

State Aid to Montgomery County

Fiscal 2025

State Aid Overview

- Montgomery County will receive \$1.3 billion in State aid in fiscal 2025. Of this amount, \$1.1 billion is direct aid, and \$206.3 million is for retirement payments.
- Montgomery County will receive an 8.4% increase in State funding in fiscal 2025, with total State aid increasing by \$103.9 million over the prior year. Direct aid increases by \$66.2 million, while retirement payments increase by \$37.7 million.
- The vast majority of this funding is targeted to the public school system, which receives 87.5% of the total State aid provided to Montgomery County. The community college system receives 6.3%, and county and municipal governments receive 5.3%.

County-Municipal Aid

- Montgomery County will receive \$70.7 million in county-municipal aid, which represents a \$30.2 million, or 74.7%, increase from the prior year.
- State funding includes \$21.8 million for highway user revenues, \$27.0 million in bus rapid transit grants, \$19.5 million for police aid, and \$1.9 million for fire and rescue aid.

Public Safety Grants

- Montgomery County will receive \$15.9 million in funding under the existing police aid formula and \$3.6 million in enhanced funding based on the number of violent crime offenses occurring within the county.
- The majority of State funding under the police aid formula is based on population density. More urbanized jurisdictions with a higher population density receive a higher per capita grant amount. A small component of the formula (representing 4.2% of overall funding) targets funding to municipalities based on the number of sworn officers. Funding in fiscal 2025 is based on \$1,950 per sworn officer.
- Since fiscal 2004, local governments must reimburse the State for 30% of the State Police crime lab costs, which will total \$5.9 million in fiscal 2025. The reimbursements are based on local crime rates (one-third) and local wealth (two-thirds). The Montgomery County share of these costs will total \$1.3 million in fiscal 2025. The local reimbursement is deducted from each jurisdiction's police aid amount.

- Montgomery County will receive \$1.9 million in fire and rescue aid in fiscal 2025. Each county’s funding is based on their share of property tax accounts relative to the statewide total. Each county is guaranteed a minimum 2% share of total funds (\$300,000).

Transportation Aid

- Montgomery County will receive \$21.8 million in local highway user revenues in fiscal 2025, which represents a \$3.3 million, or 17.7% increase over the prior year. The county and municipal share is based on road mileage and vehicle registration. In fiscal 2025, the Montgomery County government will receive \$12.7 million, and the municipalities will receive \$9.1 million in local highway user revenues.
- 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 \$5.5 million reduction in State funding for jurisdictions in Montgomery County in both fiscal 2026 and 2027. Statewide, the funding reduction totals approximately \$100 million in both fiscal years.

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

- Montgomery County will also receive additional funding for bus rapid transit totaling \$27.0 million in fiscal 2025.

Local Health Grants

- Montgomery County will receive \$5.7 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.

Local Library and Community College Aid

- Montgomery County will receive \$3.9 million in local library aid and \$72.5 million in State support for the local community college. State funding for Montgomery College will decrease by \$2.9 million in fiscal 2025.
- The BRFA includes a provision that rebases the Cade funding formula and will reduce statewide funding for community colleges by \$22.6 million over current law funding amounts. In Montgomery County, the projected reduction totals around \$3.0 million.

Education Aid

- The vast majority of State funding is targeted to the public school system. Direct State aid to the Montgomery County Public School System accounts for 73.2% of total State aid provided to the county; and funding for teacher retirement accounts for 14.4% of total State aid.
- In fiscal 2025, the Montgomery County Public School System will receive \$979.0 million in direct aid, which represents a \$38.8 million, or 4.1%, increase from the prior year. In addition, the State will provide \$192.2 million in funding for teacher retirement payments.
- On a per pupil basis, Montgomery County will receive \$7,583 in State funding: \$6,339 per pupil in direct aid; and \$1,244 per pupil for teacher retirement payments.
- Montgomery County will receive a 4.8% increase in per pupil direct aid in fiscal 2025. This exceeds the statewide average increase of 3.2%. Montgomery County ranks fifth in the amount of per pupil direct aid increase.

Blueprint and Targeted Funding

- Montgomery County will receive \$39.0 million in State funding under the Blueprint Initiatives in fiscal 2025. This includes \$3.3 million for supplemental instruction, \$17.9 million in concentration of poverty grants, \$7.3 million for full-day prekindergarten, and \$2.2 million for college and career programs.

- A considerable amount of State education funding is based on targeted student populations, with Montgomery County receiving \$394.8 million in targeted grants under the compensatory aid, English Language Learners (ELL), and special education programs. Of these three programs, Montgomery County receives \$202.0 million in compensatory aid funding, \$79.0 million in special education funding and \$113.7 million in ELL grant.

