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Expanding Educational Opportunity in Maryland

A More Accurate Funding Formula Will Create a More Equitable Education System

Maryland delivers some of the highest-quality education in the country by some measures, and yet too many students still see their educational opportunities limited based solely on where they live. This is because our investments in education have not kept pace with the standards we expect students to meet, and these investments are not distributed equitably among school districts.

It is essential for Maryland children and for our economy that we provide schools across our state with the resources they need to deliver a first-rate education. When students have access to high-quality public schools, they are better prepared to succeed in college, find good jobs, and fully participate in their communities—and research shows that a well-educated workforce means a stronger economy for everyone.

A [new report](#) by the Maryland Center on Economic Policy, supported by the Abell Foundation, shows that Maryland has an opportunity to improve the way we fund education through the current review process of Maryland's school finance system. This process should address two major shortcomings in this system as it exists today:

- Our total state investment in education is not sufficient to provide all students an excellent education. Maryland education funding currently falls short of the standard set in our last school reform process by \$1 billion per year, and it would take nearly \$3 billion to meet the standards we hold our students to today.ⁱ To address this shortcoming, we should **INCREASE MARYLAND'S INVESTMENT IN SCHOOLS.**
- Our current school funding formula does not deliver adequate resources to the districts with the greatest needs. An analysis by the Maryland Center on Economic Policy found that districts with lower incomes, more students of color, and more students with disabilities are not as well equipped as other districts to provide a high-quality education.ⁱⁱ To address this shortcoming, we should **FIX MARYLAND'S SCHOOL AID FORMULA TO MEASURE LOCAL WEALTH ACCURATELY.**

Like in other states, state aid to schools in Maryland is distributed according to a formula that measures each district's needs as well as its wealth. This way, districts that have less capacity to fund education on their own receive more help from the state. This can be an effective way to distribute resources, provided that the formula measures local wealth accurately.

Maryland should take four steps to improve the way we measure local wealth and thereby ensure that students across our state have access to a high-quality education:

- **INCORPORATE INCOME IN THE RIGHT WAY.** Using a multiplicative wealth measure, which involves multiplying property wealth by a local income index, is the strongest single step the state can take to measure local wealth more accurately. This approach more effectively measures local jurisdictions' capacity to fund education, and would direct more funding to the districts with the greatest needs.
- **EXPAND THE GUARANTEED TAX BASE.** The existing guaranteed tax base program leverages state and local resources to ensure that areas with lower incomes and property values have the education funding they need. Expanding this program would make education funding in Maryland more equitable.
- **IMPROVE TRANSPARENCY, ACCURACY, AND EQUITY IN THE FUNDING FORMULA.** The state has an opportunity to make education funding more straightforward and accurate by making three small changes to the formula: measuring a jurisdiction's income only one time per year, streamlining the way a district's property wealth is measured, and eliminating arbitrary funding floors.
- **COMBINE THE MOST EFFECTIVE IMPROVEMENTS TO MAXIMIZE GAINS.** Even the most effective improvements would leave inequity in Maryland's school finance system if done in isolation. Combining the most effective changes is the only way to ensure that all students can access the education they deserve.

We currently do not put enough resources in schools to ensure that all Maryland students can access a first-rate education. This underinvestment falls hardest on the school districts where needs are greatest and undermines our economy. It's time to ensure that schools across Maryland have the resources they need.

ⁱ Presentation by the Department of Legislative Services to the Commission on Innovation and Excellence in Education, January 9, 2017.

"Final Report of the Study of Adequacy of Funding for Education in Maryland," Augenblick, Palaich, and Associates, November 30, 2016, <http://www.marylandpublicschools.org/Documents/adequacystudy/AdequacyStudyReportFinal112016.pdf>.

ⁱⁱ Christopher Meyer, "Expanding Educational Opportunity in Maryland: The Role of Funding Formulas in Increasing Equity," Maryland Center on Economic Policy, March 2017, http://www.mdeconomy.org/wp-content/uploads/2017/03/MDCEP_EdFundingMD_2017_FNL2lo.pdf