

Department of Legislative Services  
 Maryland General Assembly  
 2023 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

House Bill 1196  
 Appropriations

(Delegate Smith)

Budget and Taxation and Education, Energy,  
 and the Environment

Blueprint for Maryland's Future Implementation - Funding and Independent  
 Evaluation - Alterations

This bill requires each county board of education to provide, in each of fiscal years 2025 and 2026, \$150,000 for the salary of the Blueprint for Maryland’s Future (Blueprint) implementation coordinator jointly appointed by the county government (including Baltimore City) and the local school system. The State and county governments must pay for coordinator salaries in the same proportion as the foundation program. For fiscal 2024, the Governor may include in the annual budget bill \$250,000 to a local school system in a county meeting certain population and student enrollment criteria. Due dates associated with a certain independent evaluation of the State’s progress in implementing the Blueprint are postponed. The fiscal 2024 local share of major education aid is reduced by \$10.0 million for a local school system meeting certain criteria. **The bill takes effect July 1, 2023.**

Fiscal Summary

**State Effect:** Accountability and Implementation Board (AIB) expenditures decrease by \$250,000 in FY 2023. State expenditures increase by \$250,000 in FY 2024, by \$4.3 million in FY 2025, and by \$1.1 million in FY 2026. It is assumed that AIB administers the required salary grants and can do so using existing resources. **This bill establishes a mandated appropriation in FY 2025 and 2026.**

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	250,000	(1,890,800)	(777,600)	0
SF Expenditure	(250,000)	0	6,157,500	1,839,600	0
Net Effect	\$250,000	(\$250,000)	(\$4,266,700)	(\$1,062,000)	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

**Local Effect:** Local boards of education each receive \$150,000 in FY 2025 and 2026. Kent County Public Schools receives \$250,000 in increased revenues in FY 2024. As described below, local appropriations to Baltimore City Public Schools (BCPS) decrease in FY 2024 and 2025, and BCPS receives a net increase in State aid in FY 2025 and a decrease in State aid in FY 2026.

**Small Business Effect:** None.

---

## Analysis

**Bill Summary:** For fiscal 2024, the Governor may include \$250,000 in the annual budget bill to a local school system in a county with (1) a population density amount of less than 100 individuals per square mile and (2) a full-time equivalent (FTE) enrollment of fewer than 2,000 students.

The local share of major education aid is reduced by \$10.0 million in fiscal 2024 for a local school system that (1) participated as a whole in the U.S. Department of Agriculture community eligibility provision (CEP) in the 2022-2023 school year and (2) had the largest FTE enrollment of all local school systems participating in CEP.

### Current Law:

#### *Blueprint for Maryland's Future and Independent Evaluation*

The Blueprint legislation, including Chapter 771 of 2019; Chapters 36 and 55 of 2021; and Chapter 33 of 2022 established new programs and updated education funding formulas, and among other provisions, includes mechanisms for holding units of State and local government accountable for implementing the Blueprint.

State and local government units responsible for implementing an element of the Blueprint must develop implementation plans consistent with a specified Comprehensive Implementation Plan that describe the goals, objectives, and strategies that will be used to improve student achievement and meet the Blueprint recommendations for each segment of the student population. For each of fiscal years 2022 through 2026, each county government and the local school system must jointly appoint a single implementation coordinator responsible for the implementation of the Blueprint by all government units operating in the county. While Blueprint legislation provides substantial increases to public school funding in the State, State funding of the coordinator position is not mandated or specified.

In addition to its own assessments and tracking of progress, AIB must as soon as practicable contract with a public or private entity to conduct an independent evaluation of the State's progress in implementing the Blueprint and achieving expected outcomes during the implementation period. The entity must report its results to the AIB by October 1, 2024 (changed to December 1, 2026 under the bill), and October 1, 2030. By December 1, 2024 (changed to January 15, 2027 under the bill), AIB must, using the first independent evaluation and its own judgment, report to the Governor and the General Assembly on whether the Blueprint is being implemented as intended and achieving the expected outcomes.

