

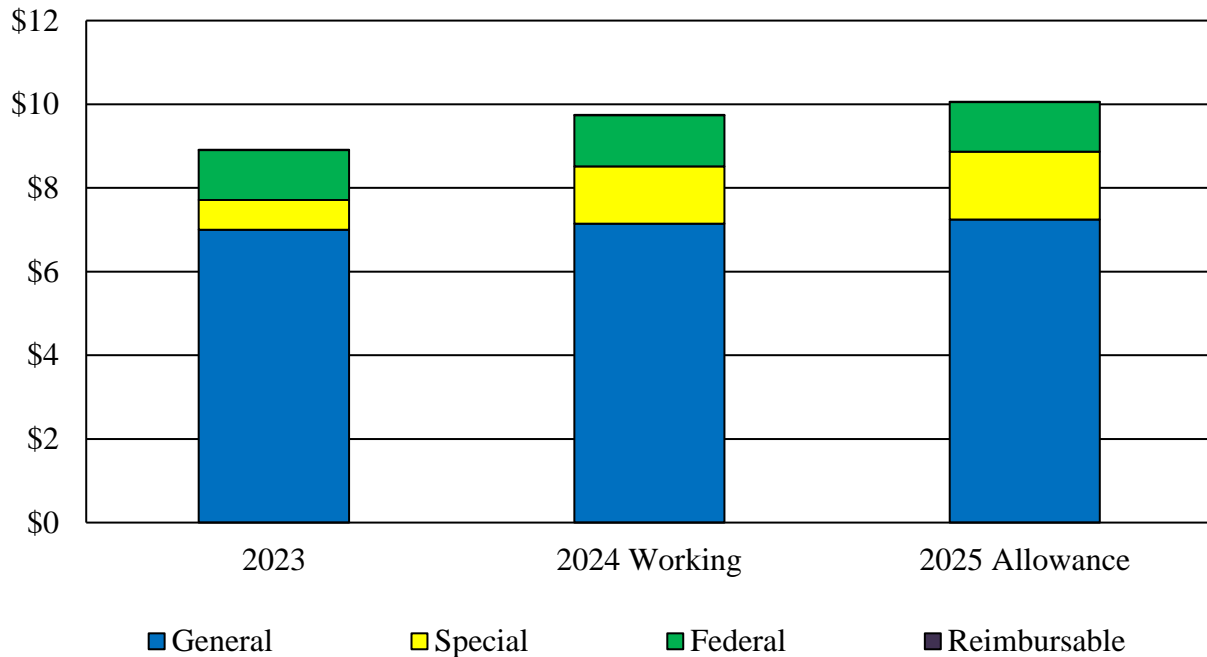
R00A02
Aid to Education
Maryland State Department of Education

Executive Summary

The Maryland State Department of Education (MSDE) Aid to Education budget is comprised of programs that provide State education aid to local jurisdictions. These programs include the State Share of the Foundation program (Foundation program), which is the major State Aid program for primary and secondary schools. This analysis includes K-12 education State aid and funds allocated to the Blueprint for Maryland’s Future (Blueprint) programs. Programs in the Aid to Education budget that provide funding for early childhood programs, which include Prekindergarten, Head Start, and the Child Care Scholarship Program, can be found in the budget analysis for R00A99 – MSDE – Early Childhood Development. The Accountability and Implementation Board (AIB), an independent agency is responsible for the oversight and evaluation of the Blueprint programs and can be found in the budget analysis for R12 – AIB.

Operating Budget Summary

Fiscal 2025 Increases \$315.6 Million, or 3.2%, to \$10.1 Billion
(\$ in Millions)



Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies.

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- The fiscal 2025 increase of \$315.6 million compared to the fiscal 2024 working appropriation accounting for deficiency appropriations is primarily attributable to a net increase of \$284.9 million for major State aid, with approximately half of that amount, \$141.2 million, allocated as general funds for teacher retirement. The allocation for teacher retirement drives the net increase of \$102.0 million in general funds in the fiscal 2025 allowance.
- A net increase of \$253.8 million in special funds is driven by increases for Blueprint major State aid programs, which are funded with revenues from Blueprint for Maryland’s Future Fund (Blueprint Fund). Slightly more than half of this amount, \$131.1 million, is for the concentration of poverty grants (CPG) program. Other formula-driven increases include \$66.2 million for special education; \$46.0 million for limited English proficiency (LEP); \$28.6 million for compensatory education; and \$10.0 million for the Foundation program. These increases are slightly offset by decreases in funding for Blueprint programs, including \$16.9 million for Transitional Supplemental Instruction (TSI); \$8.7 million for Blueprint transition grants; and \$8.3 million for College and Career Readiness (CCR).
- Federal funds decrease by \$40.2 million, which reflects an offset between an increase of \$46.4 million for food service programs and decreases of \$50.8 million in Title I grants for Educationally Deprived Children, primarily driven by a proposed deficiency appropriation of \$55.6 million and \$45.5 million in federal funds for COVID-19 relief.

Key Observations

- ***Enrollment Data Concerns Affect Compensatory Education and CPG Programs:*** Following two enrollment audits of MSDE in calendar 2022, language in the fiscal 2024 Budget Bill required MSDE to submit a report on free and reduced-price meal (FRPM) enrollment counts, which are used for the compensatory education and CPG programs. In two submissions of data, MSDE did not provide evidence of meeting the requirements to conduct a greater than comparison between student enrollment counts for FRPM, Community Eligibility Provision (CEP), and direct certification, which is necessary to calculate compensatory education enrollment. Similar issues are evident in MSDE’s fiscal 2025 submission of FRPM enrollment for these programs.
- ***Pathways in Technology Early College High School (P-TECH) Enrollment Counts and Projected Costs Require Clarification:*** As required in fiscal 2023 and 2024, MSDE provided a count of P-TECH students and added those students to the full-time equivalent (FTE) enrollment count, which is used for Foundation program funding. However, MSDE’s fiscal 2025 FTE enrollment calculation did not include P-TECH students and instead explained that these students are already included in the total enrollment count, a claim that could not be verified in the submitted data.

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- ***Autism Waiver Costs Expected to Increase with Additional Slots:*** In fiscal 2023, the Autism Waiver program received \$30.0 million in Supplemental Budget No. 5 as part of legislatively directed initiatives funded in the Dedicated Purpose Account (DPA). This additional funding was intended to move approximately 1,500 individuals off the Autism Waiver list, which had 6,000 individuals. The fiscal 2025 appropriation totals \$30.0 million, which is level-funded compared to fiscal 2024. However, with additional slots expected in early calendar 2024, additional funding may be required.
- ***Local Education Agencies (LEA) Continue to Spend Federal Stimulus Funds, but Deadline Is Approaching:*** LEAs received multiple rounds of federal stimulus funding in fiscal 2020 through 2022. These funds included \$2.7 billion in direct allocations to LEAs as well as \$256.6 million authorized in the RELIEF Act (Chapter 39 of 2021) and distributed in the fiscal 2022 Budget Bill (Chapter 357 of 2021). The final deadline to spend these funds is September 2024. As of December 2023, LEAs have spent 63% of federal funds allocated directly to LEAs and 72% of legislatively directed funds allocated as part of the RELIEF Act.
- ***Maryland Comprehensive Assessment Program (MCAP) Scores Show Improvement, but Most Students Remain Beginning and Developing Learners:*** In the second year of post-pandemic assessments, spring 2023 MCAP scores for students grades 3 through 8 show a slight improvement in English/language arts (ELA) but remain level in mathematics. Postpandemic concerns persist regarding student learning loss and the expiration of federal funds for summer school and tutoring.

Operating Budget Recommended Actions

1. Add language to the general fund appropriation restricting funds pending the submission of two overdue reports from Somerset County Public Schools.
2. Add language to the general fund appropriation for a report on free and reduced-price meal student enrollment.
3. Adopt committee narrative for a report on the Nonpublic Placement program.
4. Adopt committee narrative for a status update on the Autism Waiver program.
5. Adopt committee narrative for a status update on the Pathways in Technology Early College High School Program.
6. Adopt committee narrative for a status update on the Maryland Comprehensive Assessment Program.
7. Adopt committee narrative for reports on local education agency COVID-19 federal stimulus fund expenditures.

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Operating Budget Analysis

Program Description

State and local governments share responsibility for funding Maryland’s public schools. The State provides the majority of direct funding to LEAs through the Foundation program, which includes calculations intended to promote fiscal equity. Chapters 701 and 702 of 2016 created the Commission on Innovation and Excellence in Education (Kirwan Commission) to study and recommend changes to Maryland’s school funding formulas. In calendar 2019, the legislature passed the Kirwan Commission’s initial recommendations (Chapter 771 of 2019), the Blueprint, and in calendar 2020, the legislature passed HB 1300, Blueprint – Implementation, which set into statute new formulas and programs. The Governor vetoed HB 1300 but, in calendar 2021, the legislature passed a veto override, and the legislation became law as Chapter 36 of 2021. In calendar 2021 and 2022, the legislature passed updates to Chapter 36, Chapter 55 of 2021 and Chapter 33 of 2022, which made minor changes to the statute and clarified funding formulas. Fiscal 2023 was the first year of full implementation of Blueprint programs and new statutory formulas.

As part of Chapter 36 as amended mandates, all LEAs receive wealth-equalized funding based on enrollment for the Foundation program, which is the primary program for LEA funding as well as the following programs: compensatory education; CCR; regular and special education transportation; LEP; special education; TSI; and prekindergarten. Depending on wealth and other factors, some LEAs also receive funding for guaranteed tax base (GTB), Blueprint transition grants, Career Ladder, CPG, and other Blueprint programs. Funding for these programs is primarily through the Blueprint Fund, which is a constitutionally established special fund that receives sales tax, casino, and gambling revenues. Starting in fiscal 2023, the Governor must fund 100% of mandated Blueprint programs.

This analysis for Aid to Education includes 20 of 24 programs budgeted in the Governor’s Aid to Education budget.

Performance Analysis: Managing for Results

The federal Every Student Succeeds Act of 2015 requires that every state administer annual, summative assessments to all students in (1) ELA and mathematics in grades 3 through 8 and high school; (2) science in each grade span (grades 3 through 5, grades 6 through 8, and high school); and (3) English language proficiency assessments in grades K through 12 for all students considered as LEP. In calendar 2018, MSDE announced the transition from the Partnership for the Assessment of Readiness for College and Careers to MCAP. According to MSDE, this change was necessary so that State assessments were more reflective of the Maryland content standards and

instruction. Development of MCAP began in January 2019, with pilot testing initially slated for December 2019 and initial administration planned for spring 2020.

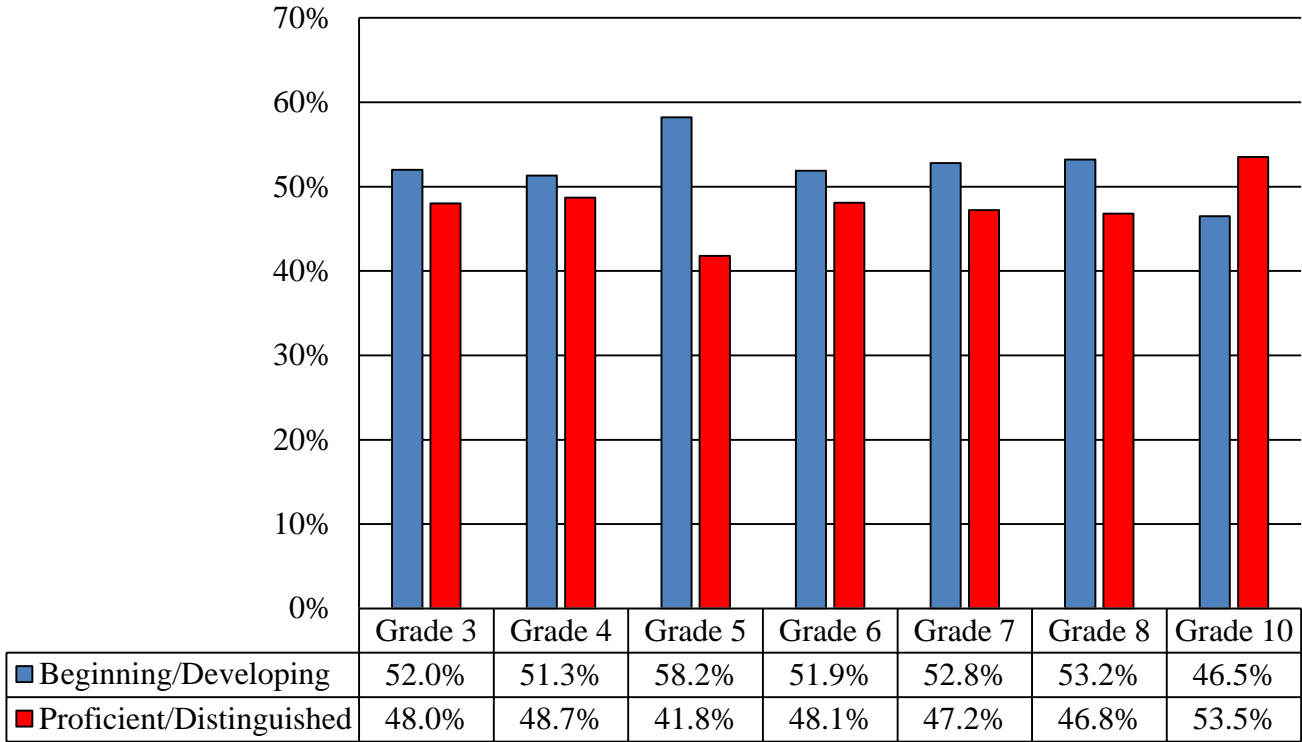
However, due to COVID-19 school closures starting March 2020, the administration of pilot MCAP assessments was delayed. The U.S. Department of Education issued waivers to Maryland for administration of these assessments in spring 2020 and 2021, which allowed MSDE flexibility to stagger assessments across testing windows in fall 2020, spring 2021, fall 2022, and spring 2022. Spring 2022 assessments provided MSDE and LEAs with information for the first time since calendar 2019 about student progress and learning loss during the pandemic. Spring 2023 assessments represent the second year of post-pandemic testing.

As with the spring 2022 assessment scores, the overall trend in spring 2023 indicates that a majority of students score as either beginning or developing learners on the MCAP ELA and mathematics assessments.

1. Maryland Comprehensive Assessment Program English/Language Arts Score Shows Majority of Students Beginning and Developing Learners

MCAP measures the percentage of students who earn a beginning, developing, proficient, or distinguished score on the ELA assessments in grades 3 to 8 and grade 10. As shown in **Exhibit 1**, in spring 2023, the majority of students scored beginning or developing at all grade levels except for grade 10, in which 53.5% of students scored proficient or distinguished. The lowest proficient or distinguished score was in grade 5, with 41.8% of students at this level of proficiency.

