

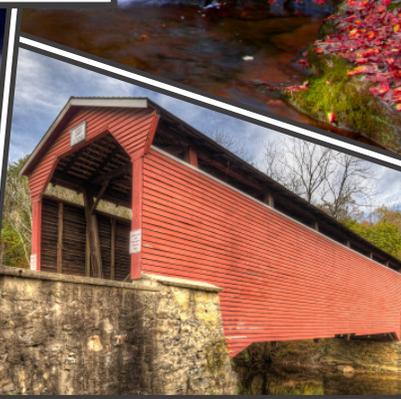
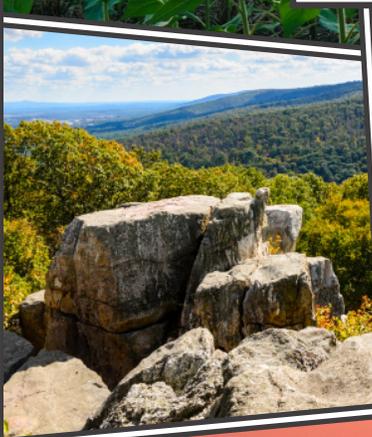
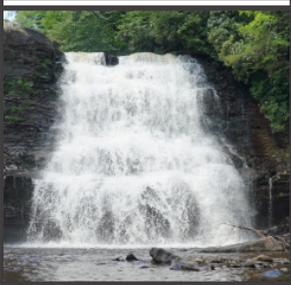


LEGISLATIVE  
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VOLUME IX

EDUCATION IN  
MARYLAND



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# **Education in Maryland**

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**Legislative Handbook Series  
Volume IX  
2022**

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# Foreword

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Education is one of the key functions of government. Providing every citizen with the opportunity to receive a quality education is considered by many the most important function of government. From early education through college and beyond, education affects everyone. An educated citizenry enables the democratic form of government to flourish through an engaged civic life. An educated workforce that meets the needs of businesses creates jobs, growth, and prosperity.

Nearly 1.1 million students enroll in public schools, colleges, and universities in Maryland every year. An additional 117,000 students are enrolled in private schools and higher education institutions across the State with varying degrees of government support. Early childhood education serves nearly 28,000 children in publicly funded programs through prekindergarten. In addition, licensed or registered child care providers serve approximately 190,000 children and their parents, primarily through private providers with some government assistance.

State government plays a key role in public education. Providing a free, public education is a constitutional obligation of the State of Maryland. The State provides more than \$8.4 billion in operating and nearly \$1.3 billion in capital funding (from all State sources) for preK-12 education. State support for higher education exceeds \$2.2 billion in operating and \$414 million in capital funding. In total, State support for education represents major categories of the State operating and capital budgets. Local governments provide substantial operating funding for preK-12 and community colleges, while the federal government provides funding primarily targeted at certain populations or initiatives, such as special education and financial assistance to low-income students.

This is the third edition of this handbook. It provides an overview of the structure, services, and funding of education across the continuum from early childhood to postsecondary education. The responsibilities of local, State, and federal government and data on enrollment, funding, and student performance are provided for each level of education. The handbook also summarizes the policies that shape education.

This is the ninth in a series of nine volumes of the 2022 Legislative Handbook Series prepared prior to the start of the General Assembly term by the staff of the Office of Policy Analysis, Department of Legislative Services. The material for this volume was researched and written by Sara Baker, Shane Breighner, Scott Gates, Laura Hyde, Ian Klein, Michele Lambert, Michael Rubenstein, Michael Sousane, John Travers, and Anne Wagner. Caroline Boice and Stacy Goodman coordinated and reviewed the volume with additional review by Dana Tagalicod and Victoria Gruber. A special thanks to Mindy McConville and Kamar Merritt, who prepared and finalized the manuscript.

The Department of Legislative Services trusts that this volume will be a useful introduction to Education in Maryland.

Victoria L. Gruber  
Executive Director  
Department of Legislative Services  
Maryland General Assembly

Ryan Bishop  
Director

Annapolis, Maryland  
November 2022

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# The Blueprint for Maryland's Future Foreword

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The State and county governments share responsibility for Maryland's public schools. The State Board of Education is responsible for statewide education policy, with the State Superintendent of Schools and the Maryland State Department of Education overseeing implementation and providing administrative support. Changes to public education policy and funding over the last four years are primarily the result of the work of the Commission on Innovation and Excellence in Education (also known as the Kirwan Commission), which was established in Chapters 701 and 702 of 2016. The Kirwan Commission's work, which was completed in December 2019, focused on recommendations for policy, funding formulas, and programs within the following five main policy areas:

- ***Early Childhood Education:*** A significant expansion of voluntary, high-quality, full-day prekindergarten, which will be free for all low-income three- and four-year-old children and provided on a sliding scale for all other four-year-old children, as well as capacity building for child care providers and additional supports and services for young children and their families;
- ***High-quality and Diverse Teachers and Leaders:*** Raising the standards and status of the teaching profession, including a performance-based career ladder and salaries comparable to other fields with similar education requirements as well as revamped teacher preparation programs to provide the skills and knowledge teachers need to be successful with students' different learning abilities and styles;
- ***College and Career Readiness:*** An internationally benchmarked curriculum that enables most students to achieve college and career readiness by the end of grade 10 and then pursue pathways that include early college, high-quality college preparatory programs, and/or rigorous career and technical education with an apprenticeship or other workplace experience leading to an industry-recognized credential;
- ***More Resources for Students to Be Successful:*** Extensive additional support for schools serving high concentrations of students living in poverty, including community schools and wraparound services, and increased support for students learning English and students with disabilities; and
- ***Governance and Accountability:*** An independent accountability board with the authority to ensure that the commission's recommendations are successfully implemented and produce the desired results.

The Kirwan Commission's recommendations resulted in four bills adopted by the General Assembly under the Blueprint for Maryland's Future: Chapter 771 of 2019; Chapters 36 and 55 of 2021; and Chapter 33 of 2022. Together these bills established new programs and updated funding formulas in each of these policy areas for public education in Maryland. Details describing Blueprint policy and funding changes are embedded within the relevant chapters throughout this handbook.



# Chapter 1. Early Childhood Development and Education

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The State oversees a variety of early education services that are provided to Maryland children and their families in cooperation of local governments, local school systems, and private child care providers. In fiscal 2023, federal and State funding for early education initiatives and the administration of early childhood development and education programs in Maryland is estimated to total \$715.4 million, the majority of which is federal funds, as shown in **Exhibit 1.1**.

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**Exhibit 1.1**  
**Funding for Early Childhood Development and Education**  
**Fiscal 2023**  
**(\$ in Millions)**

	<u>State</u>	<u>Federal</u>	<u>Total</u>
<b>State Department of Education</b>			
Division of Early Childhood	\$18.1	\$84.1	\$102.3
Child Care Scholarship Program and Other Child Care Assistance	89.0	159.3	248.3
<b>Aid for Local Early Education Programs</b>			
Support for Prekindergarten	170.7	7.2	177.9
Other Programs <sup>1</sup>	46.3	140.6	186.9
<b>Total</b>	<b>\$324.1</b>	<b>\$391.3</b>	<b>\$715.4</b>
<b>Percent of Total</b>	<b>45.3%</b>	<b>54.7%</b>	<b>100.0%</b>

<sup>1</sup> State aid for local early education programs includes fiscal 2023 appropriations for Judy Centers, the Maryland Infants and Toddlers Program, and Head Start/Early Head Start supplemental grants. Federal aid for local education programs includes federal fiscal 2022 funds for Head Start/Early Head Start; the Early Intervention Program for Infants and Toddlers; the Maryland Maternal, Infant, and Early Childhood Home Visiting Grant; and Special Education Preschool Grants.

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

Source: *Fiscal 2023 Governor's Budget Books*; Federal Funds Information for States; Department of Budget and Management; Department of Legislative Services

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## **Governance of Early Childhood Development and Education**

### **State Governance and Administration**

Prior to 2005, the responsibility for overseeing Maryland's early childhood care and education programs was spread among several State agencies and entities. Chapter 585 of 2005 reorganized the State's child development programs under a new Division of Early Childhood that was established in the Maryland State Department of Education to more closely align early childhood programs with primary and secondary education, enhance school readiness in young children, and provide a single governance structure for early education programs. For example, the Child Care Scholarship Program (formerly known as the Child Care Subsidy Program) was transferred by executive order to the Maryland State Department of Education in 2006. The Maryland Department of Health and other divisions within the Maryland State Department of Education, specifically the Division of Special Education/Early Intervention, still administer some programs supporting young children and their families, such as the Maryland Maternal, Infant and Early Childhood Home Visiting Program and the Maryland Infants and Toddlers Program.

The Division of Early Childhood coordinates the State's early childhood care and education system and is composed of three subdivisions: (1) the Office of Child Care; (2) the Early Learning Branch; and (3) the Collaboration and Program Improvement Branch. As shown in Exhibit 1.1, the division's fiscal 2023 budget is estimated to total \$18.1 million in State funds and \$84.1 million in federal funds, the majority of which was from the federal Child Care and Development Block Grant. In fiscal 2023, the division has 170 authorized positions and is expected to distribute about \$22.9 million in grants.

#### **Office of Child Care**

The Office of Child Care regulates child care, monitors compliance with child care licensing requirements, identifies new child care resources, provides technical assistance to child care providers and parents, and encourages the growth of provider professionalism. The office contains four branches: (1) the Licensing Branch; (2) the Child Care Scholarship Branch; (3) the Maryland EXCELS (Excellence Counts in Early Learning and School age Child Care) Branch; and (4) the Workforce Advancement Branch.

The Licensing Branch licenses and monitors child care centers and family child care homes in the State. Its responsibilities include licensing new and existing child care providers, monitoring and enforcing compliance with laws regulating child care, investigating complaints of improper or illegal child care, and assisting child care programs to achieve and maintain regulatory compliance. The Licensing Branch maintains 13 regional licensing offices in the State. Each regional licensing office is responsible for all child care licensing activities within its geographic area.

The Child Care Scholarship Branch regulates and administers the Child Care Scholarship Program, which is Maryland's implementation of the federal Child Care and Development Block

Grant program, which provides financial assistance to cover the cost of child care for low-income families.

The Maryland EXCELS Branch administers the Maryland EXCELS program, a voluntary quality rating and improvement system that awards ratings to family child care providers, center-based and public school child care programs, and school age before- and after-school programs. Quality ratings are based on increasingly higher standards of quality in key areas. The goals of Maryland EXCELS are to recognize early care and school age education programs that provide quality care, encourage providers to increase the level of quality provided in their program, and provide parents with information and choices about quality child care.

The Workforce Advancement Branch is responsible for the credentialing and training of teachers and staff who work for child care providers. In carrying out its work, the branch administers several programs that fund the development of necessary skills and reimburse staff for training. The goals of the Workforce Advancement Branch are to ensure that child care providers have access to quality training and professional development opportunities and are recognized for achieving quality improvements in child care.

The Blueprint for Maryland's Future (Chapters 36 and 55 of 2021) provided for additional duties, restructuring, and funding for many of the office's programs and purposes. This included the codification of several programs that the office had been administering for many years, including family support centers, named Patricia H. Kirwan Family Support Services or Patty Centers, the Maryland Child Care Credentialing Program, and the Child Care Scholarship Program. Additionally, the Blueprint requires the provision of full-day prekindergarten, a goal that State legislation, regulation, and funding have been building toward for most of the 21st century.

### **Early Learning Branch**

The Early Learning Branch oversees prekindergarten and kindergarten programs. The branch's early childhood programs and activities include the following:

- publicly funded prekindergarten and kindergarten, including curriculum development, policy and programmatic issues, and expansion and development grants;
- developmental screening for children so that parents and caregivers can quickly identify a child's progress through foundational early childhood developmental milestones and whether the child needs additional resources or services;
- the administration of the Ready for Kindergarten Early Childhood Comprehensive Assessment System, including the Early Learning Assessment and the Kindergarten Readiness Assessment;

- the Early Childhood Curriculum Project, which provides child care and other nonpublic early childhood programs with curricular resources for four- and five-year-old children that are aligned with the State's prekindergarten and kindergarten curricular frameworks;
- the Maryland Approved Alternative Preparation Program, which, in the early childhood context, provides a bridge to certification for nonpublic teachers and career changers who have a bachelor's degree and desire certification in Early Childhood Education; and
- the Judith P. Hoyer Early Childhood Education Enhancement Program, which provides central locations (known as Judy Centers) for early childhood education programs and comprehensive support services for children (from birth through kindergarten) and their families whose family income is below a level established by the Maryland State Department of Education.

### **Collaboration and Program Improvement Branch**

The Collaboration and Program Improvement Branch, through the administration of federal and State grant funds, is responsible for the development and implementation of efforts to improve the accessibility, availability, and quality of child care programs and services to meet the needs of Maryland's families and children. The branch issues early care contracts and grants and houses the programs and activities described below:

- the Head Start State Collaboration Office, which coordinates early learning and comprehensive services between local Head Start and Early Head Start programs and State and local agencies (Head Start and Early Head Start programs are comprehensive child development programs for low-income families with children from birth to age five, pregnant women, and children with disabilities);
- the Infant Early Childhood Mental Health Support Services Program, which assists early care and education programs by identifying eligible children who have developmental, social, emotional, or behavioral issues and by aiding those children, their families, and their educators;
- the Early Childhood Mental Health Project, which helps to identify and address child behavioral issues in early learning environments;
- the State Early Childhood Advisory Council and local advisory councils in each local school system, which coordinate programs, conduct needs assessments, and develop statewide strategic reports regarding early childhood education and care; and
- family engagement initiatives designed to prepare children, their families, and their caregivers with support necessary for successful education.

The Collaboration and Program Improvement Branch also contracts with the Maryland Family Network to operate the Statewide Maryland Child Care Resource Network and administer the Patty Centers. Patty Centers offer free, educational and health-related services to parents and their children from birth to age three. There were 20 Patty Centers in the State by the end of the 2021-2022 school year. The Maryland Child Care Resource Network helps parents find quality child care and provides training and technical assistance to increase the quality and expand the capacity of early child care programs. Every community in Maryland is served by 1 of 12 regional Child Care Resource Centers.

### **Maryland Maternal, Infant and Early Childhood Home Visiting Program**

The Maryland Department of Health has coordinated the Maryland Maternal, Infant and Early Childhood Home Visiting Program since it was established in 2010 through the federal Patient Protection and Affordable Care Act. This program is federally funded and serves pregnant women and parents of young children in communities with higher risk of poor maternal and child health outcomes. The Maryland Department of Health is required to award grants to evidence-based, voluntary home visiting programs that aim to enhance parenting and promote growth and development in young children. According to the department, there are seven home visiting programs available in Maryland: Nurse-Family Partnership; Healthy Families America; Parents as Teachers; Home Instruction for Parents of Preschool Youngsters; Early Head Start; Family Connects; and Attachment Biobehavioral Catch-up. Government and community leaders can select the most appropriate models from these programs to achieve the maternal and child health goals of specific communities. The fiscal 2023 budget includes \$7.7 million in federal funds for this program.

### **Maryland Infants and Toddlers Program**

Although it is not under the Division of Early Childhood, the department also coordinates the Maryland Infants and Toddlers Program under its Division of Special Education/Early Intervention. The program is the State's implementation of Part C of the federal Individuals with Disabilities Act. The program provides a system of comprehensive community-based intervention services to young children from birth through 36 months old who have developmental delays and disabilities. The department oversees local infants and toddlers programs established in each county and Baltimore City.

### **Local Governance**

In order to effectively provide early childhood education and child development services to children in Maryland, a significant level of participation and coordination is required at the local level. The largest early childhood education program administered locally is prekindergarten. The Bridge to Excellence in Public Schools Act (Chapter 288 of 2002), which was modified by the Prekindergarten Expansion Act (Chapter 2 of 2014), required every school system to make publicly funded prekindergarten programs available to economically disadvantaged children in the year before they start kindergarten. Accordingly, all 24 local school systems offer prekindergarten

services to a portion of the four-year-olds in their districts. Of these services, most prekindergarten programs are provided directly by the local school system. Under Chapter 67 of 2016, local departments of social services and local health departments must provide a parent or guardian who applies for economic services with an oral and written notice that their child may be eligible for publicly funded prekindergarten programs.

The coordination of services and programs at the local level also includes several other responsibilities identified below:

- the State’s local departments of social services process applications and make eligibility determinations for families receiving Temporary Cash Assistance to participate in the Child Care Scholarship Program;
- local infants and toddlers programs coordinate and ensure the provision of early intervention services for eligible children with developmental delays and disabilities and their families; administration of these programs is provided by local school systems in some jurisdictions and by local health departments in others;
- all local school systems operate at least one Judy Center; and
- depending on the jurisdiction, county agencies, local school systems, or private providers operate Early Head Start programs that serve pregnant women and children under three years old and Head Start programs that serve children three- to five-years old.

## **Early Childhood Development Services**

### **Private Child Care Providers**

Private providers have a significant role in early childhood education because they are a primary source of child care for children who are too young to attend elementary school. The Blueprint seeks to increase family access to high quality child care for all families by setting high staff qualifications, including professional development; caps on child-to-instructional staff ratios; class size limitations; access to support services; and individualized accommodations and supports for inclusive learning activities. Private providers that meet specified standards can qualify for public funding as prekindergarten providers. There are two types of private child care providers licensed and regulated by the State: (1) child care centers; and (2) family child care providers.

#### **Child Care Centers**

A child care center is a facility that provides nonparental care of children for part of a 24-hour day in a group setting, such as a preschool, child development center, nursery school, before- or after-school program, school age child care, or early learning center. A child care center

in the State is required to be licensed by the Maryland State Department of Education, unless exempted.

### **Family Child Care Providers**

A family child care provider is an individual who is at least 18 years old who cares for 1 or more children (not related to the provider) who are in a registered family child care home or registered large family child care home. Registered family child care homes serve up to 8 children, while registered large family child care homes serve from 9 to 12 children. A family child care home may not operate in the State unless it is registered by the Maryland State Department of Education or is exempt from registration.

### **Registering and Licensing Private Providers**

The Maryland State Department of Education implements a system of registration for family child care homes and a separate licensing system for child care centers according to regulations adopted by the State Board of Education. Regulations and statutory provisions governing the providers are designed to ensure safe and sanitary conditions; proper care, protection, and supervision of children; and the health of children in family child care homes and child care centers.

Providers must meet established staff-to-child ratios; caregivers must complete basic first aid, cardiopulmonary resuscitation, and medication administration training; providers must take steps to notify parents about contaminated drinking water; and all employees must submit to criminal background checks. For facilities that care for children two years old and younger, providers must complete sudden infant death syndrome training. Family child care homes and child care centers are also required to have written emergency preparedness plans for emergency situations that require the evacuation, sheltering in place, or other protection of children. Staff requirements for child care center employees, such as minimum age, education, and training, vary based on the type of center, number of children served, job title, and additional factors.

As of June 2022, there were 7,109 child care providers serving 189,608 children. Of those 7,109 child care providers, 4,402 were family child care homes, 2,384 were licensed child care centers, 135 were large family child care homes, and 188 were facilities that were exempted from the licensing and registration regime.

The number of child care providers has been declining since 2016, and the mandatory closures from the COVID-19 pandemic likely accelerated this trend as many child care providers ceased operation in the years 2020 through 2022. In 2016, there were 9,169 child care providers, but the number of child care providers declined by 22% to 7,109 as of June 2022. Family child care homes experienced the greatest decline; a loss of nearly 2,000 providers in the six-year period.

## **Maryland Child Care Credential Program**

The Maryland Child Care Credential Program is a voluntary program that recognizes child care providers who provide quality child care programs by exceeding the required qualifications outlined in State licensing and registration regulations. There are six staff credential levels and four administrator levels in the program, each one recognizing a child care provider's achievement of a specified number of training hours, years of experience, and professional activities. A participant in the credential program must be a registered family child care provider or an operator, director, or staff member in a licensed child care center. In fiscal 2022, 7,038 providers participated in the child care credential program. The Blueprint codified the program, mandated funding of \$4 million in fiscal 2021, and specified that the funding for each of fiscal 2022 through 2024 shall increase by 10% over the previous fiscal year.

A provider who applies to participate in the credential program must complete continued training for the applicable credential level, participate in professional activities related to the child care profession, and agree to continue working in a child care setting for at least one year from the date the provider is accepted into the program. Participants are also required to complete training in six Core of Knowledge areas to develop the knowledge and skills they need to provide the highest quality care for the children and families they serve. The Core of Knowledge is defined as competencies that are essential for individuals working in the child care delivery system.

Each staff or administrator credential is issued for a 12-month period and may be renewed annually. Achievement bonuses and training reimbursements and vouchers are available for participants who enter the program at staff or administrator credential level two or higher.

## **Maryland EXCELS**

Maryland EXCELS is a voluntary tiered quality rating and improvement system for licensed child care centers, family child care providers, and public prekindergarten programs. The Office of Child Care within the Maryland State Department of Education administers the program and determines participating programs' quality ratings between levels one and five. The ratings are based on nationally recognized standards and best practices in different areas of early childhood education and care such as licensing, learning environments, staffing and professional development, developmentally appropriate learning and program practices, child assessment, program administration and policies, and accreditation.

Maryland EXCELS also provides information to families to aid in choosing high-quality child care and education programs and articulates to the public the level of quality in early child care and education programs. Participating programs have the option to publish their quality rating online through the EXCELS public portal but are not required to do so.

In recent years, the General Assembly has given preference to child care providers that participate in the Maryland EXCELS program when designing grants for child care improvement. Additionally, in order to receive funding under the Blueprint, full-day prekindergarten programs

must participate in the program. As of March 2022, 76% of child care centers and 50% of family child care homes had participated in Maryland EXCELS. More than half of providers received a quality rating of level 1 (2,702), whereas 361 were rated level 2, 787 rated level 3, 88 rated level 4, and 408 providers were rated level 5.

### **Child Care Scholarship Program**

The Child Care Scholarship Program (formerly known as the Child Care Subsidy Program) provides financial assistance with child care costs to low-income families that meet applicable State or federal requirements. The program is funded through a combination of State funds and the federal Child Care and Development Block Grant. All participating parents or guardians must meet a variety of technical requirements and must be working or enrolled in school, a training program, or a work-related activity.

To meet income requirements, an individual must meet income guidelines that vary based on family size or be a recipient of Temporary Cash Assistance or Supplemental Security Income. Beginning July 1, 2023, the Maryland State Department of Education will establish a process for granting presumptive eligibility to individuals who attest to meeting the eligibility requirements for a scholarship, as required by Chapters 525 and 526 of 2022. Effective May 23, 2022, the Maryland State Department of Education also increased the income eligibility threshold to 75% of the State median income using federal assistance distributed to states during the COVID-19 pandemic. Due to the severe impact of the COVID-19 pandemic on child care providers, Maryland received \$193.2 million in supplemental Child Care and Development Block Grant funding that could be used on a discretionary basis to support child care providers and improve child care access for families. The department allocated approximately \$81.0 million of this funding to the Child Care Scholarship Program to expand income eligibility, among other uses.

For each child needing care, eligible families receive a voucher with the subsidy rate, which is used to purchase child care directly from the provider of their choice. Families also receive access to information and referral services to assist them in finding appropriate child care. Subsidy rates are determined by the geographic region, type of provider, and age of the child. For purposes of the program, the State is divided into seven geographic regions. A family that does not receive Temporary Cash Assistance or Supplemental Security Income may be required to contribute a copayment, which varies based on income, geographic region, and household size, and any remaining balance between the actual rate charged by the provider and the voucher amount. In accordance with Chapters 525 and 526, the Maryland State Department of Education must award subsidies in an amount sufficient to ensure that an individual will not be required to pay a copay if they participate in certain programs, such as the Supplemental Nutrition Assistance Program or the federal Housing Choice Voucher Program.

Registered family child care homes or licensed child care centers are able to serve families receiving child care subsidies. Under certain circumstances, a voucher may be used for informal child care, such as relative care or in-home care, if approved by the State. Child care providers accepting child care scholarships must participate in the Maryland EXCELS program. The

Maryland State Department of Education determines provider reimbursement rates based on market rate surveys of the geographic regions conducted every two years. Providers who go beyond the State's licensing and registration requirements and meet specified quality standards are also eligible to receive higher payments from the program through a tiered reimbursement system.

According to the Administration of Children and Families under the U.S. Department of Health and Human Services, the benchmark for child care subsidy rates is at least the seventy-fifth percentile of market rates. Chapters 595 and 596 of 2019 required the State to adjust reimbursement rates to a minimum of the sixtieth percentile of the most recent market rate survey beginning in fiscal 2021. The Maryland State Department of Education further raised reimbursement rates to the seventieth percentile on May 23, 2022 using a portion of the \$81 million in supplemental Child Care and Development Block Grant funding allocated during the COVID-19 pandemic.

In fiscal 2021, the Maryland State Department of Education served 25,323 children across 16,070 families in the program. This reflects a slight decline in program participation from the 26,782 children and 17,436 families served in fiscal 2020 due to many child care providers closing during the early stages of the COVID-19 pandemic. The fiscal 2023 budget allocated \$58.5 million in State funds and \$159.3 million in federal funds for the program, not including administrative costs budgeted under the Division of Early Childhood.

### **Maryland Family Network Programs**

The State contracts with the Maryland Family Network to operate (1) Patty Centers (previously called Family Support Centers) for parents and their children from birth to age three; (2) the Maryland Child Care Resource Network for child care professionals; and (3) the LOCATE: Child Care referral service for parents. In fiscal 2023, the Maryland State Department of Education awarded the Maryland Family Network a \$3.4 million grant from the Division of Early Childhood appropriation.

Patty Centers aim to support child development by providing free services for parents and their young children, including quality infant and toddler care while the parents are onsite, parent education, job readiness training programs, health referrals and education, and home visits, among other services. The Maryland Family Network also operates multiple Early Head Start centers serving pregnant women, infants, and toddlers that provide some Patty Center services. There are currently 12 Patty Centers available in 12 jurisdictions in Maryland. The Blueprint gradually expands the number of Patty Centers by requiring the State to provide enough funding to open 3 additional centers in each fiscal year from fiscal 2022 through 2029. Although no new centers opened in fiscal 2022, six planning grants were distributed. The new centers are anticipated to become fully operational in fiscal 2023. The fiscal 2023 budget included a total of \$9.2 million for existing and new Patty Centers.

The Maryland Child Care Resource Network consists of 12 regional child care resource centers that provide technical assistance, training, and other capacity-building services for current and prospective child care providers. Technical assistance is likewise provided to employers who

are concerned about their employees' child care needs as well as community organizations anticipating community needs.

LOCATE: Child Care is a free referral service that helps parents find and evaluate child care through an online service and direct counseling by telephone. LOCATE: Child Care also collects data to document the child care needs of families and employers and identify the distinct needs of different regions within the State.

### **Therapeutic Child Care Grant Program**

Chapters 498 and 499 of 2022 established the Therapeutic Child Care Grant Program under the Maryland State Department of Education to distribute grants to providers that specialize in providing child care and early childhood education to children younger than age six who have developmental delays; physical disabilities; or delays in social, emotional, or behavioral functioning. To qualify as a therapeutic child care program, providers must offer certain types of therapy, including individual therapy if required by the child's individual treatment plan. Therapeutic child care programs serving eligible children with family incomes at or below 300% of federal poverty guidelines formerly received grant funding through the Prekindergarten Expansion Grant Program, discussed in further detail under "Publicly Funded Prekindergarten Services" in this chapter. The fiscal 2023 budget included \$3.7 million in State funds for the Therapeutic Child Care Grant Program. Chapters 498 and 499 require the Governor to allocate a minimum of \$3.7 million for the program each year through fiscal 2025.

### **Infant and Early Childhood Mental Health Support Services**

The Division of Early Childhood administers the Infant and Early Childhood Mental Health Support Services Program to promote positive mental and behavioral health practices for young children. Under the program, the division partners with community programs that refer children and families in need of intensive mental or behavioral health services to appropriate clinics or programs and train teachers and caregivers to address challenging behaviors in children younger than age six.

Partnering agencies operate 12 regional licensing centers with 35 consultants serving an average of 343 classrooms per year. The fiscal 2023 budget included \$1.6 million in State funds to be distributed to participating community programs. Beginning in fiscal 2024, the Governor will be required to appropriate at least \$3.0 million annually for the Infant and Early Childhood Mental Health Support Services Program in accordance with Chapter 494 of 2022.

## **Early Childhood Education Programs and Funding**

### **Publicly Funded Prekindergarten Services**

Prekindergarten is one of the primary early childhood education services provided in Maryland. The Bridge to Excellence in Public Schools Act (Chapter 288 of 2002) first required local school systems to make publicly funded prekindergarten available to economically disadvantaged four-year-old children in Maryland. The income threshold to be considered economically disadvantaged at that time was a family income at or below 185% of federal poverty guidelines. If vacancies remained after economically disadvantaged children had been enrolled, local school systems could make prekindergarten available to other subpopulations of three- and four-year-old children who exhibited a lack of readiness for school. Chapters 6 and 607 of 2017 (later amended in Chapter 771 of 2019) expanded State investment in public prekindergarten programs by establishing Prekindergarten Supplemental Grants. These grants were distributed from fiscal 2018 through 2022 to local school systems based on the number of four-year-old students local school systems enrolled in public full-day prekindergarten.

As shown in **Exhibit 1.2**, publicly funded prekindergarten programs in the 24 local school systems served 27,764 students for the 2021-2022 school year (as of September 30, 2021). Of these prekindergarten students, 43% attended half-day prekindergarten programs, and 57% attended full-day programs. Local school systems greatly expanded the share of publicly funded prekindergarten slots in full-day programs since September 30, 2017, when the full-day share was only 41%. However, the total number of children served in publicly funded prekindergarten programs declined from 30,418 in 2017 to 27,764 in 2021, despite substantial State and local funding for prekindergarten services. This demonstrates the impact of the COVID-19 pandemic on prekindergarten programs as they experienced lower enrollment during the pandemic, similarly to K-12.

**Exhibit 1.2**  
**Publicly Funded Prekindergarten Enrollment by Type of Program**  
**September 30, 2021**

<b>County</b>	<b>Half-day Program</b>	<b>Full-day Program</b>	<b>Total</b>
Allegany	294	145	439
Anne Arundel	583	1,477	2,060
Baltimore City	121	3,645	3,766
Baltimore	3,351	163	3,514
Calvert	328	46	374
Caroline	21	263	284
Carroll	191	228	419
Cecil	99	519	618
Charles	348	538	886
Dorchester	0	222	222
Frederick	570	715	1,285
Garrett	0	151	151
Harford	525	466	991
Howard	1,077	244	1,321
Kent	0	79	79
Montgomery	2,282	1,357	3,639
Prince George's	1,028	3,077	4,105
Queen Anne's	215	100	315
St. Mary's	607	98	705
Somerset	0	176	176
Talbot	19	274	293
Washington	23	1,015	1,038
Wicomico	0	716	716
Worcester	183	185	368
<b>Total</b>	<b>11,865</b>	<b>15,899</b>	<b>27,764</b>
<b>Share of Total</b>	<b>43%</b>	<b>57%</b>	<b>100%</b>

Source: Maryland State Department of Education

### **Maryland State Prekindergarten Grant Program**

Under the Blueprint for Maryland's Future (Chapter 36 of 2021), the largest expansion of any early childhood program is publicly funded full-day prekindergarten due to the Act establishing a new funding formula for voluntary prekindergarten for three-year-old and four-year-old children from low-income families. The formula is jointly funded by the State and local governments and phases in from fiscal 2023 through 2030, with per pupil funding levels gradually increasing from \$10,094 in fiscal 2023 to \$19,526 in fiscal 2030. In the first year of implementation, the Maryland State Department of Education established the Maryland State Prekindergarten Grant Program to distribute formula funding to local school systems and private prekindergarten programs. Prekindergarten grants may be used for most operating costs, such as salaries and fringe benefits for teaching staff, classroom equipment and supplies, rental costs, and technology costs. However, public funding may not be used to supplant existing prekindergarten services.

Prekindergarten programs receive the full per pupil award for children with family incomes at or below 300% of federal poverty guidelines. Beginning in fiscal 2025, the State and local governments will pay a portion of the per pupil amount for families with incomes between 300% and 600% of federal poverty guidelines using a sliding scale developed by the Maryland State Department of Education to determine the publicly funded share of prekindergarten costs. Any remaining prekindergarten tuition costs will be covered by the family unless local jurisdictions decide to cover the family share.

Due to data collection issues that prevent the department from collecting fiscal 2023 enrollment data specifically for children with family incomes at or below 300% of the federal poverty guidelines, the prekindergarten formula is budgeted to support all children served in public prekindergarten programs regardless of income. Therefore, the State share of the prekindergarten funding formula is \$144.1 million in fiscal 2023 to cover the per pupil costs for all children in public programs. **Exhibit 1.3** shows the formula allocation for each local school system, ranging from \$220,302 for Kent County to \$25.9 million for Baltimore City. As the Maryland State Prekindergarten Grant Program is phased in, the department will develop a single application form for early education programs to collect necessary family income data so that the State share of the funding formula will be calculated based on low-income children in fiscal 2024 and beyond, in accordance with Chapter 36.

**Exhibit 1.3**  
**Publicly Funded Prekindergarten County Allocations**  
**Fiscal 2023**

<b>County</b>	<b>Maryland State Prekindergarten Formula Grants*</b>	<b>Prekindergarten Expansion Grants</b>	<b>Prekindergarten Expansion Grantees</b>	<b>Total Grant</b>
Allegany	\$3,452,883	\$0	0	\$3,452,883
Anne Arundel	7,799,860	1,040,000	1	8,839,860
Baltimore City	25,858,417	2,164,257	5	28,022,674
Baltimore	17,071,365	1,456,000	3	18,527,365
Calvert	1,963,745	351,000	1	2,314,745
Caroline	2,360,915	0	0	2,360,915
Carroll	2,070,059	1,094,000	3	3,164,059
Cecil	3,422,726	0	0	3,422,726
Charles	5,063,961	260,000	1	5,323,961
Dorchester	1,500,997	195,000	1	1,695,997
Frederick	6,833,704	3,336,977	2	10,170,681
Garrett	556,630	242,470	1	799,100
Harford	4,901,199	780,000	1	5,681,199
Howard	5,358,992	2,992,120	2	8,351,112
Kent	220,302	0	0	220,302
Montgomery	12,549,473	3,380,000	7	15,929,473
Prince George's	22,680,915	1,690,000	3	24,370,915
Queen Anne's	1,168,989	660,000	1	1,828,989
St. Mary's	3,710,537	1,820,000	1	5,530,537
Somerset	1,380,954	468,000	1	1,848,954
Talbot	709,646	0	0	709,646
Washington	6,963,041	260,000	1	7,223,041
Wicomico	5,528,009	1,144,000	3	6,672,009
Worcester	936,033	2,278,000	2	3,214,033
Unallocated	0	1,032,176	0	1,032,176
<b>Total</b>	<b>\$144,063,352</b>	<b>\$26,644,000</b>	<b>40</b>	<b>\$170,707,352</b>

\*In all jurisdictions except Cecil and Worcester counties, the entire formula grant award is distributed to the local school system. A portion of the grants for Cecil County (\$302,820) and Worcester County (\$201,880) were awarded to private providers.

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

One of the goals of the Blueprint is to expand access to high-quality prekindergarten through a mixed delivery system of public and private full-day prekindergarten programs. Chapter 36 (as amended by Chapter 55 of 2021) required that at least 30% of publicly funded prekindergarten slots are provided in private programs during the 2022-2023 school year, with this share increasing each year until at least 50% of slots are provided in private programs in the 2026-2027 school year and beyond. The department can issue waivers to local school systems that do not meet this requirement if all families that want to enroll their children with eligible providers are able to do so or if there are capacity limits among eligible private providers.

Private prekindergarten providers receiving public funds to serve low-income children must also ensure program quality by maintaining certain structural elements beginning in the 2025-2026 school year. These elements include high staff qualifications, professional development opportunities for staff, a maximum student to classroom personnel ratio of 10 to 1, and maximum class sizes of 20 students, among other requirements. Both public and private programs are also required to achieve and publish certain minimum rating levels in the Maryland EXCELS program to further ensure program quality. Programs receiving public funding that do not achieve a level five rating must also submit a plan to the department for achieving that rating within five years and must reach that rating within five years of becoming eligible for the Maryland State Prekindergarten Grant Program.

### **Prekindergarten Expansion Grants**

In addition to the publicly funded prekindergarten formula, the State administers the Prekindergarten Expansion Grant Program to award competitive grants to qualified public and private providers serving children with incomes at or below 300% of the federal poverty guidelines, children with disabilities, and English language learners. The Prekindergarten Expansion Act (Chapter 2 of 2014) established the Prekindergarten Expansion Grant Program to provide State funding to a mix of community-based programs, Judy Centers, and local school systems serving eligible four-year-old children. Expansion grants could be used to create new half-day or full-day prekindergarten slots, expand existing half-day slots to full-day, or establish new Judy Centers. As part of the Blueprint, Chapter 36 extended the expansion grant program to support three-year-olds and reduced grant uses to creating new full-day prekindergarten slots or expanding half-day slots to full-day. Efforts to create new Judy Centers under the Blueprint are discussed further in this chapter under “Judith P. Hoyer Early Childhood Education Enhancement Program.”

Prekindergarten expansion grants were supported with State and federal funding from fiscal 2016 through 2019 due to Maryland receiving the federal Preschool Development Grant, which provided \$15 million annually during that period. Maryland received the federal grant to continue expanding publicly funded prekindergarten to low-income families. State funding for prekindergarten expansion grantees also increased in fiscal 2021 and 2022 due to the Governor allocating \$20 million in each fiscal year using available special funds from the Blueprint for Maryland’s Future Fund. This enhancement funding was awarded specifically to respond to the effects of the COVID-19 pandemic on prekindergarten students by funding targeted instructional strategies, resources, and supports for three- and four-year-old children.

Beginning in fiscal 2020, Chapter 361 of 2018 required the Governor to appropriate an amount that is at least equal to all revenues received by the Prekindergarten Expansion Grant Program in the prior fiscal year. This requirement did not apply to the \$20 million enhancement allocations in fiscal 2021 and 2022 because they were budgeted separately from the program. As shown in Exhibit 1.3, the fiscal 2023 budget includes \$26.6 million in State funds for prekindergarten expansion grants that are allocated to 40 prekindergarten programs across 19 counties. The minimum funding requirement is set to remain in effect through fiscal 2025, after which the Prekindergarten Expansion Grant Program will be consolidated with the Maryland State Prekindergarten Grant Program in fiscal 2026, as required by the Blueprint for Maryland's Future implementation plan outlined in Chapter 36 of 2021.

### **State and Federal Aid for Local Early Education Programs**

Aside from prekindergarten programs, the State supports four early education programs operated at the local level: (1) the Judith P. Hoyer Early Childhood Education Enhancement Program; (2) the Maryland Infants and Toddlers Program; (3) Head Start/Early Head Start; and (4) the Home Visiting Grant Program, formerly referred to as the Healthy Families Maryland Program. As shown in **Exhibit 1.4**, these programs were supported with \$47.2 million in State funds in fiscal 2023.

**Exhibit 1.4**  
**State Aid for Early Education Programs by County**  
**Fiscal 2023**

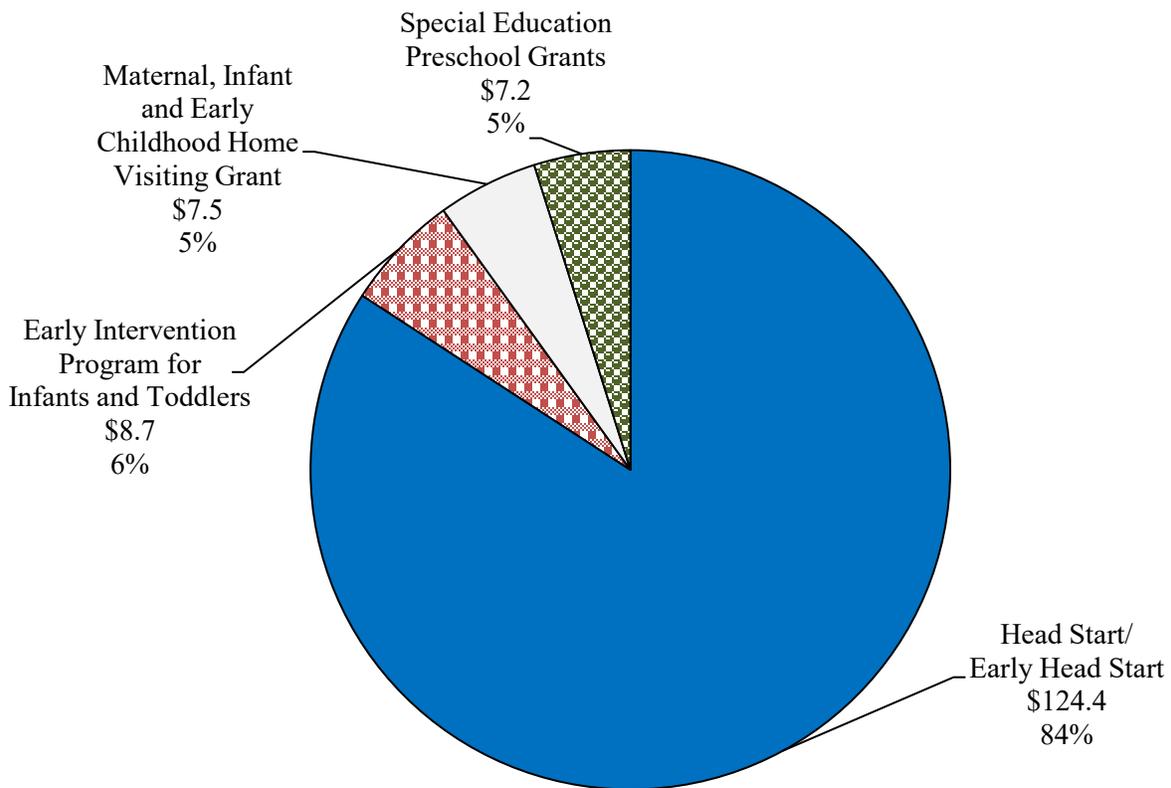
<u>County</u>	<u>Judy Hoyer Program</u>	<u>Infants and Toddlers</u>	<u>Head Start</u>	<u>Home Visiting Grants</u>	<u>Total</u>
Allegany	\$515,610	\$733	\$102,708	\$55,567	\$674,618
Anne Arundel	350,608	743,244	0	0	1,093,852
Baltimore City	134,725	265,152	245,392	0	645,269
Baltimore	574,064	931,623	0	281,505	1,787,192
Calvert	260,750	96,421	55,609	253,780	666,560
Caroline	515,650	188	0	76,043	591,881
Carroll	1,016,461	131,433	0	0	1,147,894
Cecil	272,913	9,267	0	0	282,180
Charles	529,025	120,007	0	348,722	997,754
Dorchester	213,352	660	0	363,132	577,144
Frederick	285,079	229,237	0	310,740	825,056
Garrett	509,024	262	0	387,562	896,848
Harford	276,328	220,975	0	0	497,303
Howard	308,920	402,744	0	321,686	1,033,350
Kent	255,432	218	0	64,349	319,999
Montgomery	612,811	850,379	209,505	179,248	1,851,943
Prince George's	417,967	944,877	0	180,900	1,543,744
Queen Anne's	263,338	15,117	0	296,372	574,827
St. Mary's	522,842	61,359	53,346	0	637,547
Somerset	508,944	118	0	299,562	808,624
Talbot	260,984	9,145	0	0	270,129
Washington	291,720	3,591	155,189	277,993	728,493
Wicomico	522,873	5,478	0	298,363	826,714
Worcester	264,886	13,376	0	0	278,262
Unallocated	15,252,074	9,617,826	2,178,251	595,143	27,643,294
<b>Total</b>	<b>\$24,936,380</b>	<b>\$14,673,430</b>	<b>\$3,000,000</b>	<b>\$4,590,667</b>	<b>\$47,200,477</b>

Note: Does not include publicly funded prekindergarten services. Except for Judy Center funds, which are a competitive grant, appropriations are based on prior year actuals.

Source: Department of Budget and Management

In addition to State funding, federal funds support some early education programs that are operated at the local level, primarily Head Start/Early Head Start. Aid for these services amounted to \$147.8 million in federal fiscal 2022, as shown in **Exhibit 1.5**.

**Exhibit 1.5**  
**Federal Funding for Local Early Education Programs**  
**Federal Fiscal 2022**  
**(\$ in Millions)**



**Total Federal Fund Expenditures = \$147.8 Million**

Source: Federal Funds Information for States; Department of Legislative Services

**Judith P. Hoyer Early Childhood Education Enhancement Program**

As established by Chapter 680 of 2000 and revised by Chapter 2 of 2014, the Judith P. Hoyer Early Childhood Education Enhancement Program provides grants for initiatives that promote school readiness. These grants include early childhood education enhancement grants to purchase family support services or early child care and education services from accredited private

providers, preschool services grants for local boards of educations and private providers to offer prekindergarten services to low-income families, and funding for assessments for public school systems to implement the Ready for Kindergarten: Early Childhood Comprehensive Assessment System. Early childhood assessments are discussed below under “Ready for Kindergarten: Early Childhood Comprehensive Assessment System.”

In close collaboration with local agencies, organizations, and businesses, the Judith P. Hoyer Early Childhood Education Enhancement Program also provides grants for local school systems to offer early childhood education and family support services in or near schools that enroll large proportions of economically disadvantaged students. These sites, known as Judy Centers, are generally open year-round and must provide public prekindergarten and kindergarten services. In addition, the centers provide or can arrange for services such as health care, adult education, child care, parenting classes, family literacy, and identification of and early intervention for special needs. A local school system that receives a Judy Center grant must implement the Maryland State Department of Education’s Early Childhood Comprehensive Assessment System.

As of July 2022, there were 85 Judy Centers located around the State, with at least 1 center operating in each county and in Baltimore City. Most recently, 10 new Judy Centers opened in fiscal 2022 across Cecil, Dorchester, Frederick, Garrett, Harford, and Prince George’s counties. Under the Blueprint, the State budget must include enough funding to add 9 additional Judy Centers annually from fiscal 2021 through 2025 and 18 new centers annually from fiscal 2026 through 2030. As shown in Exhibit 1.4, in fiscal 2023, \$24.9 million in State funds is budgeted for Judy Center grants, reflecting an increase of approximately \$3 million above the fiscal 2022 appropriation to allow for 9 new centers.

Judy Centers and private providers of prekindergarten services under the Judith P. Hoyer Early Childhood Education Enhancement Program are considered qualified providers for purposes of the Prekindergarten Expansion Grant Program. Qualified providers may use Prekindergarten Expansion Grants to expand prekindergarten services in existing Judy Centers for certain families.

### **Maryland Infants and Toddlers Program**

The purpose of the Maryland Infants and Toddlers Program is to provide a statewide, community-based interagency system of comprehensive early intervention services for children with developmental delays and disabilities and their families. Children from birth to age two who meet eligibility requirements, such as showing atypical development or behavior in one or more developmental areas, may receive interventions through the program. Families may also choose to extend program services beyond age two if the child is eligible for preschool special education. Services are designed to meet the developmental needs of each eligible child and the needs of the family relating to the child’s development to enhance a child’s potential for growth and development before the child reaches school age. Additionally, services are selected in collaboration with parents and provided by qualified personnel in conformity with an Individualized Family Service Plan developed for each child.

The Maryland State Department of Education is the lead agency for the State's early intervention system for children with disabilities and their families; however, the program also includes services provided or supervised by the Maryland Department of Health and the Department of Human Services. Intervention services may include assistive technology devices and services, audiology, counseling services, family counseling and training, health services, medical services for diagnostic or evaluation purposes, nursing services, nutrition services, occupational therapy, physical therapy, psychological services, service coordination, social work services, special education, speech pathology, vision services, and transportation.

A State interagency coordinating council appointed by the Governor assists the department in supervising and monitoring the Maryland Infants and Toddlers Program. The interagency coordinating council also provides technical assistance and enforcement of the obligations imposed by the program. In overseeing the program, the department maintains a central directory of information, publishes an annual Statewide public awareness plan, provides the Individualized Family Service Plan process and document for statewide use, develops and implements a comprehensive system of personnel development, and establishes appropriate professional requirements for personnel providing early intervention services for eligible children and their families.

Local lead agencies designated by the local governing authority in each county and Baltimore City administer Local Infants and Toddlers Programs with other local agencies and public and private providers in their jurisdictions under the direction of the department. The local lead agencies are advised and assisted in the development and implementation of policies by local interagency coordinating councils. In addition to submitting financial and other written reports to the department, the local lead agencies must identify local public and private early intervention services and resources for inclusion in the central directory; coordinate the development and implementation of local public awareness programs that focus on the early identification of children who may be eligible for services; develop written policies and procedures for evaluation and assessment of each child referred for evaluation; ensure development of the initial Individualized Family Service Plan for each program participant; and ensure that early intervention services are provided in natural or least restrictive environments.

As shown in **Exhibit 1.6**, the Maryland Infant and Toddlers Program served 18,313 children in fiscal 2021. The State provides financial aid to local agencies to help support the program. Although a funding formula was specified in statute, State funding levels remained constant at \$10.4 million from fiscal 2009 through 2020. The Blueprint repealed the discretionary formula and required funding for the program to gradually increase, beginning with \$12.4 million mandated in fiscal 2021 to \$22.7 million mandated in fiscal 2030. After fiscal 2030, funding levels will increase annually based on inflation. As shown in Exhibit 1.4, the fiscal 2023 budget allocated \$14.7 million for the Maryland Infants and Toddlers Program.

**Exhibit 1.6**  
**Unduplicated Number of Children Served by**  
**Early Childhood Education Programs**  
**Fiscal 2021**

<u>County</u>	<u>Infants and Toddlers</u>	<u>Head Start</u>	<u>Early Head Start</u>
Allegany	182	234	45
Anne Arundel	1,954	127	94
Baltimore City	1,507	1,854	427
Baltimore	2,701	424	130
Calvert	300	134	0
Caroline	105	0	114
Carroll	401	106	62
Cecil	345	0	57
Charles	442	68	66
Dorchester	100	68	68
Frederick	719	145	0
Garrett	76	154	103
Harford	861	0	58
Howard	999	322	0
Kent	54	0	3
Montgomery	3,657	694	102
Prince George's	2,647	227	180
Queen Anne's	129	0	17
St. Mary's	339	115	16
Somerset	24	17	48
Talbot	141	0	65
Washington	301	308	169
Wicomico	215	51	108
Worcester	114	34	54
<b>Total</b>	<b>18,313</b>	<b>5,082</b>	<b>1,986</b>

Source: Maryland State Department of Education

## **Head Start and Early Head Start**

The Head Start and Early Head Start programs are federally funded, comprehensive child development programs for low-income families with children from birth to age five, pregnant women, and children with disabilities. Head Start is designed to help children develop their social and cognitive skills and to prepare them to enter school by providing early childhood education, health services, parent education, nutrition, and other services. Families with incomes at or below the federal poverty level are eligible for services. Additionally, families receiving benefits through the Temporary Assistance for Needy Families Program, Supplemental Security Income Program, or Supplemental Nutrition Assistance Program are automatically eligible for Head Start and Early Head Start. While Head Start primarily serves families with children from three to five years old, Early Head Start serves pregnant women and families with children under three years old. Direct services under the programs, including eligibility enrollment, are handled by local Head Start programs.

As of July 2022, there were 24 grantees that operate 242 Head Start and Early Head Start programs. Grantees may be local school systems, local governments, nonprofit organizations, or other providers authorized by the federal government. Some grantees provide service coverage for more than 1 local jurisdiction so that programs are provided in all 24 local jurisdictions. The federal government determines grant awards based on the number of funded enrollment slots each program site must fill, and the centers must maintain full enrollment by filling any vacancies within 30 days. As shown in Exhibit 1.6, Head Start programs served more than 5,000 children in fiscal 2021, and Early Head Start programs served just under 2,000 children.

In addition to the federal funds transferred directly to local Head Start programs, the State contributes some funding for Head Start and Early Head Start sites to offer services during the summer or before- and after-school programs. To receive supplemental State funding, local programs must participate in the Maryland EXCELS program. Chapters 555 and 556 of 2018 named the program providing supplemental Head Start funding to be the Ulysses Currie Head Start Program and required the Governor to appropriate at least \$3.0 million for the program annually beginning in fiscal 2020. Overall, Head Start and Early Head Start programs are predominantly supported with federal funds as the annual State contribution of \$3.0 million is small relative to the federal funding provided for the program (\$119.2 million in federal fiscal 2021).

## **Home Visiting Grant Program**

In addition to the Maryland Maternal, Infant and Early Childhood Home Visiting Program administered by the Maryland Department of Health, the Maryland State Department of Education further supports evidence-based home visiting models through the Home Visiting Grant Program. This program was formerly referred to as the Healthy Families Home Visiting Program and was transferred from the Office for Children, Youth, and Families as part of the consolidation of early childhood development programs under the Maryland State Department of Education. Under this program, the department distributes grants to Local Management Boards to provide home visiting services for vulnerable families with children ages five and under. Local Management Boards are entities designated by local jurisdictions to assess the needs of children in their communities and

distribute grants to partnering organizations and programs to serve at-risk children. Each local home visiting program aims to strengthen the bond between parents and children, enhance family functioning, promote school readiness, and improve the growth and development of young children. As shown in Exhibit 1.4, the department is estimated to award approximately \$4.6 million in grants across at least 16 Local Management Boards in fiscal 2023.

## **Ready for Kindergarten: Early Childhood Comprehensive Assessment System**

The early education services described in this chapter are provided with the goal of preparing all children for entry into kindergarten. To measure school readiness of children three to six years old, the Maryland State Department of Education, in partnership with the Ohio Department of Education, developed a comprehensive assessment system known as Ready for Kindergarten. The assessment system builds on the Maryland Model for School Readiness and is aligned with the more rigorous Maryland College and Career Ready Standards for K-12 instruction. Under Ready for Kindergarten, children are assessed in a natural learning environment, and teachers have the option to collect data, score items, and participate in online professional development on an electronic platform. The assessment results and data also connect to the Maryland Longitudinal Data System to allow for further reporting and at an earlier level.

Ready for Kindergarten has two components: the Early Learning Assessment, which measures the learning progress of three- to six-year-olds; and the Kindergarten Readiness Assessment, which is administered to incoming public kindergarten students.

### **Early Learning Assessment**

The Early Learning Assessment is a formative tool that is used multiple times throughout the school year to aid teachers in tracking individual children's growth, individualizing learning opportunities, planning for intervention, engaging in real-time instructional planning, and ensuring that all children are on the path for kindergarten readiness and beyond. Children are evaluated in seven developmental domains: social foundations; language/literacy; mathematics; physical well-being and motor development; science; social studies; and the fine arts.

The assessment can be administered in child care programs, Head Start programs, public prekindergarten classrooms, and kindergarten classrooms at no cost to the programs and on a voluntary basis. Chapter 334 of 2017 authorized local school systems to administer the assessment to enrolled prekindergarten students in the county; however, before administering the Early Learning Assessment, the school system must consult with certain prekindergarten teachers in determining the assessment's implementation.

### **Kindergarten Readiness Assessment**

The Kindergarten Readiness Assessment (commonly referred to as the KRA) measures incoming public kindergarten students' knowledge, skills, and behaviors at the beginning of the

school year using performance tasks, selected responses, and observations in one-on-one or group settings. Students are evaluated in four developmental domains: social development; language and literacy skills; academic knowledge in mathematics, science, and social studies; and physical development. Kindergarten teachers assess students according to a checklist of indicators and identify the students' school readiness level. Students "demonstrating readiness" demonstrate the foundational skills and behaviors that prepare them for curriculum based on kindergarten standards. "Approaching readiness" means the student exhibits some foundational skills and behaviors. Students who show "emerging readiness" display minimal foundational skills and behaviors.

Beginning in the 2022-2023 school year, the Blueprint changes the administration of the Kindergarten Readiness Assessment from a representative sample of kindergarten students to all students. Local school systems are encouraged to administer a portion of the assessment during the summer months before the beginning of the school year. The assessment must be completed by October 10, and the aggregate results must be returned within 45 days of the assessment's administration.

During the 2021-2022 school year, 40% of incoming kindergarteners statewide were identified as demonstrating readiness to learn, with percentages varying from a high of 62% in Worcester County to a low of 25% in Baltimore City, as shown in **Exhibit 1.7**. Conversely, 27% of incoming kindergarteners in the State were identified as emerging readiness to learn, with percentages varying from a high of 41% in Baltimore City to a low of 11% in Worcester County. An additional 33% of incoming kindergarteners were identified as approaching readiness to learn (the middle category).

The kindergarten readiness level of children also varies by the type of prekindergarten or child care provided. The department reports that children who were enrolled in any formal child care such as nonpublic nursery schools and child care centers have the highest percentage of incoming kindergartners identified as demonstrating readiness at 45% compared to 32% for children not enrolled in formal early childhood programs.

**Exhibit 1.7**  
**Readiness Levels of Children Entering School**  
**2021-2022 School Year**

<b>County</b>	<b>Demonstrating Readiness</b>	<b>Approaching Readiness</b>	<b>Emerging Readiness</b>
Allegany	35%	40%	26%
Anne Arundel	40%	36%	23%
Baltimore City	25%	34%	41%
Baltimore	37%	34%	29%
Calvert	37%	41%	22%
Caroline	49%	33%	18%
Carroll*	54%	33%	13%
Cecil	34%	38%	27%
Charles	37%	40%	23%
Dorchester	29%	38%	32%
Frederick	50%	32%	18%
Garrett	44%	40%	15%
Harford*	41%	36%	23%
Howard	54%	29%	17%
Kent	53%	31%	16%
Montgomery*	46%	30%	24%
Prince George's	28%	32%	40%
Queen Anne's	41%	37%	22%
St. Mary's	39%	36%	25%
Somerset	40%	41%	19%
Talbot	41%	37%	22%
Washington	42%	34%	24%
Wicomico	33%	34%	32%
Worcester	62%	27%	11%
<b>State</b>	<b>40%</b>	<b>33%</b>	<b>27%</b>

\* Denotes jurisdictions that administered the Kindergarten Readiness Assessment (KRA) to all of its public school kindergarteners as a sample instead of a census.

Note: Percentages may not sum to 100% due to rounding.

Source: Maryland State Department of Education

## Chapter 2. Primary and Secondary Education – Governance, Students, Teachers, and Content Standards

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Primary and secondary education is one of the most significant services provided in the State with approximately 849,000 kindergarten through grade 12 full-time equivalent students enrolling in local public school systems each year. The State generally provides coordination, oversight, and monitoring of the education services provided by the 24 local school systems (23 counties and Baltimore City).

The Constitution of Maryland, adopted in 1867, requires the General Assembly to “establish throughout the State a thorough and efficient System of Free Public Schools...” (Article VIII, Section 1). Pursuant to this mandate, the General Assembly established a system governed by the State Board of Education at the State level and by 24 local boards of education, one in each of the 23 counties and Baltimore City. **Exhibit 2.1** displays this governance structure.

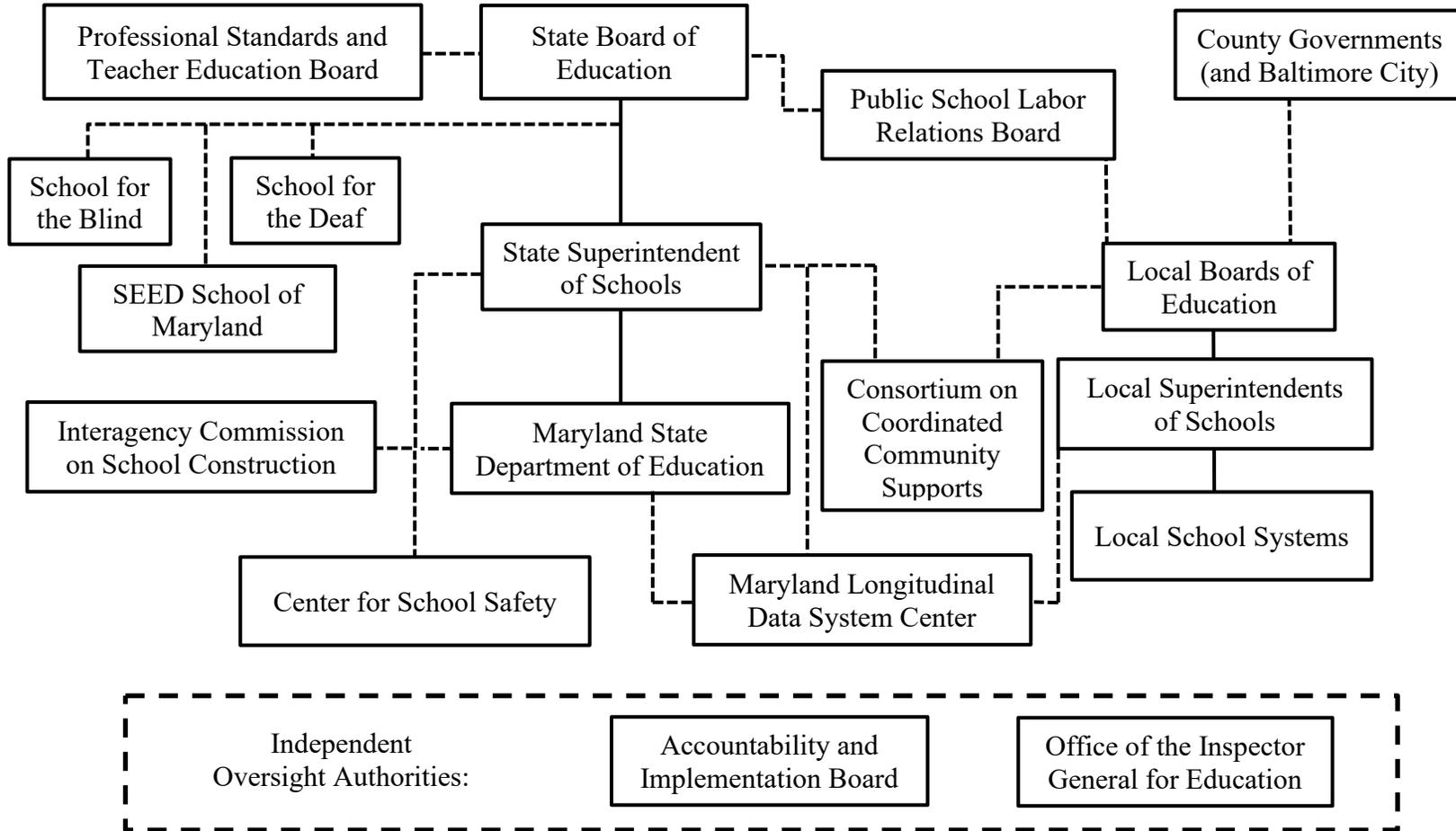
### State Governance

#### State Board of Education

The State Board of Education is a 14-member board that has general authority over public elementary and secondary education in Maryland and appoints the State Superintendent of Schools. The Governor, with the advice and consent of the Senate, appoints 13 members who serve staggered four-year terms. The fourteenth member is a student who serves for one year and has limited voting powers. With the assistance of the State Superintendent, the State Board assesses the educational needs of Maryland, recommends appropriate legislation, and prepares an annual State public school budget for consideration by the Governor. The State Board may order public and nonpublic schools to correct deficiencies if they fail to meet standards established by the board. Other responsibilities of the board include:

- adopting bylaws, rules, and regulations for the administration of public schools;
- deciding controversies and disputes arising under State laws governing primary and secondary education;
- establishing basic policies and guidelines for instructional programs;
- establishing regulations for the promotion and graduation of students;
- developing, in conjunction with the Professional Standards and Teacher Education Board, rules and regulations for the certification of teachers and other professionals; and
- establishing performance standards for students, schools, and school systems.

**Exhibit 2.1**  
**Governance Structure of Primary and Secondary Education in Maryland**



Note: Solid line indicates a relationship of direct authority. Exhibit does not include appointing authority of Governor or General Assembly.  
Source: Department of Legislative Services

## **Maryland State Department of Education**

Under the direction of the State Board and the State Superintendent, the Maryland State Department of Education is the State agency with the most direct impact on primary and secondary education in Maryland. The department develops the State’s overall policies and guidelines for primary and secondary education, directs the State’s vocational rehabilitation programs, and distributes and accounts for State grants to local school systems and educational institutions.

## **Interagency Commission on School Construction**

The Interagency Commission on School Construction is an independent commission that functions within the department, the purpose of which is to develop and approve policies, procedures, guidelines, and regulations on State school construction allocations to local jurisdictions in an independent and merit-based manner. In that capacity, the commission coordinates the activities of school construction employees in the department, the Maryland Department of Planning, and the Department of General Services, and it assists local school systems in planning, designing, and constructing public school facilities. The commission administers several programs that provide State funding for public school construction; chief among them is the Public School Construction Program. The commission is composed of the State Superintendent, the Secretary of Planning, the Secretary of General Services, and six public members, two each appointed by the Governor, the President of the Senate, and the Speaker of the House. The chair of the commission is jointly selected by the Governor, the President of the Senate, and the Speaker of the House of Delegates. For further information regarding school construction, including a discussion of the Built to Learn Act (Chapter 20 of 2020) and other school safety funding, see “Chapter 4. School Construction and Capital Improvement – Oversight and Funding” of this handbook.

## **Oversight and Accountability**

### **Accountability and Implementation Board**

The Blueprint for Maryland’s Future (Blueprint, Chapter 36 of 2021) established an Accountability and Implementation Board designed to hold other units of government accountable for implementing the Blueprint and evaluating the outcomes of the Blueprint during the implementation period. The Act established the board’s powers, duties, roles, and responsibilities, which center on the development, approval, implementation, and monitoring of plans, and progress made under the plans, to implement the Blueprint.

The board is required to work with the Maryland Longitudinal Data System Center to collect and analyze specified data in order to determine if the Blueprint is working as intended and may withhold certain funds from a school system or public school if implementation plans are not produced or if certain conditions related to school performance are not met. Additionally, the board is required to produce various reports and contract with an entity to conduct an independent

evaluation of the State's implementation progress. By December 1, 2030, the board must submit a final report that includes whether the Blueprint is working as intended and whether the board should continue to exist and monitor implementation of the Blueprint after June 30, 2031.

As part of the board's responsibilities, it must develop a Comprehensive Implementation Plan. Each unit of government responsible for implementing portions of the Blueprint, including each local school board, must likewise adopt implementation plans and submit those plans to the board for approval. Chapter 33 of 2022 established a December 1, 2022 deadline for the board to adopt the Comprehensive Implementation Plan. Similarly, by March 15, 2023, all units of government must submit their own implementation plans to the board for final approval.

### **Office of the Inspector General for Education**

Established as part of the Blueprint, the Office of the Inspector General for Education is an independent unit of the State and is responsible for examining local boards of education, local school systems, and public schools; nonpublic schools that receive State funds; the department; and the Interagency Commission on School Construction. The Inspector General, established within the Office of the Inspector General, may employ specified staff and receive and investigate complaints or information concerning fraud, waste, and abuse involving the use of public funds; violations of the civil rights of students and employees; whether policies and procedures governing the prevention and reporting of child abuse and neglect comply with federal and State law; and compliance with other federal and State laws.

### **Expert Review Teams**

To track and report on the progress of students in each Maryland school, the department must establish, administer, and supervise an expert review team program. An expert review team, composed of expert educators and related professionals, will conduct on-site investigations of schools to determine the underlying causes for student performance issues, evaluate behavioral health services provided in schools, and work with school staff and stakeholders to develop recommendations, measures, and strategies to address identified issues. The department began development of a limited pilot program in fall 2021 and expects full deployment of expert review teams by spring 2023.

### **Maryland Consortium on Coordinated Community Supports**

As part of the Blueprint's goal to provide additional resources for student success, the Maryland Consortium on Coordinated Community Supports was created and tasked with (1) supporting the development of coordinated community support partnerships to meet student behavioral health needs and other related challenges in a holistic, nonstigmatized, and coordinated manner and (2) providing expertise for the development of best practices in the delivery of student behavioral health services, supports, and wraparound services. The consortium may award grants to coordinated community supports partnerships to deliver services and supports to meet students' holistic behavioral health needs and to address other related challenges. The fiscal 2023 operating budget included \$50.0 million to support the consortium.

## **State Operated Schools**

The State also operates or oversees the operations of three statewide schools – the Maryland School for the Blind, the Maryland School for the Deaf, and a residential boarding education program, each of which has its own governing board. The following sections describe the overall governance structure, activities, and funding of State-operated schools. Additional information on how these schools prepare students for college or career readiness is available in “Chapter 10. P-20 Alignment” of this handbook.

### **Maryland School for the Blind**

The Maryland School for the Blind is a nonprofit organization that provides educational programs to Maryland students from birth to age 21 who are blind, severely visually impaired, or visually impaired/multi-disabled. Through its Baltimore City campus program, the school provides highly specialized services to these students. The Maryland School for the Blind also provides equipment, Braille textbooks, and tutoring services to students with visual impairments who are attending schools across the State. Maryland School for the Blind Outreach Services offers expertise and specialized skills to Maryland students with visual impairment and additional disabilities, ages birth to 21; their families; and local education agency staff through a variety of programs and services. The Maryland School for the Blind is governed by a 25-member board of directors established in State law. Subject to confirmation by the Senate, 5 members are appointed jointly by the Governor and the State Superintendent with recommendations from the chair of the board. The other 20 members are appointed according to the charter and bylaws of the Maryland School for the Blind.

In the 2021-2022 school year, the Maryland School for the Blind served a total of 392 students including 217 school-age students, 139 outreach students, and 36 early intervention students. In fiscal 2023, the school’s budget was \$36.8 million.

### **Maryland School for the Deaf**

The Maryland School for the Deaf is a State agency that is responsible for the educational, personal, and vocational development of deaf school-age children residing in the State and in attendance at the school. With campuses in Columbia and Frederick, the school provides free comprehensive educational programs for students ages 3 to 21 with enhanced communication skills training, vocational education, and rehabilitation programs. All students have an individualized education plan, which provides a linguistically, culturally, and academically rich environment for all students using American Sign Language and English. With the passage of the Blueprint, the Maryland School for the Deaf has transitioned to the Maryland college and career readiness standards such that the goal for students in the high school program is to meet the department’s graduation requirements while preparing for a successful transition to college or a career. The Maryland School for the Deaf is governed by a 19-member board of trustees appointed by the Governor with the advice and consent of the Senate.

In the 2021-2022 school year, the school's enrollment was 533, with 413 school-age students, 69 early intervention students, and 51 enhanced services students. In fiscal 2023, the school's budget was \$43.7 million.

