
Overview of Education Funding in Maryland

**Presentation to the
House Ways and Means Committee
Education Subcommittee**

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Principles Guiding Funding of Education in Maryland

- Thorough and efficient system of free public schools (Article VIII of the State Constitution)
- Equity
- Adequacy
- Local Control
- Accountability

Equity

- Each Maryland child should have a substantially similar opportunity to meet performance standards regardless of geographical location
- Maryland has a system of shared State and local responsibility for education funding
- Consequently, State aid for education should offset local fiscal disparities

Wealth Equalization

- To achieve funding equity, educational opportunities should not depend on local abilities to generate revenue
 - In Maryland the primary sources of local tax revenues are the property tax and income tax
 - For many years a significant share of State education aid has been distributed inverse to local wealth as measured by property assessable base and net taxable income
 - Less wealthy school systems, therefore, receive more State aid per pupil than wealthier school systems – this is known as wealth equalization
- Wealth is calculated by adding together a district's net taxable income and assessable base of property
 - This calculation is then compared to the State average to establish a district's relative wealth

Adequacy

- State and local funding should be sufficient to acquire the total resources needed to reasonably expect that **all** students can meet academic performance standards
 - Prior to the Thornton Commission, sufficient funding to provide an excellent fundamental education was a goal but quantifying the amount was elusive
 - Ensuring that all students meet performance standards requires that students with special needs or at risk of failure receive targeted resources or services
 - Maryland counties, including Baltimore City, provide a significant share of funding for education. Maintenance of effort requirements ensure that counties do not reduce their support for education

Categories of State Aid

The majority of State education aid falls into one of three categories:

1. General Education Aid

- provides a minimum level of operating support for all students, driven by total student enrollment and local wealth

2. Targeted Aid

- provides additional funding based on enrollments of targeted student populations (*i.e.*, low-income, limited English, and special education)

3. Other Noninstructional Aid

- provides school support activities that are not directly related to instruction

Foundation Program

General Education Aid

- The foundation program is the main program in general education aid and accounts for almost half of State education aid
- The foundation program ensures a base level of funding per pupil
 - per pupil foundation amount x local enrollment
- At the statewide level, the foundation formula is designed to have the State pay roughly 50% of program costs; however, the State's share for the less wealthy jurisdictions is higher than 50% and the State's share for more wealthy jurisdictions is lower than 50% (wealth equalization)
- The amount of State aid that a jurisdiction receives is based on FTE student enrollment and local wealth
- No jurisdiction may receive less than 15% of the base per pupil amount from the State

Other General Education Aid

- *Geographic Cost of Education Index (GCEI)*: GCEI is a Maryland-based index that adjusts the amount of State aid a local school system receives based on regional differences in the cost of educational resources
 - The GCEI formula does not reduce funding for jurisdictions where educational resources are less expensive
 - Unlike every other major State aid program, GCEI was not mandated until fiscal 2017
 - GCEI only applies to the foundation program and the State pays the State and local shares
- *Guaranteed Tax Base*: GTB provides additional funds to jurisdictions with less than 80% of the statewide wealth per pupil that provide local education funding above the minimum local share required by the foundation program
 - The State provides the funds that would have been generated locally if the jurisdiction had the wealth base that is guaranteed
 - Per pupil GTB amount for any one local school system is limited to 20% of the per pupil foundation amount

Targeted Education Aid

- The targeted formulas recognize the additional costs associated with educating certain student populations:
 - Special education (0.74 X base level of funding per pupil)
 - Compensatory education (based on free and reduced-price meal status) (0.97 X base level of funding per pupil)
 - Prekindergarten funding is accounted for in the compensatory education formula
 - Limited English proficiency (0.99 X base level of funding per pupil)
- Although the State provides approximately 50% of the total estimated cost of each program, local governments are not required to provide the other half
- Funding amounts and distributions are based on local wealth and enrollments of the three targeted student populations, however, no jurisdiction may receive less than 40% of the full per pupil amount from the State

Noninstructional State Aid

- *Student Transportation:* Each local school system is required to provide transportation to and from school for all public school students
 - Transportation funding consists of a base grant that is adjusted annually and a per pupil grant based on the number of students with special transportation needs
- *Other Noninstructional Aid:* Includes early education, food service, adult education, and a variety of innovative programs

