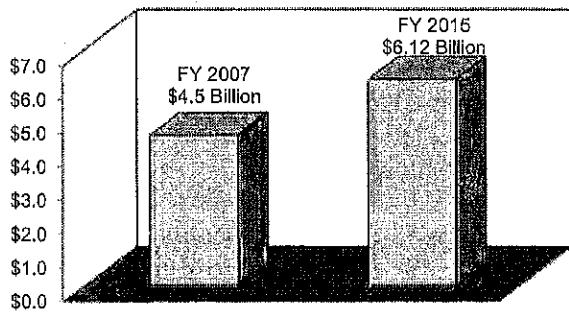


Strengthening Our Schools

Growing Our Investment in Maryland's Top Ranked Public Schools



Even as other states have cut back on education spending, Maryland is making record investments in education, building a stronger future for our children. These investments have clearly paid off.

- Maryland's public school system was ranked #1 in the nation by Education Week for five consecutive years.
- For the seventh straight year, Maryland led the nation in the percentage of seniors (29.6% in 2013) who earned a score of 3 or higher on Advanced Placement (AP) exams.
- Maryland has ranked number one in the nation in student academic progress since 2003, including progress by low-income students.
- Maryland students are graduating from high school at a record rate, according to data from the Class of 2012.
- 82% of Maryland students entering kindergarten in 2013 were fully ready to learn, a 15 percentage point increase since FY 2007.

Historic Investments in K-12 Education

The FY 2015 budget continues the O'Malley Brown Administration's unprecedented support for Maryland's best-in-the-nation schools, fully funding direct K-12 education aid and investing a record \$6.12 billion in our public schools.

- Education aid grows \$135.6 million or 2.3% over FY 2014 and \$1.65 billion or 36.9% over FY 2007.
- The State will distribute direct education aid

totaling nearly \$5.32 billion among Maryland's 24 local jurisdictions.

- The FY 2015 allowance brings total support for K-12 education under the O'Malley Brown Administration to \$45.4 billion.

The Geographic Cost of Education Index (GCEI), which adjusts school funding for educational cost differences and enhances aid equity, is fully funded at \$132.7 million. The O'Malley Brown Administration is the first administration ever to fund any part of GCEI.

Further ensuring equity, FY 2015 represents the second year of a five-year phased-in change in the calculation of net taxable income (NTI) used in aid to education formulas. This change is a result of Administration legislation enacted during the 2013 Legislative Session. The NTI adjustment increases by \$18.5 million to \$26.9 million in the FY 2015 allowance.

Advancing Student Progress and Innovation

Because K-12 education is the foundation for preparing Maryland's future workforce, the O'Malley Brown Administration's FY 2015 budget also invests in innovative programs for digital learning, early college access, early childhood education, and students with special needs.

As studies continue to highlight the importance of quality early childhood education in a child's eventual success, the O'Malley Brown Administration's FY 2015 allowance makes a significant investment in expanding access to early childhood programs. Early childhood development funding grows 6% over FY 2014, totaling \$153.7 million in FY 2015. Included in the budget is \$4.3 million to expand access to free public pre-kindergarten education to children across Maryland. As a result of Maryland's support for early childhood programs, 82% of students entering kindergarten in 2013 were fully ready to learn.

The FY 2015 budget includes \$5.5 million in funding for the second year of the O'Malley Brown Administration's competitive grant programs to promote digital learning and early college access.

Strengthening Our Schools



- Funded at \$3.5 million, the Digital Learning Innovation Fund provides resources to local school districts to accelerate their conversion to comprehensive digital learning environments that fundamentally change the interaction between teachers and students.
- The Early College Innovation Fund provides \$2 million in grants to accelerate pathways for students seeking career and technical education or training in science, technology, engineering, and math (STEM) disciplines.

The O'Malley Brown Administration's budget includes \$1.8 million in State funding to sustain the progress Maryland has made through Race to the Top federal grants, bringing total State support for these programs to \$3.6 million in FY 2015. The funding will support local school systems in teacher and principal evaluation, continue operation of the Breakthrough Center, a tool for MSDE to directly assist in the improvement of low performing schools, and sustain new information technology systems that boost statewide data collection and coordination.

