

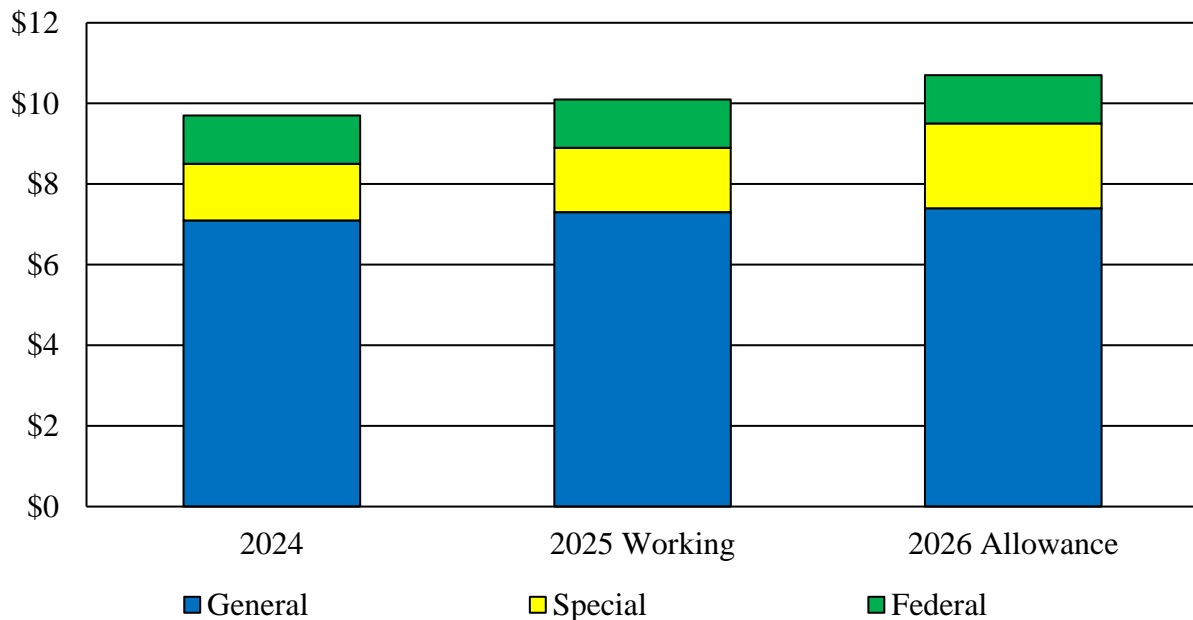
R00A02
Aid to Education
Maryland State Department of Education

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), which is an independent agency 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 2026 Budget Increases \$590.0 Million, or 5.8%, to \$10.7 Billion
(\$ in Billions)



Note: The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2026 allowance accounts for contingent reductions. The fiscal 2025 working appropriation includes \$90,000 in reimbursable funds, which due to rounding does not appear in the exhibit.

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- The fiscal 2026 allowance increases by \$590.0 million over the fiscal 2025 working appropriation.
- Of the net increase of \$75.1 million in general funds, \$92.9 million is for teacher retirement costs, after accounting for a contingent reduction. This increase is partially offset by a decrease of \$25.4 million for the nonpublic placement program, after accounting for a fiscal 2025 deficiency appropriation of \$21.0 million and a \$25.0 million contingent reduction in fiscal 2026.
- Of the net increase of \$483.1 million in special funds, slightly more than half of this amount, \$262.2 million, is for the Foundation program and the concentration of poverty grant (CPG) program.
- Federal funds increase by \$33.8 million. This increase is driven by Title I grants for Educationally Deprived Children (\$25.6 million) and a new Comprehensive Literacy State Development grant (\$8.2 million).

Key Observations

- ***Legislation Proposes Changes to Blueprint Collaborative Time; Introduces New Programs Reflected in Fiscal 2026 Allowance:*** SB 429/HB 504, the Excellence in Maryland Public Schools Act, proposes to delay the collaborative time provision, which is part of the Blueprint career ladder. This provision would have provided funds to local education agencies (LEA) to begin decreasing the amount of classroom time for teachers from 80% to 60% starting in fiscal 2026. As introduced, in fiscal 2026, this change results in a decrease of \$163 for the target per pupil foundation amount (TPPFA) from \$9,226 to \$9,063 and affects multiple State aid programs. Language in the fiscal 2026 budget reduces funding in these programs by a combined \$124.5 million, contingent on this legislation. The legislation also introduces new Blueprint programs in both the Aid to Education and MSDE Headquarters budgets with a total cost in fiscal 2026 of \$75.9 million.
- ***Nonpublic Placement Program Exceeds Appropriation; 2025 Budget Reconciliation and Financing Act (BRFA) Proposes Change:*** Due to a rise in reimbursement costs and implementation of Chapter 648 of 2023, the Teacher Pay Parity Act, fiscal 2024 actual expenditures exceeded the appropriation by \$8.0 million. In addition, the fiscal 2025 appropriation as enacted is insufficient to fully fund costs. A proposed deficiency appropriation of approximately \$21.0 million would address the overspending in fiscal 2024 and a shortfall in fiscal 2025. The fiscal 2026 allowance totals \$172.1 million, however, language in the fiscal 2026 Budget Bill would reduce \$25.0 million contingent on enactment of a provision in the BRFA of 2025 that alters the State-local cost over two years to 50/50 for costs over 200% of the basic cost.

- **Autism Waiver Costs Projected to Increase with Additional Slots:** In calendar 2024, MSDE reported that the persistently high number of individuals on the Autism Waiver waitlist has decreased from approximately 6,000 individuals to 2,700 individuals. MSDE had 1,937 filled slots through the end of fiscal 2024. The department has received waiver approval for up to 3,100 Autism Waiver slots through fiscal 2029. With projected onboarding of individuals into the program, costs are expected to increase to over \$100 million by fiscal 2028.
- **Continued Concerns Regarding Enrollment Counts for Compensatory Education, Career Ladder, and College and Career Readiness (CCR) Programs:** In response to language in the fiscal 2025 Budget Bill (Chapter 716 of 2024), MSDE submitted free and reduced-price meal (FRPM) student enrollment counts for the compensatory education program, which indicated certain irregularities primarily related to counts for the Community Eligibility Provision (CEP). Although MSDE resolved most FRPM enrollment count issues with the fiscal 2026 submission, additional concerns have been identified related to FRPM enrollment counts for CPG; national board certified (NBC) teachers for career ladder, and CCR.
- **LEAs Receive Extension to Spend Remaining Federal Stimulus Funds Through March 2026:** 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 funds 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 was originally September 2024; however, MSDE received an extension from the federal government through March 2026.

Operating Budget Recommended Actions

	<u>Funds</u>
1. Reduce State Share of the Foundation general funds for discretionary grants.	-\$ 1,969,251
2. Add language increasing the reduction for retirement costs contingent on legislation.	
3. Add language to make a reduction to the general fund appropriation for the School for Educational Evolution and Development contingent on legislation.	
4. Adopt committee narrative requesting a report on the Nonpublic Placement program.	
5. Adopt committee narrative requesting a report on the Autism Waiver program.	

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| 6. | Add language to make the special fund appropriation for the Collaborative Time Innovation Demonstration Grant contingent on legislation. | |
| 7. | Reduce Blueprint for Maryland’s Future special funds for the Grow Your Own Educators program. | -\$ 14,334,000 |
| 8. | Eliminate Blueprint for Maryland’s Future special funds for the Academic Excellence Fund. | -\$ 19,310,000 |
| 9. | Adopt committee narrative requesting a report on free and reduced-price meal student enrollment, National Board Certification teacher counts, and college and career readiness student counts. | |
| 10. | Adopt committee narrative for a report on the Maryland Comprehensive Assessment Program. | |
| 11. | Adopt committee narrative for reports on local education agency COVID-19 federal stimulus fund expenditures. | |
| | Total Net Change | -\$ 35,613,251 |

Budget Reconciliation and Financing Act Recommended Actions

1. Amend a provision to shift 100% of the fiscal 2026 increase in the State share of costs for the Teachers’ Retirement System to local jurisdictions rather than 50%.

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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), and Chapter 36 of 2021 enacted new formulas and programs. Since calendar 2021, the legislature has passed updates to Chapter 36 in Chapter 55 of 2021, Chapter 33 of 2022, Chapter 119 of 2023, and Chapter 164 of 2024, with the purpose of making minor changes and updates to the statute and clarifying funding formulas. Fiscal 2023 was the first year of full implementation of Blueprint programs and new statutory formulas.

Chapter 36, as amended, 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; limited English proficient (LEP); special education; transitional supplemental instruction; 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, gambling, and tobacco-related revenues. Since fiscal 2023, the Governor has been required to fund 100% of mandated Blueprint programs.

This analysis for Aid to Education includes 20 of 24 programs budgeted in the 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) English/language arts 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 (PARCC) to the Maryland Comprehensive Assessment Program (MCAP). According to MSDE, this change was necessary so that State assessments were more reflective of the Maryland content standards and

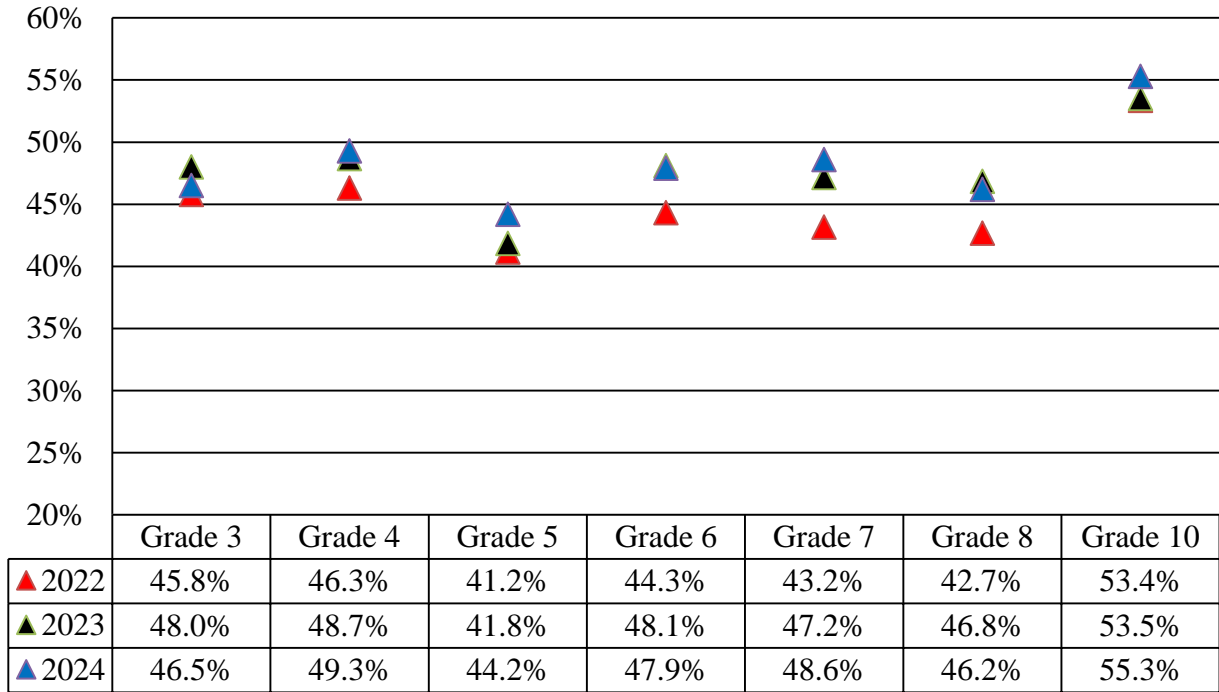
instruction. Development of MCAP began in January 2019, with pilot testing initially slated for December 2019 and initial administration planned for spring 2020.

However, due to COVID-19 school closures starting in March 2020, the administration of pilot MCAP assessments was delayed. The U.S. Department of Education (ED) 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 2024 assessments represent the third year of post-pandemic MCAP testing and the first time since school year 2018-2019 that MCAP assessment scores can be compared over a three-year period.

1. Maryland Comprehensive Assessment Program English/Language Arts Scores Show Majority of Students in Grades 3 through 8 Continue to Score as Beginning and Developing Learners

MCAP measures the percentage of students who earn a beginning, developing, proficient, or distinguished score on the English/Language Arts (ELA) assessments in grades 3 to 8 and grade 10. As shown in **Exhibit 1**, in spring 2024, grade 10 had the highest percentage of students scoring proficient or distinguished at 55.3% and grade 5 had the lowest percentage of students scoring proficient or distinguished at 44.2%. From spring 2023 to spring 2024, grade 5 had the largest increase (2.4 percentage points), while grade 3 had the largest decrease (1.5 percentage points). The data indicate that although ELA scores have improved since spring 2022, with the exception of grade 10, all grade levels continue to have a majority of students scoring at a beginning or a developing level of achievement.

Exhibit 1
Maryland Comprehensive Assessment Program English/Language Arts
Proficient and Distinguished Scores by Grade Level
2022-2024 School Years

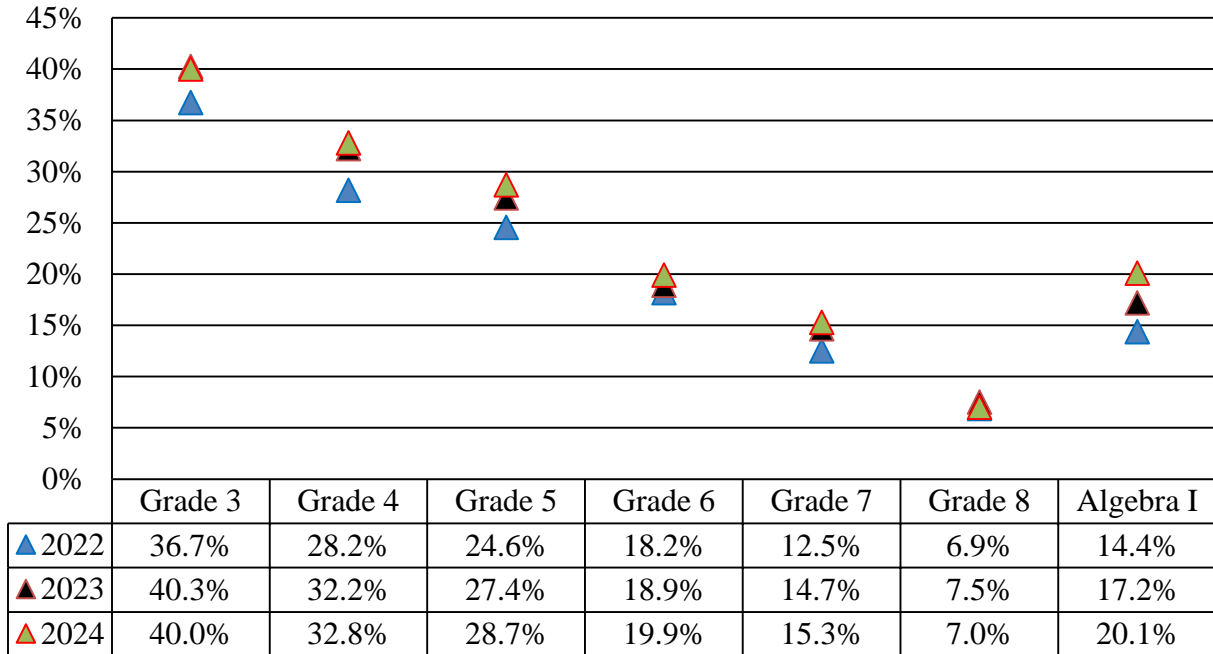


Source: Department of Budget and Management; Maryland State Department of Education

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

MCAP measures the percentage of students who earn a beginning, developing, proficient, or distinguished score in grades 3 to 8 in math and high school Algebra I assessments. As shown in **Exhibit 2**, in spring 2024, grade 3 had the highest percentage of students scoring proficient or distinguished at 40.0%, and grade 8 had the lowest percentage of students scoring proficient or distinguished at 7.0%. Algebra I students had the largest increase from spring 2023 to 2024 (2.9 percentage points), while grade 8 students had the largest decrease (0.5 percentage points). The data indicate that although mathematics scores have improved since spring 2022, all grade levels continue to have a majority of students scoring at a beginning or a developing level of achievement.

