

# State Aid to Baltimore City

## Fiscal 2025

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### State Aid Overview

- Baltimore City will receive \$1.7 billion in State aid in fiscal 2025. Of this amount, \$1.6 billion is direct aid, and \$79.5 million is for retirement payments.
- Baltimore City will receive a 5.7% increase in State funding in fiscal 2025, with total State aid increasing by \$90.2 million over the prior year. Direct aid increases by \$74.5 million, while retirement payments increase by \$15.8 million.
- The vast majority of this funding is targeted to the public school system, which receives around 75% of the total State aid provided to Baltimore City. Around 23.7% is targeted to the city government.

### City Government Aid

- Baltimore City will receive \$397.2 million in county-municipal aid, which represents a \$29.4 million, or 8.0%, increase from the prior year.
- State funding includes \$242.0 million for highway user revenues, \$79.1 million in disparity grants, \$37.5 million for police aid and targeted crime grants, \$25.2 million in gaming impact aid, \$9.7 million in local library aid, and \$1.3 million for fire and rescue aid.

### Public Safety Grants

- Baltimore City will receive \$18.5 million in funding through five targeted crime initiatives in fiscal 2025. This includes a \$9.2 million direct police grant to the Baltimore City Police Department, \$3.6 million for the safe streets program to reduce gun violence, around \$3.3 million in warrant apprehension grants, \$1.8 million for the State's Attorney's Office, and \$0.7 million for coordination efforts to combat violent crime. Funding for these initiatives has remained fairly stable in recent years.
- Baltimore City will receive \$18.9 million in enhanced funding based on the number of violent crime offenses occurring within the jurisdiction.
- Baltimore City will receive \$1.3 million in fire and rescue aid in fiscal 2025. Each jurisdiction's funding is based on their share of property tax accounts relative to the statewide total. Each jurisdiction is guaranteed a minimum 2% share of total funds (\$300,000).

## Transportation Aid

- Baltimore City will receive \$242.0 million in local highway user revenues in fiscal 2025, which represents a \$38.4 million, or 18.9% increase over the prior year.
- State funding for local highway user revenues is based on the amount of revenue allocated to the Gasoline and Motor Vehicle Revenue Account (GMVRA). In fiscal 2025, State funding to local governments is based on 18% of total GMVRA revenues. Of this amount:
  - 61.1% goes to Baltimore City (11.0% of GMVRA);
  - 23.9% goes to county governments (4.3% of GMVRA); and
  - 15.0% goes to municipalities (2.7% of GMVRA).
- Under current law, these distributions increase for fiscal 2026 and 2027. Beginning in fiscal 2028, the allocations revert to the fiscal 2024 distribution, as shown in the following table.
- However, the Budget Reconciliation and Financing Act (BRFA) includes a provision that will revert the distribution back to the fiscal 2024 levels beginning in fiscal 2026. This legislative action will result in a \$60.6 million, and \$61.7 million reduction in State funding for Baltimore City in fiscal 2026 and 2027, respectively. Statewide, the funding reduction totals approximately \$100 million in both fiscal years.

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### Local Share of Highway User Revenues

	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 27</u>
MDOT	86.5%	84.4%	82.0%	80.0%	80.0%
Baltimore City	8.3%	9.5%	11.0%	12.2%	12.2%
Counties	3.2%	3.7%	4.3%	4.8%	4.8%
Municipalities	2.0%	2.4%	2.7%	3.0%	3.0%

MDOT: Maryland Department of Transportation

Source: Department of Legislative Services

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## Disparity Grants

- Baltimore City will receive \$79.1 million in funding under the disparity grant program in fiscal 2025. This represents \$1.4 million less than the total formula amount due to legislation enacted in 2009 that capped each jurisdiction's amount at the fiscal 2010 funding level. This reduction was partially offset by the minimum funding amount established in 2013.

- The disparity grant program provides State funding to nine jurisdictions where per capita revenue collections from the local income tax is below 75% of the statewide average. Under the program, each eligible jurisdiction receives a grant that enables the per capita local income tax revenues to reach 75% of the statewide average.
- Due to significant growth in the mandated funding level for the program, the General Assembly approved legislation in 2009 to cap annual funding to the amount that each jurisdiction received in fiscal 2010. While this provision restrained the growth in mandated funding, it failed to recognize changes in local wealth among jurisdictions due to the varying economic and social conditions across the state.
- To address this concern, the General Assembly approved legislation in 2013 that established a minimum funding level based on a county's local income tax rate.
- The minimum funding level is set at 20% for jurisdictions with at least a 2.8% local income tax rate; 40% for jurisdictions with at least a 3% rate, and 60% for jurisdictions with the maximum 3.2% rate.
- Subsequent legislation increased the minimum grant amount for jurisdictions with the maximum 3.2% local income tax rate to 75%.