Exhibit 1
MCAP English/Language Arts Scores by Grade Level
2022-2023 School Year



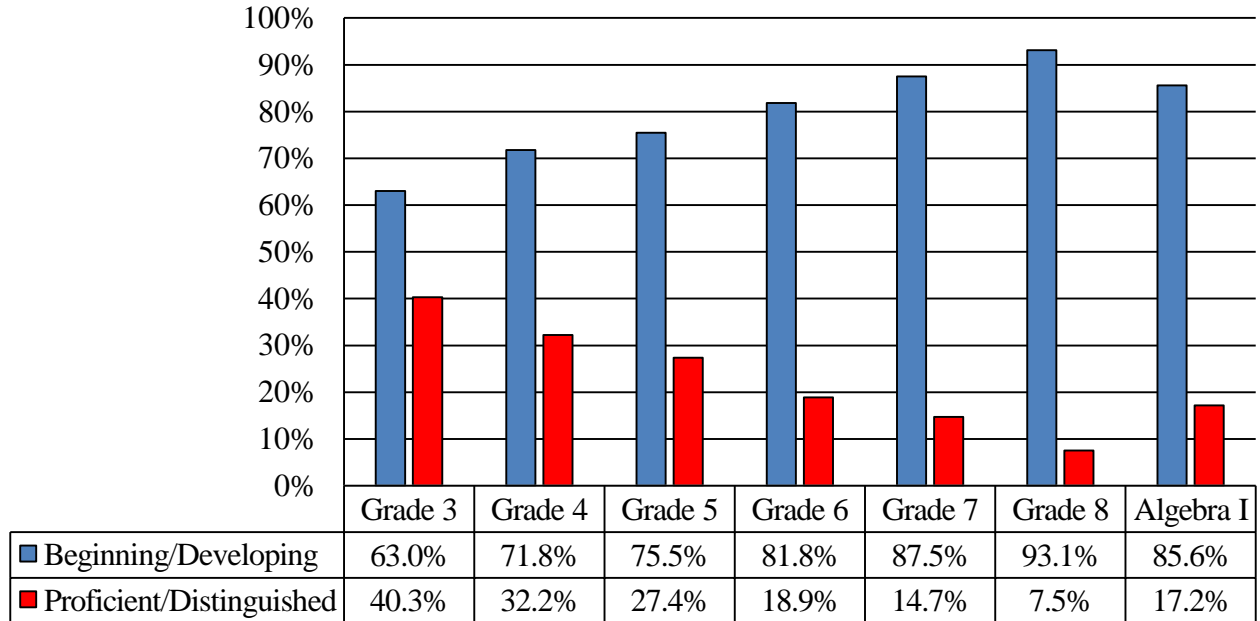
MCAP: Maryland Comprehensive Assessment Program

Source: Maryland State Department of Education

2. Maryland Comprehensive Assessment Program Mathematics Scores Show Majority of Students Beginning and Developing Learners

MCAP measures the percentage of students who earn a beginning, development, proficient, or distinguished score in grades 3 to 8 math and high school Algebra I assessments. As shown in **Exhibit 2**, in spring 2023, the majority of students scored either beginning or developing. The highest share with proficient/distinguished scores occurred in grade 3, 40.3%, while the lowest share at proficient/distinguished occurred in grade 8, 7.5%.

Exhibit 2
MCAP Mathematics Scores by Grade Level
2022-2023 School Year



MCAP: Maryland Comprehensive Assessment Program

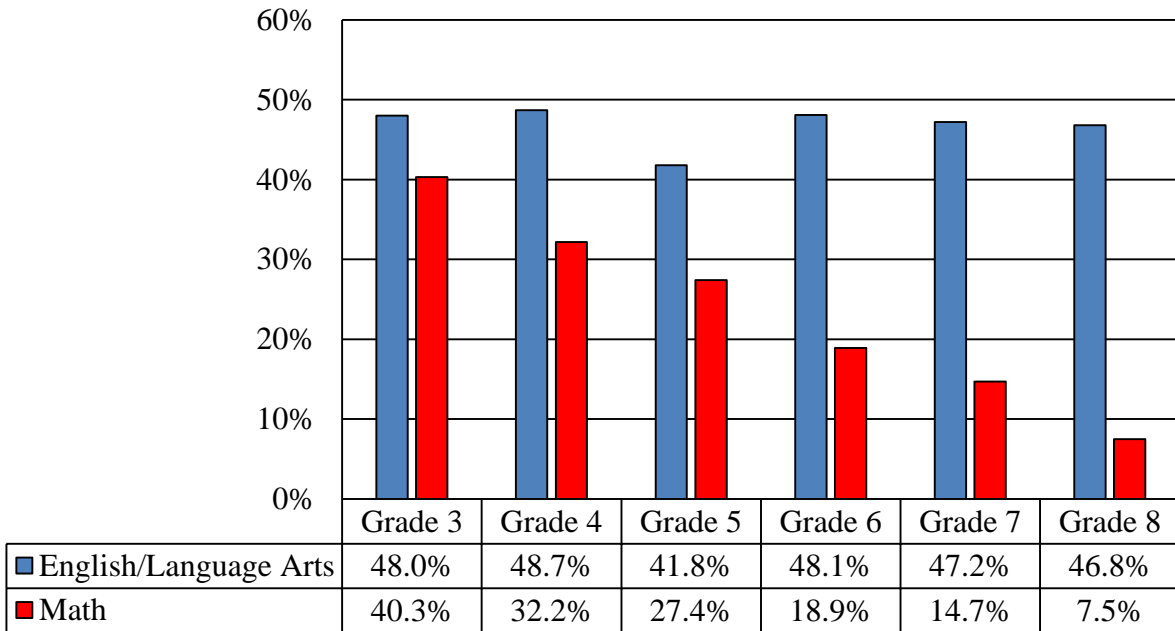
Source: Maryland State Department of Education

In MSDE’s fiscal 2025 submission for this performance measure, prior and current mathematics scores for Algebra II, which had been reported in previous years, were omitted. **MSDE should comment on the reason for the omission of the Algebra II data in the fiscal 2025 Managing for Results (MFR) submission.**

3. More Students Score as Proficient or Distinguished in English/Language Arts Compared to Mathematics

Exhibit 3 provides a comparison of MCAP scores in ELA and mathematics from grades 3 to 8, which shows that more students scored proficient or distinguished in ELA than mathematics at each grade level. The smallest achievement gap between ELA and mathematics scores is 7.7 percentage points in grade 3, and the largest achievement gap is 39.3 percentage points in grade 8.

Exhibit 3
Comparison of MCAP Scores for ELA and Mathematics
Students Scoring Proficient or Distinguished
Grades 3 through 8
2022-2023 School Year



ELA: English/language arts
 MCAP: Maryland Comprehensive Assessment Program

Source: Maryland State Department of Education

The Department of Legislative Services (DLS) recommends adopting committee narrative requesting a report on MCAP scores and LEA progress on remediation of COVID-19-related learning loss.

Fiscal 2023

In MSDE’s fiscal 2023 closeout, the agency reported a total of \$425.4 million in encumbrances, including \$185.7 million in general funds, \$10.0 million in special funds, and \$231.4 million in federal funds. These encumbrances are as follows:

- \$185.7 million in general funds in Students with Disabilities for pending grant obligations in the Nonpublic Placement program;

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- \$86.3 million in federal funds in Educationally Deprived Children;
- \$71.6 million in federal funds in Aid to Students with Disabilities;
- \$50.3 million in Elementary and Secondary Emergency Relief (ESSER) federal stimulus funds in Innovative Programs;
- \$21.5 million in federal funds in Teacher Development; and
- \$10.0 million in special funds in Students with Disabilities for the Autism Waiver program, which were transferred funds from the DPA.

DLS recommends that MSDE comment on the high number and amounts of encumbrances in fiscal 2023.

Fiscal 2024

Implementation of Legislative Priorities

In Chapter 101 of 2023 (the fiscal 2024 Budget Bill), the General Assembly enacted eight legislative priorities in the Aid to Education budget. These priorities totaled \$8.0 million and included \$6.0 million in general funds and \$2.0 million in special funds, allocated as follows:

- \$3.0 million in general funds in Students with Disabilities for the purpose of nonpublic school special education teacher salaries. With the passage of Chapter 648 of 2022, the Teacher Pay Parity Act, MSDE will distribute these funds after developing guidance on how teacher salaries will be reviewed across nonpublic schools and LEAs. \$3.0 million was also included in the fiscal 2025 budget;
- \$2.25 million in general funds for the Maryland Meals for Achievement In-Classroom Breakfast program, which was contingent on the enactment of SB 559 or HB 514 (Chapter 628 of 2023). These funds were added to \$7.5 million for this program in the budget as introduced (as mandated in Chapter 562 of 2018) and received an additional \$2.25 million in Supplemental Budget No. 2 for a total of \$12.0 million in the final budget. In fiscal 2025, this program receives the mandated amount in Chapter 628 of \$12.0 million;
- \$2.0 million in Blueprint special funds for LEA Blueprint coordinators, which is part of programs mandated in Chapter 36. MSDE distributed this one-time funding to LEAs for this specified purpose;
- \$250,000 in general funds in Innovative Programs to the Maryland Association of Environmental and Outdoor Education for school composting grants, as specified in Chapter 205 of 2022;

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- \$250,000 in general funds in Innovative Programs for a grant to Thread, Inc. to support Baltimore City youth. This program did not receive funding in the fiscal 2024 budget as introduced. This amount was added to an allocation of \$750,000 in general funds provided in Supplemental Budget No. 2 of the fiscal 2024 budget for a total of \$1.0 million for this program in fiscal 2024. In fiscal 2025, this program receives \$1.0 million in the budget as introduced;
- \$250,000 in general funds in Innovative Programs for a one-time grant to the College Board for Advanced Placement (AP) exam fees, which MSDE distributed for this specified purpose; and
- \$60,000 in one-time general funds in Innovative Programs for a grant to the Gwynn Park High School Future Farmers of America (FFA) program in Prince George’s County to support agricultural education.

MSDE should comment on whether the grant funding provided for Thread, Inc. and the Gwynn Park High School FFA program has been distributed or the timing for distribution if it has not yet been distributed.

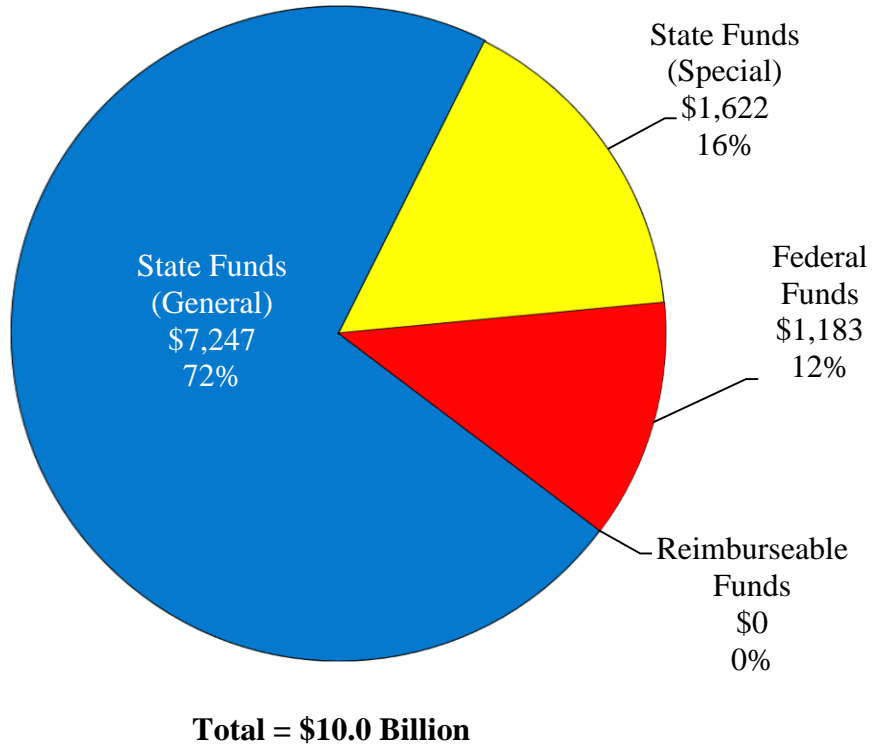
Proposed Deficiency

The fiscal 2025 budget includes proposed deficiency appropriations of \$55.6 million in federal funds for Aid to Education. Educationally Deprived Children receives \$54.9 million to fund Title I grants for homeless children and youth due to increased need for grants. Children at Risk, which is the budget for the School for Educational Evolution and Development (SEED), receives \$698,243 for the same purpose.

Fiscal 2025 Overview of Agency Spending

Across all programs in the Aid to Education budget, the total fiscal 2025 allowance is approximately \$10.0 billion, of which approximately 74% is general funds. The majority of funds in the fiscal 2025 Aid to Education allowance are distributed to LEAs and include both general funds and Blueprint special funds. **Exhibit 4** displays the overview of agency spending by fund type in fiscal 2025.

Exhibit 4
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Millions)



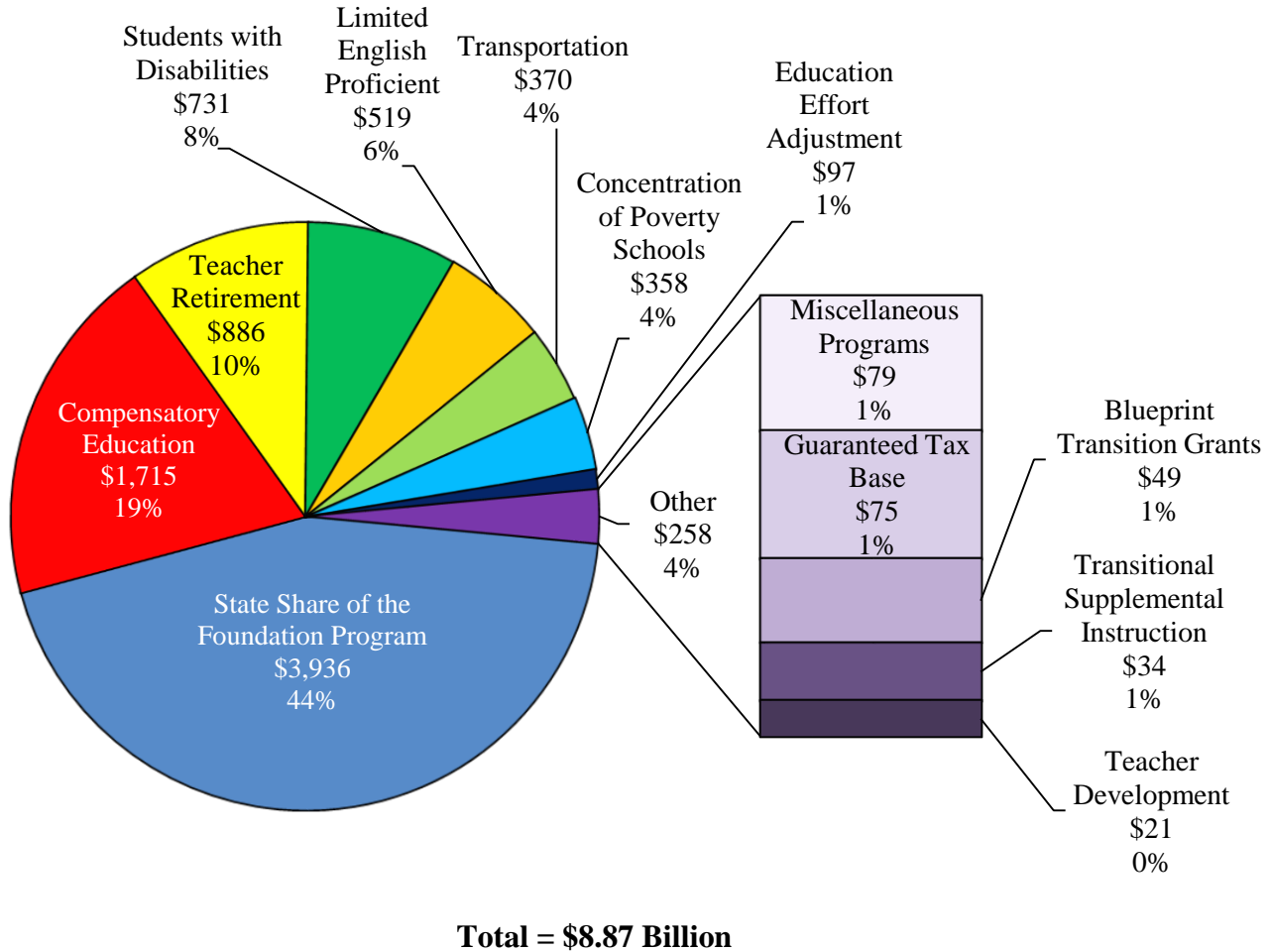
Note: Reimbursable funds total \$90,000.

