

TO: Members of the State Board of Education

FROM: Carey M. Wright, Ed.D., State Superintendent of Schools 

DATE: January 28, 2025

SUBJECT: Governor's FY26 Budget Review & 2025 Legislative Session Update

Purpose

The purpose is to provide an update for the State Board on the 2025 legislative session, Governor Moore's Fiscal Year 2026 Budget, and the Maryland State Department of Education's (MSDE) Fiscal Year 2026 Budget.

Background

On January 15, 2026, Governor Wes Moore released the Moore-Miller Administration's FY2026 budget proposal. The General Assembly enacts the Budget Bill in April 2025. MSDE will receive legislative appropriation in May 2025.

Executive Summary

MSDE's Office of the Chief of Staff, Office of Finance and Operations, and Office of Government Affairs will provide a summary of the following information:

- Legislative updates and bills tracked by the Department and State Board's Education Policy Committee;
- Governor Moore's proposed budget and the Excellence in Maryland Public Schools Act (SB429/HB504);
- FY 2026 Budget Items subject to passage of the Budget Reconciliation and Financing Act (BRFA) and the Excellence in Maryland Public Schools Act; and
- FY 2025 funding deficiencies and FY 2026 funding increases.

For Fiscal Year 2026, Governor Moore's allowance for MSDE includes \$435,777,610 in the Headquarters budget, \$11,686,977,201 for Aid to Education, and \$55,78,887 for the Funding for Educational Organizations.

Action

No action is required; this information is for discussion only.

Attachments

Governor's FY 2026 Budget Review and 2025 Legislative Session Update.pptx

Office of the State Superintendent
Office of Government Affairs
Office of Operations and Finance

Governor's FY 2026 Budget Review and 2025 Legislative Session Update

January 28, 2025

Presented By |

Alex Reese, Chief of Staff

Dr. Akilah Alleyne, Executive Director, Office of Government Affairs

Donna Gunning, Assistant State Superintendent, Office of Operations and Finance





Presentation Outline

1. 2025 Legislative Session Update
2. What's New in FY 2026
3. FY 2026 at a Glance
4. FY 2026 by the Numbers
5. FY 2025 Deficiencies

Bill Tracking

- MSDE's Office of Government Affairs (OGA) is **tracking 169 bills**.
- In consultation with Department staff and the State Board's Education Policy Committee Legislative Subgroup, we have **taken positions on 10 bills**:
 - 5 bills supported
 - 3 bills supported with amendments
 - 2 bills opposed
- Information will continue to be shared via **weekly updates** from State Board staff.

Excellence in Maryland Public Schools Act

Governor Moore's Excellence in Maryland Public Schools Act (SB429/HB504) has four focus areas:

1

Teacher Recruitment

- Grow Your Own (GYO)
- Recruitment campaign
- Relocation bonuses
- Interstate Teacher Mobility Compact

2

Collaborative Time

- Collaborative time per-pupil funding delay
- Collaborative Time Innovation (CTI) demonstration grants

3

Educator Retention and Development

- Academic Excellence Program
- Maryland School Leader Academy

4

Community Schools

- Capacity building for effective implementation
- Partnerships
- Academic and whole-child intervention

FY 2026 Budget – What’s New?

- **Blueprint Formula Programs**

- Increases in formula programs in line with the statutory phase-in - \$591.2 million
- Blueprint Coordinators converts to shared program, \$150k salary

- **Increased Funding**

- Autism Waiver – \$20.6 million
- Nonpublic Placements - \$20.5 million
- Child Care Scholarship Program - \$85.7 million

FY 2026 Budget – At a Glance

DIVISION	General Funds	Special Funds	Federal Funds
Office of the Superintendent	48,280,791	4,372,486	15,208,589
Chief of Staff	2,995,918	-	-
Teaching and Learning	6,919,617	13,843,069	26,158,958
Early Childhood	15,431,147	3,330,552	57,971,088
Office of Accountability	8,151,241	4,206,597	32,527,528
Office of Finance and Operations	10,095,631	679,351	17,000,205
Major IT Projects	-	-	2,678,167
DORS	17,179,452	3,210,437	145,536,786
Total	109,053,797	29,642,492	297,081,321