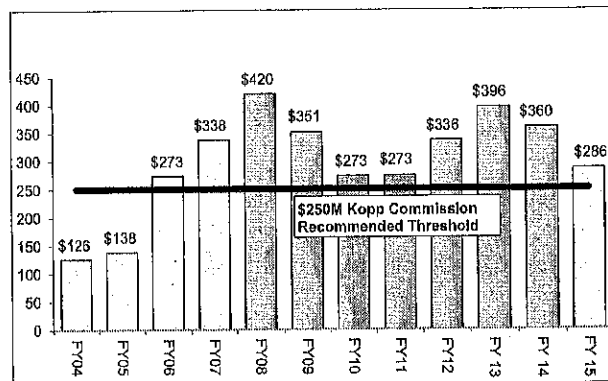
The O'Malley Brown Administration's budget also includes \$2.3 million for the Maryland Longitudinal Data System Center, which was launched in summer 2013 and is in its first full year of operation. The Center provides aggregated trend data that allows us to see where students have come from, where they are going, and what they need to be fully prepared to succeed in college and the workforce.

To ensure Maryland's children who are blind or

hearing impaired reach their fullest potential, the O'Malley Brown Administration budget provides \$34.4 million for the Maryland School for the Deaf and \$19.4 million for the Maryland School for the Blind, record funding for both institutions. The SEED School, the State's first public residential boarding school, receives \$14.5 million to provide a tuition-free, college preparatory education for more than 300 at-risk students in grades 6-12.

State Aided Institutions, non-profits that provide experiential hands-on learning to students, receive \$6.1 million. This includes a new \$50,000 grant for the Calvert Marine Museum.

O'Malley Brown Eight-Year Total for Public School Construction - Nearly \$2.7 Billion



A Historic Commitment to School Construction

The O'Malley Brown Administration has prioritized investments in our school system's infrastructure, providing record funding of nearly \$2.7 billion over eight years to ensure our children are being taught in positive learning environments featuring state-of-the-art and green building technology.

The Administration's FY 2015 capital budget allocates \$275 million to build and renovate schools across the State.

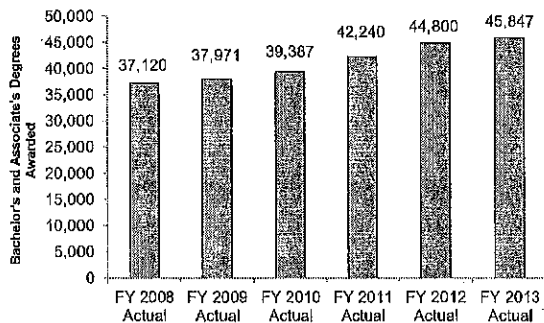
In addition to the traditional school construction program, \$6.1 million is included for the Aging Schools Program; \$4.6 million in Qualified Zone Academy Bonds (QZABs), and \$3.5 million for nonpublic schools.

Strengthening Our Schools

Investing in Higher Education

Maryland's workforce needs the best skills and education in order to compete and win in the global economy. That's why the O'Malley Brown Administration continues to support our State's community colleges and universities when other states are cutting back. The O'Malley Brown Administration FY 2015 allowance provides a record level \$6.02 billion for higher education. Of this amount, State funding makes up \$1.87 billion, a 5.8% increase from last year.

Number of Bachelor's and Associate's Degrees Awarded increased by 24 Percent Since 2008

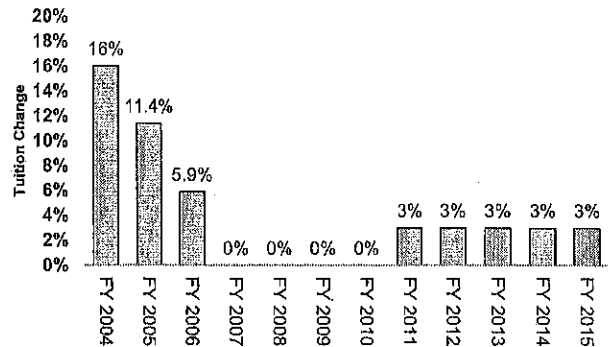


The State's investment in higher education continues to show results. In the last year:

- Nearly 62% of first-time, full-time undergraduate students at Maryland's public institutions graduated with bachelor's degrees in six years, exceeding the national average;
- An estimated 65,000 students have graduated in STEM disciplines during the O'Malley Brown Administration;
- Approximately 9,800 community college students successfully transferred to public four-year institutions; and
- Among Marylanders ages 25 to 64, 46% possess a college degree, which is on track to reach the O'Malley Brown Administration's goal of 55% by 2025.

