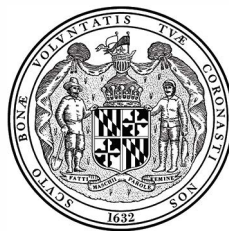


MARYLAND COMMISSION ON  
INNOVATION &  
EXCELLENCE IN  
EDUCATION

# Blueprint for Maryland's Future



Final Report  
December 2020

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# **Maryland Commission on Innovation & Excellence in Education Final Report**

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**Department of Legislative Services  
Office of Policy Analysis  
Annapolis, Maryland**

**December 2020**

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## **Commission on Innovation and Excellence in Education**

**William E. Kirwan**  
Chair

December 22, 2020

The Honorable Lawrence J. Hogan, Jr.  
Governor of Maryland

The Honorable Bill Ferguson  
President of the Senate

The Honorable Adrienne A. Jones  
Speaker of the House

Dear Governor, Mr. President, and Madame Speaker:

On behalf of the Commission on Innovation and Excellence in Education, I am pleased to transmit to you the final report of the Commission on Innovation and Excellence in Education.

The Commission was established pursuant to Chapters 701 and 702 of 2016. While the Commission has a comprehensive charge detailed in the law, in essence our charge has two parts:

- review and recommend any needed changes to update the current education funding formulas (known as the Thornton formulas); and
- make policy recommendations that would enable Maryland's preK-12 system to perform at the level of the best-performing school systems in the world.

In January 2018, the Commission issued a report with its preliminary policy recommendations grouped into five policy areas: (1) early childhood education; (2) high-quality teachers and leaders; (3) college and career readiness pathways, including career and technical education; (4) more resources to ensure all students are successful; and (5) governance and accountability. During the 2018 interim, the Commission determined that in order to finalize its policy recommendations, the cost of those recommendations needed to be evaluated so that they could be properly folded into funding formula recommendations.

The Honorable Lawrence J. Hogan, Jr.  
The Honorable Bill Ferguson  
The Honorable Adrienne A. Jones  
December 22, 2020  
Page 2

On January 25, 2019, the Commission issued its Interim Report, which contained the final policy recommendations adopted by the Commission as well as the cost estimates associated with those policy recommendations. Additionally, the Commission identified areas of cost savings that would result from redesigning Maryland's education system to produce a net cost estimate. The Commission also made recommendations for high priority policies and funding to "jump start" their implementation. These recommendations were the basis of Senate Bill 1030 (Chapter 771 of 2019) – Blueprint for Maryland's Future.

The Interim Report also identified the preliminary work of the Commission on revising the funding formulas. However, work remained to finalize the funding formulas. This work was done over the course of summer 2019, drawing upon the expertise of a special workgroup of preK-12 funding experts. The workgroup developed funding formula and policy recommendations to distribute the costs of the funding recommendations between the State and the local governments. The recommendations of the workgroup were presented to the full Commission and adopted by it with some modifications in late fall of 2019. With this action, the work of the Commission was complete. This final report reflects the Commission's final policy and funding recommendations for the State. As you know, these recommendations and proposed funding formulas became the basis for the development of House Bill 1300, Blueprint for Maryland's Future – Implementation, which was amended and passed by the General Assembly during the abbreviated 2020 legislative session but vetoed by Governor Hogan on May 7, 2020.

This final report brings together in a single document a synthesis of the various phases of the Commission's work and serves as a reference to the profound body of work produced by the Commission. We believe this will be an important resource for the State as discussions continue on how the performance of Maryland's schools can rise to the level called for in the original charge to the Commission. We remain convinced that if the State adopts and implements the Commission's recommendations this critically important goal can be achieved. The impact of the COVID-19 pandemic on the education of the State's children has been devastating and has brought even more urgency to the critical need for both the funding and policy reforms recommended by the Commission.

On behalf of my colleagues, I want to express our appreciation for the opportunity to serve the State through the work of the Commission.

Sincerely yours,

A handwritten signature in black ink, appearing to read "WE Kirwan".

William E. Kirwan  
Chair

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## Message from the Chair

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The Commission on Innovation and Excellence in Education was created in 2016 as a bi-partisan effort by Governor Lawrence J. Hogan, Jr. and the General Assembly. The Commission was asked to assess the current state of Maryland's PreK-12 education system and the adequacy of its funding formulas *and* to make policy and resource recommendations that would ensure Maryland children achieve at the levels of students in the world's best-performing school systems. The premise for the creation of the Commission and its charge was driven in large part by the widely accepted view that success in today's economy requires a well-educated, highly skilled workforce. The ability of Maryland enterprises, from family farms to medical technology companies, to be competitive requires their access to a workforce with world-class technical expertise and a general education that enables individuals to master ever changing, complex new skills quickly and easily. Moreover, the State's responsibility to make broadly shared prosperity for its citizens possible depends as never before on the ability of its education system and its students to meet world class education standards.

Most of the commissioners began their work assuming that Maryland already had an outstanding education system, but we quickly discovered that data do not support that conclusion. We learned that while Maryland has some fine schools and excellent teachers, it does not have nearly enough of either. Indeed, failing schools exist in every jurisdiction across the State.

The Commission's most troubling findings include the following:

- Maryland students perform at or below the median among the 50 states in the National Assessment of Educational Progress (NAEP) exams, given to fourth and eighth graders in reading and mathematics, among other grades and subjects. Since the same exams are given in every state, they are called the Nation's Report Card and offer the best comparative assessment of student performance among the 50 states. In 2019, the most recent NAEP scores, Maryland ranked 32<sup>nd</sup> in fourth grade math, 25<sup>th</sup> in fourth grade reading, 28<sup>th</sup> in eighth grade math, and 17<sup>th</sup> in eighth grade reading. Even more troubling, Maryland's scores have fallen significantly over the past decade.
- Maryland is considered a regressive state in terms of school funding, depriving the very populations in greatest need the resources required for success. One respected source of funding equity analysis is the Education Law Center (ELC) at Rutgers University, which conducts periodic surveys measuring the adequacy of states' investment in schools serving high concentrations of poverty in comparison to their investments in wealthier communities. By this measure, ELC ranks Maryland as the 11<sup>th</sup> most regressive state in the United States.
- Maryland has unacceptably large achievement gaps based on race and income. According to the most recent assessment results from Maryland State Department of Education (MSDE), roughly 50% of white students are deemed proficient in Algebra I upon

high school graduation (a distressingly low number), whereas only 12.5% of Hispanic and 11.4% of African American students achieve at this level. The gaps are similar in English language arts. Roughly 56% of white students but only 24% of African American and Hispanic students achieve the proficiency level by the time they graduate.

- Maryland has severe teacher shortage and retention problems. According to a study by MSDE, roughly half of newly minted teachers leave the profession within the first five years. This means schools cannot build stable faculties and must hire large numbers of teachers with provisional licenses to fill vacant slots. Over 50% of new teachers hired each year come from out of the State. The Commission learned that while salaries are a significant factor, working conditions in the schools also contribute to low retention rates. For too many, teaching is no longer a career path but, instead, a revolving door.
- Only about 40% of Maryland public high school graduates meet the State's college and career readiness standards. Based on this statistic, the Commission members were left to wonder what becomes of the 60% who leave school with inadequate skills to pursue college or a meaningful career. And, what are the implications of these abysmal numbers for Maryland's economy in the decades ahead as the population becomes even more diverse and there is an ever-growing need for a well-trained, highly educated workforce?

Based on these and other findings, the Commission came to the inescapable conclusion that, overall, Maryland's school system performs at a mediocre level in a nation where, based on international assessments, U.S. student performance is falling further and further behind that of students in other advanced economies. The Commission was in unanimous agreement that, if as our charge suggested, the State is serious about developing a school system where students achieve at a level comparable to students in the world's best systems, then a major transformation of the present system is required.

Since its charge asked specifically that it develop policy recommendations and cost estimates so that Maryland schools would perform at the level of the world's best-performing schools, the Commission realized that it had to study in depth the policies and practices of these leading systems. To undertake this effort, the Commission was fortunate to have the National Center for Education and the Economy (NCEE) and its founding president, Marc S. Tucker, as its primary consultant. NCEE is a highly regarded not-for-profit organization that has spent the past 30 years doing comparative analyses of school systems around the world. Through this research, NCEE developed what it calls the "framework" of high-performing systems. With NCEE's support, the Commission conducted a rigorous gap analysis, using NCEE's framework, to compare practices in four high performers (Finland; Shanghai; Singapore; and Ontario, Canada) plus three states (Massachusetts, New Jersey, and New Hampshire) with practices in Maryland.

The Commission studied in depth the policies and practices of these high performers and thought long and hard about how to implement these strategies in Maryland, tailored to the State's needs and context. The Commission became a firm believer that just spending more on education is NOT the answer. Rather, it agreed that new funds must be invested in these strategies, coupled

with a rigorous system of accountability based on faithful implementation of policy recommendations and evidence of continuous improvement in student achievement.

Based on this analysis, the Commission identified five major policy areas that must be addressed if the state is to have a school system comparable to the world's best systems: (1) early childhood development and education; (2) preparation of high quality and diverse teachers and school leaders; (3) rigorous college and career pathways, benchmarked against those in the world's best systems; (4) equitable funding to ensure that all students are successful; and (5) effective governance and accountability.

The Commission then divided into working groups to develop detailed practices to support each of these policy areas. In this effort, the Commission invited representatives of interest groups and others from around the State to offer their ideas on how Maryland could adapt international best practices to the Maryland context. Literally hundreds of Maryland citizens participated in these sessions. The Commission also heard from scores of national experts and benefitted substantially from their expertise. Drawing upon this advice, the Commission developed a detailed, 10-year implementation plan designed to transform Maryland public schools and make it among the world's best.

In its deliberations and final recommendations, a paramount priority for the Commission was the critical need to address the issue of equity in Maryland. Its final policy and resource recommendations were driven by the belief that all students, regardless of family income, race, ethnicity, language spoken, disabilities, or other needs, must have the resources they need for success. In support of this effort, the Commission engaged Dr. Ivory A. Toldson, professor at Howard University, head of the Quality Education for Minorities Foundation, and former head of the White House Initiative on Historically Black Colleges and Universities, to serve as a consultant. He was asked to review initial versions of the report and suggest changes so that the Commission's final recommendations adequately addressed equity in all of its forms. The Commission adopted all 17 of Dr. Toldson's suggested additions and modifications to the interim report.

To complete its work, the Commission had to develop cost estimates, and then new funding formulas, to provide the resources necessary for full implementation of its policy recommendations. In this work, the Commission drew heavily on APA Consulting and one of its principals, Justin Silverstein. It also benefitted from the expertise of the Funding Formula Workgroup, a group of school finance experts in Maryland appointed by the Presiding Officers of the Maryland General Assembly to advise the Commission.

With the completion of the policy recommendations and their cost, the 10-year implementation plan, and new funding formulas to implement the recommendations at the end of 2019, the work of the Commission is complete. In subsequent pages of this report, the final policy recommendations and implementation plan and the new funding formulas are described in detail. Additional information on the development of the policy recommendations and cost to implement

the recommendations can be found in the Commission's *2019 Interim Report*, *2018 Preliminary Report*, and *2018 Technical Supplement* on the [Commission's web page](#).

As Chair of the Commission, I want to express my appreciation to the dedicated members of the Commission who committed countless hours over a three-year period to the work of the Commission; to the talented staff of the Department of Legislative Services, led by Rachel H. Hise; to our able consultants; and to the numerous citizens and experts who provided advice to the Commission. The work of the Commission simply could not have been done without all of them.

The only question that remains is what is to become of the Commission's work. Given the Maryland public school system's deficiencies, as documented by the Commission, the status quo should be acceptable to no one. Moreover, our State's and nation's struggles with COVID-19 and the growing demands for social justice that have occurred in 2020 since the Commission completed its work have only accentuated the need for better, more equitable education in our nation, not just Maryland. These two crises serve to highlight the moral imperative for the kind of transformational policies the Commission has recommended.

Based on reviews of the Commission's work by national PreK-12 experts, there is every reason to expect that if its recommendations are fully implemented, the quality of Maryland's schools would rise to a high level by international standards. As Paul Reville, former head of the Massachusetts school system, the nation's most highly regarded system, said, "If you make this happen, I think Maryland will surely become the nation's education reform and child development leader." For the sake of present and future generations of Maryland's children and its economy, the State needs to "make this happen."

To quote John F. Kennedy, "if not now, when?" Our children should not have to wait any longer for the quality of education they need and deserve.

Sincerely,

A handwritten signature in black ink, reading "WE Kirwan". The signature is stylized, with the first letters of the first and last names being capitalized and prominent.

William E. "Brit" Kirwan  
December 2020

# Blueprint for Maryland's Future: Building a World-class Education System in Maryland

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## Background

The Commission on Innovation and Excellence in Education was established in 2016 to produce recommendations so that Maryland's schools would perform at the level of the world's best performing school systems. To meet this expectation, the Commission examined the policies and practices of several of the world's top-performing education systems to understand how they attained high levels of achievement and equity and how their policies and practices could be adapted to Maryland's context. The Commission studied in depth every aspect of policy and practice of these high-performing systems to ensure that it understood the keys to excellence and equity in education systems at the scale of a state. Excellence is defined as globally competitive average student performance, with gaps between the best-performing and lowest-performing students no greater than in the countries with the smallest gaps. Equity means ensuring every student, no matter their family income, race, ethnicity or physical, intellectual, and emotional challenges, has the resources to be successful.

For each area of operations of a high-performing education system, the Commission conducted a detailed gap analysis between Maryland policy and practice and the policies and practices in the chosen high-performing systems. The Commission's [2018 Preliminary Report](#) and [Technical Supplement](#) describe the research and gap analyses undertaken by the Commission that led to the policy recommendations. The final recommendations are grouped into five major policy areas: (1) Early Childhood Education; (2) High-quality and Diverse Teachers and Leaders; (3) College and Career Readiness Pathways; (4) More Resources to Ensure All Students Are Successful; and (5) Accountability and Governance. The policy recommendations, and the rationales behind them, are summarized below and are fully described in the Commission's [January 2019 Interim Report](#), including program design assumptions and implementation decisions for each recommendation (referred to as elements).

The Commission's interim report also included the estimated cost of implementing the policy recommendations and proposed a "down payment" of State funding in fiscal 2020 and 2021 to begin to implement high-priority recommendations while the Commission continued to work to finalize its funding recommendations. During the 2019 legislative session, the Governor and General Assembly approved [Chapter 771/Senate Bill 1030 – The Blueprint for Maryland's Future](#), which codified the Commission's policy recommendations as State policy and provided \$612 million in State funding in fiscal 2020 and 2021 to expand full-day prekindergarten (pre-K) for 4-year-olds, fund seed grants for teacher collaboratives, provide an increase in teacher salaries, begin new programs for Transitional Supplemental Instruction and Concentration of Poverty School Grants, increase behavioral health funding, and enhance special education funding. Chapter 771 also extended the time for the Commission to complete its work on funding recommendations to the end of 2019. **Appendix 6** provides a summary of the 2019 Blueprint legislation.

## **Summary of Final Policy Recommendations**

While the Commission's recommendations are grouped by policy area, a fundamental premise of the Commission's work is that the recommendations are interrelated, and Maryland will only see the intended results if they are implemented in tandem. The Commission crafted an implementation strategy that weaves the recommendations together so that over time the entire education system is strengthened, resulting in improved student performance. The additional resources that will be directed to students who need them the most will help to close gaps and expand student access to high-quality educational experiences and opportunities. Investing in family supports and full-day pre-K will greatly increase the proportion of students who come to school ready to learn. A top-notch curriculum, coupled with greater resources and timely interventions and supports for students, plus a highly skilled professional teacher workforce, will ensure that the vast majority of students are on track to be college and career ready by the end of grade 10. The rigorous pathway options that follow in grade 11 and grade 12 will allow students to explore areas of interest and earn industry credentials and college credits before graduation. Overseeing it all, a new independent board will develop a fully integrated, coherent plan for the implementation of the legislation and will hold the various State and local government agencies accountable for doing their part.

Taken together, these actions will dramatically improve the quality of Maryland's education system. The final implementation timeline adopted by the Commission, which reflects the funding recommendations described in the next section, is shown in **Exhibit 1**.

### **Policy Area 1: Early Childhood Education**

The difference between the incomes of the poorest and richest citizens is smaller in all but one of the top-performing jurisdictions studied by the Commission than it is in Maryland. Many students in Maryland live below the poverty line; concentrated poverty is on the rise; and, compared to the other jurisdictions in the Commission study, the resources made available to adults with children are much more limited. In these other countries, governments provide support to families with children that are not based on income; parental leave to take care of children is much more available; and low-cost, high-quality child care is widely provided, as is high-quality, inexpensive early childhood education.

The evidence that these policies have a big effect on children's readiness for school when they first arrive and on their ability to profit from the school curriculum thereafter is overwhelming. The Commission was not empowered to make sweeping recommendations on social policy. However, it did make recommendations on comprehensive social service provision to families living in poverty and on child care and early childhood education that it believes are essential to creating an equitable playing field for low-income children and that begins to approach what is required for these children to have a decent chance of success in school.

Specifically, the Commission recommended:

- a significant expansion of full-day prekindergarten (pre-K), to be free for all low-income 3- and 4-year-olds and available to all other 4-year-olds with fees set at a sliding scale, so that all children have the opportunity to begin kindergarten ready to learn;
- public funding for both public-school based and community-based pre-K programs, with all providers receiving public funding required to meet rigorous quality standards;
- a substantial increase in the supply of early childhood education teachers through tuition assistance and financial support for those pursuing credentials and degrees; and
- an expansion of both Family Support Centers for pre- and post-natal support and Judy Centers for early childhood education and family support; and full funding of the Infants and Toddlers Program to identify early and provide supports to young children with disabilities.