### **Residential Boarding Education Program (The SEED School of Maryland)**

Chapter 397 of 2006 established a public residential boarding school for at-risk youth that is operated under the supervision of the department. At-risk youth include economically disadvantaged students, students with disabilities, or students with records of family issues or school difficulties. The department contracted in July 2007 with the nonprofit organization the SEED Foundation, which also operates similar schools in Washington, DC, and Miami, Florida, to operate the SEED School of Maryland beginning with the 2008-2009 school year. The initial contract was valid for a term of six years and is subject to renewal based on the foundation's success in meeting specified performance benchmarks and reporting requirements. The school must provide at-risk students with a remedial curriculum for middle school students and a college preparatory curriculum for high school students. Students may apply to the program from any school system in the State. Students are selected for participation through a lottery system and may continue to live at and attend the school through high school graduation. Students must fall within household income limits and must be identified as at-risk to qualify for entrance. SEED added 80 new grade six students each year until enrollment reached 400 students in fiscal 2014. In fiscal 2023, SEED received approximately \$17.6 million, not including federal funds.

The SEED School is governed by a 25-member board of trustees established in State law. The board consists of 5 members appointed by the Governor with the advice of the State Superintendent and the advice and consent of the Senate. Twenty members are appointed in accordance with the charter and bylaws for the Residential Boarding Education Program.

### **Juvenile Services Education Program**

Between 2003 and 2013, the Maryland State Department of Education gradually assumed responsibility of educational programming at all residential facilities operated by the Department of Juvenile Services. However, Chapter 147 of 2021 repealed statutory provisions regarding the Juvenile Services Education Program within the Maryland State Department of Education and instead established a Juvenile Services Education Board as an independent unit within the Department of Juvenile Services to oversee and provide for educational services to all juveniles who are in a residential facility operated by the Department of Juvenile Services. Individuals in juvenile services facilities can earn credit toward a Maryland high school diploma, prepare for the GED exam, or earn industry certification in various career and technical education programs. The Juvenile Services Education Board has 11 members and is required to meet monthly. The board must appoint a superintendent, develop accredited educational programs, and approve educational curriculum. Five of the board members are appointed by the Governor with the advice and consent of the Senate.

Chapter 565 of 2018 established a juvenile services education county pilot program beginning in the 2019-2020 school year for one juvenile services education program to be operated by a local board of education. Through a partnership between the department and Montgomery

County Public Schools, the Alfred D. Noyes Children’s Center in Rockville, Maryland, serves as the Juvenile Services Education Program facility participant in the pilot. Chapter 565 also authorized individuals providing juvenile services education for the department and the local school board participating in the pilot program to be employed for 10-month or 2-month periods.

## **Local Governance**

The local boards of education in the counties, which includes Baltimore City, implement the public education laws, regulations, and policies of the State Board.

### **Local Boards of Education**

In general, the local boards of education and the local superintendents appointed by the local boards control educational matters and policymaking within the school districts and oversee the day-to-day operation of public schools. The school boards are not agencies or departments of county or State government; however, they are quasi-State agencies and are considered State agencies for some purposes and units of county government for other purposes stipulated in State law. While the State board has the “last word on any matter concerning educational policy or the administration of the system of public education” (*Board of Education of Prince George’s County v. Waeldner*, 298 Md. 354, 360 (1984)), the local school boards have relative autonomy in the management of the schools.

### **Membership**

The composition of the local boards of education varies with members serving three- to four-year terms. Twenty counties have elected school boards, and four counties have combined appointed and elected school boards. Twenty-two boards have student members; however, only eight boards allow student members to vote, which generally excludes authority to vote on matters relating to collective bargaining, personnel, and operating and capital budgets. **Exhibit 2.2** shows the selection methods, terms of office, and membership of the 24 local school boards.

**Exhibit 2.2**  
**Local Boards of Education**  
**As of July 2022**

<b>School System</b>	<b>Members</b>	<b>Term</b>		<b>Means of Selection<sup>1</sup></b>
Allegany	6	4 years	E	5 from county at large 1 student (nonvoting, one-year term)
Anne Arundel <sup>2</sup>	8	4 years	E	7 from councilmanic districts 1 student (one-year term)
Baltimore City <sup>3</sup>	12	3 years	A/E	2 elected from city at large 9 appointed by mayor 1 student (one-year term)
Baltimore	12	4 years	A/E	4 appointed from county at large 7 elected from councilmanic districts 1 student (one-year term)
Calvert	6	4 years	E	2 from county at large 3 from commissioner districts 1 student (nonvoting, one-year term)
Caroline	7	4 years	A/E	3 elected from school board districts 2 appointed from county at large 2 students (nonvoting, one-year term)
Carroll	11	4 years	E	5 from county at large 5 commissioners <i>ex officio</i> (nonvoting) 1 student (nonvoting, one-year term)
Cecil	6	4 years	E	5 from commissioner districts 1 student (nonvoting, one-year term)
Charles <sup>4</sup>	10	4 years	E	1 from county at large 8 from commissioner districts 1 student (one-year term)
Dorchester	6	4 years	E	5 from councilmanic districts 1 student (nonvoting, one-year term)
Frederick	8	4 years	E	7 from county at large 1 student (nonvoting, one-year term)
Garrett	6	4 years	E	2 from county at large 3 from commissioner districts 1 student (nonvoting, one-year term)

School System	Members	Term		Means of Selection <sup>1</sup>
Harford <sup>5</sup>	11	4 years	A/E	6 elected from councilmanic districts 3 appointed from county at large 1 superintendent <i>ex officio</i> (nonvoting) 1 student (one-year term)
Howard	8	4 years	E	2 from county at large 5 from councilmanic districts 1 student (one-year term)
Kent <sup>6</sup>	6	4 years	E	5 from county at large 1 student (nonvoting, one-year term)
Montgomery	8	4 years	E	2 from county at large 5 from school districts 1 student (one-year term)
Prince George's <sup>7</sup>	10	4 years	E	9 from school board districts 1 student (one-year term)
Queen Anne's	6	4 years	E	1 from county at large 4 from commissioner districts 1 student (nonvoting, one-year term)
St. Mary's	6	4 years	E	1 from county at large 4 from commissioner districts 1 student (nonvoting, one-year term)
Somerset	5	4 years	E	5 from commissioner districts
Talbot	9	4 years	E	7 from school board districts 2 students (nonvoting, one-year term)
Washington <sup>8</sup>	8	4 years	E	7 from county at large 1 student (nonvoting, one-year term)
Wicomico	7	4 years	E	5 from councilmanic districts 2 from county at large
Worcester <sup>9</sup>	10	4 years	E	7 from commissioner districts 3 students (nonvoting, one-year term)

<sup>1</sup> E = Elected and A/E = Combined appointed by Governor and elected board, except (1) in Baltimore City, members are appointed by the mayor and (2) in Harford County, members are appointed by the county executive with the advice and consent of the county council. Entries for local boards that are at any point in the process of transitioning between means of selection reflect the final state the board will be in once the transition fully takes effect.

<sup>2</sup> Chapter 473 of 2017 restructured the Anne Arundel County Board of Education from a nine-member appointed board to an eight-member elected board consisting of seven elected members (one from each of the seven councilmanic districts on a nonpartisan basis) and one student member. The terms of the elected members are staggered; four members were elected at the 2018 general election, and three members were elected at the 2020 general election

as the terms of previously appointed board members expired. In this manner, the elected board is phased in. The members elected in 2018 serve a six-year term, while the members elected in 2020 serve a four-year term. Thus, beginning in 2024, all members must stand for election. An elected member of the board generally serves a four-year term beginning on the first Monday in December after the member's election and until a successor is elected and qualifies.

<sup>3</sup> Chapter 593 of 2017 repealed the role of the Governor in making appointments to the Baltimore City Board of School Commissioners; it also repealed the Governor's role in filling board vacancies and removing board members. As a result, board members are appointed solely by the Mayor of Baltimore City until the appointed/elected board established by the legislation is executed at the 2022 general election. Chapter 593 also established the Baltimore City Public School Board Community Panel (which the mayor must convene) and specified its membership. The purpose of the panel is to select nominees to be recommended to the mayor as qualified candidates for appointment to the board, including candidates for vacancies. If the mayor chooses not to appoint a member or to fill a vacancy from a list submitted by the panel, the mayor must reconvene the panel to submit additional names of qualified candidates. Beginning with the 2022 general election, the board will be restructured as a hybrid board with two members elected from the city at large, nine members appointed by the mayor, and one student member. Elected members will serve a four-year term and appointed members will serve a three-year term.

<sup>4</sup> Chapters 404 and 405 of 2021 added two new members to the Charles County Board of Education and altered the selection method for board members by requiring that eight board members be elected from the county commissioner districts (two from each of the four districts) and one board member be elected from the county at large. Previously, the seven board members were all elected from the county at large. All seats are subject to election in November 2022; however, the at-large member elected in November 2022 must serve a two-year term (instead of the usual four-year term) until a successor is elected to a full term in November 2024. Chapters 404 and 405 also provided the student member with voting rights, subject to certain restrictions.

<sup>5</sup> Chapter 569 of 2022 eliminated the role of the Governor in appointing members to the Harford County Board of Education. Instead, beginning with members appointed following the 2022 gubernatorial election, the Harford County Executive will appoint board members, subject to the advice and consent of the Harford County Council by a vote of at least five members. In appointing members to the board, the county executive must ensure, to the extent practicable, that the total makeup of the board reflects the gender, ethnic, and racial diversity of the county. Members appointed to the board following the 2022 election must serve for a term of two years until a successor is appointed and qualifies. Subsequent board members will be appointed following the 2024 presidential election and each presidential election thereafter.

<sup>6</sup> Although not in statute, the Kent County Board of Education reports that there is a nonvoting student member of the board and that student member does not attend closed sessions.

<sup>7</sup> Chapter 217 of 2022 altered the membership of the Prince George's County Board of Education by removing the four appointed members from the board. Effective July 1, 2024, the board will become an elected board that consists of nine elected members, each of whom must reside in and be elected from a different school board district, and one student member.

<sup>8</sup> Although not in statute, the Washington County Board of Education reports that there is a student member of the board and that the student member can only concur on votes and must abstain from certain matters.

<sup>9</sup> The Worcester County Board of Education consists of seven voting members and one nonvoting student member from each public high school in the county (§ 3-1401 of the Education Article). Since there are three full-service public high schools in Worcester County, there are three student members of the board.

Source: Sections 3-101 through 3-1405 of the Education Article; Local Boards of Education

## Budget Process

Although local school boards are independent governmental units, they rely on county governments for a significant portion of their funding. School boards must submit their budget requests to the county governing body. The budget submission includes revenues and expenditures by major category, as established by State law and the State board. The county governing body

reviews, modifies, and approves the budget. Any reductions are made by major category. In jurisdictions with a county executive, the executive reviews the budget first and then submits it to the county council. With the exception of Baltimore County, the council may restore any reductions made by the county executive to the proposed school board budget. Once a county has approved its annual appropriation to the local school system, the appropriation may not be reduced mid-year.

After approval of the budget, transfers between major expenditure categories must be submitted in writing and approved by the county government. Nonlocal funds received by the school board after the adoption of the budget require notification of and approval by the county government.

Each local superintendent of schools must also provide annual financial reports to the State and the county governing body detailing the financial status of the system. Failure to provide timely financial reports requires the department to withhold 10% of the next installment of State aid to the local school system. Additional information regarding the funding of public schools is available in “Chapter 3. Primary and Secondary Education – Funding” of this handbook.

## **School Safety**

The Maryland Center for School Safety was established by Chapter 372 of 2013 and became an independent unit within the department under Chapter 30 of 2018 (the Maryland Safe to Learn Act). The center is housed at the Maryland Coordination and Analysis Center, the State’s Fusion Center under the Maryland State Police, and is required to have a satellite office on the campus of Bowie State University. State law mandates an annual appropriation of at least \$2.0 million for the center for operating expenses, and the fiscal 2023 budget included \$2.8 million for operating expenses. The duties of the Maryland Center for School Safety include:

- assisting local school systems to identify resources and implement training for students and parents about relationship violence, identifying the signs of unhealthy relationships, and preventing relationship violence;
- analyzing data on school resource officers and developing guidelines for local school systems regarding the assignment and training of these personnel;
- certifying school safety coordinators employed by local school systems;
- consulting with local school systems on safety evaluations;
- reviewing and commenting on school emergency plans; and

- reporting on life-threatening incidents that occur on public school grounds.

The School Safety Subcabinet, also established by Chapter 30, coordinates State and local efforts to enhance safety in public schools. The subcabinet consists of the State Superintendent, the Secretary of Health, the Secretary of State Police, the Attorney General, the Secretary of Disabilities, and the Executive Director of the Interagency Commission on School Construction. The State Superintendent or designee chairs the subcabinet, and the Executive Director of the center provides staff.

The subcabinet is charged with multiple responsibilities, including (1) collaborating with various stakeholders to provide a comprehensive, coordinated approach to school safety; (2) initiating collaborative partnerships and facilitating coordination among stakeholders to leverage existing resources to deliver school safety services uniformly to local school systems; (3) distributing grants from the Safe Schools Fund; and (4) adopting regulations to carry out its responsibilities. A School Safety Subcabinet Advisory Board, also established by Chapter 30, includes a broad array of stakeholders to advise and assist the subcabinet in carrying out its duties. The advisory board initially consisted of 23 members; however, the membership was increased to 24 by Chapter 426 of 2019.

Additional information on the funding of school safety initiatives, including a discussion of grant funding provided by Chapter 30 of 2018 is available in “Chapter 4. Primary and Secondary Education – Capital Funding” of this handbook.

## **Alternative and Innovative Public Schools and Programs**

### **Charter Schools**

In 2003, the Maryland Public Charter School Program was enacted to enable public school staff, parents of public school students, nonsectarian nonprofit entities, and nonsectarian institutions of higher education to apply to a local board of education to establish a public charter school. The schools must be nonsectarian and open to all students in the local school system by a countywide lottery system. Chapter 311 of 2015 altered the lottery and student placement policies so that a public charter school could give greater weight to certain students and could designate a geographic attendance area under certain circumstances.

Under State law, public charter schools may not charge tuition; instead, they receive public funds on a per pupil basis commensurate with the amount of funds disbursed to other public schools in the school systems in which they operate. Public charter schools must comply with the laws, regulations, and policies that govern other public schools, although waivers from some rules may be requested through an appeal to the State Board for waivers from State Board policy and through an appeal to a local board of education for waivers from local board policy. Chapter 311 also expanded operating flexibility to certain public charter schools that meet certain age, management, and student achievement requirements.

The professional staff of a public charter school must hold appropriate certification, and they have the same rights as other public school employees in that jurisdiction with respect to employee organizations. If a collective bargaining agreement is already in existence in the county where a public charter school is located, the employee organization, the public charter school, and the local board of education may agree to negotiate amendments to the existing agreement to address the needs of the particular public charter school.

Local boards of education in Maryland have sole chartering authority following the repeal of the State Board's secondary chartering authority in 2015. The application to establish a public charter school must include specified information regarding the program of instruction and admissions lottery and be submitted to the local board of education in the jurisdiction in which the public charter school will be located. If the local board denies the application, the applicant can appeal the decision to the State Board.

Public charter schools in Maryland do not receive separate State facilities aid; however, if a public charter school is located in a public school building owned by the local board of education, the public charter school is eligible to receive State funding if the project is included in the school system's capital improvement program and is approved by the county governing body and the Board of Public Works under the State's Public School Construction Program. Funding for capital expenses at a public charter school is not included in the per pupil amount that each local school board is required to disburse to public charter schools in that jurisdiction. In order to pay for capital expenses, a public charter school must either use a portion of the funds it receives for operational expenses or use funds from other sources.

Since the enactment of the Maryland Public Charter School Program, the program has grown from 196 students during the 2003-2004 school year to over 22,000 students during the 2021-2022 school year. Further evidence of growth is the expansion from 1 public charter school in Frederick County for the 2003-2004 school year (which predated the establishment of the law) to 47 public charter schools located in six counties for the 2021-2022 school year: Anne Arundel County (2); Baltimore City (31); Baltimore County (1); Frederick County (3); Prince George's County (9); and St. Mary's County (1). These totals are a slight decrease from a high of 53 public charter schools in seven counties in the 2013-2014 school year.

## **Community Schools**

Chapter 529 of 2019 established the role and status of community schools in the State. A community school establishes a set of strategic partnerships between the school and other community resources that promote student achievement, positive learning conditions, and the well-being of students, families, and the community. Community schools have the goal of being inclusive, equitable, and effective in promoting children's success, particularly of children who live in neighborhoods of concentrated poverty.

Under the Blueprint legislation, each community school must employ one community school coordinator and the equivalent of a full-time health care practitioner. The coordinator is tasked with coordinating support programs based on a needs assessment that addresses out-of-school learning barriers for students and families. Community schools must also have a community school leadership team, whose membership is specified, and a parent teacher organization or a school family council. A community school or community school coordinator may solicit the assistance and support of community partners to fulfill requirements. Eligible interventions for which a community school may receive public funding include academic services, parental involvement programs, physical and mental health services, and community involvement programs.

In fiscal 2022, over 300 community schools in 17 local school systems received per pupil Concentration of Poverty School Grants under the Blueprint to provide wraparound services as defined in State law. The schools eligible for grants had at least 80% of their students receiving free or reduced-price meals in fiscal 2022.

### **P-TECH, LYNX, TAWS, Dual Enrollment, and Early/Middle College**

- *The Pathways in Technology Early College High School (P-TECH) Program* offers grades 9 through 14 and integrates high school, college, and the workplace to allow students to graduate in six years or less with a high school diploma, an associate degree or certificate, and relevant professional experience;
- the *Linking Youth to New Experiences (LYNX) Program*, located in Frederick County, has the goal of providing individualized, self-directed learning opportunities that allow students to participate in project-based learning experiences at the high school and college levels and work, internship, or apprenticeship experiences focused on college and career readiness competencies;
- the *TranZed Academy for Working Students (TAWS) Program*, offered in Montgomery County, offers students in their senior year of high school who have paying jobs a flexible academic schedule, career coaching, and career preparation through a combination of virtual and in-person courses;
- *dual enrollment* allows high school students to enroll in college courses for credit prior to high school graduation; and
- *early and middle college programs* allow students to receive both a high school degree and a postsecondary credential before graduating from high school.

Additional information regarding these programs, as well as career and technology pathways and information on college readiness programs, is available in “Chapter 10. P-20 Alignment” of this handbook.

## **Virtual Education**

Maryland offers opportunities for virtual education in three ways: virtual programs; virtual schools; and virtual courses, although the distinctions between each category are inexact.

Chapter 412 of 2002 established the Maryland Virtual Learning Opportunities Program to expand the availability of educational choices not otherwise available to students locally, expand academic opportunities for all students, and increase professional development opportunities to educational staff throughout the State. Under the Maryland Virtual Learning Opportunities Program, a local school system may request that the department develop and review online courses or review and approve local school system-developed online courses. Each online course must meet accessibility standards for students with disabilities. The department maintains a list of over 300 department-approved, credit-bearing online courses and course providers.

Chapter 743 of 2010 authorized the department or a local school system to establish a virtual school, which is a public school that uses technology to deliver a significant portion of instruction to students via the Internet in a virtual or remote setting. A virtual school must provide a curriculum approved by the State Board, learning time that meets the requirements for public school students, and regular assessments. To ensure accountability, a virtual school is evaluated each year on the extent to which the school demonstrates academic achievement and overall viability. In 2022, there are three virtual schools in the State located in three counties: Anne Arundel; Calvert; and Frederick counties.

Blended learning virtual programs are also available to students in 16 local school systems. A blended learning program combines synchronous and asynchronous teaching and learning that requires access to the Internet, an electronic device, web conferencing tools, and a learning platform. Educators deliver virtual instruction aligned with the school's curriculum; monitor student attendance, growth, and Individualized Education Program requirements; and provide differentiation for individual students. All 16 of the blended learning virtual programs use local school system educators, and most of the programs use the local curriculum; however, some programs use vendor-only courses or a combination of local curriculum and vendor courses.

In March 2020, public schools were required to shift from an in-person instruction model to a virtual education model due to the COVID-19 pandemic. In summer 2020, the department released a plan designed to assist local school systems in developing their own plans to reopen schools in fall 2020. However, some schools struggled with fully reopening throughout the 2020-2021 school year.

For the 2020-2021 school year, 12,472 students in 21 local school systems were enrolled in virtual education programs and virtual schools across the State. Although economically disadvantaged students accounted for only 26.4% of all students during the 2020-2021 school year, economically disadvantaged students accounted for 34.4% of all virtually enrolled students.

## **Students and Schools**

Under State law, beginning at age 5, every child must attend a public school or receive regular, thorough instruction during the school year in studies usually taught in the public schools to children of the same age. Students must stay in school until they are 17 years old unless they have graduated or otherwise completed high school.

Students ages 5 through 20 who choose to attend a Maryland public school must be admitted free of charge. As shown in **Exhibit 2.3**, 881,074 full-time equivalent students were enrolled in public schools from kindergarten through grade 12 during the 2020-2021 school year. The number of students enrolled in each local school system varied widely, with the largest number of students enrolled in Montgomery County (158,231) and the smallest number of students enrolled in Kent County (1,786 students). In addition to the State's public school students, 128,498 students were enrolled in private schools from kindergarten through grade 12 during the 2020-2021 school year.

Additional information regarding prekindergarten enrollment and services is available in "Chapter 1. Early Childhood Education" of this handbook.

**Exhibit 2.3**  
**Public School Data**  
**2020-2021 School Year**

<u>Local School System</u>	<u>K-12 Enrollment<sup>1</sup></u>	<u>Public Schools<sup>2</sup></u>
Allegany	8,132	26
Anne Arundel	83,163	126
Baltimore City	77,807	157 <sup>3</sup>
Baltimore	111,139	178
Calvert	15,407	25
Caroline	5,551	10
Carroll	25,054	44
Cecil	14,780	29
Charles	26,875	39
Dorchester	4,573	13
Frederick	45,220	69
Garrett	3,502	12
Harford	37,920	55
Howard	57,325	77
Kent	1,786	5
Montgomery	158,231	209
Prince George's	128,777	207
Queen Anne's	7,440	14
St. Mary's	17,480	32
Somerset	2,741	9
Talbot	4,533	8
Washington	22,171	44
Wicomico	14,664	25
Worcester	6,803	14
<b>Total</b>	<b>881,074</b>	<b>1,427</b>

<sup>1</sup> Enrollment is the head count enrollment from September 30, 2021. The total does not include 400 students at the SEED School of Maryland, located in Baltimore City.

<sup>2</sup> Number of public schools includes nontraditional public schools and programs such as vocational technical schools, outdoor education schools, home and hospital schools, transition programs, atypical special education schools, and alternative schools.

<sup>3</sup> Includes the SEED School of Maryland, located in Baltimore City.

Source: *Maryland Public School Enrollment by Race/Ethnicity and Gender and Number of Schools, September 30, 2021*, Maryland State Department of Education; Department of Legislative Services

## **School Calendar**

Public schools must be open at least 180 days over a 10-month period and must provide at least 1,080 hours of instruction. The Community Control of School Calendars Act (Chapter 13 of 2019), which became law after voters approved a ballot referendum in November 2020, statutorily requires each local board of education to set start and end dates each year for public schools in their jurisdiction.

As shown in Exhibit 2.3, during the 2020- 2021 school year there were 1,427 public schools throughout the State, including the SEED School of Maryland: 786 elementary schools; 213 middle schools; 182 high schools; 84 combined/special education schools; and 162 other nontraditional public schools such as vocational technical schools, charter schools, special education centers, alternative centers, and other programs. An additional 1,275 private kindergarten through grade 12 schools, church-exempt nonpublic schools, and nonpublic schools supporting publicly funded nonpublic placements served students in the 2020-2021 school year.

## **Education Content Standards**

Public primary and secondary education programs are provided almost exclusively by the 24 local school systems, but the State plays an important role in education by setting uniform academic standards for schools and students and holding schools and students accountable for the achievement of State standards.

## **Maryland College and Career Ready Standards**

Recognizing that the economic success of individuals and of the nation depends in part on the strength of the educational system, a nationally unified movement aimed to eliminate the wide variation in knowledge and skill expectations across the states. The Common Core State Standards were created through a state-level initiative coordinated by the National Governors Association and the Council of Chief State School Officers in collaboration with education stakeholders from across the country. Forty-five states and the District of Columbia initially adopted these standards, which are a set of academic standards in two subject areas (English/language arts and mathematics) that define the knowledge and skills all students should master by the end of each grade level. The standards require students and teachers to focus on fewer topics and concepts while emphasizing depth, detail, and critical thinking skills. Maryland was one of the first states to adopt these standards in June 2010 and subsequently designed a State curriculum, the Maryland College and Career Ready Standards, which align with the Common Core State Standards. The Maryland College and Career Ready Standards have been fully implemented in Maryland schools since the 2013-2014 school year.

The department had previously developed, and the State Board had approved, a statewide curriculum or State standards that define what students should know and be able to do in the subject areas of fine arts, social studies, health, world languages, English language learners, school library media, financial literacy, environmental education, technology education, and physical education.

For some of these subjects, the standards, indicators, and objectives are written grade-by-grade, while others are written in three grade bands consisting of grades 3 through 5, grades 6 through 8, and grades 9 through 12. The State curriculum was cooperatively developed with the input of educators from public schools, colleges, and universities across the State, including content specialists, supervisors, and administrators. Final review of the curriculum was performed by outside content experts who benchmarked it against curricula from other states and countries. For the curriculum in science, which includes engineering practices, the State Board adopted the Next Generation Science Standards in June 2013.

### **College and Career Readiness Standard**

The Blueprint calls for a series of clear, preliminary standards to define a college and career readiness standard. A revised college and career readiness standard in English/language arts and mathematics will place students at the level needed to assure a high probability of success in a credit-bearing, first-year program at the State’s community colleges and other open-enrollment postsecondary institutions and will be measured by a system of assessments that ensure students are reaching their goals and receiving the support needed. Beginning with the 2021-2022 school year, the State Board considered a student college and career ready if they met or exceeded certain English/language arts and math metrics. The Blueprint sets the expectation that students will meet the revised college and career readiness standard by the end of grade 10. In advance of the adoption of a revised college and career readiness standard, the department is examining all coursework and instructional programming leading up to grade 10 to determine alignment and coherence. After this examination, there could be a major shift in how State and local school systems sequence courses and programs so that students are able to meet the revised college and career readiness standard by grade 10.

### **Post-college and Career Readiness Pathways**

Post-college and career readiness pathways provide students with the opportunity to develop in-depth knowledge in a subject area of their choosing. These pathways also enable high school students to earn a specific certificate, license, or other credential that is recognized and valued by the higher education and industry communities. The Blueprint specifies that, upon full implementation in the 2031-2032 school year, post-college and career readiness pathways will become available to students who have met the college and career readiness standard. There are three post-college and career readiness pathways: (1) Advanced Placement or International Baccalaureate programs; (2) dual enrollment or early college programs; and (3) Career and Technical Education programs. Each post-college and career readiness pathway will allow for in-depth specialization in the chosen area as well as opportunities to explore additional subjects. While specific pathway requirements are in development, a pathway may require the student to earn credits for four or five courses that may also satisfy traditional course sequences and graduation requirements. Additional information on post-college and career readiness pathways is available in “Chapter 10. P-20 Alignment” of this handbook.

## **Assessment and Accountability**

Title I of the Elementary and Secondary Education Act of 1965, which was most recently reauthorized in 2015 as the Every Student Succeeds Act, requires that all students be assessed annually and that students receive an individual score in English Language Arts/literacy and mathematics in grades 3 through 8 and at least once in high school. According to Maryland's Every Student Succeeds Act plan, which was approved by the U.S. Department of Education in early 2018, Maryland will use assessments developed through the Partnership for Assessment of Readiness for College and Careers to measure student performance; however, the Partnership for Assessment of Readiness for College and Careers exams were replaced by the Maryland Comprehensive Assessment Program beginning in the 2020-2021 school year. Due to the COVID-19 pandemic, the department was granted a waiver by the U.S. Department of Education to extend the 2020-2021 school year assessment cycle for administration of an abbreviated version of the assessments in early fall 2021. Students must pass each of four Maryland Comprehensive Assessment Program course assessments (algebra, English, science, and government) to graduate high school and be awarded a diploma. Starting in the 2022-2023 school year, the high school Maryland Comprehensive Assessment Program assessments will transition to end of course exams taken at the conclusion of the high school course and will count for 20% of the student's final course grade.

The Blueprint requires a series of formative and summative assessments to be developed and administered to ensure a student's progress toward meeting the college and career readiness standard and all intermediate benchmarks. The department notes that the current English and Math assessments were designed to measure a student's knowledge of the standards taught in the course just completed and not necessarily measure a student's readiness to succeed in college and the workforce, as this set of skills and knowledge could be a cumulative measure that spans content from multiple years and courses. A research study is being conducted to determine whether the current assessments measure the proper content. If the study finds that the Maryland Comprehensive Assessment Program should be revised to better measure of college and career readiness, new assessments for English and Math would follow. These new assessments would be administered as a standards-setting field test in the 2023-2024 school year, with a full administration in the 2024-2025 school year.

## **Outcome Reports**

To fulfill federal and State reporting requirements, the department maintains a website, [www.mdreportcard.org](http://www.mdreportcard.org), to report outcome measures for all students and for 10 student subgroups: American Indian/Alaskan Native; Asian; Black/African American; Hispanic/Latino; Native Hawaiian/Pacific Islander; White; two or more races; special education students; limited English-proficient students; and students receiving free or reduced-price meals. The Every Student Succeeds Act requires results to be disaggregated in an effort to determine the extent of the variations in performance among different student groups.

### **Blueprint Implementation Plans**

In addition to accountability through State assessments, local school systems must develop Blueprint implementation plans consistent with the Comprehensive Implementation Plan developed by the Accountability and Implementation Board. The plans and subsequent periodic updates to the plans must describe the goals, objectives, and strategies that will be used to implement each element of the Blueprint to improve student achievement and meet the Blueprint's recommendation for each segment of the student population. Local implementation plans must be developed in accordance with guidance established by the department and submitted to the Accountability and Implementation Board for approval by March 15, 2023. These plans replace the comprehensive master plans formerly required as part of the Bridge to Excellence in Public Schools Act (Chapter 288 of 2002), which was repealed by the Blueprint (Chapter 36 of 2021).

### **Statutory Assessment Programs**

Generally the State Board determines appropriate student assessment requirements. However, Chapters 476 and 477 of 2012 required the State Board and the State Superintendent to implement assessment programs in reading, language, mathematics, science, and social studies that include written responses beginning with the 2014-2015 school year. At the middle school level, the assessment program must be a statewide, comprehensive, grade-band program that measures the learning gains of each public school student toward achieving mastery of the standards set forth in the State's adopted curricula. At the high school level, the assessment program must be a statewide, standardized, end-of-course assessment that is aligned with and that measures each public school student's skills and knowledge of the State's adopted curricula.

As previously stated, students were first assessed under the Maryland Comprehensive Assessment Program with an abbreviated assessment in fall 2021. Reflecting the national trend from the COVID-19 pandemic, student proficiency declined in English and math. In English Language Arts, 2021 statewide proficiency rates for grades 3 through 8 were 35%, which was almost a 9 percentage point decline from 2019. In mathematics, 2021 statewide proficiency rates for grades 3 through 8 were 15%, which was an 18 percentage point decline, or less than half of the 2019 rate.

State assessment data also shows large disparities in performance between student groups. For example, in 2019, 72.5% of Asian students scored proficient on the Partnership for Assessment of Readiness for College and Careers assessments in English in grades 3 through 8, compared to 58.8% of White students, 29.5% of Hispanic/Latino students, and 28.3% of Black/African American students. The differences in the proficiency between the groups with the highest and lowest rates has largely remained constant from 2015 and persist despite any overall gains in achievement throughout the state over the same period of time.

## **Administration of Assessments**

Chapter 731 of 2017 required a local board of education and the exclusive employee representatives for teachers in the local school system to meet and confer regarding school assessments by December 1 of each odd-numbered year. The parties must mutually agree to a limited amount of total time that may be devoted to federal, State, and locally mandated assessments for each grade that will govern the following two years. If the local board and the exclusive employee representatives fail to reach an agreement, no more than 2.3% of all instructional hours may be dedicated to assessment testing for students in grade 8 and no more than 2.2% in all other grades. Time spent on teacher-developed examinations and Advanced Placement, International Baccalaureate, and SAT tests are not counted for purposes of this calculation.

Previously, only certified educational professionals were authorized to administer an assessment. However, Chapters 383 and 384 of 2018 authorized any employee of a school selected by a principal to administer an assessment, unless a multistate assessment consortium in which the State participates requires certified education professionals to administer the assessment, or the local school superintendent does not approve of the principal's selection upon review.

## **Kindergarten Readiness Assessment**

Beginning in the 2022-2023 school year, each local school system must administer a racially and culturally unbiased statewide kindergarten readiness assessment to measure each child's school readiness across four domains: language and literacy skills; academic knowledge in math, science, and social studies; physical development; and social development. The results of the tool are used for diagnostic purposes, curriculum development, and early detection of learning challenges. The kindergarten readiness assessment is given to all incoming kindergarten students in the State by their kindergarten teacher before October 10 each year. State law encourages local school systems to administer a portion of the assessment in the summer months before the start of the school year.

Consistent with national trends showing the negative effects of the COVID-19 pandemic on children's development, the kindergarten readiness assessment administered to the 61,535 children who entered kindergarten in the 2021-2022 school year showed a decline in school readiness compared to the 2019-2020 school year. In the 2019-2020 school year, 47% of kindergartners demonstrated readiness compared to 40% in the 2021-2022 school year. Another 33% of kindergartners were found to be approaching readiness and may have required additional instruction and 27% were identified as emerging and required targeted supports or interventions to be successful.

## **Every Student Succeeds Act**

The Every Student Succeeds Act is the most recent reauthorization of the federal Elementary and Secondary Education Act, which provides federal funds for elementary and

secondary education. Under the previous authorization of the Every Student Succeeds Act (known as No Child Left Behind), each local school system was required to hold schools accountable based only on the results of statewide assessments and on one other academic indicator. Under the Every Student Succeeds Act, each state must have an accountability system that is based on performance on various academic indicators, such as proficiency on assessments and high school graduation rates, and a nonacademic indicator, also known as a school quality or student success indicator. The Every Student Succeeds Act also significantly modified the requirements for differentiating among schools and the basis on which schools must be identified for comprehensive or targeted support and improvement.

Under the Protect Our Schools Act (Chapter 29 of 2017), the General Assembly put additional limits on the metrics that the State could use for the accountability system. Chapter 29 required the State's educational accountability program to include at least three school quality indicators that measure the comparative opportunities provided to students or the level of student success in public schools. One of the school quality indicators must be school climate surveys, and the other school quality indicators may include class size, case load, opportunities for dual enrollment, and chronic absenteeism, among other things. The school quality indicators may not be based on student testing. Of the academic indicators established by the State Board, one must be access to or credit for completion of a well-rounded curriculum that is indicative of on-track progress at key transition points within elementary and secondary education. The Act required the State Board to establish a composite score that includes both academic and school quality indicators that provide for meaningful differentiation of schools. In addition, the Act specified that the composite score must incorporate certain information and be calculated and reported in a certain manner. The Act also set forth requirements for improvement plans for schools that are identified for comprehensive or targeted support and improvement.

The Every Student Succeeds Act requires that each state develop a consolidated state plan that details its accountability system. Maryland's plan was approved on May 23, 2018, and amendments were later approved on August 30, 2018. The plan's accountability system operates as follows: each indicator is weighted at least 10% of a composite score; the combined total of the academic indicators does not exceed 65% of the composite score; and a five-star rating system for schools, with green and red arrows indicating that the school has improved, stayed the same, or declined in subsequent years, will be based on all of the indicators that comprise the composite score.

The Partnership for Assessment of Readiness for College and Careers assessments were used as the baseline for the new accountability system in the State's plan.<sup>1</sup> On all of the Partnership for Assessment of Readiness for College and Careers assessments, proficiency gaps between all students and subgroups, including racial and service groups (free and reduced-price meals, English

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<sup>1</sup> The Maryland Every Student Succeeds Act Consolidated State Plan was approved by the U.S. Department of Education on May 23, 2018, and last amended on August 30, 2018, before the implementation of the Maryland Comprehensive Assessment Program, which is the successor assessment program to the Partnership for Assessment of Readiness for College and Careers assessments. References to Partnership for Assessment of Readiness for College and Careers are retained for accuracy in describing the contents of the State Plan.

language learners, and students with disabilities) remain significant. The State's plan proposes to reduce by 50% the percentage of students and subgroups who do not score proficient on Partnership for Assessment of Readiness for College and Careers assessments by the year 2030. For the academic achievement indicator (20% of the composite score for elementary and middle school and 30% for high school), half of a school's score will be the percentage of students receiving a four or five on a Partnership for Assessment of Readiness for College and Careers assessment or the equivalent on the multi-state alternative assessment for students with a severe cognitive disability. The other half of the score for this indicator will be a performance index, equal to the average of all student performance levels on the Partnership for Assessment of Readiness for College and Careers assessments (or the equivalent on the multi-state alternative assessment). The academic growth indicator for elementary and middle schools (25% of the composite score) will be measured by student growth percentile on the Partnership for Assessment of Readiness for College and Careers assessments.

In high school, as required by the Every Student Succeeds Act, the graduation rate will also contribute to a school's score (15% of the composite score). Additional composite score components include credit for completion of a well-rounded curriculum (10% of the composite score for elementary and middle school and 5% for high school, made up of achievements on the Maryland Integrated Science Assessment, social studies achievement, and core coursework in elementary and middle school and enrollment in Advanced Placement, International Baccalaureate, or approved Career Technical Education courses in high school); progress toward English language proficiency (10% of the composite score); chronic absenteeism (15% of the composite score); school climate (10% of the composite score); access to a well-rounded curriculum (10% of the composite score); and, in high school, the percentage of students in grade 9 who are on track to graduate (5% of composite score).

## **Education of Students with Disabilities**

Federal law requires states to provide a free appropriate public education to all students with disabilities through age 21 who are found to be in need of special education services. In order to meet the requirements, the education programs for students with disabilities must be designed to meet their individual needs and could include specially designed instruction in classrooms, at home, or in private or public settings. Examples of these services include speech, occupational, and physical therapy; psychological counseling; and medical diagnostic services that are necessary to a child's education. Teachers of students with disabilities are required to be trained in the instruction of these students. Services begin as soon as the child can benefit from them, regardless of whether the child is of school age.

Approximately 111,000 full-time equivalent students ages 3 to 21 were enrolled in special education programs for the 2020-2021 school year. Most of these students attended local or State public schools. If required services are not available through the public schools, however, students are placed in appropriate nonpublic programs. Of the students receiving special education services

funded by their local public school systems during the 2020-2021 school year, 4,856, or 4.4%, attended nonpublic schools.

### **Division of Rehabilitative Services**

The department assists individuals in need of rehabilitation services through the Division of Rehabilitative Services with the goal of preparing the program participants for entry or reentry into the workforce. The division provides policy direction, administrative support, eligibility determination for federal disability benefits, and rehabilitation services at the Maryland Workforce and Technology Center and 24 offices statewide. Clients, typically ages 16 to 65, who have been referred by schools or health care professionals, receive vocational evaluation, occupational skills training, medical evaluation and treatment, occupational therapy, physical therapy, and rehabilitation technology services. Additional support services include addiction counseling, academic remediation, driver's evaluation and education, job-seeking skills training, and job placement. Additional information on the division is available in "Chapter 14. Labor and Workforce Development" in *Volume II – Government Services in Maryland*.

### **Postsecondary Preparation and Adult and Correctional Education**

The department also assists individuals as they prepare for careers and postsecondary education. The Division of Career and College Readiness in the department distributes funds for career and technology education programs with specific training programs in secondary schools, community colleges, State agencies, and other institutions and businesses. Maryland's career and technical education program is supported at the federal level under the Strengthening Career and Technical Education for the 21st Century Act of 2018 (Perkins V) and State career and technical education programs administrated by the department's Division of Career and College Readiness. Both prior to and under the Blueprint, students who choose a career and technical education pathway have multiple opportunities for future employment, which are based on Maryland's 55 career and technical education programs of study. These programs of study are organized around 10 career clusters that allow a student to (1) earn industry-recognized certifications and licenses; (2) earn an associate degree through a State or local career and technical education program; (3) participate in Junior Reserve Officer Training Corps for entry into the military; or (4) pursue blended instruction by combining career and technical education and college readiness pathways. Additional information on postsecondary preparation is available in "Chapter 10. P-20 Alignment" of this handbook.

Prior to fiscal 2010, Maryland's adult education, literacy services, and correctional institutions education programs were the responsibility of the department. Chapter 134 of 2008 transferred these programs to the Maryland Department of Labor because it was already responsible for other workforce development programs. Education programs for adults are provided in all 24 counties and all the major correctional institutions in the adult prison system. Programs include adult basic education, adult secondary education, English for Speakers of Other

Languages classes, special education services, occupational preparatory programs, and library services. Other correctional education programs include postsecondary education offered by Maryland public institutions of higher education, coordination of apprenticeship programs that operate in conjunction with Maryland Correctional Enterprises, educational assessment, and transitional services. Additional information on adult, correctional, and workforce development education is available in “Chapter 14. Labor and Workforce Development” in *Volume II – Government Services in Maryland*.

## School Personnel

As shown in **Exhibit 2.4**, the 24 local school systems employed a total of 123,010 full-time equivalent personnel during the 2020-2021 school year. A total of 85,679 teachers, support professionals, and instructional aides accounted for approximately 70% of the school personnel.

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**Exhibit 2.4**  
**Staff Employed by Maryland Public School Systems**  
**2020-2021 School Year**

<u>Category</u>	<u>Staff</u>	<u>% of Total Staff</u>
Administrators <sup>1</sup>	6,620	5.4%
Teachers <sup>2</sup>	64,493	52.4%
Support Professionals <sup>3</sup>	8,219	6.7%
Instructional Aides	12,967	10.5%
Support Staff <sup>4</sup>	30,711	25.0%
<b>Total</b>	<b>123,010</b>	<b>100.0%</b>

<sup>1</sup> Includes superintendents, associate and assistant superintendents, principals, assistant principals, directors, coordinators, supervisors, and other school administrators such as pupil personnel workers and school social workers.

<sup>2</sup> Includes therapists.

<sup>3</sup> Includes media, guidance, and psychologist professionals as well as staff developers, teacher trainers, athletic coaches, remedial specialists, and other school-level instructional professionals.

<sup>4</sup> Includes nurses, admission officers, research specialists, technicians, service workers, secretaries and clerks, drivers, crafts and trades personnel, and laborers.

Source: Staff Employed at School and Central Office Levels, Maryland Public Schools, October 2021, Maryland State Department of Education; Department of Legislative Services

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## Certification

Certification is the process that the State uses to verify that each educator has the appropriate qualifications and training to carry out their professional responsibilities. The Every Student Succeeds Act requires all teachers and paraprofessionals working in Title I schools to meet

applicable State certification and licensure requirements, including those obtained through alternative routes to certification. To meet these requirements, the department oversees the certification of teachers, principals, and other school personnel; approves the educational program at nonpublic schools; and evaluates and approves higher education programs that educate and prepare teachers and other certified school personnel. These regulations are subject to change by the State Board of Education and/or the Professional Standards and Teacher Education Board.

Educator certification in Maryland requires completion of an approved educator preparation program in a specific certification area. First-time applicants must also pass a teacher certification test. Applicants with educator certification in another state may also be eligible for Maryland certification under certain conditions. Certification in specialty area, specialized professional areas, and professional and technical education are also available. Administrators and supervisors must also meet specific qualifications to be certified. Teachers in nonpublic schools are not required to have Maryland educator certification. Under the Blueprint, the department must adopt or develop challenging subject-specific exams as well as exams for teaching ability and reading instruction among other skills. Beginning in 2025, teachers must pass these exams to be certified in Maryland.

### **Career Ladder and Other Initiatives**

The Blueprint establishes a career ladder for educators under which teachers with more expertise are given more responsibility, authority, status, and compensation. There are two tracks: a Teacher Leadership Track; and an Administrative Track. Participants are required to maintain National Board Certification. The State provides uniform design parameters for the career ladder, including titles and criteria for moving up the ladder, and while local school districts have flexibility to develop ladder pay scales and roles for teachers within the school, districts must remain within the State parameters. Each local school system must develop and implement a career ladder by July 1, 2024. Prior to implementation of the career ladder, the law requires minimum salary increases beginning in fiscal 2023 for educator salaries that are associated with the career ladder. The department has until calendar 2024 to develop and implement training on educator career ladders, which all educators must receive prior to June 30, 2026.

The Blueprint also provides for the recruitment, preparation, and induction of teachers, including a school leadership training program. Specifically, increased funding is required for the Maryland Teaching Fellows Scholarship Program, award alterations are made to the Nancy Grasmick Teacher Awards (Loan Assistance Repayment Program for teachers), and the Teacher Quality and Diversity Program is established. The department is required to develop guidelines for comprehensive teacher induction programs in consultation with local school systems and the Maryland Education Deans and Directors Council.

### **Teacher Preparation Program Accreditation and Approval**

In order to ensure teacher quality and that students are being taught by qualified, competent teachers, the department is also responsible for State approval and national accreditation for all

professional educator certification programs in Maryland's institutions of higher education. In general, an institution of higher education in the State must have national accreditation before the institution is authorized to offer an undergraduate or graduate teacher preparation program that would certify a recipient to teach. As of September 2016, the U.S. Department of Education no longer recognized an accrediting agency for teacher preparation programs. To address this problem, Chapter 328 of 2017 authorized the department to approve the offering of teacher preparation programs by qualified institutions of higher education. The department's Division of Educator Certification and Program Approval is responsible for approving new teacher preparation programs offered at institutions of higher education.

The Blueprint establishes requirements for teacher preparation programs at institutions of higher education and alternative teacher preparation programs. Teacher training practicums must be equivalent to a full school year, set to increase within five years from enactment, and developed in collaboration with partner schools.

### **Professional Standards and Teacher Education Board**

The Professional Standards and Teacher Education Board was established by regulation in 1971 and set in statute in 1991. The semi-autonomous board is composed of 25 members, including public and nonpublic classroom teachers, employee organization representatives, teacher education faculty members, local superintendents, principals, administrators, local board of education members, members of the general public, and the State Superintendent or designee. Members are appointed by the Governor and serve three-year terms. The board shares authority with the State Board to develop (1) rules and regulations for the certification of teachers, social workers employed by a local school employer, and other professional education personnel and (2) requirements and accreditation for the preparation of teachers and other education personnel.

### **Educator Evaluations**

Each local school system is responsible for evaluating its certified educators and administrators. Chapter 189 of 2010 and Chapter 544 of 2014 required the State Board to adopt (1) general standards for performance evaluations of certified educators and administrators for a local school system-established evaluation system and (2) default model State performance evaluation criteria for local school systems that do not reach an agreement with the exclusive employee representative of that jurisdiction for a local school system evaluation system.

State Board regulations require a local school system's evaluation system to meet the general standards set forth in the regulations, which include requirements for at least two classroom observations for teachers, claims and evidence that substantiate observed behavior, a professional development component, a mentoring component for ineffective-rated teachers and nontenured teachers, and a measure of student growth that factors significantly in the overall rating and is based on multiple measures. An evaluation must have a written report that is presented to the evaluated teacher or principal, a space for written comments by the evaluated teacher or principal, and a process for appealing a final rating and report.

The default model State performance evaluation criteria specifically addresses criteria for student growth and professional practice. The student growth component will count for 50% of an evaluation, may not be based solely on an existing or newly created exam, and must be based on multiple measures, such as aggregate class growth scores, student learning objectives, and the schoolwide performance index. The professional practice component will also count for 50% of an evaluation. For teachers, this component includes planning and preparation, classroom environment, instruction, and professional responsibility. For principals, the professional practice component will include the outcomes in the Maryland Instructional Leadership Framework and the Interstate School Leaders and Licensure Consortium.

The Blueprint requires additional attention to educator evaluation systems used in connection with the career ladder. These systems must (1) be aligned with the five core propositions of the National Board for Professional Teaching Standards; (2) include a peer assistance and review model; (3) define the system's expectations for skill and knowledge; (4) use a calibrated method to measure performance; and (5) provide personalized feedback that is aligned with the teacher's strengths, needs, and professional learning context. This evaluation system must be developed with stakeholders and include documented, observable evidence linked to student learning; post-observation conferences between educators and evaluators; an assessment of evaluator's competency; and training on the evaluation process.

## **Tenure**

The Education Reform Act (Chapter 189 of 2010) made significant changes to the tenure period for certified employees. The initial probationary period of employment for new certified employees in a local school system increased to three years. Each employee is issued a one-year contract with the local board of education and is required to be evaluated annually during each year of the employee's probationary period.

Certified employees who achieve tenure in one jurisdiction in the State and move to a different jurisdiction in the State may retain tenure after a one-year probationary employment period in the new jurisdiction. To retain tenure, the employee's performance evaluation must be rated satisfactory or higher, and there may not be a break in employment services between the two systems any longer than one year. The new jurisdiction may extend the initial probationary period for an additional year if the employee does not qualify for tenure due to a nonsatisfactory rating on the employee's performance evaluation and the employee demonstrates strong potential for improvement. Finally, the department is required to align professional development requirements with the three-year probationary period.

## **Collective Bargaining**

Collective bargaining with local employee organizations is an important function of the local boards of education for certified and noncertified employees of the local boards. Under State law, the boards and the employee organizations that are designated the exclusive representative of

each bargaining unit in each school system *must* negotiate all matters that relate to salaries, wages, hours, service or representation fees, and other working conditions and *may* negotiate other matters to which they mutually agree. However, the school calendar, the maximum class size, and any other matter addressed in statute may *not* be the subject of negotiations.

Chapters 22 and 29 of 2018 required public school employers to provide an exclusive representative with access to new employee processing, which is when new employees are advised of specified employment-related matters for certified and noncertified employees of local boards of education. The details of this access must be negotiated as specified between the exclusive representative and public school employer. Within 30 days of a new employee's hire and as specified in the law, a public school employer must provide the exclusive representative with information about each new public school employee, including name, position classification, and personal cell phone number. This information must be provided every 120 days.

### **Public School Labor Relations Board**

Prior to July 1, 2010, the State Board decided all controversies and disputes regarding public elementary and secondary education, including disputes between local boards of education and the local employee organizations representing school personnel. Chapters 324 and 325 of 2010 moved responsibility for deciding school system labor disputes to the Public School Labor Relations Board. Chapters 368 and 370 of 2014 repealed the 2015 termination date set forth in Chapters 324 and 325 for the Public School Labor Relations Board, effectively making the board permanent.

The board consists of five members appointed by the Governor with the advice and consent of the Senate, including two members chosen from a list provided by employee organizations and two members chosen from a list provided by the Maryland Association of Boards of Education and the Public School Superintendents Association of Maryland. The fifth board member represents the public, must have experience in labor relations, and may not be an active member of a labor union. Chapter 806 of 2017 required the public member to chair the board. A board member must take an oath of office and may be removed by the Governor for incompetence or misconduct.

Chapters 324 and 325 of 2010 also altered the collective bargaining process by setting up a new process for impasse resolution that includes mediation by a neutral mediator and, if necessary, arbitration by the board. If the county government does not approve sufficient funds to implement a negotiated agreement, the local board of education must negotiate with the employee organization before making a fiscal determination in accordance with a timetable and procedure established by the board. The revamped system also specifically authorizes appeals to circuit courts of any decisions of the board.

Chapter 731 of 2019 altered the definitions of supervisory employee and management personnel for noncertificated employees of local school systems by removing a provision of law that allowed the status of a supervisory employee or management personnel to be determined by the local board of education in negotiation with the exclusive representative that requests

negotiation on the issue. Disputes over classification of employees therefore fall under the jurisdiction of the Public School Labor Relations Board.



## Chapter 3. Primary and Secondary Education – Funding

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### Federal, State, and Local Shares of Public School Funding

Financial support for public schools in Maryland is a shared State and local responsibility, with the federal government also playing an important role. There is substantial variation in funding shares among the 24 local school systems. **Exhibit 3.1** shows total per pupil funding for each school system and the share provided by each of the four funding sources. The exhibit shows a wide range of funding patterns, with schools in Howard, Montgomery, Talbot, and Worcester counties receiving 60% or more of their funding from local sources and schools in Baltimore City and Allegany, Caroline, Dorchester, Somerset, Washington and Wicomico counties receiving more than 70% of their funding from a combination of State and federal funds. The majority of federal funding is provided according to the needs of each local school system, as measured by economically disadvantaged and disabled student counts. Most State funding is provided inverse to local wealth, and school systems with greater needs and higher costs also get additional State aid. Local funding is a function of local wealth and local effort, discussed later in this chapter under the County Funding of Local School Systems heading. Together, the sources provided Maryland public school systems with an average of \$20,366 per student in fiscal 2021, ranging from \$16,620 per student in Queen Anne’s County to \$27,976 per student in Somerset County.

**Exhibit 3.1**  
**Per Pupil Funding and Sources of Funding**  
**Fiscal 2021**

County	Per Pupil Funding	Percent of Local	Percent of Other Local	Percent of State	Percent of Federal
Allegany	\$19,194	21.1%	1.9%	65.3%	11.7%
Anne Arundel	18,118	58.0%	0.7%	34.7%	6.7%
Baltimore City	22,895	18.5%	8.4%	59.9%	13.3%
Baltimore	18,552	49.5%	0.2%	43.7%	6.6%
Calvert	18,163	53.2%	1.1%	40.3%	5.3%
Caroline	24,461	18.5%	0.9%	68.9%	11.7%
Carroll	20,232	50.9%	0.5%	41.8%	6.7%
Cecil	18,826	36.5%	5.0%	49.1%	9.4%
Charles	19,683	46.8%	1.0%	47.7%	4.4%
Dorchester	20,577	22.0%	2.8%	63.0%	12.2%
Frederick	19,067	52.0%	0.7%	41.7%	5.5%
Garrett	19,676	43.8%	1.3%	40.5%	14.3%
Harford	19,124	50.6%	2.9%	39.5%	7.0%
Howard	20,776	62.5%	1.2%	32.5%	3.8%
Kent	23,034	52.6%	1.1%	36.5%	9.8%
Montgomery	22,885	66.5%	0.5%	28.1%	4.8%
Prince George's	20,751	37.4%	1.8%	54.6%	6.2%
Queen Anne's	16,620	54.3%	1.1%	39.0%	5.6%
St. Mary's	16,743	42.5%	0.7%	48.5%	8.3%
Somerset	27,976	21.1%	0.5%	59.8%	18.6%
Talbot	18,781	60.0%	1.5%	30.5%	8.0%
Washington	18,050	28.8%	0.8%	57.8%	12.6%
Wicomico	20,017	20.7%	0.2%	68.9%	10.2%
Worcester	22,561	70.6%	1.2%	20.7%	7.5%
<b>Total</b>	<b>\$20,366</b>	<b>48.2%</b>	<b>1.7%</b>	<b>43.1%</b>	<b>7.0%</b>

Source: *Selected Financial Data 2020-2021, Part I – Revenues, Wealth, and Effort*, Maryland State Department of Education

## Commission on Innovation and Excellence and Blueprint Legislation

After more than three years of work, the Commission on Innovation and Excellence in Education (Kirwan Commission) held its final meeting on November 21, 2019. The commission was established by Chapters 701 and 702 of 2016 to, among other charges, (1) review the findings of a consultant's study on adequacy of education funding (2016 adequacy study) and its related studies and make recommendations on the funding formulas; (2) review and make

recommendations on expenditures of local education agencies; (3) review and make recommendations on innovative education delivery mechanisms and other strategies to prepare Maryland students for the twenty-first century workforce and global economy; and (4) review and make recommendations on expanding prekindergarten, including special education prekindergarten.

In January 2019, the Kirwan Commission released an interim report that included detailed recommendations. Chapter 771 of 2019 (the Blueprint for Maryland's Future) implemented the Kirwan Commission's interim policy recommendations by establishing programs funded in fiscal 2020 and 2021, including (1) a Concentration of Poverty School Grant Program; (2) a Teacher Collaborative Grant Program; (3) a Teacher Salary Incentive Grant Program; (4) a Transitional Supplemental Instruction for Struggling Learners Program; and (5) enhancement funds for students with disabilities. The Act also tasked the Kirwan Commission to produce its final report by December 1, 2019.

In 2019, the Kirwan Commission endorsed a set of recommendations made by the Funding Formula Workgroup to incorporate the cost of implementing the policy recommendations into education funding formulas and programs. The commission also finalized its policy recommendations and timeline for implementation. The result was Chapter 36 of 2021 (the Blueprint for Maryland's Future – Implementation), which implemented the Kirwan Commission's recommendations in the major policy areas of (1) early childhood education; (2) high-quality and diverse teachers and leaders; (3) college and career readiness pathways; (4) governance and accountability; and (5) more resources to ensure all students are successful. The Act contained numerous provisions relating to education funding, including:

- altering the calculation of the Foundation Program such that the count of students to be funded is the greater of (1) the prior year full-time equivalent enrollment or (2) the three-year moving average of full-time equivalent enrollment, and gradually increasing the per pupil foundation amount over the length of the Blueprint's 10-year implementation timeframe;
- altering the calculation of the State and local share of education aid using wealth by specifying the use of November Net Taxable Income and that certain tax increment financing wealth is subtracted from a jurisdiction's wealth calculation;
- mandating a local share of several formula aid programs, in addition to the Foundation Program, while providing specified relief from local share, and altering per pupil maintenance of effort;
- repealing the tax increment financing grant, the net taxable income grant, and the supplemental grants;
- adding Blueprint transition grants, teacher career ladder grants, college and career readiness grants, and Transitional Supplemental Instruction grants to fund transitional

supplemental instruction (*e.g.*, tutoring) for students in kindergarten through grade 3 who are identified as struggling learners;

- replacing the State geographic cost of education index funding with the comparable wage index, which is calculated by measuring variation in the wages of workers similar to teachers and examining costs outside of a school district's control and, unlike geographical cost of education index, isolates only wage costs;
- altering the funding weights applied to the per pupil foundation amount for special education, compensatory education, and English learner (formerly limited English proficient) grants; and
- altering the concentration of poverty grant formula to add a per pupil grant and to phase in the per pupil grant.

The Act originally passed as House Bill 1300 of 2020, but the Governor vetoed the bill, and the General Assembly overrode the veto the following session, which resulted in enactment as Chapter 36. Due to delays caused by the Governor's veto and the COVID-19 pandemic, the Act was paired with Chapter 55 of 2021 (the Blueprint for Maryland's Future – Revisions), which generally made revisions to Chapter 36 to account for the bill's delayed enactment. Additionally, Chapter 55 accounted for the effects of COVID-19 by making changes to funding formulas to account for enrollment during the pandemic and by requiring local school systems to provide tutoring and supplemental instruction and use funds to address trauma and behavioral health issues arising from the pandemic's effects on students. Fiscal 2023 was the first fiscal year to incorporate all of the new Blueprint formulas under Chapters 36 and 55.

## Federal Funding for Local School Systems

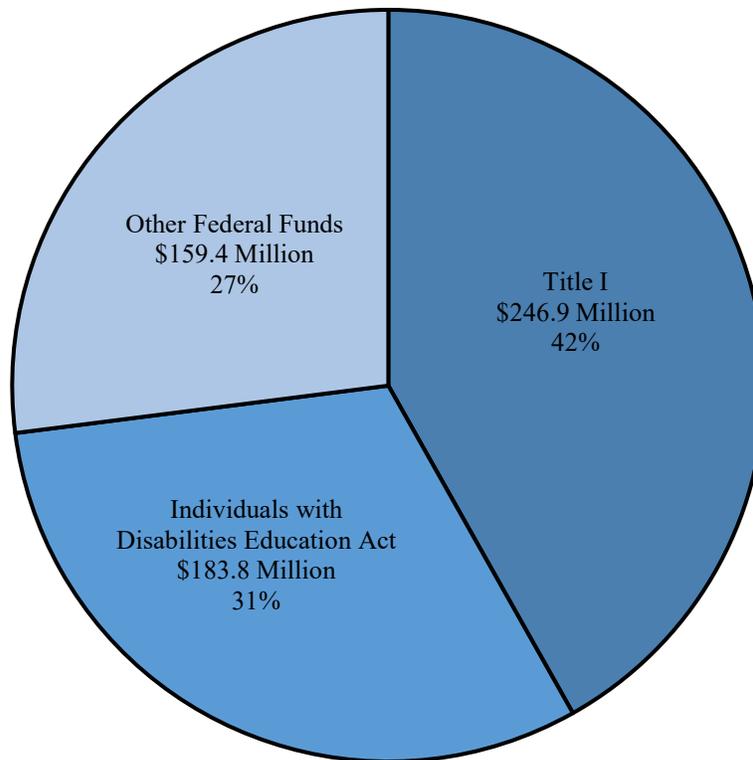
Historically, federal education aid has accounted for approximately 5% of the funding for Maryland's local school systems, although the amounts and shares vary by year and by county. Due to federal COVID-19 stimulus relief funding, the Maryland State Department of Education estimated federal funds applied to the Aid to Education budget totaled \$1.22 billion in fiscal 2021, which accounted for approximately 14% of that total budget of \$8.9 billion, as reported by the Department of Budget and Management. Of the \$8.9 billion for fiscal 2021, excluding the \$366.1 million in COVID-19 stimulus relief funding, the Maryland State Department of Education applied \$590.2 million to the Aid to Education budget.

Because most federal support is targeted toward economically disadvantaged and disabled children, school systems with larger proportions of these students generally receive more federal aid. **Exhibit 3.2** shows that in fiscal 2021, of the selected \$590.2 million expended for K-12 education, \$246.9 million (42%) was for Title I students through the Elementary and Secondary Education Act including basic grants, school system support, school improvement, migrant education, and neglected and delinquent children funding; \$183.8 million (31%) was for children

with disabilities under the Individuals with Disabilities Education Act, Part B grants; and \$159.4 million (27%) was for other programs including Title II grants, improving teacher quality, homeless assistance, Title III English language acquisition, Title IV 21st Century Community Learners, Gaining Early Awareness and Readiness Through Undergrad Program, unrestricted and impact aid funds, and other miscellaneous grants. Based on the September 2020 (*i.e.*, fiscal 2021) enrollment, federal funds per pupil averaged \$675 statewide in fiscal 2021.

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**Exhibit 3.2**  
**Federal Education Funding**  
**Fiscal 2021**



**Total Funding: \$590.2 Million**

**Per Pupil: \$675**

Note: Federal funds for early childhood education, food services, COVID-19 stimulus relief, and school construction are not included.

Source: *Selected Financial Data, 2020-2021, Part 1 – Revenues*; Department of Legislative Services

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## State Funding for Local School Systems

### Wealth Equalization

Because funding public education is a shared State and local responsibility, part of the State's constitutional responsibility to provide a "thorough and efficient system of free public schools" involves offsetting the disparities in taxable wealth among the counties. If all 24 counties made the same education tax effort (*i.e.*, contributed the same proportions of their taxable wealth to public education), local per pupil appropriations would vary due to relatively wide discrepancies in local wealth per pupil. The State aid structure compensates for these differences by providing, through major formula aid, less aid per pupil to the more wealthy jurisdictions and more aid per pupil to the less wealthy jurisdictions through a number of "wealth-equalized" funding formulas. Although on the whole, most State aid formulas are designed to have the State pay roughly one-half of program costs, the State's share for the less wealthy jurisdictions is higher than 50%, and the State's share for more wealthy jurisdictions is lower than 50%.

The majority of wealth-equalization of State funding is achieved through the Foundation Program and the three main targeted aid programs: the compensatory education; special education; and English language learner formulas. State funding for teacher retirement (which relates to each county's teacher salary base), student transportation, and nonpublic placements account for more than half of all nonequalized State aid.

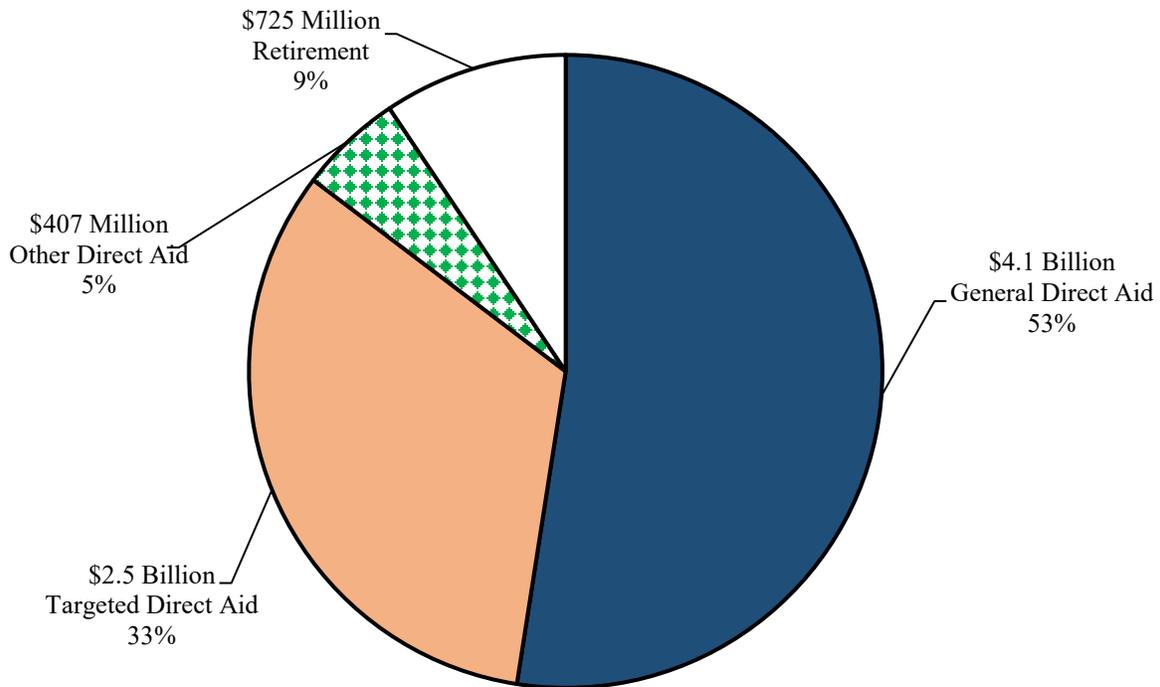
### Categories of State Education Aid

One of the longstanding goals of Maryland's education financing structure has been to recognize the additional resource needs associated with serving at-risk students and to provide greater funding to school systems with large percentages of special education, economically disadvantaged, and English language learner students. Based on estimates of the costs of the needed additional resources, the Bridge to Excellence in Public Schools Act (Chapter 288 of 2002) directed a significant portion of new funds to targeted aid programs, and the Blueprint for Maryland's Future (Chapters 36 and 55) accelerates targeted funding.

**Exhibit 3.3** shows \$7.7 billion of fiscal 2023 State education aid separated into four categories: (1) retirement aid; (2) general education aid; (3) targeted aid; and (4) other direct aid. The first category, retirement aid, accounts for \$725 million (9%) of State education aid in fiscal 2023. The other three categories fall under the larger category of direct education aid. General education aid accounts for the majority of education funding with \$4.1 billion (53%) of total education aid in fiscal 2023 and also accounts for the largest percentage of direct aid (60%). Targeted aid accounts for the second largest amount and percentage of total education aid in fiscal 2023 (\$2.5 billion, or 33%). The fiscal 2023 percentage of targeted aid (33%) is significantly higher than the percentages in 2002 (19%) and 2011 (28%), which demonstrates increased emphasis on targeting resources to school systems with larger proportions of at-risk students. Other direct aid, such as transportation, is the smallest category of State education aid with \$407 million (5%) of total aid in fiscal 2023. Note that discussion of fiscal 2023 State education aid in this

chapter excludes \$217.9 million in combined State aid for the healthy families/home visiting program and early childhood programs, including full-day prekindergarten.

**Exhibit 3.3**  
**Categories of State Education Aid**  
**Fiscal 2023**



**State Education Aid Total: \$7.7 Billion**

Note: Numbers may not sum to totals due to rounding. Figures exclude \$217.9 million in combined State aid for full-day prekindergarten, prekindergarten expansion grants and prekindergarten supplemental grants, as well as funding for early education programs operated by local school systems (Judy Hoyer, Infants and Toddlers, Head Start, and Healthy Families).

Source: Department of Legislative Services

**Exhibit 3.4** shows the funding that each local school system received in each of the four categories of State Education Aid in fiscal 2023. Except for the teachers' retirement program, funding for the general direct category is mostly driven by total student enrollment, and local wealth and State aid in the targeted direct category is generally based on local enrollments of at-risk students and local wealth. Specified per pupil funding amounts also drive much of general and targeted direct education aid. State support for other programs is partly a function of the number of students in each school system but also includes specialized grant funding with unique purposes. Categories of State education aid are discussed individually in the sections that follow.

**Exhibit 3.4**  
**Fiscal 2023 State Education Aid by County**  
(\$ in Thousands)

County	General Direct	Targeted Direct	Other Direct	Retirement	Total
Allegany	\$53,308	\$33,439	\$6,089	\$6,264	\$99,100
Anne Arundel	281,688	147,320	32,412	63,024	524,444
Baltimore City	562,696	510,335	24,219	58,961	1,156,211
Baltimore	494,936	281,705	40,781	87,018	904,441
Calvert	74,260	19,013	7,038	12,825	113,135
Caroline	36,469	25,325	3,674	4,352	69,819
Carroll	111,932	29,719	12,338	18,648	172,637
Cecil	72,949	35,404	6,990	12,313	127,656
Charles	141,200	61,152	14,053	20,209	236,614
Dorchester	27,767	21,794	3,110	3,619	56,290
Frederick	217,101	86,149	17,272	32,140	352,662
Garrett	13,817	5,656	3,743	2,751	25,968
Harford	169,644	70,922	16,648	27,001	284,215
Howard	221,791	79,157	23,668	53,512	378,127
Kent	4,483	4,298	1,942	1,533	12,256
Montgomery	474,889	323,256	55,747	153,186	1,007,078
Prince George's	723,631	545,209	54,408	108,932	1,432,180
Queen Anne's	26,316	9,069	4,267	5,486	45,139
St. Mary's	85,669	28,361	8,757	12,667	135,454
Somerset	17,879	18,045	2,499	2,571	40,995
Talbot	5,434	9,659	2,202	3,403	20,698
Washington	128,445	67,965	9,577	15,664	221,652
Wicomico	94,224	73,334	6,879	12,012	186,449
Worcester	7,980	11,616	3,878	6,552	30,026
Unallocated	0	38,188	45,136	0	83,324
<b>Statewide</b>	<b>\$4,048,508</b>	<b>\$2,536,090</b>	<b>\$407,328</b>	<b>\$724,644</b>	<b>\$7,716,570</b>

Note: Numbers may not sum to totals due to rounding. Figures exclude \$217.9 million in combined State aid for full-day prekindergarten, prekindergarten expansion grants and prekindergarten supplemental grants, as well as funding for early education programs operated by local school systems (Judy Hoyer, Infants and Toddlers, Head Start, and Healthy Families).

Source: Department of Legislative Services

## General Direct State Aid

General education aid, the largest category of direct aid, is designed to provide a minimum level of operating support for all students. This funding is used to provide the basic resources needed to operate any school system, such as central administrators, principals, teachers, textbooks, and classroom equipment. The foundation program is the base general education State aid program. In addition to the Foundation Program, the following programs are also included in general education aid: geographic cost of education index; supplemental grants; net taxable income; guaranteed tax base; teachers' retirement; and other smaller programs.

