

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 FY2022, the per-student base amount was $7,390.

This means that an average student with no special needs or disadvantages would be funded at that level. For subsequent fiscal years, the per-student base amount is increased by an inflation adjustment.

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 a district's wealth to determine that district's 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, then districts are expected to raise less as the denominator representing statewide wealth increases; conversely, if enrollment drastically increases, districts are expected to raise more.

Districts' contributions toward supplemental funding for particular categories of students are calculated differently. Districts provide up to 50% of the costs of supplemental allocations for different categories of at-risk students, including English-language learners, low-income students, and special education students. 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 a 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 greatest of their local share or the same amount of revenue they provided in the previous year. Additionally, districts are expected to contribute a specified share of their local revenue toward education.

School districts in Maryland 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 its 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 jurisdictions must provide a share of local appropriations based on the full-time-equivalent enrollment of the past school year, or the three-year average, whichever is greater.

School districts are also expected to maintain a local share that is equal to or more than the five-year average of the state's share of education spending. In FY2022 and FY2023, if school districts fail to meet this level of funding, they must increase spending by the lesser of a district's increase in local wealth per pupil, the statewide average increase in local wealth per pupil, or 2.5%. This provision ensures that increases in the local share amount are associated with increases in county wealth. 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 2% but no more than 3.2%.

Student 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 to the base per-pupil amount for these students and then adjusting the supplemental funding allocation for local wealth levels. In FY2022, the multiplier was 2.00 times the base per-pupil amount. Maryland will gradually reduce the multiplier over a span of 11 years to 1.85 times the base per-pupil amount in FY2033.

The funding generated for these students is calculated by applying the multiplier to the eligible population of students. Students are eligible if their English proficiency falls within the range established by the state for ELLs in the prior year.

The formula for state aid mandates that the state contribute at least 50% on average across districts for the sum of the supplemental allocations for three categories of at-risk students: 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 to this intended 50% contribution, then the calculated amount is proportionally adjusted to bring the contribution back to the desired level.

Poverty

Maryland provides increased funding for students from low-income households and for districts with high concentrations of low-income students (see "Concentrated Poverty" for more information). It does so by applying a multiplier to the base per-pupil amount for identified students and then adjusting the supplemental funding allocation for local wealth levels. In FY2022, the multiplier was 1.91 times the base per-pupil amount. Maryland will gradually reduce the multiplier over a span of 11 years to 1.73 times the base per-pupil amount in FY2033.

Students are eligible for this supplemental funding if they qualify for free or reduced-price lunch under the National School Lunch Program in the prior year. For school districts with large proportions of low-income students, an alternative system may be used that considers students from households receiving Temporary Assistance for Needy Families or Supplemental Nutrition Assistance Program benefits and students identified through income information provided by families or the school system. The funding generated for these students is calculated by applying the multiplier to the number of eligible students.

The formula for state aid mandates that the state contribute at least 50% statewide for the sum of the supplemental allocations for three categories of at-risk students: these low-income students, special education students, and English-language learners. (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 to this intended 50% contribution, then the calculated amount is proportionally adjusted to bring the contribution back to the desired level. Additionally, the state must contribute at least 80% of the particular supplemental funding allocation for low-income students regardless of local wealth; if the result of the formula falls below that 80% contribution, the district will receive 80%.

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 to the per-student base amount for students with disabilities. In FY2022, the multiplier was 1.86 times the base per-pupil amount. Maryland will gradually adjust the multiplier over a span of 11 years to 2.46 times the base per-pupil amount in FY2033.

However, the allocation given to each district based on this calculation is adjusted three times: First, it is divided by the ratio of local wealth per student to statewide wealth per pupil. Second, it is 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). Third, 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, then the calculated amount is proportionally adjusted to bring the contribution back to the desired level.

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 student with disabilities 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 through two grants and a program-specific allocation.

Maryland appropriates at least $2 million annually for the Career and Technology Education Innovation Grant, which funds partnerships between county boards, community colleges, and industry partners to develop and implement high-quality CTE frameworks and pathways throughout the state. The state department of education also administers a competitive grant process for schools seeking to implement a Pathways in Technology Early College High School (P-TECH) program.

In addition, P-TECH funds are distributed each year in the amount of $520 for each P-TECH student. The state contributes 50% toward this cost.

District Characteristics

Concentrated Poverty

Maryland provides increased funding for districts based on the concentrations of students from low-income households that they serve. It does so by providing a grant to public schools where at least 80% of students are eligible for free and reduced-price meals, in addition to the state's supplemental funding for individual low-income students (see "Poverty" for more information).

Maryland defines concentration of poverty using the percentage of low-income students in a school's enrollment for the three prior years. A further adjustment will be made in the years 2020-21, 2021-22, 2022-23, and 2023-24 to account for pandemic-related fluctuations in enrollment. For FY2022, the state will provide for each eligible school a grant of $248,833 to be used for specified staff and wraparound services.

Beginning in FY2022, each eligible school will receive supplementary funding equal to 1.16 times the base per-pupil amount for the first year of eligibility, and the amount will be increased over a span of 11 years to 2.00 times the per-student base in FY2033. Also, the concentration of poverty level for eligible schools to receive this grant will be decreased over the span of seven years to 55% in FY2027.

Sparsity and/or Small Size

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

Charter Funding

Funding for charter schools in Maryland is calculated based on local school district expenditures.

Maryland state law requires that charter schools be funded at a rate commensurate with that of other schools in the district, based on local, state, and federal funding. Based on this requirement and guidance from the state board of education, local school districts are directed to fund charter schools within the district based on the district's total operating budget per student.

Charter schools in Maryland receive a share of local tax revenue. Charter schools are funded through a calculation that includes tax revenue raised by local school districts but excludes certain types of expenses, such as those for debt service and adult education.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org

