

# FundEd: Maryland Report

## A Detailed Look at Maryland's Funding Policies



## Maryland

### Funding Basics

#### Formula Type

Maryland has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students by applying multipliers to that amount to generate supplemental funding for those students.

The categories of students generating supplemental funding in Maryland are English-language learners, low-income students, and students with disabilities. Some services for students enrolled in career and technical education programs are funded through a program-specific allocation.

#### Base Amount

Maryland has a fixed base funding amount. For FY2017, the per-student base amount was \$6,964.

This means that an average student with no special needs or disadvantages would be funded at that level. The base amount was set at \$6,694 in 2008, and the FY2017 figure of \$6,964 reflects annual adjustments for inflation.

### Local Revenue

#### Expected Local Share

Maryland expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values, its residents' income, and a defined share of the base amount calculated by the state to be necessary to educate its students.

Maryland expects school districts to contribute half of the base cost of education. To calculate the statewide expected local contribution rate, Maryland takes one half of the total enrollment in the state's public schools, multiplies that figure by the base amount, and divides that quantity by the sum of the wealth in all Maryland school districts. This quotient is the local contribution rate; the rate is multiplied by each district's wealth to determine its expected local contribution. (For these purposes, wealth is defined through a compound measure that considers both the property values and the amount of taxable income in each district.) By design, if the state as a whole is financially healthier, districts are expected to raise less as the denominator representing statewide wealth increases. Conversely, if enrollment drastically increases, districts are expected to raise more.

Additionally, each district is required to raise at least the same amount of revenue in the current year as it did in the prior year. Finally, the state may not contribute less than 15% of the amount of funds calculated by the state to be necessary to educate the students within each district, regardless of that district's local wealth.

## Property Tax Floors and Ceilings

Maryland sets a floor for local property tax rates. Local jurisdictions must impose taxes sufficient to provide the greater of their local share or the same amount of revenue they provided in the previous year.

In Maryland, school districts do not directly impose property taxes; they rely on local jurisdictions, including counties and the city of Baltimore, for local funding. Each local jurisdiction is required to provide at least the greater of their local share, or the same amount of revenue in the current year as it provided in the prior year, and therefore must set tax rates sufficient to raise this amount. Local governments may apply to the Maryland State Board of Education for temporary waivers to this requirement.

## Other Local Taxes for Education

School districts in Maryland may receive local revenue from property taxes and income surtaxes.

School districts in Maryland may not directly impose taxes. Local jurisdictions, including counties and the city of Baltimore, may impose property taxes and income surtaxes, a portion of which is directed to schools. Local jurisdictions may impose an income tax of at least 1% but no more than 3.2%.

## District Characteristics

### Grade Level

Maryland does not differentiate funding based on students' grade levels.

### English-Language Learner

Maryland provides increased funding for English-language learners (ELLs). It does so by applying a multiplier of 1.99 to the base per-pupil amount for these students and then adjusting the supplemental funding allocation for local wealth levels.

The funding generated for these students is calculated by applying the multiplier to the eligible population of students. Students are eligible if they communicate in a language other than English, or if their family uses a primary language other than English in the home and their English proficiency falls within range established by the state for ELLs. The state share of this funding is determined by dividing the supplemental funding (0.99 times the number of qualifying students so as to exclude the base amount) by the ratio of local wealth per pupil to statewide wealth per pupil.

The formula for state aid mandates that the state contribute at least 50% statewide for the sum of the supplemental allocations for three different categories of at-risk students: these English-language learners, low-income students, and Special Education students. (Supplemental funding for the other categories of at-risk students is calculated similarly, but with different multipliers applied to the base amount.) If the result of the calculation described above, added to the amounts of supplemental funding calculated for the other two at-risk categories, does not sum this intended 50% contribution, the result of the formula is proportionally adjusted to bring the contribution back to the desired level.

## Poverty

Maryland provides increased funding for students from low-income households. It does so by applying a multiplier of 1.97 to the base per-pupil amount for these students and then adjusting the supplemental funding allocation for local wealth levels.

Students are eligible for this supplemental funding if they qualify for free or reduced-price lunch (FRL) under the National School Lunch Program. The funding generated for these students is calculated by applying the multiplier to the eligible population of students. The state share of this funding is determined by dividing the supplemental funding (0.97 times the number of qualifying students so as to exclude the base amount) by the ratio of local wealth per pupil to statewide wealth per pupil.

The formula for state aid mandates that the state contribute at least 50% statewide for the sum of the supplemental allocations for three different categories of at-risk students: these low-income students, Special Education students, and English-language learners (ELLs). (Supplemental funding for the other categories of at-risk students is calculated similarly, but with different multipliers applied to the base amount.) If the result of the calculation described above, added to the amounts of supplemental funding calculated for the other two at-risk categories, does not sum this intended 50% contribution, the result of the formula is proportionally adjusted to bring the contribution back to the desired level. Additionally, the state must contribute at least 40% of the particular supplemental funding allocation for low-income students regardless of local wealth; if the result of the formula falls below that 40% contribution, the district will receive 40%.

## Special Education

Maryland funds special education using a single student weight system, providing the same amount of state funding for each student with disabilities, regardless of the severity of those disabilities. It does so by applying a multiplier of 1.74 to the per-student base amount for students with disabilities.

However, the allocation given to each district based on this calculation is adjusted three times: Firstly, it is divided by the ratio of local wealth per student to statewide wealth per pupil. It is also adjusted to ensure that the state assumes 50% of the overall responsibility statewide for the funding of three designated “at-risk” student groups (special education students, English-language learners, and low-income pupils). If the result of the calculation described above, added to the amounts of supplemental funding calculated for the other two at-risk categories, does not sum this intended 50% contribution, the result of the formula is proportionally adjusted to bring the contribution back to the desired level. Finally, it is adjusted further to ensure that the state provides at least 40% of the special education allocation in each district, regardless of local wealth; if the result of the formula falls below that 40% contribution, the district will receive 40%.

The remainder of state special education funding is distributed through specific program-based allocations, including funding for special-needs students in nonpublic placements and \$1,000 per disabled student for transportation.

## Gifted

Maryland does not provide increased funding for gifted and talented students.

## Career and Technical Education

Maryland provides increased funding for career and technical education (CTE) programs. It does so through a competitive grant.

The Maryland State Department of Education administers a competitive grant process for schools seeking to implement a Pathways in Technology Early College High School (P-TECH) program. P-TECH enables school districts to collaborate with community college and industry partners to provide a six-year program in which students receive training and mentoring while earning both a high school diploma and an associate's degree.

For FY2018, the Maryland General Assembly appropriated funds to support six new P-TECH schools with grants of \$100,000 each.

## Sparsity and/or Small Size

Maryland does not provide increased funding for sparse districts or for small schools or districts.

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