Teacher Retirement Costs

- Prior to 2012, the State paid 100% of retirement costs
- In 2012, legislation required locals to share in the cost of retirement
- Retirement aid is not wealth equalized
- In fiscal 2016, local share ranged from 25%-30%

Revenue Sources for Public Schools in Fiscal 2018

<u>County</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Ranking by Percent State</u>		<u>Ranking by Percent Local</u>			
Allegany	6.4%	69.4%	24.2%	1.	Caroline	74.5%	1.	Worcester	72.6%
Anne Arundel	3.7%	36.7%	59.5%	2.	Wicomico	72.8%	2.	Montgomery	64.6%
Baltimore City	8.0%	70.3%	21.7%	3.	Somerset	72.2%	3.	Talbot	64.4%
Baltimore	4.8%	46.0%	49.2%	4.	Baltimore City	70.3%	4.	Howard	64.2%
Calvert	3.3%	42.6%	54.1%	5.	Allegany	69.4%	5.	Anne Arundel	59.5%
Caroline	7.0%	74.5%	18.6%	6.	Dorchester	65.9%	6.	Kent	56.4%
Carroll	3.4%	42.8%	53.8%	7.	Washington	62.9%	7.	Queen Anne's	55.5%
Cecil	4.2%	57.0%	38.8%	8.	Prince George's	59.2%	8.	Calvert	54.1%
Charles	3.6%	50.4%	46.0%	9.	Cecil	57.0%	9.	Carroll	53.8%
Dorchester	5.7%	65.9%	28.4%	10.	Charles	50.4%	10.	Baltimore	49.2%
Frederick	3.3%	49.0%	47.7%	11.	St. Mary's	49.2%	11.	Garrett	49.2%
Garrett	5.4%	45.4%	49.2%	12.	Frederick	49.0%	12.	Harford	48.6%
Harford	4.0%	47.4%	48.6%	13.	Harford	47.4%	13.	Frederick	47.7%
Howard	2.3%	33.5%	64.2%	14.	Baltimore	46.0%	14.	Charles	46.0%
Kent	5.4%	38.2%	56.4%	15.	Garrett	45.4%	15.	St. Mary's	42.7%
Montgomery	2.9%	32.5%	64.6%	16.	Carroll	42.8%	16.	Cecil	38.8%
Prince George's	4.4%	59.2%	36.4%	17.	Calvert	42.6%	17.	Prince George's	36.4%
Queen Anne's	4.7%	39.8%	55.5%	18.	Queen Anne's	39.8%	18.	Washington	32.1%
St. Mary's	8.1%	49.2%	42.7%	19.	Kent	38.2%	19.	Dorchester	28.4%
Somerset	7.6%	72.2%	20.2%	20.	Anne Arundel	36.7%	20.	Allegany	24.2%
Talbot	5.9%	29.7%	64.4%	21.	Howard	33.5%	21.	Baltimore City	21.7%
Washington	5.0%	62.9%	32.1%	22.	Montgomery	32.5%	22.	Wicomico	21.1%
Wicomico	6.1%	72.8%	21.1%	23.	Talbot	29.7%	23.	Somerset	20.2%
Worcester	4.5%	22.9%	72.6%	24.	Worcester	22.9%	24.	Caroline	18.6%
Total	4.3%	47.8%	47.9%						