These results continue to earn national recognition. U.S. News and World Report ranks the University

Making College More Affordable for Marylanders



of Maryland, College Park as one of the top 100 universities in the nation and St. Mary's College of Maryland as one of the top five public liberal arts colleges. Morgan State University has produced the most Fulbright Scholars among all historically black colleges and universities. And, according to Kiplinger's Personal Finance, five of Maryland's public universities—the University of Maryland, College Park, St. Mary's College of Maryland, Salisbury University, Towson University, and the University of Maryland, Baltimore County—are among the nation's "Best Values in Public Colleges."

Increasing Access and Affordability

Through a combination of tuition freezes and tuition caps, Maryland has become the national leader in keeping higher education affordable and accessible to all. The non-partisan College Board reports that Maryland has held tuition and fee increases to the lowest in the nation since the O'Malley Brown Administration took office in 2007. The FY 2015 budget maintains the Administration's commitment to affordability by capping tuition increases at the University System of Maryland to 3% for a fifth year in a row. Morgan State University and St. Mary's College of Maryland freeze tuition at last year's rates in FY 2015.

The O'Malley Brown Administration is also committed to enhancing college affordability by providing significant resources to student financial aid. The FY 2015 allowance includes:

Strengthening Our Schools

- Nearly \$119.5 million in State scholarships and grants to be awarded to 60,000 students, 70% of whom are need-based recipients;
- \$15.5 million for the Nurse Support Program II; which has contributed to a 52% increase in Maryland nursing graduates between FY 2007 and FY 2013;
- \$2 million for Health Personnel Shortage Incentive Grants, which have contributed to a 39% increase in students graduating in targeted shortage areas during the same period; and
- \$1.3 million for Workforce Shortage Student Assistance Grants, which have contributed to a 37.1% growth of graduates in workforce shortage areas during the same period.

Maryland's four historically black universities receive \$210.8 million in State funding, an increase of 5.1% from last year.

St. Mary's College of Maryland receives a one-time State grant of \$1.5 million in FY 2015 in addition to its base funding, bringing total State funding to \$22.9 million, an increase of 14.8% over the prior year.

Investments in the community college sector support education and training for over 139,000 Marylanders each year at a time when more than three out of every four projected job openings in Maryland require some type of post-secondary preparation. The FY 2015 budget provides \$297.5 million for the local community colleges, including a 5% growth in funding under the Cade formula. This reflects an increase of \$92 million or nearly 45% since the O'Malley Brown administration took office. Baltimore City Community College receives \$91.6 million in FY 2015, which includes \$41.8 million in State funding.

Sellinger funding for the State's independent colleges and universities is maintained at \$40.9 million.

Investing in Infrastructure

Since taking office, the O'Malley Brown Administration has spent more than \$2.4 billion on Maryland's college classrooms, laboratories, performing arts centers, and other improvements.

The FY 2015 capital budget includes \$373.5 million for higher education projects across the State. Public four-year institutions receive \$289.1 million, which includes:

- \$60.8 million for the new Engineering and Aviation Science Building at the University of Maryland Eastern Shore;
- \$49 million for the new Health Sciences Facility III Building at the University of Maryland, Baltimore;
- \$35 million for the new Academic Commons at Salisbury University;
- \$23.3 million for the new Natural Sciences Building at Bowie State University;
- \$17.9 million for the Anne Arundel Hall Reconstruction at St. Mary's College of Maryland;
- \$17.0 million for facilities renewal projects at University System of Maryland institutions;
- \$11.7 million for projects at Morgan State University, including \$3 million to complete its new School of Business complex;
- \$10.6 million for the New Environmental Sustainability Research Laboratory for the University of Maryland Center for Environmental Science; and
- \$10.3 million to complete the New Science and Technology Center at Coppin State University.

The FY 2015 capital budget also includes \$15 million for a High Performance Computing Data Center at Johns Hopkins University; \$1.6 million for a New Academic Building at Washington College; and \$1.6 million to renovate an Academic Building at Stevenson University.

Maryland's community colleges receive \$65.4 million to improve facilities at nine community colleges, including:

- \$19.9 million for the new Center for Allied Health and Athletics at Chesapeake College;
- \$15 million for the renovation and expansion of the F Building at the Community College of Baltimore County; and
- \$14.5 million for renovation of the Rockville Science West Building at Montgomery College.

