

**Department of Legislative Services**  
 Maryland General Assembly  
 2026 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 490

(The Speaker)(By Request - Accountability and  
 Implementation Board)

Appropriations and Ways and Means

Education, Energy, and the Environment

**Education - The Blueprint for Maryland's Future - Revisions**

This bill makes several alterations to Blueprint for Maryland’s Future (Blueprint) programs. These changes involve, among other provisions, State and local funding for low-income students; local flexibility in the use of certain concentration of poverty grant (CPG) funding; teacher certification qualifications; the Expert Review Team Program; and the career ladder for educators in Maryland. **The bill takes effect July 1, 2026.**

**Fiscal Summary**

**State Effect:** State expenditures in support of public schools increase by \$228.4 million in FY 2027, by \$414.5 million in FY 2029, and by \$97.2 million in FY 2030. Special fund revenues decrease by \$4.7 million in FY 2027 and by \$3.0 million in FY 2028. The FY 2027 State budget includes \$228.4 million to cover the additional State funding for local school systems in the first year. **This bill increases a mandated appropriation in FY 2027 through FY 2031.**

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	(\$4.7)	(\$3.0)	\$0	\$0	\$0
GF Expenditure	\$0	\$547.5	\$414.5	\$226.5	\$97.2
SF Expenditure	\$228.4	(\$236.1)	\$0	\$0	\$0
Net Effect	(\$233.1)	(\$314.4)	(\$414.5)	(\$226.5)	(\$97.2)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Local school system revenues and expenditures increase statewide in FY 2027 through FY 2031. For several counties, county appropriations to local school systems generally increase significantly from FY 2027 through FY 2031. **This bill may increase a mandate on a unit of local government.**

**Small Business Effect:** None.

## Analysis

### **Bill Summary:**

#### *Compensatory Aid and Concentration of Poverty Grants*

The current low-income student count, or “compensatory education enrollment,” methodology for the compensatory education aid program and CPG program, which accounts for school and school system participation in the federal Community Eligibility Provision (CEP, as discussed below) is extended for three additional years, through fiscal 2029.

The bill repeals a current law sunset provision that, beginning in fiscal 2028, precludes the use of CPG program personnel and per pupil grants to provide for certain programs required under State regulations, including, but not limited to, fine arts programs.

#### *Teacher Certification*

Qualifications for initial teaching certification are modified. Passing a Maryland State Department of Education (MSDE)-approved portfolio assessment constitutes an additional option toward qualification and accordingly submission of an MSDE-sponsored apprenticeship program certificate may substitute for passage of a nationally recognized, portfolio-based assessment of teaching ability. Teachers who graduate from a teacher preparation program (instead of “an institution of higher education” under current law) in another state or hold a professional license or certificate from another State may as another option submit documentation to MSDE of having received effective evaluations from a school or school system for three years.

#### *Career Ladder*

Under the career ladder, with respect to attaining the first tier within the administrator track (licensed principal) the date by which criteria must include a requirement that a teacher be a National Board Certification (NBC) teacher before the teacher may be a licensed principal is delayed from July 1, 2029, to July 1, 2034.

#### *Expert Review Team Program*

MSDE must suspend operation of the Expert Review Team Program during the 2026-2027 school year. Funding allocated for the Expert Review Team Program in the fiscal 2027 operating budget must be used for other eligible purposes for the Blueprint for Maryland’s Future Fund (BMFF). By November 1, 2026, MSDE and the Accountability and

Implementation Board (AIB) must jointly submit a report to the Governor and to specified General Assembly committees on plans for future implementation of the program.

#### *Low-income Student Count Methodology*

AIB and MSDE must engage in a collaborative and transparent process, including consultation with specified entities, for identifying a methodology for counting students from low-income households to calculate the compensatory education enrollment for the compensatory education program and CPG program. By October 1, 2027, AIB and MSDE jointly must submit a report on their findings and recommendations regarding the methodology to the Governor and the General Assembly. AIB and MSDE are jointly authorized to use up to \$100,000 from the BMFF to meet these requirements.

#### *Other Provisions*

The definition of “wraparound services” as it applies to community schools is altered to include other objective-focused small group instruction during the school day, in addition to offering tutoring per current law.

Local boards of education are no longer required to submit annual reports to MSDE on spending related to technology and on the percentage of students, teachers, and staff with digital devices and adequate connectivity in their homes. Accordingly, MSDE is no longer required to compile this information for submission to the General Assembly.

**Current Law:** For an overview of the Blueprint and other aspects of State and local funding of public schools in Maryland, see **Appendix – Public School Funding in Maryland**.

#### *Federal Community Eligibility Program*

The Healthy, Hunger-Free Kids Act of 2010, in part, amended the federal National School Lunch Act to provide an alternative to household applications for free or reduced priced meals (FRPM) in high-poverty local school systems and schools. This alternative is CEP. To be eligible, local school systems and schools must meet a minimum level of students directly certified for free meals – the ISP (identified student percentage) – which must be at least 25% of enrollment in the year prior to implementing the option, agree to serve free lunches and breakfasts to *all* students, and agree to cover with nonfederal funds any costs of providing free meals to all students above amounts provided in federal assistance. Identified students include those who qualify for free meals without an application, such as children from households receiving Supplemental Nutrition Assistance Program or Temporary Assistance for Needy Families benefits, foster children, homeless students, migrant students, and others categorically eligible.

