R00A02

Aid to Education

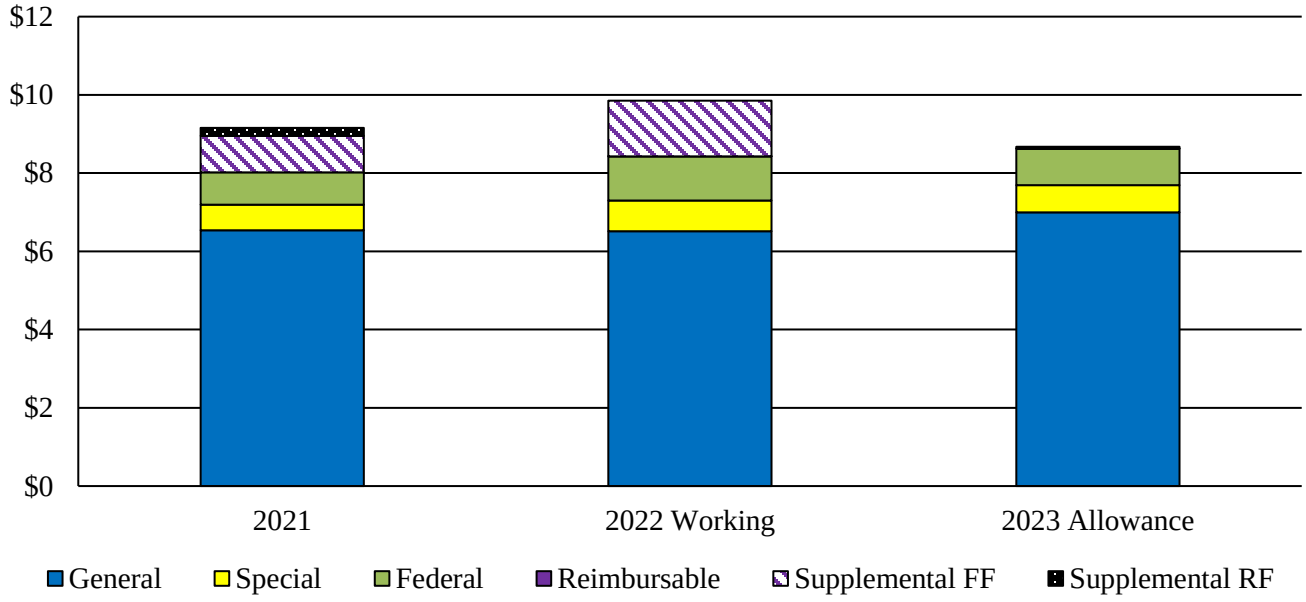
Maryland State Department of Education

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. The Accountability and Implementation Board (AIB), which is responsible for the oversight and evaluation of the Blueprint for Maryland's Future programs and is an independent agency, can be found in the budget analysis for AIB – R00A09. This analysis includes K-12 education State Aid and funds allocated to Blueprint for Maryland's Future programs.

Operating Budget Summary

Fiscal 2023 Budget Decreases $1.2 Billion, or -12.0%, to $8.7 Billion
($ in Billions)



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 – R00A99 analysis. This exhibit includes federal COVID-19 stimulus funds budgeted in Aid to Education for community colleges and independent colleges in fiscal 2022 and deficiencies. The fiscal 2023 allowance includes funding from Fiscal 2023 Supplemental Budget No. 1.

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- The fiscal 2023 net decrease of $1.2 billion, or 12.0%, reflects reduced temporary federal stimulus funds partially offset by an increase in the general fund allowance in the Governor's proposed budget to Foundation programs as part of Blueprint for Maryland's Future (Chapter 36 of 2021) implementation.

- Federal stimulus funds applied across the Aid to Education budget decrease by $1.38 billion, or 97%, from $1.42 billion in fiscal 2022 to $46.0 million in fiscal 2023. The majority of these funds passed through the Aid to Education budget to local education agencies (LEA) and did not fund Aid to Education programs.

- Special funds decrease slightly by $89.3 million, or 11.4%, from $786.4 million in fiscal 2022 to $697.1 million in fiscal 2023, reflecting the phase out of previous Blueprint transition programs and increases in Blueprint for Maryland's Future fund spending for new programs in the Aid to Education budget. This amount does not include Blueprint fund allowances applied outside the Aid to Education budget.

- The fiscal 2023 Supplemental Budget No. 1 increases general funds by $130.6 million with the addition of a $125.5 million mandated education effort adjustment in the Blueprint for Maryland's Future program.

Key Observations

- ***Supplemental Budget No. 1 Adds Funds to Align with Blueprint for Maryland's Future:*** The fiscal 2023 proposed budget did not fund the education effort adjustment and some categorical programs that were needed for Blueprint implementation. Supplemental Budget No. 1 rectifies these issues.

- ***MSDE's Maintenance of Effort (MOE) Calculation May Need Attention:*** MSDE is responsible for providing LEAs with their approximate MOE calculation for fiscal 2023 budget deliberations. Due to a possible misreading of Chapter 36 and other errors, MSDE may have provided 14 LEAs with an incorrect MOE.

- ***Autism Waiver Program Reports Steady Increase in Future Costs; Waitlist Grows:*** The 2021 *Joint Chairmen's Report* (JCR) on the Autism Waiver program noted that costs for the Autism Waiver program through fiscal 2027 are expected to increase by an average of 6.0% per year, with a total allocation of approximately $39.0 million needed by fiscal 2027. The program also continues to have a waitlist of over 6,000 individuals.

- ***Pathways in Technology Early College High School Program (P-TECH) Estimates Do Not Include Community College Enrollment or Costs:*** In the past few years, the P-TECH program has grown significantly without an accurate estimate of future costs. In the 2021 JCR on this program, MSDE noted that collecting data needed from LEAs and community colleges to

project enrollment and future course costs is difficult but that the agency is working to collect these data.

- ***Nonpublic Placement Program Reporting Improvements:*** Timely reimbursement schedules for the nonpublic placement program have proved difficult in recent years, especially in light of the COVID-19 pandemic. A 2021 JCR report provided information on the nonpublic placement program fiscal year closeout and creation of a new framework for nonpublic placement reimbursement schedules and procedures.

Operating Budget Recommended Actions

1. Restrict funds for the Maryland State Department of Education pending receipt of fiscal 2023 maintenance of effort calculations.

2. Add language to the general fund appropriation for the Autism Waiver program.

3. Adopt committee narrative for Nonpublic Placements in the Students with Disabilities program.

4. Adopt committee narrative on the Pathways in Technology Early College High School program.

R00A02
Aid to Education
Maryland State Department of Education

Operating Budget Analysis

Program Description

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

As part of Chapter 36 mandates, in addition to State Share of the Foundation programs, all LEAs receive wealth-equalized funding based on enrollment for the Foundation program, which is the primary program for LEA funding; compensatory education; college and career readiness; regular and special education transportation; limited English proficiency (LEP); special education; transitional supplemental instruction (TSI); and pre-kindergarten. Depending on wealth and other factors, some LEAs also receive funding for guaranteed tax base (GTB), Blueprint transition grants, teacher salary, Concentration of Poverty Schools, and other programs. Funding for these programs is primarily through the Blueprint for Maryland's Future Fund, which is a constitutionally established special fund that receives casino and gambling revenues. Starting in fiscal 2023, the Governor must fund 100% of mandated Blueprint programs.

The analysis for Aid to Education includes 19 of 23 programs budgeted in the Governor's Aid to Education budget. Analysis for the Maryland Prekindergarten Expansion Program, At-Risk Early Childhood Grants, Head Start, and the Child Care Assistance Grants are in the MSDE Early Childhood Development – R00A99 analysis.

Performance Analysis: Managing for Results

1. Maryland Comprehensive Assessment Program Delayed for a Second Year Due to COVID-19

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 calendar 2018, MSDE announced the transition from the Partnership for Assessment of Readiness for College and Careers to Maryland Comprehensive Assessment Program (MCAP). According to MSDE, this change was necessary so that State assessments were more reflective of the Maryland content standards and instruction. Development of MCAP began in January 2019, with pilot testing initially slated for December 2019 and initial administration planned for spring 2020.

However, due to COVID-19 school closures starting in March 2020, the administration of pilot MCAP assessments were delayed. The federal Department of Education issued waivers to Maryland for administration of these assessments in spring 2020 and 2021, which allowed MSDE flexibility to stagger assessments across testing windows in fall 2020, spring 2021, fall 2022, and spring 2022. Spring 2022 assessments will provide MSDE and LEAs critical information about student progress and learning loss during the pandemic, and it will be the first time that students attending Maryland virtual schools will engage in a full complement of tests. For more information on MCAP, see the budget analysis for MSDE Headquarters – 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 LEA 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. MSDE did not provide updated graduation data for the 2020-2021 school year; the latest data from the 2019-2020 school year shows that the four-year adjusted cohort graduation rate is 86.25%, and the dropout rate is 8.25%.

Fiscal 2021

MSDE's fiscal 2021 closeout was notable primarily for $68.4 million in unspent funds across all Aid to Education programs due to COVID-19 school closures and program changes.

- General fund reversions totaled approximately $2.4 million, of which $2.2 million was from food services for school lunch programs closed due to virtual learning.

- Special funds cancellations totaled approximately $3.3 million, which included $2.2 million for closed Concentration of Poverty grant schools and unspent Teacher Collaborative grant funds; $817,000 in Innovative Program unspent program grants; and $311,000 in unspent funds in teacher development for the National Board Certification (NBC) Program.

- Canceled federal funds totaled $62.7 million and included $43.2 million in unspent Title I funds from school closures; $15.8 million in food service funds for school lunch, also impacted by school closures; and $3.7 million in teacher development grants unspent due to delays in issuing grant awards.

Fiscal 2022

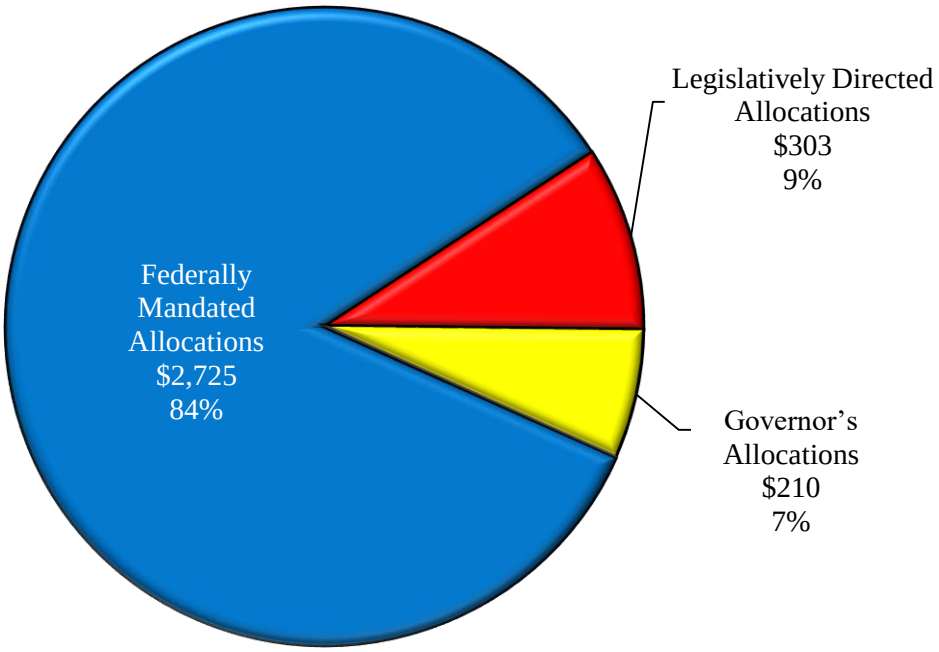
Proposed Deficiency

The fiscal 2023 budget has two proposed fiscal 2022 deficiencies: $116.1 million of American Rescue Plan Act (ARPA) funds to supplement the fiscal 2020; and 2021 Education Trust Fund (ETF) shortfalls caused by pandemic related casino closures; and $1.0 million to provide funding for the Student Support Network in Innovative Programs.

Federal Stimulus Funds

In fiscal 2020, 2021, and 2022, LEAs and the SEED School of Maryland (SEED) received a total of $3.2 billion in federal stimulus funds for reopening and recovery related to COVID-19 school closures and expenses. Of this amount, $2.7 billion, or 84% of the total, were allocations mandated by the federal government; $303.0 million, or 9% of the total, were allocated by the State in the RELIEF Act (Chapter 39 of 2021) and funded in the fiscal 2022 operating Budget Bill (Chapter 357 of 2021) with ARPA funds; and $210.0 million, or 7% of the total, were discretionary State allocations of federal dollars made by the Governor. **Exhibit 1** shows these distributions.