Exhibit 2
Maryland Comprehensive Assessment Program Mathematics
Proficient and Distinguished Scores by Grade Level
2022-2024 School Years

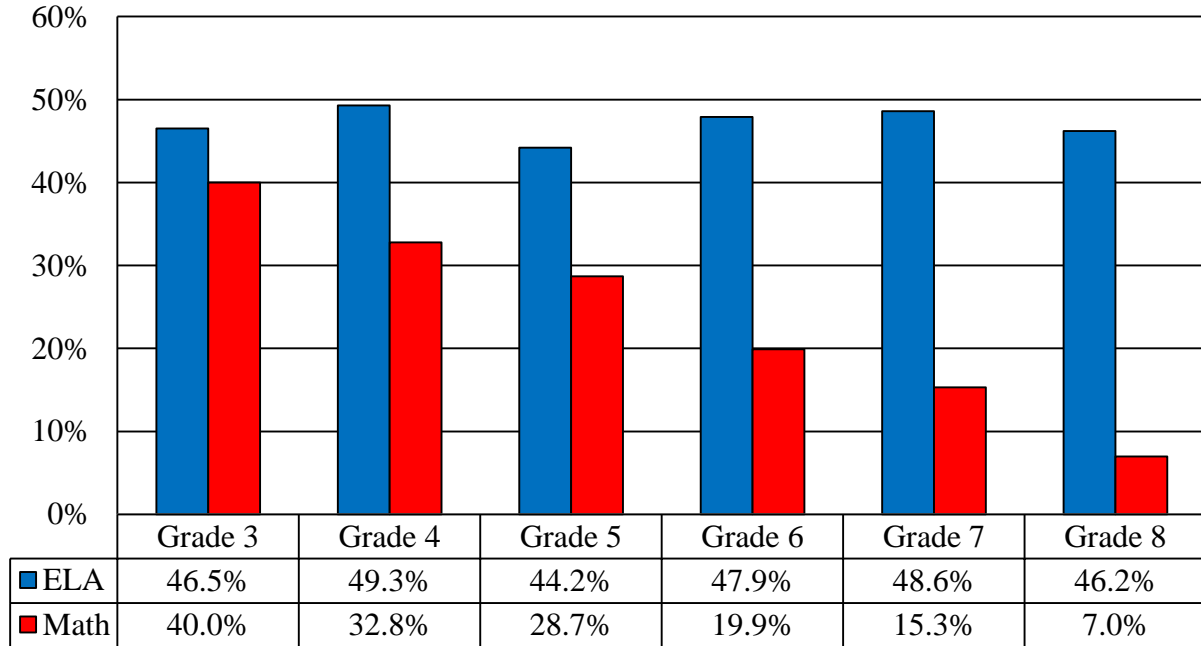


Source: Department of Budget and Management; Maryland State Department of Education

3. More Students Score 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 6.5 percentage points in grade 3, and the largest achievement gap is 39.2 percentage points in grade 8.

Exhibit 3
Comparison of Maryland Comprehensive Assessment Program Scores for
English/Language Arts and Mathematics
Students Scoring Proficient or Distinguished
Grades 3 through 8
2023-2024 School Year



ELA: English/language arts

Source: Department of Budget and Management; Maryland State Department of Education

In February 2024, MSDE convened a task force to examine the State’s current assessment and accountability system, which presented a report to the State Board of Education in December 2024. The purpose of the task force was to evaluate Maryland’s accountability and assessment systems, examine how both systems might better serve Maryland’s students, and make recommendations. The goals of the task force were to (1) draft recommendations for the State’s next summative assessment system and (2) support a vision of State-led school accountability. The task force reviewed key aspects of assessment design and implementation and offered recommendations to address critical questions associated with a State assessment program. Recommendations from the task force included attention to accessibility and fairness; consideration of adaptive testing and testing time; score reporting; nonsummative resources; and communication, outreach, and advocacy.

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As noted previously, MCAP test administration and development was delayed due to the COVID-19 pandemic, and students have just completed a third year of MCAP tests. In the fiscal 2026 MSDE Headquarters budget, MSDE receives a deficiency appropriation for fiscal 2025 of \$10.0 million in general funds for assessment contracts due to increased expenses for updates needed for the MCAP standard and adaptive tests and the development of the Kindergarten Readiness Assessment. These funds are in addition to \$47.3 million in actual expenditures in fiscal 2024, \$51.9 million in the fiscal 2025 working appropriation, and \$49.3 million in the fiscal 2026 budget. Taken together, MSDE has expended or budgeted a total of \$158.5 million for assessments in the last three fiscal years.

MSDE should comment on the task force recommendations, including current issues with MCAP; timeline and costs associated with design, development, and implementation of new State assessments; and reasons for changing assessments after only a limited time using the current assessment.

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 2024

Closeout

In MSDE’s fiscal 2024 closeout, the agency reported a total of \$506.3 million in encumbrances including \$85.4 million in general fund,; \$5.7 million in special funds, and \$415.2 million in federal funds. This level of encumbrances exceeds the amount encumbered in fiscal 2023 by approximately \$80 million. The fiscal 2024 encumbrances over \$50.0 million include:

- \$158.7 million in federal funds in Educationally Deprived Children for Title I grants to LEAs;
- \$88.5 million in federal funds in Assistance to States for Students with Disabilities for Individuals with Disabilities Education Act Part B grants;
- \$81.2 million in Infants and Toddlers, including \$74.8 million in Blueprint special funds and \$6.4 million in general funds program; and
- \$53.0 million in general funds in Students with Disabilities for pending grant obligations in the Nonpublic Placements program.

MSDE should discuss the reasons for high encumbrances each year.

Fiscal 2025

Implementation of Legislative Priorities

Section 21 of the fiscal 2025 Budget Bill (Chapter 716) added funding for four items in the Aid to Education budget totaling \$3.1 million, including \$2.0 million in Blueprint special funds and \$1.1 in general funds, allocated as follows:

- \$2.0 million in Blueprint special funds in Blueprint for Maryland’s Future Transition Grants for LEA Blueprint coordinators, with funding distributed according to Foundation formula. LEAs are currently using these funds for this purpose;
- \$500,000 in general funds in Innovative Programs for a grant to Engineering 4 Us All to support engineering curriculum for high school teachers and students, which is currently being expended;
- \$450,000 in general funds in Innovative Programs for the Growing Family Child Care Opportunities Program to establish the Growing Family Child Care Opportunities Pilot Program as a permanent program, which was contingent on the enactment of Chapters 183 and 184 of 2024 and has been established; and
- \$100,000 in general funds in Innovative Programs for a grant to the Yleana Leadership Foundation for the purpose of operating costs associated with standardized test preparation, which is currently being expended.

Proposed Deficiencies

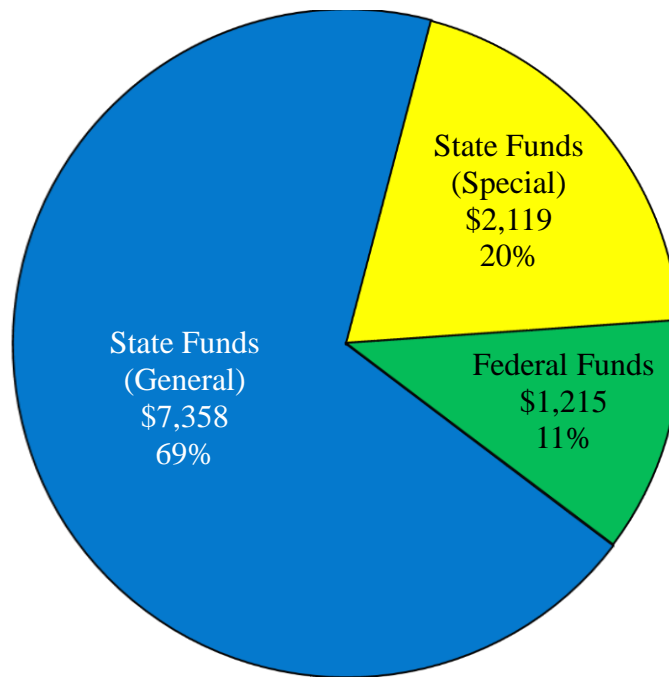
The fiscal 2026 budget includes two proposed deficiency appropriations totaling \$39.4 million in general and special funds in the Students with Disabilities budget.

- The Autism Waiver program receives a total of \$18.4 million, which includes \$13.7 million in general funds and \$4.7 million special funds from the Dedicated Purpose Account (DPA). Special funds for the Autism Waiver program were allocated in the fiscal 2023 Budget Bill (Chapter 484 of 2022) as part of program expansions for Chapter 464 of 2022 and Chapter 635 of 2023 (the End the Wait Act). This program is discussed further in Issue 3 of this analysis.
- The nonpublic placements program receives \$21.0 million in general funds to supplement projected costs for the program. This program is discussed further in Issue 2 of this analysis.

Fiscal 2026 Overview of Agency Spending

The fiscal 2026 allowance for Aid to Education totals approximately \$10.7 billion with the majority of funds, \$7.36 billion, or 69%, in general funds. **Exhibit 4** shows the overview of agency spending in fiscal 2026 by fund type.

Exhibit 4
Overview of Agency Spending
Fiscal 2026 Allowance
(\$ in Millions)



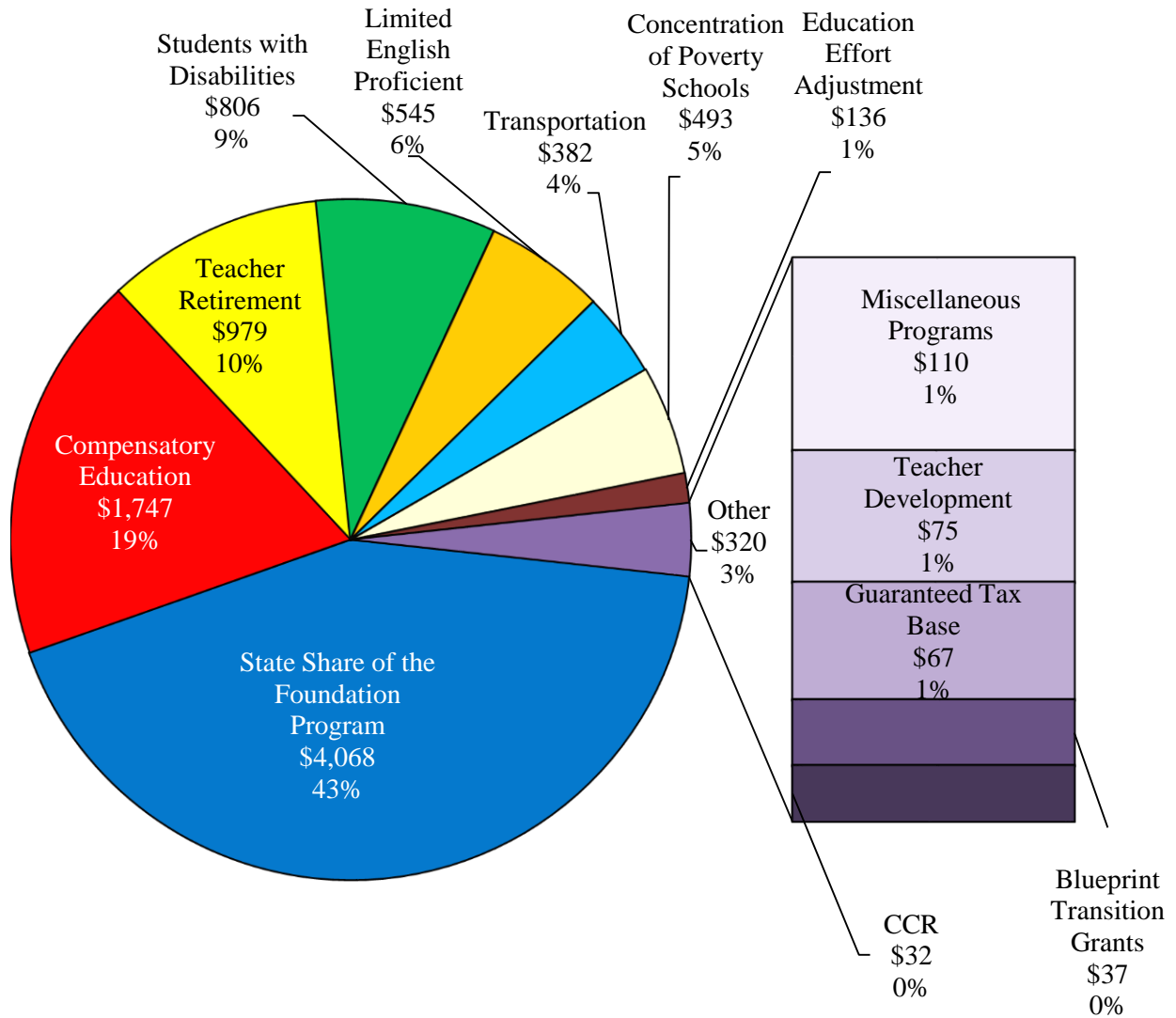
Note: The fiscal 2026 allowance accounts for contingent reductions.

Source: Governor’s Fiscal 2026 Budget Books

State Funds

Exhibit 5 presents the allocation of the \$9.48 billion fiscal 2026 allowance of State funds. The majority of funds, \$7.60 billion, or 80%, are allocated to 4 programs: \$4.07 billion, or 43%, for the Foundation program; \$1.75 billion, or 18%, for compensatory education; \$979 million, or 10%, for teacher retirement; and \$806 million, or 9%, for Students with Disabilities.

**Exhibit 5
State Fund Allowance
Fiscal 2026
(\$ in Millions)**



CCR: College and Career Readiness

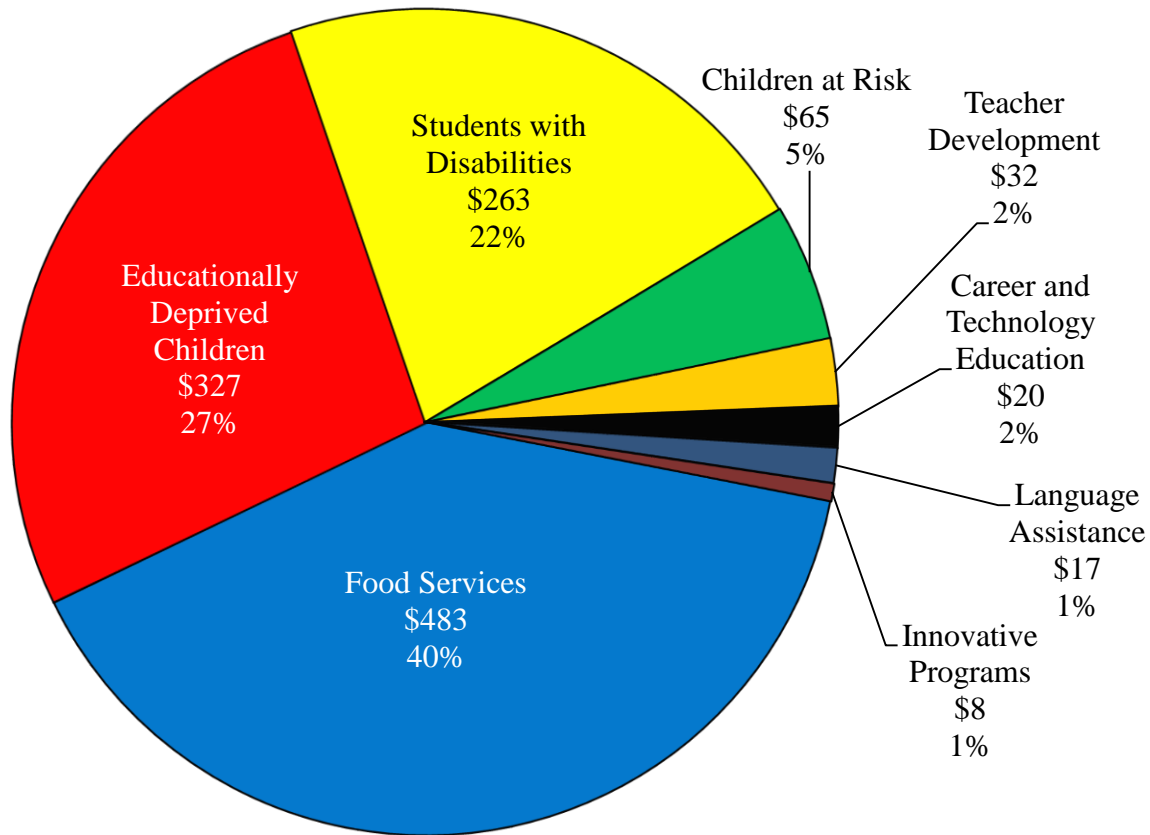
Note: The fiscal 2026 allowance accounts for contingent reductions.

Source: Governor’s Fiscal 2026 Budget Books

Federal Funds

The \$1.22 billion in federal funds allocated in the fiscal 2026 allowance is divided across eight programs. As shown in **Exhibit 6**, of this amount, the majority of funds, \$1.07 billion, is allocated to three programs: \$483 million, or 40%, for food services; \$327 million, or 27%, for Educationally Deprived Children; and \$263 million, or 22%, for Students with Disabilities. Remaining programs account for \$142 million, or 20%, of the federal funds in the fiscal 2026 allowance. This amount includes \$8.2 million for the Comprehensive Literacy State Development Grant, which is part of a \$40.3 million, five-year grant to MSDE from ED to improve grade 3 literacy proficiency. More information about this grant can be found in the analysis for R00A01 – MSDE Headquarters.

Exhibit 6
Federal Fund Allowance
Fiscal 2026
(\$ in Millions)



Source: Governor’s Fiscal 2026 Budget Books

Proposed Budget Change

Exhibit 7 shows the changes in the fiscal 2026 allowance for Aid to Education programs. From fiscal 2025 to 2026, funding increases by \$590.0 million, or 5.8%, from \$10.1 billion in fiscal 2025 to \$10.7 billion in fiscal 2026, after accounting for proposed deficiency appropriations and contingent reductions. Of this amount, from fiscal 2025 to 2026, general funds increase by \$75.1 million, or 1.0%; special funds increase by \$483.1 million, or 29.5%; federal funds decrease by \$31.9 million, or 2.7%; and reimbursable funds decrease by \$90,000, or 100.0%. Detailed information on changes in the Aid to Education budget by program are in **Appendix 8**.