Reimbursement is based on claiming percentages derived from the percentage of students directly certified as increased by use of a multiplier determined by the U.S. Department of Agriculture (USDA), which has been set at 1.6 since the inception of CEP. A local school system may choose to participate in CEP for all schools in a local school system or only some schools, depending on the eligibility districtwide and of the individual schools and financial considerations based on the anticipated level of federal reimbursement and other nonfederal support that may be available. For example, a school with a 25% student eligibility ISP, yields federal support for the equivalent of 40% (25% multiplied by 1.6), leaving an additional 60% to be covered outside of the federal CEP program. More information on CEP can be found on the [USDA website](#).

### *Compensatory Aid, Low-income Eligibility*

Since fiscal 2004, the compensatory aid formula, providing additional State support for students with educational needs resulting from educationally or economically disadvantaged environments, has used the number of students eligible for FRPM under federal school nutrition funding programs. Children from families (1) with incomes at or below 130% of the federal poverty level are eligible for free meals and (2) with incomes no greater than 185% of the federal poverty level are eligible for reduced-price meals. The State compensatory aid formula applies a per pupil cost to the FRPM student count. The compensatory enrollment count (used within the compensatory aid and CPG formulas) for local school systems that participate, in whole or in part, in CEP is the greater of:

(1) the sum of:

- the number of students in CEP participating schools identified by direct certification for the prior fiscal year; and
- the number of students identified by the income information provided by the family to the school system on an alternative form developed by MSDE for the prior fiscal year; and
- the number of students eligible for FRPM from any schools not participating in CEP for the prior fiscal year; *or*

(2) the sum of:

- the number of students eligible for FRPM from any schools not participating in CEP for the prior fiscal year; and
- for schools participating in CEP, the result of multiplying the prior fiscal year total enrollment by the percentage of FRPM-eligible students as compared to total enrollment in the year prior to participating in CEP. (However, for the purpose of

this calculation, schools participating in CEP in the pilot year may use the percentage of FRPM-eligible students during the pilot year); *or*

(3) the sum of:

- the number of students directly certified and who are enrolled in a public school in the county in the prior fiscal year.

This provision of the State law is in effect through fiscal 2026. For fiscal year 2027 and each fiscal year thereafter, the greater of (1) the number of FRPM eligible students using the USDA count, or the alternative State form for the prior fiscal year or (2) the number of direct certification students who are enrolled in a public school in the county in the prior fiscal year.

#### *Concentration of Poverty Grants and Community Schools*

Blueprint legislation provides additional support for schools serving high concentrations of students living in poverty through the CPG Program. CPG funding has two components, a personnel grant and a *per-pupil* grant.

CPG personnel and *per pupil* grants may be used by eligible schools, through fiscal 2027, to provide for certain programs required under State regulations for a range of subjects, including (but not limited to) programs for fine arts, science, mathematics, social studies, CTE, English and world languages, and environmental education. The bill allows for this same use of CPG funds in each year following fiscal 2027 as well. The fiscal 2027 budget as introduced includes \$572.7 million for CPG funding to public schools. Consistent with recent annual funding levels, the fiscal 2027 budget as introduced also includes \$731,530 in general funds for public school fine arts grants.

Schools that receive CPG funding operate as community schools. “Wraparound services” within the context of community schooling, includes, among many other components, offering evidence-based in-school and in-person tutoring, provided during the school day.

#### *Teacher Certification*

To qualify for certification in the State, a teacher who graduated from an institution of higher education in another state or holds a professional license or certificate from another state must (1) pass an examination of teaching ability within 18 months of being hired by a local school system; (2) hold an active NBC; or (3) complete a comprehensive induction program. Individuals who have graduated from a teacher preparation program or an alternative teacher preparation program, passing a portfolio-based assessment of a

nationally accredited teacher program is one option toward qualifying for initial teaching certification in Maryland.

### *Career Ladder*

By July 1, 2029, to reach the first tier within the administrator track (licensed principal) a teacher must be an NBC teacher.

### *Local School System Technology Use and Spending*

Local boards of education must submit annual reports to MSDE on spending related to technology and on the percentage of students, teachers, and staff with digital devices and adequate connectivity in their homes. MSDE must compile this information for submission to the General Assembly.

### *Expert Review Team Program*

Under the Expert Review Team Program, expert educators (1) conduct interviews, observe classes, and use other data to analyze the extent to which the Blueprint is being implemented and (2) collaborate with school-based faculty and staff and local school system staff to determine reasons why student progress is insufficient and develop recommendations, measures, and strategies to address the issues identified by the Expert Review Team. In the course of its work, an Expert Review Team may evaluate behavioral health services provided in a school and, as needed, recommend corrective actions.

