

Adequacy of Funding Study for Education in the State of Maryland

In passing the *Bridge to Excellence in Public Schools Act* in 2002, the Maryland General Assembly established new formulas for state education aid based on adequacy cost studies that used the professional judgment and successful schools methods as well as other education finance analyses conducted by the Thornton Commission. State aid based on the *Bridge to Excellence in Public Schools Act* was phased in over six years and reached full implementation in Fiscal Year 2008.

Chapter 288 of the act required a follow-up study of the adequacy of education funding in the State of Maryland be completed in 10 years after enactment to include the following:

“(1) identify a base funding level for students without special needs; (2) per pupil weights for students with special needs to be applied to the base funding level; and (3) an analysis of the effect of concentrations of poverty on adequacy targets.”

The Maryland State Department of Education (MSDE) contracted with Augenblick, Palaich and Associates (APA) as the lead along with Picus Odden and Associates to conduct the required follow-on Adequacy Study. In August 2014, a Stakeholder Group first met to receive an overview of the project. The Stakeholder Group consists of representatives of the Maryland Association of Boards of Education, Public Schools Superintendents Association of Maryland, the Maryland Association of Counties, and several other organizations. Quarter updates are provided to the Stakeholders Group.

MSDE has asked the contractors for a “thorough and comprehensive study of Maryland’s school finance system. Major study components consist of: an adequacy study that uses at least two different approaches plus associated studies; a school size study; an evaluation of the cost to state aid formulas of the federal Community Eligibility Provision/determining alternative proxies for identifying low income students; an equity study and evaluation of alternative measures of local wealth for state aid purposes; an evaluation of the impact of increasing/declining enrollments on school districts; an evaluation of the Supplemental Grant program and assess ongoing role/need; and an evaluation of the current Maryland Geographic Cost of Education Index (GCEI) and develop changes or new methodology.”

Evidence-based panels have completed their work and professional judgment panels are ongoing. The final report on school size was completed in June 2015. The report on the wealth calculation is delayed until January 2016.

In October 2015, the Stakeholder Group heard from APA on its review of the current GCEI formula and recommendations for change. Currently, GCEI is based on two hedonic indices for professional and nonprofessional workers, an index of energy costs, and other instructional expenditures. APA’s recommendation is to use a comparable wage methodology as the only approach to calculating GCEI. In effect, teacher wages would be compared to other like professionals in the area. The Stakeholder Group asked to see how the new approach would distribute GCEI funding by county compared to the current approach. APA will not complete this

comparative analysis of the current versus proposed allocation of GCEI funding until later in the process.

APA expects to provide briefings on the status of the Adequacy Study to lawmakers in Annapolis this winter.

All final reports on the Adequacy Study are not expected until October 31, 2016, or before the 2017 legislative session.