Source: Governor’s Fiscal 2025 Budget Books

State Funds

Out of the \$10.0 billion in the fiscal 2025 proposed budget, \$8.9 billion in State funds encompass both general and special funds across 13 programs. As shown in **Exhibit 5**, the fiscal 2025 allowance for Foundation programs totals \$3.9 billion and encompasses 44% of these funds. Of the total fiscal 2025 allowance, compensatory education receives \$1.7 billion, or 19%; teacher retirement receives \$886 million, or 10%, not including \$46.4 million budgeted in the Department of Budget and Management (DBM) Statewide account; and Students with Disabilities receives \$731 million, or 8%. Remaining programs account for approximately \$1.6 billion, or 19%, of the total allowance. Exhibit 5 shows these allowances.

**Exhibit 5
State Fund Allowance
Fiscal 2025
(\$ in Millions)**



Note: Does not include funds for \$46.4 million for teacher retirement budgeted in the Department of Budget and Management Statewide Account.

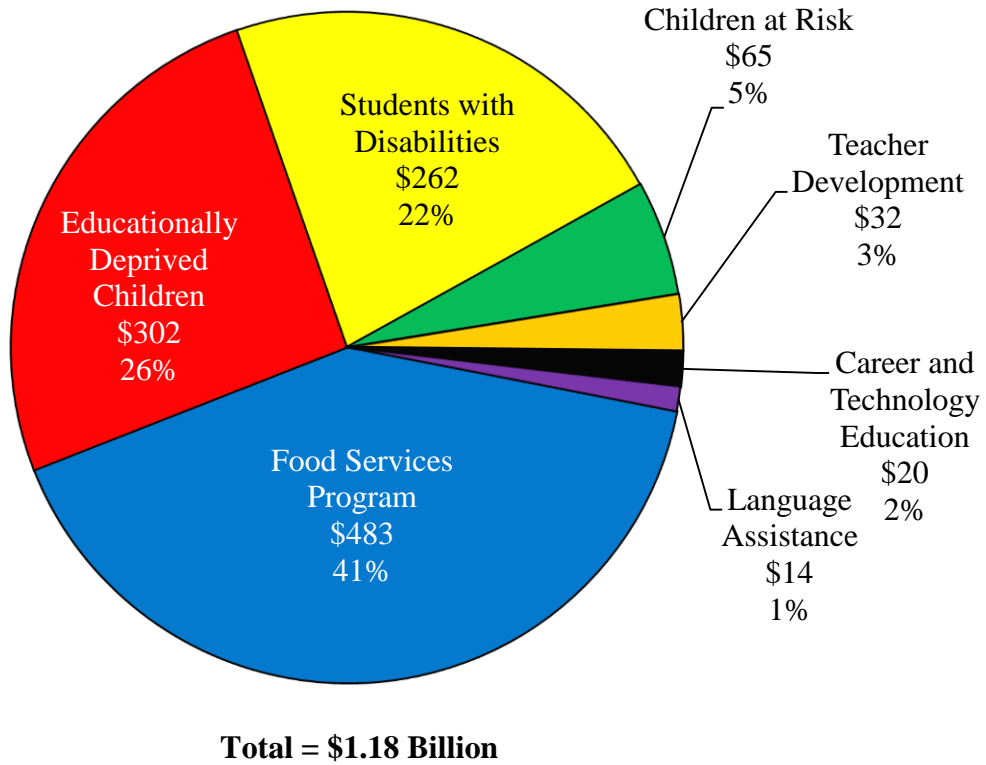
Source: Governor’s Fiscal 2025 Budget Books

Federal Funds

The \$1.18 billion in federal funds allocated in the fiscal 2025 proposed budget is divided across eight programs. Of this amount, the majority of funds, \$1.0 billion, or 89%, is allocated to three programs: \$483 million, or 41%, for food services; \$302 million, or 26%, for Educationally

Deprived Children; and \$262 million, or 22%, for Students with Disabilities. **Exhibit 6** shows the federal fund allowance for fiscal 2025 by program.

Exhibit 6
Federal Fund Allowance
Fiscal 2025
(\$ in Millions)



Source: Governor’s Fiscal 2025 Budget Books

Proposed Budget Change

Exhibit 7 shows the changes in the fiscal 2025 allowance for Aid to Education programs. From fiscal 2024 to 2025, funding increases by \$315.6 million, or 3.2%, from \$9.73 billion in fiscal 2024 to \$10.0 billion in fiscal 2025. Of this amount, from fiscal 2024 to 2025, general funds increase by \$102.0 million, or 1.4%; special funds increase by \$253.8 million, or 18.6%; and federal funds decrease by \$40.2 million, or 3.3%. Reimbursable funds remain unchanged in this budget.

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

How Much It Grows:	General <u>Fund</u>	Special <u>Fund</u>	Federal <u>Fund</u>	Reimb. <u>Fund</u>	<u>Total</u>
Fiscal 2023 Actual	\$7,000,191	\$709,747	\$1,196,048	\$81	\$8,906,066
Fiscal 2024 Working Appropriation	7,145,515	1,368,227	1,223,656	90	9,737,488
Fiscal 2025 Allowance	<u>7,247,475</u>	<u>1,622,065</u>	<u>1,183,436</u>	<u>90</u>	<u>10,053,066</u>
Fiscal 2024-2025 Amount Change	\$101,959	\$253,837	-\$40,219	\$0	\$315,578
Fiscal 2024-2025 Percent Change	1.4%	18.6%	-3.3%		3.2%

Where It Goes:

Change

Changes to Major State Aid Programs

Teacher retirement, not including amount allocated in the Department of Budget and Management Statewide Account.....	\$141,245
Students with Disabilities formula funding	66,201
Limited English Proficiency	45,985
Compensatory education.....	28,565
Guaranteed tax base	18,114
State share of the Foundation Program formula funding.....	10,022
Transportation, regular ridership, and Students with Disabilities 1% inflation.....	6,193
Nonpublic placements, including increases for nonpublic school special education teacher salaries (Chapter 648 of 2023)	2,972
Infants and toddlers.....	1,142
Regional cost difference	413
Discretionary supplemental grants in State Share of the Foundation	-32,990

Programs Created/Mandated by Blueprint for Maryland's Future

Concentration of poverty grants.....	131,126
Education Effort Adjustment	8,884
MSDE financial management system.....	2,500
Career Ladder.....	-599
Blueprint coordinators	-2,000
Career and Technology Education Innovation grants ending in fiscal 2024 (Chapter 36 of 2021).....	-2,000
Teacher collaborative grant program ending in fiscal 2024 (Chapter 36).....	-2,500
College and Career Readiness	-8,315
Blueprint transition grants.....	-8,653
Transitional Supplemental Instruction.....	-16,933

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Where It Goes:	<u>Change</u>
Fiscal 2024 Legislatively Directed Initiatives	
Grant to Gwynn Park High School Future Farmers of America to support agricultural education.....	-60
Grant to the College Board for Advanced Placement exam fees.....	-250
Other General Fund Changes	
Student field trips (Chapter 747 of 2023)	500
Adult High School Pilot Program	250
SEED.....	217
Environmental and outdoor education grant for Maryland Green Schools Act	4
Pathways in Technology Early College High School.....	-210
School composting grants ending in fiscal 2024 (Chapter 205 of 2022).....	-250
Growing Families Child Care Opportunities ending in fiscal 2024 (Chapters 437 and 438 of 2021)	-450
One-time funding in fiscal 2024 for Engineering 4 Us All	-1,000
Implementation of Teacher Development and Retention Fund transferred in fiscal 2025 to the Maryland Higher Education Commission – Student Assistance budget (Chapter 627 of 2023).....	-10,000
Bonus for Noncertificated Support Professionals in fiscal 2023 and 2024 (Chapter 531 of 2022).....	-22,326
Fiscal 2024 Federal Funds for COVID-19 Relief	-45,520
Other Federal Grant Changes	
Food service programs	46,389
Assistance to Students with Disabilities	9,535
Charter schools.....	1,758
Net change in grants for SEED accounting for the fiscal 2024 deficiency appropriation	-1,622
Net change in Title I grants for Educationally Deprived Children accounting for the fiscal 2024 deficiency appropriation.....	-50,760
Total	\$315,578

MSDE: Maryland State Department of Education
 SEED: School for Educational Evolution and Development

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies.

Net increases in this budget include:

- \$287.9 million for major State aid programs, which includes \$141.2 million for teacher retirement; \$66.2 million for Students with Disabilities formula funding; \$46.0 million for LEP; \$28.6 million for compensatory education; and \$38.9 million in changes to other programs. The sole decrease in major State aid is \$33.0 million for discretionary supplemental grants in the Foundation program;

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- \$101.5 million for Blueprint programs, for which the primary increase is \$131.1 million for CPG but also includes \$8.9 million for Education Effort Adjustment and \$2.5 million for the MSDE financial management system. Decreases for Blueprint programs include \$16.9 million for TSI; \$8.7 million for Blueprint transition grants; \$8.3 million for CCR; and \$7.0 million for smaller programs; and
- \$5.3 million for federal fund grants, which includes an increase of \$46.4 million for food service programs; \$9.5 million for assistance for Students with Disabilities; and \$1.8 million for charter schools. These increases are primarily offset by a decrease of \$50.8 million for Educationally Deprived Children and \$1.6 million for SEED, both of which received deficiency allocations for Title I grants in the proposed budget.

Net decreases in this budget include:

- \$310,000 for legislatively directed initiatives due to the one-time funding in the fiscal 2024 budget;
- \$33.3 million for other general fund changes, including \$22.3 million for noncertificated support professional bonuses, which were funded in fiscal 2023 and 2024 only; \$10.0 million for the Teacher Development and Retention Fund, which was transferred to the Maryland Higher Education Commission (MHEC) – Student Financial Assistance budget; and \$1.9 million for smaller programs; and
- \$45.5 million for federal funds for COVID-19 relief, which passed through the Aid to Education budget in fiscal 2024.

Detailed information on changes in the Aid to Education budget by program are in **Appendix 8**.

Enrollment

One of the key factors in determining education State aid is enrollment. Due to COVID-19-related school closures and students leaving public schools for homeschooling or alternative schooling options, enrollment declined in fall 2020 (utilized to calculate fiscal 2022 funding formulas) and fall 2021 (utilized to calculate fiscal 2023 funding formulas). With the return to full-time, in-person instruction in the 2022-2023 school year, FTE enrollment increased slightly by 4,140 students, or 0.5%. For the 2023-2024 school year, FTE enrollment increases slightly again by 1,140 students, or 0.1%, from 852,793 to 853,933. As shown in **Exhibit 8**, despite a second year of increases, enrollment in fall 2023 was 20,235, or 2.4%, lower than fall 2019. For enrollment by LEA, see **Appendix 5** and **Appendix 6**. In addition to FTE enrollment, other enrollment categories that impact major State aid formula funding are as follows:

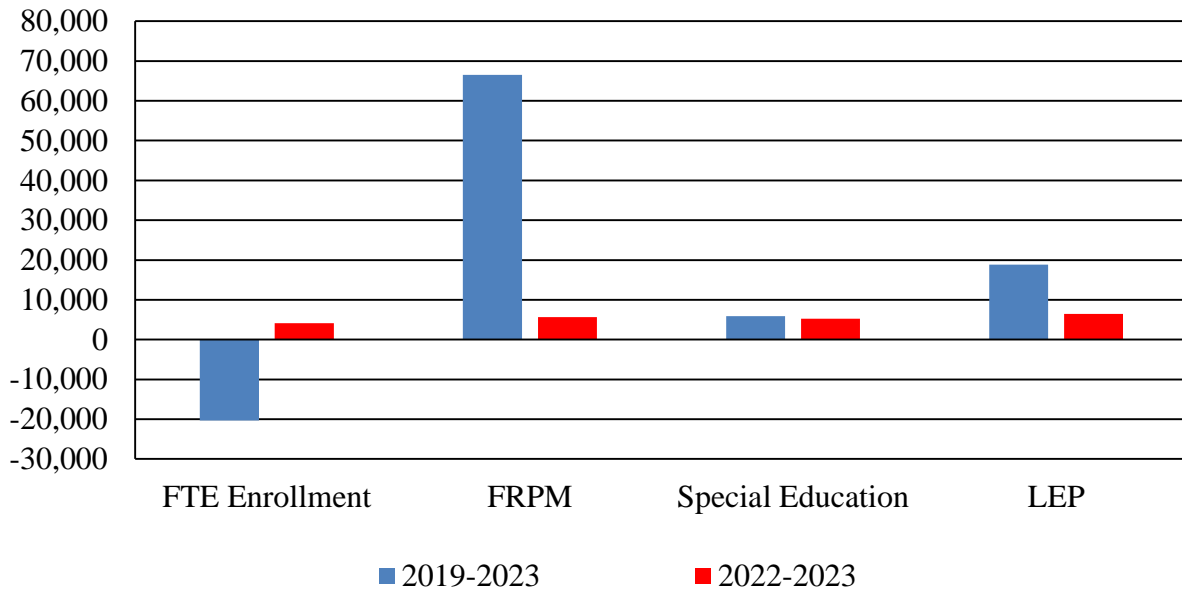
- FRPM enrollment increases by 5,665 students, or 1.3%, from 432,244 in fiscal 2024 (fall 2022 enrollment) to 437,909 in fiscal 2025 (fall 2023 enrollment). Although a much

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lower increase than that experienced in the prior year (an increase of 108,783 students, or 33.6%, from fiscal 2023 to fiscal 2024), this increase is primarily due to MSDE’s expansion of direct certification to include students enrolled in Medicaid combined with a continued high number of families enrolled in Medicaid due to the timing of the unwinding of the continuous enrollment requirements in place during the national public health emergency. From fall 2019 to 2023, FRPM enrollment has increased by 66,484 students, or 17.9%;

- Special education enrollment increases by 5,236 students, or 4.6%, from 113,502 (fall 2022 enrollment) to 118,738 (fall 2023 enrollment). Increases in the number of students identified for special education services continue despite Blueprint and MSDE programs that are aimed to reduce overidentification of special education students and provide early intervention for learning issues. From fall 2019 to 2023, enrollment has increased by 5,883 students, or 5.2%; and
- LEP enrollment increases by 6,438 students, or 6.1%, from 105,653 (fall 2022 enrollment) to 112,091 (fall 2023 enrollment). With the exception of a slight decrease in LEP enrollment in fall 2020, LEP enrollment has continued a steady upward trend. From fall 2019 to 2023, enrollment has increased by 18,842, or 20.2%.