### *Neighborhood Indicators of Poverty Report and Recommendations*

Under Chapter 408 of 2024, by October 1, 2025, the Governor's Office for Children (GOC) must submit a report on neighborhood indicators of poverty to the General Assembly, AIB, and MSDE. Any State agency must share any data needed by GOC to complete the report. The report must include an analysis of different methods used to calculate indicators of poverty to determine eligibility for the Compensatory Education Program and the Concentration of Poverty School Grant Program, as specified. In completing the report, GOC must:

- evaluate *American Community Survey* data, as specified;
- evaluate the *Area Deprivation Index* to rank neighborhoods by socioeconomic status disadvantage;
- analyze how other states approach measuring poverty;
- analyze how other states calculate eligibility for state programs for school districts that participate in CEP; and
- consult with each local school system for input.

By December 1, 2025, AIB, in consultation with the Department of Legislative Services and the Department of Budget and Management, must submit a methodological recommendation to the General Assembly based on GOC's neighborhood indicators of poverty report. The recommendation must include whether there should be an updated methodology for calculating eligibility for compensatory grants to local boards, and if so, an updated methodology for calculating the compensatory education formula.

GOC partnered with Education Resource Strategies to conduct the requested study. The [report](#) details methodologies, results, and limitations associated with six alternatives to the current law determination of compensatory education enrollment. AIB observes that the options identified in the report would result in a decrease in the number of identified low-income students and, therefore, a decrease to relevant funding and that maintaining the current enrollment count methodology for compensatory education students stabilizes current funding and provides time to further analyze the methodologies proposed in the report and other potential methodologies.

#### *State Funding for Affected Programs*

The fiscal 2027 budget as introduced includes \$1.7 billion for compensatory education, \$572.7 million for CPG, and \$166.6 million for education effort adjustment funding, netting to \$228.4 million above mandated State funding for these three aid programs. The fiscal 2027 budget as introduced also includes \$3.3 million in BMFF funds for the Expert Review Team Program.

**State Revenues:** As discussed below, the bill increases BMFF expenditures in fiscal 2027. This results in a lower average BMFF fund balance during fiscal 2027 and fiscal 2028, and consequently BMFF interest earnings decrease by approximately \$4.7 million in fiscal 2027, and \$3.0 million in fiscal 2028.

**State Expenditures:** The projected fiscal 2027 to 2031 impact of the bill, by program, is detailed in **Exhibit 1**. These changes are driven by the change in the "compensatory education enrollment" count for fall of 2025 (and similar changes for fall of 2026 and 2027) under the bill, as shown in **Exhibit 2**. While the enrollment count change results in a three-year increase in compensatory education funding, CPG funding is altered over five years, primarily because *per pupil* CPG funding is based upon three-year average percentage of compensatory education enrollment students at each school.

**Exhibit 1**  
**State Aid Expenditure Changes by Program**  
(\$ in Thousands)

<u>Program</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Compensatory Education	\$137,826	\$140,677	\$142,799	\$0	\$0
Concentration of Poverty Grants	24,120	106,493	211,566	227,011	97,286
Education Effort Adjustment	66,502	63,306	59,128	0	0
Guaranteed Tax Base	0	872	1,037	(547)	(82)
<b>Total Change</b>	<b>\$228,448</b>	<b>\$311,348</b>	<b>\$414,531</b>	<b>\$226,464</b>	<b>\$97,203</b>

General fund and BMFF impacts under the bill are shown on page one of this fiscal and policy note. BMFF special fund revenues are projected under current law to be sufficient to cover mandated annual increases in expenditures for the Blueprint through fiscal 2027. Thus, increases to Blueprint program expenditures under the bill in fiscal 2027, approximately \$228.4 million, are covered by BMFF special funds. However, current projections indicate that revenues in the BMFF, including prior-year fund balances, will be less than the amount required to cover current law increases to annual expenditures under the Blueprint beginning in fiscal 2028. Due to this set of factors, including the increased BMFF expenditures in fiscal 2027, and decreased BMFF interest earnings, in fiscal 2028, general fund expenditures increase by about \$547.5 million, and BMFF expenditures in fiscal 2028 are reduced by approximately \$236.1 million. General fund expenditures increase by \$414.5 million in fiscal 2029 and increase by substantial, though lesser amounts through fiscal 2031. The bill does not significantly alter State expenditures after fiscal 2031.

This analysis assumes that the provision requiring the use of BMFF funding in the fiscal 2027 budget for the Expert Review Team Program for other eligible purposes of the BMFF can be executed despite the current law provision requiring expenditures from the BMFF to be made only in accordance with the State budget, and causes no net change in State revenues or expenditures. Although no net change in State revenues or expenditures is assumed, the transfer alters the permissible uses of the funds (\$3.3 million) to those authorized under BMFF other than the Expert Review Teams.

AIB and MSDE advise that the bill does not substantially alter their fiscal outlook. This analysis assumes that if additional resources are required to engage in the required collaborative process for identifying the method for counting students from low-income households, no more than \$100,000 in combined additional expenditures, provided via the BMFF are incurred.