## **Policy Area 2: High-quality and Diverse Teachers and School Leaders**

Ask any parent what makes the biggest difference in the chances of their children and they will tell you it is the quality of their teachers. Sadly, the teaching profession in America, and more specifically in Maryland, is not the high-status profession it is in the world's best-performing school systems. As a result, Maryland and most other states do not attract and retain the high volume of talented teachers that the high performers do. Virtually all of the top performers internationally get their teachers from the top half, some from the top quarter, others from the top 10%, and one from the top 5% of high school graduates. In these countries, future teachers enroll in highly rigorous teacher prep programs and must pass challenging certification exams upon graduation to become a certified teacher.

Most of the top performers offer their teachers pay comparable to the pay of other professionals who are required to get the same amount of education. Teacher pay in Maryland is far below that. The turnover rate in Maryland is much higher than in the top-performing countries, so fewer teachers are around long enough to gain the kind of valuable expertise that comes from experience. The top-performing countries have reorganized schools so that the best teachers lead teams of teachers, mentor new teachers, and research new practices, with teachers going up merit-based career ladders getting more responsibility, authority, status, and compensation as they get better and better at the work. The Commission embraced all these ideas and more that have been proven to attract a diverse group of highly capable high school graduates to teaching and keep them in teaching and to elevate the teaching profession to the status that it deserves.



Specifically, the Commission recommended:

- making teaching a high-status profession by raising the pay and status of teachers, including a performance-based career ladder, a minimum statewide salary, and salaries comparable to similarly educated professionals;
- a substantial increase the rigor of the teacher preparation curriculum with teachers completing a full year clinical experience organized and managed by teacher education and district partnerships;
- a redesign of schools to be places where teachers are treated as professionals with a system of incentives and supports – a career ladder – to continuously improve their professional practice and the performance of their students;
- creation of a leadership development system that prepares school leaders at all levels – State, district and school – to give them the vision, skills, and knowledge they need to implement the recommendations made in the Commission's report and manage high-performing schools; and
- improved recruiting and professional development efforts to create and sustain a teaching faculty that better reflects the racial and ethnic makeup of the student body.

### **Policy Area 3: College and Career Readiness Pathways (Including Career and Technical Education)**

When the typical Maryland student graduates from high school, that young person leaves school with about two-and-one-half years less education than their peers in a top-performing country. As a practical matter, too many high school graduates go to a college that offers pretty much the same curriculum in the first two years that the top-performing countries offer in high school. The Commission proposed a reorganization of the whole system to create a world-class instruction system that is designed to get the vast majority of Maryland students ready for success in the State's community colleges by the end of their sophomore year in high school. Students who achieve that standard by the end of grade 10 (or sooner) get to choose the pathway(s) they want to follow after that. Many more Maryland students could choose and would succeed in a demanding college preparation program like Advanced Placement (AP) or International Baccalaureate (IB) or the equivalent program from Cambridge University, any one of which would get them into some of the finest universities in the world. Or, they could choose a program that would enable them to earn a two-year college associate degree while still in high school, at no cost to the student or parents, and be ready to transfer directly into the junior year program at a public university.

Or, they could choose a career and technical education (CTE) program, leading to an industry-certified credential and a skilled position upon graduation. Right now, Maryland counts a high school student as being in its CTE program if that student takes a sequence of

three vocational education courses in their four years in high school. That does not come close to counting as a vocational education program in the top-performing countries. And it is not recognized by most U.S. employers as signifying that the students have the skills needed to begin a rewarding career in carpentry, plumbing, specialty welding, public safety, or computer systems management. The Commission's recommendations create a whole new approach to career and technical education in the State that would have a much bigger role for employers, many more opportunities for students to learn on the job through apprenticeships and work-based experiences, and the creation of a system of skill standards that would make it much easier for students to understand and then get the skills that employers are looking for, skills that lead to exciting and rewarding careers.

Specifically, the Commission recommended:

- establishing an internationally benchmarked curriculum that enables most students to achieve “college- and career-ready” status by the end of grade 10 and then pursue pathways that include IB, AP, or Cambridge diploma programs, early college, and/or a rigorous technical education leading to industry-recognized credentials and high-paying jobs;
- a fully aligned instructional system including curriculum frameworks, syllabi, assessments, clear examples of standard-setting work, and formative assessments to keep students on track;
- setting the College and Career Readiness Standard (CCR) to global standards that certifies that those who reach it have the required literacy in English and mathematics (and when practicable science) to succeed in first-year credit bearing courses in open enrollment postsecondary institutions (mainly community colleges) in the State; and
- creation of a CTE system that produces graduates ready and qualified to work in in-demand fields that will propel Maryland's economic future.

#### **Policy Area 4: More Resources to Ensure that All Students are Successful**

The Commission was alarmed and chagrined to discover the magnitude of school funding inequities across the State, inequities that disproportionately impact students from low-income families and racial/ethnic minorities. As a result, the Commission paid special attention to the strategies used by the top-performing countries to greatly reduce the disparity in performance between their highest and lowest achieving students, comparing those strategies at every point to the way the Maryland system works now. Overall, top systems provide more resources to support students who are struggling and falling behind so that all students are successful.

A large fraction of Maryland students, disproportionately low-income students, enter school far behind the others in vocabulary, general knowledge, and the kind of social skills needed to succeed in school. They fall further behind with every year in school. As noted above, other nations provide much more support to families with young children before they begin compulsory education than Maryland does. They also provide more teachers to schools serving low-income students; some provide their best teachers to these schools; they offer full scholarships in university to top high school students who agree to serve in schools serving low-income students for some

years after they become teachers; and they work out teaching methods that enable teachers to find out while a lesson is being taught which students are getting it and which are not and correct course as they teach to help those who have misunderstood the material. If students start to fall behind, they arrange to bring the students in for extra instruction before school, after school, on Saturdays, and in the summer to catch up.

These high-performing school systems do not expect their teachers to teach as many classes a day as Maryland does, but they do expect them to spend more time during the day tutoring students one-on-one who need extra help to keep up, and they team up principals and faculties of schools that are struggling to meet the needs of their students with principals and school faculties that are succeeding with similar students.

On average, the top-performing countries have about half the proportion of their student body in special education than the United States does. That is because they do a much better job than we do of educating their youngest students, children we would be assigning to special education but who, if they are educated well in the beginning, do not need to be assigned to special education. This one feature of their system saves an enormous amount of money and, much more important, results in far better outcomes for the students who now perform the least well.

Lastly, the Commission found that the school finance systems in the top-performing countries are much effective at getting more funds to students who need more resources to ensure they can meet the high standards set for all students. All of these findings and more resulted in recommendations intended to produce a system in our state that is both much fairer than our current system and also far more effective for our low-income and minority students.

Specifically, the Commission recommended:

- broad and sustained new academic, social service, and health supports for students and schools that need them the most;
- increasing funding for special education significantly to improve outcomes;
- additional funding for English Learners (EL) students, including EL family coordinators;
- creating a new program for schools with high concentrations of students living in poverty, in addition to student-based funding through the compensatory education formula. The new Concentration of Poverty School Grants would fund community schools that coordinate needed social services, before- and after-school and summer academic programs, and expanded student access to school-based health services. In addition to a base amount for each school, the amount of additional funding would be based on the concentration of poverty in a school above 55%; and
- establishing a Transitional Supplemental Instruction for Struggling Learners program to provide additional funding for one-on-one and small-group instruction for students who

are not, or are not on track to, reading at grade level by grade 3 (secondarily students who are not proficient in math). These funds are provided over a six-year period, ultimately phasing out as other components of the new education system are implemented, including more time outside the classroom for teachers to provide personalized instruction to students who need additional supports.

## **Policy Area 5: Governance and Accountability**

The commission that preceded the Kirwan Commission, known as the Thornton Commission, asked Maryland taxpayers to substantially increase spending on education in order to improve the outcomes for Maryland students. Unfortunately, while costs increased substantially, sustained increases in student performance did not. The Kirwan Commission was determined not to repeat this result. In the top-performing countries, there is almost always one ministry in charge of functions that, in Maryland, are widely distributed among many units of state government (e.g., Maryland State Department of Education (MSDE), Maryland Higher Education Commission, Department of Labor) and between the State government and local counties and school districts. The task for the Commission was to invent a governmental mechanism for Maryland that would enable the State to coordinate the actions of all of the relevant agencies at both the state and local levels and, at the same time, make sure that the additional money approved to get Maryland students to global standards is used the way it was intended to be used. In short, a mechanism to ensure excellence for all through governance and accountability.

That mechanism is a new Independent Board, to be appointed by the Governor and the General Assembly from nominations made by a nominating committee. The board is intended to be a small entity responsible for developing a detailed implementation plan governing all aspects of the Blueprint for Maryland's Future and then, working with all the relevant agencies, to make sure that they all implement the legislation in ways that are faithful to the legislative intent and the proposals made by the Commission.

Specifically, the Commission recommended creating an Independent Board that has the authority to ensure that the Commission's recommendations are successfully implemented and produce the desired results. This board would:

- develop a comprehensive implementation plan for the Blueprint for Maryland's Future and hold all State and local agencies involved accountable for carrying out their assigned roles;
- monitor and report annually on the status of implementation in schools, districts and agencies across the State, including collecting, analyzing, and reporting disaggregated data on student performance, teacher preparation, and the use of funds to improve outcomes under the Blueprint;
- evaluate the outcomes achieved during the implementation of the Blueprint for Maryland's Future against the goals of the Blueprint and the Commission, particularly in closing

achievement gaps, and annually reporting on whether any changes should be made to ensure adequate resources and measurements for full implementation;

- ensure that the newly created Expert Review Teams administered by MSDE and the new CTE Committee that will conduct school visits understand the degree to which the strategies used by the top performers are being used and make recommendations for improving implementation;
- have the authority to place some new funds for a school or school district in escrow should that school or district not successfully implement the Commission's recommendations or fail to show satisfactory progress in student achievement; and
- contract for an independent evaluation of implementation of the Blueprint for Maryland's Future, assess the State's progress in implementation, and make any recommendations for changes needed to fully implement the Blueprint.

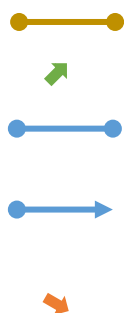
## **Final Implementation Timeline**

The Commission's 2019 interim report included a proposed timeline for implementing the various elements and strategies associated with each of the five policy areas over a 10-year period. With the funding recommendations and phase-in of the funding formulas now completed, the Commission revised the timeline to reflect the flow of funding over the 10-year period for the policy elements and strategies. The final timeline is shown in **Exhibit 1**.

## Exhibit 1

### Final Timeline for Implementation of the Final Recommendations of the Commission on Innovation and Excellence in Education

Symbols Key:<sup>i</sup>



Planning period

Phase-in period (expand access to and/or funding for the programs, services, or policies described in the recommendation).

The recommendation has reached the target level of implementation, either all at once or at the end of a phase-in period. Continue until a given end date.

The recommendation has reached the target level of implementation, either all at once or at the end of a phase-in period. Continue indefinitely.

Phase-out period (scale back access to and/or funding for the programs, services, or policies described in the recommendation).

	Year 1 FY21	Year 2 FY22	Year 3 FY23	Year 4 FY24	Year 5 FY25	Year 6 FY26	Year 7 FY27	Year 8 FY28	Year 9 FY29	Year 10 FY30
<b>POLICY AREA 1: EARLY CHILDHOOD EDUCATION</b>										
1a. Expand voluntary pre-K to provide free, full-day slots for 4-year-olds below 300% of Federal Poverty Level	➡	➡	➡	➡	➡	➡	●————→			
1a. Expand voluntary pre-K to provide full-day slots for 4-year-olds between 300-600% of Federal Poverty Level on a sliding scale	●————●						➡	➡	➡	➡
1a. Expand voluntary pre-K to provide free, full-day slots for 3-year-olds below 300% of Federal Poverty Level (depending on the number of 3-year-olds served each year, full phase-in of 4-year-olds below 300% may be delayed)	➡	➡	➡	➡	➡	➡	➡	➡	➡	➡
1b. Increase funding for existing accreditation, credentialing, and other quality improvement programs by 10% each year and add new tuition assistance programs for prospective and current child care professionals	➡	➡	➡	➡	➡	➡	➡	➡	➡	➡










	Year 1 FY21	Year 2 FY22	Year 3 FY23	Year 4 FY24	Year 5 FY25	Year 6 FY26	Year 7 FY27	Year 8 FY28	Year 9 FY29	Year 10 FY30
2g. Require all new educators to opt in to teacher career ladder										
2h. Train State, local, and school leaders to enable them to implement the recommendations in the Commission's report										
2i. Increase classroom teachers' and teacher leaders' noninstructional time & for collaboration, tutoring, etc.										
3d. Teachers and leaders should develop and implement approaches for middle and early high school students who are not on track for CCR										
2i. Design training and train teachers and principals on the teacher career & ladder and effective use of collaboration time 3d.										
<b>POLICY AREA 3: COLLEGE AND CAREER READINESS PATHWAYS</b>										
3a. Develop a fully aligned instructional system, including curriculum frameworks, course syllabi, assessments, and clear examples of standard-setting work and formative assessments										
3b. Conduct research to establish and implement a CCR standard set to global standards (determine requirements for success in the first year of open-entry colleges, establish CCR cut scores based on those requirements on the new State test, benchmark the Maryland CCR standard to global standards, and conduct validation study)										
3c. Provide Transitional Supplemental Instruction, including tutoring, for all K-third grade students identified as struggling learners										
3e. For students who reach CCR by the end of grade 10, LEAs to offer access to post-CCR pathways for grade 11 and grade 12 students & (percent of students reaching CCR increases each year). Revise high school graduation requirements if necessary to accommodate these pathway options 3f.										



	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
3g. For students who do not reach CCR by the end of grade 10, LEAs to develop and provide tailored programs for grade 11 and grade 12 (percent of students not reaching CCR decreases each year) <sup>ii</sup>										
3h. Establish a CTE Committee with dedicated staff, which will monitor and provide annual reports on the performance of the State CTE system, and a Skills Standards Advisory Committee										
3i.										
3j. Create a State grant program for LEAs and/or county governments to provide career counseling for middle and high school students on CTE pathway options										
<b>POLICY AREA 4: MORE RESOURCES TO ENSURE ALL STUDENTS ARE SUCCESSFUL</b>										
4a. Add per pupil concentration of poverty weight in addition to compensatory education weight in schools with at least 55% FRPM (per pupil amount increases on sliding scale from 0% of the amount for schools with 55% FRPM to 100% of the amount for schools with 80% or more FPRM)										
4a. Provide schools with at least 55% FPRM with funding for a community school coordinator and health services practitioner										
4b. Train school staff in all schools to recognize mental health issues as well as other issues related to trauma and coordinate access to needed mental health and other services for students										
4b. Provide State funding for MSDE and LEA behavioral health coordinators										
4b. Increase and expand school-based health centers										
4c. Revise funding formula weight for special education students (increase to placeholder weight until new weight determined)										

	Year 1 FY21	Year 2 FY22	Year 3 FY23	Year 4 FY24	Year 5 FY25	Year 6 FY26	Year 7 FY27	Year 8 FY28	Year 9 FY29	Year 10 FY30
4d. Revise funding formula weight for English learner students (increase to APA-recommended weight plus family liaison position/pupil supports)	➡	➡	➡	●—————→						
4e. Revise funding formula weight for compensatory education formula using FRPM eligibility as the proxy for identifying students. Use the higher of the FRPM count using Direct Certification including Medicaid (when Medicaid data is available), the statutory hold harmless provision (which expires after FY25), or the State Alternative Income Eligibility Form	➡	➡	●—————→							
<b>POLICY AREA 5: GOVERNANCE AND ACCOUNTABILITY</b>										
5a. Create an Independent Oversight Board with dedicated staff to develop a comprehensive plan for implementing the Commission's recommendations and hold all State and local institutions and agencies involved in that plan accountable. Sunset oversight board at end of implementation period	➡	●—————→								●
5a. Participate in the Program for International Student Assessment (PISA) survey program as State education system conducted every 3 years	●—————→									
5a. Evaluate implementation of Commission's recommendations, with design of this evaluation beginning as soon as possible	●—————●			●	●——●	●—————●				●——●
5b. Track and report progress of students in each school regarding progress reaching CCR by end of grade 10 and closing achievement gaps	●—————→									
5b. Establish a system of Expert Review Teams, created by and under responsibility of MSDE and the CTE Committee, to conduct reviews of approximately 10% of all schools annually (with a focus on low-performing schools) and make recommendations for improving performance	●—————●		●—————→							
5c. Track and report on progress of students in CTE pathways toward achieving industry-recognized credentials and related employment or apprenticeship	●—————→									

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
5d. Track and report on progress of the State's teacher preparation programs regarding quality standards of their programs and student outcomes										
5f. Develop, implement, and monitor financial reporting system for school-level spending data collection										

CCR: college and career readiness

CTE: career and technical education

FRPM: free and reduced-price meal

LEA: local education agency

MSDE: Maryland State Department of Education

<sup>i</sup> Symbols show implementation of policy recommendations. Funding patterns often, but not always, mirror implementation patterns. In the first column of the table, the number indicates the policy area and the letter indicates the program element as described in the Commission's Interim report. Not all program elements represented. Does not reflect Year 0 (FY 20).

<sup>ii</sup> Prior to full implementation of the Commission's recommendations, students who have not reached CCR may pursue, and LEAs are encouraged to introduce students to, introductory courses in the post-CCR pathways to engage their interest and retain them in school. Once it has been determined that the Commission's recommendations have been fully implemented, students must reach CCR before beginning a course sequence in a post-CCR pathway. There will be a limited number of special circumstances where the industry sponsors of CTE programs require students to start coursework earlier than grade 10.

# Funding Recommendations to Implement the Blueprint for Maryland's Future

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With the \$3.8 billion total estimated cost of implementing the Commission's policy recommendations in the *2019 Interim Report*, the Commission's final task is the distribution of the costs between the State and local jurisdictions. Following the 2019 legislative session, the Senate President and House Speaker appointed a workgroup of 12 State and local officials, chaired by Commission Chair Kirwan, to develop funding formula recommendations for the Commission to consider. The Blueprint for Maryland's Future Funding Formula Workgroup (Workgroup) met nine times throughout summer and early fall 2019. **Appendix 5** provides the Workgroup's roster. **Appendix 2** provides the Workgroup's and Commission's meeting dates and **Appendix 3** provides the agenda for each meeting. Meeting materials for each Workgroup and full Commission meeting are posted on the [Commission's website](#).

