

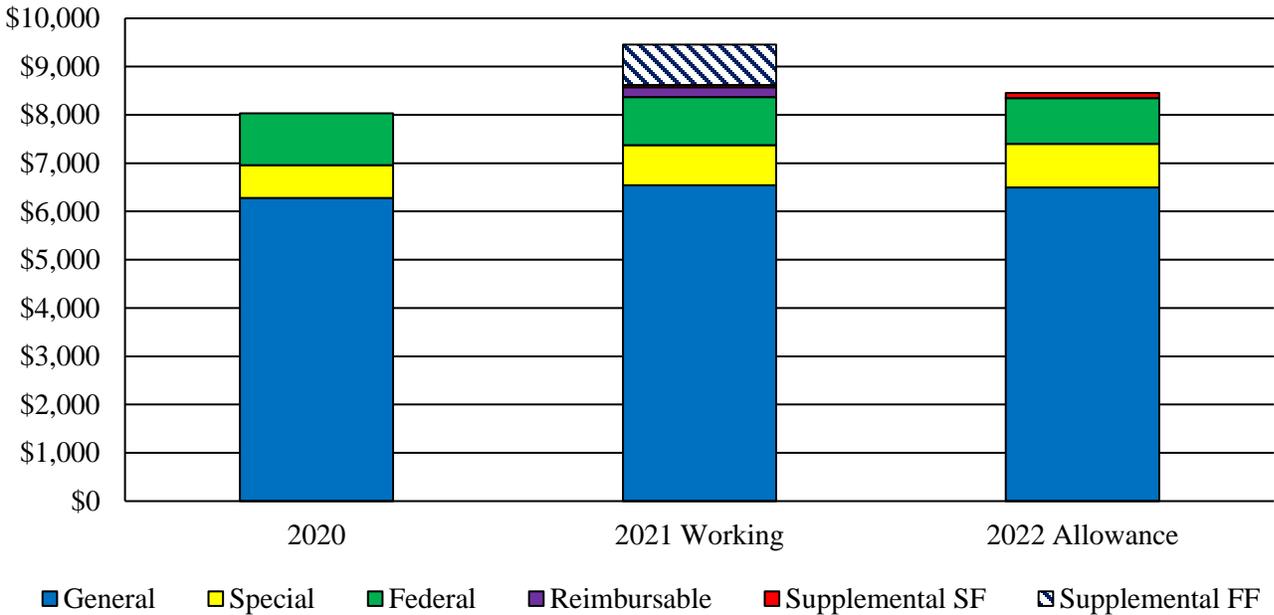
R00A02
Aid to Education
Maryland State Department of Education

Executive Summary

The Maryland State Department of Education (MSDE) Aid to Education budget is comprised of programs that provide State education aid to local jurisdictions. These programs include the State share of the Foundation Program, which is the major State aid program for primary and secondary schools. Programs in the Aid to Education budget that provide funding for early childhood programs, which include the Maryland Prekindergarten Expansion Program Financing Fund, Head Start, and the Child Care Scholarship Program, can be found in the budget analysis for MSDE Early Childhood Development (R00A99). This analysis includes funds allocated to Blueprint for Maryland’s Future Grant program.

Operating Budget Summary

Fiscal 2022 Budget Decreases by \$1.0 Billion, or 10.6%, to \$8.45 Billion
(\$ in Millions)



Note: Early childhood grant funds, while budgeted in the Aid to Education Blueprint for Maryland’s Future grant program, are analyzed in the Maryland State Department of Education – Early Childhood Development analysis (R00A99). This exhibit includes federal COVID-19 stimulus funds budgeted in Aid to Education for community colleges and independent colleges but their budgets are analyzed in their respective Maryland Higher Education Commission analyses. The fiscal 2021 appropriation includes deficiencies and funding from Supplemental Budget No. 1. The fiscal 2022 allowance includes funding from Supplemental Budget No. 1.

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- The fiscal 2022 Supplemental Budget No. 1 adds a total of \$988 million in funding to the State Aid to Education budget. This amount includes \$838 million in federal funds in fiscal 2021, and \$45 million and \$105 million in fiscal 2021 and 2022, respectively, in special funds from the Blueprint for Maryland’s Future Fund.
- The fiscal 2022 budget includes a special fund deficiency allocation of \$174.8 million to cover a shortfall in the Education Trust Fund revenues in fiscal 2020 and 2021. This action is contingent on a provision in the Budget Reconciliation and Financing Act (BRFA) of 2021.
- Due largely to COVID-19 declines in 2020-2021 student enrollment, fiscal 2022 general fund allowances for State aid to local school systems (LSS) decrease by approximately \$212.5 million. This decrease is offset by special fund appropriations from the Blueprint for Maryland’s Future Fund totaling \$438.9 million, including \$213.7 million in hold harmless grants contingent on a provision in the BRFA.

Key Observations

- ***Blueprint for Maryland’s Future Implementation:*** With the implementation of Chapter 771 of 2019, the recent override of HB 1300, and the introduction of Supplemental Budget No. 1, three current issues involving Blueprint for Maryland’s Future Grant programs include adoption of a provision in the BRFA of 2021 to expand the uses of the Blueprint for Maryland’s Future Fund to include new grants included in Supplemental Budget No. 1; LSS carryover of unspent fiscal 2021 Blueprint funds in fiscal 2022; and remaining funds associated with three closed schools that received an allocation as part of the fiscal 2021 Concentration of Poverty Schools program.
- ***Pathways in Technology Early College High School Program (P-TECH) Report Suggests Enrollment May Exceed Budget:*** According to the 2020 *Joint Chairmen’s Report*, the P-TECH program expects an enrollment of 1,215 students in the 2021-2022 school year, which represents an enrollment increase of approximately 400 students from the 2020-2021 school year. However, the allocation for this program in fiscal 2022 does not cover the costs of this increase in projected enrollment based on the previous cost per student estimate.

Operating Budget Recommended Actions

1. Adopt committee narrative on the Students with Disabilities, Nonpublic Placement Program.
2. Adopt committee narrative for report on federal grants to local school systems for COVID-19 expenditures.

3. Adopt committee narrative on Pathways to Technology Early College and High School Program enrollment and costs.
4. Adopt committee narrative for closeout reports on fiscal 2020 and 2021 Blueprint for Maryland’s Future programs.

Budget Reconciliation and Financing Act Recommended Actions

1. Expand use of Blueprint for Maryland’s Future Fund to include new grants in the Supplemental Budget No. 1.
2. Add provision to transfer funds from the fiscal 2020 Students with Disabilities, Nonpublic Placement program budget.

Updates

- ***Nonpublic and Public Special Education Compensation Reviewed:*** In the 2020 session, the budget committees noted concern that compensation disparity may exist between special education teachers who teach in public schools versus nonpublic special education schools. Nonpublic special education schools are private organizations that provide services and supports for students with disabilities when the public school setting is no longer appropriate. This study found that compensation parity issues do exist and may need further intervention.
- ***Autism Waiver Capacity Challenges Persist:*** Currently, over 5,900 individuals are on the Autism Waiver registry, with an average wait time of approximately eight years before screening and eligibility determination for services. The fiscal 2021 working appropriation for this program is \$25.1 million, which is approved to serve up to 1,300 participants or 100 additional participants from fiscal 2020. The fiscal 2022 allocation for this program is \$25.9 million, with an increased capacity for an additional 100 participants.
- ***Medicaid Claiming for School-based Health Services Delayed:*** MSDE is responsible for providing the State share of the cost for school-based health services via an intergovernmental transfer to the Maryland Department of Health (MDH). However, Maryland Medicaid does not currently employ an administrative claiming program for school-based services and does not anticipate doing so in the near future. The reason given by MSDE and MDH for this delay is that the Centers for Medicaid and Medicare Services has not issued updated guidance on school-based administrative claiming.

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Aid to Education
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Operating Budget Analysis

Program Description

State and local governments share responsibility for funding Maryland’s public schools. In 2002, the Commission on Education Finance, Equity, and Excellence (known as the Thornton Commission) revised formulas for the distribution of State aid to local school systems (LSS). The State provides the majority of direct funding through the State share of the Foundation Program that includes calculations intended to promote fiscal equity for LSS. In addition to the Foundation Program funds, LSS receive funds for compensatory education, Guaranteed Tax Base (GTB), transportation, limited English proficiency (LEP), and special education. More recently, Chapters 701 and 702 of 2016 created the Commission on Innovation and Excellence in Education (known as the Kirwan Commission) to study and recommend changes to Maryland’s school funding formulas. In 2019, the legislature passed the Kirwan Commission’s initial recommendations (Chapter 771), known as the Blueprint for Maryland’s Future; allocated \$348 million to the Blueprint for Maryland’s Future Grant programs in fiscal 2021; and required the Governor to appropriate at least \$500 million to the Blueprint for Maryland’s Future special fund in fiscal 2022.

The analysis for Aid to Education includes 17 of 21 programs budgeted in the Governor’s Aid to Education budget. Funds for the Maryland Prekindergarten Expansion Program, Transitional Education (Judith P. Hoyer Program), Head Start, and the Child Care Scholarship Program are found in the analysis for Maryland State Department of Education (MSDE) – Early Childhood Development (R00A99).

Performance Analysis: Managing for Results

1. Maryland Comprehensive Assessment Program Pilot Assessments Delayed Due to COVID-19 School Closures

The federal Every Student Succeeds Act of 2015 requires that every state administer annual, summative assessments to all students in (1) English language arts/literacy and mathematics in grades 3 through 8 and high school; (2) science in each grade span (grades 3 to 5, grades 6 to 8, and high school); and (3) English language proficiency assessments in grades K-12 for all English Language Learners (ELL). In 2018, MSDE announced the transition from the Partnership for Assessment of Readiness for College and Careers to the Maryland Comprehensive Assessment Program (MCAP). According to MSDE, this change was necessary so that State assessments were more reflective of the Maryland content standards and instruction. Development of MCAP began in January 2019 with field testing in December 2019 and initial administration planned for spring 2020.

Due to statewide school closures because of the COVID-19 pandemic in March 2020, LSS did not administer standardized assessments, which would have been the pilot year for the new MCAP tests. Maryland received a waiver from the federal government that allowed the State to defer calendar 2020 assessments to 2021. Normally, MSDE would submit Managing for Results (MFR) measures in all tested subjects, which would have been displayed as part of this budget analysis. At this time, MSDE expects to administer the pilot year of MCAP assessments starting in March 2021 and submit MFR for pilot tests in fiscal 2023. For more details on the budget for MCAP assessments, see the MSDE Headquarters budget analysis, R00A01.

2. Graduation Rates

The State calculates graduation rates by high school cohort of students who enter grade 9 and students who graduate in grade 12. For each cohort of students who enter grade 9, an LSS adjusts the number of students based on dropouts (defined as students who terminate formal education for any reason other than death) and transfers (defined as students who transfer in or out, emigrate, or die during the four-year period). A school year is defined as the first day of the school year to the first day of the following school year. The State also calculates a five-year cohort graduation rate. For the 2019-2020 school year, the four-year adjusted cohort graduation rate is 86.25%, and the dropout rate is 8.25%.

Fiscal 2021

Deficiency Allocation

The Budget Reconciliation and Financing Act (BRFA) of 2021 authorizes the transfer of marketplace facilitator revenues and revenues collected through out-of-state vendor sales taxes to the Education Trust Fund (ETF) to supplement prior year obligations (\$144.6 million) and a fiscal 2021 shortfall (\$30.3 million) for public education grants. These revenues would otherwise have gone to the Blueprint for Maryland's Future Fund. The fiscal 2022 budget includes the deficiency appropriations that account for this provision.

Cost Containment

Due to the financial strain caused by the COVID-19 pandemic, the Board of Public Works approved fiscal 2021 reductions in July 2020. In the Aid to Education budget, the Innovative Programs budget received a cut of \$437,000 to eliminate fenced funding to the Chesapeake Bay Foundation.