### *Guaranteed Tax Base*

The guaranteed tax base (GTB) program is intended to encourage less wealthy jurisdictions to maintain or increase local education tax effort, *i.e.*, local education appropriation as a percent of local tax base. The program provides additional State education aid to counties that have less than 80% of the statewide average wealth per pupil and provide local education funding above the minimum local share required by the foundation program. The program uses local education tax effort and wealth to determine State aid amounts for each eligible school system.

### *Maintenance of Effort and Local Share*

Each year, the county government (including Baltimore City) is required to appropriate funds to the local board of education equivalent to the greater of the maintenance of effort (MOE) requirement or the local share amount of all wealth-equalized formulas. The per pupil MOE amount is based upon the greater of (1) the prior year FTE enrollment and (2) the three-year moving average of FTE enrollment. (There is a certain adjustment for fiscal 2024 MOE for specified counties.) The local share amount equals the local share of the foundation formula, compensatory education, English language learner, special education, comparable wage index (CWI), full-day prekindergarten, college and career ready, transitional supplemental instruction (through fiscal 2026), and career ladder grant programs. Also, counties that benefit from the compensatory education State funding floor are required to fund the local share of the concentration of poverty grant programs. However, for some counties, the combined local share across these several programs is subject to adjustments described below.

### *Education Effort Adjustment to Local Share Requirement*

Local governments are required to fund the local share of the foundation program and the required local shares for several existing and new funding formula programs. The law also includes a mechanism for establishing a maximum local share that a county must fund each year. This involves "local education effort," which is determined for each county by

dividing the county's local share of major education aid by the county's wealth. An "education effort index," which is the local education effort divided by the "State average education effort" is then determined. A "maximum local share" is calculated for each county, which is the county's local wealth multiplied by the State average education effort.

Each county with an education effort above 1.0 for two consecutive years receives relief based upon its "education effort adjustment," which is the amount by which the calculated local share exceeds the maximum local share. This relief (which results in increases to State aid) is provided to counties within one of three tiers, based on whether the education effort is (1) greater than 1.0 but less than 1.15; (2) at least 1.15 but less than 1.27; or (3) at least 1.27. State relief for the first tier is phased up from 15% of the education effort adjustment in fiscal 2023 to 50% by fiscal 2030. State relief for the second tier is phased up from 20% of the education effort adjustment in fiscal 2023 to 100% by fiscal 2030. State relief for the third tier is 100% beginning in fiscal 2023. However, the education effort adjustment for a county is only allowed to the degree that per pupil MOE is met each year.

#### *Additional Reductions to Local Share*

A county may be eligible for a reduction in the required local share of major aid formulas in three additional ways: (1) if a county receives State funds from the GTB program, the local share may be reduced by the amount of GTB funds, except that for Baltimore City only the amount above \$10 million may be reduced from the local share; (2) if a county receives State funds to support the minimum funding floors of 15% for the foundation and 40% for the targeted programs; and (3) if a county has a CWI of at least 0.13, the local share of CWI may be reduced by 50%. However, in all of these cases, the local share may not be reduced below the required per pupil MOE amount.

**State Expenditures:** Based on the following analysis, and as shown in **Exhibit 1**, State expenditures decrease by \$250,000 in fiscal 2023; increase by \$250,000 in fiscal 2024, to the extent that the Governor provides authorized funding based on population density and public school enrollment; and increase by \$4.3 million in fiscal 2025 and by \$1.1 million in 2026. It is assumed that the funding for Kent County Public Schools and the change to GTB funding are general fund expenditure changes; all other changes are assumed to be Blueprint Fund expenditure changes.

