

Factors in State Formula Aid Calculations

The major factors in the calculation of state aid are as follows:

- County Wealth – funding distributed by formulas inversely proportional to local district wealth (personal property; income and real property for railroads, utilities, businesses and individuals)
- Enrollment – funding is adjusted based on a per pupil formula for changes in enrollment
- Inflation Factor – funding is adjusted annually to reflect changes in the cost of providing goods and services

County Wealth & Enrollment

Both county wealth and enrollment trends have been contributing to the overall reduction in state aid in recent years. The following table summarizes the enrollment and wealth numbers used in the calculation and the resulting state aid from FY2009 to FY2014:

State Aid Factors	Enrollment for Calculating State Aid		Wealth for Calculating State Aid		State Aid	
	CCPS	Maryland	CCPS	Maryland	CCPS	Maryland
2009	27,989	815,742	10,683,841,310	375,634,608,783	139,030,915	4,515,247,987
2013	26,786	823,452	11,503,932,394	399,745,186,583	135,475,290	4,872,511,257
2014 Preliminary	26,318	827,931	11,362,111,228	392,344,794,446	132,194,916	4,994,746,916
Change (2014-2009)	(1,671)	12,189	678,269,918	16,710,185,663	(6,835,999)	479,498,929
% Change	-5.97%	1.49%	6.35%	4.45%	-4.92%	10.62%

Inflation Factor

The 2002 Bridge to Excellence in Public Schools Act required that education aid (i.e., the per pupil foundation amount) be adjusted annually to reflect increases in the Implicit Price Deflator (IPD), a measure of the cost to local governments of providing goods and services.

During the 2007 Special Session, the General Assembly adopted language that set a flat per pupil foundation amount for fiscal years 2008-2012 (i.e., no inflation factor), and for subsequent years, set the inflationary factor at the lesser of the IPD, the Consumer Price Index (CPI) for the Washington-Baltimore metropolitan area, or 5%. The 5% cap was later reduced to a 1% cap for fiscal years 2013-2015.

The following table summarizes the evolution of the state aid inflation factor:

Fiscal Year	Inflation Increase Factor
2002-2007	Implicit Price Deflator (IPD)
2008-2012	No inflation factor
2013-2015	Lesser of IPD, CPI, or 1%
2016-Forward	Lesser of IPD, CPI, or 5%

FY 2013 – FY 2014 Change in State Aid

State Aid Factor	Change in State Aid FY2013 – FY2014
Enrollment for Calculating State Aid – down 468	-\$3.2 million
Wealth for Calculating State Aid – relative increase	-\$1.8 million
Inflation Factor – capped at 1%	+\$1.8 million
Special Education Enrollment – down 88	-\$0.4 million
Free and Reduced Meal Enrollment – up 153	+0.1 million
Other	<u>+0.2 million</u>
Total Change in State Aid	-3.3 million