Supplemental Budget No. 1

The Supplemental Budget No. 1 adds \$988 million to the State Aid to Education budget, including \$150 million in special funds from the Blueprint for Maryland Future Fund and \$838 million in federal funding. The majority of this funding, \$45 million of the special funds and the entirety of the

federal fund appropriation, is added in fiscal 2021. Utilization of the additional special funds is discussed further in the Issues section of this analysis. Discussion of all COVID-19 assistance funding provided for Maryland’s schools, including the federal funds provided in Supplemental Budget No. 1, is discussed in the following.

Local School System COVID-19 Relief

In order to help states and local governments with COVID-19 relief, Congress passed two rounds of federal stimulus: the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020; and the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act in December 2020. The CARES Act allocated approximately \$330 billion in stimulus funds to states and local governments for newly authorized programs as well as supplemental funding and reimbursement for certain emergency management and healthcare expenses. Of this amount, approximately \$13.2 billion was allocated to the Elementary and Secondary School Emergency Relief (ESSER) I fund, which was designed to assist state educational agencies in providing schools with emergency relief funds to address the impact of COVID-19. Additionally, approximately \$3 billion of CARES Act funds were allocated to the Governor’s Emergency Education Relief (GEER) I fund. This award was made to Governors’ offices based on a formula in the legislation, which was 60% based on the state’s relative population of individuals, ages 5 through 24, and 40% based on the state’s relative number of children counted under section 1124(c) of the Elementary and Secondary Education Act of 1965. Of this amount, Maryland schools will receive \$207.8 million in ESSER I grants, \$45.7 million in GEER I grants, along with \$200 million in reimbursable funds from the Maryland Department of Health’s (MDH) Office of Preparation and Response Coronavirus Relief Fund, which is also part of the CARES Act funding.

In December 2020, the CRRSA Act allocated \$54.3 billion to supplement the ESSER fund (ESSER II) and \$1.3 billion to supplement the GEER fund (GEER II). These funds were awarded to states based on the CARES Act distribution formula. Of this amount, Maryland schools will receive \$781.9 million from the ESSER II fund and \$46.6 million in GEER II grants.

Maryland receives a total of \$1.3 billion over fiscal 2020 and 2021 in federal COVID-19 relief. **Exhibit 1** provides details of these fund allocations.

Exhibit 1
Federal Funds for COVID-19 Relief
(\$ in Millions)

<u>Grant</u>	<u>Grantee</u>	<u>Program</u>	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>	<u>Total</u>
ESSER I	LSS	COVID-19 Expenses	\$187.1	\$0.0	\$187.1
ESSER I	MSDE	Administrative Costs	20.7	0.0	20.7
GEER I	LSS	K-12 Technology	0.0	10.0	10.0
GEER I	LSS, Nonpublic Schools, Higher Education	Competitive Innovation Grants	0.0	10.0	10.0
GEER I	LSS	Urban and Rural Broadband	0.0	10.0	10.0
GEER I	MSB and MSD		0.0	0.7	0.7
Coronavirus Relief Fund	LSS	K-12 Technology	0.0	100.0	100.0
Coronavirus Relief Fund	LSS	K-12 Tutoring	0.0	100.0	100.0
ESSER II	LSS	Safe Reopening Grants	0.0	781.9	781.9
GEER II	Nonpublic Schools	Safe Reopening Grants	0.0	35.9	35.9
GEER II	Not Announced	Innovative Approaches to Connecting with Students	0.0	10.0	10.0
GEER II	MSB and MSD		0.0	0.7	0.7
Total			\$207.8	\$1,059.2	\$1,267.0

ESSER: Elementary and Secondary School Emergency Relief Fund

GEER: Governor's Emergency Education Relief Fund

LSS: local school system

MSB: Maryland School for the Blind

MSD: Maryland School for the Deaf

MSDE: Maryland State Department of Education

Note: Does not include GEER I or II funds for community colleges and independent colleges and \$15 million for a State educational network allocated to the Department of Housing and Community Development in reimbursable funds from MSDE.

Source: Fiscal 2022 Supplemental Budget No. 1; Department of Legislative Services

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Some, but not all, federal fund grants flow directly from MSDE to LSS. Of the direct grants that MSDE allocated to LSS from ESSER and GEER funds, the criteria used for distribution was as follows:

- \$1.069 billion in grants allocated to LSS and the School for Education Evolution and Development (SEED) school using 2019 Title I-A percentages including \$187.1 million in ESSER I funds for COVID-19-related expenses; \$100 million in coronavirus relief funds for K-12 tutoring; and \$781.9 million in ESSER II funds for safe reopening;
- \$100 million in coronavirus relief funds for K-12 technology based on enrollment;
- \$10 million in GEER I technology grants distributed according to 2019 enrollment adjusted for at-risk students;
- \$10 million in GEER I urban and rural broadband grants distributed by the Department of Housing and Community Development; and
- \$1.4 million in GEER I and II funds to the Maryland School for the Deaf (MSD) and the Maryland School for the Blind (MSB) based on enrollment.

Remaining grants totaling \$58.0 million are allocated based on criteria determined by MSDE. These grants include \$20.7 million in administrative funding retained by MSDE, \$35.9 million for reopening nonpublic schools, and \$1.4 million for MSB and MSD. **Exhibit 2** provides the known allocations to LSS for approximately \$1.19 billion of the COVID-19 relief.

Exhibit 2
Federal Grants by Local School System
Fiscal 2020-2021
(\$ in Thousands)

<u>LSS</u>	<u>ESSER I for COVID-19</u>	<u>GEER I Competitive Innovation</u>	<u>Coronavirus Relief Fund for Technology</u>	<u>Coronavirus Relief Fund for Tutoring</u>	<u>GEER I K-12 Technology</u>	<u>GEER I Urban and Rural Broadband</u>	<u>ESSER II</u>	<u>Total</u>
Allegany	\$2,557.9	\$0.0	\$909.9	\$1,367.5	\$97.0	\$70.0	\$11,278.2	\$16,280.6
Anne Arundel	11,855.6	654.7	9,433.3	6,338.2	729.4	59.0	48,393.5	77,463.7
Baltimore City	48,392.8	0.0	8,387.5	25,871.5	1,440.3	1,778.6	197,474.4	283,345.1
Baltimore	23,741.8	0.0	12,649.2	12,692.7	1,288.5	750.0	96,638.6	147,760.8
Calvert	1,201.9	0.0	1,781.5	642.5	83.0	15.6	5,098.5	8,823.0
Caroline	1,490.1	0.0	629.8	796.6	67.3	111.4	6,096.0	9,191.3
Carroll	1,975.7	0.0	2,855.8	1,056.3	141.7	50.2	7,491.7	13,571.4
Cecil	3,128.8	0.0	1,668.9	1,672.7	154.8	14.0	12,391.7	19,030.9
Charles	3,127.3	0.0	3,040.1	1,671.9	231.6	812.0	13,743.7	22,626.7
Dorchester	1,901.2	0.0	510.9	1,016.4	63.1	124.0	7,775.7	11,391.2
Frederick	4,008.5	0.0	4,832.7	2,143.0	323.4	0.0	16,879.1	28,186.8
Garrett	957.2	405.4	414.9	511.7	33.5	185.0	3,986.8	6,494.5
Harford	4,451.8	420.4	4,278.0	2,380.0	291.8	79.1	18,905.7	30,806.8
Howard	4,236.7	427.0	6,562.6	2,265.0	374.5	213.6	19,372.0	33,451.4
Kent	522.2	0.0	205.9	279.2	24.0	46.0	2,330.2	3,407.3
Montgomery	24,768.2	374.0	18,344.4	13,241.4	1,748.3	1,117.5	112,233.8	171,827.6
Prince George's	30,031.7	400.0	14,926.9	16,055.4	2,137.2	517.5	122,234.7	186,303.5
Queen Anne's	739.9	0.0	858.4	395.6	51.6	708.0	3,026.0	5,779.6
St. Mary's	2,574.4	0.0	1,960.2	1,376.3	132.5	1,685.8	11,611.0	19,340.1
Somerset	1,347.2	217.6	307.1	720.3	43.3	0.0	6,009.4	8,644.9
Talbot	896.1	0.0	508.9	479.1	53.4	101.9	3,665.8	5,705.2
Washington	5,606.1	0.0	2,496.9	2,997.1	235.7	172.9	24,618.4	36,127.2
Wicomico	5,166.1	375.0	1,655.8	2,761.8	192.0	112.1	21,093.1	31,355.9

<u>LSS</u>	<u>ESSER I for COVID-19</u>	<u>GEER I Competitive Innovation</u>	<u>Coronavirus Relief Fund for Technology</u>	<u>Coronavirus Relief Fund for Tutoring</u>	<u>GEER I K-12 Technology</u>	<u>GEER I Urban and Rural Broadband</u>	<u>ESSER II</u>	<u>Total</u>
Worcester	1,566.0	0.0	734.4	837.2	62.0	11.2	6,406.9	9,617.7
SEED School	805.6	0.0	45.9	430.7	0.0	0.0	3,139.3	4,421.4
MSB	0.3	0.0	0.0	0.0	0.0	0.0	0.3	0.6
MSD	0.4	0.0	0.0	0.0	0.0	0.0	0.4	0.8
Unallocated	0.0	0.0	0.0	0.0	0.0	1,264.5	0.0	1,264.5
Total	\$187,050.7	\$3,274.2	\$100,000.0	\$100,000.0	\$10,000.0	\$8,735.5	\$781,894.1	\$1,192,220.3

ESSER: Elementary and Secondary School Emergency Relief Fund

GEER: Governor's Emergency Education Relief Fund

LSS: local school systems

MSB: Maryland School for the Blind

MSD: Maryland School for the Deaf

SEED: School for Education Evolution and Development

Note: LSS received \$3.2 million out of \$10.0 million in GEER I Competitive Innovation grants. Grants were also distributed to higher education and other educational institutions.

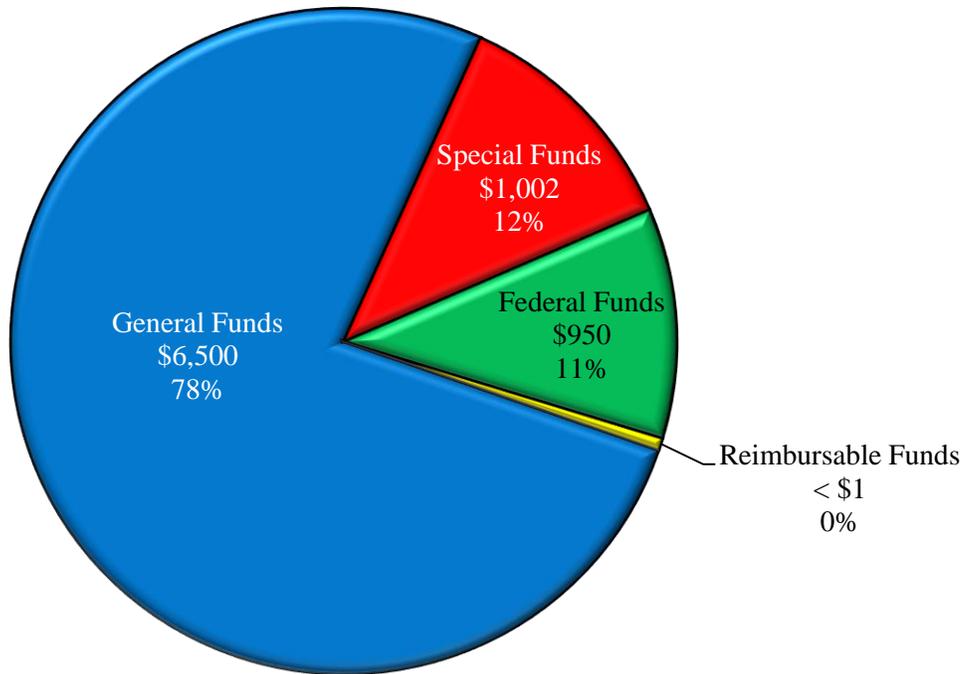
Source: Maryland State Department of Education; Fiscal 2022 Supplemental Budget No. 1

The Department of Legislative Services (DLS) recommends to the budget committees that MSDE report on the expenditure of federal CARES and CRRSA funds by LSS. This report should include details of LSS expenditures on COVID-19, by program and object, for the following fund distributions: ESSER I and II; Coronavirus Relief Fund for technology; Coronavirus Relief Fund for tutoring; GEER I funds for Competitive Innovation Grants; and GEER II funds for Innovative Approaches to Connecting with Students.