FY 2026 Budget – At a Glance

DIVISION	FY 2025 FTE	FY 2026 FTE	Change	PERCENT Change
Office of the Superintendent	114.10	76.1	(38.00)	-33.3%
Chief of Staff	5.00	18.75	13.75	275.0%
Teaching and Learning	166.75	156.75	(10.00)	-6.0%
Early Childhood	209.00	213	4.00	1.9%
Office of Accountability	3.75	30	26.25	700.0%
Office of Finance and Operations	185.00	207.0	22.00	11.9%
DORS	659.30	678.3	19.00	2.9%
	1,342.90	1,379.90	37.00	2.8%

FY 2026 Budget – At a Glance

Change in FTE by Division reflects new positions and shifts to other Divisions:

- The Audit Office moved from the Office of the Superintendent to the Chief of Staff (14 FTE)
- Office of School Improvement moves from Office of Superintendent to Accountability (18 FTE)
- Educator Effectiveness moved from Teaching and Learning to Accountability (27 FTE)

New Positions:

- DORS positions added by BPW in June 2024 – 19
- Literacy and Math Positions – 10 FTE
- Community School Coordinators – 3 FTE
- Early Learning Specialists – 3 FTE
- Policy Positions – 2 FTE

FY 2026 Budget – By the Numbers

BUDGET UNIT	FY 2026	FY 2025	FY 2024	FY 2023	FY 2022
Headquarters	435,777,610	413,764,427	374,887,526	337,666,648	356,234,998
Aid to Education	11,686,977,201	10,696,904,819	9,983,662,130	8,924,752,156	8,675,208,116
Funding for Educational Organizations	55,778,887	60,408,539	60,630,790	52,313,810	46,493,538
BUDGET UNIT	Change from FY 2025	Change from FY 2024	Change from FY 2023	Change from FY 2022	
Headquarters	5.32%	10.37%	11.02%	-5.21%	
Aid to Education	9.26%	7.14%	11.86%	2.88%	
Funding for Educational Organizations	-7.66%	-0.37%	15.90%	12.52%	
BUDGET UNIT	1 Year Change	5 Year Change			
Headquarters	5.32%	22.33%			
Aid to Education	9.26%	34.72%			
Funding for Educational Organizations	-7.66%	19.97%			

FY 2026 Budget – By the Numbers

Headquarters: Change in dollars by Fund

DIVISION	General Funds	Special Funds	Federal Funds
Office of the Superintendent	(3,395,153.00)	(3,335,434.00)	(1,830,087.00)
Chief of Staff	2,593,624.00	(460,483.00)	-
Teaching and Learning	(2,004,661.00)	9,146,502.00	2,564,171.00
Early Childhood	(602,526.00)	330,552.00	(1,140,115.00)
Office of Accountability	3,277,954.00	3,843,009.00	5,512,571.00
Office of Finance and Operations	862,967.00	(278,740.00)	2,590,788.00
Major IT Projects	-	-	(2,321,833.00)
DORS	32,296.00	(182,553.00)	6,810,334.00
Total	764,501.00	9,062,853.00	12,185,829.00

FY 2026 Budget – By the Numbers

Headquarters: Change in percent by Fund

DIVISION	General Funds	Special Funds	Federal Funds
Office of the Superintendent	-6.57%	-43.27%	-10.74%
Chief of Staff	644.71%	-100.00%	0.00%
Teaching and Learning	-22.46%	194.75%	10.87%
Early Childhood	-3.76%	11.02%	-1.93%
Office of Accountability	67.26%	1056.97%	20.41%
Office of Finance and Operations	9.35%	-29.09%	17.98%
Major IT Projects	0.00%	0.00%	-46.44%
DORS	-0.90%	0.00%	0.89%
Total	2.61%	0.00%	2.24%

FY 2026 Budget – By the Numbers

Aid to Education: Change in dollars and percent by Fund

FUND SOURCE	FY 2025	FY 2026	Change	Percent Change
General Funds	7,593,684,884	7,904,870,722	311,185,838	4.10%
Special Funds	1,826,384,121	2,486,111,385	659,727,264	36.12%
Federal Funds	1,276,835,814	1,295,995,094	19,159,280	1.50%