Exhibit 1
Federal Stimulus Funds to LEAs
Fiscal 2020-2022
($ in Millions)



LEA: local education agency

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

Federally Mandated Allocations

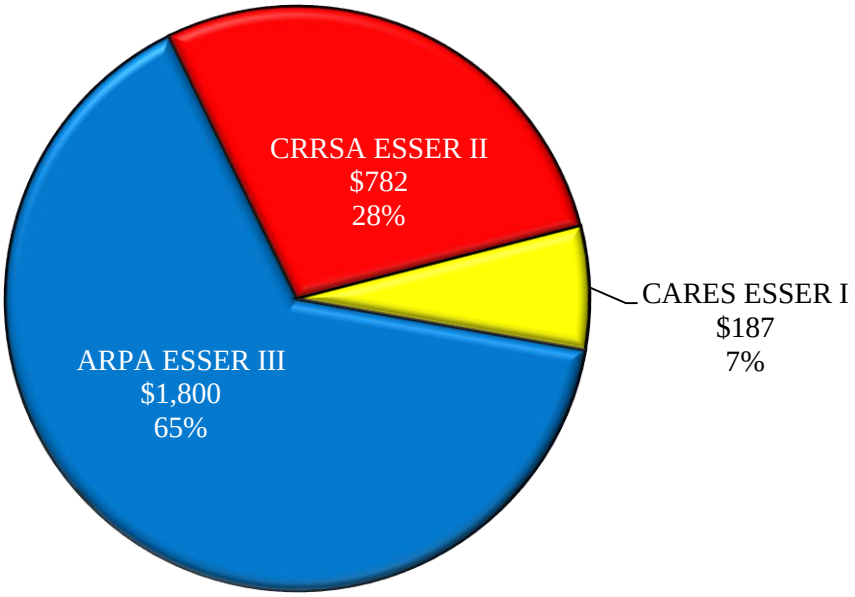
Exhibit 2 shows the source of the $2.7 billion in federally mandated allocations to LEAs distributed to LEAs through budget amendments. These distributions were based on 2019 or 2020 Title IA percentages as follows:

- $187.1 million, or 7% of this total, in fiscal 2020 from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Elementary and Secondary School Emergency Relief (ESSER) I fund distributed based on 2019 Title 1A percentages for COVID-19-related expenses;

- $781.9 million, or 28% of this total, in fiscal 2021 from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II fund distributed based on 2020 Title IA percentages for safe reopening; and

- $1.8 billion, or 65% of this total, in fiscal 2022 from the ARPA ESSER III fund based on 2020 Title IA percentages for COVID-19 response and learning loss

Exhibit 2
Federally Mandated Distributions to LEAs
Fiscal 2020-2022
($ in Millions)



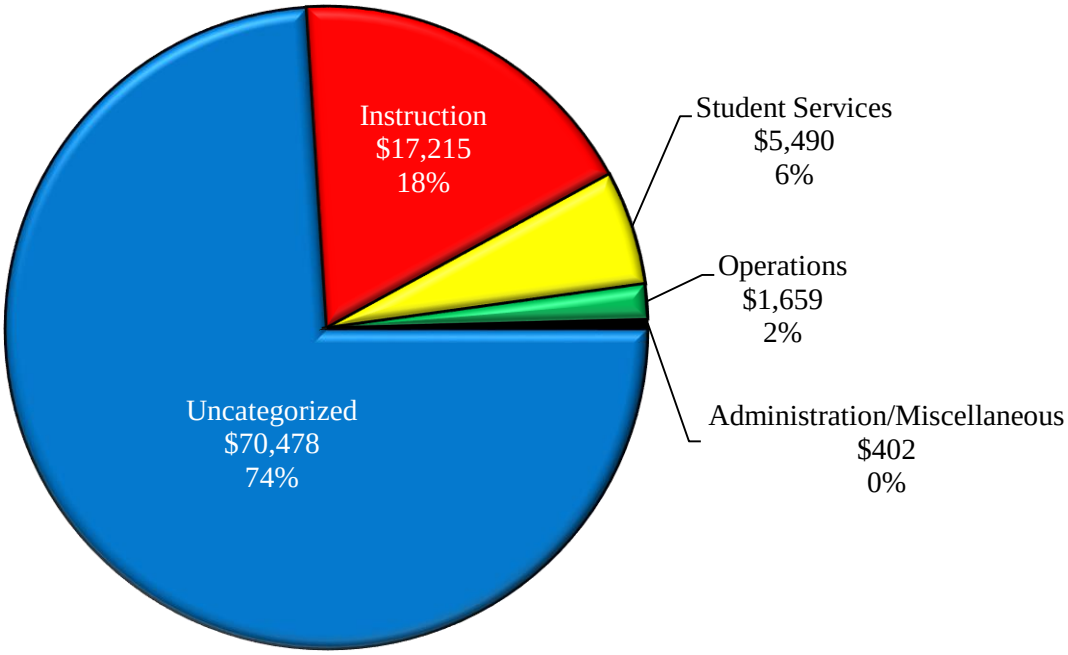
ARPA: American Rescue Plan Act
CARES: Coronavirus Aid, Relief, and Economic Security Act
CRRSA: Coronavirus Response and Relief Supplemental Appropriations
ESSER: Elementary and Secondary School Emergency Relief
LEA: local education agency

Source: Maryland State Department of Education

LEAs have the following timetable to spend federal funds: the CARES ESSER I must be expended by September 30, 2022; the CRRSA ESSER II must be spent by September 30, 2023; and the ARPA ESSER III must be spent by September 30, 2024. For a distribution of ESSER funds by LEA, see **Appendix 3**.

As part of a request in the 2021 JCR, MSDE reported on LEA expenditures by object for ESSER I and II funding. As of September 2021, ESSER I reported fiscal 2020 and 2021 expenditures of $95.2 million, which is approximately 50% of total funds available. Of this amount, $70.5 million, or 74%, remains uncategorized; $17.2 million, or 18%, was spent on instruction, which includes instructional salaries and wages, textbooks, instructional supplies, and other instructional costs; $5.5 million, or 6%, was spent on student services, which includes special education, transportation, health, and counseling services; $1.7 million, or 2%, was spent on operations; and $402,000, or less than 1%, was spent on administration and miscellaneous expenses. **Exhibit 3** shows ESSER I LEA expenditures by category from fiscal 2020 to 2021.

Exhibit 3
ESSER I LEA Expenditures by Category
Fiscal 2020-2021
($ in Thousands)



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

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

As of September 2021, ESSER II expenditures totaled $2.6 million, and the ARPA expenditures have yet to be reported. Future reports on these federally mandated programs were incorporated into the annual reporting requirements in Chapter 55, which extend through fiscal 2023.

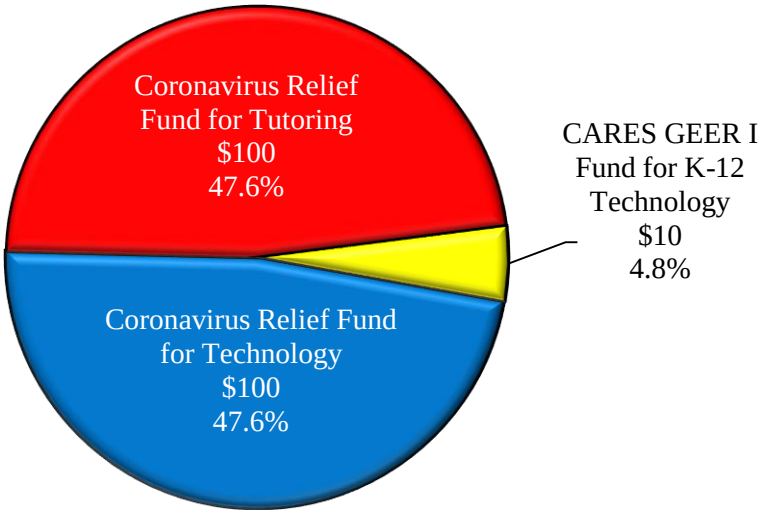
Governor Determined Allocations

In fiscal 2021, LEAs and SEED also received $210.0 million as part of three State-distributed allocations from the Coronavirus Relief Fund and the Governor's Emergency Education and Relief (GEER) funds based on at-risk enrollment and 2019 Title 1A percentages. These grants were allocated as follows:

- $10.0 million, or 4.8% of the total, in fiscal 2021 from the CARES GEER I fund for K-12 technology, based on the 2019 enrollment adjusted for at-risk students;
- $100.0 million, or 47.6% of the total, in fiscal 2021 from the Coronavirus Relief Fund for K-12 technology assistance based on 2019 enrollment; and
- $100.0 million, or 47.6% of the total, in fiscal 2021 from the Coronavirus Relief Fund for K-12 tutoring assistance based on 2019 Title 1A percentages;

Exhibit 4 shows these allocations; see **Appendix 4** for State-distributed allocations by LEA.

Exhibit 4
Governor's Determined Federal Stimulus Funds to LEAs
Fiscal 2020-2022
($ in Millions)

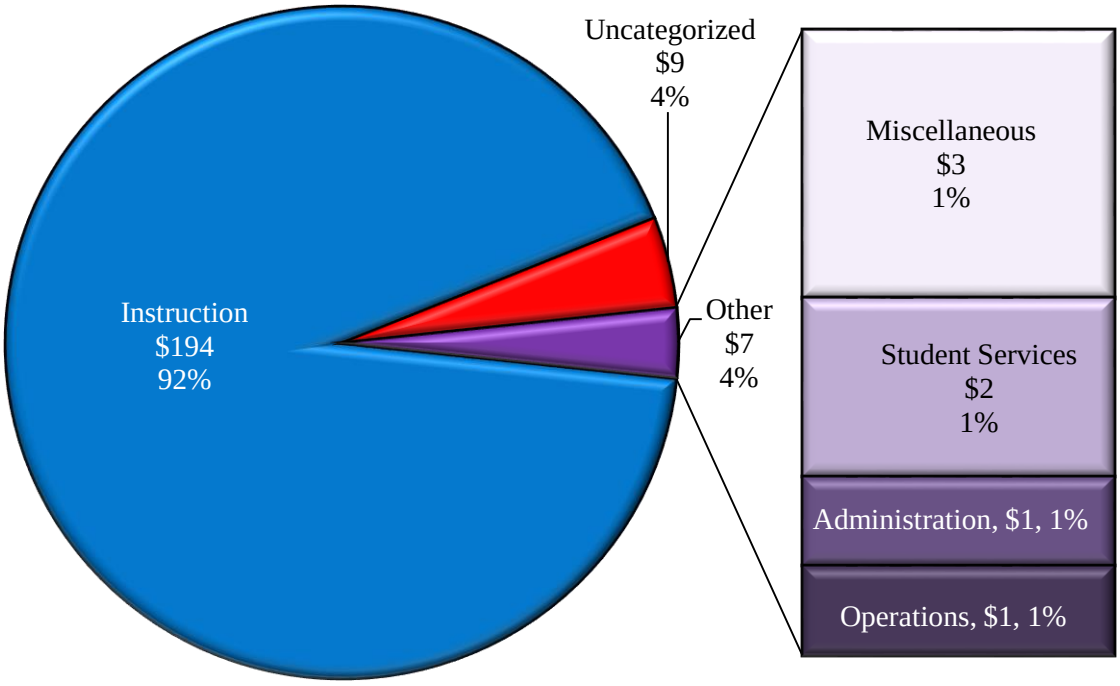


CARES: Coronavirus Aid, Relief, and Economic Security Act
GEER: Governor's Emergency Education and Relief
LEA: local education agency

Source: Maryland State Department of Education

In the 2021 JCR on federal stimulus fund expenditures mentioned previously, LEAs reported expenditures of all $210.0 million in coronavirus relief funds and GEER I funds for technology and tutoring. Of this amount, approximately $194 million, or 92%, was spent on instruction; $9.0 million, or 6%, remains uncategorized. All remaining expenditures were 1% of the total, including approximately $3.0 million for miscellaneous expenditures, $2.0 million for student services, $1.0 million for administration, and $1.0 million for operations. **Exhibit 5** shows these expenditures.

Exhibit 5
Governor's Determined Federal Stimulus Fund Expenditures by Category
Fiscal 2020-2021
($ in Millions)



Source: Maryland State Department of Education

Legislatively Directed Allocations

As part of Chapter 357, in fiscal 2021, 2022, and 2023, LEAs received a total of $302.6 million in RELIEF Act funds for COVID-19 supplemental programs for tutoring, behavioral health, summer school, school reopening, and TSI. These distributions were as follows:

- $151.6 million for supplemental instruction and tutoring allocated in fiscal 2022, with $101.1 million allocated using free or reduced-price meals (FRPM) enrollment and $50.5 million using full-time equivalent (FTE) enrollment;

- $66.0 million for TSI Chapter 36 requirements, with $20.0 million allocated in fiscal 2022 and $46.0 million allocated in fiscal 2023;

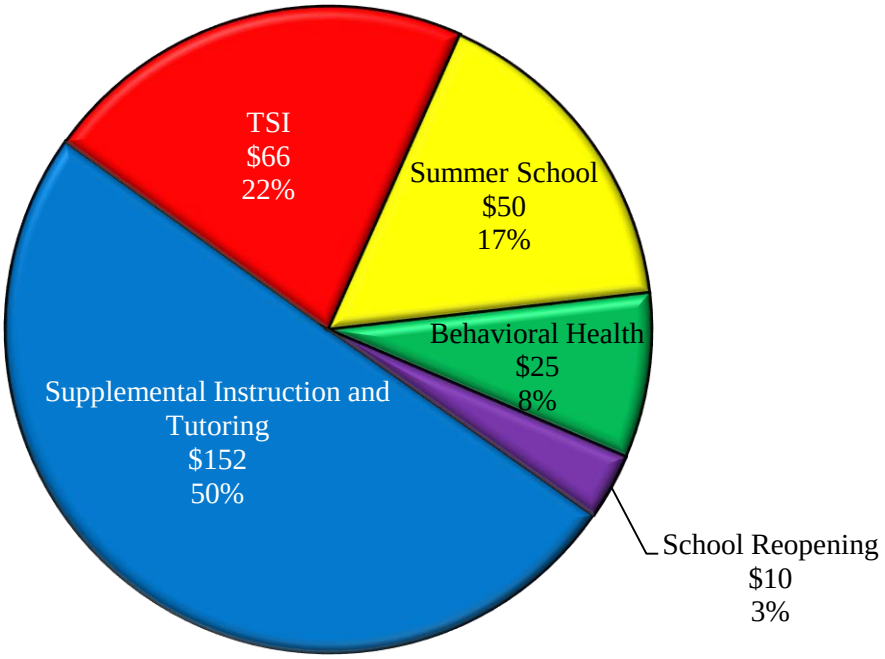
- $50.0 million for summer school using FRPM enrollment, with $25.0 million allocated in fiscal 2021 and $25.0 million allocated in fiscal 2022;

- $25.0 million for behavioral health intervention using FTE enrollment, with $10.0 million allocated in fiscal 2021 and $15.0 million allocated in fiscal 2022; and

- $10.0 million for school reopening in fiscal 2021, distributed based on FTE enrollment.