Working with the Department of Legislative Services (DLS) and Augenblick, Palaich and Associates (APA), with additional assistance from the National Center for Education and the Economy, the Workgroup considered, among others, issues related to enrollment, local wealth, equitable funding, and local effort, as discussed further below. It also determined how the costs to implement the Commission recommendations will be incorporated into existing and new funding formulas and whether costs will be wealth equalized and shared between the State and local jurisdictions or will be distributed as categorical programs funded by the State. DLS and APA presented preliminary formula recommendations on the allocation of costs to the Commission in December 2018; however, these figures were further reviewed and modified by DLS and APA staff and presented to the Workgroup for consideration during summer and early fall 2019.

The Workgroup presented its recommendations to the Commission in October 2019. The Commission reviewed the Workgroup's proposal over several meetings, including a public hearing. The Commission adopted the Workgroup's proposal with minor adjustments in November 2019. The final Commission vote is shown in **Appendix 1**.

## Funding Formula Considerations

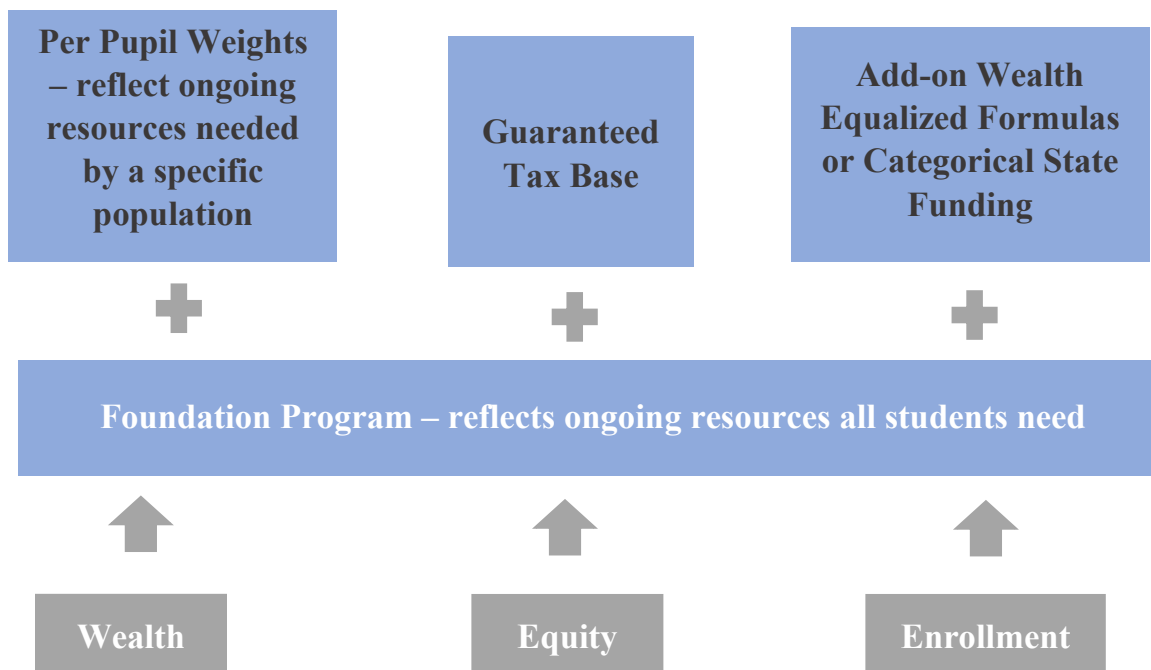
Over the course of the Commission's three years of work, as a key part of the Commission's charge, the Commission reviewed and considered APA's recommendations in the *Study of Adequacy of Education Funding* that was completed in November 2016. The study was required by State law as a follow-up to the 2001 adequacy study conducted for the Commission on Education Finance, Equity, and Excellence (Thornton Commission), which formed the basis of the 2002 Bridge to Excellence in Public Education Act (Chapter 288) and the State's current funding formulas. The Bridge to Excellence legislation rewrote the State's education finance system based on the concept of "adequacy" – an empirical estimate of the amount of funding that schools and school systems would need in order to obtain the resources they need to reasonably expect that students can meet the State's academic performance standards. At the time that the

legislation was enacted, Maryland was one of the first states to adopt funding formulas based on adequacy.

The 2016 adequacy study recommended keeping the basic structure of the school finance system in Maryland, with adjustments to the base (Foundation) per pupil amount and the three targeted formulas that apply weights to the base, plus changes to calculating enrollment, regional cost differences, and local wealth. The Commission adopted APA's recommendation to keep the basic structure of the funding formulas, as shown in **Exhibit 2**. The results of the 2016 adequacy study were used as a baseline to determine the new per pupil weights for the targeted formulas and were also used to determine increases in the per pupil Foundation amount that were not directly related to or part of the estimated costs to implement the Commission's policy recommendations. The Commission also considered APA's recommendations regarding enrollment, regional cost differences, equity, and local wealth. These funding pieces are discussed in greater detail further below.

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### Exhibit 2 Funding Formula Framework




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In essence, the Commission is using a blended approach to determine adequate funding for Maryland students to achieve a world-class education. Chapter 4 of the Commission's *2017 Preliminary Report* includes a full description of APA's adequacy study recommendations

as well as the other reports that were required, and Exhibit 4.1 of the preliminary report has links to each APA report. The full adequacy study is also posted on the Commission's website.

Funding adequacy cannot be examined without considering funding equity. The Commission also considered equitable funding, which aims to distribute State funds so that each child has a substantially similar opportunity to meet performance standards regardless of where they live. Wealth equalization is a means of equitably distributing aid based on the relative wealth of each school system on a per student basis. Wealth-equalized formulas have a State share and a local share. The State provides more aid per pupil to school systems in the less wealthy jurisdictions and less aid per pupil to school systems in the more wealthy jurisdictions. Under current law, the State must fund the State share of every formula, but local jurisdictions are only required to fund the local share of the Foundation Program (and teachers' retirement). The Commission determined that this is one of the primary reasons that Maryland's school finance system is considered regressive based on several national reports. Regressive funding means that school systems with *more students* who need additional resources to be successful receive *less funding* (State and local) per student than school systems in the State with fewer students who need additional resources. This is addressed in the Workgroup's recommendations adopted by the Commission and discussed further below.

The Commission identified many of the issues and decision points that needed to be considered by the Funding Formula Workgroup in making funding formula recommendations to the Commission. These are discussed below as context for the Workgroup's recommendations to the Commission. The Workgroup's recommendations were adopted with minor changes, which will be noted where applicable. For further information on how the State education aid formulas are calculated under current law, please see *Volume IX Education in Maryland* in the Maryland General Assembly Legislative Handbook series, Chapter 3.

## **Summary of Funding Formula Recommendations**

The Workgroup proposed a funding plan that fully phases in the Commission's policy recommendations over a 10-year period (fiscal 2021 to 2030). The Commission adopted the Workgroup's proposal with minor changes related to National Board Certification assumptions. The Commission also approved the fiscal 2025-2030 phase-in of the formula funding and categorical funding, building off the Workgroup's proposed phase-in for fiscal 2021 through 2024. As shown in **Exhibit 3**, proposed overall direct State education aid will exceed \$10.2 billion in fiscal 2030, \$2.8 billion, or 37%, more than under current law. (Direct aid does not include retirement.) The funding plan includes projected inflation adjustments during the phase-in period. Every school system in the State will receive significantly more than under current law over the next decade. In addition, an important consideration of the phase-in plan is that each school system will receive more State funding annually based on the fall 2019 projection model.

**Exhibit 3**  
**Recommended Direct State Aid and Local Funding in Fiscal 2030**  
(\$ in Millions)

	Change in Direct State Aid <sup>1</sup>				Change in Local Appropriations <sup>2</sup>			
	Current Law FY 2030	Proposed FY 2030	Difference	% Diff.	Current Law FY 2030	Proposed FY 2030	Difference	% Diff.
Allegany	\$108.3	\$150.5	\$42.2	39%	\$38.3	\$38.3	\$0.0	0%
Anne Arundel	509.5	683.0	173.5	34%	895.6	991.5	95.9	11%
Baltimore City	873.4	1,381.6	508.2	58%	331.8	661.2	329.4	99%
Baltimore	929.4	1,278.7	349.3	38%	993.0	1,081.4	88.4	9%
Calvert	107.6	145.2	37.6	35%	167.8	167.8	0.0	0%
Caroline	72.9	93.6	20.7	28%	18.5	23.7	5.2	28%
Carroll	157.2	212.0	54.8	35%	246.4	246.4	0.0	0%
Cecil	124.3	174.0	49.7	40%	102.9	116.9	14.0	14%
Charles	249.4	325.3	75.9	30%	254.7	254.7	0.0	0%
Dorchester	70.1	95.6	25.5	36%	26.1	26.9	0.9	3%
Frederick	327.8	442.0	114.2	35%	343.9	350.2	6.3	2%
Garrett	28.8	36.7	7.8	27%	38.9	40.5	1.5	4%
Harford	259.0	369.3	110.3	43%	302.2	311.4	9.2	3%
Howard	400.8	543.1	142.3	36%	787.1	787.1	0.0	0%
Kent	11.8	14.1	2.3	20%	21.1	29.6	8.5	40%
Montgomery	984.2	1,221.8	237.6	24%	1,945.5	2,206.6	261.1	13%
Prince George's	1,478.3	2,043.4	565.2	38%	952.7	1,313.6	360.9	38%
Queen Anne's	48.6	62.9	14.3	29%	77.6	77.6	0.0	0%
St. Mary's	152.2	203.8	51.6	34%	138.2	138.2	0.0	0%
Somerset	45.9	67.7	21.8	47%	12.9	12.9	0.0	0%
Talbot	19.2	24.5	5.3	28%	53.7	74.8	21.0	39%
Washington	237.3	324.1	86.8	37%	130.8	136.7	5.9	5%
Wicomico	193.3	268.6	75.3	39%	58.1	67.5	9.4	16%
Worcester	25.1	32.8	7.8	31%	113.7	118.9	5.2	5%
Unallocated	64.1	51.2	-13.0	-20%	0.0	0.0	0.0	n/a
	<b>\$7,478.6</b>	<b>\$10,245.3</b>	<b>\$2,766.6</b>	<b>37%</b>	<b>\$8,051.4</b>	<b>\$9,274.4</b>	<b>\$1,223.0</b>	<b>15%</b>

<sup>1</sup> Direct aid does not include teachers' retirement or additional State-funded categorical programs recommended by the Commission.

<sup>2</sup> Based on Department of Legislative Services projections of local appropriations under current law and the proposed required local share.

Source: Department of Legislative Services

Exhibit 3 also shows the projected 15% increase in local funding for school systems under the Commission's recommendations by county. Most counties (16) have projected amounts above zero, meaning they will need to increase local funding for their school system by that amount in fiscal 2030. Estimated annual changes in State direct aid and local funding by school system for fiscal 2022 through 2030 are provided in **Appendices 7 and 8**. Specific recommendations related to the distribution of State direct aid and local funding requirements are discussed in detail below.

## **Funds Dedicated to Blueprint for Maryland's Future**

Chapter 771 of 2019 (2019 Blueprint for Maryland's Future legislation) provided start-up funding in fiscal 2020 and 2021 to begin implementing the Commission's policy recommendations. It also dedicated additional funds to the Blueprint for Maryland's Future Fund. In addition to the \$200 million that the General Assembly dedicated to the Blueprint for Maryland's Future Fund from increased State income tax revenues due to the Federal Jobs and Tax Cut of 2018, Chapter 771 dedicated sales tax revenues received from marketplace facilitators and third-party online sellers above the first \$100 million each year to the Blueprint Fund.

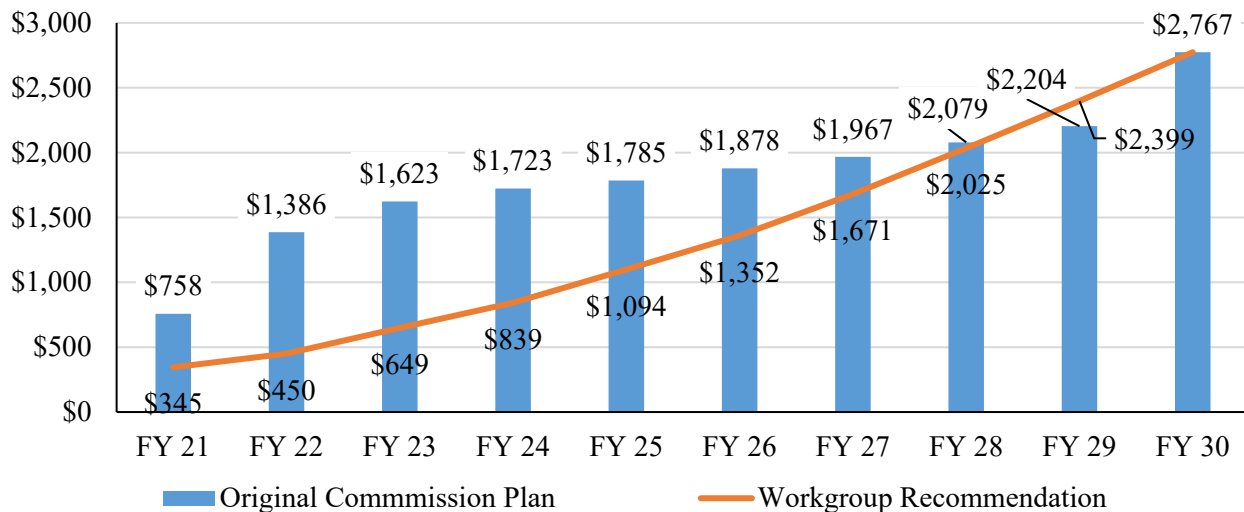
The proposed increases in the funding formulas and new funding formulas are aligned with the 2019 Blueprint legislation and the Commission's policy recommendations. The Workgroup incorporated the start-up funding provided in the 2019 Blueprint legislation into its funding recommendations beginning in fiscal 2022. In the first years of implementation, the amount of enhancement funding is generally aligned with the funding contemplated in the 2019 Blueprint legislation. The estimated Blueprint Fund revenues (as of the September 2019 Board of Revenue Estimates) are sufficient to fully fund the State cost of implementing the proposal for several years. The new funds are intended to be used to support implementation of the Commission's policy recommendations, regardless of whether they are distributed via formula or categorical (State-funded) programs

## **Modified Phase-in Schedule**

The 2019 Blueprint legislation also included a request that the Commission develop a funding implementation schedule that is as even as practicable over the phase-in period. Under the Workgroup proposal, State education aid will grow at an annual rate of about 5.6% over the 10 years, which is designed to ensure the sustainability of the Commission's recommendations while more than doubling the projected current law annual *growth* in State aid. This is a slower pace than the Commission had originally proposed in the 2019 Interim Report, as shown in **Exhibit 4**.



**Exhibit 4**  
**State Education Aid – Phase-in of Additional Recommended Funding**  
 (\$ in Millions)



Source: Department of Legislative Services

The Commission's original plan front-loaded the phase-in, with over 60% of the full funding provided by fiscal 2024. Under the Workgroup recommendation, State aid grows at a slower pace (5.1%) in fiscal 2022 through 2024, reaching 30% of full funding in fiscal 2024. This will allow sufficient time for the State and local school systems to develop the necessary plans and systems recommended by the Commission to ensure the faithful implementation of the recommendations and use of funds for those purposes. These include the development and approval of local implementation plans and State agency implementation plans; standing up a new State accountability entity; procurement of a statewide, school-level financial reporting system; and establishment of expert review teams, among other things. Larger increases are provided in later years as funding accelerates to implement new programs, including Concentration of Poverty School Grants and Teacher Career Ladder Funding, and to increase per pupil funding in the Foundation Program and per pupil targeted formulas for special populations.

Under the proposal, fiscal 2021 is a transition year with new education formulas going into effect beginning with fiscal 2022. For fiscal 2021, in addition to the continuation of the programs funded in the 2019 Blueprint legislation, the Workgroup and Commission proposed allocating \$58 million in available Blueprint funding for specific purposes, including college and career readiness (CCR), post-CCR pathways including career and technical education (CTE), and teacher supplies and technology.

## Proposed Direct State Aid Formulas

**Exhibit 5** shows the proposed change in funding for direct State aid formulas in fiscal 2030 for each formula. **Appendix 9** shows these amounts by local school system for fiscal 2030 compared to current law. In some cases, funding is eliminated as the formulas are being phased out. Further explanation of the Workgroup and Commission recommendations for the funding formulas is provided below.

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### Exhibit 5 Direct Education State Aid in Fiscal 2030 by Program (\$ in Millions)

	<u>Current Law</u>	<u>Proposal</u>	<u>Difference \$</u>	<u>%</u>
Foundation	\$4,018.4	\$5,083.2	\$1,064.8	26%
Foundation Special Grants	0.0	0.0	0.0	
Net Taxable Income and Tax Increment Financing Add-on Grants	78.2	0.0	-78.2	-100%
Supplemental Grants	46.6	0.0	-46.6	-100%
Regional Cost of Education Index	186.1	186.1	0.0	0%
Guaranteed Tax Base	45.8	37.8	-8.0	-17%
Compensatory Education	1,682.9	1,628.8	-54.1	-3%
Concentration of Poverty <sup>1</sup>	0.0	731.0	731.0	n/a
Special Education	383.3	561.3	178.0	46%
English Language Learners	441.0	494.3	53.3	12%
Full-day Prekindergarten	26.6	555.6	529.0	1985%
Teacher Career Ladder	0.0	366.0	366.0	n/a
Post-college and Career Readiness Pathways	0.0	25.9	25.9	n/a
Nonpublic Placements <sup>2</sup>	118.9	118.9	0.0	0%
Transportation <sup>2</sup>	359.8	359.8	0.0	0%
Other <sup>2</sup>	90.9	96.5	5.6	6%
<b>Total</b>	<b>\$7,478.6</b>	<b>\$10,245.3</b>	<b>\$2,766.6</b>	<b>37%</b>

n/a: not applicable

<sup>1</sup> Reflects the State paying the local share of Concentration of Poverty for counties that do not benefit from the Compensatory Education funding floor.

