

The Blueprint for Maryland’s Future Funding Formula Workgroup Recommendations for State Education Aid Formulas

Determining Total Funding

1. Enrollment

- Full-time equivalent (FTE) count – Use “greater of” September 30 or three-year rolling average and eliminate add-on Declining Enrollment Grant
- Use “greater of” FTE for Comparable Wage Index (CWI)
- Count full-day preK separately
- Compensatory Education Proxy
 - Use “greater of” FTE count in calculating hold harmless for Community Eligibility Provision (CEP) counties (terminates after fiscal 2025)
 - Require CEP counties (and possibly others) to collect alternative income forms (timeline to be determined)
 - Add Medicaid eligibility to Direct Certification programs once the Maryland State Department of Education (MSDE) and the Maryland Department of Health have necessary Memorandum of Understanding and information system

2. Cost of Education Index

- Use CWI
- Wealth equalize
- Cap State share at Geographic Cost of Education Index State cost under current law

3. Preliminary Per Pupil Foundation Amount

- Include funding for specific policy recommendations in Foundation
- Include maintenance and operations, teacher supplies and technology
- Inflation – use current law (lesser of Consumer Price Index/implicit price deflator for State and local government capped at 5%)

4. Per Pupil Weights – Targeted Populations

- PreK (full-day free for low-income 3- and 4-year-olds, sliding scale for 4-year-olds up to 600% of federal poverty limit)
- Compensatory Education (free and reduced-price meal (FRPM) eligibility except for CEP counties)
- English learners (duplicated count)
- Special education (use placeholder weight)
- Concentration of Poverty

- Wealth equalized per pupil amount based on school concentration of poverty (FRPM) using three-year rolling average
- State funded – 2 positions per school above 55% FRPM – once a school is eligible, it will remain eligible to receive the State funds for at least three years (total)

5. Wealth Equalized Categorical Programs

- Teacher Career Ladder – Workgroup recommended that staff reexamine the assumptions for teachers earning National Board Certification/entering career ladder that drove the cost estimates.
- Post-College and Career Readiness (CCR) Pathways (including career and technical education (CTE))
- Transitional Supplemental Instruction (phased out by fiscal 2030)

6. Retirement

- Current law – State and local shares (minimal impact, not shown)

Determining State/Local Shares

1. Local Wealth

- Use November net taxable income (NTI), eliminate add-on November NTI grant, and phase out September NTI funding
- Incorporate tax increment financing (TIF) into property wealth calculation (cap at value pledged to outstanding bonds – not modeled) and eliminate add-on TIF grant
- Use current law proportions of property/income wealth in wealth calculation

2. Wealth Per Pupil

- Use September 30 FTE count (does not include full-day preK count)

3. Guaranteed Tax Base (State-funded only)

- Current law (for now)

4. Supplemental Grant (State-funded only)

- Phase out

5. State Funding Floors

- 15% Foundation floor – current law
- 40% Targeted Formulas floors – current law

6. Maintenance of Effort

- Use “greater of” FTE count for prior year local appropriation per FTE and phase out escalator
- In addition to requiring the local share of the Foundation formula, require counties (including Baltimore City) to fund the local share of targeted and new formulas including:
 - Compensatory education
 - English learners
 - Special education
 - CWI
 - Per pupil concentration of poverty
 - CCR pathways
 - Teacher Career Ladder
 - Full day preK
- Phase-in time period for local share of targeted and new formulas to be determined
- For per pupil concentration of poverty grant, counties that do not benefit from the State funding floor for compensatory education are not required to fund the local share (State will fund)
- Maintenance of Effort amount each year will be calculated using the greater of the prior year appropriation per FTE or the local share of the formulas

State Funded Programs

1. State Funded Categorical Programs

- Family Support Centers/Judy Centers/Infants and Toddlers
- School-Based Health Center Grants
- Innovation Grants – Teacher Prep Collaboratives and CTE

2. Infrastructure/Capacity Building/Accountability

- Training
- Program for International Student Assessment
- Oversight Board
- CTE Committee
- MSDE – local education agency financial reporting, expert review teams
- Maryland Higher Education Commission – teacher preparation institutions, community colleges