**Exhibit 7
Proposed Budget
Maryland State Department of Education – Aid to Education
(\$ in Thousands)**

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2024 Actual	\$7,141,072	\$1,377,538	\$1,173,564	\$0	\$9,692,173
Fiscal 2025 Working Appropriation	7,282,526	1,635,567	1,183,436	90	10,101,620
Fiscal 2026 Allowance	<u>7,357,611</u>	<u>2,118,640</u>	<u>1,215,343</u>	<u>0</u>	<u>10,691,593</u>
Fiscal 2025-2026 Amount Change	\$75,084	\$483,073	\$31,907	-\$90	\$589,974
Fiscal 2025-2026 Percent Change	1.0%	29.5%	2.7%	-100.0%	5.8%

Where It Goes:	<u>Change</u>
Changes to Major State Aid Programs	
State share of the Foundation Program formula funding, accounting for a contingent reduction	\$132,858
Teacher retirement, accounting for a contingent reduction	92,937
Students with disabilities formula funding	58,519
Compensatory education formula funding, accounting for a contingent reduction	32,031
Limited English Proficiency formula funding, accounting for a contingent reduction	25,200
Transportation, regular ridership and student with disabilities, 1% inflation	12,361
Infants and toddlers	1,142
Discretionary supplemental grants in State Share of the Foundation	1,114
Comparable wage index	-603
Guaranteed tax base, including a contingent appropriation	-8,233
Net change to nonpublic placements after accounting for the proposed deficiency appropriation and contingent reduction	-25,441

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Where It Goes:	<u>Change</u>
Programs Created/Mandated by Blueprint for Maryland’s Future	
Concentration of Poverty Grant Program	129,294
Education Effort Adjustment, accounting for a contingent reduction	38,511
College and Career Readiness	20,196
Career Ladder	10,627
Blueprint coordinators	-176
MSDE financial management system.....	-2,500
Transitional Supplemental Instruction.....	-10,533
Blueprint transition grants	-11,538
New and Proposed Blueprint Programs and Administrative Costs	
Grow Your Own Educators Program in Chapters 227 and 228 of 2024	33,434
Academic Excellence Fund in SB 429/HB 504 of 2025	19,310
Collaborative Time Innovation Demonstration Grants in SB 429/HB 504 of 2025	9,000
Community School Partnership Support in SB 429/HB 504 of 2025	2,000
Relocation payments in SB 429/HB 504 of 2025.....	1,000
Fiscal 2025 Legislatively Directed Initiatives	
Grant to Yleana Leadership Foundation for operating costs	-100
Grant to Engineering 4 Us All for to support engineering curriculum.....	-500
Other General Fund Changes	
Net change to autism waiver including fiscal 2025 general and special fund deficiency appropriations	2,200
School for Educational Evolution and Development (SEED).....	646
Adult High School Pilot Program.....	250
Open Source Phonics Matching Grant program in Chapter 270 of 2024.....	150
Next Generation Scholars of Maryland program transfer MHEC in Chapter 196 of 2024.....	-5,000
Fiscal 2025 Federal Funds for COVID-19 Relief	-2,000
Federal Grant and Reimbursable Fund Changes	
Title I grants for Educationally Deprived Children.....	25,585
Comprehensive Literacy State Development grant	8,192
English Language Acquisition State grants	2,446
Assistance to Students with Disabilities	878
SEED school for Homeless Children and Youth.....	93
Reimbursable funds for MDH Sexual Abuse Prevention Program	-90
Charter schools	-3,288
Total	\$589,974

MDH: Maryland Department of Health MHEC: Maryland Higher Education Commission
 MSDE: Maryland State Department of Education

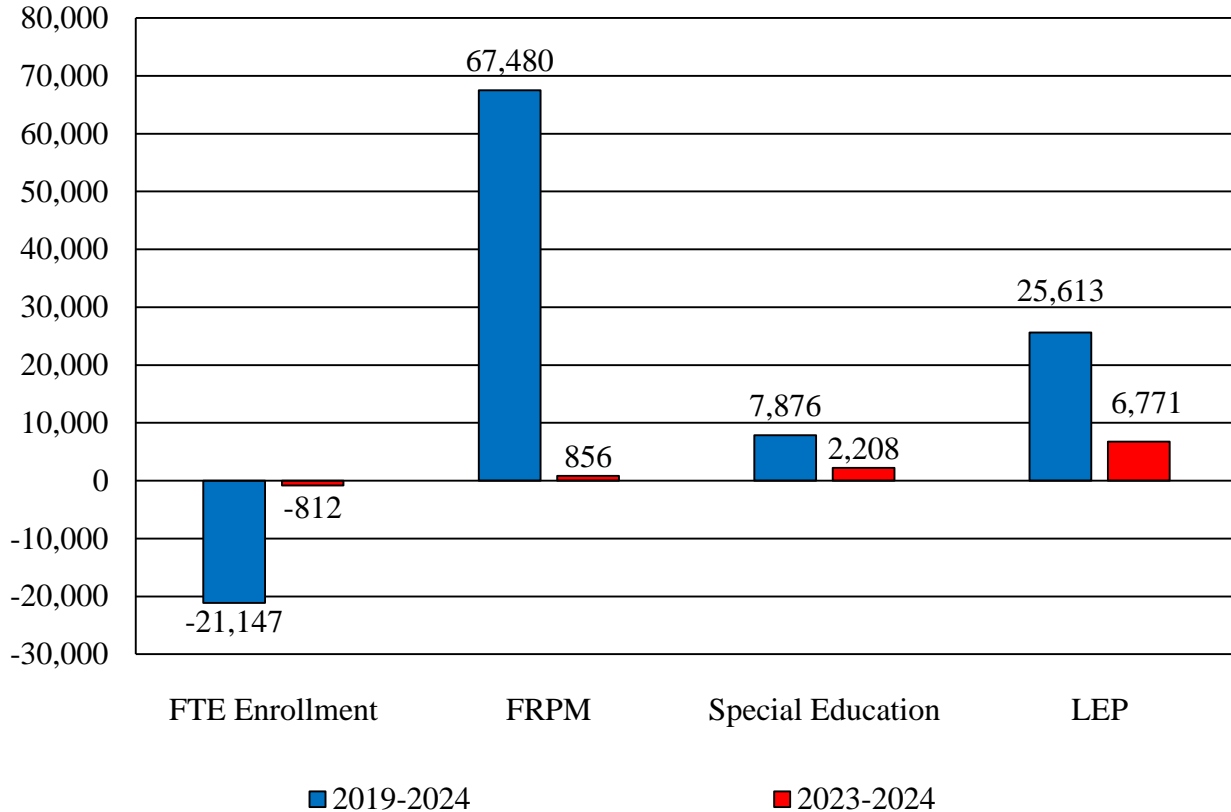
Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2026 allowance accounts for contingent reductions.

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 (fiscal 2022) and fall 2021 (fiscal 2023). With the return to full-time, in-person instruction in the 2022-2023 school year, full-time equivalent (FTE) enrollment increased slightly by 4,140 students, or 0.5%, with an additional slight increase (1,140 students, or 0.1%) in the 2023-2024 school year. After two years of increases, as shown in **Exhibit 8**, enrollment in the 2024-2025 school year decreases slightly (812 students, or 0.1%), from 853,933 to 853,121. From fall 2019 (fiscal 2021) to fall 2024, FTE enrollment has decreased by 21,147 students, or 2.4%. 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 856 students, or 0.2%, from 438,049 in fall 2023 (fiscal 2025) to 438,905 in fall 2024. This slight increase is primarily due to MSDE continued expansion of direct certification to include students enrolled in Medicaid, which continues to have a high number of families enrolled despite the end of the initial redetermination period following the end of the national public health emergency. From fall 2019 to 2024, FRPM enrollment has increased by 67,480 students, or 18.2%;
- Special education enrollment increases by 2,208 students, or 1.9%, from 118,523 in fall 2023 to 120,731 in fall 2024. Despite Blueprint and MSDE programs that are aimed to reduce overidentification of special education students and provide early intervention for learning issues, the number of students identified for special education services continues to increase. From fall 2019 to 2024, enrollment has increased by 7,876 students, or 7.0%; and
- LEP enrollment increases by 6,771 students, or 6.0%, from 112,091 in fall 2023 to 118,862 in fall 2024. 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 2024, enrollment has increased by 25,613, or 27.5%.

**Exhibit 8
Enrollment Change from Fall 2019 to 2024**



FRPM: free and reduced-priced meal
 FTE: full-time equivalent
 LEP: Limited English Proficiency

Source: Maryland State Department of Education

State Aid to LEAs

Exhibit 9 displays the fiscal 2024 through 2026 net allocations for State aid in the proposed budget by program, including contingent reductions. Major State aid programs with per pupil amounts tied to the Foundation program and updated in Chapter 36 as amended receive both general funds and Blueprint special funds. Major State aid increases by a net \$272.0 million, or 3.7%; teacher retirement increases by \$62.0 million, or 6.8%; Blueprint programs increase by a net \$177.0 million, or 31.3%; and programs not in the Aid to Education budget but considered as State aid increase by a net of \$43.4 million, or 19.0%. From fiscal 2025 to 2026, State aid to LEAs increases by \$554.3, or 6.1%.

Exhibit 9
State Aid to Local Education Agencies
Fiscal 2024-2026
(\$ in Millions)

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Difference</u>	<u>%</u> <u>Difference</u>
Major State Aid Programs					
Foundation Programs	3,958.1	3,934.9	4,068.3	133.4	3.4%
Special Education – Formula Aid	466.0	531.3	589.8	58.5	11.0%
Compensatory Aid	1,686.1	1,715.3	1,747.3	32.0	1.9%
Student Transportation	363.4	369.6	381.9	12.3	3.3%
English Learners	473.5	519.5	544.7	25.2	4.9%
Special Education – Nonpublic	148.6	172.5	147.1	-25.4	-14.7%
Guaranteed Tax Base	56.8	74.9	66.7	-8.2	-10.9%
Other Education Programs	60.6	65.6	109.8	44.2	67.4%
Subtotal	\$7,213.1	\$7,383.6	\$7,655.6	\$272.0	3.7%
Retirement Payments	745.0	917.2	979.2	62.0	6.8%
Subtotal	\$7,958.1	\$8,300.8	\$8,634.8	\$334.0	4.0%
Blueprint Programs					
Concentration of Poverty	\$227.0	\$363.3	\$492.6	\$129.3	35.6%
Education Effort Index	51.3	34.4	23.9	-10.5	-30.5%
College and Career Readiness	57.7	49.0	37.5	-11.5	-23.5%
Career Ladder	19.9	11.6	31.8	20.2	174.1%
Blueprint Coordinators	88.0	96.5	135.5	39.0	40.4%
Transitional Instruction	9.8	8.9	19.6	10.7	120.2%
Transition Grants	2.0	2.0	1.8	-0.2	-10.0%
Subtotal	\$455.7	\$565.7	\$742.7	\$177.0	31.3%
Programs Not in Aid to Education					
PreKindergarten/Early Childhood	\$159.9	\$195.4	\$239.1	\$43.7	22.4%
Education Support Professionals – Bonuses	22.3	0.0	0.0	0.0	0.0%
School Safety Grants	9.4	9.1	8.8	-0.3	-3.3%
School-based Health Centers	16.5	23.6	23.6	0.0	0.0%
Subtotal	\$208.1	\$228.1	\$271.5	\$43.4	19.0%
Total Public School Aid	\$8,621.9	\$9,094.6	\$9,649.0	\$554.3	6.1%

Note: Numbers may not sum due to rounding. The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2026 allowance accounts for contingent reductions. Full day prekindergarten is budgeted in Aid to Education but is reviewed in R00A99 – Maryland State Department of Education (MSDE) – Early Childhood. Noncertificated education professionals are in the MSDE Headquarters budget; School-based Health Centers are in the Maryland Department of Health budget; and School Safety Grants are in the Maryland Center for School Safety and Interagency Commission on School Construction budgets.

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

The proposed budget accounts for changes to the TPPFA contingent on the enactment of SB 429/HB 504. Changes related to SB 429/HB 504 are discussed in Issue 1.

Maintenance of Effort

Compared to fiscal 2025 county appropriations to LEAs, minimum fiscal 2026 local education effort, which is the mandated minimum for counties to contribute to local education costs, is \$65.2 million, or 0.8%, statewide. For 17 counties, the minimum required education effort is greater than the fiscal 2025 local appropriation, including Queen Anne’s County, for which the required minimum is nearly level with (about \$28,900 greater than) the fiscal 2025 appropriation. More information on local effort is in **Appendix 7**.

Budget Reconciliation and Financing Act

The BRFA proposes changes to six provisions to current law expenditures in the Aid to Education budget or impacting Blueprint revenue:

- ***Driver Education in Public High Schools Fund (Drivers Education Fund) and Driver Education in Public High Schools Grant Program (Driver’s Education Grant Program):*** Chapter 857 of 2024 established the Driver Education Grant Program and special fund and a requirement that \$2.0 million in funds received from fines associated with vehicle security lapses (the uninsured motorist penalty fee) be distributed to the Driver Education Fund annually. This provision would repeal this requirement. Additionally, funds from the uninsured motorist penalty fee are repealed as a source for the Driver Education Grant Fund. The fiscal 2026 budget as introduced includes a \$2.0 million special fund reduction, contingent on the enactment of legislation eliminating the Driver Education Grant Program and Driver Education Fund mandate. With this change, general fund revenues increase by \$2.0 million annually beginning in fiscal 2026 as funds from the uninsured motorist penalty fee not otherwise distributed are then distributed to the general fund.
- ***State-aided Institutions Field Trip Fund (SAI Field Trip Fund) and State-aided Institutions Field Trip Grant Program (SAI Field Trip Grant Program):*** Chapter 857 established the SAI Field Trip Grant Program and special fund and a requirement that \$600,000 in funds received from fines associated with vehicle security lapses (the uninsured motorist penalty fee) be distributed to the SAI Field Trip Fund. This provision would repeal this requirement. Additionally, funds from the uninsured motorist penalty fee are repealed as a source for the SAI Field Trip Fund. The fiscal 2026 budget as introduced includes a \$600,000 special fund reduction, contingent on the enactment of legislation eliminating the SAI Field Trip Fund mandate. With this change, general fund revenues increase by \$600,000 annually beginning in fiscal 2026 as funds from the uninsured motorist penalty fee not otherwise distributed are then distributed to the general fund. The fiscal 2026 budget as introduced assumes \$600,000 in general fund revenues.

- ***Local Share of Teacher and Community College Retirement System Payments:*** Beginning in fiscal 2026, this provision would reduce the State share of annual employer pension contributions for members of the Teachers’ Retirement System/Teachers’ Pension System (TRS/TPS) employed by local school systems and community colleges. The TRS/TPS membership includes, among others, (1) teachers and principals employed by local school systems; (2) specified community college faculty members; and (3) librarians employed by county libraries. Specifically, starting in fiscal 2026, general fund expenditures decrease by \$97.7 million annually, which is equal to one-half of the year-over-year increase in employer contributions from fiscal 2025 to 2026, as determined by the actuary, for members employed by local school systems and community colleges, of which \$92.7 million is accounted for within this budget. The amount of the reduction remains constant in the out-years. Employer contributions by counties and Baltimore City increase commensurately in proportion to their respective shares of TRS/TPS membership. **DLS recommends shifting 100% of the fiscal 2026 increase in the State share of teacher retirement costs to local jurisdictions.** Appendix 1 presents the proposed State-local cost shift in the BRFA as introduced.
- ***Increase to Local Share of Nonpublic Placement Program Costs:*** A change related to the nonpublic placement program is discussed in Issue 2 of this analysis.
- ***Increase to Blueprint Fund Revenues:*** Two provisions impacting Blueprint Fund revenue are discussed in Issue 1.
- ***SB 429/HB 504 Delays Funding for Teacher Collaborative Time and Beginning in Fiscal 2027 Temporarily Pauses Growth for the Concentration of Poverty Program.*** Additional discussion is provided in Issue 1.

Information on the BRFA action for the Consortium for Community Supports, which is a Blueprint program funded in the Maryland Department of Health (MDH), can be found in the MDH Health Regulatory Commission analysis.

Issues

1. Governor’s Fiscal 2026 Budget Plan Proposes Changes to Blueprint Spending and Revenue

Proposed Changes to Blueprint Spending in SB 429/HB 504

Collaborative Time

In the 2025 session, the Governor has proposed a number of changes to Blueprint funding and programs as part of the administration bill SB 429/HB 504, the Excellence in Maryland Public Schools Act. These changes impact anticipated spending in fiscal 2026, reflected in reductions contingent on the enactment of the legislation, and in the out-years. The most consequential change in this legislation is a proposed decrease in the TPPFA for collaborative time. Collaborative time is part the Blueprint career ladder program and is intended to decrease the amount of time teachers spend in the classroom from 80% to 60% so that teachers have more time for planning, instructional support for students, and collaboration with other teachers and administrators. Under current law, this provision increases the TPPFA by \$163 beginning in fiscal 2026. The proposed legislation would delay implementation of the collaborative time provision until fiscal 2030, which reduces the TPPFA in fiscal 2026 from \$9,226 to \$9,063. In fiscal 2030, the collaborative time per pupil amount restarts at \$163. This change results in a total reduction of \$1.8 billion, or 4.8%, from fiscal 2026 to fiscal 2030. **Exhibit 10** shows these changes.