Fiscal 2022 Overview of Agency Spending

The fiscal 2022 allowance totals approximately \$8.45 billion with \$6.5 billion, or 78%, in general funds; \$1.0 billion, or 12%, in special funds; \$950 million, or 11%, in federal funds; and \$90,000 in reimbursable funds. The majority of funds in the fiscal 2022 Aid to Education allowance go to LSS and include both general funds and special funds from the ETF and the Blueprint for Maryland’s Future Fund. **Exhibit 3** displays the overview of agency spending for these programs in fiscal 2022.

Exhibit 3
Overview of Agency Spending
Fiscal 2022 Allowance
(\$ in Millions)



Source: Governor’s Fiscal 2022 Budget Books

Major State Aid to LSS

Major State aid to LSS is represented in multiple programs in the Aid to Education budget, including the Blueprint for Maryland’s Future Grant program allocations. **Exhibit 4** displays the fiscal 2021 and 2022 allocations by program.

Exhibit 4
Major State Aid to Local School Systems
Fiscal 2021-2022
(\$ Millions)

	<u>2021</u>	<u>2022</u>	<u>Difference</u>	<u>% Difference</u>
Foundation Programs	\$3,502.7	\$3,413.4	-\$89.3	-2.5%
Compensatory Aid	1,364.7	1,285.8	-78.9	-5.8%
Limited English Proficiency	348.2	334.3	-14.0	-4.0%
Special Education – Formula Aid	314.9	306.6	-8.2	-2.6%
Special Education – Nonpublic	123.9	123.9	0.0	0.0%
Student Transportation	310.2	288.1	-22.1	-7.1%
Guaranteed Tax Base	41.2	49.9	8.6	20.9%
Other Education Programs	90.7	92	1.3	1.5%
Blueprint Hold Harmless	0	213.7	213.7	0.0%
Blueprint Programs	389.5	614.7	225.2	56.4%
Subtotal	\$6,486.0	\$6,722.3	\$236.3	3.6%
Teacher Retirement Payments	\$750.3	\$779	\$28.7	3.8%
Total Aid	\$7,232.1	\$7,488.9	\$264.9	3.7%

Source: Governor’s Fiscal 2022 Budget Books; Fiscal 2022 Supplemental Budget No. 1

With the additional \$150 million allocation to Blueprint for Maryland’s Future programs in fiscal 2021 and 2022 in the Supplemental Budget No. 1, the total allocation for major State aid programs is \$7.5 billion, which is an increase of \$264.9 million, or 3.7%, from the fiscal 2021 allocation of \$7.2 billion. This total includes programs for major State aid, Blueprint for Maryland’s Future, and teachers’ retirement.

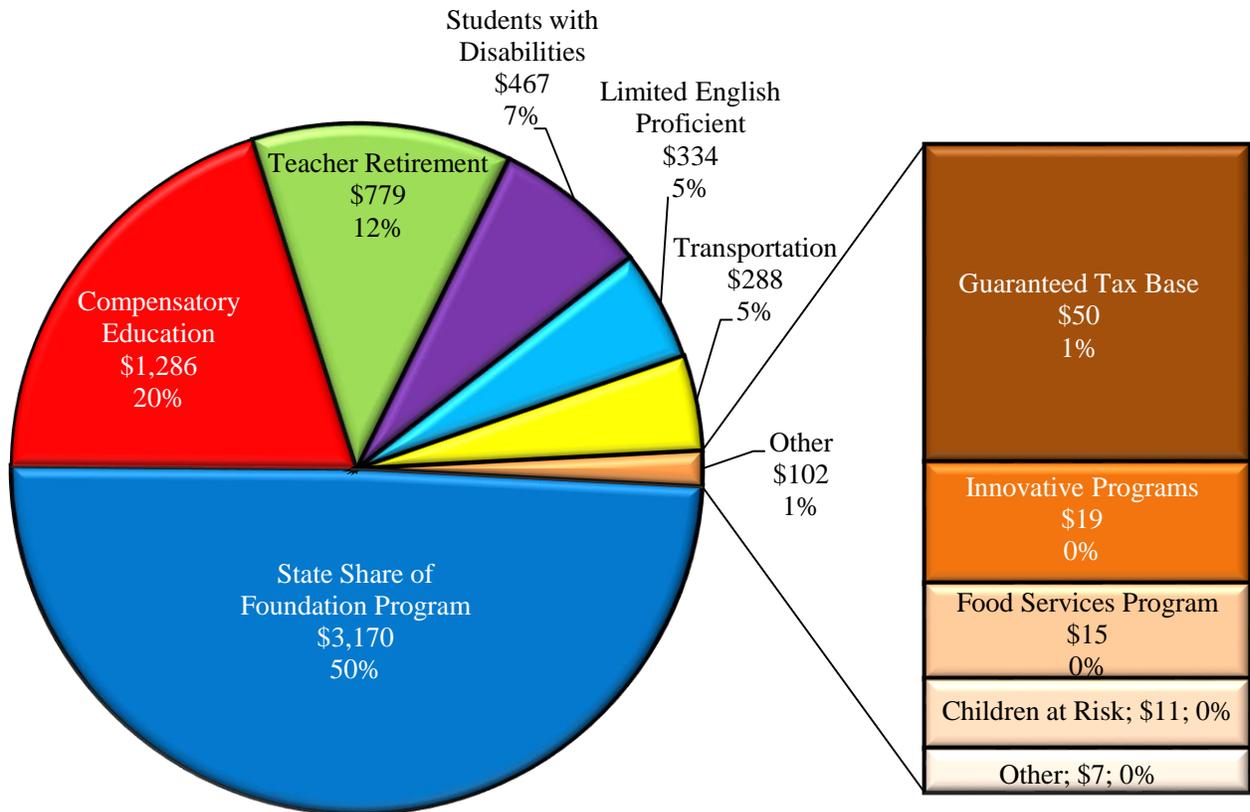
The Foundation Program allowance decreases by \$89.3 million, or 2.5%, from \$3.5 billion in fiscal 2021 to \$3.4 billion in fiscal 2022. This change reflects an overall decline in K-12 enrollment in the 2020-2021 school year due to the COVID-19 pandemic, resulting in a decrease of 19,704 students, or 2.3%, from the 2019-2020 enrollment count. Similarly, the fiscal 2022 allowance for compensatory education, LEP, special education, and student transportation all decrease from fiscal 2021 amounts due to lower enrollment counts in the current school year. In total, formula funds decrease by \$212.5 million. This amount is more than offset by discretionary hold harmless grants provided in

fiscal 2022 from the Blueprint for Maryland’s Future Fund totaling \$213.7 million. These grants provide an increase in direct State aid of at least \$50,000 for each LSS.

General Funds

In fiscal 2022, of the \$6.5 billion general fund allocation, \$3.2 billion, or 50%, is allocated to the State share of the Foundation Program. Funding for compensatory education accounts for an additional one-fifth of the general fund budget, or \$1.3 billion. Nine other programs account for the remaining 30% of the general fund appropriation, receiving a combined \$2.0 billion in funding. **Exhibit 5** shows the fiscal 2022 general fund allowance by program.

Exhibit 5
General Fund Allowance
Fiscal 2022
(\$ in Millions)



Source: Governor’s Fiscal 2022 Budget Books

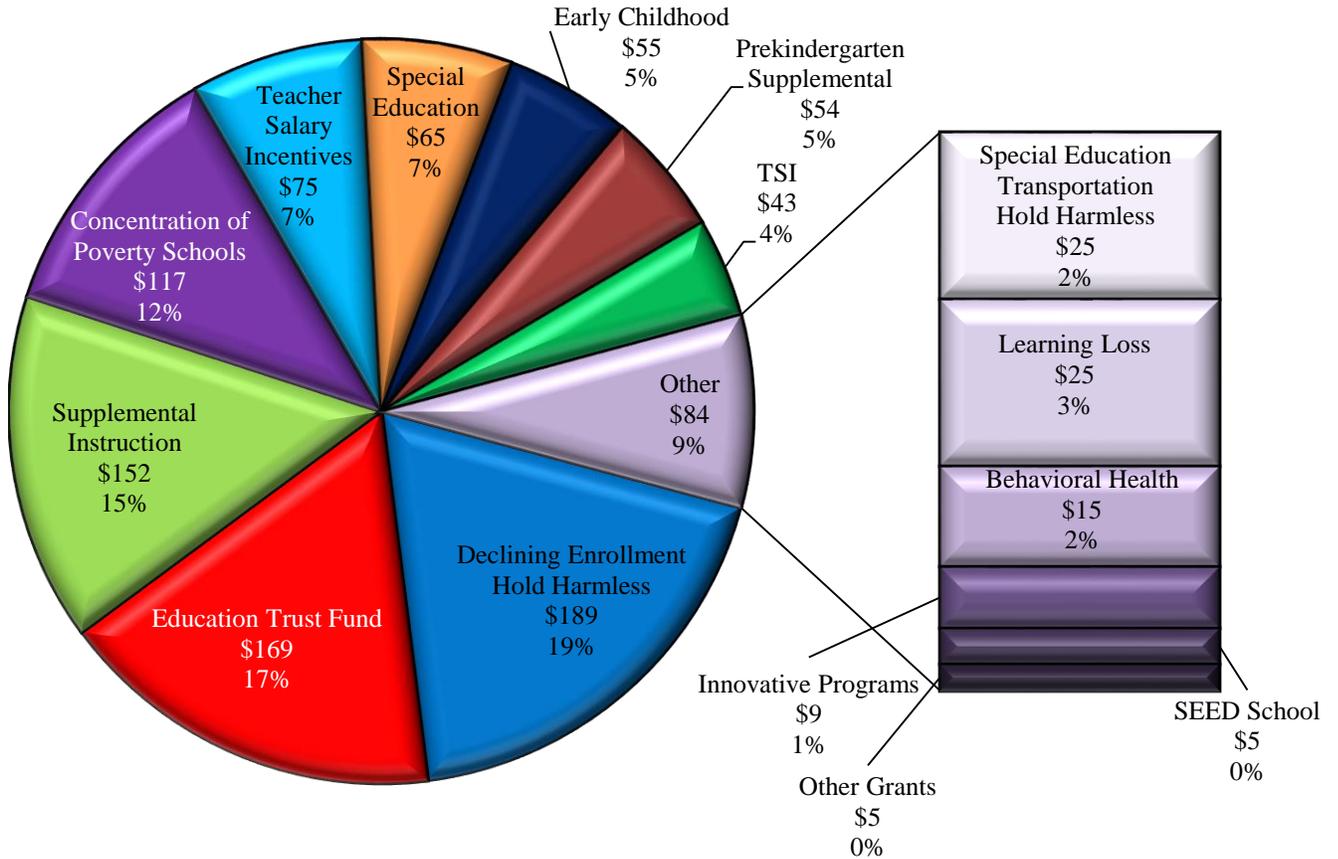
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In fiscal 2022, the State contributes \$779 million to support the employer’s share of retirement costs for LSS employees (included in Exhibit 2, Major State aid). LSS share in the cost of providing teacher retirement and pensions. In fiscal 2022, the local cost share includes approximately \$296.5 million for the employer normal cost for active members in the State Teacher’s Pension or Retirement System and \$14.6 million for State Retirement Agency administrative costs. Costs by LSS can be found **Appendix 1**.

Special Funds

Special fund allocations to Aid to Education programs are either from the ETF, Blueprint for Maryland’s Future Fund, or dedicated special funds for a specific program. In fiscal 2022, of the \$1.0 billion in special funds allocated in the Governor’s allowance, \$827.8 million is allocated from the Blueprint for Maryland’s Future Fund, including \$105 million added through the Supplemental Budget No. 1. Special funds from the ETF will provide \$169 million in support for the State share of the Foundation Program. The remainder of the special funds recognize tuition and fees generated by the SEED school and fees collected through the National Board for Professional Teaching Standards special fund applied to national board certification fees for teachers. **Exhibit 6** shows the special fund allowance by program or purpose.