Exhibit 8
Enrollment Change from Fall 2019 to 2023



FRPM: free and reduced-priced meal
FTE: full-time equivalent

LEP: Limited English Proficiency

Source: Maryland State Department of Education

Major State Aid to LEAs

Exhibit 9 displays the fiscal 2023 through 2025 allocations by program in the Aid to Education budget. Major State aid to LEAs is represented in multiple programs in the Aid to Education budget, which includes Blueprint programs funded with both general and Blueprint special funds. Aid to Education programs increase by \$262.0 million, or 3.3%; teacher retirement not including funds budgeted in the DBM Statewide Account increases by \$141.2 million, or 19%; and State aid programs not budgeted in Aid to Education increase by the \$46.4 million, budgeted in the DBM Statewide Account, with other programs level-funded.

Exhibit 9
Major State Aid to Local Education Agencies
Fiscal 2023-2025
(\$ in Millions)

<u>Aid to Education Programs</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>\$</u> <u>Difference</u>	<u>%</u> <u>Difference</u>
Concentration of Poverty	\$190.3	\$227.3	\$358.4	\$131.1	57.7%
Guaranteed Tax Base	45.8	56.8	74.9	18.1	31.9%
Special Ed – Formula	401.3	466.0	532.2	66.2	14.2%
Limited English Proficiency	422.5	473.5	519.5	46.0	9.7%
Special Ed – Nonpublic	141.4	148.6	151.6	3.0	2.0%
Student Transportation	336.0	363.4	369.6	6.2	1.7%
Compensatory Ed	1,295.2	1,686.1	1,714.7	28.6	1.7%
Foundation Programs	3,817.4	3,958.1	3,935.6	-22.6	-0.6%
Other Blueprint Programs	262.2	231.3	201.7	-29.6	-12.8%
Other Education Programs	59.1	90.7	69.7	-21.0	-23.1%
Subtotal	\$6,971.0	\$7,701.7	\$7,927.7	\$226.0	2.9%
Teacher Retirement	\$724.6	\$745.0	\$886.2	\$141.2	19.0%
Subtotal	\$7,695.7	\$8,446.7	\$8,814.0	\$367.2	4.3%
 <u>Other State Aid Programs</u>					
Prekindergarten/Early Childhood	\$196.9	\$157.1	\$193.1	\$36.0	22.9%
Teacher Retirement-Budgeted in DBM	0.0	0.0	46.4	46.4	100.0%
Noncertificated Support Professionals	22.3	0.0	0.0	0.0	0.0%
School-based Health Centers	7.6	9.1	9.1	0.0	0.0%
School Safety Grants	14.1	23.6	23.6	0.0	0.0%
Subtotal	\$240.8	\$189.8	\$272.3	\$82.4	43.4%
Total Public School Aid	\$7,936.5	\$8,636.5	\$9,086.2	\$449.7	5.2%

DBM: Department of Budget and Management

R00A02 – MSDE –Aid to Education

Note: Numbers may not sum due to rounding. Prekindergarten/Early Childhood are budgeted in Aid to Education but are reviewed in R00A99 – Maryland State Department of Education (MSDE) – Early Childhood. DBM teacher retirement is budgeted in the Statewide Account; noncertificated support professionals received funds in the MSDE Headquarters budget in fiscal 2023 and the Aid to Education budget in fiscal 2024; School-based Health Centers are in the Maryland Department of Health budget; School Safety Grants are in the Maryland Center for School Safety budget.

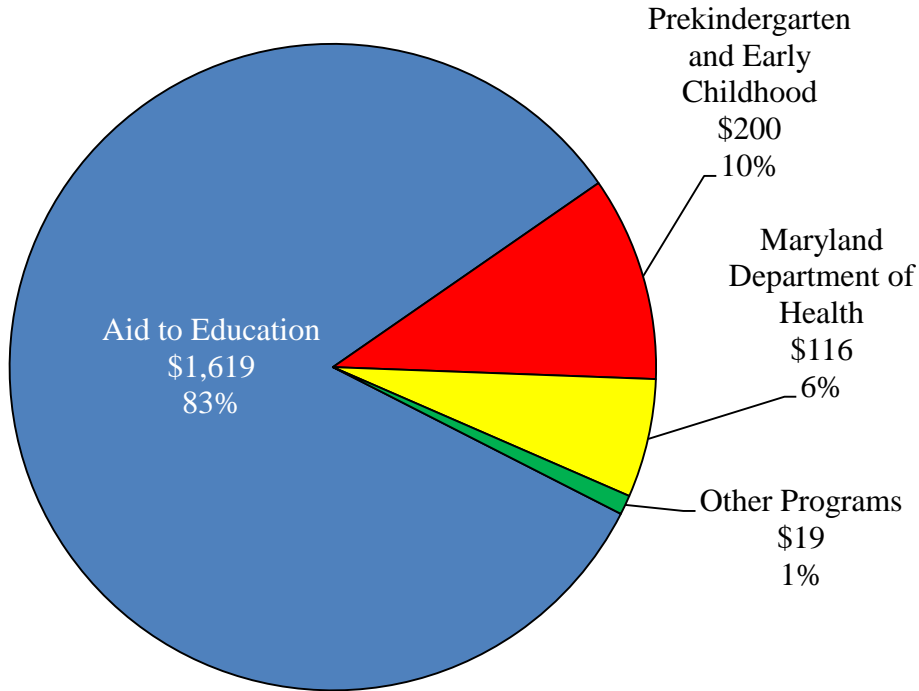
Source: Maryland State Department of Education; Department of Legislative Services

The fiscal 2025 allowance for the Foundation program decreases by a net \$22.6 million, or 0.6%, from \$3.96 billion in fiscal 2024 to \$3.94 billion in fiscal 2025. This change reflects a \$10.0 million increase to the Foundation program due to an increase the per pupil allocation from \$8,642 in fiscal 2024 to \$8,789 in fiscal 2025, as mandated in Chapter 55 and a slight increase in FTE enrollment; a less than \$1.0 million increase to the Comparable Wage Index; and a decrease of \$33.0 million to Foundation supplemental grants to LEAs. Chapter 55 and enrollment increases also impact compensatory education, which increases by \$28.6 million, or 1.7%; LEP, which increases by \$46.0 million, or 9.7%; and special education, which increases by \$66.2 million, or 14.2%. **Appendix 1** presents local contributions to teachers' retirement by LEA.

Blueprint for Maryland's Future Program

The fiscal 2025 allowance includes a total of \$1.9 billion in Blueprint funds divided across multiple agencies and program areas in the State budget. Of this amount, \$1.6 billion, or 83%, is the Aid to Education budget; \$200.0 million, or 10%, is in the Early Childhood budget, which is part of the Aid to Education budget but has a separate budget analysis; \$116.0 million, or 6%, is in the Maryland Department of Health (MDH) budget; and \$19.0 million, or 1%, is in other program budgets, including funding for AIB and personnel in the MSDE Headquarters budget. **Exhibit 10** displays programs in the State budget funded through the Blueprint Fund in fiscal 2025.

Exhibit 10
Blueprint Programs in the State Budget
Fiscal 2025
(\$ in Millions)



Total = \$1.95 Billion

Blueprint: Blueprint for Maryland’s Future Grant program

Note: Prekindergarten and Early Childhood programs include Infants and Toddlers, Judy Hoyer Centers, Patty Centers, and smaller grants and programs for child care. Other programs include funds for the Accountability and Implementation Board and personnel in the State Department of Education Headquarters budget.

Source: Governor’s Fiscal 2025 Budget Books

Exhibit 11 shows the allocation of Blueprint funding by program.

Exhibit 11
Blueprint Program Budget
Fiscal 2025
(\$ in Millions)

<u>Blueprint Program</u>	<u>2024</u>	<u>2025</u>	<u>\$ Difference</u>	<u>% Difference</u>
Aid to Education Budget				
Concentration of Poverty Grants	\$227.3	\$358.4	\$131.1	58%
Special Education	154.9	221.1	66.2	43%
Limited English Proficiency	139.2	185.2	46.0	33%
Compensatory Education	390.9	419.4	28.5	7%
Foundation Program	42.7	52.7	10.0	23%
Education Effort Adjustment	88.0	96.9	8.9	10%
Teacher Development and Support	21.9	25.4	3.5	16%
Regional Cost Difference	155.3	155.7	0.4	0%
Teacher Development and Support	9.5	8.9	-0.6	-6%
College and Career Readiness	19.9	11.6	-8.3	-42%
Blueprint Transition Grants	57.7	49.0	-8.7	-15%
Transitional Supplemental Instruction	51.3	34.4	-16.9	-33%
Subtotal	\$1,358.6	\$1,618.7	\$260.1	19%
Early Childhood Budget				
Prekindergarten	\$126.2	\$159.2	\$33.0	26%
Early Childhood Grants and Programs	40.6	40.6	0.0	0%
Subtotal	\$166.8	\$199.8	\$33.0	20%
Other Budgets				
Department of Health	\$91.5	\$116.5	\$25.0	27%
Other Programs	22.5	19.3	-3.2	-14%
Subtotal	\$114.0	\$135.8	\$21.8	19%
Total Blueprint Program Budget	\$1,639.4	\$1,954.3	\$315.0	19%

Note: Other programs include funds for the Accountability and Implementation Board and personnel in the Maryland State Department of Education Headquarters budget.

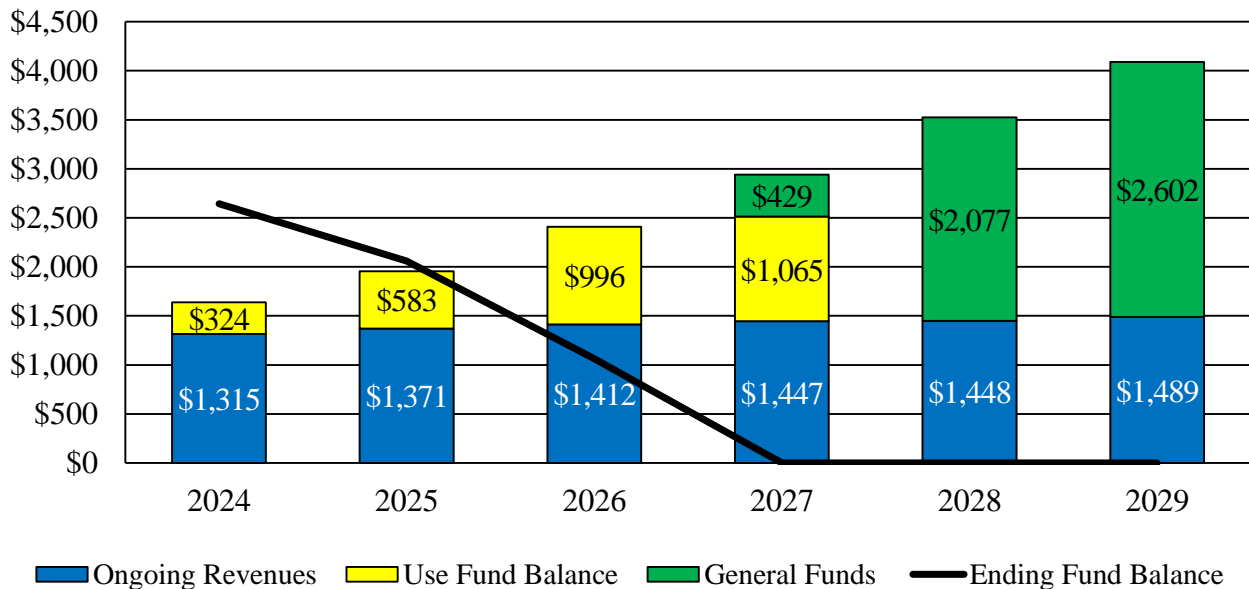
Source: Governor’s Fiscal 2025 Budget Books

Blueprint Fund Revenues

In fiscal 2024, the Blueprint Fund started with a balance of \$2.1 billion. Fiscal 2024 revenues are expected to total \$2.2 billion, which includes \$1.3 billion in Blueprint Fund revenues and \$900 million allocated in Chapter 101 (the fiscal 2024 Budget Bill).

In the fiscal 2025 proposed budget, the Blueprint Fund has a starting balance of \$2.6 billion. Projected revenues total \$1.4 billion, with expenditures from the fund totaling almost \$2.0 billion. With these expenditures, the carryover balance from fiscal 2025 to 2026 totals \$2.1 billion. **Exhibit 12** illustrates that, in the Governor’s budget plan, increasing expenditures are anticipated to impact the Blueprint Fund balance through fiscal 2029. However, starting in fiscal 2027, Blueprint Fund revenues may not cover all eligible Blueprint program costs. This deficit potentially results in a general fund contribution of approximately \$429 million in fiscal 2027, with Blueprint program costs projected to exceed revenues by approximately \$2.6 billion in fiscal 2029.

Exhibit 12
Estimated Blueprint Costs and Funding Sources
Governor’s Budget Plan
Fiscal 2024-2029
(\$ in Millions)



Source: Department of Budget and Management; Department of Legislative Services

Maintenance of Effort

Fiscal 2025 local education effort, which is the mandated minimum for LEAs to contribute to education costs, indicates that the minimum local effort decreases from fiscal 2024 to 2025 by \$20.4 million, or 0.3%. Eleven LEAs have decreased contributions; 9 LEAs have increased contributions, and two LEAs have no change. More information on maintenance of effort (MOE) is in **Appendix 7**.

Issues

1. Continued Concerns Regarding Maryland State Department of Education’s Free and Reduced-price Meal Count Affect Compensatory Education and Concentration of Poverty Programs

Chapters 36 and 55 required MSDE to update and change FRPM student enrollment collection methods to meet the Blueprint implementation requirements for the compensatory education and CPG programs. Under Section 5-222 of the Education Article, MSDE is required to submit enrollment counts for all major State aid programs by December 1 annually. In calendar 2022 and 2023, audits of MSDE by the Office of Legislative Audits and the Office of the Inspector General for Education documented inconsistencies in LEA enrollment and attendance counts as well as issues with MSDE’s oversight and internal audit of these enrollment counts.

Similarly, in a review of the fiscal 2024 compensatory education enrollment submission, DLS identified concerns in MSDE’s enrollment counts and, as a result, language in the fiscal 2024 Budget Bill (Chapter 101) required MSDE to report on the agency’s process to collect and verify fiscal 2024 compensatory education enrollment data. The expectation for this request was that MSDE would review the fiscal 2024 FRPM submission, identify and rectify concerns, and, if warranted, revise fiscal 2025 enrollment collection procedures to ensure greater accuracy.

Compensatory Education Enrollment Data Missing Greater Than Count and Other Key Elements

Under Section 5-222 of the Education Article, the compensatory education enrollment count requires MSDE to work with LEAs to collect three separate, school-level counts of students K-12 using the prior fiscal year enrollment. Data needed for accurate calculation of this enrollment count include:

- the total number of FRPM students;
- the total number of students eligible under the U.S. Department of Agriculture’s (USDA) CEP, including the school-level percentage of FRPM students in the fiscal year prior to school entry into the program, which applies to both CEP schools and CEP LEA; and
- the total number of students identified through direct certification, which includes the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, foster care, Head Start, Even Start, migrant students, homeless students, Medicaid, and the Maryland Children’s Health Program, up to 189% of the federal poverty level (FPL).

The greater of these three counts constitutes the total compensatory education count.