Exhibit 10
Estimated Impact of Proposed Reductions for Collaborative Time
Fiscal 2026-2030
(\$ in Millions)

<u>State Aid Program</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>Total</u>
State Share of the Foundation	-\$70.3	-\$143.6	-\$220.6	-\$301.4	-\$313.7	-\$1,049.7
Compensatory Education	-31.3	-61.4	-92.3	-123.7	-130.7	-439.4
English Learners	-9.8	-19.9	-30.3	-41.5	-43.0	-144.5
Education Effort Adjustment	-9.9	-16.0	-31.5	-41.1	-39.5	-138.0
Comparable Wage Index	-2.8	-5.6	-8.4	-11.2	-11.4	-39.3
Guaranteed Tax Base	1.7	2.9	3.2	4.5	3.7	15.9
Total	-\$122.4	-\$243.6	-\$379.9	-\$514.4	-\$534.7	-\$1,794.9
% Change from Current Law						-4.8%

Source: Fiscal 2026 Governor’s Budget Books; Department of Legislative Services

The fiscal 2026 changes are presented in the budget as introduced as reductions contingent on the passage of this legislation.

Maryland School for the Deaf, the Maryland School for the Blind, and SEED also use the TPPFA for formula funding, and as a result would have been expected to receive a corresponding decrease in their annual allowance. Although the fiscal 2026 budget includes a contingent reduction to apply the lower per pupil amount to LEA State funding, SEED’s fiscal 2026 allowance is based on the full per pupil amount. If SEED were to be subject to the per pupil reduction, the difference would be approximately \$241,102. **DLS recommends reducing SEED’s budget by that amount to align with the fiscal 2026 State Share of the Foundation per pupil amount as proposed in SB 429/HB 504 contingent on that legislation.**

Other Blueprint Spending Reductions

Exhibit 11 shows the annual expected savings resulting from the per pupil grant pause to CPG that is proposed for fiscal 2027 and fiscal 2028. From fiscal 2027 through 2030, Blueprint Fund and general fund expenditures decrease by a combined \$664.0 million due to the pause in the proportion of per pupil grant amounts received by eligible schools and the resumption of increases through fiscal 2031.

Exhibit 11
Concentration of Poverty Grant Savings Under SB 429/HB 504
Fiscal 2027-2030
(\$ in Millions)

	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>Total</u>
Projected Change	-\$69.9	-\$192.7	-\$186.1	-\$215.3	-\$664.0

Source: Department of Legislative Services

The bill has no anticipated effect on State funding for CPG in fiscal 2026, but in fiscal 2027 and 2028, expenditures decrease as (1) newly eligible schools are excluded from per-pupil grants and (2) schools that continue to be eligible for a per-pupil grant have per-pupil grant amounts capped by holding the proportion of the per-pupil grant amount received to the proportion received in fiscal 2026. Annual savings decrease in fiscal 2029 relative to fiscal 2028 as schools again begin gaining additional years of eligibility under the bill. Under current law, all schools receive 100% of the per-pupil grant amount beginning fiscal 2030 such that savings relative to current law expectations increase in fiscal 2030.

New Blueprint Programs

As shown in **Exhibit 12**, the legislation proposes new programs eligible for Blueprint funds. These programs would not be mandated but receive \$75.9 million for a first year of funding in the fiscal 2026 budget as introduced in either Aid to Education or MSDE Headquarters budget.

Exhibit 12
New Blueprint Programs
Fiscal 2026
(\$ in Millions)

<u>Program</u>	<u>Description</u>	<u>Allowance</u>
Aid to Education		
Grow Your Own Educators (Established by Chapters 227 and 228 of 2024)	Grants for collaborative partnerships between LEA and higher education institutions to provide pathways to teacher licensure program for individuals who work in a school but do not have certification	\$33.4
Academic Excellence Fund	Funds to address critical academic needs in schools and to establish systems that ensure educators have consistent access to high-quality, professional learning	19.3
Collaborative Time Innovation Demonstration Grants	Grants for school or LEA innovative models that can be replicated to improve teacher retention and student learning	9.0
Community School Partnership Support	Funds to support community school partnerships	2.0
Maryland Teacher Relocation Incentive Grant (Relocation Payments)	Reimbursements of up to \$2,000 per teacher to partially offset moving costs for an out-of-state licensed teacher to move to the State to address workforce shortages	1.0
<i>Subtotal</i>		<i>\$64.7</i>
MSDE Headquarters		
Maryland School Leadership Academy	Leadership training for school-level principals, assistant principals, and other staff in LEA leadership roles	\$6.2
Community School Administrative Cost	Allowance for costs for administration of CPG	3.0
Teacher Recruitment and Pipeline Program	Funds for a teacher recruitment campaign to bring licensed teachers to the State	2.0
<i>Subtotal</i>		<i>\$11.2</i>
Total		\$75.9

CPG: concentration of poverty grant
 LEA: local education agency

MSDE: Maryland State Department of Education

Source: Fiscal 2026 Governor’s Budget Books; Department of Legislative Services

Two of the new Blueprint programs that receive funding in the fiscal 2026 budget are similar to programs that received previous appropriations. The Maryland School Leadership Academy in the MSDE Headquarters budget replaces Blueprint Training for Leaders, which was part of mandated training for administrators on Blueprint. Blueprint Training for Leaders is a 12-month, cohort-based training model that includes professional development on Blueprint as well as instructional leadership and data-informed instruction. Although the program was intended to be implemented in fiscal 2023, implementation was delayed until January 2025. In fiscal 2025, this program received an appropriation of \$3.0 million.

The Grow Your Own Educators program, which was established in Chapters 227 and 228 of 2024, is similar to the Grow Your Own Staff program, which was funded with State education agency federal stimulus funds in fiscal 2023 as part of the Maryland Leads program. Grow Your Own Educators provides funds to support eligible provisional teachers and noncertified education support professionals interested in teaching who pledge to fulfill a service obligation. Grow Your Own Staff provides LEAs the opportunity to train and recruit educators from within the community, including mentorship and support to gain the necessary qualification and skills. Both programs are grants that assist LEAs to increase the pipeline of teachers by offering support and incentives for teaching careers. In fiscal 2023, 23 LEAs received a total of \$19.4 million in the MSDE Headquarters budget for this program, of which \$16.9 million, or 88%, has been expended. LEAs have until March 2026 to expend remaining funds. **Because the Maryland Leads Grow Your Own Staff program is ongoing, and MSDE is still in the process of measuring the impact of this program, DLS recommends reducing the fiscal 2026 allowance by \$14.0 million in Blueprint special funds to level-fund the Grow Your Own Educators program at \$19.4 million.**

Because of redundancies in the proposed legislation with current programs, and/or appropriations that appeared duplicative to current program funding, in the MSDE Headquarters budget analysis, DLS recommended reducing funding in fiscal 2026 for the Maryland School Leadership Academy by \$3.2 million to level-fund that program with Blueprint Training for Leaders and reducing administrative costs for the CPG program by \$1.0 million. **In the Aid to Education budget, DLS recommends eliminating funds for the Academic Excellence Fund as the program is duplicative to the Blueprint Training for Teachers program and other LEA professional development programming.**

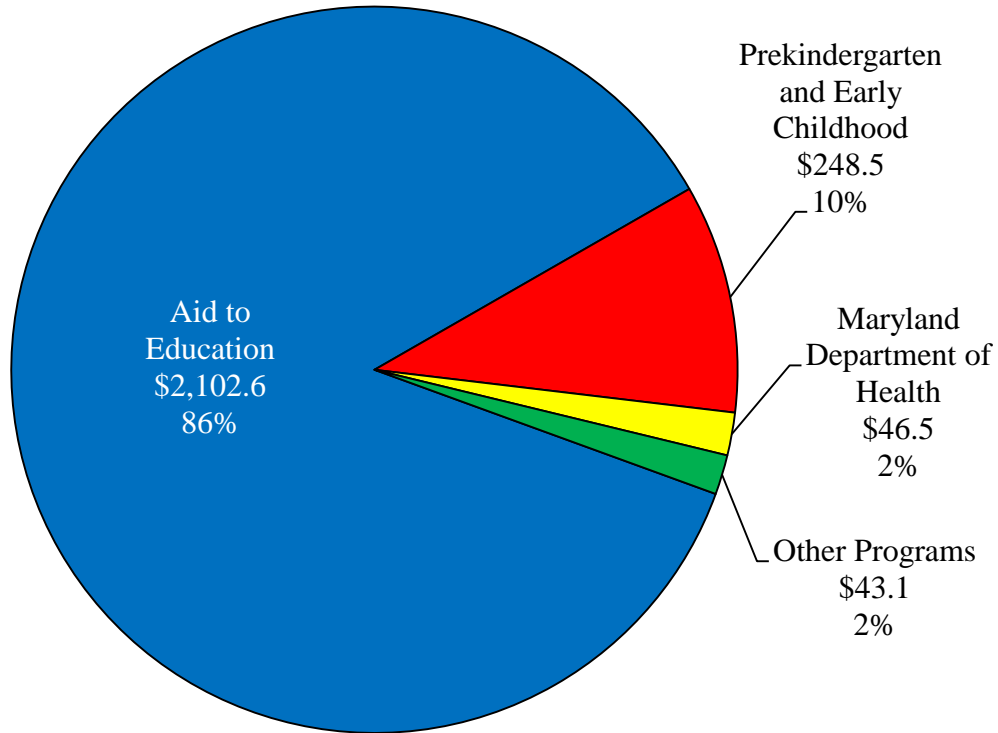
MSDE should comment on the projected administrative costs and number of personnel needed for the MSDE Headquarters budget for administration of new Blueprint programs proposed in SB 429/HB 504.

Blueprint Funding in the Proposed Budget

Accounting for contingent reductions and the new programs, the fiscal 2026 allowance includes a total of \$2.44 billion in Blueprint funds divided across multiple agencies and program areas in the State budget. Of this amount, \$2.10 billion, or 86%, is the Aid to Education budget; \$248.5 million, or 10%, is in the Early Childhood budget, which is part of the Aid to Education budget but has a separate budget analysis; \$46.5 million, or 2%, is in the MDH budget; and

\$43.1 million, or 2%, is in other budgets including personnel and administrative costs budgeted in MSDE Headquarters and AIB. **Exhibit 13** displays programs in the State budget funded through the Blueprint Fund in fiscal 2026.

Exhibit 13
Blueprint Funds
Fiscal 2026
(\$ in Millions)



Blueprint: Blueprint for Maryland’s Future Grant Program

Note: The fiscal 2026 allowance accounts for contingent reductions. Prekindergarten and Early Childhood programs include 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 and administration in the Maryland State Department of Education Headquarters budget.

Source: Governor’s Fiscal 2026 Budget Books

Exhibit 14 shows the fiscal 2026 proposed budget for Blueprint by program.

Exhibit 14
Blueprint Funds by Program
Fiscal 2025 to Fiscal 2026
(\$ in Millions)

<u>Blueprint Program</u>	<u>2025</u>	<u>2026</u>	<u>\$</u> <u>Difference</u>	<u>%</u> <u>Difference</u>
Aid to Education Budget				
Foundation Program	\$208.4	\$340.7	\$132.3	63.4%
Concentration of Poverty Grants	363.3	492.6	129.3	35.6%
Special Education Formula	220.2	278.7	58.5	26.6%
Education Effort Adjustment	97.0	135.5	38.5	39.7%
Compensatory Education	420.1	452.1	32.0	7.6%
English Learners	185.2	210.4	25.2	13.6%
College and Career Readiness	11.6	31.8	20.2	174.5%
Career Ladder	8.9	19.6	10.6	118.9%
Transitional Supplemental Instruction	34.4	23.9	-10.5	-30.6%
Blueprint Transition Grants	49.0	37.5	-11.5	-23.5%
Other Programs	17.8	79.9	62.1	348.2%
Subtotal	\$1,616.0	\$2,102.6	\$486.6	30.1%
Early Childhood Budget				
Prekindergarten	\$134.9	\$172.6	\$37.8	28.0%
Early Childhood Grants and Programs	67.2	75.9	8.7	12.9%
Subtotal	\$202.1	\$248.5	\$46.4	23.0%
Other Budgets				
Department of Health	\$46.5	\$46.5	\$0.0	0.0%
Other Programs	24.0	23.5	-0.6	-2.4%
MSDE Headquarters	9.2	19.6	10.4	113.3%
Subtotal	\$79.7	\$89.6	\$9.8	12.3%
Total Blueprint Program Budget	\$1,897.8	\$2,440.7	\$542.9	28.6%

MSDE: Maryland State Department of Education

Note: The fiscal 2026 allowance accounts for contingent reductions. Other programs include funds for the Accountability and Implementation Board and personnel and administration in the Maryland State Department of Education Headquarters budget.

Source: Governor's Fiscal 2026 Budget Books

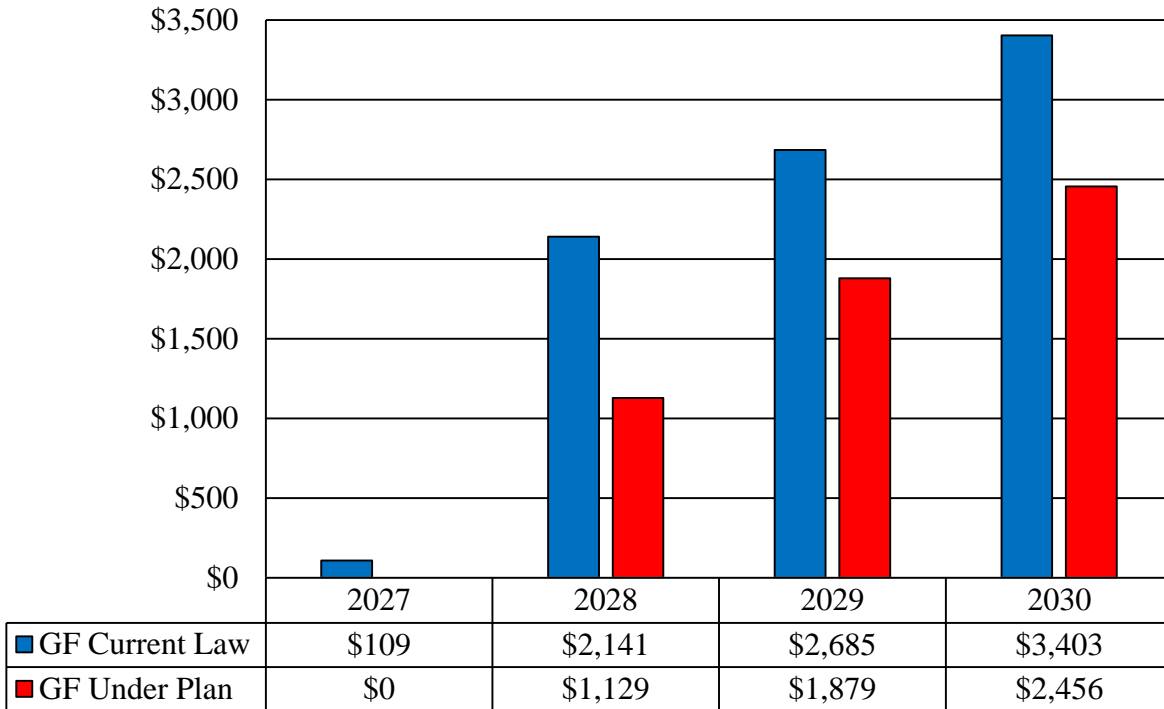
Blueprint Fund Revenues

The Governor’s Fiscal 2026 Budget Plan also proposes changes to Blueprint fund revenues as part of the BRFA of 2025 through two provisions. For revenues from table games, the proposed provision would increase the table game tax rate from 20% to 25% and distribute the revenue from the tax increase to the general fund through fiscal 2027, after which it is distributed to the Education Trust Fund (ETF). Under current law, licensees receive 80% of table game revenues, 15% is distributed to ETF and 5% is distributed to local jurisdictions where a video lottery terminal facility is located. Beginning in fiscal 2028, ETF special fund revenues increase by at least \$32.2 million annually, reflecting the change in the table game revenue distribution from the General Fund to the ETF and continued anticipated growth.

A second proposed provision in the BRFA regarding sports wagering would increase the mobile sports wagering tax rate from 15% to 30% and distribute the revenue from the increase in the tax rate to the General Fund through fiscal 2027, after which it is distributed to the Blueprint Fund. Beginning in fiscal 2028, Blueprint special fund revenues increase by at least \$98.7 million annually, reflecting the change in the mobile sports wagering revenue distribution from the General Fund to the Blueprint Fund and continued anticipated growth.

Exhibit 15 shows general fund support required for Blueprint programs based on changes in the current budget plan to revenue in the BRFA and SB 429/HB 504. With these the proposed changes to revenue and expenditures, beginning in fiscal 2028, Blueprint Fund revenues will not cover all eligible Blueprint program costs, one year later than under current law. This deficit is expected to result in the need for general funds to support Blueprint spending of approximately \$1.1 billion in fiscal 2028, with Blueprint program costs covered by general funds projected increase to approximately \$1.9 billion in fiscal 2029 and \$2.5 billion in fiscal 2030.