<sup>2</sup> Not part of Commission funding formula recommendations.

Note: Does not include teachers' retirement funding or State funded categorical programs recommended by the Commission.

Source: Department of Legislative Services

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## Foundation Program

The per pupil foundation amount to be used in the Foundation formula as well as the phase-in schedule must be determined. To that end, the Commission's recommended policy

elements and costs that will be included in the foundation amount need to be finalized. Commission staff and APA presented preliminary allocations and per pupil foundation amounts to the Commission in December 2018 for modeling purposes, which were further reviewed by DLS and APA with revised figures presented to the Workgroup in summer and fall 2019.

The Foundation Program, the largest State general education aid program for public schools, accounts for nearly half of State education aid. For each school system, a formula determines the State and local shares of a minimum per pupil funding level, or “foundation.” The total cost of the Foundation Program, which equals the per pupil foundation amount times the full-time equivalent (FTE) count, is shared equally by the local governments and the State. However, as a wealth-equalized formula, the State provides more aid per pupil to school systems in the less wealthy jurisdictions and less aid per pupil to school systems in the more wealthy jurisdictions.

The State has used some type of base funding approach since 1922 to equalize funding and provide a minimum level of support for school systems. Since fiscal 2004, the per pupil funding level in the Foundation Program is based on an estimate of the “adequate” amount of funding that is needed to provide resources sufficient for the “average” student (*i.e.*, one without any supplemental needs) to meet State standards. Since the target per pupil foundation amount recommended by the Thornton Commission was reached in fiscal 2008, the per pupil amount is adjusted each year to reflect inflationary increases, although the State has limited inflationary increases in some years due to budget constraints

The Workgroup recommended increasing the current per pupil funding formulas for the Foundation Program and the three targeted formulas. For the Foundation or base amount, which is intended to include general education funding for every student, the Workgroup specifically recommended including funding for specific Commission policy recommendations as shown in **Exhibit 6**. Funds for the principal career ladder and behavioral health coordinators are also included in the foundation amount, as well as the base CCR funding amount and additional funding for career counseling to be provided for every student. In addition, APA recommendations related to increasing funds for school maintenance and operations and teacher supplies and technology are included.

The Commission estimated that professional development and central office cost savings will result from its recommendations to provide more collaborative time for teachers and as implementation of the career ladders provide for more effective school leadership. Accordingly, the Workgroup also recommended adjusting the Foundation amount to account for these savings. The Workgroup also recommended adjusting the Foundation amount for cost savings that the Commission estimated related to professional development and central office administrative costs as the Commission’s policy recommendations to provide more collaborative time for teachers and implementation of the career ladders provide for more effective school leadership. Once the full proposed Foundation amount is phased in by fiscal 2030, which includes the projected increase in annual inflation, the per pupil Foundation amount will be adjusted each year using the current law inflation adjustment, which is the lesser of the increase in the Washington-Metro Consumer Price Index (CPI) for the second prior fiscal year or the implicit price deflator for State and local

government expenditures for the second prior fiscal year, capped at 5%. (The Commission was charged with recommending changes to the inflation adjustment for State education aid formulas. This reflects the Commission's recommendation, discussed in Chapter 5 of the *2019 Interim Report* and codified in Chapter 771 of 2019, to use the Washington CPI.)

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### Exhibit 6 Proposed Per Pupil Foundation Amount

Current Base in Fiscal 2020 Dollars	\$7,244
<b>Additions</b>	
Increased Teacher Salary (Does Not Include Career Ladder)	\$617
Cost of Teacher Collaborative Time	1,151
Principal Career Ladder	8
Behavioral Health Increase	4
College and Career Ready (CCR)/Non-CCR Base <sup>1</sup>	\$73
Career Counseling <sup>2</sup>	58
Maintenance and Operations Increase	97
Supplies and Materials for New Teachers	6
<b>Cost Savings</b>	
Professional Development	\$44
Central Office	63
<b>New Base Fiscal 2020 Dollars</b>	<b>\$9,150</b>
Inflation Rate to Fiscal 2030	\$23.77%
Current Base Inflated to Fiscal 2030 Dollars	\$8,966
<b>New Base Inflated to Fiscal 2030 Dollars</b>	<b>\$11,326</b>

<sup>1</sup> Equivalent of \$500 for every student in grade 11 and grade 12.

<sup>2</sup> Equivalent of one career counselor in every middle school/high school based on median school sizes.

Note: Numbers may not sum due to rounding.

Source: Augenblick, Palaich and Associates; Department of Legislative Services

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### Per Pupil Weights for Targeted Formulas

Once the per pupil foundation amount is determined, then the amount of per student funding needed to provide the additional resources, over and above the base cost, to reasonably assume that students could achieve State standards must be calculated. The weights are expressed as a percentage of the per pupil foundation amount, with total formula funding calculated based

on each school system's enrollments of compensatory education, English Learner, and special education students.

For the three targeted formulas, which provide additional funding expressed as a proportion of the per pupil foundation amount for students at risk of not succeeding in school, the Workgroup converted the Commission's estimated costs to implement its recommendations for compensatory education, English Learner, and special education into per pupil funding amounts. These recommendations were based on APA's recommendations from the 2016 adequacy study, except for special education, with modifications as recommended by the Commission, and are fully described in the Commission's *2019 Interim Report* for Policy Area 4. Funds for salary increases for teachers in these three areas were also added to the per pupil amount. The per pupil amounts were then converted to weights, and adjusted for inflation through fiscal 2030, as shown in **Exhibit 7**.

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### Exhibit 7 Recommended Per Pupil Weights

#### Compensatory Education

	<b><u>Compensatory Education</u></b>	<b><u>English Learners</u></b>
Additional Funding Per Student in Fiscal 2020 Dollars	\$6,361	\$7,740
Teacher Salary Increase Only*	\$378	\$191
New Per Student Funding in Fiscal 2020 Dollars	\$6,739	\$7,931
Weight on Recommended Base	0.74	0.87
Inflation Rate to Fiscal 2030	23.77%	23.77%
New Student Funding Inflated to Fiscal 2030 Dollars	\$8,341	\$9,816

\*Teacher Career Ladder moved to separate formula

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#### Special Education

Placeholder Per Student in Fiscal 2020 Dollars	\$13,619
Weight on Recommended Base	1.49
Inflation Rate to Fiscal 2030	23.77%
Placeholder Per Student Inflated to Fiscal 2030 Dollars	\$16,856

Source: Augenblick, Palaich and Associates; Department of Legislative Services

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For compensatory education and English Learner, the Workgroup recommended changes to the Commission's 2019 interim recommendations related to the overlap between students who are eligible for both compensatory education and English Learner. The Commission had recommended increasing the English Learner weight to incorporate a prorated amount of funding (approximately 75% of English Learner students are also free and reduced-price meal (FRPM) eligible) for additional supports needed related to living in poverty as a way to address concerns that both documented and undocumented students may choose not to be counted as FRPM due to federal laws. However, after further examination, the Workgroup found that adjustment was not sufficient to address the concerns. Thus, the Workgroup recommended keeping separate weights based on FRPM eligibility and English language proficiency. This means the English Learner weight is lower than the Commission had initially recommended, but the count for FRPM and English Learner will be a duplicated count, meaning that students who qualify as FRPM and English Learner eligible will be counted in both formulas. The Commission's additional recommendations related to compensatory education proxy and FRPM count are discussed below.

For special education, the Commission recommended significantly more per pupil funding than APA recommended based on the amount of State and local funding that school systems were spending in fiscal 2015 for special education students, which was then inflated to fiscal 2020 and 2030 dollars. This weight is intended to be a placeholder until the special education study completed by WestEd in December 2019 can be fully reviewed and analyzed, and any changes in special education funding that may be appropriate are adopted by the Governor and General Assembly.

### **Proposed New Funding Formulas**

The Commission also recommended new wealth-equalized formulas to implement several policy recommendations. These include several programs established in the 2019 Blueprint legislation, including the Concentration of Poverty School Grant and Transitional Supplemental Instruction (TSI). The 2019 Blueprint programs provide the State share (50%) of the total estimated cost for the programs and did not require local funding in fiscal 2020 and 2021. Under the Workgroup's proposal, these programs become wealth-equalized formulas with a State share and a local share. **Exhibit 8** shows the proposed total (State and local) personnel grant and per pupil funding grant for the Concentration of Poverty School Grant Program.

## Exhibit 8 Proposed Concentration of Poverty School Grants

### Fiscal 2020 Dollars

All schools with 55% or more concentration of poverty based on free and reduced-price meal (FRPM)<sup>1</sup> enrollment receive a personnel grant that funds a community school coordinator and a health practitioner.

Community School Coordinator	\$106,898
Health Services Practitioner	\$141,865

Schools above 55% concentration of poverty also receive per pupil funding on a sliding scale.

<u>Concentration</u>	<u>Per FRPM Pupil<sup>2</sup></u>
55% FRPM	\$0
60% FRPM	653
65% FRPM	1,306
70% FRPM	1,959
75% FRPM	2,612
80% FRPM and above	3,265

### Fiscal 2030 Dollars

#### Staffing

Community School Coordinator	\$132,308
Health Services Practitioner	\$175,586

<u>Concentration</u>	<u>Per FRPM Pupil<sup>2</sup></u>
55% FRPM	\$0
60% FRPM	808
65% FRPM	1,617
70% FRPM	2,425
75% FRPM	3,233
80% FRPM and above	4,041

<sup>1</sup> The rolling three-year average FRPM concentration of poverty in each eligible school will be used to determine eligibility for this grant.

<sup>2</sup> The per pupil grant provides additional funding for *every* student in the school, which is then adjusted to a per FRPM amount. Amounts shown reflect the per pupil amount at that exact % FRPM; the per pupil formula uses a sliding scale that calculates a different per pupil amount for each percentage FRPM between 55% and 80% FRPM.

In addition to TSI, other new formulas are proposed for the Teacher Career Ladder and post-CCR pathways. The per pupil amount for each of these formulas is shown in **Exhibit 9**, for comparison with the other proposed formulas. However, the Workgroup proposed separate formulas based on a subset of the population for these formulas. For TSI, total funding is calculated based on the number of students in each school system who are not proficient in English Language Arts in kindergarten through grade 3 multiplied by an amount estimated to provide 1 full-time equivalent tutor for every 80 students who require supplemental instruction and 1 tutor coordinator for every 11 tutors, after adjusting for students receiving special education services and tutoring resources available through compensatory education. Post-CCR pathways funding is calculated based on the number of grade 11 and grade 12 students who are CCR in each school system times \$500. Finally, Teacher Career Ladder funding is to be based on the number of teachers who are National Board Certified in each school system.

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**Exhibit 9**  
**Per Pupil Funding For New Wealth-equalized Targeted Formulas**

**All Students Fiscal 2020**

Teacher Career Ladder	\$660
Post-CCR Pathways	\$47
Transitional Supplemental Instruction	\$100
Inflation Rate to Fiscal 2030	23.77%

**All Students Fiscal 2030**

Teacher Career Ladder	\$817
Post-CCR Pathways	\$58
Transitional Supplemental Instruction*	

CCR: college and career readiness

\*No amount is shown in fiscal 2030 for Transitional Supplemental Instruction because the program phases out by fiscal 2027 as teacher collaborative time phases in and more teachers are available to provide supplemental instruction to students.

Source: Augenblick, Palaich and Associates; Department of Legislative Services

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**Full-day Prekindergarten**

Total per student funding for full-day prekindergarten students (3- and 4-year-olds) was estimated based on the cost of quality per student determined by the Commission as described in the *2019 Interim Report*. After adjusting for inflation through fiscal 2030 and adding the cost of



increased teacher salaries and additional collaborative time for prekindergarten teachers proposed by the Commission for all teachers, the fiscal 2030 per student funding level is about \$19,500, as shown in **Exhibit 10**. This represents the total funding, including State share, local share, and family share (where applicable). The Commission recommended that full-day prekindergarten should have no family share for low-income 3- and 4-year-olds, with a sliding scale for 4-year-olds up to 600% of federal poverty level. Families with income over 600% of the federal poverty level (approximately \$150,000 for a family of four) will be responsible for the full cost.

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### **Exhibit 10** **Full-day Prekindergarten**

Cost of Quality Per Student (Fiscal 2020 Dollars)	\$12,804
Additions	
Increased Salary and Staff	\$2,972
New Cost of Quality Per Student (Fiscal 2020 Dollars)	\$15,776
Inflation Rate to Fiscal 2030	23.77%
New Cost of Quality Per Student (Fiscal 2030 Dollars)	\$19,526

Source: Augenblick, Palaich and Associates; Department of Legislative Services

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### **Comparison of Per Pupil Funding**

Overall, as shown in **Exhibit 11**, the per pupil foundation amount increases \$2,360 per student or 26% over current law (in fiscal 2030 dollars) when fully phased in by fiscal 2030. For students in schools with less than 55% concentration of poverty, per student compensatory education funding increases about \$2,000, or 11%; that amount increases to nearly \$5,300, or 30% when combined with new grants for schools with 80% or more concentration of poverty. Funding for English learners increases by about \$3,300 per student or 18%. As discussed above, per pupil funding for special education students increases significantly, by over \$12,500 per student or 81%.

**Exhibit 11**  
**Comparison of Per Pupil Foundation and Targeted Funding**  
**Fiscal 2030 Dollars**

	<u>Foundation Student</u>	<u>0-55% FRPM*</u>	<u>70% FRPM*</u>	<u>80% FRPM*</u>	<u>English Learners</u>	<u>Special Education</u>
Current Law	\$8,966	\$17,663	\$17,663	\$17,663	\$17,842	\$15,601
Proposed	\$11,326	\$19,667	\$21,626	\$22,932	\$21,142	\$28,182
Dollar Difference	\$2,360	\$2,004	\$3,963	\$5,269	\$3,299	\$12,581
Percent Difference	26%	11%	22%	30%	18%	81%

FRPM: free and reduced-price meal

\*Current law includes compensatory education funding only; proposed amount includes concentration of poverty per pupil funding based on percentage of FRPM students above 55%.

Source: Augenblick, Palaich, and Associates; Department of Legislative Services

### Funding Formula Phase-in: Fiscal 2021 through 2024

As the transition year, fiscal 2021 recommendations continue to fund the programs created in the 2019 Blueprint legislation and funded in fiscal 2020, including Concentration of Poverty School Grants (discussed further below). In addition, the Commission is proposing that the State fund the State share of base funding for CCR and also fund the State and local share of incentive funds for each grade 11 and grade 12 student in a post-CCR/CTE pathway. 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. TSI 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. **Appendix 10** shows the fiscal 2021 recommended funding by school system.

Funding provided for CCR (base), teacher supplies and technology, teacher salary increases, and mental health services coordinator in fiscal 2021 are added to the Foundation per pupil amount beginning in fiscal 2022. 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, to bring the total increase to 10%.

Funding for English learner (\$60 million) and special education students (\$106.5 million) also increases significantly by fiscal 2024. Additional funding is provided for full-day prekindergarten for low-income 4-year-olds totaling \$52.9 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. The tax increment financing (TIF) add-on grant is eliminated in fiscal 2022, due to the incorporation of the TIF adjustment in the local wealth calculation beginning in fiscal 2022. Supplemental grants are retained for fiscal 2022 through 2024. A portion of funding for counties that benefit from using September net taxable income (NTI) is also retained in those years. These funds are combined into Transition Grants, which will be phased out beginning in fiscal 2025. The phase-out of the Transition Grants ensures that every school system will receive year-over-year growth in education aid from fiscal 2022 through 2024.

Concentration of Poverty Schools will remain eligible for the two positions (community school coordinator and full-time health care coverage) provided under the grants established in the 2019 Blueprint legislation for three years, regardless of whether they meet the concentration of poverty threshold. The additional per pupil funding for wraparound services will be calculated using the rolling three-year average concentration of poverty in each eligible school. The State's total investment in funding for schools with concentrations of students eligible for FRPM 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 per pupil funding for wraparound services for all schools above the 75% threshold.

### **Funding Formula Phase-in: Fiscal 2025 through 2030**

The Commission adopted a phase-in schedule for the formulas in fiscal 2025 through 2030 that is built off the fiscal 2024 priorities identified by the Blueprint for Maryland's Future Funding Formula Workgroup using even annual incremental increases for each formula to reach full implementation no later than fiscal 2030. Every school system will receive more than they would receive under current law in fiscal 2025 through 2030, and each school system will receive per pupil funding growth annually.

Foundation funding incremental increases in fiscal 2025 through 2030 include new funds to provide 25% more collaborative time for classroom teachers during the school day. The Foundation amount also includes funding for the Principal Career Ladder and school operations and maintenance. During the phase-in period, projected annual inflation is incorporated into the per pupil foundation amount. Beginning in fiscal 2030, the recommendation is to adjust the fully implemented Foundation amount annually as in current law, which uses the lesser of CPI/implicit price deflator for State and local government capped at 5%.

Transition Grants are phased out beginning in fiscal 2025. TSI funding is phased out consistent with the Commission's recommendations, with the final funding in fiscal 2026.

Funding for the Teacher Career Ladder begins in fiscal 2025 and phases up evenly to fiscal 2030. The cost of the career ladder is based on revised assumptions of the proportion of teachers who will participate in the career ladder by pursuing and achieving National Board

Certification. The Workgroup had recommended that staff reexamine the assumptions for teachers earning National Board Certification and entering the career ladder that drove the initial cost estimates. The revised estimate by APA and DLS was presented to the Commission for approval, which assumes that by fiscal 2030, about 65% of teachers will pursue certification, with a 60% pass rate. **Appendix 11** shows the previous and final assumptions.