**Exhibit 6
Special Fund Allowance
Fiscal 2022
(\$ in Millions)**



SEED: School for Education Evolution and Development
TSI: Transitional Supplemental Instruction

Note: Special fund totals do not include Blueprint for Maryland’s Future Funds allocated to the Prekindergarten Expansion Program Financing Fund, Maryland Higher Education Commission Teacher Fellowship Scholarship, and Maryland Department of Education Director of Community Schools.

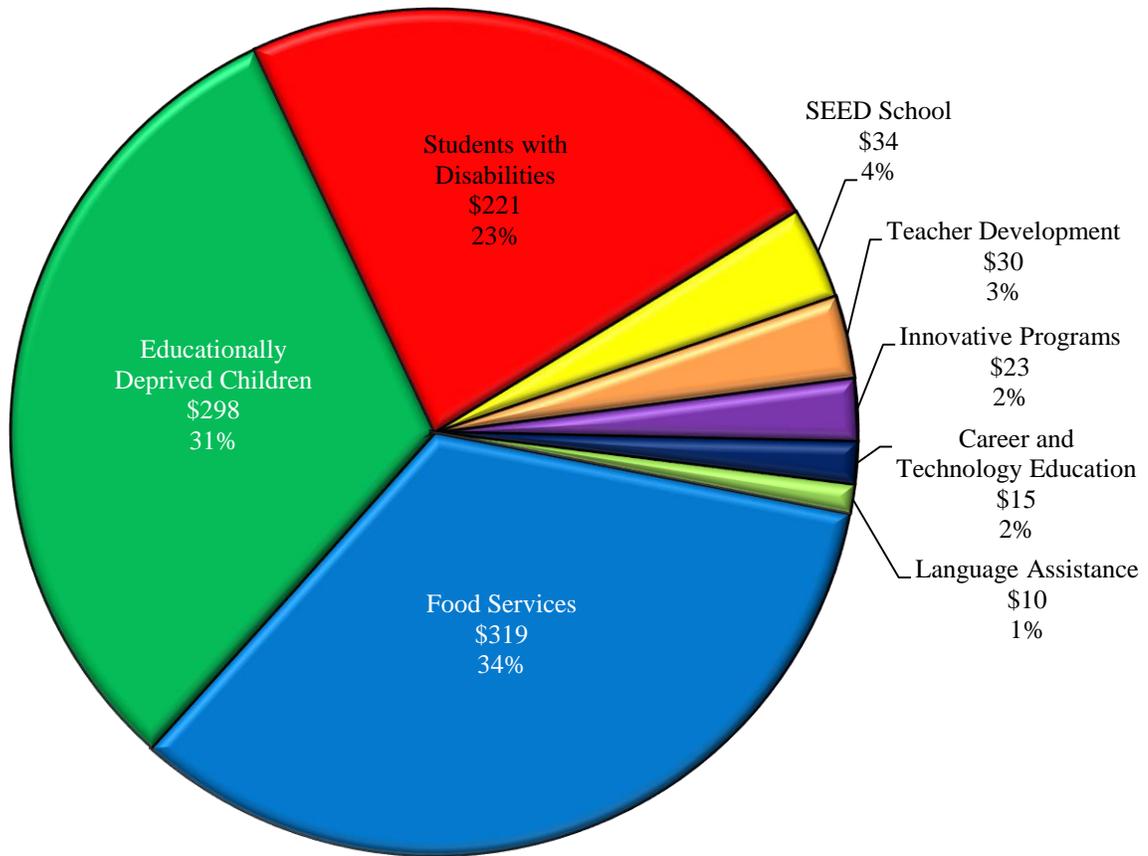
Source: Governor’s Fiscal 2022 Budget Books; Fiscal 2022 Supplemental Budget No. 1

Federal Funds

The \$950.0 million in federal funds allocated in fiscal 2022 is spread across eight programs, with funding to food services (\$319 million) and educationally deprived children (\$298 million)

accounting for the majority of the expenditures. **Exhibit 7** shows the federal fund allowance for fiscal 2022 by program.

Exhibit 7
Federal Fund Allowance
Fiscal 2022
(\$ in Millions)



SEED: School for Education Evolution and Development

Source: Governor’s Fiscal 2022 Budget Books

Proposed Budget Change

In fiscal 2022, the Aid to Education allowance decreases by \$1.0 billion, or 10.6%, from the fiscal 2021 appropriation. **Exhibit 8** shows the proposed fiscal 2022 budget and changes from fiscal 2021.

Exhibit 8
Proposed Budget
Maryland State Department of Education – Aid to Education
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimbursable Fund</u>	<u>Total</u>
Fiscal 2020 Actual	\$6,279,945	\$677,169	\$1,077,597	\$3	\$8,034,715
Fiscal 2021 Working Appropriation	6,542,664	877,384	1,834,156	200,090	9,454,294
Fiscal 2022 Allowance	<u>6,500,140</u>	<u>1,002,263</u>	<u>949,993</u>	<u>90</u>	<u>8,452,486</u>
Fiscal 2021-2022 Amount Change	-\$42,524	\$124,879	-\$884,163	-\$200,000	-\$1,001,808
Fiscal 2021-2022 Percent Change	-0.6%	14.2%	-48.2%	-100.0%	-10.6%

Where It Goes:

Change

Changes in State Aid to Local School Systems

Teacher retirement	28,661
Guaranteed Tax Base	8,632
Tax Increment Financing	-170
Geographic Cost of Education Index	-1,841
Students with Disabilities formula funding	-8,243
One-time hold harmless	-9,488
Limited English Proficiency	-13,954
Net taxable income adjustment	-22,532
Transportation, regular ridership and students with disabilities	-22,130
State share of the Foundation Program	-47,642
Compensatory education grant	-78,913

Other General Fund Changes

Reduced-price Meals Program	1,100
Autism Waiver	755
Out-of-county placements	100
SEED School	87
Pathways in Technology Early College and High School program	59
Environmental and outdoor education grant for Maryland Green Schools Act mandate	-10

Special Fund Changes to Blueprint for Maryland’s Future

Hold harmless grants for declining enrollment and special education transportation ...	213,700
Transitional Supplemental Instruction*	171,600
Concentration of poverty expansion grants*	51,700
Grants assist students dealing with trauma and behavioral health issues as a result of the COVID-19 pandemic*	5,000

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Medicaid direct certification information technology project	-200
Blueprint outreach efforts	-300
Early childhood expansion and prekindergarten supplemental grant offset	-1,174
Declining enrollment grants.....	-7,600
Reopening schools safely*.....	-10,000
Special fund deficiency allocation to cover shortfall in the Education Trust Fund	-174,845
Fiscal 2021 Federal Grants for COVID-19 Relief	
Maryland School for the Blind and Maryland School for the Deaf grants passed through the Aid to Education budget*	-700
Independent college grants costs passed through the Aid to Education budget*	-2,600
Community college workforce development passed through the Aid to Education budget*	-7,400
Innovative approaches to connecting with students grants*	-10,000
Governor's Emergency Education Relief grants for technology, broadband, and Competitive Innovation Grants.....	-45,700
Safe reopening of nonpublic schools grants*	-35,879
Reimbursable funds for local school system technology	-100,000
Reimbursable funds for local school system tutoring	-100,000
Grants to local school systems from the Coronavirus Response and Relief Supplemental Appropriations Act of 2020	-781,894
Other Fund Changes	
Minor changes to the Aid to Education budget	13
Total	-\$1,001,808

SEED: School for Education Evolution and Development

* Includes funds in Supplemental budget No. 1.

Note: Early childhood grant funds, while budgeted in the Aid to Education Blueprint for Maryland’s Future Grant program, are analyzed in the Maryland State Department of Education – Early Childhood Development analysis (R00A99). This exhibit includes federal funds budgeted in Supplemental Budget No.1, for community colleges (\$7.4 million) and independent colleges (\$2.4 million), but their budgets are analyzed in their respective Maryland Higher Education Commission analyses. The fiscal 2021 appropriation includes deficiencies and funding from Supplemental Budget No. 1. The fiscal 2022 allowance includes funding from Supplemental Budget No. 1.

Changes in State Aid to LSS

The State share of the Foundation Program decreases by \$47.6 million, or 1.5% from \$3.22 billion in fiscal 2021 to \$3.17 billion in fiscal 2022. This change is due to a variety of factors. The per pupil grant amount increases by \$59, from \$7,331 to \$7,390, due to an increase of 0.8% that reflects the low rate of inflation. The State also had enrollment decline due to the impact of the COVID-19 pandemic on in-person schooling, particularly on prekindergarten and kindergarten enrollments as well as an increase in homeschooling applications. As a result, the

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2020-2021 enrollment count is 854,564, which is a decrease of 19,704 students, or 2.3%, from the 2019-2020 enrollment count of 874,268.

Geographic Cost of Education Index (GCEI) decreases \$1.8 million, or 1.2%, from \$149.5 million in fiscal 2021 to \$147.7 million in fiscal 2022. Thirteen LSSs receive GCEI funds – Anne Arundel, Baltimore, Calvert, Carroll, Charles, Frederick, Howard, Kent, Montgomery, Prince George’s, Queen Anne’s, St. Mary’s counties and Baltimore City.

Net Taxable Income (NTI) grants decrease by \$22.5 million, or 32.3%, from \$69.7 million in fiscal 2021 to \$47.2 million in fiscal 2022. In fiscal 2022, 18 LSSs receive funding based on the difference between State aid results using September versus November NTI as the income factor for determining relative local wealth.

Tax Increment Financing (TIF) grants decrease by \$170,000, or 12.9%, from \$1.3 million in fiscal 2021 to \$1.1 million in fiscal 2022. Only Baltimore City and Prince George’s County receive TIF funds.

Hold Harmless grants decrease by \$9.5 million, or 100%, in fiscal 2022 in terms of general funds. In fiscal 2021, these discretionary grants were part of the Foundation calculation and received general funds. In fiscal 2022, these grants receive special funds as part of the Blueprint for Maryland’s Future Grant program hold harmless grants.

Compensatory education grants decrease \$78.9 million, or 5.8%, from \$1.36 billion in fiscal 2021 to \$1.29 billion in fiscal 2022. This decrease is based on the 2020-2021 enrollment count of 346,724 free and reduced-price meal (FRPM) students, which is 24,701, or 6.7%, students less than the 2019-2020 count of 371,425. Currently, 40.6% of students are eligible for FRPM.

Teacher’s retirement increases \$28.7 million, or 3.8%, from \$750.3 million in fiscal 2021 to \$779.0 million in fiscal 2022. This increase is due to an increased salary base, partially offset by a lower State contribution rate.

Students with disabilities formula grant decreases \$8.2 million, or 2.6%, from \$314.9 million in fiscal 2021 to \$306.6 million in fiscal 2022. This decrease is based on the 2020-2021 enrollment count of 109,041 special education students, which is 3,814 students, or 3.4%, less than the 2019-2020 count of 112,855. Currently, 12.8% of students receive special education services.

GTB funding increases \$8.6 million, or 20.9%, from \$41.2 million in fiscal 2021 to \$49.9 million in fiscal 2022. Eight LSS receive GTB funds – Allegany, Baltimore City, Caroline, Charles, Dorchester, Somerset, Washington, and Wicomico.

LEP grants decrease by \$13.9 million, or 4.0%, from \$348.2 million in fiscal 2021 to \$334.3 million in fiscal 2022. This decrease is based on the 2020-2021 enrollment count for ELL of 88,838, which is 4,411 students less than last year. Currently, 10.4% of students are considered ELL.

Transportation formula funding decreases by \$22.1 million, or 7.1%, from \$310.2 million in fiscal 2021 to \$288.1 million in fiscal 2022. Due to school closures caused by the COVID-19 pandemic,

the number of students needing disabled transportation services in 2020-2021 totaled 3,035, which is 24,959 students less than last year.

Other General Fund Changes

SEED School funding in the Children at Risk program increases \$87,000, or 0.5%, from \$16.1 million in fiscal 2021 to \$16.2 million in fiscal 2022, based on the increase in the per pupil Foundation grant.