Exhibit 15
General Fund Support Required for Blueprint
Current Law vs. Administration Plan
Fiscal 2027-2030
(\$ in Millions)



GF: general fund

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

2. Nonpublic Placement Program Costs Exceed Appropriation in Fiscal 2024 and 2025; 2025 Budget Reconciliation and Financing Act Proposes Change to State-Local Cost Share

Chapter 533 of 1951 established State aid for severely handicapped students to pay for tuition in approved nonpublic special schools when no public program was available, with the State and LEAs sharing those costs. For those children in nonpublic placements approved by MSDE, LEAs contribute an amount equal to the local share of the basic cost of educating a child without disabilities plus 200% of the basic cost. Any costs above this base amount are split on a

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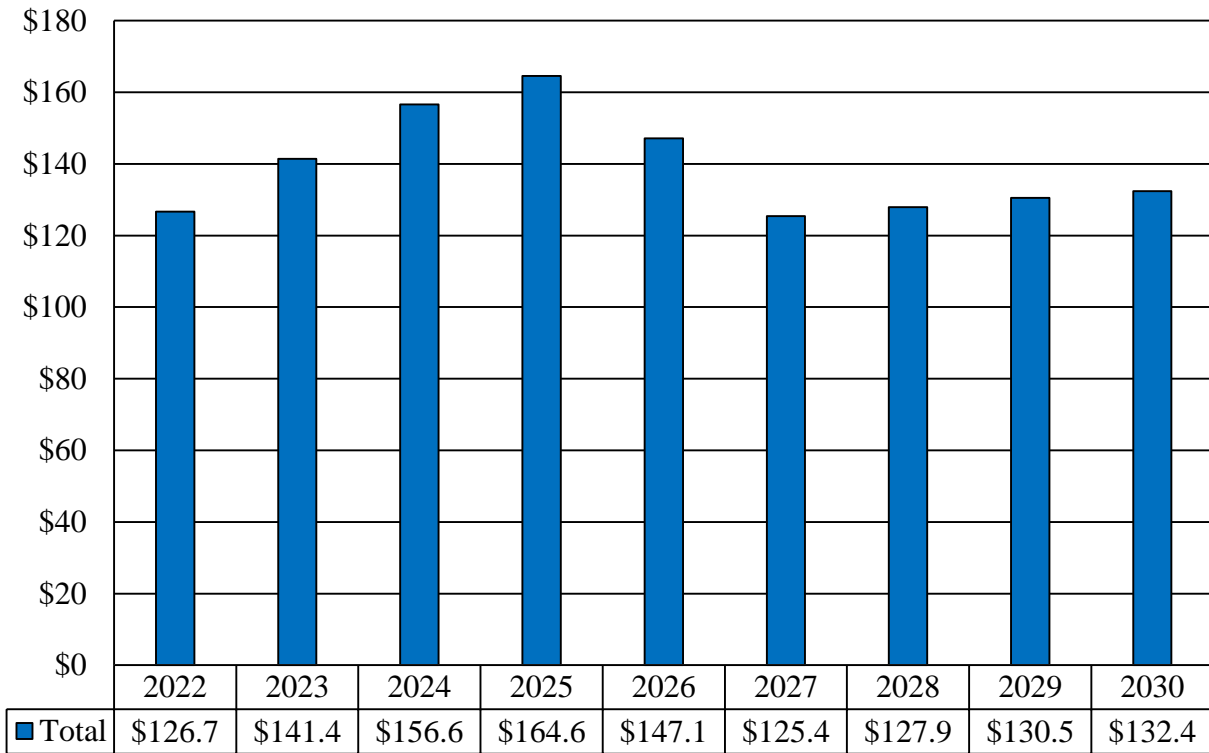
State-local basis. Prior to fiscal 2010, this share was 80%/20%; starting in fiscal 2010, the share was changed to 70%/30%.

The BRFA of 2025 as introduced includes a provision to phase in a change to the State-local cost share over two years. In fiscal 2026, the State-local share would be 60/40% and then in fiscal 2027 and subsequent years, the State-local share would be 50/50%. This change in the State share results in a requisite increase for local expenditures.

In a report submitted in response committee narrative submitted included in the 2024 *Joint Chairmen's Report* (JCR), MSDE provided a closeout information on nonpublic placements and the reimbursement schedule for nonpublic special education schools. Based on these data, MSDE overspent the fiscal 2024 appropriation of \$148.6 million by \$8.0 million, for a total of \$156.6 million, though the department did not report this overexpenditure to the Comptroller of Maryland at closeout as required. This overspending occurred for two reasons: (1) a higher than expected Consumer Price Index (CPI) rate inflator of 6.5% compared to the projected 3.0%, which increased reimbursement costs to LEAs; and (2) the first year of implementation of Chapter 648, which requires that nonpublic special education schoolteachers receive a salary equivalent to LEA special education teacher salaries. In order to implement this provision without a large one-time increase in the nonpublic placement program budget, in fiscal 2024, MSDE funded one-third of the projected cost of \$9.0 million in nonpublic special education teacher salaries in fiscal 2024, with an additional \$3.0 million anticipated in fiscal 2025 and 2026, respectively.

In the fiscal 2025 budget as introduced, nonpublic placements received \$151.6 million, which included a 3.1% CPI rate inflator and an additional \$3.0 million for teacher salaries. In the fiscal 2026 budget as introduced, a fiscal 2025 proposed deficiency appropriation would increase funding by \$21.0 million, which if distributed to cover fiscal 2024 and 2025 overspending, increases the fiscal 2025 total appropriation to \$164.6 million, with a projected rate inflator of 2.0%. The fiscal 2026 allowance in the budget as introduced totals \$172.8 million; with the reduction of \$25.0 million contingent on enactment of the BRFA provision, the total proposed allowance for the program in fiscal 2026 is \$147.1 million. General fund expenditures decrease by \$49.9 million in fiscal 2027 due to the second year of the phase-in, and subsequent decreases are expected to grow annually based on inflationary increases up to \$52.9 million in fiscal 2030. Local expenditures increase due to a number of factors, including an initial increase in fiscal 2026 of \$25.0 million, which increases to \$52.9 million by fiscal 2030; variance corresponding to the State-local share ratio; annual inflation set by MSDE based on the CPI-Urban index; and enrollment of students in the nonpublic placement program. **Appendix 2** shows these changes by LEA from fiscal 2026 to 2030. **Exhibit 16** shows these allocations and expenditures from fiscal 2022 to 2030.

Exhibit 16
State Nonpublic Placement Expenditures in Proposed Budget and Budget Reconciliation and Financing Act
Fiscal 2022-2030
(\$ in Millions)



Note: Fiscal 2024 actuals assume a portion of the fiscal 2025 deficiency appropriation will cover the reported costs in the program (approximately \$8 million), the remaining proposed deficiency is reflected in the fiscal 2025 expenditures.

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

MSDE should comment on why program overspending in fiscal 2024 was not reported to the Comptroller as required. Due to continued uncertainty in funding, DLS recommends that MSDE continue to submit a closeout report for this program.

3. Autism Waiver Costs Projected to Increase with Additional Slots

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. Committee narrative in the 2024 JCR requested that MSDE provide a status update on the Autism Waiver program and the reasons for the high number of individuals on the Autism Waiver waitlist. In this update, MSDE was asked to report on the current number of waiver slots requested and approved; the procedures to contact individuals on the registry when slots become available; a timeline for the addition of slots from fiscal 2025 through 2029; and the projected costs for Autism Waiver services, considering anticipated changes in the management of the Autism Waiver registry for fiscal 2025 through 2029.

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 Chapter 464, was intended to support the move of approximately 1,500 individuals off the Autism Waiver waitlist. In response to enactment of this law, in calendar 2022 and 2023, MSDE and MDH started to transition the waitlist, which contained limited information on eligible individuals, to an active Autism Waiver registry that identified individuals who qualified for benefits.

In calendar 2023, MSDE reported that, in collaboration with MDH, the agency applied to the Centers for Medicare and Medicaid Services (CMS) to allow for an increase in Autism Waiver slots from 1,650 in fiscal 2024 to 2,950 starting in fiscal 2025. In its response to the 2024 JCR request, MSDE reported that effective July 1, 2024, the Maryland's Autism Waiver was renewed for five-years through fiscal 2029 and that CMS granted the increase in slots beginning in fiscal 2025, with a total of 3,100 slots available through fiscal 2029. Despite this approval, the delay in CMS approval of additional slots has shifted the timeframe for onboarding individuals and delays expansion of the program into fiscal 2025, which is two years later than the timeframe initially anticipated. In the meantime, MSDE reports that the department continues to work to reduce the waitlist, which currently has 2,769 individuals, down from 6,705 individuals in June 2023.

In keeping with these implementation delays, from fiscal 2022 to 2023, the program increased by 206 slots, and in fiscal 2023, the program budget totaled \$40.7 million, which included \$30.7 million in the budget as enacted and \$10.0 million in supplemental funding from the DPA. In fiscal 2024, the program was level-funded in the budget as enacted but received \$15.4 million in supplemental funding from the DPA for a total appropriation of \$46.2 million. **DLS notes that our records show that in fiscal 2023, out of the \$10.0 million transferred by budget amendment from the DPA to the Autism Waiver program, \$7.4 million was reverted. MSDE should comment on this discrepancy and the reason that the fiscal 2023 actuals total \$40.7 million.**

As shown in **Exhibit 17**, the fiscal 2026 budget as introduced proposes a deficiency appropriation of \$18.4 million for fiscal 2025, of which \$4.7 million is from the remaining DPA fund, for a total appropriation of \$49.2 million. This appropriation would support approximately 2,065 slots, which is 885 slots less than MSDE's target enrollment of 2,950 individuals for this year. In the fiscal 2026 proposed budget, the program receives \$51.4 million in general funds which MSDE's Managing for Results submission indicates will fund 2,950 slots (50 slots short of MSDE's targeted enrollment for fiscal 2026). The funding in the allowance appears insufficient

to support 2,950 slots. If the fiscal 2026 cost per slot is the same as the actual experience in fiscal 2024, a total of \$70.4 million of State funds will be needed to support 2,950 slots, \$11.7 million more than provided in the allowance. **MSDE should discuss the number of slots that it will be able to support in fiscal 2026 with the \$58.7 million provided in the allowance. Given the potential underfunding in fiscal 2026, DLS recommends adopting committee narrative requesting an update on this program.**

Exhibit 17
Autism Waiver Enrollment and Costs
Fiscal 2022-2026 Est.
(\$ in Millions)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Target Slots	1,400	1,600	2,450	2,950	3,000
Slots Funded	1,504	1,710	1,937	2,065	2,950
State Cost	\$25.9	\$40.8	\$46.2	\$85.6	\$70.4
Allowance	25.9	30.8	30.8	44.5	58.7
Special Funds Available from the DPA	0.0	10.0	15.4	4.7	0.0
Total	\$25.9	\$40.8	\$46.2	\$49.2	\$58.7
General Funds Needed Above Current Allowance	\$0.0	\$0.0	\$0.0	\$0.0	\$11.7

DPA: Dedicated Purpose Account

Source: Maryland State Department of Education

4. Continued Concerns Regarding Enrollment Counts for Compensatory Education, Career Ladder, and College and Career Readiness Programs

Free and Reduced-price Meals Enrollment

Under Section 5-222 of the Education Article, the compensatory education enrollment count requires LEAs to collect three separate, school-level counts of students in kindergarten through grade 12 using the prior fiscal year enrollment:

- total number of students eligible for FRPM;
- total number of students eligible under the U.S. Department of Agriculture (USDA) Community Eligibility Provision;

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- and 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, and Medicaid and the Maryland Children’s Health Program, up to 189% of the federal poverty level.

Language in the fiscal 2025 Budget Bill restricted funds pending a report on the fiscal 2025 FRPM count. Specifically, MSDE was asked to report (1) the number of students in FRPM, Community Eligibility Provision, and direct certification counts and greater-of calculations; (2) the procedures used to collect and audit LEA enrollment data to check for omissions, errors, or other irregularities; and (3) if applicable, a description of changes to enrollment collection procedures for fiscal 2026.

In the report submitted in response to this language, for FRPM counts and greater-of-calculations, MSDE reported that an audit of these data revealed an undercount of Dorchester County’s compensatory education enrollment by 43 students. This error results in approximately \$205,000 in additional funding being required for Dorchester County in fiscal 2025, which was to be provided by a realignment of funds from the concentration of poverty program. MSDE expected that this realignment would occur as part of the Governor’s fiscal 2026 budget submission. However, no deficiency appropriation to realign this funding was included as part of the fiscal 2026 budget.

For CEP enrollment, in fiscal 2023 through 2025, LEAs with CEP schools could choose to calculate FRPM students as the percentage of FRPM students in the fiscal year prior to entry into CEP (CEP %) multiplied by eligible enrollment, collect FRPM data using an alternative form, or both, and take the greater of these counts as the CEP count. In fiscal 2025, all LEAs submitted school-level CEP % except for Baltimore City, which used a districtwide CEP % multiplied by eligible enrollment to calculate their CEP count. In fiscal 2026, MSDE required all LEAs to use school-level CEP% counts, and with the exception of Baltimore City, all LEAs have updated to a school-level CEP %.

CEP enrollment is a part of both the calculation for the compensatory education program and the CPG program. CPG uses a three-year average of the percentage of compensatory education enrollment students in a school, called a concentration of poverty level in statute, as the standard for determining both personnel and per pupil grant eligibility. To calculate the total per pupil grant amount a school receives requires (1) the second prior year compensatory education enrollment count as part of the calculations and (2) scaled funding based on the concentration of poverty level of a school. Therefore, any changes to compensatory education enrollment affect CPG funding by altering (1) the number of schools eligible for both the personnel and per pupil grant and/or (2) the amount of the per pupil grant schools receive.

Baltimore City’s continued use of district-level CEP data potentially distorts the compensatory education enrollment counts and percentages that CPG relies on to make accurate determinations of eligibility and calculations of per pupil grant amounts. Baltimore City’s use of districtwide data negates the differences in compensatory education enrollment from school to school that the per pupil grant attempts to measure in order to provide a sliding scale of funding to

schools with the highest concentrations of poverty. As a result, Baltimore City’s use of a district-wide CEP% impacts their CPG funding. Although the vast majority of Baltimore City schools would likely remain eligible for personal or per pupil grants without the distortions from the use of district-level CEP data, there are potentially meaningful implications to the size of per pupil grants allocated to Baltimore City Schools.

To check for omission, errors, and other irregularities, MSDE reported that the department used a number of methods to check compensatory enrollment data. These methods include checks of FTE enrollment, total enrollment, and prekindergarten enrollment; matching direct certification counts with Office of School and Community Nutrition Programs and USDA counts; and CEP calculations. Although MSDE previously audited this data biannually, the department will now conduct this audit on a triannual basis. The department also implemented an expedited review process so that data submitted to DLS for the statutory deadline of December 1 is accurate.

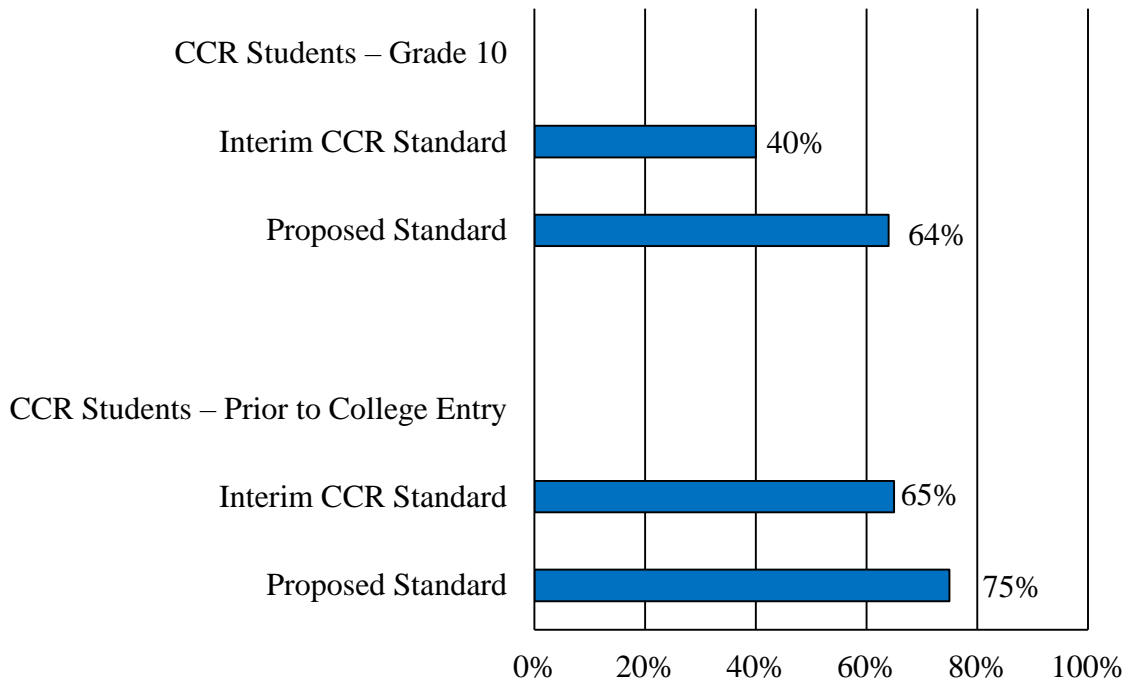
MSDE should comment on (1) if Dorchester County’s compensatory education funding has been realigned; (2) steps the department is taking to rectify concerns with Baltimore City’s school-level CEP %; and (3) the reason the department decided to audit enrollment data on a triannual instead of biannual basis.