R00A02 – MSDE –Aid to Education

In August 2023, MSDE submitted an initial report and dataset with student enrollment counts with the following data elements: total enrollment; Prekindergarten; FRPM and paid meals; Medicaid-eligible FRPM students; direct certification; USDA applications; alternative forms; and CEP. This data also included a school or LEA FRPM percentage, which is needed to calculate one of the two methods of determining CEP enrollment. The DLS review of this initial submission found the following issues:

- static, instead of calculated, numbers for eligible enrollment (total enrollment minus prekindergarten students) and FRPM students;
- omission of greater than comparisons of FRPM, CEP, and direct certification counts, which are required under Section 5-222 of the Education Article;
- omission of number of students identified through direct certification in each eligibility category;
- omission of information as to how Medicaid-eligible students are included in the total direct certification count, particularly reduced-price students between 185% and 189% of the FPL;
- omission of data to count CEP students, including FRPM percentage for every school from the prior fiscal year of eligibility, eligibility year, and procedures to assist LEAs in accurately counting these students; and
- lack of documentation explaining how MSDE prevented double counting.

Upon DLS review of MSDE’s initial submission, the budget committees did not release funds but, instead, asked MSDE to resubmit the report and dataset to address the concerns stated above. MSDE resubmitted this data in January 2024, and DLS review of this second submission found that, although MSDE documented new procedures for LEA counts of CEP students and eligible enrollment, the agency did not address most of the issues raised by budget committees from the initial submission. Additionally, this second submission had additional errors, including:

- 764 out of 1,393 entries of school-level data do not have a value entered for the prekindergarten count, which creates difficulty confirming eligible enrollment; and
- the count of CEP students is 17,129 students higher than the count submitted in August 2023.

MSDE also reported that it relies on its Audit Office to conduct a biennial audit of LEA enrollment data, including compensatory education enrollment, and that any irregularities in this reporting process are reported to that office, which incorporates these findings in the biennial enrollment audit.

R00A02 – MSDE –Aid to Education

In December 2023, as required in Section 5-222 of the Education Article, MSDE submitted fiscal 2025 enrollment counts for major State aid programs, including FRPM counts for the compensatory education and CPG programs. DLS review of this data indicates similar issues as fiscal 2024, including the omission of the greater than count; omission of students identified in direct certification eligibility categories, including evidence of inclusion of students who fall between 185% and 189% of the FPL; omission of FRPM percentage for every school from the prior fiscal year of eligibility and eligibility year; and documentation of standardized procedures for LEAs to prevent double counting and ensure accuracy for greater of counts.

Due to the issues stated in the second submission of fiscal 2024 FRPM data, DLS does not recommend release of funds at this time. However, DLS recommends that MSDE continue to work to resolve these issues prior to the end of the fiscal year to allow for a release of funds.

However, with the second submission of the FRPM report and a letter submitted on February 6, 2024, MSDE has met the requirement in the 2023 *Joint Chairmen’s Report* (JCR) Item 2024-151-2 that withheld \$1.5 million for the submission of all reports in the budgets for R00A01 – MSDE – Headquarters; R00A02 – MSDE – Aid to Education; and R00A03 – MSDE – Funding for Educational Organizations between July 1, 2023, and January 15, 2024. Therefore, DLS recommends the release of \$1.5 million in withheld general funds at this time. A letter will be processed to this effect if no objections are raised at the hearing.

Free and Reduced-price Meal School-level Enrollment Count Issues Affect Concentration of Poverty Data

Under Section 5-223 of the Education Article, a student included in the school’s compensatory education enrollment count is eligible for CPG funding. CPG is a complicated, nested formula that includes wealth, school-level FRPM enrollment, inflation, and changing per pupil percentages to determine funding. The formula has two parts, a personnel grant and a per pupil grant, with eligibility for these grants determined by the school’s percentage of FRPM students. Starting in fiscal 2020, schools with a FRPM level of 80% and above received a grant, with this percentage decreasing by 5% per year until fiscal 2027, when schools with an FRPM level above 55% receive a grant.

As with the fiscal 2024 and 2025 compensatory education FRPM enrollment counts, DLS also has concerns with MSDE’s fiscal 2024 and 2025 CPG enrollment counts. The school-level enrollment count issues specific to CPG identified by DLS, include:

- for all LEAs, DLS could not verify FRPM percentages by dividing total enrollment by number of eligible students;
- for two LEAs, the total count of FRPM students by LEA does not match the total count reported for compensatory education;

- for one LEA, the FRPM count exceeds total enrollment; and
- one LEA used an LEA-wide CEP percentage instead of a school-level CEP percentage.

MSDE should comment on concerns in the fiscal 2024 and 2025 enrollment counts for the compensatory education and CPG programs. In particular, MSDE should comment on the following concerns:

- **concerns in the CPG count as stated in the previous bulleted list;**
- **omission of the required greater than comparisons;**
- **omission of number of students identified through direct certification in each eligibility category;**
- **omission of information as to how Medicaid-eligible students are included in the total direct certification; and**
- **omission of data needed to confirm accurate CEP counts, including FRPM percentages for every school from the prior fiscal year of eligibility and eligibility year.**

DLS further recommends adding language to restrict funds pending a report on MSDE’s process to collect data and determine FRPM enrollment counts for fiscal 2025 for the compensatory education and CPG programs.

2. Pathways in Technology Early College High School Enrollment Counts Require Clarification

Under Section 5-202 of the Education Article, P-TECH students are included in the FTE enrollment count, which is the count that determines funding for the Foundation program. P-TECH is a six-year program, with students attending high school for the first four years and community college for the last two years of the program. For purposes of the FTE enrollment count, P-TECH students in grades 9 through 12, or the first four years of the program, are counted as 1.0 FTEs, students in the fifth year of the program are counted at 0.5 of a student; and students in the sixth year of the program are counted at 0.25 of a student.

Per statute, in fiscal 2023 and 2024, MSDE provided a count of P-TECH students in the fifth and sixth years of the program and added those students to the FTE enrollment count at the required percentage. However, in the fiscal 2025 submission, MSDE provided this data but did not include P-TECH students in the FTE count. MSDE’s explanation for this change is that P-TECH students were already included in the FTE enrollment count, but DLS could not verify that

calculation in the submitted data. An accurate count of P-TECH students, particularly fifth- and sixth-year students, is important, because it potentially impacts Foundation program funding.

MSDE should describe LEA collection procedures and data elements necessary for accurate enrollment counts for P-TECH students as it relates to the enrollment count required for the Foundation program. DLS also recommends committee narrative requesting a status update on enrollment procedures, projected enrollment, and costs for this program.

3. Autism Waiver Costs Expected to Increase with Additional Slots

As part of committee narrative in the 2023 JCR, MSDE was asked to comment on the process by which individuals are identified for services for the Autism Waiver and reasons for the high number of individuals on the Autism Waiver waitlist. In past years, the Autism Waiver has persistently maintained a waitlist of over 6,000 individuals, with eligible individuals evaluated on a first-come, first-served basis for benefits only as slots became available or as funds were added for more slots in the Autism Waiver budget.

In calendar 2022, Supplemental Budget No. 5 of the fiscal 2023 budget included \$30 million in the DPA to support expansion of the Autism Waiver program. This additional funding, which was related to the anticipated passage of the End the Wait Act (Chapter 434 of 2022), was intended to support the move of approximately 1,500 individuals off of the Autism Waiver waitlist. In response to the passage of this law, in calendar 2022 and 2023, MSDE and MDH started to transition the waitlist to a registry of eligible individuals that were invited to apply for Autism Waiver benefits.

In response to committee narrative in the 2023 JCR on this program, MSDE reported that, in collaboration with MDH, the agency has amended the Home- and Community-Based Services Autism Waiver application effective July 1, 2023, and expects to be approved for an increase to from 1,650 slots to 2,950 slots early in calendar 2024. This shifts the timeframe for onboarding individuals and extends expansion of the program an additional fiscal year from the timeframe initially anticipated. Also, due to the delay in confirmed slots, the registry continues to have over 6,000 individuals.

From fiscal 2022 to 2023, the program increased by 250 slots, and the program budget totaled \$44.0 million, which included \$30.0 million in the budget as enacted and \$14.0 million from the DPA. In fiscal 2024, the program was level-funded, and the working appropriation did not include funds from the DPA. Although not included in the fiscal 2024 working appropriation, MSDE plans to add 1,300 slots, if they become available, and apply the remaining \$16.0 million of the DPA funding to the program. The fiscal 2025 proposed budget is also level-funded at \$30.0 million, and the use of funds from the DPA depends on the timing of onboarding additional slots and funds remaining from fiscal 2024. **DLS notes that if the \$16 million from the DPA is used in fiscal 2024, the fiscal 2025 budget will be inadequate to fund the expansion and a deficiency appropriation will be required. If the expansion is delayed until fiscal 2025 and**

the \$16 million is used to supplement the fiscal 2025 budget, the available State funds are only adequate to support about 2,300 children for the entire year rather than the 2,950 authorized slots the State is seeking.

With the addition of 100 slots per year starting in fiscal 2026 and anticipated increases in the cost per student per year, by fiscal 2026, the program is projected to cost \$64.8 million of State funds for 3,050 slots. MSDE expects that all individuals on the registry will receive services in fiscal 2028 at a projected cost of \$71.2 million. **Exhibit 13** shows projected spending for fiscal 2026 actual to fiscal 2028 estimated compared to the current allocation for the program of \$30.7 million.

Exhibit 13
Autism Waiver Enrollment and Costs
Fiscal 2026-2028 Est.
(\$ in Thousands)

	<u>2026 Est.</u>	<u>2027 Est.</u>	<u>2028 Est.</u>
Estimated Average Cost Per Student	\$21	\$22	\$22
Slots	3,050	3,150	3,250
Total Funds Needed for Program	\$64,754	\$67,947	\$71,225

Source: Maryland State Department of Education

MSDE should discuss (1) the reason that the individuals on the waitlist are considered for Autism Waiver services on a first-come, first-served basis; (2) the current status of the registry and a timetable for onboarding additional slots; (3) the intended use and timing of the remaining DPA funds if slots become available in fiscal 2024; and (4) the number of slots that will be filled in fiscal 2025 given the limitations in the budget. Due to the ongoing changes to the Autism Waiver program, DLS recommends committee narrative on this program.

5. Local Education Agencies Continue to Spend Federal Stimulus Funds, but Deadline Approaching

LEAs received multiple rounds of federal stimulus funding from fiscal 2020 through 2022. These funds included \$2.7 billion in direct allocations to LEAs, as well as \$256.6 million in legislatively directed funds authorized in the RELIEF Act (Chapter 39) and distributed in the fiscal 2022 Budget Bill (Chapter 357 of 2021). The final deadline to spend these funds is September 2024; the status of these allocations by program is discussed as follows.

Local Education Agency Federal Stimulus Funds

In fiscal 2020, 2021, and 2022, LEAs and SEED received \$2.71 billion in three rounds of ESSER federal stimulus funding. These amounts were distributed as follows:

- \$186.2 million, or 7%, of this total in fiscal 2020 from the Coronavirus Aid, Relief, and Economic Security (CARES) Act ESSER I fund was distributed based on fiscal 2019 Title IA percentages for COVID-19-related expenses;
- \$778.8 million, or 29%, of this total in fiscal 2021 from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II fund was distributed based on fiscal 2020 Title IA percentages for safe reopening; and
- \$1.75 billion, or 65%, of this total in fiscal 2022 from the American Rescue Plan Act (ARPA) ESSER III fund was distributed based on fiscal 2020 Title IA percentages for COVID-19 response and learning loss.

LEAs had to allocate CARES ESSER I funds by September 30, 2022, and CRRSA ESSER II funds by September 30, 2023. ARPA ESSER III funds must be allocated by September 30, 2024, but MSDE may apply to the federal government to extend use of these funds until March 31, 2025.

Exhibit 14 shows that as of December 2023, MSDE reports that LEAs have spent a total of \$1.68 billion, or 61%, of all ESSER funds, including \$185.0 million, or 99%, of ESSER I funds; \$724.5 million, or 93%, of ESSER II funds; and \$774.8 million, or 44%, of ESSER III funds. Funds unspent by the required date are canceled and returned to the federal government. For a distribution of ESSER funds by LEA, see **Appendix 3**; for expenditures by LEA, see **Appendix 4**.

Exhibit 14
ESSER Allocations and Expenditures by LEA
Fiscal 2021-2024
(\$ in Millions)

<u>LEA</u>	<u>Allocation</u>	<u>Expenditure</u>	<u>% Expended</u>
Allegany	\$39.2	\$21.0	46.4%
Anne Arundel	168.9	108.9	35.5%
Baltimore City	689.4	319.9	53.6%
Baltimore	337.4	238.8	29.2%
Calvert	17.8	9.3	47.8%
Caroline	21.3	13.1	38.5%
Carroll	26.3	19.9	24.3%
Cecil	43.4	30.7	29.3%

R00A02 – MSDE –Aid to Education

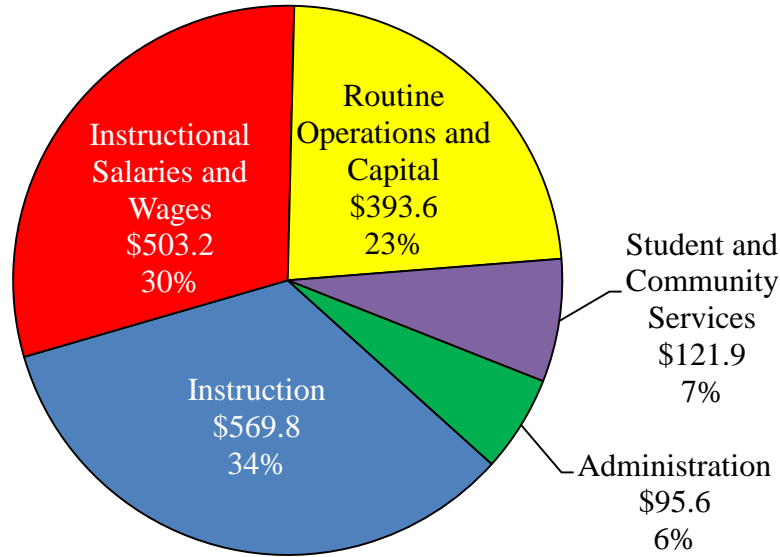
<u>LEA</u>	<u>Allocation</u>	<u>Expenditure</u>	<u>% Expended</u>
Charles	47.7	37.7	21.0%
Dorchester	27.1	16.8	38.0%
Frederick	58.8	46.0	21.8%
Garrett	13.9	7.6	45.3%
Harford	65.8	53.9	18.1%
Howard	67.1	37.1	44.7%
Kent	8.1	5.8	28.4%
Montgomery	389.1	264.5	32.0%
Prince George’s	426.8	262.6	38.5%
Queen Anne’s	10.6	8.7	17.9%
St. Mary's	40.3	11.6	71.2%
Somerset	20.9	25.5	-22.0%
Talbot	12.8	5.5	57.0%
Washington	85.5	73.3	14.3%
Wicomico	73.6	49.6	32.6%
Worcester	22.4	16.5	26.3%
Total	2,714.0	\$1,684.3	37.9%

ESSER: Elementary and Secondary School Emergency Relief
 LEA: local education agency

Source: Maryland State Department of Education

As shown in **Exhibit 15**, out of \$1.68 billion in ESSER expenditures to date, LEAs have spent \$569.8 million, or 34%, on instruction, which includes special education, textbooks, instructional supplies, and other costs related to the delivery of instruction; \$503.2 million, or 30%, on instructional salaries and wages; \$393.6 million, or 23%, on routine operations and capital; \$121.9 million, or 7%, on student and community services, which include student health, personnel, and transportation services; and \$95.6 million, or 6%, on administration.

Exhibit 15
Federal Stimulus Fund Expenditures
Fiscal 2021-2024
(\$ in Millions)



Total = \$1.68 Billion

Note: Numbers may not sum due to rounding.

