



Fiscal 2018 Draft State and Local Aid Update

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Agenda

- Review of Fiscal 2018 Draft State Aid
- Review of Local Aid and Maintenance of Effort
- Review Anticipated Fiscal 2018 Revenue Summary
- Fiscal 2018 Budget Considerations

State Aid Sources

- State Aid is broken down into the following segments:
 - Foundation Programs
 - Transportation Grants
 - Compensatory Education
 - Limited English Proficiency
 - Special Education
 - Guaranteed Tax Base
 - Supplemental Grants
 - Net Taxable Income Phase-In at 80%

How does “Wealth” Impact Aid

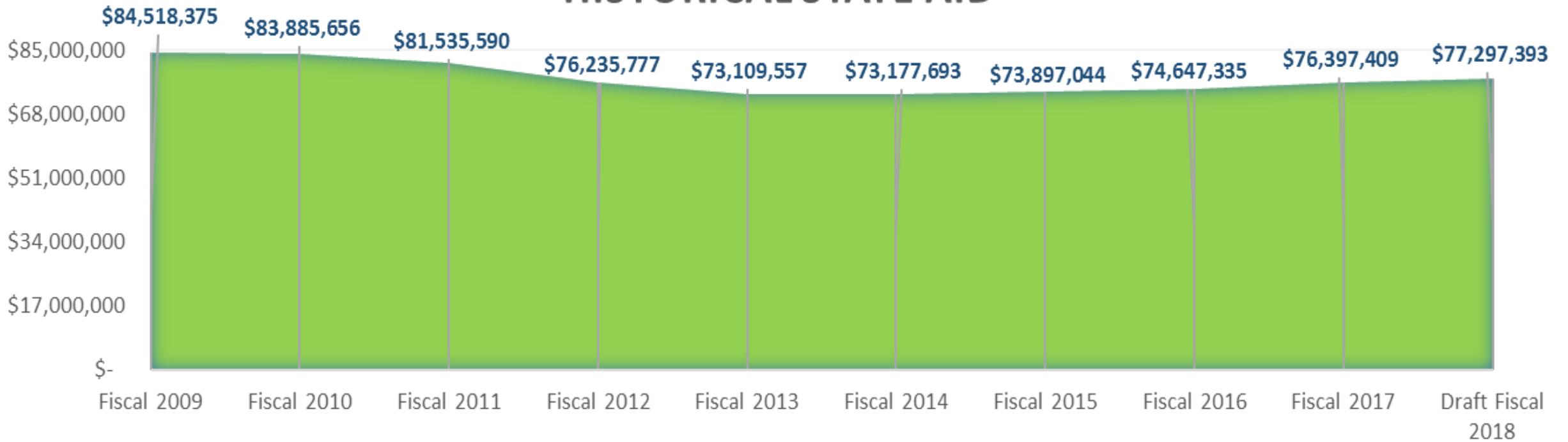
- “Wealth” is used to gauge a county’s ability to fund school activities based upon its own resources. The formula is intended to be a wealth equalizer between state and local resources for education.
- School District wealth is formula driven and takes into account the following measures:
 - 50% of the personal property base
 - 100% of the net taxable income base &
 - 40% of the real property base
- Allegany currently ranks 21st in terms of per pupil wealth, so the majority of its educational aid comes from state sources.
- District wealth impacts all aid categories except Transportation.

Impact of Enrollment on Aid

- District wealth is computed on a per pupil basis and compared to the state average, so enrollment has a direct impact on state aid.
 - Allegany had the 2nd largest percentage K-12 enrollment decline in the state at 1.23% or 102 students.
 - The number of students who qualify for free and reduced meals dropped by 2.8% or 130 students to 4,509 or 55.1% of K-12 enrollment.
 - The number of special education students increased by 38 students to 1,387 or 2.82%. Special education is now 16.95% of K-12 enrollment.
 - The state's overall enrollment increased by 0.78% to 852,436.25

Historic Analysis of State Aid

ALLEGANY COUNTY PUBLIC SCHOOLS HISTORICAL STATE AID



Local Aid and Maintenance of Effort

- Since 2013, local government has funded the school system at what is known as Maintenance of Effort or MOE.
 - MOE is considered the legal minimum that local governments are obligated to appropriate to their school systems.
 - MOE is determined by taking the prior year's local appropriation divided by the number of K-12 students within the district and then multiplying that sum by the current year's enrollment.
 - Although in place since fiscal 2015, fiscal 2017 was the first year some local governments were required to increase MOE if they failed to meet a 5-year moving average Education Effort index. As a result, for fiscal 2017, Allegany county was required to increase its per pupil MOE by 1.7%.

