



December 30, 2022

The Honorable Governor-Elect Wes Moore
State House, 100 State Circle
Annapolis, MD 21401

Sent via email only

Dear Governor-Elect Moore:

On behalf of the Public School Superintendents' Association of Maryland (PSSAM) and the Maryland Association of Boards of Education (MABE), we congratulate you on your recent victory. We also are so pleased you chose a longtime friend of public education as your Lieutenant Governor, the Honorable Aruna Miller. We look forward to working with you both and your teams over the next four years.

The signatories on this letter represent educational leaders in the State – the superintendents or CEOs of the school districts and the local boards of education as the governing bodies. As you prepare your first budget, we would like to share our commonly held state education budget concerns and request your support to address them in the upcoming fiscal year.

This letter addresses:

- (1) a hold harmless funding request to address persistent declining enrollment in general education and in certain special student populations;
- (2) a small and targeted legislative change to the Blueprint formula to include special education, English Language Learners (ELL), and students experiencing homelessness in the Tier I prekindergarten (PreK) funding;
- (3) inflationary adjustments for general operating and capital funding;
- (4) capital planning needs for PreK and Career Technical Education (CTE) to fulfill the vision of the Blueprint; and,
- (5) funding for a designated Blueprint Coordinator in each local education agency (LEA).

Over the last three years, both the Legislature and the Governor have recognized *declining enrollment* as an unfortunate outcome of the pandemic, and they have largely held the school systems harmless over their prior years' budgets. We hoped we would have seen a faster return to public schools by now, but that recovery has been much slower than anticipated. Therefore, we find ourselves again seeking a general "hold harmless" for any LEA that will experience less State or local funding in FY '24 than in FY '23.

We are eager to work with you, along with the State Department of Education and the Department of Budget and Management, to craft the most equitable and adequate solution. As you likely have seen in the budget request from MSDE, enrollment among **all** student groups, as well as special populations of students, does not uniformly trend among the twenty-four (24) school districts. Some districts are up significantly in their Free and Reduced Meals (FARMS) enrollment, likely resulting from the successful pilot to use Medicaid in the direct certification process. Other systems have seen an increase in general student enrollment, but their numbers have fallen in special education or ELL populations. Again, we want districts to receive adequate funds to support their specific current, fluctuating enrollment trends until we see a return to the projections used by the Kirwan Commission.

We are not seeking any expansive legislative changes to the Blueprint. However, we are asking for a small and targeted “fix” in the PreK formula. It has been stated publicly that the Commission intended to include special education students along with English Language Learners and students experiencing homelessness in the Tier I PreK formula and that this omission was an error. We believe this is a small, yet meaningful change that must be addressed. We hope a supplemental budget, or inclusion in the initial budget and the (anticipated) budget reconciliation bill, would recognize this intention and fund these students in FY '24 instead of waiting an additional year.

With respect to inflation, we find ourselves in the same precarious situation as the rest of the nation facing increased costs, resulting from extraordinary and unexpected cost spikes in virtually everything. Unfortunately, unlike the State, school systems do not carry or accrue *large* surpluses to help smooth out hard budget years. Therefore, we ask for your consideration of an inflationary bump in the foundation program for FY '24 to reflect the new cost of doing business – arguably the most crucial public service “business” of public education.

This year, we have seen inflationary costs impact all our operations including food service and transportation. Further exacerbating the increased costs of operations, are the vastly different outcomes/reality of the “costs” to fund the comprehensive education reforms contained in the Blueprint. As you likely know, the funding needs and estimates used during the Kirwan Commission’s deliberations never contemplated a worldwide pandemic that would so significantly impact the national and international economies. From a practical perspective, because education funding is calculated based on enrollment and local wealth, the Kirwan enrollment estimates have not materialized. Pared with declining to flat enrollment growth, the dramatically unexpected inflation has created a perfect storm for the funding formula. Kirwan estimates reflected more historically accurate projections of inflation around 4% for FY '24; we are currently facing inflation at 6-7%, depending on the type of goods and services we procure. Again, we would be more than happy to sit with you and your budget team to identify a reasonable inflationary adjustment for fiscal '24.