Out-of-county placements funding in the Special Populations program increases by \$100,000, or 5.3%, from \$1.9 million in fiscal 2021 to \$2.0 million in fiscal 2022. This change represents a slight expected increase in the cost to the State for this program.

Autism Waiver in Students with Disabilities program increases \$745,000, or 3.0%, from \$25.2 million in fiscal 2021 to \$25.9 million in fiscal 2022. This increase represents 100 additional slots for this waiver in fiscal 2022. More information about the Autism Waiver is in the Updates section of this analysis.

Pathways in Technology, Early College High School Program (P-TECH) in innovative programs increases \$59,000, or 3.1%, from \$1.87 million in fiscal 2021 to \$1.9 million in fiscal 2022. This program anticipates an enrollment of 1,215 students in 2020-2021. More information on P-TECH can be found in the Issues section of this analysis.

Environmental and Outdoor Education in innovative programs, decreases by \$10,000, or 3.7%, from \$278,750 in fiscal 2021 to \$268,300 in fiscal 2022. The fiscal 2022 allocation is mandated as part of Chapter 739 of 2019, the Maryland Green Schools Act.

Reduced-price meals in food services increases \$1.1 million, or 50%, from \$2.2 million in fiscal 2021 to \$3.3 million in fiscal 2022. This increase is mandated in Chapter 560 of 2018, the Maryland Cares for Kids Act, which specifies that the State will pay an additional \$0.30 per pupil toward funding for reduced-price meals in fiscal 2022.

Blueprint for Maryland's Future Changes

Hold Harmless grants increase by \$213.7 million, or 100%, in fiscal 2022. These grants include \$188.7 for declining enrollment and \$25.0 million for special education transportation. These grants are not required to be funded in fiscal 2022; however, with the decrease in enrollments for most LSS, the Governor provided these grants in the fiscal 2022 budget.

Transitional Supplemental Instruction (TSI) grants increase by \$171.6 million from \$23 million in fiscal 2021 to \$194.6 in fiscal 2022. The additional funding for these grants, which provide one-on-one tutoring services for students who struggle with reading and early learning skills, is provided in both in the fiscal 2022 and in Supplemental Budget No. 1.

Concentration of Poverty School (CPS) grants increase \$51.7 million, or 56%, from \$65.2 million in fiscal 2021 to \$116.9 million in fiscal 2022 due to the allocation of an additional \$45 million in Supplemental Budget No. 1. The fiscal 2020 CPS grant was based on schools with 80%

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or more students eligible for FRPM; the fiscal 2021 budget includes schools with at least 75% FRPM; and the fiscal 2022 allowance includes schools with at least 70% FRPM. In fiscal 2022, 18 LSS receive this allocation – Allegany, Anne Arundel, Baltimore, Caroline, Carroll, Cecil, Charles, Dorchester, Frederick, Harford, Kent, Montgomery, Prince George’s, St. Mary’s, Somerset, Washington, and Wicomico counties and Baltimore City. More information about CPS grants is in the Issues section of this analysis.

Trauma and mental health grants increase by \$5 million, or 33%, to \$15 million in fiscal 2022. These grants, funded through Supplemental Budget No. 1, are intended for LSS to provide programs for students facing mental and behavioral health issues due to the COVID-19 pandemic.

Medicaid Direct Certification Initiative decreases \$250,000, or 100%, because this information technology initiative was completed in 2019. More information on this project can be found in the Updates section of this analysis.

Blueprint Outreach decreases \$150,000, or 100%, because this mandate from Chapter 771 of 2019 ended in fiscal 2021.

Prekindergarten Supplemental and Early Childhood Expansion grants offset each other in the fiscal 2022 allocation. Prekindergarten supplemental grants decrease by \$10.3 million, or 16.0%, from \$64.0 million in fiscal 2021 to \$53.7 million in fiscal 2022. Early childhood grants increase by \$9.1 million, or 20.2%, from \$45.6 million in fiscal 2021 to \$54.7 million in fiscal 2022. More information on these grants can be found in the Early Childhood Education operating budget analysis (R00A99).

Declining enrollment grants decrease by \$7.6 million, or 100%, in the fiscal 2022 budget and are offset by hold harmless grants.

Reopening grants decrease \$10 million, or 100%, in fiscal 2022. These grants are in the fiscal 2021 budget as part of Supplemental Budget No. 1.

Blueprint for Maryland’s Future Fund transfers \$174.8 million to the ETF in fiscal 2021. This transfer through the BRFA covers a shortfall in ETF funds in fiscal 2020 and 2021 that would normally be used for Foundation Program grants. This transfer allows special funds to be used in place of general funds for this purpose.

Federal Fund Changes

Federal grants for COVID-19 relief decrease by \$884.2 million, or 48.2%, in fiscal 2022. Of this amount, \$838.5 million in grants are part of Supplemental Budget No. 1, and \$45.7 million in grants are part of GEER I funding allocated in fiscal 2021.

ESSER I Funds from the CARES Act in fiscal 2021 total \$200 million in reimbursable funds, \$100 million for LSS technology, and \$100 million for LSS tutoring. More information on these grants can be found in the previous section on the fiscal 2021 budget and later in this analysis.

Issues

1. Blueprint for Maryland’s Future – Implementation

The Blueprint for Maryland’s Future (Chapter 771) established multiple programs and funding for schools and school districts in fiscal 2020 and 2021 to begin implementing the interim recommendations of the Commission on Innovation and Excellence in Education (known as the Kirwan Commission after its chair Dr. William “Brit” Kirwan). The Kirwan Commission completed its work in November 2019, and HB 1300 of 2020 – Blueprint for Maryland’s Future – Implementation, was introduced to implement the Kirwan Commission’s final policy and funding formula recommendations. The General Assembly passed HB 1300 shortly before the legislature adjourned early due to COVID-19. The Governor later vetoed the bill, citing the impact of the COVID-19 pandemic on the State.

Due to the Governor’s veto of HB 1300, the fiscal 2022 budget does not include funds for the implementation of the new funding formulas and programs. However, \$500 million is required by Chapter 771 to be appropriated to the Blueprint for Maryland’s Future Fund in fiscal 2022, and it is assumed those funds are also spent in fiscal 2022. In February 2021, the General Assembly overrode the Governor’s veto, and the legislation will become law in March 2021. This means that programs mandated as part of HB 1300 will receive funding in fiscal 2023. Despite the Governor’s veto, the fiscal 2022 budget continues – and increases – funding for Blueprint for Maryland’s Future Grant programs.

These programs included (1) a CPS Grant Program; (2) a Teacher Collaborative Grant Program; (3) a Teacher Salary Incentive Grant Program; and (4) TSI for struggling learners. Additionally, school systems receive \$65.5 million for special education. In fiscal 2021, funding for Blueprint programs totaled \$350.8 million, which also included additional grants for early childhood education, schools with a high concentration of poverty, mental health services coordinators, and Blueprint outreach.

As shown in **Exhibit 9**, in addition to continuing fiscal 2021 Blueprint funding, the Governor’s fiscal 2022 budget includes the hold harmless grants, which are intended to assist LSS with funding challenges related to declining enrollment and special education transportation due to the COVID-19 pandemic. The Governor also added \$151 million for tutoring and supplemental instruction to address COVID-19 learning losses and \$29 million to expand concentration of poverty grants to schools with 705 to 75% FRPM students.

Exhibit 9
Blueprint for Maryland’s Future Funding
Fiscal 2021-2022
(\$ in Millions)

	<u>2021</u>	<u>2022</u>	<u>Difference</u>	<u>% Difference</u>
<i>Hold Harmless Grants*</i>	\$0.0	<i>\$213.7</i>	\$213.7	100%
Concentration of Poverty Grants	65.2	<i>116.9</i>	51.7	44%
Teacher Salary Incentives	75.0	<i>75.0</i>	0.0	0%
Transitional Supplemental Instruction	23.0	<i>194.6</i>	171.6	88%
Mental Health Services Coordinators	2.0	<i>2.0</i>	0.0	0%
Special Education Grants	65.5	<i>65.5</i>	0.0	0%
Prekindergarten Supplemental Grants	64.0	<i>53.7</i>	-10.4	-19%
Early Education	45.6	<i>54.7</i>	9.2	17%
Summer School for COVID-19 Learning Loss	<i>25.0</i>	<i>25.0</i>	0.0	0%
Reopening Schools Safely	<i>10.0</i>	<i>0.0</i>	-10.0	0%
Behavior and Mental Health COVID-19	<i>10.0</i>	<i>15.0</i>	5.0	33%
Prekindergarten Expansion Grants	26.6	26.6	0.0	0%
MSDE Innovative Programs**	9.4	9.4	0.0	0%
Teacher Collaborative Grants	2.5	<i>2.5</i>	0.0	0%
MHEC Teaching Fellows Scholarship	2.0	2.0	0.0	0%
Declining Enrollment Grants	7.6	0.0	-7.6	0%
Blueprint Outreach	0.3	0.0	-0.3	0%
Medicaid Direct Certification Initiative	0.2	0.0	-0.2	0%
Total	\$433.8	\$856.6	\$422.7	49%

MHEC: Maryland Higher Education Commission

MSDE: Maryland State Department of Education

* Includes declining enrollment and special education transportation grants.

** Includes \$4.5 million for Learning in Extended Academic Programs, \$2.5 million for Early Literacy Initiative, \$2 million for Career and Technical Education Innovation Grants, \$250,000 for Teacher Recruitment and Outreach, and \$126,170 for MSDE Community Schools Director.

Note: Italics indicate related provision in the Budget Reconciliation and Financing Act of 2021. Bold italics indicate not mandated in fiscal 2022 but funded by Governor.

Source: Governor’s Fiscal 2022 Budget Books; Fiscal 2022 Supplemental Budget No. 1

This budget also includes funds from Supplemental Budget No. 1 allocated as \$45 million in fiscal 2021 and \$105 million in fiscal 2022. Funds in Supplemental Budget No. 1 include \$45 million in per pupil grants in fiscal 2022 for CPS with over 80% FRPM; \$50 million for summer school, allocated as \$25 million in fiscal 2021 and \$25 million in fiscal 2022, for students with greatest learning

losses; \$25 million for student behavioral and mental health, allocated as \$10 million in fiscal 2021 and \$15 million in fiscal 2022, to identify and support students dealing with COVID-19-related trauma and behavioral health issues; \$20 million in additional TSI funds, prioritizing students with greatest learning losses, including special education and ELL; and \$10 million to help schools safely reopen. **Exhibit 10** shows these allocations.

Exhibit 10
Supplemental Budget No. 1– Blueprint for Maryland’s Future Programs
Fiscal 2021-2022
(\$ in Millions)

	<u>2021</u>	<u>2022</u>
Concentration of Poverty Schools	\$0.0	\$45.0
Summer School for Learning Loss	25.0	25.0
Behavioral and Mental Health	10.0	15.0
Transitional Supplemental Instruction	0.0	20.0
School Reopening	10.0	0.0
Total	\$45.0	\$105.0

Source: Fiscal 2022 Supplemental Budget No. 1

Blueprint for Maryland’s Future Revenue Sources

In fiscal 2020 and 2021, Blueprint programs were funded by a combination of gaming revenues deposited in the ETF (\$125 million in fiscal 2020 and \$250 million in fiscal 2021); a portion of corporate filing fee revenue (in fiscal 2021); general funds repurposed from the Teacher, Induction, Retention and Advancement Pilot Program (in fiscal 2020); and \$200 million available from the Blueprint for Maryland’s Future Fund as a result of the federal Tax Cuts and Jobs Act of 2017. Beginning in fiscal 2021, sales tax revenues from marketplace facilitators and out-of-state vendors that exceed \$100 million are also dedicated to the Blueprint Fund.

In fiscal 2020, 2021, and 2022, the Governor was required to allocate no less than \$125 million, \$250 million, and \$375 million from the ETF, respectively, to this fund for Blueprint priorities. In addition, as part of the BRFA of 2021, \$174.9 million in Blueprint Fund revenue is transferred to the ETF to cover fiscal 2020 and 2021 shortfalls. Including Supplemental Budget No. 1 in fiscal 2022, \$857 million is allocated to Blueprint for Maryland’s Future programs, which leaves an anticipated balance of \$366 million. **Exhibit 11** shows fiscal 2020 to 2022 Blueprint for Maryland’s Future Fund revenues and balances.