**Exhibit 3.5** shows fiscal 2023 funding for general education aid programs, and each program is discussed below.

### Foundation Program

The Foundation Program is the major State general education aid program for public schools, accounting for nearly half of State education aid. For each school system, a formula determines the State and local shares of a minimum per pupil funding level, or “foundation.”

The total cost of the Foundation Program, which equals the per pupil foundation amount times the enrollment count (defined below), is shared by the local governments and the State. However, as a wealth-equalized formula, the State provides more aid per pupil to school systems in the less wealthy jurisdictions and less aid per pupil to school systems in the more wealthy jurisdictions. Further, given minimum State funding of 15% for each county, the State covers more than half of foundation funding each year.

The State has used some type of base funding approach since 1922 to equalize funding and provide a minimum level of support for school systems. Since 2004, the per pupil funding level in the Foundation Program is based on an estimate of the amount of funding that is needed to provide resources sufficient for the “average” student (*i.e.*, a student without any supplemental needs) to meet State standards.

**Exhibit 3.5**  
**Funding for General Education Programs**  
**Fiscal 2023**  
**(\$ in Thousands)**

<b>County</b>	<b>Foundation Program</b>	<b>Geographic Cost Index</b>	<b>Blueprint Transition</b>	<b>Guaranteed Tax Base</b>	<b>Education Effort Adjustment</b>	<b>Out-of-county Education</b>	<b>Total</b>
Allegany	\$47,484	\$0	\$10	\$5,813	\$0	\$0	\$53,308
Anne Arundel	269,742	11,648	0	0	0	297	281,688
Baltimore City	406,359	23,399	18,669	15,117	99,152	1	562,696
Baltimore	484,069	6,903	2,954	0	0	1,011	494,936
Calvert	71,786	2,469	0	0	0	5	74,260
Caroline	33,364	0	967	2,138	0	0	36,469
Carroll	109,287	2,627	0	0	0	18	111,932
Cecil	72,891	0	49	0	0	9	72,949
Charles	134,164	4,120	0	2,865	0	52	141,200
Dorchester	24,776	0	1,322	1,665	0	4	27,767
Frederick	209,240	7,829	0	0	0	31	217,101
Garrett	12,616	0	1,201	0	0	0	13,817
Harford	169,588	0	0	0	0	57	169,644
Howard	214,761	6,781	42	0	0	207	221,791
Kent	3,332	137	1,005	0	0	8	4,483
Montgomery	424,689	42,290	7,713	0	0	197	474,889
Prince George's	627,698	48,808	20,506	0	26,521	98	723,631
Queen Anne's	25,686	630	0	0	0	0	26,316
St. Mary's	82,150	267	3,251	0	0	0	85,669
Somerset	16,024	0	0	1,854	0	0	17,879
Talbot	5,434	0	0	0	0	0	5,434
Washington	119,869	0	0	8,571	0	6	128,445
Wicomico	86,464	0	0	7,760	0	0	94,224
Worcester	7,980	0	0	0	0	0	7,980
Unallocated	0	0	0	0	0	0	0
<b>Statewide</b>	<b>\$3,659,453</b>	<b>\$157,910</b>	<b>\$57,688</b>	<b>\$45,784</b>	<b>\$125,673</b>	<b>\$2,000</b>	<b>\$4,048,508</b>

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

Source: Department of Legislative Services

**Per Pupil Foundation Amount:** For fiscal 2023, the per pupil foundation amount is \$8,310. Through fiscal 2033, the per pupil foundation amount is specified for each year and increases annually. For subsequent years, the per pupil foundation amount is scheduled to increase by an inflation adjustment. The inflation adjustment increases the per pupil foundation amount by the lesser of the Washington metropolitan area Consumer Price Index, the implicit price deflator for State and local governments, or 5%.

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

- Full-time equivalent enrollment equals the total number of students enrolled in kindergarten through grade 12 plus the number of full-time equivalent students enrolled in evening high school programs and the number of Pathways in Technology Early College High students. Full-time equivalent enrollment is calculated using a September 30 student count from the prior fiscal year.
- Enrollment count means the greater of (1) full-time equivalent enrollment or (2) the three-year average moving enrollment.
- Wealth equals the sum of 100% of public utilities real property and 40% of all other real property assessable base, 50% of the personal property assessable base, and 100% of net taxable income. For counties that qualify for disparity grants (see “Chapter 22. Miscellaneous State Aid” of *Volume VI – Maryland Local Government*), the real property assessable base excludes a specified portion of the value of tax increment financing development districts established after May 1, 2016, and still in effect. The property bases are determined as of July 1 of the previous fiscal year. Net taxable income is computed using data from November 1 of the second preceding calendar year.

Given a statewide full-time equivalent enrollment count and a statewide wealth total, a local contribution rate is calculated. The local contribution rate is effectively a statewide tax rate representing the counties’ aggregate share of the Foundation Program divided by total county wealth. Specifically, the local contribution rate equals the result of multiplying the full-time equivalent times the per pupil foundation, multiplied by the overall local share of the Foundation Program (50%), and divided by total local wealth. Each county’s local share of the Foundation Program is calculated by multiplying the local contribution rate by the county’s wealth.

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

$(\text{Per Pupil Foundation} \times \text{Enrollment Count}) - (\text{Local Contribution Rate} \times \text{Local Wealth})$
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For a very wealthy county, this calculation could result in an aid figure that is less than \$0; however, each school system is guaranteed a minimum State share of 15% of the program cost for the Foundation Program. **Exhibit 3.6** shows the calculation of Foundation Program variables and **Exhibit 3.7** shows the fiscal 2023 distribution of State aid under the Foundation Program using the variables from Exhibit 3.6.

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**Exhibit 3.6**  
**Calculating Foundation Program Variables**  
**Fiscal 2023**

**Row    Per Pupil Foundation Amount**

1        Target per pupil amount                      \$8,310

**Minimum State Per Pupil Foundation Amount**

2        Per pupil amount                                \$8,310 = Row 1

3        Minimum State share                            15% = Constant

4        Minimum amount                                \$1,247 = Row 2 x Row 3

**Local Contribution Rate**

5        Per pupil foundation                          \$7,0658,310 = Row 1

6        Local share                                        50% = Constant

7        FTE enrollment 9/30/21                        848,653 = Actual

8        Wealth base                                      \$533,831,321,728 = Actual

9        Local contribution rate                        0.0066054 = (Row 5 x Row 6 x Row 7) / Row 8

FTE: full-time equivalent

Source: Department of Legislative Services

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**Exhibit 3.7**  
**Foundation Program Calculation**  
**Fiscal 2023**

<b>County</b>	<b>Enrollment Count<sup>1</sup></b>	<b>Basic Program: \$8,310 Times Enrollment</b>	<b>Wealth Base</b>	<b>Local Share: 0.0066054 Times Wealth</b>	<b>Unadjusted State Aid<sup>2</sup></b>	<b>Min. State Aid \$1,247 Times Enrollment</b>	<b>Total State Aid<sup>3</sup></b>
Allegany	7,888.33	\$65,552,022	\$2,735,298,049	\$18,067,738	\$47,484,284	\$9,832,803	\$47,484,284
Anne Arundel	81,404.50	676,471,395	61,575,273,693	406,729,313	269,742,082	101,470,709	269,742,082
Baltimore City	72,823.58	605,163,950	30,097,368,986	198,805,161	406,358,789	90,774,592	406,358,789
Baltimore	109,146.08	907,003,925	64,028,710,782	422,935,246	484,068,679	136,050,589	484,068,679
Calvert	15,333.33	127,419,972	8,422,471,619	55,633,794	71,786,178	19,112,996	71,786,178
Caroline	5,426.92	45,097,705	1,776,435,632	11,734,068	33,363,637	6,764,656	33,363,637
Carroll	24,799.67	206,085,258	14,654,369,647	96,797,973	109,287,285	30,912,789	109,287,285
Cecil	14,478.08	120,312,845	7,179,270,005	47,421,950	72,890,895	18,046,927	72,890,895
Charles	26,293.42	218,498,320	12,767,454,338	84,334,143	134,164,177	32,774,748	134,164,177
Dorchester	4,437.00	36,871,470	1,831,103,405	12,095,170	24,776,300	5,530,721	24,776,300
Frederick	43,810.50	364,065,255	23,439,127,688	154,824,814	209,240,441	54,609,788	209,240,441
Garrett	3,545.50	29,463,105	2,550,571,169	16,847,543	12,615,562	4,419,466	12,615,562
Harford	37,052.08	307,902,785	20,939,720,887	138,315,232	169,587,553	46,185,418	169,587,553
Howard	56,543.00	469,872,330	38,621,682,888	255,111,664	214,760,666	70,480,850	214,760,666
Kent	1,766.92	14,683,105	1,718,401,780	11,350,731	3,332,374	2,202,466	3,332,374
Montgomery	157,581.58	1,309,502,930	133,953,170,069	884,814,270	424,688,660	196,425,439	424,688,660
Prince George's	127,439.42	1,059,021,580	65,298,648,884	431,323,695	627,697,885	158,853,237	627,697,885
Queen Anne's	7,375.75	61,292,483	5,390,546,601	35,606,717	25,685,766	9,193,872	25,685,766
St. Mary's	16,963.92	140,970,175	8,904,824,217	58,819,926	82,150,249	21,145,526	82,150,249
Somerset	2,655.92	22,070,695	915,378,521	6,046,441	16,024,254	3,310,604	16,024,254
Talbot	4,359.17	36,224,703	4,907,462,216	32,415,751	3,808,952	5,433,705	5,433,705
Washington	21,574.00	179,279,940	8,994,298,560	59,410,940	119,869,000	26,891,991	119,869,000
Wicomico	14,246.00	118,384,260	4,832,486,101	31,920,504	86,463,756	17,757,639	86,463,756
Worcester	6,402.25	53,202,698	8,297,245,991	54,806,629	-1,603,932	7,980,405	7,980,405
<b>Statewide</b>	<b>863,346.92</b>	<b>\$7,174,412,905</b>	<b>\$533,831,321,728</b>	<b>\$3,526,169,413</b>	<b>\$3,648,243,492</b>	<b>\$1,076,161,936</b>	<b>\$3,659,452,582</b>

FTE: Full-time equivalent

<sup>1</sup> Enrollment count is the greater of (1) fall 2021 full-time equivalent enrollment and (2) the three-year average of fall 2018 to fall 2021, excluding fall 2020.

<sup>2</sup> Unadjusted State aid equals the basic program minus the local share.

<sup>3</sup> Total State aid equals the greater of formula State aid and minimum State aid.

Source: Department of Legislative Services

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***History of Major Changes:***

- 1973 Chapter 360 established the per pupil funding level for formula aid and provided for a phase-in to a \$610 per pupil foundation by fiscal 1978. The \$610 was subsequently raised to \$624. The foundation was shared 55% State/45% local.
- 1978 Chapter 420 increased the foundation from \$624 to \$690 per pupil and changed the State/local shares to a 50%/50% split for amounts above \$624.
- 1980 Chapter 531 increased the per pupil foundation amount from \$784 to \$942, established the goal of a basic current expense per pupil foundation amount to equal 75% of the average per pupil expenditures in recent fiscal years, phased 50% of the assessed value of personal property into the wealth base in 10% increments over a five-year period, and set an 8% growth cap on increases in the foundation.
- 1984 Chapter 85 provided substantial increases in the per pupil foundation amount over a five-year period, raising it to \$1,947 by fiscal 1989. By fiscal 1990, the law required the per pupil foundation amount to equal 75% of the average per pupil expenditures in prior years, but the annual increases in the foundation were capped by the lesser of 8% or the change in the Consumer Price Index. The legislation also required the General Assembly to affirm the affordability of these increases if State aid for education exceeded 32.8% of general fund revenues and prescribed a maintenance of effort requirement for the counties.
- 1987 Chapter 277 required the per pupil foundation amounts to equal the lesser of \$2,550, or 75%, of the two prior years' average per pupil expenditures by fiscal 1992. By fiscal 1993, the per pupil foundation amount had to equal 75% of the two prior years' average per pupil expenditure. The legislation also required the General Assembly to affirm the affordability of these increases in any year that State aid exceeded 31.5% of general funds.
- 1996 Chapter 175 altered the local maintenance of effort requirement by authorizing a county to spend fewer dollars in times of decreasing enrollment and by authorizing the State Board of Education to grant a temporary or partial waiver in certain circumstances.
- 2002 Chapter 288 (the Bridge to Excellence in Public Schools Act) changed the name of the current expense program to the Foundation Program. The previous method for determining the annual per pupil foundation amount, based on spending in prior fiscal years, was eliminated, and a new method, based on reaching a target amount that reflects adequacy, was established for implementation from fiscal 2004 to 2008. The law also included an increase in the full-time equivalent enrollment count for kindergarteners from 0.5 to 1.0 to acknowledge the requirement that school systems provide full-day kindergarten to all students by the 2007-2008 school year. The legislation began a phase-down of the State's share of the historical \$624 per pupil "first tier" funding from 55% to 50% and instituted a higher minimum State share of the per pupil foundation. The law also required the State to adjust its share of the Foundation Program in fiscal 2004 for four counties to recognize

- educational resource cost differences that are outside the control of the local jurisdictions. Finally, Chapter 288 required the General Assembly to affirm by joint resolution the State's ability to pay for the aid increases associated with the legislation during the 2004 session and specified an alternative funding schedule that would be implemented if the joint resolution was not passed.
- 2004 Chapter 6 repealed the requirement that the General Assembly pass a joint resolution to proceed with full funding for the Bridge to Excellence in Public Schools Act.
- 2005 Chapter 444 repealed the requirement that the General Assembly affirm the State's ability to pay for scheduled aid increases in each year that education aid exceeds 31.5% of general funds.
- 2007 Chapter 2 of the 2007 special session froze inflation in the per pupil foundation amount for fiscal 2009 and 2010. It also specified that the foundation amount would increase in subsequent years by the lesser of the increase in the implicit price deflator for State and local government expenditures, the increase in the Consumer Price Index for urban consumers in the Baltimore-Washington area for the second prior fiscal year, or 5%. If there is no increase in inflation indexes, the foundation amount remains the same as the prior fiscal year.
- 2009 Chapter 487 limited the per pupil foundation inflation increase for fiscal 2012 to 1%. Chapter 487 also extended the deadline for counties to apply to the State Board of Education for waivers of the maintenance of effort provision and clarified that if a county receives a waiver from the maintenance of effort requirement, the required local appropriation for the fiscal year after the waiver will be based on the greater of the per pupil local appropriation from the prior year or the second prior year.
- 2010 Chapter 484 limited inflationary growth in the per pupil foundation amount to 1% through fiscal 2015.
- 2011 Chapter 397 prevented a 0.8%, or \$55, increase in the per pupil foundation amount by holding the per pupil foundation amount at \$6,694 in fiscal 2012 for a fifth consecutive year.
- 2012 Chapter 6 altered the maintenance of effort penalty, refined the waiver process, established a waiver process for counties that want to rebase the required amount, and modified the calculation of required amounts.
- 2019 Chapter 5 replaced specified obsolete references to the Consumer Price Index for the Washington-Baltimore metropolitan area with references to Consumer Price Index for the Washington metropolitan area.
- 2021 Chapter 36 (the Blueprint for Maryland's Future – Implementation) altered the foundation formula such that the count of students to be funded is the greater of (1) the prior year

full-time equivalent enrollment and (2) the three-year moving average of full-time equivalent enrollment. Also, the per pupil foundation amount is increased over current law to specified amounts for each year from fiscal 2022 to 2033. After fiscal 2033, the per pupil foundation amount is increased by inflation. Chapter 36 also specifies certain costs associated with implementing the Blueprint for Maryland’s Future that are included in the per pupil foundation amount and requires local governments to fund the greater of maintenance of effort or the local share of all wealth-equalized formulas (instead of only the local share of the foundation formula).

Chapter 55 (the Blueprint for Maryland’s Future – Revisions) increased the per pupil foundation amount, beginning in fiscal 2025, to cover specified educational technology costs. Chapter 55 also changed the “3-year moving average enrollment” to exclude the full-time equivalent enrollment count for the 2020-2021 school year in each instance that this count would otherwise be used for determining the “enrollment count,” while still assuring that in each instance a set of three years is to be used in calculating various funding formulas. A similar adjustment is made for purposes of determining the annual per pupil maintenance of effort requirement that must be met by local governments.

- 2022 Chapter 33 requires local governments to appropriate local funds to the public school operating budget in an amount that is the greater of the local share of major education aid (accounting for relief provisions) and a specified maintenance of effort amount enumerated in the bill for each county.

**Legal Reference:** Education Article, Sections 5-201, 5-212, and 5-213

### **Geographic Cost of Education Index/Comparable Wage Index**

The Bridge to Excellence in Public Schools Act required the development of a Maryland-specific geographic cost of education index that would be available to adjust State aid beginning in fiscal 2005. Chapter 430 of 2004 established a geographic cost of education index formula, but unlike the rest of the major State aid programs, the formula was not mandated. The formula was not funded through fiscal 2008 and was phased in at 30% in fiscal 2009 and 100% in fiscal 2010. Since then, the formula has been fully funded each year, except in fiscal 2016 when it was funded at 50%. Chapter 477 of 2015 made geographic cost of education index funding of the program mandatory rather than discretionary beginning in fiscal 2017. Beginning in fiscal 2024, per Chapter 36, geographic cost of education index funding terminates while comparable wage index funding commences. Fiscal 2023 geographic cost of education index funding was fixed in statute by Chapter 36 as a practical means of transitioning from geographic cost of education index to comparable wage index funding amid the larger transition to the Blueprint for Maryland’s Future.

The consultants who conducted the required 2016 adequacy study evaluated the geographic cost of education index methodology and recommended changes to how the index is calculated. Two reports were produced examining regional cost adjustments for the Maryland school funding

model. In November 2015, the *Geographic Cost of Education Adjustment for Maryland* report examined the geographic cost of education index approach used by the State and the alternative approaches available for adjusting for regional cost differences. The report recommended switching from the geographic cost of education index to a Consumer Price Index approach for regional cost adjustments to better account for the differences in costs faced by districts in Maryland. The June 2016 report *A Comparable Wage Index for Maryland* calculated the recommended Consumer Price Index figure for each school district in the State. Consumer Price Index is calculated by measuring variation in the wages of workers similar to teachers and examining costs outside of a school district's control, and unlike the geographic cost of education index, isolates only wage costs (*i.e.*, comparable wage index).

***Distribution:*** The comparable wage index formula provides additional funds to local school systems with above-average costs but does not decrease funding for systems with below-average costs comparable wage index adjustment values, which are fixed in statute and range from 0.055 in Charles County to 0.166 in Montgomery County. The formula multiplies the adjustment value by the Foundation Program for a given county, which is the per pupil foundation amount multiplied by the enrollment count for the county. Comparable wage index adjustment funding results are moderated by a further adjustment that phases down from 49% in fiscal 2024 to 42% in fiscal 2033. Unlike the geographic cost of education index, which was fully funded by the State, comparable wage index funding is shared by the State and local governments (in the same manner as does the Foundation Program). Counties with an index above 0.130 (Howard and Montgomery counties), receive a reduced local share percentage under the comparable wage index, subject to the provision that county governments must fund the greater of maintenance of effort and the local share of all major aid programs.

#### ***History of Major Changes:***

- 2004 Chapter 430 established a discretionary formula to calculate State aid and codified the index values for the Maryland-specific geographic cost of education index.
- 2007 Chapter 2 of the 2007 special session required the geographic cost of education index to be updated every three years beginning in September 2009.
- 2011 Chapter 397 deferred the 2012 update to 2016.
- 2015 Chapter 477 made funding of the program mandatory rather than discretionary, contingent upon full funding not being provided in the fiscal 2016 operating budget. Since the Governor did not release funds set aside by the General Assembly in fiscal 2016, full funding became mandatory beginning in fiscal 2017.
- 2021 Chapter 36 set fiscal 2023 geographic cost of education index funding amounts by county in statute, terminated the geographic cost of education index after fiscal 2023, and established the comparable wage index beginning in fiscal 2024. Beginning in fiscal 2025, Chapter 55 reduced the annual adjustment percentages under the comparable wage index

to counterbalance increases made to the per pupil foundation amount under the Foundation Program.

**Legal Reference:** Education Article, Sections 5-216, 5-219, and 5-239

### **Blueprint Transition Grants**

These grants were established under Chapter 36 to mitigate against State funding declines, as compared to projections under prior law, for local school systems during the phasing in of the Blueprint for Maryland’s Future.

**Distribution:** As shown in Exhibit 3.5, these grants are provided to 12 local school systems, ranging from \$10,348 in Allegany County to \$20.5 million in Prince George’s County in fiscal 2023. Fiscal 2024 funding will equal fiscal 2023 funding; however, beginning in fiscal 2025, transition grants are phased down, reaching 20% of the fiscal 2024 level for each school system by fiscal 2029 and are discontinued after fiscal 2029.

**Legal Reference:** Education Article, Section 5-215

### **Guaranteed Tax Base**

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

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

For qualifying counties, the distribution of State aid is determined by wealth, full-time equivalent enrollment, and supplemental local education tax effort. A county’s supplemental local effort is calculated by subtracting the county’s local share of the Foundation Program from the county’s overall education appropriation and dividing the difference by the county’s wealth. State aid for each school system is then calculated as follows (with “pupil” equating to full-time equivalent enrollment and “enrollment count” defined as it is for the Foundation Program):

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

The State contribution per enrollment count is limited to 20% of the per pupil foundation amount as determined under the Foundation Program. In effect, the formula provides as much State aid to a local school system as the system would have received from the county government at the county's actual level of education tax effort if the county had the tax base (80% of statewide wealth per pupil) that is guaranteed. Thus, counties with high tax effort and low wealth receive the highest per pupil State aid amounts under this program.

**Exhibit 3.8** shows the calculation of the guaranteed tax base allocation for fiscal 2023.

**Legal Reference:** Education Article, Section 5-214

**Exhibit 3.8**  
**Guaranteed Tax Base Program Calculation**  
**Fiscal 2023**

County	Fiscal 2023 Wealth Base	Fiscal 2022 Local Education Appropriation	Fiscal 2023 Local Share of Foundation	Supplemental Education Tax Effort <sup>1</sup>	FTE Enrollment Sept. 30, 2021	Wealth Per Pupil	Guaranteed Per Pupil <sup>2</sup>	Enrollment Count <sup>3</sup>	State Aid <sup>4</sup>
Allegany	\$2,735,298,049	\$31,854,912	\$18,067,738	0.0050405	7,661.50	\$357,019	\$736.96	7,888.33	\$5,813,384
Anne Arundel	61,575,273,693	784,741,000	406,729,313	0.0061390	80,867.50	761,434	0.00	81,404.50	0
Baltimore City	30,097,368,986	275,513,758	198,805,161	0.0025487	71,358.00	421,780	207.58	72,823.58	15,116,719
Baltimore	64,028,710,782	889,311,619	422,935,246	0.0072839	107,114.75	597,758	0.00	109,146.08	0
Calvert	8,422,471,619	134,705,250	55,633,794	0.0093882	14,949.25	563,404	0.00	15,333.33	0
Caroline	1,776,435,632	15,965,381	11,734,068	0.0023819	5,259.00	337,790	394.05	5,426.92	2,138,478
Carroll	14,654,369,647	205,617,860	96,797,973	0.0074258	24,608.00	595,512	0.00	24,799.67	0
Cecil	7,179,270,005	88,527,026	47,421,950	0.0057255	14,159.75	507,020	0.00	14,478.08	0
Charles	12,767,454,338	201,023,664	84,334,143	0.0091396	25,986.75	491,306	108.95	26,293.42	2,864,668
Dorchester	1,831,103,405	20,812,142	12,095,170	0.0047605	4,314.75	424,382	375.34	4,437.00	1,665,384
Frederick	23,439,127,688	316,598,012	154,824,814	0.0069018	43,810.50	535,012	0.00	43,810.50	0
Garrett	2,550,571,169	28,705,313	16,847,543	0.0046491	3,348.25	761,762	0.00	3,545.50	0
Harford	20,939,720,887	293,812,984	138,315,232	0.0074260	36,880.00	567,780	0.00	37,052.08	0
Howard	38,621,682,888	640,800,000	255,111,664	0.0099863	55,838.25	691,671	0.00	56,543.00	0
Kent	1,718,401,780	18,559,629	11,350,731	0.0041951	1,706.50	1,006,974	0.00	1,766.92	0
Montgomery	133,953,170,069	1,752,662,235	884,814,270	0.0064787	154,409.50	867,519	0.00	157,581.58	0
Prince George's	65,298,648,884	816,947,300	431,323,695	0.0059055	124,362.00	525,069	0.00	127,439.42	0
Queen Anne's	5,390,546,601	62,559,389	35,606,717	0.0050000	7,124.00	756,674	0.00	7,375.75	0
St. Mary's	8,904,824,217	114,540,490	58,819,926	0.0062573	16,714.00	532,776	0.00	16,963.92	0
Somerset	915,378,521	10,443,965	6,046,441	0.0048040	2,557.75	357,884	698.23	2,655.92	1,854,443
Talbot	4,907,462,216	43,949,871	32,415,751	0.0023503	4,232.75	1,159,403	0.00	4,359.17	0
Washington	8,994,298,560	105,841,710	59,410,940	0.0051622	21,100.00	426,270	397.27	21,574.00	8,570,703
Wicomico	4,832,486,101	48,874,552	31,920,504	0.0035083	13,888.00	347,961	544.72	14,246.00	7,760,081
Worcester	8,297,245,991	96,341,968	54,806,629	0.0050059	6,402.25	1,295,989	0.00	6,402.25	0
<b>Statewide</b>	<b>\$533,831,321,728</b>	<b>\$6,998,710,030</b>	<b>\$3,526,169,413</b>	<b>0.0065049</b>	<b>848,653.00</b>	<b>\$629,034</b>		<b>863,346.92</b>	<b>\$45,783,860</b>

FTE: full-time equivalent

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

<sup>2</sup> Guaranteed per pupil equals guaranteed tax base minus local per pupil wealth times supplemental education tax effort, or \$0 if local wealth exceeds the guaranteed tax base.

<sup>3</sup> Enrollment count is the greater of (1) fall 2021 FTE enrollment and (2) the three-year average of fall 2018 to fall 2021, excluding fall 2020.

<sup>4</sup> State aid equals guaranteed per pupil times enrollment count.

Source: Department of Legislative Services

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### **Education Effort Adjustment**

As discussed in more detail later in this chapter, Chapter 36 maintained the requirement that local governments fund the local share of the Foundation Program and established required local shares for several existing and new funding formula programs. Chapter 36 also includes a mechanism for establishing a maximum local share that a county must fund each year. This involves local education effort, which is determined for each county by dividing the county's local share of major education aid by the county's wealth. An education effort index, which is the local education effort divided by the State average education effort, is then determined. A maximum local share is calculated for each county, which is the county's local wealth multiplied by the State average education effort.

Each county with an education effort above 1.0 for two consecutive years receives relief based upon its education effort adjustment, which is the amount by which that calculated local share exceeds the maximum local share. This relief (which results in equivalent increases to State aid) is provided to counties within one of three tiers, based on whether the education effort is (1) greater than 1.0 but less than 1.15; (2) at least 1.15 but less than 1.27; or (3) at least 1.27. State relief for the first tier is phased up from 15% of the education effort adjustment in fiscal 2023 to 50% by fiscal 2030. State relief for the second tier is phased up from 20% of the education effort adjustment in fiscal 2023 to 100% by fiscal 2030. State relief for the third tier is 100% beginning in fiscal 2023. (Although statute specifies percentages for fiscal 2022, the formula was not implemented until fiscal 2023.) However, the education adjustment for a county is only allowed to the degree that per pupil maintenance of effort is met each year. The program relieves county governments from extraordinary local education effort while holding local school systems harmless in terms of combined State and local funding.

**Legal Reference:** Education Article, Section 5-239

### **Out-of-county Living Arrangements and Students Living Near County Borders**

The State provides a contribution to counties for educating students who are not permanent residents of the county but may be attending a public school in the county. The State contribution is mandated and depends on the number of students in each category.

If a student lives in a foster care home or residential facility and, therefore, attends school in a county other than the county in which the student's parent or legal guardian resides, the county where the student resides must send the county educating the pupil an amount equal to the lesser of the "sending" or "receiving" county's local spending per student. If the amount paid by the sending county is less than the local per pupil spending of the receiving county, the State pays the difference to the receiving county through this program.

Additionally, if a student lives near the county line, and the closest school to the student is not in the student's county of residence, the student may attend the school in the neighboring county free of charge under certain circumstances. State funding totaled \$2.0 million in fiscal 2023.

**Legal Reference:** Education Article, Sections 4-121 and 4-122

### **Targeted Direct State Aid**

The second major category of State aid programs, targeted aid, provides additional funding to school systems based on their enrollments of certain populations of students. Although the State supported numerous categorical programs that targeted funds to school systems with higher proportions of at-risk students prior to 2002, the Bridge to Excellence in Public Schools Act altered the landscape of targeted funding considerably. As one facet of its work, the Kirwan Commission revisited the adequacy of State formulas for certain student populations and estimated costs to implement increased per pupil funding for compensatory education, limited English proficient (now called English learner), and special education students as per pupil funding amounts. Except for special education, these recommendations were based on recommendations from the 2016 adequacy study, with modifications as recommended by the commission. Funds for salary increases for teachers in these three areas were also added to the per pupil amount, which were then converted to weights and adjusted for annual inflation.

As shown in **Exhibit 3.9**, funding for compensatory education, English learner, and special education students (which are sometimes referred to as funding for at-promise students) make up the majority of the \$2.5 billion for targeted education aid programs in fiscal 2023. Other targeted aid includes concentration of poverty, which is a new program adopted as part of the Blueprint; nonpublic placements; and other programs including Transitional Supplemental Instruction, post College and Career Readiness, Learning in Extended Academic Programs, and the School for Educational Evolution and Development (known as the SEED School) of Maryland. These programs are discussed in detail below.

**Exhibit 3.9**  
**Targeted Education Aid Programs**  
**Fiscal 2023**  
**(\$ in Thousands)**

County	Compensatory Education	Concentration of Poverty	Special Education	Nonpublic Placements	English Learners	Other Targeted <sup>1</sup>	Total
Allegany	\$21,308	\$2,329	\$6,849	\$1,813	\$198	\$942	\$33,439
Anne Arundel	74,814	4,750	27,356	10,486	25,086	4,828	147,320
Baltimore City	297,878	82,429	57,649	12,588	48,572	11,218	510,335
Baltimore	143,875	12,200	52,837	20,893	43,301	8,599	281,705
Calvert	9,817	0	6,271	896	917	1,111	19,013
Caroline	16,864	661	3,375	267	3,463	694	25,325
Carroll	11,724	0	10,903	3,439	1,676	1,977	29,719
Cecil	20,477	1,183	9,920	847	1,611	1,366	35,404
Charles	39,368	520	12,372	1,297	5,310	2,286	61,152
Dorchester	13,932	3,685	2,171	213	1,200	592	21,794
Frederick	39,719	1,771	20,170	5,261	15,106	4,122	86,149
Garrett	4,407	0	915	53	33	248	5,656
Harford	35,891	2,896	19,755	5,652	3,809	2,918	70,922
Howard	36,181	0	18,013	6,647	14,494	3,821	79,157
Kent	2,509	520	766	149	276	78	4,298
Montgomery	133,784	8,657	58,397	19,409	94,674	8,336	323,256
Prince George's	254,469	54,717	56,218	23,927	143,639	12,239	545,209
Queen Anne's	4,794	0	2,361	277	1,189	448	9,069
St. Mary's	16,435	735	7,383	800	1,514	1,495	28,361
Somerset	10,689	3,478	2,452	13	803	611	18,045
Talbot	5,710	260	1,455	181	1,885	169	9,659
Washington	45,109	3,413	12,323	1,120	3,631	2,369	67,965
Wicomico	47,453	4,604	9,231	101	9,628	2,316	73,334
Worcester	7,994	779	2,167	21	449	205	11,616
Unallocated <sup>1</sup>	0	700	0	25,062	0	12,427	38,188
<b>Statewide</b>	<b>\$1,295,202</b>	<b>\$190,286</b>	<b>\$401,310</b>	<b>\$141,413</b>	<b>\$422,465</b>	<b>\$85,414</b>	<b>\$2,536,090</b>

<sup>1</sup> Transitional Supplemental Instruction, post College and Career Readiness, Learning in Academic Extended Programs, and the School for Educational Evolution and Development (SEED School) of Maryland.

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

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

The State's three major targeted programs (compensatory education, English learner, and special education) use slightly different versions of the same funding formula. State funding levels for the programs are based on the number of relevant students enrolled in public schools at the end of October of the prior year and per pupil funding levels, which are expressed as a percentage, or weight, of the per pupil foundation amount. The State has an overall share of 50% for all three programs, with more wealthy counties receiving lower State shares than less wealthy counties. Each program has a minimum 40% State share of the per pupil amount, regardless of local wealth.

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

$$\frac{(\text{State Aid Amount Per Pupil} \times \text{Enrollment})}{(\text{Local Wealth Per Pupil} / \text{Statewide Wealth Per Pupil})}$$

When the amounts for each school system are summed, however, the total does not equal the intended State contribution; another step is taken to proportionally adjust the school system allocations by a reducing factor to bring the total back to the calculated funding level. In the final step, each jurisdiction's per pupil aid, as calculated in the previous steps, is compared to a statutory minimum State contribution. If the formula aid for a school system is less than the minimum aid, the school system receives the minimum rather than the amount computed through the formula.

Beginning in fiscal 2023, the local share requirement includes, among targeted aid programs, the local share of compensatory education, English learner, special education, and (through fiscal 2027) transitional supplemental instruction. Counties that benefit from the compensatory education State funding floor are also required to fund the local share of the concentration of poverty grant program. However, for some counties, the combined local share across these several programs is subject to adjustments described in the County Funding of Local School Systems section of this chapter.

### **Compensatory Education Formula**

Maryland provides supplemental funding to school systems to ensure that students receive additional support services if they are struggling to meet State standards. One of the most consistent predictors of lower test scores for schools and school systems is the proportion of economically disadvantaged students. The State has distributed compensatory aid to local school boards since 1980 to fund programs for students with educational needs resulting from educationally or economically disadvantaged environments. The funding for economically disadvantaged students was enhanced by the Bridge to Excellence in Public Schools Act (Chapter 288 of 2002). The Kirwan Commission recommended revisions to the formula weights, as reflected in Blueprint legislation.

Maryland, like many other states, uses free and reduced-price meals eligibility as the proxy for the economically disadvantaged student count under the compensatory education formula, which relies on families to fill out the federal form for eligibility. Through fiscal 2026, the

compensatory education count also includes a hold harmless provision in recognition of likely undercounts for schools and school systems taking advantage of the federal Community Eligibility Provision, which allows students and their families to be identified through other federal income-eligibility assistance programs (e.g., the Supplemental Nutrition Assistance Program), rather than through the local collection of forms.

The Kirwan Commission also proposed that Medicaid eligibility be added to the Direct Certification System once the Maryland State Department of Education and the Maryland Department of Health have the necessary memorandum of understanding and information system. The Kirwan Commission also recommended that the Maryland State Department of Education develop an alternative State income form that community eligibility provision systems, and other systems that choose to collect it, may use to determine free and reduced-price meals eligibility for purposes of the compensatory education formula and new concentration of poverty formula. Once all of these pieces are implemented, the free and reduced-price meals count used for the formula would be the highest of all of the possible free and reduced-price meals counts for each system.

Under Chapters 36 and 55, this formula uses a compensatory education per pupil amount that is 89% of the target per pupil foundation amount in fiscal 2023 and phases downward through fiscal 2033 (as the foundation per pupil amount phases upward) and remains at the fiscal 2033 proportion, 73%, thereafter.

**Distribution:** Exhibit 3.10 shows funding for the compensatory education formula, which is based on local enrollments of students eligible for free and reduced-price meals and local wealth. As shown in Exhibit 3.9, compensatory education received \$1.3 billion in fiscal 2023, which includes \$56.7 million in one-time hold harmless grants. Each local board of education must distribute at least 75% of the compensatory education program amount multiplied by the school enrollment of the program to each school in the county.

**Exhibit 3.10**  
**Compensatory Education Formula Calculation**  
**Fiscal 2023**

County	Oct. 2021 FRPM Enrollment	Program Level: \$7,396 x Enrollment	Wealth Per Pupil Factor <sup>1</sup>	Wealth Adjusted Program <sup>2</sup>	Initial State Share <sup>3</sup>	Local Share <sup>4</sup>	Minimum State Grant: \$2,958.40 x Enrollment <sup>5</sup>	Total Formula State Aid <sup>6</sup>	Fiscal 2022 State Aid	Total State Aid <sup>7</sup>
Allegany	3,818	\$28,237,928	0.5675671	\$49,752,581	\$21,308,083	\$6,929,845	\$11,295,171	\$21,308,083	\$20,880,568	\$21,308,083
Anne Arundel	22,193	164,139,428	1.2104815	135,598,461	58,074,238	106,065,190	65,655,771	65,655,771	74,813,850	74,813,850
Baltimore City	63,056	466,360,763	0.6705202	695,520,826	297,878,320	168,482,443	186,544,305	297,878,320	297,507,050	297,878,320
Baltimore	42,308	312,906,816	0.9502793	329,278,788	141,023,832	171,882,984	125,162,726	141,023,832	143,874,641	143,874,641
Calvert	2,776	20,531,296	0.8956654	22,922,953	9,817,464	10,713,832	8,212,518	9,817,464	9,400,834	9,817,464
Caroline	2,859	21,145,164	0.5369980	39,376,616	16,864,254	4,280,910	8,458,066	16,864,255	14,614,173	16,864,255
Carroll	3,449	25,508,804	0.9467088	26,944,720	11,539,910	13,968,894	10,203,522	11,539,910	11,723,661	11,723,661
Cecil	5,036	37,246,256	0.8060296	46,209,539	19,790,665	17,455,591	14,898,502	19,790,665	20,477,144	20,477,144
Charles	9,321	68,938,116	0.7810484	88,263,565	37,801,603	31,136,513	27,575,246	37,801,603	39,368,144	39,368,144
Dorchester	2,883	21,319,247	0.6746567	31,600,142	13,533,739	7,785,509	8,527,699	13,533,739	13,932,346	13,932,346
Frederick	10,665	78,878,340	0.8505295	92,740,275	39,718,893	39,159,447	31,551,336	39,718,893	37,153,558	39,718,893
Garrett	1,459	10,790,764	1.2110029	8,910,601	3,816,241	6,974,523	4,316,306	4,316,306	4,406,886	4,406,886
Harford	9,783	72,355,068	0.9026221	80,160,975	34,331,419	38,023,649	28,942,027	34,331,419	35,891,466	35,891,466
Howard	12,230	90,453,080	1.0995765	82,261,743	35,231,138	55,221,942	36,181,232	36,181,232	35,840,000	36,181,232
Kent	763	5,643,148	1.6008260	3,525,148	1,509,754	4,133,394	2,257,259	2,257,259	2,508,800	2,508,800
Montgomery	39,056	288,858,176	1.3791290	209,449,715	89,703,323	199,154,853	115,543,270	115,543,270	133,783,552	133,783,552
Prince George's	62,116	459,409,936	0.8347228	550,374,251	235,714,807	223,695,129	183,763,974	235,714,807	254,469,286	254,469,286
Queen Anne's	1,409	10,420,964	1.2029143	8,663,098	3,710,240	6,710,724	4,168,386	4,168,386	4,793,958	4,793,958
St. Mary's	3,856	28,518,976	0.8469749	33,671,572	14,420,893	14,098,083	11,407,590	14,420,893	16,435,249	16,435,249
Somerset	1,857	13,731,022	0.5689422	24,134,300	10,336,261	3,394,761	5,492,409	10,336,261	10,688,659	10,688,659
Talbot	1,930	14,274,280	1.8431484	7,744,509	3,316,826	10,957,454	5,709,712	5,709,712	5,413,274	5,709,712
Washington	9,651	71,375,373	0.6776581	105,326,525	45,109,344	26,266,029	28,550,149	45,109,344	44,942,463	45,109,344
Wicomico	8,287	61,290,652	0.5531672	110,799,505	47,453,317	13,837,335	24,516,261	47,453,318	45,917,914	47,453,318
Worcester	2,702	19,983,992	2.0602845	9,699,627	4,154,166	15,829,826	7,993,597	7,993,597	7,827,456	7,993,597
<b>Statewide</b>	<b>323,461</b>	<b>\$2,392,317,589</b>		<b>\$2,792,930,036</b>	<b>\$1,196,158,729</b>	<b>\$1,196,158,860</b>	<b>\$956,927,034</b>	<b>\$1,238,468,339</b>	<b>\$1,286,664,932</b>	<b>\$1,295,201,860</b>
				<b>Reducing Factor =</b>	<b>0.8565619</b>					

FRPM: free and reduced-price meals

<sup>1</sup> Wealth per pupil factor equals the local wealth per pupil divided by the statewide wealth per pupil, using full-time equivalent enrollment.

<sup>2</sup> Wealth adjusted program equals the program level divided by the wealth per pupil factor.

<sup>3</sup> A reducing factor is used to generate State and local shares that sum to the initial program amount. Initial State share equals the wealth adjusted program multiplied by the reducing factor and by 0.5.

<sup>4</sup> Local share equals the initial State share minus the program level.

<sup>5</sup> Enrollment is multiplied by 40% of the \$7,396 program level.

<sup>6</sup> Total Formula State aid for each school system equals the greater of the initial State share and the minimum State grant.

<sup>7</sup> Total State Aid is the maximum of the fiscal 2023 Total Formula State Aid result and the fiscal 2022 State Aid amount. The additional \$56.7 million compared to the fiscal 2023 formula result was discretionary funding, on an ongoing feature of required State aid. Nor is such a hold harmless provision a feature of the Special Education or English Learners formulas.

Source: Department of Legislative Services

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***History of Major Changes:***

- 1979 Chapter 407 created the compensatory education program, based on \$45 per Title I-eligible student.
- 1984 Chapter 85 established a compensatory aid program based on Title I-eligible student counts and local wealth. This new program replaced the 1979 compensatory aid program, targeted aid, and density aid. Density aid, a compensatory program allocating funds to Baltimore City, was phased out over four years. Chapter 85 tied increases in compensatory aid to current expense formula funding but capped these increases beginning in fiscal 1990.
- 1987 Chapter 277 repealed the fiscal 1990 cap on compensatory aid and continued to base the aid on 25% of the current expense formula's per pupil foundation for all subsequent years.
- 1994 Chapter 606 instituted an 85% hold harmless for counties from the previous year's funding level.
- 2002 Chapter 288 established an enhanced funding formula for compensatory education based on local enrollments of students eligible for free and reduced-price meals and local wealth. The new formula was fully phased in by fiscal 2008.
- 2021 Chapter 36 altered the compensatory education formula and enrollment count and altered the weighting of the compensatory education per pupil amount as a proportion of the foundation per pupil amount. Each local board of education is required to distribute at least 75% of the compensatory education program to each school in the school system. Chapter 55 extended the date for the use of the greater of enrollment count for the formula and modified the compensatory education per pupil amount. Compensatory education grants are fully phased in by fiscal 2033.

***Legal Reference:*** Education Article, Sections 5–221 and 5–222

**Concentration of Poverty Grant**

Based on recommendations in the Kirwan Commission's interim report, Chapter 771 established the Concentration of Poverty School Grant Program that provided grants to public schools in which at least 80% of students were eligible for free and reduced-price meals for fiscal 2020 and 2021. Chapter 36 made the Concentration of Poverty School Grant Program permanent beginning in fiscal 2022 and expanded the program to include a per pupil grant to eligible schools. In addition, Chapter 55 altered the phase-in of the per pupil grants for eligible schools.

The grant has two components: a personnel grant; and a per pupil grant. A personnel grant is given to qualifying schools to employ a community school coordinator with specified qualifications in each school and to provide full-time coverage by at least one health care

practitioner in each school. A county that provides health coverage or community school services with funds other than the personnel grant must continue to provide those services through fiscal 2030. The second component, a per pupil grant, is given to qualifying schools following the completion of a specified needs assessment. **Exhibit 3.11** shows the phase-in schedule for the two components of the Concentration of Poverty School Grant Program.

**Exhibit 3.11**  
**Concentration of Poverty School Grant Program Phase-in Schedule**  
**Fiscal 2020-2030**

**Personnel Grants**

<u>School Poverty Percentage</u>	<u>Year Personnel Phased-in</u>
> = 80%	2020
75%-80%	2021
70%-75%	2022
65%-70%	2023
60%-65%	2024
55%-60%	2025

**Per Pupil Grants**

	<u>80%</u>	<u>75%</u>	<u>70%</u>	<u>65%</u>	<u>60%</u>	<u>55%</u>
2022	16%					
2023	32%	16%				
2024	37%	32%	16%			
2025	55%	37%	32%	16%		
2026	66%	55%	37%	32%	16%	
2027	75%	66%	55%	37%	32%	16%
2028	100%	75%	66%	55%	37%	32%
2029	100%	100%	75%	66%	55%	37%
2030	100%	100%	100%	100%	100%	100%

Source: Department of Legislative Services

The personnel grant is a State-funded categorical amount that increases with inflation. School concentration of poverty percentages are based on a three-year average of compensatory education enrollment in each public school. As shown in Exhibit 3.11, schools with a poverty percentage of 80% or greater were eligible to receive personnel grants beginning in fiscal 2020;

however, schools with a poverty percentage of 55% to 60% are not eligible to receive personnel grants until fiscal 2025. If a school qualifies for a personnel grant, it will continue to receive the grant for two more years even if the school falls below the relevant percentage threshold.

The per pupil grant is only wealth equalized for districts that receive the minimum State funding (40%) under the compensatory education formula; for all districts, the State pays the full amount. The local funding percentage is based on the compensatory education wealth equalization formula. Local school systems with 40 or more eligible schools may spend no more than 50% of the per pupil grant funds on behalf of the schools instead of distributing them to schools.

The per pupil grant amount for each eligible school is based on a sliding scale linear equation, which is adjusted annually for inflation. Exhibit 3.11 shows the phase-in of per pupil grants for concentration of poverty schools for fiscal 2022 through 2030. Schools with at least 80% of students eligible for free or reduced-price meals will receive full funding (100%) by fiscal 2028, and schools with at least 75% of students eligible for free or reduced-price meals will receive full funding by fiscal 2029. All other concentration of poverty schools will receive full funding beginning in fiscal 2030.

***Distribution:*** As shown in Exhibit 3.9, the Concentration of Poverty School Grant Program received \$190.3 million in fiscal 2023. Each local board of education must distribute 100% of the per pupil amount for the concentration of poverty program to each eligible school.

#### ***History of Major Changes:***

- 2019 Chapter 771 established the Concentration of Poverty School Grant Program to provide money to eligible schools for fiscal 2020 and 2021.
- 2021 Chapter 36 made permanent the Concentration of Poverty School Grant Program and expanded the program to include a per pupil grant to eligible schools. Chapter 55 modified the phase-in of per pupil grants for concentration of poverty schools.

***Legal Reference:*** Education Article, Sections 5-221 and 5-223

#### **Special Education Formula**

Additional State funding has been provided for the additional costs associated with educating students with special education needs as far back as fiscal 1930. Chapter 617 of 2000 required that the State and each county make free appropriate educational programs available to students with disabilities until the age of 21. Most students currently receive special education services in their local public school system; however, if the school system cannot place a student in an appropriate program, the student may be offered a place in a private or nonpublic school with more specialized services. State support for nonpublic schools that serve special education students is provided through aid for nonpublic placements. All identified special education students, regardless of where they are educated, must have an Individualized Education Program

or Section 504 plan that is updated annually and defines services and educational goals, as required by federal law.

The Bridge to Excellence in Public Schools Act (Chapter 288 of 2002) implemented a special education funding formula that provides State aid based on the number of special education students enrolled in each public school system. Based on recommendations from the Kirwan Commission, the formula calculates a per special education pupil cost to be shared by State and local governments.

Chapters 36 and 55 altered the per pupil weight with respect to the per pupil foundation amount. In fiscal 2023, this proportion is 86% of the per pupil foundation amount. Per pupil weights are phased-in through fiscal 2033 and remain at the fiscal 2033 proportion of 146% of the foundation amount thereafter.

***Distribution:*** As shown in Exhibit 3.9, the special education formula, which is based on local special education enrollments and wealth, totaled \$401.3 million in fiscal 2023. Each local board shall distribute at least 75% of the special education program amount multiplied by the school enrollment of the program to each school in the county.

***History of Major Changes:***

- 1929 Chapter 152 established that the State will provide special schools or classes for physically handicapped children and State aid of \$2,000 per class to the local boards of education. An annual appropriation for special education is first provided in fiscal 1930 at \$10,000.
- 1931 Chapter 159 altered the State aid to be up to \$200 per child and expanded the definition of “handicapped” to include children from age 5 to 18 who are physically or mentally handicapped. The per student amount was increased several times by subsequent legislation up to \$1,000 by Chapter 325 of 1970.
- 1957 Chapter 38 provided special education for preschool children who are handicapped. See “Chapter 1. Early Childhood Development and Education” of this handbook for more information on special education services for preschool children.
- 1966 Chapter 406 required compulsory attendance for mentally and physically handicapped children, who had been exempted from the compulsory school attendance law in 1914.
- 1970 Chapter 257 expanded the definition of handicapped children to include “emotional impairment” and Chapter 289 included children with emotional handicaps in the compulsory attendance requirement.
- 1972 Chapter 471 added children with mild to profound hearing loss to the definition of handicapped.

- 1973 Chapter 359 codified special education laws in Section 106D and stated that education for handicapped children (later changed to “children with disabilities” in 1998) was available through age 20.
- 1976 Chapter 240 phased in a \$100 million State/local share program for public school special education placements. The State funded 70% of this cost (\$70 million annually).
- 1987 Chapter 121 (the fiscal 1988 Budget Bill) provided \$4.25 million in additional special education aid allocated among the counties, as recommended by the Governor’s Task Force to Study the Funding of Special Education. By fiscal 1990, this amount had increased to \$11.25 million.
- 2000 Chapter 617 extended education for children with disabilities from birth through the end of the school year during which the child turns 21.
- 2002 Chapter 288 established a new funding formula for special education based on special education enrollment and local wealth. The new formula was fully phased in as of fiscal 2008.
- 2021 Chapter 36 altered the special education formula and altered the special education per pupil amount as a proportion of the target per pupil amount. Each local board is required to distribute at least 75% of the special education grant program to each school in the school system. Chapter 55 modified the special education per pupil amount. Special education grants are fully phased in by fiscal 2033.

**Legal Reference:** Education Article, Sections 5-221, 5-225, and 8-401 to 8-415

### **Nonpublic Placements**

The State and local governments share in the costs of nonpublic placements for special education students who cannot receive an appropriate education in public school. Of the students ages 3 to 21 receiving special education services during the 2020-2021 school year, 4,856, or 4.4%, attended nonpublic schools. Nonpublic placements must be approved by the Maryland State Department of Education, with the county contributing an amount equal to the local share of the basic cost of educating a child without disabilities plus two times the total basic cost. Any costs above this base amount are split on a 70% State/30% local basis.

**Distribution:** As shown in Exhibit 3.9, funding for nonpublic placements totaled \$141.4 million in fiscal 2023. An example of calculating the split funding calculation for a county follows:

- (1) The nonpublic placement cost for a student with disabilities from County Z is \$64,000 per year.

- (2) The basic cost (State plus local) of educating a student without disabilities in County Z is \$10,000 per year.
- (3) The local share of the basic cost is \$4,000 per year.

*Calculation:*

County Z Calculations:	\$4,000	+	2 x \$10,000	=	\$24,000
	\$64,000	-	\$24,000	=	\$40,000
	30%	x	\$40,000	=	\$12,000
County Z Contributes:	\$24,000	+	\$12,000	=	\$36,000
State Contributes:	\$64,000	-	\$36,000	=	\$28,000

***History of Major Changes:***

- 1951 Chapter 533 established State aid of \$600 for each severely handicapped student to pay for tuition in approved nonpublic special schools when no public program was available.
- 1967 Chapter 191 provided aid for excess costs for students with unique and severe handicapped conditions requiring specialized school placements.
- 1988 The Systems Reform Initiative, an effort to restructure the human services delivery system on an interagency basis through the development of community-based resources, began in July 1988. The initiative was designed to help counties develop more specialized services that would enable students in out-of-state programs to return to the State.
- 1991 Budget language began allowing flexible spending of funds appropriated for nonpublic placements on a broad range of services to assist in returning special needs out-of-state placements to Maryland.
- 1992 Chapters 192 and 264 were aimed at curtailing the escalating cost of special education nonpublic placements by developing plans for returning out-of-state placements to Maryland. Chapter 2 of the first special session increased the local share of funding for nonpublic placements by decreasing the State share of funding from 100% to 80% of the costs exceeding the base local contribution.
- 2000 Chapter 617 extended education for children with disabilities from birth through the end of the school year during which the child turns 21.
- 2004 Chapter 430 reduced from 80% to 75% the State share of nonpublic placement costs in excess of the base local contribution for fiscal 2005. Chapter 430 also required local school systems to pay educational costs for students placed in the Regional Institutes for Children and Adolescents.

- 2005 Chapter 444 reduced from 80% to 75% the State share of nonpublic placement costs in excess of the base local contribution for fiscal 2006. Chapter 444 also repealed the requirement established in Chapter 430 of 2004 for local school systems to pay educational costs for students placed in the Regional Institutes for Children and Adolescents.
- 2009 Chapter 487 permanently decreased the State share of funding for nonpublic placements from 80% to 70% of the costs exceeding the base local contribution. Chapter 487 also limited fiscal 2010 increases in the rates paid to providers of nonpublic placements to 1.0%.
- 2010 Chapter 484 prohibited any increases in the fiscal 2011 rates paid to providers of nonpublic placements.
- 2011 Chapter 397 prohibited any increases in the fiscal 2012 rates paid to providers of nonpublic placements.
- 2012 Chapter 1 of the first special session limited the rate increase for providers of nonpublic placements to 1.0% in fiscal 2013.
- 2013 Chapter 425 limited the increase in rates paid to providers of group homes and nonpublic placements to 2.5% over the rates in effect on January 16, 2013, in fiscal 2014.
- 2014 Chapter 462 (the fiscal 2015 Budget Bill) made rate increases for fiscal 2015 effective July 1, 2014.

***Legal Reference:*** Education Article, Sections 8-401 to 8-415, 8-417

### **English Learner Students**

Funding for English learner students (formerly limited English proficient students) was initially provided in the fiscal 1994 Budget Bill (enacted during the 1993 session), and the program was established in statute through legislation enacted during the 1994 session.

The Bridge to Excellence in Public Schools Act (Chapter 288 of 2002) established a new formula for limited English proficiency funding based on the same adequacy study that informed the special education and compensatory education formulas. The Blueprint for Maryland's Future altered the English learner per pupil weight with respect to the per pupil foundation amount. Through fiscal 2024, this proportion is 100% of the per pupil foundation amount. This percentage increases to 102% in fiscal 2025 and then phases down to 85% by fiscal 2033, the last year of the phase-in.

***Distribution:*** As shown in Exhibit 3.9, funding for the English learner formula, which is based on local enrollments of English learner students and local wealth, totaled \$422.5 million in

fiscal 2023. Each local board of education must distribute at least 75% of the English learner amount multiplied by the school enrollment of the program to each school in the county.

***History of Major Changes:***

- 1993 State aid for limited English proficient students was funded at \$5.9 million in fiscal 1994.
- 1994 Chapter 510 established a limited English proficiency program in statute, and \$4.0 million was appropriated in fiscal 1995. In fiscal 1996, the grant became \$500 per eligible student.
- 1997 Chapter 105 enhanced funding for limited English proficient students.
- 1998 Chapter 565 (School Accountability for Funding Excellence) increased the grant from \$500 to \$1,350 per limited English proficient student and repealed the two-year restriction on the number of years a student could be included in the enrollment count.
- 2002 Chapter 288 established an enhanced funding formula for students with limited English proficiency. The formula is based on local enrollments of students with limited English proficiency and local wealth. Full funding of the formula was phased in from fiscal 2004 to 2008.
- 2021 Chapter 36 altered the English learner formula and altered the English learner per pupil amount as a proportion of the per pupil foundation amount. Each local board is required to distribute at least 75% of the English learner amount multiplied by the school enrollment of the program to each school in the county. Chapter 55 modified the per pupil amount, and the per pupil amount is fully phased in by fiscal 2033.

***Legal Reference:*** Education Article, Section 5-221 and 5-224

**Transitional Supplemental Instruction Grants**

The Kirwan Commission recommended establishing a new Transitional Supplemental Instruction for Struggling Learners program to provide additional funding for one-on-one and small group instruction for students who are not reading at grade level or are not on track to read at grade level by grade 3. The program secondarily assists students who are not proficient in math. These funds are provided over a six-year period, ultimately phasing out as other components of the new education system are implemented, including more time outside the classroom for teachers to provide personalized instruction to students who need additional supports.

Transitional supplemental instruction tutors may be employed by the school district. Students who continue to need additional support after fiscal 2026 will be tutored by their regular teachers, with funding provided through other programs.

**Distribution:** Exhibit 3.9 shows funding for other targeted programs, which includes Transitional Supplemental Instruction Grants based on local enrollments of struggling learners. In fiscal 2023, transitional supplemental instruction received \$50.0 million (of the \$85.4 million total for other targeted programs). Each local board of education must distribute at least 75% of the Transitional Supplemental Instruction Grants by the school enrollment of the program to each school in the county.

**History of Major Changes:**

- 2019 Chapter 771 established the Transitional Supplemental Instruction for Struggling Learners Program to provide money to eligible schools for fiscal 2020 and 2021.
- 2021 Chapter 36 extended the Transitional Supplemental Instruction for Struggling Learners Program through fiscal 2026.

**Legal Reference:** Education Article, Section 5-226

**Post College and Career Readiness Pathways**

College and career readiness standards are designed to certify that a student who passes State assessments and completes requisite courses by the end of grade 10 will have knowledge of English, mathematics, science, and social studies that meets the college and career readiness standard. A student with this knowledge can pursue additional academic study in preparation for college (college readiness pathway) or additional preparation for career and work (career readiness pathway).

Before the Blueprint for Maryland's Future framework for college and career readiness was developed in 2019, the State Board of Education adopted Maryland's College and Career Ready Standards for mathematics and English language arts/literacy in 2010, and the General Assembly passed the College and Career Readiness and College Completion Act of 2013 (Chapter 533).

The Blueprint updates assessment requirements for Maryland students to be college and career ready by grade 10. Specifically, it requires the State Board of Education to adopt a college and career readiness standard in English language arts/literacy, mathematics and, when practicable, science. Starting in the 2021-2022 school year, students have met the college or career readiness standard when they have achieved or exceeded a metric in both English and mathematics as measured by scores of the Maryland Comprehensive Assessment Program or scores on the Partnership for Assessment of Readiness for College and Career, which was used to measure college and career readiness between 2015 to 2019. The Blueprint also directs the State Board of Education to establish a system of assessments to ensure that students are acquiring the knowledge contained in the curricular standards in science and social studies.

In the future, college and career readiness under the Blueprint aims to move beyond standardized testing as a measure of college and career readiness. To that end, the department will

update its college and career readiness standards based on the results of a research study to evaluate the sufficiency of the standards. As part of this process, the State Board of Education must consider alternative methods to display mastery, potentially including grade point averages and course completions, for any revised college and career ready standards. Based on the results of the research study, the department may also make alterations to existing assessments to ensure that they capture the proper knowledge and skills students need to meet updated college and career readiness standards.

***Distribution:*** Exhibit 3.9 shows funding for other targeted programs, which includes post college and career ready grants based on local enrollments of students who meet the college and career readiness standards adopted by the Maryland State Department of Education and local wealth. In fiscal 2023, these grants received \$18.7 million (of the \$85.4 million total for other targeted programs). Each local board of education must distribute at least 75% of the grants by the school enrollment of the program to each school in the county.

***Legal Reference:*** Education Article, Section 5-217 and 7-205.1

For more information on college and career readiness, see “Chapter 10. P-20 Alignment” of this handbook.

### **Learning in Extended Academic Programs Grant Program**

The Learning in Extended Academic Programs grant program was established by Chapter 361 of 2018 to provide grants to public schools in which at least 80% of students qualify for free and reduced-price meals. The program offers extended academic programming that has a positive measurable impact on or enriches the academic performance and overall well-being of students who are at risk of falling behind academic requirements. An extended academic program must include before and after school, weekend, or summer programs.

***Distribution:*** Beginning in fiscal 2019, at least \$4.5 million must be appropriated annually for the program, and the Maryland State Department of Education may use up to 3% of the appropriation (\$135,000) to administer the program. In statute, this program was scheduled to terminate after fiscal 2022; however, as part of legislative initiatives in the fiscal 2023 budget, funding for this program was provided for another year through the State’s Revenue Stabilization Account (known as the Rainy Day Fund). Exhibit 3.9 shows funding for other targeted programs, which includes the Learning in Extended Academic Programs grant program. In fiscal 2023, this program received \$4.4 million (of the \$85.4 million total for other targeted programs).

***Legal Reference:*** Education Article, Sections 7-2001 through 7-2006

### **The School for Educational Evolution and Development (SEED School) of Maryland (Residential Boarding Education Program)**

The SEED School is a Title I, public boarding school for at-risk youth in grades 6 through 12. The school opened in 2008, accepts students entering grade 6 and grade 9 from across the State via a lottery system, and is tuition free. Students must fall within household income limits and must be identified as at-risk to qualify for entrance. The SEED School added 80 new grade 6 students each year until enrollment reached 400 students in fiscal 2014.

SEED students follow a college-preparatory curriculum and the college and career readiness standards. This curriculum includes opportunities to participate in Advanced Placement courses, dual enrollment through Morgan State University, and senior year internships. Students with disabilities have either a Section 504 or individualized education plan and receive additional services including pullout services, co-teaching, occupational therapy, speech and language therapy, counseling services, supplementary aids/accommodations, and behavioral interventions. A high percentage of SEED School students are first-generation college-bound students (80%), and a very high percentage of SEED School students enroll in college (91%). SEED School graduates continue to receive academic counseling through college.

***Distribution:*** The State provides funds to the SEED School for transportation, boarding, and program administration. Minimum funding per student is the prior year funding amount altered by the annual change in the per pupil foundation amount. In addition to State funding, each local board of education provides its share of per pupil formula funding for each student at the school who has permanent residence in the county. Exhibit 3.9 shows funding for other targeted programs, which includes the SEED School. In fiscal 2023, the SEED School received \$12.3 million (of the \$85.4 million total for other targeted programs).

#### ***History of Major Changes:***

- 2006 Chapter 397 established a public residential education boarding program for at-risk youth and authorized the Maryland State Department of Education to contract with a private entity to operate the program. A contract was awarded to an organization that operated a similar program in Washington, DC.
- 2010 Chapter 484 required the SEED School and the Maryland State Department of Education to negotiate a modification to their contract to extend from five to six years the time by which the SEED School reached the State-supported maximum of 400 students so that the appropriation was less than the original \$8 million in fiscal 2012 and less than \$10 million in 2013.
- 2011 Chapters 503 and 504 altered the minimum amount of State funds to be appropriated annually toward transportation, boarding, and administrative costs of funding per student. Beginning in fiscal 2014, funding is equal to the prior year funding amount as altered by the annual change in the per pupil foundation amount that is used to determine State aid for public primary and secondary education.

**Legal Reference:** Education Article, Sections 8-701 through 8-710

$\frac{\text{State Aid Amount Per At-risk Pupil} \times \text{Enrollment of At-risk Students}}{\text{Local Wealth Per Pupil} / \text{Statewide Wealth Per Pupil}}$
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$\text{Supplemental Local Effort} \times (\text{80\% of Statewide Wealth Per Pupil} - \text{Local Wealth Per Pupil}) \times \text{Local Enrollment}$
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$\frac{\text{State Aid Amount Per At-risk Pupil} \times \text{Enrollment of At-risk Students}}{\text{Local Wealth Per Pupil} / \text{Statewide Wealth Per Pupil}}$
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### **Other Direct State Aid**

Several State aid programs support important school activities that are not directly related to instruction, such as student transportation, food service, and assistance to recruit and retain quality teachers. As shown in **Exhibit 3.12**, funding for these other operating aid programs totaled \$407.3 million in fiscal 2023. Descriptions of the programs follow.

**Exhibit 3.12**  
**Other State Operating Aid Programs**  
**Fiscal 2023**  
**(\$ in Thousands)**

County	Student Transportation <sup>1</sup>	Food Services	Teacher Development <sup>2</sup>	Other <sup>3</sup>	Total
Allegany	\$5,540	\$225	\$109	\$215	\$6,089
Anne Arundel	29,585	1,721	1,080	26	32,412
Baltimore City	22,496	920	447	356	24,219
Baltimore	37,934	2,442	358	47	40,781
Calvert	6,917	34	72	15	7,038
Caroline	3,253	339	70	12	3,674
Carroll	11,871	127	320	20	12,338
Cecil	6,294	401	279	16	6,990
Charles	13,185	639	209	20	14,053
Dorchester	2,972	111	17	10	3,110
Frederick	16,290	462	259	261	17,272
Garrett	3,572	134	29	8	3,743
Harford	15,483	521	619	25	16,648
Howard	22,055	712	878	23	23,668
Kent	1,868	60	10	4	1,942
Montgomery	50,978	2,847	1,893	30	55,747
Prince George's	50,289	2,345	1,704	70	54,408
Queen Anne's	4,078	67	114	8	4,267
St. Mary's	8,294	266	182	15	8,757
Somerset	2,283	67	4	145	2,499
Talbot	2,044	149	7	2	2,202
Washington	8,705	629	224	18	9,577
Wicomico	6,317	319	226	17	6,879
Worcester	3,697	160	19	2	3,878
Unallocated	0	98	2,600	42,437	45,136
<b>Statewide</b>	<b>\$336,000</b>	<b>\$15,797</b>	<b>\$11,730</b>	<b>\$43,802</b>	<b>\$407,328</b>

<sup>1</sup> Includes transportation for special needs students and the Smith Island Boat Grant in Somerset County.

<sup>2</sup> Includes funding for the Career Ladder for Educators, National Board Certification Support Program, and the Governor's Award for Teacher Excellence.

<sup>3</sup> Includes funding for school safety, school-based health centers, Next Generation Scholars of Maryland Program, Public School Opportunities Enhancement Program and Grant, Career and Technology Education Innovation Grant, Pathways in Technology Early College High Schools (also called P-TECH), Fine Arts Grants, Advanced Placement Computer Science, Robotics Grant Program, Bard High School Early College, Linking Youth to New Experiences (also called LYNX) Program, and Lacrosse Opportunities Grant.

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

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

### Student Transportation

All school systems are required to *arrange* transportation to and from school for all public school students and are required to *provide* transportation to and from school for all disabled students. Prior to fiscal 1982, a State school bus funding committee operated under the State Board of Education and determined the amounts that local school systems were reimbursed for transportation services. Since 1982, aid has been distributed according to a formula, although the formula has been adjusted several times. The funding consists of two parts: a base grant that is adjusted annually; and a per pupil grant based on the number of students with special transportation needs.

Each county's base transportation grant equals its base grant in the prior year, increased by the lesser of 8.0% or the change in the transportation category of the Consumer Price Index for the Washington metropolitan area from the second preceding fiscal year. However, each jurisdiction is guaranteed a minimum 1% annual increase in its base grant. School systems experiencing increases in enrollment receive an additional grant amount equal to the district's total student enrollment increase over the previous year multiplied by the per pupil transportation aid from the prior year. Each jurisdiction also receives \$1,000 per student with special transportation needs. The sum of the base grant and enrollment adjustment becomes the subsequent year's base grant. Beginning in fiscal 1996, Somerset County has received a grant of \$35,000 annually to support the operating costs of the Smith Island boat, which transports students between Smith Island and mainland Somerset County.

***Distribution:*** Exhibit 3.13 shows the funding for student transportation in fiscal 2023, which totaled \$336.0 million.

**Exhibit 3.13**  
**Student Transportation Formula Calculation**  
**Fiscal 2023**

County	Fiscal 2022 Base Grant	CPI Adjustment 8.0%	Sept. 20-21 Enrollment Increase	Enrollment Increase x \$333.53	Fiscal 2023 Base Grant <sup>1</sup>	Special Needs Riders Oct. 2021	Multiplied by \$1,000 Per Student	Total Aid <sup>2</sup>
Allegany	\$4,918,048	\$5,311,492	0.00	\$0	\$5,311,492	229	\$229,000	\$5,540,492
Anne Arundel	25,561,649	27,606,581	0.00	0	27,606,581	1,978	1,978,000	29,584,581
Baltimore City	18,514,202	19,995,338	0.00	0	19,995,338	2,501	2,501,000	22,496,338
Baltimore	31,499,765	34,019,746	0.00	0	34,019,746	3,914	3,914,000	37,933,746
Calvert	6,102,705	6,590,921	53.00	17,677	6,608,598	308	308,000	6,916,598
Caroline	2,917,546	3,150,950	0.00	0	3,150,950	102	102,000	3,252,950
Carroll	10,438,726	11,273,824	417.00	139,082	11,412,906	458	458,000	11,870,906
Cecil	5,517,859	5,959,288	0.00	0	5,959,288	335	335,000	6,294,288
Charles	11,431,946	12,346,502	0.00	0	12,346,502	838	838,000	13,184,502
Dorchester	2,675,834	2,889,901	0.00	0	2,889,901	82	82,000	2,971,901
Frederick	13,562,763	14,647,784	1,767.25	589,431	15,237,215	1,053	1,053,000	16,290,215
Garrett	3,269,124	3,530,654	0.00	0	3,530,654	41	41,000	3,571,654
Harford	13,258,298	14,318,962	359.25	119,821	14,438,783	1,044	1,044,000	15,482,783
Howard	18,709,838	20,206,625	83.00	27,683	20,234,308	1,821	1,821,000	22,055,308
Kent	1,707,461	1,844,058	0.00	0	1,844,058	24	24,000	1,868,058
Montgomery	42,120,380	45,490,010	0.00	0	45,490,010	5,488	5,488,000	50,978,010
Prince George's	41,466,028	44,783,310	0.00	0	44,783,310	5,506	5,506,000	50,289,310
Queen Anne's	3,642,803	3,934,227	0.00	0	3,934,227	144	144,000	4,078,227
St. Mary's	7,295,017	7,878,618	0.00	0	7,878,618	415	415,000	8,293,618
Somerset	2,028,942	2,191,257	0.00	0	2,191,257	57	57,000	2,248,257
Talbot	1,821,175	1,966,869	0.00	0	1,966,869	77	77,000	2,043,869
Washington	7,550,869	8,154,939	12.75	4,253	8,159,192	546	546,000	8,705,192
Wicomico	5,687,991	6,143,030	23.00	7,671	6,150,701	166	166,000	6,316,701
Worcester	3,322,268	3,588,049	70.25	23,430	3,611,479	86	86,000	3,697,479
<b>Total</b>	<b>\$285,021,237</b>	<b>\$307,822,936</b>	<b>2,785.50</b>	<b>\$929,048</b>	<b>\$308,751,983</b>	<b>27,213</b>	<b>\$27,213,000</b>	<b>\$335,964,983</b>
Per Pupil <sup>3</sup>	\$333.53							

CPI: Consumer Price Index

<sup>1</sup> Fiscal 2023 base grants equal the fiscal 2022 base grant with the 8.0% CPI adjustment plus the enrollment adjustments.