**Local Fiscal Effect:** County government expenditures for certain jurisdictions increase due to increased compensatory enrollment totals under the bill, which increase local share, and thus for some counties increases minimum required effort. The course of anticipated county government expenditures is further altered by changes in education effort adjustment and the guaranteed tax base local share relief outcomes resulting from changes to the local share of compensatory education. **Exhibit 3** shows the anticipated changes in county government funding for public schools under the bill.

**Exhibit 4** shows the estimated change in State aid received by public schools by county, consistent with statewide formula program changes shown in Exhibit 1. **Exhibit 5** shows the combined impact of both State aid and local appropriations changes by county for fiscal 2027 through 2031. Local school system expenditures change accordingly.

*Concentration of Poverty Grants Spending Flexibility and Expert Review Team Program*

The bill's provision that, beginning in fiscal 2028, allows local school systems to realize increased flexibility in the use of CPG personnel and per pupil grants, including in support of fine arts programming, does not in itself alter local school system expenditures. Shifting fiscal 2027 BMFF funding from the Expert Review Team Program to one or more other eligible BMFF purposes may alter grant funding to local school systems and other local government entities, however the impact on local government finances cannot be estimated at this time.

**Exhibit 2**  
**Change to Compensatory Education Enrollment**  
**Fall of 2025**

<b><u>County</u></b>	<b><u>Current Law</u></b>	<b><u>Under the Bill</u></b>	<b><u>Diff.</u></b>	<b><u>% Diff.</u></b>
Allegany	4,135	4,650	515	12%
Anne Arundel	33,374	33,374	0	0%
Baltimore City	48,651	62,037	13,386	28%
Baltimore	53,703	55,991	2,288	4%
Calvert	3,988	3,988	0	0%
Caroline	3,016	3,677	661	22%
Carroll	7,130	7,130	0	0%
Cecil	6,962	6,983	21	0%
Charles	12,174	12,738	564	5%
Dorchester	2,845	2,878	33	1%
Frederick	15,240	15,240	0	0%
Garrett	775	1,772	997	129%
Harford	14,208	14,213	5	0%
Howard	16,410	16,596	186	1%
Kent	1,046	1,092	46	4%
Montgomery	58,509	63,850	5,341	9%
Prince George's	79,069	86,870	7,801	10%
Queen Anne's	2,577	2,577	0	0%
St. Mary's	6,055	6,171	116	2%
Somerset	1,914	1,915	1	0%
Talbot	2,398	2,398	0	0%
Washington	11,910	12,830	920	8%
Wicomico	8,472	9,063	591	7%
Worcester	3,301	3,393	92	3%
<b>Total</b>	<b>397,862</b>	<b>431,426</b>	<b>33,564</b>	<b>8%</b>

**Exhibit 3**  
**Estimated Change in Local Appropriations under the Bill**  
**Fiscal 2027-2031**  
**(\$ in Thousands)**

<u>County</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Allegany	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Anne Arundel	0.0	0.0	0.0	0.0	0.0
Baltimore City	0.0	(1,284.3)	(8,970.0)	1,688.4	(291.1)
Baltimore	0.0	0.0	0.0	0.0	0.0
Calvert	0.0	0.0	0.0	0.0	0.0
Caroline	676.9	1,022.0	891.3	(375.5)	158.7
Carroll	0.0	0.0	0.0	0.0	0.0
Cecil	0.0	0.0	596.6	0.0	0.0
Charles	0.0	0.0	0.0	0.0	0.0
Dorchester	322.8	313.2	334.8	(15.7)	0.7
Frederick	0.0	0.0	0.0	0.0	0.0
Garrett	2,058.7	4,285.7	5,285.0	1,334.7	0.0
Harford	0.0	0.0	0.0	0.0	0.0
Howard	0.0	0.0	0.0	0.0	0.0
Kent	259.2	360.0	511.8	335.2	111.8
Montgomery	0.0	0.0	0.0	0.0	0.0
Prince George's	0.0	5,895.9	18,952.0	0.0	0.0
Queen Anne's	0.0	0.0	0.0	0.0	0.0
St. Mary's	0.0	0.0	0.0	0.0	0.0
Somerset	0.0	0.0	172.1	(47.6)	13.2
Talbot	0.2	(35.1)	17.4	6.4	1.2
Washington	2,955.8	2,618.5	2,674.8	(303.0)	33.4
Wicomico	490.5	1,293.1	957.3	(399.6)	167.3
Worcester	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>\$6,764.1</b>	<b>\$14,468.9</b>	<b>\$21,423.1</b>	<b>\$2,223.4</b>	<b>\$195.3</b>

**Exhibit 4**  
**Estimated Change in State Aid to Public Schools under the Bill**  
**Fiscal 2027-2031**  
**(\$ in Thousands)**