Our next two requests are directly connected to the Blueprint for Maryland’s Future, specifically unexpected capital needs to fully support the creation of world-class initiatives for PreK and CTE. Over the last twelve (12) months, it has become apparent that public schools will need to provide the majority of prekindergarten education. The Blueprint mandates agreements between school systems and private providers who are expected to provide from 30%, increasing to 50%

of all state-funded full-day prekindergarten. Unfortunately, there has been extremely low interest from the private provider community. At the same time, the public is expecting the Blueprint's promise to deliver vastly expanded full-day prekindergarten. While we hope and believe more private providers will join the mixed delivery system, it is apparent that the goal of a 50/50 private and public split is likely unattainable. Therefore, we are anticipating significant growth in capital needs to accommodate our smallest learners. PreK classrooms are certainly magical learning spaces for children, but they are also very expensive to build, staff, and maintain.

On the other end of the PreK-12 experience is the Blueprint's focus on providing meaningful and industry-accepted credentials through CTE and apprenticeships. Partnerships with existing industries all over the State will certainly grow, but there will also be a need for the public schools to step up to provide more hands-on practical experiences for CTE students. We anticipate capital need for both new technical high schools and major renovations of comprehensive high schools to accommodate these CTE programs.

Therefore, we are asking for your consideration in the capital budget -- preferably with PAYGO funding -- to allow the 24 systems to work with the IAC on planning, design, and forecasting for these two important components of the Blueprint -- PreK and career technical education.

As with our operating expenses, capital costs have soared astronomically due to labor costs, huge increases in materials such as steel, and supply chain difficulties. In one system, a project involving identical modular buildings doubled in cost over a single year period. Another district has seen as much as 35-40% cost increases on systemics, and as much as 50% or higher increases on major projects. Eighteen months ago, they were relying on costs of \$365/square foot that are now coming in at \$500/square foot. Further, districts are being informed that due to challenges in the bond markets, reductions in anticipated Built to Learn (BTL) funding may be lower; in one district, they were told to expect a \$63 million reduction from their original estimate.

For these reasons, we are also asking for an inflationary increase in capital funding to accommodate these costs, and to complete projects currently in the pipeline or under construction. We are requesting PAYGO funding because of the current surplus rather than the more cumbersome use of traditional CIP bond funding.

Lastly, we are asking for a \$150,000 line-item allowance for each LEA to compensate and support a full-time Blueprint Coordinator. There is precedent for this request in the Blueprint. In the concentration of poverty and the community schools Blueprint funding, there was a fixed amount of \$83,330 per district for systems with community schools to use for coordinator salaries. That personnel funding was a meaningful and important addition in State formula funding, recognizing the value of a professional position responsible for carrying out the intended Blueprint reforms. This is certainly also true for the position of Blueprint Coordinator.

In the final version of HB 1300, the Legislature recognized the value of a designated Blueprint Coordinator appointed jointly by the local governing body and the LEA, but that requirement did not come with any State funding. The position was to be created by July 1, 2021, and all districts were in compliance within one or two months of that deadline. However, over the last eighteen

months we now have a clearer sense of the roles and responsibilities of the coordinators. The forethought of the Legislature in requiring this position was tremendous, but the workload for these coordinators is also enormous. In July of 2021, the role of the coordinators was unclear and many districts added this responsibility to existing staff. Many of the coordinators are wearing multiple hats in their districts, which is difficult, especially in smaller districts where the CFO or COO is also acting as a coordinator. We believe a line item in the budget, similar to the community schools coordinator, would provide an equitable funding opportunity for *all* districts to employ a *full-time* Blueprint Coordinator.

Again, we greatly anticipate working with you and your administration, and we offer our best wishes for a heartfelt and happy holiday for you and your family. To further discuss these items, please feel free to contact Mary Pat Fannon, Executive Director of PSSAM at marypat.fannon@pssam.org or 410-935-7281 as well as Frances Glendening, Executive Director of MABE, at fglending@mabe.org.

Sincerely,



Dr. Sean Bulson, Superintendent,
Harford County Public Schools
President, PSSAM



Mr. Joseph Goetz, Board President,
Kent County Public Schools
President, MABE

CC: Lieutenant Governor-Elect Aruna Miller
Local Superintendents
State Superintendent Choudhury
Members of the Maryland State Board of Education (via Executive Director Zach Hands)
The Honorable Ben Barnes
The Honorable Guy Guzzone
The Honorable Brian Feldman
The Honorable Vanessa Atterbeary
Helene Grady
Fagan Harris
Members of Accountability and Implementation Board (via Executive Director Rachel Hise)
Alex Donahue, Executive Director, Interagency Commission on School Construction (IAC)
The Honorable Ed Kasemeyer, Chair, IAC
John Woolums, MABE
Ms. Cheryl Bost, President, MSEA

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