CCR Student Count

CCR is a Blueprint program authorized in Chapter 36 that requires a standard (called the CCR standard) for Maryland public school students that certifies by the end of grade 10, and not later than the end of grade 12, a student has the requisite literacy in English and mathematics to be successful in first-year, credit-bearing coursework at a Maryland community college or open enrollment at a postsecondary institution. CCR requires a count of all high school students who are considered to be college and career ready in order provide wealth-equalized funding for this program. MSDE is responsible for implementing the program and defining the CCR standard.

In February 2022, MSDE passed interim CCR standards, which required students to obtain proficient scores on the MCAP or PRCC English 10 and Algebra I, II, or Geometry exams. However, due to concerns as to whether this measure was sufficient, in calendar 2023, MSDE commissioned a study from the American Institutes for Research (AIR) to review the CCR standard and provide insight into how a CCR standard might be implemented. The study found that an alternative to test scores in the CCR standard allows students to demonstrate readiness through multiple measures and suggested that earning a 3.0 grade point average (GPA) is a better predictor of postsecondary success and is more inclusive. AIR also suggested a new standard with multiple options to demonstrate proficiency depending on the student’s grade level. **Exhibit 18** shows the projected percentage difference between the previous and proposed standards for students who met the CCR standard at the end of grade 10 and prior to college entry.

Exhibit 18
Students Meeting College and Career Readiness
Interim and Proposed Standards
Calendar 2023



CCR: college and career readiness

Source: American Institutes of Research; Department of Legislative Services.

Based on this research, in January 2024 MSDE adopted a new CCR standard with two options: (1) a 3.0 unweighted GPA, and an A, B, or C in Algebra I, or a proficient score on the MCAP ELA 10 and Algebra I; or (2) a proficient score on the ELA 10 and Algebra I MCAP assessments. In the transition from the interim to the new CCR standard, students may be designated as meeting CCR through either standard, and once a student meets the CCR standard through either option, this designation cannot be revoked, including if a student’s GPA decreases below the threshold in future years. Starting in school year 2025-2026, only the new CCR standard is applicable.

From school year 2023-2024 (fiscal 2025) to school year 2024-2025 (fiscal 2026), the CCR student count increased by 68,495 students, or 168%, from 40,678 to 109,173. This CCR count represents approximately 39% of all high school students in the State. MSDE collected the fiscal 2026 CCR count in spring 2024, which included students in grades 10 through 12 who met

both the interim and new standard. In fiscal 2027, students who meet the new CCR standard will be included in the CCR student count, as well as students in grades 11 through 12 who met the standard either in fiscal 2025 or 2026.

MSDE should comment on the reasons for the expanded CCR standard and what steps the department and LEAs are taking to ensure that all Maryland students are college and career ready by the end of grade 12.

Career Ladder NBC Teacher Counts

The Blueprint career ladder is intended to encourage and support teachers to obtain and maintain NBC, including teachers from groups historically underrepresented in the teaching profession, and develop a culture of collaborative support for accomplished teaching. NBC candidates receive State funding for NBC fees, and teachers earning NBC certification receive a bonus of \$10,000 per year, with an additional \$7,000 per year for teaching in a low-performing school, for every year NBC certification is maintained. Chapter 36 as amended specifies that LEAs must implement a four-level career ladder and minimum salary increases for NBC teachers who either teach in a low-performing school or move up levels. To meet those requirements, in calendar 2024, LEAs submitted career ladder plans to AIB for review, with all 24 LEAs receiving their first maintenance of certification for those plans.

Exhibit 19 shows that in school year 2025-2026 (fiscal 2026), MSDE reported a total 2,975 teachers in 22 of 24 LEAs earned NBC and are eligible for a career ladder bonus. Out of this number, 2,880 teachers, or 96.8%, taught in a non-low-performing school and 95 teachers, or 3.2%, taught in a low-performing school. In addition, 16 LEAs reported no NBC teacher in a low-performing school. Of this total, 734 teachers were counted as unallocated, which means a teacher intends to finish NBC at the end of the 2024-2025 school year in time for a fiscal 2026 bonus.

Exhibit 19
National Board Certified Teachers by Local Education Agency
Fiscal 2026

<u>Local Education Agency</u>	<u>Low-performing Schools</u>	<u>Other Schools</u>	<u>Total</u>
Allegany	0	22	22
Anne Arundel	7	330	337
Baltimore City	14	69	83
Baltimore	10	79	89
Calvert	0	32	32
Caroline	0	5	5
Carroll	0	68	68
Cecil	0	25	25
Charles	0	28	28
Dorchester	0	0	0
Frederick	0	72	72
Garrett	0	17	17
Harford	2	120	122
Howard	20	232	252
Kent	0	0	0
Montgomery	13	585	598
Prince George's	27	303	330
Queen Anne's	0	22	22
St. Mary's	2	36	38
Somerset	0	2	2
Talbot	0	3	3
Washington	0	66	66
Wicomico	0	16	16
Worcester	0	14	14
Subtotal	95	2,146	2,241
Unallocated	0	734	734
Total	95	2,880	2,975
% in Low-performing School	3.2%		

Source: Maryland State Department of Education

MSDE should comment on the reasons that (1) 16 LEAs do not have an NBC teacher in a low-performing school; (2) 2 LEAs have no NBC teachers in any school; and (3) what steps the department and LEAs are taking to encourage NBC teachers to move to low-performing schools.

DLS recommends that MSDE submit a report on FRPM, CCR, and NBC teacher enrollment and counts addressing these concerns.

5. Local Education Agencies Receive Extension to Spend Remaining Federal Stimulus Funds through March 2026

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 was September 2024; however, MSDE received an extension from the federal government through March 2026. 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 Elementary and Secondary School Emergency Relief (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 for COVID-19-related expenses was distributed based on fiscal 2019 Title 1A percentages;
- \$778.8 million, or 29%, of this total in fiscal 2021 from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II fund for safe reopening was distributed based on fiscal 2020 Title IA percentages; and
- \$1.75 billion, or 65%, of this total in fiscal 2022 from the American Rescue Plan Act (ARPA) ESSER III fund for COVID-19 response and learning loss was distributed based on fiscal 2020 Title IA percentages.

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 were allocated by September 30, 2024, and due to an extension, must be expended by March 31, 2026.

As shown in **Exhibit 20**, MSDE reports that, as of August 2024, LEAs have spent a total of \$2.21 billion, or 81%, of all ESSER funds, including \$183.9 million, or 99%, of ESSER I funds; \$776.5 million, or 99%, of ESSER II funds; and \$1.25 billion, or 72%, 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 20
Elementary and Secondary School Emergency Relief Allocations and Expenditures by Local Education Agency
Fiscal 2021-2025
(\$ in Millions)

<u>Local Education Agency</u>	<u>Allocation</u>	<u>Expenditures</u>	<u>% Expended</u>
Allegany	\$39.2	\$26.0	66%
Anne Arundel	169.0	149.6	89%
Baltimore City	689.7	414.7	60%
Baltimore	337.6	324.3	96%
Calvert	17.8	14.1	79%
Caroline	21.3	17.7	83%
Carroll	26.3	22.9	87%
Cecil	43.4	43.0	99%
Charles	47.8	40.6	85%
Dorchester	27.2	25.1	93%
Frederick	58.8	56.0	95%
Garrett	13.9	13.0	94%
Harford	65.8	65.1	99%
Howard	67.1	53.9	80%
Kent	8.1	7.8	97%
Montgomery	389.2	363.8	93%
Prince George’s	427.0	337.3	79%
Queen Anne’s	10.6	10.6	100%
St. Mary’s	40.3	32.9	82%
Somerset	20.9	18.4	88%
Talbot	12.8	9.7	75%
Washington	85.6	77.9	91%
Wicomico	73.7	66.9	91%
Worcester	22.4	21.3	95%
Total	\$2,715.5	\$2,212.6	81%

Source: Maryland State Department of Education

MSDE should provide updated information on ESSER funding through the end of calendar 2024 including a breakout by expenditure type.

Exhibit 21 shows RELIEF Act allocations and expenditures by LEA. In fiscal 2021, 2022, and 2023, LEAs received a total of \$256.6 million in the RELIEF Act (Chapter 39), State and Local Fiscal Recovery Funds (SLFRF) for tutoring, behavioral health, summer school, school reopening, and Transitional Supplemental Instruction (TSI). As part of mandated reporting in Chapter 55, LEAs reported on expenditure of these funds to the Maryland General Assembly and AIB through calendar 2023. The deadline for obligating SLFRF appropriations was December 31, 2024.

Exhibit 21
RELIEF Act Allocations and Expenditures
Fiscal 2021-2024
(\$ in Thousands)

<u>Local Education Agency</u>	<u>Allocation</u>	<u>Expenditures</u>	<u>% Expended</u>
Allegany	\$3,752	\$3,504	92%
Anne Arundel	15,375	14,411	94%
Baltimore City	44,989	36,591	81%
Baltimore	31,359	28,510	91%
Calvert	10,511	9,456	90%
Caroline	2,816	2,739	96%
C Carroll	4,498	4,404	98%
Cecil	4,626	4,349	93%
Charles	7,847	6,281	81%
Dorchester	1,956	1,956	100%
Frederick	9,478	9,478	100%
Garrett	849	729	88%
Harford	8,425	7,979	95%
Howard	16,735	13,306	80%
Kent	419	356	100%
Montgomery	29,134	28,466	98%
Prince George's	52,331	47,675	91%
Queen Anne's	1,277	1,036	77%
St. Mary's	4,446	3,919	89%
Somerset	1,635	1,366	88%
Talbot	1,184	1,055	92%
Washington	8,712	8,407	97%
Wicomico	3,533	3,533	100%
Worcester	1,476	1,439	93%
Total	\$267,362	\$240,942	90%

Source: Maryland State Department of Education

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Committee narrative in the 2024 JCR requested that LEAs submit reports for an additional calendar year on these expenditures. These reports indicate that 90% of RELIEF Act funds have been expended, with four LEAs expending 100% of funds and all but one LEA expending over 80%. Although these data suggest that LEAs have expended most RELIEF and ESSER funding, a DLS review of LEA budgets suggests that some jurisdictions may have significant amounts of unspent federal stimulus funds in their balance that are not shown in their education budgets. **Due to remaining balances for RELIEF Act expenditures, DLS recommends committee narrative for LEA final reports on program funding.**

Operating Budget Recommended Actions

- | | Amount
Change | |
|----|--------------------------|----|
| 1. | -\$ 1,969,251 | GF |
- Reduce fiscal 2026 State Share of the Foundation general funds for discretionary grants to Garrett and Dorchester counties because these grants are not mandated.
2. Add the following language to the general fund appropriation:
- , provided that this appropriation shall be reduced by ~~\$92,937,289~~ \$185,874,577 contingent upon the enactment of legislation altering the local share of teacher retirement costs.

Explanation: This action increases the amount of the reductions in general funds to \$185.9 million for Aid for Local Employees Fringe Benefits, R00A02.03, that is contingent on the enactment of legislation that reduces the State share of annual employer pension contributions for members of the Teachers’ Retirement System/Teachers’ Pension System employed by local school systems and community colleges.

3. Add the following language to the general fund appropriation:
- , provided that this appropriation for the School for Educational Evolution and Development shall be reduced by \$241,102 contingent upon the enactment of SB 429 or HB 504 delaying the implementation of the collaborative time per pupil amount.

Explanation: This action specifies that \$241,102 in general funds for the School for Educational Evolution and Development in Children at Risk, R00A02.04, subprogram0465, is reduced contingent on the enactment of SB 429 or HB 504 delaying the collaborative time per pupil amount as funds are not required if funds to implement collaborative time are provided in the fiscal 2026 budget.

4. Adopt the following narrative:
- Report on the Nonpublic Placement Program:** The committees request a report on 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, 2025, including (1) program closeout data for fiscal 2025 by provider, including annual reimbursement costs and any costs that could not be covered within the fiscal 2025 appropriation; (2) actions taken in calendar 2024 and 2025 to implement Chapter 648; and

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(3) planned actions related to implementation of Chapter 648 and efforts to achieve pay parity in future years.

Information Request	Author	Due Date
Report on the nonpublic placement program	MSDE	October 1, 2025

5. Adopt the following narrative:

Report on the Autism Waiver Program: The committees request a report by November 1, 2025, on the Autism Waiver program, which is managed by the Maryland State Department of Education (MSDE). This status update should provide information on the (1) current number of individuals on the Autism Waiver waitlist; (2) the number of slots utilized in fiscal 2025; (3) the number of slots in use in fiscal 2026; (4) a timeline for increasing utilized slots to the target level; and (5) projected costs for Autism Waiver services through fiscal 2031 by year based on the timeline for increasing utilized slots.

Information Request	Author	Due Date
Report on the autism waiver program	MSDE	November 1, 2025

6. Add the following language to the special fund appropriation:

, provided that \$9,000,000 of this appropriation made for the purpose of Collaborative Time Innovation Demonstration Grants is contingent on the enactment of SB 429 or HB 504 delaying the implementation of the collaborative time per pupil amount.

Explanation: This action specifies that \$9.0 million in Blueprint for Maryland’s Future special funds for Collaborative Time Innovation Demonstration Grants in Teacher Development, R00A02.55, subprogram 5589, is contingent on the enactment of SB 429 or HB 504 delaying the collaborative time per pupil amount as funds for a demonstration grant are not required if funds to implement collaborative time are provided in the fiscal 2026 budget.

	<u>Amount Change</u>
7. Reduce Blueprint for Maryland’s Future special funds for the Grow Your Own Educators program by \$14.3 million to level-fund the program with the	-\$ 14,334,000 SF

fiscal 2025 working appropriation for the Maryland Leads Grow Your Own Staff program.

- 8. Eliminate Blueprint for Maryland’s Future special funds for the Academic Excellence Fund because the program is duplicative to Blueprint Training for Teachers and other local professional development programming. -\$ 19,310,000 SF
- 9. Adopt the following narrative:

Report on Enrollment and Counts for Blueprint for Maryland’s Future Programs.

The committees request a report by October 1, 2025, on Maryland State Department of Education (MSDE) enrollment collection procedures for free and reduced-price meal (FRPM) students; teacher counts for national board certified (NBC) for the career ladder program; and student counts for the college and career readiness (CCR) program.

For FRPM student enrollment, this report should include data by local education agency (LEA) and school for the Community Eligibility Provision (CEP), including the percentage of FRPM students in the fiscal year prior to entry into CEP; and greater than comparisons by LEA and school used to calculate compensatory education enrollment.

For NBC teachers counts, the report should include the following data by LEA and school-type (either low-performing and non-low-performing) if applicable:

- count of teachers eligible for a fiscal 2026 award and their year of NBC attainment;
- count of teachers who attempted NBC but did not attain it in either school year 2023-2024 or 2024-2025;
- count of teachers attempting NBC in school year 2025-2026; and
- steps taken by MSDE and LEAs to encourage NBC teachers to move to low-performing schools.

For CCR student counts, this report and data should include projected CCR counts and funding from fiscal 2027 through 2030 based on expanded CCR standard.

Information Request	Author	Due Date
Report on enrollment and counts for Blueprint for Maryland’s Future programs	MSDE	October 1, 2025

10. Adopt the following narrative:

Report on the Maryland Comprehensive Assessment Program (MCAP): The committees request a report on learning loss due to the COVID-19 pandemic and costs for MCAP assessment development and implementation. The committees request by November 1, 2024, that the Maryland State Department of Education (MSDE) submit a report on MCAP, which should include, but is not limited to:

- a timetable for MCAP administration for all assessments for the 2025-2026 and 2026-2027 school years, including field testing and pilots for new assessments;
- details on MCAP measurement of student learning loss in the 2025-2026 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;
- details on MCAP administration in the 2025-2026 and 2026-2027 school years 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 2025-2026 and 2026-2027 school years;
- expenditures in fiscal 2025 and 2026, and anticipated allowances for fiscal 2027, for each MCAP assessment, assessments under development, and administration, including contractual expenditures by vendor;
- information pertaining to any formal review of MCAP assessments and standards in calendar 2026 and 2027 by MSDE, by curriculum and assessment, including any anticipated changes to MCAP assessments as a result of that review and the projected costs of those changes; and
- alignment of MCAP goals and outcomes with Blueprint for Maryland’s Future outcome measures.

Information Request	Author	Due Date
Report on MCAP	MSDE	October 1, 2025

11. 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 Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families Act (Chapter 39 of 2021) and allocated in the fiscal 2022 Budget Bill (Chapter 357 of 2021) 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. LEAs were to submit a report consistent with the requirements of the previous report by December 1, 2024, as part of committee narrative in the 2024 Joint Chairmen’s Report. At the time of the submitted responses, LEAs reported carrying balances as the deadline for expenditures had not passed. Therefore, the committees request that the 24 LEAs submit a final closeout report by October 1, 2025, 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 Program, 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
Reports on LEA COVID-19 expenditures	LEAs	October 1, 2025
Total Net Change		-\$ 35,613,251
Total General Fund Net Change		-\$ 1,969,251
Total Special Fund Net Change		-\$ 33,644,000

Budget Reconciliation and Financing Act Recommended Actions

1. Amend a provision to shift 100% of the fiscal 2026 increase in the State share of the Teachers’ Retirement System costs to local jurisdictions rather than 50%.