<u>County</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Allegany	\$3,198.2	\$3,728.2	\$4,827.4	\$2,359.6	\$2,608.0
Anne Arundel	15.1	(68.9)	83.4	(146.1)	(27.2)
Baltimore City	113,938.6	160,063.3	213,009.0	101,527.5	35,653.8
Baltimore	7,243.3	9,206.4	15,212.7	9,455.3	6,177.8
Calvert	(154.8)	(132.0)	(118.3)	0.0	0.0
Caroline	4,234.4	5,832.8	8,153.1	5,125.9	2,350.3
Carroll	(275.7)	54.0	(204.2)	0.0	0.0
Cecil	(197.0)	(1,007.5)	(762.6)	35.8	344.9
Charles	2,497.1	3,502.4	5,109.6	3,079.3	2,424.5
Dorchester	(51.1)	65.8	156.2	235.2	57.0
Frederick	(617.8)	(465.9)	(477.5)	0.0	0.0
Garrett	3,497.4	3,478.9	4,463.2	1,884.7	1,896.6
Harford	(547.4)	(720.2)	(408.0)	0.0	0.0
Howard	165.5	429.0	796.7	1,317.8	1,817.6
Kent	156.6	198.3	244.7	96.4	33.9
Montgomery	18,893.1	23,300.9	30,112.1	13,689.1	10,218.4
Prince George's	67,614.3	89,737.1	113,675.7	73,755.4	27,241.1
Queen Anne's	0.1	6.2	12.6	(1.0)	(0.2)
St. Mary's	290.5	697.3	1,196.9	979.6	650.5
Somerset	(110.2)	31.7	(147.1)	49.0	(13.2)
Talbot	0.6	(6.5)	8.2	(6.4)	(1.2)
Washington	4,996.2	7,431.1	11,417.4	7,965.9	3,879.6
Wicomico	3,364.1	4,751.1	7,200.9	4,974.2	1,546.1
Worcester	297.0	914.6	968.8	86.5	345.2
Unallocated	0.0	319.4	0.0	0.0	0.0
<b>Total</b>	<b>\$228,448.1</b>	<b>\$311,347.6</b>	<b>\$414,530.8</b>	<b>\$226,463.6</b>	<b>\$97,203.4</b>

**Exhibit 5**  
**Estimated Change in State Aid and Local Appropriations under the Bill**  
**Fiscal 2027-2031**  
**(\$ in Thousands)**

<b><u>County</u></b>	<b><u>FY 2027</u></b>	<b><u>FY 2028</u></b>	<b><u>FY 2029</u></b>	<b><u>FY 2030</u></b>	<b><u>FY 2031</u></b>
Allegany	\$3,198	\$3,728	\$4,827	\$2,360	\$2,608
Anne Arundel	15	(69)	83	(146)	(27)
Baltimore City	113,939	158,779	204,039	103,216	35,363
Baltimore	7,243	9,206	15,213	9,455	6,178
Calvert	(155)	(132)	(118)	0	0
Caroline	4,911	6,855	9,044	4,750	2,509
Carroll	(276)	54	(204)	0	0
Cecil	(197)	(1,007)	(166)	36	345
Charles	2,497	3,502	5,110	3,079	2,424
Dorchester	272	379	491	219	58
Frederick	(618)	(466)	(477)	0	0
Garrett	5,556	7,765	9,748	3,219	1,897
Harford	(547)	(720)	(408)	0	0
Howard	166	429	797	1,318	1,818
Kent	416	558	756	432	146
Montgomery	18,893	23,301	30,112	13,689	10,218
Prince George's	67,614	95,633	132,628	73,755	27,241
Queen Anne's	0	6	13	(1)	(0)
St. Mary's	290	697	1,197	980	650
Somerset	(110)	32	25	1	0
Talbot	1	(42)	26	0	0
Washington	7,952	10,050	14,092	7,663	3,913
Wicomico	3,855	6,044	8,158	4,575	1,713
Worcester	297	915	969	86	345
Unallocated	0	319	0	0	0
<b>Total</b>	<b>\$235,212</b>	<b>\$325,817</b>	<b>\$435,954</b>	<b>\$228,687</b>	<b>\$97,399</b>

*Other Provisions*

AIB advises that the delay in the Blueprint deadline (to July 1, 2034) by which newly licensed principals must hold NBC may result in local savings in salaries or NBC fees. It

is assumed that any such savings, which cannot be quantified at this time, are not realized until fiscal 2030 at the earliest. Including other objective-focused small group instruction among the many components of wraparound services is not anticipated to alter local expenditures for wraparound services.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** SB 311 (The President)(By Request - Accountability and Implementation Board) - Education, Energy, and the Environment.