Source: Local School Budgets, Department of Legislative Services

Per Pupil Revenues for Public Schools in Fiscal 2018

County	Federal	State	Local	Misc.	Total	<u>Ranking by Total Per Pupil Funding</u>
Allegany	\$994	\$10,787	\$3,714	\$51	\$15,546	1. Worcester \$18,312
Anne Arundel	530	5,231	8,431	41	14,233	2. Somerset 17,945
Baltimore City	1,374	12,104	3,645	88	17,211	3. Baltimore City 17,211
Baltimore	713	6,801	7,208	77	14,798	4. Kent 16,524
Calvert	483	6,171	7,808	32	14,493	5. Montgomery 16,499
Caroline	1,014	10,812	2,596	99	14,521	6. Prince George's 16,250
Carroll	481	6,099	7,492	179	14,251	7. Howard 16,238
Cecil	605	8,170	5,525	31	14,331	8. Dorchester 15,573
Charles	529	7,434	6,728	54	14,746	9. Allegany 15,546
Dorchester	890	10,260	4,220	203	15,573	10. Garrett 15,242
Frederick	456	6,703	6,384	148	13,690	11. Baltimore 14,798
Garrett	824	6,920	7,483	15	15,242	12. Charles 14,746
Harford	546	6,392	6,472	88	13,498	13. Wicomico 14,543
Howard	366	5,447	10,321	104	16,238	14. Caroline 14,521
Kent	885	6,318	9,236	86	16,524	15. Calvert 14,493
Montgomery	476	5,360	10,599	64	16,499	16. Cecil 14,331
Prince George's	708	9,626	5,812	103	16,250	17. Carroll 14,251
Queen Anne's	639	5,404	7,364	184	13,590	18. Anne Arundel 14,233
St. Mary's	1,139	6,915	5,957	45	14,055	19. St. Mary's 14,055
Somerset	1,364	12,954	3,596	31	17,945	20. Washington 13,930
Talbot	794	3,984	8,621	15	13,414	21. Frederick 13,690
Washington	697	8,763	4,426	43	13,930	22. Queen Anne's 13,590
Wicomico	881	10,591	2,925	147	14,543	23. Harford 13,498
Worcester	826	4,195	13,256	36	18,312	24. Talbot 13,414
Total	\$671	\$7,391	\$7,323	\$83	\$15,467	

Source: Local School Budgets, Department of Legislative Services

Local Wealth for Calculation of State Aid to Public Schools in Fiscal 2019 (\$ Thousands)

County	Property Based Wealth	Income Based Wealth	Total	Percent Property	Percent Income	<u>Percent Property</u>
Allegany	\$1,608,482	\$932,374	\$2,540,856	63.3%	36.7%	1. Worcester 83.7%
Anne Arundel	35,060,204	18,207,901	53,268,104	65.8%	34.2%	2. Garrett 80.6%
Baltimore City	17,012,149	9,683,998	26,696,146	63.7%	36.3%	3. Talbot 74.8%
Baltimore	34,305,562	22,394,212	56,699,775	60.5%	39.5%	4. Kent 73.5%
Calvert	5,271,011	2,575,352	7,846,363	67.2%	32.8%	5. Somerset 71.8%
Caroline	1,058,106	503,585	1,561,690	67.8%	32.2%	6. Dorchester 70.8%
Carroll	7,872,902	4,876,180	12,749,082	61.8%	38.2%	7. Prince George's 68.8%
Cecil	4,050,625	2,043,943	6,094,568	66.5%	33.5%	8. Queen Anne's 68.6%
Charles	7,071,293	3,713,180	10,784,473	65.6%	34.4%	9. Caroline 67.8%
Dorchester	1,164,894	479,888	1,644,782	70.8%	29.2%	10. Calvert 67.2%
Frederick	11,825,056	7,010,177	18,835,232	62.8%	37.2%	11. Cecil 66.5%
Garrett	1,880,338	453,658	2,333,996	80.6%	19.4%	12. Washington 65.9%
Harford	11,541,965	6,708,274	18,250,239	63.2%	36.8%	13. Anne Arundel 65.8%
Howard	20,740,822	12,442,098	33,182,920	62.5%	37.5%	14. Charles 65.6%
Kent	1,185,960	427,310	1,613,270	73.5%	26.5%	15. St. Mary's 64.5%
Montgomery	76,226,663	43,080,199	119,306,862	63.9%	36.1%	16. Montgomery 63.9%
Prince George's	36,545,361	16,542,268	53,087,628	68.8%	31.2%	17. Baltimore City 63.7%
Queen Anne's	3,215,211	1,470,190	4,685,401	68.6%	31.4%	18. Allegany 63.3%
St. Mary's	5,043,621	2,777,140	7,820,761	64.5%	35.5%	19. Harford 63.2%
Somerset	580,873	228,214	809,087	71.8%	28.2%	20. Frederick 62.8%
Talbot	3,372,346	1,135,528	4,507,874	74.8%	25.2%	21. Howard 62.5%
Washington	5,217,034	2,695,802	7,912,836	65.9%	34.1%	22. Carroll 61.8%
Wicomico	2,563,132	1,597,205	4,160,337	61.6%	38.4%	23. Wicomico 61.6%
Worcester	6,254,200	1,217,967	7,472,167	83.7%	16.3%	24. Baltimore 60.5%
Statewide	\$300,667,809	\$163,196,644	\$463,864,453	64.8%	35.2%	