Exhibit 6 shows these distributions; see **Appendix 5** for allocations by LEA for fiscal 2022 amounts.

Exhibit 6
Legislatively Directed Federal Stimulus Fund Distributions to LEAs
Fiscal 2021-2023
($ in Millions)



LEA: local education agency
TSI: transitional supplemental instruction

Source: Chapter 357 of 2021; Department of Legislative Services

As part of mandated reporting in Chapter 55, LEAs must report spending to date on all Blueprint funds, including supplemental funds in Chapter 357. However, due to the allocation of these funds in fiscal 2022 and the timing of the report during closeout for fiscal 2021, accurate information on expenditures of these funds is not yet available. The next report due from LEAs is in December 2022, which should encompass expenditures of fiscal 2022 supplemental funds.

Other Allocations

In addition to funds distributed through federal, State, and supplemental programs, LEAs could apply for funds through competitive grants administered by MSDE. These grants were $10.0 million each and included:

- the CARES ESSER I funds in fiscal 2020 for reopening expenses;
- the CARES GEER I funds in fiscal 2021 for Competitive Innovation Grants;
- coronavirus relief funds for rural and urban broadband awarded by the Department of Housing and Community Development; and
- the CRRSA GEER II funds for Innovative Approaches to Connecting with Students.

Information on allocations and expenditures for all grants except the CRRSA GEER II grant is in the MSDE Headquarters analysis – R00A01. MSDE has yet to report on CRRSA GEER II fund expenditures but will do so in the next report due in December 2022.

MSDE received $302.8 million in State Education Agency (SEA) federal stimulus funds, of which $136.7 million are federally mandated distributions to LEAs for learning loss, summer enrichment, and afterschool programs. Those allocations are part of a new grant program recently announced by MSDE to address these issues. In addition to funds allocated to SEED as part of LEA allocations, SEED also received an additional $225,000 from the SEA ESSER II funds, as specified in Chapter 357. In total, SEED received $4.2 million across five grants. More information on SEA federal stimulus fund grants is in the MSDE Headquarters analysis – R00A01.

Major State Aid to LEAs

Enrollment

One of the key factors in determining State Aid is enrollment. Due to COVID-19-related school closures and students leaving public schools for homeschooling or alternative schooling options, enrollment has declined since the 2019-2020 school year. From fiscal 2022 to 2023, FTE enrollment declined by 5,911 students, or .69%, from 857,564 to 848,653. This decrease follows on last year's decline of 2.25%, which combines for a total decline of slightly more than 3% from fiscal 2021 to 2023. In addition to FTE enrollment, other enrollment categories that impact major State Aid formula funding are as follows.

- FRPM enrollment declined by 23,921 students, or 6.89%, from 346,948 in fiscal 2022 to 323,027 in fiscal 2023. This decline follows on last year's decline of 6.59%, which combines for a total decline of 13.5% from fiscal 2021 to 2023. This decrease may be attributable to the availability of FRPMs for all students due to the pandemic, which may have impacted submission of the proper paperwork.

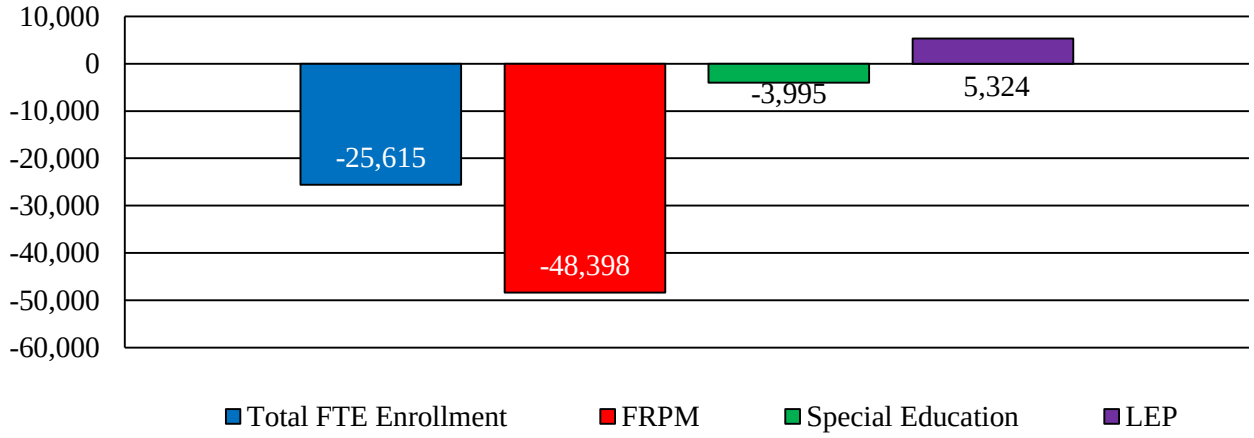
- Special education enrollment declined by 1,751 students, or 1.58%, from 110,611 in fiscal 2022 to 108,860 in fiscal 2023. This decline follows on last year's 2% decline, which combines for a total decline of 4% from fiscal 2021 to 2023.

- This year, LEP enrollment increases dramatically by 9,735 students, or 10.96%, from 88,838 in fiscal 2022 to 98,573 in fiscal 2023. This increase follows last year's decrease of 4.73%. However, LEP enrollment is expected to continue to increase in the next few years as the population of the State includes more limited English learners.

- Disabled transportation increases by 24,178 students, or 800%, from 3,035 in fiscal 2022 to 27,213 in fiscal 2023. This increase is due to the count of students that utilized disabled transportation with schools closed in the 2020-2021 school year. This student count is only 781 students less than the 27,994 students who used disabled transportation in fiscal 2021.

Exhibit 7 shows the trends in enrollment over the course of the pandemic**. Appendix 6** and **Appendix 7** show these enrollments by LEA for fiscal 2021 to 2023.

Exhibit 7
LEA Enrollment Change from Fall 2019 to Fall 2021



FRPM: free or reduced-price meal
FTE: full-time equivalent
LEA: local education agency
LEP: limited English proficiency

Source: Maryland State Department of Education

Fiscal 2023 Funding

Major State aid to LEAs is represented in multiple programs in the Aid to Education budget, including the Blueprint for Maryland's Future Grant program allocations. **Exhibit 8** displays the fiscal 2021 through 2023 allocations by program in the Aid to Education budget.

Exhibit 8
Major State Aid to LEAs
Fiscal 2022-2023
($ in Millions)

Program	2021	2022	2023	Difference	% Difference
Foundation Programs	$3,502.7	$3,413.3	$3,817.4	$404.0	11.8%
Compensatory Aid	1,364.7	1,286.7	1,294.0	7.3	0.6%
Limited English Proficiency	348.2	334.3	422.5	88.2	26.4%
Special Education – Formula Aid	314.9	311.1	401.3	90.2	29.0%
Special Education – Nonpublic	123.9	127.5	132.1	4.6	3.6%
Student Transportation	310.2	288.1	336.0	47.9	16.6%
Guaranteed Tax Base	41.2	49.9	45.8	-4.1	-8.2%
Head Start/Pre-Kindergarten	29.6	29.6	29.6	0.0	0.0%
Blueprint Programs	339.7	390.8	469.7	78.9	20.2%
Blueprint COVID-19 Relief	45.0	211.6	0.0	-211.6	-100.0%
Hold Harmless	0.0	209.4	0.0	-209.4	-100.0%
Education Effort Adjustment	0.0	0.0	125.5	125.5	100.0%
Other Education Programs	90.6	102.0	120.3	18.3	18.0%
Subtotal Direct Aid	***$6,510.7***	***$6,754.3***	***$7,194.2***	***$439.8***	***6.5%***
Retirement Payments	$750.3	$779.0	$724.6	-$54.3	-7.0%
Total Aid	**$7,261.0**	**$7,533.3**	**$7,918.8**	**$385.6**	**5.1%**

LEA: local education agency

Note: Numbers may not sum due to rounding. Blueprint programs include $209 million in federal stimulus funds applied to State Aid programs in fiscal 2022, and programs funded with Blueprint for Maryland's Future Funds for early childhood, the Maryland Department of Health, and the Maryland Higher Education Commission. Other education programs include school safety grants and early childhood programs.

Source: Governor's Fiscal 2023 Budget Books; Department of Legislative Services

The total allocation for major State aid programs is $7.9 billion, which is an increase of $385.6 million, or 3.5%, from the fiscal 2022 allocation of $7.5 billion. This total includes programs

for major State aid, Blueprint for Maryland's Future programs, and teachers' retirement. **Appendix 1** presents local contributions to teachers' retirement by LEA.

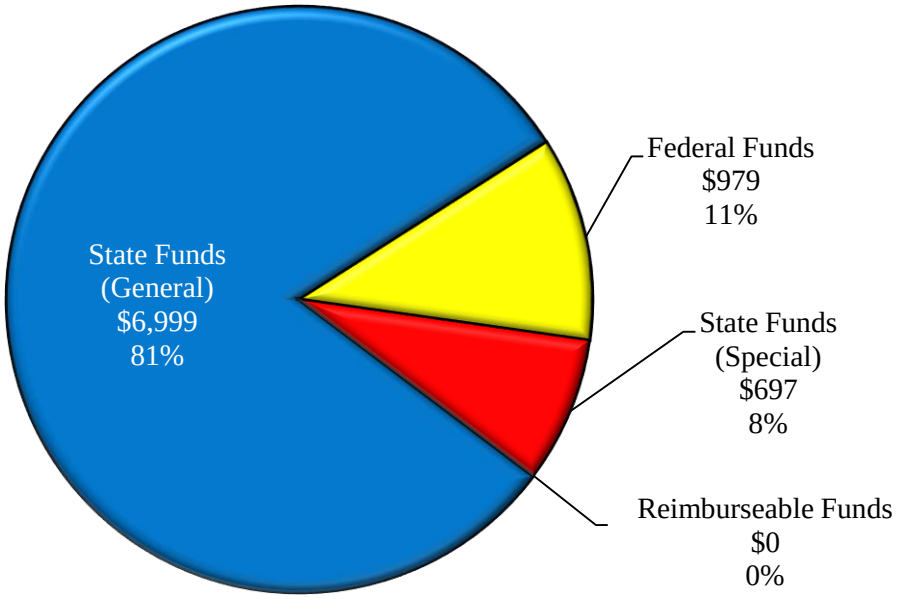
Foundation program allowances increase by $404.0 million, or 11.8%, from $3.4 billion in fiscal 2022 to $3.8 billion in fiscal 2023. This change reflects an offset between the increase in the per pupil allocation from $7,390 to $8,310, as mandated in Chapter 36, and the decline in FTE K-12 enrollment discussed earlier. The impact of increases in the Chapter 36 per pupil allocations on compensatory education, special education, and LEP are somewhat mitigated by decreases in the FRPM enrollment and special education enrollment, and further enhanced by an increase in the LEP enrollment. The impact of the sharp decline in compensatory education enrollment is offset by a fiscal 2023 hold harmless. The net result is in overall funding increase for each these programs. Transportation funding rises due to a combination of the formula growing the statutory maximum of 8% for inflation and the number of students with disabilities served bouncing back from an extremely low level in fall 2020.

Further discussion of the supplemental budget and other issues related to Blueprint funding and programs can be found in later sections of this analysis.

Fiscal 2023 Overview of Agency Spending

Across all programs in the Aid to Education budget, the total fiscal 2023 allowance is approximately $8.67 billion, of which approximately 81% is general funds. The majority of funds in the fiscal 2023 Aid to Education allowance go to LEAs and include both general funds and special funds from the Blueprint for Maryland's Future Fund. **Exhibit 9** displays the overview of agency spending by fund type in fiscal 2023.