**Information Source(s):** Anne Arundel County Public Schools; Baltimore County Public Schools; Frederick County Public Schools; Montgomery County Public Schools; Prince George's County Public Schools; St. Mary's County Public Schools; Wicomico County Public Schools; Maryland Department of Labor; University System of Maryland; Morgan State University; Maryland Association of Counties; Accountability and Implementation Board; Maryland State Department of Education; Maryland Higher Education Commission; Department of Budget and Management; Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2026  
js/clb Third Reader - April 1, 2026  
Revised - Amendment(s) - April 1, 2026

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# Appendix – Public School Funding in Maryland

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## State Aid for Public Schools

### *Blueprint for Maryland’s Future and Education Funding Formulas*

The majority of direct State aid to public schools (excluding teachers’ retirement) is determined by enrollment-based funding formulas generally found in Title 5, Subtitle 2 of the Education Article. This includes the foundation formula, which makes use of a per pupil foundation amount (PPFA) and an “enrollment count,” which is the greater of (1) the prior year full-time equivalent (FTE) enrollment and (2) the three-year moving average of FTE enrollment. Collectively, the formulas account for a uniform base cost per pupil that is necessary to provide general education services to students in every local school system and address the additional costs associated with educating three student populations: special education students; students eligible for free and reduced-price meals; and students who are English learners. Under Chapter 237 of 2025, beginning in fiscal 2026, the special education, compensatory education, and English learner formulas – structured similarly to the foundation program, but targeting the three student populations mentioned above – use statutory per-pupil dollar amounts (rather than percentage weights of PPFA), with amounts specified through fiscal 2033 and inflation adjustments thereafter.

Most State education aid formulas also include wealth equalization across counties, compensating for differences in local wealth by providing less aid per pupil to the more wealthy counties and more aid per pupil to the less wealthy counties. Although on the whole most State aid formulas are designed to have the State pay roughly one-half of program costs, the State’s share for the less wealthy counties is higher than 50%, and the State’s share for more wealthy counties is lower than 50%. For purposes of determining State and local shares of funding, wealth equals the sum of 100% of assessed public utilities real property value, 40% of the assessed value of all other real property, 50% of the assessed value of personal property, and 100% of net taxable income.

Major education aid programs include the foundation formula, comparable wage index (CWI), guaranteed tax base (GTB), compensatory education, concentration of poverty grants (CPG), English learner, special education, full-day prekindergarten, college and career ready (CCR), transitional supplemental instruction (through fiscal 2026), career ladder, and transportation grant programs.

The Blueprint for Maryland’s Future (Blueprint) legislation, including Chapter 771 of 2019; Chapters 36 and 55 of 2021; and Chapter 33 of 2022 established new programs and updated education funding formulas, to among other provisions provide additional

support for schools serving high concentrations of students living in poverty, including community schools and wraparound services, and increased support for students learning English and students with disabilities. Chapter 237, among other provisions, curtailed foundation program per pupil funding.

### *Blueprint for Maryland's Future Fund*

The Blueprint for Maryland's Future Fund (BMFF) was created by Chapter 771 as the successor to the Commission on Innovation and Excellence in Education Fund. The BMFF is intended to assist in providing adequate funding for early childhood education and primary and secondary education to provide a world-class education to students in Maryland.

### *Comparable Wage Index*

CWI provides additional funds to local school systems with above-average personnel costs but does not decrease funding for local school systems with below-average costs. CWI adjustment values are fixed in statute and range from 0.047 in Frederick County to 0.166 in Montgomery County. The formula multiplies the adjustment value by the foundation program for a given county, which is the PPFA multiplied by the enrollment count for the county.

### *Guaranteed Tax Base*

The GTB program is intended to encourage less wealthy jurisdictions to maintain or increase local education tax effort, *i.e.*, local education appropriation as a percentage of local tax base. The program provides additional State education aid to counties that (1) have less than 80% of the statewide average wealth per pupil and (2) provide local education funding above the minimum local share required by the Foundation Program. The program uses local education tax effort and wealth to determine State aid amounts for each eligible local school system.

### *Concentration of Poverty Grant Program*

Blueprint legislation provides additional support for schools serving high concentrations of students living in poverty through the CPG Program. CPG funding has two components, a personnel grant and a per-pupil grant.

*Personnel Grants* are provided to employ a community school coordinator with specified qualifications and provide full-time coverage by at least one health care practitioner. A county that provides health coverage or community school services with funds other than the personnel grant must continue to provide those services through fiscal 2030. If the

personnel grant provided to an eligible school exceeds the costs to employ those positions and provide health coverage, the eligible school may use excess funds to provide wraparound services and complete the community school needs assessment. The personnel grant is a State-funded categorical amount that increases with inflation.

*Per-pupil Grants* are provided for each qualifying school following the completion of a community school needs assessment, and each eligible school must use the per-pupil grant to provide wraparound services and other programs and services as identified in the school needs assessment. CPG funds must generally be distributed by the local board to each eligible school. However, if the local school system has at least 10 eligible schools or at least 35% of a local school system’s schools are eligible schools, the local board may expend up to 50% of CPG personnel and per-pupil grants on behalf of eligible schools on program costs that directly benefit the school, and in accordance with a plan developed in consultation with eligible schools that ensures that each eligible school receives the required positions/coverage and services. Per-pupil grants are only wealth equalized for districts that receive the minimum State funding (40%) under the compensatory education formula; for all other districts, the State pays the full amount. The local funding percentage is based on the compensatory education wealth equalization formula.