FY 2026 Budget – By the Numbers

Educational Organizations: Change in dollars and percent by Fund

FUND SOURCE	FY 2025	FY 2026	Change	Percent Change
General Funds	42,868,539	38,238,887	(4,629,652)	-10.80%
Special Funds	17,540,000	17,540,000	-	0.00%

FY 2026 Budget – By the Numbers

Blueprint Fund

- Total preK–12 funding increases by 6.1% over FY 2025
- Increasing eligibility drives increase
 - NBC teachers increased by 88.5% or 1,523 newly certified candidates
 - College and Career Ready (CCR) students increased by 68,500
 - Prekindergarten enrollment grew by 12.4% or 2,383 students
 - Concentration of Poverty Per Pupil grant eligibility dropped from 65% to 60%

Funding for Educational Organizations

- Maryland School for the Blind – increases by \$1 million
- State Aided Institutions – decreases by \$5.6 million
 - Reductions are associated with one-time legislative increases in FY 2025
- Nonpublic Schools Textbook Program – level funded
- Nonpublic Schools BOOST Program – level funded

FY 2026 Budget – Contingencies

FY 2026 Budget Items subject to passage of the Budget Reconciliation and Financing Act (BRFA) and the Excellence in Maryland Public Schools Act

- Increase in the local share of Teacher Retirement - (\$93 million)
- Modification of the Nonpublic Placement Funding Formula - (\$25 million)
- Repeal of the Drive Education in Public High Schools Grant Program - (\$2 million)
- Change in the SAI Field Trip Fund - (\$600k)
- Adjustments to the Foundation, Compensatory Education, Multi-lingual Learners, Concentration of Poverty, Guaranteed Tax Base, and Education Effort - (\$124 million)
- Blueprint enhancements - \$73 million

FY 2026 Budget – Contingencies

FY 2026 Budget Items subject to passage of the Budget Reconciliation and Financing Act (BRFA) and the Excellence in Maryland Public Schools Act: *Child Care Scholarship Program Assumptions*

- Implements new market rates at the 50th percentile of the 2024 MRS with a hold harmless to ensure no provider sees a rate decrease
- Implements an enrollment freeze starting May 1, 2025, pending legislative approval; assumes enrollment of 44,174
- Assumes attrition of 3.5% continues until September 1, 2025, resulting in estimated enrollment of 42,628
- Caps enrollment at 42,628; available slots can be filled through FY26 up to this cap

FY 2026 Budget – FY 2025 Deficiencies

Additional Appropriation provided for FY 2025:

- Child Care Scholarship - \$116 million
- Nonpublic Placements - \$20.9 million
- Autism Waiver - \$13.7 million
- Assessments - \$10 million
- Salary funds for DORS’ 19 positions

State Board Meeting

Tuesday, January 28, 2025

ITEMS FOR DISCUSSION (ACTION):

There are no bills for discussion at this time.

POSITIONS TAKEN AND TESTIMONY SUBMITTED BY SBOE & MSDE (INFORMATION ONLY):

SUPPORT

The Maryland State Department of Education (MSDE) and the Maryland State Board of Education (State Board) have jointly submitted testimony in support of the following legislation:

HB0150, SB252

Child Care Centers - Certificated Staff Ratio Requirement - Repeal (Departmental Bill)

(In-Person Testimony – Hearing 1/29 - W&M at 1:00pm; Hearing 2/12 - EEE at 2:30pm)

Repealing a requirement that a childcare center that has 20 or more children have in attendance a certain ratio of staff to children who hold a certificate in first aid and cardiopulmonary resuscitation under certain circumstances.

HB0197, SB0068

Public Schools – Restorative Practices Schools – Comprehensive Plan

(In-Person Testimony – Hearing 1/29 -- W&M at 1:00pm, EEE at 2:30pm)

Requiring the State Department of Education to develop a comprehensive plan by July 1, 2026, for the establishment of Restorative Practices Schools which integrate restorative practices into daily practices and activities of the whole school; requiring a county board of education to use the comprehensive plan if the county board chooses to establish a Restorative Practices School; and requiring the Department to report to the Governor and the General Assembly by December 1, 2026, on the comprehensive plan for Restorative Practices Schools. MSDE has submitted a fiscal note estimating this bill's cost to the Department.

