

# State Aid to Western Maryland

## Fiscal 2023

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### State Aid Overview

- The three counties in Western Maryland will receive \$439.5 million in State aid in fiscal 2023. This represents a \$13.5 million increase over the prior year.
  - On a per capita basis, State aid ranges from \$785 in Talbot County to over \$2,500 in Caroline County, which receives the most State aid on a per capita basis when compared to the other 23 local jurisdictions.
  - Allegany and Washington counties are ranked in the top 10 in the level of State support received on a per capita basis, while Garrett County is ranked twelfth and close to the statewide average. Approximately 70% of State aid to local governments is allocated based on local wealth, whereby more affluent jurisdictions receive less State funding. Local wealth is measured by a jurisdiction's property tax base (county assessable base) and income tax base (net taxable income).
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### State Aid to Western Maryland

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<u>County</u>	<u>Population</u>	<u>Total State Aid</u>	<u>Per Capita State Aid</u>	<u>Annual Increase</u>
Allegany	68,106	\$135,442,102	\$1,989	\$6,541,222
Garrett	28,806	41,864,751	1,453	650,232
Washington	154,705	262,207,751	1,695	6,355,415
<b>Western Maryland</b>	<b>251,617</b>	<b>\$439,514,604</b>	<b>\$1,747</b>	<b>\$13,546,869</b>
Maryland	6,177,224	\$9,226,797,525	\$1,494	\$383,312,025

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### Proposed Enhancements

- The proposed State budget includes \$45.9 million in additional funding for the police aid formula, of which \$1.8 million is targeted to law enforcement agencies in Western Maryland. 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 count. Garrett County is the only local school system in Western Maryland scheduled to receive additional funding totaling \$90,580.
- 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. Local school systems in Western Maryland will receive the following additional funding: \$1.9 million for Allegany County; \$120,000 for Garrett County; and \$3.5 million for Washington County.
- When the proposed State budget was introduced by the Governor in January, the additional discretionary enhancements to education aid were offset by the Administration's underfunding of the Education Effort Index which was supposed to provide additional funding to Baltimore City (\$99.0 million) and Prince George's County (\$26.5 million). However, the Governor has just recently submitted a supplemental budget that includes full funding for the Education Effort Index.

## **County-Municipal Aid**

### **Public Safety Grants**

- Law enforcement agencies in Western Maryland will receive \$2.5 million in funding under the existing police aid formula and \$1.8 million under the proposed enhancement. On a county basis: Allegany County will receive \$1.3 million; Garrett County will receive \$401,500; and Washington County will receive \$2.6 million. A portion of this funding is shared with the municipal law enforcement agencies 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 4.3% of overall funding) targets funding to municipalities based on the number of sworn officers. Funding in fiscal 2023 is based on \$1,950 per sworn officer. The Administration's proposal would increase the per sworn officer grant to \$2,925 (representing a \$975 per officer increase).
- Since fiscal 2004, local governments are responsible for covering 30% of the costs for the State Police crime lab. The local reimbursement is based on each jurisdiction's crime rate (one-third) and local wealth (two-thirds). The local reimbursement is deducted from each jurisdiction's police aid amount.
- Western Maryland will receive \$1.0 million in fire and rescue aid in fiscal 2023. Of this amount \$350,000 goes to Allegany County, \$300,000 goes to Garrett County, and \$335,000 goes to Washington County. 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).

## Transportation Aid

- Legislation enacted in 2018 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%.
- The county and municipal share is based on road mileage and vehicle registration. In fiscal 2023, jurisdictions in Western Maryland will receive \$9.5 million in local transportation grants.

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### Local Highway User Revenues Fiscal 2023

<u>County</u>	<u>County Share</u>	<u>Municipal Share</u>	<u>Total</u>
Allegany	\$1,123,499	\$1,883,956	\$3,007,455
Garrett	1,245,947	621,679	1,867,626
Washington	2,082,995	2,547,189	4,630,184
<b>Western Maryland</b>	<b>\$4,452,441</b>	<b>\$5,052,824</b>	<b>\$9,505,265</b>

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## Disparity Grants

- Each county in Western Maryland will receive funding under the disparity grant program in fiscal 2023. Allegany County will receive \$7.3 million, Garrett County will receive \$2.1 million, and Washington County will receive \$3.8 million.
- The disparity grant program provides State funding to 10 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%.
- Both Allegany and Garrett counties receive the amount of funding provided in fiscal 2010; whereas Washington County receives a minimum funding amount based on 40% of the formula calculation.
- Washington County reduced its local income tax rate in tax year 2022 from 3.2% to 3.0%, which consequently reduces the minimum funding amount under the disparity grant from 75% to 40%. This results in a \$3.4 million funding decrease in fiscal 2023. Instead of receiving \$7.2 million, the county will only receive \$3.8 million.

### **Gaming Impact Aid**

- Allegany County will receive \$2.7 million in gaming impact aid in fiscal 2023.

### **Education Aid**

- Around 85% of State aid to local governments will go to public schools. The three local school systems in Western Maryland will receive \$335.8 million in direct aid in fiscal 2023, which represents a \$13.7 million increase from the prior year. In addition, the State will provide \$24.7 million in funding for teacher retirement payments.
- State support for public schools remains relatively strong. Two local school systems in Western Maryland will receive above average support. Allegany County will receive the sixth highest level of State support when measured on a per pupil basis (\$12,700), while Washington County will receive the eighth highest level of support (\$10,133). Per pupil direct aid in Garrett County (\$7,368) is below the statewide average due to the county's relatively high local wealth amount. Garrett County has the fifth highest local wealth per pupil amount in the State.

## Education Aid to Western Maryland Fiscal 2023

<u>County</u>	<u>FTE Enrollment</u>	<u>Education Direct Aid</u>	<u>Per Pupil State Aid</u>	<u>Annual Increase</u>
Allegany	7,661.50	\$97,301,009	\$12,700	\$5,256,127
Garrett	3,348.25	24,669,921	7,368	-170,637
Washington	21,100.00	213,812,000	10,133	8,582,154
<b>Western Maryland</b>	<b>32,109.75</b>	<b>\$335,782,930</b>	<b>\$10,457</b>	<b>\$13,667,644</b>

FTE: Full-time equivalent

## Per Capita State Aid to Local Governments – Fiscal 2023

