

State Aid to Prince George's County

Fiscal 2025

State Aid Overview

- Prince George's County will receive \$2.0 billion in State aid in fiscal 2025. Of this amount, \$1.8 billion is direct aid, and \$144.3 million is for retirement payments.
- Prince George's County will receive a 3.0% increase in State funding in fiscal 2025, with total State aid increasing by \$56.9 million over the prior year. Direct aid increases by \$30.0 million, while retirement payments increase by \$26.9 million.
- The vast majority of this funding is targeted to the public school system, which receives around 88% of the total State aid provided to Prince George's County. The community college system receives around 2.7%, and only around 8.4% is targeted to the county and municipal governments.

County-Municipal Aid

- Prince George's County will receive \$165.6 million in county-municipal aid, which represents a \$26.2 million, or 13.6%, decrease from the prior year. This decrease is due to a reduction in funding under the disparity grant program.
- State funding includes \$69.3 million in disparity grants, \$34.9 million in gaming impact aid, \$22.4 million for highway user revenues, \$26.8 million for police aid and targeted crime grants, and \$1.7 million for fire and rescue aid.

Public Safety Grants

- Prince George's County will receive \$15.1 million in funding under the existing police aid formula and \$7.0 million in enhanced funding based on the number of violent crime offenses occurring within the county.
- The majority of State funding under the police aid formula is based on population density. More urbanized jurisdictions with a higher population density receive a higher per capita grant amount. A small component of the formula (representing 4.2% of overall funding) targets funding to municipalities based on the number of sworn officers. Funding in fiscal 2025 is based on \$1,950 per sworn officer.

- Since fiscal 2004, local governments must reimburse the State for 30% of the State Police crime lab costs, which will total \$5.9 million in fiscal 2025. The reimbursements are based on local crime rates (one-third) and local wealth (two-thirds). The Prince George's County share of these costs will total around \$796,000 in fiscal 2025. The local reimbursement is deducted from each jurisdiction's police aid amount.
- Prince George's County will receive \$1.7 million in fire and rescue aid in fiscal 2025. Each county's funding is based on their share of property tax accounts relative to the statewide total. Each county is guaranteed a minimum 2% share of total funds (\$300,000).
- Prince George's County will receive \$4.7 million in funding through three targeted crime initiatives in fiscal 2025. This includes \$1.2 million for drug enforcement, \$2.3 million to combat violent crime, and \$1.1 million for the State's Attorney's Office. Funding for these initiatives has remained fairly stable in recent years.

Transportation Aid

- Prince George's County will receive \$22.4 million in local highway user revenues in fiscal 2025, which represents a \$3.3 million, or 17.3% increase over the prior year. The county and municipal share is based on road mileage and vehicle registration. In fiscal 2025, the Prince George's County government will receive \$10.4 million, and the municipalities will receive \$12.0 million in local highway user revenues.
- State funding for local highway user revenues is based on the amount of revenue allocated to the Gasoline and Motor Vehicle Revenue Account (GMVRA). In fiscal 2025, State funding to local governments is based on 18% of total GMVRA revenues. Of this amount:
 - 61.1% goes to Baltimore City (11.0% of GMVRA);
 - 23.9% goes to county governments (4.3% of GMVRA); and
 - 15.0% goes to municipalities (2.7% of GMVRA).
- Under current law, these distributions increase for fiscal 2026 and 2027. Beginning in fiscal 2028, the allocations revert to the fiscal 2024 distribution, as shown in the following table.
- However, the Budget Reconciliation and Financing Act (BRFA) includes a provision that will revert the distribution back to the fiscal 2024 levels beginning in fiscal 2026. This legislative action will result in a \$5.5 million reduction in State funding for jurisdictions in Prince George's County in both fiscal 2026 and 2027. Statewide, the funding reduction totals approximately \$100 million in both fiscal years.

Local Share of Highway User Revenues

	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
MDOT	86.5%	84.4%	82.0%	80.0%	80.0%
Baltimore City	8.3%	9.5%	11.0%	12.2%	12.2%
Counties	3.2%	3.7%	4.3%	4.8%	4.8%
Municipalities	2.0%	2.4%	2.7%	3.0%	3.0%

MDOT: Maryland Department of Transportation

Source: Department of Legislative Services

Disparity Grants

- The disparity grant program provides State funding to nine jurisdictions statewide where per capita revenue collections from the local income tax is below 75% of the statewide average. Under the program, each eligible jurisdiction receives a grant that enables the per capita local income tax revenues to reach 75% of the statewide average.
- Due to significant growth in the mandated funding level for the program, the General Assembly approved legislation in 2009 to cap annual funding to the amount that each jurisdiction received in fiscal 2010. While this provision restrained the growth in mandated funding, it failed to recognize changes in local wealth among jurisdictions due to the varying economic and social conditions across the state.
- To address this concern, the General Assembly approved legislation in 2013 that established a minimum funding level based on the jurisdiction's local income tax rate.
- The minimum funding level was set at 20% for jurisdictions with at least a 2.8% local income tax rate, 40% for jurisdictions with at least a 3% rate, and 60% for jurisdictions with the maximum 3.2% rate.
- Subsequent legislation increased the minimum funding amount for jurisdictions with a 3.2% local income tax rate to 75%.
- Prince George's County will receive \$69.3 million in funding under the disparity grant program in fiscal 2025. This represents a \$29.2 million, or 29.7% decrease from the prior year. The basic reason for the drop in disparity grant funding relates to the narrowing of income disparities between the high and low-wealth counties.