<sup>2</sup> Total aid equals the fiscal 2022 base grant plus the grant for special education ridership students.

<sup>3</sup> Per pupil grant equals the fiscal 2022 base grant divided by September 2020 full-time enrollment (854,564.25).

Source: Department of Legislative Services

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***History of Major Changes:***

- 1967 Chapter 405 provides for the transportation of disabled (then called “handicapped”) students to public and certain nonpublic schools.
- 1981 Chapter 507 established the basis for the school bus transportation grant formula using the fiscal 1982 distribution of transportation aid.
- 1988 Chapter 784 established the disabled student transportation grant and set a minimum annual increase in student transportation aid of 3%.
- 1992 Chapter 2 of the special session reduced the fiscal 1993 base grant by \$55 million; the grant for disabled students was not affected.
- 1996 Chapter 681 established a new distribution formula, beginning in fiscal 1998, providing additional aid to counties with increasing enrollments in addition to the base grant.
- 2002 Chapter 288 enhanced the base student transportation grant for 15 school systems that experienced enrollment increases from 1980 to 1995. In addition, funding for students with special transportation needs was increased from \$500 to \$1,000 per pupil over a fiscal 2004 to 2008 phase-in period.
- 2009 Chapter 487 limited the inflation increase in the student transportation formula for fiscal 2012 to 1%.
- 2010 Chapter 484 set the inflationary increase in student transportation aid at 1% for fiscal 2011 and no more than 1% for fiscal 2012 through 2015, a reduction from the 3% minimum increase that would have been required. In addition, the minimum inflationary increase for student transportation was permanently reduced from 3% to 1%.

***Legal Reference:*** Education Article, Section 5-218

**Food Service Programs**

In addition to federal funds provided under the School Lunch Act of 1946, the State provides matching funds to support food and nutrition programs for low-income children. The programs provide free and reduced-price breakfasts, lunches, and snacks to public or private nonprofit school students. All public schools in the State are required to provide subsidized or free nutrition programs for eligible students. State matching funds are allocated to school districts as a percentage of total federal funds earned for the second prior fiscal year.

Eligibility for food service programs is determined by the federal government and the State. Students can receive free and/or reduced-price meals in three ways: (1) attend a school (either public or private) that qualifies for free meals as part of the federal Community Eligibility

Provision program; (2) receive individual benefits through direct certification, which links students whose families who qualify and participate federal supplemental nutrition programs to free meals at school; or (3) apply for free and reduced-price meal benefits through the local school system. Students who apply to their local school system for benefits are subject to income eligibility guidelines, which are updated annually by the U.S. Department of Health and Human Services and are based on household income and the number of members in a household. Income eligibility for free meals is 130% of federal poverty guidelines; income eligibility for reduced-price meals is 185% of federal poverty guidelines.

Chapter 488 of 1990 exempted certain public elementary schools from the required free and subsidized breakfast program if participation is less than 25% of the number of students eligible for free and reduced-price meals in the past three months, the school system approves an alternative nutrition program, or the school has less than 15% of its enrollment approved for free and reduced-price meals. The State free and subsidized breakfast program may be suspended if the federal reimbursement falls below a certain level.

Chapters 384 and 385 of 1999 established the Maryland Meals for Achievement In-classroom Breakfast Program, which provides a free in-class breakfast to all students enrolled in schools in which 40% or more of the students qualify for free and reduced-price meals. Schools must be eligible and are selected to participate in the program. Funding for this program is provided in addition to the resources provided for the federal free and reduced-price meal programs. Chapter 562 of 2018 requires minimum annual funding of \$7.6 million for Maryland Meals for Achievement.

Several Maryland schools and school systems participate in the U.S. Department of Agriculture’s Community Eligibility Provision (which started as a pilot program but is now fully phased in) and was established as a provision of the federal Healthy, Hunger Free Kids Act of 2010. This program allows schools with high percentages of low-income students to provide meals at no charge to all students by calculating the school’s meal reimbursement based on the number of directly certified students, as opposed to collecting benefit applications for free and reduced-price meals. Students who live in a household that receives Supplemental Nutrition Assistance Program/Food Stamps and/or Temporary Assistance for Needy Families cash assistance, are in foster care or Head Start, are migrants, or are experiencing homelessness are automatically directly certified as eligible for a free meal. The Community Eligibility Provision is available in all schools or in groups of schools where 40% or more of the students meet this definition. The federal reimbursements are determined by multiplying the percentage of directly certified students by a multiplier, which as of 2022 has remained at 1.6 for several years running. The resulting number is the percentage of meals reimbursed at the “free” reimbursement rate, with the remainder of the meals being reimbursed at the “paid” rate. In the 2021-2022 school year, 354 public schools and 3 private schools participated in the Community Eligibility Provision, with Baltimore City and Dorchester, Somerset, and Wicomico counties participating districtwide.

Chapter 560 of 2018 (the Maryland Cares for Kids Act) makes the State responsible for the student share of the costs of (1) reduced-price breakfasts provided under the federal School

Breakfast Program and (2) reduced-price lunches provided under the National School Lunch Program by fiscal 2023. Qualifying public and nonpublic schools are eligible for reimbursement.

***Distribution:*** State funding for food services is shown in Exhibit 3.12. In fiscal 2023, mandated food service programs received a total of \$15.8 million in State aid: \$7.6 million for Maryland Meals for Achievement; and \$8.2 million for the Maryland Cares for Kids Act.

***History of Major Changes:***

- 1980 Chapter 836 established the free and reduced-price breakfast program in public elementary schools.
- 1990 Chapter 488 provided that a school could be exempted from the free and reduced-price breakfast program under certain conditions.
- 1999 Chapters 384 and 385 established the Maryland Meals for Achievement In-classroom Breakfast Program.
- 2014 Maryland began participating in the U.S. Department of Agriculture’s Community Eligibility Provision pilot program.
- 2018 Chapter 562 requires minimum annual funding of \$7.6 million for Maryland Meals for Achievement. Chapter 560 makes the State responsible for the student share of the costs of (1) reduced-price breakfasts provided under the federal School Breakfast Program and (2) reduced-price lunches provided under the National School Lunch Program by fiscal 2023.

***Legal Reference:*** Education Article, Sections 7-601 through 7-704

**Teacher Development**

The State provides aid to three programs for the recruitment and retention of quality educators, to provide them with the necessary skills to improve student achievement: (1) the Career Ladder for Educators; (2) the National Board Certification Support Program; and (3) the Governor’s Awards for Teacher Excellence. Descriptions of these programs follow.

Other teacher development programs that are not considered State aid include the Teaching Fellows for Maryland Scholarships (discussed in “Chapter 9. Tuition Polices, Student Financial Aid, and Saving for College” in this handbook, and the teacher recruitment and outreach program (discussed in the Programs in the Aid to Education Budget section of this chapter).

***Career Ladder for Educators:*** The Blueprint for Maryland’s Future established a professionalized career framework for teachers and school leaders through a career ladder. The career ladder consists of four levels and two tracks (teacher leadership and administrative), and each local school system is required to implement a career ladder by July 1, 2023. Teachers are

incentivized to obtain certification from the National Board for Professional Teaching Standards through financial incentives and other resources and supports.

Minimum salary increases are required as specified in statute beginning in fiscal 2023 for certain accomplishments associated with movement up the career ladder. Teachers with National Board Certification receive salary increases (minimum of \$10,000) beginning in fiscal 2023 and an additional amount (\$7,000) if they teach in a low-performing school. To receive additional increases associated with moving up the career ladder, the local board of education must have established a career ladder that has been approved by the Accountability and Implementation Board. Salary increases associated with each recertification of National Board Certification are subject to collective bargaining, with the State share of those increases capped as specified in statute.

The costs associated with these salary increases are shared between the State and county government through a new wealth-equalized formula. Local boards must also demonstrate to the Accountability and Implementation Board by July 1, 2024, that teachers in the county received at least a 10% salary increase over the preceding five-year period. By fiscal 2027, all teachers must receive a salary of at least \$60,000.

***National Board Certification Support Program:*** The Blueprint also established a program within the Maryland State Department of Education to (1) encourage and support teachers to obtain and maintain National Board Certification, including teachers from groups historically underrepresented in the teaching profession and (2) develop a culture of collaborative support for accomplished teaching. The department must establish a National Board Coordinator to direct the program, and each local superintendent of schools must designate a local coordinator. The program must provide a virtual course for teachers interested in pursuing National Board Certification, virtual and in-person support for teachers pursuing National Board Certification, and training and support for local National Board facilitators. The State must cover the cost of fees for initially attaining and renewing National Board Certification to each teacher who pursues National Board Certification, including one retake of each National Board Certification assessment. Local boards must pay one-third of the cost of the National Board Certification fees to the State for each teacher pursuing a National Board Certification.

***Governor’s Award for Teacher Excellence (Maryland Teacher of the Year Program):*** Each local school system selects a Teacher of the Year to participate in the Governor’s Award for Teacher Excellence program. Recipients receive \$4,000 for their work as Teacher Advisors across Maryland, which involves acting as a spokesperson for education, attending education ambassador programs and events, and advising the Maryland State Department of Education and the State Superintendent of Schools. This award is renewed annually in the budget bill.

***Distribution:*** Exhibit 3.12 shows State funding for teacher development, which in fiscal 2023 totals \$11.7 million: \$9.0 million for the Career Ladder for Educators; \$2.6 million for the National Board Certification Support Program (which does not include fees for this program); and \$96,000 for the Governor’s Award for Teacher Excellence.

**Legal Reference:** Education Article, Sections 6-1001 through 6-1013

## **Other State Aid Programs**

In fiscal 2023, funding for other State aid programs totaled \$43.8 million. The majority of this aid is not allocated by county because these grants programs mandated distributions to local school systems. Exhibit 3.12 shows funding for the 12 programs in this category, which are described below.

### **School Safety**

Chapter 30 of 2018 (the Maryland Safe to Learn Act) made comprehensive changes designed to improve the safety of the State's public schools. The Act enhanced the presence of school resource officers and/or local law enforcement in or near public schools and requires school resource officers and other school safety employees to complete specialized training. The Act established a School Safety Subcabinet, which also serves as the governing board for the Maryland Center for School Safety.

Chapter 30 mandated three grants that are considered State education aid: \$600,000 for the Safe Schools Fund; \$10.0 million for school resource officers; and \$10.0 million for public school safety capital improvements. In fiscal 2019, prior to the implementation of Chapter 30, expenditures totaled \$30.6 million: \$10.6 million in Safe Schools Fund and school resource officers' grants; and \$20.0 million in pay-as-you-go funds for school safety capital improvements. In fiscal 2020 and 2021, due to overspending of the Safe Schools Fund, the reversion of public school safety grant funds, and COVID-19-related school closures, expenditures totaled \$16.3 million and \$15.2 million, respectively, for all three programs. In fiscal 2022 and 2023, all three programs received the mandated \$20.6 million, with the public school safety grant receiving pay-as-you-go funds in fiscal 2022 and general funds for the first time in fiscal 2023.

**Distribution:** In fiscal 2023, State aid for school safety totaled \$20.6 million.

**Legal Reference:** Education Article, Sections 5-317 and 7-1501 through 7-1512

### **School-based Health Centers**

School-based health centers are comprehensive health care centers located in elementary, middle, and high school, along with special schools. The centers provide primary medical care as well as social, mental health, and health education services for students and their families. Chapter 282 of 2002 established oversight for school-based health centers by the Maryland School-Based Health Policy Advisory Council within the Office for Children, Youth, and Families. Chapter 585 of 2005 transferred that oversight from the Office for Children, Youth, and Families to the Maryland State Department of Education. Chapter 417 of 2015 replaced the Maryland School-Based Health Center Policy Advisory Council at the department with the Maryland Council on Advancement of School-Based Health Centers. As of 2021, Maryland has 89 school-based health centers across 14 jurisdictions.

The Blueprint for Maryland’s Future further updated the statute for school-based health centers. The Maryland State Department of Education and the Maryland Department of Health must each designate a liaison for school-based health centers to provide technical assistance and support to the centers. Beginning in fiscal 2023, State funding increased to \$9.1 million annually. Additional State funding for local school systems to train school staff to recognize student behavioral health issues is provided annually. Also, local boards of education must enhance and expand the availability of behavioral health services to students.

In addition to updates in Blueprint law, Chapters 605 and 606 of 2021 required the Secretary of Health, in consultation with the Maryland State Department of Education and stakeholders, to develop guidelines to support the expansion of school-based health centers and moves the Maryland Council on Advancement of School-Based Health Centers to the Maryland Department of Health. Additionally, Chapter 348 of 2021 required the Maryland State Department of Education and the Maryland Department of Health to authorize a health care practitioner at a school-based health center to provide services through telehealth consistent with specified provisions of the Health Occupations Article.

***Distribution:*** In fiscal 2023, funding for school-based health centers totaled \$9.1 million and was included in the budget for the Maryland Department of Health, Family Health and Chronic Disease Services.

***History of Major Changes:***

- 2002 Chapter 282 established oversight for school-based health centers by the Maryland School-Based Health Policy Advisory Council within the Office for Children, Youth, and Families.
- 2005 Chapter 585 transferred oversight from the Office for Children, Youth, and Families to the department.
- 2015 Chapter 417 replaced the Maryland School-Based Health Center Policy Advisory Council at the department with the Maryland Council on Advancement of School-Based Health Centers.
- 2021 Chapter 36 updated the statute for school-based health centers as follows: designated a liaison for school-based health centers to provide technical assistance; train for school staff to recognize behavioral health issues; expanded availability of behavioral health services to students; added reporting requirements; and provide additional funding for coordinators.

Chapter 348 required the Maryland State Department of Education and the Maryland Department of Health to *authorize* a health care practitioner at a school-based health center to provide services through telehealth consistent with specified provisions of the Health Occupations Article.

Chapters 605 and 606 expanded school-based health centers and moved the Maryland Council on Advancement of School-Based Health Centers from the Maryland State Department of Education to the Maryland Department of Health.

**Legal Reference:** Education Article, Section 5-240; Health Article, Sections 19-22A-01 through 19-22A-05

### **Next Generation Scholars of Maryland Program**

Chapter 33 of 2016 reestablished the College Readiness Outreach Program as the Next Generation Scholars of Maryland Program. The program allows eligible students in grades 7 and 8 (and specified students in grade 9) to prequalify for a Guaranteed Access Grant, a need- and merit-based scholarship intended to meet 100% of financial need for full-time undergraduates from low-income households. Students must agree in writing to participate in the program; apply for admission to an institution of higher education during the student's senior year of high school; and maintain a cumulative grade point average of at least 2.5. Chapter 33 also established the Next Generation Scholars of Maryland Program Fund and mandated at least \$5.0 million in general funds annually through fiscal 2023.

Chapter 578 of 2021 altered the eligibility criteria for students to prequalify for the Guaranteed Access grant so that a student in grade 9 or 10 (not just grades 7 or 8) who is eligible for free or reduced-price meals as specified automatically prequalifies for the award if the student meets other existing eligibility requirements. Chapter 578 extended indefinitely the \$5.0 million mandated annual appropriation for this program beginning in fiscal 2024.

**Distribution:** Per statute, this program received \$5.0 million in fiscal 2023.

### **History of Major Changes:**

- 2016 Chapter 33 reestablished the College Readiness Outreach Program as the Next Generation Scholars of Maryland Program and established the Next Generation Scholars of Maryland Program Fund.
- 2021 Chapter 578 altered eligibility requirements and made permanent the \$5.0 million mandated annual funding for this program.

**Legal Reference:** Education Article, Section 18-303.1

### **Public School Opportunities Enhancement Program and Grant**

Chapter 32 of 2016 established the Public School Opportunities Enhancement Program and Grant to help to expand or create extended day and summer enhancement programs and to assist in expanding or supporting existing educational programming during the school day. The Maryland State Department of Education must use the Maryland Out-of-School Time Program's quality standards framework to monitor and assess the quality of the extended day and summer

enhancement programs provided by nonprofit organizations receiving funding. Although Chapter 32 mandated \$7.5 million annually for this program from fiscal 2018 through 2021, Chapter 23 of 2017 reduced the mandated appropriation to \$2.5 million in fiscal 2018 only. Chapter 361 changed the mandated amount to \$3.0 million annually beginning in fiscal 2019. A grantee that remains eligible for the program must receive as much grant funding as in the prior fiscal year.

***Distribution:*** Per statute, this program received \$3.0 million in fiscal 2023.

***Legal Reference:*** Education Article, Sections 7-1701 through 1706

### **Career and Technology Education Innovation Grant**

Chapter 361 established the Career and Technology Education Innovation Grant, which funds partnerships between at least one local board of education, community college, and industry partner to develop and implement an innovative career and technology education curriculum framework and pathway that includes the United States and international best practices. To be eligible for a grant, the pathway to be developed must be of high quality; aligned with skills needed by employers; lead to an industry-recognized license or certificate; create internship or apprenticeship opportunities; and prepare students to successfully compete in a global economy. The Governor must appropriate at least \$2.0 million annually for the grant program. The Maryland State Department of Education may use up to 3% of this appropriation (\$60,000) to administer the program.

***Distribution:*** Per statute, this program received \$2.0 million in fiscal 2023.

***Legal Reference:*** Education Article, Section 21-205

### **Pathways in Technology Early College High Schools**

Chapter 144 of 2016 established the Pathways in Technology Early College High (also called P-TECH) Schools. P-TECH schools are programs within public schools that offer grades 9 through 14 and that integrate high school, college, and the workplace to allow students to graduate in six years or less with a high school diploma, an associate degree or certificate, and relevant professional experience. P-TECH programs are open admission, no cost to students, and must reserve at least 50% of available space for students who meet the free and reduced-price meals income criteria.

Chapter 591 of 2017 revised the funding formula for P-TECH schools, which is split between K-12 funding provided to school systems and higher education funding provided to community colleges. For K-12, students in the fifth year of the program (grade 13) are counted as 50% of a full-time equivalent enrollment student, and those in their sixth and final year (grade 14) are counted as 25% of a full-time equivalent enrollment student. The State share of the P-TECH supplemental school grant is at least \$750, which must be matched 100% by the local board of

education. Community colleges also receive supplemental P-TECH grants. Additional information on this program is included in “Chapter 10. P-20 Alignment” of this handbook.

***Distribution:*** Public schools received \$1.9 million in State P-TECH funding in fiscal 2023.

***Legal Reference:*** Education Article, Sections 7-1801 through 1806

### **Fine Arts Grants**

Fine arts grants are provided to school systems to help teachers and administrators integrate arts education throughout the curriculum. This program has received State funding since fiscal 2011; however, funding is not mandated by statute.

***Distribution:*** Fine arts grant funding totaled \$731,500 in fiscal 2023.

### **Advanced Placement Computer Science**

Advanced Placement Computer Science is part of the advanced course curriculum available in some Maryland public schools. Funding for Advanced Placement Computer Science is not mandated in statute.

***Distribution:*** In fiscal 2023, \$510,000 was included in the budget bill to fund universal Advanced Placement Computer Science access in Maryland high schools.

### **Robotics Grant Program**

Chapters 681 and 682 of 2016 established the Robotics Grant Program to provide at least \$250,000 annually in grants to public schools and nonprofit robotics clubs to support existing robotics programs in the State and increase the number of robotics programs in the State. A school was eligible to receive a grant through the program if the school is proposing a new robotics program or club or has an existing robotics program or club. An existing nonprofit robotics club is eligible to receive a grant if it is associated with a public school.

Chapter 428 of 2019 altered program eligibility to include nonprofit organizations that (1) provide youth with an out-of-school-time experience that focuses on personal and workforce development and (2) serve public school students as a majority of its participating youth, if the organization is associated with a public school. Grants awarded through the program must, to the extent practicable, ensure geographic diversity among all program grantees. The Governor is required to provide \$350,000 annually for the program.

***Distribution:*** Per statute, this program received \$350,000 in fiscal 2023.

***History of Major Changes:***

- 2016 Chapters 681 and 682 established the Robotics Grant Program to provide at least \$250,000 annually in grants to public schools and nonprofit robotics clubs to support existing robotics programs in the State and increase the number of robotics programs in the State.
- 2019 Chapter 428 altered program eligibility and increased funding to \$350,000 annually.

***Legal Reference:*** Education Article, Section 7-123

**Bard High School Early College**

Bard High School Early College in Baltimore supports students who want to pursue completion of an associate degree concurrent with earning their high school diploma. Although funding is not mandated in statute, since fiscal 2017, the State has provided \$300,000 annually for Bard High School Early College in Baltimore. Additional information on this program is included in “Chapter 10. P-20 Alignment” of this handbook.

***Distribution:*** This program received \$300,000 in fiscal 2023.

**Linking Youth to New Experiences Program**

Chapter 470 of 2016 established the Linking Youth to New Experiences program, also called the LYNX program, at Frederick High School in Frederick County. Although funding for this program is not mandated, since the inception of this program in fiscal 2018, the State has provided \$236,599 annually. Additional information on this program is included in “Chapter 10. P-20 Alignment” of this handbook.

***Distribution:*** This program received \$236,599 in fiscal 2023.

***Legal Reference:*** Education Article, Sections 7-1901 through 1905

**Lacrosse Opportunities Grant**

Chapter 706 of 2012 established a grant program to provide funding to increase opportunities for minority students to participate in lacrosse in their communities. Local school systems serving student populations at least 80% of which are minority students may receive grants under the program. Under Chapter 551 of 2017, a youth lacrosse nonprofit organization in a county with a qualifying school system may also receive a grant. State law requires a mandated appropriation of at least \$40,000 annually.

***Distribution:*** Per statute, this program received \$40,000 in fiscal 2023.

***Legal Reference:*** Education Article, Section 2-305

## Teachers' Retirement

Since 1927, virtually all teachers, principals, and certain other public school employees have been required to be members of the State Teachers' Retirement or Pension Systems as a condition of their employment. These systems are maintained and operated by the State. Eligible employees include teachers and teacher aides, principals, food service workers, staff psychologists, and registered nurses.

Before 2012, Maryland was 1 of 11 states that paid the full employer pension contribution for teachers and other related staff employed by local school boards. Chapter 1 of the first special session of 2012 (the Budget Reconciliation and Financing Act), phased in a requirement that local boards of education pay 100% of the employer *normal* cost for active members of the Teachers' Retirement and Pension Systems, while the State continues to pay 100% of the amortized accrued liability for active and retired members. The employer normal cost represents the employer's share of the payment that is necessary to fund the benefits that currently employed members accrue in a given year.

To assist the local boards in funding the normal cost, Chapter 1 also required each county government to include this amount in its appropriation to the local board as part of the county's annually required maintenance of effort payment. However, during the phase-in period from fiscal 2013 to 2016, these payments were not used in the calculation of the required maintenance of effort for the following year. Instead, each county's required payment, in addition to the maintenance of effort amount, was specified in law. Beginning in fiscal 2017, the required payment made in fiscal 2016 was incorporated in the per pupil maintenance of effort calculation. In order to soften the impact on the counties of sharing the cost of teachers' retirement, Chapter 1 also established the State Teacher Retirement Supplemental Grant as a mandatory general fund appropriation and repealed the requirement that local boards reimburse the State for the pension costs of federally funded teachers and related staff, beginning in fiscal 2015.

### Distribution

In fiscal 2023, State payments for teachers' retirement totaled \$752.3 million. State contribution rates remained relatively stable from fiscal 2022 to 2023, largely due to offsetting factors. Record investment returns (26.7%) in fiscal 2021 and the Board of Trustees for the State Retirement and Pension System electing to accelerate recognition of those gains (40% in the first year and 15% each year after that) reduced the system's unfunded liabilities. While these factors would tend to increase contribution rates, they were largely offset by the board's decision to reduce the assumed rate of return for the plan from 7.4% to 6.8%. Instead, the driving factor that reduced the State's retirement cost was a disproportionate increase in the local share of pension costs because of an increase in the normal cost rate from 4.17% to 5.12% for fiscal 2023.

While normal cost retirement payments by local boards were stable at \$293.8 million in fiscal 2021 and \$296.5 million in fiscal 2022, normal cost payments increased to \$373.0 million (or 25.8%) in fiscal 2023. Fiscal 2023 costs increased for local boards because their contribution

amounts are the normal costs for local employees in the teacher’s retirement or pension systems, and normal costs increased by 0.95% for that fiscal year. The changes made by the board, discussed above, impact only the unfunded liability portion of the contribution, meaning the benefits of recognizing the large returns early do not accrue to the local boards.

**Exhibit 3.14** shows State and local retirement contributions in fiscal 2023.

**Exhibit 3.14**  
**State and Local Retirement Contributions**  
**Fiscal 2023**  
**(\$ in Thousands)**

County	Retirement Aid	State Contribution		Local Contribution		
		Supplemental Grants	State Total	Normal Cost	Administrative Cost	Local Total
Allegany	\$6,264	\$1,632	\$7,896	\$3,225	\$141	\$3,366
Anne Arundel	63,024	0	63,024	32,444	1,419	33,863
Baltimore City	58,961	10,048	69,009	30,352	1,328	31,680
Baltimore	87,018	3,000	90,018	44,795	1,959	46,755
Calvert	12,825	0	12,825	6,602	289	6,891
Caroline	4,352	685	5,037	2,240	98	2,338
Carroll	18,648	0	18,648	9,600	420	10,020
Cecil	12,313	0	12,313	6,339	277	6,616
Charles	20,209	0	20,209	10,403	455	10,858
Dorchester	3,619	309	3,928	1,863	81	1,945
Frederick	32,140	0	32,140	16,545	724	17,269
Garrett	2,751	406	3,158	1,416	62	1,478
Harford	27,001	0	27,001	13,900	608	14,508
Howard	53,512	0	53,512	27,547	1,205	28,752
Kent	1,533	0	1,533	789	35	824
Montgomery	153,186	0	153,186	78,857	3,449	82,306
Prince George's	108,932	9,629	118,561	56,076	2,453	58,529
Queen Anne's	5,486	0	5,486	2,824	124	2,948
St. Mary's	12,667	0	12,667	6,521	285	6,806
Somerset	2,571	382	2,953	1,324	58	1,382
Talbot	3,403	0	3,403	1,752	77	1,828
Washington	15,664	0	15,664	8,064	353	8,416
Wicomico	12,012	1,568	13,580	6,184	270	6,454
Worcester	6,552	0	6,552	3,373	148	3,520
<b>Total</b>	<b>\$724,644</b>	<b>\$27,659</b>	<b>\$752,303</b>	<b>\$373,031</b>	<b>\$16,317</b>	<b>\$389,348</b>

Source: Department of Legislative Services

### **History of Major Changes**

- 1924 Baltimore City established its Employees Retirement System and allowed city teachers to become members.
- 1927 The State established the Teachers' Retirement System identical to the city system to provide equivalent benefits for county teachers. All costs were paid by the State, and the city was reimbursed for the costs of the teachers in its system.
- 1971 Baltimore City teachers were transferred to the Teachers' Retirement System.
- 1980 The Teachers' Retirement System was closed to new members, and the Teachers' Pension System was established for new members and those members of the old system who chose to transfer.
- 1992 Due to the fiscal crisis, the State did not make retirement payments associated with general salary increases given to teachers from fiscal 1992 to 1994. Local boards of education were responsible for paying these retirement costs. Chapter 1 of the second special session eliminated State reimbursement of local employee Social Security costs (including teachers) beginning in fiscal 1993.
- 1995 The State resumed paying 100% of teachers' retirement costs beginning with fiscal 1996.
- 1998 Chapter 530 provided a benefit enhancement for the members of the Employees' Pension System and the Teachers' Pension System.
- 2002 Chapter 288 required the State to pay retirement benefits for all teachers who are funded with State aid beginning in fiscal 2004. Previously, local school systems were required to reimburse the State for retirement costs associated with teachers who were paid with funding from many categorical State aid programs.
- 2006 Chapter 110 provided a benefit enhancement for the members of the Employees' Pension System and the Teachers' Pension System and increased employee contributions to the systems to help pay for the enhancements.
- 2011 Chapter 397 made comprehensive pension benefit changes for State employees and teachers hired after June 30, 2011. Employees and teachers who were employed before July 1, 2011, and subsequently retire are also affected. Chapter 397 also required local boards of education and community colleges to pay their prorated share of the administrative costs of the State Retirement Agency based on the number of their employees who are members of the Teachers' Retirement and Pensions System.
- 2012 Chapter 1 of the first special session phased in over a period of four years a requirement that local school boards pay 100% of the employer normal cost for active members of the

Teachers' Retirement and Pension System. Chapter 1 also repealed the requirement for local boards to reimburse the State for the State pension costs of federally funded teachers and related staff beginning in fiscal 2015.

- 2017 Chapter 5 relieved local boards of their obligation to pay \$19.7 million of their share of teacher retirement costs, only for fiscal 2017. The payment relief was allocated proportionally to each local board based on their respective share of the total retirement cost for teachers.

### **Legal Reference**

State Personnel and Pensions Article, Sections 21-304, 21-308, and 21-309.1

## **Other State Funding**

There are various State K-12 education programs (statutory programs or programs renewed annually in the budget bill) that are not technically State aid programs; however, these programs receive general funds or special funds from the State. These programs fall under the Aid to Education budget or the Funding for Educational Organizations budget (not including the Maryland School for the Deaf). This section covers current programs in those budgets that were (1) mandated in fiscal 2023 or (2) were not mandated but received funding for two consecutive years in fiscal 2022 and 2023.

For more information on programs that received one-time funding in any fiscal year, see the Aid to Education budget analyses or the Funding for Educational Organizations budget analyses. For more information on early childhood programs, see "Chapter 1. Early Childhood Development and Education" of this handbook. For information on higher education programs, see "Chapter 5. Higher Education – State-level Organization and Funding" through "Chapter 7. Community Colleges" of this handbook.

## **Programs in the Aid to Education Budget**

### **Autism Waiver**

Chapter 134 of 1999 required the Maryland Department of Health to apply for a Medicaid waiver for services provided to autistic children. In 2000, this waiver was officially designated as Maryland's Medicaid Home and Community-Based Services Waiver for Children with Autism Spectrum Disorder, otherwise known as the Autism Waiver, by the Centers for Medicare and Medicaid Services. Eligible individuals must be between the ages of 2 and 21; have diagnosed autism; and meet medical, technical, and financial qualifications. Medicare offers a 50% match for State funds. As of 2021, the autism waiver program served 1,300 individuals, with over 6,000 individuals on the State waiting list. The program is co-administrated by the Maryland State Department of Education and the Maryland Department of Health.

**Distribution:** In fiscal 2023, the Governor’s budget, an introduced allocated \$30.8 million for this program, and the General Assembly used funding in the supplemental budget to provide an additional \$30.0 million to add 1,350 slots for the program.

**Legal Reference:** Health – General Article, Section 15-130

### **Adult High School Pilot Program**

Chapter 609 of 2017 established the Adult High School Pilot Program, which is jointly administered and supervised by the Maryland State Department of Education and the Maryland Department of Labor. The program provides an alternative method for adults who did not graduate from high school to earn a high school diploma and potentially earn postsecondary education credits and industry-recognized certification in an environment that meets the needs of an adult learner. These agencies may approve up to six pilot projects enrolling up to 350 students each, which must operate from a fixed physical location and enroll students who are age 21 or older and who do not have a high school diploma and did not complete the requirements for high school graduation through GED or other testing. These sites must also provide “wraparound services,” including child care, transportation, substance abuse prevention or treatment, and other related social services. Chapter 352 of 2021 required the Governor to appropriate at least \$250,000 in general or federal funds per pilot annually, beginning in fiscal 2023. See “Chapter 22. Miscellaneous State Aid” of *Volume VI – Maryland Local Government* for additional information on State funding for adult education programs.

**Distribution:** Per statute, beginning in fiscal 2023, \$250,000 is provided per pilot.

**Legal Reference:** Education Article, Sections 9.7-101 through 9.7-110

### **Arts Education in Maryland Schools Alliance Grant**

Chapters 680 and 681 of 2019 established the Arts Education in Maryland Schools Alliance Grant, which is a grant to the Board of Trustees of the Arts Education in Maryland Schools Alliance for the development, implementation, and maintenance of the Artlook Map Maryland Project. The grant must be in addition to and not supplant funds otherwise granted to this program.

**Distribution:** Per statute, funding for this program totaled \$100,000 in fiscal 2023.

**Legal Reference:** Education Article, Section 5-238

### **Environmental and Outdoor Education**

Chapters 739 and 740 of 2019 established the Maryland Green Schools Act, which requires the Governor to provide specified funding through fiscal 2026 to the Maryland Association of Environmental and Outdoor Education for the purpose of increasing the number of green schools in the State. Chapter 524 of 2022 extended required funding through fiscal 2028. Annual mandated

funding for this program is specified, \$280,850 annually in each of fiscal 2025 through 2027, and culminating in \$216,600 in fiscal 2028.

***Distribution:*** Per statute, funding for this program totaled \$272,100 in fiscal 2023.

***Legal Reference:*** Education Article, Section 7-117

### **Literacy Lab’s Leading Men Fellowship**

The Literacy Lab’s Leading Men Fellowship creates opportunities for young men of color and increases representation in the field of education. Leading Men Fellows are young men of color who have recently graduated from high school and participate in a year-long, residency-style experience in which they provide evidence-based literacy support to prekindergarten students while receiving coaching, professional development, and experience. Funding for this program is not mandated, but the program received \$200,000 in each of fiscal 2022 and 2023 through the budget bill.

***Distribution:*** This program received \$200,000 in fiscal 2023.

### **Menstrual Hygiene Product Grants**

Chapters 705 and 706 of 2021 required each local board of education to ensure that each public school provide, at no charge to the students, menstrual hygiene products via dispensers in the women’s restrooms at the school. A public middle or high school must install menstrual hygiene product dispensers in at least two women’s restrooms on or before October 1, 2022, and in all women’s restrooms on or before August 1, 2025. A public elementary school must install menstrual hygiene product dispensers in at least one restroom on or before October 1, 2022. The State must reimburse a local board of education for the cost of purchasing and installing the dispensers required by the bill.

***Distribution:*** Per statute, this program received \$500,000 in fiscal 2023.

***Legal Reference:*** Education Article, Section 7-449

### **Teacher Collaborative Grant Program**

The Blueprint for Maryland’s Future (Chapter 771) established the Teacher Collaborative Grant program as recommended by the Kirwan Commission. This program, which is administered by the Maryland State Department of Education in consultation with the Maryland Higher Education Commission, awards grants to multiple collaboratives in various regions of the State to develop model, state-of-the-art, professional education programs for prospective and current teachers. A collaborative must constitute a partnership of at least one local board, one teacher preparation program, and one exclusive employee representative. Eligibility for grant funding and

required components of a funded program are specified. Chapter 36 extended funding for this program through fiscal 2024.

***Distribution:*** Per statute, this program received \$2.5 million in general funds in fiscal 2023.

***Legal Reference:*** Education Article, Section 6-123

### **Teacher Recruitment and Outreach Program**

Chapter 361 established the Teacher Recruitment and Outreach Program, which is designed to encourage the top 25% of high school students from each local school system to consider pursuing a Maryland professional teacher certificate. The Maryland State Department of Education administers this program, which funds an outreach program and digital recruitment platform to engage prospective teachers and provide them with information about the teaching profession. Goals of this program include improving the public perception of the teaching profession and increasing awareness of available financial aid programs for teaching candidates, such as the Teaching Fellows for Maryland scholarship program, which is administrated by the Maryland Higher Education Commission. Recruitment efforts must focus on ethnic, racial, gender, and other demographic groups that are underrepresented in the teaching profession and teacher shortage fields. The Governor must provide at least \$250,000 annually for this program.

***Distribution:*** Per statute, the program received \$250,000 in fiscal 2023.

***Legal Reference:*** Education Article, Section 2-306

## **Programs in the Funding for Educational Organizations Budget**

### **Maryland School for the Blind**

The Maryland School for the Blind was founded in 1853 as the Maryland Institution for the Instruction of the Blind. Initially in downtown Baltimore, the school moved to its present campus in northeast Baltimore City in 1906. The school is a nonprofit, private organization with a board of directors that serves approximately 1,200 students, birth to age 21, from all 24 Maryland jurisdictions identified as blind, severely visually impaired, or visually impaired/multidisabled. In the 2021-2022 school year, the school's enrollment for funding purposes was 385 students including 211 school-age students, 34 early intervention students, and 140 outreach students.

Maryland School for the Blind students participate in three programs. The Early Intervention program serves children ages 3 to 5 in a daily, integrative setting. For school age students ages 6 to 21 who are blind, autistic, or have multiple or profound disabilities, the residential program provides a multisensory approach to learning and emphasizes functional life skills and communication. This program takes into consideration the complex health and physical needs of each student while developing age-appropriate adaptive skills to increase independence

in a supportive, structured environment. Outreach services assists off-campus students with visual impairment and additional disabilities, ages birth to 21, their families, and local school system staff through a variety of programs and services. The school's Instructional Resource Center also provides equipment, Braille textbooks, and tutoring services to students with visual impairments who are attending schools across the State. In the 2021-2022 school year, the school served a total of 392 students including 217 school age students, 139 outreach students, and 36 early intervention students.

Chapter 617 of 1998 established a State funding formula for the Maryland School for the Blind based on the school's enrollment growth and the growth in State funding provided to local school systems through the basic current expense formula. This funding formula used growth in the per pupil foundation amount, along with enrollment growth that is adjusted with a four-year enrollment average in order to soften enrollment increases and decreases. The school was also required to establish and operate a program of enhanced services for blind students who have other severe disabilities and a 25-member board of directors.

Chapter 144 of 2012 added Maryland School for the Blind to schools served by the State's public school construction program from fiscal 2013 through 2028. Chapters 671 and 672 of 2016 increased annual State funding for the Maryland School for the Blind by including the number of children served annually in the outreach program as a component of State formula funding and required the Governor to annually include at least \$1 million in the State budget for the cost of residential services.

Chapters 423 and 424 of 2021 required the Secretary of Budget and Management to develop a single, uniform pay plan for teachers and other professional personnel at the school and update this plan every third fiscal year. The Secretary must consider recommendations from the school's board of directors based on its review of comparable salaries in Baltimore County; include classifications and pay grades based on the duties, responsibilities, education, and training required; and adjust the pay plan, if necessary, to ensure that salaries in the pay plan are adequate to recruit and retain qualified teachers and other professional personnel. This same pay plan, with minor adjustments, was passed by the General Assembly for the Maryland School for the Deaf in Chapters 671 and 672.

For information on the State's public school construction program, see "Chapter 4. School Construction and Capital Improvement – Oversight and Funding" of this handbook. For information on Maryland School for the Blind's curriculum as it relates to college and career readiness, see "Chapter 10. P-20 Alignment" of this handbook.

***Distribution:*** Per statute, the Maryland School for the Blind received \$26.5 million in fiscal 2023.

***History of Major Changes:***

- 1998 Chapter 617 established the funding formula for the Maryland School for the Blind, using the school’s enrollment growth and the growth in State funding provided to local school systems through the basic current expense formula as its base, based 75% on increases in the per pupil foundation under the current expense State aid formula and enrollment growth and 25% on enrollment growth alone, while adjustments for enrollment reflect 20% of the change in the four-year moving average of the school’s student enrollment.
- 2012 Chapter 144 added the school to the State’s public school construction program from fiscal 2013 through 2028.
- 2016 Chapters 671 and 672 increased annual State funding for the Maryland School for the Blind by including the number of children served annually by its outreach program as a component of State formula funding, while also requiring the Governor to annually include at least \$1 million in the State budget for the cost of residential services.
- 2021 Chapters 423 and 424 required the Secretary of Budget and Management to develop a single, uniform pay plan for teachers and other professional personnel at the school and update this plan every third fiscal year.

***Legal Reference:*** Education Article, Sections 8-301 through 8-319

**State-aided Educational Institutions**

The State provides annual grants to nonprofit organizations with enriching educational programs for students and teachers that cannot be replicated in the classroom. Collectively, these programs are known as State-aided Educational Institutions. Chapter 657 of 1998 created this program with initial funding starting in fiscal 2001. To become eligible for funding, a nonprofit must submit an application to the Maryland State Department of Education and the State Superintendent of Schools that specifies expenditures and evidence that the organization provides a direct service to Maryland school groups or individuals with disabilities. The State Superintendent then forwards the department’s recommendations to the Governor for consideration and inclusion in the State budget.

Chapters 399 and 400 of 2021 required the Governor to make a one-time adjustment to funding for State-aided institutions in fiscal 2023. This adjustment included a fiscal 2023 allowance for each organization that was equal to or greater than the highest allocation that a recipient received in fiscal 2020, 2021, or 2020 and an overall increase of \$150,000 in funding for the program. With these changes, organizations that receive grants in fiscal 2023 include the Maryland Science Museum, the National Aquarium, the Maryland Zoo, and the Chesapeake Bay Foundation.

***Distribution:*** Per statute, 59 institutions received a total of \$6.6 million in funding in fiscal 2023 with grants ranging from \$18,808 to \$919,967.

**Legal Reference:** Education Article, Sections 5-501 through 5-506

### **Nonpublic Textbooks and Technology Program**

The State provides some aid to nonpublic schools for secular (*i.e.*, nonreligious) textbooks, computer hardware, and computer software that are acceptable for use in any public elementary or secondary school in Maryland as part of the Nonpublic Textbook and Technology Program. This program is not mandated, is funded by revenues from the Cigarette Restitution Fund, and has been renewed annually in the budget bill since 2001.

The Maryland State Department of Education administers this program to ensure that purchases are made from a list of qualified vendors and that participating schools use the savings to reduce the cost of textbooks and computer hardware and software for students. To be eligible for this program, a nonpublic school must hold a certificate of approval from, or be registered with, the State Board of Education; not charge more tuition than the statewide average per pupil expenditure by local school system, as calculated by the department; comply with Title VI of the Civil Rights Act of 1964, as amended; certify compliance with Title 20, Subtitle 6 of the State Government Article (Discrimination in Employment); and agree that they will not discriminate in student admissions on the basis of race, color, national origin, sexual orientation, or gender identity or expression. Participating schools receive a maximum of \$65 per student, except schools with between 20% and 40% of their students eligible for free and reduced-price meals, which receive \$95 per student, and schools with at least 40% of their students eligible for free and reduced-price meals, which receive \$155 per student.

**Distribution:** This program received \$6.0 million in fiscal 2023.

### **Broadening Options and Opportunities for Students Today (BOOST Program)**

The BOOST Program provides scholarships for students eligible for free and reduced-price meals to attend nonpublic schools that participate in the Nonpublic Textbook and Technology Program. All nondiscrimination requirements for Nonpublic Textbook and Technology Program in a given year also apply to the BOOST Program, and schools participating in this program must have qualified for, and participated in, the Nonpublic Textbook and Technology Program in the prior school year. This program is funded by the Cigarette Restitution Fund and has been in the budget bill annually since fiscal 2017.

The Maryland State Department of Education administers the BOOST Program, which has an advisory board that reviews applications and determines scholarships. In recent years, the General Assembly added additional requirements for eligible schools and scholarship distribution. In fiscal 2018, participating schools were required to submit data on certified teachers, standardized assessments, and student demographics, and the BOOST Advisory Board was required to renew awards to eligible students and give priority to students who had attended public school in the previous year. In fiscal 2019, the budget bill specified that eligible schools must administer standardized assessments from the list published for the National Blue Ribbon Schools Program; that \$600,000 of the authorized funding must provide higher scholarship awards to

special education students; and that the BOOST Advisory Board must make recommendations to encourage nonpublic schools to admit special education students. In fiscal 2020, the amount designated for special education students was increased to \$700,000, and in fiscal 2021, the budget bill specified that students with individualized education plans or 504 plans should be considered when determining special education award amounts.

Expenditures and funding for this program have varied since program inception. Per budget bill language, the program is allowed to retain funding from prior years that was not expended either due to returned awards or unexpended funds.

***Distribution:*** The BOOST Program received \$10.0 million in fiscal 2023.

### **Maryland School for the Deaf**

The Maryland School for the Deaf was founded in 1868 in Frederick, Maryland, on the current site of the upper school campus. The school is a State agency with Governor-appointed board of trustees that is responsible for the educational, personal, and vocational development of deaf school-age children residing in the State and in attendance at the school. With campuses in Frederick and Columbia, the school provides free comprehensive educational programs for children birth to age 21 similar to public schools with enhanced communication skills training, vocational education, and rehabilitation programs.

Maryland School for the Deaf students participate in one of three programs, all of which are bilingual in English and American Sign Language. The Early Intervention program serves children ages 3 to 5 on the Columbia campus in a daily, integrative setting. The day and residential program for school-age students, with elementary grades on the Columbia campus and grades 6 to 12 and students ages 18 to 21 on the Frederick campus, provides academic preparation for college, career, and technology education, and if needed, functional life skills education. Outreach or enhanced services assists off-campus students ages birth to 21, their families, and local school system staff through a variety of programs and services. In the 2021-2022 school year, the school served a total of 533 students including 413 school age students, 69 early intervention students, and 51 outreach students.

The Maryland School for the Deaf's funding formula, which is similar to Maryland School for the Blind, uses growth in the per pupil foundation amount, along with enrollment growth that is adjusted with a four-year enrollment average in order to soften enrollment increases and decreases. For the purposes of calculating the school's enrollment for formula funding, early intervention students are counted at 50% of enrollment, and school-age students are counted at 100% of enrollment (enhanced services students are not included in this count).

The Secretary of Budget and Management must develop a single, uniform pay plan for teachers and other professional personnel at the school and update this plan every third fiscal year. The Secretary must consider recommendations from the school's board of trustees based on its review of comparable salaries in Frederick and Howard counties; include classifications and pay

grades based on the duties, responsibilities, education, and training required; and adjust the pay plan, if necessary, to ensure that salaries in the pay plan are adequate to recruit and retain qualified teachers and other professional personnel. The General Assembly extended this same pay plan, with minor adjustments, to Maryland School for the Blind in Chapter 423 of 2021.

Chapter 538 of 2019 codified the existing practice that Maryland School for the Deaf teachers are categorized as professional service in the State Personnel Management System, which consists of positions that require advanced knowledge in a field of science or learning and that normally require a professional license, advanced degree, or both. Chapter 489 of 2022 further specifies that the Secretary of Budget and Management must assign (1) all professional personnel and staff classifications and positions at the school to the professional and skilled services in the State Personnel Management System and (2) all positions in the professional and skilled services, except for faculty, to a specified bargaining unit. Employees impacted by this change cannot experience diminution of pay or benefits.

For information on Maryland School for the Deaf’s curriculum as it relates to college and career readiness, see “Chapter 10. P-20 Alignment” of this handbook.

### **Distribution**

In fiscal 2023, the Maryland School for the Deaf budget was \$43.7 million, which included \$37.8 million in general funds per the school’s annual formula funding.

### **History of Major Changes**

- 2019 Chapter 538 codified the existing practice that Maryland School for the Deaf teachers are categorized as professional service in the State Personnel Management System.
- 2022 Chapter 489 specifies that the Secretary of Budget and Management must assign all professional personnel and staff classifications except for faculty to a specified bargaining unit.

### **Legal Reference**

Education Article, Sections 8-3A-01 through 8-3A-11

## **County Funding of Local School Systems**

Unlike many other states, Maryland’s school systems do not have independent taxing authority. Instead, they rely on the counties, including Baltimore City, for a significant share of their funding. Historically, counties have accounted for more than half of total funding for Maryland school systems. One of the goals of the Bridge to Excellence in Public Schools Act of

2002 was to move toward a school finance system in which the State and counties are more equal partners in their contributions to public schools.

### **Local Effort Requirements**

Generally, each county must provide, at a minimum, the greater of (1) the local share of certain major education aid formulas (after applicable relief, discussed below) or (2) the per pupil amount provided by the county in the previous year, a provision known as maintenance of effort. Counties may request that nonrecurring costs be excluded from the maintenance of effort calculation subject to approval by the State Board of Education. Additionally, county governments may request, subject to approval by the State Board, a one-year waiver from the maintenance of effort requirement for one of the reasons enumerated in the law. After receiving a one-year waiver, a county may request a waiver that allows the county to permanently reduce its required payment. This waiver is known as a rebasing waiver. The rebasing waiver requires a county to demonstrate ongoing problems with meeting maintenance of effort through an additional set of factors that the State Board must consider and allows for limited decreases in the county's required amount.

Maintenance of effort was altered with the enactment of Chapter 36 (the Blueprint for Maryland's Future – Implementation). Beginning with the fiscal 2023 appropriation, the per pupil maintenance of effort level each year is based upon the greater of (1) the prior year full-time equivalent enrollment or (2) the three-year moving average of full-time equivalent enrollment. Chapter 36 also repealed, beginning in fiscal 2024, the requirement (known as the maintenance of effort escalator) that a county that is below the statewide five-year moving average education effort level must increase its per pupil maintenance of effort amount by the lesser of a specified amount: (1) the increase in local wealth per pupil; (2) the statewide average increase in local wealth per pupil; or (3) 2.5%. The Maryland State Department of Education must report by November 1, 2022, on the impact on school funding of repealing this requirement.

Under pre-Blueprint law, counties were required to fund the local share of the Foundation Program. Beginning in fiscal 2023, the local share requirement under the Blueprint continues to include the local share of the foundation formula but, in addition, counties must fund the local share of other existing and new major aid programs. This was originally intended to take effect in fiscal 2022; however, Chapter 55 (the Blueprint for Maryland's Future – Revisions) was enacted to make necessary changes resulting from the one-year delay in enactment of Chapter 36, as well as reduced enrollment counts caused by the COVID-19 pandemic. Chapter 55 also specified that for fiscal 2023, the maintenance of effort used the fiscal 2021 local appropriation (instead of fiscal 2022) except for counties whose required fiscal 2022 maintenance of effort was adjusted by the escalator provision. Further under Chapter 55, September 2019 full-time equivalent enrollment was used to determine per pupil wealth for purposes of the escalator provision used to determine required fiscal 2022 and 2023 maintenance of effort. The enrollment count used in maintenance of effort was altered to exclude the 2020-2021 school year, which affects the calculation in fiscal 2022 through 2024.

The COVID-19 pandemic continued to impact enrollment counts for the 2021-2022 school year and, as a result, Chapter 33 of 2022 made further adjustments by requiring in fiscal 2023 that a county government appropriate the greater of the local share of major education aid (accounting for relief provisions) and a specified maintenance of effort for each county. Chapter 33 also, for the purpose of minimizing the impact of fiscal 2023 maintenance of effort changes to fiscal 2024 and subsequent year maintenance of effort calculations, specified that certain amounts are to be subtracted from a county's fiscal 2023 highest local appropriation.

### **Local Share Relief**

For some counties, the expanded local share requirement substantially exceeds the per pupil maintenance of effort amount that they have been required to fund for many years prior to the Blueprint. The number of counties for which local share exceeds the per pupil maintenance of effort requirement is projected to grow from 6 counties in fiscal 2023 to as many as 15 counties by fiscal 2030. However, for some counties, the combined local share across the several major aid programs is subject to certain downward adjustments. The Blueprint includes a mechanism for establishing a maximum local share that a county must fund each year. This education effort adjustment is described earlier in this chapter, under the General Direct Education Aid Programs section.

A county may also be eligible for a reduction in the required local share of major aid formulas in three additional ways: (1) if a county receives State funds from the guaranteed tax base program, the local share may be reduced by the amount of guaranteed tax base funds, except that for Baltimore City only the amount above \$10 million may be reduced from the local share; (2) if a county receives State funds to support the minimum funding floors of 15% for the foundation and 40% for the targeted programs; and (3) if a county has a comparable wage index of at least 0.13, the local share of comparable wage index may be reduced by 50%. However, in all of these cases, the resulting minimum local effort may not be reduced below the required maintenance of effort amount. For these three reductions, State funding provided through specified formulas is used to offset the local share. (Comparable wage index funding begins in fiscal 2024 under Chapter 36 and, until then, the geographic cost of education index formula is used.)

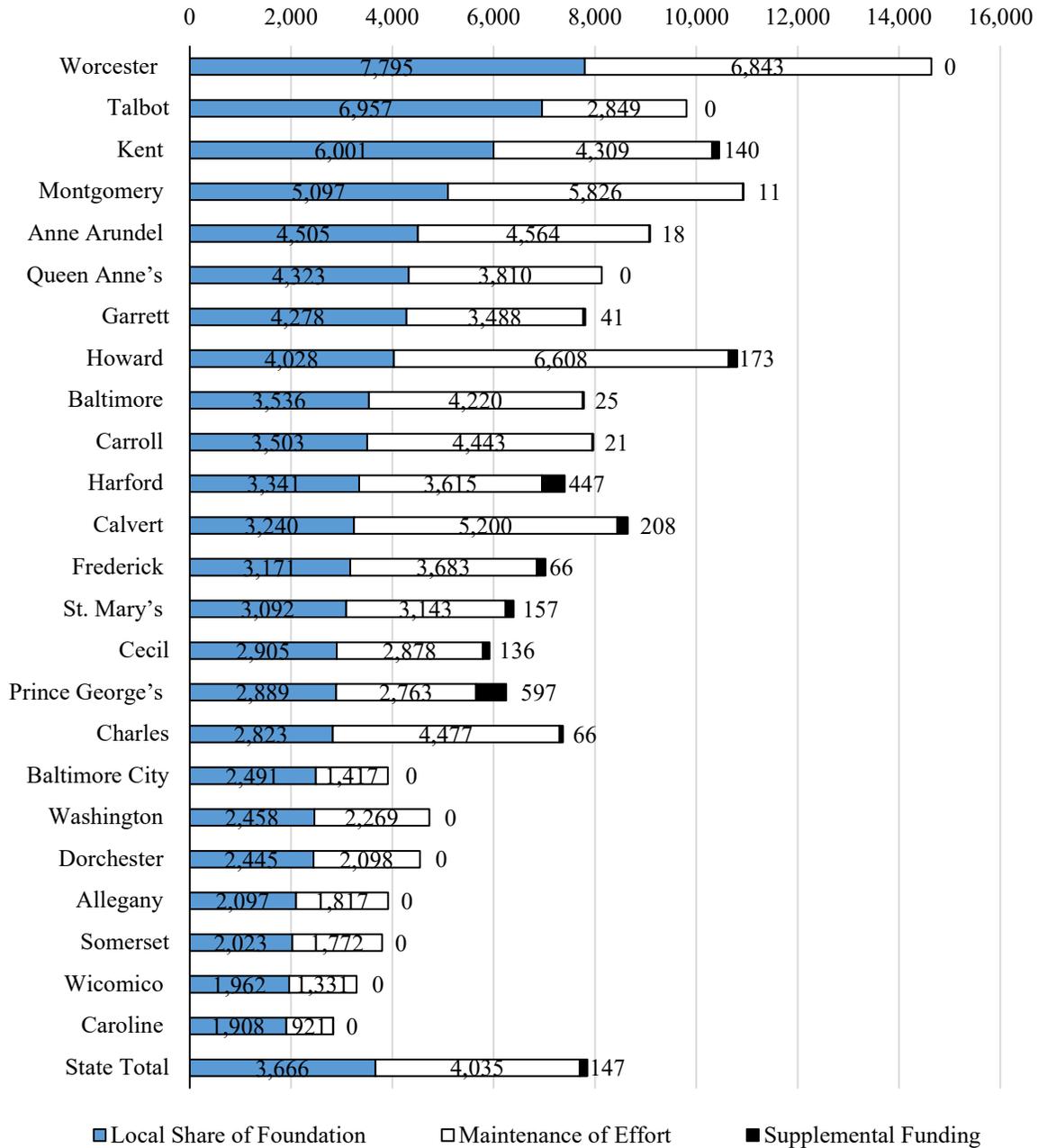
For a history of changes to the State's local effort requirements, see the Local Effort Requirements section in this chapter.

### **County Per Pupil Appropriations**

**Exhibit 3.15** shows per pupil county appropriations in fiscal 2021, the most recently available year of actual local spending, and indicates the amounts attributable to the local share of the foundation and to funding above the local share of the foundation (shown as maintenance of effort and supplemental funding). Counties are sorted by local wealth per pupil, highest to lowest, in the chart. The chart demonstrates the relationship between wealth and the local share of the foundation and also shows that the amounts counties provide in excess of the local share of the foundation vary and are not as closely related to local wealth. For example, the per pupil local

share of the Foundation Program for Charles and Prince George's counties is nearly identical (because wealth per pupil in the two counties is nearly identical); however, Charles County provides almost 35% more in combined maintenance of effort and supplemental funding as Prince George's County. As a result, noting rounding in the exhibit, Charles County provides \$7,365 per student to the local school system, while Prince George's County provides \$6,249 per student. Statewide, 47% of the \$7,847 per pupil that counties contributed to schools in fiscal 2021 was attributable to the local share of the Foundation Program.

**Exhibit 3.15**  
**Per Pupil Local Appropriations to Boards of Education**  
**Fiscal 2021**



Source: *Selected Financial Data*, Maryland State Department of Education; Department of Legislative Services

## Local Education Effort

Ultimately, the amount of funding that counties provide is based on two factors: local tax capacity; and the extent to which this capacity is used to support education. As discussed previously, State law determines minimum local effort each fiscal year. All counties may provide some funding over the required minimum, but the amount of supplemental funding each county provides is a local decision that is made over a number of years (since the maintenance of effort provision requires per pupil funding levels to remain at least equivalent from one year to the next). **Exhibit 3.16** compares per pupil county appropriations to per pupil county wealth and shows the proportion of each county’s wealth base used to support education. The exhibit shows that fiscal 2021 local effort levels ranged from 0.89% of local wealth in Talbot County to 1.69% in Howard County. As a result of this variance, Howard County provided more per pupil funding for the local school system than Talbot County despite Talbot County having nearly double the per pupil wealth of Howard County.

**Exhibit 3.16**  
**Local Funding Effort**  
**Fiscal 2021**

<b>County</b>	<b>Wealth Per Pupil</b>	<b>Per Pupil Appropriation</b>	<b>Local Effort (Appropriation/Wealth)</b>
Allegany	\$333,195	\$3,914	1.17%
Anne Arundel	715,630	9,087	1.27%
Baltimore City	395,757	3,908	0.99%
Baltimore	561,774	7,782	1.39%
Calvert	514,670	8,648	1.68%
Caroline	303,112	2,829	0.93%
Carroll	556,538	7,967	1.43%
Cecil	461,526	5,919	1.28%
Charles	448,403	7,365	1.64%
Dorchester	388,455	4,543	1.17%
Frederick	503,747	7,020	1.39%
Garrett	679,593	7,807	1.15%
Harford	530,820	7,403	1.39%
Howard	639,914	10,809	1.69%
Kent	953,286	10,450	1.10%
Montgomery	809,624	10,933	1.35%
Prince George's	458,963	6,249	1.36%
Queen Anne's	686,710	8,132	1.18%
St. Mary's	491,212	6,392	1.30%
Somerset	321,343	3,795	1.18%
Talbot	1,105,175	9,806	0.89%
Washington	390,554	4,728	1.21%
Wicomico	311,670	3,292	1.06%
Worcester	1,238,280	14,638	1.18%
<b>Statewide</b>	<b>\$582,298</b>	<b>\$7,847</b>	<b>1.35%</b>
<b><i>Simple Average of Local Effort:</i></b>			<b><i>1.27%</i></b>

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

Source: Department of Legislative Services

## Local School System Expenditures

Local school systems are dependent on federal, State, and local governments for revenues, but they have a great deal of discretion in how the revenues are spent. Although some funding is restricted in how it is used (particularly federal aid), the vast majority of funding for local boards of education is unrestricted. Local boards of education adopt budgets for each fiscal year using the revenues available to them, as discussed in more detail in “Chapter 2. Primary and Secondary Education – Governance, Students, Teachers, and Content Standards” of this handbook.

### Expenditure Categories

As shown in **Exhibit 3.17**, primary and secondary education operating expenditures totaled approximately \$14.1 billion in fiscal 2021 (the most recent year actual data is available). As would be expected, instructional outlays were the single largest component of operating budgets, accounting for \$6.0 billion, or 42.4%, of operating spending. Special education expenditures amounted to approximately \$1.8 billion, or another 12.9% of expenditures. Taken together, these two instructional expenditure categories account for a majority of school system budgets.

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**Exhibit 3.17**  
**Local School System Expenditures**  
**Fiscal 2021**  
**(\$ in Thousands)**

<u>Expenditure Category</u>	<u>Amount</u>	<u>Percent of Total</u>
Instruction	\$5,965,351	42.4%
Fixed/Fringe <sup>1</sup>	3,016,528	21.5%
Special Education	1,812,825	12.9%
Plant Operation and Maintenance	1,135,522	8.1%
Mid-level Administration	856,795	6.1%
Transportation	558,149	4.0%
Administration	385,171	2.7%
Other <sup>2</sup>	331,287	2.4%
<b>Total Expenditures</b>	<b>\$14,061,630</b>	<b>100.0%</b>

<sup>1</sup> Includes \$750 million in State paid retirement costs.

<sup>2</sup> Includes student personnel services, health, capital outlay, and community services.

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

Source: *Selected Financial Data, 2020-2021, Part 2 – Expenditures*, Maryland State Department of Education; Department of Legislative Services

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Fixed/fringe benefits is the next largest category at \$3.0 billion, or 21.5%, of the total, and includes the costs of health insurance, retirement, and other benefits for all school system employees. Administration and mid-level administration categories accounted for over \$1.2 billion combined, or 8.8%, of fiscal 2021 operating expenditures, while plant operations accounted for \$1.1 billion, or 8.1%, of expenditures.

### **Per Pupil Expenditures**

**Exhibit 3.18** shows that per pupil spending statewide rose from \$7,996 in fiscal 2002, before implementation of the Bridge to Excellence in Public Schools Act, to \$16,084 in fiscal 2021. This represents an average annual growth of 3.7% statewide, although the average annual rate of growth varied from a low of 2.9% in Montgomery County to a high of 4.6% in Somerset County. The ratio of per pupil spending in the highest spending district to per pupil spending in the lowest spending district was 1.49 to 1 in fiscal 2021. In other words, per pupil spending in Somerset County was 49% higher than it was in Queen Anne's County.

Although some attempt to minimize spending disparities is necessary, disparities are expected and, in some cases, desirable. For example, school systems with large proportions of at-risk students can be expected to spend more in order to achieve the same results as reflected in the State's adequacy model and the adequacy targets for each school system. State and federal aid programs provide additional funding based on enrollments of at-risk students and, therefore, contribute to some spending disparities. In addition, school systems that are subject to higher educational resource costs can be expected to spend more just to acquire the same resources as lower-cost systems.

Wealth equalization of State aid helps to mitigate disparities resulting from differences in local tax capacity, but it does not eliminate these disparities entirely. Another factor related to local wealth that contributes to spending disparities is local education tax effort. A school system that receives a lower level of county support can expect to spend less than a system in a county that provides a greater level of funding relative to its capacity. This effect can also be seen in the levels of funding above the required local share of foundation by county in Exhibit 3.15.

**Exhibit 3.18**  
**Education Operating Expenditures Per Pupil**  
**Fiscal 2002, 2009, and 2021**

	<u>2002</u>	<u>2009</u>	<u>2021</u>	<u>Average Annual Growth</u> <u>2002-2021</u>
Allegany	\$8,007	\$14,570	\$16,016	3.7%
Anne Arundel	8,022	13,299	15,086	3.4%
Baltimore City	9,374	17,111	18,262	3.6%
Baltimore	8,419	13,789	15,353	3.2%
Calvert	7,467	13,176	15,051	3.8%
Caroline	7,073	12,407	16,259	4.5%
Carroll	7,304	12,487	14,810	3.8%
Cecil	7,222	12,469	14,690	3.8%
Charles	7,266	12,748	15,774	4.2%
Dorchester	7,872	12,756	17,239	4.2%
Frederick	7,350	12,599	14,359	3.6%
Garrett	8,063	13,559	16,052	3.7%
Harford	7,109	12,809	14,194	3.7%
Howard	8,749	15,324	16,161	3.3%
Kent	9,441	15,407	17,119	3.2%
Montgomery	9,833	15,876	17,076	2.9%
Prince George's	7,961	14,355	16,745	4.0%
Queen Anne's	7,745	12,184	13,640	3.0%
St. Mary's	7,499	12,520	14,332	3.5%
Somerset	8,594	14,745	20,356	4.6%
Talbot	7,827	12,294	14,872	3.4%
Washington	7,474	12,589	15,349	3.9%
Wicomico	7,428	13,341	16,242	4.2%
Worcester	8,816	16,866	19,508	4.3%
<b>Average</b>	<b>\$7,996</b>	<b>\$13,720</b>	<b>\$16,084</b>	<b>3.7%</b>

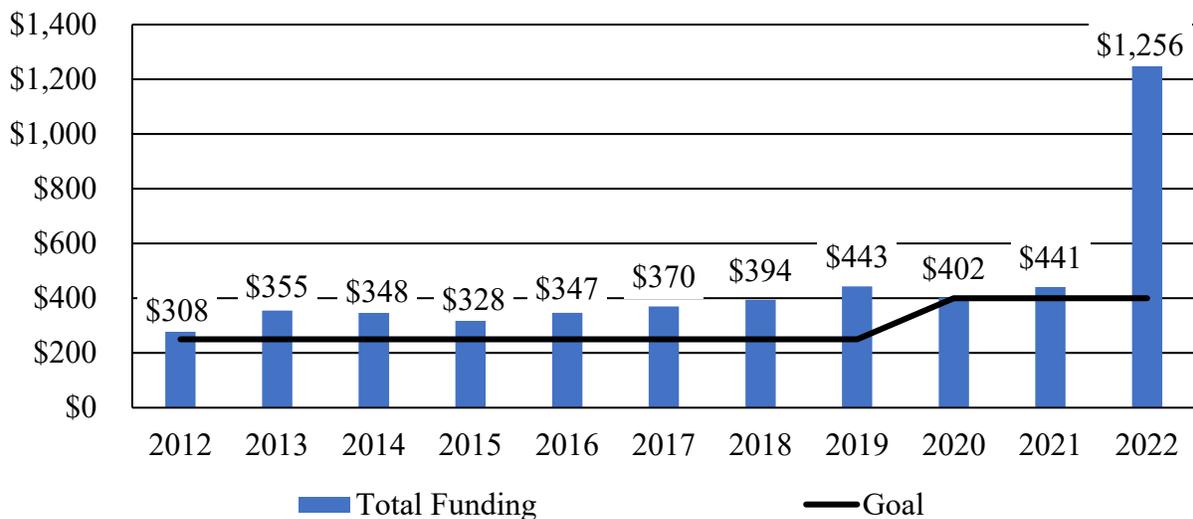
Source: *Selected Financial Data, 2001-2002 2008-2009, and 2020-2021, Part 2 – Expenditures*, Maryland State Department of Education; Department of Legislative Services



## Chapter 4. School Construction and Capital Improvement – Oversight and Funding

State and local governments share in the financing and oversight of capital construction and renovation of public school facilities in Maryland. The Public School Facilities Act (Chapters 306 and 307 of 2004) established an annual goal of \$250 million in State funding for public school construction, which was increased to a \$400 million annual goal by the 21st Century School Facilities Act (Chapter 14 of 2018). Most recently, Chapter 32 of 2022 increased the annual goal to \$450 million in State funding for public school construction. As shown in **Exhibit 4.1**, the State has met the annual school construction funding goal each year since fiscal 2012. Total funding for school construction increased considerably in fiscal 2022 due to the implementation of the Built to Learn Program, established by the Built to Learn Act (Chapter 20 of 2020).

**Exhibit 4.1**  
**State Funding for School Construction**  
**Fiscal 2012-2022**  
**(\$ in Millions)**



Note: Includes new general obligation bonds, pay-as-you-go funds, and reallocated funds that were previously authorized. Fiscal 2022 includes approved Built to Learn projects.

Source: Interagency Commission on School Construction; Department of Legislative Services

The State funds its share of school construction funding primarily through the issuance of general obligation bonds. In some years, funds for school construction are included in the State’s operating budget as pay-as-you-go funding. As described further, two major school construction programs enacted in recent years rely on revenue bonds issued by the Maryland Stadium Authority.

The State provides direct financial support and oversight to local governments for the construction and renovation of public school facilities through a variety of programs and special funds, each of which is discussed in detail in this chapter:

- Public School Construction Program;
- Baltimore City 21st Century Schools Program;
- Built To Learn Program;
- Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms;
- Healthy School Facility Fund;
- School Safety Grant Program;
- School Construction Revolving Loan Fund;
- Aging Schools Program; and
- Nancy K. Kopp Public School Facilities Priority Fund.

**Exhibit 4.2** shows budgeted funding levels for each of these programs for fiscal 2022 and 2023, with the exception of the Baltimore City 21st Century Schools Program and the Built to Learn Program. Funding for the 21st Century Schools Program has been fully committed and therefore is not included in the exhibit. For the Built to Learn Program, the exhibit provides total funding committed to projects approved during fiscal 2022; no projects have been approved to date in fiscal 2023. Exhibit 4.2 includes only new funds authorized in each fiscal year; therefore, the fiscal 2022 total differs from the amount shown in Exhibit 4.1.

**Exhibit 4.2**  
**Budgeted/Approved School Construction Funding by Program**  
**Fiscal 2022 and 2023**  
**(\$ in Millions)**

<b><u>Program</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Public School Construction Program	\$285.0	\$285.0
Built to Learn Program	797.4	n/a
Enrollment Growth or Relocatable Classrooms Capital Grant Program	60.0	95.4
Healthy School Facility Fund	70.0	90.0
School Safety Grant Program	10.0	10.0
School Construction Revolving Loan Fund	n/a	40.0
Aging Schools Program	6.1	6.1
Public School Facilities Priority Fund	n/a	n/a
Pass-through Grants	n/a	237.0
<b>Total</b>	<b>\$1,228.5</b>	<b>\$763.5</b>

n/a: Not applicable or not available.

Note: Includes only newly budgeted amounts; does not include funds reserved and reallocated from prior fiscal years; therefore, the fiscal 2022 total is less than the fiscal 2022 total in Exhibit 4.1.

Source: Interagency Commission on School Construction; Department of Legislative Services

The State also provides limited capital funding to nonpublic schools through two programs, which are also discussed in greater detail in this chapter:

- Senator James E. “Ed” DeGrange Nonpublic Aging Schools Program; and
- Nonpublic School Security Improvements Program.

**Exhibit 4.3** shows annual State funding allocated to each local school system from all sources for fiscal 2018 through 2022.

