Waiver Program and \$230,000 to supplement expenditures for Montgomery County Optional Library Retirement, which was still budgeted under Aid to Education at the close of the fiscal year.
- The legislative appropriation was increased \$300,000 by a budget amendment that reallocated reserved funding for the Bard Early College High School Baltimore.
- General fund reversions reduced the legislative appropriation by \$4.4 million. Approximately \$3.1 million was due to a decrease in the State obligation for nonpublic placements, following a method change in calculating the State's obligation for the program. Approximately \$819,000 was due to a decrease in teachers completing the National Board Certification (NBC) in fiscal 2017, resulting in less funding for Quality Teacher Incentives. The remainder is due to enrollment adjustments for local education agencies (LEA), particularly for the Out-of-County Placements Program.

Special fund expenditures totaled approximately \$479.6 million in fiscal 2017, an increase of nearly \$15.7 million when compared to the legislative appropriation. This is primarily due to a deficiency appropriation of nearly \$15.8 million as part of the fund swap to replace general funds with ETF revenues due to revised VLT revenue projections. This increase in special funds was slightly offset by a cancellation of \$84,000 due to fewer teachers receiving funds from LEAs for NBC fees.

Federal fund expenditures totaled approximately \$829.7 million in fiscal 2017, a decrease of \$83.8 million when compared to the legislative appropriation. This includes a transfer of \$984,000 by budget amendment from the appropriation for the federal Food Service Program to be used for prekindergarten expansion, which is budgeted under Early Childhood Development. However, the vast majority of the decrease is due to cancellations in federal funds, totaling approximately \$82.8 million. The largest cancellation is for the federal Food Service Program at \$78.5 million, which occurred after the Maryland State Department of Education (MSDE) budgeted a high enough appropriation to accommodate all LEAs participating in the Community Eligibility Program, when far fewer ended up participating (Baltimore City and Somerset County being the only LEAs in which all schools participated in fiscal 2017). Other cancellations are primarily due to lower than budgeted expenditures, including \$2.5 million in Title I funding, \$913,000 for Improving Teacher Quality State Grants, \$521,000 for English Language Acquisition State Grants, and \$249,000 for Vocational Education Grants; these funds are carried over and are expected to be spent in fiscal 2018.



***R00A02 – MSDE – Aid to Education***

Reimbursable fund expenditures totaled \$13,000 at the close of fiscal 2017, a \$127,000 decrease when compared to the legislative appropriation. This decrease is attributed to a cancellation in reimbursable funds for sexual harassment and assault prevention that MSDE receives from the Maryland Department of Health (MDH). However, the federal funding that MDH received for this purpose decreased in fiscal 2017, as activities such as positive behavioral interventions and supports are no longer allowable activities for funding.

**Fiscal 2018**

The fiscal 2018 working appropriation totals \$5.8 billion in general funds, \$527.3 million in special funds, \$968.0 million in federal funds, and \$140,000 in reimbursable funds. These amounts represent no change from the legislative appropriation.



**Appendix 2**  
**Local Cost Share for Teacher Retirement**  
**Fiscal 2018 and 2019**

<b>County</b>	<b>Local Administrative Cost Share for <u>Teacher Retirement</u></b>			<b>Local Cost Share for <u>Teacher Retirement</u></b>		
	<b>2018</b>	<b>2019</b>	<b>Difference</b>	<b>2018</b>	<b>2019</b>	<b>Difference</b>
Allegany	\$182,971	\$207,640	\$24,669	\$2,672,424	\$2,603,702	-\$68,721
Anne Arundel	1,516,950	1,902,035	385,085	23,665,762	23,850,572	184,810
Baltimore City	1,443,434	1,922,109	478,675	24,794,678	24,102,293	-692,385
Baltimore	2,077,115	2,690,447	613,332	32,722,097	33,736,865	1,014,768
Calvert	317,839	400,586	82,747	4,994,291	5,023,147	28,856
Caroline	123,251	139,467	16,216	1,660,017	1,748,847	88,830
Carroll	546,733	587,338	40,605	7,260,805	7,364,920	104,116
Cecil	324,010	396,634	72,624	4,852,061	4,973,590	121,529
Charles	530,216	646,433	116,217	8,106,644	8,105,946	-698
Dorchester	105,644	113,675	8,031	1,433,460	1,425,429	-8,031
Frederick	853,863	943,338	89,475	11,970,766	11,828,994	-141,773
Garrett	81,683	89,913	8,230	1,157,325	1,127,463	-29,862
Harford	777,624	826,075	48,451	10,127,778	10,358,563	230,786
Howard	1,287,147	1,712,165	425,018	21,003,700	21,469,703	466,003
Kent	48,647	53,101	4,454	628,136	665,863	37,727
Montgomery	3,227,942	4,813,168	1,585,226	58,560,510	60,354,730	1,794,220
Prince George's	2,461,389	3,366,082	904,693	42,030,749	42,208,998	178,249
Queen Anne's	165,545	180,335	14,790	2,277,934	2,261,317	-16,617
St. Mary's	310,759	397,158	86,399	4,944,282	4,980,167	35,885
Somerset	72,607	81,421	8,814	987,644	1,020,976	33,332
Talbot	86,584	102,912	16,328	1,274,283	1,290,459	16,176
Washington	436,915	494,733	57,818	6,278,230	6,203,703	-74,527
Wicomico	344,885	364,223	19,338	4,537,813	4,567,171	29,358
Worcester	167,722	202,735	35,013	2,555,311	2,542,199	-13,112
<b>Total</b>	<b>\$17,491,475</b>	<b>\$22,633,723</b>	<b>\$5,142,248</b>	<b>\$280,496,700</b>	<b>\$283,815,618</b>	<b>\$3,318,919</b>

