



Public Education Funding: Traffic Jam on the Bridge to Excellence

By Neil Bergsman

SEPTEMBER 4, 2008

Good public education is the best route to a good job and an independent lifestyle for the children of working Maryland families. Maryland had a blueprint for a “Bridge to Excellence:” to provide adequate funding for all schools, and to reduce the gaps between high-performing schools and failing schools.

Now, the state has pulled back from its commitment to keep this funding in line with normal cost increases. The result will be a slow degradation of education quality and a renewed widening of the

Just as construction is slowing travelers’ progress on the Chesapeake Bay Bridge, a re-worked funding formula will slow students’ progress on the “bridge to excellence.”

performance gap between schools in rich and poor areas. Just as construction is slowing travelers’ progress on the Chesapeake Bay Bridge, a re-worked funding formula will slow students’ progress on the “bridge to excellence.”

In the long term, a good education is one of the most important pre-requisites for emerging from poverty and achieving independence in life. Adults who do not complete high school or who are not prepared for higher education or the information-based workforce of the 21st century have by far the greatest levels of unemployment and the lowest earning potential.¹

The Maryland Commission on Education, Finance, Equity and Excellence (“the Thornton Commission”) found in its 2001 report that not all school districts had the resources to provide education services adequate to meet minimal standards of student achievement. Based on the Commission’s recommendations, the state enacted the “Bridge to Excellence” Act. The “Bridge to Excellence” increased education aid amounts over a five-year phase-in period, and then called for per-pupil funding to increase based on a national measure of state and local government costs.²

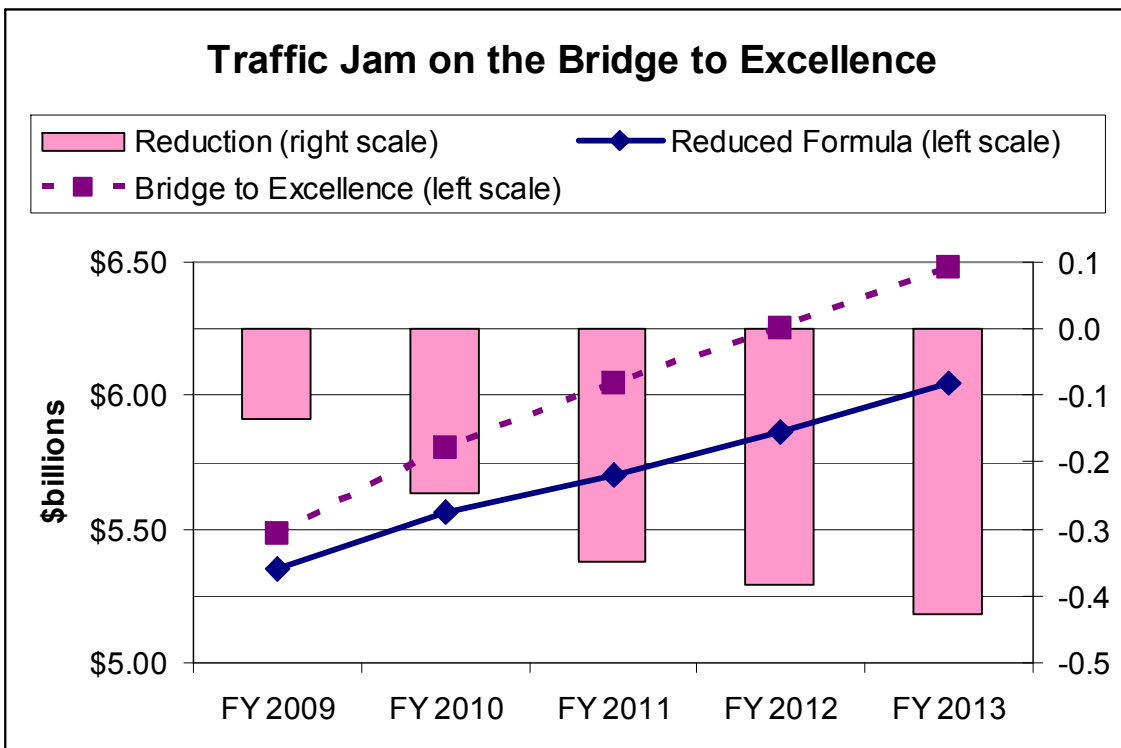
When the legislature met in special session in 2007 to close the state’s ongoing budget gap, the “Bridge to Excellence” formula took the lion’s share of the cuts – about 1/3 of the overall \$550 million.³ Not only did the special session action limit school funding increases in the current fiscal year, but it holds back the growth of funding indefinitely into the future.