Exhibit 9
Overview of Agency Spending
Fiscal 2023 Allowance
($ in Millions)

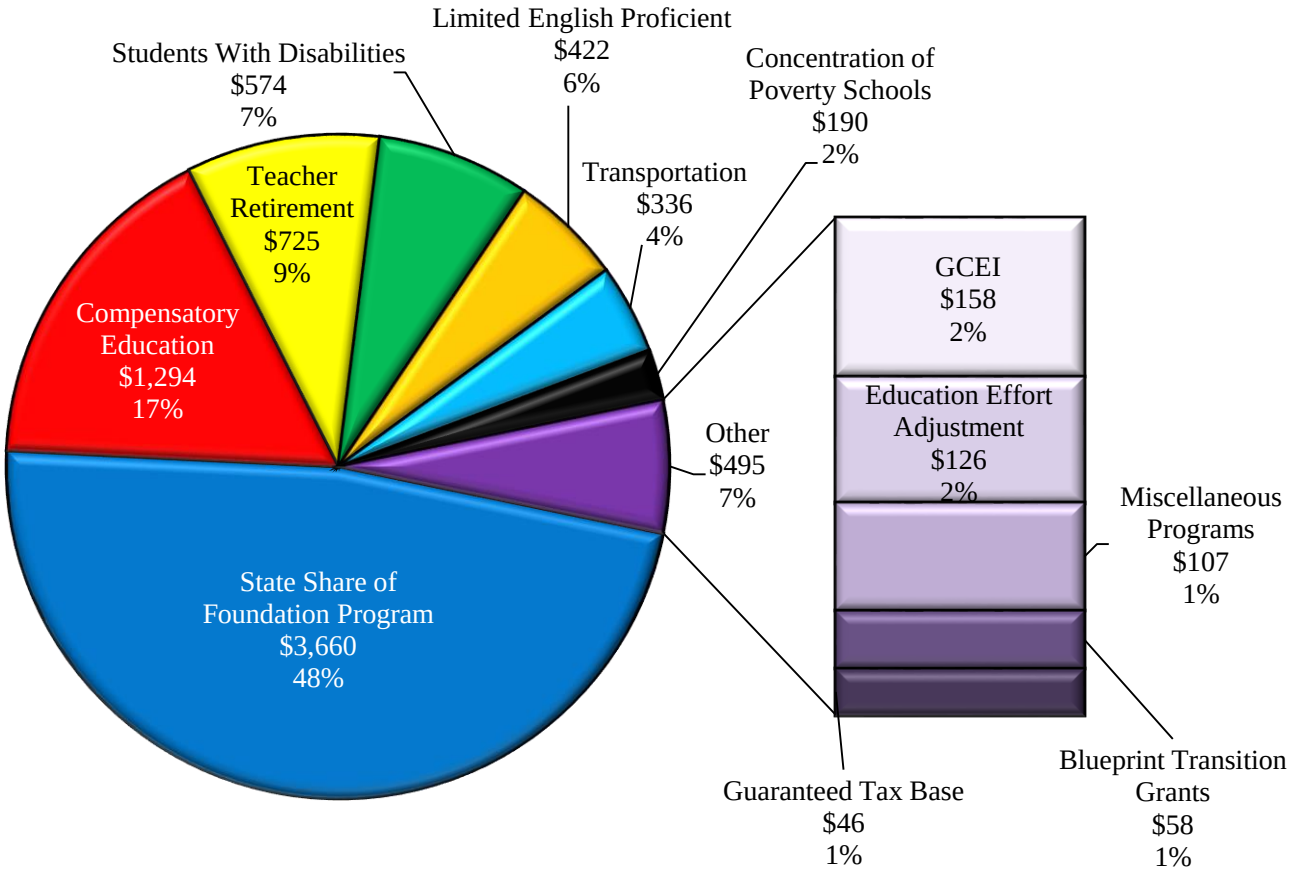


Source: Fiscal 2023 Governor's Budget Books

State Funds

The $7.7 billion in State funds allocated in fiscal 2023 encompasses both general and special funds across 22 programs. The $3.6 billion allowance for State Share of the Foundation program accounts for 48%, or almost half of these funds. Of the total allowance, compensatory education receives $1.3 billion, or 17%; teacher retirement receives $725 million, or 9%; students with disabilities receives $574 million, or 7%; LEP receives $422 million, or 6%; transportation receives $336 million, or 4%; and Concentration of Poverty schools receives $190 million, or 2%. Remaining programs account for approximately $495 million, or 7%, of the total allowance. **Exhibit 10** shows these allowances.

Exhibit 10
State Fund Allowance
Fiscal 2023
($ in Millions)



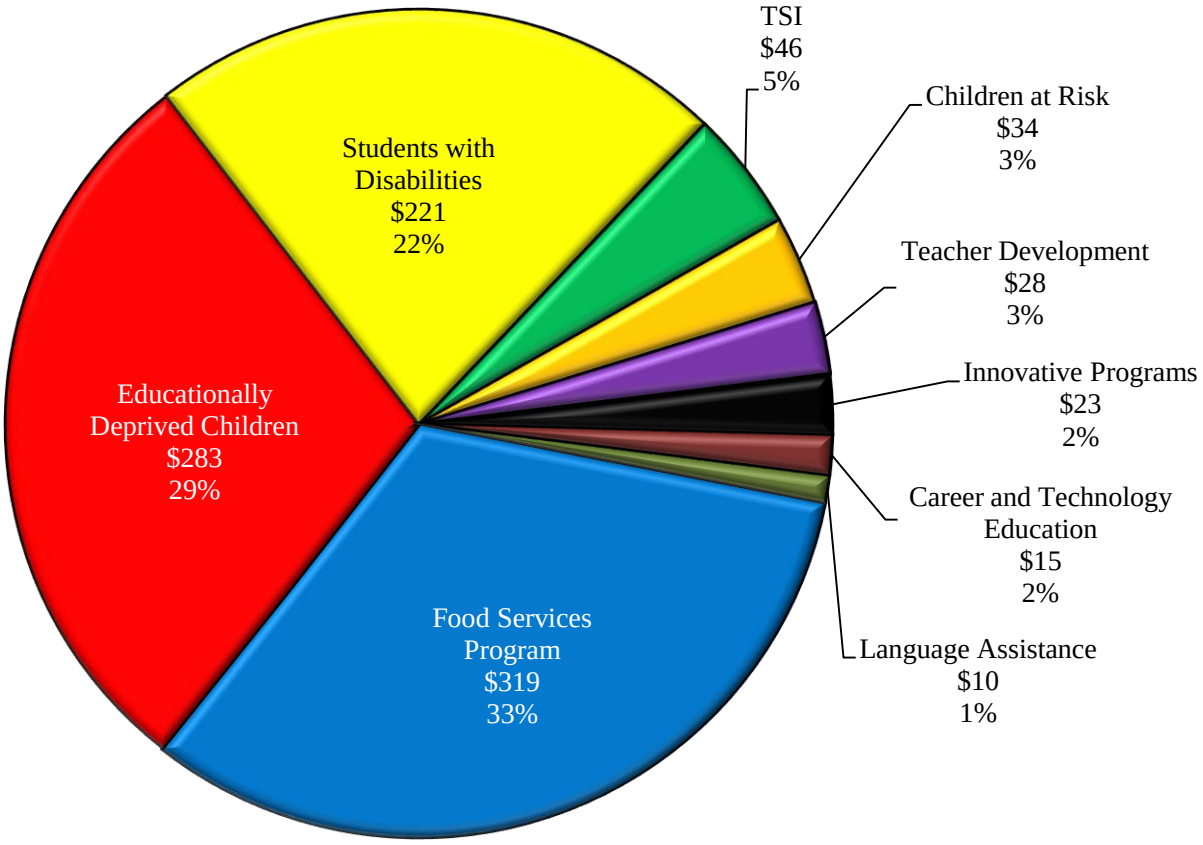
GCEI: Geographic Cost of Education Index

Source: Fiscal 2023 Governor's Budget Books

Federal Funds

The $979.0 million in federal funds allocated in fiscal 2023 is spread across eight programs with $319 million for to food services, $283 million for Educationally Deprived Children, and $221 million for special education accounting for the majority of the expenditures. TSI, which is a Blueprint program, receives federal stimulus funds from the ARPA in this budget that were reserved in Chapter 357 in the Dedicated Purpose Account (DPA). **Exhibit 11** shows the federal fund allowance for fiscal 2023 by program.

Exhibit 11
Federal Fund Allowance
Fiscal 2023
($ in Millions)



TSI: Transitional Supplemental Instruction

Source: Fiscal 2023 Governor's Budget Books

Proposed Budget Change

Exhibit 12 shows the fiscal 2023 proposed budget changes for Aid to Education programs. This is the first year of implementation for Chapter 36, and many changes in this budget reflect the new law over the current law.

Exhibit 12
Proposed Budget
MSDE – Aid to Education
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2021 Actual	$6,540,268	$654,251	$1,759,759	$200,000	$9,154,279
Fiscal 2022 Working Appropriation	6,511,446	786,410	2,554,699	90	9,852,644
Fiscal 2023 Allowance	6,998,493	697,105	978,993	90	8,674,680
Fiscal 2022-2023 Amount Change	$487,047	-$89,304	-$1,575,706	$0	-$1,177,964
Fiscal 2022-2023 Percent Change	7.5%	-11.4%	-61.7%	0.0%	-12.0%

Where It Goes:	Change
State Aid Programs that Preceded the Blueprint for Maryland's Future	
State share of the Foundation Program	$488,726
Students with Disabilities formula funding	90,217
Limited English Proficiency	88,206
Transportation, regular ridership, and students with disabilities, 8% inflation	47,909
Net change in Geographic Cost of Education Index (regional cost difference)	10,218
Net change in compensatory education grant including hold harmless of $57 million	7,319
Infant and toddlers program	4,284
National Board Certification (NBC) fees and NBC support added in Supplemental Budget No. 1	2,900
Tax Increment Financing Chapter 36 of 2021 phase-out	-1,057
Guaranteed Tax Base	-4,080
Supplemental grant	-46,620
Net taxable income adjustment Chapter 36 phase- out	-47,238
Teacher retirement	-54,307
Hold harmless and supplemental grants for declining enrollment and special education transportation	-209,384
Programs Created/Required by Blueprint for Maryland's Future	
Education effort adjustment added in Supplemental Budget No. 1	125,546
Concentration of Poverty grants	73,373

Where It Goes:	**Change**
Blueprint transition grants	57,688
College and career readiness	18,670
Career ladder program	9,034
MSDE financial management system	5,000
Blueprint training for teachers added in Supplemental Budget No. 1	2,000
Blueprint expert review teams added in Supplemental Budget No. 1	1,330
Blueprint behavioral health training added in Supplemental Budget No. 1	700
Transitional Supplemental Instruction net change in State funds (federal support increases)	-19,048
Phase-out of Transitional and Other Grants Due to Implementation of Blueprint	
Mental health service coordinators	-2,000
Maryland early literacy initiative	-2,500
Learning in Extended Academic Programs	-4,500
Early childhood expansion program	-54,742
Prekindergarten supplemental grants	-53,675
Special education grants	-65,469
Teacher salary grants	-75,000
Other General Fund Changes	
Nonpublic placements net change including fund restriction in fiscal 2022 for Chesapeake Bay Foundation, State-Aided Institutions grant	4,629
Autism Waiver	2,838
School for Educational Evolution and Development	1,361
Reduced-price Meals Program	630
Menstrual hygiene product grants	500
Growing family and child care opportunities grant	450
Adult high school pilot program	250
Environmental and outdoor education grant for Maryland Green Schools Act mandate	4
School-based health centers moved to Maryland Department of Health	-2,595
Quality teacher incentives program Chapter 36 phase out	-3,824
Fiscal 2022 Federal Funds for COVID-19 Relief	
Transitional Supplemental Instruction funding from Dedicated Purpose Account	26,000
Behavioral health programming grants to local education agencies (LEA)	-15,000
Summer school programming grants to LEAs	-25,000
American Rescue Plan Act special education grants allocated in the assistance for educating students with disabilities	-61,794
One-time funds to offset shortfall in the Education Trust Fund in fiscal 2021 and 2022	-116,131
Relief funds for supplemental instruction and tutoring grants to LEAs	-151,576
Direct aid to LEAs	-1,214,204

Where It Goes:	Change
Other Federal Grant Changes	
Deficiency allocation of State Fiscal Relief funds for student support network	-1,000
Improving teacher quality grants in teacher development	-2,000
Title I grants for Educationally Deprived Children	-15,000
Other Fund Changes	-1
Total	**-$1,177,963**

MSDE: Maryland State Department of Education

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

Changes in the Aid to Education Budget

The fiscal 2023 Aid to Education budget decreases overall by $1.2 billion, or 12%, from $9.9 billion in fiscal 2022 to $8.7 billion fiscal 2023. This change reflects an offset between one-time federal stimulus funds allocated to LEAs in fiscal 2022, changes in Blueprint programs, and increases in general funds for Foundation programs for the first time in fiscal 2023 as part of Chapter 36 and 55.

Significant increases in the proposed budget from fiscal 2022 to 2023 include:

- $732.6 million for State Aid programs, including State share of the foundation, students with disabilities, LEP, and transportation;
- $125.5 million for the education effort adjustment introduced in the fiscal 2023 Supplemental Budget No. 1; and
- $73.3 million for Concentration of Poverty personnel and per pupil grants.

Significant decreases in the proposed budget from fiscal 2022 to 2023 include:

- $1.2 billion in one-time direct federal stimulus fund aid allocated to LEAs in fiscal 2022;
- $209.4 million in hold harmless grants for declining enrollment and special education transportation; and
- $151.6 million in one-time RELIEF Act funds for supplemental instruction and tutoring grants to LEAs.

The compensatory education grant includes $57.2 million in hold harmless grants due to further decreases in FRPM student enrollment in the 2021-2022 school year. The Governor included this grant

because students received free meals in the 2021-2022 school year as part of extended CARES Act funding and did not necessarily need to sign up for FRPM benefits this school year. In the 2022-2023 school year, students will no longer receive automatically receive FRPM status and will need to enroll for these benefits at the start of the school year. **MSDE should comment on LEA plans to enroll FRPM eligible students prior to the start of the 2022-2023 school year and count eligible students accurately for compensatory education funding in fiscal 2024.**

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

Blueprint for Maryland's Future

Fiscal 2023 is the first year of implementation for Chapters 36 and 55 – Blueprint for Maryland's Future program. Chapter 36 and 55 specify acitvities that are eligible to be funded with revenues from the Blueprint for Maryland's Future Fund, which anticipates a starting balance of $1.0 billion in fiscal 2023. Fiscal 2023 Blueprint Fund revenues total $2.1 billion, with a projected balance of $1.1 billion headed into fiscal 2024. Blueprint Fund revenues and fund balance are sufficient to cover all the costs expected to be charged to the Blueprint Fund through fiscal 2025. However, starting in fiscal 2026, the Blueprint Fund would no longer have adequate funds to cover all eligible program costs, resulting in the potential need to contribute approximately $253 million in general funds to Blueprint programs starting in fiscal 2026. If this trend continues, by fiscal 2028, Blueprint program costs may exceed revenues by approximately $1.0 billion.

