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

Danielle Farrie

Research Director

What is fair school funding?

A state finance system that provides a sufficient *level* of funding to ensure equality of educational opportunity, with funding *distributed* to districts within the state to account for additional needs generated by student poverty.

Funding Adequacy

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

Funding Distribution

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)

Funding Effort

The effort a state makes towards funding its schools, combined with the state's overall wealth (GDP), determine funding levels
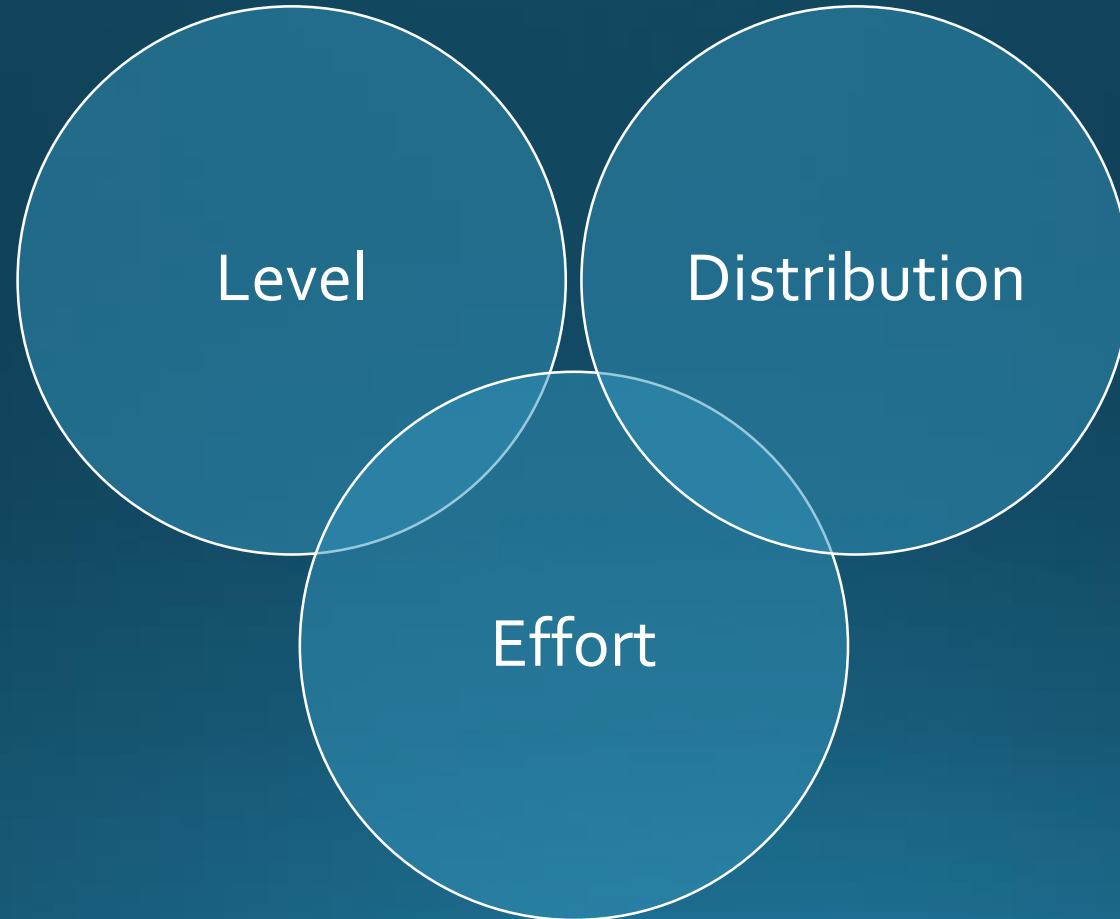
"Effort" is defined as spending on K-12 schools as a percentage of the state's economic productivity (GDP, not revenue!)
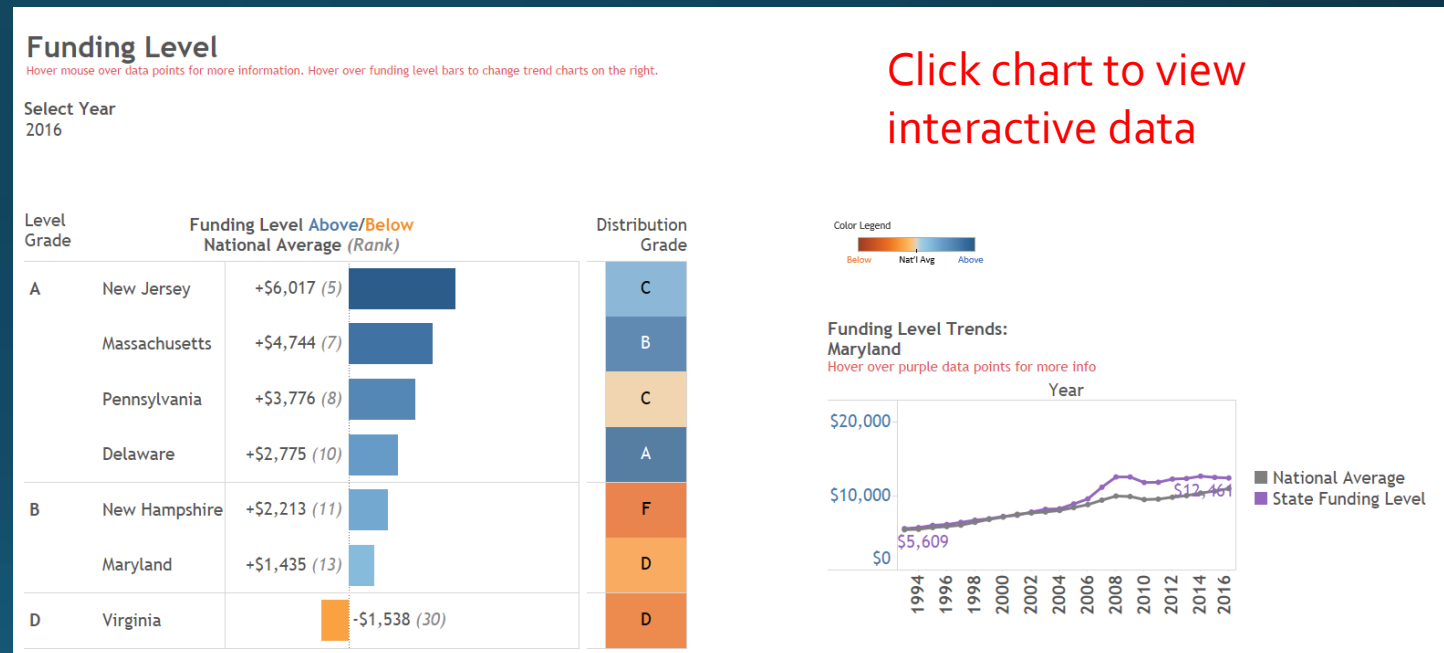
The interplay between effort and state wealth affect policy solutions for poorly funded states, i.e. the need for greater state and/or federal role
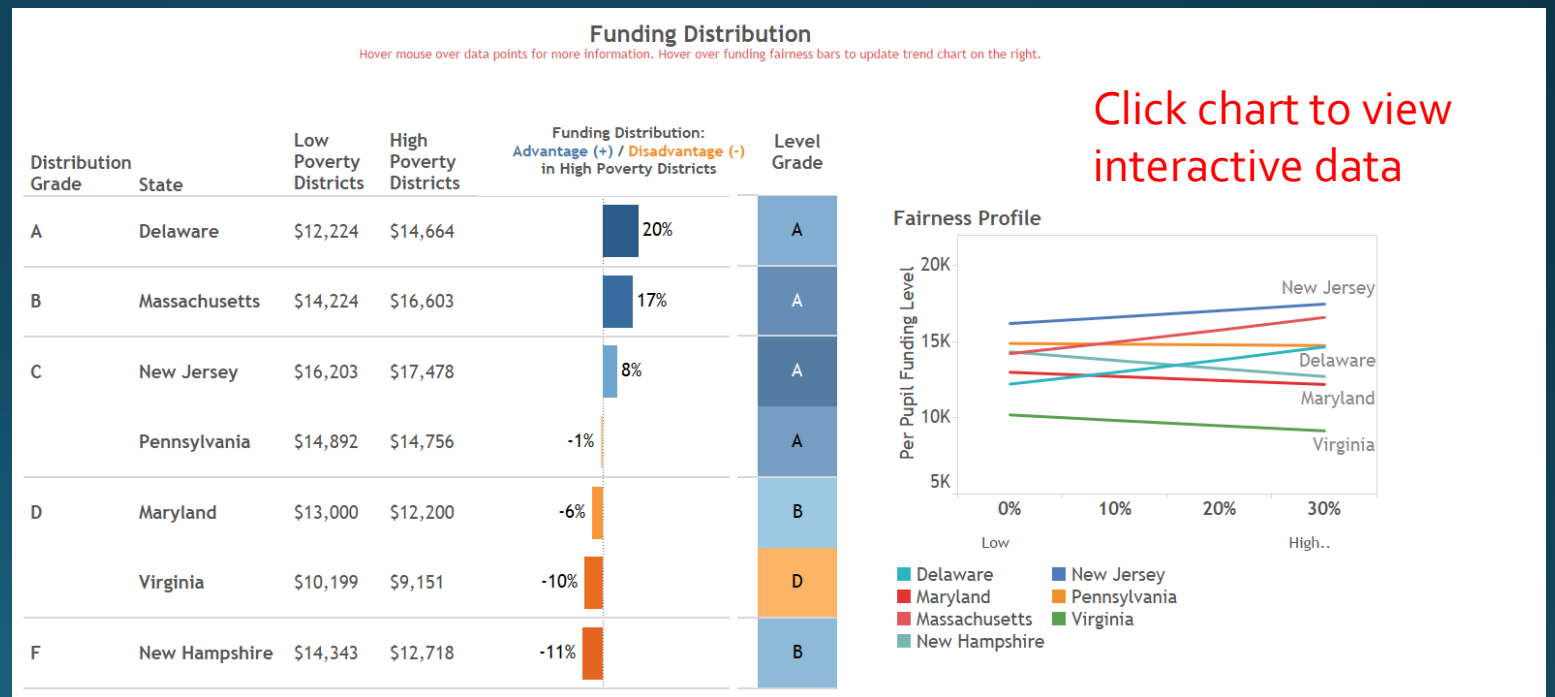
Context matters