Note: Chapter 1 of the 2012 special session shifted teacher's retirement costs to the local boards of education and required county governments to provide equivalent funds to the local boards above the required Maintenance of Effort. Other legislation passed at the special session enhanced county income and recordation tax revenues, in part, to offset these additional costs.



**Appendix 3**  
**Calculations for Fiscal 2019 Maintenance of Effort**  
**Fiscal 2014-2018**

<u>Local Education Agency</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Counties Below 5-year Average</u>	<u>Change in Local Wealth Per Pupil</u>	<u>Required Increase</u>
Allegany	1.20%	1.19%	1.20%	1.20%	1.20%	*	0.0%	0.0%
Anne Arundel	1.32%	1.29%	1.32%	1.33%	1.32%		2.0%	
Baltimore City	1.15%	1.12%	1.11%	1.06%	1.07%	*	4.7%	1.5%
Baltimore	1.38%	1.39%	1.41%	1.39%	1.42%		0.6%	
Calvert	1.56%	1.58%	1.57%	1.54%	1.57%		2.4%	
Caroline	0.86%	0.89%	0.91%	0.92%	0.92%	*	0.1%	0.1%
Carroll	1.46%	1.46%	1.50%	1.51%	1.50%		2.2%	
Cecil	1.27%	1.32%	1.39%	1.37%	1.37%		3.4%	
Charles	1.62%	1.64%	1.68%	1.66%	1.66%		-0.1%	
Dorchester	1.10%	1.13%	1.17%	1.17%	1.17%	*	1.1%	1.1%
Frederick	1.45%	1.42%	1.43%	1.42%	1.44%		2.0%	
Garrett	1.10%	1.12%	1.18%	1.20%	1.18%	*	0.2%	0.2%
Harford	1.35%	1.34%	1.36%	1.36%	1.34%		2.0%	
Howard	1.79%	1.83%	1.86%	1.82%	1.78%		0.9%	
Kent	1.10%	1.04%	1.09%	1.05%	1.06%	*	1.0%	1.0%
Montgomery	1.42%	1.39%	1.42%	1.45%	1.43%		1.0%	
Prince George's	1.35%	1.38%	1.45%	1.46%	1.46%		3.1%	
Queen Anne's	1.11%	1.19%	1.23%	1.24%	1.23%	*	2.5%	1.5%
St. Mary's	1.24%	1.28%	1.33%	1.37%	1.33%		1.6%	
Somerset	1.19%	1.20%	1.19%	1.21%	1.21%	*	2.9%	1.5%
Talbot	0.74%	0.76%	0.80%	0.81%	0.83%	*	-3.0%	0.0%
Washington	1.26%	1.27%	1.26%	1.24%	1.24%	*	1.3%	1.3%
Wicomico	1.01%	1.02%	1.06%	1.06%	1.07%	*	2.2%	1.5%
Worcester	1.04%	1.12%	1.13%	1.15%	1.14%	*	1.3%	1.3%
<b>State Average</b>	<b>1.25%</b>	<b>1.27%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.29%</b>	<b>1.28%</b>	<b>1.5%</b>	