In the fiscal 2023 proposed budget, programs funded by the Blueprint Fund total approximately $1.0 billion, which includes $875 million allocated to State Aid programs, $87 million allocated to non-State Aid programs, and $60 million allocated for the Built to Learn capital program for debt service as required by Chapter 20 of 2020 starting in fiscal 2023. **Exhibit 13** shows Blueprint revenues and expenditures through fiscal 2028.

Exhibit 13
Blueprint Fund Revenues and Expenditures
Fiscal 2023-2028
($ in Millions)

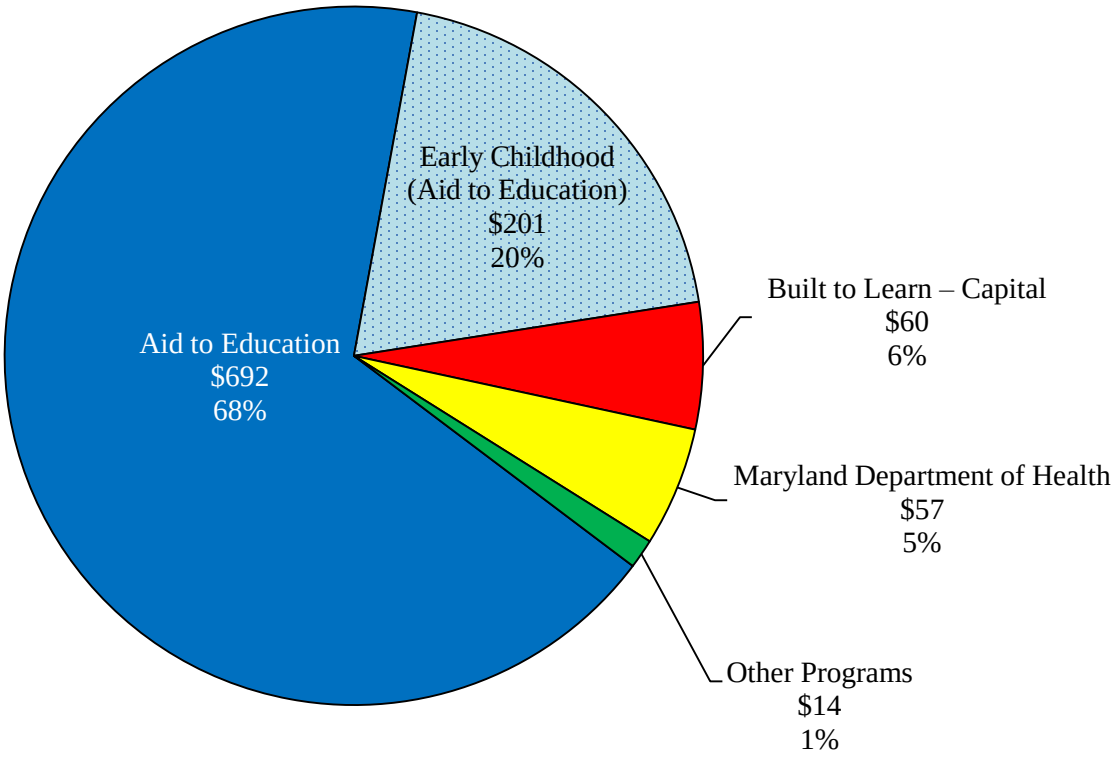
	2023	2024	2025	2026	2027	2028
Starting Balance	$1,017	$1,085	$853	$420	$0	$0
Revenues	2,108	2,328	2,145	1,756	1,399	1,445
Blueprint Fund Expenditures	1,023	1,475	1,726	2,016	2,169	2,445
Balance Remaining for Next Fiscal Year	**$1,085**	**$853**	**$420**	**-$260**	**-$770**	**-$1,000**

Note: Total Blueprint Fund expenditures in fiscal 2023 do not to include costs that could have been charged to the Blueprint Fund but were instead charged to general funds such as the education effort adjustment.

Source: Department of Legislative Services

The fiscal 2023 allowance of $1.0 billion in Blueprint funds is divided across multiple agencies and program areas. Including Early Childhood programs, which are reviewed in the Early Childhood budget analysis – R00A99, $893 million, or 88%, of Blueprint funds in the fiscal 2023 budget are allocated in the Aid to Education budget. Built to Learn debt service funding receives $60 million, or 6%, of this allowance; programs funded in the Maryland Department of Health (MDH) receive $56.5 million, or 5.9%, of this allowance; and other agencies including the Maryland Higher Education Commission (MHEC), MSDE Headquarters, and AIB receive less than 1% of this budget. **Exhibit 14** displays programs in the State budget funded through the Blueprint Fund in fiscal 2023.

Exhibit 14
Blueprint Programs in State Budget
Fiscal 2023
($ in Millions)



Source: Governor's Fiscal 2023 Budget Books; Department of Legislative Services.

Exhibit 15 shows the allocation of Blueprint Funds by program.

Exhibit 15
Blueprint Program Budget
Fiscal 2022-2023
($ in Millions)

	2022	2023	Difference	% of Total
Early Childhood Programs	$135.1	$200.7	$65.6	18%
Concentration of Poverty Schools	116.9	190.3	73.4	19%
Geographic Cost of Education Index (Regional Cost Difference)	0.0	157.9	157.9	15%
Built to Learn Debt Service	0.0	60.0	60.0	6%
Maryland Department of Health	0.0	56.0	56.0	5%
Special Education	65.5	90.2	24.7	9%
Limited English Proficiency	0.0	88.2	88.2	9%
Foundation Program	0.0	59.5	59.5	6%
Blueprint Transition Grants	0.0	57.7	57.7	6%
College and Career Readiness	0.0	18.7	18.7	2%
Teacher Salaries (Career Ladder)	75.0	9.0	-66.0	1%
MSDE Financial System	0.0	5.0	5.0	0%
Innovative Programs	11.8	4.8	-7.0	0%
Infants and Toddlers	0.0	4.3	4.3	0%
Transitional Supplemental Instruction	23.0	4.0	-19.0	0%
National Board Certification Fees	0.0	2.0	2.0	0%
Mental Health Service Coordinators	2.0	0.0	-2.0	0%
Hold Harmless	209.4	0.0	-209.4	0%
Other Programs	16.4	14.6	-1.8	1%
Total	**$655.0**	**$1,022.8**	**$367.8**	**56.2%**

MSDE: Maryland State Department of Education

Source: Governor's Fiscal 2023 Budget Books; Department of Legislative Services

Issues

1. Supplemental Budget No. 1 Adds Funds to Align Budget with Blueprint for Maryland's Future

The Blueprint for Maryland's Future 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 and subsequent veto override by the Maryland General Assembly in calendar 2021, the fiscal 2023 is the first time for full implementation of Blueprint programs.

Unfunded Programs in Proposed Budget Receive Supplemental Funding

In the fiscal 2023 proposed budget, the education effort adjustment component of Blueprint programs was not funded along with other Blueprint programs. Submission of Supplemental Budget No. 1 on February 22, 2022, provided full funding of $140.0 million in general funds. Of particular importance is education effort adjustment funding, which provides grants to Baltimore City ($99.0 million) and Prince George's County ($26.5 million) in fiscal 2023 and is considered State Aid along with funding for NBC support.

Not all of these programs are allocated to the Aid to Education budget: Career and Technical Education Committee and Skills Board is allocated to the Workforce Development program in the Maryland Department of Labor; positions for NBC coordinator, early childhood primary contact, and 1 School-based Health Center coordinator are allocated to MSDE's Headquarters budget; and 1 School-based Health Center coordinator is allocated in MDH Family Health and Chronic Disease Services program. **Exhibit 16** shows funding for these programs introduced in the supplemental budget.

Exhibit 16
Blueprint Programs Funded in Supplemental Budget No. 1
Fiscal 2023
($ in Thousands)

Program Name	Amount
Education Effort Adjustment	$125,546
Blueprint Training for Leaders	5,172
State Curriculum and Instructional Materials	2,738
Blueprint Training for Teachers	2,000
Expert Review Teams	1,330
NBC Support and Coordinator	900
CTE Committee and Skills Board	762
Behavioral Health Training	700
Equating Study	500
School-based Health Center Coordinators	180
Early Childhood Primary Contact	90
Total	**$140,009**

CTE: Career and Technical Education
NBC: National Board Certification

Source: Fiscal 2023 Supplemental Budget No. 1

2. MSDE's MOE Calculation May Require Attention

Starting in fiscal 2023, MSDE must calculate an LEA's MOE as part of State Aid calculations related to Chapter 36 implementation prior to the start of the fiscal year. MSDE is responsible for these preliminary calculations as well as collecting the data that determines MOE for each LEA. In December, prior to the start of session, MOE certifications are processed and shared with the Department of Legislative Services (DLS) for the upcoming fiscal year.

Two different problems interfered with reconciliation of MOE calculations for fiscal 2023. First, MSDE did not share Baltimore City's finalized MOE documentation with DLS, which meant that a final number for the local share was unavailable. Second, when comparing the expected result of the MOE calculation with MSDE, DLS found three errors that affected 14 of 24 LEAs. These errors appeared to result from both faulty data as well as a misunderstanding of the Chapter 36 statute. Multiple attempts were made to guide MSDE through the statutory calculations, and DLS notified the agency in a timely manner that the MOE calculations did not align with current or prior law. In response, MSDE replied that the agency determined the calculations and interpretation of the statute were correct.

With that background in mind, DLS notes MSDE's three errors in calculating fiscal 2023 MOE for LEAs are as follows:

- application of a statutory calculation of an escalator provision twice, instead of once, for certain LEAs;
- use of 0% change, instead of greater than 0%, as the qualification for an MOE adjustment; and
- an inaccurate amount for Montgomery County's fiscal 2021 appropriation.

Exhibit 17 shows these errors by affected LEA.

Exhibit 17
Comparison of Maintenance of Effort Calculation
Fiscal 2023
($ in Thousands)

Calculation Error	DLS	MSDE	Difference	% Difference
Escalator Applied Twice				
Allegany	$31,470	$31,754	$283	0.9%
Baltimore City	274,430	277,723	3,293	1.2%
Caroline	16,081	16,415	334	2.1%
Cecil	89,196	91,052	1,855	2.1%
Dorchester	20,938	21,373	436	2.1%
Garrett	28,363	28,817	454	1.6%
Queen Anne's	62,153	62,899	746	1.2%
Somerset	10,490	10,709	218	2.1%
Washington	106,848	109,070	2,223	2.1%
Wicomico	49,135	50,157	1,022	2.1%
Worcester	97,117	98,186	1,068	1.1%
Subtotal	***$786,222***	***$798,154***	***$11,932***	***1.5%***
0% Change Qualifier				
Kent	$18,072	$18,126	$54	0.3%
Talbot	43,173	43,886	713	1.7%
Subtotal	***$61,245***	***$62,012***	***$767***	***1.3%***
Fiscal 2021 Appropriation Differences				
Montgomery	$1,721,670	$1,721,227	-$443	0.0%
Total	**$2,569,137**	**$2,581,393**	**$12,256**	**0.5%**

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

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

These errors are particularly concerning because they disproportionately impact LEAs with smaller population and wealth and, if applied, will result in an increase to 13 LEAs local share by as much as 2.1% in fiscal 2023. **Due to MSDE's errors in the MOE calculation, DLS recommends budget language to restrict funds pending MOE redistribution of revised calculations to LEAs.**

3. Autism Waiver Costs Continue Steady Increase

The Autism Waiver program received a supplementary appropriation in fiscal 2022 of $2.0 million to cover an additional 100 students on the waitlist. Based on recent per pupil increases unrelated to coverage of additional students, costs for the program will continue to increase in coming years. With a 10% increase in fiscal 2023 and the continued addition of 100 students per year, costs through fiscal 2027 would be expected to increase by an average of 6.0% per year and, by fiscal 2027, total approximately $39 million. The program also continues to have a waitlist of over 6,000 individuals, and the total cost to clear the waitlist and provide services to all individuals in future years exceeds $100 million.

According to the 2021 JCR on this issue, MSDE does not determine eligibility for this waitlist until services become available, which is not the process pursued by other states. The Autism Waiver Advisory Committee is aware of this problem and "recommended consideration of screening for eligibility prior to placement on the registry." MSDE also does not conduct outreach for eligible individuals; individuals must contact the registry to be placed on the waitlist. These problems with the Autism Waiver suggest that further action may be needed to provide services to eligible individuals and adequately fund this program in the future. **DLS recommends to the budget committees that MSDE submit an updated report on this program.**

4. P-TECH Estimates Do Not Include Community College Costs

In the 2021 JCR on the P-TECH program submitted in July 2021, P-TECH schools are expecting an increase of approximately 247 students in fiscal 2023. The fiscal 2023 proposed budget level-funds P-TECH at the fiscal 2022 allowance of $1.9 million; however, MSDE's projected cost for the program in fiscal 2023 based on increased enrollment is $2.2 million, which is a potential deficiency for the program of $288,000. **Exhibit 18** displays these projected costs.