Source: Maryland State Department of Education

Legislatively Directed Allocations

In fiscal 2021, 2022, and 2023, LEAs received a total of \$256.6 million in the RELIEF Act (Chapter 39) for tutoring, behavioral health, summer school, school reopening, and TSI. As part of mandated reporting in Chapter 55, LEAs must report these expenditures to the General Assembly and AIB through calendar 2023 in separate reports per year: tutoring and TSI; summer school; and COVID-19 expenditures, including RELIEF Act funds.

As of January 2024, all LEAs except for Somerset County have submitted these reports. Somerset County has two reports outstanding from calendar 2023: a report on tutoring, due September 1, 2023; and a report on COVID-19 expenditures, due on December 1, 2023. Additionally, some LEAs' COVID-19 reports did not submit data that allows for an accurate accounting of expenditures. For Howard and Wicomico counties, the reported allocation is not accurate, so the percentage of expenditures may be underreported; Calvert, Talbot, and Worcester counties report overspending their RELIEF Act allowance. **Exhibit 16** shows RELIEF Act allocations and expenditures by LEA.

Exhibit 16
RELIEF Act Allocations and Expenditures
Fiscal 2021-2023
(\$ in Thousands)

<u>LEA</u>	<u>Allocation</u>	<u>Expenditures</u>	<u>% Expended</u>
Allegany	\$3,765	\$2,457	65%
Anne Arundel	15,373	8,815	57%
Baltimore City	44,944	25,029	56%
Baltimore	31,237	27,932	89%
Calvert	3,020	*	*
Caroline	2,822	2,522	89%
Carroll	4,516	4,001	89%
Cecil	4,643	2,952	64%
Charles	7,872	4,622	59%
Dorchester	2,274	2,253	99%
Frederick	9,501	8,641	91%
Garrett	848	637	75%
Harford	8,454	6,471	77%
Howard	9,612	1,920	20%
Kent	420	300	71%
Montgomery	28,936	27,290	94%
Prince George's	52,501	45,038	86%
Queen Anne's	1,278	1,031	81%
St. Mary's	4,453	3,215	72%
Somerset	1,641	*	*
Talbot	862	*	*
Washington	8,736	5,431	62%
Wicomico	7,775	2,994	39%
Worcester	1,092	*	*
Total	\$256,575	\$184,503	72%

LEA: local education agency

* Data not submitted or does not allow for accurate reporting.

Source: Department of Legislative Services

DLS recommends adding language restricting funds for Somerset County Public Schools until the late reports related to the RELIEF Act, as required in Chapter 55, are submitted. DLS also recommends committee narrative requiring all 24 LEAs to submit a final closeout report on COVID-19 expenditures in the same format as the Chapter 55 reporting requirements.

Operating Budget Recommended Actions

1. Add the following language:

, provided that \$50,000 of this appropriation made for the purpose of education State aid for the Somerset County Public Schools in the Aid to Education budget may not be expended until the agency submits two reports by July 1, 2024, to the Department of Legislative Services and the Accountability and Implementation Board in accordance with requirements in Chapter 55 of 2021, HB 1372, Chapter 55(3(c)) of 2021 (MSAR # 13771), Use of Federal COVID-19 Funding and State Funding for Blueprint for Maryland’s Future Funding, and HB 1372, Chapter 55(4(d)) of 2021 (MSAR # 13527), Blueprint for Maryland’s Future Revisions, Tutoring.

The budget committees shall have 45 days from the date of the receipt of the reports to review and comment. Funds restricted pending the receipt of reports may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: Chapter 55 of 2021 required local education agencies to submit three reports in calendar 2022 and 2023 (a total of six reports) on tutoring and transitional supplemental instruction, summer school, and COVID-19 federal stimulus fund expenditures. Due to overdue reports, this language restricts a portion of the aid to Somerset County Public Schools pending submission of the overdue reports by July 1, 2024.

2. Add the following language:

, provided that \$500,000 of this appropriation made for the purpose of the Maryland State Department of Education (MSDE) Office of the State Superintendent may not be expended until the agency submits to the budget committees by August 1, 2023, a report on the agency’s enrollment collection procedures for free and reduced-price meal (FRPM) students for fiscal 2025 (2024-2025 school year) and an accompanying dataset. This report and dataset should include the following enrollment data by local education agency (LEA) and school:

- (1) the number of eligible students (eligible enrollment);
- (2) the number of free, reduced-price, and paid meal students;
- (3) the number of direct certification students, including counts of students in all eligible categories, including students eligible for Medicaid benefits between 185% and 189% of the federal poverty level;
- (4) Community Eligibility Provision (CEP) enrollment, including the percentage of FRPM students in the fiscal year prior to entry into CEP; and

- (5) greater than comparisons by LEA and school used to calculate compensatory education enrollment.

The report should also include:

- (1) procedures used by LEAs to collect and review enrollment data to check for omissions, errors, or other irregularities prior to submission to MSDE;
- (2) procedures used by MSDE to check for omissions, errors, or other irregularities prior to submission to the Department of Legislative Services and the Department of Budget and Management to determine education State aid funding;
- (3) procedures used by MSDE’s Audit Office to audit these data biannually; and
- (4) if applicable, a description of changes to MSDE’s enrollment collection procedures for fiscal 2026.

The budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: MSDE is responsible for accurate counts of FRPM students to determine student eligibility for FRPM benefits as well as funding of the compensatory education and concentration of poverty grant programs. Due to issues involving enrollment counts in recent audits and submitted fiscal 2025 data, this language directs MSDE to submit a report regarding actions the agency is taking to resolve these findings.

Information Request	Author	Due Date
Report on FRPM enrollment	MSDE	August 1, 2024

- 3. Adopt the following narrative:

Report on the Nonpublic Placement Program: The committees are concerned about costs for the Nonpublic Placement program; implementation of nonpublic school special education teacher pay parity related to the Teacher Pay Parity Act (Chapter 648 of 2023); and actions taken by the Maryland State Department of Education (MSDE) to implement this program. The committees request that MSDE submit a report by October 1, 2024, including (1) program closeout data for fiscal 2024 by provider, including annual reimbursement costs and documentation on potential remaining discrepancies at the end of the fiscal year; (2) actions taken in calendar 2023 and 2024 to implement Chapter 648; and (3) planned actions related to implementation of Chapter 648 and efforts to achieve pay parity in future years.

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Information Request	Author	Due Date
Report on the Nonpublic Placement program	MSDE	October 1, 2024

4. Adopt the following narrative:

Status Update on the Autism Waiver Program: The committees are concerned about the Autism Waiver program, which currently has a registry of more than 6,000 individuals and is managed by the Maryland State Department of Education (MSDE). The committees request that MSDE submit a status update on this program by September 1, 2024, that provides the following information:

- the current number of waiver slots requested and approved;
- procedures to contact individuals on the registry when slots become available;
- a timeline for the addition of slots from fiscal 2025 through 2029;
- projected costs for Autism Waiver services, considering anticipated changes in the management of the Autism Waiver registry for fiscal 2025 through 2029.

Information Request	Author	Due Date
Status update on the Autism Waiver program	MSDE	September 1, 2024

5. Adopt the following narrative:

Status Update on the Pathways in Technology Early College High School Program (P-TECH): The committees are concerned about enrollment and projected costs for the P-TECH program, which is managed by the Maryland State Department of Education (MSDE) and local education agencies (LEA). An accurate P-TECH enrollment count is important because P-TECH students are included in the full-time enrollment count for the State Share of the Foundation program. P-TECH program costs are determined by a variety of factors, including student enrollment in community college courses and the costs for those courses in any given year. The budget committees request that MSDE submit a status update on the P-TECH program by August 1, 2023, that provides the following information:

- explanation of the process by which MSDE includes P-TECH students in the full-time enrollment count;

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- current enrollment in all P-TECH programs by high school, community college, cohort, and entry year, including a breakout of fifth- and sixth-year students;
- projected enrollment in all P-TECH programs in the 2024-2025 and 2025-2026 school years;
- the total number of students who left the program in any given year and reasons for departure;
- the total number of students who have graduated by program and the percentage completion rate;
- community college courses attended by P-TECH students with cost per course per semester;
- current cost for the program in fiscal 2025 and total projected cost for the program in fiscal 2026; and
- projected average cost by student, program, and LEA for fiscal 2025 and 2026, including supplemental school and college grants by institution and LEA.

Information Request	Author	Due Date
Status update on P-TECH	MSDE	August 1, 2024

6. Adopt the following narrative:

Status Update on the Maryland Comprehensive Assessment Program (MCAP): The committees are concerned by disruptions to learning and learning loss due to the COVID-19 pandemic and costs for MCAP assessment development and implementation. The committees request that by November 1, 2024, the Maryland State Department of Education (MSDE) submit a status update on MCAP assessments and expenditures, including but not limited to:

- a timetable for MCAP administration for all assessments for the 2024-2025 and 2025-2026 school years, including field testing and pilots for new assessments;
- details on MCAP measurement of student learning loss in the 2024-2025 school year by local education agency (LEA), subject area, grade level, and assessment as well as additional steps taken, if any, by MSDE at the State level to measure student learning loss;

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- details on MCAP administration in the 2024-2025 school year by LEA, program, grade level, and assessment, including alternative assessments and the Kindergarten Readiness Assessment;
- anticipated changes, if any, to assessments for virtual school students in the 2024-2025 and 2025-2026 school years; and
- expenditures in fiscal 2024 and 2025 and anticipated allowances for fiscal 2026 for each MCAP assessment, assessments under development, and administration, including contractual expenditures by vendor.

Information Request	Author	Due Date
Status update on MCAP	MSDE	November 1, 2024

7. Adopt the following narrative:

Reports on Local Education Agency (LEA) COVID-19 Federal Stimulus Fund Expenditures: In fiscal 2021, 2022, and 2023, LEAs received a total of \$256.6 million as authorized in the RELIEF Act (Chapter 39 of 2021) and allocated in the fiscal 2022 Budget Bill (Chapter 357 of 2022) for tutoring, behavioral health, summer school, school reopening, and transitional supplemental instruction. As part of mandated reporting in Chapter 55 of 2021, the Blueprint for Maryland’s Future Program – Revisions, LEAs were required to report on expenditures of these funds to the General Assembly and the Accountability and Implementation Board through calendar 2023. Based on the reports submitted in calendar 2023 and the timeline for expenditures of federal stimulus funds distributed as part of the American Rescue Plan Act, which do not expire until September 2024, the committees are concerned that some LEAs have not expended all funds, and, for some LEAs, expenditures were not accurately reported. The committees request that the 24 LEAs submit a final report by December 1, 2024, consistent with the requirements of the previously mandated report on COVID-19 federal stimulus fund expenditures, which requested the following information: (1) the county board’s use of federal funding to address the effects of the COVID-19 pandemic on education; and (2) State funding received to implement the Blueprint for Maryland’s Future, including a description of the amount of funding spent on student instruction. Additionally, as part of this submission, LEAs should review previous reports for this purpose and document corrections in this final report.

Information Request	Author	Due Date
LEA reports on COVID-19 federal stimulus fund expenditures	LEAs	December 1, 2024

Appendix 1
Local Retirement Costs
Fiscal 2024-2025

<u>County</u>	<u>Local Share (Normal Cost)</u>			<u>Local Administrative Costs</u>		
	<u>2024</u>	<u>2025</u>	<u>Difference</u>	<u>2024</u>	<u>2025</u>	<u>Difference</u>
Allegany	\$3,273,197	\$3,437,360	\$164,163	\$163,681	\$153,070	-\$10,611
Anne Arundel	33,034,674	34,343,212	1,308,538	1,651,951	1,529,350	-122,600
Baltimore City	31,266,708	32,659,929	1,393,221	1,563,541	1,454,391	-109,149
Baltimore	46,601,798	49,076,900	2,475,102	2,330,396	2,185,462	-144,934
Calvert	6,613,485	6,724,349	110,864	330,718	299,444	-31,273
Caroline	2,203,230	2,240,299	37,070	110,176	99,764	-10,412
Carroll	9,724,608	9,917,020	192,412	486,294	441,618	-44,676
Cecil	6,547,313	6,661,182	113,870	327,409	296,632	-30,777
Charles	10,361,604	10,763,529	401,926	518,148	479,315	-38,833
Dorchester	1,919,567	2,003,452	83,886	95,991	89,216	-6,774
Frederick	17,428,872	19,269,012	1,840,140	871,558	858,076	-13,482
Garrett	1,501,053	1,519,807	18,753	75,063	67,679	-7,383
Harford	14,675,673	16,223,677	1,548,004	733,880	722,463	-11,417
Howard	28,006,648	29,823,515	1,816,867	1,400,516	1,328,082	-72,434
Kent	818,003	925,860	107,856	40,906	41,230	324
Montgomery	79,598,228	81,816,593	2,218,365	3,980,434	3,643,405	-337,029
Prince George’s	55,865,408	57,588,933	1,723,525	2,793,637	2,564,514	-229,123
Queen Anne’s	2,975,900	3,044,698	68,797	148,815	135,585	-13,230
St. Mary’s	6,699,576	6,797,933	98,357	335,023	302,721	-32,301
Somerset	1,400,643	1,451,999	51,356	70,041	64,660	-5,382
Talbot	1,766,633	1,895,129	128,496	88,343	84,393	-3,951
Washington	8,257,941	8,550,091	292,150	412,951	380,747	-32,204
Wicomico	6,237,202	6,731,534	494,332	311,901	299,764	-12,137
Worcester	3,429,156	3,641,601	212,445	171,480	162,165	-9,315
Total	\$380,207,120	\$397,107,614	\$16,900,495	\$19,012,853	\$17,683,747	-\$1,329,106

Source: Department of Legislative Services

Appendix 2

2023 Joint Chairmen’s Report Responses from Agency

The 2023 JCR requested that MSDE prepare five reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- **Report on the Nonpublic Placement Program:** The budget committees requested a report on the Nonpublic Placement program due to concerns about accelerating costs, timely reimbursement of Nonpublic Placement providers, and actions taken by MSDE to rectify these issues. MSDE was asked to submit a closeout report with information on program expenditures and the process for provider reimbursement. MSDE reported that the agency has accelerated the timetable for reimbursements, with many but not all reimbursements occurring within the same fiscal year.
- **Status Update on the Autism Waiver Program:** The budget committees requested a report on the Autism Waiver program. The program currently has a waitlist of more than 6,000 individuals and is managed by MSDE with the assistance of MDH. According to the response, MSDE and MDH have completed the necessary federal application to increase Autism Waiver slots and expect 2,950 slots to be available shortly. Individuals on the waitlist will be offered a slot on a first-come, first-served basis. Further discussion of this information can be found in Issue 3 of this analysis.
- **Status Update on P-TECH:** Due to concerns about increasing costs for the P-TECH program, which is managed by MSDE and LEAs, the committees requested information on current and projected enrollment; attrition rate and percentage completion rates; and average costs per student, program, and LEA. MSDE responded that projected enrollment for the program in fiscal 2025 is 1,528 students, with program costs of \$2.0 million. Further discussion of this program can be found in Issue 2 of this analysis.
- **Status Report on the MCAP:** The budget committees requested a report on a timetable for administration of MCAP tests; details on measurement of student learning loss; and costs for test development. MSDE reported statewide increases in MCAP scores for both ELA and mathematics and a total cost for MCAP assessments in fiscal 2025 of \$53.8 million. Further discussion of this program can be found in the MFR section in this analysis.
- **Report on Universal Meal Costs:** The budget committees requested a report on universal access in public schools to free school meals for Maryland preK-12 students and the potential costs associated with implementation of a statewide universal meal program. MSDE reported that the total cost for this program was approximately \$117.8 million, not including current State meal programs. However, subsequent analysis of this cost estimate by DLS uncovered an error, and MSDE has confirmed a revised cost estimate of approximately \$203.9 million.

