

# State Aid to Worcester County

## Fiscal 2027

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### State Aid Overview

- Worcester County will receive \$62.6 million in State aid in fiscal 2027. Of this amount, \$52.5 million is direct aid, and \$10.0 million is for retirement payments.
- Worcester County will receive a 2.1% increase in State funding in fiscal 2027, with total State aid increasing by \$1.3 million over the prior year. Direct aid increases by \$0.9 million, while retirement payments increase by \$0.4 million.
- The vast majority of this funding is targeted to the public school system, which receives 69.3% of the total State aid provided to Worcester County. The county and municipal governments receive 17.9%, and the community college system receives 6.2%.

### County-Municipal Aid

- Worcester County will receive \$11.2 million in county-municipal aid, which represents a \$14,000, or 0.1%, increase from the prior year.
- State funding includes \$4.1 million for highway user revenues (HURs), \$1.0 million for police aid, and \$0.4 million for fire and rescue aid.

### Public Safety Grants

- Worcester County will receive \$710,900 in funding under the existing police aid formula, and \$282,300 in enhanced funding based on the number of violent crime offenses occurring within the county.
- The fiscal 2027 allocation for the police aid enhancement was not updated to reflect the most recent uniform crime data for calendar 2024. Each jurisdiction receives the same allocation as in the prior year, except for Baltimore City, which receives an additional \$1.25 million in funding. The use of prior year uniform crime data for calendar 2023 results in a larger funding allocation of \$41,300 for Worcester County, which experienced a greater overall reduction in violent crime offenses in 2024. A number of jurisdictions on the Eastern Shore (Caroline, Dorchester, Kent, Somerset, Talbot, and Wicomico counties) also benefit from using the prior year uniform crime data.

- 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 2027 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 2027. The reimbursements are based on local crime rates (one-third) and local wealth (two-thirds). The Worcester County share of these costs will total \$80,405 in fiscal 2027. The local reimbursement is deducted from each jurisdiction's police aid amount.
- Worcester County will receive \$420,600 in fire and rescue aid in fiscal 2027. 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 (\$330,000).

## **Transportation Aid**

- Worcester County will receive \$4.1 million in local highway user revenues (HURs) in fiscal 2027, which is almost level funded from the prior year. The county and municipal share is based on road mileage and vehicle registration. In fiscal 2027, the Worcester County government will receive \$2.0 million, and the municipalities will receive \$2.1 million in HURs.
- Local transportation funding did not benefit from the legislative actions taken at the 2025 session, since the additional revenues from the higher transportation taxes and fees were targeted to State projects and were not shared with local governments through the HURs program.
- State funding for local HURs is based on the amount of revenue allocated to the Gasoline and Motor Vehicle Revenue Account (GMVRA). In fiscal 2027, State funding to local governments is based on 20% of total GMVRA revenues. Of this amount:
  - 61% goes to Baltimore City (12.2% of GMVRA);
  - 24% goes to county governments (4.8% of GMVRA); and
  - 15% goes to municipalities (3.0% of GMVRA).
- Under current law, these distributions will decrease beginning in fiscal 2028, when the allocations revert to the fiscal 2024 distribution, as shown in the following table. Based on the current transportation revenue forecast, this provision will result in a \$0.9 million reduction in local HURs for the county in fiscal 2028, compared to current funding levels.

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### 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

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### Local Health Grants

- Worcester County will receive \$3.5 million in local health grants in fiscal 2027, a \$843,100 or 19.4%, decrease from the prior year.
- Local health grants for most counties include two components: mandated aid under the core funding formula that is adjusted annually for population growth and inflation; and discretionary aid to cover salary adjustments for State employees within the local health departments. In Worcester County, the local health department is staffed by State employees and therefore the county receives funding under both components.
- With the overall funding amount for local health departments remaining unchanged from the prior year and with higher costs to fund the mandated core funding formula, salary funding for most counties will be reduced in fiscal 2027. In fact, only five local health departments will receive an increase in funding, with most local health departments, particularly in rural areas, realizing annual decreases of over 10%.

### Local Library and Community College Aid

- Worcester County will receive \$207,600 in local library aid and \$3.5 million in State support for the local community college.
- The Budget Reconciliation and Financing Act (BRFA) includes a provision that limits the annual increase in State funding under the Cade funding formula at 3% per institution. Wor-Wic Community College, which serves mainly Worcester and Wicomico counties but also provides services to Somerset, allocates its funding to each county based on that county's share of the institution's full-time equivalent student (FTES) enrollment. Without this cap, Wor-Wic would have received a 17.8% increase in Cade formula funding. This BRFA provision reduces Cade formula funding for Wor-Wic by \$1.8 million, resulting in a decrease of \$420,800 for Worcester County.