- The annual decrease in disparity grant funding in fiscal 2025 follows a record increase in funding in fiscal 2024 fueled by above average income growth for tax year 2021 in the more affluent counties. Consequently, this expanded income inequities across the State resulting in a substantial increase in State funding under the disparity grant program in fiscal 2024. However, in the following year (tax year 2022), the disparity in local income wealth began to close as the per capita income tax yield actually decreased in many of the more affluent counties. As a result, the per capita grant amount under the disparity grant program decreased in fiscal 2025 for most counties.

Local Health Grants

- Prince George’s County will receive \$9.3 million in local health grants in fiscal 2025. Statewide, local health departments will receive \$123.2 million, which represents a \$7.4 million, or 6.4%, increase from the prior year.

Gaming Impact Aid

- Prince George’s County will receive \$34.9 million in gaming impact aid in fiscal 2025.

Local Library and Community College Aid

- Prince George’s County will receive \$8.7 million in local library aid and \$46.8 million in State support for the local community college. State funding for Prince George’s Community College will decrease by \$1.1 million in fiscal 2025.
- The BRFA includes a provision that rebases the Cade funding formula and will reduce statewide funding for community colleges by \$22.6 million over current law funding amounts. In Prince George’s County, the projected reduction totals around \$2.0 million.

Education Aid

- The vast majority of State funding is targeted to the public school system. Direct State aid to the Prince George’s County Public School System accounts for approximately 81% of total State aid provided to the county; and funding for teacher retirement accounts for around 7% of total State aid.
- In fiscal 2025, the Prince George’s County Public School System will receive \$1.6 billion in direct aid, which represents a \$57.2 million, or 3.7%, increase from the prior year. In addition, the State will provide \$135.3 million in funding for teacher retirement payments.

- On a per pupil basis, Prince George’s County will receive \$13,863 in State funding: \$12,784 per pupil in direct aid; and \$1,078 per pupil for teacher retirement payments.
- Prince George’s County will receive a 3.1% increase in per pupil direct aid in fiscal 2025. This is below the statewide average increase of 3.2%.

Blueprint and Targeted Funding

- Prince George’s County will receive \$231.4 million in State funding under the Blueprint Initiatives in fiscal 2025. This includes \$6.9 million for supplemental instruction, \$98.6 million in concentration of poverty grants, \$25.6 million for full-day prekindergarten, and \$0.9 million for college and career programs.
- A considerable amount of State education funding is based on targeted student populations, with Prince George’s County receiving \$592.9 million in targeted grants under the compensatory aid, English Language Learners (ELL), and special education programs. Of these three programs, Prince George’s County receives \$346.8 million in compensatory aid funding, \$73.8 million in special education funding and \$172.2 million in ELL grant.

Student Enrollment

- The full-time equivalent student (FTES) enrollment count increases by 0.6% in Prince George’s County, which exceeds the statewide average increase (0.1%). Currently, the county school system has around 125,400 public school students, which accounts for 14.7% of students statewide.
- The number of students approved for the free and reduced-price meals (FRPM) in Prince George’s County remains constant, compared to the statewide average increase of 1.3%. Prince George’s County currently has the fourth highest percentage of students approved for FRPM at 67.9% of total student enrollment. Statewide, over half of the students are approved for FRPM and this ranges from around 27% in Carroll County to almost 90% in Dorchester County and Baltimore City.
- Prince George’s County has highest percentage of students identified as ELL at 26.4% of total student enrollment. In fiscal 2025, the number of ELL students increases by 3.8%, resulting in 1,210 additional students requiring language services. Prince George’s County has the fourth lowest enrollment increase for ELL students.
- Prince George’s County has a below average share of students receiving special education services at 11.9% of total enrollment, compared to the statewide average of 13.9%.

- Prince George's County has the second highest targeted student index in the State at 106.2%. This index adds together the percent share of FTES who are approved for FRPM, ELL, and special education services. The targeted student index ranges from 42.3% in Carroll County to 117.4% in Baltimore City, with the statewide average at 78.3%.
- Statewide, public-school enrollment represents 13.9% of the total State population. In Prince George's County, public school enrollment represents 13.2% of the overall county population. In comparison, Kent County has the lowest share, with public school enrollment accounting for 8.4% of the total county population while Howard County has the highest share at 16.7%.

