



MARYLAND

Description of the Formula

Effective June 1, 2002, Senate Bill 856 - Bridge to Excellence in Public Schools Act created the **Foundation Program** designed to be a shared program (50/50) with local school systems. However, the program is equalized on the basis of local wealth so that individual State/local percentages vary with the relative wealth of the jurisdiction. The minimum State share of the foundation amount that a local school system may receive is 15%. The program is funded based on the full-time equivalent enrollment as of September 30 of the prior fiscal year. The per pupil amount for Fiscal Year 2015 is \$6,860, which reflects a 0.46% inflationary adjustment from the prior year. The FY 2015 funding level for the Foundation Programs is \$3.0 billion.

Funding for the **Geographic Cost of Education Index (GCEI)**, designed to recognize the differences in the cost of providing educational services in different geographical locations, was added to State Aid to Education in FY 2009. Although funding for the GCEI program is non-mandatory, it has been fully funded since FY 2010. GCEI funding in FY 2015 is \$133 million.

A **Supplemental Grant** was calculated in FY 2009 and FY 2010. This grant was designed to provide additional funds to jurisdictions who did not receive at least a 1% increase in State Aid to Education over the prior year. Since FY 2010, the supplemental grant has been funded at the FY 2010 level. The supplemental grant funding in FY 2015 is \$47 million.

A **Guaranteed Tax Base Program** distributes State funding to local jurisdictions that 1) have less than 80% of the statewide wealth per pupil, and 2) provide local education funding above the local share required under the Foundation Program. The amount provided to each local school system is equal to the additional funding that would have been provided by the local government if the same education tax effort were made and the jurisdiction had the wealth base that is "guaranteed." Irrespective of local education tax effort, local school systems will not receive more per pupil than 20% of the base per pupil amount established in the Foundation Program. For FY 2015, the Guaranteed Tax Base Program provides \$59 million in additional funding to local jurisdictions.

A **State Aid for Local Fringe benefits** program is designed such that the State contributes on behalf of each local board of education towards the cost of pension/retirement benefits for eligible school personnel. Beginning in FY 2013, the State and local school systems share in the overall cost. This cost-sharing is being phased-in through FY 2017, at which time the local school systems will contribute the Normal Cost rate for their eligible personnel.

District-Based Components

Density/Sparsity of Small Schools

Although the State does not specifically provide funding for Density/Sparsity of Small Schools, see the State program noted below under the section “Declining Enrollment or Growth” that is limited to relatively small school systems.

Grade Level Differences

Does not apply.

Declining Enrollment or Growth

September 30 enrollment is used in calculating the Foundation Program and special needs populations are used in calculating the state Low Income / At-Risk, Limited English Proficient, and Special Education programs.

Beginning in FY 2015, school systems may be eligible for an additional grant if: their overall enrollment is less than 5,000; the enrollment is declining from the previous school year; and the State aid for the system is decreasing from the previous year by more than 1%.

Capital Outlay and/or Debt Service

School construction in the Capital Improvement Program (CIP) is a shared State/local cost. Some school construction costs in the CIP, as well as locally-funded projects are exclusively the responsibility of the local jurisdiction. They include such items as site acquisition; architectural and engineering fees; utility connections; regional or central administrative offices; permits; movable furniture and equipment; and small repair projects. The State funds its share of school construction primarily through the issuance of general obligation bonds. The State also provides an annual grant for the Aging Schools Program and issues bonds for the Qualified Zone Academy Bond program.

Transportation

Disabled student transportation is funded at a per pupil amount per number transported. Regular base transportation grant equals its base grant in the prior year. It was increased by an inflation factor of 1% in FY-2015. An additional grant is issued to school systems experiencing increased enrollment. The Fiscal Year 2015 funding level is \$258 million for Transportation programs.

Net Taxable Income

Beginning in FY 2014, the State provides a *Net Taxable Income* (NTI) grant to eligible school systems. Normally, for all wealth-equalized formulas, the annual wealth calculation uses the NTI amounts filed on or before September 1. Under the NTI grant program, a school system receives an additional grant if the formulas would generate a higher amount of State aid by using NTI amounts filed on or before November 1. This program is being phased-in through FY 2018. For FY 2015, the NTI grant amounts to \$27 million at the 40% phase-in level.