The new law eliminates regular inflation increase this year and next year. It provides “supplemental grants” to assure each school system a minimal 1% annual increase.

Beginning in 2011, renewed growth is limited to the LOWER of the cost measure originally recommended by the Thornton Commission, the Consumer Price Index increase for the Baltimore-Washington area, or 5%.

The result: two years of normal cost increases go unfunded, and after that the state will not cover cost increases above 5%. Local school districts in Central Maryland stand to lose a total of \$67.6 million, \$47 million in the Capitol region, \$15 million in the Eastern Shore, \$13 million in Southern Maryland, and \$10 million in Western Maryland.

The legislature's non-partisan staff projects that by 2013, the new formula would result in \$428 less in state aid per pupil compared with the original Bridge to Excellence law. If we consider an average class size of 22, this means that there will be about \$11,400 less in resources for the average classroom than the original legislation called for. Because the formula adjusts for local wealth, the gap is worse for the poorest jurisdictions.



This will likely mean that state school funding will never reach the adequacy level recommended by the Commission (as adjusted for cost increases) and that performance gaps between richer and poorer school systems will persist.

About the Maryland Budget & Tax Policy Institute

The Maryland Budget and Tax Policy Institute is a nonpartisan research organization that provides timely, accurate and accessible analysis of state budget and tax issues. In addition to general budget and tax research and analysis, the Institute examines issues affecting low-income Marylanders and other vulnerable populations and the important community programs that serve them. For additional information, to be added to our e-mail list, or to make a tax-deductible contribution, please visit our website at www.marylandpolicy.org.

The Maryland Budget and Tax Policy Institute gratefully acknowledges the Ford Foundation, which provides financial support for the Institute under its State Fiscal Analysis Initiative. Additional general support for the Maryland Budget and Tax Policy Institute is provided by the Aaron Straus and Lillie Straus Foundation, AFSCME-Maryland, the Eugene and Agnes E. Meyer Foundation, the Fund for Change, the Moriah Fund, the Maryland State Teachers Association, the Open Society Institute-Baltimore, and generous individual donors.

The Institute is a project of Maryland Nonprofits, www.mdnonprofits.org.

Sources:

¹ Earnings: In 2006, the average earning of adults who had not completed high school was below the federal poverty level for a two-person household. High school graduates earned \$10,000 more, and college graduates \$35,000 more. See US Census Bureau, Table A-3. Mean Earnings of Workers 18 Years and Over, by Educational Attainment, Race, Hispanic Origin, and Sex: 1975 to 2006,

<http://www.census.gov/population/www/socdemo/educ-attn.html>.

Unemployment: in June, 2008, the unemployment rate for persons over 25 years old with less than a high-school diploma was 8.7%. The equivalent unemployment rate was 5.1% for high school graduates, and 2.3% for college graduates. See US Bureau of Labor Statistics, Table A-4. Labor force status of the civilian population 25 years and over by educational attainment, <http://www.bls.gov/webapps/legacy/cpsatab4.htm>.

24 Department of Legislative Services, Fiscal and Policy Note – Revised – on House Bill 1, 2007 Special Session, December 6, 2007 http://mlis.state.md.us/2007s1/fnotes/bil_0001/hb0001.pdf. Commission on Education Finance, Equity and Excellence, Final report, 2002, p. 53

http://mlis.state.md.us/other/education/final/2002_final_report.pdf. The specific measure is the Implicit Price Deflator (IPD) for State and Local Government Services published by the US Department of Commerce.

³ Bergsman, Maryland's unfinished Fiscal Symphony, Maryland Policy Reports, November 19, 2007 p. 2. http://www.marylandpolicy.org/documents/SpecialSessionWrapUp_002.pdf