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. The Commission recommendations in the *2019 Interim Report* proposed that special education enrollment will ultimately be reduced by 50% as the Commission's policy recommendations are fully implemented. This estimated reduction is primarily due to the early interventions provided by full-day kindergarten so that more children come to school ready to learn as well as the TSI Program and subsequent additional teacher time to identify struggling learners early and provide the necessary supports to get students back on track. This should result in many fewer students falling so far behind that they become identified as special education students (either through 504 Plans or Individualized Education Plans). Of course, students with disabilities who do require special education interventions will still be identified and receive significantly more funding per student.

Concentration of Poverty Grants are phased in with the highest Concentration of Poverty Schools receiving funding first, with the two positions fully funded in year one and the per pupil funding beginning in year two. This approach proceeds through the Concentration of Poverty brackets until every school with more than 55% concentration of poverty receives funding.

### Concentration of Poverty Phase-in

<u>School Percentage</u>	<u>Year Positions Phased In</u>	<u>Year Per Pupil Phased In</u>
>=80%	FY 21	FY 22
75-<80%	FY 23	FY 24
70-<75%	FY 24	FY 25
65-<70%	FY 25	FY 26
60-<65%	FY 26	FY 27
55-<60%	FY 27	FY 28

### Enrollment Counts

Student enrollment is used to determine the amount of funding to be provided for the Foundation Program and for each of the targeted formulas. In order to dampen the impact of declining enrollment in a county, one decision is whether the FTE student enrollment count should permanently be changed to be the "greater of" (1) the average of the prior three years or (2) the most recent September 30 enrollment count. Since fiscal 2018, based on a recommendation from

APA to address school systems experiencing declining enrollment by funding the greater of the rolling three-year average or September 30 FTE count, the State has been funding declining enrollment grants. The Workgroup proposed permanently using the greater of the September 30 count for the prior year or the three-year rolling average as the FTE count and eliminating the add-on Declining Enrollment Grant.

Full-day prekindergarten enrollment will be counted separately from FTE, as the Commission has recommended a separate wealth-equalized formula. The Workgroup proposed this approach since school systems will be implementing full-day pre-K at different rates, which would affect local wealth per pupil and the distribution of State aid under wealth-equalized formulas could fluctuate significantly from year to year. Once full-day pre-K is fully implemented by all school systems, pre-K enrollment may be counted in FTE for the Foundation Program and the pre-K formula may become a per student weight calculated as a proportion of the per pupil Foundation amount. The Commission left this decision to future policymakers after the Blueprint implementation period.

Another major issue the Commission is charged with determining is what count to use for the compensatory education formula, which provides additional per student funding for students who are at risk of not being successful in school. Maryland, like many other states, uses FRPM eligibility as the proxy for identifying students at risk of not being successful and uses FRPM enrollment for the compensatory education formula, which relies on families to fill out the federal form for eligibility. With the establishment of the Community Eligibility Provision (CEP) and new Direct Certification System by the federal government, which allows students and their families to be identified through other federal income-eligibility assistance programs (e.g., Supplemental Nutrition Assistance Program), which for some states includes Medicaid, the Commission recommended in the *2019 Interim Report* that Maryland move to use direct certification, including Medicaid, to identify Maryland students who are FRPM eligible. However, this does not address concerns with families who are income eligible but are reluctant to sign up or participate in federal assistance programs.

For compensatory education, the Workgroup recommended using the new greater of FTE when calculating the hold harmless for CEP systems, which terminates after fiscal 2025. The Workgroup also proposed that Medicaid eligibility be added to the Direct Certification System once the Maryland State Department of Education (MSDE) and the Maryland Department of Health have the necessary memorandum of understanding and information system. Finally, the Workgroup recommended that MSDE develop an alternative State income form that CEP systems, and other systems that choose to collect it, may use to determine FRPM eligibility for purposes of the compensatory education formula and new Concentration of Poverty formula. Once all of these pieces are implemented, the FRPM count used for the formulas would be the highest of all of the possible FRPM counts for each system.

For Concentration of Poverty School Grants, the FRPM count (whichever is the highest used for compensatory education formula) for the prior three years is averaged to determine whether a school is eligible for a grant. Even if a school becomes ineligible for a grant, it continues to receive a personnel grant for two school years after it becomes ineligible.

## Regional Cost Differences and Guaranteed Tax Base

The Commission is specifically charged with determining what index should be used to adjust for regional cost differences between local school systems: the current geographic cost of education index (GCEI), which is an existing formula that accounts for the additional cost that some geographic locations bear in providing an education and where the State funds the full cost (*i.e.*, not wealth equalized); or the comparable wage index (CWI) recommended by APA. Among the issues to be addressed is whether the index should be used to adjust for below-average costs as well as above-average costs.

The Workgroup adopted APA's recommendation to use the CWI as the regional cost of education adjustment for the Foundation Program. Like the Foundation Program, and unlike the current GCEI, CWI will be a wealth-equalized formula with a State and local share. State funding for CWI is capped at the State funding level for GCEI under current law, which funds both the State and local share of GCEI. Finally, the Workgroup recommended indexing CWI at 1.0 and only making adjustments for systems with CWI greater than 1.0 (this is how GCEI currently operates). The new CWI is phased in beginning in fiscal 2025. The same FTE count used for the Foundation Program is proposed to be used for the new CWI. **Appendix 12** shows the GCEI and CWI adjustment factors.

The Guaranteed Tax Base Program was established as part of the 2002 Bridge to Excellence legislation in order to encourage less wealthy jurisdictions to maintain or increase local education tax effort, *i.e.*, local education appropriation as a percent of local tax base. The program provides additional State education aid to counties that have less than 80% of the statewide average wealth per pupil and provide local education funding above the minimum local share required by the Foundation Program. The Commission must determine whether to maintain or modify the program. Funding provided through the Guaranteed Tax Base Program is State funding *in addition to* the amount of per student funding determined to be needed for the school system. The program uses local education tax effort and wealth to determine State aid amounts for each eligible school system. After considering staff options, the Workgroup did not propose any changes to the Guaranteed Tax Base Program.

## Local Wealth Calculation

Wealth is the calculation that incorporates a county's property base and the NTI in order to develop a measure of a county's per pupil wealth in relation to other counties in the State. This, in turn, results in how much of a particular formula the State is responsible for and how much is the responsibility of the local governing body, depending on whether the formula has a floor (minimum State funding amount). Under current law, wealth equals the sum of 40% of the real property assessable base, 50% of the personal property assessable base, and 100% of the NTI. The property bases are determined as of July 1 of the previous fiscal year. The NTI is computed using data from September 1 of the second preceding calendar year. Since fiscal 2014, the State has provided additional funding to school systems that receive more State aid using NTI data from November 1. Particular questions related to calculating wealth include whether:

- the proportion of local wealth that is property and income wealth should be altered;
- income wealth should be measured as of September 1 or November 1, to coincide with the deadline to file for a federal income tax extension;
- an adjustment for TIF districts should be incorporated into the wealth calculation or remain as an add-on grant as it is in current law; and
- the enrollment count used to determine wealth per pupil, which is used in the wealth equalization formula calculations, should be altered.

The Workgroup recommended using the November NTI. September NTI funding will be phased out as part of the Transition Grants, and the November NTI add-on grant in current law will be eliminated. Similarly, the Workgroup recommended eliminating the TIF add-on grant in current law and incorporating the TIF adjustment in current law into property wealth calculation. The Workgroup also recommended capping the value of any TIF adjustment to the amount pledged to outstanding bonds.

The Workgroup ultimately did not recommend any changes to the current law proportions of property wealth and income wealth in total local wealth calculation, after considering several options that increased the proportion of income wealth in the total calculation. Finally, for the local wealth per pupil calculation, the Workgroup recommended continued use of the September 30 FTE count from the prior year (not the greater of calculation adopted for the Foundation Program).

### **State Funding Floors**

The Workgroup concluded that the current State per pupil funding floors should remain in place for the Foundation Program (15% minimum State funding) and the three targeted formulas (compensatory education, English Learner, and special education) at 40% minimum.

### **Teachers' Retirement**

The Commission did not consider making changes to the Teachers' Retirement formula, which has a State and local share. The Workgroup did consider the potential impact of implementing the Commission's policy recommendations on State and local retirement costs. The General Assembly's consulting actuary estimated a minimal impact by fiscal 2030. The estimate is shown in **Appendix 13** but is not included in the total cost to implement the Commission's recommendations given the minimal impact.

### **Local Funding and Maintenance of Effort**

Under the Workgroup's recommendations as adopted by the Commission, all of the additional direct State aid is allocated on a wealth-equalized basis, excluding State-only funded

categorical programs (discussed further below). No additional local share is required in fiscal 2021 under the proposal. Beginning in fiscal 2022, local governments will be expected to fund the local share of existing and new formulas that are wealth equalized, totaling \$8.9 billion in fiscal 2030.

Under current law, the State's maintenance of effort (MOE) law dictates the minimum amount a county must provide to the school system annually. Local governments (*i.e.*, counties including Baltimore City) are required to fund the local share of the Foundation Program. (Counties/school systems also fund the local share of teachers' retirement costs.) In addition, counties must provide at least the same amount per pupil as provided in the prior fiscal year. This is known as the MOE requirement. Chapter 6 of 2012, the most recent major revision to MOE law, required that, beginning in fiscal 2015, a county that is below the statewide five-year moving average education effort level must increase its per pupil MOE amount by the lesser of (1) the increase in local wealth per pupil; (2) the statewide average increase in local wealth per pupil; or (3) 2.5%. This is known as the MOE escalator provision. The State Board of Education may grant a county government experiencing fiscal problems a temporary or rebasing waiver of the MOE requirement, including the MOE escalator provision. MOE is discussed further in Chapter 3 of the *Education Handbook* under the "Maintenance of Effort Requirement" subheading.

The Workgroup proposal modifies the MOE requirement for local governments to require them to fund the local share of *all* wealth-equalized formulas. The current law requirement that counties maintain per pupil funding year-over-year is retained in the proposal, with counties required to fund the *higher* of the local share of all wealth-equalized formulas *or* the per pupil MOE amount using the greater of the September 30 or rolling three-year average enrollment count, *i.e.*, FTE count for the Foundation Program. However, the MOE escalator provision in current law is recommended to be eliminated after fiscal 2023.

Specifically, in addition to requiring the local share of the Foundation formula as part of the MOE, counties (including Baltimore City) will be required to fund the local share of targeted and new formulas beginning in fiscal 2022, including:

- compensatory education;
- English Learners;
- special education;
- CWI;
- per pupil concentration of poverty (there is no local share for the personnel grants), counties that do not benefit from the State funding floor for compensatory education are not required to fund the local share (State will fund);
- post-CCR pathways;



- TSI (through fiscal 2026);
- Teacher Career Ladder; and
- full-day prekindergarten

**Appendix 14** shows the local share of each formula in fiscal 2030 by school system. Using the DLS projection of local appropriations for education under current law (described in **Appendix 15**), counties must increase education aid by a total of \$1.3 billion, or 15%, by fiscal 2030, although the results vary by county. The largest dollar increase is Prince George's County with \$361 million or 38% increase. The largest percentage increase is Baltimore City at 99% or \$329.4 million. The Workgroup recognized that for some low-wealth counties, the new MOE requirement to fund the local share of all formulas will need to be phased in over a period of years. The Commission agreed with the Workgroup and recommended that the General Assembly address this issue in the legislation that will be passed to implement the final recommendations of the Commission. For the new Concentration of Poverty School Grants, the Commission recommends that the State pay the local share for all counties except those that benefit from the 40% funding floor on the amount of State aid that they will receive from the compensatory education aid formula. By fiscal 2030, the State will cover \$261 million annually of the local share.

## Funding Equity (Progressivity)

One major finding of the Commission was that State and local education funding in Maryland is not progressive, or equitably distributed, across local school systems. The Commission was determined to address this surprising and distressing discovery. The Commission learned that, overall, State education aid is distributed equitably through per pupil wealth-equalized formulas that recognize the higher cost of serving students who need additional supports (including low-income, English Learner, and special education students). (State retirement aid, which is not included in direct aid but is part of progressivity calculations, is not wealth equalized.) However, local education funding is not distributed progressively across the State. This is due to several reasons, such as higher-wealth counties have more available local revenues to spend on education beyond the local share of the formulas. But, an even bigger issue is that some counties were not providing the wealth-adjusted local share of the formulas. This lack of local funding was exacerbated by the fact that many of the counties were lower-wealth systems that have a larger proportion of higher-cost students. Thus, the recommendation to require counties to provide, at a minimum, the local share of the wealth-equalized formulas, plus the addition of the State funding most of the new Concentration of Poverty Grants, will increase the progressivity of Maryland's education finance system.

**Exhibit 12** shows the DLS approximation of the calculation used by the Urban Institute to measure progressivity. The index indicates the ratio of spending on students who are from low-income families to spending on students who are not from low-income families, as indicated by FRPM eligibility. Results below 1.0 indicate regressivity; results above 1.0 indicate

progressivity. The funding difference indicates the degree to which per pupil funding for students in low-income families is above or below that for students not from low-income families aggregated at the local, state, and state and local levels. As shown in Exhibit 12, the proposed funding formula recommendations adopted by the Commission increase the progressivity index for State and local funding, with a combined (State and local) index of 1.098, 0.87 or 9% above the current law index, indicating greater progressivity. Funding for students from low-income families increases by \$1,965 per pupil (State and local) under the proposal. These improvements are based on the full implementation of the funding recommendations in fiscal 2030, as estimated by DLS.

### Exhibit 12 Progressivity Index and Funding

Local			State			State and Local		
Progressivity Index			Progressivity Index			Progressivity Index		
Current			Current			Current		
<u>Law</u>	<u>Proposal</u>	<u>% Diff.</u>	<u>Law</u>	<u>Proposal</u>	<u>% Diff.</u>	<u>Law</u>	<u>Proposal</u>	<u>% Diff.</u>
0.849	0.944	11%	1.194	1.242	4%	1.011	1.098	9%
Per Pupil Funding			Per Pupil Funding			Per Pupil Funding		
Current			Current			Current		
<u>Law</u>	<u>Proposal</u>	<u>\$ Diff.</u>	<u>Law</u>	<u>Proposal</u>	<u>\$ Diff.</u>	<u>Law</u>	<u>Proposal</u>	<u>\$ Diff.</u>
-\$1,456	-\$591	\$865	\$1,648	\$2,748	\$1,100	\$192	\$2,157	\$1,965

Note: Progressivity measures are Department of Legislative Services' figures that are intended to be similar to the Urban Institute method, results of which were presented to the Commission on June 28, 2017. Under the proposal, local funding for each county is assumed to be the greater of the proposed local share of the wealth-equalized formulas and the projected local appropriation

### State-funded Categorical Programs and Infrastructure, Capacity Building, and Accountability Funding

Finally, the Commission adopted the Workgroup's proposal for the State to fund categorical grant programs and infrastructure/capacity building/accountability funding. The Commission considers these programs critical to ensuring the implementation of the Blueprint for Maryland's Future with fidelity and ultimately, the success of the Commission's recommendations and the Blueprint for Maryland's Future.

State categorical grants are awarded to entities, which may include school systems, private nonprofit organizations, county governments, and higher education institutions, whereas infrastructure/capacity building/accountability funding tends to be provided to State agencies to administer programs. Some funding is one-time or short-term investments to build capacity (*e.g.*, early childhood centers and staffing credentials), while other funding is ongoing (*e.g.*, expert review teams). **Exhibit 13** shows a summary of recommended State funding in these categories. **Appendix 16** provides more detail by policy area and annually through fiscal 2030.

### **Grant Programs**

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

### **Infrastructure/Capacity Building/Accountability**

- Boards of Education/Superintendent/Teacher Training on the Blueprint for Maryland's Future
- Program for International Student Assessment
- New Oversight Board
- CTE Committee
- MSDE – local education agency financial reporting, expert review teams, State Model Curriculum, CCR equating study

**Exhibit 13**  
**Commission Recommended State Funding Amounts (Fiscal 2020 Dollars)**

	<u>Ongoing</u>		<u>One-time</u>		<u>Short-term Funding (Funding Ends Before Full Implementation)</u>
	<u>State Administered (State Funded, State Run)</u>	<u>State Categorical (State Funded, Locally Run)</u>	<u>State Administered (State Funded, State Run)</u>	<u>State Categorical (State Funded, Locally Run)</u>	
<b><u>Policy Area 1</u></b>					
Capacity Building	\$19,000,000				
Judy Centers		\$44,550,000			
Family Support Centers		9,900,000			
Infants and Toddlers		12,300,000			
<b><u>Policy Area 2</u></b>					
Teacher Preparation/Collaboratives					\$12,500,000
Teaching Scholarships/Loans	16,000,000				
Training – Leaders	200,000		\$13,000,000		
Training – Teachers	2,000,000				
<b><u>Policy Area 3</u></b>					
Expert Review Teams	1,200,000				
State Model Curriculum	800,000		16,700,000		
CTE Committee & Skills Board	500,000				
College and Career Readiness Equating Study		100,000	500,000		
<b><u>Policy Area 4</u></b>					
School-based Health Centers	6,500,000				
Behavioral Health Staff Training	700,000				
<b><u>Policy Area 5</u></b>					
Oversight Board	1,800,000				
Financial Reporting	300,000		5,000,000		
<b>Total</b>	<b>\$49,000,000</b>	<b>\$66,850,000</b>	<b>\$35,200,000</b>	<b>\$0</b>	<b>\$12,500,000</b>



## Post Script

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This report reflects the Commission's final recommendations to the State at the end of 2019. Subsequently, in the 2020 legislative session, the Maryland General Assembly considered legislation to implement the recommendations and funding formulas. Ultimately, [House Bill 1300 – Blueprint for Maryland's Future – Implementation](#), was passed by both the House and the Senate shortly before the General Assembly adjourned early due to COVID-19.