Exhibit 11
Blueprint for Maryland’s Future Revenue Sources
Fiscal 2020-2022
(\$ in Millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Blueprint Fund Balance	\$0.0	\$301.1	\$479.1
Mandated ETF Allocation	125.0	250.0	375.0
Blueprint Reserve Fund	200.0	0.0	0.0
Other Revenues	19.7	0.0	0.0
Marketplace Facilitator Revenues	231.4	446.8	447.0
ETF Transfer for Fiscal 2020 Obligations	0.0	-144.6	0.0
ETF Transfer for Fiscal 2021 Shortfall	0.0	-30.3	0.0
Corporate Filing Fees	0.0	49.9	0.0
Sales Tax on Digital Downloads		40.0	96.0
Subtotal	\$576.1	\$912.9	\$1,397.1
Blueprint Allocation	\$275.0	\$433.8	\$856.6
Balance Remaining for Next Fiscal Year	\$301.1	\$479.1	\$540.5

ETF: Education Trust Fund

Note: Blueprint allocation amount includes all programs that receive Blueprint for Maryland’s Future funds.

Source: Governor’s Fiscal 2022 Budget Books; Fiscal 2022 Supplemental Budget No. 1; Department of Legislative Services

DLS recommends the adoption of a provision in the BRFA of 2021 to expand the uses of the Blueprint for Maryland’s Future Fund to include new grants included in the Supplemental Budget No. 1.

Survey Results Fiscal 2020 and 2021

As part of the implementation of Chapter 771, LSS are required to report to the General Assembly on the use of the funds allocated in fiscal 2020 and 2021. To collect this information, DLS conducted two surveys of all 24 LSS in December 2019 and 2020. In December 2019, DLS conducted an initial survey that focused on mid-year program expenditures for fiscal 2020. In December 2020, DLS conducted a second survey, which followed up on the initial survey. This survey collected closeout data for fiscal 2020 as well as mid-year data for fiscal 2021. This survey also asked LSS to provide data on changes, if any, to their programs due to COVID-19 school closures. DLS followed up and clarified LSS responses in January 2020. A complete report with survey data, as well as information about programs not discussed as issues in this analysis, will be released in spring 2021.

Transitional Supplemental Instruction

In fiscal 2020, 15 LSS reported a total of approximately \$5.1 million, or 22%, in unspent TSI funds at the end of the 2019-2020 school year, largely due to COVID-19-related school closures or the discontinuation of services. Ten LSS reported that they had discontinued TSI services after closing schools in March 2020; 10 LSS temporarily suspended TSI services and then switched to virtual programming; 4 LSS continued uninterrupted virtual services. Following the State-ordered closure of schools in March 2020 due to the COVID-19 pandemic, MSDE authorized LSS to retain unspent Blueprint funding at the end of fiscal 2020 for use in fiscal 2021. In fiscal 2021, 22 of 24 LSS are on track to spend all TSI funding, including funds remaining from fiscal 2020. Two LSS report that they anticipate unspent fiscal 2021 funds for a total of \$306,000 remaining in fiscal 2021. One LSS has not resumed TSI services in the current school year but is using funds for professional development and expects to spend the full amount. **Exhibit 12** shows allocated TSI funds, unspent funds retained for the next fiscal year, and total expenditures for fiscal 2020 and 2021.

Exhibit 12
Transitional Supplemental Instruction
Funds Remaining
Fiscal 2020-2021

	<u>2020</u>	<u>2021</u>
Allocation	\$23,000,000	\$28,107,539
Unspent Funds Retained for Next Fiscal Year	-5,107,539	-306,000
Total Expenditures	\$17,892,461	\$27,801,539
<i>School Year</i>	<i>2019-2020</i>	<i>2020-2021</i>

Source: Department of Legislative Services

Special Education

The Blueprint for Maryland’s Future Grant program provides an additional \$65.5 million for special education services for students with disabilities with specified allocations to each LSS. If any of this funding is not needed to fully implement Individualized Education Plans and 504 plans for students with disabilities, each LSS *must* use the remaining funding to implement other recommendations made in the Kirwan Commission’s January 2019 interim report. In fiscal 2020, all LSS used special education funds exclusively for those services; 23 of 24 LSS spent all allocated special education funds except for Wicomico County, which carried over \$73,036 into the next fiscal year. In fiscal 2021, LSSs anticipate spending all of their special education funding, and 4 LSS reported that they would use some funds to implement other Blueprint programs or recommendations. **Exhibit 13** shows the anticipated use of remaining special education funds in fiscal 2021.

Exhibit 13
Special Education Funds Remaining for Other Blueprint Programs
Fiscal 2021

<u>Jurisdiction</u>	<u>Anticipated Amount Remaining After Special Education Expenditures</u>	<u>Anticipated Use of Remaining Funds</u>
Allegany	\$200,000	<ul style="list-style-type: none"> ● Wraparound services ● College and career readiness
Caroline	50,023	<ul style="list-style-type: none"> ● Transitional Supplemental Instruction
Garrett	170,218	<ul style="list-style-type: none"> ● Wraparound services ● Early intervention or PreK ● Cultural competency/restorative practices training ● Data collection/analysis ● Mental health coordinator salary
Washington	1,085,853	<ul style="list-style-type: none"> ● Wraparound services ● Early intervention or PreK ● Equity-related supports or programming ● Behavioral intervention, home and hospital teaching, instructional materials
Total Remaining	\$1,506,094	

Source: Department of Legislative Services

Concentration of Poverty Schools

CPS grants are allocated as part of Chapter 771 to public schools in which at least 80% of the students are eligible for FRPM. The State must distribute a grant to each local school board equal to \$248,833 for each eligible school; that same amount must be distributed by the local board to each eligible school. If the LSS has at least 40 eligible schools, it may distribute the funds in accordance with a plan developed in consultation with eligible schools that ensures that each school receives the required services.

In fiscal 2020, 195 schools were identified as having greater than 80% FRPM students for a total grant of \$48.5 million. The LSS survey results revealed that 10 of the 12 school systems with schools receiving CPS grants ended fiscal 2020 with \$15 million remaining unspent due primarily to the impact of the pandemic. These funds were carried over to fiscal 2021. In fiscal 2021, in addition to continuing funding for 80% CPS, the Governor provided funding to expand the program to schools

with 75% to 80% FRPM. Two hundred sixty-two schools were identified as having greater than 75% FRPM students for a total grant allocation of \$65.2 million. After this grant was distributed, 3 schools in Baltimore City were identified as closed, and those funds went unallocated. Based on the LSS survey results, 10 of 15 school systems anticipate unspent funding at the end of fiscal 2021, totaling \$11.1 million. Many schools have had difficulty hiring a community school coordinator during the pandemic, with 46 schools (all newly eligible in fiscal 2021) reporting not having a community school coordinator as of January 2021. **MSDE should comment on whether LSS will be allowed to carry over unspent fiscal 2021 Blueprint funds in fiscal 2022.**

In fiscal 2022, in addition to continuing to fund schools with greater than 75% FRPM, the Governor expanded the program to include 70% to 75% FRPM schools. Two hundred eighty-nine schools were identified as having greater than 70% FRPM students for a total allocation of \$71.9 million. Supplemental Budget No. 1 allocates an additional \$45.0 million for grants in fiscal 2022 for a total allocation of \$116.9 million. The per pupil grants are for schools with greater than 80% FRPM.

Exhibit 14 displays CPS grants by fiscal year and FRPM percentage eligibility. Due to the timing of the Governor’s veto of HB 1300 and subsequent override by the General Assembly, the HB 1300 methodology, was not utilized to identify schools eligible for CPS grants in fiscal 2022. The HB 1300 methodology uses a rolling three-year average FRPM count and also ensures that once a school receives a CPS personnel grant, it receives the grant for at least two more years, even if it is no longer eligible based on its FRPM count. Based on an examination of school FRPM data, DLS has identified 4 schools that will be closing at the end of the school year and, therefore, should not receive a grant in fiscal 2022. In addition, 16 schools received a CPS grant in fiscal 2021 but are not receiving a grant in fiscal 2022.

Exhibit 14
Concentration of Poverty Schools Grant
Fiscal 2020-2022

	<u>2020</u> <u>80% FRPM</u>	<u>2021</u> <u>75% FRPM</u>	<u>2022</u> <u>70% FRPM</u>
Schools Funded	206	262	289
Closed Schools	-11	-3	-4
Schools That Received a Grant in Fiscal 2021 but Are Not in Fiscal 2022	0	0	16
Total Schools Eligible to Receive Funds	195	259	301
Total Allowance (Not Including Supplemental Budget No. 1)	\$48,522,435	\$65,194,246	\$71,912,737
Total Expenditures (in Funds, Schools Multiplied by \$248,833)	\$48,522,435	\$64,447,747	\$74,898,733
Difference From Allowance	\$0	-\$746,499	\$2,985,996

FRPM: Free and reduced price meal

Source: Governor’s Fiscal 2022 Budget Books; Maryland State Department of Education; Fiscal 2022 Supplemental Budget No. 1

MSDE should comment on whether \$746,499 in fiscal 2021 funds associated with three closed schools should be canceled or applied to the fiscal 2022 CPS allocation. Additionally, based on data collected in the DLS survey of LSS on fiscal 2020 and 2021 Blueprint spending and remaining amounts identified in three programs, DLS recommends to the budget committees that MSDE submit closeout reports for grants allocated for TSI, special education, and CPS. This closeout report should provide details as to how LSS spent these funds, as well as remaining fund balances.

2. Maintenance of Effort

In addition to the impact on State funding formulas, unusually low enrollment due to COVID-19 during the current school year also has an impact on the maintenance of effort (MOE) amount that county governments (including Baltimore City) must appropriate to the LSS in fiscal 2022. Every county met the MOE requirement for fiscal 2021, and in total, 5 counties (Calvert, Cecil, Frederick, Harford, and St. Mary's) exceeded the MOE by 1.0% or more. For fiscal 2022, the required MOE amount (prior to the veto override of HB 1300 of 2020) is based on the fiscal 2021 local appropriation on a per pupil basis, multiplied by the full-time equivalent (FTE) enrollment count from September 30, 2020 (the current school year). With HB 1300 becoming law (Chapter 36 of 2021), the enrollment count for the MOE is modified to use the greater of the September 30 FTE count or the three-year average. As a result of the low FTE count in the current school year, 12 counties have the option to provide a lower total appropriation for local education in fiscal 2022 than has been provided for fiscal 2021, as shown in **Exhibit 15**. For 12 counties, despite the lower enrollment, the required total appropriation under the MOE in fiscal 2022 is above the amount appropriated in fiscal 2021, primarily due to the MOE escalator provision that requires counties that make a below average local education effort (local appropriation divided by local wealth) to increase their local education appropriation by up to 2.5%. No county would need to increase the local appropriation by more than 2% to meet the MOE.

Exhibit 15
Hold Harmless and Impact on Local Appropriation
Fiscal 2022

<u>County</u>	<u>One-time State Hold Harmless Grant</u>	Change in Local Appropriation from Fiscal 2021 to Fiscal 2022	
		<u>Necessary to Meet Current Law Minimum MOE</u>	<u>Necessary to Meet MOE and Qualify for Hold Harmless</u>
Allegany	\$2,823,287	\$183,641	\$183,641
Anne Arundel	1,977,000	7,594,372	7,594,372
Baltimore City	2,868,000	4,813,798	4,813,798
Baltimore	31,207,966	-12,907,078	1
Calvert	5,305,701	-2,262,030	1
Caroline	3,078,226	201,193	201,193
Carroll	6,972,592	-2,444,154	1
Cecil	5,309,130	-983,253	1
Charles	878,000	-2,031,173	1
Dorchester	94,000	366,314	366,314
Frederick	2,070,068	-1,721,114	1
Garrett	1,652,142	284,499	284,499
Harford	4,423,581	-3,514,030	1
Howard	7,855,975	-15,775,769	1
Kent	466,806	-15,020	1
Montgomery	29,701,255	-22,155,965	1
Prince George's*	84,175,460	-11,642,043	1
Queen Anne's	3,076,725	512,800	512,800
St. Mary's	6,181,911	-1,093,512	1
Somerset	45,000	204,160	204,160
Talbot	825,479	344,076	344,076
Washington	7,678,645	1,266,494	1,266,494
Wicomico	4,949,632	368,856	368,856
Worcester	45,000	1,669,689	1,669,689
Total	\$213,661,581	-\$58,735,249	\$17,809,903

MOE: maintenance of effort

Note: Minimum MOE required amount in fiscal 2022 is calculated using the greater of full-time equivalent enrollment count from September 30, 2020, or the three-year average per Chapter 36 of 2021.