**Exhibit 4.3**  
**Public School Construction Funding**  
**Fiscal 2018-2022**  
**(\$ in Thousands)**

<b><u>Local School System</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
Allegany	\$13,664	\$4,476	\$2,944	\$2,177	\$2,613
Anne Arundel	37,335	30,990	36,928	38,559	170,456
Baltimore City	38,691	72,910	52,692	70,867	83,293
Baltimore	46,573	45,583	60,519	53,889	258,299
Calvert	14,624	10,176	2,266	4,179	13,454
Caroline	1,717	735	11,653	13,763	4,791
Carroll	3,990	7,526	7,745	10,449	38,831
Cecil	6,828	5,624	4,164	3,952	5,508
Charles	10,575	15,439	14,044	12,505	32,552
Dorchester	10,835	11,324	4,107	5,994	6,616
Frederick	19,757	20,215	16,826	23,015	108,705
Garrett	1,605	285	482	1,833	12,185
Harford	13,810	13,290	13,218	13,182	47,453
Howard	21,154	11,577	6,581	32,596	63,461
Kent	38	265	1,487	3,231	158
Montgomery	59,798	63,549	59,710	56,313	305,737
Prince George's	50,382	52,492	53,741	48,275	43,362
Queen Anne's	2,506	1,146	721	1,298	2,368
St. Mary's	874	6,807	4,812	5,580	5,773
Somerset	14,930	17,804	3,199	3,138	815
Talbot	38	8,679	9,085	3,211	1,380
Washington	2,727	12,628	11,822	8,446	8,804
Wicomico	11,954	10,440	11,458	10,506	26,169
Worcester	39	4,658	4,374	1,513	5,014
Maryland School for the Blind	9,376	14,216	7,401	6,779	2,021
Statewide	500	0	0	5,794	6,500
<b>Totals</b>	<b>\$394,321</b>	<b>\$442,836</b>	<b>\$401,979</b>	<b>\$441,042</b>	<b>\$1,256,318</b>

Note: Includes new general obligation bonds, pay-as-you-go funds, and reallocated funds that were previously authorized. Counties receiving \$0 did not request any eligible projects to be funded in that year. The Maryland School for the Blind became eligible for funds in fiscal 2013. Statewide includes funds for the State outsourcing of design reviews and contingency funds for unforeseen overruns. Fiscal 2022 includes approved Built to Learn projects.

Source: Interagency Commission on School Construction; Department of Legislative Services

## Interagency Commission on School Construction

The 21st Century School Facilities Act (Chapter 14 of 2018) altered the process by which the State allocates school construction funding to local school systems. Prior to the Act, the Interagency Committee on School Construction functioned in an advisory capacity to the Board of Public Works, reviewing and assessing local requests for State school construction funds and then making recommendations to the Board of Public Works, which had final authority to approve projects and State funding. However, in several years, including in fiscal 2018 and 2019, capital budget bill language required the Interagency Committee on School Construction to make the final funding allocations. The Act changed the name of the Interagency Committee on School Construction to the Interagency *Commission* (instead of Committee) on School Construction and made it an independent entity within the Maryland State Department of Education. Most significantly, the Board of Public Works' authority to grant final approval with respect to State funding for public school construction projects was permanently transferred to the commission.

The Interagency Commission on School Construction consists of nine members, including three *ex-officio* members (the State Superintendent of Schools, the Secretary of Planning, and the Secretary of General Services, or their designees) and six public members (two each appointed by the Governor, the Senate President, and the Speaker of the House). The Governor, the Senate President, and the Speaker of the House jointly select the commission's chair. A public member of the commission may not be a registered lobbyist, elected official, government employee, or any individual with a business interest or contracts related to public school construction in the State.

## Public School Construction Program

Established in 1971, the Public School Construction Program is the State's primary and longest-running school construction funding and oversight program and also provides the basis for determining eligible expenses for other major programs, including the Built to Learn Program and the Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms.

### Project Approval

The Public School Construction Program requires local school systems annually to develop and submit to the Interagency Commission on School Construction a 10-year facilities master plan that includes an analysis of future school facility needs based on the current condition of school buildings and projected enrollment. The master plan must be approved by the local board of education. Subsequently, each local school system submits a capital improvement plan to the commission that includes projects for which it seeks planning and/or funding approval for the upcoming fiscal year. Planning approval reflects the commission's determination that a project is justified and ready to move to the construction phase. Planning approval also commits the State to fund its share of the project cost but only as funding becomes available.

In some cases, funding approval may be delayed as higher-priority projects move through the pipeline. Some local school systems elect to wait until funding approval is given to begin construction, but others elect to “forward fund” projects that receive planning approval. Forward-funded projects use only local funds to begin construction and then obtain reimbursement for the State share when funds become available, which may occur after a building is completed in some cases. In addition to approval from the local board of education, the request for the upcoming fiscal year must be approved by the county’s governing body. Typically, the submission letter to the commission contains signatures of both the local board president and either the county executive and county council president or chair of the board of county commissioners.

Based on its assessment of the relative merit of all the project proposals that it receives, and subject to the projected level of school construction funds available, the Interagency Commission on School Construction determines annually which projects to fund through the Public School Construction Program. The commission may reject projects that are not consistent with the local school system’s facilities master plan. By December 31 of each year, the commission must approve projects comprising 75% of the preliminary school construction allocation projected to be available by the Governor for the upcoming fiscal year. Local school systems may appeal these preliminary decisions to the full commission. By March 1 of each year, the commission must recommend to the General Assembly projects comprising 90% of the allocation for school construction submitted in the Governor’s capital budget. Following the legislative session, but no earlier than May 1, the commission approves projects comprising the balance of school construction funds included in the enacted capital budget. The final allocations are not subject to appeal. Since fiscal 2018, total authorized funding for the Public School Construction Program has ranged from a low of \$251.8 million (fiscal 2020) to a high of \$313.9 million (fiscal 2019); in each of fiscal 2022 and 2023, program funding totaled \$285.0 million.

Proposed projects may include any of the following types:

- new schools (to accommodate enrollment growth);
- replacement schools (to replace outdated facilities);
- addition/renovation (to modernize or expand existing facilities); and
- systemic renovation (to replace one or more building systems that have exceeded their useful life).

### **Eligible and Ineligible Expenses**

Statute requires the Interagency Commission on School Construction to establish school construction-related expenses that are eligible and ineligible for reimbursement by the State. In accordance with current statutory and regulatory requirements, the following expenses are among those *eligible* for reimbursement from the State:

- planning and design expenses, including feasibility studies and architectural and engineering fees;
- construction of new or replacement schools;
- construction costs associated with additions or renovations to existing schools;
- systemic renovations (*i.e.*, replacement of critical building systems such as heating, cooling, windows, and roofs);
- furniture, fixtures, and equipment with a median useful life of at least 15 years; and
- window air-conditioning units and associated electrical upgrades.

Examples of expenses that are *ineligible* for State reimbursement include site acquisition, master plans, construction of administrative or support facilities, and ancillary construction costs such as permits and water and sewer connections.

### State and Local Cost Share Formula and Incentives

The State pays at least 50% of *eligible* costs for each public school construction project, but the State share varies by county and by project based on a mandated formula. The Public School Facilities Act (Chapters 306 and 307 of 2004) established the State and local cost-share formula that determines the State's share of eligible public school construction costs for each county; local governments are responsible for any project costs not paid by the State. In addition to the Public School Construction Program, the State and local cost shares apply to several other public school construction programs described below, including the Built to Learn Program and the Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms.

The cost-share formula takes multiple factors into account, including local wealth, at-risk student populations, enrollment growth, economic condition of the county, and local effort for school construction. As required by the 21st Century School Facilities Act (Chapter 14 of 2018), the formula is updated every two years for incremental changes in local wealth and other factors. Future updates to the State and local cost shares by the Interagency Commission on School Construction must align with changes made to the Foundation Program (for State aid to public schools) and the Guaranteed Tax Base Program. Any decrease in the State share for a county is limited to 5 percentage points at each biennial recalculation. The State share must be adjusted for any county with a calculated State share of 50% and a median household income that is in the bottom quartile of the State. Any county that meets these criteria is eligible for a specified increase in the State share; for fiscal 2023 and 2024, only Garrett County qualifies for the increased State share. The State shares for fiscal 2023 and 2024 (including the adjusted share for Garrett County) are shown in **Exhibit 4.4**.

**Exhibit 4.4**  
**State Share of Eligible Costs for School Construction**  
**Fiscal 2023 and 2024**

<u>Local School System</u>	<u>Cost Share</u>
Allegany	90%
Anne Arundel	50%
Baltimore City	96%
Baltimore	61%
Calvert	56%
Caroline	88%
Carroll	59%
Cecil	66%
Charles	65%
Dorchester	93%
Frederick	65%
Garrett	90%
Harford	63%
Howard	56%
Kent	50%
Montgomery	50%
Prince George's	73%
Queen Anne's	51%
St. Mary's	58%
Somerset	100%
Talbot	50%
Washington	79%
Wicomico	100%
Worcester	50%
Maryland School for the Blind	93%

Source: Interagency Commission on School Construction; Department of Legislative Services

Statute includes several adjustments and incentives that increase the State share for individual projects that meet specified criteria. The adjustments and incentives first apply to projects approved for funding in fiscal 2024. They are:

- a 10 percentage point increase in the State share for schools with a concentration of poverty level of 80% or greater;

- a 5 percentage point increase in the State share for schools with a concentration of poverty level of between 55% and 80% (not inclusive);
- a 5 percentage point increase in the State share for schools that achieve specified ratings on their most recent maintenance assessment;
- a 5 percentage point increase in the State share for schools built as net-zero buildings; and
- a 5 percentage point increase in the State share for projects with an estimated total cost of ownership (including design, construction, operation, and maintenance) that is at least 15% less than baseline levels, subject to repayment if the completed project does not meet that threshold.

### **Calculation of the Maximum State Allocation**

For each approved public school construction project, the Interagency Commission on School Construction calculates a maximum State allocation that is based on (1) projected enrollment; (2) allowable per pupil square footage allowances; (3) costs per square foot; and (4) the applicable State cost share. Any project costs that exceed the maximum State allocation for a project are paid by the local government.

### **Enrollment Projections**

For each school construction project seeking commission approval, a local school system must submit a projected enrollment for seven years from the submission date, which is subject to commission approval. The commission does not do its own enrollment projections, but commission staff does review the assumptions used by the local school system. Staff may also adjust the projected enrollment (either upward or downward) based on over- or underutilization of adjacent school facilities. However, the commission may only make an enrollment deduction if the sum of the available seats in all adjacent schools is at least 15% of the school's projected enrollment. Local school systems may appeal any final enrollment projections used by commission staff to the full commission.

### **Gross Area Baselines**

Gross area baselines are square footage allowances for a proposed school facility. They are calculated as the product of the projected enrollment and per pupil square footage allowances approved by the commission. The square footage allowances vary by the grade configuration of each school (*e.g.*, elementary, middle, high). The commission also establishes separate per pupil allowances for regular education students, special education students, and career and technical education students. By October 1, 2023, the commission must update its gross area baselines to align with the requirements of the Blueprint for Maryland's Future (Chapter 36 of 2021), including (1) instructional space for English-language learners; (2) community schools and schools eligible for Concentration of Poverty grants; (3) collaborative planning spaces for teachers, as specified;

(4) break-out space for one-on-one and small group instruction; (5) career and technical education pathways; and (6) prekindergarten space.

### Cost Per Square Foot

Each year, the commission reviews data on the cost of construction and adopts a cost per square foot for projects that include site development and projects that do not (construction only). For fiscal 2023, the cost for construction-only projects is \$358 per square foot, and the cost for projects with site development is \$426 per square foot. For fiscal 2024, the commission approved a 7.5% increase due to strong inflationary pressures on the cost of construction labor and materials; therefore, the corresponding rates for fiscal 2024 are \$385 per square foot for construction-only projects and \$458 per square foot for projects that include site development.

### Maximum State Allocation

The maximum State allocation is the product of (1) the gross area baseline of a project; (2) the approved cost per square foot; and (3) the appropriate State cost share (including any adjustments or incentives discussed earlier). *For illustrative purposes only*, the example below shows the calculation of the maximum State allocation for a fiscal 2024 project (without site development) with a gross area baseline of 40,000 square feet in a county with a 50% State share (no adjustments). As noted earlier, any project costs in excess of the maximum State allocation, including any square footage that exceeds the gross area baseline, is paid entirely by the local government. Thus, the State share of *total project costs* (which include ineligible costs) is typically lower than the State share of *eligible project costs*.

$$40,000 \text{ square feet} \times \$385 \times 50\% = \text{\$7.7 million}$$

### History of Major Changes

- 1947 Incentive Aid for School Construction was created to provide a grant equal to the difference between \$10 per pupil and a local property tax levy of 5 cents per \$100 of assessed valuation. By 1961 the incentive amount was \$22 per pupil.
- 1967 The State assumed support for 80% of \$1,500 per pupil construction costs and 80% of debt obligations outstanding as of June 30, 1967.
- 1971 The State assumed responsibility for the debt service on all local school construction debt outstanding as of June 30, 1967, and adopted a State fully funded school construction program for approved projects.
- 1988 The State/local shared school construction program was adopted by the Board of Public Works, based on the recommendations of the 1987 Task Force on School Construction Finance.

- 1993 New funding shares for State and local governments were recommended by the Governor's Task Force on School Construction and adopted by the Board of Public Works.
- 1996 The State entered into a consent decree with the plaintiffs in the case of *Bradford et al. v. Maryland State Board of Education et al.* that required the State to provide a 90% share of the first \$10 million in public school construction funding allocated to Baltimore City in fiscal 1998 through 2002.
- 1998 Chapter 704 required the State to provide Prince George's County with \$35 million each year in school construction funding for fiscal 1999 through 2002, contingent on future economic conditions. The State share of the first \$35 million allocated by the State was set at 75% and 60% for any additional funding.
- 2002 Chapter 289 changed the State's share of funding in excess of \$35 million for Prince George's County to 65% through fiscal 2007.
- 2004 Chapters 306 and 307 (the Public School Facilities Act) implemented the recommendations of the Task Force to Study Public School Facilities. Major provisions included establishing a new State and local cost-share formula beginning in fiscal 2006 that would be updated every three years; establishing an emergency repair fund (at least \$2 million in fiscal 2005); authorizing alternative financing methods for counties; expanding eligible costs to include relocatable classrooms for fiscal 2006 through 2008; requiring the Interagency Committee on School Construction to survey the condition of school buildings every four years; requiring the reversion of unused construction funds to the statewide contingency fund; and stating the intent of the Governor and General Assembly that \$3.85 billion (\$2 billion State and \$1.85 billion local) be provided for school facilities by fiscal 2013.
- 2005 Chapter 340 expanded the membership of the Interagency Committee on School Construction to include two members of the public appointed by the Senate President and the Speaker of the House of Delegates. The committee's meetings were deemed subject to the State Open Meetings Law. The Board of Public Works' approval of projects prior to May 1 was limited to no more than 75% of the Governor's preliminary allocation for school construction. County-by-county allocations were specified in the capital budget bill for fiscal 2006.
- 2006 Chapter 46 amended earlier language to clarify that the Board of Public Works' approval of 75% of the Governor's preliminary allocation does not include amendments to the original amount. County-by-county allocations were specified in the capital budget bill for fiscal 2007. The Board of Public Works was required to make final project allocations after May 1.
- 2007 Chapter 488 (the capital budget bill) specified county-by-county allocations for fiscal 2008. If funds are allocated to an eligible project but can no longer be used for that project, Chapter 488 allowed the funds to be applied at the county's option to another eligible project in the county, returned to the contingency fund reserved for the county, or applied

- to county projects in the Aging Schools Program. Funds not encumbered within two years are returned to the statewide contingency fund.
- 2008 Chapter 336 required the Interagency Committee on School Construction to submit funding recommendations by December 31 *equal* to 75% of the Governor's school construction allocation. The committee must submit recommendations by March 1 that comprise 90% of the allocation submitted in the Governor's capital budget.
- 2009 Chapter 485 (the capital budget bill) allowed funds that are allocated to an eligible project but can no longer be used for that project to be applied at the county's option to another eligible project in the county or returned to the contingency fund for allocation to another county project within two years. After two years, unused funds revert to the statewide contingency fund. Contingency funds will be allocated the next fiscal year in addition to new funds.
- 2011 Chapter 572 dedicated \$47.5 million in fiscal 2012 to school construction projects from revenues raised through an increase in the alcoholic beverage sales tax.
- 2012 Chapter 144 made the Maryland School for the Blind eligible for Public School Construction Program funding from fiscal 2013 through 2028.
- 2014 Chapters 281 and 282 lowered, from 50% to 25%, the share of total school construction project costs that must be paid by the State in order for the State's prevailing wage requirement to apply to a project.
- 2018 Chapter 14 (the 21st Century School Facilities Act) made comprehensive changes to school construction funding and approval processes. The name, composition, and role of the then-Interagency Committee on School Construction was altered. The Act mandated periodic public school facilities assessments and streamlined the State approval process for school construction projects. It established an annual goal of at least \$400 million for public school construction as soon as practicable and included a requirement that \$10 million for school safety improvements be provided, beginning in fiscal 2019.
- 2020 Chapter 20 (the Built to Learn Act) expanded the types of school construction costs eligible for State funding to include architectural and engineering costs; other planning costs; and furniture, fixtures, and equipment with a median useful life of at least 15 years.
- 2021 Chapter 698 prohibited the State share of eligible school construction costs for fiscal 2023 and 2024 for any county from decreasing from fiscal 2022 levels.
- 2022 Chapter 32 codified recommendations made by the Workgroup on the Assessment and Funding of School Facilities based on data from the initial statewide facilities assessment completed in July 2021. Among other changes, the Interagency Commission on School Construction is required in future inspections of school buildings to update the statewide facility assessment to include specified items for each school building, including

temperature, humidity, carbon dioxide levels, and the functionality of specified building systems. During an inspection, if certain items rise to such a severe level that requires the school to be closed, the local school system must submit a plan to the commission on how it will address the issue, and the commission must work to prioritize funding to address the issue. In addition, Chapter 32 increased the goal for State funding of school construction to \$450 million annually.

## **Baltimore City 21st Century Schools Program**

A June 2012 report, commissioned by the Baltimore City Board of School Commissioners and conducted by Jacobs Project Management, examined the condition of Baltimore City public school facilities. This report identified \$2.4 billion worth of facility deficiencies over the next 10 years: \$1.4 billion in current needs; and \$1.0 billion in 10-year life cycle deficiencies. Specifically, the report noted that 23% of Baltimore City school buildings were built before 1946, many facilities were the oldest in the State, and more than two-thirds were in very poor condition. This report resulted in a 10-year plan adopted by the Baltimore City board that included vacating 26 buildings, substantially renovating or replacing 49 buildings, and renovating 87 buildings.

To address these outstanding deficiencies, the Baltimore City Public Schools Construction and Revitalization Act (Chapter 647 of 2013) authorized the Maryland Stadium Authority to issue up to \$1.1 billion in revenue bonds to fund public school construction and renovation projects in Baltimore City. The Act directed \$20 million in annual State lottery proceeds and \$40 million in annual Baltimore City and school board revenues to support debt service payments for the bonds. Subject to the approval of the Board of Public Works and a four-party memorandum of understanding by the Maryland Stadium Authority, the Baltimore City Board of School Commissioners, the Interagency Commission on School Construction, and Baltimore City, the 21st Century Schools Program was expected to fund the construction or renovation of between 23 and 28 school facilities. In 2013, the Board of Public Works approved the memorandum of understanding, with the agreement that the Maryland Stadium Authority would manage all of the funds and many of the projects in accordance with the terms of the 10-year school construction plan adopted by the Baltimore City Board of School Commissioners. The Baltimore City board must follow specified procedures for closing existing school facilities and must repay the State any remaining outstanding State debt on the schools the board is closing.

The State and local funds dedicated to the initiative are pledged to pay debt service on the bonds issued by the authority and may also be used to cover administrative costs incurred in implementing the program. Funding for the initiative was phased in from fiscal 2015 through 2018, with the State, Baltimore City, and the Baltimore City board each contributing \$20 million annually when the phase-in was complete; the funding continues until the bonds, with an expected term of 30 years, are no longer outstanding.

Because of the unique financing arrangement in which Baltimore City and the Baltimore City board are providing two-thirds of the funding for debt service payments, the 21st Century Schools projects are not subject to the State and local cost-share formula. However, all 21st Century Schools

projects must comply with current law regarding oversight and approval of public school construction projects by the Interagency Commission on School Construction, except as otherwise agreed to in the memorandum of understanding.

Under the terms of the memorandum of understanding, between 23 and 28 schools were to be replaced or renovated; due to favorable financial conditions and effective project management, the program is on track to complete 28 new or renovated buildings (housing 32 schools) by September 2024. As of June 2022, 24 schools were completed and occupied, with 3 schools in the construction phase and 1 school still in the planning phase. Of the 3 schools under construction, 2 are projected to open by January 2023, and 1 is projected to open by September 2023. The final school is projected to be completed by September 2024.

### **History of Major Changes**

- 2000 Chapter 559 authorized the Baltimore City Board of School Commissioners to issue up to \$25 million in bonds for financing or refinancing the purchase, construction, or improvement of any Baltimore City public school facility. Later legislation increased the maximum amount of the bonds.
- 2001 Chapter 280 required the State in fiscal 2002 and 2003 to fund 90% of Baltimore City's eligible school construction costs for the first \$20 million provided by the State and 75% of any amount the State provided above \$20 million. Chapter 280 also required Baltimore City to allocate at least \$12.4 million for school construction in fiscal 2002 and 2003.
- 2002 Chapter 288 extended the Baltimore City requirement through fiscal 2004.
- 2003 Chapter 388 further extended the Baltimore City requirement through 2005. Chapter 388 also increased the amount that Baltimore City was required to allocate to \$16 million.
- 2013 Chapter 647 (the Baltimore City Public Schools Construction and Revitalization Act) allocated \$20 million in annual State lottery proceeds and \$40 million in annual Baltimore City revenues to support a multi-year \$1.1 billion public school construction and renovation initiative in Baltimore City.
- 2020 Chapter 20 (the Built to Learn Act) authorized the Maryland Stadium Authority to use \$10 million in available funds in the Baltimore City Public School Construction Facilities Fund and \$10 million held in reserve for Baltimore City in the Baltimore City Public School Construction Financing Fund to supplement funding for Baltimore City projects under the 21st Century Schools Program.
- 2022 Chapter 32 increased, from \$10 million to \$20 million, Baltimore City's annual contribution to the Baltimore City Public School Construction Financing Fund. Payments due on November 1 and May 1 of each year, increased by \$5 million each (for a total of \$10 million more each year). Annual contributions to the fund by Baltimore City Public

Schools decrease commensurately. The Maryland Stadium Authority must use \$10 million held in reserve for Baltimore City in the Baltimore City Public School Construction Facilities Fund to provide the local share of Baltimore City projects funded by Chapter 20 of 2020.

## **Built to Learn Program**

Following the success of the Baltimore City 21st Century Schools Program, Chapter 20 of 2020 established the Built to Learn Program, which uses a similar financing model to construct or renovate schools statewide. However, unlike the 21st Century Schools Program, the Built to Learn Program is fully financed by the State; as a result, Built to Learn projects are subject to the State and local cost-share formula. Built to Learn Program funding supplements State funding for school construction from other sources; local school systems can commingle funding from the Public School Construction Program and the Built to Learn Program to finance school construction projects.

The Built to Learn Act authorizes the Maryland Stadium Authority to issue up to \$2.2 billion in revenue bonds, backed by annual payments from the Education Trust Fund that began in fiscal 2022, for public school construction projects in the State, including to support a possible public-private partnership agreement for Prince George’s County. Annual disbursements from the Education Trust Fund continue until the 30-year Maryland Stadium Authority bonds are no longer outstanding. Total debt service for all bond issuances may not exceed \$30 million in fiscal 2022, \$60 million in fiscal 2023, and \$125 million annually thereafter; debt service may not exceed \$100 million annually if Prince George’s County enters into a public-private partnership agreement. The bill’s enactment was contingent on the enactment of the Blueprint for Maryland’s Future (House Bill 1300 of 2020), which was vetoed by the Governor. When the General Assembly overrode the veto of House Bill 1300 in February 2021 (enacted as Chapter 36 of 2021), the Built to Learn Act took effect at that time.

## **Prince George’s County Public-private Partnership**

As originally enacted, if Prince George’s County entered into a specified public-private partnership agreement by July 1, 2022, the Maryland Stadium Authority was required to deposit \$25 million annually, beginning in fiscal 2024 and not after 2053, into the Prince George’s County Public-Private Partnership Fund, which can be used to make availability payments under a public-private partnership agreement. Due to the delay in the effective date for the Built to Learn Act, the deadline for Prince George’s County to enter into the public-private partnership agreement was subsequently extended until July 1, 2024; the start of the required annual payments to the fund was also delayed by two years, until fiscal 2026.

## Distribution of Built to Learn Proceeds

Based on anticipated market conditions, the Maryland Stadium Authority has projected total proceeds from the bond sales to be \$2.0 billion over the life of the Built to Learn Program. **Exhibit 4.5** shows the distribution of those funds in accordance with the requirements of the Built to Learn Act.

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### Exhibit 4.5 Allocation of Built to Learn Bond Sale Proceeds (\$ in Millions)

<u>Local School System</u>	<u>Percent of Total</u>	<u>Proceeds</u>
Anne Arundel	12.5%	\$250.0
Baltimore City	21.0%	420.0
Baltimore	21.0%	420.0
Frederick	5.1%	102.0
Howard	6.6%	132.0
Montgomery	21.0%	420.0
Prince George's	*	*
All Other Counties	11.5%	230.0
Unallocated/MSA	1.3%	26.0
<b>Total</b>	<b>100.0%</b>	<b>\$2,000.0</b>

MSA: Maryland Stadium Authority

\* Prince George's County receives \$25.0 million annually from the Education Trust Fund for up to 30 years to supplement local funds for an availability payment if it enters into a public-private partnership agreement, subject to other provisions in the Act.

Source: Department of Legislative Services

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## Project Management

Subject to Maryland Stadium Authority approval, the Interagency Commission on School Construction must approve State reimbursement of eligible costs for projects that begin construction on or after the Built to Learn Act's effective date; identical to the Public School Construction Program, local governments are responsible for the local share of project costs based on the calculation of the maximum State allocation for each project. Before projects are approved for funding under the Act, the authority and the commission must enter into a memorandum of understanding with specified provisions. Also, each county, local board of education, and the authority must enter into a project memorandum of understanding with specified provisions. One of the required provisions in the project memorandum of understanding is that priority must be given to schools that (1) are the oldest buildings in a school system; (2) have high concentrations

of low-income students; (3) have a large number of relocatable classrooms; (4) have high utilization based on the school’s State rated capacity; or (5) need space for full-day prekindergarten or career and technical education programs. Project memoranda of understanding must include a comprehensive plan for local hiring and a plan to maximize utilization of State-certified locally based minority- and women-owned businesses for approved projects.

As of June 2022, the Interagency Commission on School Construction had approved Built to Learn Program funding totaling \$797.4 million for 29 projects in nine counties.

### **History of Major Changes**

2020 Chapter 20 (the Built to Learn Act) authorized the Maryland Stadium Authority to issue up to \$2.2 billion in revenue bonds to fund school construction projects. The authority is also required to manage school construction projects (subject to a waiver process), which must be approved for funding and scope by the Interagency Commission on School Construction as described in the statutorily required memorandum of understanding between the authority and the commission.

### **Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms**

In 2015, the General Assembly established the Capital Grant Program for Local School Systems With Significant Enrollment Growth or Relocatable Classrooms (supplemental capital grant program), which provides annual supplemental grants to local school systems experiencing significant enrollment growth or that have a high number of relocatable classrooms. Local school systems use these grants for the construction and renovation of public school facilities, which are supplemental to the funding from other State sources. Grant awards are subject to the State and local cost-share formula for each school system.

When the supplemental capital grant program was first established, the program provided a minimum of \$20 million in annual supplemental grants to local school systems with enrollment growth that exceeded 150% of the statewide average or more than 300 relocatable classrooms over a five-year period. In 2016, the General Assembly increased the mandated annual appropriation for the program from \$20 million to \$40 million; beginning in fiscal 2027, the mandate increases to \$80 million annually. Beginning in fiscal 2021, the threshold for relocatable classrooms was decreased to more than 250 relocatable classrooms over a five-year period.

As shown in **Exhibit 4.6**, annual appropriations for the program have consistently exceeded the \$40 million mandate. Statute requires that the first \$40 million appropriated to the program be distributed based on each eligible school system’s proportionate share of student enrollment. Any appropriation in excess of \$40 million must be allocated based on each eligible school system’s proportionate share of enrollment growth above the State average. Since 2016, nine counties have been eligible for program funding: Anne Arundel; Baltimore; Caroline;

Charles; Dorchester; Frederick; Howard; Montgomery; and Prince George's counties. Dorchester County qualified for funding only in fiscal 2016 and 2017 and thus is not reflected in Exhibit 4.6.

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**Exhibit 4.6**  
**Significant Enrollment Growth or Relocatable Classrooms**  
**Supplemental Grant Authorizations**  
**Fiscal 2020-2023**  
**(\$ in Thousands)**

<u>Local School System</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Anne Arundel	\$7,935	\$9,177	\$7,301	\$14,639
Baltimore	10,812	9,469	9,437	7,937
Caroline	-	1,696	-	-
Charles	-	-	-	4,368
Frederick	-	4,788	5,790	15,274
Howard	5,462	14,138	9,359	16,816
Montgomery	25,903	22,296	15,199	18,592
Prince George's	18,088	13,437	12,914	17,765
<b>Total</b>	<b>\$68,200</b>	<b>\$75,001</b>	<b>\$60,000</b>	<b>\$95,391</b>

Source: Public School Construction Program; Department of Legislative Services

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### History of Major Changes

- 2015 Chapter 355 established the Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms (supplemental capital grant program) for local school systems experiencing rapid enrollment growth or that have large numbers of relocatable classroom, with a minimum funding level of \$20 million.
- 2016 Chapters 665 and 666 increased the minimum funding level for the supplemental capital grant program from \$20 million to \$40 million.
- 2020 Chapter 20 (the Built to Learn Act) raised the mandated annual funding level for the supplemental capital grant program from \$40 million to \$80 million beginning in fiscal 2027. The definition of "significant number of relocatable classrooms" was changed to mean an average of more than 250 (instead of 300) relocatable classrooms over the past five years, beginning in fiscal 2021.

## Healthy School Facility Fund

In 2018, the General Assembly established the Healthy School Facility Fund within the Interagency Commission on School Construction to provide grants to public primary and secondary schools in the State to improve the health of school facilities. In awarding grants from the fund, the Interagency Commission on School Construction must give priority based on the severity of issues in a school building, including air conditioning, heating, indoor air quality, mold remediation, temperature regulation, plumbing, windows, roofs, and any other severe issue in the school that required the school to be closed.

Healthy School Facility Fund projects are not explicitly subject to the State cost-share formula, but statute specifies that grants from the fund are not required to cover the full cost of a project.

Statute mandates specified funding levels for the Healthy School Facility Fund through fiscal 2026. The mandated level of funding is at least \$40 million in fiscal 2023 and at least \$90 million for each of fiscal 2024 through 2026. At least 50% of grant funds awarded must be provided to projects in Baltimore City.

### History of Major Changes

- 2018 Chapter 561 established the Healthy School Facility Fund to provide grants to public schools to improve the health of school facilities and mandated appropriations of \$30 million to the fund for each of fiscal 2020 and 2021. Chapter 561 required that at least 50% of grant funds be made to facilities in Baltimore City.
- 2020 Chapter 20 (the Built to Learn Act) extended mandated funding for the Healthy School Facility Fund by three years, through fiscal 2024, with at least \$30 million in fiscal 2022 and at least \$40 million in each of fiscal 2023 and 2024.
- 2022 Chapter 32 increased mandated funding for the Healthy School Facility Fund by \$50 million in fiscal 2024 (a total of at least \$90 million) and extended that higher level of mandated funding to fiscal 2025 and 2026. Chapter 32 also extended the requirement that 50% of grant funds be awarded to Baltimore City.

## School Safety Grant Program

Maintaining the safety of public schools has been historically under the purview of local school systems and local law enforcement agencies. However, following the school shooting at Great Mills High School in St. Mary's County in March 2018, the State has taken an increased role in matters related to school safety. In response, the 21st Century School Facilities Act (Chapter 14 of 2018) established the School Safety Grant Program, which provides grants to local school systems for security-related improvements. Eligible school safety improvements funded by

the program are identified through facility risk assessments required by the Safe to Learn Act (Chapter 30 of 2018) and include improvements such as secure and lockable classroom doors, areas of safe refuge within classrooms, and surveillance and other security technology for school monitoring purposes. The Governor must include \$10 million annually in either the capital or operating budget for the program. Since inception, the program was supported with pay-as-you-go funding and general obligation bonds; however, the fiscal 2023 allowance was supported by operating expenses.

## **School Construction Revolving Loan Fund**

The School Construction Revolving Loan Fund was established in 2018 to provide low- or no-interest loans to local governments to forward fund the local or State share of school construction projects. Local projects must have received planning approval from the Interagency Commission on School Construction to be eligible for a loan from the fund. In awarding loans, the commission must give priority to counties that have not forward funded projects and that have limited debt capacity. Loans from the fund must be repaid within five years, subject to a waiver process. Local governments may use loan funds for projects funded by either the Public School Construction Program or the Built to Learn Program.

Although the fund was established in 2018, funding was not provided for the fund until fiscal 2023. The Governor is required to include at least \$40 million for the fund in fiscal 2023, \$20 million in fiscal 2024, and \$10 million in each of fiscal 2025 and 2026, after which the fund is expected to be self-sustaining.

### **History of Major Changes**

- 2018 Chapter 14 (the 21st Century School Facilities Act) established the Local Share of School Construction Costs Revolving Loan Fund to provide loans to local governments to forward fund the local share of school construction projects. The fund was intended for local school systems that rely on the local share to be fully funded in order to complete a project. The fund could be used to provide low- or no-interest loans to local governments. Eligibility criteria for loans, to be developed by the commission, were required to include that a local government (1) needs a loan to forward fund the local share of a project in order to complete the project and (2) can demonstrate that it is able to repay the loan at a future date.
- 2022 Chapter 32 renamed the Local Share of School Construction Costs Revolving Loan Fund to be the School Construction Revolving Loan Fund and required the Governor to include

in the annual budget bill at least \$40 million in fiscal 2023, \$20 million in fiscal 2024, and \$10 million in each of fiscal 2025 and 2026 for the fund.

### **Aging Schools Program**

In 1997, the General Assembly established the Aging Schools Program in the Baltimore City-State partnership legislation, which originally provided \$4.4 million for the program and specific allocations for local school systems. Funding is specified in Section 5-206 of the Education Article and provides a specific amount based on each school system's share of older space as compared to statewide totals. Originally, the basis of allocation was the proportion of pre-1960 square footage that had not been renovated. In 2004, the General Assembly changed the basis of allocation for fiscal 2006 to the proportion of pre-1970 square footage that had not been renovated. Eligible Aging Schools Program expenditures include asbestos and lead paint abatement; upgrading of fire protection systems and equipment; plumbing; roofing; upgrade of heating, ventilation, and air conditioning systems; site redevelopment; wiring schools for technology; and renovation projects related to education programs and services. Matching local funds are not required for the program.

Since fiscal 2010, program funding has been mandated at a minimum of \$6.1 million annually. The mandated funding by county, which reflects actual annual allocations for fiscal 2021 through fiscal 2023, is shown in **Exhibit 4.7**.

**Exhibit 4.7**  
**Aging Schools Program Annual Allocations**  
**Fiscal 2021-2023**

<u>Local School System</u>	<u>Annual Allocation</u>
Allegany	\$97,791
Anne Arundel	506,038
Baltimore City	1,387,924
Baltimore	874,227
Calvert	38,292
Caroline	50,074
Carroll	137,261
Cecil	96,024
Charles	50,074
Dorchester	38,292
Frederick	182,622
Garrett	38,292
Harford	217,379
Howard	87,776
Kent	38,292
Montgomery	602,651
Prince George's	1,209,426
Queen Anne's	50,074
St. Mary's	50,074
Somerset	38,292
Talbot	38,292
Washington	134,904
Wicomico	106,627
Worcester	38,292
<b>Total</b>	<b>\$6,108,990</b>

Note: Allocation amounts include unspent, recycled funds from previous years. The Baltimore City allocation includes \$1.5 million to be distributed to the Knowledge is Power Program Public Charter School during the fiscal 2021 through 2023 period.

Source: Interagency Commission on School Construction; Department of Legislative Services

## **History of Major Changes**

- 1997 Chapter 105 established the Aging Schools Program and mandated \$4.35 million annually for the program through fiscal 2002.
- 1998 Chapter 565 provided \$6.02 million in additional funding for the Aging Schools Program, for a total of \$10.37 million annually beginning in fiscal 1999.
- 2002 Chapter 288 extended the termination date of the Aging Schools Program through fiscal 2004.
- 2003 Chapter 388 repealed the termination date of the Aging Schools Program and continued the \$10.37 million annual funding level.
- 2004 Chapters 306 and 307 (the Public School Facilities Act) revised the allocation of funds in the Aging Schools Program beginning in fiscal 2006 by basing funding on the percentage of pre-1970 public school square footage and maintaining the \$65,000 and \$85,000 minimum allocations.
- 2006 Chapter 216 added \$3.7 million in pay-as-you go funding to the Aging Schools Program; projects receiving the funds were subject to the local share requirements applicable to other school construction projects. Chapter 252 required that the \$10.37 million in statutory grants for the Aging Schools Program be adjusted annually for inflation beginning in fiscal 2008.
- 2009 Chapter 487 rebased the Aging Schools Program grants at \$6.1 million in general funds for fiscal 2010 and 2011 and scheduled a return to the \$10.37 million base amount in fiscal 2012; the inflation adjustment was suspended for fiscal 2010 through 2012 and was set to resume in fiscal 2013. Chapter 487 also authorized \$6.1 million in bond proceeds to be used in place of general funds in fiscal 2010 for the Aging Schools Program.
- 2010 Chapter 482 authorized \$6.1 million in bond proceeds to be used in place of general funds for the Aging Schools Program for fiscal 2011. The legislation also rebased the Aging Schools Program grants at \$6.1 million annually with no increase for inflation.
- 2011 Chapter 397 specified that either operating funds or general obligation bond proceeds may be used to meet the mandated funding level for the Aging Schools Program.
- 2020 Chapter 20 (the Built to Learn Act) inadvertently repealed statutory authority for the Aging Schools Program, but funding continued to be included in the capital budget.
- 2022 Chapter 32 restored statutory authority for the Aging Schools Program; funding for the program was not disrupted in the intervening period.

## **Statewide Facility Assessment and Kopp Public School Facilities Priority Fund**

In summer 2021, the Interagency Commission on School Construction completed the first statewide school facility assessment, originally mandated by the 21st Century School Facilities Act (Chapter 14 of 2018). In accordance with statute, the assessment was conducted by a third-party vendor and measured the sufficiency of major building components and systems for every school in the State. The results were shared with the Workgroup on the Assessment and Funding of School Facilities, which determined that results of the assessment should not be used as the basis for funding decisions until fiscal 2027 at the earliest. Prior to that date, results of the assessments will be used to develop the Maryland Condition Index, which will assign weights to measures of the relative condition of facility systems for the purpose of prioritizing funding needs.

According to statute, the results of the assessment must be updated at least every four years. In addition to updating data collected during the initial round of inspections, future assessments must include specified items for each school building, including temperature, humidity, carbon dioxide levels, and the functionality of specified building systems. Results from the ongoing assessments must be entered into an Integrated Master Facility Asset Library required by statute; local school systems must have shared access to the asset library.

In 2020, the General Assembly established the Public School Facilities Priority Fund to address the facility needs of the highest priority schools identified by the Maryland Condition Index and mandated \$40 million for the fund in each of fiscal 2025 and 2026 and \$80 million annually beginning in fiscal 2027. However, based on the workgroup's recommendation that results from the facility assessment not be used for funding decisions until fiscal 2027, Chapter 32 of 2022 repealed the funding mandate for fiscal 2025 and 2026. Therefore, the mandated funding will begin in fiscal 2027 in the amount of \$80 million annually. In addition, Chapter 32 renamed the fund as the Nancy K. Kopp Public School Facilities Priority Fund.

## **DeGrange Nonpublic Aging Schools Program**

The Nonpublic Aging Schools Program provides funds to nonpublic schools for improvements, repairs, and deferred maintenance in nonpublic school buildings. The Interagency Commission on School Construction administers this program, and the General Assembly has funded this program in the capital budget bill with \$3.5 million in general obligation bonds since fiscal 2014. In fiscal 2019, the program was renamed as the James E. "Ed" DeGrange Nonpublic Aging Schools Program.

Language included in the fiscal 2016 through 2023 capital budget bills required grant recipients to be nonpublic schools, excluding preschools, that met the eligibility requirements for the Aid to Non-Public Schools Program. This language also restricts an individual school's award to no more than \$100,000 and no less than \$5,000 and provided three additional criteria to determine maximum funding per school: (1) at least 20% of the school's students must be eligible for free and reduced-price meals; (2) tuition charged to students must be less than the statewide

average per pupil expenditure; and (3) the school facility must have an average age of 50 years or older.

The capital budget language also specifies that schools may receive up to a maximum allocation based on how many criteria the school meets, which is up to \$25,000 for schools meeting one criterion; up to \$75,000 for schools meeting two criteria; and up to \$100,000 for schools meeting three criteria. Matching funds are not required, but the nonpublic school is responsible for all project costs exceeding the amount of the grant and must apply for reimbursement.

In fiscal 2021, funding amounts distributed were based on the number of criteria a project met: one criterion \$7,641; two criteria \$22,923; and three criteria \$30,564. **Exhibit 4.8** shows the number of projects that met one, two, or three criteria and the distribution of program funds by local school system for fiscal 2021.

**Exhibit 4.8**  
**DeGrange Nonpublic Aging Schools Program**  
**Fiscal 2021**

**Projects by Criteria Met**

<b>Local School System</b>	<b>One Criteria Met</b>	<b>Two Criteria Met</b>	<b>Three Criteria Met</b>	<b>Total Projects</b>	<b>Total Funding</b>
Allegany		1		1	\$22,923
Anne Arundel	8	4	1	13	183,384
Baltimore City	3	10	11	24	588,357
Baltimore	7	22	9	38	832,869
Calvert	2	1		3	38,205
Caroline				0	0
C Carroll	1	1		2	30,564
Cecil		2		2	45,846
Charles	2	2		4	61,128
Dorchester		1		1	22,923
Frederick	3			3	22,923
Garrett				0	0
Harford	3	2		5	68,769
Howard	9	1		10	91,692
Kent				0	0
Montgomery	11	14	7	32	618,921
Prince George's	10	12	5	27	504,306
Queen Anne's			1	1	30,564
St. Mary's		4	1	5	122,256
Somerset				0	0
Talbot	1	3		4	76,410
Washington	1	3		4	76,410
Wicomico	2	2		4	61,128
Worcester				0	0
<b>Total</b>	<b>63</b>	<b>85</b>	<b>35</b>	<b>183</b>	<b>\$3,499,578</b>

Source: Interagency Commission on School Construction

## Nonpublic School Security Improvements Program

The fiscal 2023 allowance includes \$3.5 million for safety improvements in nonpublic schools as part of the Nonpublic School Security Improvements Program, which is also administered by the Interagency Commission on School Construction. To qualify for a grant, a nonpublic school must (1) be eligible for, and have participated in, the Aid to Non-Public Schools Program in the prior school year or (2) serve students with disabilities through the Non-Public Placement Program. For eligible schools that have less than 20% free and reduced-price meals participants, the maximum grant amount is \$65 per student. For eligible schools with at least 20% free and reduced-price meals students, the maximum grant amount is \$85 per student. No individual school may receive less than \$5,000, and the commission distributes funds on a per student basis.

## School Construction Contingency Fund

Every year, local school systems have unspent funds, either from savings incurred for approved projects or due to project cancellations. Prior to 2007, unused funds allocated to a local school system for an approved project could be redistributed by the local school system to another eligible project in the current fiscal year or maintained by the Interagency Commission on School Construction in a local school system specific reserve account for use in the next fiscal year. At the end of the third fiscal year, any initial allocation unspent by a local school system reverted to a statewide contingency fund, which could be distributed to any approved school construction project in the State.

In the fiscal 2008 capital budget bill (Chapter 488 of 2007), the General Assembly extended from one year to two years the amount of time that a local school system had to spend initially allocated school construction funds. As before, the local school system could then either apply unspent funds to another eligible project in the current fiscal year or transfer unspent funds to their reserve account to be used in the next fiscal year. In general, unused funds from targeted programs (*e.g.*, the Healthy School Facility Fund) are applied to projects that are consistent with the purpose of the funding source. At the end of the fourth fiscal year, any initial allocation unspent by a local school system reverts to the statewide contingency fund.

**Exhibit 4.9** shows the balance of reserve funds available to each local school system as of June 30, 2021. It also shows the amount of reserve funds allocated to projects in fiscal 2022 and the percentage of each school system's total school construction allocation that came from reserve funds. Overall, school systems had \$35.1 million in reserve funds as of June 30 and spent \$30.2 million in fiscal 2022; this represented 2.4% of total school construction funding allocated in fiscal 2022. In many instances, reserve funds allocated by local school systems in fiscal 2022 were greater than funds available to the school system at the end of fiscal 2021. This is because school systems can redirect funds approved in the current fiscal year to other projects, so many school systems reallocated funds approved for fiscal 2022 to other projects in that year.

**Exhibit 4.9**  
**Reserve Funds Available and Spent**  
**Fiscal 2022**

<u>Local School System</u>	<u>Reserve Balance 6/30/2021</u>	<u>2022 Reserve Allocation</u>	<u>2022 Total Allocation</u>	<u>2022 Reserve Funds As % of Total</u>
Allegany	\$952,516	\$0	\$2,515,307	0.0%
Anne Arundel	5,000	999,107	169,949,863	0.6%
Baltimore City	7,112,881	13,994,000	81,904,966	17.1%
Baltimore	0	16,347	257,424,919	0.0%
Calvert	0	0	13,415,518	0.0%
Caroline	0	0	4,740,809	0.0%
Carroll	3	437,505	38,693,379	1.1%
Cecil	39,662	0	5,412,061	0.0%
Charles	442,692	3,340,300	32,501,675	10.3%
Dorchester	499,368	0	6,578,194	0.0%
Frederick	315,217	953,635	108,522,417	0.9%
Garrett	0	351,300	12,146,719	2.9%
Harford	0	1,283,854	47,235,482	2.7%
Howard	0	2,598,080	63,373,548	4.1%
Kent	449,700	0	119,343	0.0%
Montgomery	1,067,441	1,456,452	305,134,648	0.5%
Prince George's	22,418,734	4,438,568	42,152,978	10.5%
Queen Anne's	0	27,840	2,317,510	1.2%
St. Mary's	1,602,359	0	5,723,229	0.0%
Somerset	0	205,000	776,479	26.4%
Talbot	0	0	1,342,184	0.0%
Washington	201,113	86,000	8,669,271	1.0%
Wicomico	14,026	0	26,062,388	0.0%
Worcester	0	0	4,975,489	0.0%
<b>Totals</b>	<b>\$35,120,712</b>	<b>\$30,187,988</b>	<b>\$1,241,688,376</b>	<b>2.4%</b>

Source: Interagency Commission on School Construction; Department of Legislative Services



# Chapter 5. Higher Education – State-level Organization and Funding

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## Overview

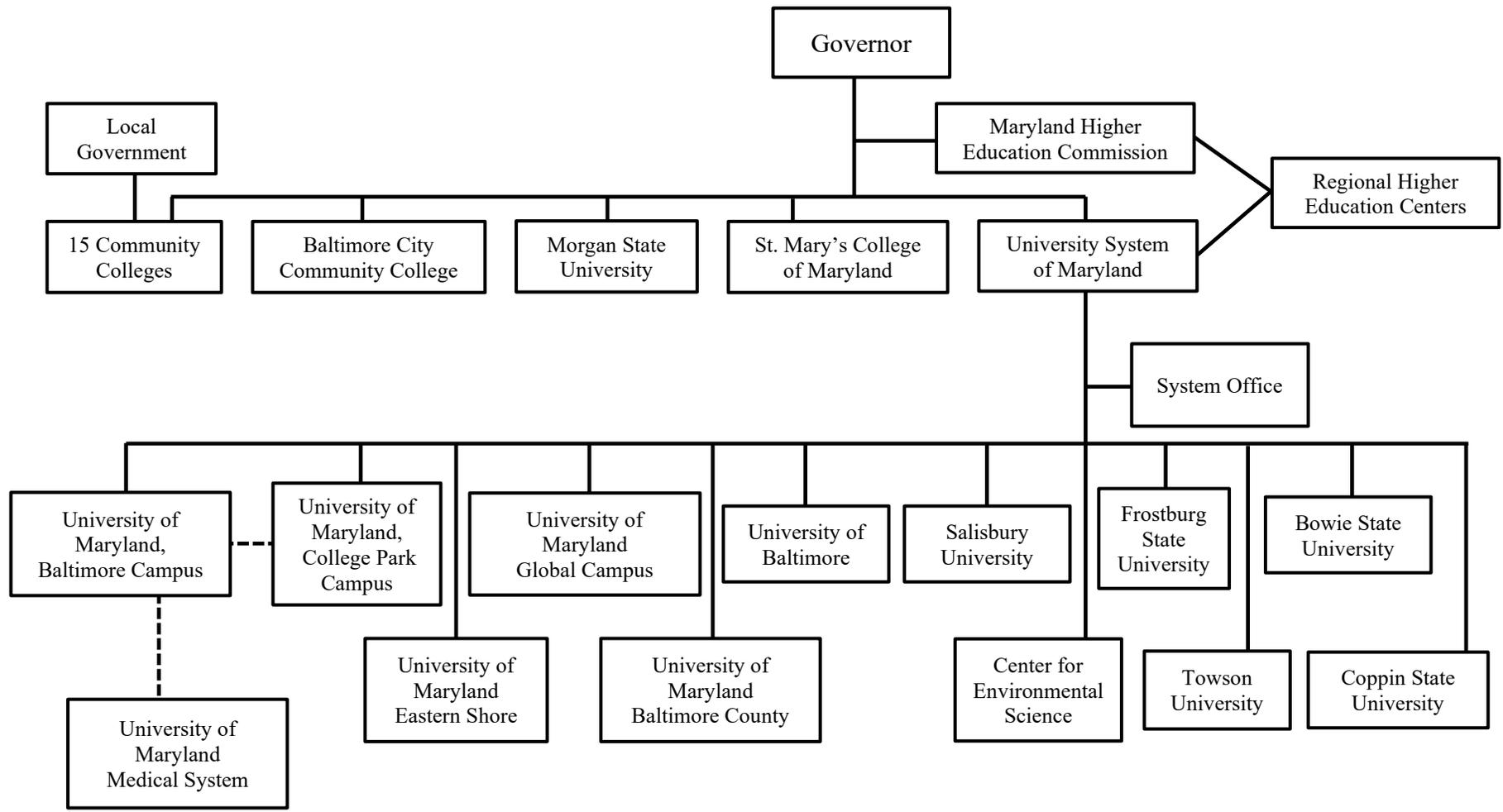
Maryland’s higher education system consists of the Maryland Higher Education Commission, which is the State’s postsecondary coordinating body; the University System of Maryland; 2 public four-year institutions of higher education independent of the University System of Maryland (Morgan State University and St. Mary’s College of Maryland); 8 regional higher education centers; 16 community colleges, including Baltimore City Community College; and a multitude of private colleges, universities, and career schools.

Higher education and postsecondary education are terms that are used interchangeably and encompass all the educational programs and institutions serving students who are at least 16 years old and have graduated from or left elementary or secondary school. However, higher education and postsecondary education do not include adult education administered by the Maryland Adult Education and Literacy Services Program in the Maryland Department of Labor or apprenticeship and on-the-job training programs subject to approval by the Maryland Apprenticeship and Training Council in the Maryland Department of Labor.

Oversight of public four-year institutions of higher education (also known as public senior higher education institutions) and community colleges is generally the responsibility of the State, with the Governor appointing the governing boards and the Maryland Higher Education Commission. **Exhibit 5.1** displays the organizational structure of Maryland’s public higher education system. The organizational structure of an institution varies depending on the segment of higher education under which the institution is grouped: (1) institutions within the University System of Maryland; (2) public four-year institutions independent of the University System of Maryland; (3) regional higher education centers; and (4) community colleges. Each agency or institution has a unique role in serving the State, the higher education community, and the public. This chapter discusses the State-level organization and coordination of higher education policy. “Chapter 6. Public Four-year Institutions” of this handbook provides more detail on the public four-year institutions, and “Chapter 7. Community Colleges” of this handbook covers the community colleges.

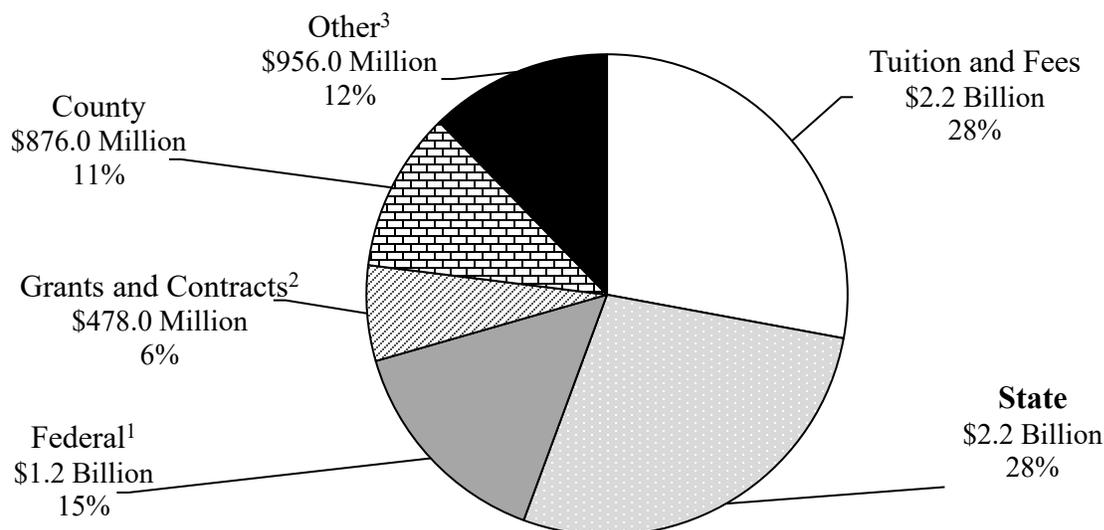
Higher education funding in Maryland totaled \$8.0 billion in fiscal 2021. As shown in **Exhibit 5.2**, the State provided approximately \$2.2 billion, or 28% of the total funding, to support higher education, including aid to private nonprofit institutions and student financial aid. Tuition and fees for public four-year institutions and community colleges accounted for an additional \$2.2 billion (28% of the total revenues), with local and federal funds, grants and contracts, and other revenues comprising the remaining revenues. The Maryland Higher Education Commission’s operations and the State’s financial aid programs are funded almost entirely with State general funds.

**Exhibit 5.1**  
**Maryland Public Higher Education System**



Source: Department of Legislative Services

**Exhibit 5.2**  
**Higher Education Operating Funding**  
**Fiscal 2021**



**Total: \$7,963,381,302**

<sup>1</sup> Federal funds include unrestricted and restricted funds for grants and contracts including Pell grants, federal funds reimbursed through other State agencies, and federal funding of agency programs for public four-year institutions and community colleges.

<sup>2</sup> Grants and contracts include unrestricted and restricted funds for State, local, and private grants/contracts for services for public four-year institutions and community colleges. Excludes funding for the Maryland Fire and Rescue Institute.

<sup>3</sup> Other includes auxiliary; educational services; other sources of revenue; Higher Education Emergency Relief Funds I, II, and III; State Cigarette Restitution Fund; and bond premium funds for facilities renewal projects.

Note: Numbers may not sum to total due to rounding. Funding includes non-State revenues from public four-year institutions and community colleges.

Source: *2022 Data Book*, Maryland Higher Education Commission; *2022 Data Book*, Maryland Association of Community Colleges; *Fiscal 2023 Governor's Budget Books*; Department of Legislative Services

While local community colleges are supported with both State and county dollars, Baltimore City Community College receives most of its direct government funding from the State. The State also provides some funding to eligible private nonprofit four-year institutions that meet statutory criteria. Additional public monies flow to the institutions in the form of contracts or grants for research and other services and for student financial aid through the Pell Grant Program. Tuition, student fees, dormitory fees, endowment earnings, private gifts and contracts, and a variety of miscellaneous sources are also revenue producers for Maryland's higher education institutions.

## **State Operating Funding**

As shown in **Exhibit 5.3**, between fiscal 2017 and 2021, State funding grew \$239.6 million (12.3%) from \$1.9 billion to \$2.2 billion, respectively, and includes general funds and Higher Education Investment Funds. During this time period, the University System of Maryland received the largest amount of State funding (\$7.0 billion, or 68%) and community colleges received the second largest amount (\$1.6 billion, or 16%).

Overall, between fiscal 2017 and 2021, private nonprofit institutions and Morgan State University experienced the highest growth in funding of 26.1% and 17.9%, respectively. The University System of Maryland and student financial aid experienced the next highest growth in funding of 13.6% and 12.9%, respectively. Funding for St. Mary's College of Maryland and community colleges increased by 8.4% and 5.3%, respectively. Conversely, funding for Baltimore City Community College decreased by 4.7%, which is likely attributable to decreased enrollment from fiscal 2020 to 2021 (full-time equivalent student enrollments for State aid decreased by 17.1% during this time).

**Exhibit 5.3**  
**State Support for Maryland Higher Education**  
**Fiscal 2017-2021**  
**(\$ in Thousands)**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>	<u>Percent Change 2017-2021</u>	<u>Percent of Total 2017-2021</u>
University System of Maryland	\$1,325,338	\$1,337,731	\$1,398,074	\$1,433,881	\$1,505,430	\$7,000,454	13.6%	68.0%
Morgan State University	93,203	93,661	97,412	102,342	109,864	496,483	17.9%	5.0%
St. Mary's College of Maryland	25,160	24,827	25,934	27,158	27,282	130,360	8.4%	1.0%
Community Colleges	313,512	316,998	321,796	330,348	330,204	1,612,858	5.3%	16.0%
Baltimore City Community College	40,064	39,431	40,381	41,004	38,168	199,049	-4.7%	2.0%
Private Nonprofit Institutions	46,817	48,909	56,273	59,025	59,025	270,049	26.1%	3.0%
MHEC Student Financial Aid	106,179	110,198	111,335	121,378	119,855	568,945	12.9%	5.0%
<b>Total</b>	<b>1,950,274</b>	<b>1,971,755</b>	<b>2,051,204</b>	<b>2,115,136</b>	<b>2,189,827</b>	<b>10,278,197</b>	<b>12.3%</b>	<b>100.0%</b>
<b>Dollar Change</b>								
<b>From Prior Year/Total</b>		<b>\$21,482</b>	<b>\$79,449</b>	<b>\$63,932</b>	<b>\$74,691</b>	<b>\$239,554</b>		
<b>Percent Change</b>								
<b>From Prior Year/Total</b>		<b>1.1%</b>	<b>4.0%</b>	<b>3.1%</b>	<b>3.5%</b>	<b>12.3%</b>		

MHEC: Maryland Higher Education Commission

Note: Includes general funds, Higher Education Investment Funds, Need Based Student Financial Assistance Funds, and reimbursable funds. Community college funds include the Senator John A. Cade Funding Formula, other programs, and fringe benefits. University System of Maryland includes funding for the Universities at Shady Grove.

Source: *Fiscal 2023 Governor's Budget Books*; Department of Legislative Services

## Statutory Formulas Linked to State Funding for Public Four-year Institutions

Community colleges, Baltimore City Community College, and private nonprofit institutions receive State funding through mandated statutory formulas based on a percent of State funding per full-time equivalent student at selected public four-year institutions of higher education. The selected institutions include all of the public four-year institutions except the University of Maryland, Baltimore Campus; the University of Baltimore; the University of Maryland Global Campus; and the University of Maryland Center for Environmental Science. The specified percentage of State funding per full-time equivalent student has changed over the years due to both increases in the percentages and delays in the planned enhancements due to budget constraints. **Exhibit 5.4** shows the planned percentage of State support per full-time equivalent student at the public four-year institutions to be used in each of the statutory formulas through fiscal 2023. Under the current statutory formulas, 15.5%, 29.0%, and 68.5% are the amounts of State support per student to be used for fiscal 2023 and each fiscal year thereafter for private nonprofit institutions, community colleges, and Baltimore City Community College, respectively.

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### Exhibit 5.4 Percentage of State Support Per Student Fiscal 2021

<u>Segment</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Private Nonprofit Institutions	10.8%	11.1%	15.5%	15.5%	15.5%
Community Colleges	22.0%	23.0%	25.0%	27.0%	29.0%
Baltimore City Community College	61.0%	62.5%	64.5%	66.5%	68.5%

Note: Percentages reflect actions taken through the 2022 session.

Source: Department of Legislative Services

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For each of the formulas, the percentage of State support is multiplied by the State funding per full-time equivalent student at the selected public four-year institutions in the current fiscal year to arrive at a per student amount. This amount is then multiplied by the audited enrollment from the second prior fiscal year for the community colleges, Baltimore City Community College, or the private nonprofit institutions to yield the total formula funding.

### Higher Education Investment Fund

Beginning in fiscal 2009, State funding for higher education includes special funds from the Higher Education Investment Fund. The Higher Education Investment Fund was established by Chapter 3 of the 2007 special session, which increased the corporate income tax rate from 7.0%

to 8.25% and dedicated 6.0% of corporate tax revenues (or one-half of the rate increase) to higher education for two years. Chapters 192 and 193 of 2010 subsequently made the 6.0% distribution of corporate tax revenues to the Higher Education Investment Fund permanent providing a dedicated revenue stream that is used to minimize declines in State support for public senior higher education institutions. Fund expenditures may only be made in accordance with an approved appropriation in the annual State budget. In fiscal 2021, Higher Education Investment Fund revenues totaled \$83.2 million. Additional information on how the Higher Education Investment Fund has been used is available in “Chapter 6. Public Four-year Institutions” of this handbook.

## **Maryland Higher Education Commission**

The Maryland Higher Education Commission is the State’s higher education planning and coordinating body and oversees various aspects of the public and private higher education system. While the Governor and the General Assembly are required by statute to establish broad policy regarding higher education, the Maryland Higher Education Commission is required to advise the Governor and the General Assembly on statewide higher education policy and to conduct statewide planning for higher education.

The commission is governed by 12 members and the Secretary of Higher Education, who are appointed by the Governor with the advice and consent of the Senate. Eleven commissioners serve five-year terms, and one student member is appointed for a one-year term. The Secretary of Higher Education is a member of the Governor’s Executive Council and serves at the pleasure of the commission.

The Maryland Higher Education Commission is responsible for coordinating the overall growth and development of postsecondary education in Maryland. The commission provides statewide oversight by establishing and updating the State Plan for Postsecondary Education every four years (as required by statute) and approving new academic programs (including out-of-state online programs), regional higher education centers, and two-year and four-year public and private institutions to operate in the State. For each public campus, the commission approves mission statements and recommends funding levels and priorities among institutions, in keeping with the State Plan. The commission also oversees academic matters, administers the programs of State support for the community colleges and private nonprofit institutions, administers State student financial aid programs, and upon request from a local government, makes a recommendation to the Governor concerning the establishment of a new community college.

The administrative offices of the Maryland Higher Education Commission are funded primarily by general funds; \$6.1 million of its \$7.5 million budget for fiscal 2021 were general funds. In fiscal 2021, the commission also received \$319,327 in federal funds, \$641,745 in special funds, and \$474,646 in reimbursable funds from the Maryland State Department of Education and the Maryland Longitudinal Data System Center.

## Maryland State Plan for Postsecondary Education

One of the primary responsibilities of the Maryland Higher Education Commission is to develop and periodically update the State Plan for Postsecondary Education, and the commission does this in consultation with the governing boards and agencies concerned with postsecondary education in the State. The State Plan for Postsecondary Education identifies the present and future needs of postsecondary education and the long-range and short-range objectives and priorities for postsecondary education in the State. In the year immediately following the quadrennial review of the State Plan for Postsecondary Education, the commission reviews the appropriate role, function, and mission of each public institution of postsecondary education in the State based on the most recent State Plan.

The *2022 State Plan for Postsecondary Education* was released in June 2022 and contained three goals and eight priorities. The goals in the *2022 State Plan* are student access to postsecondary education and postsecondary opportunities, student success, and innovation. Each goal highlighted the current challenges higher education in Maryland faces and provided several priorities and opportunities to address these challenges. The primary initiative of the *2022 State Plan* was to develop goals and strategies to make high quality, affordable postsecondary education available to as many students as possible while ensuring those students are primed to succeed in that environment. Additionally, the *2022 State Plan* highlighted issues related to the importance of equity in higher education and challenges faced in the delivery of postsecondary education in the State during the COVID-19 pandemic.

### Budget Process

The governing boards of the University System of Maryland, Morgan State University, St. Mary's College of Maryland, Baltimore City Community College, and the regional higher education centers submit annual operating budget requests to the Maryland Higher Education Commission. Commission staff reviews these requests and provides recommendations to the commission. The commission is required to comment on the overall level of funding for higher education in order to achieve the goals established in the State Plan for Postsecondary Education and is authorized to comment on funding priorities among segments of higher education and within public four-year institutions. Each year, the full commission presents a consolidated operating budget request to the Governor and the General Assembly.

St. Mary's College of Maryland is the only public four-year institution with a statutory funding formula. As established by Chapter 209 of 1992, St. Mary's College of Maryland receives funding through a block grant formula that must be equal to the grant of the prior year plus inflation (as indicated by the implicit price deflator for State and local government). Chapter 420 of 2017 required an increase in funding beginning in fiscal 2019: (1) if the six-year graduation rate is 82% or greater in the second preceding fiscal year, the general fund grant must increase by 0.25%; and (2) if State employees receive a cost-of-living adjustment, the State must provide additional funding for increases in State-supported health insurance and 50% of the cost-of-living adjustment wage increase for State-supported employees of the college. Chapter 607 of 2022 increased the

additional funding, from 50% to (1) 100% of the increase in State-supported health insurance costs and (2) if State employees receive a cost-of-living adjustment, 100% of any cost-of-living wage adjustments for State-supported employees of the college.

### **Academic Program Approval**

One of the main oversight responsibilities of the Maryland Higher Education Commission is the authority to approve or deny requests for new academic programs at institutions of higher education. Legislation enacted in 1999 temporarily revised the academic program approval processes for the University System of Maryland by establishing two processes for implementing new academic programs, one for new programs that will require additional resources and another for new programs that can be implemented with existing resources. Subsequent legislation expanded these two processes to the other institutions of higher education in Maryland and made the two processes permanent.

Public institutions of higher education seeking to implement new programs requiring *additional* resources must first submit proposals for the new programs to the commission, and the commission must approve or disapprove the programs. If the commission fails to act regarding a proposal within 60 days of the date of submission of a proposal, the proposal is automatically deemed approved. Both private nonprofit and private for-profit institutions of higher education must also submit proposals for new programs to the commission; however, the commission only *recommends* that the programs be implemented or not implemented. If a private nonprofit institution implements a program contrary to the recommendation of the commission that was based on a finding of unreasonable duplication, then the commission may recommend that the General Assembly reduce the amount of aid to that private nonprofit institution. Further, if a private nonprofit or private for-profit institution implements a program contrary to the recommendation of the commission, the institution must notify both prospective and enrolled students in the program that the program has not been recommended for implementation. Another institution or the commission may file an objection to a new program proposal based on any reason.

When an institution of higher education determines that it can implement a new program with *existing* resources, the president of the institution must submit the proposal to the institution's governing board and to the commission, and the commission must distribute the proposal to other institutions. The commission or another institution may file an objection to the proposal only based on the following four reasons: (1) inconsistency with the mission of the institution proposing the program; (2) a lack of need for the program; (3) unreasonable program duplication that could cause harm to another institution; or (4) violation of the State's equal educational opportunity obligations. Based on those factors, the commission must determine if an institution's objection is justified. If the commission determines that an objection is justified, it must negotiate with the institutions' governing boards and presidents to modify the proposal. If the objection cannot be resolved within 30 days of receipt of an objection, the commission must make a final determination about the approval of the proposed program. The commission's decision is final and is not subject to judicial review or administrative appeal.

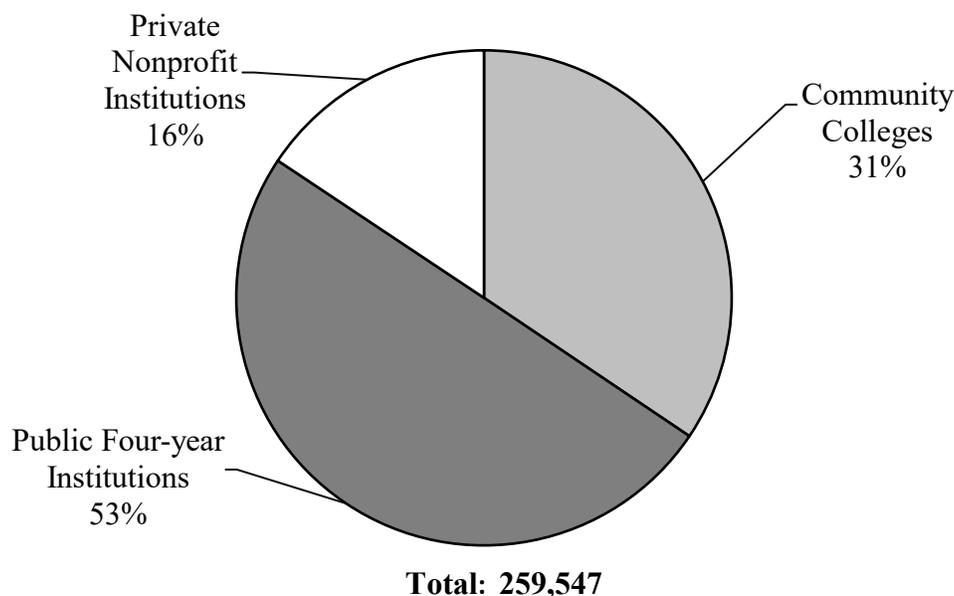
The commission may review an existing program at a public institution if it has reason to believe that the academic program is unreasonably duplicative or inconsistent with the institution's adopted mission. The commission may make a determination that unreasonable duplication exists on its own initiative or after receiving a request from a public institution affected by the program duplication. If the commission determines that there is unreasonable duplication that would cause demonstrable harm to another institution, the commission may require the institutions with duplicative programs to submit a plan to resolve the duplication. If the plan does not adequately address the duplication, the commission may revoke an institution's authority to offer a duplicative program. The commission must offer the institution an opportunity to present an objection to its decision, but the commission's decision is final and is not subject to judicial review or administrative appeal.

In response to a federal lawsuit involving a dispute over the past practices of the commission's academic program review processes, Chapters 41 and 42 of 2021 required the establishment of a dedicated program review unit of at least 10 employees within the commission beginning in fiscal 2023. For more information regarding the federal lawsuit and resulting settlement, see "Chapter 6. Public Four-year Institutions" of this handbook.