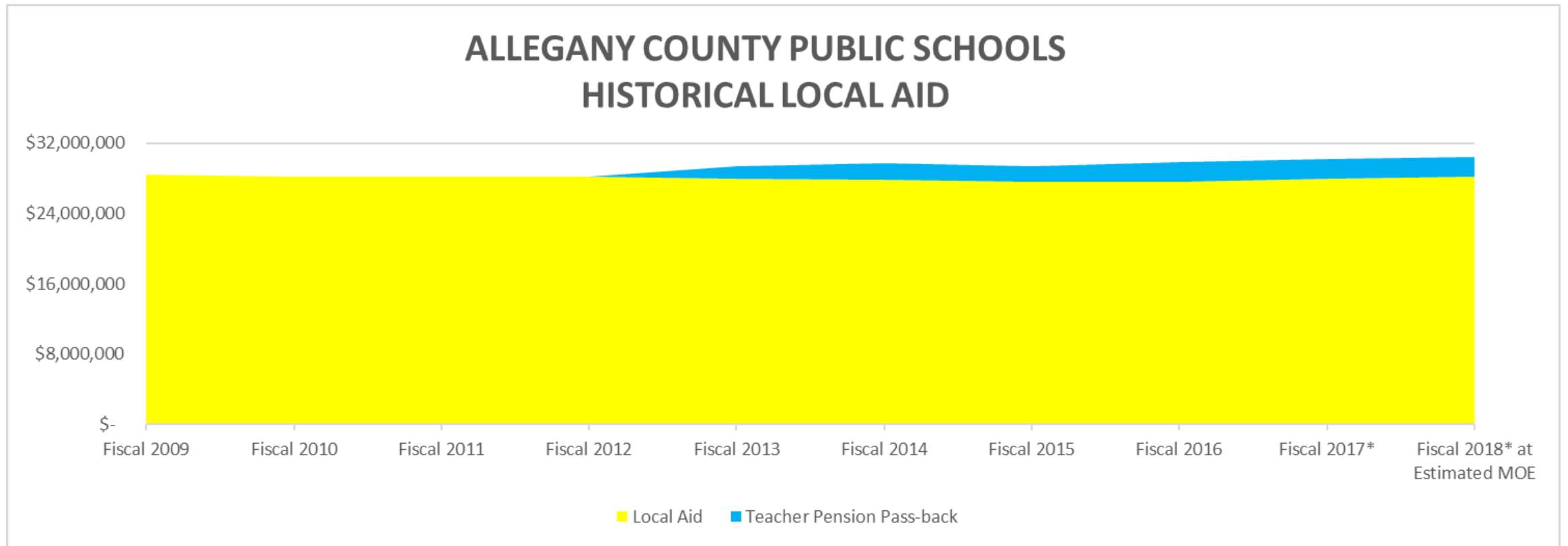
Local Aid and Maintenance of Effort

- Based upon draft information, it appears that the same thing will occur with this year's MOE calculation. As a result of the county's Education Effort again being below Maryland's 5-year moving average, the county will likely be required to increase its maintenance of effort by 2.1% this year.

Maintenance of Effort Calculation

Fiscal 2017 Total Local Appropriation		\$ 30,169,985
Less: Approved FY17 Non-Recurring Expenses		-
Net Fiscal Appropriation for Fiscal 2017		\$ 30,169,985
Total Eligible FTE Enrollment for 2017 (9/30/15 Enrollment)		<u>8,284.75</u>
Fiscal 2017 Appropriation per Pupil		\$ 3,641.63
Required Increase per MSDE for FY18 MOE	2.1%	\$ 76.47
Fiscal 2018 Appropriation per Pupil to meet MOE		\$ 3,718.10
Total Eligible FTE Enrollment for 2018 (9/30/16 Enrollment)		<u>8,182.75</u>
Required Local Appropriation to meet FY18 MOE		<u>\$ 30,424,308</u>
Increase/(Decrease) from prior year		\$ 254,323