Direct Aid to Public Schools and Teachers' Retirement Payments in Fiscal 2019

County	Direct Aid	Retirement	Ranking by Per Pupil Direct Aid		Ranking by Per Pupil Retirement			
Allegany	\$83,598,873	\$6,723,759	1.	Somerset	\$12,091	1.	Worcester	\$1,041
Anne Arundel	367,601,316	61,591,324	2.	Baltimore City	11,505	2.	Howard	1,001
Baltimore City	861,168,948	62,241,365	3.	Caroline	10,398	3.	Montgomery	993
Baltimore	679,224,208	87,121,525	4.	Wicomico	10,350	4.	Somerset	978
Calvert	82,503,576	12,971,692	5.	Allegany	10,237	5.	Kent	921
Caroline	56,868,613	4,516,195	6.	Dorchester	9,674	6.	Cecil	869
Carroll	133,083,108	19,019,050	7.	Prince George's	8,997	7.	Prince George's	858
Cecil	108,291,704	12,843,718	8.	Washington	8,138	8.	Calvert	840
Charles	184,278,369	20,932,663	9.	Cecil	7,326	9.	Baltimore City	832
Dorchester	43,784,406	3,681,006	10.	Charles	7,065	10.	Caroline	826
Frederick	249,731,122	30,546,998	11.	St. Mary's	6,254	11.	Allegany	823
Garrett	21,963,804	2,911,542	12.	Baltimore	6,212	12.	Wicomico	822
Harford	211,978,446	26,749,784	13.	Frederick	6,128	13.	Dorchester	813
Howard	257,487,898	55,443,007	14.	Garrett	6,020	14.	Charles	802
Kent	10,084,020	1,719,512	15.	Harford	5,748	15.	Garrett	798
Montgomery	715,331,518	155,859,060	16.	Kent	5,404	16.	Baltimore	797
Prince George's	1,142,797,075	108,999,822	17.	Calvert	5,345	17.	Queen Anne's	775
Queen Anne's	35,867,497	5,839,587	18.	Carroll	5,337	18.	Anne Arundel	767
St. Mary's	107,285,272	12,860,701	19.	Queen Anne's	4,759	19.	Carroll	763
Somerset	32,608,823	2,636,552	20.	Howard	4,650	20.	Talbot	756
Talbot	14,854,709	3,332,461	21.	Anne Arundel	4,575	21.	St. Mary's	750
Washington	178,234,925	16,020,341	22.	Montgomery	4,556	22.	Frederick	750
Wicomico	148,433,872	11,794,186	23.	Talbot	3,372	23.	Washington	731
Worcester	20,022,028	6,564,931	24.	Worcester	3,176	24.	Harford	725
Unallocated	39,345,930	0						
Total	\$5,786,430,060	\$732,920,781		State Average	\$6,722		State Average	\$851