## **Enrollment in Higher Education**

The Maryland Higher Education Commission maintains data on enrollment in higher education and prepares the official enrollment projections for the State. In fiscal 2021, 259,547 full-time equivalent students were enrolled in public or private nonprofit institutions of higher education in Maryland. As shown in **Exhibit 5.5**, the largest portion of the students (53%) attended public four-year institutions, while 31% enrolled at community colleges, and 16% enrolled at private nonprofit institutions. Enrollment at for-profit institutions is not available.

**Exhibit 5.5**  
**Full-time Equivalent Student Enrollment by Segment**  
**Fiscal 2021 Actual**



Source: *Fiscal 2022 Governor's Budget Books*; Maryland Higher Education Commission *2022 Data Book*

According to the Western Interstate Commission for Higher Education, the number of Maryland public high school graduates is projected to peak at 78,770 by the 2025-2026 academic year, which represents an increase of 11.1% from the 2020-2021 academic year. After peaking, a subsequent decline of 6.5% by the 2035-2036 academic year is forecast. Additionally, following national trends, Maryland public high school graduates are expected to be more diverse: Hispanic graduates are anticipated to increase from 13.8% in the 2020-2021 academic year to 25.0% in the 2035-2036 academic year. However, the Western Interstate Commission for Higher Education notes that while the immediate impact of the COVID-19 pandemic should be minimal on these projections, there may be effects in later years.

The Maryland Higher Education Commission is projecting an increase in the total number of students who will enroll in the State's public higher education institutions in the future partly due to an expected increase in the population projections for Maryland. According to the commission, an anticipated population increase in Maryland weighs more heavily on the projections for community college enrollment than the public four-year institutions. For example, from fall 2021 (fiscal 2022) through fall 2031 (fiscal 2032), community college headcount total is projected to increase by 24% for a total of 120,883 in 2031; however, the total headcount for public

four-year institutions is projected to increase only 2% for a total of 177,690 in 2031. Though the total headcount numbers are projected to increase, from fall 2021 through fall 2031, the commission projects that total full-time equivalent enrollment at the community colleges will increase 14% but decrease by 2% at the State's public four-year institutions; for fall 2031, this translates to full-time enrollment numbers of 75,328 and 136,821, respectively. The commission does not forecast enrollments at private institutions.

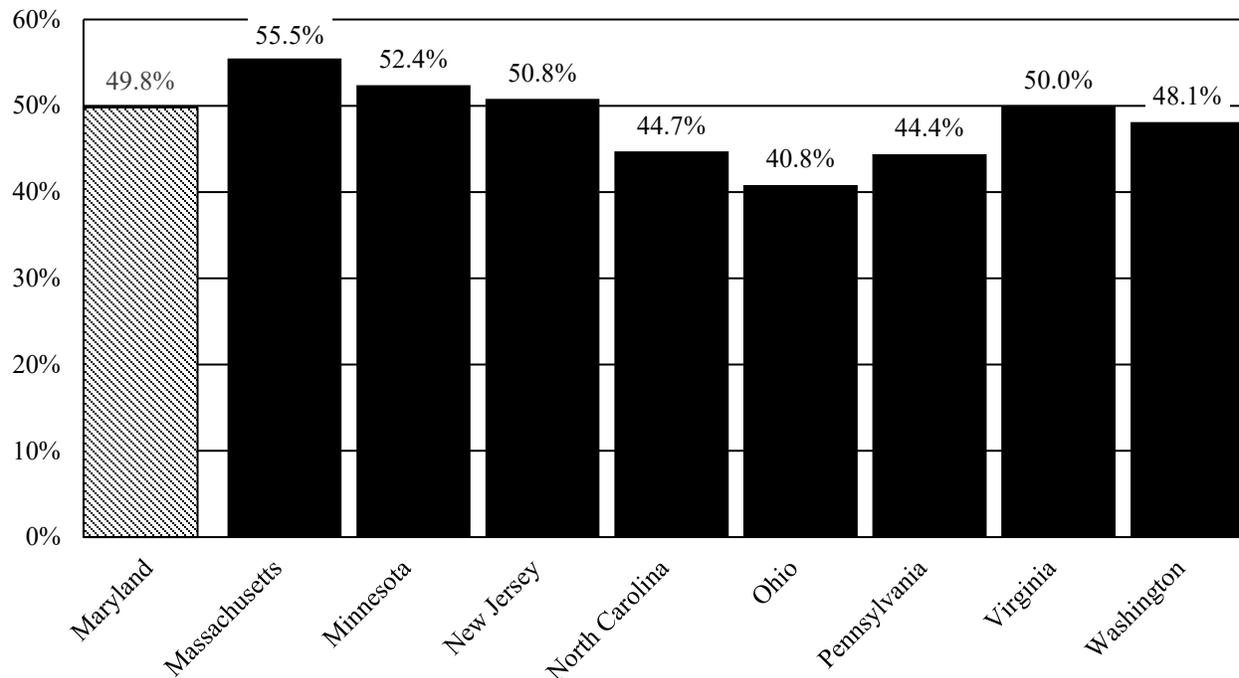
The changing demographics in Maryland's population will continue to affect the State's higher education system. For example, closing the persistent retention and graduation rate gaps between African American and Hispanic students compared to White and Asian students is critically important.

### **College Completion Goal**

In 2009, Governor Martin J. O'Malley announced Maryland's college completion goal – by 2025, at least 55% of the State's residents 25 to 64 years old will hold at least an associate degree. This goal was codified by the College and Career Readiness and College Completion Act (Chapter 533 of 2013). This would be a 10.6 percentage point increase from 2009, when 44.4% of those aged 25 to 64 held an associate degree or higher. This rate improved to 45.8% in 2016, followed by an increase to 49.8% in 2019. According to the Lumina Foundation, Maryland exceeded its goal with 55.6% of Marylanders holding at least one degree credential; a figure that includes 6.2% of individuals who hold a short-term credential such as an industry certification.

The Maryland Higher Education Commission estimates that the 2021 attainment rate, excluding short-term credentials, is approximately 50.8%, based on an average annual increase of 0.5%. Based on the 2019 data, however, Maryland's attainment rate compares adequately to its competitor states, which are the states that Maryland primarily competes with for employers. As shown in **Exhibit 5.6**, the attainment rates of Massachusetts, Minnesota, New Jersey, and Virginia exceed Maryland's rate by 5.7, 2.6, 1.0, and 0.2 percentage points, respectively. Conversely, Maryland's attainment rate is higher than the rates of North Carolina, Ohio, Pennsylvania, and Washington.

**Exhibit 5.6**  
**Percentage of Adults Ages 25 to 64 with Associate Degree or Higher**  
**Maryland and Competitor States**  
**2019**

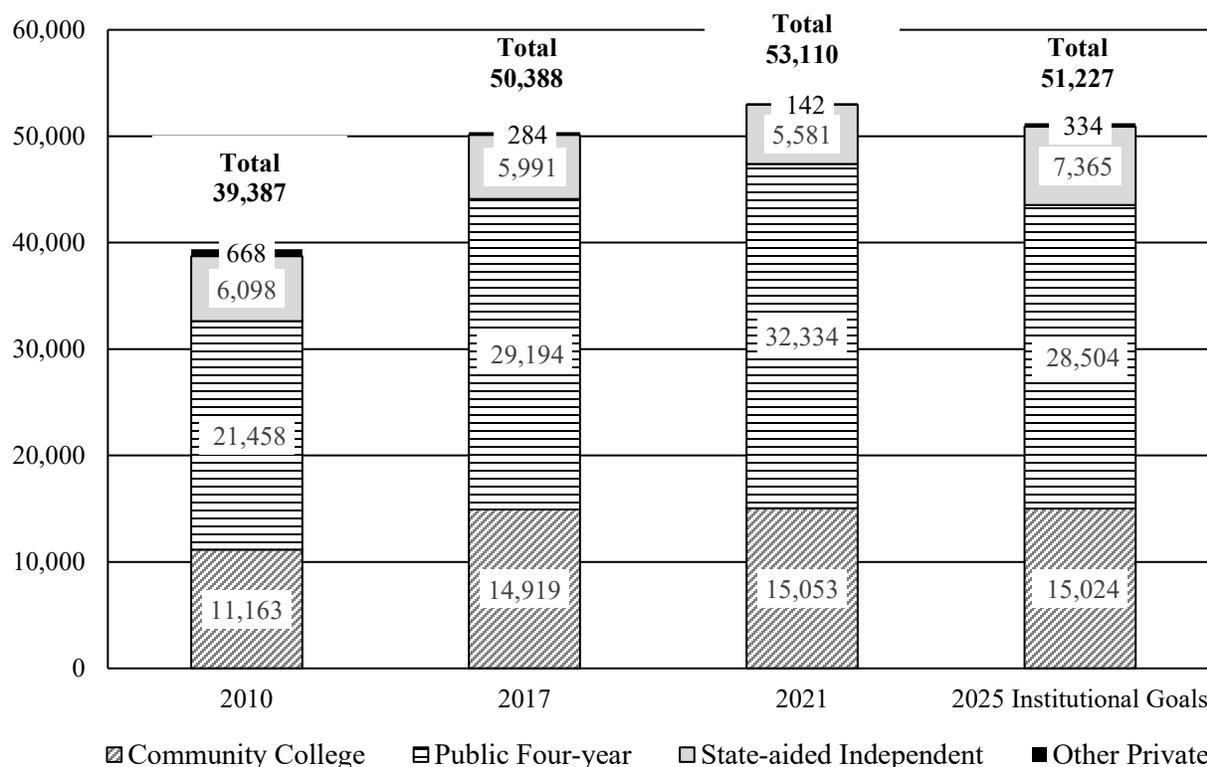


Source: Lumina Foundation: A Stronger Nation

The Maryland Higher Education Commission estimates a total of 1.8 million Marylanders would have to possess at least an associate degree to meet the 55% goal, meaning the State needs an additional 900,000 degree holders between 2010 (the base year) and 2025, including degree holders who migrate to the State. After factoring in migration and mortality rates, the commission's model determined that this goal can be reached if the public sector annually increases degree production by 1.9% and the private sector by 2.1%.

As shown in **Exhibit 5.7**, these strategies and goals are anticipated to result in approximately 51,227 degrees annually by 2025, which is 11,840 degrees more than were produced in 2010. Community colleges and public four-year institutions have surpassed their respective annual targets. However, it should be noted that starting in fiscal 2015, the number of degrees awarded by public four-year institutions are overstated due to a change in reporting requirements for University of Maryland Global Campus in which all overseas students are now included in the total number of degrees.

**Exhibit 5.7**  
**Degree Production by Maryland Higher Education Segments**  
**Progress Toward 55% Goal**



Source: *Report on Best Practices and Annual Progress Toward the 55% Completion Goal-2022*, Maryland Higher Education Commission

## Public Institutions of Higher Education

### Public Four-year Institutions

Maryland has 13 public four-year institutions of higher education: 7 hold a Carnegie Classification of a Master's College and University; 4 are classified as a type of research university; 1 is classified as a Baccalaureate College; and 1 is classified as a special focus institution since it is a medical school. The Carnegie Classification, prepared by the American Council on Education, provides a framework for grouping higher education institutions that identifies the commonalities and differences among U.S. colleges and universities in order to make reasonable comparisons among institutions. The public four-year institutions can be grouped into

two categories: institutions within the University System of Maryland; and institutions independent of the University System of Maryland – Morgan State University and St. Mary’s College of Maryland.

The University System of Maryland encompasses 11 degree-granting institutions; the University of Maryland Center for Environmental Science, an independent research and education center; and 3 regional higher education centers located in Shady Grove, Hagerstown, and California. The University System of Maryland has three research institutions (the University of Maryland, College Park Campus; the University of Maryland Baltimore County; and the University of Maryland Eastern Shore) and a public academic health center (the University of Maryland, Baltimore Campus). There are three historically black colleges and universities (Bowie State University, Coppin State University, and the University of Maryland Eastern Shore) and five institutions with varying missions (Frostburg State University, Salisbury University, Towson University, University of Baltimore, and University of Maryland Global Campus).

Morgan State University is independent from the University System of Maryland. It is a historically black college and university and one of the State’s public research institutions. Additionally, Morgan State University is designated as Maryland’s pre-eminent public urban research university and, as such, gives priority to addressing the needs of the population of urban areas in general, and of Baltimore City in particular, through its academic, research, and service programs. Morgan State University offers a comprehensive range of undergraduate and a selected set of graduate programs to a broad cross section of students, encouraging research and service directed toward the needs of underserved communities.

St. Mary’s College of Maryland is the other public four-year institution that is independent of the University System of Maryland. It is a co-educational, liberal arts honors college offering an array of baccalaureate degrees in the arts and sciences and provides a small-college experience like those found at private colleges. St. Mary’s College of Maryland promotes scholarship and creativity by challenging students to achieve academic excellence through close relationships with faculty, classroom activities, and experiential learning. Civic responsibility is a cornerstone of its academic and extracurricular programs, and its capstone experience is the St. Mary’s Project.

Overall, in fiscal 2021, State support for the operation of the public four-year institutions accounted for 26% of total revenues for the institutions. Tuition and fees accounted for 29% of the total revenues, with grants and contracts and other sources, including auxiliary enterprises, accounting for the remaining unrestricted and restricted revenue.

Additional information on public four-year institutions of higher education is available in “Chapter 6. Public Four-year Institutions” of this handbook.

## **Community Colleges**

Maryland has 16 community colleges: 15 are locally controlled, while Baltimore City Community College is State-operated with minimal local support. All are subject to oversight by

the Maryland Higher Education Commission. Local community college boards of trustees oversee policy and operations with funding primarily provided by State and local government and by tuition and fee revenues paid by students.

The 15 locally controlled community colleges are governed by separate boards of trustees appointed by the Governor. There are 12 county boards and 3 regional boards. There is also a board for Baltimore City Community College, which has been operated as a State agency since fiscal 1991. One regional college, Chesapeake, serves five Eastern Shore counties (Caroline, Dorchester, Kent, Queen Anne's, and Talbot) and another, Wor-Wic, serves mainly Worcester and Wicomico counties but also provides services to Somerset County. A third, the College of Southern Maryland, was established in 1999 in place of Charles County Community College. The College of Southern Maryland serves Calvert, Charles, and St. Mary's counties.

The county role, with regard to community colleges, is similar to that for the public elementary and secondary schools. Each community college (except Baltimore City Community College) submits its operating and capital budgets to the county governing body, or in the case of regional colleges, to each of the counties in the region for approval. The budget submission includes revenues by source and expenditures by major function as established by the commission.

The State's community colleges provide diverse education services with particular emphasis on community-centered programs that afford open access to individuals. The community colleges are a flexible, lower-cost higher education pathway accommodating the needs of a wide variety of students. Community colleges offer undergraduate courses, technical and career education programs, skills training for businesses, continuing education programs, and developmental education. Students may receive a certificate or an associate degree.

Students enrolled in transfer programs constitute the largest share of credit enrollment. These programs are designed for the continuation of education at a four-year institution of higher education. Coursework can lead to certificates and associate degrees and, in accordance with guidelines established by the commission and the institutions, be transferred to four-year colleges and universities.

In fiscal 2021, the local community colleges and Baltimore City Community College received a total of \$1.6 billion in restricted and unrestricted financial support: 23.6% from the State; 28.9% from county governments; 18.6% from grants and contracts (mostly federal funds for student Pell grants); and 4.4% from auxiliary enterprises and other miscellaneous revenue sources. Student tuition and fee payments comprised the remaining 24.5% of community college funding.

Additional information on community colleges is available in "Chapter 7. Community Colleges" of this handbook.

## **Private Institutions**

In addition to providing oversight of Maryland’s public higher education institutions, the Maryland Higher Education Commission also has oversight over the private institutions in the State, including both nonprofit and for-profit institutions. The commission is responsible for administering the Joseph A. Sellinger Program, which provides State financial assistance to eligible private nonprofit institutions located in Maryland. There are 15 private nonprofit institutions located in Maryland, and there are 46 out-of-state public or nonprofit institutions with approval to operate in Maryland.

Additionally, the Maryland higher education system consists of private for-profit institutions and private career schools. In order for these institutions to operate in the State, the institutions must obtain a certificate of approval from the commission if they have a physical presence in the State. As of June 2022, 5 private for-profit institutions and 140 private career schools have been approved by the commission to operate in Maryland.

### **State Aid to Private Nonprofit Institutions**

Recognizing their importance as an educational resource, the State provides eligible private nonprofit institutions with financial assistance through the Joseph A. Sellinger funding formula (Title 17, Subtitle 1 of the Education Article). The Sellinger formula was established in 1973 to improve the financial position of private nonprofit institutions in Maryland in an era in which several institutions faced significant financial challenges. During this period, four independent institutions in Maryland discontinued operations and a fifth, the University of Baltimore, requested a public takeover to remain open due to financial difficulties. The Pear Commission, established to study these issues and ways in which the State could assist, found evidence indicating that most private nonprofit institutions would experience increasing gaps between operating revenues and expenditures without additional State assistance and recommended what today is known as the Sellinger formula. The Sellinger formula is designed to provide financial assistance to all eligible institutions, regardless of financial stability.

To qualify for the Sellinger formula, an institution of higher education must meet one of the following conditions: (1) be a private nonprofit institution that was established in the State before July 1, 1970; (2) be a private nonprofit institution that formerly received State aid as a component of a private college or university that was established in the State prior to July 1, 1970; or (3) be a private nonprofit institution that is established in the State and grants an Associate of Arts degree. In addition, an institution must be approved by the Maryland Higher Education Commission and accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools. An institution must also have awarded Associate of Arts or baccalaureate degrees to at least one graduating class and maintain one or more degree programs (other than seminarian or theological programs) leading to an Associate of Arts or baccalaureate degree. Finally, an institution must submit each new program and each major modification of an existing program to the Maryland Higher Education Commission for its review and recommendation as to the initiation of the new or modified program.

In fiscal 2021, 13 private nonprofit institutions met the statutory criteria to receive funding through the Sellinger program, and 44,150 full-time equivalent students were enrolled in those eligible institutions. Funds are distributed to each institution based on each institution's proportion of the total full-time equivalent enrollment at eligible institutions. As shown in **Exhibit 5.8**, \$59.0 million was appropriated in fiscal 2021 to the private nonprofit institutions eligible for funding through the Sellinger program.

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**Exhibit 5.8**  
**Joseph A. Sellinger Program of State Aid to Private Nonprofit Institutions**  
**Fiscal 2021**

	<u>FTES</u>	<u>Funding</u>
Capital Technology University	479.6	\$670,957
Goucher College	1,688.1	2,466,084
Hood College	1,397.8	1,834,286
Johns Hopkins University	22,062.7	29,019,524
Loyola University of Maryland	4,789.3	6,534,728
Maryland Institute College of Art	2,107.9	2,823,062
McDaniel College	2,339.5	2,771,043
Mount St. Mary's University	1,952.2	2,676,349
Notre Dame of Maryland University	1,260.8	1,842,589
St. John's College	646.5	843,131
Stevenson University	3,207.7	4,358,920
Washington Adventist University	815.4	1,171,808
Washington College	1,402.8	2,012,424
<b>Total</b>	<b>44,150.3</b>	<b>\$59,024,905</b>
<b>Grant per FTES</b>		<b>\$1,337</b>

FTES: full-time equivalent students

Source: *Fiscal 2023 Governor's Budget Books*

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## Regulating Online Distance Education Programs

Online learning has been rapidly growing in both availability and popularity. Many institutions of postsecondary education offer online courses in addition to traditional face-to-face courses, and some institutions offer only online courses. In part due to the COVID-19 pandemic, in fall 2020, approximately 75% of college students in the United States took at least one online course.

Maryland institutions of higher education offering online programs must go through the academic program approval process, but out-of-state institutions offering online programs are not covered by those provisions of law. Chapters 595 and 596 of 2012 established registration requirements for institutions of higher education that enroll Maryland students in a fully online distance education program. An institution required to register with the Maryland Higher Education Commission must be accredited by an accrediting body recognized and approved by the U.S. Department of Education and also meet a number of specified financial conditions and business practices, including complying with the student refund policy and procedures established by the commission. An institution required to register must pay a fee set in regulation and may be required to furnish a bond or other form of financial guarantee to the State, to be used to reimburse any student who is entitled to a refund due to the institution's breach of agreement or contract with the student or the State.

Institutions that participate in the Southern Regional Education Board's Electronic Campus or the State Authorization Reciprocity Agreement are exempt from the requirement to register in Maryland. At least twice per year, the commission must peruse federal databases and other information sources to determine whether Maryland students are enrolled in fully online distance education programs offered by institutions that are required to register but have failed to do so.

As of June 2022, the commission reports that 44 institutions of higher education (7 public, 27 private nonprofit, and 10 private for-profit) are registered to enroll Maryland students in online courses.

Beginning in fiscal 2023, Chapter 546 of 2020 prohibits a for-profit institution of higher education that enrolls Maryland residents in a fully online distance education program in the State from enrolling new residents in a program if for two consecutive years, or two out of three immediately preceding fiscal years, the institution failed to receive at least 10% of its annual revenue from sources other than federal funds.

## **Regional Higher Education Centers**

### **Organization**

A regional higher education center is a facility at which at least two institutions of higher education offer classes, consisting of a variety of program offerings and multiple degree levels. Regional centers are designed to ensure access to higher education in underserved areas of the State. The regional centers provide baccalaureate and graduate programs in places where students do not have access due to geographical distance, commute time, or the limited capacity of local four-year institutions. The regional centers offer the State an opportunity to address workforce needs in high-demand areas, particularly for nontraditional students, and to support State, regional, and local economic development goals.

There are eight regional centers located throughout Maryland. The University System of Maryland operates three of the regional centers: the Universities at Shady Grove, the University System of Maryland at Hagerstown, and the University System of Maryland at Southern Maryland (formerly the Southern Maryland Higher Education Center). The other five are independent regional centers that are coordinated by the commission and exist in areas not served by comprehensive four-year institutions of higher education: Anne Arundel Community College at Arundel Mills; Eastern Shore Higher Education Center; Laurel College Center; Towson University in Northeastern Maryland; and the Universities at La Plata (formerly the Waldorf Center for Higher Education). Another independent regional center, the University Center of Northeastern Maryland (formerly the Higher Education and Applied Technology Center), ceased operations in fiscal 2019.

The University System of Maryland at Southern Maryland began operating in 2019 after its predecessor institution, the Southern Maryland Higher Education Center, entered into a memorandum of understanding to merge with the University System of Maryland. A major focus of the discussions, and key impetus for the merger, had been the planned construction of an 83,000 square-foot general education, engineering, and research facility to be owned and operated by the University System of Maryland on the Southern Maryland Higher Education Center campus. In anticipation of the merger, the fiscal 2019 budget authorized the transfer of Southern Maryland Higher Education Center funding from the Maryland Higher Education Commission to the University System of Maryland Office. The merger also prompted legislation that repealed the Southern Maryland Higher Education Center from statute contingent on specified actions by the University System of Maryland and the Department of Budget and Management by March 1, 2019.

Since 2000, the Maryland Higher Education Commission has been responsible for the coordination of regional centers. The commission is responsible for approving the mission statements of all eight of the regional centers, ensuring that the programs and courses offered are within the scope of the approved mission statements, approving any new regional centers, and making recommendations for State funding for the regional centers to the Governor and the General Assembly. For the five regional centers independent of the University System of Maryland, the commission is also responsible for administering operating funding. The University System of Maryland administers operating funding for the Shady Grove, Hagerstown, and Southern Maryland centers.

Each of the eight regional centers has its own system of governance. The governance structure of a regional center directly impacts institutional participation and the academic offerings at each regional center. Some regional centers allow participation from all types of institutions whether they are in-state, out-of-state, for-profit, or nonprofit. Other regional centers are limited by their governance structure to working only with specific institutions or certain types of institutions. For example, the regional centers governed by the University System of Maryland have adopted a policy that requires the institutions within the system to have a right of first refusal to provide programs at those regional centers. An institution outside the University System of Maryland can provide a program at these regional centers only if an institution within the system cannot or will not provide the necessary program. Currently, there are no programs being offered at the University System of Maryland regional centers by institutions that are not within the system.

The State's eight regional centers offer a variety of lower and upper level undergraduate degree programs, as well as graduate and professional degree programs through participating institutions. For example, the largest regional center, the Universities at Shady Grove, offers over 70 degree programs ranging from a bachelor's degree in exercise science to a master's degree in social work to a doctoral degree program in nursing practice. On the other hand, the Laurel College Center offers only three associate and six bachelor's degree programs. **Exhibit 5.9** describes the characteristics of each regional center.

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**Exhibit 5.9**  
**Summary of Regional Higher Education Centers in Maryland**  
**Fiscal 2021**

<u>Center (Fiscal Year Established)</u>	<u>FTES<sup>1</sup></u>	<u>Degree Programs</u>	<u>Participating Institutions</u>
<b>USM Centers</b>			
Universities at Shady Grove (1996)	2,183.8	40 Bachelor's 28 Master's 3 Graduate Certifications 4 Doctorate	9
USM at Hagerstown (2005)	310.9	13 Bachelor's 1 Undergraduate Certification 10 Master's	6
USM at Southern Maryland (2019) (formerly Southern Maryland Higher Education Center)	115.1	7 Associate 9 Bachelor's 3 Undergraduate Certification 8 Master's 1 Doctorate	5

<u>Center (Fiscal Year Established)</u>	<u>FTES<sup>1</sup></u>	<u>Degree Programs</u>	<u>Participating Institutions</u>
<b>Independent Centers</b>			
Anne Arundel Community College at Arundel Mills (2003)	16.5	Various hybrid classes available toward undergraduate and graduate degrees through University of Maryland Global Campus	2
Eastern Shore Regional Higher Education Center (2002)	64.4	4 Bachelor's <sup>2</sup> 1 Undergraduate Certification 7 Master's 2 Graduate Certifications 2 Doctorate	7
Laurel College Center (2004)	45.2	3 Associate 6 Bachelor's	6
Towson University in Northeastern Maryland (2014)	345.5	18 Associate 11 Bachelor's	3
Universities at La Plata (2020) (formerly Waldorf Center for Higher Education)	8.5	Various hybrid classes available toward undergraduate and graduate degrees through University of Maryland Global Campus	2

FTES: full-time equivalent students

<sup>1</sup> Full-time equivalent students reported include lower division undergraduates who plan to articulate (continue) to baccalaureate programs offered at the regional higher education center (also known as "2+2" program participants), upper division undergraduates, and graduate students. Part-time enrollment data is not included.

<sup>2</sup> Does not include various 2+2 programs made available through University of Maryland Global Campus.

Source: Maryland Higher Education Commission; University System of Maryland

## **Funding**

The three University System of Maryland regional centers are funded as line items in the University System of Maryland Office budget, while four of the others are funded by grants through the Maryland Higher Education Commission's operating budget. The commission does not provide funds to Towson University in Northeastern Maryland.

In 2005, the General Assembly charged the Maryland Higher Education Commission with developing an equitable, consistent, and ongoing funding strategy for the non-University System of Maryland regional higher education centers. The resulting strategy, first partially funded in fiscal 2009, contains the following components:

- base allocation for each regional center (\$200,000);
- incentive funding for full-time equivalent students (2+2 lower division, upper division, and graduate) tied to the inflation-adjusted fiscal 2005 general fund appropriation per full-time equivalent student at the Universities at Shady Grove;
- lease funding for regional centers that lease space; and
- special funding for one-time projects or startup costs.

**Exhibit 5.10** shows the State appropriation for each regional center in fiscal 2018 through 2021.

**Exhibit 5.10**  
**Regional Higher Education Centers State Funding**  
**Fiscal 2018-2021**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
AACC at Arundel Mills	\$310,599	\$292,886	\$298,346	\$288,363
Eastern Shore Higher Education Center	346,739	360,957	348,794	366,489
Laurel College Center	320,086	306,565	317,080	361,862
University Center Northeastern MD <sup>1</sup>	285,766	241,129	0	0
Universities at La Plata <sup>2</sup>	374,071	408,324	445,641	393,147
Frederick CREST <sup>3</sup>	262,047	262,047	0	0
Southern Maryland Higher Education Center <sup>4</sup>	512,739	28,353	0	0
<b>Subtotal Independent RHECs<sup>5</sup></b>	<b>\$2,412,047</b>	<b>\$1,900,261</b>	<b>\$1,409,861</b>	<b>\$1,409,861</b>
Universities at Shady Grove	\$10,780,092	\$16,472,943	\$22,126,816	\$22,909,327
USM at Hagerstown	2,209,242	2,069,390	2,312,348	2,313,465
USM at Southern Maryland <sup>4</sup>	0	512,739	1,541,092	2,039,036
<b>Subtotal USM RHECs</b>	<b>\$12,989,334</b>	<b>\$19,055,072</b>	<b>\$25,980,256</b>	<b>\$27,261,828</b>
<b>Total All RHECs</b>	<b>\$15,401,381</b>	<b>\$20,955,333</b>	<b>\$27,390,117</b>	<b>\$28,671,689</b>

AACC: Anne Arundel Community College

CREST: Center for Research and Education in Science and Technology

RHEC: Regional Higher Education Center

USM: University System of Maryland

<sup>1</sup> Formally the Higher Education and Applied Technology Center. Ceased operations in fiscal 2019.

<sup>2</sup> Formally the Waldorf Center for Higher Education.

<sup>3</sup> No longer in operation.

<sup>4</sup> In fiscal 2019, the center was transferred to the University System of Maryland, and \$512,739 of funding was transferred to the University System of Maryland Office; however, based on the formula used to determine the allocation of funds, the amount for fiscal 2019 actually totaled \$541,092. Thus, the remaining \$28,353 was budgeted through the Maryland Higher Education Commission.

<sup>5</sup> The Maryland Higher Education Commission does not provide funding for Towson University in Northeastern Maryland.

Source: *Fiscal 2020-2023 Governor's Budget Books*; Maryland Higher Education Commission

## Meeting Regional Needs through Institutional Partnerships

Towson University and Harford Community College have a 2+2 articulation agreement that allows students who earn an associate degree at Harford Community College to transfer to specified bachelor's degree programs at Towson University. As part of this partnership, the university built the first four-year academic building on the campus of a community college in

Maryland. The building, which opened for the fall 2014 semester, is used for instructional space for students who transfer into the bachelor’s degree programs. Degrees currently available as part of the program include nursing, information technology, and integrated elementary education.

## Educational Grants

Educational grants provide financial assistance to State, local, and private entities to enrich the quality of higher education within Maryland. **Exhibit 5.11** shows educational grant appropriations from fiscal 2019 through 2021.

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### Exhibit 5.11 Educational Grants Fiscal 2019-2021

<b><u>Programs</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Complete College Maryland	\$249,144	\$244,754	\$168,950
College Savings Plan Match	6,326,000	10,156,500	12,465,250
Achieving a Better Life Experience Program	0	300,000	300,000
Cyber Warrior Diversity Program	0	1,866,972	2,061,028
Washington Center for Internships and Academic Seminars	250,000	250,000	350,000
UMB – Wellmobile	0	285,000	285,000
Regional Higher Education Centers (Independent)	1,900,261	1,409,861	1,409,861
Near Completer Grants	0	0	7,990
John R. Justice Center	30,000	20,808	37,977
DeSousa-Brent Scholars Program	0	800,000	0
GEAR UP Scholarship	0	0	485,553
Governor’s Emergency Education Relief Fund	0	0	20,000,000
Nurse Support Program II	18,593,242	17,193,502	17,558,707
<b>Total</b>	<b>\$27,348,647</b>	<b>\$32,527,397</b>	<b>\$55,130,316</b>
<b><u>Fund Sources</u></b>			
General	\$8,725,405	\$15,313,087	\$17,048,079
Special	18,593,242	17,193,502	17,558,707
Federal	30,000	20,808	37,977
Reimbursable			20,485,553
<b>Total</b>	<b>\$27,348,647</b>	<b>\$32,527,397</b>	<b>\$55,130,316</b>

GEAR UP: Gaining Early Awareness and Readiness for Undergraduate Programs

UMB: University of Maryland, Baltimore Campus

Source: *Fiscal 2021-2023 Governor’s Budget Books*

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For fiscal 2021, the Governor allocated \$20.0 million in Governor’s Emergency Education Relief funds to community colleges as reimbursable funds, which are funds transferred among agencies as payments for services provided by one agency to another. The Governor’s Emergency Education Relief funds were part of the federal Coronavirus Aid, Relief, and Economic Security Act and the federal Coronavirus Response and Relief Supplemental Appropriations Act and were provided to governors to support and assist education agencies and institutions due to the COVID-19 pandemic. Of the \$20.0 million, \$17.4 million was designated for community colleges for workforce development courses and continuing professional education leading to government or industry-required certification or licensure; \$2.6 million went to independent colleges and universities in the State to support institutional costs resulting from COVID-19. Special funds are primarily attributable to the Nurse Support Program II, which is funded by a special assessment on hospitals to support nursing education. The Nurse Support Program II is a competitive institutional grant administered by the Maryland Higher Education Commission that is designed to increase the capacity of nursing programs, particularly in producing master’s- and doctoral-level nurses who can serve as nurse educators in associate degree and bachelor’s degree programs.

The Nurse Support Program II was phased out beginning in fiscal 2015 and sunset completely in fiscal 2018. However, in January 2015, the Health Services Cost Review Commission unanimously agreed to a five-year extension of the Nurse Support Program II. The decision was supported by the Maryland Hospital Association, the Maryland Nurses Association, and higher education institutions. In 2019, at the conclusion of the approved period of funding for fiscal 2016 through 2020, staff for the Health Services Cost Review Commission and the Maryland Higher Education Commission completed a comprehensive program evaluation with the assistance of a Nurse Support Program II Advisory Board – the report recommended the program continue to be funded for fiscal 2021 through 2025.

## **Collective Bargaining**

Various State employees at public institutions of higher education have been granted certain collective bargaining rights. Similar to the system established for State employees, the affected higher education parties may bargain over wages, hours, and other terms and conditions of employment. The employer’s representative and the employees’ exclusive representative have the authority to “meet and confer” and execute a memorandum of understanding incorporating all matters of agreement reached. As with regular State employees, there is a provision for nonbinding fact-finding. To the extent that the matters of agreement require legislative approval, these matters must be recommended to the General Assembly, which is not bound by the agreement.

Prior to the establishment of collective bargaining for State higher education employees, there was a statutory requirement that these employees receive the same compensation and benefits package as State employees. This requirement no longer exists, and each group of State higher education employees must negotiate its own compensation and benefits independently. While an independent Higher Education Labor Relations Board oversees collective bargaining for public

four-year institutions of higher education, there is no statewide authority for local community colleges to collectively bargain.

### **Public Four-year Institutions**

State law requires all 14 public four-year institutions of higher education (11 degree-granting institutions within the University System of Maryland, the University of Maryland Center for Environmental Science, Morgan State University, and St. Mary's College of Maryland) to create bargaining units for employees who are exempt from the federal Fair Labor Standards Act of 1938, as amended, nonexempt employees, and sworn police officers. Faculty are not included. The potential exists for the establishment of up to 42 bargaining units (14 institutions with 3 units each), but University System of Maryland institutions are allowed to cooperate with each other for the purposes of collective bargaining.

Most of the bargaining units for State higher education employees have elected an exclusive representative. There are currently 29 bargaining units from 14 public four-year institutions of higher education certified as “eligible for exclusive representative election” by the board. Some institutions may not have any employees in an employment category for purposes of forming a bargaining unit. In order to be certified, an employee organization must submit a petition showing that at least 30% of the eligible employees in a bargaining unit wish to be represented by the petitioning organization. Other employee organizations may participate in the election if they prove that 10% of the eligible employees in the bargaining unit wish to be represented by them. Once the board certifies a petition, an election by secret ballot must be held within 90 days.

Chapter 1 of the 2021 special session required the Chancellor of the University System of Maryland to act on behalf of the system and its institutions, rather than the institutions' presidents, for the purposes of collective bargaining. An exclusive representative that represents more than one bargaining unit of system employees may request to bargain a consolidated memorandum of understanding that addresses specified matters. Other specified matters must be negotiated separately at the institutional level by the president of a system institution, or their designee, and the exclusive representative. Further, Chapter 1 altered the collective bargaining process for State employees and employees of public four-year institutions and Baltimore City Community College.

### **Community Colleges**

Prior to 2021, only some employees who worked for Baltimore City Community College, the Community College of Baltimore County, Montgomery College, and Prince George's Community College had collective bargaining rights because legislation specific for each community college was required in order to grant collective bargaining rights to the college's employees:

- Chapter 915 of 1977 granted the Community College of Baltimore County collective bargaining rights, and all classified (nonfaculty) employees have collective bargaining rights;

- Chapter 1015 of 1978 granted Montgomery College collective bargaining rights, and all employees (including faculty) except supervisory, confidential employees, and student assistants have collective bargaining rights;
- Chapter 539 of 2001 granted Prince George’s Community College collective bargaining rights, and all eligible classified (nonfaculty) employees of the college, including all skilled professional service and skilled and nonskilled service employees, have collective bargaining rights; and
- Chapter 113 of 2005 moved all of Baltimore City Community College employees into the college’s independent personnel system; prior to 2005, some Baltimore City Community College employees were in the college’s personnel system, while others were in the State personnel system; specified nonfaculty employees of the college, including nonexempt, exempt, and sworn police officers have collective bargaining rights.

In order to authorize collective bargaining for employees of all community colleges, the General Assembly passed Chapters 16 and 27 of the 2021 special session, which established a collective bargaining process for local community college employees, including full-time faculty, part-time faculty, and specified staff, but excluding officers, supervisory or confidential employees, and student assistants.

Depending on the institution, implementation of Chapters 16 and 27 was delayed for one or two years, and bargaining over wages was delayed for two or three years. Implementation was delayed until September 1, 2022, and bargaining over wages was delayed until July 1, 2023, for the following institutions: (1) Anne Arundel Community College; (2) Baltimore City Community College; (3) Frederick Community College; (4) Harford Community College; (5) Howard Community College; (6) Montgomery College; (7) Prince George’s Community College; and (8) the College of Southern Maryland. Implementation was delayed until September 1, 2023, and bargaining over wages was delayed until July 1, 2024, for the following institutions: (1) Allegany College; (2) Carroll Community College; (3) Cecil College; (4) Chesapeake College; (5) Garrett College; (6) Hagerstown Community College; and (7) Wor-Wic Community College. Full-time and part-time faculty at Baltimore City Community College may also collectively bargain under this process beginning on October 1, 2024.

## Chapter 6. Public Four-year Institutions

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### Mission and Enrollment

Maryland has 13 public four-year institutions: 7 hold a Carnegie Classification of a Master’s College and University; 4 are classified as a type of research university; 1 is classified as a Baccalaureate College; and 1 is classified as a special focus institution since it is a medical school. The Carnegie Classification, prepared by the American Council on Education, provides a framework for grouping higher education institutions that identifies the commonalities and differences among U.S. colleges and universities in order to make reasonable comparisons among institutions. Enrollment at the public four-year institutions totaled 138,915 full-time equivalent students in fiscal 2021. In May 2022, the Maryland Higher Education Commission released its enrollment projections for the next 10 years, which estimated that the full-time equivalent student enrollment at the public four-year institutions will decline by 1.5% from fall 2021 (fiscal 2022) to 136,821 in fall 2031 (fiscal 2032). More detailed information on each of the institutions is provided in **Exhibit 6.1**.

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**Exhibit 6.1**  
**Summary of Public Four-year Institutions**  
**Fiscal 2021**

<u>Institution</u>	<u>Location</u>	<u>Carnegie Classification</u>	<u>Description/ Mission Statement</u>	<u>FTES 2021</u>
Bowie State University	Bowie, Prince George’s County	Master’s Colleges and Universities: Larger Programs	First historically black institution in Maryland and 1 of the 10 oldest in the country; offering 23 bachelor’s, 19 master’s, and 2 research doctoral programs.	5,027
Coppin State University	Baltimore City	Master’s Colleges and Universities: Small Programs	Regional comprehensive, historically black institution; offering 32 bachelor’s, 11 master’s, and 1 professional doctoral program.	1,918
Frostburg State University	Frostburg, Allegany County	Master’s Colleges and Universities: Larger Programs	Regional comprehensive university; only four-year public institution west of the Baltimore-Washington metropolitan area; offering 47 bachelor’s, 16 master’s, and 1 research doctoral program.	3,675

<b><u>Institution</u></b>	<b><u>Location</u></b>	<b><u>Carnegie Classification</u></b>	<b><u>Description/ Mission Statement</u></b>	<b><u>FTES 2021</u></b>
Salisbury University	Salisbury, Wicomico County	Master's Colleges and Universities: Larger Programs	Regional comprehensive university; offering 46 bachelor's, 15 master's, and 1 research and 1 professional doctoral program.	7,210
Towson University	Towson, Baltimore County	Master's Colleges and Universities: Larger Programs	Largest regional comprehensive university; offering 63 bachelor's, 49 master's, and 3 research and 3 professional doctoral programs.	17,886
University of Baltimore	Baltimore City	Master's Colleges and Universities: Larger Programs	Undergraduate and professional institution; offering 19 bachelor's, 21 master's, and 2 research and 1 professional doctoral programs.	2,748
University of Maryland, Baltimore Campus	Baltimore City	Special Focus Four-year – Research Institution	Research institution; only public academic health center in the State; offering 3 bachelor's, 24 master's, and 15 research and 6 professional doctoral programs.	7,130
University of Maryland Baltimore County	Catonsville, Baltimore County	Doctoral Universities: Very High Research Activity	An honor's research university; offering 61 bachelor's, 38 master's, and 25 research doctoral programs.	10,875
University of Maryland, College Park Campus	College Park, Prince George's County	Doctoral Universities: Very High Research Activity	State land-grant institution (1862); legislatively mandated flagship institution; offering 102 bachelor's, 115 master's, and 82 research and 2 professional doctoral programs.	33,988
University of Maryland Eastern Shore	Princess Anne, Somerset County	Doctoral Universities: High Research Activity	Historically black institution; 1890 land-grant institution; offering 34 bachelor's, 15 master's, 6 research and 2 professional doctoral programs.	2,412

<u>Institution</u>	<u>Location</u>	<u>Carnegie Classification</u>	<u>Description/ Mission Statement</u>	<u>FTES 2021</u>
University of Maryland Global Campus	Adelphi, Prince George's County	Master's Colleges and Universities: Larger Programs	Specializing in providing adult learners throughout the State and world access to education via online and face-to-face; offering 34 bachelor's, 22 master's, and 2 doctoral programs.	37,496
Morgan State University	Baltimore City	Doctoral Universities: High Research Activity	Research and historically black institution; legislatively mandated public urban university; offering 50 bachelor's, 40 master's, and 17 doctoral programs.	6,977
St. Mary's College of Maryland	St. Mary's City, St. Mary's County	Baccalaureate Colleges: Arts and Sciences Focus	Co-educational, liberal arts honors college; offering 24 bachelor's and 1 master's program.	1,573

FTES: full-time equivalent students

Source: Maryland Higher Education Commission; American Council on Education

The public four-year institutions can be grouped into two categories: institutions within the University System of Maryland; and institutions independent of the University System of Maryland – Morgan State University and St. Mary's College of Maryland. The Education Article often uses the defined term "public senior higher education institution" to refer to all of the public four-year institutions: institutions within the University System of Maryland; Morgan State University; and St. Mary's College of Maryland.

### University System of Maryland

The University System of Maryland encompasses 11 degree-granting institutions; the University of Maryland Center for Environmental Science, an independent research and education center; and 3 regional higher education centers located in Shady Grove, Hagerstown, and California. The Board of Regents is the governing body of the University System of Maryland and consists of 21 members, including two full-time students, the Secretary of Agriculture (*ex officio*), and the Secretary of Commerce (*ex officio*). Except for the Secretary of Agriculture and the Secretary of Commerce, 17 members are appointed by the Governor with the advice and consent of the Senate; 1 member is appointed by the Senate President; and 1 member is appointed by the Speaker of the House of Delegates. Seventeen of the board members serve five-year terms and

may not serve more than two consecutive terms, and the student members are appointed for two-year terms.

The board is responsible for overseeing the operations of the University System of Maryland, setting tuition and fees, and appointing the Chancellor, who serves as the chief executive officer of the system and the chief of staff to the board. The Chancellor heads the University System of Maryland Office, which provides leadership, planning, and resource management for the University System of Maryland. The Chancellor also assists the board in selecting the president of each institution within the system. The University System of Maryland has greater autonomy than other State agencies in areas such as management of capital projects, creation of debt, development of a personnel system, and procurement, as provided in Chapter 515 of 1999. The University System of Maryland presidents have the authority to create new academic programs on their campuses (with approval of the board and the Maryland Higher Education Commission) and develop and implement policies promoting the mission of their respective institutions.

In consultation with the Chancellor and the presidents, the board establishes standards for funding institutions based on differences in the size and mission of each institution. The budget process starts with the Department of Budget and Management developing preliminary budget targets for the State agencies based on projected State revenues. Once the University System of Maryland receives its preliminary budget target, the board works with the University System of Maryland Office to determine the allocation of State funds among the institutions. The institutions work with the University System of Maryland Office to develop their budget requests, which are submitted to the Maryland Higher Education Commission and the Department of Budget and Management for approval. The University System of Maryland negotiates its budget with the Governor, who makes the final decision on the budget that is submitted to the General Assembly.

### **Degree-granting Institutions**

The University System of Maryland has three research institutions (the University of Maryland, College Park Campus; the University of Maryland Baltimore County; and the University of Maryland Eastern Shore) and a public academic health center (the University of Maryland, Baltimore Campus). There are three historically black colleges and universities (Bowie State University, Coppin State University, and the University of Maryland Eastern Shore) and five institutions with varying missions (Frostburg State University, Salisbury University, Towson University, University of Baltimore, and University of Maryland Global Campus), as shown in Exhibit 6.1.

The University of Maryland Center for Environmental Science is a research and educational institute focusing on environmental and natural sciences. Chapter 95 of 2013 granted the University of Maryland Center for Environmental Science the ability to award graduate degrees in marine and environmental sciences jointly with other public senior higher education institutions. Currently, three joint graduate degree programs are offered with other University System of Maryland institutions.

### **The University of Maryland Strategic Partnership**

Chapter 25 of 2016 formalized a strategic partnership between two distinct campuses: the University of Maryland, College Park Campus; and the University of Maryland, Baltimore Campus. The strategic partnership leverages the resources of both institutions to improve and enhance (1) academic programs and experiences for students; (2) research, technology transfer, and commercialization; and (3) public service and community development. The statute required the presidents jointly to develop and implement a plan to encourage and promote the alignment, cooperation, and collaboration between the campuses, including identifying academic and research programs that may benefit from alignment and collaboration between the campuses, and promoting effectiveness and efficiencies between the campuses. In 2011, the partnership arose partly in response to a charge from the General Assembly to the Board of Regents of the University System of Maryland to develop a plan for the formerly named University of Maryland, College Park and University of Maryland, Baltimore to have a greater impact on the State, its economy, job market, and the next generation of innovators. The result, MPowering, was launched in 2012 specifically to leverage the resources of each institution to further advance transitioning research from laboratory to commercial application. The Joint Steering Council, comprised of representatives from each institution, allocates resources and provides oversight of projects and programs.

In accordance with Chapter 25, the partnership established two centers – the Center for Maryland Advanced Ventures at the University of Maryland, Baltimore Campus and the University of Maryland Center for Economic and Entrepreneurship Development at the University of Maryland, College Park Campus. Other examples of cooperation include (1) the Center for Health-Related Informatics and Bioimaging, a joint effort combining computing and biomedical resources from both campuses; (2) the School of Nursing 2+2 Program, in which students complete two years of prerequisite classes for a nursing degree at the University of Maryland, College Park Campus, then complete their degree in another two years at the University of Maryland, Baltimore Campus; and (3) establishment of a joint research proposal infrastructure resulting in an increase in the submission of joint proposals from 4 in 2012 to 820 proposals in 2022.

### **University of Maryland Extension Programs**

The State's two land-grant institutions – the University of Maryland, College Park Campus and the University of Maryland Eastern Shore, also referred to as the 1862 and 1890 land-grant institutions, respectively, after the year the Morrill Acts were passed creating land-grant institutions – deliver education programs to the State's citizens through the Maryland Cooperative Extension program and the Maryland Agricultural Experiment Station program. The Maryland Cooperative Extension applies practical research-based knowledge to issues facing individual families, communities, and the State, with offices in every county and Baltimore City. The Maryland Agricultural Experiment Station, with five research centers located throughout the State, was established to ensure agriculture research geared toward specific geographic areas would be conducted and the results disseminated to citizens of the State. The programs employ approximately 200 faculty and 200 staff and are funded by federal, State, and local governments. Federal support for these programs was authorized by the Hatch and Smith-Lever Acts for 1862 institutions and the Evans-Allen Act for 1890 institutions. The fiscal 2021 State

appropriation for the programs totaled \$43.4 million (\$39.8 million for the University of Maryland, College Park Campus and \$3.6 million for the University of Maryland Eastern Shore).

### **University of Maryland Medical System**

The mission of the University of Maryland Medical System is to provide comprehensive health care to the local community and serve as the primary site for health care education and research for the University System of Maryland. Although its name leads many to believe that the medical system is part of the University System of Maryland, the University of Maryland Medical System is a private, nonprofit corporation that was created by legislation in 1984 to provide governance and management over the operation of the formerly State-run University of Maryland Hospital. However, there is a connection between the University of Maryland Medical System and the University System of Maryland. Because the medical system is a teaching hospital, many of the doctors and other medical professionals are also faculty members at the University of Maryland, Baltimore Campus. The Board of Directors for the University of Maryland Medical System is comprised of 25 voting members who are appointed by the Governor with the advice and consent of the Senate. One member must be the Governor's designee, 1 must be appointed by the Speaker of the House of Delegates, and 1 by the President of the Senate. In addition, 3 members must be members of the University System of Maryland's Board of Regents.

### **Morgan State University**

Morgan State University is independent from the University System of Maryland. It is an historically black college and university and one of the State's public research institutions. Additionally, Morgan State University is designated as Maryland's pre-eminent public urban research university and, as such, gives priority to addressing the needs of the population of urban areas in general, and of Baltimore City in particular, through its academic, research, and service programs. Morgan State University offers a comprehensive range of undergraduate and a selected set of graduate programs to a broad cross section of students, encouraging research and service directed toward the needs of underserved communities.

Morgan State University is governed by its own Board of Regents, which consists of 15 members including a full-time student. Each member is appointed by the Governor with the advice and consent of the Senate. Fourteen of the board members serve five-year terms and not more than two consecutive terms, and the student member is appointed for a one-year term. The board is responsible for appointing a president, setting admission standards and tuition and fees, approving university policies and the budget, and providing general operational oversight. General operational oversight functions include the establishment of a personnel and procurement system, preparation of the budget, and, through legislation enacted in 2006, management of all capital projects.

The budget development and submission process for Morgan State University is similar to that of the University System of Maryland. Once the Department of Budget and Management establishes Morgan State University's preliminary budget target, the president develops and the board approves the budget request that is submitted to the Maryland Higher Education

Commission and the Department of Budget and Management. Morgan State University negotiates its budget with the Governor, who makes the final decision on the budget that is submitted to the General Assembly.

### **St. Mary's College of Maryland**

St. Mary's College of Maryland is the other public four-year institution that is independent of the University System of Maryland. It is a co-educational, liberal arts honors college offering an array of baccalaureate degrees in the arts and sciences and provides a small-college experience like those found at private colleges. St. Mary's College of Maryland promotes scholarship and creativity by challenging students to achieve academic excellence through close relationships with faculty, classroom activities, and experiential learning. Civic responsibility is a cornerstone of its academic and extracurricular programs, and its capstone experience is the St. Mary's Project.

As with the other public institutions, St. Mary's College of Maryland has its own governing board, the Board of Trustees, comprised of 26 members that include the President of the St. Mary's Alumni Association, a student, and a representative from the Historic St. Mary's City Commission. The remaining 23 members, upon recommendation of the Board of Trustees, are appointed by the Governor, subject to the advice and consent of the Senate, and serve six-year terms. The trustees are responsible for selecting the president, setting tuition and fees, and providing general operational oversight.

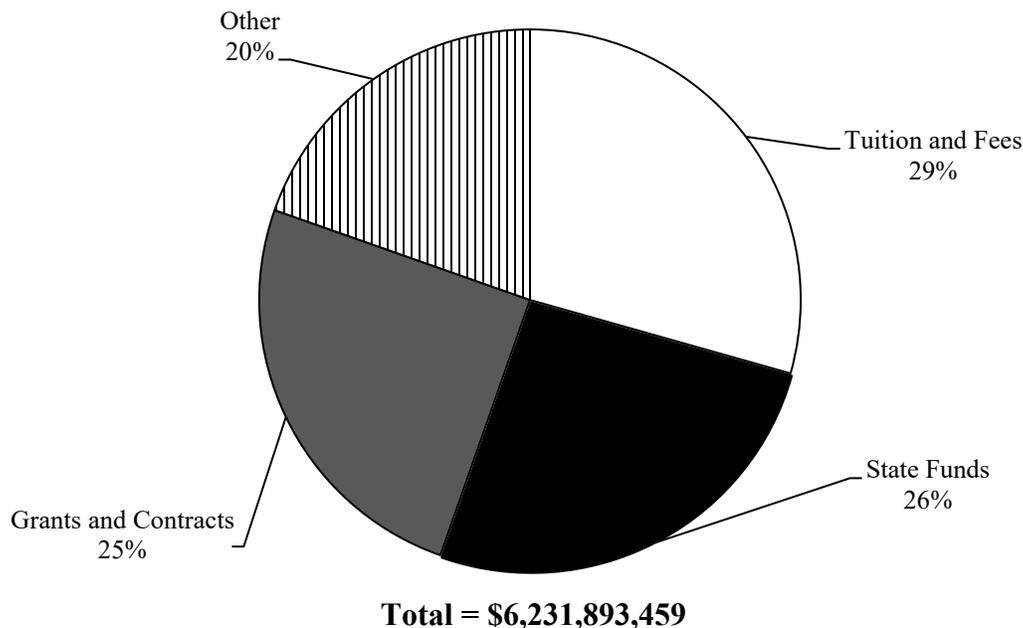
St. Mary's College of Maryland is the only public four-year institution with a statutory funding formula. Until fiscal 2019, the formula required only that the prior year's general fund appropriation be increased to offset inflation. Starting in fiscal 2019, the formula was enhanced to require the proposed grant for the upcoming fiscal year to be increased by 0.25% in addition to the inflation adjustment, if St. Mary's College of Maryland's six-year graduation rate is 82% or greater in the second preceding fiscal year. Also starting in fiscal 2019, funding must include the funds for increases in State-supported health insurance costs and 50% of any cost-of-living adjustments for State-supported employees, which increases to 100% as mandated in Chapter 607 of 2022. The legislature also expressed its intent that funds be provided to St. Mary's College of Maryland to moderate undergraduate resident tuition increases if such funds are provided to other public four-year institutions.

### **Operating Funding**

Overall, in fiscal 2021, State support for the operation of the public four-year institutions accounted for 26% of total revenues for the institutions, as shown in **Exhibit 6.2**. Tuition and fees accounted for 29% of the total revenues, with grants and contracts and other sources, including auxiliary enterprises, accounting for the remaining unrestricted and restricted revenue. Auxiliary enterprises (*e.g.*, residence halls and dining services) are self-supporting activities that charge a fee for providing goods or services to students, faculty, and staff. Restricted revenues can only be

expended for specific purposes in accordance with the granting/contracting agency or donor. For example, federal Pell grants can only be used for student financial aid.

**Exhibit 6.2**  
**Public Four-year Institutions**  
**Percentage of Total Revenues by Source**  
**Fiscal 2021**

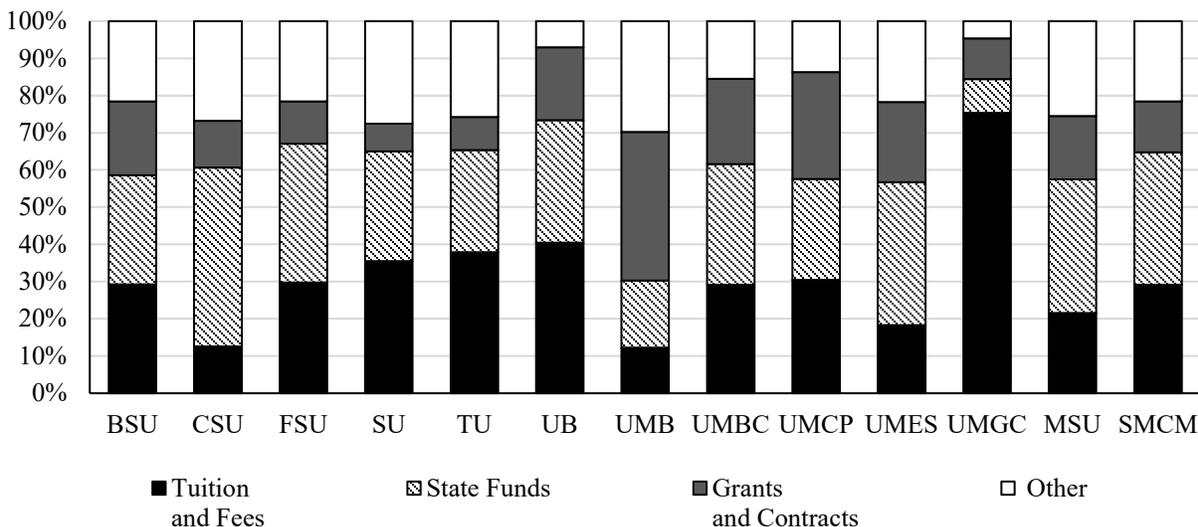


Note: State funds include general funds and Higher Education Investment Funds. Other includes auxiliary; educational services; other sources of revenue; Higher Education Emergency Relief Funds I, II, and III; State Cigarette Restitution Fund; and bond premium funds for facilities renewal projects.

Source: *Fiscal 2023 Governor's Budget Books*; Department of Legislative Services

The proportion of funding an institution receives from each revenue source is partly determined by the characteristics of each institution. For most of the institutions in the Carnegie Master's classification (also referred to as comprehensive institutions), revenues from the State and tuition and fees provide proportionally more funding, on average, than grants and contracts, as shown in **Exhibit 6.3**. Conversely, research institutions tend to receive a greater portion of revenues from grants and contracts. Furthermore, institutions that enroll a higher proportion of low-income students (*e.g.*, Bowie State University and Coppin State University) are also more likely to have higher revenues from grants and contracts due to the inclusion of Pell grants for student financial aid. The portion of funding from other revenues, mainly auxiliary enterprises, varies primarily based on the size (*i.e.*, enrollment) of the institution.

**Exhibit 6.3**  
**Sources of Operating Funds for Public Four-year Institutions**  
**Fiscal 2021**



BSU: Bowie State University  
 CSU: Coppin State University  
 FSU: Frostburg State University  
 MSU: Morgan State University  
 SU: Salisbury University  
 SMCM: St. Mary's College of Maryland  
 TU: Towson University

UB: University of Baltimore  
 UMB: University of Maryland, Baltimore Campus  
 UMBC: University of Maryland Baltimore County  
 UMCP: University of Maryland, College Park Campus  
 UMES: University of Maryland Eastern Shore  
 UMGC: University of Maryland Global Campus

Note: Grants and contracts include unrestricted and restricted government (federal, State, or local) contracts and grants; private gifts; grants; contracts; Higher Education Emergency Relief Funds I, II, and III; State Cigarette Restitution Fund; and bond premiums. State funding for the University of Maryland, College Park Campus and the University of Maryland Eastern Shore includes funds for the Maryland Cooperative Extension and Agricultural Experiment Station programs.

Source: *Fiscal 2023 Governor's Budget Books*; Department of Legislative Services

The University of Maryland Global Campus, which specializes in providing access (most notably online) to higher education for adult learners, receives the most revenues, 75%, from tuition and fees. Conversely, the University of Maryland, Baltimore Campus, which primarily offers graduate and professional programs and operates a teaching hospital, receives only 12% of its revenues from tuition and fees but receives a higher than average portion of funding, 40%, from grants and contracts.

For further information about operating and capital funding of higher education, see "Chapter 5. Higher Education – State-level Organization and Funding" and "Chapter 8. Higher Education Capital Funding," respectively, of this handbook.

## Historically Black Colleges and Universities' Settlement

The State of Maryland was a defendant in a federal lawsuit that was originally filed in 2006 by former and current students of the State's four historically black colleges and universities alleging the State, through ongoing policies and practices with its system of higher education, violated the Civil Rights Act of 1964 and the Equal Protection Clause of the Fourth Amendment. A federal judge ultimately found that the State violated federal law by failing to eliminate a traceable *de jure* era policy of unnecessary program duplication that exacerbated the racial identity of the historically black colleges and universities. Chapter 41 of 2021 settled the lawsuit (final settlement occurred in May 2021), which included a provision mandating a total of \$557.0 million to be distributed to the historically black colleges and universities from fiscal 2023 through 2032.

The statute specifies the allocation of \$59.5 million to the historically black colleges and universities in fiscal 2023, less \$22 million for attorney fees. For each fiscal 2024 through 2032, statute mandates the allocation of \$57.7 million to the historically black colleges and universities based on the percentage share of students enrolled during the immediately preceding academic year compared to the total number of students enrolled at all the historically black colleges and universities. Institutions will receive at least \$9.0 million each fiscal year. Funds may be used for scholarships and financial aid support services, faculty recruitment and development, expanding and improving existing programs, development and implementation of new programs, academic support, and marketing. Any funds not used during the fiscal year must be transferred to the Historically Black Colleges and Universities Reserved Fund, which is administered by the Maryland Higher Education Commission. Funds may only be used for the above stated purposes.

## Higher Education Investment Fund

Beginning in fiscal 2009, State funding for higher education included special funds from the Higher Education Investment Fund. A portion of the corporate income tax revenues is dedicated to the Higher Education Investment Fund, which was originally intended to be used to supplement the general fund appropriation and for capital projects at the public four-year institutions. However, it has instead been used to mitigate general fund reductions to institutions' budgets and offset tuition increases. While not originally eligible to receive funds from the Higher Education Investment Fund because it is formula funded, Chapter 1 of the 2012 first special session included a provision that allowed St. Mary's College of Maryland to receive these funds. In fiscal 2021, Higher Education Investment Fund revenues totaled \$83.2 million.

## Funding Guidelines

First used in fiscal 2001, funding guidelines are a peer-based model used to assess how public four-year institutions in Maryland are funded relative to their peers. The Maryland Higher Education Commission established annual operating funding guidelines for University System of Maryland institutions and, in fiscal 2002, for Morgan State University. A guideline was not established for St. Mary's College of Maryland, which is funded through a statutory formula. The funding guidelines are not mandated in law. The Maryland Higher Education Commission

identified peer institutions in 10 states that Maryland competes with for business and jobs (competitor states) as determined by the Maryland Department of Commerce (California, Massachusetts, Minnesota, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia, and Washington). Peer institutions are similar to Maryland institutions based on size, program and enrollment mix, and other attributes. The overall goal has been that an institution funded at its proposed funding guideline level would receive more State support than 75%, for historically black colleges and universities 80%, of its identified funding peers. **Exhibit 6.4** shows the estimated attainment level by institution for fiscal 2021.

**Exhibit 6.4**  
**Funding Guideline Attainment Level**  
**Estimated Fiscal 2021**  
**(\$ in Thousands)**

	<b>Estimated Fiscal 2021</b>		
	<b><u>Funding</u></b> <b><u>Guideline</u></b>	<b><u>Working</u></b> <b><u>Approp.</u></b>	<b><u>Attainment</u></b>
Bowie State University	\$67,188	\$45,643	68%
Coppin State University	38,041	45,355	119%
Frostburg State University	56,631	42,308	75%
Salisbury University	95,824	57,346	60%
Towson University	218,474	131,276	60%
University of Baltimore	50,535	41,369	82%
UM, Baltimore Campus	368,039	236,615	64%
UM Baltimore County	223,497	145,004	65%
UM Center for Environmental Science	36,642	22,066	60%
UM, College Park Campus	768,004	546,852	71%
UM Eastern Shore	49,095	43,965	90%
UM Global Campus <sup>1</sup>	231,803	42,344	18%
USM Office		41,149	
<b>USM Total/Average Attainment</b>	<b>\$2,203,773</b>	<b>\$1,441,292</b>	<b>65%</b>
Morgan State University	\$141,205	\$106,285	75%
<b>Total/Average Attainment</b>	<b>\$2,344,978</b>	<b>\$1,547,578</b>	<b>66%</b>

UM: University of Maryland

USM: University System of Maryland

<sup>1</sup> UM Global Campus full-time equivalent enrollment reduced for non-Maryland online enrollments and tuition revenue reflects statewide revenue only discounted by non-Maryland online tuition.

Source: Maryland Higher Education Commission

## Education and General Revenues and Expenditures

Education and general revenues are the funds available to an institution for the day-to-day operations related to its primary mission. **Exhibit 6.5** shows the estimated education and general revenues per full-time equivalent student at each public four-year institution for fiscal 2021. Looking at these revenues on a full-time equivalent student basis allows for comparisons across institutions, although institutions have varying missions, academic program offerings, and student profiles that affect both revenues and costs.

**Exhibit 6.5**  
**Education and General Revenues and State Funds**  
**Per Full-time Equivalent Student**  
**Fiscal 2021**  
**(\$ in Thousands)**

	<u>E&amp;G<sup>1</sup></u>		<u>State Funds<sup>2</sup></u>		<u>% of E&amp;G</u>	<u>Estimate FTES</u>
	<u>Revenues</u>	<u>Per FTES</u>	<u>Revenues</u>	<u>Per FTES</u>		
Bowie State University	\$101,169	20,125	\$46,729	\$9,296	46%	\$5,027
Coppin State University	81,152	42,311	49,787	25,958	61%	1,918
Frostburg State University	85,648	23,306	43,455	11,825	51%	3,675
Salisbury University	154,749	21,463	60,828	8,437	39%	7,210
Towson University	382,358	21,378	135,941	7,600	36%	17,886
University of Baltimore	100,746	36,662	43,059	15,669	43%	2,748
UM Baltimore County	342,408	31,486	150,547	13,843	44%	10,875
UM, College Park Campus	1,462,258	43,023	533,229	15,689	36%	33,988
UM Eastern Shore	82,555	34,227	43,794	18,157	53%	2,412
UM Global Campus	422,536	11,269	44,297	1,181	10%	37,496
Morgan State University	217,368	31,155	109,864	15,747	51%	6,977
St. Mary's College of Maryland	65,067	41,365	27,282	17,344	42%	1,573
<b>Total</b>	<b>\$3,498,013</b>	<b>\$29,814</b>	<b>\$1,288,813</b>	<b>\$13,395</b>	<b>37%</b>	<b>\$131,785</b>

E&G: education and general

FTES: full-time equivalent students

UM: University of Maryland

<sup>1</sup> Figure represents education and general revenues, which include unrestricted revenues from tuition and fees; general funds; Higher Education Investment Funds; grants and contracts (federal, State, local, and private); sales and services of education activities; and Higher Education Emergency Relief I, II and III, less auxiliary program enterprise revenue.

<sup>2</sup> Includes Higher Education Investment Funds. Excludes the University of Maryland Center for Environmental Science and the System Office, as well as State funds for the Maryland Cooperative Extension and Agricultural Experiment Station programs. The University of Maryland, Baltimore Campus is also excluded because it is the State's public health and law university, which provides professional and graduate education.

Note: Total higher education per FTES is an unweighted average.

Source: *Fiscal 2023 Governor's Budget Books*; Department of Legislative Services

Education and general revenues are comprised of unrestricted revenues from tuition and fees, general funds, Higher Education Investment Funds, grants, and other education-related revenues. Not included are auxiliary revenues from self-supporting activities such as residence halls, dining services, and bookstores. Funding is excluded for the cooperative extension and agricultural experiment station programs at the State's two land-grant institutions – the University of Maryland, College Park Campus and the University of Maryland Eastern Shore. For fiscal 2021, the unweighted average of education and general revenues per full-time equivalent student is \$29,814 at the public four-year institutions, ranging from \$11,269 at the University of Maryland Global Campus to \$43,023 at the University of Maryland, College Park Campus, which partly reflects its many high-cost programs (*i.e.*, science, technology, engineering, and mathematics, and graduate research programs).

Exhibit 6.5 also shows State funds per full-time equivalent student by institution, which includes general funds and Higher Education Investment Fund revenues. The unweighted average of State funds per full-time equivalent student for fiscal 2021 is \$13,395. This ranges from \$1,181 at the University of Maryland Global Campus, reflecting its reliance on tuition revenues due to its unique mission, to \$25,958 at Coppin State University.

**Exhibit 6.6** shows the percentage of unrestricted fund expenditures by program area by institution for fiscal 2021. Unrestricted funds are those revenues available to fund any current operation at the institution and are not restricted to any specific use or purpose. Overall, instruction accounted for the highest percentage of spending, ranging from 44.8% at the University of Maryland Baltimore County to 28.7% at Coppin State University and the University of Maryland Global Campus. Institutional support accounted for the second highest percentage of expenditures (20.2% on average).

**Exhibit 6.6**  
**Percentage of Unrestricted Fund Expenditures by Program Area**  
**Fiscal 2021**

	<u>Instruction</u>	<u>Academic<sup>1</sup> Support</u>	<u>Student Services<sup>2</sup></u>	<u>Institutional Support<sup>3</sup></u>	<u>Operation and Maintenance of Plant</u>	<u>Scholarships and Fellowships</u>	<u>Total (in Thousands)</u>
Bowie State University	37.9%	10.5%	8.7%	19.9%	16.4%	6.6%	\$94,365
Coppin State University	28.7%	12.4%	9.1%	28.1%	17.8%	4.0%	63,770
Frostburg State University	34.9%	10.8%	4.7%	13.0%	17.9%	18.8%	91,156
Salisbury University	43.3%	12.3%	7.2%	13.3%	14.5%	9.4%	139,693
Towson University	41.0%	10.5%	6.5%	12.9%	17.6%	11.5%	342,842
University of Baltimore	35.2%	12.3%	10.2%	16.9%	15.5%	9.9%	98,319
UM, Baltimore Campus	38.5%	14.8%	3.0%	21.9%	17.3%	4.6%	450,117
UM Baltimore County	44.8%	8.2%	7.2%	14.4%	15.2%	10.3%	290,276
UM, College Park Campus	41.1%	18.9%	4.5%	14.1%	14.6%	6.8%	1,254,088
UM Eastern Shore	37.6%	7.5%	3.6%	31.4%	13.5%	6.4%	84,352
UM Global Campus	28.7%	10.7%	27.6%	25.2%	2.9%	4.9%	409,396
Morgan State University	33.8%	13.3%	4.7%	25.6%	11.0%	11.6%	169,857
St. Mary's College of Maryland	34.8%	3.0%	14.5%	26.3%	8.1%	13.3%	56,608
<b>Average/Total</b>	<b>36.9%</b>	<b>11.2%</b>	<b>8.6%</b>	<b>20.2%</b>	<b>14.0%</b>	<b>9.1%</b>	<b>\$3,544,840</b>

UM: University of Maryland

<sup>1</sup> Academic support are those programs that support instruction (e.g., libraries, academic computing support, and academic administration).