Appendix 1
Proposed State-local Cost Shift for Retirement
Fiscal 2026

<u>County</u>	<u>Teacher Retirement</u>
Allegany	-\$604,665
Anne Arundel	-9,085,294
Baltimore City	-8,802,113
Baltimore	-9,460,061
Calvert	-1,582,278
Caroline	-509,444
Carroll	-2,508,981
Cecil	-1,274,570
Charles	-2,658,455
Dorchester	-550,943
Frederick	-5,591,823
Garrett	-218,799
Harford	-3,385,485
Howard	-6,674,510
Kent	-161,495
Montgomery	-19,857,627
Prince George’s	-12,619,160
Queen Anne’s	-644,041
St. Mary’s	-1,488,506
Somerset	-311,025
Talbot	-440,098
Washington	-2,232,752
Wicomico	-1,602,847
Worcester	-672,312
Unallocated	0
Total	-\$92,937,284

Source: Department of Legislative Services

Appendix 2
Projected Changes by Local Education Agency for
Nonpublic Placements Program
Fiscal 2026-2030

<u>LEA</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Allegany	-\$269,996	-\$526,408	-\$536,936	-\$547,675	-\$558,628
Anne Arundel	-2,315,506	-4,272,027	-4,357,468	-4,444,617	-4,533,510
Baltimore City	-1,666,525	-3,031,839	-3,092,476	-3,154,325	-3,217,412
Baltimore County	-4,828,425	-8,931,432	-9,110,061	-9,292,262	-9,478,107
Calvert	-161,997	-432,396	-441,044	-449,865	-458,862
Caroline	-12,112	-44,565	-45,457	-46,366	-47,293
Carroll	-605,599	-1,061,666	-1,082,899	-1,104,557	-1,126,648
Cecil	-127,097	-357,209	-364,354	-371,641	-379,074
Charles	-238,875	-557,396	-568,544	-579,915	-591,513
Dorchester	-46,799	-118,432	-120,801	-123,217	-125,681
Frederick	-775,772	-1,557,474	-1,588,623	-1,620,396	-1,652,804
Garrett	-3,701	-22,544	-22,995	-23,455	-23,924
Harford	-1,007,986	-2,675,234	-2,728,738	-2,783,313	-2,838,979
Howard	-1,564,464	-3,607,316	-3,679,463	-3,753,052	-3,828,113
Kent	-21,599	-44,006	-44,886	-45,784	-46,700
Montgomery	-3,573,394	-6,277,046	-6,402,587	-6,530,638	-6,661,251
Prince George’s	-3,863,646	-7,033,776	-7,174,451	-7,317,940	-7,464,299
Queen Anne’s	-67,289	-140,148	-142,951	-145,810	-148,726
St. Mary’s	-218,688	-238,389	-243,156	-248,019	-252,980
Somerset	-9,000	-26,163	-26,686	-27,220	-27,764
Talbot	-84,111	-72,121	-73,563	-75,034	-76,535
Washington	-260,744	-364,617	-371,909	-379,347	-386,934
Wicomico	-4,206	-31,759	-32,395	-33,043	-33,703
Worcester	-1,800	-5,123	-5,225	-5,330	-5,436
Unallocated/Statewide	-3,270,669	-8,455,866	-8,624,983	-8,797,483	-8,973,433
Total	-\$25,000,000	-\$49,884,952	-\$50,882,651	-\$51,900,304	-\$52,938,309

LEA: local education agency

Source: Department of Legislative Services

Appendix 3
Elementary and Secondary School Emergency Relief
Revenues by Local Education Agency
Fiscal 2020-2022
(\$ in Millions)

<u>Local Education Agency</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	217.0	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

ESSER: Elementary and Secondary School Emergency Relief Fund

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: Maryland State Department of Education; Department of Legislative Services

Appendix 4
Elementary and Secondary School Emergency Relief Fund Expenditures by
Local Education Agency
Fiscal 2021-2024
(\$ in Millions)

<u>Local Education Agency</u>	<u>ESSER I</u>	<u>ESSER II</u>	<u>ESSER III</u>	<u>Total</u>
Allegany	\$2.6	\$11.3	\$12.1	\$26.0
Anne Arundel	11.9	48.4	89.3	149.6
Baltimore City	48.2	197.5	169.1	414.8
Baltimore	23.7	96.6	203.9	324.2
Calvert	1.2	5.1	7.8	14.1
Caroline	1.5	6.1	10.1	17.7
Carroll	2.0	7.5	13.4	22.9
Cecil	3.1	12.4	27.5	43.0
Charles	3.1	13.7	23.7	40.5
Dorchester	1.9	7.8	15.4	25.1
Frederick	4.0	16.9	35.1	56.0
Garrett	1.0	4.0	8.1	13.1
Harford	4.5	18.9	41.7	65.1
Howard	4.2	19.4	30.3	53.9
Kent	0.5	2.3	5.0	7.8
Montgomery	24.8	112.2	226.8	363.8
Prince George’s	27.9	120.0	189.4	337.3
Queen Anne’s	0.7	3.0	6.8	10.5
St. Mary’s	2.6	11.6	18.7	32.9
Somerset	1.3	6.0	11.1	18.4
Talbot	0.9	3.7	5.1	9.7
Washington	5.6	24.6	47.7	77.9
Wicomico	5.2	21.1	40.7	67.0
Worcester	1.6	6.4	13.3	21.3
Total	\$184.0	\$776.5	\$1,252.1	\$2,212.6

ESSER: Elementary and Secondary School Emergency Relief Fund

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: Maryland State Department of Education; Department of Legislative Services

Appendix 5
K-12 Full-time Equivalent and Free and Reduced-price Meals Enrollment
Fiscal 2024-2026

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<u>LEA</u>	<u>Full-time Equivalent Enrollment</u>					<u>Free and Reduced-price Meals Enrollment</u>				
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Change</u>	<u>% Change</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Change</u>	<u>% Change</u>
Allegany	7,699	7,696	7,635	-60	-0.8%	4,729	4,787	4,720	-67	-1.4%
Anne Arundel	81,912	81,749	82,242	493	0.6%	34,325	33,467	34,268	801	2.4%
Baltimore City	69,640	70,926	71,475	549	0.8%	61,761	61,968	63,322	1,354	2.2%
Baltimore	106,795	106,103	105,637	-467	-0.4%	57,006	57,558	57,904	346	0.6%
Calvert	15,011	14,851	14,494	-356	-2.4%	3,852	4,374	4,048	-326	-7.5%
Caroline	5,357	5,298	5,325	27	0.5%	3,515	3,693	3,724	31	0.8%
Carroll	25,323	25,619	25,636	18	0.1%	6,427	6,895	7,159	264	3.8%
Cecil	14,344	14,254	14,056	-198	-1.4%	7,516	7,874	7,733	-141	-1.8%
Charles	26,638	26,729	26,995	267	1.0%	12,124	14,028	12,624	-1,404	-10.0%
Dorchester	4,213	4,282	4,239	-43	-1.0%	3,370	3,349	2,988	-361	-10.8%
Frederick	45,219	46,023	46,315	293	0.6%	14,912	15,358	15,394	36	0.2%
Garrett	3,294	3,251	3,190	-61	-1.8%	1,807	1,795	1,776	-19	-1.1%
Harford	36,916	36,952	36,593	-359	-1.0%	13,895	14,993	14,690	-303	-2.0%
Howard	56,131	55,911	55,777	-134	-0.2%	16,629	16,377	16,491	114	0.7%
Kent	1,650	1,620	1,587	-33	-2.0%	1,050	1,088	1,083	-5	-0.5%
Montgomery	155,523	154,455	153,090	-1,364	-0.9%	66,704	66,817	65,548	-1,269	-1.9%
Prince George's	124,661	125,423	125,706	283	0.2%	85,156	85,174	86,296	1,122	1.3%
Queen Anne's	7,091	7,152	7,155	3	0.0%	2,550	2,775	2,598	-177	-6.4%
St. Mary's	16,853	16,699	16,370	-329	-2.0%	6,459	6,425	6,363	-62	-1.0%
Somerset	2,561	2,603	2,599	-4	-0.2%	1,959	2,041	1,878	-163	-8.0%
Talbot	4,227	4,229	4,162	-67	-1.6%	2,457	2,484	2,482	-2	-0.1%
Washington	21,194	21,377	21,584	207	1.0%	12,310	12,914	13,135	221	1.7%
Wicomico	14,212	14,411	14,855	444	3.1%	8,410	8,452	9,293	841	10.0%
Worcester	6,330	6,324	6,406	81	1.3%	3,321	3,363	3,388	25	0.7%
Total	852,793	853,933	853,121	-812	-0.10%	432,244	438,049	438,905	856	0.2%

LEA: local education agency

Source: Department of Legislative Services

Appendix 6
Special Education and Limited English Proficient Enrollment
Fiscal 2024-2026

<u>LEA</u>	Special Education					Limited English Proficient				
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Change</u>	<u>% Change</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Change</u>	<u>% Change</u>
Allegany	1,199	1,316	1,462	146	11.1%	33	38	46	8	21.1%
Anne Arundel	10,262	10,767	11,062	295	2.7%	7,993	8,532	9,114	582	6.8%
Baltimore City	11,326	11,583	11,719	136	1.2%	8,894	9,702	10,762	1,060	10.9%
Baltimore	15,942	16,096	15,930	-166	-1.0%	11,063	12,191	13,375	1,184	9.7%
Calvert	1,722	1,764	1,703	-61	-3.5%	224	238	228	-10	-4.2%
Caroline	523	567	583	16	2.8%	524	544	575	31	5.7%
Carroll	3,282	3,448	3,420	-28	-0.8%	452	499	571	72	14.4%
Cecil	2,565	2,630	2,605	-25	-1.0%	341	391	436	45	11.5%
Charles	3,165	3,299	3,397	98	3.0%	1,154	1,272	1,444	172	13.5%
Dorchester	407	447	470	23	5.1%	221	249	303	54	21.7%
Frederick	5,516	5,906	6,193	287	4.9%	3,445	3,717	3,869	152	4.1%
Garrett	336	378	395	17	4.5%	7	7	8	1	14.3%
Harford	5,745	6,110	6,152	42	0.7%	959	1,063	1,126	63	5.9%
Howard	6,515	7,089	7,412	323	4.6%	4,082	4,033	4,057	24	0.6%
Kent	253	247	234	-13	-5.3%	83	102	107	5	4.9%
Montgomery	21,502	22,711	23,103	392	1.7%	30,250	31,706	32,514	808	2.5%
Prince George's	14,436	14,926	15,548	622	4.2%	31,911	33,121	34,888	1,767	5.3%
Queen Anne's	855	877	886	9	1.0%	389	433	434	1	0.2%
St. Mary's	2,016	2,123	2,097	-26	-1.2%	359	445	496	51	11.5%
Somerset	426	437	422	-15	-3.4%	126	129	144	15	11.6%
Talbot	550	541	518	-23	-4.3%	616	659	679	20	3.0%
Washington	2,674	2,850	2,955	105	3.7%	819	1,036	1,208	172	16.6%
Wicomico	1,533	1,622	1,683	61	3.8%	1,566	1,817	2,273	456	25.1%
Worcester	752	789	782	-7	-0.9%	142	167	205	38	22.8%
Total	113,502	118,523	120,731	2,208	1.9%	105,653	112,091	118,862	6,771	6.0%

LEA: local education agency

Source: Department of Legislative Services

Appendix 7
Local Education Effort
Fiscal 2025-2026
(\$ in Millions)

<u>County</u>	Fiscal 2025			<u>Minimum Local Effort³</u>	Fiscal 2026 Minimum Local Effort versus Fiscal 2025 Local Appropriation.	
	<u>Fiscal 2025 Local Appropriation¹</u>	<u>Combined Local Share²</u>	<u>Maintenance of Effort</u>			
Allegany	\$33.9	\$26.8	\$33.8	\$33.8	-\$0.1	-0.2%
Anne Arundel	929.3	781.2	934.9	934.9	5.6	0.6%
Baltimore City	389.3	392.3	392.3	392.3	3.0	0.8%
Baltimore	979.7	882.8	961.9	961.9	-17.9	-1.8%
Calvert	164.7	95.8	163.0	163.0	-1.7	-1.0%
Caroline	18.5	20.4	18.6	20.4	1.9	10.1%
Carroll	239.0	163.8	239.2	239.2	0.2	0.1%
Cecil	97.6	99.2	97.3	99.2	1.7	1.7%
Charles	232.0	167.0	234.3	234.3	2.3	1.0%
Dorchester	23.7	26.3	23.5	26.3	2.6	10.8%
Frederick	418.0	311.3	420.6	420.6	2.7	0.6%
Garrett	30.4	34.3	29.9	34.3	3.9	13.0%
Harford	321.4	261.1	320.2	320.2	-1.1	-0.4%
Howard	766.0	448.4	760.7	760.7	-5.3	-0.7%
Kent	20.4	21.2	19.9	21.2	0.8	4.0%
Montgomery	2,128.6	1,677.8	2,122.6	2,122.6	-6.0	-0.3%
Prince George's	909.8	969.5	911.9	969.5	59.7	6.6%
Queen Anne's	75.1	64.9	75.1	75.1	0.0	0.0%
St. Mary's	134.4	108.7	133.5	133.5	-0.9	-0.7%
Somerset	10.5	12.1	10.4	12.1	1.6	15.6%
Talbot	54.6	55.0	54.3	55.0	0.4	0.7%
Washington	110.2	120.6	111.2	120.6	10.4	9.4%
Wicomico	52.6	51.9	53.2	53.2	0.6	1.1%
Worcester	105.4	78.7	106.3	106.3	0.9	0.8%
Total	\$8,245.0	\$6,871.0	\$8,228.7	\$8,310.2	\$65.2	0.8%

¹Includes local appropriations not subject to per pupil maintenance of effort.

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

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

Source: Department of Legislative Services

Appendix 8
Changes in the Aid to Education Budget
Fiscal 2025-2026

Note: Changes to the Aid to Education budget reflect the Governor’s fiscal 2026 budget as introduced including deficiencies; contingent reductions related to the introduction of SB 429/HB 504, the Excellence in Public School Education Act; and provisions proposed in the BRFA.

Changes to Major State Aid Programs

The State Share of the Foundation formula grant, which is the primary grant program for State aid to LEAs, increases by \$130.1 million in Blueprint special funds, or 3.5%, from \$3.78 billion in fiscal 2025 to \$3.91 billion in fiscal 2026. In fiscal 2026, this program receives \$3.73 billion in general funds and \$132.9 million in Blueprint special funds. This allowance includes a reduction of \$73.1 million contingent on the proposed reduction to the TPPFA for collaborative time by \$163 from \$9,226 in current law to \$9,057 in the proposed budget, including an inflation factor of 5%. In the 2024-2025 school year, the full-time enrollment count is 853,933, which is 1,140, or 0.13%, greater than the 2023-2024 school year enrollment of 852,793.

Teachers’ Retirement increases \$93.0 million, 10.5%, from \$886.2 million in fiscal 2025 to \$979.2 million in fiscal 2026. This increase includes a provision in the BRFA as introduced that reduces the State share of annual employer pension contributions for members, which results in a contingent reduction of \$97.7 million, of which \$92.7 million is in the Aid to Education budget with the remainder related to community colleges.

Students with Disabilities (Special Education) formula grant increases by \$58.5 million in Blueprint special funds, or 11.0% from \$532.2 million in fiscal 2025 to \$589.8 million in fiscal 2026. In fiscal 2026, this program receives \$311.1 million in general funds and \$278.7 million in Blueprint special funds. SB 429/HB 504 proposes to change the per pupil amount from a percentage of the TPPFA to an annual amount set in statute; however, in fiscal 2026, the special education per pupil is the same as current law at \$9,503. In school year 2024-2025, the special education enrollment count totals 120,731 students, which is 2,208 students, or 1.9%, more than the school year 2023-2024 count of 118,523. Currently, 14.1% of students receive special education services.

Compensatory Education increases by \$32.0 million in Blueprint special funds, or 1.9%, from \$1.71 billion in fiscal 2025 to \$1.74 billion in fiscal 2026. In fiscal 2026, this program receives \$1.30 billion in general funds and \$483.4 million in Blueprint special funds. This change is due to an increase in FRPM enrollment offset by reduction of \$31.3 million contingent on the proposed reduction to the TPPFA for collaborative time. In school year 2024-2025, the compensatory education enrollment count is 438,905, which is 856 students, or 0.2%, higher than the 2023-2024 school year enrollment count of 438,049. Currently, 51.3% of students are eligible for compensatory education.