State Education Funding under the Foundation Program in Fiscal 2019

County	Foundation Formula	Supplemental Grant	Geographic Cost Index	Net Taxable Income Grant	Declining Enrollment Grant	Hold Harmless Grants	Tax Increment Financing Grant	Total Amount
Allegany	\$40,474,744	\$10,348	\$0	\$2,067,376	\$439,128	\$0	\$0	\$42,991,596
Anne Arundel	218,016,201	0	10,218,141	464,584	0	0	0	228,698,926
Baltimore City	353,459,508	18,310,933	22,211,131	0	15,963,773	11,091,661	541,685	421,578,691
Baltimore	405,335,641	0	6,180,038	0	0	0	0	411,515,679
Calvert	56,348,769	0	2,289,940	1,468,975	362,994	540,610	0	61,011,288
Caroline	28,130,173	966,820	0	912,574	0	0	0	30,009,567
Carroll	90,570,763	0	2,466,296	2,370,293	263,025	99,799	0	95,770,176
Cecil	63,348,523	49,060	0	2,930,021	1,155,410	3,398,555	0	70,881,569
Charles	111,700,280	0	3,685,811	5,614,198	0	0	0	121,000,289
Dorchester	20,901,023	1,321,515	0	876,231	0	0	0	23,098,769
Frederick	162,097,117	0	6,909,909	2,959,906	0	0	0	171,966,932
Garrett	9,924,653	1,201,160	0	553,745	41,124	47,626	0	11,768,308
Harford	138,028,626	0	0	3,612,789	0	0	0	141,641,415
Howard	173,144,210	0	5,868,021	443,286	0	0	0	179,455,517
Kent	2,511,519	1,003,414	131,833	96,142	112,661	0	0	3,855,569
Montgomery	351,744,825	0	37,711,769	0	0	0	0	389,456,594
Prince George's	539,619,273	20,505,652	43,072,564	29,306,129	0	0	0	632,503,618
Queen Anne's	22,353,538	0	585,660	173,828	0	0	0	23,113,026
St. Mary's	68,668,436	3,251,181	242,397	1,646,777	0	0	0	73,808,791
Somerset	13,604,993	0	0	603,719	302,051	0	0	14,510,763
Talbot	4,668,729	0	0	0	0	0	0	4,668,729
Washington	101,451,063	0	0	4,047,046	0	0	0	105,498,109
Wicomico	73,406,199	0	0	2,345,169	0	0	0	75,751,368
Worcester	6,680,664	0	0	0	0	0	0	6,680,664
Total	\$3,056,189,470	\$46,620,083	\$141,573,510	\$62,492,788	\$18,640,166	\$15,178,251	\$541,685	\$3,341,235,953

State Education Funding Based on At-risk Populations in Fiscal 2019

County	FTE Enrollment	Compensatory Aid	Limited English Proficiency	Special Education	Total Amount	<u>Ranking by Per Pupil Aid</u>
Allegany	8,166.25	\$22,130,699	\$84,756	\$5,657,947	\$27,873,402	1. Baltimore City \$4,811
Anne Arundel	80,350.25	67,731,228	14,855,256	18,139,069	100,725,553	2. Somerset 4,636
Baltimore City	74,853.00	288,683,365	25,177,739	46,236,630	360,097,734	3. Wicomico 4,041
Baltimore	109,342.50	148,810,439	24,269,786	37,503,243	210,583,468	4. Caroline 3,719
Calvert	15,434.50	8,993,063	492,064	3,811,014	13,296,141	5. Prince George's 3,455
Caroline	5,469.00	15,328,112	2,461,802	2,548,744	20,338,658	6. Allegany 3,413
Carroll	24,934.75	14,278,449	1,093,361	7,376,749	22,748,559	7. Dorchester 3,369
Cecil	14,782.25	20,996,596	1,123,085	6,992,819	29,112,500	8. Washington 2,489
Charles	26,085.00	34,239,571	2,860,066	9,706,208	46,805,845	9. Cecil 1,969
Dorchester	4,526.00	12,799,048	900,790	1,549,294	15,249,132	10. Baltimore 1,926
Frederick	40,752.00	35,123,566	9,914,361	12,780,038	57,817,965	11. Kent 1,834
Garrett	3,648.75	4,457,842	25,178	813,477	5,296,497	12. Charles 1,794
Harford	36,876.50	34,417,005	2,238,059	12,578,825	49,233,889	13. Talbot 1,654
Howard	55,371.75	31,925,932	9,321,728	12,002,545	53,250,205	14. Montgomery 1,628
Kent	1,866.00	2,703,218	173,451	545,803	3,422,472	15. Worcester 1,477
Montgomery	156,995.00	141,592,674	73,546,106	40,404,075	255,542,855	16. Garrett 1,452
Prince George's	127,012.75	286,430,757	107,414,841	45,004,792	438,850,390	17. St. Mary's 1,429
Queen Anne's	7,536.00	5,066,477	686,034	1,844,438	7,596,949	18. Frederick 1,419
St. Mary's	17,154.75	18,265,276	1,038,906	5,203,228	24,507,410	19. Harford 1,335
Somerset	2,697.00	10,120,394	666,353	1,717,528	12,504,275	20. Anne Arundel 1,254
Talbot	4,405.50	5,357,086	895,232	1,033,053	7,285,371	21. Queen Anne's 1,008
Washington	21,901.00	43,948,590	2,429,251	8,125,082	54,502,923	22. Howard 962
Wicomico	14,341.25	44,395,910	5,992,703	7,565,233	57,953,846	23. Carroll 912
Worcester	6,304.00	7,257,015	380,474	1,672,960	9,310,449	24. Calvert 861
Total	860,805.75	\$1,305,052,312	\$288,041,382	\$290,812,794	\$1,883,906,488	State Average \$2,189