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

Click chart to view interactive data

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

Click chart to view interactive data
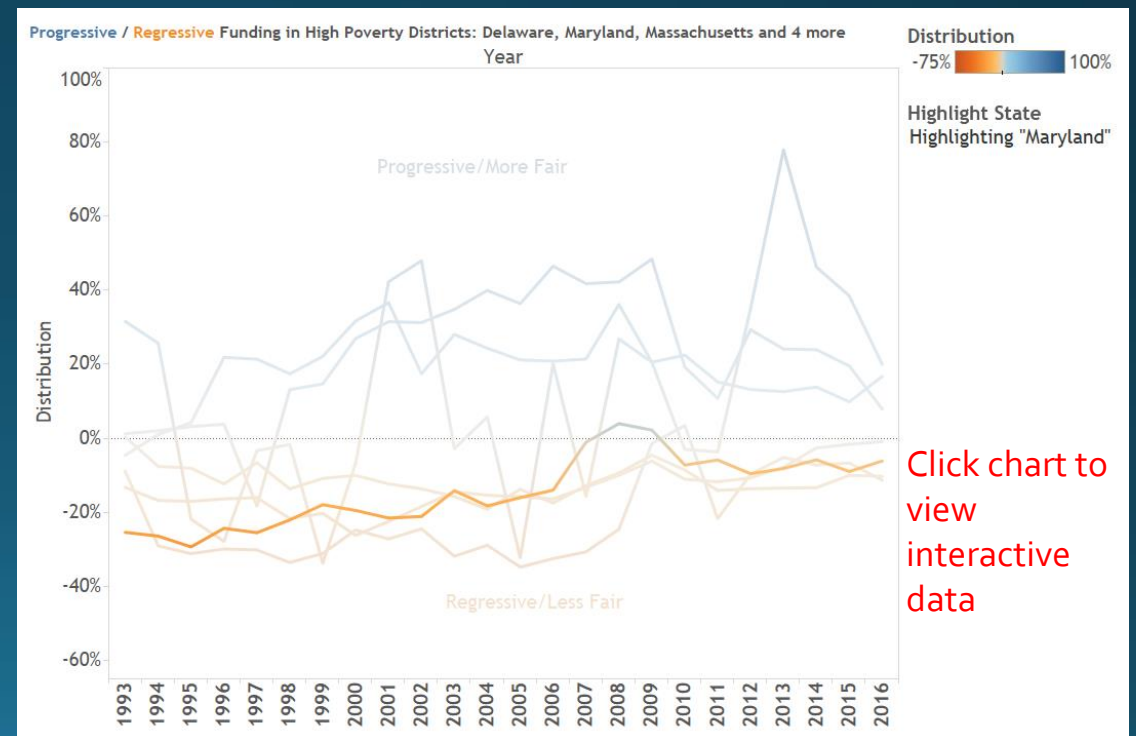