## **Education Aid**

- The vast majority of State funding is targeted to the public school system. Direct State aid to the Worcester County Public School System accounts for 54.6% of total State aid provided to the county; and funding for teacher retirement accounts for 14.7% of total State aid.
- In fiscal 2027, the Worcester County Public School System will receive \$34.2 million in direct aid, which represents a \$1.7 million, or 5.2%, increase from the prior year. In addition, the State will provide \$9.2 million in funding for teacher retirement payments.
- On a per pupil basis, Worcester County will receive \$6,839 in State funding: \$5,389 per pupil in direct aid; and \$1,450 per pupil for teacher retirement payments.
- Worcester County will receive a 6.3% increase in per pupil support for direct aid in fiscal 2027. This represents the third highest level of increase in the State.

## **Administration Proposal**

- The proposed fiscal 2027 State budget includes \$228.4 million in funding enhancements for three formula aid programs due to the implementation of a revised student enrollment count for students approved for free and reduced-price meals (FRPM). This will affect State funding under the compensatory aid, concentration of poverty, and education effort adjustment. This change will provide an additional \$297,000 in State funding to Worcester County over statutory funding amounts.
- State funding for compensatory aid and concentration of poverty is partly based on the number of students approved for FRPM. Until fiscal 2027, the FRPM count included a hold harmless provision for local school systems participating in the federal community eligibility provision (CEP). The hold harmless provision prevents the FRPM count for CEP schools/school systems (as measured by the percentage of FRPM students to total enrollment) from falling below the percentage of FRPM students to total enrollment in the year prior to CEP participation. The Governor proposes to extend this hold harmless provision for fiscal 2027.
- This proposal will increase the FRPM count for fiscal 2027 funding purposes by 33,564 students. Instead of a 9.4% statewide decrease in the FRPM count from the fiscal 2026 funding level, the decrease is limited to 1.7%. In Worcester County, this proposal results in an annual increase of 0.1% in the FRPM count instead of a 2.6% decrease. This represents an additional 92 students. Three local school systems account for most of the additional FRPM students: Baltimore City (40%); Montgomery County (16%); and Prince George's County (23%).

- The Administration proposes to shift one-half of the annual increase in State retirement payments for teachers, librarians, and community college faculty to county governments (including Baltimore City). This State-local cost shift will total \$39.3 million statewide in fiscal 2027, with the Worcester County share totaling \$349,700.

### **Blueprint and Targeted Funding**

- Worcester County will receive \$4.5 million in State funding under the Blueprint Initiatives in fiscal 2027. This includes \$2.2 million in concentration of poverty grants, \$2.0 million for full-day prekindergarten, and \$0.1 million for college and career programs.
- A considerable amount of State education funding is based on targeted student populations, with Worcester County receiving \$14.8 million in targeted grants under the compensatory aid, English Language Learners (ELL), and special education programs. Of these three programs, Worcester County receives \$10.6 million in compensatory aid funding, \$3.5 million in special education funding, and \$0.7 million in ELL grants.

### **Local Wealth**

- Worcester County has the highest per pupil wealth measure in the State, at 225% of the statewide average. The local wealth measure is a combination of property wealth, as measured by the county assessable base, and income wealth as measured by net taxable income. In terms of local property wealth, Worcester County has the highest per pupil wealth at 295% of the statewide average. In terms of local income wealth, Worcester County has the seventh highest per pupil wealth, at 110% of the statewide average.

### **Student Enrollment**

- Worcester County's full-time equivalent student (FTES) enrollment count decreases by 1.1%, compared to a statewide average decline of 0.9%. Only three local school systems experience an increase in their FTES enrollment this year. Currently, the Worcester County School System has around 6,300 public school students.
- The number of students approved for FRPM increases by 0.1% in Worcester County, compared to a statewide average decrease of 1.7%. Worcester County currently has an above average percentage of students approved for FRPM at 53.5% of total student enrollment. Statewide, over half of the students are approved for FRPM, and this ranges from around 27.8% in Calvert County to almost 90% in Baltimore City.

- Worcester County has a below average percentage of students identified as English Language Learners (ELL) at 2.9% of total student enrollment. In fiscal 2027, the number of ELL students decreases by 9.3%, reflecting 19 fewer students requiring language services. Statewide, the number of ELL students enrolled during the 2025 school year has decreased by 3.6%, with only five local school systems reporting an increase in the number of ELL students.
- Worcester County has a below average share of students receiving special education services at 12.7% of total enrollment. This compares to the statewide average of 14.6%. The number of students receiving special education services increases by 3.3% this year, above the statewide average increase of 2.0%.
- The targeted student index measures the percentage share of a school system's student enrollment approved for FRPM, ELL, and special education services. While Worcester County has a below average targeted student index of 69.2%, a considerable portion of the county's public school students has been identified as needing additional educational services to meet academic performance standards. The targeted student index ranges from 41.6% in Calvert County to 118.0% in Baltimore City, with the statewide average at 79.1%.
- Statewide, public school enrollment represents 13.5% of the total State population. In Worcester County, public school enrollment represents 11.7% of the overall county population (the sixth lowest share in the State). In comparison, Kent County has the lowest share, with public school enrollment accounting for 8.2% of the total county population while Howard County has the highest share at 16.3%.