<sup>2</sup> Student services includes admissions and registrar and those activities that contribute to student emotional and physical well-being (e.g., counseling, career guidance, financial aid administration, and student health services).

<sup>3</sup> Institutional support are those activities related to management and long-term planning, including executive management, fiscal operations, and general administration.

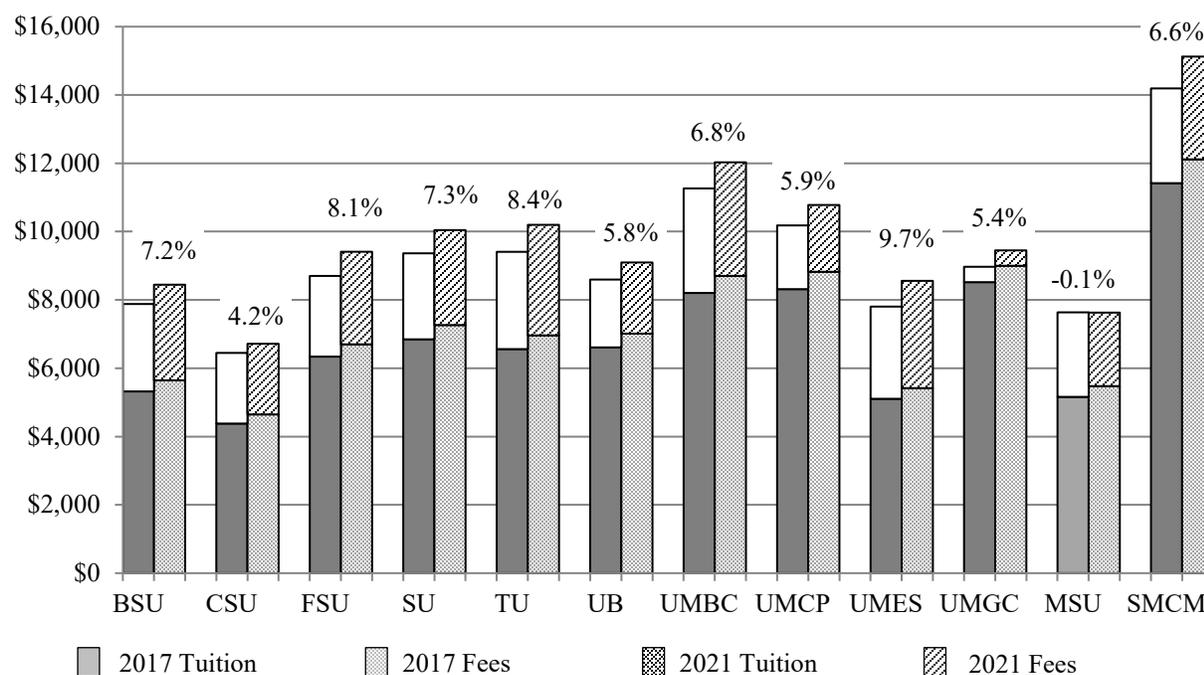
Note: Excludes research, public service, auxiliary enterprises and, for UM, Baltimore Campus, hospitals. Numbers may not sum due to rounding.

Source: *Fiscal 2023 Governor's Budget Books*; Department of Legislative Services

## Tuition and Fee Rates

For the 2020-2021 academic year (fiscal 2021), the average tuition and fees for a full-time undergraduate student was \$9,790 for a resident student and \$22,523 for a nonresident student. **Exhibit 6.7** and **Exhibit 6.8** compare the tuition and mandatory fees for resident and nonresident undergraduate students by institution for fiscal 2017 and 2021. Overall, since fiscal 2017, tuition and fees increased 6.4% and 9.5% for resident and nonresident undergraduate students, respectively.

**Exhibit 6.7**  
**Full-time Resident Undergraduate Tuition and Mandatory Fees**  
**Fiscal 2017 and 2021**



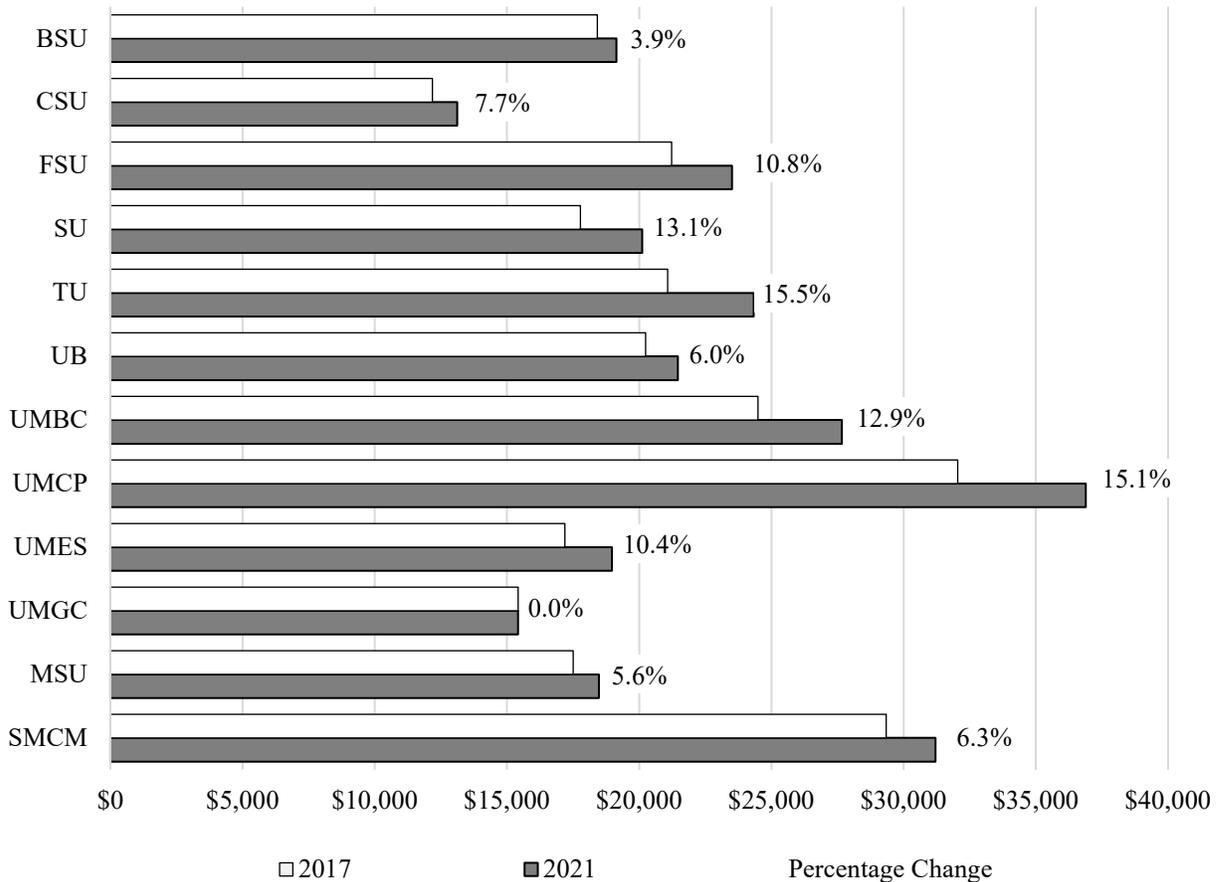
BSU: Bowie State University  
 CSU: Coppin State University  
 FSU: Frostburg State University  
 MSU: Morgan State University  
 SMCM: St. Mary’s College of Maryland  
 SU: Salisbury University

TU: Towson University  
 UB: University of Baltimore  
 UMBC: University of Maryland Baltimore County  
 UMCP: University of Maryland, College Park Campus  
 UMES: University of Maryland Eastern Shore  
 UMGC: University of Maryland Global Campus

Note: Tuition and mandatory fee for UMGC is based on 30 credits per year. Percentage is growth from fiscal 2017 to 2021.

Source: University System of Maryland; Morgan State University; St. Mary’s College of Maryland

**Exhibit 6.8**  
**Full-time Nonresident Undergraduate Tuition and Mandatory Fees**  
**Fiscal 2017 and 2021**



BSU: Bowie State University  
 CSU: Coppin State University  
 FSU: Frostburg State University  
 MSU: Morgan State University  
 SMCM: St. Mary's College of Maryland  
 SU: Salisbury University

TU: Towson University  
 UB: University of Baltimore  
 UMBC: University of Maryland Baltimore County  
 UMCP: University of Maryland, College Park Campus  
 UMES: University of Maryland Eastern Shore  
 UMGC: University of Maryland Global Campus

Note: Tuition and mandatory fee for UMGC is based on 30 credit hours. Percentage is growth from fiscal 2017 to 2021.

Source: University System of Maryland; Morgan State University; St. Mary's College of Maryland

In an effort to keep resident undergraduate tuition affordable, public four-year institutions received State funding to limit tuition increases in certain fiscal years. In fiscal 2017, the University

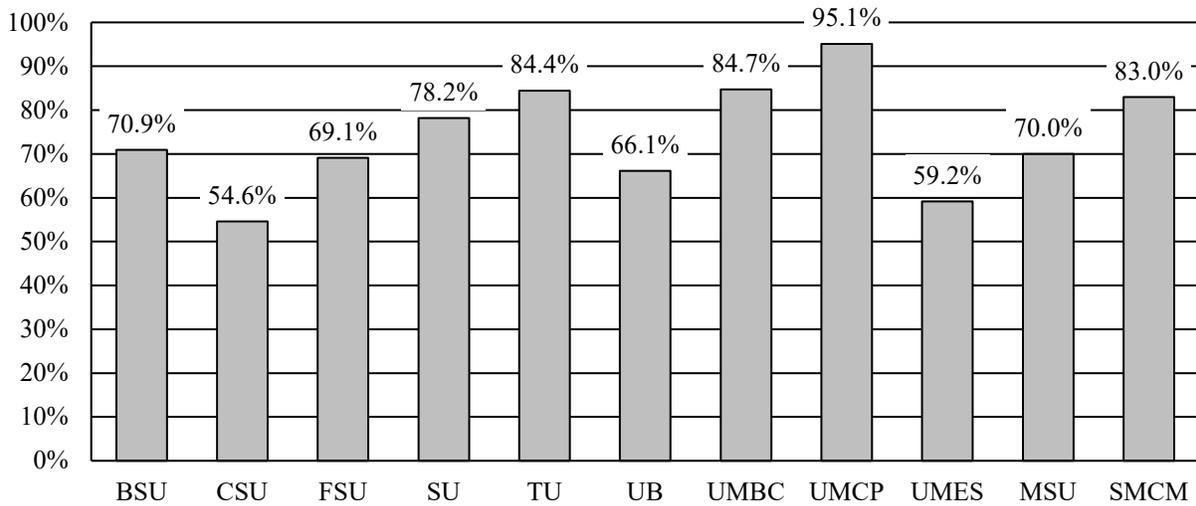
System of Maryland received State funding to limit tuition increases to 2%. In fiscal 2017 and 2018, Morgan State University received State funding to limit tuition increases to 2%. In fiscal 2018 and 2019, St. Mary's College of Maryland received State funding to limit tuition increases to 2%. The State did not provide funding to limit tuition increases at the University System of Maryland and Morgan State University in fiscal 2019 and 2020 or at St. Mary's College of Maryland in fiscal 2020; however, these institutions increased tuition only 2% in those fiscal years. In fiscal 2021, recognizing the economic impact of COVID-19 on students and families, the public four-year institutions froze resident and nonresident undergraduate tuition and fees at the fiscal 2020 level.

## **Retention Rates**

Retention rates are not only an indicator of student progress but also the ability of institutions to keep students. The second-year retention rate measures the percentage of first-time, full-time students who enrolled in the fall and return to the same institution the following fall. The second-year retention rate is an indicator of a number of factors, including how prepared students are for college and the level of support institutions provide to students.

Second-year retention rates for the first-time, full-time 2020 fall cohort by institution are shown in **Exhibit 6.9**. On average, 83.1% of the 2020 fall cohort returned in fall 2021, a decline of 0.9 percentage points from the 2019 fall cohort. Overall, there is significant variation among institutions in the second-year retention rates for the 2020 fall cohort. The University of Maryland, College Park Campus had the highest retention rate of 95.1%, while Coppin State University had the lowest rate of 54.6%.

**Exhibit 6.9**  
**Second-year Retention Rates for First-time, Full-time Students at Public**  
**Four-year Institutions**  
**2020 Fall Cohort**



BSU: Bowie State University

CSU: Coppin State University

FSU: Frostburg State University

MSU: Morgan State University

SMCM: St. Mary's College of Maryland

SU: Salisbury University

TU: Towson University

UB: University of Baltimore

UMBC: University of Maryland Baltimore County

UMCP: University of Maryland, College Park Campus

UMES: University of Maryland Eastern Shore

**Cohort:** A cohort is a group of first-time, full-time students who first enroll in the fall of a specified year.

**Note:** Only includes first-time, full-time undergraduate students enrolled in the fall term at a Maryland four-year public institution, who returned to the same institution the following fall semester.

**Source:** Maryland Higher Education Commission, *Retention and Graduation Rates at Maryland Public Four-year Institutions, 2022*

## Chapter 7. Community Colleges

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### Overview

Maryland has 16 community colleges: 15 are locally controlled; while Baltimore City Community College is State-operated with minimal local support. All are subject to oversight by the Maryland Higher Education Commission. Local community college boards of trustees oversee policy and operations with funding primarily provided by State and local government and by tuition and fee revenues paid by students.

The 15 locally controlled community colleges are governed by separate boards of trustees appointed primarily by the Governor. There are 12 county boards and 3 regional boards. There is also a board for Baltimore City Community College, which has been operated as a State agency since fiscal 1991. One regional college, Chesapeake, serves five Eastern Shore counties (Caroline, Dorchester, Kent, Queen Anne's, and Talbot) and another, Wor-Wic, serves mainly Worcester and Wicomico counties and also provides services to Somerset County. A third, the College of Southern Maryland, was established in 1999 in place of Charles County Community College. The College of Southern Maryland serves Calvert, Charles, and St. Mary's counties.

In general, State law provides that the community college boards have seven members serving staggered six-year terms, unless otherwise specified in statute. Seven community college boards fall under the default category of seven members serving staggered six-year terms. The other nine community college boards have statutory provisions that specify the number and terms of board members. **Exhibit 7.1** shows characteristics of the various boards as well as college service areas and establishment dates.

The vast majority of members of community college boards are appointed by the Governor with the advice and consent of the Senate; however, there are several exceptions:

- in Baltimore City, in addition to the 6 members of the board (including the student member) appointed by the Governor with the advice and consent of the Senate, 1 member is jointly appointed by the President of the Senate and the Speaker of the House, the chief executive officer of the public school system serves as an *ex-officio* member, and the Executive Director of the Mayor's Office of Employment Development serves as *ex-officio* member;
- for Chesapeake College, the Governor appoints 2 members from each of the five counties in the region with the advice and consent of the House of Delegates;
- in Montgomery County, the Governor appoints all 10 members (including the student member) from a list of nominees submitted by a local nominating committee; however, the appointment of the student member is not subject to the advice and consent of the Senate; and

- in Anne Arundel and Prince George’s counties, the student member of the board is elected by the student body.

**Exhibit 7.1**  
**Community Colleges in Maryland**

<u>College</u>	<u>Est.</u>	<u>Main Location (Satellite Locations)</u>	<u>County Service Area</u>	<u>Board Members</u>	<u>Board Terms (Years)</u>	<u>Term Limits</u>
Allegany	1961	Cumberland (Bedford and Somerset counties in Pennsylvania)	Allegany	7	6	No Limit
Anne Arundel	1962	Arnold (Arundel Mills and Glen Burnie)	Anne Arundel	8 <sup>1</sup>	4	3
Baltimore City	1947 <sup>2</sup>	Liberty Heights (Harbor and Reisterstown)	Baltimore City	9 <sup>1,3</sup>	6	2
Baltimore	1956 <sup>4</sup>	Catonsville, Essex, and Dundalk (Hunt Valley and Owings Mills)	Baltimore	15 <sup>5</sup>	5	2
Carroll	1993	Westminster	Carroll	7	6	No Limit
Cecil	1968	North East (Elkton and Port Deposit)	Cecil	7	6	No Limit
Chesapeake	1965	Wye Mills (Easton and Cambridge)	Caroline, Dorchester, Kent, Queen Anne’s, and Talbot	10 <sup>6</sup>	5	3
Frederick	1957	Frederick	Frederick	7	5	3
Garrett	1966	McHenry	Garrett	7	6	No Limit
Hagerstown	1946	Hagerstown	Washington	7	6	No Limit
Harford	1957	Bel Air (Aberdeen)	Harford	9 <sup>7</sup>	5	2
Howard	1966	Columbia (Elkridge, Laurel, and Mt. Airy <sup>8</sup> )	Howard	7	6	2 <sup>9</sup>
Montgomery	1946	Rockville, Takoma Park, and Germantown	Montgomery	10 <sup>1,10</sup>	6	No Limit

<u>College</u>	<u>Est.</u>	<u>Main Location (Satellite Locations)</u>	<u>County Service Area</u>	<u>Board Members</u>	<u>Board Terms (Years)</u>	<u>Term Limits</u>
Prince George's	1958	Largo (Camp Springs, Hyattsville, Joint Base Andrews, and Laurel)	Prince George's	9 <sup>1,11</sup>	5	2
Southern Maryland	1958 <sup>12</sup>	La Plata, Leonardtown, Prince Frederick, and Waldorf	Calvert, Charles, and St. Mary's	9 <sup>13</sup>	5	2
Wor-Wic	1975	Salisbury	Somerset, Wicomico, and Worcester	7	6	No Limit

<sup>1</sup> The board includes a student member serving a one-year term.

<sup>2</sup> The former Community College of Baltimore was established in 1947. Legislation enacted in 1990 created the New Community College of Baltimore (now Baltimore City Community College) as a State institution. In 2015, the General Assembly required Baltimore City Community College to engage the services of an outside consultant to review the operations of the college. As a result of the review, legislation enacted in 2017 restructured the composition of the board, realigned institutional priorities, and established minimum requirements for the college president.

<sup>3</sup> In addition to the six members (including the student member) appointed by the Governor with the advice and consent of the Senate, the Baltimore City board includes one member jointly appointed by the President of the Senate and the Speaker of the House of Delegates, the chief executive officer of the public school system, and the Executive Director of the Mayor's Office of Employment Development.

<sup>4</sup> The three campuses of the current Community College of Baltimore County were established separately: Catonsville in 1956; Essex in 1957; and Dundalk in 1970. In 1998, the Baltimore County system was restructured as one college with three campuses.

<sup>5</sup> The Baltimore County board includes one at-large member and two from each of the seven council districts.

<sup>6</sup> For Chesapeake College, the Governor appoints two members from each of the five counties in the region with the advice and consent of the House of Delegates.

<sup>7</sup> The Harford County board includes three at-large members and one member from each of the six council districts.

<sup>8</sup> The Laurel and Mt. Airy locations provide programs in partnership with Prince George's Community College and Carroll and Frederick Community Colleges, respectively.

<sup>9</sup> Term limits were set by the Howard County board through the adoption of bylaws.

<sup>10</sup> The Montgomery County board consists of 10 members (including a student member), all of whom are appointed by the Governor from nominees submitted by a local nominating committee. The local nominating committee must submit the names of 2 to 4 candidates per vacancy from which the Governor must appoint a new member.

<sup>11</sup> The Prince George's County board consists of one member from each of the eight legislative districts in the county and a student member elected by the student body.

<sup>12</sup> The College of Southern Maryland was created in 1999 as a regional college for the three Southern Maryland counties in place of the Charles County Community College, which was established in 1958.

<sup>13</sup> The Southern Maryland board consists of three members from each of the three counties in the region.

Source: Title 16, Subtitles 4, 5, and 6 of the Education Article; Howard Community College bylaws; Department of Legislative Services

Each board of community college trustees has responsibility for the general control of the community college. The board appoints the president of the college; determines the salaries and tenure of the president, faculty, and other employees; establishes student tuition and fees; and acquires and disposes of property. Subject to the minimum standards and approval of the commission, each board may determine entrance requirements and approve course offerings.

Under Maryland law, the governing body of any county that does not have a community college may request permission from the commission to establish a college. Upon recommendations from the local governing body and the commission, the Governor appoints a board for the new college. In addition to establishing community colleges, the commission has the statewide responsibility for coordinating the community colleges and for developing general policies for their operation.

The county role, with regard to community colleges, is similar to that for the public elementary and secondary schools. Each community college (except Baltimore City Community College) submits its operating and capital budgets to the county governing body, or in the case of regional colleges, to each of the counties in the region. The budget submission includes revenues by source and expenditures by major function as established by the commission. The county governing body reviews and approves or reduces the budget. For a regional college, approval of its budget by a majority of the counties in the region constitutes approval and binds all of the region's counties. After approval of the budget, transfers between major expenditure categories must be submitted in writing and approved by the county. If the county fails to act on transfer requests within 30 days, the requests are considered approved.

The State's community colleges provide diverse education services with particular emphasis on community-centered programs that afford open access to individuals. The community colleges are a flexible, lower-cost higher education pathway accommodating the needs of a wide variety of students. Community colleges offer undergraduate courses, technical and career education programs, skills training for businesses, continuing education programs, and developmental education. Students may receive a certificate or an associate degree.

Students enrolled in transfer programs constitute the largest share of credit enrollment. These programs are designed for the continuation of education at a four-year institution of higher education. Coursework can lead to certificates and associate degrees and, in accordance with guidelines established by the commission and the institutions, be transferred to four-year colleges and universities.

Technical and career programs are another major component of a community college's mission. These credit programs are designed primarily for immediate job entry or for upgrading skills. Data processing, technical art, hospital management, medical and health technologies, and criminal justice are examples of technical and career programs leading to a certificate or an associate degree. Some community colleges are designated statewide providers of special career programs.

Continuing education courses are regularly scheduled courses designed to meet the needs of part-time and returning students. These courses are not offered for academic credit. These courses may provide job training and retraining, satisfy professional requirements for certification, offer cultural enrichment, and address contemporary problems. For example, every community college in Maryland offers programs custom-designed to businesses, government agencies, and professional and labor organizations in their regions. Continuing education courses may be offered in nontraditional settings such as business centers, the workplace, and public facilities.

## Enrollment

As shown in **Exhibit 7.2**, the 16 community colleges in Maryland enrolled a total of 76,482 full-time equivalent students in the 2020-2021 academic year (fiscal 2021), who are counted for State aid purposes. For calculating State aid to community colleges, students enrolled in credit and eligible noncredit courses in the second prior fiscal year are counted (*i.e.*, fiscal 2019 enrollment was used to calculate fiscal 2021 State aid). An additional 6,225 full-time equivalent students who enrolled in community colleges in fiscal 2021 were not eligible to be counted for State aid purposes, including out-of-state students and students enrolled in noncredit courses that are not eligible for State aid.

**Exhibit 7.2**  
**Community College Enrollment**  
**Full-time Equivalent Students Eligible for State Aid**  
**Fiscal 2021 Actual**

<b><u>Institution</u></b>	<b>Credit Enrollment</b>		<b>Noncredit Enrollment</b>	<b><u>Total Enrollment</u></b>
	<b><u>From Service Area</u></b>	<b><u>Not From Service Area</u></b>	<b><u>From Anywhere</u></b>	
Allegany	637	214	306	1,157
Anne Arundel	5,851	1,091	1,697	8,638
Baltimore City	1,476	724	822	3,021
Baltimore	7,672	2,290	3,458	13,421
Carroll	1,599	160	307	2,066
Cecil	937	68	182	1,188
Chesapeake	983	31	291	1,305
Frederick	2,959	180	395	3,535
Garrett	235	80	143	458
Hagerstown	1,638	93	645	2,376
Harford	2,821	206	554	3,580
Howard	4,258	1,280	855	6,393
Montgomery	11,426	667	2,265	14,358
Prince George's	7,060	222	1,495	8,777
Southern Maryland	3,597	159	519	4,275
Wor-Wic	1,367	96	470	1,933
<b>Total</b>	<b>54,517</b>	<b>7,561</b>	<b>14,404</b>	<b>76,482</b>

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

Source: Maryland Higher Education Commission; Department of Legislative Services

Although the number of public high school graduates is expected to increase by 3.9% from 59,650 students in 2020 to 62,000 students in 2030 (as projected by the Western Interstate Commission for Higher Education), the Maryland Higher Education Commission is projecting a much larger increase in the number of students who will enroll in the State's community colleges in the future. In May 2022, the commission released its projections for the next 10 years (from fall 2022 through fall 2031), which estimate that the total number of full-time equivalent students enrolled in credit and eligible noncredit courses at the State's community colleges will increase from 76,482 in fiscal 2021 to 95,823 in fiscal 2032. During that time period, credit enrollments are

projected to increase by 13,250 students (21% increase), and noncredit enrollments are projected to increase by 6,091 students (42% increase).

Overall, State-supported community college enrollment peaked in fiscal 2012 at 115,485 full-time equivalent students of which approximately 95,000 were enrolled in credit-bearing courses. From the peak in fiscal 2012, statewide community college enrollment had declined by approximately 39,000 full-time equivalent students (33.8%) by fiscal 2021. However, the decline in enrollments per jurisdiction varied widely, with a low of 16.2% at Howard Community College and a high of 55.2% at Baltimore City Community College. Although enrollment at community colleges decreased every year from fiscal 2012 through 2021, programs and scholarships that increase affordability and access to community colleges, such as the Maryland Community College Promise Scholarship and dual enrollment programs, are now available to prospective community college students and are designed to increase community college enrollment.

Community colleges assert that their enrollments are closely correlated to the overall economy, since approximately two-thirds of their enrollments are part-time students (70.5% in fall 2021). While this correlation did not prove true during the most recent economic decline as a result of the COVID-19 pandemic, community colleges expect that more students will opt to return to community college as additional learning options such as remote and hybrid options have been developed, and the health impact of the COVID-19 pandemic is mitigated.

## Operating Funding

In fiscal 2021, the local community colleges and Baltimore City Community College received a total of \$1.6 billion in restricted and unrestricted financial support: \$376.3 million (23.6%) from the State; \$461.1 million (28.9%) from county governments; \$296.5 million (18.6%) from grants and contracts (mostly federal funds for student Pell grants); and \$70.9 million (4.4%) from auxiliary enterprises and other miscellaneous revenue sources. Student tuition and fee payments comprised the remaining \$391.4 million (24.5%) of community college funding.

**Exhibit 7.3** shows fiscal 2021 operating funding for each college and the shares provided by the different funding sources. Due to different financing structures, the local community colleges and Baltimore City Community College are discussed separately below. For further information on operating and capital funding of community colleges, see “Chapter 8. Higher Education and Capital Funding” of this handbook.

**Exhibit 7.3**  
**Operating Funding for Community Colleges**  
**Fiscal 2021 Actual**  
**(\$ in Thousands)**

<u>College</u>	<u>State Amount</u>	<u>State Percent</u>	<u>County Amount</u>	<u>County Percent</u>	<u>Tuition and Fees Amount</u>	<u>Tuition Percent</u>	<u>Grants and Contracts Amount<sup>1</sup></u>	<u>Grants and Contracts Percent</u>	<u>Other Amount</u>	<u>Other Percent</u>	<u>Total</u>
Allegany	\$8,526	19.4%	\$7,707	17.5%	\$12,834	29.2%	\$8,767	19.9%	\$6,171	14.0%	\$44,005
Anne Arundel	37,590	24.6%	51,798	33.9%	36,313	23.8%	16,424	10.7%	10,759	7.0%	152,884
Baltimore City	37,290	52.7%	1,000	1.4%	12,464	17.6%	14,619	20.7%	5,398	7.6%	70,771
Baltimore	54,041	19.9%	56,601	20.8%	69,455	25.5%	71,590	26.3%	20,356	7.5%	272,042
Carroll	10,574	25.9%	11,995	29.3%	10,527	25.8%	6,164	15.1%	1,614	3.9%	40,873
Cecil	7,730	21.5%	12,289	34.2%	6,869	19.1%	8,346	23.2%	684	1.9%	35,917
Chesapeake	17,889	23.9%	19,128	25.5%	22,078	29.5%	12,637	16.9%	3,224	4.3%	74,955
Frederick	8,872	28.7%	6,985	22.6%	6,382	20.6%	6,755	21.9%	1,921	6.2%	30,915
Garrett	14,544	21.0%	20,268	29.3%	16,130	23.3%	12,361	17.9%	5,890	8.5%	69,193
Hagerstown	4,832	27.7%	5,466	31.4%	3,091	17.7%	2,876	16.5%	1,162	6.7%	17,428
Harford	11,643	23.3%	9,639	19.3%	13,923	27.9%	11,625	23.3%	3,049	6.1%	49,879
Howard	15,343	21.9%	17,748	25.3%	18,694	26.7%	14,581	20.8%	3,654	5.2%	70,020
Montgomery	25,610	19.8%	38,764	30.0%	38,090	29.5%	25,346	19.6%	1,321	1.0%	129,132
Prince George's Southern	64,278	19.3%	148,524	44.6%	78,000	23.4%	39,837	12.0%	2,496	0.7%	333,135
Maryland	40,318	25.9%	44,133	28.3%	37,383	24.0%	32,470	20.8%	1,573	1.0%	155,879
Wor-Wic	10,806	25.3%	9,004	21.1%	9,144	21.4%	12,124	28.4%	1,670	3.9%	42,748
Unallocated <sup>2</sup>	6,391	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	6,391
<b>Total<sup>3</sup></b>	<b>\$376,276</b>	<b>23.6%</b>	<b>\$461,050</b>	<b>28.9%</b>	<b>\$391,376</b>	<b>24.5%</b>	<b>\$296,523</b>	<b>18.6%</b>	<b>\$70,942</b>	<b>4.4%</b>	<b>\$1,596,166</b>

<sup>1</sup> Grants and contracts include unrestricted and restricted government (federal, State, or local) grants and contracts as well as private gifts, grants, and contracts.

<sup>2</sup> Unallocated includes the Statewide Grant and Health Manpower Shortage Grant.

<sup>3</sup> Total does not reflect transfers to or from fund balance.

Source: Maryland Higher Education Commission; Maryland Association of Community Colleges; *Fiscal 2023 Governor's Budget Books*

## State Funding for Locally Controlled Community Colleges

**Exhibit 7.4** shows the major community college State aid programs for the locally controlled community colleges and compares the amounts appropriated for the programs in fiscal 2017 and 2021. State funding for community colleges increased by \$26.8 million, or 8.6%, over the four-year period. This includes an increase of \$15.3 million in the Senator John A. Cade formula, which is the largest community college aid program, and an overall decrease of \$0.5 million in the two retirement programs for community college employees. It also reflects one-time funding distributed to the community colleges.

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**Exhibit 7.4**  
**Locally Controlled Community Colleges – Aid Programs – Funding Trend**  
**Fiscal 2017 and 2021 Actual**  
**(\$ in Millions)**

<u>Program</u>	<u>2017</u>	<u>2021</u>	<u>Percent Change</u>
Cade Funding Formula	\$234.4	\$249.7	6.5%
Small College Grants	4.7	7.3	55.3%
Statewide Programs <sup>1</sup>	5.0	6.4	28.0%
ESOL Grant	5.5	4.8	-12.7%
Workforce Readiness Grant <sup>2</sup>		8.8	
Defined Benefit Retirement Plans	46.5	45.4	-2.4%
Optional Retirement Program	16.1	16.6	3.7%
<b>Total</b>	<b>\$312.2</b>	<b>\$339.0</b>	<b>8.6%</b>

ESOL: English for Speakers of Other Languages

<sup>1</sup> Statewide programs funding includes the Garrett County/West Virginia Reciprocity Program, the Somerset County Reimbursement Program, and the Health Manpower Shortage Program.

<sup>2</sup> Workforce Readiness Grant funding provided to community colleges through the American Rescue Plan Act to expand existing and develop new in-demand workforce development training and educational programs. Workforce Readiness Grant funding was provided in fiscal 2021 only.

Source: Department of Legislative Services

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**Exhibit 7.5** shows fiscal 2021 funding allocations by county, including funding per county for the three colleges that serve multiple counties. Descriptions of individual community college aid programs follow the exhibits.

**Exhibit 7.5**  
**Locally Controlled Community Colleges – State Aid Programs**  
**Fiscal 2021 Actual**  
**(\$ in Thousands)**

County	Cade Formula	Small Colleges <sup>1</sup>	ESOL	Retirement	Workforce Readiness <sup>2</sup>	Total Aid
Allegany	\$5,190	\$1,317	\$0	\$1,801	\$218	\$8,525.9
Anne Arundel	29,544	0	358	6,685	1,003	37,589.7
Baltimore	42,451	0	570	9,577	1,442	54,041.2
Carroll	7,685	957	36	1,605	291	10,573.6
Cecil	5,401	957	7	1,152	213	7,730.4
Frederick	11,154	0	259	2,748	383	14,543.7
Garrett	2,868	1,197	0	631	136	4,832.2
Hagerstown	8,532	957	53	1,781	320	11,642.6
Harford	12,093	0	50	2,792	407	15,342.6
Howard	19,809	0	467	4,654	680	25,610.0
Montgomery	45,255	0	1,596	15,851	1,576	64,278.3
Prince George's	31,245	0	1,125	6,862	1,085	40,318.2
<b>Chesapeake</b>						
Caroline	1,455	228	37	327	58	2,104.8
Dorchester	978	156	25	223	40	1,422.5
Kent	452	63	10	91	16	632.3
Queen Anne's	1,773	268	44	384	68	2,536.6
Talbot	1,484	243	40	348	62	2,176.1
<b>Subtotal</b>	<b>\$6,142</b>	<b>\$957</b>	<b>\$156</b>	<b>\$1,373</b>	<b>\$243</b>	<b>\$8,872.2</b>
<b>Southern Maryland</b>						
Calvert	\$2,607	\$0	\$4	\$551	\$89	\$3,251.3
Charles	8,701	0	12	1,807	291	10,812.4
St. Mary's	3,078	0	4	640	103	3,825.2
<b>Subtotal</b>	<b>\$14,387</b>	<b>\$0</b>	<b>\$21</b>	<b>\$2,999</b>	<b>\$483</b>	<b>\$17,888.9</b>
<b>Wor-Wic</b>						
Somerset	\$786	\$109	\$6	\$174	\$34	\$1,109.6
Wicomico	5,097	610	36	973	192	6,908.2
Worcester	2,080	238	14	380	75	2,787.9
<b>Subtotal</b>	<b>\$7,963</b>	<b>\$957</b>	<b>\$57</b>	<b>\$1,527</b>	<b>\$301</b>	<b>\$10,805.7</b>
Statewide Programs <sup>3</sup>						\$6,390.7
<b>Total</b>	<b>\$249,720</b>	<b>\$7,301</b>	<b>\$4,754</b>	<b>\$62,038</b>	<b>\$8,782</b>	<b>\$338,986.0</b>

ESOL: English for Speakers of Other Languages

<sup>1</sup> Includes small college and mountain grants.

<sup>2</sup> Workforce Readiness Grant funding provided to community colleges through the American Rescue Plan Act to expand existing and develop new in-demand workforce development training and educational programs. Workforce Readiness Grant funding was provided in fiscal 2021 only.

<sup>3</sup> Statewide programs includes funding for the Garrett County/West Virginia Reciprocity Program, the Somerset County Reimbursement Program, and the Health Manpower Shortage Program.

Note: Numbers may not sum to total due to rounding. Estimates for regional colleges are based on each county's share of the college's enrollment.

Source: *Fiscal 2023 Governor's Budget Books*; Department of Legislative Services

## Senator John A. Cade Funding Formula

The Senator John A. Cade Funding Formula, the largest community college aid program, was established in 1996 and was named for the former senator in 1997. The State's annual contribution to the formula is determined by enrollment at community colleges and a percentage, set in statute, of the level of funding received by public four-year institutions of higher education.

### Determining the Funding Level

The Cade formula bases per pupil funding on a set statutory percentage of current year State appropriations per full-time equivalent student at selected public four-year institutions of higher education. The resulting community college per student amount is multiplied by the number of full-time equivalent students enrolled in the colleges in the second preceding fiscal year to identify a total formula amount.

Due to budget constraints, funding was reduced below original statutory levels from fiscal 2008 through 2015. Fiscal 2023 is the first year that the percentage used in the formula is the maximum statutory target of 29%. For further information on the percentages used in the Cade formula, see "Chapter 5. Higher Education – State-level Organization and Funding" of this handbook.

### Distribution

There are three parts to the Cade formula that together set the level of funding each community college receives. The three components of the Cade formula are discussed below.

- **Fixed Costs:** The fixed costs component, which accounts for 38% of formula funding, distributes aid to the colleges in the same proportion as the full formula provided in the prior fiscal year.
- **Marginal Costs:** The marginal costs component, which accounts for 60% of the formula allocation, distributes funding in the same proportion as the distribution of full-time equivalent students across community colleges in the second prior fiscal year.
- **Size Factor:** The size factor component, which accounts for the remaining 2% of formula funding, distributes funding to small colleges, which are defined as colleges with enrollments below 80% of the statewide median enrollment. The formula also provides for a phase-out of size factor funding for colleges that outgrow the small college category.

If the sum of a college's fixed costs, marginal costs, and size factor are lower than the funding level for the previous year, a hold harmless component is added to the other components to bring the total State contribution up to the funding level for the previous year. Historically, while the State provided hold harmless funding, some county governments did not always maintain level

funding for community colleges. To address this issue, the General Assembly passed Chapter 464 of 2014, which requires a county government to at least maintain its previous level of funding to its respective community college in order for the institution to receive hold harmless funding from the State.

**Exhibit 7.6** shows the distribution of \$355.1 million in Cade formula funding among the 15 locally controlled community colleges for fiscal 2023.

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**Exhibit 7.6**  
**Senator John A. Cade Formula Funding for Community Colleges**  
**Fiscal 2023**

<b>College</b>	<b>FTE Students Fiscal 2021</b>	<b>Fixed Costs<sup>1</sup> 38%</b>	<b>Marginal Costs<sup>2</sup> 60%</b>	<b>Size Factor<sup>3</sup> 2%</b>	<b>Total Grant</b>
Allegany	1,157	\$2,917,866	\$3,355,929	\$1,014,461	\$7,288,256
Anne Arundel	8,638	15,737,462	25,051,059	0	40,788,521
Baltimore	13,421	22,694,930	38,919,604	0	61,614,534
Carroll	2,066	4,106,723	5,991,006	1,014,461	11,112,190
Cecil	1,188	2,877,119	3,444,639	1,014,461	7,336,219
Chesapeake	1,305	3,273,188	3,784,838	1,014,461	8,072,487
Frederick	3,535	6,178,259	10,250,892	0	16,429,151
Garrett	458	1,491,414	1,329,472	1,014,461	3,835,347
Hagerstown	2,376	4,837,233	6,890,642	1,014,461	12,742,336
Harford	3,580	6,459,072	10,382,841	0	16,841,913
Howard	6,393	11,083,908	18,541,041	0	29,624,949
Montgomery	14,358	24,421,013	41,638,810	0	66,059,823
Prince George's	8,777	17,242,607	25,452,447	0	42,695,054
Southern Maryland	4,275	7,344,178	12,397,756	0	19,741,934
Wor-Wic	1,933	4,258,372	5,605,888	1,014,461	10,878,721
<b>Total</b>	<b>73,461</b>	<b>\$134,923,347</b>	<b>\$213,036,864</b>	<b>\$7,101,227</b>	<b>\$355,061,438</b>

FTE: full-time equivalent

<sup>1</sup> Based on formula distribution from the prior fiscal year.

<sup>2</sup> Based on the distribution of full-time equivalent students in the second prior fiscal year.

<sup>3</sup> Distributed equally among the colleges with less than 80% of the statewide median of full-time equivalent students in the second prior fiscal year. For fiscal 2023, 80% of the median equaled 2,827.84 full-time equivalent students.

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

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

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### Other Community College State Aid Programs

Community colleges also receive State support from several smaller grant programs summarized in **Exhibit 7.7**. In fiscal 2023, the miscellaneous grant programs totaled \$18.6 million, a \$0.2 million increase from fiscal 2021.

**Exhibit 7.7**  
**Other Grant Funding for Community Colleges**  
**Fiscal 2023**

<u>College</u>	<u>Small College Grants<sup>1</sup></u>	<u>Health Manpower Shortage Program<sup>2</sup></u>	<u>Garrett County/West Virginia Reciprocity Program</u>	<u>Somerset County Reimbursement Program</u>	<u>English for Speakers of Other Languages</u>	<u>Other State Aid Total</u>
Allegany	\$1,577,401	\$0	\$0	\$0	\$0	\$1,577,401
Anne Arundel	0	0	0	0	195,912	195,912
Baltimore	0	0	0	0	263,360	263,360
Carroll	1,217,401	0	0	0	26,712	1,244,113
Cecil	1,217,401	0	0	0	40	1,217,441
College of Southern Maryland	0	0	0	0	43,216	43,216
Chesapeake	1,217,401	0	0	0	57,664	1,275,065
Frederick	0	0	0	0	137,264	137,264
Garrett	1,457,401	0	104,874	0	0	1,562,275
Hagerstown	1,217,401	0	0	0	34,096	1,251,497
Harford	0	0	0	0	11,280	11,280
Howard	0	0	0	0	209,576	209,576
Montgomery	0	0	0	0	1,345,112	1,345,112
Prince George's	0	0	0	0	675,216	675,216
Wor-Wic	1,217,401	0	0	355,583	26,888	1,599,872
Unallocated	0	6,000,000	0	0	0	6,000,000
<b>Total</b>	<b>\$9,121,807</b>	<b>\$6,000,000</b>	<b>\$104,874</b>	<b>\$355,583</b>	<b>\$3,026,336</b>	<b>\$18,608,600</b>

<sup>1</sup> Includes additional small college grants of \$360,000 for Allegany College and \$240,000 for Garrett College.

<sup>2</sup> Funds for the Health Manpower Shortage Program will be allocated depending on enrollment in certain programs.

Source: Department of Legislative Services

### **Small College Grants**

When the Cade formula began, it put a greater emphasis on enrollment as the basis for distributing funds and less of a focus on prior year funding. As a result, State funding to the smaller community colleges decreased. To account for this reduction, Chapter 105 of 1997 provided additional grants to seven small community colleges as specified in statute. Chapter 570 of 1998 required funding to equal \$2.0 million from fiscal 1999 through 2002, also specified in statute. Chapter 584 of 2000 increased the small college grants to \$2.5 million in fiscal 2003 and provided for inflationary adjustments each fiscal year thereafter. The annual increase is tied to the percentage increase in funding to public four-year institutions of higher education. Chapter 330 of 2017 increased unrestricted grants to small colleges by approximately \$1.7 million annually beginning in fiscal 2019. In fiscal 2023, seven colleges received \$1.2 million each through the Small College Grants.

In addition, Chapter 350 of 2002 provided Allegany College and Garrett College annual unrestricted grants of \$360,000 and \$240,000, respectively, which are not increased for inflation. As shown in Exhibit 7.7, small college aid totaled \$9.1 million in fiscal 2023.

### **Tuition Programs**

For certain students, the State pays some or all of the difference between in-county and out-of-county or out-of-state tuition rates at community colleges. The three tuition programs are described below, and the fiscal 2023 funding for each program is shown in Exhibit 7.7.

- The Health Manpower Shortage Program (\$6.0 million in fiscal 2023) pays the difference between in-county and out-of-county or out-of-state tuition rates for students enrolled in certain health programs.
- The Garrett County/West Virginia Reciprocity Program (\$104,874 in fiscal 2023) allows students from West Virginia to attend Garrett College at in-county rates with the State paying Garrett College an amount equal to full formula support for each full-time equivalent West Virginia student enrolled under the agreement.
- The Somerset County Reimbursement Program (\$355,583 in fiscal 2023) allows students from Somerset County to attend Wor-Wic Community College at in-county rates with the State paying half of the difference between in-county and out-of-county rates and Somerset County paying the other half.

### **English for Speakers of Other Languages**

This program provides additional State funding to community colleges based on enrollment of students in English for speakers of other languages programs at the community colleges. Each college receives \$800 per qualified full-time equivalent student. Chapter 658 of 2013 increased the annual State limit on program funding to \$8.0 million from the prior cap of \$6.0 million. As

shown in Exhibit 7.7, fiscal 2023 State aid for the program totaled \$3.0 million at local community colleges.

### **Funding for Baltimore City Community College**

Baltimore City Community College became a State agency on July 1, 1990, when the State assumed full funding for the college. The State assumed full funding for the college primarily due to management inefficiencies and ineffectiveness at the college and to assist Baltimore City with its financial difficulties. Because it is a State agency, the financing of Baltimore City Community College is different from the funding structures supporting the 15 locally controlled community colleges.

As with the locally controlled community colleges, annual State funding for Baltimore City Community College is determined by a formula that bases per pupil funding for the college on a set statutory percentage of current-year State appropriations per full-time equivalent student at selected public four-year institutions of higher education. The resulting per student amount is multiplied by the number of full-time equivalent students enrolled at the college in the second preceding fiscal year to calculate a total formula amount.

Similar to the State funding for locally controlled community colleges, Baltimore City Community College's formula contains a hold harmless component to bring total State funding up to the previous year's level. Because of declining enrollment resulting in lower funding under its calculated formula, Baltimore City Community College has received State funding according to this hold harmless provision since fiscal 2016 in the amount of \$39.8 million. As a result of cost-of-living adjustments, merit increases, and one-time bonuses provided to the college in fiscal 2022 and 2023, the new hold harmless amount as of fiscal 2023 totals \$43.5 million.

Due to budget constraints, Baltimore City Community College's formula percentages were revised in the 2011 and 2012 sessions (Chapter 397 of 2011 and Chapter 1 of the first special session of 2012). Fiscal 2023 is the first year the percentage used in the formula is the maximum statutory target of 68.5%.

In addition to formula funding, Baltimore City Community College also qualifies for additional State funding to provide instruction and services to students enrolled in an English for speakers of other languages program. The college receives an additional \$800 for each full-time equivalent student qualifying for the program. Chapter 658 of 2013 raised the program cap for Baltimore City Community College from \$1.0 million to \$1.3 million. In fiscal 2023, funding for the program added approximately \$0.2 million to the State formula amount for Baltimore City Community College, bringing the fiscal 2023 appropriation to \$43.7 million. This is an increase of 17.2% from the fiscal 2021 State appropriation of \$37.3 million (after the hold harmless amount of \$39.5 million was reduced as a result of a cost-savings action by the Board of Public Works).

Outside of State funding, the largest source of unrestricted funding for Baltimore City Community College is student tuition and fees. The fiscal 2023 State budget estimated

\$14.2 million in tuition and fee revenues for the college as well as \$5.1 million in auxiliary enterprises and other unrestricted revenues. The fiscal 2023 budget also included \$20.7 million in restricted revenues: \$11.4 million in federal grants; and \$9.3 million in contracts and other sources. Total fiscal 2023 funding for the college was estimated at \$83.6 million, up 18.2% from the fiscal 2021 funding level of \$70.7 million.

### **Community College Teachers' Retirement**

Qualifying local community college employees are eligible to be members of one of two defined benefit plans. The first plan, available to employees hired before 1980, is the State Teachers' Retirement System. The second plan, available to employees hired in 1980 or after, is the State Teachers' Pension System. Both systems are maintained and paid for by the State and guarantee a monthly retirement allowance based on a predetermined formula.

Since 1975, the State has also offered a defined contribution plan, the Optional Retirement Program, in which certain community college employees may choose to enroll instead of enrolling in a defined benefit plan. Under this program, the employer is required to make contributions toward investment products, but the employee contribution toward investment products is voluntary. The performance of the investment products determines the amount available to the employee upon retirement. Since 2009, the community colleges have been responsible for administering the Optional Retirement Program for their employees.

In fiscal 2021, the State spent \$62.0 million for community college teachers' retirement: \$45.4 million on the defined benefit plans; and \$16.6 million on the Optional Retirement Program. By fiscal 2023, the total cost of community college teachers' retirement declined slightly to \$61.7 million: \$45.0 million for the defined benefit plans; and \$16.7 million for the Optional Retirement Program. **Exhibit 7.8** shows the distribution of fiscal 2023 State payments for the defined benefit plans and the Optional Retirement Program.

**Exhibit 7.8**  
**State Payments for Community College Teachers' Retirement**  
**Fiscal 2023**  
**(\$ in Thousands)**

<b><u>College</u></b>	<b><u>Defined Benefit Plans</u></b>	<b><u>Optional Retirement Program</u></b>	<b><u>Total</u></b>
Allegany	\$1,633	\$266	\$1,899
Anne Arundel	4,782	1,988	6,770
Baltimore	6,695	3,088	9,783
Carroll	1,085	475	1,560
Cecil	644	273	917
Chesapeake	1,012	289	1,301
Frederick	1,911	813	2,725
Garrett	455	105	560
Hagerstown	1,343	547	1,890
Harford	2,286	824	3,109
Howard	3,272	1,471	4,744
Montgomery	10,901	3,304	14,205
Prince George's	5,692	2,020	7,711
Southern Maryland	1,968	922	2,890
Wor-Wic	1,295	315	1,610
<b>Total</b>	<b>\$44,974</b>	<b>\$16,700</b>	<b>\$61,674</b>

Note: Numbers may not sum to total due to rounding. Estimates by colleges are based on each college's projected salary base for all colleges. Does not include Baltimore City Community College because it is a State institution.

Source: Department of Legislative Services

Under Chapter 397, beginning in fiscal 2012, community colleges are charged a share of retirement system administrative costs based on the number of their employees who are members of the Teachers' Retirement System or Teachers' Pension System. Chapter 397 also initiated State reinvestment of a portion of the savings generated by retirement/pension benefit change by making supplemental State contributions into the State Retirement and Pension System of Maryland trust fund.

## County Funding

### Locally Controlled Community Colleges

As shown in Exhibit 7.3, county appropriations to all 16 community colleges totaled \$461.1 million in fiscal 2021 and represented 28.9% of total funding for the colleges. Of the \$461.1 million, county appropriations to the 15 locally operated community colleges totaled \$460.1 million. The amount provided by each county government is governed by a maintenance of effort provision, which requires counties to provide at least as much funding for community colleges as they provided in the previous fiscal year. Counties must adhere to the maintenance of effort requirement in order to receive aid increases or the hold harmless component under the Cade formula. If the local appropriation for a college is reduced from one fiscal year to the next, the college receives no more than the amount of Cade funding that it received in the previous year. For regional colleges with more than one supporting county, local support in the aggregate must be at least as much as was provided in the previous year. However, the maintenance of effort requirement does not apply when State funding does not increase or declines from one fiscal year to the next.

Maintenance of effort sets a minimum local contribution for each college, but the amount, if any, provided above the minimum is a local decision influenced by certain factors. For example, counties with larger tax bases are able to provide more funding for their colleges, and counties where greater numbers of citizens attend the colleges may also decide to provide additional support. **Exhibit 7.9** shows total county appropriations and county appropriations per pupil for fiscal 2021. County appropriations varied from \$3,455 per full-time equivalent student at Hagerstown Community College to \$9,723 at Garrett Community College, with a statewide average of \$5,336 per full-time equivalent student. Exhibit 7.9 also shows the relationship between the two primary county tax bases (taxable income and assessable real property) and county appropriations. The exhibit displays a range of support for community colleges relative to local tax bases. In particular, Garrett and Allegany counties utilize higher percentages of their local tax bases in support of their local colleges than other jurisdictions.

**Exhibit 7.9**  
**County Appropriations to Community Colleges**  
**Fiscal 2021**

<u>College</u>	<u>County</u> <u>Appropriation</u>	<u>Per Pupil FTE</u> <u>Appropriation</u>	<b>Community College Funding as a Percent of Local Tax Bases</b>	
			<u>Net Taxable</u> <u>Income</u>	<u>Real Property</u> <u>Tax Base</u>
Allegany	\$7,706,856	\$5,232	0.755%	0.212%
Anne Arundel	51,798,392	4,929	0.247%	0.057%
Baltimore	56,600,676	3,727	0.221%	0.065%
Carroll	11,994,568	5,271	0.215%	0.060%
Cecil	12,288,511	8,342	0.533%	0.119%
Chesapeake	6,985,150	3,933	0.144%	0.028%
Frederick	20,267,658	5,010	0.246%	0.063%
Garrett	5,466,435	9,723	0.978%	0.123%
Hagerstown	9,639,394	3,455	0.314%	0.075%
Harford	17,748,399	4,109	0.230%	0.062%
Howard	38,764,098	5,341	0.266%	0.073%
Montgomery	148,524,066	9,317	0.298%	0.076%
Prince George's	44,133,477	3,946	0.231%	0.045%
Southern Maryland	19,127,502	4,007	0.183%	0.044%
Wor-Wic	9,004,332	3,690	0.262%	0.038%
<b>Total/Average</b>	<b>\$460,049,514</b>	<b>\$5,336</b>	<b>0.259%</b>	<b>0.063%</b>

FTE: full-time equivalent

Source: Maryland Higher Education Commission; Department of Legislative Services

### **Baltimore City Community College**

State law requires Baltimore City to provide \$1.0 million annually for Baltimore City Community College. Of this amount, at least \$400,000 must be used each year to support tuition reimbursement or scholarships for students at the college. The remaining amount must be spent in a manner consistent with the mission of the college.

## Tuition and Fees

**Exhibit 7.10** shows annual tuition and mandatory fees for full-time students who are residents of the service area for each of the community colleges for fiscal 2017 and 2021. The average cost of tuition and fees for the 2020-2021 academic year (fiscal 2021) for a full-time student who was a resident of the service area was \$4,660. Community colleges charge higher tuition rates for Maryland students from other regions of the State and an even higher tuition rate for nonresidents of Maryland. Baltimore City Community College, as a State agency, charges only one tuition rate for all in-State students.

**Exhibit 7.10**  
**Tuition and Fees for Full-time Students at Community Colleges**  
**Fiscal 2017 and 2021**

<u>College</u>	<u>2017</u>	<u>2021</u>	<u>Percent Change</u>
Allegany	\$3,940	\$4,920	25%
Anne Arundel	4,100	4,400	7%
Baltimore City	4,606	5,016	9%
Baltimore	3,196	3,314	4%
Carroll	4,884	5,016	3%
Cecil	3,660	4,770	30%
Chesapeake	4,760	4,850	2%
Frederick	4,385	4,669	6%
Garrett	4,230	4,260	1%
Hagerstown	3,990	4,170	5%
Harford	4,553	4,783	5%
Howard	4,848	5,110	5%
Montgomery	4,974	5,322	7%
Prince George's	4,700	4,670	-1%
Southern Maryland	4,613	4,913	7%
Wor-Wic	3,750	4,380	17%
<b>Average</b>	<b>\$4,324</b>	<b>\$4,660</b>	<b>8%</b>

Note: The data shows annual tuition and mandatory fees for full-time students who are residents of the county or service area.

Source: Maryland Association of Community Colleges – 2018 and 2021 Databook

As shown in Exhibit 7.10, community college tuition and fees increased an average of 8% from fiscal 2017 to 2021. Cecil College had the highest increase in tuition and fees (30%), while Prince George's Community College decreased tuition and fees by 1%. In an effort to make

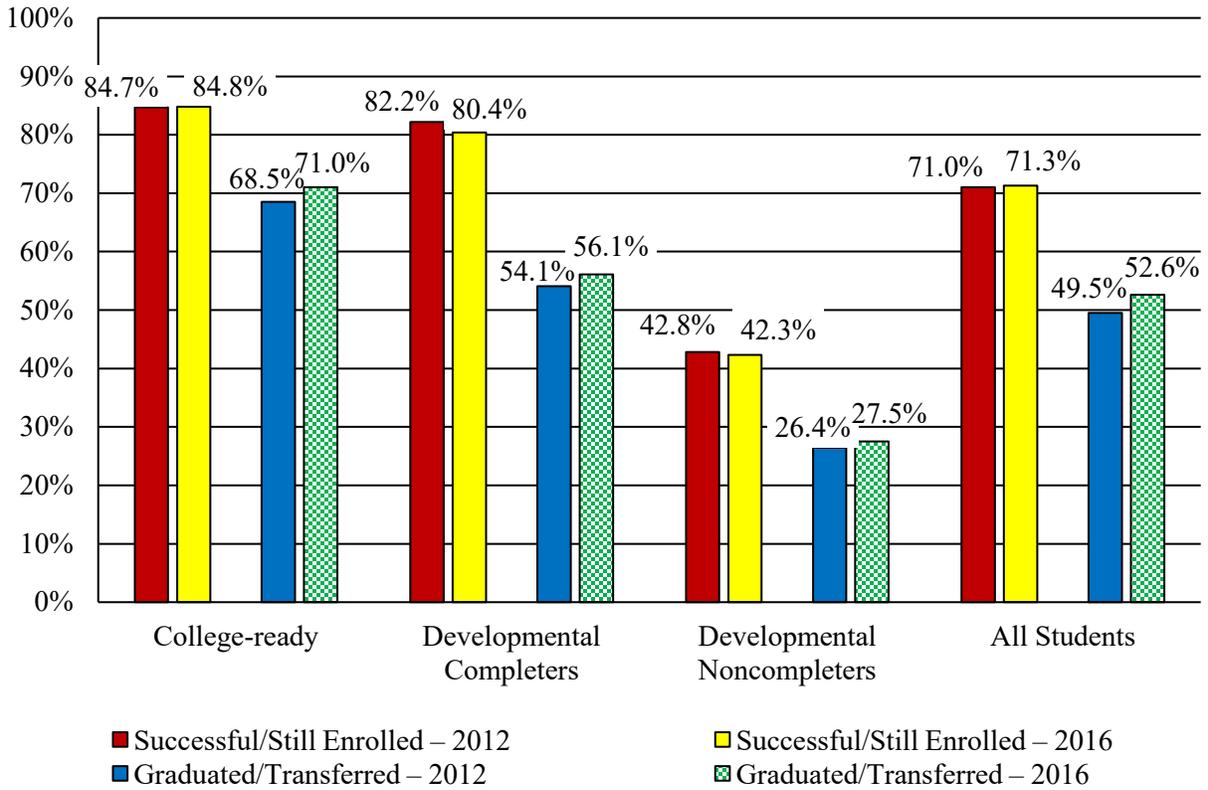
community college more affordable, Chapter 554 of 2018 capped the increase of in-county tuition rates to no more than the higher of the increase in the three-year rolling average of the State's median family income or 4% over the prior year tuition rate. Also, beginning in fiscal 2019, the Maryland Community College Promise Scholarship provides \$15 million in scholarship funds to enable some qualified students who meet academic and income eligibility standards to attend their local community colleges without paying tuition or fees. For further information regarding the Maryland Community College Promise Scholarship see "Chapter 9. Tuition Policies, Financial Aid, and Saving for College" of this handbook.

## Successful Persister and Graduation/Transfer Rates

Students enrolling at community colleges may have different goals than those who enroll at a four-year institution of higher education. Community college students often have greater needs for developmental coursework, and obtaining an associate or bachelor's degree may not be the top priority. As such, it is difficult to directly compare the outcomes of students in community colleges versus four-year institutions. For community college performance, instead of graduation rates, successful persister rates are used. A successful persister is a student who attempted 18 or more credits in the first two years of study and who, after four years, is still enrolled, has graduated, or has transferred to another higher education institution.

Successful persister rates of three subgroups of students are measured: college ready; developmental completers (those who need developmental coursework and complete needed courses within four years); and developmental noncompleters (those who need developmental coursework and have not completed recommended coursework in four years). **Exhibit 7.11** shows the successful persister rate for all three subgroups and for all students in the 2012 and 2016 cohorts. Successful persister rates for college ready and developmental completers are comparable, while graduation/transfer rates are highest for college-ready students. Overall, after four years, 71.3% of students first enrolled in fall 2016 were still enrolled, and 52.6% had graduated or transferred. These figures are very similar to the 2012 cohort's respective rates of 71.0% and 49.5%. Over several years of data, developmental completers routinely perform at the same level or better than students who enter as college ready, while developmental noncompleters have much lower success rates. Improving the developmental coursework pipeline is an ongoing effort within the community college sector.

**Exhibit 7.11**  
**Persistence Four Years After Initial Enrollment in Community College**  
**2012 and 2016 Cohorts**



Note: A successful persister is a student who attempts at least 18 credits in the first two years, and who, after four years, is still enrolled, has graduated, or has transferred.

Source: Maryland Association of Community Colleges

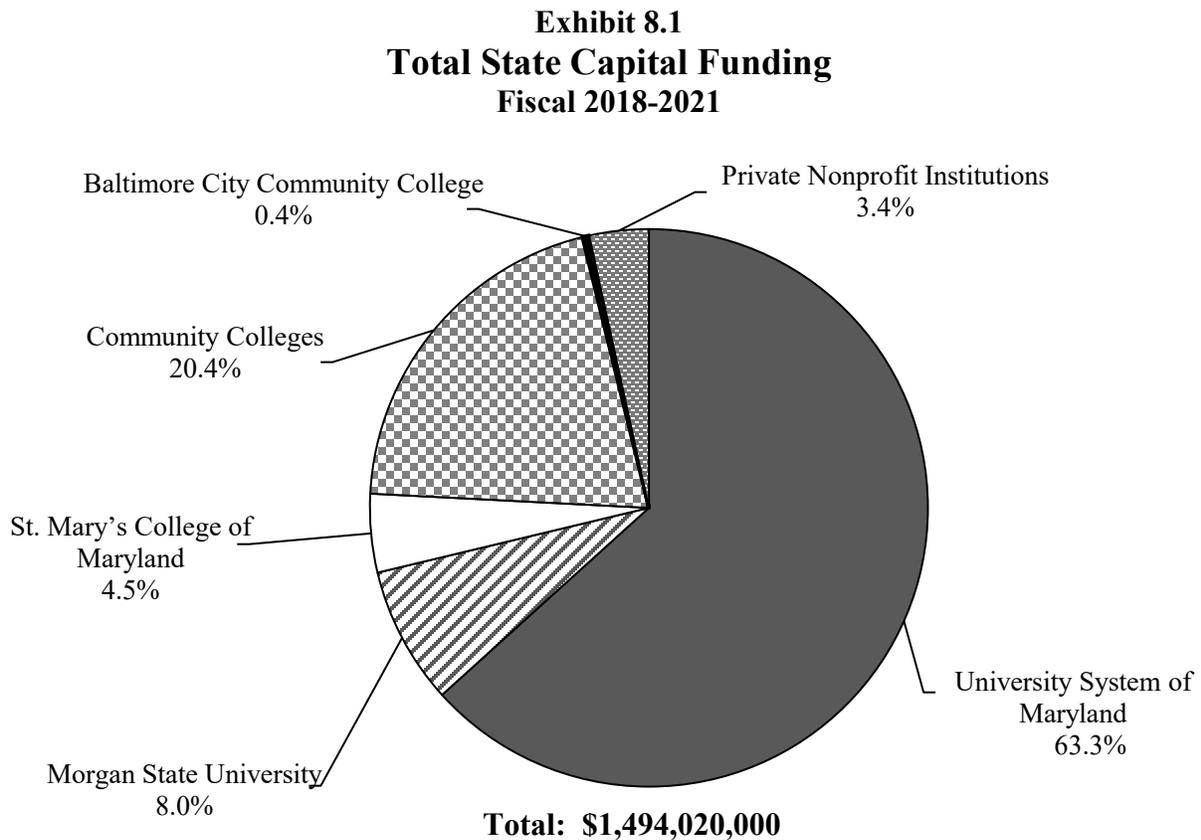
## Chapter 8. Higher Education Capital Funding

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### State Capital Funding

As shown in **Exhibit 8.1**, State capital funding for higher education institutions between fiscal 2018 through 2021 totaled just under \$1.5 billion. Public four-year institutions received the largest share of State-supported capital funds (\$1.1 billion, or 75.8%), with community colleges receiving the next largest share (\$310.0 million, or 20.8%). Of the \$1.1 billion that public four-year institutions received, \$0.9 billion went to institutions within the University System of Maryland. This figure includes \$69.6 million of academic revenue bonds that are issued directly by the University System of Maryland and authorized by the General Assembly annually through legislation apart from the State's capital budget.

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

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Like the University System of Maryland, Morgan State University, St. Mary's College of Maryland, and Baltimore City Community College are also authorized to issue academic revenue bonds with legislative approval, although Baltimore City Community College has not yet exercised

this authority. Separate limits on the maximum aggregate principal amount of academic revenue bonds that each of these institutions may issue are set in statute. Conversely, these institutions are all subject to the same 33-year maximum term to finance academic revenue bonds, which was increased from 20 years by Chapter 233 of 2022.

**Exhibit 8.2** shows funding by institution or segment of higher education from fiscal 2018 through 2021. Fiscal year totals can vary widely by institution and segment because funding for projects is based on funding availability and project sequencing. In fiscal 2021, the State capital budget authorized a total of \$414.2 million for all segments of higher education.

**Exhibit 8.2**  
**Capital Funding by Type of Institution**  
**Fiscal 2018-2021**  
**(\$ in Thousands)**

<b><u>Institution</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Bowie State University	\$0	\$1,500	\$6,500	\$6,250
Coppin State University	1,336	1,634	0	7,963
Frostburg State University	1,000	2,000	6,200	35,069
Salisbury University	0	0	0	0
Towson University	26,300	63,744	73,491	7,437
University of Baltimore	3,750	0	0	0
UM, Baltimore Campus	6,490	11,064	13,159	9,944
UM Baltimore County	40,249	68,159	5,522	7,041
UM, College Park Campus	115,872	34,497	21,104	25,000
UM Eastern Shore	3,048	0	11,023	67,287
UM Global Campus	0	0	0	0
UM Center for Environmental Science	0	0	0	1,448
USM Office <sup>1</sup>	105,651	40,114	40,599	74,202
<b><i>Subtotal, USM Institutions</i></b>	<b><i>\$303,696</i></b>	<b><i>\$222,712</i></b>	<b><i>\$177,598</i></b>	<b><i>\$241,641</i></b>
Morgan State University	\$10,360	\$46,521	\$41,963	\$20,233
St. Mary's College of Maryland	9,832	6,005	16,971	35,150
Community Colleges	57,552	60,095	86,005	100,524
Baltimore City Community College	0	365	874	4,623
Private Nonprofit Institutions	9,700	12,000	17,600	12,000
<b>Total</b>	<b>\$391,140</b>	<b>\$347,698</b>	<b>\$341,011</b>	<b>\$414,171</b>

UM: University of Maryland

USM: University System of Maryland

<sup>1</sup> USM Office capital appropriation includes facility renewal funding for projects that is distributed to individual institutions and funding for projects at the Universities at Shady Grove and USM at Southern Maryland.

Note: Includes academic revenue bonds.

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

## Public Four-year Institutions

The University System of Maryland, Morgan State University, and St. Mary's College of Maryland all have five-year capital improvement plans, which provide a framework for growth and development of campus capital improvements based on current and projected needs and include planned new facilities and facilities renewal projects. Five-year capital improvement plans are required as part of the State's capital budget process. Proposed projects must be part of an approved five-year plan in order to be included in the State's five-year capital improvement plan known as the *Capital Improvement Program*, which reflects projects proposed to be funded by the State in the upcoming capital budget and over the next four years.

In fiscal 2021, funding for public four-year institutions accounted for 71.7% of the capital budget, including both general obligation bonds and academic revenue bonds. In addition, a significant number of higher education projects are funded independent of the State's capital budget using auxiliary revenue bonds, cash, or external sources. In fiscal 2021, University System of Maryland projects funded independent of the State's capital budget totaled \$77.9 million. Most of these projects are auxiliary related, such as residence halls, athletic facilities, or parking garages, and are generally not eligible for general obligation bond funding.

## Regional Higher Education Centers

Regional higher education centers receive capital funding to support the delivery of higher education to unserved and underserved areas of the State or to support areas where it is determined that there is a need (*e.g.*, specific workforce development or skills training). Capital funding can support construction, operation, or maintenance of a physical plant consistent with the approved mission statement of the regional higher education center. Capital funding for the independent regional higher education centers is distributed directly to the centers, while capital funding is distributed to the University System of Maryland Office for the three regional higher education centers within the University System of Maryland.

## Baltimore City Community College

As Maryland's only State-operated community college, Baltimore City Community College has a five-year plan for capital improvements similar to the public four-year institutions. Projects funded by the State must go through the State's capital budget process.

## Locally Controlled Community Colleges

Community colleges receive State grant assistance for construction or improvement of facilities through two programs: the Community College Construction Grant Program; and the Community College Facilities Renewal Grant Program, both of which are administered by the Maryland Higher Education Commission. For the construction grant program, the level of State assistance is determined by two criteria: the proportion of a project that meets the eligibility requirements for State support; and the State/local cost-sharing formula prescribed by statute. For

regional colleges, State support may provide up to 75% of project costs, while other community colleges may receive between 50% and 70%, depending on the wealth of the jurisdiction. Grants are funded through general obligation bonds issued by the State. For the renewal grant program, grants are provided for improvements, repairs, and deferred maintenance projects that total less than \$1.0 million and were submitted to the commission as part of an annual master plan or 10-year master plan. The statute requires the Governor to include in the annual budget of the Maryland Higher Education Commission an appropriation to the renewal grant program in an amount equal to 5% of the annual appropriation for the construction grant program. The statute also specifies that the appropriation to the renewal grant program must be in addition to, and may not supplant, the amount appropriated to the construction grant program in the State budget.

In fiscal 2021, community colleges eligible for funding through the State grant program received a total of \$100.5 million, with varying amounts received by each institution. **Exhibit 8.3** shows the amounts distributed to each community college for the most recent fiscal year (a total of \$111.2 million for fiscal 2023). Projects may be funded over multiple fiscal years, which is known as split-funding. Split-funding recognizes that construction projects may take several years and allows more projects to receive funding during a fiscal year. Community colleges may use local or other funding to pay for construction projects that are ineligible for State support or if the institution does not want to wait for the project to be funded by the State.

At the request of the General Assembly, community colleges began to submit their capital budget requests in priority order in the 2008 session. The community colleges developed a priority formula with which to rate and rank capital projects, which allows the budget committees to better understand the State's most pressing needs. The formula takes into account current and projected space needs, type of project, project phase, and individual campus priorities.

**Exhibit 8.3**  
**Authorized Capital Funding for Community Colleges**  
**Fiscal 2023**  
**(\$ in Thousands)**

	<u>Total</u>	<u>Percent of State Total</u>
Allegany	\$938	0.8%
Anne Arundel	938	0.8%
Baltimore City <sup>1</sup>	14,043	12.6%
Baltimore	7,383	6.6%
Carroll	4,608	4.1%
Cecil	938	0.8%
Chesapeake	2,260	2.0%
Frederick	1,357	1.2%
Garrett	1,357	1.2%
Hagerstown	5,346	4.8%
Harford	9,012	8.1%
Howard	16,151	14.5%
Montgomery	11,470	10.3%
Prince George's	18,938	17.0%
Southern Maryland	4,042	3.6%
Wor-Wic	12,463	11.2%
<b>Total</b>	<b>\$111,236</b>	

<sup>1</sup> In addition to funding from the Community College Construction Grant Program and the Community College Facilities Renewal Grant Program, this amount includes \$10.5 million in deferred maintenance and \$2.2 million for a learning commons renovation and addition.