Department of Education

The Maryland State Department of Education (MSDE) provides leadership, support, and accountability to achieve effective systems of public education, libraries, and rehabilitation services. MSDE's budget will increase by \$100.2 million, or 1.4% in FY 2015.

Major Accomplishments

Public education has remained a top priority for the O'Malley Brown Administration. Over the Administration's eight years, when most states have been spending less per pupil due to the economic downturn, State aid to Maryland's public schools has grown by nearly 40%. The Administration's continuing investments are showing results.

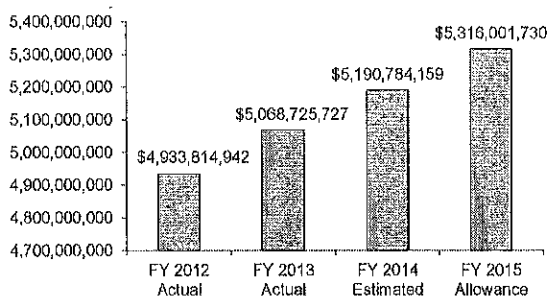
- For five years in a row, Maryland's public school system ranked first in the nation according to Education Week.
- Maryland has led the nation in the percentage of seniors (29.6%) who earned a score of 3 or higher on Advanced Placement (AP) exams for seven years in a row.
- Maryland has ranked number one in the nation in terms of student academic progress, including economically disadvantaged students, since 2003.
- Maryland students are graduating from high school at a record rate.

Significant Funding Changes

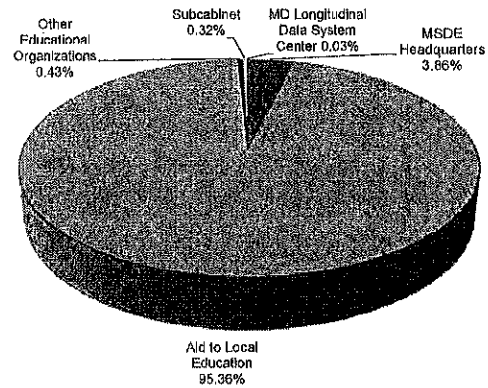
The FY 2015 budget includes:

- A \$135.6 million increase in aid to public schools, after contingent reductions, bringing the FY 2015 total to a record \$6.12 billion. This includes an additional

Another Record Level of Direct Local Aid for Primary / Secondary Education



Expenditures



\$18.5 million as the result of Administration legislation passed during the 2013 Legislative Session which changed the calculation of net taxable income used in aid to education funding formulas, ensuring greater equity across jurisdictions;

- \$41.8 million in additional funds for school lunch and breakfast programs, bringing the total for school nutrition programs to \$318.2 million in FY 2015. This includes \$6.9 million for Maryland Meals for Achievement, a \$1.7 million increase over FY 2014 that will provide breakfast for an additional 57,000 public school students;
- \$4.3 million to expand access to pre-kindergarten education; and
- \$1.8 million in State funds to sustain the progress Maryland has made through federal Race to the Top grants, including support to local school systems for teacher and principal evaluation, the continuation of the Breakthrough Center, a tool for MSDE to directly assist in the improvement of low performing schools, and ongoing efforts to enhance data collection and coordination.

Major Programs Funding

- Early childhood development funding grows 6% over FY 2014, totaling \$153.7 million in FY 2015. As a result of Maryland's support for early childhood programs, 82% of students entering kindergarten in 2013 were fully ready to learn, a 15% increase since FY 2007.
- The Division of Rehabilitation Services (DORS) promotes the employment and independence of individuals with disabilities. The FY 2015 allowance for DORS is \$103.7 million.

POSITIONS: 1,641

BUDGET: \$7.5 BILLION
19% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY13 Actual	FY14 Appropriation	FY15 Allowance	Change FY15-14
APPROPRIATIONS: (in millions of dollars)				
General Funds	5,643.8	5,943.3	6,029.5	1.5%
Special Funds	436.9	372.5	435.3	16.8%
Federal Funds	969.5	1,075.0	1,028.0	-4.4%
Reimbursable Funds	2.3	4.2	2.6	-37.1%
Total	7,052.5	7,395.0	7,495.4	1.4%
EXPENDITURES: (in millions of dollars)				
Headquarters	308.3	404.0	289.5	-28.4%
Aid to Education	6,701.7	6,934.3	7,149.6	3.1%
Funding for Educational Organizations	27.1	32.0	32.1	0.4%
Children's Cabinet Interagency Fund	15.3	22.4	21.9	-2.2%
Maryland Longitudinal Data System Center	-	2.3	2.3	3.5%
Total	7,052.5	7,395.0	7,495.4	1.4%
POSITIONS:				
Authorized	1,405.6	1,453.1	1,463.4	10.3
Contractual	189.1	224.2	177.6	(46.6)
Total	1,594.7	1,677.3	1,641.0	(36.3)