### **Local Health Grants**

- Baltimore City will receive \$11.5 million in local health grants in fiscal 2025. Statewide, local health departments will receive \$123.2 million, which represents a \$7.4 million, or 6.4%, increase from the prior year.

### **Gaming Impact Aid**

- Baltimore City will receive \$25.2 million in gaming impact aid in fiscal 2025.

### **Education Aid**

- The vast majority of State funding is targeted to the public school system. Direct State aid to the Baltimore City Public School System accounts for approximately 70% of total State aid provided to the city; and funding for teacher retirement accounts for around 5% of total State aid.
- In fiscal 2025, the Baltimore City Public School System will receive \$1.2 billion in direct aid, which represents a \$45.0 million, or 4.0%, increase from the prior year. In addition, the State will provide \$76.7 million in funding for teacher retirement payments.

- On a per pupil basis, Baltimore City will receive \$17,656 in State funding: \$16,575 per pupil in direct aid; and \$1,081 per pupil for teacher retirement payments.
- Baltimore City will receive a 2.1% increase in per pupil direct aid in fiscal 2025. This is below the statewide average increase of 3.2%.

### **Blueprint and Targeted Funding**

- Baltimore City will receive \$202.1 million in State funding under the Blueprint Initiatives in fiscal 2025. This includes \$5.9 million for supplemental instruction, \$135.3 million in concentration of poverty grants, \$29.6 million for full-day prekindergarten, and \$0.4 million for college and career programs.
- A considerable amount of State education funding is based on targeted student populations, with Baltimore City receiving \$450.4 million in targeted grants under the compensatory aid, English Language Learners (ELL), and special education programs. Of these three programs, Baltimore City receives \$315.6 million in compensatory aid funding, \$71.7 million in special education funding and \$63.1 million in ELL grant.

### **Student Enrollment**

- The full-time equivalent student (FTES) enrollment count increases by 1.8% in Baltimore City, which exceeds the statewide average increase (0.1%). Currently, the city school system has around 71,000 public school students, which accounts for approximately 8.3% of students statewide.
- The number of students approved for free and reduced-price meals (FRPM) increases by 0.3% in Baltimore City, which is below the statewide average increase of 1.3%. Baltimore City currently has the second highest percentage of students approved for FRPM at 87.4% of total student enrollment. Statewide, over half of the students are approved for FRPM and this ranges from around 27% in Carroll County to almost 90% in Dorchester County and Baltimore City.
- Baltimore City has the fourth highest percentage of students identified as ELL at 13.7% of total student enrollment. In fiscal 2025, the number of ELL students increases by 9.1%, resulting in 808 additional students requiring language services.
- Baltimore City has an above average share of students receiving special education services and is ranked fifth in the share of students receiving special education in the State. In fiscal 2025, the number of students receiving special education services accounts for 16.3% of total enrollment, compared to the statewide average of 13.9%.

- Baltimore City has the highest targeted student index in the State at 117.4%. This index adds together the percent share of FTES who are approved for FRPM, ELL, and special education services. The targeted student index ranges from 42.3% in Carroll County to 117.4% in Baltimore City, with the statewide average at 78.3%.
- Statewide, public-school enrollment represents 13.9% of the total State population. In Baltimore City, public school enrollment represents 12.4% of the overall county population. In comparison, Kent County has the lowest share, with public school enrollment accounting for 8.4% of the total county population while Howard County has the highest share at 16.7%.

