

State Aid to Baltimore City

Fiscal 2023

State Aid Overview

- Baltimore City will receive \$1.4 billion in State aid in fiscal 2023. Of this amount, \$1.3 billion is direct aid, and \$61.5 million is for retirement payments.
- Baltimore City will receive a 4.0% increase in State funding in fiscal 2023, with total State aid increasing by \$54.2 million over the prior year. Direct aid increases by \$57.7 million, while retirement payments decrease by \$3.5 million.
- On a per capita basis, Baltimore City ranks second with State aid totaling \$2,397 per resident. This compares to the statewide average of \$1,494 per resident.

Proposed Enhancements

- The proposed State budget includes \$45.9 million in additional funding for the police aid formula. The allocation is based on county population (\$6.46 per capita) and the number of municipal sworn officers (\$975 per officer). Baltimore City receives \$8 million under the formula enhancement.
- Regarding public school funding, the Administration provided an additional \$57.3 million in hold harmless grants under the compensatory aid program to offset declines in the free and reduced-price meal (FRPM) count. Since Baltimore City's funding under this program did not decrease from the prior year, the school system was not eligible for a hold harmless grant.
- The Administration also provided an additional \$68.1 million for full-day prekindergarten programs that exceeded the requirements under the Blueprint Plan. The Administration provided per student funding regardless of family income. Under the Blueprint Plan, full-day prekindergarten funding is targeted for the lowest income families at 300% of the federal poverty level. Baltimore City will receive \$8.9 million of this additional funding.
- However, the additional discretionary enhancements to education aid are offset by the Administration's underfunding of the Education Effort Index that provides additional funding to Baltimore City (\$99.0 million) and Prince George's County (\$26.5 million).

City Government Aid

- Baltimore City government will receive nearly \$297 million in State aid, which represents a \$3.4 million, or 1.2%, increase from the prior year.

- State funding includes \$170.0 million for highway user revenues, \$15.3 million in targeted crime grants, \$64.9 million in disparity grants, \$25.4 million in gaming impact aid, and \$1.3 million for fire and rescue aid.

Public Safety Grants

- Baltimore City will receive \$8.0 million under the proposed police aid enhancement.
- Currently, Baltimore City does not receive funding under the police aid formula. Baltimore City was excluded from the program in fiscal 1992 due to the State's assumption of the Baltimore City Detention Center (now the Baltimore Pretrial Complex) and the establishment of the Baltimore Central Booking and Intake Facility. In fiscal 1997, the police aid formula was adjusted to provide Baltimore City with a relatively small supplemental grant (\$0.50 per resident). However, in recent years, this funding amount has been canceled out by the crime lab reimbursement requirement.
- The fiscal 2023 State budget includes \$168.5 million to operate the Baltimore Pretrial Complex and the Baltimore Central Booking and Intake Facility.
- Baltimore City will receive \$15.3 million in funding through four targeted crime initiatives in fiscal 2023. This includes \$9.2 million for direct police grant, \$3.6 million for safe streets, and \$1.8 million for the State's Attorney's Office. Funding for these initiatives has remained fairly stable in recent years.
- Baltimore City will receive \$1.3 million in fire and rescue aid in fiscal 2023. 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).

Local Health Grants

- Baltimore City will receive \$10.2 million in local health grants in fiscal 2023. Statewide, local health departments will receive \$74.9 million, which represents a \$1.0 million increase from the prior year.

Transportation Aid

- Legislation enacted in 2018 (Chapters 330 and 331) required the State to provide capital transportation grants to local governments based on the amount of revenue allocated to the Gasoline and Motor Vehicle Revenue Account. The local share will total 13.5% in fiscal 2020 to 2024. Baltimore City receives 8.3%, county governments receive 3.2%, and municipal governments receive 2.0%.
- In fiscal 2023, the Baltimore City government will receive \$170.0 million, which accounts for 61.5% of total State funding under the program.

- Baltimore City has generally received a larger share of local highway user revenues than other jurisdictions because the State does not conduct highway maintenance or construction within the city (except for portions of I-95).

Disparity Grants

- Baltimore City will receive \$64.9 million in funding under the disparity grant program in fiscal 2023, which represents a \$11.3 million decrease from the prior year.
- The decrease in funding under the program is due primarily to the growth in local income wealth within the city. The narrowing of income wealth disparities between Baltimore City and other jurisdictions results in a lower disparity grant. Over the past 12 years, Baltimore City has led the State in the average annual increase in per capita income tax yield, which is the main component of the disparity grant program.
- The disparity grant program provides State funding to 10 jurisdictions 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.

Gaming Impact Aid

- Baltimore City will receive \$25.4 million in gaming impact aid in fiscal 2023.

Local Library

- Baltimore City will receive \$9.5 million in local library aid in fiscal 2023. In addition, \$11.9 million in funding is provided to the Enoch Pratt Free Central Library through the State Library Network since the library is designated as the State Library Resource Center.

Education Aid

- Over 75% of State aid to Baltimore City will go to public schools. Baltimore City Public School System will receive over \$1 billion in direct aid in fiscal 2023, which represents a \$54.2 million, or 5.6%, increase from the prior year. In addition, the State will provide \$59.0 million in funding for teacher retirement payments.
- On a per pupil basis, Baltimore City will receive \$15,201 in State funding: \$14,374 per pupil in direct aid; and \$826 per pupil for teacher retirement payments. Baltimore City ranks second in the amount of per pupil direct aid.

- In terms of year-over-year funding enhancements, Baltimore City will receive an 8.1% increase in per pupil direct aid, which is the fifth highest increase in the State. For comparison purposes, per pupil direct aid increases by 5.4% on a statewide basis.

Blueprint and Targeted Funding

- Baltimore City will also receive \$136.8 million in additional State funding under the Blueprint Initiatives in fiscal 2023. This includes \$8.7 million for supplemental instruction, \$82.4 million in concentration of poverty grants, and \$25.9 million for full-day prekindergarten.
- A considerable amount of State education funding is based on targeted student populations, with Baltimore City receiving \$404.3 million in targeted grants under the compensatory aid, English Language Learners (ELL), and special education programs. Baltimore City receives the highest amount of funding on a per pupil basis (\$5,666).

Student Enrollment

- The full-time equivalent student (FTES) enrollment count decreases by 2.3% in Baltimore City compared to the statewide average decrease of 0.7%. This results in 1,709 fewer students for the Baltimore City Public School System. Currently, the city school system accounts for approximately 8.4% of students statewide.
- The number of students approved for free and reduced-price meals (FRPM) decreases by 1.4% in Baltimore City compared to the statewide average decrease of 6.9%. Baltimore City currently has the highest percentage of students approved for FRPM at 88.4% of total student enrollment.
- Baltimore City has the fourth highest percentage of students identified as ELL at 11.4% of total student enrollment. In fiscal 2023, the number of ELL students increases by 14.2%, resulting in 1,013 additional students requiring language services.
- Baltimore City has a relatively higher share of students receiving special education services. In fiscal 2023, the number of students receiving special education services accounts for 16.3% of total enrollment, compared to the statewide average of 12.8%.
- Baltimore City has the highest targeted student index in the State at 116.1%. This index adds together the percent share of FTES who are approved for FRPM, ELL, and special education services. The targeted student index has a statewide average of 62.5%.
- Statewide, public school enrollment represents 13.7% of the total State population. In Baltimore City, public school enrollment represents 12.2% of the overall city population (the nineteenth highest in the State). Public school enrollment as a share of total county population ranges from 8.9% in Kent County to 16.8% in Howard County.