PERFORMANCE MEASURES	FY 2013 Actual	FY 2014 Estimated	FY 2015 Estimated
Enrollment in primary and secondary schools	823,452	827,999	834,524
Percent of students scoring proficient or better by grade			
Reading: Grade 3	82.6%	88.8%	90.1%
Reading: Grade 5	88.4%	92.7%	93.5%
Reading: Grade 8	81.0%	87.0%	88.5%
Mathematics: Grade 5	80.9%	86.7%	88.2%
Mathematics: Grade 5 Special education	45.6%	66.4%	70.1%

Totals and percentages may not add due to rounding.

Primary and Secondary Education

Foundation Program: The foundation program is the largest single local aid program. It increases by \$52.5 million in fiscal year 2015 and includes \$132.7 for the Geographic Cost of Education Index. Under the Foundation program, aid is distributed on the basis of public school enrollment and equalized for taxable wealth so that jurisdictions with smaller per pupil tax bases receive proportionately more aid. The fiscal year 2015 budget includes \$26.9 million for the second year of the Net Taxable Income wealth adjustment phase-in.

Compensatory Education: The Compensatory Education program is directed toward the education of children who are economically and environmentally disadvantaged. The Bridge to Excellence Act directs the aid according to the number of students receiving free or reduced price meals.

Special Education: Aid for special education is provided to school systems to help cover the additional cost of educating students with needs for special services. These funds are allocated on a formula basis for students in local schools and to support children placed in nonpublic special education schools. The fiscal year 2015 budget reflects the State's share at 70 percent of the cost of nonpublic placements over a certain amount.

Student Transportation: The Bridge to Excellence Act re-based the grant for the transportation of students to and from school and provides aid for transporting special needs students.

Other Education Aid: Other education aid includes \$197.7 million to support students with limited English proficiency and \$59.4 million for the Guaranteed Tax Base program, which provides grants to those subdivisions that have less than 80 percent of the Statewide average wealth per pupil and that provide local education funding above the local share required by the foundation program.

State Retirement System: In addition to direct aid for education, the State pays a portion of pension and retirement benefits for teachers, principals, administrators, and other eligible employees on behalf of each board of education.

Primary and Secondary Education

(\$ in thousands)

