



Success for Public Education in Annapolis 2011 Legislative Review

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Legislative Highlights



Education Funding Cut Mostly Restored:

Governor's \$94 million cut rejected; Assembly agrees not to reduce Thornton per pupil funding, restoring \$58 million of the cut.

\$12 Million Increase for City Schools

Offsets Cut: Baltimore City got credit for its contribution to teacher retiree health costs this year, triggering a \$12 million increase in state dollars to City Schools.

Alcohol Tax Increase Generates \$69 Million for Public Education: Bills to increase the alcohol tax will generate \$22 million to help fill gaps in state education aid for several districts, and \$47 million will be allocated for school construction.

School Construction Funds Increase: State maintains \$250 million for school construction statewide. Approximately \$73 million more approved for school construction in other state programs.

See below for more details about the education budget and other legislation adopted during the 2011 General Assembly

Education Budget: "Thornton" Mostly Restored School Districts to Tighten Belts to Cover Rising Costs

"Thornton" Formula Per Pupil Funding Restored

In the midst of a challenging fiscal climate, the Governor's proposed budget included an unprecedented reduction in per pupil spending that would have decreased the allocation to FY 2008 levels. This reduction, along with removing the formula inflation increase, would have cut a total of \$94 million in state education funding to Maryland schools (\$15 million cut for Baltimore City Public Schools). The proposal would have re-based Thornton at approximately \$200 less per pupil, which would have forced to school districts to cut many teacher positions and other valuable resources, such as afterschool programs. Through the collective efforts of the ACLU, the Baltimore Education Coalition, and many other education advocates, budget committees rejected the per pupil reduction and restored \$58 million of the \$94 million proposed cut (\$9.7 million of \$15 million restored for City Schools).

For City Schools, the combined reductions and additions will direct approximately \$3 million more in state aid for FY 2012 than in the current year (compared with the original proposed reduction of \$15 million in the Governor's budget). An additional \$9 million is also included for school construction.

No Inflation Increases for School Districts to Pay for Rising Costs

An inflation factor in the Thornton formula is designed to ensure that school districts can keep up with a variety of rising business costs, such as increases in healthcare premiums, energy costs, and transportation. Since 2008, the inflation factor has not been included, holding education funding flat. This year, the legislature again accepted the Governor's proposal to keep the inflation factor at zero. Consequently, any inflationary rise in costs

will not be offset by increases in education funding.

Alcohol Tax Helps to Fill In the Education Budget

With some districts losing significantly more funding than others, due to wealth and enrollment shifts, legislators approved a 3% increase in the sales tax for alcohol to generate additional revenue. The tax's \$82 million increase to the general fund will allow school districts with large budget shortfalls to receive additional funds. Prince George's County will receive \$8 million (\$4 million to its school system), Allegany and Garrett counties will receive approximately \$700,000 and \$800,000, respectively. Baltimore City's contribution of \$31 million to health benefits for retired teachers will trigger an increase of \$12 million in state aid to the city school system, as guaranteed by the Thornton formula.

Administrative Pension Costs Shifted to School Systems

Despite pressure from some legislative leaders, the Governor presented his budget without any shift in pension costs to the local school districts. Education and union advocates strongly urged legislators not to propose the shift. This shift would have greatly impacted the operational budget of schools and affected the quality of health and retirement benefits for teachers. However, the Assembly changed the law so that school systems must now absorb the administrative costs of utilizing the state's retirement system - \$17 million. Along with increased costs due to inflation, this added spending mandate for local school districts will have the effect of reducing education funding for the classrooms.

Will Local Governments Be Required to Maintain Current Levels of Education Spending?

Far-reaching changes were made to the state's "Maintenance of Effort" (MOE) law in a last-minute amendment to the budget reconciliation bill. Without hearings or public vetting, the budget conference committee adopted language that appears to gut the requirement that local governments must provide the same level of funding as the prior year per pupil amount. The Boards of Education assert that counties and the City would not be legally required to meet MOE under this change but that failure to do so would still lead to a penalty to the local school system. Budget conferees and counties describe the change as technical. The interpretation will be played out in coming months.

Fighting for Adequate School Facilities: State Maintains Effort!

Capital Improvement Program for School Construction: \$250 Million Approved

The need for improving the condition of school facilities statewide is significant, especially in low-wealth districts with aging and deficient infrastructure. For FY 2012, the state legislature approved Governor O'Malley's allocation of \$250 million in the capital budget for school construction statewide, the amount recommended by the Public Schools Facilities Act of 2004. However, no changes were made to the distribution of funds, which could give priority to older buildings and less wealthy districts.



Additional School Construction Funds Through the Alcohol Tax: \$47 Million Approved

With the alcohol tax projected to generate an estimated \$82 million in revenue for the upcoming year, legislators approved a one-time allocation of \$47 million in additional school construction funding to local districts. This allocation is on top of the \$250 million in capital funding approved in the state's Capital Improvement Program. Each Maryland district will receive a portion of the \$47 million ([click here to see the distribution to each county](#)).