**STATE AID TO LOCAL GOVERNMENTS -- BALTIMORE CITY**

	<u>FY 2024</u>	<u>FY 2025</u>	<u>\$ Difference</u>	<u>% Difference</u>
<b>Direct Aid</b>				
Foundation Aid	\$417,019,595	\$419,487,139	\$2,467,544	0.6
Foundation - Special Grants	30,402,741	0	-30,402,741	-100.0
Comparable Wage Index	13,486,414	13,566,214	79,800	0.6
Compensatory Aid	306,866,322	315,641,208	8,774,886	2.9
Student Transportation - Regular	21,594,965	22,317,230	722,265	3.3
Student Transportation - Special Education	2,480,000	2,734,000	254,000	10.2
Special Education - Formula	62,590,634	71,679,177	9,088,543	14.5
Special Education - Nonpublic Placements	11,842,215	11,842,215	0	0.0
Special Education - Infants and Toddlers	790,523	847,612	57,089	7.2
English Language Learners Grant	54,685,100	63,107,592	8,422,492	15.4
Teacher Development Grants	4,000	4,000	0	0.0
Food Service	920,313	960,313	40,000	4.3
Innovative Programs	355,886	355,886	0	0.0
Out-of-County Placements	613	613	0	0.0
Judy Hoyer Centers	6,150,000	6,150,000	0	0.0
Guaranteed Tax Base	22,823,157	42,074,425	19,251,268	84.3
Prekindergarten Expansion Program	2,750,000	2,750,000	0	0.0
Blueprint - Concentration of Poverty	100,203,019	135,320,187	35,117,168	35.0
Blueprint - Transitional Supplemental Instructor	8,758,888	5,877,115	-2,881,773	-32.9
Blueprint - Transition Grants	18,669,201	15,868,821	-2,800,380	-15.0
Blueprint - Full Day PreKindergarten	20,503,199	29,581,939	9,078,740	44.3
Blueprint - College and Career Readiness	705,616	433,828	-271,788	-38.5
Blueprint - Education Effort Index	26,463,203	14,583,326	-11,879,877	-44.9
Blueprint - Career Ladder	402,093	402,006	-87	-0.0
Blueprint - Coordinators	107,863	0	-107,863	-100.0
<b>Education</b>	<b>\$1,130,575,560</b>	<b>\$1,175,584,846</b>	<b>\$45,009,286</b>	<b>4.0</b>
Library Formula	9,715,093	9,741,001	25,908	0.3
<b>Libraries</b>	<b>\$9,715,093</b>	<b>\$9,741,001</b>	<b>\$25,908</b>	<b>0.3</b>
Local Health Formula	11,527,926	11,527,926	0	0.0
<b>Health</b>	<b>\$11,527,926</b>	<b>\$11,527,926</b>	<b>\$0</b>	<b>0.0</b>
Highway User Revenue	203,561,679	241,999,780	38,438,101	18.9
Elderly & Disabled Transportation Grants	379,335	391,246	11,911	3.1
<b>Transportation</b>	<b>\$203,941,014</b>	<b>\$242,391,026</b>	<b>\$38,450,012</b>	<b>18.9</b>
Fire and Rescue Aid	1,323,530	1,323,530	0	0.0
Other Public Safety Aid	18,505,679	18,505,679	0	0.0
Police Aid Enhancement	16,544,465	18,949,225	2,404,760	14.5
<b>Public Safety</b>	<b>\$36,373,674</b>	<b>\$38,778,434</b>	<b>\$2,404,760</b>	<b>6.6</b>
Payment in Lieu of Taxes (PILOTS)	1,734,044	1,699,074	-34,970	-2.0

**STATE AID TO LOCAL GOVERNMENTS -- BALTIMORE CITY**

	<u>FY 2024</u>	<u>FY 2025</u>	<u>\$ Difference</u>	<u>% Difference</u>
<b>Direct Aid</b>				
Gaming Impact Grants	24,935,837	25,240,854	305,017	1.2
<b>Shared Taxes</b>	<b>\$26,669,881</b>	<b>\$26,939,928</b>	<b>\$270,047</b>	<b>1.0</b>
Disparity Grant	79,051,790	79,051,790	0	0.0
Teachers Retirement Supplemental Grants	10,047,596	10,047,596	0	0.0
Other Direct Aid	11,700,000	0	-11,700,000	-100.0
<b>Other</b>	<b>\$100,799,386</b>	<b>\$89,099,386</b>	<b>-\$11,700,000</b>	<b>-11.6</b>
<b>Total Direct Aid</b>	<b>\$1,519,602,534</b>	<b>\$1,594,062,547</b>	<b>\$74,460,013</b>	<b>4.9</b>
<b>Payments in Behalf</b>				
Retirement - Teachers	\$61,263,460	\$76,705,559	\$15,442,099	25.2
Retirement - Libraries	2,430,067	2,776,844	346,777	14.3
<b>Total Payments in Behalf</b>	<b>\$63,693,527</b>	<b>\$79,482,403</b>	<b>\$15,788,876</b>	<b>24.8</b>
 <b>Total State Aid</b>	 <b>\$1,583,296,061</b>	 <b>\$1,673,544,950</b>	 <b>\$90,248,889</b>	 <b>5.7</b>