Appendix 3
ESSER Funds for LEAs
Fiscal 2020-2022
(\$ in Millions)

<u>LEA</u>	<u>ESSER I</u>	<u>ESSER II</u>	<u>ESSER III</u>	<u>Total</u>
Allegany	\$2.6	\$11.3	\$25.3	\$39.2
Anne Arundel	11.9	48.4	108.7	168.9
Baltimore City	48.4	197.5	443.5	689.4
Baltimore	23.7	96.6	217	337.4
Calvert	1.2	5.1	11.5	17.8
Caroline	1.5	6.1	13.7	21.3
Carroll	2.0	7.5	16.8	26.3
Cecil	3.1	12.4	27.8	43.4
Charles	3.1	13.7	30.9	47.7
Dorchester	1.9	7.8	17.5	27.1
Frederick	4.0	16.9	37.9	58.8
Garrett	1.0	4.0	9.0	13.9
Harford	4.5	18.9	42.5	65.8
Howard	4.2	19.4	43.5	67.1
Kent	0.5	2.3	5.2	8.1
Montgomery	24.8	112.2	252.1	389.1
Prince George’s	30.0	122.2	274.5	426.8
Queen Anne’s	0.7	3.0	6.8	10.6
St. Mary’s	2.6	11.6	26.1	40.3
Somerset	1.3	6.0	13.5	20.9
Talbot	0.9	3.7	8.2	12.8
Washington	5.6	24.6	55.3	85.5
Wicomico	5.2	21.1	47.4	73.6
Worcester	1.6	6.4	14.4	22.4
Total	\$186.2	\$778.8	\$1,749.0	\$2,714.0

Note: Distribution criteria for ESSER I funds are fiscal 2019 Title 1A percentages; distribution criteria for ESSER II and III funds are fiscal 2020 Title 1A percentages.

Source: Department of Legislative Services

Appendix 4
ESSER Expenditures by LEA
Fiscal 2021-2023
(\$ in Millions)

<u>LEA</u>	<u>ESSER I</u>	<u>ESSER II</u>	<u>ESSER III</u>	<u>Total</u>
Allegany	\$2.6	\$10.8	\$7.6	\$21.0
Anne Arundel	11.9	47.8	49.2	108.9
Baltimore City	48.4	180.6	90.9	319.9
Baltimore	22.5	95.7	120.6	238.8
Calvert	1.2	4.4	3.7	9.3
Caroline	1.5	5.9	5.7	13.1
Carroll	2.0	7.5	10.4	19.9
Cecil	3.1	11.2	16.4	30.7
Charles	3.1	13.7	20.9	37.7
Dorchester	1.9	7.8	7.1	16.8
Frederick	4.0	15.5	26.5	46.0
Garrett	1.0	3.7	2.9	7.6
Harford	4.5	18.6	30.8	53.9
Howard	4.2	14.6	18.3	37.1
Kent	0.5	1.9	3.4	5.8
Montgomery	24.8	110.0	129.7	264.5
Prince George’s	29.9	103.6	129.1	262.6
Queen Anne’s	0.7	3.0	5.0	8.7
St. Mary’s	1.3	5.7	4.6	11.6
Somerset	2.6	11.1	11.8	25.5
Talbot	0.9	2.6	2.0	5.5
Washington	5.6	24.8	42.9	73.3
Wicomico	5.2	17.8	26.6	49.6
Worcester	1.6	6.2	8.7	16.5
Total	\$185.0	\$724.5	\$774.8	\$1,684.3

Source: Department of Legislative Services

Appendix 5
K-12 FTE and FRPM Enrollment
Fiscal 2023-2025

FTE Enrollment

FRPM Enrollment

<u>LEA</u>	<u>2024-2025</u>					<u>2024-2025</u>				
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Change</u>	<u>% Change</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Change</u>	<u>% Change</u>
Allegany	7,662	7,699	7,696	-4	0.0%	3,818	4,729	4,787	58	1.2%
Anne Arundel	80,868	81,912	81,749	-163	-0.2%	22,193	34,325	33,467	-858	-2.5%
Baltimore City	71,358	69,640	70,926	1,286	1.8%	63,056	61,761	61,968	207	0.3%
Baltimore	107,115	106,795	106,103	-692	-0.6%	42,308	57,006	57,532	526	0.9%
Calvert	14,949	15,011	14,851	-161	-1.1%	2,776	3,852	4,374	522	13.6%
Caroline	5,259	5,357	5,298	-59	-1.1%	2,859	3,515	3,286	-229	-6.5%
Carroll	24,608	25,323	25,619	295	1.2%	3,449	6,427	6,895	468	7.3%
Cecil	14,160	14,344	14,254	-90	-0.6%	5,036	7,516	7,874	358	4.8%
Charles	25,987	26,638	26,729	91	0.3%	9,321	12,124	14,028	1,904	15.7%
Dorchester	4,315	4,213	4,282	69	1.6%	2,883	3,370	3,785	415	12.3%
Frederick	43,811	45,219	46,023	803	1.8%	10,665	14,912	15,358	446	3.0%
Garrett	3,348	3,294	3,251	-44	-1.3%	1,459	1,807	1,795	-12	-0.7%
Harford	36,880	36,916	36,952	36	0.1%	9,783	13,895	14,993	1,098	7.9%
Howard	55,838	56,131	55,911	-220	-0.4%	12,230	16,629	16,377	-252	-1.5%
Kent	1,707	1,650	1,620	-30	-1.8%	763	1,050	1,088	38	3.6%
Montgomery	154,410	155,523	154,455	-1,069	-0.7%	39,056	66,704	66,817	113	0.2%
Prince George's	124,362	124,661	125,423	762	0.6%	62,116	85,156	85,174	18	0.0%
Queen Anne's	7,124	7,091	7,152	61	0.9%	1,409	2,550	2,775	225	8.8%
St. Mary's	16,714	16,853	16,699	-154	-0.9%	3,856	6,459	6,283	-176	-2.7%
Somerset	2,558	2,561	2,603	42	1.6%	1,857	1,959	2,040	81	4.1%
Talbot	4,233	4,227	4,229	2	0.0%	1,930	2,457	2,484	27	1.1%
Washington	21,100	21,194	21,377	184	0.9%	9,651	12,310	12,914	604	4.9%
Wicomico	13,888	14,212	14,411	200	1.4%	8,287	8,410	8,452	42	0.5%
Worcester	6,402	6,330	6,324	-6	-0.1%	2,702	3,321	3,363	42	1.3%
Total	848,653	852,793	853,933	1,140	0.13%	323,461	432,244	437,909	5,665	1.3%

Source: Department of Legislative Services

Appendix 6
Special Education and LEP Enrollment
Fiscal 2023-2025

Analysis of the FY 2025 Maryland Executive Budget, 2024
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<u>LEA</u>	Special Education					LEP				
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Change</u>	<u>% Change</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Change</u>	<u>% Change</u>
Allegany	1,173	1,199	1,316	117	9.8%	28	33	38	5	15.2%
Anne Arundel	9,569	10,262	10,767	505	4.9%	7,547	7,993	8,532	539	6.7%
Baltimore City	11,665	11,326	11,583	257	2.3%	8,127	8,894	9,702	808	9.1%
Baltimore	15,152	15,942	16,096	154	1.0%	10,268	11,063	12,191	1,128	10.2%
Calvert	1,695	1,722	1,764	42	2.4%	205	224	238	14	6.3%
Caroline	547	523	567	44	8.4%	464	524	544	20	3.8%
Carroll	3,115	3,282	3,448	166	5.1%	396	452	499	47	10.4%
Cecil	2,413	2,565	2,630	65	2.5%	324	341	391	50	14.7%
Charles	2,916	3,165	3,299	134	4.2%	1,035	1,154	1,272	118	10.2%
Dorchester	442	407	447	40	9.8%	202	221	249	28	12.7%
Frederick	5,177	5,516	5,906	390	7.1%	3,206	3,445	3,717	272	7.9%
Garrett	320	336	378	42	12.5%	10	7	7	0	0.0%
Harford	5,381	5,745	6,110	365	6.4%	858	959	1,063	104	10.8%
Howard	5,977	6,515	7,304	789	12.1%	3,977	4,082	4,033	-49	-1.2%
Kent	268	253	247	-6	-2.4%	83	83	102	19	22.9%
Montgomery	20,427	21,502	22,711	1,209	5.6%	28,482	30,250	31,706	1,456	4.8%
Prince George's	14,161	14,436	14,926	490	3.4%	29,919	31,911	33,121	1,210	3.8%
Queen Anne's	826	855	877	22	2.6%	357	389	433	44	11.3%
St. Mary's	1,887	2,016	2,123	107	5.3%	320	359	445	86	24.0%
Somerset	421	426	437	11	2.6%	114	126	129	3	2.4%
Talbot	509	550	541	-9	-1.6%	567	616	659	43	7.0%
Washington	2,520	2,674	2,850	176	6.6%	614	819	1,036	217	26.5%
Wicomico	1,541	1,533	1,622	89	5.8%	1,329	1,566	1,817	251	16.0%
Worcester	758	752	789	37	4.9%	135	142	167	25	17.6%
Total	108,860	113,502	118,738	5,236	4.6%	98,567	105,653	112,091	6,438	6.1%

Source: Department of Legislative Services

Appendix 7
Local Education Effort
Fiscal 2024-2025
(\$ in Millions)

<u>County</u>	<u>2024 Local Appropriation¹</u>	<u>Fiscal 2025</u>		<u>Minimum Local Effort³</u>	<u>2025 Minimum Local Effort versus 2024 Local Appropriation</u>	
		<u>Combined Local Share²</u>	<u>MOE</u>			
Allegany	\$34.2	\$21.8	\$33.9	\$33.9	-\$0.3	-1.0%
Anne Arundel	881.5	731.8	879.7	879.7	-1.8	-0.2%
Baltimore City	392.5	389.3	389.3	389.3	-3.2	-0.8%
Baltimore	953.9	837.0	925.0	925.0	-28.9	-3.0%
Calvert	154.7	111.9	152.3	152.3	-2.5	-1.6%
Caroline	16.1	17.9	15.9	17.9	1.8	11.1%
Carroll	225.9	150.9	228.6	228.6	2.6	1.2%
Cecil	88.5	93.6	87.8	93.6	5.0	5.7%
Charles	218.8	152.8	219.5	219.5	0.7	0.3%
Dorchester	24.0	24.0	23.7	24.0	0.0	-0.1%
Frederick	400.4	285.4	407.5	407.5	7.0	1.8%
Garrett	28.8	30.6	27.8	30.6	1.8	6.4%
Harford	314.9	243.9	313.9	313.9	-1.0	-0.3%
Howard	721.2	421.9	714.0	714.0	-7.2	-1.0%
Kent	19.7	19.9	19.0	19.9	0.2	1.3%
Montgomery	1,995.5	1,603.9	1,969.6	1,969.6	-25.9	-1.3%
Prince George's ⁴	943.1	909.1	872.1	975.5	32.4	3.4%
Queen Anne's	68.9	61.0	68.1	68.1	-0.8	-1.2%
St. Mary's	128.1	101.2	126.3	126.3	-1.8	-1.4%
Somerset	10.3	10.1	10.3	10.3	0.0	0.1%
Talbot	50.9	51.9	50.1	51.9	1.0	2.0%
Washington	109.1	107.0	109.1	109.1	0.0	0.0%
Wicomico	49.9	45.9	50.6	50.6	0.7	1.4%
Worcester	100.0	72.8	99.5	99.5	-0.5	-0.5%
Total	\$7,930.8	\$6,495.6	\$7,793.4	\$7,910.4	-\$20.4	-0.3%

¹Includes local appropriations not subject to per pupil MOE.

²Local share of major formula aid accounting for relief provisions.

³Generally, the required minimum effort is the greater of (1) local share, accounting for local share relief provisions; and (2) the per pupil MOE result.

⁴Prince George's County figures also include the appropriation of local dedicated telecommunications and energy tax funds totaling \$63.2 million within the fiscal 2024 \$943.1 million total and a projected \$66.4 million within the fiscal 2025 minimum local effort total of \$975.5 million.

Source: Department of Legislative Services

Appendix 8
Changes in the Aid to Education Budget
Fiscal 2024-2025

Note: Changes to the Aid to Education budget reflect the Governor’s fiscal 2025 budget as introduced and do not include supplemental appropriations.

Changes to Major State Aid Programs

Teachers’ Retirement increases by \$141.2 million, or 19.0%, from \$745.0 million in fiscal 2023 to \$886.2 million in fiscal 2025. This increase is due to decreased investment returns and an increased salary base. The allowance in the Aid to Education budget is not reflective of the entire increase in this program; an additional \$46.5 million is budgeted in the DBM Statewide Account for a total of \$932.7 million for teachers’ retirement in the fiscal 2025 budget.

Students with Disabilities (Special Education) formula funding increases by \$66.2 million, or 14.2%, from \$466.0 million in fiscal 2024 to \$532.2 million in fiscal 2025. Of this amount, \$221.1 million is Blueprint special funds, and \$311.1 is general funds. This increase reflects increased enrollment and implementation of Chapter 55 Blueprint formula updates. In fiscal 2025, Chapter 55 mandates the per pupil amount for Special Education as 99% of the per pupil Foundation program allowance, which increases the per pupil amount by \$750 from \$7,951 in fiscal 2024 to \$8,701 in fiscal 2025. In the 2023-2024 school year, the special education enrollment count totals 118,738 students, which is 5,236 students, or 4.6%, more than the 2022-2023 school year count of 113,502 students. Currently, 13.9% of students receive special education services.

LEP increases formula funding by \$46.0 million, or 9.7%, from \$473.5 million in fiscal 2024 to \$519.5 in fiscal 2025. Of this amount, \$185.2 million is Blueprint special funds, and \$334.3 million is general funds. This increase reflects increased enrollment and implementation of Chapter 55 Blueprint formula updates. In fiscal 2025, Chapter 55 mandates the per pupil amount for LEP as 102% of the per pupil amount for the Foundation program, which increases the LEP per pupil amount by \$323, from \$8,642 to \$8,965. In the 2023-2024 school year, the LEP enrollment count is 112,091, which is 6,438 students, or 6.1%, more than the 2022-2023 school year enrollment count of 105,653 students. Currently, 13.1% of students are considered LEP.

Compensatory education increases by \$28.6 million or 1.7%, from \$1.69 billion in fiscal 2024 to \$1.71 billion in fiscal 2025. Of this amount, \$419.4 million is Blueprint special funds, and \$1.30 billion is general funds. This increase reflects increased enrollment and implementation of Chapter 55 Blueprint formula updates. In fiscal 2025, Chapter 55 mandates the per pupil amount as 86% of the per pupil for the Foundation program, which, for compensatory education, increases the per pupil amount by \$40 from \$7,519 in fiscal 2024 to \$7,559 in fiscal 2025. In the 2023-2024 school year, the compensatory education enrollment count is 437,909 students, which is 5,665 students, or 1.3%, higher than the 2022-2023 school year

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enrollment count of 432,244 students. Currently, 51.3% of students are eligible for compensatory education.