The following table lays out the phase-in of the two components of the funding.

**Concentration of Poverty Grants Phase-in**

<u>School Poverty Percentage</u>	<u>Year Personnel Phased-in</u>	<u>Year Per Pupil Phased-in</u>
> = 80%	FY 2020	FY 2022
75%-80%	FY 2021	FY 2023
70%-75%	FY 2022	FY 2024
65%-70%	FY 2023	FY 2025
60%-65%	FY 2024	FY 2026
55%-60%	FY 2025	FY 2027

School concentration percentages are based on a three-year average of compensatory education enrollment in each public school.

For the per-pupil grant, schools receive funding along a sliding scale according to their CPG level, the three-year average percentage of compensatory education enrollment students at each school. Schools at or below 55% CPG level receive no funding per pupil. Schools above 55% and below 80% CPG level see the per-pupil amount increase until, for schools at or above 80% CPG level, per-pupil funding reaches the statutorily established per-pupil maximum amount. The per-pupil amount established by this sliding scale is then

multiplied by a school’s compensatory education enrollment in the second prior fiscal year to get a calculated grant amount. A percentage increment of per-pupil funding is then applied for each of six years of eligibility, beginning with 16% in the first year of eligibility and culminating in 100% funding by the seventh year, is specified in statute as shown in the table below.

<u>Eligibility Year</u>	<u>Share of CPG Per Pupil</u>
NOT ELIGIBLE	0%
Year 1	16%
Year 2	32%
Year 3	37%
Year 4	55%
Year 5	66%
Year 6	75%
Year 7 and Beyond	100%

Beginning in fiscal 2030, however, all schools receive 100% of the calculated per-pupil grant amount regardless of year of eligibility.

*College and Career Ready Funding*

It is the goal of the State that students enrolled in public school will meet the CCR standard adopted by the State Board of Education before the end of the 10th grade and no later than the time the student graduates from high school. In addition to funding for non-CCR and CCR students provided within the foundation formula, funding is provided for students in grades 9 through 12 who have met the CCR standard. Per-pupil funding, covered by both State and local shares, begins at \$517 in fiscal 2022 and is inflation adjusted each subsequent year. These funds support various pathways and educational options available to students who meet the CCR standard.

*Career Ladder for Educators*

Under Chapter 36, as amended by Chapter 55, a four-level career ladder must be implemented by each local board of education by July 1, 2024. Level one is a State-certified teacher. Level two is a teacher pursuing a master’s degree, 30 credits of a State board-approved program of study, or National Board Certification (NBC). Level three is a teacher who has an NBC or, if NBC or a comparable assessment is not available in the teacher’s content area, a master’s degree in that area. Level three includes an assistant principal. Level four is a teacher on the teacher leadership track or administrative track of the career ladder, each of which is further divided into tiers. If a

teacher achieves level three or four on the career ladder by being an NBC teacher, the teacher must retain NBC status in order to remain at that level. The State and county governments share the cost of required salary increases for educators reaching certain levels on the career ladder, including for attaining and retaining NBC status.

### *Grow Your Own Educators*

Chapters 227 and 228 of 2024 established the Grow Your Own Educators Program to provide support to eligible provisional teachers and noncertified education support professionals interested in teaching who pledge to fulfill a service obligation. Administered by the Maryland State Department of Education (MSDE), the program provides grants to local school systems in collaboratives for certain teacher candidates' expenses and program administration costs. Chapter 237 made several alterations to the program, including clarifying that the program purpose is to support collaboratives that offer teacher licensure programs with on-the-job experiential learning for eligible individuals, not to directly support the individuals.

### *Full-day Prekindergarten*

The full-day prekindergarten funding formula provides State and local funding for voluntary full-day prekindergarten for (1) children who are three or four years old from low-income families and homeless youths and whose family income is less than or equal to 300% of the federal poverty level (FPL) (Tier I children) and (2) four-year-olds from families whose income is – for fiscal 2026 funding – between 300% and 360% of FPL, and beginning fiscal 2027 between 300% and 600% of FPL (Tier II students).

There is no family share for Tier I students. For Tier II students, a sliding scale developed by MSDE determines the family share. For four-year-olds from families with income above 600% (Tier III), the family share covers the full cost of full-day prekindergarten. However, a local board may provide up to 100% of the family share on behalf of the family. Local governments are required to fund the local share of the full-day prekindergarten program. The funding formula for full-day prekindergarten is based in part on the per-pupil amount. The per-pupil amount is \$14,473 for fiscal 2026, escalates to \$19,950 in fiscal 2027 and 2028, and increases annually by inflation beginning in fiscal 2029.

Beginning in the 2024-2025 school year, prekindergarten slots provided by eligible private providers must account for at least 10% of the total prekindergarten slots provided by eligible prekindergarten providers in each county. The proportion of eligible private provider prekindergarten slots in each county increases by 10 percentage points every school year, until, in the 2028-2029 school year, and each subsequent school year, eligible private provider prekindergarten slots account for at least 50% of eligible prekindergarten provider prekindergarten slots in each county.