	Foundation		Compen- satory		Special		Student		Total		% Change from 2014		State Retirement		TOTAL		% Change from 2014	
	Program	Ed.	Ed.	Ed.	Ed.	Trans.	Other	Direct	Direct	% Change from 2014	% Change from 2014	System	System	\$ Change from 2014	% Change from 2014			
Allegany	40,198	20,724	6,513	4,495	4,443	76,372	728	8,404	84,776	1.0%	1.0%	8,404	84,776	600	0.7%			
Anne Arundel	209,385	63,083	23,958	22,026	11,475	329,926	6,844	67,322	397,248	2.1%	2.1%	67,322	397,248	7,374	1.9%			
Baltimore City	428,971	327,714	73,915	19,168	62,260	912,028	6,441	76,103	988,131	0.7%	0.7%	76,103	988,131	6,179	0.6%			
Baltimore County	363,430	135,833	46,113	29,035	18,710	593,121	15,233	93,654	686,776	2.6%	2.6%	93,654	686,776	15,456	2.3%			
Calvert	59,586	10,768	4,408	5,593	1,311	81,666	583	15,597	97,262	0.7%	0.7%	15,597	97,262	-52	-0.1%			
Caroline	26,527	13,702	2,623	2,555	3,181	48,589	2,085	4,684	53,273	4.5%	4.5%	4,684	53,273	2,147	4.2%			
Carroll	98,355	14,225	10,019	9,468	1,556	133,623	-2,212	23,129	156,752	-1.6%	-1.6%	23,129	156,752	-2,356	-1.5%			
Cecil	64,146	21,828	7,605	4,996	2,110	100,685	3,917	14,153	114,837	4.0%	4.0%	14,153	114,837	3,951	3.6%			
Charles	110,816	28,929	8,668	10,261	2,630	161,304	2,440	23,695	184,998	1.5%	1.5%	23,695	184,998	2,496	1.4%			
Dorchester	20,941	10,678	1,514	2,384	1,808	37,325	2,405	3,993	41,319	6.9%	6.9%	3,993	41,319	2,495	6.4%			
Frederick	163,626	32,535	15,372	11,878	8,034	231,445	2,597	35,635	267,080	1.1%	1.1%	35,635	267,080	3,462	1.3%			
Garrett	10,361	4,692	1,083	2,882	1,068	20,086	-926	3,444	23,531	-4.4%	-4.4%	3,444	23,531	-1,253	-5.1%			
Harford	137,404	32,715	18,300	12,174	2,154	202,747	909	31,844	234,590	0.5%	0.5%	31,844	234,590	956	0.4%			
Howard	159,308	25,818	13,470	15,928	7,699	222,222	1,230	60,742	282,964	0.6%	0.6%	60,742	282,964	3,269	1.2%			
Kent	3,555	2,648	757	1,517	935	9,412	-259	2,041	11,453	-2.7%	-2.7%	2,041	11,453	-256	-2.2%			
Montgomery	344,851	128,619	52,045	38,091	59,771	623,377	11,925	166,813	790,190	2.0%	2.0%	166,813	790,190	20,004	2.6%			
Prince George's	565,243	254,495	61,581	37,707	81,334	1,000,361	57,510	103,092	1,103,453	6.1%	6.1%	103,092	1,103,453	56,105	5.4%			
Queen Anne's	21,822	5,052	2,270	3,240	1,301	33,684	618	6,154	39,838	1.9%	1.9%	6,154	39,838	566	1.4%			
St. Mary's	68,134	16,217	4,605	6,677	1,380	97,012	2,793	14,482	111,494	3.0%	3.0%	14,482	111,494	3,095	2.9%			
Somerset	13,252	8,907	2,141	1,823	2,258	28,382	589	2,770	31,151	2.1%	2.1%	2,770	31,151	528	1.7%			
Talbot	4,423	4,663	883	1,549	1,378	12,897	476	3,838	16,735	3.8%	3.8%	3,838	16,735	670	4.2%			
Washington	99,265	41,907	7,932	6,933	8,880	164,917	4,971	18,779	183,696	3.1%	3.1%	18,779	183,696	5,199	2.9%			
Wicomico	68,579	38,615	7,005	5,084	8,984	128,268	3,983	13,130	141,398	3.2%	3.2%	13,130	141,398	4,625	3.4%			
Worcester	6,430	7,301	1,721	2,921	1,067	19,440	92	7,364	26,804	0.5%	0.5%	7,364	26,804	103	0.4%			
Statewide/Unallocated	0	0	18,772	0	28,342	47,114	246	0	47,114	0.5%	0.5%	0	47,114	246	0.5%			
Total	3,088,609	1,251,666	393,273	258,384	324,071	5,316,002	125,218	800,861	6,116,863	2.4%	2.4%	800,861	6,116,863	135,608	2.3%			

Totals and percentages may not add due to rounding.

Education Aid Per Pupil

The chart below shows State aid for public schools on a per pupil basis. Aid includes direct aid and contributions for teachers' retirement. Pupils are measured as full-time equivalent counts as of September 30, 2013, the same basis as used for allocating aid under the statutory formulas.

Total K-12 Education Aid - Fiscal Year 2015 Per Eligible Full-Time Equivalent Pupil

	FTE Pupils as of September 30, 2013	Aid per Pupil
Allegany	8,314	10,197
Anne Arundel	76,181	5,215
Baltimore City	79,352	12,453
Baltimore County	104,358	6,581
Calvert	15,823	6,147
Caroline	5,235	10,176
Carroll	25,949	6,041
Cecil	15,100	7,605
Charles	25,524	7,248
Dorchester	4,505	9,172
Frederick	39,472	6,766
Garrett	3,786	6,216
Harford	37,055	6,331
Howard	51,630	5,481
Kent	1,995	5,741
Montgomery	147,462	5,359
Prince George's	119,281	9,251
Queen Anne's	7,472	5,332
St. Mary's	16,890	6,601
Somerset	2,727	11,423
Talbot	4,299	3,893
Washington	21,939	8,373
Wicomico	13,930	10,151
Worcester	6,249	4,289
Total FTE's/Average*	834,524	7,273

* Excludes unallocated aid.

Totals and percentages may not add due to rounding.