GTB increases by \$18.1 million, or 31.9%, from \$56.8 million in fiscal 2024 to \$74.9 million in fiscal 2025. The fiscal 2025 allowance is funded with general funds. Eight LEAs receive GTB funding – Allegany, Caroline, Charles, Dorchester, Somerset, Washington, and Wicomico counties and Baltimore City, which are the same as fiscal 2024.

Transportation formula funding increases by \$6.2 million, or 1.7%, from \$363.4 million in fiscal 2024 to \$369.6 million in fiscal 2025. This amount includes \$340.7 million for regular ridership and \$28.9 million for transportation for Students with Disabilities. In the 2023-2024 school year, disabled transportation enrollment totals 28,873, which is an increase of 1,326 students, or 4.8%, from the 2022-2023 school year enrollment of 27,547 students. The inflation component of the transportation formula grows by 1% in fiscal 2025.

Nonpublic Placements in the Students with Disabilities budget increases by \$3.0 million, or 2.0%, from \$148.6 million in fiscal 2024 to \$151.6 million in fiscal 2025. This amount includes funding for nonpublic school special education teacher salaries as specified in Chapter 648.

Infants and Toddlers formula funding in the Students with Disabilities budget increases by \$1.1 million, or 7.2%, from \$15.8 million in fiscal 2024 to \$17.0 million in fiscal 2025. The mandated funding amount is part of Chapter 36 statutory increases. Of this amount, \$6.6 million is Blueprint special funds, and \$10.4 million is general funds.

Regional Cost Difference (or Comparable Wage Index) in the Foundation program budget increases by \$413,000, or 0.3%, from \$155.3 million in fiscal 2024 to \$155.7 million in fiscal 2025. This allowance is funded with Blueprint special funds. Thirteen LEAs receive these funds in fiscal 2025 – Anne Arundel, Baltimore, Calvert, Carroll, Charles, Frederick, Howard, Kent, Montgomery, Prince George’s, Queen Anne’s, and St. Mary’s counties and Baltimore City, which are the same LEAs as in fiscal 2024.

Foundation formula funding, which is the primary grant program for State aid to LEAs, decreases by \$22.9 million, or 0.6%, from \$3.80 billion in fiscal 2024 to \$3.78 billion in fiscal 2025. This amount includes \$1.5 million in discretionary supplementary grants for Garrett and St. Mary’s counties to provide an equivalent amount of direct aid, which is a decrease of \$33.0 million for these grants in fiscal 2024. Of this amount, \$52.7 million is Blueprint special funds, and \$3.73 billion in general funds. As part of Chapter 55, the per pupil grant amount increases by \$147, from \$8,642 in fiscal 2024 to \$8,789 in fiscal 2025, which includes an inflation factor of 2%. In the 2023-2024 school year, the full-time enrollment count is 853,933 students, which is 1,140 students, or 0.13%, higher than the 2022-2023 school year enrollment count of 852,793 students.

Blueprint for Maryland’s Future Programs Funded with Blueprint Funds

CPG increases by \$131.1 million, or 57.7%, from \$227.3 million in fiscal 2024 to \$358.4 million in fiscal 2025. This increase is due primarily to the change in the eligibility for personnel grants to 55% of FRPM and school-level grants of 65% FRPM. Of this amount, \$191.4 million is allocated for per pupil grants, and \$167.0 million is allocated for personnel grants. In fiscal 2025, personnel grants are \$273,805 per school; per pupil grants are phased in according to eligibility. All 24 LEAs had at least one school eligible for a personnel or per pupil grant.

Education Effort Adjustment increases by \$8.9 million, or 10.1%, from \$88.0 million in fiscal 2024 to \$96.9 million in fiscal 2025. This increase is due to changes in wealth. In fiscal 2025, four LEAs receive this adjustment – Cecil, Dorchester, and Prince George’s counties and Baltimore City.

The **MSDE Financial Management System** in the Blueprint program budget increases by \$2.5 million in fiscal 2025. This program received \$5.0 million in the fiscal 2023 budget but did not receive funds in fiscal 2024.

Career Ladder in the Teacher Development budget decreases by \$600,000, or 6.3%, from \$9.5 million in fiscal 2024 to \$8.9 million in fiscal 2025. This amount includes fees and bonuses. As part of Chapter 36, National Board Certified (NBC) teachers receive \$10,000, and NBC classroom teachers in low-performing schools receive an additional \$7,000. In the 2023-2024 school year, a total of 1,816 teachers were eligible for Career Ladder funding, which is 143 teachers less than the 2022-2023 school year count of 1,959 teachers. Out of 1,816 NBC teachers, 95 teach in low-performing schools, and 1,721 teach in non-low-performing schools.

Blueprint Coordinators in the Blueprint program budget decrease by \$2.0 million in fiscal 2025 and does not receive funding in the budget. As part of Chapter 55, in fiscal 2022 through 2026, LEAs are responsible for appointing a single Blueprint implementation coordinator.

Career and Technology Education Innovation Grant in the Innovative Programs budget decreases by \$2.0 million in fiscal 2025 and does not receive funding in the budget. As part of Chapter 36, the last year for program funding was fiscal 2024.

Teacher Collaborative Grant Program in the Innovative Programs budget decreases by \$2.5 million and does not receive funding in the budget. As part of Chapter 36, the last year for the program was fiscal 2024.

CCR decreases by \$8.3 million, or 41.7%, from \$19.9 million in fiscal 2024 to \$11.6 million. This change reflects an offset between a decrease in enrollment and an increase in the per pupil amount. As part of Chapter 36, the per pupil grant amount increases from \$567 in fiscal 2024 to \$569 in fiscal 2025, with a 1% inflation factor. In the 2023-2024 school year, CCR

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enrollment decreases by 29,474 students from 70,152 students in fiscal 2024 to 40,678 students in fiscal 2025. CCR students comprise 4.8% of FTE students.

Blueprint Transition Grants in the Blueprint budget decrease in fiscal 2025 by \$8.7 million, or 15.1%, from \$57.7 million in fiscal 2024 to \$49.0 million in fiscal 2025. As part of Chapter 36, grants decrease a certain percentage from the initial allocation in fiscal 2023 of \$57.7 million, which in fiscal 2025 is 85% of the initial grant.

TSI in the Blueprint budget decreases by \$16.9 million, or 32.9%, from \$51.3 million in fiscal 2024 to \$34.4 million in fiscal 2025. This change reflects a decrease in the per pupil amount in Chapter 36 and enrollment. As part of Chapter 36, the per pupil grant amount decreases by \$158 from \$680 in fiscal 2024 to \$522 in fiscal 2025. In the 2023-2024 school year, TSI enrollment is 131,764 students, which 19,188 students, or 12.7%, less than the 2022-2023 school year enrollment count of 150,952 students. TSI students comprise 15.4% of FTE students.

Fiscal 2024 Legislatively Directed Initiatives

Gwynn Park High School FFA in the Innovative Programs budget decreases by \$60,000, or 100%, from fiscal 2024 to 2025. This program received one-time funding under Section 19 in the fiscal 2024 Budget Bill.

AP Exam Fee Coverage for the College Board in the Innovative Programs budget decreases by \$250,000, or 100%, from fiscal 2024 to 2025. This program received one-time funding under Section 19 in the fiscal 2024 Budget Bill.

Other General Fund Changes

Student Field Trips in the Innovative Programs budget receives \$500,000 for the first time in the fiscal 2025 budget as part of Chapter 747 of 2023.

The **Adult High School Pilot Program** in Innovative Programs receives an increase of \$250,000, or 33%, from \$750,000 in fiscal 2024 to \$1.0 million in fiscal 2025. Chapter 352 of 2021 mandates at least \$250,000 in general or federal funds for this program starting in fiscal 2023. This increase reflects an increase from three to four sites for this program in fiscal 2025.

SEED in the Children at Risk budget increases by \$217,000, or 1.7%, from \$12.8 million in fiscal 2024 to \$13.1 million in fiscal 2025. This increase is due to the increase in the Foundation program per pupil amount. This program is included in education State aid.

Environmental and Outdoor Education in Innovative Programs increases by \$4,450 from \$276,400 in fiscal 2024 to \$280,850 in fiscal 2025. This amount is mandated by Chapter 524 of 2022.

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School Composting Grants, which are funded in the Innovative Programs budget, decrease by \$250,000, or 100%, from fiscal 2024 to 2025. Fiscal 2024 was the last year of funding for this program per Chapter 205.

P-TECH in Innovative Programs decreases \$210,000, or 9.2%, from \$2.3 million in fiscal 2024 to \$2.3 million in fiscal 2025. This change is due to projected decrease in costs for the program in the 2024-2025 school year.

Growing Families Child Care Opportunities in the Innovative Programs budget decreases by \$450,000, or 100%, in fiscal 2025. As part of Chapters 437 and 438 of 2021, this program received \$450,000 in fiscal 2023 and 2024.

Engineering 4 Us All in the Innovative Program budget decreases by \$1.0 million, or 100%, from fiscal 2024 to 2025. This program received one-time funding in Supplemental Budget No. 2 of the fiscal 2024 budget.

Teacher Recruitment Incentive in Innovative Programs decreases by \$10.0 million, or 100%, from fiscal 2024 to 2025. As part of Chapter 627 of 2023, the Maryland Educator Shortage Reduction Act of 2023, this funding moves in fiscal 2025 to the MHEC – Student Assistance budget.

Bonus for Noncertificated Support Professionals in Teacher Development decreases by \$22.3 million, or 100%, from fiscal 2024 to 2025. As part of Chapter 531 of 2022, this program received \$22.3 million in funding in fiscal 2023 in the MSDE Headquarters budget under the Office of the State Superintendent; in fiscal 2024, this program was budgeted under Teacher Development in the Aid to Education budget for the same amount. Both years, the program was considered State aid. Per the statute, this program does not receive funds in fiscal 2025.

Federal Stimulus Fund Changes

Federal stimulus funds allocated in the Aid to Education program decrease by \$45.5 million, or 96%, from \$47.5 million in fiscal 2024 to \$2.0 million in fiscal 2025. These changes include a decrease of \$21.9 million in funds from CRRSA ESSER II funds and \$23.6 million in ARPA ESSER III funds. Remaining federal stimulus funds in this budget include \$2.0 million ARPA ESSER III funding.

Other Federal Grant Changes

Food Service Programs increase by a total of \$46.3 million, or 10.6%, from \$436.7 million in fiscal 2024 to \$483.1 million in fiscal 2025.

Assistance to Students with Disabilities increases by \$9.5 million, or 3.8%, from \$252.8 million in fiscal 2024 to \$262.3 million in fiscal 2025.

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Charter Schools increases by \$1.7 million, or 115%, from \$1.5 million in fiscal 2024 to \$3.2 million in fiscal 2025.

SEED federal funding decreases by \$1.6 million, or 2.4%, from \$66.6 million in fiscal 2024 to \$65.2 million in fiscal 2025. This decrease also accounts for a fiscal 2024 deficiency appropriation \$698,000.

Educationally Deprived Children decreases by \$50.8 million, or 14.4%, from \$352.6 million in fiscal 2024 to \$301.8 million in fiscal 2025. This decrease also accounts for a fiscal 2024 deficiency allocation of \$55.6 million.

Appendix 9
Object/Fund Difference Report
MSDE – Aid to Education

<u>Object/Fund</u>	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u> <u>Appropriation</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24 - FY 25</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Objects					
12 Grants, Subsidies, and Contributions	\$ 8,906,066,246	\$ 9,681,886,075	\$ 10,053,065,724	\$ 371,179,649	3.8%
Total Objects	\$ 8,906,066,246	\$ 9,681,886,075	\$ 10,053,065,724	\$ 371,179,649	3.8%
Funds					
01 General Fund	\$ 7,000,190,579	\$ 7,145,515,251	\$ 7,247,474,689	\$ 101,959,438	1.4%
03 Special Fund	709,747,337	1,368,227,235	1,622,064,666	253,837,431	18.6%
05 Federal Fund	1,196,047,696	1,168,053,589	1,183,436,369	15,382,780	1.3%
09 Reimbursable Fund	80,634	90,000	90,000	0	0%
Total Funds	\$ 8,906,066,246	\$ 9,681,886,075	\$ 10,053,065,724	\$ 371,179,649	3.8%

Note: The fiscal 2024 appropriation does not include deficiencies.

Appendix 10
Fiscal Summary
MSDE – Aid to Education

<u>Program/Unit</u>	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Wrk Approp</u>	<u>FY 25</u> <u>Allowance</u>	<u>Change</u>	<u>FY 24 - FY 25</u> <u>% Change</u>
01 State Share of Foundation Program	\$ 3,817,362,233	\$ 3,958,131,244	\$ 3,935,575,715	-\$ 22,555,529	-0.6%
02 Compensatory education	1,295,201,860	1,686,097,760	1,714,662,662	28,564,902	1.7%
03 Aid for Local Employee Fringe Benefits	724,643,898	744,971,408	886,216,448	141,245,040	19.0%
04 Children at Risk	72,590,671	84,195,290	83,489,445	-705,845	-0.8%
05 Formula Programs for Specific Populations	1,956,748	2,000,000	2,000,000	0	0%
07 Students with Disabilities	598,151,448	661,176,028	731,491,231	70,315,203	10.6%
08 State Assistance for Students with Disabilities	233,440,393	252,779,802	262,315,121	9,535,319	3.8%
12 Educationally Deprived Children	301,764,089	297,669,964	301,813,483	4,143,519	1.4%
13 Innovative Programs	104,720,916	86,760,016	27,032,535	-59,727,481	-68.8%
15 Language Assistance	13,422,268	14,298,039	14,298,039	0	0%
18 Career and Technology Education	16,921,578	19,531,500	19,531,500	0	0%
24 Limited English Proficient	422,465,014	473,518,248	519,503,455	45,985,207	9.7%
25 Guaranteed Tax Base	45,783,860	56,783,213	74,897,532	18,114,319	31.9%
27 Food Services Program	435,785,652	457,006,808	503,395,799	46,388,991	10.2%
39 Transportation	335,964,983	363,364,268	369,556,854	6,192,586	1.7%
55 Teacher Development	38,356,313	75,436,588	52,511,734	-22,924,854	-30.4%
60 Blueprint for Maryland’s Future Transition	112,904,816	113,042,303	87,955,762	-25,086,541	-22.2%
61 Concentration of Poverty Grant Programs	190,286,426	227,257,191	358,383,042	131,125,851	57.7%
62 College and Career Readiness	18,669,966	19,888,097	11,572,898	-8,315,199	-41.8%
63 Education Effort Adjustment	125,673,114	87,978,308	96,862,469	8,884,161	10.1%
Total Expenditures	\$ 8,906,066,246	\$ 9,681,886,075	\$	\$ 371,179,649	3.8%
General Fund	\$ 7,000,190,579	\$ 7,145,515,251	\$ 7,247,474,689	\$ 101,959,438	1.4%
Special Fund	709,747,337	1,368,227,235	1,622,064,666	253,837,431	18.6%
Federal Fund	1,196,047,696	1,168,053,589	1,183,436,369	15,382,780	1.3%
Total Appropriations	\$ 8,905,985,612	\$ 9,681,796,075	\$	\$ 371,179,649	3.8%
Reimbursable Fund	\$ 80,634	\$ 90,000	\$ 90,000	\$ 0	0%
Total Funds	\$ 8,906,066,246	\$ 9,681,886,075	\$	\$ 371,179,649	3.8%

Note: The fiscal 2024 appropriation does not include deficiencies.