Grading the States on Fair School Funding: How Does Maryland Compare?

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What is fair school funding?

A state finance system that provides a sufficient \textit{level} of funding to ensure equality of educational opportunity, with funding \textit{distributed} to districts within the state to account for additional needs generated by student poverty.
We have no national standard for “how much” students need to be successful.

States have different educational standards/curricula

The cost of education also varies – mostly driven by the cost of hiring qualified staff, e.g. cost of living differences between New York and Nebraska

We can adjust per pupil spending for these differences in costs and see how states spend relative to each other
Likewise, there is no standard for how much more some students cost, i.e. students in poverty, with disabilities, learning English.

But we can determine whether states are following a basic principle of funding fairness – do poor students/districts receive MORE funding?

We categorize districts as Progressive (poor districts get more funding than wealthy districts), Regressive (poor districts get less funding), and Flat (no difference).
The effort a state makes towards funding its schools, combined with the state’s overall wealth (GDP), determine funding levels.

“Effort” is defined as spending on K-12 schools as a percentage of the state’s economic productivity (GDP, not revenue!)

The interplay between effort and state wealth affect policy solutions for poorly funded states, i.e. the need for greater state and/or federal role.
Context matters

Level

Distribution

Effort
Funding Level

• In 2016, Maryland gets a “B” in funding level, 13th among the 49 states ranked

• Its adjusted funding level is $1,435 per pupil above the national average

• From 1993-2004, funding levels were right around the national average. In 2005, funding in Maryland started to outpace the national average.

• Maryland’s relative funding advantage has declined since the Recession

Source: Rutgers Graduate School of Education/Albert Shanker Institute School Finance Indicators Database, www.schoolfinancedata.org
Funding Distribution

- In 2016, Maryland gets a “D” in funding distribution
- Funding is distributed “regressively”
- On average, the poorest districts getting 6% ($800 per pupil) less than the wealthiest districts

Source: Rutgers Graduate School of Education/Albert Shanker Institute School Finance Indicators Database, www.schoolfinancedata.org
Fairness Trends

- Maryland’s funding distribution has shown improvement between 1993-2016
- The funding level bump immediately preceding the Recession (2006-2008) improved fairness
- From 2009-2016 it has remained regressive

Source: Rutgers Graduate School of Education/Albert Shanker Institute School Finance Indicators Database, www.schoolfinancedata.org
Funding Effort

• In 2016, Maryland gets a “D” for Funding Effort
• Its Effort is ranked 37th among the 49 states
• Because it is a relatively wealthy state (11th in GDP per capita), the low effort generates higher than average funding levels

Source: Rutgers Graduate School of Education/Albert Shanker Institute School Finance Indicators Database, www.schoolfinancedata.org; Bureau of Economic Analysis
If Maryland increased funding effort:

<table>
<thead>
<tr>
<th>State</th>
<th>Estimated Change in K12 Expenditures (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maryland</td>
<td>Current Effort: $11.68, Additional Revenue: $0.00</td>
</tr>
<tr>
<td>National Average</td>
<td>Current Effort: $11.68, Additional Revenue: $0.00</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>Current Effort: $11.68, Additional Revenue: $1.92</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>Current Effort: $11.68, Additional Revenue: $2.77</td>
</tr>
<tr>
<td>New Jersey</td>
<td>Current Effort: $11.68, Additional Revenue: $3.30</td>
</tr>
</tbody>
</table>

Source: Rutgers Graduate School of Education/Albert Shanker Institute School Finance Indicators Database, www.schoolfinancedata.org; Bureau of Economic Analysis
Compared to other states, Maryland’s K12 funding:

- Above average funding levels
- Regressively distributed
- Low-effort, high capacity
School finance reforms must be:

- **Student centered** – Districts are funded based on enrollment and needs of the student population (poverty, ELL, special education, etc.)

- **Cost-driven** – Funding levels determined by sound research on the actual costs of achieving the state’s academic standards

- **Wealth equalized** – The share of local v. state dollars is determined by district’s ability to pay, i.e. property taxes