**Exhibit 1**  
**Change in State Expenditures under the Bill**

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>
Blueprint Evaluation	(\$250,000)	\$0	\$0	\$0
Kent County Public Schools	0	250,000	0	0
Local Blueprint Coordinators	0	0	1,846,014	1,839,649
Education Effort Adjustment	0	0	4,311,460	0
Guaranteed Tax Base	0	0	(1,890,765)	(777,610)
<b>Total</b>	<b>(\$250,000)</b>	<b>250,000</b>	<b>4,266,709</b>	<b>\$1,062,039</b>

Postponement of due dates related to the independent evaluation of the Blueprint result in an estimated fiscal 2023 decrease of \$250,000 in special Blueprint fund expenditures for AIB. AIB advises that this change under the bill does not affect AIB’s finances in fiscal 2024 and beyond.

**Exhibit 2** shows by county (1) the July 2021 population according to the Maryland Department of Planning; (2) square miles and the resulting population density; and (3) the September 2022 FTE enrollment for each local school system. Based on these figures, Kent County is the only school system that is eligible to receive the \$250,000 funding amount under the provision authorizing the Governor to provide funding for a school system meeting these criteria.

This analysis assumes that Baltimore City is the only jurisdiction receiving \$10.0 million in additional local share relief under the bill in fiscal 2024. Due to this relief, Baltimore City’s MOE in fiscal 2025 is reduced by \$9.8 million. However, because Baltimore City is required to provide the greater of MOE and its combined local share, after relief, its required local appropriation to BCPS is reduced by \$4.3 million in fiscal 2025, or substantially less than \$9.8 million. In turn, State Education Effort Index funding increases by \$4.3 million in fiscal 2025, because local share relief can only be provided to the extent that local share is no less than MOE. Also, because Baltimore City local appropriations decrease in fiscal 2024 and 2025, State GTB funding decreases by \$1.9 million in fiscal 2025 and by \$777,600 in fiscal 2026.

**Exhibit 3** shows by county the expected State and local shares of the \$150,000 for each local Blueprint coordinator, to be provided to each local board in fiscal 2025 and 2026, based on current projections of the State and local share proportions under the foundation program. Under this provision, State expenditures increase by \$1.8 million in both years.

**Exhibit 2**  
**Population Density and FTE Enrollment by County**

<u>County</u>	<u>Population July 2021</u>	<u>Land Area (Square Miles)</u>	<u>Population Density</u>	<u>FTE Student Enrollment Sept. 2022</u>
Allegany	67,729	424.2	159.7	7,699.0
Anne Arundel	590,336	414.9	1,422.8	81,911.5
Baltimore City	576,498	80.9	7,126.1	69,639.8
Baltimore	849,316	598.3	1,419.5	106,795.3
Calvert	93,928	213.2	440.6	15,011.3
Caroline	33,386	319.4	104.5	5,357.0
Carroll	173,873	447.6	388.5	25,323.3
Cecil	103,905	346.3	300.0	14,344.0
Charles	168,698	457.8	368.5	26,637.8
Dorchester	32,489	540.8	60.1	4,212.8
Frederick	279,835	660.2	423.9	45,219.3
Garrett	28,702	647.1	44.4	3,294.3
Harford	262,977	437.1	601.6	36,915.8
Howard	334,529	250.7	1,334.4	56,130.8
Kent	19,270	277.0	69.6	1,650.0
Montgomery	1,054,827	491.3	2,147.0	155,523.0
Prince George's	955,306	482.7	1,979.1	124,660.8
Queen Anne's	50,798	371.9	136.6	7,091.0
St. Mary's	114,468	357.2	320.5	16,853.3
Somerset	24,584	319.7	76.9	2,561.0
Talbot	37,626	268.5	140.1	4,227.0
Washington	154,937	457.8	338.4	21,193.8
Wicomico	103,980	374.4	277.7	14,211.5
Worcester	53,132	468.3	113.5	6,330.0
<b>Total</b>	<b>6,165,129</b>	<b>9,707.2</b>	<b>635.1</b>	<b>852,792.8</b>

FTE: full-time equivalent

Source: U.S. Census Bureau; Maryland Department of Planning; Maryland State Department of Education

