



# Maryland Education Coalition

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## MSDE Aid to Education Budget Senate Budget and Taxation Education, Business, and Administration Subcommittee March 1, 2018 SUPPORT

The Maryland Education Coalition (MEC) is made up of individuals and statewide organizations, who represent parents, civil rights, and special population groups. We advocate for adequate, equitable funding and systematic accountability for the nearly 900,000 public school students in Maryland's public schools regardless of their academic, cultural, economic, geographic, racial or other demographic status.

MEC supports the formula funding for education in the FY19 budget as mandated by the Bridge to Education Act, as revised.

In this year's Budget Reconciliation and Financing Act, MEC will be asking the budget committees to reject the Governor's cuts to K-12 education aid. We ask that you:

- Oppose repealing the mandate for Next Generation Scholars of Maryland Program-- \$5 million
- Ensure that after school and summer school programs are adequately funded (oppose the reduction in the Public School Opportunities Enhancement Program-- \$5 million).

Though the education formula is funded in the budget, MEC wants to stress to the subcommittee the urgent need for a formula update as is expected from the Kirwan Commission on Innovation and Excellence in Education. Our organizations see every day the dire needs in our schools for sufficient numbers of qualified staff and programs to prepare our children to meet state standards, as required by the state constitution. Our priorities for the Kirwan Commission's formula rewrite are attached.

Schools lack these resources not because the Bridge to Excellence Act did not direct funding for them in the formula but because of cutbacks to the formula during the recession. Among the most important changes to the formula in law was the decision to use a different inflation factor<sup>1</sup> that adjusts the foundation amount and was intended to allow school systems to keep pace with rising costs. In addition to changing the inflation measurement, each year for the next four years the inflation increase was taken out altogether. After those years, inflation was capped at 1% for several years. Inflation has been low the last several years. All of these changes to the original formula led to an essential flat-lining of state per pupil education aid for the last ten years. School systems across the state saw the cost of health care, etc., rise but state funding has stayed flat. To the extent some systems have seen increases in state funding, that is due to enrollment increases or changes in their counties.

The impact of flat state aid has much more impact in the poorer counties because it is a greater portion of their budget.

The Augenblick & Palaich consultants who carried out the adequacy study presented to the Kirwan Commission recommended that the state and locals increase funding by \$2.9 billion. The context for this figure is provided in the DLS chart<sup>2</sup> attached.

- 1) The Thornton formula was to address the \$1.1 billion statewide adequacy gap in 2002.
- 2) The formula was fully phased in in 2008 and nearly every school system had achieved adequacy that year, with notable exceptions-- Prince Georges, Washington, Garrett and several Eastern Shore counties.
- 3) After the changes to the formula were made (inflation factor removed/ reduced), the adequacy gap since FY09 increased steadily each year, and in FY15 had built up to a \$1.6 billion statewide gap (see chart).

That \$1.6 billion gap is the context for the General Assembly, the Governor, and the public as we look at the consultant's \$2.9 billion recommendation. Fully half of that amount would have been funded had the original formula not been changed and our schools would not be as challenged with insufficient staffing and resources to meet today's higher standards.

The Maryland Education Coalition looks forward to working with this committee as you tackle these critical issues going forward in acting on the Kirwan Commission recommendations.

<sup>1</sup>The Implicit Price Deflator (IPD) was the inflation factor used in the original formula. The factor was changed to the IPD or the Consumer Price Index, whichever was lower in a given year, with a cap neither could exceed of 5%.

<sup>2</sup>Adequacy of Education Funding in Maryland, Dept. of Legislative Services, Dec. 2016