Source: Department of Legislative Services

The BRFA of 2021 proposed by the Administration includes a provision that requires a county to appropriate \$1 more to the LSS in fiscal 2022 than in fiscal 2021 in order for the school system to qualify for the hold harmless grant provided in the Governor's fiscal 2022 allowance. Exhibit 15 also shows the total hold harmless grant amount for each school system.

The BRFA provision would maintain local education funding in fiscal 2022, if counties do not want their school systems to suffer a loss of State education aid. However, this presents a dilemma for the counties that are not otherwise required to appropriate more in fiscal 2022 because the MOE requirement for fiscal 2023 and subsequent years is also affected. Any decision to fund local schools above the required level in fiscal 2022 will lock counties into an inflated per pupil requirement for future years, given the low student count in the current school year. Assuming enrollment returns to pre-COVID-19 anticipated levels beginning in the 2021-2022 school year, required MOE amounts will be inflated compared to typical annual increases because the unusually high per pupil appropriation in fiscal 2022 will be applied to a more typical FTE count. The 12 counties that would be required to fund above the amount that would otherwise be required to meet the MOE in fiscal 2022 will likely weigh the benefit to LSS from receipt of hold harmless funding in fiscal 2022 against the cost to counties of increased ongoing MOE obligations in future years. Given this dilemma, some counties may choose to fund LSS at or near the per pupil MOE requirement, rather than the local appropriation amount required by the BRFA for a school system to receive a hold harmless grant, resulting in some school systems not receiving the hold harmless grant in fiscal 2022.

To address this issue, DLS recommends that the required MOE funding for fiscal 2023 be based on the fiscal 2021 per pupil local appropriation, which would be calculated using the greater of September 30, 2021, or the three-year average count *excluding* September 30, 2020 enrollment. This would eliminate the unusually low enrollment count and resulting unusually high local appropriation per pupil for some counties in fiscal 2022. DLS also recommends that the September 2020 enrollment count be excluded from *every* three-year average count used in the new funding formulas including the MOE under Chapter 36. These changes can be made in legislation expected to be introduced this session to address technical and other changes needed to Chapter 36, due to the delayed enactment of the bill.

3. P-TECH Report Suggests 2020-2021 Enrollment Exceeds Budget

P-TECH offers high school students the opportunity to graduate in six years or less with a high school diploma, an associate degree, and relevant professional experience without incurring a cost. In order for a school to host a P-TECH program, it must have a designated industry partner; coordinate curriculum and academic requirements for the degree with the State, LSS, and local community college; and have a State and local funding source. In Maryland, Chapter 591 of 2016 established P-TECH funding for the State, LSSs, and community colleges for local P-TECH programs. State funding is provided as follows: in grades 9 through 12, P-TECH students are counted as full-time enrolled students (FTES) at their high school; in grade 13, or the fifth year of the program, they are counted as 50% of FTES in their LLS's enrollment count; and in grade 14, or the sixth and final year of the program, they are counted as 25% of FTES in their LLS's enrollment count. Students may not stay in the program more than six years. Currently, the State also provides LLSs \$750 per P-TECH student that the LLS must match. For community colleges, counties that received a disparity grant in the prior fiscal year, the State share is 50% and the local share is 50% of tuition costs. In counties that did not receive a disparity grant in the prior fiscal year, the State share is 25% and the local share is 75%. Student credit hours at a community college are also included in the college's FTES calculation for their funding formulas that provides additional funding. Chapter 591 also specifies that the fiscal 2018

planning grants would be the last until the initial P-TECH cohort from the 2016-2017 school year completes its six-year sequence (*i.e.*, after the 2022-2023 school year).

Since the inception of this program, predicting program costs has proven to be very difficult. Although the costs of a P-TECH student in high school is covered 100% by State Foundation Program funding to LSS, the costs for community college tuition varies by student and by program year, and due to this uncertainty, increasing numbers of P-TECH students entering the program in Year 1 create an unknown cost to the State by Year 6.

In MSDE’s response to the 2020 *Joint Chairmen’s Report*, the projected cost of P-TECH in fiscal 2022 with an enrollment of 1,550 students was \$2.1 million, with \$1.2 million allocated to supplemental school grants and \$893,000 allocated to supplemental college grants. This estimate exceeds the fiscal 2022 allocation of \$1.9 million by \$200,000. DLS estimates that based on a three-year average cost per student and an enrollment of 1,550, the fiscal 2022 shortfall could be approximately \$500,000. **Exhibit 16** displays costs for P-TECH from fiscal 2017 through 2021, projected costs in fiscal 2022, and per student costs since 2017.

Exhibit 16
Pathways in Technology Early College High School Program Annual Costs
Fiscal 2017-2022
(\$ in Thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Allowance	\$526	\$855	\$855	\$1,155	\$1,880	\$1,939
Planning Grants		293		200		
Deficiencies				463		
Total	\$526	\$1,148	\$855	\$1,818	\$1,880	\$1,939
Enrollment	99	280	594	819	1,215	1,550
Cost Per Student (Does Not Include Planning)	\$5,313	\$3,054	\$1,439	\$1,732	\$1,547	\$1,251
Average Cost Per Student Since Fiscal 2019	\$1,573					
MSDE Estimated Shortfall	-\$117					
DLS Estimated Shortfall	-\$499					

DLS: Department of Legislative Services
MSDE: Maryland State Department of Education

Note: Does not include the fiscal 2016 allowance of \$400,000 for start-up costs.

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

These data indicates that P-TECH costs continue to be difficult to estimate and that continued enrollment of cohorts may unpredictably increase the cost of this program to the State in outgoing years. **DLS recommends to the budget committees that MSDE report on P-TECH, including the following program information: (1) current enrollment in all P-TECH programs by cohort and entry year; (2) the number of students who left the program in any given year and reasons for departure; (3) the total students who have graduated by program and percentage of completion rate; and (4) the cost per student per program in fiscal 2020 through 2022, including supplemental school and college grants by institution and LSS.**

4. Nonpublic Placement Program Reports Fiscal 2020 Surplus

MSDE prepares monthly reports for the Students with Disabilities, Nonpublic Placements program. In the most recent report, MSDE reported a \$40 million discrepancy in the disbursement amounts in fiscal 2020. MSDE reports that this discrepancy is due to final reconciliation delays caused by the pandemic as well as delays in mail service. The agency expects that the April 2021 report will more closely align with the total appropriation. **Exhibit 17** shows the most recent report with this discrepancy.

Exhibit 17
Nonpublic Placement Program Balances
Fiscal 2019-2020
(\$ in Millions)

	<u>Fiscal 2019</u>	<u>Fiscal 2020</u>
Total Appropriation	\$123,500	\$123,470
Current Disbursement	126,338	83,258
Difference	\$2,838	-\$40,212

Source: Maryland State Department of Education

Of some concern is the amount of time that it takes MSDE to reconcile these distributions, as the agency just completed its reconciliation of fiscal 2019 in January 2021. Until then, MSDE reported about the same \$83 million balance for fiscal 2019 as is currently shown in fiscal 2020. So the current discrepancy in fiscal 2020 would be the norm based on their reporting to date. **Due to the significant amount of this discrepancy, DLS recommends a reversion of \$7.5 million in program funds for fiscal 2020 as part of the BRFA of 2021. DLS also recommends that MSDE submit a detailed closeout report on this program for fiscal 2020. This report should provide information by provider on enrollment, annual reimbursement cost, documentation on the discrepancy, and reasons for the reconciliation delay.**

Operating Budget Recommended Actions

1. Adopt the following narrative:

Closeout Report on Students with Disabilities, Nonpublic Placement Program: The budget committees are concerned about a recent report from the Maryland Department of Education (MSDE) on the Students with Disabilities, Nonpublic Placements program, which reported a \$40 million discrepancy in the disbursement amounts in fiscal 2020. MSDE reports that this discrepancy is due to final reconciliation delays caused by the pandemic as well as delays in mail service. The budget committees request that MSDE submit a closeout report on this program by August 1, 2021. This report should provide information by provider on enrollment, annual reimbursement cost, documentation on this discrepancy, and reasons for the reconciliation delay.

Information Request	Author	Due Date
Closeout report on the Nonpublic Placement program	MSDE	August 1, 2021

2. Adopt the following narrative:

Report on Federal Grants Allocated to Local School Systems for COVID-19 Expenditures: Maryland schools received a considerable amount of federal aid in responding to the coronavirus pandemic. The budget committees are concerned with the tracking and reporting of funds allocated in response to the COVID-19 pandemic and, therefore, request that the Maryland State Department of Education (MSDE) submit a report by August 1, 2021, on the expenditures of federal Coronavirus Aid, Relief, and Economic Security Act and Coronavirus Response and Relief Supplemental Appropriations Act funds by local school systems (LSS). This report should include details of LSS expenditures on COVID-19 expenditures by program and object; information on how funds were distributed; funds remaining, if any; and details on COVID-19 relief actions taken by LSS. This report should include information on the following federal fund grants:

- Elementary and Secondary School Emergency Relief Fund I and II grants allocated to LSS and the School for Education Evolution and Development school;
- Coronavirus relief funds for K-12 technology and tutoring;
- Governor’s Emergency Education Relief (GEER) I for K-12 Technology and Competitive Innovation Grants; and
- GEER II funds for Innovative Approaches to Connecting with Students.

Information Request	Author	Due Date
Report on federal grants to LSS	MSDE	August 1, 2021

3. Adopt the following narrative:

Report on Pathways to Technology Early College High School (P-TECH) Program Enrollment and Costs: The budget committees are concerned that since the inception of the P-TECH program, predicting costs for this program have proven to be very difficult. To help in continuing to evaluate this program, the budget committees direct the Maryland State Department of Education (MSDE) to report on P-TECH by August 1, 2021, including the following program information:

- current enrollment in all P-TECH programs by high school, community college, cohort, and entry year;
- projected enrollment in all P-TECH programs in school year 2021-2022 and 2022-2023;
- the total number of students who left the program in any given year and reasons for departure;
- the total number of students who have graduated by program and percentage completion rate;
- actual cost per student per program in fiscal 2020 and 2021; and
- projected costs per student per program in fiscal 2022 and 2023, including supplemental school and college grants by institution and local school system.

Information Request	Author	Due Date
Program enrollment and costs for P-TECH	MSDE	August 1, 2021

4. Adopt the following narrative:

Closeout Report on Blueprint for Maryland’s Future Programs: As part of the implementation of Chapter 771 of 2019, local school systems (LSS) are required to report to the General Assembly on the use of the funds allocated in fiscal 2020 and 2021. The budget committees are concerned that, based on data collected in the Department of Legislative Services survey of LSS on fiscal 2020 and 2021 Blueprint spending, that LSS may have amounts remaining in three programs. The budget committees request that the Maryland State Department of Education (MSDE) submit closeout reports on grants by October 1, 2021, for

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funds allocated for Transitional Supplemental Instruction, Special Education, and Concentration of Poverty Schools. This closeout report should provide details as to how LSS spent these funds as well as remaining fund balances.

Information Request	Author	Due Date
Closeout report on Blueprint for Maryland’s Future programs	MSDE	October 1, 2021

Budget Reconciliation and Financing Act Recommended Actions

1. Expand the use of the Blueprint for Maryland’s Future Fund to include new grants funded in Supplemental Budget No. 1.
2. Add provision to transfer funds from the fiscal 2020 Students with Disabilities, Nonpublic Placement program budget.