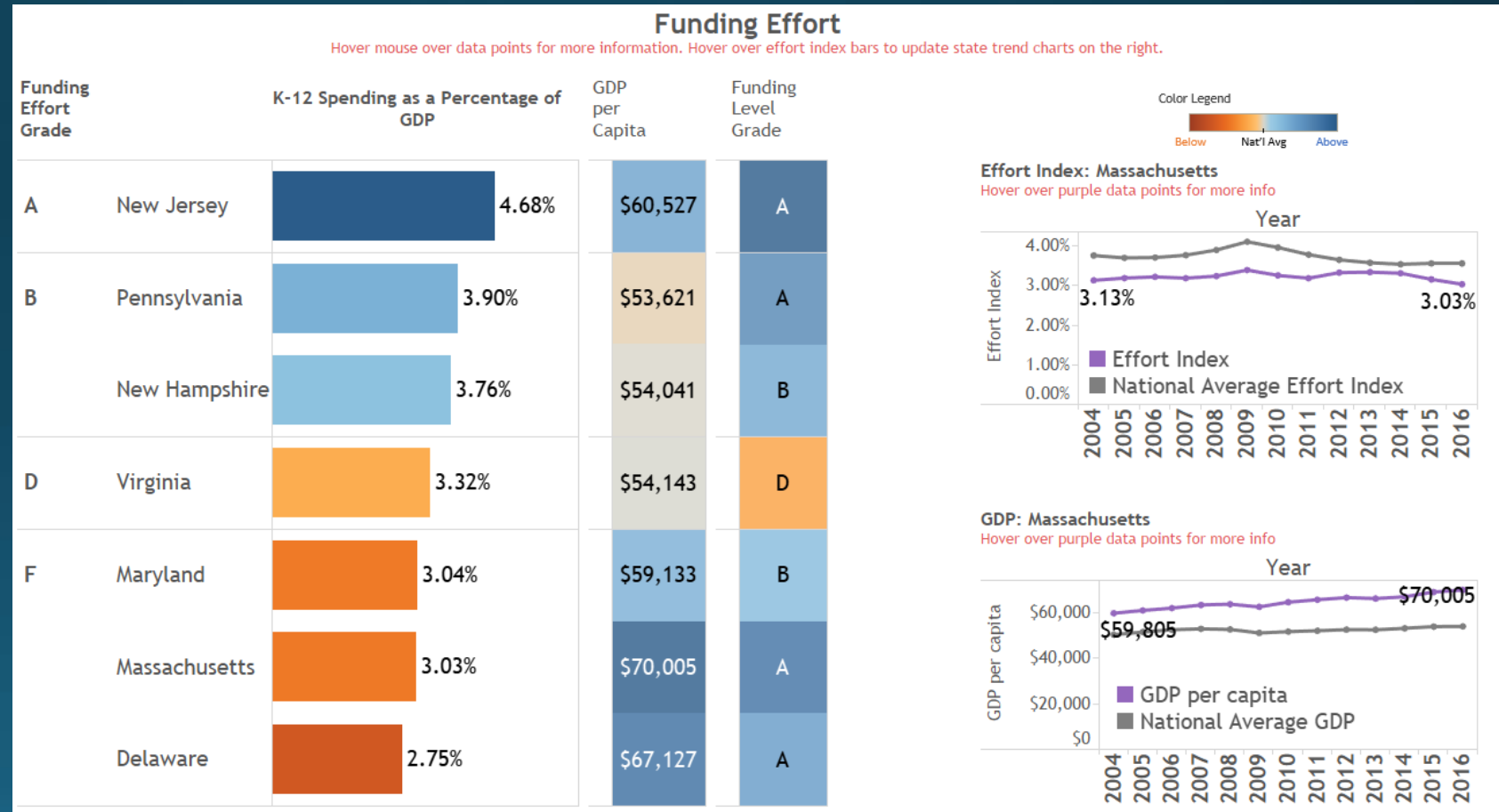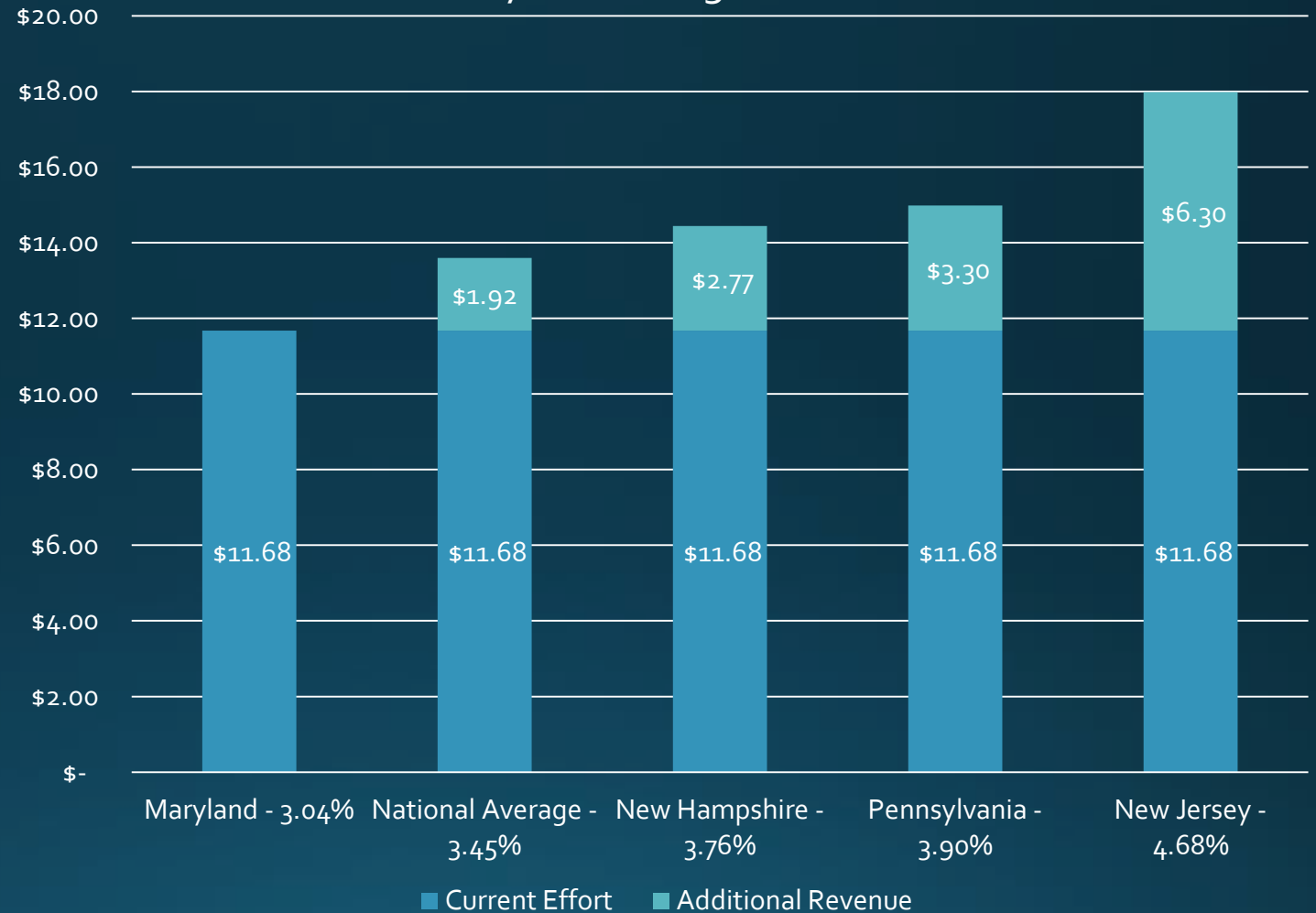
Source: Rutgers Graduate School of Education/Albert Shanker Institute School Finance Indicators Database, www.schoolfinancedata.org