At-risk Index and Percent Change in Enrollment, Local Wealth, and State Aid Fiscal 2019

<u>Student Enrollment</u>		<u>At-risk Student Index</u>		<u>Local Wealth Per Pupil</u>		<u>Direct Education Aid</u>	
1. Charles	2.2%	1. Baltimore City	110.4%	24. Talbot	-3.0%	1. Charles	6.8%
2. Howard	2.0%	2. Prince George's	92.7%	23. Charles	-0.1%	2. Howard	4.3%
3. Talbot	2.0%	3. Somerset	92.1%	22. Allegany	0.0%	3. Talbot	4.0%
4. Anne Arundel	1.9%	4. Dorchester	80.3%	21. Caroline	0.1%	4. Caroline	3.8%
5. Frederick	1.9%	5. Wicomico	76.7%	20. Garrett	0.2%	5. Montgomery	3.8%
6. Prince George's	1.8%	6. Allegany	72.3%	19. Baltimore	0.6%	6. Frederick	3.1%
7. Montgomery	1.6%	7. Kent	70.2%	18. Howard	0.9%	7. Baltimore	3.0%
8. Caroline	1.5%	8. Caroline	69.5%	17. Kent	1.0%	8. Anne Arundel	2.6%
9. Baltimore	1.1%	9. Baltimore	63.7%	16. Montgomery	1.0%	9. Prince George's	2.6%
10. Queen Anne's	1.0%	10. Talbot	62.8%	15. Dorchester	1.1%	10. Allegany	2.5%
11. Harford	0.8%	11. Montgomery	61.9%	14. Washington	1.3%	11. Queen Anne's	2.4%
12. Carroll	0.3%	12. Washington	59.7%	13. Worcester	1.3%	12. Dorchester	2.3%
13. Garrett	0.3%	13. Worcester	56.8%	12. St. Mary's	1.6%	13. Wicomico	1.9%
14. Worcester	0.2%	14. Garrett	55.5%	11. Harford	2.0%	14. Kent	1.9%
15. St. Mary's	0.2%	15. Cecil	55.2%	10. Anne Arundel	2.0%	15. Washington	1.6%
16. Washington	0.0%	16. Charles	49.8%	9. Frederick	2.0%	16. St. Mary's	1.6%
17. Wicomico	0.0%	17. Anne Arundel	48.2%	8. Carroll	2.2%	17. Somerset	1.4%
18. Allegany	-0.2%	18. Harford	44.8%	7. Wicomico	2.2%	18. Harford	1.3%
19. Dorchester	-0.4%	19. St. Mary's	43.8%	6. Calvert	2.4%	19. Garrett	0.9%
20. Calvert	-0.5%	20. Frederick	43.3%	5. Queen Anne's	2.5%	20. Worcester	0.5%
21. Cecil	-1.3%	21. Queen Anne's	39.4%	4. Somerset	2.9%	21. Baltimore City	0.1%
22. Kent	-1.4%	22. Howard	36.7%	3. Prince George's	3.1%	22. Calvert	0.1%
23. Baltimore City	-2.3%	23. Carroll	32.1%	2. Cecil	3.4%	23. Cecil	0.1%
24. Somerset	-2.4%	24. Calvert	30.0%	1. Baltimore City	4.7%	24. Carroll	0.1%
Statewide	1.0%	Statewide	64.4%	Statewide	1.8%	Statewide	2.5%