STATE AID TO LOCAL GOVERNMENTS -- PRINCE GEORGE'S COUNTY

	<u>FY 2024</u>	<u>FY 2025</u>	<u>\$ Difference</u>	<u>% Difference</u>
Direct Aid				
Foundation Aid	\$661,123,689	\$651,356,169	-\$9,767,520	-1.5
Comparable Wage Index	41,789,628	41,172,223	-617,405	-1.5
Compensatory Aid	352,033,634	346,827,086	-5,206,548	-1.5
Student Transportation - Regular	48,474,663	49,259,576	784,913	1.6
Student Transportation - Special Education	4,394,000	4,504,000	110,000	2.5
Special Education - Formula	66,376,395	73,840,587	7,464,192	11.2
Special Education - Nonpublic Placements	25,578,035	25,578,035	0	0.0
Special Education - Infants and Toddlers	1,634,404	1,752,436	118,032	7.2
English Language Learners Grant	163,247,409	172,227,907	8,980,498	5.5
Teacher Development Grants	4,000	4,000	0	0.0
Food Service	2,345,527	3,301,658	956,131	40.8
Innovative Programs	311,267	251,267	-60,000	-19.3
Out-of-County Placements	101,809	101,809	0	0.0
Judy Hoyer Centers	990,000	990,000	0	0.0
Prekindergarten Expansion Program	900,000	900,000	0	0.0
Blueprint - Concentration of Poverty	58,793,002	98,625,834	39,832,832	67.8
Blueprint - Transitional Supplemental Instructor	10,420,536	6,867,147	-3,553,389	-34.1
Blueprint - Transition Grants	20,505,652	17,429,804	-3,075,848	-15.0
Blueprint - Full Day PreKindergarten	22,853,410	25,597,750	2,744,340	12.0
Blueprint - College and Career Readiness	1,568,481	873,930	-694,551	-44.3
Blueprint - Education Effort Index	60,952,162	80,104,385	19,152,223	31.4
Blueprint - Career Ladder	1,737,886	1,879,239	141,353	8.1
Blueprint - Coordinators	96,640	0	-96,640	-100.0
Education	\$1,546,232,229	\$1,603,444,842	\$57,212,613	3.7
Library Formula	8,752,561	8,691,623	-60,938	-0.7
Libraries	\$8,752,561	\$8,691,623	-\$60,938	-0.7
Community College Formula	45,246,966	43,894,903	-1,352,063	-3.0
Grants for ESOL Programs	607,224	774,504	167,280	27.5
Optional Retirement	1,960,500	2,081,032	120,532	6.1
Community Colleges	\$47,814,690	\$46,750,439	-\$1,064,251	-2.2
Local Health Formula	9,277,735	9,319,385	41,650	0.4
Health	\$9,277,735	\$9,319,385	\$41,650	0.4
Highway User Revenue	19,094,240	22,388,571	3,294,331	17.3
Elderly & Disabled Transportation Grants	332,819	343,270	10,451	3.1
Paratransit Grants	450,000	450,000	0	0.0
Transportation	\$19,877,059	\$23,181,841	\$3,304,782	16.6
Police Aid	15,376,028	15,118,076	-257,952	-1.7
Fire and Rescue Aid	1,721,276	1,721,276	0	0.0
Other Public Safety Aid	4,652,699	4,652,699	0	0.0

STATE AID TO LOCAL GOVERNMENTS -- PRINCE GEORGE'S COUNTY

	<u>FY 2024</u>	<u>FY 2025</u>	<u>\$ Difference</u>	<u>% Difference</u>
Direct Aid				
Police Aid Enhancement	6,504,950	7,035,449	530,499	8.2
Public Safety	\$28,254,953	\$28,527,500	\$272,547	1.0
Gaming Impact Grants	34,493,404	34,949,278	455,874	1.3
Shared Taxes	\$34,493,404	\$34,949,278	\$455,874	1.3
Disparity Grant	98,482,132	69,278,410	-29,203,722	-29.7
Teachers Retirement Supplemental Grants	9,628,702	9,628,702	0	0.0
Other Direct Aid	1,000,000	0	-1,000,000	-100.0
Other	\$109,110,834	\$78,907,112	-\$30,203,722	-27.7
Total Direct Aid	\$1,803,813,465	\$1,833,772,020	\$29,958,555	1.7
Payments in Behalf				
Retirement - Teachers	\$109,461,736	\$135,254,162	\$25,792,426	23.6
Retirement - Libraries	2,290,640	2,541,967	251,327	11.0
Retirement - Community College	5,555,044	6,460,631	905,587	16.3
Total Payments in Behalf	\$117,307,420	\$144,256,760	\$26,949,340	23.0
Total State Aid	\$1,921,120,885	\$1,978,028,780	\$56,907,895	3.0