

January 2013



# Education Advocate

## Proposed State Budget Increases Aid to Local School Systems

For the second year in a row Governor O'Malley restored the 1% inflation factor, as well as continuing to fund the Geographic Cost of Education Index (GCEI), in the proposed education budget. This is good news for local schools which have faced a loss of \$700 million over recent years due to reductions in the original "Thornton" education formula. Here is a summary of the important facts and figures for this session:

- With the inclusion of the inflation factor and the GCEI, Baltimore City Schools will receive **\$30 million** in additional funding this year with a statewide increase to local school systems of **\$122 million** based on the preliminary budget.
- The base per pupil funding amount **increased by 1%** to \$6,829. The inclusion of the inflation factor will help local school systems keep up with the rising costs of educating students.
- The Geographic Cost of Education Index was fully funded at \$130 million statewide. These grants help jurisdictions with higher costs of educating students based on the higher cost of living, poverty, and other factors.
- Provides \$8 million as an initial phase-in to certain school systems (primarily Prince George's County) to correct a mismeasurement of county wealth that had reduced their education aid (see article below).

The ACLU, with your help, will work to protect these education increases from cuts as the proposed budget works its way through the legislature.

## Join Transform Baltimore and the Baltimore Education Coalition at these upcoming events!

## Rally Prep Session

Come out and learn about our strategy for the legislative session and to prepare for turning out your school community for the February 25th Rally!

**Who:** Baltimore City parents, community members, and advocates!

**When:** Tuesday, January 29th from 5:30pm - 8:00pm

**Where:** City Neighbors High School (5609 Sefton Ave.)

## Rally Bus Captains Meeting

Attend this information session to make sure that your bus knows the ins and outs of the rally and to make sure you are ready to pack the bus to head to Annapolis!

**Who:** Bus Captains and Rally Leaders

**When:** Tuesday, February 19th from 6:00pm - 8:00pm

**Where:** Baltimore Polytechnic Institute Lecture Hall

## Rally In Annapolis!

Get on a bus and come down to Annapolis to show your support for Baltimore City Public Schools plan to Transform Baltimore by rebuilding or renovating all city schools within 10 years!

**When:** February 25th

**Where:** Lawyers Mall in Annapolis

Bus transportation will be provided.

**For more details visit [www.transformbaltimore.org](http://www.transformbaltimore.org)**

## Net Taxable Income and Comparable Wealth Important for School Funding

The Bridge to Excellence Act of 2002 established the "Thornton Formula" for state aid to education in an effort to fulfill the Maryland Constitutional guarantee of a "thorough and efficient" education for all Maryland students. This landmark legislation took into consideration the varying costs associated with educating students with different needs, as well as the ability of a local jurisdiction to fund its public school system. Every year the state uses tax returns, in addition to other measures of local jurisdictional wealth, to determine which counties in Maryland are less wealthy than their peers in order to provide additional state funding to the counties that need it most.


When the Bridge to Excellence Act was enacted, federal regulations required all taxes to be submitted no later than August 15th; the state used September 1st as the date to calculate a county's wealth, or "Net Taxable Income." However, several years ago the federal government extended the late tax filing deadline to October 15th, meaning that some personal tax returns are not being counted when calculating the state formula. This had the unintended consequence of making some counties appear more or less wealthy since wealthier individuals tend to file their taxes

late. Counties with fewer numbers of late tax filers (and less wealthy populations) receive less education aid than was intended because they look relatively wealthier. Jurisdictions with larger numbers of late tax returns look less wealthy than if the wealth measurement had taken place after all the tax returns were received. The Governor's budget includes \$8 million to begin a phase in to correct this problem.

Mirroring the Governor's budget, HB229/SB277 proposes a compromise to correct this problem. By calculating the Net Taxable Income twice, once on September 1st and once on November 1st, and using whichever date provides the largest amount of state aid to each jurisdiction, wealthier counties would keep their increased state aid and counties with fewer late filers would now receive the aid intended by the "Thornton Formula." Increases to state aid due to this change would be phased in gradually with complete implementation in FY 2018.

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