While the House and Senate made numerous changes to the legislation as introduced, one of the most significant modifications was to address the Commission's recommendation that the General Assembly consider phasing in or otherwise adjusting the requirement that counties fund the local share of the wealth-equalized formulas for those low-wealth counties that would have difficulty meeting the funding requirement as proposed by the Commission. The [Fiscal and Policy Note for House Bill 1300](#) describes the provisions of the enrolled bill (with the amendments passed by both the House and Senate) and the fiscal impact of the bill and funding formulas on State and local funding, including the local funding adjustments.

On May 7, 2020, the Governor vetoed the bill citing the economic impact of the COVID-19 pandemic. Under the Maryland Constitution, the Maryland General Assembly must consider vetoed bills at the next convening of the legislature.



# Appendix 1. Final Vote

## COMMISSION ON INNOVATION AND EXCELLENCE IN EDUCATION

### VOTE TALLY SHEET

Date: 11/21/2019

Recorded by: Hise

Original Vote or Reconsideration of Prior Vote (Circle One)

**MOTION: Adopt Workgroup Recommendations in Total (see attached motion)**

By: McIntosh

Seconded: Luedtke

#### FINAL ACTION

Favorable ✓  
Favorable with amendments \_\_\_\_\_  
Unfavorable \_\_\_\_\_

Favorable \_\_\_\_\_  
Favorable with amendments \_\_\_\_\_  
Unfavorable \_\_\_\_\_

	Yea	Nay	Pass	Abstain	Absent
Gail H. Bates					✓
David R. Brinkley		✓			
Robert L. Caret ( <i>Nancy Shapiro</i> )	✓				
Mary Beth Carozza		✓			
Karen Couch	✓				
Scott E. Dorsey	✓				
Senator Bill Ferguson	✓				
David E. Helfman	✓				
Kalman R. Hettleman	✓				
Delegate Anne R. Kaiser	✓				
Senator Nancy J. King					✓
Elizabeth Ysla Leight	✓				
Delegate Eric G. Luedtke	✓				
Delegate Maggie McIntosh	✓				
Leslie R. Pellegrino	✓				
Senator Paul G. Pinsky	✓				
Craig L. Rice	✓				
Karen B. Salmon	✓				
Joy Schaefer	✓				
Morgan Showalter	✓				
David M. Steiner					✓
Delegate Alonzo T. Washington	✓				
Margaret E. Williams	✓				
Jack Wilson		✓			
<b>William E. Kirwan, Chair</b>	✓				
<b>Total</b>	<b>19</b>	<b>3</b>			<b>3</b>



## MOTION

Motion to adopt The Blueprint for Maryland's Future Funding Formula Workgroup's recommendations to the Commission in total, including funding formulas, distribution of costs between the State and local governments, and phase-in on the policy recommendations and funding.

## **Appendix 2. 2019 Interim Meeting Dates and Materials**

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### **Funding Formula Workgroup Meeting Dates**

June 20, 2019  
July 24, 2019  
August 1, 2019  
August 22, 2019  
September 5, 2019  
September 19, 2019  
September 26, 2019  
October 8, 2019  
October 15, 2019

### **Full Commission Meeting Dates**

October 30, 2019  
November 12, 2019 (and Public Hearing)  
November 21, 2019

### **Meeting Materials**

All meeting materials are organized by date on the Commission's web page at <http://bit.ly/MDCCommission>. The agenda for each meeting follows.



## **Appendix 3. Commission and Funding Formula Workgroup Meeting Agendas**

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**The Blueprint for Maryland's Future Funding Formula Workgroup**  
*William E. Kirwan, Chair*

**Agenda**

**June 20, 2019  
1:00 p.m.-4:30 p.m.  
120 House Office Building, Annapolis, Maryland**

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- |                  |   |
|------------------|---|
| <b>1:00 p.m.</b> | <b>Chair's Opening Remarks</b>  |
| <b>1:15 p.m.</b> | <b>Review Draft Schedule and Work Plan</b> <ul style="list-style-type: none"><li>• Rachel Hise, Department of Legislative Services</li></ul>  |
| <b>1:45 p.m.</b> | <b>Overview of Commission on Innovation and Excellence in Education and 2019 Interim Report</b> <ul style="list-style-type: none"><li>• Brit Kirwan, Chair of Commission</li></ul>        |
| <b>2:30 p.m.</b> | <b>Review of 2019 Legislation – The Blueprint for Maryland's Future</b> <ul style="list-style-type: none"><li>• Kelsey Fung and Rachel Hise, Department of Legislative Services</li></ul> |
| <b>3:00 p.m.</b> | <b>Overview of Maryland Education Funding 101</b> <ul style="list-style-type: none"><li>• Scott Gates and Kyle Siefering, Department of Legislative Services</li></ul>                    |
| <b>4:00 p.m.</b> | <b>Building the Funding Formulas and Decision Points</b> <ul style="list-style-type: none"><li>• Rachel Hise, Department of Legislative Services</li></ul>                                |
| <b>4:30 p.m.</b> | <b>Chair's Closing Remarks and Adjournment</b>  |

**The Blueprint for Maryland's Future Funding Formula Workgroup**  
*William E. Kirwan, Chair*

**Agenda**

**July 24, 2019**  
**10:00 a.m.-4:30 p.m.**  
**120 House Office Building, Annapolis, Maryland**

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- 10:00 a.m.**      **Chair's Opening Remarks**
- 10:05 a.m.**      **Adequacy Analysis of Education Funding Since Fiscal 2002**
- Scott Gates, Department of Legislative Services (DLS)
- 11:00 a.m.**      **Overview of 2016 Adequacy Study and Related Reports**
- Justin Silverstein, APA Consulting
- 12:00 p.m.**      **Break – *Lunch available for Workgroup members in Room 180***
- 1:00 p.m.**      **Local Wealth and Enrollment Issues/Options and Overview of Maintenance of Effort**
- Scott Gates and Kyle Siefering, DLS
- 3:00 p.m.**      **Overview of the Geographic Cost of Education Index and A Comparable Wage Index for Maryland**
- Justin Silverstein, APA Consulting
  - Jennifer Imazeki, San Diego State University
- 4:15 p.m.**      **Follow Up from Prior Meeting**
- 4:30 p.m.**      **Chair's Closing Remarks and Adjournment**

*The next meeting is scheduled for Thursday, August 1, 10:00 a.m.– 4:30 p.m.*

**The Blueprint for Maryland's Future Funding Formula Workgroup**  
*William E. Kirwan, Chair*

**Agenda**

**August 1, 2019**  
**10:00 a.m.-4:30 p.m.**  
**120 House Office Building, Annapolis, Maryland**

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- |                   |   |
|-------------------|---|
| <b>10:00 a.m.</b> | <b>Chair's Opening Remarks</b>  |
| <b>10:05 a.m.</b> | <b>School Funding Fairness – How Maryland Compares</b> <ul style="list-style-type: none"><li>• Danielle Farrie, Research Director, Education Law Center</li></ul>   |
| <b>11:15 a.m.</b> | <b>Follow Up from Prior Meeting</b>   |
| <b>12:00 p.m.</b> | <b>Break – <i>Lunch available for Workgroup members in Room 180</i></b>   |
| <b>1:00 p.m.</b>  | <b>Local Wealth and Enrollment Issues/Options and Overview of Maintenance of Effort (Continued)</b> <ul style="list-style-type: none"><li>• Scott Gates and Rachel Hise, Department of Legislative Services (DLS)</li><li>• Justin Silverstein, CEO, APA Consulting</li></ul> |
| <b>2:15 p.m.</b>  | <b>More Issues/Options: GCEI/CWI and Equity</b> <ul style="list-style-type: none"><li>• Scott Gates and Rachel Hise, DLS</li><li>• Justin Silverstein, APA Consulting</li></ul>   |
| <b>3:30 p.m.</b>  | <b>Overview of Kirwan Commission Recommendations Related to Teachers/School Leaders and Organization of the School Day</b> <ul style="list-style-type: none"><li>• Betsy Brown Ruzzi, Vice President, National Center on Education and the Economy</li></ul>                  |
| <b>4:30 p.m.</b>  | <b>Chair's Closing Remarks and Adjournment</b>  |

*The next meeting is scheduled for Thursday, August 22, 10:00 a.m.– 4:30 p.m.*



**The Blueprint for Maryland's Future Funding Formula Workgroup**  
*William E. Kirwan, Chair*

**Agenda**

**August 22, 2019**  
**10:00 a.m.-4:30 p.m.**  
**120 House Office Building, Annapolis, Maryland**

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- 10:00 a.m.**      **Chair's Opening Remarks**
- 10:10 a.m.**      **Review of Kirwan Commission Recommendation Cost Estimates and Potential Interaction with Education Funding Formulas**
- Rachel Hise, Department of Legislative Services
  - Justin Silverstein, APA Consulting
- 1:00 p.m.**      **Break – *Lunch available for Workgroup members in Room 180***
- 1:45 p.m.**      **Overview of Local Tax Rates, Tax Limitations, and Revenues**
- Hiram Burch, Department of Legislative Services
- 2:15 p.m.**      **More Issues/Options: Wealth Calculation, Enrollment, Equity Issues (Floors/Local Funding/Guaranteed Tax Base)**
- Scott Gates and Kyle Siefering, Department of Legislative Services
  - Justin Silverstein, APA
- 3:45 p.m.**      **Maintenance of Effort (MOE) Waivers, Local Effort, and the MOE Escalator**
- Kelsey Fung, Eric Pierce, and Scott Gates, Department of Legislative Services
- 4:30 p.m.**      **Chair's Closing Remarks and Adjournment**

**The Blueprint for Maryland's Future Funding Formula Workgroup**  
*William E. Kirwan, Chair*

**Agenda**

**September 5, 2019**  
**10:00 a.m.-12:30 p.m.**  
**120 House Office Building, Annapolis, Maryland**

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**10:00 a.m.      Chair's Opening Remarks**

**10:05 a.m.      Review of the Assessable Base – Taxable and Exempt Property**

- Michael Higgs, Director, State Department of Assessments and Taxation
- Maria Mathias, Administrator, Taxpayer Services Division
- Zachary Grisard, Special Assistant

**10:45 a.m.      Overview of Local Tax Capacity and Effort and Follow Up on Local Income Tax**

- Hiram Burch, Department of Legislative Services (DLS)
- Ryan Bishop, Director, Office of Policy Analysis, DLS

**11:30 a.m.      Building the Foundation**

- Justin Silverstein, APA Consulting

**12:30 p.m.      Chair's Closing Remarks and Adjournment**

*(Lunch available for Workgroup members in Room 180)*

*Next Meeting: Thursday, September 19 10:00 a.m.*

**The Blueprint for Maryland's Future Funding Formula Workgroup**  
*William E. Kirwan, Chair*

**Agenda**

**September 19, 2019**

**10:00 a.m.**

**120 House Office Building, Annapolis, Maryland**

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**10:00 a.m.      Chair's Opening Remarks**

**10:05 a.m.      Overview of State and Local Share of Teacher Retirement Costs**

- Michael Rubenstein, Department of Legislative Services

**10:45 a.m.      Review of Teacher Salary Model Cost Assumptions**

- Mark Fermanich, APA Consulting

**11:30 a.m.      Chair's Closing Remarks and Adjournment to Executive Session**

*(Lunch will be available for Workgroup members in Room 218 House Building)*

*Next Meeting: Thursday, September 26th 10:00 a.m.*

**The Blueprint for Maryland's Future Funding Formula Workgroup**  
*William E. Kirwan, Chair*

**Agenda**

**September 26, 2019**

**10:00 a.m.**

**120 House Office Building, Annapolis, Maryland**

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**10:00 a.m.      Chair's Opening Remarks**

**10:15 a.m.      Discussion of Assumptions for Formula Modeling and Preliminary Per Pupil Amounts**

- Rachel Hise and Scott Gates, Department of Legislative Services
- Justin Silverstein, APA Consulting

**1:30 p.m.      Chair's Closing Remarks and Adjournment**

*(Lunch will be available for Workgroup members in Room 121 House Building)*

*Next Meeting: Tuesday, October 8 10:00 a.m.*

**The Blueprint for Maryland's Future Funding Formula Workgroup**  
*William E. Kirwan, Chair*

**Agenda**

**October 8, 2019**

**10:00 a.m.**

**120 House Office Building, Annapolis, Maryland**

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**10:00 a.m.      Chair's Opening Remarks**

**10:05 a.m.      Items for Discussion Presented by DLS and APA:**

- Revised Per Pupil Amounts and Modeling Assumptions
- State Aid Model Estimates by LEA in Fiscal 2030
- Teacher Retirement Costs
- Local Share/Appropriations in Fiscal 2030
- Maintenance of Effort Options (including local share of all formulas)
- Accountability
- Phase-in Option Over 10 Years

*(Lunch will be available for Workgroup members in Room 180)*

**3:00 p.m.      Chair's Closing Remarks and Adjournment**

*Next Meeting: Tuesday, October 15 9:00 a.m. in Room 130*

**The Blueprint for Maryland's Future Funding Formula Workgroup**  
*William E. Kirwan, Chair*

**Agenda**

**October 15, 2019**

**9:00 a.m.**

**130 House Office Building, Annapolis, Maryland**

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**9:00 a.m.          Chair's Opening Remarks**

**9:05 a.m.          Items for Discussion and Voting Presented by DLS and APA**

- Revised Per Pupil Amounts and Modeling Assumptions
- Revised State and Local Share Model Estimates in Fiscal 2030
- Local Share/Appropriations/Maintenance of Effort Options
- Model Phase-in Over 10 Years

*(Lunch will be available for Workgroup members in Room 180)*

**1:30 p.m.          Chair's Closing Remarks and Adjournment**

**Commission on Innovation and Excellence in Education**  
*William E. Kirwan, Chair*

**Agenda**

**October 30, 2019**  
**10:00 a.m.-4:00 p.m.**  
**120 House Office Building, Annapolis, Maryland**

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- 10:00 a.m. Chair's Opening Remarks**
- 10:15 a.m. Review of 2019 Legislation – The Blueprint for Maryland's Future**
- Rachel Hise, Department of Legislative Services
- 10:35 a.m. Implementation of The Blueprint for Maryland's Future**
- Dr. Karen Salmon, State Superintendent of Schools
  - Tiffany Clark, Maryland State Department of Education
- 11:00 a.m. The Blueprint for Maryland's Future Funding Formula Workgroup Recommendations**
- Overview of Workgroup Recommendations
  - Local Wealth, Equity and Enrollment Recommendations
  - Recommended Per Pupil Funding Amounts
  - Fiscal 2030 State and Local Shares of Funding Formulas
  - Local Share/Appropriations/Maintenance of Effort
  - 10-year Phase-in Recommendations
  - Recommended Fiscal 2021-2024 Funding

*(Lunch will be available for Commission members in Room 170)*

- 4:00 p.m. Chair's Closing Remarks and Adjournment**

**Next Meetings:** *November 12 10 a.m.–4:00 p.m., Public Hearing 5:00–7:00 p.m.*  
*November 21 10 a.m. –3:00 p.m. Final Meeting*  
*November 26 if necessary*

**Commission on Innovation and Excellence in Education**  
*William E. Kirwan, Chair*

**Agenda**

**November 12, 2019**  
**10:00 a.m.-4:00 p.m.**  
**5:00 p.m.-7:00 p.m. Public Hearing**  
**120 House Office Building, Annapolis, Maryland**

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- 10:00 a.m.      Chair's Opening Remarks**
- 10:05 a.m.      Review of State Board of Education Proposed Regulations on Teacher Preparation and Educator Licensure**
- Dr. Karen Salmon, State Superintendent of Schools
  - Sarah Spross, Assistant State Superintendent for Educator Licensure and Program Approval
  - Chris Lloyd, Chair, Professional Standards and Teacher Education Board
  - Dr. Jennifer King Rice, University of Maryland, and Dr. Gary Thrift, Notre Dame of Maryland University, Co-chairs of the Maryland Education Deans and Directors
- 11:15 a.m.      Review of National Board Certification and Commission's Cost Assumptions**
- Dr. Joe Doctor, COO, National Board for Teacher Professional Standards
  - Justin Silverstein, CEO, APA Consulting
- 12:15 p.m.      *Lunch will be available for Commission members in Room 170***



**1:00 p.m. Further Discussion of The Blueprint for Maryland’s Future Funding Formula Workgroup Recommendations**

**Workgroup Members (other than Commissioners):**

- Matthew Gallagher, CEO, The Goldseker Foundation
- Dr. Monique Davis, Regional Assistant Superintendent, Anne Arundel County Public Schools

**Workgroup/Commission Staff:**

- Scott Gates and Rachel Hise, Department of Legislative Services
- Justin Silverstein, APA

**4:00 p.m. Chair’s Closing Remarks and Recess**

**5:00 p.m. Reconvene for Public Hearing (in Room 120)**  
*Submitted materials will also be posted on the Commission website:*  
*<http://dls.maryland.gov/policy-areas/commission-on-innovation-and-excellence-in-education>*

**7:00 p.m. Adjournment**

***Next Meeting: November 21, 10:00 a.m.-3:00 p.m. Final Meeting***  
***November 26, if necessary***

**Commission on Innovation and Excellence in Education**  
*William E. Kirwan, Chair*

**Agenda**

**November 21, 2019**

**10:00 a.m.-3:00 p.m.**

**120 House Office Building, Annapolis, Maryland**

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**10:00 a.m.      Chair's Opening Remarks**

**10:05 a.m.      Follow Up from Previous Meetings**

- Percent of County Expenditures on Education
- Progressivity of Proposed Funding Formulas
- Proposed Funding Formulas Compared to APA Adequacy Estimate
- National Board for Professional Teaching Standards
- MSDE Proposed Regulations on Educator Preparation and Licensure

**11:00 a.m.      Further Discussion of The Blueprint for Maryland's Future Funding Formula Workgroup Recommendations**

- Phase-in of Policy Recommendations Under Proposed Funding Formulas and Proposed Metrics
- Phase-in of State Categorical Funding by Policy Area FY 20-30

**12:30 p.m.      *Lunch will be available for Commission members in Room 180***

**1:15 p.m.      Final Vote on The Blueprint for Maryland's Future Funding Formula Workgroup Recommendations**

**3:00 p.m.      Chair's Closing Remarks and Adjournment**



## **Appendix 5. Funding Formula Workgroup Roster**

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### **Dr. William E. Kirwan, Chair**

David R. Brinkley  
Joan Carter Conway  
Dr. Monique Davis  
Senator Bill Ferguson  
Eloise Foster  
Matt Gallagher  
Barry Glassman  
Sean Johnson  
Richard S. Madaleno, Jr.  
Delegate Maggie McIntosh  
Cheryl Pasteur  
Dr. Alvin Thornton

### **Workgroup Staff**

#### **Department of Legislative Services**

Rachel H. Hise  
Scott P. Gates  
Eric F. Pierce  
Michael C. Rubenstein  
Mindy L. McConville  
Valerie G. Kwiatkowski  
Maureen R. Merzlak

#### **Additional Department of Legislative Services Staff Who Assisted the Workgroup**

Caroline L.B. Boice  
Jennifer K. Botts  
Kelsey-Anne Fung  
Kyle D. Siefering  
Anne P. Wagner

### **Consultants**

Augenblick, Palaich and Associates (APA) Consulting,  
Justin R. Silverstein, President, and associates

National Center for Education and the Economy,  
Betsy Brown Ruzzi, Vice President, and colleagues



## Appendix 6. Summary of Senate Bill 1030 (Chapter 771) of 2019 – The Blueprint for Maryland's Future

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The law establishes The Blueprint for Maryland's Future as the policy blueprint to transform the State's education system into a world-class system and establishes and provides funding for several programs based on the recommendations of the Commission on Innovation and Excellence in Education (*i.e.*, Kirwan Commission) in its January 2019 Interim Report.