Federal Dollars for School Facilities: \$15.9 Million Approved

Since 1998, the federal government has been allocating interest-free bonds for school facility improvements in the neediest districts through the Qualified Zone Academy Bond (QZAB) program. The ACLU supported the QZAB bill to allow the state to take on \$15.9 million in debt for school building improvements statewide, but opposed the proposal to change how QZABs were distributed to districts. The original distribution formula considered schools with high FARMs enrollment and aging infrastructure. The bill that passed the legislature this year allows the state to distribute QZAB funding to MSDE's Breakthrough Center (for school in improvement, corrective action, or restructuring) and through a competitive bidding process, which does not guarantee that districts and students with the greatest needs will get most of the funding, as intended by the federal program.

Aging Schools Program Saved Again: \$8.6 Million Approved

The ACLU has been instrumental over the past 3 years in saving the Aging Schools Program (ASP), a small school construction program that directs funding to the oldest school buildings in the state. Thanks to the Senate, \$8.6 million was approved for ASP this year in

ACLU Teams Up With Partners To Take Action



Briana Wills, city high school student from the Baltimore Freedom Academy and ACLU intern, demanded that school budgets be restored to save teacher jobs and important afterschool programs. (Press event organized by Baltimore Education Coalition, with Larry Young, Conan (92Q), AFSCME, NAN, & BTU/AFT at City Hall.)

ACLU Works to Galvanize Advocates and Targets Legislators To Protect Education Funding

Due to the slowly recovering economy, the threat to education funding was alarming this year. Unprecedented cuts to per pupil spending would have been a major setback in providing adequacy in funding for all students, undermining the purpose of Thornton.

To protect education funding this year, the ACLU played a significant role in galvanizing support statewide to ensure that education advocates were working closely and effectively to protect the Thornton formula.

The ACLU worked closely with leaders in the Maryland State Education Association, Maryland Association of Boards of Education, and the Maryland Education Coalition, to develop a united message about the severe implications of the Governor's proposed cuts and permanent changes to Thornton. The groups coordinated efforts to target legislators and testify at critical committee hearings to urge that the education cuts and Thornton law be restored.

Baltimore Education Coalition (BEC)

As one of the founding members of BEC, the ACLU worked closely with member organizations to galvanize community support to oppose the Governor's proposed cuts to education.

The ACLU led an informative teaching on the state education budget for hundreds of Baltimore Education Coalition activists in December and coordinated district 40 parent group meetings. Other groups in BEC led organizing efforts in every legislative district. Together, BEC groups organized a huge rally in March, turning out 1,800 city residents in the pouring rain to demand that education funding be restored.

BEC members from BUILD, Child First Authority, City Neighbors Charter School, Greater Homewood Community Corporation, Cathedral of the Incarnation, School Social Workers in Maryland, and many more, participated in organizing busloads of students, teachers, and parents for the event. Speakers including Dr. Alonso and Dr. Alvin Thornton called upon legislators to roll up their sleeves as the crowd chanted, "KEEP THE PROMISE!" ACLU high school intern, Briana Wills, a junior at Baltimore Freedom Academy, spoke from a student perspective about the implications of harmful state budget cuts. ACLU staff member Kalima Young delivered closing remarks that inspired everyone in attendance to take immediate action.

City Delegation members responded by promising to work with BEC and pressing the Governor and their colleagues in the Senate and House to find a way to restore education funding.

[JOIN the Baltimore Education Coalition to be part of the effort to keep schools well funded!](#)

Additional Legislative Actions

Education Funding Adequacy Study Delayed: With a push from the Maryland State Department of Education (MSDE), the General Assembly changed the Bridge to Excellence law's requirement that an updated study of the "adequacy" of education funding be conducted by 2012. After a delay date of 2016 was proposed, the ACLU was successful in pushing forward a committee amendment to have the first phase of the study underway no later than June 30, 2014. This updated adequacy study will be critical in assessing school funding needs so that the state can adjust the funding formula as necessary to provide resources for children to meet state standards.

ACLU Successfully Opposes the "BOAST" Tax Credit Once Again: The ACLU and partners successfully opposed the adoption of SB315/HB932, the "Building Opportunities for All Students and Teachers" (BOAST) tax credit. The bill would have created a private school voucher program using public funds, effectively diverting millions of dollars away from public schools.

Funding Based on Average Daily Attendance Fails: The ACLU also successfully opposed the adoption of HB26, which would have based school enrollment calculations on average daily attendance. If passed, it would have resulted in drastic cuts to education funding for school systems, especially those that serve Maryland's most at-risk students.

ACLU Pushes for Equitable Education Funding Practices: The legislature did not take action on SB683/HB704, the "Equity in Education Funding Act of 2011," but the ACLU did testify to support the bill with an amendment. We urged that a county's Net Taxable Income (NTI), which measures local wealth, be determined on November 1st of each year so that the education aid formula can distribute funding based on the most accurate data available.

American Civil Liberties Union of Maryland Education Reform Project

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