Exhibit 18
P-TECH Projected Costs
Fiscal 2019-2023
($ in Millions)

	2019	2020*	2021	2022	2023
Enrollment	594	819	1065	1188	1435
Allowance	$855	$1,155	$1,880	$1,939	$1,939
Total	**$855**	**$1,818**	**$1,880**	**$1,939**	**$1,939**
Projected Cost in Fiscal 2023					$2,227
Difference					***-$288***

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

*Fiscal 2020 actuals include $200,000 in planning grants and a $463,000 deficiency allocation.

Source: Maryland State Department of Education

The report also notes that MSDE does not have a systematic method to collect P-TECH enrollment data and costs for students attending community college, which prohibits an accurate projection of future costs. MSDE reports that they plan to work on better communication and data collection from MHEC and local community colleges to determine costs for P-TECH student courses and degrees. **DLS recommends that MSDE submit a status update on this program with additional information on projecting costs for P-TECH students enrolled in community college courses and plans to fund the program in fiscal 2023.**

5. Nonpublic Placements Reimbursements Continue to Lag

As part of a 2021 JCR request, MSDE was required to submit a closeout report on nonpublic placements and the reimbursement schedule for nonpublic schools. The nonpublic placement closeout report noted that MSDE is moving forward with a new framework and procedures that should speed up the reconciliation process. However, the current report as of November 15, 2021, does not reflect an accelerated process, with reimbursements still lagging for fiscal 2021.

DLS recommends that MSDE submit a report on the new framework and procedures for nonpublic placement reimbursements.

Operating Budget Recommended Actions

1. Add the following language:

   , provided that $1,000,000 made for the purpose of the Maryland State Department of Education, Office of the State Superintendent may not be expended until the agency submits to the budget committees accurate fiscal 2023 maintenance of effort calculations for all 24 local education agencies that align with the current statute in Chapter 36 of 2021 and Chapter 55 of 2021. The report shall be submitted by July 1, 2022, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

   Explanation: The Maryland State Department of Education (MSDE) is responsible for maintenance of effort (MOE) calculations for all 24 local education agencies. Recent submission of these calculations to the Department of Legislative Services contained errors and a misinterpretation of the current statute. This request by the budget committees directs MSDE to re-examine these calculations and statutes and submit accurate fiscal 2023 MOE calculations to the budget committees by the start of the fiscal year.

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

   , provided that $200,000 of this appropriation made for the purpose of the Autism Waiver program may not be expended until the Maryland State Department of Education submits a report to the budget committees on the autism waiver waitlist. This report should be submitted by September 1, 2022, and contain the following information:

   (1) plans and procedures to manage waitlist eligibility that reflect federal guidelines, current national practices, and allow for an accurate accounting of individuals in Maryland who qualify for both for Autism Waiver services and the autism waitlist;

   (2) procedures to contact and identify individuals who may qualify for autism waiver services and/or the Autism Waiver waitlist;

   (3) plans to contact all currently waitlisted individuals for a review of their eligibility for the Autism Waiver waitlist;

   (4) a timeline for these actions;

   (5) anticipated administrative costs for these actions;

   (6) an update on the number of individuals in the Autism Waiver program and on the autism waiver waitlist as of the date of the report; and

(7) projected costs for Autism Waiver services considering anticipated changes in the management of the autism waiver list for fiscal 2023 through 2027.

Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: The Maryland State Department of Education (MSDE) manages the Autism Waiver program and waitlist. The program continues to have a waitlist of more than 6,000 individuals with estimated costs expected to increase by approximately $2.5 million annually through fiscal 2027. This language restricts funds pending a report and asks MSDE to respond as to how the agency could more appropriately manage the Autism Waiver waitlist, project future costs, and modify procedures to serve additional eligible individuals in a more efficient and timely manner.

Information Request	**Author**	**Due Date**
Report on the Autism Waiver waitlist	MSDE	September 1, 2022

3. Adopt the following narrative:

Report on the Nonpublic Placement Program. The budget committees are concerned about delays in the reimbursement schedule for the Nonpublic Placement program providers and actions taken by the Maryland State Department of Education (MSDE) to rectify these issues. MSDE reports that the agency is moving forward with a new framework and procedures that should speed up the reconciliation process but that a lag remains between expenditures, reimbursements, and reporting of these items. The budget committees request that MSDE submit a report by November 1, 2022, with the following information:

- program closeout fiscal 2022 on enrollment by provider, annual reimbursement costs, and documentation on potential remaining discrepancies at the end of the fiscal year;
- detailed information on the proposed framework for more timely reimbursements to nonpublic placement providers; and
- actions taken in fiscal 2021 and 2022 by the agency to reimburse nonpublic placement providers in a timelier manner ahead of the implementation of the new framework.

Information Request	**Author**	**Due Date**
Report on the nonpublic placement program	MSDE	November 1, 2022

4. Adopt the following narrative:

Status Update on the Pathways in Technology Early College High School Program (P-TECH): The budget committees are concerned about increasing costs for the P-TECH program, which is managed by the Maryland State Department of Education (MSDE) and local education agencies (LEA). Costs for the P-TECH program are determined by a variety of factors, including student enrollment in community college courses and the costs for those courses in any given year. MSDE admits that the agency does not have a systematic method for collecting those costs on an annual basis, although the agency is working with LEAs and community colleges to resolve this issue. The budget committees request that MSDE submit a status update on the P-TECH program by August 1, 2022, that provides the following information regarding this issue:

- current enrollment in all P-TECH programs by high school, community college, cohort, and entry year;
- projected enrollment in all P-TECH programs in the 2022-2023 and 2023-2024 school years;
- the total number of students who left the program in any given year and reasons for departure;
- the total number of students who have graduated by program and the percentage completion rate;
- community college courses attended by P-TECH students with a cost per course per semester;
- current cost for the program in fiscal 2023 and total projected cost for the program in fiscal 2024;
- average cost by student, program, and LEA for fiscal 2022; and
- projected average cost by student, program, and LEA for fiscal 2023 and 2024, including supplemental school and college grants by institution and LEA.

Information Request	**Author**	**Due Date**
Status update on P-TECH	MSDE	August 1, 2022

Appendix 1
Local Teacher's Retirement Costs
Fiscal 2022-2023

	Local Share (Normal Cost)			Local Administrative Costs		
County	**2022**	**2023**	**Difference**	**2022**	**2023**	**Difference**
Allegany	$2,595,644	$3,224,589	$628,946	$127,648	$141,053	$13,405
Anne Arundel	25,713,345	32,443,555	6,730,210	1,264,527	1,419,178	154,651
Baltimore City	23,776,574	30,351,924	6,575,350	1,169,281	1,327,684	158,403
Baltimore	36,465,564	44,795,063	8,329,500	1,793,298	1,959,470	166,172
Calvert	5,256,877	6,601,917	1,345,040	258,522	288,788	30,266
Caroline	1,864,870	2,240,444	375,575	91,710	98,004	6,293
Carroll	7,651,611	9,599,604	1,947,993	376,290	419,915	43,626
Cecil	5,211,003	6,338,556	1,127,553	256,266	277,267	21,002
Charles	8,537,627	10,402,956	1,865,329	419,862	455,056	35,194
Dorchester	1,482,066	1,863,026	380,960	72,885	81,494	8,610
Frederick	13,144,899	16,544,994	3,400,095	646,438	723,727	77,290
Garrett	1,152,846	1,416,218	263,372	56,694	61,950	5,255
Harford	10,768,128	13,899,773	3,131,645	529,553	608,018	78,464
Howard	22,610,417	27,546,558	4,936,140	1,111,932	1,204,969	93,037
Kent	653,999	788,993	134,994	32,162	34,513	2,351
Montgomery	61,727,304	78,856,533	17,129,229	3,035,616	3,449,420	413,805
Prince George's	43,812,076	56,075,915	12,263,839	2,154,583	2,452,928	298,345
Queen Anne's	2,292,144	2,824,266	532,122	112,723	123,542	10,819
St. Mary's	5,182,367	6,520,503	1,338,136	254,858	285,226	30,369
Somerset	1,107,104	1,323,733	216,629	54,445	57,904	3,459
Talbot	1,371,128	1,751,716	380,588	67,429	76,625	9,196
Washington	6,528,971	8,063,604	1,534,633	321,081	352,726	31,645
Wicomico	4,914,144	6,183,623	1,269,479	241,667	270,490	28,823
Worcester	2,687,370	3,372,638	685,268	132,159	147,529	15,370
Total	**$296,508,077**	**$373,030,701**	**$76,522,625**	**$14,581,627**	**$16,317,477**	**$1,735,850**

Source: Department of Legislative Services

Appendix 2
2021 *Joint Chairmen's Report* Responses from Agency

The 2021 JCR requested that MSDE prepare nine reports. Electronic copies of the full JCR responses can be found on DLS Library website.

- ***Closeout Report on Students with Disabilities, Nonpublic Placement Program:*** The budget committees were concerned about a $40 million discrepancy in fiscal 2020 in the Students with Disabilities, Nonpublic Placement Program. MSDE noted that this issue was a reconciliation delay due to issues related to COVID-19 processing of reimbursement requests. The report also stated that MSDE is working to rectify this issue with a new framework to process and provide better response between LEAs, nonpublic placement schools, and the agency. Further discussion is in the Issues section of this analysis.

- ***Report on the Autism Waiver:*** The budget committees were concerned about a stagnant and growing waitlist for the Autism Waiver program. This request asked MSDE for a detailed report on this program, including challenges due to capacity, budget, provider rates, and if relevant, COVID-19. MSDE responded that even though the agency is taking steps to address provider capacity issues and has a stakeholder group examining multiple challenges with the program, the vendor that maintains the autism registry does not determine eligibility prior to placement of a name on the waiver list. This procedure is the primary reason for the long waitlist. Further discussion is in the Issues section of this analysis.

- ***Compensation Framework for Nonpublic Special Education Teachers:*** The budget committees were concerned compensation disparities between nonpublic and public school special education teachers. MSDE created a workgroup to examine this issue, which resulted in salary framework options aligned with nonpublic special education school budgets and potential costs and benefits for teacher salary parity.

- ***Report on Federal Grants Allocated to Local School Systems for COVID-19 Expenditures:*** The budget committees were concerned about tracking the allocation and expenditures of federal stimulus funds allocated to LEAs. This report covered five of those programs: ESSER I and II grants to LEAs and SEED; Coronavirus Relief Fund grants for K-12 technology and tutoring; and GEER II fund grants to Innovative Approaches to Connecting with Students. Further discussion of these grants and future reporting requirements is in the Federal Stimulus Fund section of this analysis.

- ***Report on P-TECH Program Enrollment and Costs:*** The budget committees were concerned about the future enrollment and expenditures on the P-TECH program. MSDE responded by indicating that enrollment was expected to increase in fiscal 2023, along with costs associated with this program. MSDE also noted that the agency does not collect enrollment or costs from community colleges for this program, which means that it is difficult to anticipate community college expenditures. More information on P-TECH is in the Issues section of this analysis.

- ***Medicaid Claims for School-based Health Services:*** A 2020 JCR response found that the State and LEAs would need to take several steps to initiate Medicaid claiming for school-based health services, which would potentially provide significant savings. Since then, MSDE has not taken steps to initiate Medicaid claiming and does not have plans to do so. This JCR requests quarterly reports on this program. In fiscal 2023, school-based health services move to the MDH budget; more information on this program can be found in the MDH Prevention and Health Promotion Administration – M00F03 budget analysis.

- ***Report on Community Eligibility Provision (CEP) Data:*** The budget committees requested that MSDE submit a report on CEP, which was established as part of the federal Healthy, Hunger-Free Kids Act of 2010. MSDE reported that the agency continues to examine CEP implementation decisions in LEAs and at the State level, with specific examination of factors such as measurements of poverty for the applications of food services, Title I funding, school accountability, Concentration of Poverty grants, and compensatory education.

- ***Closeout Report on Blueprint for Maryland's Future Programs:*** The budget committees were concerned that, based on data collected in a DLS survey of LEA Blueprint spending in fiscal 2020 and 2021, LEAs may have amounts remaining in TSI, special education, and Concentration of Poverty programs. This report stated that all special education funds had been spent but that a balance of $7.4 million remained in Concentration of Poverty and that $548,000 remained in TSI. Closeout reports on Blueprint expenditures are now part of annual reporting requirements in Chapter 55.

- ***Report on Copyrighted Materials for Supplemental Reading and Tutoring Programs:*** The committees were concerned that when LEAs need to purchase materials for supplemental reading and tutoring programs, these materials are often copyrighted. MSDE reported that although expenditures by LEAs on copyrighted materials constitutes a large portion of the LEAs budget, there are currently few alternatives available to allow students to read texts that represent a variety of cultures and topics and support the Maryland College and Career Ready Standards. Some LEAs do use open-source educational materials to support standards, but they cannot replace copyrighted materials.