Achieving The Blueprint for Maryland's Future will require a sustained and coordinated effort in **five main policy areas** as recommended by the Kirwan Commission:

- **Policy Area 1: Early support and interventions for young children and their families**, including full-day prekindergarten that is free for low-income three- and four-year-olds and expanding services and supports for birth to two-year-olds and their families;
- **Policy Area 2: High-quality and diverse teachers and school leaders**, including elevating the teaching profession comparable to other fields with the same education and with comparable compensation, establishing a career ladder so that excellent teachers remain in the classroom, and increasing the rigor of teacher preparation programs and State certification standards;
- **Policy Area 3: A college and career readiness (CCR) standard set at the level required to virtually guarantee success in the first year of a community college program**, with Maryland schools focused on getting most students to CCR by the end of tenth grade, and nearly all by the end of high school; providing supports for students who are not on track for CCR; and providing post-CCR pathways for students who achieve CCR, including early college programs that allow a student to earn an associate degree at no cost while in high school and career and technical education pathways that lead to an industry-recognized credential;
- **Policy Area 4: Additional resources, supports, and services for students who need them** to achieve the CCR standard, including English learners, students with disabilities, and students from low-income families, with particular attention on students in schools with high concentrations of poverty; and
- **Policy Area 5: A strong accountability system** with the authority to hold all entities accountable for implementing The Blueprint for Maryland's Future effectively to ensure that all students are successful.

The Commission's deadline to submit its final report is extended to December 1, 2019, and the law extends the due date for the special education study report required under Chapter 715 of 2017, and expanded under Chapter 361 of 2018, to December 1, 2019. The law also updates references to the Consumer Price Index for the Washington Metropolitan Area for purposes of determining the annual inflation rate for certain education formulas.

The Maryland State Department of Education (MSDE) and the Maryland Department of Health must take specified steps toward the use and sharing of Medicaid data as part of the direct certification process to identify and verify student eligibility in the new information technology system that is currently under development by MSDE.

### **Expands/Extends Existing Grant Formulas in Current Law**

- Expands full-day prekindergarten formula to include all four-year-olds being served in full-day public prekindergarten programs and extends the formula to fiscal 2021.
- Extends declining enrollment grants to fiscal 2021.
- Extends the current low-income student count methodology used for schools and school systems participating in the Community Eligibility Provision through fiscal 2025.

### **Establishes Programs to Increase Recruitment and Retention of High-quality Teachers**

- Creates the Teacher Collaborative Grant Program for local boards, teacher preparation programs, and exclusive representatives to partner to develop model, state-of-the-art professional development programs for prospective and current teachers.
- Establishes the Teacher Salary Incentive Grant Program to increase teacher salaries for districts that provide at least 3% average salary increase for teachers in fiscal 2020, with priority given to increasing starting salaries and salaries for teachers with less than five years of experience, and level funds the grant in fiscal 2021.

### **Establishes Programs to Provide Additional Supports for Schools with Concentrated Poverty**

- Creates a Concentration of Poverty School Grant Program to fund a community school coordinator and health practitioner coverage for schools with 80% or more students eligible for free and reduced-price meals in fiscal 2020 and 2021.

## **Allocates State Funding in Fiscal 2020 and 2021 for:**

- local school systems to fund a mental health services coordinator that each local school system must appoint pursuant to the Safe to Learn Act (Chapter 30) of 2018;
- additional academic supports for struggling learners through Transitional Supplemental Instruction;
- additional special education services for students with disabilities; and
- training, outreach, and educational materials for elected officials, local school systems, teachers and parents on the vision, skills, and knowledge needed to implement The Blueprint for Maryland's Future.

## **Accountability**

- Establishes the Maryland Office of the Inspector General for Education as an independent unit of State government to investigate complaints concerning, among other issues, fraud, waste, and abuse involving public funds and property and compliance with federal and State laws, contingent on the release of fiscal 2020 funding by the Governor.
- Creates the Office of Program Evaluation and Government Accountability within the Department of Legislative Services and makes local school systems subject to a performance evaluation conducted by the office.
- Creates a small workgroup to study whether MSDE and the Maryland Higher Education Commission have the capability to carry out their responsibilities and duties and to implement The Blueprint for Maryland's Future, with findings and recommendations due December 1, 2019.
- Requires local school systems to report to the General Assembly, by December 1 of 2019 and 2020, on the use of the funds allocated by The Blueprint legislation to begin to implement the Commission's recommendations.

## **Special Fund**

- Renames the Kirwan Commission Fund to The Blueprint for Maryland's Future Fund.
- Mandates funding and dedicates additional revenues to the special fund.



## Revenues Currently Available for The Blueprint for Maryland's Future (\$ in Millions)

	<u><b>FY 20</b></u>	<u><b>FY 21</b></u>	<u><b>FY 22</b></u>
Education Trust Fund (ETF) Lockbox	\$100.8	\$225.8	\$350.8
The Blueprint for Maryland's Future Fund	134.5	65.5	
Additional ETF	15.8	16.0	16.2
Teacher Induction, Retention and Advancement Pilot	4.0	4.0	4.0
Program Unused Funds			
Corporate Filing Fees		36.0	
<b>Total</b>	<b>\$255.1</b>	<b>\$347.3</b>	<b>\$371.0</b>
Marketplace Facilitators/Out-of-state Vendors <sup>1</sup>	40.0	60.0	66.7

Note: \$24.25 million of the first \$125 million ETF Lockbox allocation is not available for The Blueprint for Maryland's Future because it is being used to fund a portion of the 2018 Kirwan initiatives. FY 21 and FY 22 ETF revenues assume the full additional ETF Lockbox amount and additional ETF revenues are used to implement The Blueprint for Maryland's Future. Sales tax revenues from marketplace facilitators and out-of-state vendors that exceed \$100 million annually beginning in FY 20 are dedicated to The Blueprint Fund, contingent on enactment of HB 1301 (Chapter 735) of 2019.

<sup>1</sup>September 2019 Board of Revenue Estimates report estimates \$40 million (above \$100 million) will be available for The Blueprint Fund in FY 20, \$60 million in FY 21, and \$80 million in FY 24.

## Senate Bill 1030 Spending Priorities for The Blueprint for Maryland's Future (\$ in Millions)

	<u><b>FY 20</b></u>	<u><b>FY 21</b></u>	<u><b>FY 22</b></u>
Full-day Prekindergarten for Four-year-olds	\$31.7	\$52.9	\$52.9
Teacher Salary Incentive Grants	75.0	75.0	75.0
Concentration of Poverty School Grants	54.6	58.7	58.7
Transitional Supplemental Instruction	23.0	23.0	23.0
Special Education	65.5	65.5	65.5
Mental Health Coordinators	2.0	2.0	2.0
Teacher Collaborative Grants	2.5	2.5	2.5
Outreach/training	0.3	0.3	0.3
Maryland State Department of Education IT System	0.5	0.2	0.2
Declining Enrollment Grants	-	16.7	-
The Blueprint for Maryland's Future Fund	-	58.0	90.0
<b>Subtotal</b>	<b>\$255.0</b>	<b>\$354.8</b>	<b>\$370.1</b>
The Blueprint Fund Contingent on Revenues	-	TBD	\$130.0
Inspector General for Education Office	\$0.7	\$0.8	0.8
<b>Total</b>	<b>\$255.7</b>	<b>\$355.6</b>	<b>\$500.9</b>

Note: FY 20 funding for the Inspector General for Education is in the budget contingent on enactment of SB 1030 (Chapter 771) of 2019 and the Governor's release or transfer of FY 20 funding restricted in the budget for SB 1030 priorities. FY 21 and FY 22 The Blueprint Fund revenues are contingent on enactment of HB 1301. Up to \$95 million of those available revenues in FY 21 may be used to provide additional special education funding. FY 22 amounts assume level funding for programs except declining enrollment grants, which are scheduled to terminate after FY 21. Funding above \$370 million in FY 22 is contingent on additional available revenues enacted in the 2019 (including HB 1301) and 2020 sessions.

Source: Department of Legislative Services, October 2019

## Appendix 7. Increase in Direct State Aid Under the Final Recommendations Over Current Law in Fiscal 2022–2030

	(\$ in Millions)								
	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
Allegany	\$5.1	7.6	11.9	14.8	19.1	25.3	30.8	36.8	42.2
Anne Arundel	30.3	41.4	55.8	70.3	86.6	109.1	129.9	151.6	173.5
Baltimore City	109.7	150.0	186.2	240.5	278.9	313.5	372.5	438.0	508.2
Baltimore	45.0	66.0	94.1	122.4	160.7	209.6	256.4	302.4	349.3
Calvert	6.9	9.9	11.3	14.9	18.7	22.9	27.4	32.2	37.6
Caroline	2.2	3.5	5.3	6.7	8.7	11.9	14.7	17.5	20.7
Carroll	12.0	14.3	15.2	19.9	24.4	31.7	38.3	46.3	54.8
Cecil	8.9	11.7	14.4	18.4	23.8	30.0	36.6	42.8	49.7
Charles	13.8	18.6	19.4	26.1	33.8	44.0	54.6	64.9	75.9
Dorchester	4.5	6.7	8.5	10.7	13.0	15.1	18.6	22.4	25.5
Frederick	21.1	28.8	32.8	43.6	54.2	67.7	81.8	97.4	114.2
Garrett	1.0	1.4	1.9	2.0	2.5	4.1	5.2	6.5	7.8
Harford	17.9	23.6	36.4	46.5	58.4	71.5	85.1	97.5	110.3
Howard	20.7	28.6	44.5	56.7	69.1	86.9	104.9	123.0	142.3
Kent	0.6	0.8	0.8	0.8	0.8	1.3	1.5	1.9	2.3
Montgomery	28.4	51.7	63.7	84.6	105.8	140.4	175.6	207.6	237.6
Prince George's	94.6	139.9	171.9	228.2	281.7	342.8	412.6	487.4	565.2
Queen Anne's	1.9	2.7	2.8	4.1	5.5	7.6	9.6	11.7	14.3
St. Mary's	9.5	12.9	18.1	22.7	26.9	33.1	38.9	45.1	51.6
Somerset	3.3	5.2	6.6	8.2	10.3	13.0	15.7	18.9	21.8
Talbot	1.1	1.5	1.7	2.0	2.3	3.0	3.8	4.5	5.3
Washington	13.2	17.9	24.0	31.1	39.3	50.0	62.6	74.9	86.8
Wicomico	10.1	15.4	22.9	29.4	37.0	44.6	54.7	64.7	75.3
Worcester	1.3	1.8	2.1	2.6	3.9	5.0	5.8	6.7	7.8
Unallocated	-13.0	-13.0	-13.0	-13.0	-13.0	-13.0	-13.0	-13.0	-13.0
<b>Total</b>	<b>\$450.0</b>	<b>648.9</b>	<b>839.4</b>	<b>1,094.2</b>	<b>1,352.3</b>	<b>1,671.1</b>	<b>2,024.7</b>	<b>2,389.8</b>	<b>2,766.6</b>

Note: Direct aid does not include teachers' retirement

Source: Department of Legislative Services



## Appendix 8. Comparing Projected Local Appropriations\* and Local Share Required Under Final Recommendations in Fiscal 2022-2030

	(\$ in Millions)								
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Allegany	\$4.4	\$4.1	\$3.6	\$3.7	\$2.9	\$2.6	\$2.1	\$1.4	\$0.6
Anne Arundel	175.3	165.6	128.8	101.1	69.2	31.9	-8.4	-50.2	-95.9
Baltimore City	-138.2	-151.7	-179.4	-197.8	-218.4	-240.5	-268.2	-297.8	-329.4
Baltimore	174.6	157.3	127.6	105.8	76.4	41.2	3.1	-41.7	-88.4
Calvert	65.4	64.6	64.0	62.8	61.1	59.5	57.6	55.9	54.1
Caroline	-0.2	-0.6	-0.6	-1.0	-1.6	-2.3	-3.2	-3.9	-5.2
Carroll	76.7	75.5	71.9	67.6	62.4	56.3	51.8	48.5	44.7
Cecil	11.9	9.9	7.4	4.5	1.2	-2.4	-6.3	-10.1	-14.0
Charles	79.8	79.9	78.1	75.6	72.5	68.5	64.8	61.6	58.5
Dorchester	-0.1	0.2	0.1	0.2	-0.1	-0.2	-0.4	-0.7	-0.9
Frederick	83.0	76.9	66.2	55.7	43.7	30.9	18.2	6.1	-6.3
Garrett	3.1	3.2	3.1	2.5	2.1	1.4	0.8	0.0	-1.5
Harford	68.4	66.4	55.2	47.4	36.7	25.4	13.4	2.0	-9.2
Howard	303.0	308.1	290.9	284.6	274.8	262.3	250.2	239.1	229.4
Kent	-0.5	-1.0	-1.4	-2.2	-3.5	-4.5	-6.0	-7.2	-8.5
Montgomery	394.0	355.0	234.0	166.5	92.9	11.1	-78.6	-169.8	-261.1
Prince George's	-7.5	-33.5	-88.6	-123.7	-162.9	-203.2	-250.9	-303.7	-360.9
Queen Anne's	12.6	11.7	11.0	9.4	8.2	7.0	4.8	3.2	1.5
St. Mary's	27.8	27.3	24.9	23.0	20.7	18.0	15.8	13.5	11.4
Somerset	0.9	1.1	1.1	1.0	1.1	1.3	1.1	1.2	0.9
Talbot	-6.7	-8.1	-8.9	-10.7	-12.2	-14.1	-16.4	-18.6	-21.0
Washington	12.2	10.7	9.0	7.2	5.5	2.6	0.0	-2.9	-5.9
Wicomico	1.1	1.2	0.7	0.0	-0.7	-2.8	-4.8	-7.0	-9.4
Worcester	20.6	19.7	19.1	15.7	12.7	7.8	3.8	-0.7	-5.2
<b>Total</b>	<b>\$1,361.5</b>	<b>\$1,243.5</b>	<b>\$917.8</b>	<b>\$698.7</b>	<b>\$444.9</b>	<b>\$157.8</b>	<b>-\$155.8</b>	<b>-\$481.8</b>	<b>-\$821.9</b>

\*Using local appropriations under current law as projected by the Department of Legislative Services.

Note: Negative figures mean the required local share of the formulas is greater than the projected local appropriation in a year.