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LEP grants increase by \$25.2 million, or 4.9%, from \$519.5 in fiscal 2025 to \$544.7 million in fiscal 2026. In fiscal 2026, this program receives \$334.3 million in general funds and \$220.2 in Blueprint special funds. This change is due to increases in LEP enrollment offset by a reduction of \$9.6 million contingent on the proposed reduction to the TPPFA for collaborative time. In school year 2024 to 2025, the LEP enrollment count is 118,862, which is 6,771 students, or 6.0%, more than the school year enrollment count of 112,091. Currently, 14.4% of students are considered LEP.

Transportation Formula funding increases by \$12.4 million, or 1.7%, from \$369.6 million in fiscal 2025 to \$381.9 million in fiscal 2026. This amount includes \$352.0 million for regular ridership and \$29.9 million for transportation for students with disabilities. In school year 2024-2025, disabled transportation enrollment totals 29,917, which is an increase of 1,044 students, or 3.6%, from the 2023-2024 school year enrollment of 28,873. The inflation component of the transportation formula grows by 3% in fiscal 2026.

Infants and Toddlers in the Students with Disabilities budget increases by \$1.1 million, or 6.7%, from \$17.0 million in fiscal 2025 to \$18.1 million in fiscal 2026. In fiscal 2026, this program receives \$10.4 million and \$7.7 million in Blueprint special funds. The mandated funding amount is part of Chapter 36 statutory increases.

Discretionary Supplemental grants increase by \$1.1 million, from \$854,945 in fiscal 2025 to \$2.0 million in fiscal 2026. These allowances are at the discretion of the Governor. For fiscal 2026, grants are provided to Dorchester (\$0.1 million) and Garrett counties (\$1.8 million).

Comparable Wage Index in the Foundation program budget decreases by \$603,391, or 0.4%, from \$155.7 million in fiscal 2025 to \$155.1 million in fiscal 2026. This allowance is funded with Blueprint special funds. Eleven LEAs and Baltimore City receive these funds in fiscal 2026 – Anne Arundel, Baltimore, Calvert, Charles, Frederick, Harford, Howard, Kent, Montgomery, Prince George’s, St. Mary’s counties.

GTB funding decreases by \$8.2 million, or 11.0%, from \$74.9 million in fiscal 2025 to \$66.7 million in fiscal 2026. This program is funded with general funds and includes \$1.7 million contingent on the proposed change to the TPPFA. Eight LEAs receive GTB funding – Allegany, Caroline, Charles, Dorchester, Somerset, Washington, Wicomico, and Baltimore City, which are the same as fiscal 2025.

Nonpublic Placements in the Students with Disabilities budget decreases by \$25.4 million, or 14.7%, from \$172.6 million in fiscal 2025 to \$147.1 million in fiscal 2026. The budget as introduced has the estimated allowance for the program in fiscal 2026, \$172.1 million, which includes \$3.0 million for nonpublic school special education teacher salaries and mandated in Chapter 648 of 2023. This decrease includes a reduction of \$25.0 million contingent on the enactment of a provision in the BRFA, which changes the local cost share from 70%/30% in fiscal 2025 to 60%/40% in fiscal 2026.

Programs Created/Mandated by Blueprint for Maryland’s Future

CPG increases by \$129.3 million, or 35.6%, from \$363.3 million in fiscal 2025 to \$492.6 million in fiscal 2024. Of this amount, \$290.0 million is allocated for per pupil grants, and \$202.6 million is allocated for personnel grants. In fiscal 2026, personnel grants are \$280,212 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 \$39.0 million, or 40.4%, from \$96.9 million in fiscal 2025 to \$135.5 million in fiscal 2026. This increase includes the estimated allowance of \$145.4 million and an offsetting decrease of \$9.9 million due to the proposed change to the TPPFA. In fiscal 2026, five LEAs receive this adjustment – Cecil, Dorchester, Prince George’s, Somerset counties and Baltimore City.

CCR increases by \$20.2 million, or 174.5%, from \$11.6 million in fiscal 2025 to \$31.8 million in fiscal 2026. This change reflects an increase in enrollment and the per pupil amount. As part of Chapter 36, the per pupil grant amount increases from \$569 in fiscal 2025 to \$582 in fiscal 2026 with a 1% inflation factor. In the 2024-2025 school year, CCR enrollment increases by 68,495 from 40,678 in fiscal 2025 to 109,173 in fiscal 2026. CCR students comprise 12.8% of FTE students.

Career Ladder in the Teacher Development budget increases by \$10.6 million, or 118.9%, from \$8.9 million in fiscal 2025 to \$19.6 million in fiscal 2026. This amount includes fees and bonuses. As part of Chapter 36, NBC teachers receive \$10,000, and NBC classroom teachers in low-performing schools receive an additional \$7,000. In the 2024-2025 school year, a total of 2,975 teachers were eligible for career ladder funding, which is 1,159 more teachers more than the 2023-2024 school year count of 1,816.

Blueprint Coordinators in the Blueprint for Maryland’s Future Transition Grants budget decrease by \$176,041, or 8.8%, from \$2.0 million in fiscal 2025 to \$1.8 million in fiscal 2026.

The MSDE Financial Management System in the Blueprint for Maryland’s Future Transition Grants budget decreases by \$2.5 million, or 100%, from \$2.5 million in fiscal 2025 to \$0 in fiscal 2026. This program received \$5.0 million in the fiscal 2023 budget for a total of \$7.5 million expended for this program.

TSI in the Blueprint for Maryland’s Future Transition Grants budget, decreases by \$10.5 million, or 30.6%, from \$34.4 million in fiscal 2025 to \$23.9 in fiscal 2026. This change reflects a decrease in the per pupil amount from \$522 per pupil in fiscal 2025 to \$356 per pupil in fiscal 2026, as specified in Chapter 36, offset by an increase of enrollment of 2,264 from 131,764 in fiscal 2025 to 134,028 in fiscal 2026. TSI students comprise 15.7% of FTE.

Blueprint Transition Grants in the Blueprint for Maryland’s Future Transition Grants budget decrease by \$11.5 million, or 23.5%, from \$49.0 million in fiscal 2025 to \$37.5 million in

fiscal 2026. 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 65% of the initial grant.

New Blueprint Programs in the Proposed Budget

All programs in this section are introduced as part of SB 429/HB 504, the Excellence in Maryland Public Schools Act, and receive Blueprint special funds for the first time in fiscal 2026.

Grow Your Own Educators program in the Teacher Development budget receives \$33.4 million.

Academic Excellence Fund in the Blueprint for Maryland’s Future Transition Grants budget receives \$19.3 million.

Collaborative Time Innovation Demonstration Grants in the Blueprint for Maryland’s Future Transition Grants budget receives \$9.0 million.

Community School Partnership Support in the Blueprint for Maryland’s Future Transition Grants budget receives \$2.0 million.

Maryland Teacher Relocation Incentive Grant (Relocation Payments) in the Teacher Development budget receives \$1.0 million for reimbursements of up to \$2,000 per teacher to partially offset moving costs for an out-of-state licensed teacher to move to the State to address workforce shortages.

Other General Fund Changes

Autism Waiver program in the Students with Disabilities budget increases by \$2.2 million, from \$49.2 million in fiscal 2024 to \$51.4 million to fiscal 2026. This change includes a deficiency appropriation of \$18.4 million, which includes \$13.7 million in general funds and \$4.7 million in special funds from the \$30.0 million appropriation in special funds originally allocated in the fiscal 2023 DPA.

SEED in the Children at Risk budget increases by \$646,390, or 5.0%, from \$13.0 million in fiscal 2025 to \$13.6 million in fiscal 2026. Although other programs that use the TPPFA received a decrease in their budget due to the decrease for collaborative time by \$163 from \$9,226 in current law to \$9,063, SEED school receives the full allowance under current law.

The Adult High School Pilot Program in Innovative Programs receives an increase of \$250,000, or 33%, from \$1.0 million in fiscal 2025 to \$1.2 million in fiscal 2026. Chapter 352 of 2021 mandates at least \$250,000 in general or federal funds for this program

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starting in fiscal 2023. This increase reflects an increase from four to five sites for this program in fiscal 2026.

Open Source Phonics Matching Grant Program in Innovative Programs receives \$150,000 for the first time in the fiscal 2026 budget. This program and amount are mandated as part of Chapter 270 of 2024.

Next Generation Scholars Program in Innovative Programs decreases by \$5.0 million, or 100%, from \$5.0 million in fiscal 2025 to \$0 in fiscal 2026. Administration of this program were moved from MSDE to the Maryland Higher Education Commission in Chapter 196 of 2024.

Federal Stimulus Fund Changes

Federal stimulus funds allocated in Innovative Programs decrease by \$2.0 million, or 100%, from \$2.0 million in fiscal 2025 to \$0 in fiscal 2026. Fiscal 2025 funds were the remaining federal stimulus funds in this budget ARPA ESSER III funding.

Other Federal and Reimbursable Fund Changes

Assistance to Students with Disabilities increases by \$25.6 million, or 8.5%, from \$262.3 million in fiscal 2025 to \$324.9 million in fiscal 2026 for Title I grants to LEAs.

Comprehensive Literacy State Development Grants in Innovative Programs receives \$8.2 million for the first time in fiscal 2026. These grants are part of a \$40.3 million, five-year grant from ED to improve grade 3 literacy proficiency.

English Language Acquisition State Grants in Language Assistance increase \$2.4 million, or 17.1%, from \$14.3 million in fiscal 2025 to \$16.7 million in fiscal 2026.

Assistance to Students with Disabilities has a net increase of 878,009, or 4.9% from \$1.9 million in fiscal 2025 to \$2.0 million in fiscal 2026.

SEED School in Children at Risk increases by \$93,486, or 0.14%, from \$65.2 million in fiscal 2025 to \$65.3 million in fiscal 2026.

MDH Sexual Abuse Prevention program reimbursable funds in Innovative Programs decreases by \$90,000, or 100%, in fiscal 2026.

Charter Schools in Innovative Programs decreases by \$3.3 million, or 100%, in fiscal 2026.

Appendix 9 2024 Joint Chairmen’s Report Responses from Agency

The 2024 JCR requested that MSDE prepare four reports and LEAs prepare one report. Electronic copies of the full JCR responses can be found on the DLS website.

- **Report on the Nonpublic Placement Program:** The budget committees requested a report on costs of the nonpublic placement program and implementation of nonpublic school special education teacher pay parity related to Chapter 648. MSDE reported that due to higher than expected reimbursement costs and the first year of implementation of Chapter 648, the final amount for the program totaled \$156.6 million, which exceeded the working appropriation of \$148.6 million by \$8.0 million. MSDE reported that cost to implement Chapter 648 is expected to contribute to additional program costs for the next three years. Further discussion of this data can be found in Issue 3 in the Performance Analysis section of this analysis.
- **Status Update on the Autism Waiver Program:** The budget committees requested a report on the Autism Waiver program to include current number of slots requested and approved; procedures to contact individuals on the registry when slots become available; and timeline for the addition of slots and projected costs from fiscal 2025 through 2029. MSDE reported that the current number of slots approved is 3,100 through fiscal 2029 and that the department had reduced the number of individuals on the wait list from over 6000 to approximately 2,700. With the onboarding of eligible individuals and rising cost per student, costs for the program will exceed \$100 million by fiscal 2028. Further discussion of this data can be found in Issue 4 in the Performance Analysis section of this analysis.
- **Status Update on Pathways in Technology Early College High School Program (P-TECH):** The budget committees requested an update on for the P-TECH program to include current and projected enrollment through the 2025-2026 school year, projected costs by LEA and community college, and data on attrition and graduation. MSDE reported that projected enrollment for the program in fiscal 2026 was approximately 1400 students with a cost of \$1.9 million. From fiscal 2025 to 2026, enrollment in the program is projected to decrease by approximately 100 students due to graduations and attrition due to a variety of reasons including that the program was not aligned with student interests.
- **Reports on LEA COVID-19 Federal Stimulus Fund Expenditures:** The budget committees requested information on LEA expenditures of RELIEF funds, which were part of legislative directives allocated in the fiscal 2022 Budget Bill (Chapter 357 of 2021) for tutoring, behavioral health, summer school, school reopening, and TSI. All 24 LEAs submitted a report, which indicate 90% of RELIEF Act funds have been expended, with four LEAs expending 100% of funds and all but one LEA, Queen Anne’s, expending over 80%. The deadline for obligating appropriations was December 31, 2024, and the deadline for final expenditures is December 31, 2026. Further discussion of these data can be found in Issue 5 in the Performance Analysis section of this analysis.

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- ***Report on MCAP:*** The budget committees requested a report on a timetable and any changes for the design, review, and administration of MCAP tests; details on measurement of student learning loss; and costs for test development, including adaptive testing. MSDE reported slight increases over the past three years in both ELA and mathematics; formation of an assessments workgroup to update and review all tests to align with Blueprint curriculum standards and examine changes to alternative tests; and a total cost for MCAP assessments in fiscal 2025 of \$51.9 million, which did not include the deficiency appropriation in the fiscal 2026 budget as introduced of \$10.0 million. The allowance in the fiscal 2026 proposed budget for MCAP assessments is \$52.7 million. Further discussion of this program can be found in the Managing for Results section of this analysis.

Appendix 10
Object/Fund Difference Report
Maryland State Department of Education – Aid to Education

<u>Object/Fund</u>	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u> <u>Appropriation</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25 - FY 26</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Objects					
12 Grants, Subsidies, and Contributions	\$ 9,692,173,444	\$ 10,062,255,386	\$ 10,936,186,172	\$ 873,930,786	8.7%
Total Objects	\$ 9,692,173,444	\$ 10,062,255,386	\$ 10,936,186,172	\$ 873,930,786	8.7%
Funds					
01 General Fund	\$ 7,141,071,739	\$ 7,247,862,049	\$ 7,475,547,887	\$ 227,685,838	3.1%
03 Special Fund	1,377,538,055	1,630,866,968	2,245,295,356	614,428,388	37.7%
05 Federal Fund	1,173,563,650	1,183,436,369	1,215,342,929	31,906,560	2.7%
09 Reimbursable Fund	0	90,000	0	-90,000	-100.0%
Total Funds	\$ 9,692,173,444	\$ 10,062,255,386	\$ 10,936,186,172	\$ 873,930,786	8.7%

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include contingent reductions.

**Appendix 11
Fiscal Summary**

Maryland State Department of Education – Aid to Education

<u>Program/Unit</u>	<u>FY 24 Actual</u>	<u>FY 25 Wrk Approp</u>	<u>FY 26 Allowance</u>	<u>Change</u>	<u>FY 25 - FY 26 % Change</u>
01 State Share of Foundation Program	\$ 3,958,131,243	\$ 3,934,913,075	\$ 4,141,410,531	\$ 206,497,456	5.2%
02 Compensatory Education	1,686,097,760	1,715,307,029	1,778,637,727	63,330,698	3.7%
03 Aid for Local Employee Fringe Benefits	744,971,408	886,216,448	1,072,091,025	185,874,577	21.0%
04 Children at Risk	70,688,722	83,489,445	84,229,321	739,876	0.9%
05 Formula Programs for Specific Populations	1,715,432	2,000,000	2,000,000	0	0%
07 Students with Disabilities	676,533,019	730,589,964	831,373,753	100,783,789	13.8%
08 State Assistance for Students with Disabilities	251,098,011	262,315,121	263,193,130	878,009	0.3%
12 Educationally Deprived Children	352,596,112	301,813,483	327,398,694	25,585,211	8.5%
13 Innovative Programs	60,585,375	28,082,535	28,296,541	214,006	0.8%
15 Language Assistance	16,190,607	14,298,039	16,743,887	2,445,848	17.1%
18 Career and Technology Education	21,718,208	19,531,500	19,531,500	0	0%
24 Limited English Proficient	473,518,248	519,503,455	554,454,771	34,951,316	6.7%
25 Guaranteed Tax Base	56,783,213	74,897,532	66,664,398	-8,233,134	-11.0%
27 Food Services Program	439,908,220	503,395,799	503,395,799	0	0%
39 Transportation	363,354,268	369,556,854	381,917,869	12,361,015	3.3%
55 Teacher Development	68,447,918	52,511,734	106,572,839	54,061,105	103.0%
60 Blueprint for Maryland's Future Transition	114,984,908	91,960,183	88,523,027	-3,437,156	-3.7%
61 Unknown Title	226,984,367	363,289,403	492,583,576	129,294,173	35.6%
62 Unknown Title	19,888,097	11,572,898	31,769,353	20,196,455	174.5%
63 Education Effort Adjustment	87,978,308	97,010,889	145,398,431	48,387,542	49.9%
Total Expenditures	\$ 9,692,173,444	\$ 10,062,255,386	\$ 10,936,186,172	\$ 873,930,786	8.7%
General Fund	\$ 7,141,071,739	\$ 7,247,862,049	\$ 7,475,547,887	\$ 227,685,838	3.1%
Special Fund	1,377,538,055	1,630,866,968	2,245,295,356	614,428,388	37.7%
Federal Fund	1,173,563,650	1,183,436,369	1,215,342,929	31,906,560	2.7%
Total Appropriations	\$ 9,692,173,444	\$ 10,062,165,386	\$ 10,936,186,172	\$ 874,020,786	8.7%
Reimbursable Fund	\$ 0	\$ 90,000	\$ 0	-\$ 90,000	-100.0%
Total Funds	\$ 9,692,173,444	\$ 10,062,255,386	\$ 10,936,186,172	\$ 873,930,786	8.7%

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include contingent reductions.