Source: Maryland State Department of Education



**Appendix 4  
Object/Fund Difference Report  
MSDE – Aid to Education**

<u>Object/Fund</u>	<u>FY 17 Actual</u>	<u>FY 18 Working Appropriation</u>	<u>FY 19 Allowance</u>	<u>FY 18 - FY 19 Amount Change</u>	<u>Percent Change</u>
<b>Objects</b>					
12 Grants, Subsidies, and Contributions	\$ 7,155,366,362	\$ 7,335,222,704	\$ 7,456,501,446	\$ 121,278,742	1.7%
<b>Total Objects</b>	<b>\$ 7,155,366,362</b>	<b>\$ 7,335,222,704</b>	<b>\$ 7,456,501,446</b>	<b>\$ 121,278,742</b>	<b>1.7%</b>
<b>Funds</b>					
01 General Fund	\$ 5,846,006,194	\$ 5,839,754,091	\$ 6,004,692,179	\$ 164,938,088	2.8%
03 Special Fund	479,617,547	527,311,211	508,299,110	-19,012,101	-3.6%
05 Federal Fund	829,729,185	968,017,402	943,480,157	-24,537,245	-2.5%
09 Reimbursable Fund	13,436	140,000	30,000	-110,000	-78.6%
<b>Total Funds</b>	<b>\$ 7,155,366,362</b>	<b>\$ 7,335,222,704</b>	<b>\$ 7,456,501,446</b>	<b>\$ 121,278,742</b>	<b>1.7%</b>

MSDE: Maryland State Department of Education

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.



**Appendix 5  
Fiscal Summary  
MSDE – Aid to Education**

<b><u>Program/Unit</u></b>	<b><u>FY 17 Actual</u></b>	<b><u>FY 18 Wrk Approp</u></b>	<b><u>FY 19 Allowance</u></b>	<b><u>Change</u></b>	<b><u>FY 18 - FY 19 % Change</u></b>
01 State Share of Foundation Program	\$ 3,204,629,083	\$ 3,257,845,745	\$ 3,341,235,953	\$ 83,390,208	2.6%
02 Compensatory Education	1,309,146,300	1,305,545,022	1,305,052,312	-492,710	0%
03 Aid for Local Employee Fringe Benefits	788,114,088	734,454,249	732,920,781	-1,533,468	-0.2%
04 Children at Risk	39,040,317	37,662,042	51,123,511	13,461,469	35.7%
05 Formula Programs for Specific Populations	1,844,028	2,200,000	2,000,000	-200,000	-9.1%
07 Students with Disabilities	432,116,454	440,552,227	449,073,658	8,521,431	1.9%
08 State Assistance for Students with Disabilities	207,772,275	212,861,789	210,977,204	-1,884,585	-0.9%
09 Gifted and Talented	659,144	800,000	0	-800,000	-100.0%
12 Educationally Deprived Children	219,641,032	243,871,885	237,289,438	-6,582,447	-2.7%
13 Innovative Programs	10,761,652	19,496,108	45,015,699	25,519,591	130.9%
15 Language Assistance	9,556,001	10,500,000	10,443,044	-56,956	-0.5%
18 Career and Technology Education	13,756,887	13,677,310	14,429,645	752,335	5.5%
24 Limited English Proficient	227,016,216	248,683,743	288,041,382	39,357,639	15.8%
25 Guaranteed Tax Base	54,511,367	50,304,279	48,169,682	-2,134,597	-4.2%
27 Food Services Program	331,059,858	439,834,323	394,601,284	-45,233,039	-10.3%
39 Transportation	270,793,167	276,341,360	282,585,211	6,243,851	2.3%
52 Science and Mathematics Education Initiative	1,563,553	1,543,100	1,543,100	0	0%
55 Teacher Development	33,384,940	39,049,522	41,999,542	2,950,020	7.6%
<b>Total Expenditures</b>	<b>\$ 7,155,366,362</b>	<b>\$ 7,335,222,704</b>	<b>\$ 7,456,501,446</b>	<b>\$ 121,278,742</b>	<b>1.7%</b>
General Fund	\$ 5,846,006,194	\$ 5,839,754,091	\$ 6,004,692,179	\$ 164,938,088	2.8%
Special Fund	479,617,547	527,311,211	508,299,110	-19,012,101	-3.6%
Federal Fund	829,729,185	968,017,402	943,480,157	-24,537,245	-2.5%
<b>Total Appropriations</b>	<b>\$ 7,155,352,926</b>	<b>\$ 7,335,082,704</b>	<b>\$ 7,456,471,446</b>	<b>\$ 121,388,742</b>	<b>1.7%</b>
Reimbursable Fund	\$ 13,436	\$ 140,000	\$ 30,000	-\$ 110,000	-78.6%
<b>Total Funds</b>	<b>\$ 7,155,366,362</b>	<b>\$ 7,335,222,704</b>	<b>\$ 7,456,501,446</b>	<b>\$ 121,278,742</b>	<b>1.7%</b>

MSDE: Maryland State Department of Education

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.