Note: Numbers may not sum to total due to rounding. In fiscal 2023, funding for the Community College Facilities Renewal Grant Program included \$15.0 million in general funds from the Dedicated Purpose Account. The Dedicated Purpose Account was established in 1986 to retain appropriations for major, multi-year expenditures where the magnitude and timing of cash needs are uncertain and to meet expenditure requirements that may be affected by changes in federal law or fiscal policies or other contingencies. This funding will be allocated equally among all 16 community colleges, including Baltimore City Community College.

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

### Private Nonprofit Institutions

Capital funds are provided for grants to assist the State's private nonprofit institutions with the cost of constructing and renovating academic facilities and infrastructure through the Private Higher Education Facilities Grant Program, which was established in 1976. The grants leverage

institutional resources and private donations, which must be at least equal to the State appropriation for each project. Grants are funded through general obligation bonds issued by the State. The capital grant requests of the private nonprofit institutions are prioritized by the Maryland Independent College and University Association and submitted to the Maryland Higher Education Commission and the Department of Budget and Management. From fiscal 2018 through 2021, the State authorized \$51.3 million in grants for this program.

## **Chapter 9. Tuition Policies, Financial Aid, and Saving for College**

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### **Statewide Tuition Policy**

The governing boards of the public four-year institutions and community colleges generally set the tuition and fee rates for their campuses. Tuition and fees charged to students at public four-year institutions and community colleges are discussed further in “Chapter 6. Public Four-year Institutions” and “Chapter 7. Community Colleges” of this handbook. However, the State does set broad policies regarding tuition rate exemptions and waivers for specific categories of students.

### **Tuition Rates at Public Institutions for Undocumented Students**

Legislation authorizing specified undocumented students to receive in-state tuition benefits passed the General Assembly in 2003 but was vetoed by the Governor. Eight years later, Chapter 191 of 2011 exempted individuals who attended and graduated from Maryland high schools from paying out-of-state tuition and out-of-county tuition under specified circumstances at public institutions of higher education in the State, if the individual begins postsecondary education at a community college. Chapter 191 was petitioned to referendum, and during the 2012 general election 58% of the voters affirmed the law, which took effect immediately upon certification. Chapters 1 and 7 of 2020 expanded the circumstances under which an individual is exempt from paying the out-of-state rate, including removing the requirement that an individual earn an associate’s degree or 60 credits at a community college prior to receiving in-state tuition at a public four-year institution.

The exemption applies regardless of residency status and includes undocumented students. However, nonimmigrant aliens, such as individuals on student visas and certain work visas or individuals who are diplomats and do not intend to stay in the country, do not qualify for the exemption.

To qualify for an exemption from paying the out-of-state tuition rate at a community college or public four-year institution, an individual must (1) have attended a public or nonpublic secondary school in the State; (2) have graduated from a public or nonpublic secondary school in the State or received the equivalent of a high school diploma in the State; (3) register as an entering student at a public institution of higher education in the State no later than six years from graduating high school or receiving the equivalent of a high school diploma; (4) provide to the institution documentation that the individual’s parent or legal guardian has filed a Maryland income tax return annually for the three-year period before the academic year in which the tuition rate exemption would apply; (5) in the case of an individual who is not a permanent resident, provide to the institution an affidavit stating that the individual will file an application to become a permanent resident within 30 days after the individual becomes eligible to do so; and (6) in the

case of an individual who is required to register with the selective service system, provide to the institution documentation that the individual has complied with the requirement.

## **Tuition Waivers**

Public institutions of higher education in the State are required to waive tuition for higher education employees and their spouses and dependents, veterans, individuals with disabilities, foster care recipients, homeless youth, and senior citizens. In addition, certain fees may be waived for victims of human trafficking.

### **Higher Education Employees**

Tuition must be waived for faculty and employees of public institutions of higher education in the State, and their children, if they attend a public institution in the State. Public four-year institutions generally offer tuition waivers to employees and their spouses and dependents, although the benefits vary by institution. Public institutions may also waive the cost of room and board for employees and their spouses and dependents. A full-time classified employee of a community college who enrolls in any class at the community college is exempt from paying tuition if the class has at least 10 regularly enrolled students.

### **Veterans**

Active duty members and spouses and financially dependent children of members of the U.S. Armed Forces, along with honorably discharged veterans and members of the National Guard, are exempt from paying out-of-state tuition at a public institution of higher education in the State if the individual resides in or is domiciled in Maryland. All eligible individuals who live in or move to Maryland may pay in-state tuition without meeting a residency requirement and without attending and graduating from a high school in the State.

Additionally, each community college in the State is required to (1) employ at least one individual whose job duties include providing comprehensive and intensive enrollment and advising services to current and prospective students who are veterans; (2) ensure all student advisors are trained on the unique needs and resources available to students who are veterans; and (3) establish a veterans resource center on campus.

### **Individuals with Disabilities**

A community college tuition waiver exists for any resident of Maryland who is out of the workforce because of total and permanent disability and receives disability or retirement benefits. The disability must be certified by the Social Security Administration, the Railroad Retirement Board, or the individual's federal retirement or pension authority. To receive the waiver, an individual must apply for any State or federal student financial aid, other than a student loan, for which the individual may qualify. Any financial aid received by the individual must be applied first to pay the individual's tuition. The waiver applies only to the difference, if any, between the charge for tuition and the financial aid award that the individual received.

### **Foster Care Recipients**

A tuition and mandatory fee waiver program exists at public institutions of higher education for the following individuals: (1) specified children in foster care; (2) foster care children who were adopted from an out-of-home placement; (3) specified individuals who were in an out-of-home placement; (4) individuals who resided in an out-of-home placement at the time the individual graduated from high school or successfully completed a GED; and (5) individuals who are placed into guardianship, individuals who are adopted from an out-of-home placement by a guardianship family, or individuals who were in foster care out-of-state and who meet the same qualifications as eligible individuals who were in foster care in the State. The tuition waiver applies regardless of any other scholarship or grant a foster care recipient receives. In addition, if the public institution provides on-campus housing, a foster care recipient who is exempt from paying tuition must receive priority consideration for on-campus housing.

### **Homeless Youth**

A tuition waiver is also available for a homeless youth who has a consistent presence in the State for at least one year before enrollment in a public institution of higher education and has been verified as a homeless child or youth as defined by the federal McKinney-Vento Homeless Assistance Act at any time during the 24 months immediately preceding the youth's enrollment in the public institution. The tuition waiver applies regardless of any other scholarship or grant a homeless youth receives. In addition, if the public institution provides on-campus housing, a homeless youth who is exempt from paying tuition must receive priority consideration for on-campus housing.

### **Persons 60 Years or Older**

A community college is required to waive the tuition of a course for individuals 60 years or older when course space is available. This waiver counts only toward tuition; it does not apply to fees for an application, registration, administration, or laboratory work. In addition to these requirements, the senior citizen waivers at University System of Maryland institutions, Morgan State University, and St. Mary's College of Maryland require that the individual not be employed full time and the individual's chief income be derived from retirement benefits. The waiver for tuition may only be used for up to three courses per term, and an institution may not allow a senior citizen to enroll in a degree-granting program, unless the senior citizen meets the admission standards of the institution.

### **Victims of Human Trafficking**

A community college is authorized to waive the out-of-county or out-of-region fee for a student who is a victim of human trafficking. A victim of human trafficking is defined as an individual who has been recruited, harbored, transported, provided, or obtained for labor, services, or a sexual act through the use of force, fraud, or coercion.

## **Residency Waivers**

Under the residency requirement, a student must have resided in Maryland for one year to be considered a State resident and receive in-state tuition status at a public institution of higher education. However, there are exceptions to the residency requirement for public school teachers, children of certain public safety employees or school employees, students in health workforce shortage areas, border state residents, and AmeriCorps, Maryland Corps, or Peace Corps participants.

### **Public School Teachers**

For tuition purposes, a public four-year institution of higher education and a community college is required to waive the in-state residency requirement for a full-time public school teacher who has been employed as a public school teacher in the State for less than a year and is taking a course or program required by the county board of education.

### **Children of State or Local Public Safety Employees or School Employees**

A child or stepchild of a State or local public safety employee or school employee killed in the line of duty is exempt from paying the nonresident tuition rate at a public institution of higher education in the State.

### **Health Workforce Shortage Areas**

A student at a community college who is enrolled in a program to become a licensed nurse must be classified as an in-county resident for purposes of tuition if the student agrees to work in a hospital or related institution in Maryland for at least two years. This benefit applies as long as the Secretary of Health determines that there is a shortage of nurses in Maryland. Additionally, State residents enrolled in health manpower shortage areas as determined by the Maryland Higher Education Commission must only be charged the in-county tuition rate.

### **Border State Residents**

Of the 16 community colleges in the State, 13 have service areas that border another state or the District of Columbia. A student who is not a resident of Maryland and attends a community college in the State is required to pay an out-of-state fee that is at least equal to an amount calculated in accordance with a formula specified in statute. The out-of-state fee is in addition to the tuition and fees payable by a county resident. The boards of trustees of a community college located in a jurisdiction that borders another state may set an out-of-state fee that is more than the out-of-county fee but less than the out-of-state fee required by statute.

### **AmeriCorps and Maryland Corps Participants**

An individual who has completed all service hours for an AmeriCorps or Maryland Corps program in the State is exempt from paying the nonresident tuition rate at a public institution of

higher education in the State. The student is responsible for the difference between in-state and out-of-state tuition if the student does not retain residence in the State for the remainder of the school year for which in-state tuition was received.

### **Peace Corps Program Participants**

A returned Peace Corps volunteer is exempt from paying nonresident tuition at a public institution of higher education in the State if the returned Peace Corps volunteer is domiciled in the State.

## **State Financial Aid**

Financial aid comes in the form of grants, work study, student loans, private loans, scholarships, and other awards from federal, State, private, and institutional resources. Grants and scholarships are aid that students do not have to pay back. Grants are usually given because a student has financial need, while scholarships are usually given to recognize a student's academic achievement, athletic ability, or other talent. Loans must be repaid, usually with interest.

The Office of Student Financial Assistance within the Maryland Higher Education Commission is responsible for the administration of State financial assistance programs. The office administers over 30 different State financial assistance programs. These programs are designed to improve access to higher education for low-income students, encourage students to major in workforce shortage areas, and encourage Maryland's brightest students to attend college within the State. Maryland students use the assistance from these programs at public four-year institutions, community colleges, private nonprofit institutions, and private career schools in the State.

As shown in **Exhibit 9.1**, State financial aid programs fall into four categories: (1) need-based aid; (2) career-based aid; (3) assistance for unique populations; and (4) legislative scholarships. Although many aid programs have criteria in two or more of these categories, and some include a merit-based component, each program is grouped according to its most prominent requirement. The programs provide funds directly to institutions of higher education to cover qualified college expenses, provide funds directly to students as reimbursement for the payment of tuition and mandatory fees, and provide assistance for the repayment of student loans. Institutions of higher education and the federal government also provide financial aid to students.

## Exhibit 9.1 State Student Financial Aid Programs

### Need-based Financial Aid

#### **Delegate Howard P. Rawlings Educational Excellence Awards (Composed of the Following Three Grants):**

Guaranteed Access Grants*	Need- and merit-based scholarships intended to meet 100% of financial need for full-time undergraduates from low-income households. Qualified applicants must have a cumulative high school grade point average of at least 2.5 on a 4.0 scale. The commission extended the income limits for renewals to 150% of the federal poverty level to prevent a student who may work in the summertime from exceeding the original 130% income cap.
Educational Assistance Grants*	Need-based scholarships intended to meet 40% of financial need at four-year institutions and 60% at community colleges for full-time undergraduates from low- to middle-income families. The maximum award amount authorized by statute is \$3,000. The current maximum amount awarded is \$3,000.
Campus-based Grants*	Need-based grants for full-time undergraduates from low-income families who, due to extenuating circumstances, miss the application filing deadline. Funds for the campus-based grants are allocated to eligible institutions that then select recipients.

#### **Other Need-based Financial Aid**

Part-time Grant Program	Need-based grants provided to institutions to award to qualified part-time undergraduate students.
Graduate and Professional Scholarship Program*	Need-based scholarships for those pursuing certain graduate and professional degrees at certain Maryland institutions of higher education.
Early College Access Grant Program	Need-based grants for students dually enrolled in a Maryland high school and a Maryland institution of higher education.
2+2 Transfer Scholarship*	Scholarship to provide an incentive for Maryland students to earn an associate degree from a community college before enrolling in a four-year institution. Recipients must demonstrate financial need. Minimum grade point average required.

Somerset Economic Impact Scholarship	Need-based scholarship for Somerset County residents who graduated from a high school in the county and attend Wor-Wic Community College. Recipients must have a family income below \$75,000.
Maryland Community College Promise Scholarship*	Scholarship to provide tuition assistance for Maryland students attending a community college covering costs not met by any other student financial aid, excluding loans (also known as a last dollar scholarship after Federal Pell Grant and State financial aid awards are calculated). Minimum grade point average and credit completion required. Recipients must be below household income requirements.
Maryland First Scholarship	Scholarship for first-generation college students with financial need. No funding has been provided through fiscal 2023.

**Career-based Financial Aid**

Charles W. Riley Fire and Emergency Medical Services Scholarship Program	Scholarship for fire, ambulance, and rescue squad workers pursuing a degree in fire services or emergency medical technology, fire service management, or public safety administration.
Cybersecurity Public Service Scholarship	Scholarship for Maryland students enrolled in programs directly relevant to cybersecurity. Minimum grade point average and service obligation requirements.
Workforce Shortage Student Assistance Grants	Merit- and need-based scholarships for Maryland students pursuing degrees in teaching, nursing, human services, physical/or occupational therapy, public service, and other areas to address workforce and regional needs.
Teaching Fellows of Maryland Scholarship*	Scholarship for students pursuing a degree leading to a Maryland professional teacher’s certificate. Requires service obligation of teaching in a public school or prekindergarten program with at least 50% of students eligible for free and reduced-price meals.
Workforce Development Sequence Scholarship*	Need-based scholarship for Maryland community college students enrolled in a program composed of courses relating to job preparation or an apprenticeship, licensure or certification, or job skill enhancement.
Maryland Police Officers Scholarship Program*	Scholarship to provide tuition assistance for students enrolled in a degree program that would further the student’s career in law enforcement at an eligible institution with the intent to be a police officer after graduation.

National Guard Tuition Assistance

The Military Department is authorized to provide assistance to a National Guard member certified as eligible by the Adjutant General equal to 100% of the cost of in-state tuition of any regularly scheduled course. Members who receive the benefit must remain active members for at least 24 months following the first day of classes for the semester. This program is administered by the Military Department.

### **Loan Assistance Repayment Programs**

Janet L. Hoffman\*

Loan repayment assistance for graduates of an institution of higher education in Maryland who work full time for the government or the nonprofit sector in a priority field as determined by the commission. Priority is given to recent graduates who are State residents and employed full time principally providing legal services to low-income residents, nursing services in nursing shortage areas in the State, or other employment fields where there is a shortage of qualified practitioners for low-income or underserved residents. Recipients must meet income eligibility requirements as determined by the commission.

Nancy Grasmick Teacher Scholars (Part of Hoffman Loan Assistance Repayment Program)

Loan repayment assistance for graduates of an institution of higher education in Maryland who currently serve in specified public schools or teach science, technology, engineering, or math.

Primary Care Physicians and Physician Assistants\*

Loan repayment assistance for individuals who currently serve or who pledge to serve as primary care physicians or physician assistants. This program is administered by the Maryland Department of Health.

Maryland Dent-Care

Loan repayment assistance designed to increase access to oral health services for Maryland Medical Assistance Program recipients.

Nurses and Nursing Assistants\*

Loan repayment assistance designed to increase access to nursing programs for nursing students. This program is administered by the Maryland Department of Health.

Police Officers\*

Loan repayment assistance designed to assist in the repayment of a higher education loan owned by police officers who meet certain criteria.

Farmers

Loan repayment assistance designed to assist farmers who have received an undergraduate or graduate degree in agriculture or an agriculture-related field, and have been farming for at least 5 years, but no more than 10 years, since obtaining the degree.

**Assistance for Unique Populations**

Jack F. Tolbert Memorial Student Grant Program*	Provides grants to private career schools to award to full-time students based on financial need.
James Proctor Scholarship Program*	Last dollar scholarships for students who attend a public historically black college or university in the State.
Edward T. and Mary A. Conroy Memorial Scholarship Program*	Scholarships for certain Maryland residents who have eligible military or public safety service and the spouses and dependents of the eligible individuals.
Jean B. Cryor Memorial Scholarship Program*	Scholarships for eligible children and spouses of school employees who are victims of an act of violence in the line of duty as a school employee and are 100% disabled as a result.
Near Completer Grant*	Grants for tuition not covered by any other nonloan financial aid for eligible near completers to return to finish their degree. Minimum grade point average and minimum credit hours completed required.
Foster Care Recipients*	Loan repayment assistance designed to increase higher education access for students who received foster care assistance.
Richard W. Collins III Leadership with Honor Scholarship*	Scholarship for Maryland minority Reserve Officer Training Corps students enrolled in a historically black college or university
Veterans of the Afghanistan and Iraq Conflicts Scholarship Program*	Scholarships for U.S. Armed Forces personnel who served in the Afghanistan or Iraq conflicts and their sons, daughters, or spouses attending a Maryland postsecondary institution.

**Legislative Scholarships**

Senatorial Scholarships*	Senators select recipients from within their legislative district. Recipients may be pursuing undergraduate, graduate, or professional degrees, or a certificate or license at a community college.
Delegate Scholarships*	Delegates select recipients pursuing undergraduate, graduate, or professional degrees, or a certificate or license at a community college.

\* Statue requires the Governor to include an appropriation for the program in the annual budget submitted to the General Assembly.

Source: Section 11-209 and Title 18 of the Education Article; Title 24, Subtitles 17 and 18 of the Health-General Article; Section 13-405 of the Public Safety Article; Maryland Higher Education Commission; Department of Legislative Services

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## **Funding of State Financial Aid Programs**

As shown in **Exhibit 9.2**, the State financial assistance programs administered by the Office of Student Financial Assistance within the Maryland Higher Education Commission were appropriated \$165.7 million in fiscal 2023. As noted in Exhibit 9.1, a few State financial aid programs are operated by other State agencies.

State financial aid programs are primarily funded with general funds. In addition, the federal government provides substantial need-based grants and loans directly to students, primarily through the Pell Grant Program. Institutions also provide financial aid directly to students.

The need-based Delegate Howard P. Rawlings Educational Excellence Award program is the largest financial aid program, accounting for \$100.0 million, or 60%, of the total amount of financial aid funding provided in the fiscal 2023 budget. Educational Excellence Award funding will be used to provide low- and moderate-income households with grants of \$400 to \$3,000 (Educational Assistance Grants) and the lowest income families with grants of up to \$20,000 (Guaranteed Access Grants) to cover the costs of attendance at an institution of higher education for the 2022-2023 academic year.

**Exhibit 9.2**  
**State Financial Aid Funding**  
**Fiscal 2023 Allowance**

<u>Program</u>	<u>Total</u>	<u>Percent of Total</u>
<b>Need-based Financial Aid</b>		
Educational Excellence Awards	\$100,000,000	
Part-time Grant Program	5,087,780	
Graduate and Professional Scholarship	1,174,473	
2+2 Transfer Scholarship	2,300,000	
Somerset Economic Impact Scholarship	12,000	
Maryland Community College Promise Scholarship	15,000,000	
<b><i>Subtotal, Need-based Financial Aid</i></b>	<b><i>\$123,574,253</i></b>	<b><i>74.6%</i></b>
<b>Career-based Financial Aid</b>		
Charles W. Riley Fire and Emergency Medical Services Scholarship Program	\$358,000	
Cybersecurity Public Service Scholarship	1,000,000	
Workforce Shortage Student Assistance Grants	1,229,853	
Teaching Fellows for Maryland	8,000,000	
Workforce Development Sequence Scholarship	1,000,000	
Maryland Police Officers Scholarship Program	8,500,000	
Janet L. Hoffman Loan Assistance Repayment Program	1,370,000	
Police Officers Loan Assistance Repayment Program	1,500,000	
<b><i>Subtotal, Career-based Financial Aid</i></b>	<b><i>\$22,957,853</i></b>	<b><i>13.9%</i></b>
<b>Assistance for Unique Populations</b>		
Tolbert Memorial Student Grant Program	\$200,000	
Edward T. and Mary A. Conroy and Jean B. Cryor Memorial Scholarship Programs	3,000,000	
Foster Care Recipients Loan Assistance Repayment Program	100,000	
Richard W. Collins III Leadership with Honor Scholarship	1,000,000	
Veterans of the Afghanistan and Iraq Conflicts Scholarship Program	750,000	
<b><i>Subtotal, Assistance for Unique Populations</i></b>	<b><i>\$5,050,000</i></b>	<b><i>3.0%</i></b>
<b>Legislative Scholarships</b>		
Senatorial Scholarships	\$7,020,655	
Delegate Scholarships	7,139,723	
<b><i>Subtotal, Legislative Scholarships</i></b>	<b><i>\$14,160,378</i></b>	<b><i>8.5%</i></b>
<b>Total</b>	<b>\$165,742,484</b>	

Note: Includes general and special funds.

Source: *Fiscal 2023 Governor's Budget Books*

As shown in **Exhibit 9.3**, 62,450 students received financial aid in fiscal 2023, with an average award of \$2,256. Approximately two-thirds of award recipients received need-based financial aid in fiscal 2023, with an average award of \$3,128.

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**Exhibit 9.3**  
**Recipients of Student Financial Assistance**  
**Fiscal 2023 Allowance**

<u>Program</u>	<u>Projected Recipients</u>	<u>Projected Average Award</u>
<b>Need-based Financial Aid</b>		
Guaranteed Access Grant	4,125	\$12,116
Educational Assistance (EA) Grant	21,967	2,185
Campus-based EA Grant	1,000	2,000
Part-time Grant Program	5,646	901
Graduate and Professional Scholarship	406	2,525
2+2 Transfer Scholarship	1,483	1,550
Maryland Community College Promise Scholarship	4,818	3,113
<b><i>Subtotal, Need-based Financial Aid</i></b>	<b><i>39,445</i></b>	<b><i>\$3,128</i></b>
<b>Other Aid</b>		
Career and Occupational Programs	1,962	\$6,411
Unique Population Programs	1,038	4,759
Legislative Scholarships	20,005	1,416
<b>Total</b>	<b>62,450</b>	<b>\$2,256</b>

Source: Maryland Higher Education Commission

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In most State financial aid programs, unused funds may be carried over from one fiscal year to the next, but they must be used for need-based awards in subsequent years. The exception is legislative scholarships; unused funds are retained in those programs.

## Financial Aid Applications

The State's financial aid programs play a critical role in facilitating access and reducing financial barriers to postsecondary education, especially for students from low- and moderate-income families. To receive many State awards, a student must first submit a Free Application for Federal Student Aid (also known as the FAFSA) or the alternative State form, the Maryland State Financial Aid Application. The Free Application for Federal Student Aid is also

used to calculate a student's level of financial need for federal student aid, including Pell grants, Stafford loans, and work study.

As a result of federal legislation, the method used to determine financial need is transitioning from the expected family contribution to the Student Aid Index. The new index will be used to determine eligibility for all types of federal Title IV student aid except maximum and minimum Pell grant awards, which will be based on a multiple of the poverty line. The new index was expected to be fully implemented for the 2023-2024 academic year; however, full implementation has been delayed until the 2024-2025 academic year (the federal form will be released on October 1, 2023). The new index has the capacity to calculate a negative score, which will enable the very neediest students to receive aid in excess of the cost of attendance established by their institution. Until additional information is made available, the impact of the transition on the State's financial aid management system (the Maryland College Aid Processing System) is unknown.

In addition, other changes were made by federal legislation to streamline the financial aid application process. The number of questions on the Free Application for Federal Student Aid that applicants were required to answer was significantly reduced so that the form would be easier for students and families to complete. In 2019, federal legislation authorized the Internal Revenue Service to automatically transfer information to the U.S. Department of Education, which reduced the need for income verification (a manual process of proving the information a family submitted on a Free Application for Federal Student Aid is correct).

Additionally, Chapter 557 of 2021 requires each county board of education to encourage and assist as many high school seniors as possible in completing and submitting the appropriate financial aid form. The Maryland State Financial Aid Application is available to applicants to Maryland schools who are ineligible to receive federal aid. Using the Maryland form, qualified children of undocumented immigrants who qualify for in-state tuition under the Maryland Dream Act may apply and be considered for certain types of State need-based financial aid.

These recent federal and State actions are intended to encourage millions more low-income individuals to take advantage of the financial aid offered by the federal and State government to pursue a postsecondary education.

## **Saving for College**

In 1997, the State established an independent agency with a mission to provide simple, convenient ways for Maryland families to save in advance for college and reduce future reliance on loans. The independent agency was established as the College Savings Plans of Maryland but was renamed as Maryland 529 in 2016.

## **Maryland 529**

Maryland 529 currently offers three savings plans: one savings plan for individuals with disabilities; and two savings plans for higher education expenses. The savings plan for individuals with disabilities is the Maryland ABLE Program, which allows certain individuals with disabilities to save for qualified disability expenses. Of the two savings plans for higher education, one is a defined benefit plan called the Maryland Prepaid College Trust, and the other is an investment plan called the Maryland College Investment Plan. In 2008, the Maryland 529 Board was given the authority to establish a Maryland Broker-Dealer College Investment plan, which would allow Maryland families who invest through private investment advisors to participate in a Maryland college savings plan; however, a broker-dealer plan has not been implemented as of summer 2022.

The Maryland 529 Board administers the three savings plans. The board consists of 11 members, 6 of whom serve by virtue of the State office they hold: the State Treasurer; the State Comptroller; the Secretary of Higher Education; the State Superintendent of Schools; the Chancellor of the University System of Maryland; and the Secretary of Disabilities. The other 5 members are appointed by the Governor.

Both higher education savings plans are also known as 529 plans after the section in the Internal Revenue Code that allows an individual to either prepay or contribute to an account established for paying a student's qualified education expenses at an eligible educational institution. A qualified educational institution includes any college, university, vocational school, or other postsecondary educational institution eligible to participate in a U.S. Department of Education student aid program. In 2017, Congress passed a new tax reform measure that expanded eligible costs for 529 plans to distributions of up to \$10,000 per beneficiary per year for tuition at elementary or secondary public, private, or religious schools; trade/technical schools; or certified apprenticeship programs.

The plans offer federal and State tax benefits, including federal and State taxes deferred on growth; federal and State tax-free earnings, provided funds are used for eligible college expenses; and a State income tax deduction of contributions to one or both plans up to \$2,500 annually per account or beneficiary, depending on the plan. Excess annual contributions over \$2,500 may be carried forward and deducted in future years. For individuals who meet certain income requirements, a State matching contribution of up to \$500, in lieu of the State income tax deduction, is also available under the investment plan.

Maryland 529 receives annual funding (through the Maryland Higher Education Commission) for the State's share of the matching contribution program (and a one-time startup grant for administrative costs). The agency's budget must be approved by the Maryland 529 Board each year. Chapters 689 and 690 of 2016 established mandated funding for the State matching program totaling at least \$5.0 million in fiscal 2018, \$7.0 million in fiscal 2019, and \$10.0 million annually thereafter. However, when very low participation during the first year of the matching program resulted in only \$475,250 of the \$5.0 million being used for the program, Chapter 419 of 2018 was enacted, which reduced the mandated appropriation to \$3.0 million in fiscal 2019 and each year thereafter.

Marketing strategies were developed by Maryland 529 to attract interest in the program, as well as the State match being increased from \$250 to \$500 for all but the highest income range contribution groups to further entice participation. These strategies have proven effective as the funding needed to ensure that all eligible applicants received a matching State contribution exceeded the mandated threshold. While the Governor is mandated to appropriate at least \$3.0 million annually, in each year the State match funding provided for the upcoming fiscal year was equal to the funding needed to ensure that all eligible applicants received a match when including deficiency appropriations.

Recent legislation has further clarified the State matching program. Chapter 538 of 2020 limited a qualified beneficiary to two State matching contributions per year beginning with application periods after December 31, 2020. Chapter 436 of 2021 further altered the program to establish a maximum State contribution of \$9,000 over the lifetime of an account holder and to clarify that:

- an account holder under the State contribution program must be a resident of Maryland and file income taxes on or before July 15 of each year;
- program eligibility is dependent on Maryland adjusted gross income rather than taxable income; and
- a qualified beneficiary must be younger than age 26 in the calendar year before the account holder submits an application to receive a State contribution.

### **Maryland Prepaid College Trust**

The Maryland Prepaid College Trust allows interested persons, on behalf of a child, to prepay the cost of higher education tuition and mandatory fees by purchasing a contract based on the current weighted average tuition and mandatory fees at Maryland public institutions of higher education, the selected payment plan, the number of years until the child enters college, and other factors. Investments are not backed by the full faith and credit of the State but do carry a legislative guarantee, which states that the Governor must include funds in the budget to meet the full benefits that have been committed to account holders. However, the General Assembly has final approval of the budget.

Participation in the trust began in 1998 and is open to any U.S. citizen if the account holder and/or the beneficiary is a Maryland or District of Columbia resident. Enrollment is open for newborns through grade 12, but an account must be open for at least three years before payment of benefits. The enrollment period is generally from December to April, but newborns may be enrolled year round until their first birthday.

Each account holder enters into a contract with the trust for prepayment of tuition and mandatory fees for a specified number of years of community college and/or semesters or years of university tuition. Payments may be made in single, monthly, or annual installments. For a child

enrolled in a Maryland public institution of higher education, the trust will pay the full in-state tuition and mandatory fees. If a child attends an eligible private or out-of-state institution of higher education, the trust will pay up to the weighted average tuition of Maryland public institutions of higher education. The contract also includes a minimum benefit provision to protect participants from receiving a tuition benefit that is less than the amount paid into the account.

### **Maryland College Investment Plan**

The Maryland College Investment Plan allows contributions to an investment account established to provide for tuition, fees, books, supplies, equipment, and room and board for a designated beneficiary. Under the plan, participants accept a level of investment based on their selected investment option. Account values in the investment plan are based solely on contributions and investment performance and are not guaranteed by the State.

The plan began in December 2001 and is open to children or adults of any age. Enrollment is open year round, and investors may choose how much and how often they wish to contribute. Contributions and investment earnings are available for eligible higher education expenses including tuition, fees, room and board, and other expenses as defined by Section 529 of the Internal Revenue Code.

## Chapter 10. P-20 Alignment

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Maryland’s approach to P-20 alignment is in a period of transition from oversight by the Governor’s P-20 Leadership Council to implementation of the college and career readiness standards adopted pursuant to the Blueprint for Maryland’s Future (Blueprint). This approach focuses on a high-quality education from preschool through high school that prepares all students for college or a career after graduation. The Blueprint framework also accommodates students who need extra assistance to attain college and career readiness through alternative schools and programs, as well as targeted supports for disabled, special needs, and autistic students. Additionally, outcome assessments and data analysis serve as accountability measures to support the Blueprint’s vision of a world-class education system for all Maryland students.

### Maryland’s P-20 Framework and Governance

As discussed in previous chapters, the Blueprint ushered in a new framework for education in Maryland. This framework has five pillars, three of which apply directly to P-20 alignment: early childhood education; college and career readiness pathways; and governance and accountability. The framework is designed to align prekindergarten through postsecondary education and workforce training (P-20) to ensure that Maryland students (1) are college and career ready by the end of grade 10; (2) earn a Maryland high school diploma at graduation; and (3) are prepared for either postsecondary education or the workforce.

The college and career readiness standards are designed to certify that a student who passes State assessments and completes requisite courses by the end of grade 10 will have knowledge of English, mathematics, science, and social studies that meets the college and career readiness standard. A student with this knowledge can pursue additional academic study in preparation for college (college readiness pathway) or additional preparation for career and work (career readiness pathway). Students can choose from a variety of programs within a pathway, including:

- an advanced diploma program;
- dual enrollment to earn college credits while in high school, with the possibility of earning an associate degree along with or subsequent to high school graduation;
- career and technical education programs that include workplace training and lead to industry-recognized credentials, including postsecondary certificates earned through dual enrollment; or
- a combination of these options.

These pathways are aligned with high school graduation requirements, electives, extra-curricular activities, and a full range of courses that are typically offered by a high school and will remain available to students regardless of the pathway.

To ensure the success of this educational framework, the Blueprint includes accountability measures across numerous State and local entities: the Maryland State Department of Education; the Maryland Higher Education Commission; the Maryland Department of Labor; the Department of Commerce; local boards of education; and the State Board of Education. An Accountability and Implementation Board, established as an independent State agency, provides comprehensive oversight and guidelines for implementation of the Blueprint and, with the assistance of the Maryland Longitudinal Data System Center, gathers and analyzes data on the effect of the plans on student performance and outcomes. These agencies are supplemented by the following entities:

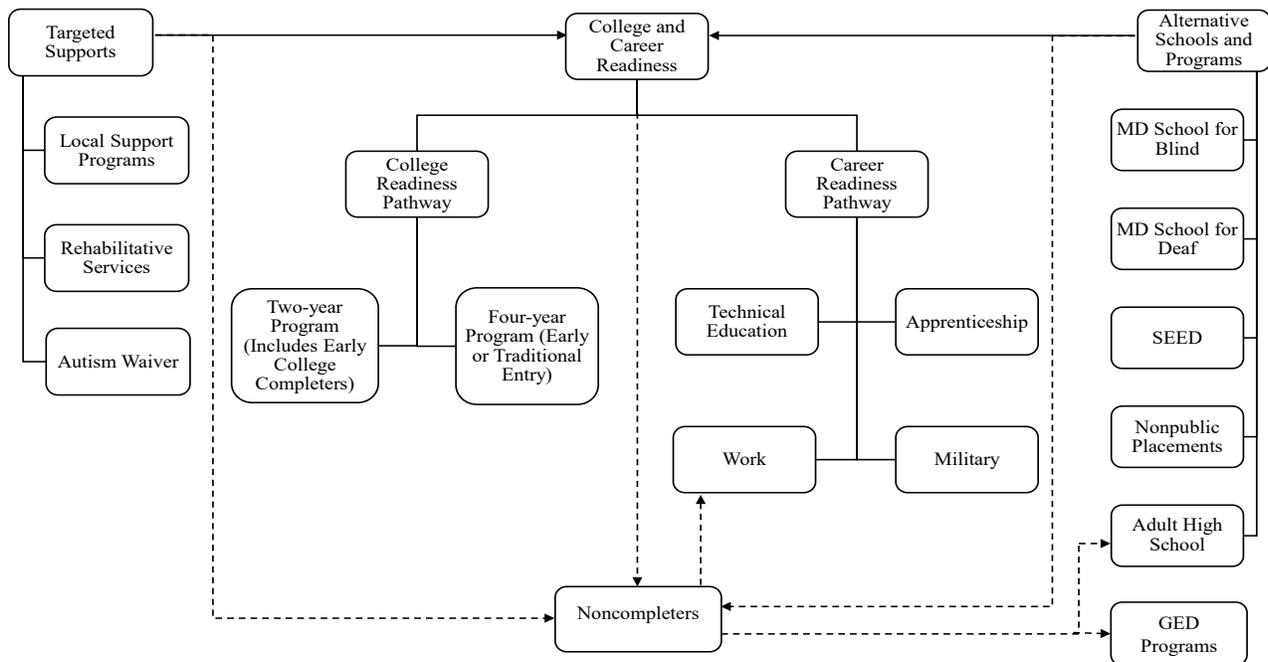
- expert review teams deployed to schools throughout the State to identify the causes of poor student performance and to collaborate with schools and school stakeholders to determine and make recommendations for correcting identified problems;
- the Career and Technical Education Committee within the Governor’s Workforce Development Board, to ensure that rigorous career and technical education is provided to students, is fully aligned with the State’s economic and workforce priorities, and combines classroom education with workplace training; and
- the Skills Standards and Advisory Committee, working under the Career and Technical Education Committee, to set standards for a greatly strengthened statewide system of work-based learning and apprenticeships.

In addition to this governance structure, the department also oversees career and technical education advisory committees for career fields aligned with each program of study and local career and technical education advisory councils that provide guidance for workforce development between local education agencies and community colleges.

**Exhibit 10.1** shows Maryland’s college and career readiness pathways under the Blueprint framework. Students who attain the college and career readiness standard choose either a college readiness pathway, career readiness pathway, or a combination of the two. Students who select the college readiness pathway will be prepared for additional study in a two- or four-year college. Students who choose the career readiness pathway are prepared for technical education, apprenticeship, work, or the military. Students who exited high school college and career ready but did not graduate (noncompleters) may earn a general education diploma, attend an adult high school to earn a high school diploma, or enter the workforce. Students attending alternative schools, including Maryland School for the Blind, Maryland School for the Deaf, the School for Educational Evolution and Development (SEED), or who are enrolled in an alternative program such as placement in a nonpublic school (nonpublic placement) or adult high school, may earn a high school diploma or attendance certificate. Students may also qualify for local targeted support

to earn a high school diploma or attendance certificate or receive services from the department’s Division of Rehabilitative Services or autism waiver program.

**Exhibit 10.1**  
**Blueprint for Maryland’s Future**  
**Framework for College and Career Readiness**



Note: School districts in Maryland and Virginia are dependent on another unit of local government for funding and are not classified as a separate unit of local government. Baltimore City is often classified as a county since the city functions as a county for most purposes of State law.

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

**College and Career Readiness**

Before the Blueprint’s framework for college and career readiness was developed in 2019, the State Board of Education adopted Maryland’s College and Career Ready Standards for mathematics and English language arts/literacy in 2010, and the General Assembly passed the College and Career Readiness and College Completion Act of 2013 (Chapter 533). Chapter 533 codified the State goal that at least 55% of the State’s residents ages 25 to 64 will hold at least an associate degree by 2025. To meet this goal, Maryland needed to improve student progression

from high school into postsecondary education and eventual completion. In addition to the 55% goal, Maryland also has a goal that 45% of adults will have a certificate of value (a certificate that leads to employment) by 2025.

Policy changes intended to move students toward college and career readiness were implemented by the department starting in the 2021-2022 school year and are reflected in the goals of the Blueprint. These goals include, among other things, assessments that measure college and career readiness in required subjects, courses of study aligned with these assessments, and specific college and career readiness programs of study for students who meet the college and career ready standard.<sup>1</sup> The State provides statutory funding for local education agencies for college and career readiness based on the count of students who achieve the college and career readiness standard. In fiscal 2023, this allocation totaled \$18.6 million. This section provides a brief overview of these goals and current requirements.

### **Assessments**

The Blueprint updates assessment requirements for Maryland students to be college and career ready by grade 10. Specifically, it requires the State Board of Education to adopt a college and career readiness standard in English language arts/literacy, mathematics and, when practicable, science. Starting in the 2021-2022 school year, students have met the college or career readiness standard when they have achieved or exceeded a metric in both English and mathematics as measured by scores of the Maryland Comprehensive Assessment Program or scores on the Partnership for Assessment of Readiness for College and Career, which was used to measure college and career readiness between 2015-2019. The Blueprint also directs the State Board of Education to establish a system of assessments to ensure that students are acquiring the knowledge contained in the curricular standards in science and social studies.

In the future, college and career readiness under the Blueprint aims to move beyond standardized testing as a measure of college and career readiness. To that end, the department will update its college and career readiness standards based on the results of a research study to evaluate the sufficiency of the standards. As part of this process, the State Board of Education must consider alternative methods to display mastery, potentially including grade point averages and course completions, for any revised college and career ready standards. Based on the results of the research study, the department may also make alterations to existing assessments to ensure they capture the proper knowledge and skills students need to meet updated college and career readiness standards.

### **Curriculum Alignment and Requirements**

Prior to adoption of the Blueprint, the State Board of Education adopted college and career readiness standards for the State's English language arts/literacy and mathematics curricula in 2010, the Next Generation Science Standards in 2013, and updated social studies standards

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<sup>1</sup> Chapter 533 also encouraged students who nearly completed their degrees (near-completers) to return to institutions of higher education to earn a degree.

in 2020. These standards are designed to prescribe the knowledge that prekindergarten through grade 12 students should know and the skills they should have by the end of each grade level or course to ensure they are ready to graduate. However, under the Blueprint, students are expected to be college and career ready by the end of grade 10, which represents a major shift in how local school systems may need to sequence courses to ensure students meet this standard. The department is working to draft plans for (1) how curricula at each grade level or course by content area should be revised; (2) establishing early warning indicators for students who may not be progressing; and (3) recommending options for students who want to pursue both college and career readiness pathways. These plans are summarized below.

### **English Language Arts/Literacy**

Maryland regulations require local school systems to provide an instructional program aligned with the college and career readiness standards in English language arts/literacy for all students in prekindergarten through grade 12 that allows students to meet graduation requirements. In accordance with Chapter 512 of 2019, to assess whether students entering school are on track to complete the required curricula, beginning in the 2020-2021 school year, local school systems must screen all kindergarten students to identify if the student is at risk for reading difficulties and provide supplemental reading instruction if needed. Funding for transitional supplemental instruction for students in prekindergarten through grade 5 is provided through the Blueprint's grant program, with the intent that students who receive additional supports would be ready for the English language arts/literacy assessment in grade 10. Future coursework in English language arts/literacy would then depend on whether a student passes this assessment or is seeking to be college or career ready. In fiscal 2023, \$49.9 million was provided for transitional supplemental instruction.

### **Mathematics**

Maryland regulations require a student entering grade 9 who intends to earn a high school diploma to earn four mathematics credits, including a credit in algebra and a credit in geometry. These credits are usually completed by the end of grade 10. However, to meet the new college and career ready standards under the Blueprint and pass the revised mathematics assessment, a student may need to take algebra II prior to grade 10. This change requires a mathematics course sequence that offers all students algebra I in grade 8, geometry in grade 9 or concurrently with another mathematics course, and algebra II in grade 10. Future coursework in mathematics would then depend on whether a student passes the mathematics assessment or is seeking to be college and career ready.

### **Science**

Maryland's science curriculum is based on the Next Generation Science Standards. These standards state that students should have access to rigorous and inspiring learning experiences in each of the major disciplines of science, including the Earth and space sciences, the biological sciences, and the physical sciences. This curriculum suggests that all students must engage

regularly and actively in scientific learning experiences that emphasize science and engineering practices to equip students with knowledge and skills to identify and use scientifically sound evidence. Current Maryland regulations and Blueprint recommendations do not prescribe a particular course of study in science; therefore, the department is determining whether this curriculum is in alignment with a future science assessment.

### **Social Studies/Government**

According to the department, a robust social studies program supports the Blueprint's broader goal of preparing students to be college and career ready by the end of grade 10 by providing the critical background knowledge required for achievement in English language arts/literacy. However, Maryland's primary emphasis on literacy leaves teachers with limited time to dedicate to social studies instruction in elementary school. The department recommends using the Blueprint as an opportunity to rethink this approach in elementary grades to ensure ample time for students to develop background knowledge in social studies and prepare them for a college and career readiness government assessment.

### **Early Warning**

Part of ensuring curricular readiness is the development of early warning indicators of students off track for achieving college and career readiness. Students in middle and high school who are not progressing toward college and career readiness must be enrolled in extended curriculum studies with alternative approaches tailored to the student's needs and be allowed to transition out of the extended curriculum if their progress toward college and career readiness accelerates. Performance on assessments, attendance, course grades, and credit attainment can be used as indicators of this progress. The department is working within Blueprint guidelines to establish early warning indicators for college and career readiness in each subject area.

### **Blended Instruction**

The Blueprint's updated college and career readiness standards include the option for students to gain both academic and technical skills through participation in both an advanced program of study and a career and technical education program. Students who complete both are considered dual completers. The department is working with local education agencies to determine programs of study for blended instruction pathways.

## **Post-college and Career Readiness Pathways**

### **College Readiness Pathway**

Starting in the 2021-2022 school year, students meeting the college and career readiness standard will have access to several post-college and career readiness pathways: advanced

school-level programs of study; or dual enrollment and early college programs. Below is a snapshot of these programs across the State.

### **Advanced Programs of Study**

Under the Blueprint, students interested in college are encouraged to take an advanced course of study. Local school systems may offer a variety of these programs of study, including Advanced Placement, International Baccalaureate, or Cambridge diploma programs. These programs and courses provide students access to college level curricula. Some programs allow students the opportunity to earn additional college credit in high school. In the 2020-2021 school year, approximately 43.6% of Maryland students participated in an Advanced Placement course.

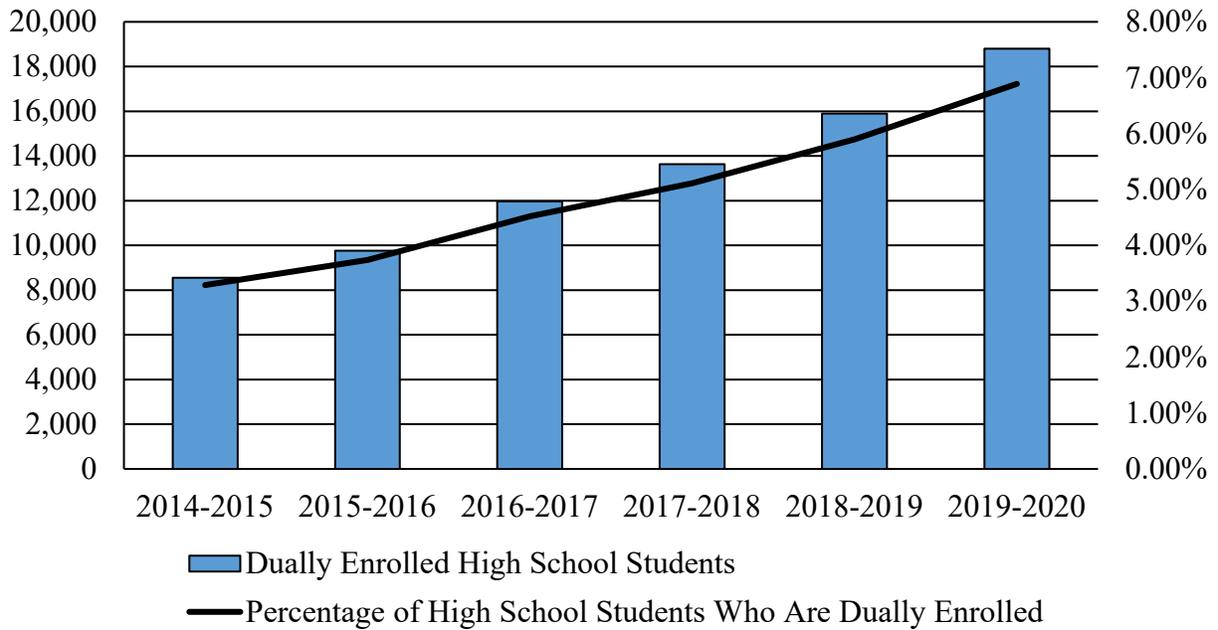
### **Dual Enrollment**

Dual enrollment allows high school students to enroll in college courses for credit prior to high school graduation. A dually enrolled student is considered either (1) a student who is enrolled in a secondary school and an institution of higher education at the same time or (2) a high school student who is independently enrolled in a college course to earn college credit. The student takes credit-bearing courses that count toward earning a high school diploma and a college degree.

If the student attends a local community college as a dually enrolled student, the local education agency must pay the institution a percentage of tuition based on how many courses the student takes and may charge the student a fee to cover these costs. The local school system may not charge a fee to students who are eligible to receive free and reduced-price meals, and a student's ability to pay must be considered when setting fees. Some colleges provide tuition discounts for specific programs of study or for students from specific high schools, and some private organizations or foundations support dually enrolled students financially.

Community colleges participating in dual enrollment programs execute a memorandum of understanding with the local education agency in their jurisdictions to operate. As shown in **Exhibit 10.2**, the number of dually enrolled high school students has more than doubled since 2016, with 18,798 dually enrolled students in the 2019-2020 school year compared to 8,547 in the 2014-2015 school year.

**Exhibit 10.2**  
**High School Students Dually Enrolled in the State**



Source: Maryland Longitudinal Data System Center

### Early and Middle College

High school students can also be introduced to the rigors of college coursework through programs such as early and middle college. Instead of dually enrolling on a course-by-course basis, early and middle college programs are designed to provide students with a high school degree and a postsecondary credential, usually 60 college credits or an associate degree, upon high school graduation. Early college high schools and middle college high schools are secondary schools that are located on college campuses where students can earn college credit; however, middle college high schools are designed to serve student populations that have been historically underserved or underrepresented in college.

Many early and middle college programs are partnerships between community colleges and local school systems funded through a combination of traditional dual enrollment funds, per pupil State and local education funds, fee-sharing agreements established by memorandums of understanding between the institutions and the school systems, as well as discounted tuition and fees paid by the parents or guardians of the students who participate in the programs. The fiscal 2023 operating budget included \$300,000 for the Bard High School Early College, a four-year public school with college course credits located in Baltimore City.

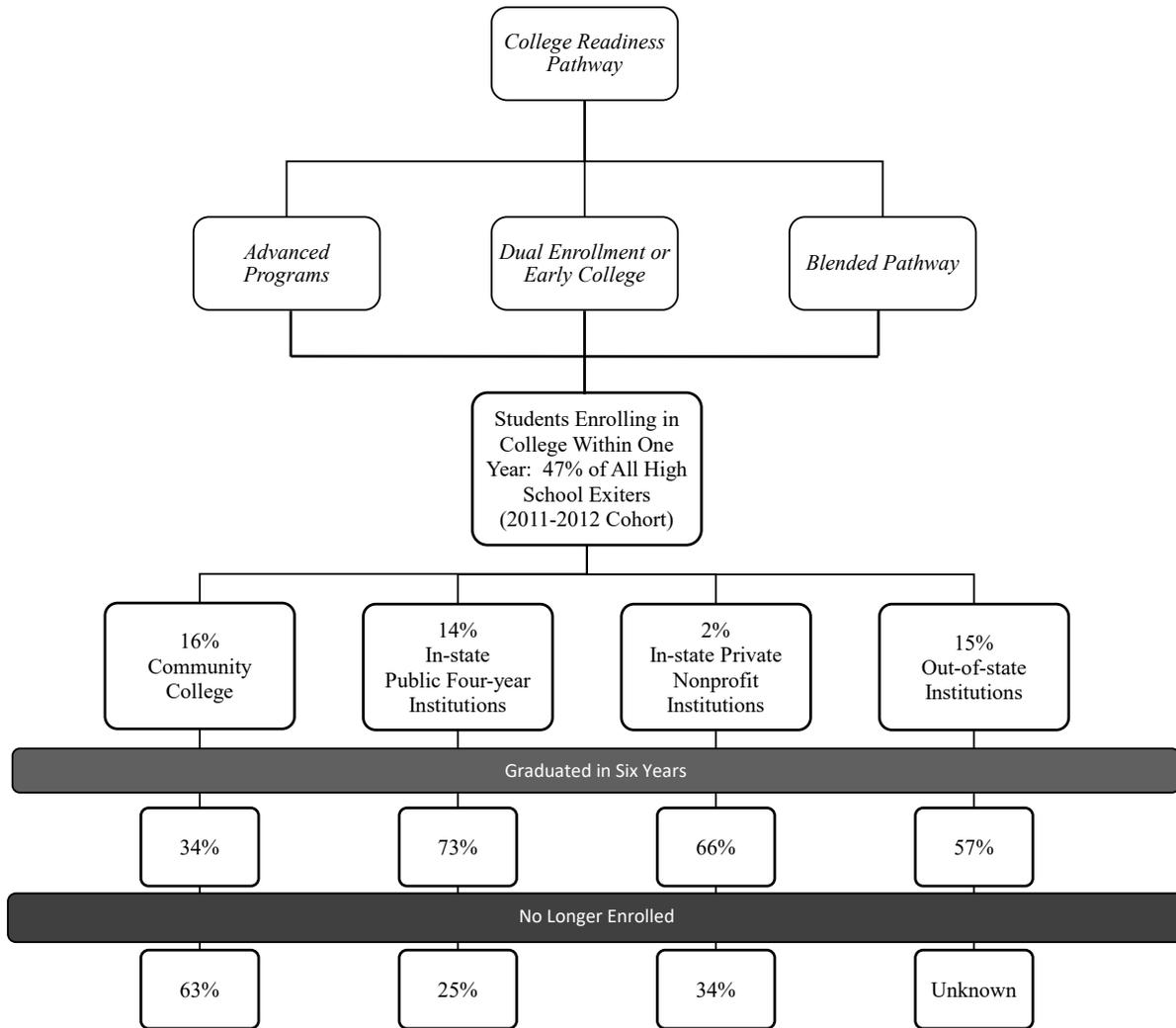
### **Next Generation Scholars of Maryland**

The Next Generation Scholars of Maryland program allows eligible students in grades 7 and 8 to prequalify for a Guaranteed Access Grant, a need-based scholarship intended to meet 100% of financial need for full-time undergraduate students from low-income households. During the 2017-2018 and 2018-2019 school years, students in grade 9 were also eligible if they met the other requirements of the program. Students must agree in writing to meet specified qualifications, including maintaining a minimum 2.5 GPA, and must be provided a high school graduation plan, summer work or internship opportunities, financial and literacy assistance, career interest assessments, college and workplace visits, mentorship and one-on-one counseling, an academic summer bridge program, and a plan to matriculate and graduate from an institution of higher education. Chapter 23 of 2022, the Maryland Student Investment Act, expanded the Next Generation Scholars of Maryland program by allowing the program to continue to provide services to students while attending an institution of higher education. The fiscal 2023 operating budget provided \$5.0 million for this program.

### **Postsecondary Outcomes**

**Exhibit 10.3** shows possible outcomes for Maryland students who enrolled in college after the 2011-2012 school year. Starting with the 2021-2022 school year, students who want to attend college and who have met the college and career readiness standard can take an advanced course of study depending on the options available in their local school system and school (shown in this exhibit in italics). Upon graduation, students in this cohort attended community college, in-state public four-year institutions of higher education, in-state private nonprofit institutions of higher education, and out-of-state institutions of higher education.

**Exhibit 10.3  
College Enrollment and Outcomes  
2011-2012 Cohort**



Note: Due to rounding, percentages of students graduated or no longer enrolled may not add to 100%. Programs in italics fall under the Blueprint for Maryland’s Future college readiness pathway, which is available to Maryland students starting in the 2021-2022 school year.

Source: Maryland State Department of Education; Maryland Longitudinal Data System Center

In 2012, 47% of students enrolled in college within one year of exiting high school. Of these students, 16% attended community college, 14% attended in-state public four-year institutions of higher education, 2% attended in-state private nonprofit institutions of higher

education, and 15% attended out-of-state institutions of higher education. For the students who attended community college, 34% graduated in six years and 63% were no longer enrolled. For the students who attended in-state public four-year institutions of higher education, 73% graduated within six years and 25% were no longer enrolled. For the students who attended in-state private nonprofit institutions of higher education, 66% graduated in six years and 34% were no longer enrolled. For the students who attended out-of-state institutions of higher education, 57% graduated in six years, and an unknown percentage were no longer enrolled.

For a complete discussion of potential improvements to the postsecondary pipeline to encourage college completion, including a discussion of transition courses delivered to college ready high school students, transfer of credits from community colleges to four-year institutions, near completers of higher education, and remediation courses required by Maryland high school graduates once they enter college, see “Chapter 5. Higher Education – State-level Organization and Funding” of this handbook.

## **Career Readiness Pathway**

In addition to the college readiness pathway, Maryland students who meet the college and career readiness standard by the end of grade 10 can choose to pursue career and technical education. Maryland’s career and technical education program is supported at the federal level under the Strengthening Career and Technical Education for the 21st Century Act of 2018 (Perkins V) and State career and technical education programs administered by the department’s Division of Career and College Readiness. Both prior to and under the Blueprint, students who choose a career and technical education pathway have multiple opportunities for future employment based on Maryland’s 55 career and technical education programs of study. These programs of study are organized around 10 career clusters that allow a student to earn industry-recognized certifications and licenses, an associate degree through a State or local career and technical education program, participate in Junior Reserve Officer Training Corps for entry into the military, or pursue blended instruction by combining career and technical education and college readiness pathways.

### **Carl D. Perkins Career and Technical Education Act**

The federal Strengthening Career and Technical Education for the 21st Century Act of 2018 (Perkins V) was first authorized in 1984 as the Carl D. Perkins Vocational and Technical Education Act and replaces the previous Perkins IV Act of 2006. This law provides approximately \$1.2 billion in formula grants to states to implement career and technical education programs in secondary schools and postsecondary institutions. Perkins V requires each state to develop a four-year plan for career and technical education that aligns with high-skill, high-wage careers; leads to an industry-recognized credential or certificate at the postsecondary level, or an associate or baccalaureate degree; or provides career-based learning experiences that require the application

of academic and technical knowledge or skills in a work setting. Maryland's plan under Perkins V was approved by the U.S. Department of Education in April 2020.

In the fiscal 2023 budget, Maryland received \$18.3 million in federal Perkins Title II grants to support career and technical education programs in secondary schools and postsecondary institutions. These funds are distributed based on the required federal formula, with 85% (approximately \$15.3 million) to local school systems and community colleges for career and technical education and the remaining 15% (approximately \$3.0 million) to Statewide activities and administration. Of the \$15.3 million distributed to local school systems, 65% was used for secondary school programs and 35% was spent on postsecondary programs. These funds are used for a variety of purposes including teacher professional development, equipment, program development, and administration.

In addition to federal funds, in fiscal 2023, State funds for career and technical education programs and administration included \$2.0 million in grants for the Career and Technical Education Innovation Program, which was first authorized under Chapter 361 of 2018 and provides grants to implement career and technical education pathways and promising practices; \$1.9 million for the Pathways in Technology Early College High School (P-TECH) program; \$763,000 for administration of the Career and Technical Education Committee and Skills Board; and \$236,000 for the Linking Youth to New Experiences (LYNX) High School. These amounts do not include funds allocated to career and technical expert review teams or community college programs.

### **Career and Technical Education State Plan**

In response to the reauthorized Perkins Act, Maryland updated its career and technical education State Plan for calendar 2020 to 2024 in April 2020. This plan is based on Perkins V requirements and other federal and State plans as defined by law. Key components of the plan include:

- meeting the State goal established in Chapter 149 of 2017 that 45% of Maryland students complete a career and technical education program, earn industry-recognized credentials, or complete an apprenticeship by 2025;
- aligning the State's career and technical education curriculum to industry and academic standards, including Blueprint requirements;
- strengthening the career and technical education teacher and faculty pipeline; and
- developing and expanding State programs informed by occupational data and input from employers and industry sector representatives, including Apprenticeship Maryland and P-TECH.

In the most recent plan, the department identified 55 Career and Technical Education programs of study grouped within 10 career clusters. The clusters represent broadly interrelated career areas that reflect Maryland’s key economic sectors developed through collaboration with program advisory teams and local advisory boards. Not every local school system offers all 55 programs of study, but all programs include opportunities for work-based learning, such as internships or clinical experiences, and the option to earn college credits and/or industry-recognized credentials, such as certifications and licenses. Upon program completion, career and technical education students engage in Technical Skills Assessments to demonstrate proficiency in content necessary for specific career fields and lead to college credit or a recognized postsecondary credential.

### **Innovative Schools and Programs**

Depending on the local school system and school, students may participate in a program of study offered either in the local high school or technical education center, a stand-alone career and technical education program, Junior Reserve Officers’ Training Corps, or blended instruction. A snapshot of available programs is described below.

#### **Pathways in Technology Early College High**

P-TECH is a “school within a school” career and technical education program open to students starting in grade 9. Each P-TECH school works with industry partners and a local community college to ensure an up-to-date curriculum that is academically rigorous and economically relevant. The program includes one-on-one mentoring, workplace visits and skills instruction, paid summer internships, and first-in-line consideration for job openings with a school’s partnering company. During high school, students are enrolled in a career and technical education program of study and after graduation, continue their education at a community college. Funding for community college classes is provided for students who work toward an associate degree. In the 2021-2022 school year, P-TECH schools enrolled approximately 1,200 students.

#### **Linking Youth to New Experiences High School – Frederick County**

LYNX High School was established in Frederick County in 2016. The goal of LYNX is to provide individualized, self-directed learning opportunities that allow students to participate in project-based learning experiences at the high school and college levels and work, internship, or apprenticeship experiences focused on college and career readiness competencies. As part of the LYNX program, the Frederick County superintendent submitted a plan that was approved by the Frederick County Board of Education. The State Board of Education was then authorized to waive any regulation that conflicted with the LYNX plan, except for certain personnel requirements, mandatory school days and school year requirements, and specified assessment requirements. In the 2020-2021 school year, LYNX enrolled over 400 grade 9 students for its class of 2024 cohort.

### **Regional Career and Technical Education Center – Eastern Shore**

Chapter 583 of 2020 established a regional career and technology education high school center on the Eastern Shore of Maryland for Caroline, Dorchester, Kent, Queen Anne’s, and Talbot counties. Of the five counties included in the bill, Caroline and Dorchester counties have existing career and technical education centers where career and technical education students spend a portion of their day completing pathway requirements. Talbot County also has a high school career and technical education program.

### **Apprenticeship Maryland**

Apprenticeship Maryland was developed and coordinated through a partnership between the department and the Maryland Department of Labor. This program was created as a pilot in 2015 from recommendations from the Maryland Economic Development and Business Climate Commission. The program prepares students, ages 16 and older, to enter the workforce by providing onsite employment training and related classroom instruction needed to obtain a license or certification for a skilled Science, Technology, Engineering, and Mathematics (STEM) or manufacturing occupation. Eligible employers, who are approved by the Maryland Apprenticeship Training Council through the Department of Labor, pay high school juniors and seniors to work in eligible career pathway occupations. Most jobs in this program are related to STEM fields, including manufacturing, science, technology, engineering, mathematics, and computer science.

### **TranZed Academy for Working Students Program**

The TranZed Academy for Working Students Program was implemented in Montgomery County for the first time in fall 2018. This program offers employed students in grade 11 or 12 a flexible academic schedule, individualized career plan, career and academic counseling, and mental health support to increase opportunities to move into high paying careers. The program prioritizes the student’s work schedule and builds the student’s academic schedule around the student’s work schedule. Students are concurrently enrolled at their home high school and the TranZed Academy for Working Students Program and can take courses to complete their high school diploma in one of three ways: (1) through one of the online education providers approved by the State; (2) through face-to-face or online courses at Montgomery College (the county’s community college); or (3) by completing the courses face-to-face at their home high school.

### **Junior Reserve Officers’ Training Corps**

The Junior Reserve Officers’ Training Corps is a federal program sponsored by the United States armed forces designed to instill in high school students the values of citizenship, service to the United States, personal responsibility, and a sense of accomplishment. The Junior Reserve Officers’ Training Corps is available to Maryland students in grades 9 through 12 on a school-by-school basis.

## **Postsecondary Outcomes**

Potential outcomes for students who choose the career readiness pathway include technical education at a community college or private career school, apprenticeship, entrance into the military, or work. Due to the complexities of tracking educational outcomes for career ready students, the Maryland Longitudinal Data System Center does not have data similar to the previously discussed data on college readiness outcomes. However, the Maryland Longitudinal Data System Center and the Maryland Higher Education Commission do collect data on Maryland students receiving industry and vocational certificates and their wages based on educational attainment and sector. This data is collected and reported annually as part of Chapter 695 of 2018, the Career Preparation Expansion Act.

## **Alternative Schools and Programs**

Maryland offers students with certain disabilities, from infancy to age 21, the opportunity for education, sometimes in residence, through the State's alternative schools and programs: the Maryland School for the Blind; the Maryland School for the Deaf; the SEED School of Maryland; the nonpublic placement program; and adult high schools. Students attending an alternative school or program are afforded the same opportunities and curricula as students in their local public school. Upon program completion, students receive either a Maryland High School diploma, career and technical education credential, or if warranted, a Certificate of Program Completion, which is given to students who are able to meet attendance criteria but not career and technical education requirements prior to graduation. Students who do not complete an alternative program or course of study may be able to work or receive State-funded targeted supports. For additional information on funding for alternative schools and programs, see "Chapter 3. Primary and Secondary Education – Funding" of this handbook.

## **Maryland School for the Deaf**

With the passage of the Blueprint, the Maryland School for the Deaf has transitioned to the Maryland college and career readiness standards. Students who plan to attend college pursue a rigorous course of study that includes Advanced Placement coursework. The school's career and technical education program serves students interested in the fine arts and technology career clusters. Students may also participate in dual enrollment at the local community college. Students who have other moderate to severe disabilities or need additional resources to access the academic program (enhanced services students), participate in career and technical education, physical education classes, as well as receive training in life skills, independent living, and job skills. Upon graduation students receive a high school diploma or certificate of program completion. In the school's 2021 graduating class, 57% of students plan to attend college, and 47% plan to work or enter a training program after graduation.

## **Maryland School for the Blind**

Maryland School for the Blind students participate in one of five on-campus programs, with students ages 6 to 21 eligible for residential services. The Early Learning program serves children ages 3 to 5 in a daily, integrative setting that uses the Maryland Early Learning Standards and is licensed through the Office of Child Care. Students in grades 1 through 12 who are on a diploma track are in the general academic program, which is based on the college and career readiness standards. This program is designed to address specific skills needs of students who are blind or low vision to return them to their local school. Students who are blind or low vision and need significantly modified content can pursue vocational training through a functional academic program.

For students who are blind, autistic, or have multiple or profound disabilities, the Maryland School for the Blind provides a curriculum based on the Unique Learning System. This system uses a multisensory approach to learning and emphasizes functional life skills and communication. This program takes into consideration the complex health and physical needs of each student while developing age-appropriate adaptive skills to increase independence in a supportive, structured environment.

## **The SEED School of Maryland**

SEED students follow a college-preparatory curriculum and the college and career readiness standards. This curriculum includes opportunities to participate in Advanced Placement courses, dual enrollment through Morgan State University, and senior year internships. Students with disabilities have either a Section 504 Plan or individualized education program and receive additional services, including pullout services, co-teaching, occupational therapy, speech and language therapy, counseling services, supplementary aids/accommodations, and behavioral interventions. A high percentage of SEED students are first-generation college-bound students (80%), and a very high percentage of SEED students enroll in college (91%). SEED graduates continue to receive academic counseling through college.

## **Nonpublic Placements**

Under Section 504 of Title II of the federal Elementary and Secondary School Act (as amended), students with disabilities have the same right to a free, appropriate public education as students without disabilities. Students whose local school systems cannot provide a free, appropriate public education may need special education and/or related aids and services. To meet these requirements and the mandates in Sections 8-406 and 8-415 of the Education Article, the department provides oversight, supervision, and direction of the Nonpublic Tuition Assistance Program for the local school systems and nonpublic special education schools. The department also provides special education technical assistance, service coordination, collaborative problem solving, and accountability to all stakeholders, local school systems, State agencies, and nonpublic special education schools. In 2020-2021, 23 local education agencies placed a total of

4,213 students in nonpublic placements; the fiscal 2023 budget allocated \$141.3 million to this program.

## **Adult High School**

Chapter 608 of 2017 established the Adult High School Pilot Program jointly administered and supervised by the department and the Maryland Department of Labor. The program provides an alternative method for adults who did not graduate from high school to earn a high school diploma and potentially earn postsecondary education credits and industry-recognized certification in an environment that meets the needs of an adult learner. These agencies may approve up to six pilot projects enrolling up to 350 students each, which must operate from a fixed physical location and enroll students who are age 21 or older and who do not have a high school diploma and did not complete the requirements for high school graduation through GED or other testing. These sites must also provide wraparound services, including childcare, transportation, substance abuse prevention or treatment, and other related social services. As authorized by Chapter 352 of 2021, funds for a Baltimore City pilot program received \$500,000 in fiscal 2023.

## **Targeted Supports for Disabled or Special Education Students**

Maryland also offers targeted programs for disabled students or students with special educational needs. These programs include local support programs to assist students to meet college and career readiness, rehabilitative services, and the autism waiver program.

### **Local Support Programs**

A companion goal of having every student college or career ready by grade 10 is having the necessary supports for students who are not college or career ready by grade 10 as soon as possible and before graduation. The department is in the process of collaborating with local education agencies and community colleges to develop a program of study for these students, including summer immersion programs; before, during, and after school tutoring models; and extended curriculum classes to be developed in consultation with the community colleges. Student support pathways are individual and may also be accessed or developed based on each student's needs.

### **Rehabilitative Services**

For high school students and adults who have a serious mental or physical disability, the department's Division of Rehabilitative Services offers services for individuals to meet future employment goals. The division has three types of services: a Workforce and Technology Center; Disability Determination Services; and Blindness and Vision Services. This division also offers services to adults with disabilities to prepare for work and independence. In fiscal 2023, this

division received \$115.9 million, primarily from federal vocational rehabilitation grants and Social Security disability insurance.

The Division of Rehabilitative Services has a counselor assigned to every public high school in Maryland and offers both pre-employment transition services and vocational employment services to high school students ages 14 to 21. Pre-transition services are for students with varying disabilities who are still enrolled in school. These services include job exploration counseling; work-based learning experiences and training; and self-advocacy through activities, lessons, and workshops. The goal of this assistance is to provide students with exposure and experiences related to employment or a postsecondary program. Vocational rehabilitation services are for students with significant disabilities who require employment support. Eligible individuals with significant disabilities receive an individualized plan of services to support them in obtaining competitive integrated employment.

### **Autism Waiver**

Maryland's Autism Waiver program serves children from infancy to age 21 and is authorized by Section 1915(c) of the federal Social Security Act. The program authorizes a state to waive certain Medicaid requirements in order to provide home- and community-based services to individuals, thereby enabling them to remain living in the community and avoid institutionalization. The waiver authority is administered by the Centers for Medicare and Medicaid Services. There is no limit to the number of waivers that a state may operate, and the state has broad discretion when establishing its waiver. The program currently serves approximately 1,600 students with a waitlist of over 6,000 individuals. In fiscal 2023, the program received an initial allocation of \$30.3 million, plus an additional \$30.0 million from the State Rainy Day Fund to expand the program and reduce the waitlist.

### **Maryland Longitudinal Data System and Center**

Chapter 190 of 2010 required the department, the Maryland Higher Education Commission, the University System of Maryland, Morgan State University, St. Mary's College of Maryland, and the Maryland Department of Labor jointly to establish a Maryland Longitudinal Data System. This system links data that contains individual-level student and workforce information from all levels of education and the State's workforce. The primary purpose of the system is to facilitate and enable the linkage of student and workforce data as well as generate timely and accurate information about student performance that can be used to improve the State's education system and guide decision makers at all levels. The linkage of student data and workforce data is limited to no more than 20 years beyond the individual's latest attendance in any educational institution in the State. Chapter 190 also established the Maryland Longitudinal Data System Center as an independent unit within State government to serve as a central repository for the data, ensure compliance with federal privacy laws, perform research on the data sets, and fulfill education reporting requirements and approved public information requests.