Student Enrollment

- The full-time equivalent student (FTES) enrollment count decreases by 0.7% in Montgomery County. In comparison, the statewide average FTES enrollment count increases by 0.1%. Currently, the county school system has around 154,500 public school students, which accounts for 18.1% of students statewide.
- The number of students approved for free and reduced-price meals (FRPM) increases by 0.2% in Montgomery County, which is below the statewide average increase of 1.3%. Montgomery County currently has a below average percentage of students approved for FRPM at 43.3% 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.
- Montgomery County has the second highest percentage of students identified as ELL at 20.5% of total student enrollment. In fiscal 2025, the number of ELL students increases by 4.8%, resulting in 1,456 additional students requiring language services. The annual percent increase in the number of ELL students is below the statewide average (6.1%).
- Montgomery County has an above average share of students receiving special education services at 14.7% of total enrollment. This compares to the statewide average of 13.9%.
- The targeted student index measures the percent share of a school system's student enrollment approved for FRPM, ELL, and special education services. While Montgomery County has an average targeted student index of 78.5%, a significant portion of the county's public school students has been identified as needing additional educational services to meet academic performance standards. 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 Montgomery County, public school enrollment represents 14.7% of the overall county population (the sixth highest share in the State). 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 -- MONTGOMERY COUNTY

	<u>FY 2024</u>	<u>FY 2025</u>	<u>\$ Difference</u>	<u>% Difference</u>
Direct Aid				
Foundation Aid	\$415,772,353	\$426,200,692	\$10,428,339	2.5
Comparable Wage Index	33,818,923	34,667,164	848,241	2.5
Compensatory Aid	200,618,950	202,027,881	1,408,931	0.7
Student Transportation - Regular	49,534,313	50,029,656	495,343	1.0
Student Transportation - Special Education	6,034,000	6,330,000	296,000	4.9
Special Education - Formula	68,384,961	79,043,364	10,658,403	15.6
Special Education - Nonpublic Placements	21,138,428	21,138,428	0	0.0
Special Education - Infants and Toddlers	1,972,319	2,114,755	142,436	7.2
English Language Learners Grant	104,568,200	113,697,716	9,129,516	8.7
Teacher Development Grants	4,000	4,000	0	0.0
Food Service	2,846,862	3,404,102	557,240	19.6
Innovative Programs	208,932	208,932	0	0.0
Out-of-County Placements	91,495	91,495	0	0.0
Judy Hoyer Centers	660,000	660,000	0	0.0
Prekindergarten Expansion Program	370,000	370,000	0	0.0
Blueprint - Concentration of Poverty	10,690,502	17,894,482	7,203,980	67.4
Blueprint - Transitional Supplemental Instructor	5,017,081	3,253,462	-1,763,619	-35.2
Blueprint - Transition Grants	7,712,745	6,555,833	-1,156,912	-15.0
Blueprint - Full Day PreKindergarten	5,595,704	7,340,157	1,744,453	31.2
Blueprint - College and Career Readiness	3,236,584	2,199,852	-1,036,732	-32.0
Blueprint - Career Ladder	1,936,308	1,797,504	-138,804	-7.2
Blueprint - Coordinators	49,053	0	-49,053	-100.0
Education	\$940,261,713	\$979,029,475	\$38,767,762	4.1
Library Formula	3,776,281	3,852,227	75,946	2.0
Libraries	\$3,776,281	\$3,852,227	\$75,946	2.0
Community College Formula	71,092,972	68,090,586	-3,002,386	-4.2
Grants for ESOL Programs	1,202,192	1,337,368	135,176	11.2
Optional Retirement	3,111,342	3,086,532	-24,810	-0.8
Community Colleges	\$75,406,506	\$72,514,486	-\$2,892,020	-3.8
Local Health Formula	5,684,272	5,693,391	9,119	0.2
Health	\$5,684,272	\$5,693,391	\$9,119	0.2
Highway User Revenue	18,539,250	21,820,755	3,281,505	17.7
Elderly & Disabled Transportation Grants	379,107	391,011	11,904	3.1
Bus Rapid Transit Systems	0	27,000,000	27,000,000	n/a
Transportation	\$18,918,357	\$49,211,766	\$30,293,409	160.1
Police Aid	16,011,493	15,908,707	-102,786	-0.6
Fire and Rescue Aid	1,938,617	1,938,617	0	0.0

STATE AID TO LOCAL GOVERNMENTS -- MONTGOMERY COUNTY

	<u>FY 2024</u>	<u>FY 2025</u>	<u>\$ Difference</u>	<u>% Difference</u>
Direct Aid				
Police Aid Enhancement	3,595,075	3,615,952	20,877	0.6
Public Safety	\$21,545,185	\$21,463,276	-\$81,909	-0.4
Total Direct Aid	\$1,065,592,314	\$1,131,764,621	\$66,172,307	6.2
Payments in Behalf				
Retirement - Teachers	\$155,963,424	\$192,155,578	\$36,192,154	23.2
Retirement - Libraries	2,119,750	1,800,000	-319,750	-15.1
Retirement - Community College	10,463,660	12,324,198	1,860,538	17.8
Total Payments in Behalf	\$168,546,834	\$206,279,776	\$37,732,942	22.4
Total State Aid	\$1,234,139,148	\$1,338,044,397	\$103,905,249	8.4