
Education Aid Formulas: Regional Consumer Price Indices

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- Two education aid formulas use measures of regional consumer prices (CPI) in the calculation: the foundation formula and student transportation. The regional CPI is defined in statute as the consumer price index for all urban consumers for the Washington-Baltimore metropolitan area.
- The foundation formula inflates the target per pupil funding level by the lesser of the increase in the implicit price deflator for state and local government expenditures for the second prior fiscal year, the regional CPI for the second prior fiscal year or five percent.
- The base grant for the student transportation formula is increased by the growth in the regional CPI for private transportation as of July of the preceding fiscal year subject to the limitation that it cannot be less than one percent nor more than eight percent.
- In 2018, the U.S. Department of Labor ceased publishing the Washington-Baltimore CPI and substituted separate indices for the Washington metro area and the Baltimore metro area. The Washington metro area includes Frederick, Montgomery, Calvert, Charles and Prince George's counties.
- The regional indices are reported every other month and the combined Washington-Baltimore CPI was reported in odd-numbered months. The new Washington metro CPI is also reported in odd-numbered months but the Baltimore metro CPI is reported in even-numbered months.
- The Budget Reconciliation and Financing Act (BRFA) of 2018 requires the Departments of Legislative Services, Budget & Management, and Education to jointly determine the appropriate regional CPI to replace the discontinued combined Washington-Baltimore index for the fiscal 2020 funding.
- The departments agreed it would be best to use the Washington metro CPI for fiscal 2020. The student transportation formula requires the use of the index for July. As the Baltimore index is only reported in even-numbered months, there is no index value for the month of July. Also, the Washington index more closely tracks the historical growth of the combined Washington-Baltimore index.
- The BRFA of 2018 also requires the Commission on Innovation and Excellence in Education to make recommendations on the appropriate inflationary indices to use the education aid formulas.

Regional Consumer Price Index: Urban Consumer - All Items
(Index 1982-84 = 100)

FY	Washington- Baltimore	% Change	Washington	% Change	Baltimore	% Change
2000	105.7		170.5		163.5	
2001	109.1	3.2%	176.0	3.3%	168.3	2.9%
2002	111.5	2.2%	180.9	2.7%	170.2	1.2%
2003	114.6	2.8%	186.5	3.1%	173.5	1.9%
2004	117.5	2.5%	191.5	2.7%	177.2	2.1%
2005	121.6	3.5%	198.3	3.5%	183.4	3.5%
2006	126.5	4.0%	205.6	3.7%	192.3	4.9%
2007	130.8	3.4%	212.4	3.3%	199.6	3.8%
2008	136.4	4.2%	220.3	3.7%	210.8	5.6%
2009	139.7	2.4%	224.9	2.1%	217.7	3.3%
2010	141.2	1.1%	227.4	1.1%	220.0	1.1%
2011	144.3	2.1%	232.5	2.2%	224.2	1.9%
2012	148.6	3.0%	239.8	3.1%	229.9	2.5%
2013	151.2	1.8%	244.0	1.8%	234.0	1.8%
2014	153.8	1.7%	248.2	1.7%	238.3	1.8%
2015	155.0	0.8%	250.0	0.7%	240.3	0.9%
2016	156.2	0.8%	252.2	0.9%	241.7	0.6%
2017	158.1	1.2%	254.5	0.9%	246.4	1.9%
2018	N/A		258.9	1.7%	251.1	1.9%

Note: Fiscal year figure reflect averaging the monthly data for each year.

Source: Bureau of Labor Statistics, U.S. Department of Labor