SB0008, HB0072**Civic Excellence Program**

(Support – Hearing 1/29 – W&M at 1:00pm)

Maryland Civic Excellence Program is a voluntary program in which local school systems may participate to recognize students and public schools that promote the civic readiness and civic engagement of students in public schools in the State by establishing minimum criteria for the award of a Seal of Civic Excellence, and requiring participating local school systems to submit an annual report to the Department of Education.

HB0324, SB0293**County Boards of Education - Antibias Training for Members - Requirement (County Board Member Antibias Training Act)**

(Written Testimony – Hearing 1/29 -- W&M at 1:00pm, EEE at 2:30pm)

Requiring each member of a county board of education to complete certain antibias training at least once during the member's term.

HB0118**Interstate Teacher Mobility Compact**

(Written Testimony – Hearing 1/29 - W&M at 1:00pm)

Repealing certain provisions of law relating to the Interstate Agreement on Qualifications of Educational Personnel; providing that certain provisions of law regarding the issuance of an initial teaching certificate do not apply to certain teachers; entering into the Interstate Teacher Mobility Compact for the purpose of authorizing regulated teachers who hold multistate licenses to teach in each member state; establishing requirements for multistate licensure; providing a certain contingency requirement; etc.

NO POSITION

MSDE has submitted testimony (**letters of information**) for the following legislation:

SB0113**State Board of Education – Membership – School Principal**

(Letter of Information – Hearing 1/29 – EEE – 1:30pm)

Altering the membership of the State Board of Education to include a certified, active school principal as a member; and providing that the initial term of the principal member of the State Board begins July 1, 2026. The new member would be selected through an election conducted by the Maryland State Department of Education (MSDE).

SB0062, HB0053**Task Force on Education Funding and Student Population Growth**

(Letter of Information – Hearing 1/28 at 1:30pm – APP - costly; will provide information about feasibility to accomplish it's intended impact)

Establishing the Task Force on Education Funding and Student Population Growth to analyze the challenges related to the delay in student enrollment counts and its effect on school funding and the connection between growing student populations and the provision of school funding; and requiring the Task Force to report its findings and recommendations to the Governor and the General Assembly by December 15, 2025.

SB0283**Students with Financial Need - College Preparatory Programs - Exam Fee Prohibition**

(Letter of information – Hearing 1/29 at 2:30pm – no direct impact on MSDE)

Prohibiting a county board of education, beginning in the 2025-2026 school year, from charging students with financial need exam fees related to the International Baccalaureate Diploma Program, the Cambridge AICE Diploma Program, or a program consisting of certain Advanced Placement courses.

OPPOSE

MSDE and the State Board have jointly submitted testimony in opposition of the following legislation:

HB0161**Primary and Secondary Education - Comprehensive Health Education**

(Oppose – Hearing 1/29 – W&M 1:00pm)

Requiring the State Department of Education, in collaboration with the Maryland Department of Health, to develop a comprehensive health education framework; requiring each county board of education to create an age-appropriate curriculum that is consistent with the comprehensive health education framework; and requiring each county board to establish policies, guidelines, and procedures for a parent or guardian to opt out of the family life and human sexuality topics for a certain student, subject to a certain prohibition.

SB0062, HB0326**Student Service Hours - Financial Literacy Course**

(Oppose – Hearing 1/29 – W&M - 1:00pm)

Requiring each county board of education, beginning in the 2026-2027 school year, to allow successful completion of eligible financial literacy courses to be applied toward fulfillment of the student service hours high school graduation requirement for the number of hours determined by the county board.

Consent Agreement Statement: The State Board/ Department does not oppose the bill based on the merits of the proposed subject matter but on the grounds that the legislative requirement runs counter to the process that is entrusted to the State Board, MSDE, and LEAs.

TOTAL # OF BILLS MSDE IS CURRENTLY TRACKING: 169