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

Funding Effort

Hover mouse over data points for more information. Hover over effort index bars to update state trend charts on the right.

Funding Effort Grade		K-12 Spending as a Percentage of GDP	GDP per Capita	Funding Level Grade
A	New Jersey	4.68%	$60,527	A
B	Pennsylvania	3.90%	$53,621	A
	New Hampshire	3.76%	$54,041	B
D	Virginia	3.32%	$54,143	D
F	Maryland	3.04%	$59,133	B
	Massachusetts	3.03%	$70,005	A
	Delaware	2.75%	$67,127	A

Color Legend: Below — Nat'l Avg — Above

Effort Index: Massachusetts
Hover over purple data points for more info

Year — Effort Index 3.13% ... 3.03%
- Effort Index
- National Average Effort Index

GDP: Massachusetts
Hover over purple data points for more info

Year — GDP per capita $59,805 ... $70,005
- GDP per capita
- National Average GDP

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

10

If Maryland increased funding effort:

Estimated Change in K12 Expenditures by Increasing Effort

	Current Effort	Additional Revenue
Maryland - 3.04%	$11.68	
National Average - 3.45%	$11.68	$1.92
New Hampshire - 3.76%	$11.68	$2.77
Pennsylvania - 3.90%	$11.68	$3.30
New Jersey - 4.68%	$11.68	$6.30

■ Current Effort   ■ Additional Revenue

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