Source: Department of Legislative Services



## Appendix 9. Fiscal 2030 Proposed Total Direct State Aid and Difference Over Current Law

(\$ in Millions)

	Foundation	Comparable Wage Index	Comp. Ed.	Conc. of Poverty*	Spec. Ed.	English Learners	Full- day PreK	Career Ladder	College and Career Readiness	Guaranteed Tax Base	Other	Total Direct	Difference Over Current Law	
													\$	%
Allegany	\$65.2	\$0.0	\$29.0	\$9.7	\$11.5	\$0.2	\$14.6	\$4.7	\$0.4	\$6.3	\$9.1	\$150.6	42.2	39.1%
Anne Arundel	385.3	18.0	91.7	14.5	37.8	26.7	34.1	27.8	2.2	0.0	\$45.0	\$683.0	173.5	34.1%
Baltimore City	486.7	13.7	301.7	277.5	69.4	40.3	103.8	34.8	1.5	2.6	\$42.1	\$1,374.0	508.2	57.3%
Baltimore	686.9	19.1	197.1	72.1	77.1	45.5	62.9	49.4	2.9	0.0	65.7	1,278.7	349.3	37.6%
Calvert	96.4	3.3	12.4	0.0	8.0	0.9	7.5	7.0	0.5	0.0	\$9.2	\$145.2	37.6	34.9%
Caroline	45.1	0.0	19.1	3.4	4.9	4.5	6.0	3.2	0.3	1.0	\$4.7	\$92.2	20.7	26.6%
Carroll	138.7	0.0	16.6	1.2	13.3	1.8	13.2	10.0	0.9	0.0	\$16.3	\$212.0	54.8	34.8%
Cecil	97.0	0.0	27.2	6.1	13.0	2.1	12.6	7.0	0.6	0.0	8.4	174.0	49.7	40.0%
Charles	194.5	4.6	46.6	5.2	20.1	5.6	14.9	14.0	1.0	4.7	\$17.5	\$328.5	75.9	31.7%
Dorchester	40.2	0.0	21.3	11.3	4.0	1.8	5.9	2.9	0.2	3.5	\$4.8	\$96.0	25.5	37.1%
Frederick	273.1	5.5	44.8	9.6	25.7	16.9	22.3	19.7	1.7	0.0	\$22.7	\$442.0	114.2	34.8%
Garrett	18.6	0.0	5.5	1.4	1.5	0.1	3.2	1.3	0.1	0.0	5.0	36.7	7.8	27.2%
Harford	217.4	6.8	41.7	15.1	23.6	4.2	20.0	15.7	1.3	0.0	\$23.5	\$369.3	110.3	42.6%
Howard	347.4	19.5	48.5	3.5	28.0	17.9	20.4	25.1	2.1	0.0	\$30.7	\$543.1	142.3	35.5%
Kent	4.0	0.0	3.3	0.8	1.0	0.3	1.4	0.3	0.0	0.0	\$3.0	\$14.1	2.3	19.7%
Montgomery	589.9	41.8	176.2	32.5	79.1	122.5	50.6	42.5	3.7	0.0	83.1	1,221.8	237.6	24.1%
Prince George's	902.6	49.8	366.3	213.6	87.6	179.7	95.1	65.1	3.4	0.0	\$80.2	\$2,043.4	565.2	38.2%
Queen Anne's	38.9	0.0	6.4	0.4	3.6	1.4	3.4	2.8	0.2	0.0	\$5.7	\$62.9	14.3	29.3%
St. Mary's	124.7	4.2	26.8	3.6	11.6	1.9	10.5	9.0	0.8	1.2	\$10.7	\$205.0	51.6	34.6%
Somerset	23.8	0.0	14.9	10.5	4.0	1.2	5.8	1.7	0.1	2.7	3.0	67.8	21.8	47.6%
Talbot	7.8	0.0	6.9	0.5	2.0	1.9	1.9	0.6	0.1	0.0	\$2.8	\$24.5	5.3	27.5%
Washington	168.6	0.0	58.8	17.2	17.0	4.8	23.6	12.2	1.0	9.8	\$12.2	\$325.2	86.8	37.0%
Wicomico	119.4	0.0	57.1	19.9	14.3	11.5	19.6	8.6	0.7	6.2	\$8.5	\$265.8	75.3	37.5%
Worcester	10.9	0.0	8.9	1.5	3.1	0.6	2.4	0.8	0.1	0.0	4.5	32.8	7.8	30.9%
Unallocated	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$56.8	\$56.8	-13.0	-11.5%
	<b>\$5,083.2</b>	<b>\$186.1</b>	<b>\$1,628.8</b>	<b>\$731.0</b>	<b>\$561.3</b>	<b>\$494.3</b>	<b>\$555.6</b>	<b>\$366.0</b>	<b>\$25.9</b>	<b>\$37.8</b>	<b>\$575.2</b>	<b>\$10,245.3</b>	<b>\$2,766.6</b>	<b>37.0%</b>

\*Reflects the State paying the local share for counties that do not benefit from the compensatory education funding floor.

Notes: Net Taxable Income, Tax Increment Financing, and Transitional Supplemental Instruction programs are phased out by fiscal 2030. Other includes transportation, nonpublic placements, and other grants. Direct State aid does not include teachers' retirement.

Source: Department of Legislative Services



## Appendix 10. Fiscal 2021 Proposed State Funding

	<b>Blueprint Funding State Aid</b>	<b>CCR State Aid</b>	<b>Post-CCR/CTE Pathways* State Aid</b>	<b>Local Share</b>	<b>Teacher Supplies and Technology* State Aid</b>	<b>Local Share</b>	<b>Total Increase Over Blueprint State Aid</b>
Allegany	\$4,560,296	\$424,188	\$144,660	\$20,976	\$34,742	\$13,744	\$638,310
Anne Arundel	14,847,647	2,322,406	879,805	1,298,667	188,168	303,144	4,992,190
Baltimore City	81,297,257	3,566,698	386,959	148,618	291,799	151,207	4,545,281
Baltimore	22,635,784	4,204,808	861,871	810,963	342,726	321,029	6,541,397
Calvert	2,804,677	633,648	223,386	175,837	51,709	41,516	1,126,096
Caroline	3,683,006	299,670	141,746	6,017	24,554	8,616	480,603
Carroll	5,086,436	942,766	522,904	497,131	76,842	72,149	2,111,792
Cecil	4,925,848	651,465	254,590	152,502	53,233	34,853	1,146,643
Charles	7,092,627	1,200,588	329,859	180,789	98,126	61,627	1,870,989
Dorchester	3,786,055	225,157	55,632	17,659	18,426	9,005	325,879
Frederick	8,969,701	1,728,868	908,943	690,884	141,112	110,242	3,580,049
Garrett	1,633,449	113,672	45,852	61,018	9,228	12,786	242,556
Harford	8,666,455	1,456,878	647,210	556,706	118,824	102,668	2,882,286
Howard	8,751,996	1,910,195	909,147	1,092,908	155,311	188,861	4,256,422
Kent	542,731	24,848	7,633	17,740	1,962	8,966	61,149
Montgomery	25,009,353	3,541,351	1,649,299	2,994,481	285,067	670,294	9,140,492
Prince George's	53,928,531	5,632,120	855,691	527,280	460,135	310,271	7,785,497
Queen Anne's	1,374,361	232,005	120,049	161,363	18,832	26,452	558,701
St. Mary's	4,183,468	731,516	326,171	222,273	59,739	43,082	1,382,781
Somerset	3,551,586	145,719	28,240	2,925	11,936	4,528	193,348
Talbot	667,267	48,290	30,757	85,596	3,969	24,943	193,555
Washington	10,281,666	1,063,444	414,196	144,612	87,012	44,058	1,753,322
Wicomico	8,300,281	768,669	269,753	23,538	62,969	23,400	1,148,329
Worcester	688,947	70,143	53,965	177,834	5,765	41,138	348,845
<b>Total</b>	<b>\$287,269,426</b>	<b>\$31,939,112</b>	<b>\$10,068,318</b>	<b>\$10,068,317</b>	<b>\$2,602,186</b>	<b>\$2,628,579</b>	<b>\$57,306,512</b>

CCR: college and career readiness

CTE: career and technical education

\*State pays State and local share of formulas in fiscal 2021

Source: Department of Legislative Services





## Appendix 11. National Board for Professional Teaching Standards Participation and Passing Rate Assumptions

<b><u>Participation Rate Assumptions</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2026</u></b>	<b><u>2027</u></b>	<b><u>2028</u></b>	<b><u>2029</u></b>	<b><u>2030</u></b>
Current Number*	3,298.8	14,530.5	17,385.5	22,819.5	25,855.0	28,836.6	32,819.5	38,998.6	42,184.8	45,170.6	52,716.1
Current %	5.5%	24.1%	28.6%	37.3%	42.0%	46.7%	53.0%	63.0%	68.2%	73.0%	85.0%
Proposed Number	2,367	4,196	6,405	9,188	12,545	15,912	19,853	24,355	29,227	34,477	40,115
Proposed %	3.9%	7.0%	10.5%	15.0%	20.4%	25.8%	32.1%	39.3%	47.3%	55.7%	64.7%
<b><u>NBPTS Passing Rate Assumptions</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2026</u></b>	<b><u>2027</u></b>	<b><u>2028</u></b>	<b><u>2029</u></b>	<b><u>2030</u></b>
Current*	45.0%	40.0%	45.0%	50.0%	55.0%	60.0%	65.0%	69.0%	73.0%	75.0%	75.0%
Proposed	48.0%	48.0%	50.0%	50.0%	50.0%	52.0%	54.0%	56.0%	58.0%	59.0%	60.0%



## Appendix 12. Comparing GCEI to CWI Adjustment Factors

County	<u>Adjustment Factors</u>		
	GCEI	CWI	Difference
Allegany	0	0	0
Anne Arundel	0.018	0.109	0.091
Baltimore City	0.042	0.066	0.024
Baltimore	0.008	0.065	0.057
Calvert	0.021	0.079	0.058
Caroline	0	0	0
Carroll	0.014	0	-0.014
Cecil	0	0	0
Charles	0.02	0.055	0.035
Dorchester	0	0	0
Frederick	0.024	0.047	0.023
Garrett	0	0	0
Harford	0	0.073	0.073
Howard	0.015	0.131	0.116
Kent	0.01	0	-0.01
Montgomery	0.034	0.166	0.132
Prince George's	0.048	0.129	0.081
Queen Anne's	0.011	0	-0.011
St. Mary's	0.002	0.079	0.077
Somerset	0	0	0
Talbot	0	0	0
Washington	0	0	0
Wicomico	0	0	0
Worcester	0	0	0
<b>Statewide</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

CWI: Comparable Wage Index

GCEI: Geographic Cost of Education Index

Note: Both GCEI (current law) and CWI are truncated.



## Appendix 13. Estimated Increase in Local Share of Teachers' Pension Costs at Full Implementation in Fiscal 2030

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(\$ in Thousands)

Allegany	\$245
Anne Arundel	2,273
Baltimore City	2,215
Baltimore	3,273
Calvert	491
Caroline	168
Carroll	716
Cecil	474
Charles	768
Dorchester	139
Frederick	1,178
Garrett	103
Harford	1,017
Howard	2,120
Kent	61
Montgomery	5,790
Prince George's	4,102
Queen Anne's	216
St. Mary's	482
Somerset	102
Talbot	122
Washington	604
Wicomico	442
Worcester	248
<b>Total</b>	<b>\$27,350</b>

Note: This appendix is part of a presentation titled *State and Local Pension Costs* from the Funding Formula Workgroup's meeting on October 8, 2019. A complete copy of the presentation can be found on the [Commission's web page](#) with the meeting materials from October 8, 2019.

Source: Bolton; Department of Legislative Services



## Appendix 14. Fiscal 2030 Proposed Required Local Share by Program

(\$ in Millions)

	Foundation	Comp. Wage Index	Comp. Ed.	Conc. of Poverty*	Spec. Ed.	English Learners	Full-day Pre-K	Career Ladder	College and Career Readiness	Total
Allegany	\$24.2	\$0.0	\$6.6	\$0.0	\$1.9	\$0.0	\$3.1	\$1.7	\$0.1	\$37.7
Anne Arundel	602.2	28.1	146.2	10.9	58.5	40.0	58.9	43.4	3.4	991.5
Baltimore City	288.0	8.2	209.4	0.0	42.4	21.4	70.1	20.8	0.9	661.2
Baltimore	606.5	16.9	221.8	0.0	78.7	41.9	69.1	43.7	2.8	1,081.4
Calvert	77.1	2.6	12.6	0.0	7.3	0.7	7.4	5.6	0.4	113.7
Caroline	16.2	0.0	4.0	0.0	0.7	0.4	1.2	1.2	0.0	23.7
Carroll	137.0	0.0	20.7	0.0	15.2	1.9	16.1	9.9	1.0	201.7
Cecil	67.0	0.0	23.1	0.0	9.9	1.4	10.4	4.8	0.4	116.9
Charles	122.0	2.9	34.7	0.0	13.2	3.2	10.8	8.8	0.6	196.2
Dorchester	16.3	0.0	6.5	0.0	1.0	0.3	1.7	1.2	0.0	26.9
Frederick	221.7	4.5	46.2	0.0	23.9	14.1	22.4	16.0	1.5	350.2
Garrett	23.2	0.0	8.3	0.2	2.1	0.1	4.8	1.7	0.1	40.5
Harford	193.0	6.0	47.1	0.0	24.2	3.9	22.1	13.9	1.2	311.4
Howard	364.8	20.4	64.0	0.0	33.7	19.6	26.3	26.3	2.4	557.7
Kent	16.2	0.0	6.0	0.5	1.8	0.6	3.5	1.2	0.1	29.6
Montgomery	1,257.8	89.3	297.6	34.3	130.3	196.3	103.5	90.7	6.8	2,206.6
Prince George's	636.6	35.1	319.8	0.0	68.4	124.5	80.9	45.9	2.4	1,313.6
Queen Anne's	50.1	0.0	9.7	0.2	5.1	1.8	5.2	3.6	0.3	76.0
St. Mary's	80.2	2.7	20.7	0.0	7.9	1.2	7.9	5.8	0.5	126.9
Somerset	8.1	0.0	2.2	0.0	0.4	0.0	0.8	0.6	0.0	12.0
Talbot	45.2	0.0	12.8	0.7	3.7	3.3	5.5	3.3	0.2	74.8
Washington	82.2	0.0	28.5	0.0	7.0	1.7	11.0	5.9	0.4	136.7
Wicomico	44.0	0.0	12.7	0.0	2.3	1.2	4.1	3.2	0.1	67.5
Worcester	77.9	0.0	17.7	1.1	6.0	1.2	9.1	5.6	0.4	118.9
Unallocated	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	<b>\$5,057.5</b>	<b>\$216.7</b>	<b>\$1,578.7</b>	<b>\$47.8</b>	<b>\$545.5</b>	<b>\$480.7</b>	<b>\$555.6</b>	<b>\$364.8</b>	<b>\$25.9</b>	<b>\$8,873.4</b>

\*Local share of concentration of poverty grants only for counties that benefit from the 40% compensatory education formula funding floor.

Note: This shows the required local share of each wealth-equalized formula in fiscal 2030; the projected local appropriation may be higher or lower than this amount. Does not include Transitional Supplemental Instruction program, which phases out before fiscal 2030.

Source: Department of Legislative Services





## **Appendix 15. Department of Legislative Services Projections of Local Appropriations under Current Law**

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- Local appropriation projections are subject to considerable uncertainty.
- Local appropriations are currently projected in the upcoming year for each county by taking the highest of (1) the local share of the foundation; (2) the “base MOE” (Maintenance of Effort) amount; or (3) the per pupil appropriation trend. That amount is then multiplied by projected enrollment for the county for each year. Generally, the per pupil appropriation trend is the highest of the three.
- The projected MOE amount does not account for the projected per pupil appropriation trend amounts. Thus, the current procedure is not attempting to project a likely MOE amount in the out-years; instead it assumes a base MOE.
- The base MOE does account for the escalator provision. A county that has an education effort below the statewide five-year moving average must increase its per pupil MOE payment amounts to the local school board in years when its local wealth base is increasing. The required increase is the lesser of (1) the increase in a county’s wealth per pupil; (2) the statewide average increase in local wealth per pupil; or (3) 2.5%.
- The per pupil appropriation trend projects local appropriations using actual local funding (from fiscal 2008 through 2019). The fiscal 2020 actual appropriation is then increased by a moving percentage using this procedure to determine the fiscal 2021 per pupil amount.
- Because the procedure for base MOE does not assume that counties fund above the base MOE, it likely underestimates future MOE amounts. Therefore, the Department of Legislative Services has developed an alternative method to project a “likely MOE” amount that incorporates the per pupil appropriation trend in each county.
- Using this method, the annual projection is determined by taking the higher of the base MOE amount or the per pupil appropriation trend.
- Under the workgroup’s proposal, in any given year, the required local contribution will be the higher of the local share of wealth equalized formulas or the MOE per pupil amount.



## Appendix 16. Proposed State Funding Above Current Law in Fiscal 2020-2030

(\$ in Thousands)

Element	Policy Recommendation	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
1b	Capacity Building											
1b	Existing Programs	\$0	\$755	\$1,586	\$2,499	\$3,504	\$4,609	\$5,825	\$7,163	\$8,634	\$10,253	\$12,033
1b	Tuition Assistance	0	1,470	2,740	3,732	4,748	5,041	5,363	5,717	6,107	6,536	7,008
1d	Expand Judy Centers	0	2,970	5,940	8,910	11,880	14,850	20,790	26,730	32,670	38,610	44,550
1d	Expand Family Support Centers	0	990	1,980	2,970	3,960	4,950	5,940	6,930	7,920	8,910	9,900
1d	Fully Fund Infants and Toddlers	0	1,228	2,456	3,684	4,912	6,139	7,367	8,595	9,823	11,051	12,279
2a	Teacher Preparation Collaboratives	2,500*	2,500*	2,500	2,500	2,500	0	0	0	0	0	0
2c	Teaching Scholarships/Loans+	0	0	2,000	6,000	10,000	16,000	16,000	16,000	16,000	16,000	16,000
2h	<i>Training – Leaders</i>	250*	250*	5,172	5,172	2,100	200	200	200	200	200	200
2i	<i>Training – Teachers</i>	0	1,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
3a	<i>State Model Curriculum</i>	0	3,747	3,747	4,587	4,587	840	840	840	840	840	840
3b	<i>Equating Study</i>	0	150	300	0	0	0	0	100	0	0	0
3h&l	<i>CTE Committee and Skills Board</i>	0	483	470	470	470	470	470	470	470	470	470
3m	CTE Innovation Grants	-	-	-	-	-	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000
4b	School-based Health Centers	0	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
4b	Trained Staff in Each LEA	0	700	700	700	700	700	700	700	700	700	700
5a	Oversight Board	0	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
5b/3a	Expert Review Teams	0	0	0	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151
5e	<i>Financial Reporting</i>	0	2,500	2,500	250	250	250	250	250	250	250	250
<b>Total</b>		<b>\$2,750</b>	<b>\$24,242</b>	<b>\$42,340</b>	<b>\$52,874</b>	<b>\$61,012</b>	<b>\$63,451</b>	<b>\$73,147</b>	<b>\$83,096</b>	<b>\$93,015</b>	<b>\$103,220</b>	<b>\$113,630</b>

CTE: career and technical education

LEA: Local education agency

\* Funded in Chapter 771 of 2019 (Blueprint for Maryland's Future).

+ \$2 million annually is currently mandated for these scholarships.

*Italics* Items in italics are modified phase-in schedule from the Commission's original recommendation.

Source: Department of Legislative Services





Photograph of Members of the Commission and staff courtesy of the Office of the Governor taken November 21, 2019. Members not shown are Gail H. Bates, Robert L. Caret, Senator Bill Ferguson, Delegate Anne R. Kaiser, Senator Nancy J. King, Senator Paul Pinsky, David M. Steiner, and Delegate Alonzo T. Washington.