Updates

1. MSDE Examines Special Education Teacher Compensation Parity

In the 2020 session, the budget committees noted concern that compensation disparity may exist between special education teachers who teach in public schools versus nonpublic special education schools. Nonpublic special education schools are private organizations that provide services and supports for students with disabilities when the public school setting is no longer appropriate. Education Article 8-406 allows a child with a disability who needs special education and related services that cannot be provided in a public county, regional, or State program to be placed in an appropriate nonpublic educational program.

To investigate this question, MSDE convened a workgroup with a wide range of stakeholders. This group conducted a survey and examined three years of data on public and nonpublic special education teacher compensation. This study found the following disparities between public and nonpublic special education teacher compensation:

- differences in average teacher salaries in public schools and nonpublic special education schools ranged from \$3,600 to \$23,600, or 7.3% to 25.8%, depending on teacher education and experience;
- after accounting for differences in teachers' total paid hours, differences in teachers' wages in public schools and nonpublic special education schools ranged from 23.3% to 40.7%;
- salary disparities were also noticeable when disaggregated by county;
- all LSS offer a stipend for National Board Certification, while only two nonpublic special education schools in this survey offered this stipend;
- other investments by public schools that are not consistently offered in nonpublic special education schools included tuition reimbursement, contributions to health insurance; and employer contribution to retirement plans.

These findings suggest that, despite the budgetary challenges of the COVID-19 pandemic, a reset of nonpublic special education school budgets and costs may be the most effective and appropriate step to reduce identified disparities.

2. Autism Waiver Capacity Challenges Persist

The Maryland Medicaid Home and Community-Based Services Waiver for Children with Autism Spectrum Disorder, otherwise known as the AW, is a partnership between MSDE and MDH. The Autism Waiver was approved in calendar 2000 by the Centers for Medicare and Medicaid Services

(CMS), and participants began receiving services in 2001. The Autism Waiver provides long-term, individual therapeutic services to enable home and community living as an alternative to institutional care. As of 2020, the State currently has 62 Autism Waiver providers, serving 5 to 100 participants. These providers engaged in continuity of services activities during the COVID-19 pandemic, including the use of telehealth visits and flexibility for providing services when needed.

Of primary concern to the budget committees is the Autism Waiver waitlist for services. Currently, over 5,900 individuals are on the Autism Waiver registry, with an average wait time of approximately eight years before screening and eligibility determination for services. The fiscal 2021 working appropriation for this program is \$25.1 million, which is approved to serve up to 1,300 participants, or 100 additional participants from fiscal 2020. The fiscal 2022 allocation for this program is \$25.9 million, with an increased capacity for an additional 100 participants. This report indicates that incremental changes in service provision and the budget allowance continue to be insufficient to clear the Autism Waiver waitlist and that without additional funding and restructuring of this program, this problem will persist.

3. Medicaid Claiming for School-based Health Services Delayed

MSDE is responsible for providing the State share of cost for school-based health services via an intergovernmental transfer to MDH. However, Maryland Medicaid does not currently employ an administrative claiming program for school-based services and does not anticipate doing so in the near future. The reason given by MSDE and MDH for this delay is that the CMS has not issued updated guidance on school-based administrative claiming.

Appendix 1
State Teacher’s Retirement and Local Cost Share
Fiscal 2021-2022

<u>County</u>	<u>Local Cost Share for Teacher Retirement</u>			<u>Local Administrative Cost Share for Teacher Retirement</u>		
	<u>2021</u>	<u>2022</u>	<u>Difference</u>	<u>2021</u>	<u>2022</u>	<u>Difference</u>
Allegany	\$2,591,293	\$2,595,644	\$4,350	\$134,039	\$127,648	-\$6,391
Anne Arundel	24,701,352	25,713,345	1,011,993	1,277,717	1,264,527	-13,190
Baltimore City	23,713,096	23,776,574	63,478	1,226,598	1,169,281	-57,317
Baltimore	36,142,469	36,465,564	323,094	1,869,527	1,793,298	-76,230
Calvert	5,260,511	5,256,877	-3,634	272,108	258,522	-13,587
Caroline	1,779,779	1,864,870	85,091	92,062	91,710	-352
Carroll	7,700,871	7,651,611	-49,260	398,340	376,290	-22,050
Cecil	5,142,574	5,211,003	68,428	266,008	256,266	-9,742
Charles	8,325,730	8,537,627	211,898	430,662	419,862	-10,800
Dorchester	1,454,820	1,482,066	27,246	75,253	72,885	-2,368
Frederick	12,928,766	13,144,899	216,133	668,761	646,438	-22,323
Garrett	1,098,978	1,152,846	53,868	56,846	56,694	-152
Harford	10,826,496	10,768,128	-58,368	560,018	529,553	-30,465
Howard	22,337,647	22,610,417	272,770	1,155,451	1,111,932	-43,519
Kent	658,976	653,999	-4,977	34,087	32,162	-1,924
Montgomery	61,908,257	61,727,304	-180,953	3,202,304	3,035,616	-166,689
Prince George’s	43,625,215	43,812,076	186,861	2,256,584	2,154,583	-102,001
Queen Anne’s	2,307,291	2,292,144	-15,146	119,348	112,723	-6,626
St. Mary’s	5,121,381	5,182,367	60,985	264,912	254,858	-10,054
Somerset	1,090,484	1,107,104	16,620	56,407	54,445	-1,962
Talbot	1,370,256	1,371,128	872	70,879	67,429	-3,450
Washington	6,391,194	6,528,971	137,777	330,595	321,081	-9,514
Wicomico	4,691,682	4,914,144	222,462	242,685	241,667	-1,018
Worcester	2,675,457	2,687,370	11,912	138,392	132,159	-6,233
	\$293,844,577	\$296,508,077	\$2,663,500	\$15,199,583	\$14,581,627	-\$617,956

Appendix 2

2020 Joint Chairmen’s Report Responses from Agency

The 2020 *Joint Chairmen’s Report* (JCR) requested that the Maryland State Department of Education (MSDE) prepare four reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Report on the Pathways in Technology Early College High School (P-TECH) Program:*** The P-TECH program is a partnership between local school systems (LSS), a local higher education institution, and an industry partner. In fiscal 2020, this program enrolled 819 students at 7 sites in five LSS. In fiscal 2021, the program anticipates an enrollment of 1,215 students at 10 sites in five LSS. Further discussion of this report can be found in the Issues section of this analysis.
- ***Report on Special Education Compensation Disparities:*** The budget committees expressed concern in the 2020 session in regard to potential compensation disparities between public school and nonpublic school special education teachers. MSDE collected teacher salary and benefit data for both public and nonpublic special education teachers over the past three years. This study found that the difference in average teacher salaries for special education teachers in public versus nonpublic special education schools varied from \$3,600 to \$23,600, or 7.3% to 25.8%, depending on teacher education and experience. Further discussion of this report can be found in the Updates section of this analysis.
- ***Report on Autism Waiver Capacity:*** The budget committees requested a joint report with MSDE and Maryland Department of Health (MDH) on Autism Waiver capacity. The Autism Waiver is designed to provide long-term, individualized, therapeutic services as an alternative to institutional care. Currently, 5,900 individuals are on this waitlist for this program, with an average wait time of approximately eight years before screening and eligibility determination begins. Further discussion of this report can be found in the Updates section of this analysis.
- ***Report on Medicaid Claims for School-based Health Services:*** MSDE is responsible for providing the State share of cost for school-based health services via an intergovernmental transfer to MDH. However, Maryland Medicaid does not currently employ an administrative claiming program for school-based services and does not anticipate doing so in the near future. The reason given by MSDE and MDH for this delay is that the Centers for Medicaid and Medicare Services has not issued updated guidance on school-based administrative claiming. Further discussion of this report can be found in the Updates section of this analysis.

**Appendix 3
Object/Fund Difference Report
Maryland State Department of Education – Aid to Education**

<u>Object/Fund</u>	<u>FY 20 Actual</u>	<u>FY 21 Working Appropriation</u>	<u>FY 22 Allowance</u>	<u>FY 21 - FY 22 Amount Change</u>	<u>Percent Change</u>
Objects					
12 Grants, Subsidies, and Contributions	\$ 8,034,715,371	\$ 8,395,943,434	\$ 8,347,485,105	-\$ 48,458,329	-0.6%
Total Objects	\$ 8,034,715,371	\$ 8,395,943,434	\$ 8,347,485,105	-\$ 48,458,329	-0.6%
Funds					
01 General Fund	\$ 6,279,945,411	\$ 6,542,663,586	\$ 6,500,139,665	-\$ 42,523,921	-0.6%
03 Special Fund	677,169,300	657,539,344	897,262,926	239,723,582	36.5%
05 Federal Fund	1,077,597,186	995,650,504	949,992,514	-45,657,990	-4.6%
09 Reimbursable Fund	3,474	200,090,000	90,000	-200,000,000	-100.0%
Total Funds	\$ 8,034,715,371	\$ 8,395,943,434	\$ 8,347,485,105	-\$ 48,458,329	-0.6%

Note: The fiscal 2021 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 4
Fiscal Summary
Maryland State Department of Education – Aid to Education

<u>Program/Unit</u>	<u>FY 20 Actual</u>	<u>FY 21 Wrk Approp</u>	<u>FY 22 Allowance</u>	<u>Change</u>	<u>FY 21 - FY 22 % Change</u>
01 State Share of Foundation Program	\$ 3,429,597,162	\$ 3,495,054,252	\$ 3,413,382,163	-\$ 81,672,089	-2.3%
02 Compensatory Education	1,330,428,825	1,364,738,738	1,285,825,896	-78,912,842	-5.8%
03 Aid for Local Employee Fringe Benefits	767,888,790	750,289,290	778,950,779	28,661,489	3.8%
04 Children at Risk	53,050,246	49,762,474	49,849,208	86,734	0.2%
05 Formula Programs for Specific Populations	1,915,388	1,900,000	2,000,000	100,000	5.3%
07 Students with Disabilities	458,691,330	474,340,374	466,852,635	-7,487,739	-1.6%
08 State Assistance for Students with Disabilities	222,394,031	220,913,934	220,913,934	0	0%
12 Educationally Deprived Children	269,339,937	297,700,581	297,700,581	0	0%
13 Innovative Programs	238,807,104	296,984,606	51,374,923	-245,609,683	-82.7%
15 Language Assistance	10,614,790	10,395,537	10,395,537	0	0%
18 Career and Technology Education	15,942,438	15,337,000	15,337,000	0	0%
24 Limited English Proficient	311,075,206	348,240,587	334,286,759	-13,953,828	-4.0%
25 Guaranteed Tax Base	43,684,957	41,232,314	49,864,008	8,631,694	20.9%
27 Food Services Program	296,727,148	333,260,491	334,340,491	1,080,000	0.3%
39 Transportation	303,040,654	310,186,610	288,056,237	-22,130,373	-7.1%
55 Teacher Development	30,600,846	34,819,542	34,819,542	0	0%
60 Blueprint for Maryland's Future Grant Program	250,916,519	350,787,104	713,535,412	362,748,308	103.4%
Total Expenditures	\$ 8,034,715,371	\$ 8,395,943,434	\$ 8,347,485,105	-\$ 48,458,329	-0.6%
General Fund	\$ 6,279,945,411	\$ 6,542,663,586	\$ 6,500,139,665	-\$ 42,523,921	-0.6%
Special Fund	677,169,300	657,539,344	897,262,926	239,723,582	36.5%
Federal Fund	1,077,597,186	995,650,504	949,992,514	-45,657,990	-4.6%
Total Appropriations	\$ 8,034,711,897	\$ 8,195,853,434	\$ 8,347,395,105	\$ 151,541,671	1.8%
Reimbursable Fund	\$ 3,474	\$ 200,090,000	\$ 90,000	-\$ 200,000,000	-100.0%
Total Funds	\$ 8,034,715,371	\$ 8,395,943,434	\$ 8,347,485,105	-\$ 48,458,329	-0.6%

Note: The fiscal 2021 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions or cost-of-living adjustments.