**Exhibit 3**  
**State and Local Share of Blueprint Coordinator Salaries**

<b>County</b>	<b>Fiscal 2025</b>			<b>Fiscal 2026</b>		
	<b>State</b>	<b>Local</b>	<b>Total</b>	<b>State</b>	<b>Local</b>	<b>Total</b>
Allegany	\$107,125	\$42,875	\$150,000	\$107,426	\$42,574	\$150,000
Anne Arundel	61,492	88,508	150,000	62,384	87,616	150,000
Baltimore City	100,049	49,951	150,000	99,419	50,581	150,000
Baltimore	78,412	71,588	150,000	79,056	70,944	150,000
Calvert	82,967	67,033	150,000	82,660	67,340	150,000
Caroline	109,775	40,225	150,000	109,713	40,287	150,000
Carroll	78,640	71,360	150,000	78,107	71,893	150,000
Cecil	89,675	60,325	150,000	88,710	61,290	150,000
Charles	92,075	57,925	150,000	91,279	58,721	150,000
Dorchester	96,880	53,120	150,000	95,274	54,726	150,000
Frederick	84,664	65,336	150,000	83,147	66,853	150,000
Garrett	53,525	96,475	150,000	55,710	94,290	150,000
Harford	82,190	67,810	150,000	81,820	68,180	150,000
Howard	66,940	83,060	150,000	67,492	82,508	150,000
Kent	25,092	124,908	150,000	23,030	126,970	150,000
Montgomery	47,223	102,777	150,000	47,772	102,228	150,000
Prince George's	88,213	61,787	150,000	88,353	61,647	150,000
Queen Anne's	55,835	94,165	150,000	53,016	96,984	150,000
St. Mary's	86,620	63,380	150,000	86,623	63,377	150,000
Somerset	106,408	43,592	150,000	106,562	43,438	150,000
Talbot	22,500	127,500	150,000	22,500	127,500	150,000
Washington	98,407	51,593	150,000	98,578	51,422	150,000
Wicomico	108,805	41,195	150,000	108,518	41,482	150,000
Worcester	22,500	127,500	150,000	22,500	127,500	150,000
<b>Total</b>	<b>\$1,846,014</b>	<b>\$1,753,986</b>	<b>\$3,600,000</b>	<b>\$1,839,649</b>	<b>\$1,760,351</b>	<b>\$3,600,000</b>

**Local Fiscal Effect:** Kent County Public Schools receives \$250,000 in increased revenues in fiscal 2024, to the extent that the Governor provides the authorized funding. Based on current projections, Baltimore City appropriations to BCPS decrease by \$10.0 million in fiscal 2024 and decrease by \$4.3 million in fiscal 2025. BCPS receives an additional \$2.4 million in State funding in fiscal 2025, due to the bill's fiscal 2024 local share relief provision, which is partially offset by decreased GTB funding. Also, GTB funding for BCPS decreases by \$777,600 in fiscal 2026.

Local boards of education each receive additional State funding for local Blueprint coordinator salaries. Local Blueprint coordinators are assumed to be either local board employees or county government employees. It is assumed that each local board will expend approximately \$150,000 for local Blueprint coordinator salaries, or to the extent that local Blueprint coordinators are county government employees, transfer the additional State funds to the county government to be expended for this purpose. Depending upon current arrangements between local boards and county governments, local boards and/or county governments are relieved of some portion of fiscal 2025 and 2026 salary costs, given the availability of State funding. Exhibit 3, above, shows the local government share of these costs in fiscal 2025 and 2026. The bill does not change the overall local effort requirement, other than for Baltimore City.

---

### **Additional Information**

**Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Anne Arundel County Public Schools; Accountability and Implementation Board; Department of Budget and Management; Department of Legislative Services

**Fiscal Note History:** First Reader - March 6, 2023  
km/hlb Third Reader - March 29, 2023  
Revised - Amendment(s) - March 29, 2023

---

Analysis by: Scott P. Gates

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510