Appendix 3
ESSER Funds for Local Education Agencies
Fiscal 2020-2022
($ in Millions)

LEA	ESSER I	ESSER II	ESSER III	Total
Allegany	$2.6	$11.3	$25.3	$39.2
Anne Arundel	11.9	48.4	108.7	168.9
Baltimore City	48.4	197.5	443.5	689.4
Baltimore	23.7	96.6	217.0	337.4
Calvert	1.2	5.1	11.5	17.8
Caroline	1.5	6.1	13.7	21.3
Carroll	2.0	7.5	16.8	26.3
Cecil	3.1	12.4	27.8	43.4
Charles	3.1	13.7	30.9	47.7
Dorchester	1.9	7.8	17.5	27.1
Frederick	4.0	16.9	37.9	58.8
Garrett	1.0	4.0	9.0	13.9
Harford	4.5	18.9	42.5	65.8
Howard	4.2	19.4	43.5	67.1
Kent	0.5	2.3	5.2	8.1
Montgomery	24.8	112.2	252.1	389.1
Prince George's	30.0	122.2	274.5	426.8
Queen Anne's	0.7	3.0	6.8	10.6
St. Mary's	2.6	11.6	26.1	40.3
Somerset	1.3	6.0	13.5	20.9
Talbot	0.9	3.7	8.2	12.8
Washington	5.6	24.6	55.3	85.5
Wicomico	5.2	21.1	47.4	73.6
Worcester	1.6	6.4	14.4	22.4
SEED	0.8	3.1	7.1	11.0
Total	**$187.1**	**$781.9**	**$1,756.0**	**$2,725.0**

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

Source: Maryland State Department of Education

Appendix 4
Coronavirus Relief and GEER I Funds by LEA
Fiscal 2021
($ in Thousands)

LEA	Coronavirus Relief Fund for Technology	Coronavirus Relief Fund for Tutoring	GEER I K-12 Technology	Total
Allegany	$909.9	$1,367.5	$97.0	$2,374.5
Anne Arundel	9,433.3	6,338.2	729.4	16,500.9
Baltimore City	8,387.5	25,871.5	1,440.3	35,699.3
Baltimore	12,649.2	12,692.7	1,288.5	26,630.4
Calvert	1,781.5	642.5	83.0	2,507.1
Caroline	629.8	796.6	67.3	1,493.8
Carroll	2,855.8	1,056.3	141.7	4,053.8
Cecil	1,668.9	1,672.7	154.8	3,496.4
Charles	3,040.1	1,671.9	231.6	4,943.6
Dorchester	510.9	1,016.4	63.1	1,590.4
Frederick	4,832.7	2,143.0	323.4	7,299.2
Garrett	414.9	511.7	33.5	960.1
Harford	4,278.0	2,380.0	291.8	6,949.8
Howard	6,562.6	2,265.0	374.5	9,202.1
Kent	205.9	279.2	24.0	509.0
Montgomery	18,344.4	13,241.4	1,748.3	33,334.1
Prince George's	14,926.9	16,055.4	2,137.2	33,119.5
Queen Anne's	858.4	395.6	51.6	1,305.7
St. Mary's	1,960.2	1,376.3	132.5	3,468.9
Somerset	307.1	720.3	43.3	1,070.6
Talbot	508.9	479.1	53.4	1,041.3
Washington	2,496.9	2,997.1	235.7	5,729.7
Wicomico	1,655.8	2,761.8	192.0	4,609.7
Worcester	734.4	837.2	62.0	1,633.6
SEED	45.9	430.7	0.0	476.5
Total	**$100,000.0**	**$100,000.0**	**$10,000.0**	**$210,000.0**

Source: Maryland Department of Education

Appendix 5
Relief Act Federal Stimulus Funds
Fiscal 2022
($ in Thousands)

LEA	School Reopening	Summer School	Behavioral Health	Tutoring	TSI	Total
Allegany	$127	$808	$318	$2,277	$221	$3,752
Anne Arundel	722	2,699	1,805	9,104	1,045	15,375
Baltimore City	1,102	10,591	2,755	26,971	3,571	44,989
Baltimore	1,321	5,880	3,303	18,559	2,295	31,359
Calvert	194	369	485	1,726	236	3,010
Caroline	92	593	230	1,663	238	2,816
Carroll	290	545	724	2,566	373	4,498
Cecil	196	849	490	2,707	383	4,626
Charles	365	1,342	912	4,556	672	7,847
Dorchester	67	490	167	1,328	216	2,268
Frederick	537	1,372	1,341	5,484	744	9,478
Garrett	32	164	81	494	74	845
Harford	453	1,326	1,132	4,967	548	8,425
Howard	591	1,279	1,477	5,571	700	9,619
Kent	7	105	18	248	41	419
Montgomery	1,206	5,443	3,014	17,092	2,379	29,134
Prince George's	1,762	10,945	4,406	31,026	4,191	52,331
Queen Anne's	69	188	174	730	116	1,277
St. Mary's	223	710	556	2,559	398	4,446
Somerset	44	386	109	1,000	97	1,635
Talbot	15	216	38	513	81	863
Washington	325	1,725	813	5,129	720	8,712
Wicomico	239	1,696	597	4,635	592	7,759
Worcester	22	277	55	671	69	1,093
Unallocated	0	0	0	0	46,000	0
Total	**$10,000**	**$50,000**	**$25,000**	**$151,575**	**$66,000**	**$302,575**

Note: Transitional Supplemental Instruction allocations for fiscal 2023 by local education agency have not been finalized by the Maryland State Department of Education.

Source: Maryland State Department of Education

Appendix 6
K-12 FTE and FRPM Enrollment Trends
Fiscal 2021-2023

	FTE Enrollment					Free and Reduced-price Meal Enrollment				
				2021-2023					2021-2023	
LEA	**2021**	**2022**	**2023**	**Change**	**% Change**	**2021**	**2022**	**2023**	**Change**	**% Change**
Allegany	7,955	7,716	7,662	-294	-4%	4,227	3,967	3,818	-409	-10%
Anne Arundel	82,486	81,017	80,868	-1,619	-2%	25,900	26,093	22,193	-3,707	-14%
Baltimore City	73,533	73,067	71,358	-2,175	-3%	63,672	63,925	63,056	-616	-1%
Baltimore	110,655	107,733	107,115	-3,540	-3%	49,160	44,151	42,308	-6,852	-14%
Calvert	15,577	14,896	14,949	-628	-4%	2,941	2,791	2,776	-165	-6%
Caroline	5,507	5,303	5,259	-248	-4%	2,793	2,551	2,859	66	2%
Carroll	24,968	24,191	24,608	-360	-1%	4,703	3,723	3,449	-1,254	-27%
Cecil	14,592	14,217	14,160	-433	-3%	6,121	5,433	5,036	-1,085	-18%
Charles	26,579	26,029	25,987	-592	-2%	9,368	10,000	9,321	-47	-1%
Dorchester	4,466	4,487	4,315	-152	-3%	2,973	2,976	2,883	-90	-3%
Frederick	42,253	42,043	43,811	1,558	4%	10,668	10,591	10,665	-3	0%
Garrett	3,627	3,490	3,348	-279	-8%	1,570	1,537	1,459	-111	-7%
Harford	37,407	36,521	36,880	-527	-1%	10,921	10,816	9,783	-1,138	-10%
Howard	57,386	55,755	55,838	-1,548	-3%	12,275	12,500	12,230	-45	0%
Kent	1,800	1,729	1,707	-94	-5%	1,008	875	763	-245	-24%
Montgomery	160,386	156,738	154,410	-5,977	-4%	52,225	46,660	39,056	-13,169	-25%
Prince George's	130,580	127,505	124,362	-6,218	-5%	78,361	67,232	62,116	-16,245	-21%
Queen Anne's	7,505	7,171	7,124	-381	-5%	1,800	1,672	1,409	-391	-22%
St. Mary's	17,138	16,723	16,714	-424	-2%	5,363	4,558	3,856	-1,507	-28%
Somerset	2,685	2,658	2,558	-127	-5%	1,947	1,927	1,857	-90	-5%
Talbot	4,449	4,292	4,233	-216	-5%	2,069	1,888	1,930	-139	-7%
Washington	21,830	21,087	21,100	-730	-3%	10,491	10,043	9,651	-840	-8%
Wicomico	14,482	13,865	13,888	-594	-4%	8,212	8,309	7,853	-359	-4%
Worcester	6,421	6,332	6,402	-19	0%	2,657	2,730	2,702	45	2%
Total	**874,268**	**854,564**	**848,653**	**-25,615**	**-3%**	**371,425**	**346,948**	**323,027**	**-48,398**	**-13%**

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

Appendix 7
Special Education and Limited English Proficient Enrollment
Fiscal 2021-2023

	Special Education					Limited English Proficient				
				2021-2023					2021-2023	
Jurisdiction	**2021**	**2022**	**2023**	**Change**	**% Change**	**2021**	**2022**	**2023**	**Change**	**% Change**
Allegany	1,357	1,249	1,173	-184	-14%	20	20	28	8	40%
Anne Arundel	9,590	9,492	9,569	-21	0%	6,637	6,586	7,548	911	14%
Baltimore City	12,545	12,211	11,665	-880	-7%	6,964	7,114	8,127	1,163	17%
Baltimore	16,293	15,800	15,152	-1,141	-7%	8,961	8,807	10,268	1,307	15%
Calvert	1,695	1,647	1,695	0	0%	158	160	206	48	30%
Caroline	620	579	547	-73	-12%	476	437	464	-12	-3%
Carroll	3,140	3,005	3,115	-25	-1%	343	329	396	53	15%
Cecil	2,497	2,459	2,413	-84	-3%	324	297	324	0	0%
Charles	3,112	2,911	2,916	-196	-6%	895	912	1,036	141	16%
Dorchester	482	451	442	-40	-8%	191	179	202	11	6%
Frederick	5,090	4,891	5,177	87	2%	2,921	2,872	3,206	285	10%
Garrett	353	339	320	-33	-9%	10	11	10	0	0%
Harford	5,143	5,034	5,381	238	5%	791	778	858	67	8%
Howard	5,903	6,019	5,977	74	1%	3,450	3,367	3,977	527	15%
Kent	298	279	268	-30	-10%	78	75	83	5	6%
Montgomery	20,512	20,596	20,427	-85	0%	28,231	26,370	28,482	251	1%
Prince George's	15,444	15,174	14,161	-1,283	-8%	29,625	27,478	29,919	294	1%
Queen Anne's	857	828	826	-31	-4%	325	310	357	32	10%
St. Mary's	1,973	1,900	1,887	-86	-4%	314	277	320	6	2%
Somerset	442	419	421	-21	-5%	110	111	114	4	4%
Talbot	505	493	509	4	1%	509	478	567	58	11%
Washington	2,508	2,462	2,520	12	0%	612	586	614	2	0%
Wicomico	1,721	1,609	1,541	-180	-10%	1,156	1,143	1,332	176	15%
Worcester	775	764	758	-17	-2%	148	141	135	-13	-9%
Total	**112,855**	**110,611**	**108,860**	**-3,995**	**-4%**	**93,249**	**88,838**	**98,573**	**5,324**	**6%**

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

Appendix 8
Changes in the Aid to Education Budget
Fiscal 2022-2023

The State Share of the Foundation formula grant, which is the primary grant program for State Aid to LEAs, increases by $488.7 million, or 15.4%, from $3.17 billion in fiscal 2022 to $3.66 billion in fiscal 2023. This increase includes $429.2 million in general funds and $59.5 million in Blueprint special funds and is due to a variety of factors. The per pupil grant amount increases by $920, from $7,390 to $8,310, due to the implementation of the Chapter 36 per pupil grant amount in fiscal 2023. For the first time as part of Chapter 36 implementation, the per pupil amount includes an inflation factor. The State also had slight enrollment decline due to the continued impact of the COVID-19 pandemic on in-person schooling. As a result, the 2021-2022 enrollment count is 848,653, which is a decrease of 5,911 students, or .69%, from the 2020-2021 enrollment count of 854,564.

Education Effort Adjustment is a new program implemented as part of Chapter 36 that receives $125.5 million in general funds in the fiscal 2023 Supplemental Budget No. 1. Allocations for this program serve two LEAs: Baltimore City, which receives $99.0 million, or 79%, of the total allocation; and Prince George's County, which receives $26.5 million, or 21%, of the total allocation. More information on this program is in the Issues section.

Students with Disabilities Formula Grant increases by $90.2 million, or 29.4%, from $306.6 million in fiscal 2022 to $401.3 million in fiscal 2023. This increase is funded with Blueprint special funds and reflects an offset between decreased enrollment and implementation of Chapter 55 Blueprint formula updates. Chapter 55 mandates 86% of the per pupil amount, or $7,417, as a starting point to calculate the wealth-equalized allowance for each LEA. In 2021-2022, the special education enrollment count totals 106,027 students, which is 3,932 students, or 3.6%, less than the 2020-2021 count of 109,959. Currently, 12.5% of students receive special education services.

LEP grants increase by $88.2 million, or 4.0%, from $334.3 million in fiscal 2022 to $422.5 million. This increase is funded with Blueprint special funds and based on enrollment as well as 100% of the per pupil State Share of the Foundation allowance, which for LEP increases the per pupil amount by $994 from $7,316 in fiscal 2022 to $8,310 in fiscal 2023. In 2021-2022, the LEP enrollment count is 98,573, which is 9,735, or 11.0%, more than the 2020-2021 enrollment count of 88,838. Currently, 11.6% of students are considered ELL.

Transportation formula funding increases by $47.9 million, or 16.6%, from $288.1 million in fiscal 2022 to $336.0 million in fiscal 2023. This amount includes funds for $308.7 million for regular ridership and $27.2 million for transportation for students with disabilities. In 2020-2021, enrollment for students with disabilities was severely impacted by COVID-19 school closures; the 2021-2022 enrollment totals 27,213, which represents a 797% increase from the 2020-2021 enrollment of 3,035. The inflation component of the transportation formula grows the statutory maximum of 8% in fiscal 2023.