Priority in expanding full-day prekindergarten slots is given to three- and four-year-olds who are Tier I children, children with disabilities regardless of family income, and children living in homes where English is not the primary spoken language. The proportion of enrolled Tier I children who are three- and four-year-olds must increase annually until all such children are enrolled in a full-day prekindergarten program.

### *Prekindergarten Expansion Grant Program*

The Prekindergarten Expansion Grant Program, administered by MSDE, is intended to broaden the availability of high-quality prekindergarten and school readiness services throughout the State for children and their families in coordination with the expansion of publicly funded full-day prekindergarten under the Blueprint. The program is a competitive grant program to provide grants to qualified providers, including (1) a local board of education or (2) if partnering with a local board under a memorandum of understanding, a State accredited or nationally accredited child care program or a nonpublic school approved by MSDE to provide prekindergarten services.

Grants may be used to add available slots to expand prekindergarten services, including (1) establishing or expanding full-day prekindergarten for eligible young children and (2) expanding existing half-day prekindergarten programs into full-day prekindergarten for eligible young children. Grants may not be used (1) to supplant existing funding for prekindergarten services; (2) for capital improvements; or (3) to fund the same full-day prekindergarten slot that is funded under the full-day prekindergarten program established by Blueprint legislation.

Through fiscal 2029, the Governor must annually appropriate to the Prekindergarten Expansion Fund (established to provide funds to the program) an amount that is at least equal to the total amount of all funds received by the program in the prior fiscal year. Beginning in fiscal 2030, funds appropriated to the Prekindergarten Expansion Fund must be consolidated into the publicly funded full-day prekindergarten program.

### *Public School Transportation*

All school systems are required to arrange transportation to and from school for all public school students and are required to provide transportation to and from school for all disabled students. The State provides annual aid to public schools for the purpose of funding student transportation. The funding consists of two parts: a base grant that is adjusted annually; and a per-pupil grant based on the number of students with special transportation needs.

## **Local Funding for Public Schools**

### *Maintenance of Effort and Local Share*

Each year, the county government (including Baltimore City) is required to appropriate funds to the local board equivalent to the greater of the per-pupil maintenance of effort (MOE) requirement or the local share amount of all wealth-equalized formulas. The per-pupil MOE amount is based upon the enrollment count as defined above. The local share of major education aid programs equals the local share of the foundation formula, compensatory education, English learner, special education, CWI, full-day prekindergarten, CCR, transitional supplemental instruction (through fiscal 2026), and career ladder grant programs. Also, counties that benefit from the compensatory education State funding floor are required to fund the local share of CPG. However, for some counties, the combined local share across these several programs is subject to adjustments described below. Additionally, under Chapter 336 of 2024, the State and county governments must pay for Blueprint implementation coordinator salaries in the same proportion as the foundation program.

### *Education Effort Adjustment to Local Share Requirement*

Local governments are required to fund the local share of the foundation program and the required local shares for several other funding formula programs. The law also includes a mechanism for establishing a maximum local share that a county must fund each year. This involves “local education effort,” which is determined for each county by dividing the county’s local share of major education aid by the county’s wealth. An “education effort index,” which is the local education effort divided by the “State average education effort” is then determined. A “maximum local share” is calculated for each county, which is the county’s local wealth multiplied by the State average education effort.

Each county with an education effort above 1.0 for two consecutive years receives relief based upon its “education effort adjustment,” which is the amount by which the calculated local share exceeds the maximum local share. This relief (which results in increases to State aid), is provided to counties within one of three tiers, based on whether the education effort is (1) greater than 1.0 but less than 1.15; (2) at least 1.15 but less than 1.27; or (3) at least 1.27. State relief for the first tier is phased up from 15% of the education effort adjustment in fiscal 2023 to 50% by fiscal 2030. State relief for the second tier is phased up from 20% of the education effort adjustment in fiscal 2023 to 100% by fiscal 2030. State relief for the third tier is 100% beginning in fiscal 2023. However, the education effort adjustment for a county is only allowed to the degree that per-pupil MOE is met each year.

### *Additional Reductions to Local Share*

A county may be eligible for a reduction in the required local share of major aid formulas in three additional ways: (1) if a county receives State funds from the GTB program, the

local share may be reduced by the amount of GTB funds, except that for Baltimore City only the amount above \$10.0 million may be reduced from the local share; (2) if a county receives State funds to support the minimum funding floors of 15% for the foundation and 40% for the targeted programs; and (3) if a county has a CWI of at least 0.13, the local share of CWI may be reduced by 50%. However, in all of these cases, the local share may not be reduced to below the required per-pupil MOE amount.

*Minimum School Funding Requirement*

Each local board of education must distribute to its public schools at least 75% of the applicable per-pupil funding amounts generated under the foundation program and most major education aid formulas. In addition, local boards must distribute 100% of the per-pupil amounts provided under the concentration of poverty grant program and for eligible private provider prekindergarten slots.