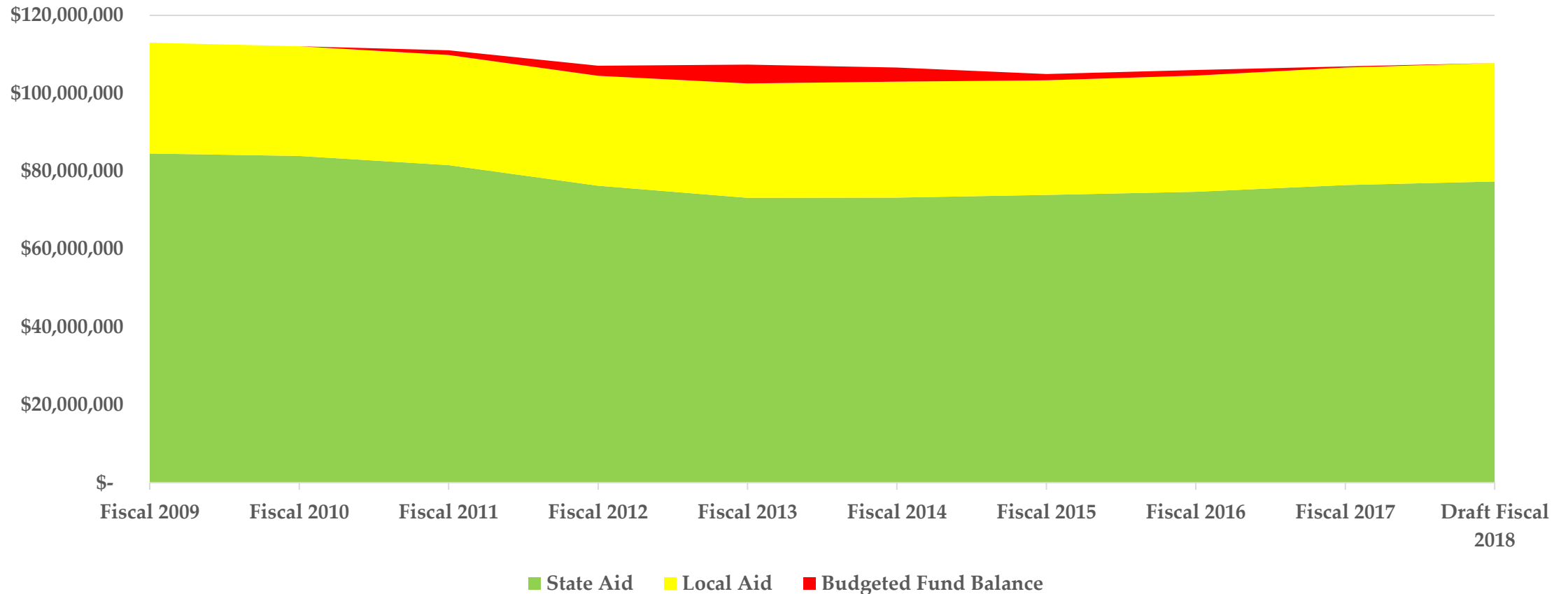
Historic Analysis of Local Aid



* Teacher Pension Pass-back became part of local MOE in 2017, so the pension numbers are estimated in fiscal 2017 and fiscal 2018.

UNRESTRICTED REVENUE SOURCES

ALLEGANY COUNTY PUBLIC SCHOOLS HISTORIC STATE, LOCAL, & BUDGETED FUND BALANCE



Fiscal 2018 Revenue Estimates

	Approved	Draft	Changed	
	Fiscal 2017	Fiscal 2018	Dollars	Percentage
County Appropriations	\$ 30,169,985	\$ 30,424,308	\$ 254,323	0.84%
Direct State Aid	76,397,409	77,297,393	899,984	1.18%
State aid for Private Placements	2,335,346	2,335,346	-	0.00%
Federal Direct	425,000	425,000	-	0.00%
Other Revenues				
Tuition - Garrett County	17,905	11,250	(6,655)	-37.17%
Tuition - Summer School/Career Studies	39,000	30,000	(9,000)	-23.08%
Sale of Equipment	20,000	15,000	(5,000)	-25.00%
Use of Buildings	9,400	7,500	(1,900)	-20.21%
Rental - Head Start	9,500	10,000	500	5.26%
Transportation - Bus Loan Field Trips	41,000	40,000	(1,000)	-2.44%
Foster Care - Other LEA's	32,490	35,000	2,510	7.73%
Interest Income	12,000	14,500	2,500	20.83%
Other Misc. Revenues	302,500		(302,500)	-100.00%
Prior Year Fund Balance	274,114	-	(274,114)	-100.00%
Total Unrestricted Revenues	110,085,649	110,645,297	559,648	0.51%
Anticipated Restricted Revenues				
State Revenue	566,443	550,000	(16,443)	-2.90%
Federal Revenue	8,221,605	8,125,000	(96,605)	-1.18%
Local	98,854	100,000	1,146	1.16%
Total Restricted Revenues	8,886,902	8,775,000	(111,902)	-1.26%
Total Operating Budget	\$ 118,972,551	\$ 119,420,297	\$ 447,746	0.38%

Fiscal 2018 Budget Considerations

- Healthcare still remains a concern for fiscal 2018, even though the volatility that was evident last year has subsided.
- Negotiations are still pending with all bargaining units.
- Restricted revenues for certain programs may be reduced such as Title II, while other programs such as the 21st Century Learning grant for elementary students will require an additional local fund match to meet program requirements in 2018.
- There has also been a shift in the rank and make-up of some Title I schools that may have staffing implications within those schools.
- From a legislative standpoint, PSSAM and MABE are monitoring several bills that could potentially impact school systems finances.