Geographic Cost of Education Index (GCEI), which is a regional cost adjustment in the Foundation program budget, increases by $10.2 million, or 6.9.%, from $147.7 million in fiscal 2022 to

$157.9 in fiscal 2023. In the Governor's budget as introduced, this program is titled Regional Cost Difference and the entire allocation, $157.9 million, is funded with Blueprint funds. This program is the same program as GCEI but with a different title and fund source in fiscal 2023. Thirteen LEAs receive GCEI funds in fiscal 2023 – Anne Arundel, Baltimore, Calvert, Carroll, Charles, Frederick, Howard, Kent, Montgomery, Prince George's, Queen Anne's, St. Mary's counties and Baltimore City – which are the same LEAs as in fiscal 2022.

Compensatory Education increases by $7.3 million, or .57%, from $1.29 billion in fiscal 2022 to $1.29 billion in fiscal 2023. This increase is funded with general funds and reflects an offset between decreased enrollment and the implementation of Chapter 55 Blueprint formula updates. This increase also includes $57.3 million in hold harmless funds that the Governor funded on a discretionary basis. Chapter 55 mandates 89% of the per pupil amount, or $7,396, as a starting point to calculate the wealth-equalized allowance for each LEA. The 2021-2022 enrollment count of FRPM students of 323,027 is 6.9% less than the 2020-2021 enrollment count of 346,948. Currently, 38.0% of students are eligible for FRPM.

Infants and Toddlers in the students with disabilities program increases by $4.2 million, or 40%, from $10.4 million in fiscal 2022 to $14.6 million in fiscal 2023. This increase is part of Chapter 36 statutory increases for the program and is funded with Blueprint special funds.

NBC support and fees increases by $2.9 million in general funds, or 45%, from $2.0 million in fiscal 2022 to $4.9 million in fiscal 2023. The $2.9 million increase was included Supplemental Budget No. 1.

GTB funding decreases by $4.1 million, or 8.2%, from $49.9 million in fiscal 2022 to $45.8 million in fiscal 2023. Eight LEAs receive GTB funds – Allegany, Caroline, Charles, Dorchester, Somerset, Washington, and Wicomico counties and Baltimore City. DLS notes that the GTB calculation by MSDE for Baltimore City does not reflect the appropriate figure for wealth and therefore may be short by $3.6 million. More information about GTB is in the Issues section.

Teacher's Retirement decreases by $54.3 million, or 3.8%, from $779.0 million in fiscal 2022 to $724.6 million in fiscal 2023. This decrease is due to record investment returns (26.7%) in fiscal 2021 and the Board of Trustees of the State Retirement and Pension Systems electing to accelerate recognition of those gains, thereby substantially reducing the system's unfunded liabilities.

Hold Harmless grants decrease by $209.4. million, or 100%, in fiscal 2023. These funds include $184.4 million in Blueprint special funds for declining enrollment and $25.0 million for special education transportation.

State Aid grants that are phased out as part of Chapter 36 implementation in fiscal 2023 include $47.2 million in **Net Taxable Income** grants, $46.6 million in **supplemental** grants, and $1.1 million in **Tax Increment Financing** grants.

Other General Fund Changes

Nonpublic Placements in students with disabilities increases by $5.1 million, or 4.0%, from $127.0 million in fiscal 2022 to $132.1 million in fiscal 2023. This increase includes a $500,000 assumed reversion for funds withheld in fiscal 2022, restricted by budget language for the Chesapeake Bay Foundation that the Governor will not release.

The **Autism Waiver** program in the students with disabilities increases $2.8 million, or 10.0%, from $25.9 million in fiscal 2022 to $30.8 million in fiscal 2023. This increase represents 100 additional slots for this waiver in fiscal 2023. More information about the Autism Waiver program is in the Issues section of this analysis.

SEED general funds in the Children at Risk program increases $1.4 million, or 8.6%, from $10.2 million in fiscal 2022 to $12.3 million in fiscal 2022. This increase is due to the increase in the Foundation program per pupil amount.

Three Blueprint categorical programs receive general funds for the first time in the fiscal 2023 Supplemental Budget No. 1: **Blueprint Training for Teachers** receives $2.0 million; **Expert Review Teams** receive $1.3 million; and **Behavioral Health Training** receives $700,000.

Reduced-price Meals in food services increases $630,000, or 19%, from $3.3 million in fiscal 2022 to $3.9 million in fiscal 2023. This increase is mandated in Chapter 560 of 2018, the Maryland Cares for Kids Act, which specifies that the State will pay the difference in reduced-price meal costs for all eligible students starting in fiscal 2023.

The **Menstrual Hygiene Product** grant is a new Innovative Programs appropriation that receives $500,000. Chapter 706 of 2021 mandates this minimum allowance starting in fiscal 2023.

The **Growing Families and Child Care Opportunities** grant in Innovative Programs receives $450,000 for the first time in the fiscal 2023 proposed budget.

The **Adult High School Pilot Program** in Innovative Programs receives an increase of $250,000, or 100%, from $250,000 in fiscal 2022 to $500,000 in fiscal 2023. Chapter 352 of 2021 mandates at least $250,000 in general or federal funds for this program starting in fiscal 2023.

Environmental and Outdoor Education in Innovative Programs increases by $3,800 from $268,300 in fiscal 2022 to $272,100 in fiscal 2023. This amount is mandated by Chapter 739 of 2019, the Maryland Green Schools Act.

School-based Health Centers in innovative programs decreases by $2.6 million, or 100%, due to the transfer of this program to MDH as part of Chapter 36 implementation.

Quality Teacher Incentives in teacher development decreases by $3.8 million, or 100%, due to the phase-out of this program as part of Chapter 36 implementation.

Blueprint for Maryland's Future Program Changes

Starting in fiscal 2023, six grants in the Blueprint for Maryland's Future program that were funded with Blueprint for Maryland's Future or ETF lockbox special funds in previous years are phased out as part of Chapters 36 implementation. These programs were established as part of initial Kirwan recommendations but are no longer needed or receive funding through Chapter 36 mandates. These grant programs include:

- $75.0 million for teacher salaries;
- $65.5 million for special education;
- $53.7 million for early childhood expansion, which is now part of the Early Childhood Development – R00A99 budget;
- $4.5 million for Learning in Extended Academic programs;
- $2.5 million for early literacy; and
- $2.0 million for mental health service coordinators.

Four programs receive funding for the first time as part of Chapter 36 implementation. These programs are:

- $57.7 million in **Blueprint Transition** grants to 12 LEAs– Allegany, Baltimore, Caroline, Cecil, Dorchester, Garrett, Howard, Kent, Montgomery, Prince George's, St. Mary's, and Baltimore City;
- $18.7 million for **College and Career Readiness (CCR)** allocated to all LEAs based on $517 per student who have met the CCR standard;
- $9.0 million for the **Career Ladders** toward fees and bonuses for teachers who achieve NBC in teacher development; and
- $5.0 million for **MSDE's Financial System**;

Concentration of Poverty school grants increase $73.4 million, or 38.6%, from $116.9 million in fiscal 2022 to $190.3 million in fiscal 2023. These grants include both personnel and per pupil allowances. The fiscal 2022 appropriation includes schools with at least 70% FRPM, and the fiscal 2023 allowance includes schools with at least 65% FRPM. In fiscal 2023, 20 LEAs and SEED 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.

TSI grants have a net decrease of $19.0 million in Blueprint special funds due to a total of $66.0 million in federal stimulus funding applied to this program in fiscal 2022 and 2023. In fiscal 2022, TSI received an additional $20 million in the ARPA federal stimulus funds and $46 million ARPA funds were reserved for TSI in the DPA for use in fiscal 2023. With these two funding sources in fiscal 2023, TSI receives a total of approximately $50 million – $46.0 million in federal funds and $4.0 million in Blueprint special funds.

Federal Fund Changes for COVID-19 Relief

Five programs for LEAs funded with ARPA federal stimulus funds in fiscal 2022 do not receive funds in the fiscal 2023 budget. These programs include:

- $1.2 billion for direct grants distributed by MSDE budget amendment to LEAs through the Innovative Programs budget;
- $151.6 million for supplemental instruction and tutoring allocated in the Blueprint for Maryland's Future program;
- $61.8 million in the ARPA special education grants allocated in Assistance to State for Educating Students with Disabilities;
- $25.0 million for summer school programming allocated in the Blueprint for Maryland's Future program; and
- $15.0 million for behavioral health programming allocated in the Blueprint for Maryland's Future program.

Approximately $116.1 million in federal stimulus funds were also allocated to cover a shortfall in the ETF in fiscal 2021 and 2022.

Other Federal Fund Changes

Funding for a student support network in innovative programs receives a one-time deficiency allocation of $1.0 million ARPA State Fiscal Relief Funds.

Improving Teacher Quality grants in teacher development decrease by $2.0 million, or 7%, from $30.0 million in fiscal 2021 to $28.0 million in fiscal 2022.

Title I grants to LEAs in the Educationally Deprived Children program decreases by $15.0 million, or 5%, from $289.7 million in fiscal 2022 to $274.7 in fiscal 2022. This decrease is based on enrollment and is an estimation.

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

Object/Fund	FY 21 Actual	FY 22 Working Appropriation	FY 23 Allowance	FY 22 - FY 23 Amount Change	Percent Change
Objects					
12 Grants, Subsidies, and Contributions	$ 9,154,278,592	$ 9,735,512,430	$ 8,544,204,666	-$ 1,191,307,764	-12.2%
Total Objects	**$ 9,154,278,592**	**$ 9,735,512,430**	**$ 8,544,204,666**	**-$ 1,191,307,764**	**-12.2%**
Funds					
01 General Fund	$ 6,540,267,860	$ 6,511,445,888	$ 6,868,016,792	$ 356,570,904	5.5%
03 Special Fund	654,251,245	786,409,594	697,105,360	-89,304,234	-11.4%
05 Federal Fund	1,759,759,487	2,437,566,948	978,992,514	-1,458,574,434	-59.8%
09 Reimbursable Fund	200,000,000	90,000	90,000	0	0%
Total Funds	**$ 9,154,278,592**	**$ 9,735,512,430**	**$ 8,544,204,666**	**-$ 1,191,307,764**	**-12.2%**

Note: The fiscal 2022 appropriation does not include deficiencies or targeted reversions. The fiscal 2023 allowance does not include actions from Supplemental Budget No. 1.

Appendix 10
Fiscal Summary
MSDE – Aid to Education

Program/Unit	FY 21 Actual	FY 22 Wrk Approp	FY 23 Allowance	Change	FY 22 - FY 23 % Change
01 State Share of Foundation Program	$ 3,495,054,252	$ 3,413,334,319	$ 3,817,362,233	$ 404,027,914	11.8%
02 Compensatory Education	1,364,735,311	1,286,664,932	1,293,984,088	7,319,156	0.6%
03 Aid for Local Employee Fringe Benefits	750,289,290	778,950,779	724,643,898	-54,306,881	-7.0%
04 Children at Risk	54,877,714	49,849,208	51,210,004	1,360,796	2.7%
05 Formula Programs for Specific Populations	1,860,744	2,000,000	2,000,000	0	0%
07 Students with Disabilities	475,340,374	476,917,666	578,885,868	101,968,202	21.4%
08 State Assistance for Students with Disabilities	222,202,441	282,708,309	220,913,934	-61,794,375	-21.9%
12 Educationally Deprived Children	254,465,625	297,700,581	282,700,581	-15,000,000	-5.0%
13 Innovative Programs	1,078,817,825	1,266,029,164	45,933,920	-1,220,095,244	-96.4%
15 Language Assistance	12,016,148	10,395,537	10,395,537	0	0%
18 Career and Technology Education	15,865,997	15,337,000	15,337,000	0	0%
24 Limited English Proficient	348,240,587	334,286,759	422,492,552	88,205,793	26.4%
25 Guaranteed Tax Base	41,232,314	49,864,008	45,783,860	-4,080,148	-8.2%
27 Food Services Program	305,806,130	334,340,491	334,970,491	630,000	0.2%
39 Transportation	310,178,610	288,056,237	335,964,983	47,908,746	16.6%
55 Teacher Development	29,679,009	34,819,542	40,029,047	5,209,505	15.0%
60 Blueprint for Maryland's Future Grant Program	393,616,221	814,257,898	112,640,278	-701,617,620	-86.2%
61 Unknown Title	0	0	190,286,426	190,286,426	0%
62 Unknown Title	0	0	18,669,966	18,669,966	0%
Total Expenditures	**$ 9,154,278,592**	**$ 9,735,512,430**	**$ 8,544,204,666**	**-$ 1,191,307,764**	**-12.2%**
General Fund	$ 6,540,267,860	$ 6,511,445,888	$ 6,868,016,792	$ 356,570,904	5.5%
Special Fund	654,251,245	786,409,594	697,105,360	-89,304,234	-11.4%
Federal Fund	1,759,759,487	2,437,566,948	978,992,514	-1,458,574,434	-59.8%
Total Appropriations	**$ 8,954,278,592**	**$ 9,735,422,430**	**$ 8,544,114,666**	**-$ 1,191,307,764**	**-12.2%**
Reimbursable Fund	$ 200,000,000	$ 90,000	$ 90,000	$ 0	0%
Total Funds	**$ 9,154,278,592**	**$ 9,735,512,430**	**$ 8,544,204,666**	**-$ 1,191,307,764**	**-12.2%**

Note: The fiscal 2022 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2023 allowance does not include contingent reductions or cost-of-living adjustments.