Charter Schools

N/A

Student-Based Components

Special Education

A funding level per special education student is calculated by taking 74% of the per pupil amount established in the Foundation Program. The program is equalized on the basis of local wealth. The Fiscal Year 2015 funding level is \$272 million.

Additionally, under the Nonpublic Placements Program, the State shares in the cost of placing students with disabilities in nonpublic special education schools when no appropriate program is available for them in the public schools. For students placed through this program, the State pays 70% of the costs in excess of the base local share (which equals approximately 300% of the basic cost per pupil for the school system).

Low Income / Comp Ed / At-Risk

A **Compensatory Education** grant is provided annually based upon the number of students in the local school system eligible for free and reduced price meals. The grant is calculated by taking 97% of the per pupil amount established in the Foundation Program. The program is equalized on the basis of local wealth. The Fiscal Year 2015 funding level is approximately \$1.25 billion.

English Language Learner/Bilingual Education

A funding level per Limited English Proficient student is calculated by taking 99% of the per pupil amount established in the Foundation Program. The program is equalized on the basis of local wealth. The Fiscal Year 2015 funding level is \$198million.

Gifted and Talented

No response

Career and Technical Education

No response

Preschool Education

Beginning in FY 2015, the State contributes at least \$4.3 million annually toward the Prekindergarten Expansion program. Under the expansion, the State is partnering with local providers and schools systems across the State to expand high-quality full and half day pre-K. This funding is in addition to the \$10.6 million in State funding for the Transitional Education program and \$1.8 million in State support for Head Start.

Other

N/A

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases

By statute, counties must provide the local school systems with at least the same appropriation per pupil as they provided in the previous fiscal year. The State Board of Education may grant a county government experiencing fiscal problems a temporary or partial waiver of the maintenance of effort requirement. In addition, to calculate the highest prior year's local appropriation, nonrecurring costs may be excluded if they are documented and approved by the State Board. Beginning in FY 2015, a county may be required to increase the amount of appropriation per pupil, if its education effort (the ratio of appropriation to local wealth) is less than the five-year statewide average.

Property Assessment Ratios Used/Legal Standards For Property Assessment

For purposes of wealth-equalized programs, the assessed value of personal and real properties means the most recent estimate by the State Department of Assessments and Taxation before the annual State budget is submitted to the General Assembly of the assessed value for county and State purposes respectively, as of July 1 of the first completed fiscal year before the school year for which the calculation is made. The amount of the tax bill is determined by two factors: (1) the assessment; (2) the property tax rate. Assessments are based on the fair market value of the property and are issued by the Department of Assessments and Taxation, an agency of State government. Property tax rates are set by each unit of government - the State, counties, and cities.

Measure of Local Ability to Support Schools

The sum of the following: net taxable income, 100% of the assessed value of the operating real property of public utilities, 40 percent of the assessed valuation of all other real property; and 50 percent of assessed value of personal property.

School District Budget and Tax Rate Procedures/Sources of Local Revenues

All 24 school districts are fiscally dependent. Neither the constitution nor State statutes prescribe any upper limit for school levies. Local revenue for schools is derived from property and income taxes.

State Support for Nonpublic Schools

The Nonpublic Student Textbook program provides nonreligious textbooks and computer hardware and software on a loan basis to students attending nonpublic schools whose tuition does not exceed the state average per-pupil cost. Schools do not receive funds directly, but rather are allowed to purchase books and technology based on a per-pupil allocation. Vendors are paid directly by the Maryland State Department of Education.

The per-pupil allocation is \$90 per-pupil at schools serving 20 percent or more students from low-income families; per-pupil allocations for students at the remaining schools are determined by the number of participating students.

Additionally, the State provides funding under the Nonpublic Aging Schools program for renovations and security-related upgrades to existing nonpublic school buildings.