

Overview of Workgroup Proposal

- The workgroup proposal fully phases in the recommendations of the Commission on Innovation and Excellence in Education over the next 10 years (fiscal 2021 to 2030) while also adjusting for inflation.
- Under the proposal, every school system in the State will receive significantly more than they would have under current law over the next decade.
- State education aid will grow at an annual rate of about 5.6% over the 10-year period. This steady growth approach is designed to ensure the sustainability of the Commission's recommendations while more than doubling the projected current law annual growth in State education aid.
- Direct State education aid in fiscal 2030 will exceed \$10.2 billion, \$2.8 billion more than would be allocated under current law. Local governments will be expected to fund the local share of existing and new formulas beginning in fiscal 2022, totaling \$8.9 billion in fiscal 2030.
- Funds dedicated by the General Assembly during the 2019 session for implementing the Commission's recommendations are sufficient to fully fund the cost of implementing the proposal in fiscal 2021 and 2022 and will cover all but \$55 million of the \$649 million of proposed fiscal 2023 State expenses.
- School systems will start seeing increased funding over current law beginning in fiscal 2021 under the staff recommendations.
- The proposal requires the State to spend \$345 million to implement the commission's recommendations in fiscal 2021 and \$450 million in fiscal 2022. No local contribution is required in fiscal 2021.
- New education funding formulas will go into effect beginning with fiscal 2022 at which point local governments are expected to share in the expense of implementing the Commission's recommendations.
- The proposal prioritizes funding for college and career readiness investing \$52 million of new State funds in fiscal 2021. Funding for teacher supplies and technology is also prioritized with \$5.2 million of new State funds allocated in fiscal 2021.
- The direct State aid proposed by the commission is allocated on a wealth equalized basis. Under the proposal, fully funding all targeted formulas and the addition of the State funding most of the new concentration of poverty grants will increase the progressivity of Maryland's education finance system.

Key Assumptions in Proposal

- The proposal initiates and sustains funding for many components of the Commission's recommendations albeit at a slower pace in some cases than contemplated by the commission. College and career readiness, transitional supplemental instruction, assisting schools with high concentrations of poverty, assisting English language learners, and making teacher salaries more competitive with other professions are prioritized over the fiscal 2021-2024 period.
- The amount of enhancement funding allocated under the proposal in fiscal 2021 and 2022 is generally aligned with the funding contemplated in The Blueprint for Maryland's Future.
- Funding allocated for enhancements to direct State education aid in fiscal 2023 and 2024 results in annual growth in direct aid of about 5.1%. Slightly higher annual growth of 5.6% is assumed in subsequent years largely due to the assumption that the State will cover the local share of concentration of poverty grants for jurisdictions that do not benefit from the funding floors embedded in other components of the formula.
- Every school system in State will experience annual growth in State aid from fiscal 2021 through 2024, and all will receive more than they would under current law.
- No local share is required for fiscal 2021. Beginning in fiscal 2022, local governments are expected to contribute their wealth equalized share for most components of the funding formula.
- For concentration of poverty, the local share will only be paid in fiscal 2022 through 2024 by counties benefitting from the funding floor on the amount of State aid that they will receive through the compensatory education aid formula. By fiscal 2030, the State will cover \$261 million annually of the local share.
- For fiscal 2021, the State will fund the State share of base funding for college and career readiness. The State will also fund the State and local share of incentive funds for each grade 11 and 12 student in a college and career readiness/career technical education pathway.
- Enhancements to the foundation amount in fiscal 2022, 2023, and 2024 will fund mid-year teacher salary increases of 3%, 2%, and 2% respectively. This is in addition to the 3% teacher salary increase funded in fiscal 2020.
- Supplemental grants are retained for fiscal 2022 through 2024. A portion of funding for counties that benefit from using September Net Taxable Income is also retained in those

years. This funding will be phased out beginning in fiscal 2025. The phase-out ensures every school system will receive year over year growth in education aid from fiscal 2022 through 2024.

- The State's total investment in funding for schools with concentrations of students eligible for free and reduced price meals will rise from \$58.7 million in fiscal 2021 to \$180.7 million by fiscal 2024. This funding level will support the hiring of staff in all schools above the 70% threshold and will provide additional funding for wraparound services for all schools above the 75% threshold.
- Transitional supplemental instruction grows from \$23 million in fiscal 2020 and 2021 to \$46 million by fiscal 2023 a funding level closely aligned with the Commission's recommendations.
- The projected savings from reducing the number of students requiring special education begins to kick in with fiscal 2024 and will grow beyond fiscal 2030 as the benefits from the Commission's proposed investments in K-12 education are realized.
- Additional funding is provided for teacher supplies and technology totaling \$83 per teacher in fiscal 2021.
- Funding for a mental health services coordinator in every school system is provided beginning in fiscal 2020.
- Funding for English language learners (\$60 million) and special education students (\$106.5 million) also increases significantly by fiscal 2024.
- Additional funding is provided for full-day pre-kindergarten for low-income 4-year-olds totaling \$31.7 million in fiscal 2020 and \$95.9 million in fiscal 2024.
- Funds are provided in fiscal 2024 to provide at least one career counselor in every middle school and high school in the State.
- The proposal assumes that the Guaranteed Tax Base formula remains as in current law.

Maintenance of Effort and Local Share

- The escalator provision of Maryland's current maintenance of effort (MOE) law will be eliminated.

- The higher of the local share of wealth-equalized formulas or the current MOE per pupil amount (without the escalator) using the “greater of” September 30 or the rolling three-year average enrollment count will be the required annual local contribution.
- The local share of concentration of poverty is only required for counties that already benefit from the funding floor in the compensatory education formula.

Concentration of Poverty Grants

- Schools will remain eligible for the 2 positions provided under the grants for three years, regardless of whether they meet the concentration of poverty threshold.
- The additional funding for wraparound services will be calculated using the rolling three-year average concentration of poverty in each eligible school.