

Maryland

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FUNDING PRIORITIES FOR P-12 EDUCATION

Governor Hogan's 2021 State of the State Address focused on COVID-19 vaccine distribution, prioritizing kids returning to school, and economic relief¹. State aid for P-12 education was impacted by Hogan's veto in 2020 of The Blueprint for Maryland's Future Fund, which was overridden during the 2021 legislative session (Chapter 36).²

In addition to the Foundation Program (state aid for public schools) and Compensatory Education Program (state aid based on number of students who meet free and reduced lunch criteria), the largest spending categories in FY 2021 were Limited English Proficiency Grants (\$348.2 million), Special Education Formula (\$314.9 million), and Student Transportation (\$310.2 million). In FY 2021 COVID-19 federal funds were dedicated to school reopening (\$10 million), summer school (\$25 million), and backfilling the shortfalls in the Education Trust Fund (\$174.8 million) due to the pandemic's impact on gaming revenues through House Bill 1372 (Chapter 55).³

For FY 2022 \$314.1 million is budgeted for public school construction through bonds, premiums, and pay-as-you-go funds and \$7.0 million for nonpublic school construction programs.⁴

FUNDING PRIORITIES FOR HIGHER EDUCATION

The FY 2021 budget included \$2.2 billion in state support for higher education operating funding, which is expected to increase to \$2.3 billion (4.9%) in FY 2022. Independent institutions are expected to experience the largest growth in percent change (50.5%) in funding, with an increase from \$59.0 in FY 2021 to \$88.8 million in FY 2022. These amounts include general funds and Higher Education Investment Funds, but not federal funds, including COVID-19 relief funds.⁵

The FY 2022 budget for higher education capital funding totals \$443.5 million with \$367.8 million (79.1%) allocated to public four-year institutions and

1. <https://www.wmdt.com/2021/02/governor-hogan-delivers-2021-state-of-the-state-address-focusing-on-vaccines-education-and-economic-relief/>

2. <http://dls.maryland.gov/pubs/prod/RecurRpt/2021rs-90-day-report.pdf>, L-1

3. <http://dls.maryland.gov/pubs/prod/RecurRpt/2021rs-90-day-report.pdf>, L-3

4. *Id.*, L-5

5. *Id.*, L-16

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regional higher education centers, \$85.2 million (18.3%) to community colleges, and \$12.0 million (2.5%) to independent institutions.⁶

CHANGES TO THE FUNDING FORMULA FOR P-12 EDUCATION

Maryland's foundation formula sets a per pupil minimum funding level with a local government match. The formula was changed by Chapter 36 in 2021, but "fiscal 2022 education formulas were calculated based on the formulas in law before Chapter 36 was enacted."⁷ As a result of Chapter 36, the Geographic Cost of Education Index will be replaced by a Comparable Wage Index, effective FY 2024, per pupil funding will increase in FY 2023, and funding for school based health centers will increase in FY 2023.⁸

CHANGES TO THE FUNDING FORMULA FOR HIGHER EDUCATION

Community colleges in Maryland are funded under the John A. Cade Funding Formula. Following approximately \$18 million in cuts to community college funding from FY 2020 - FY 2021, allocations to community colleges, including funds from the Cade formula, are expected to increase approximately 9% from \$340.8 million in FY 2021 to \$371.5 million in FY 2022.⁹

PRESSING ISSUES AFFECTING P-12 EDUCATION

Public school enrollments for 2020-2021 decreased by 19,704 students (2.3%) following COVID-19 and online instruction, which decreased state education funding provided through formula allocations.¹⁰ Decreased funding was offset by \$209.4 million in discretionary hold harmless grants for FY 2022 from the Blueprint for Maryland's Future Fund.¹¹ Maryland received more than \$3.3 billion in federal COVID-19 relief funds for P12 education in FY 2021.¹²

PRESSING ISSUES AFFECTING HIGHER EDUCATION

After 15 years, The Coalition for Equity and Excellence in Maryland Higher Education Inc., et al. vs. Maryland Higher Education Commission, et al., was finally settled, requiring the governor to allocate \$555 billion (\$577 billion less \$22 billion in attorney fees) to Maryland's four Historically Black Colleges and Universities (HBCUs). In addition to allocating these funds between 2023-2032, the Maryland Higher Education Commission will be required to establish a new

6. *Id.*, A-105

7. *Id.*, L-1

8. *Id.*, A

9. *Id.*, L-16

10. *Id.*, A-122

11. *Id.*, L-1

12. *Id.*, L-4

accountability unit and the state will be required to create a reserve fund for HBCUs.¹³

In FY 2021, Maryland received approximately \$164 million in federal higher education emergency relief funds, including allocations of \$137.8 million to public four-year colleges, \$122.7 million to community colleges, \$35 million to independent institutions, and \$6.3 million to for-profit institutions. The Governor's Coronavirus Relief Fund allocated an additional \$26.7 million to public four-year colleges, and the Governor's Emergency Education Relief Fund allocated an additional \$17.4 million to community colleges and \$2.6 million to independent institutions.¹⁴

TRENDS IN STATE FUNDING FOR NONPUBLIC P-12 EDUCATION

\$123.9 million was allocated to Special Education - Nonpublic Placements in FY 2021.¹⁵ \$35.9 million of the \$3.3 billion federal COVID-19 relief funds for P-12 education were allocated for nonpublic school relief and reopening.¹⁶

Per Pupil Expenditure (FY 2021 exclusive of federal and local funding):
\$7,390¹⁷

Allocation of State dollars and percent of the State Budget for P-12 and HE (FY 2021):

- \$7.3 billion – P-12 (15.2%)¹⁸
- \$2.2 billion – Higher Education (4.6%)¹⁹
- \$48.0 billion – Maryland State Budget²⁰

13. <https://www.lawyerscommittee.org/maryland-judge-signs-off-on-landmark-settlement-of-hbcu-litigation-ending-15-year-case/>

14. <http://dls.maryland.gov/pubs/prod/RecurRpt/2021rs-90-day-report.pdf>, L-18

15. *Id.*, A-120

16. *Id.*, L-4

17. *Id.*, A-122

18. *Id.*, L-2

19. *Id.*, L-16

20. The Department of Legislative Services, General Assembly of Maryland. 2020 Session Major Issues Review. Annapolis, MD.