

R99E
Maryland School for the Deaf

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Approp</u>	<u>FY 04</u> <u>Allowance</u>	<u>FY 03 - 04</u> <u>Change</u>	<u>FY 03 - 04</u> <u>% Change</u>
General Funds	\$18,615	\$19,262	\$20,901	\$1,639	8.5%
Contingent & Back of Bill Reductions	0	-5	-40	-35	
Adjusted General Funds	\$18,615	\$19,257	\$20,861	\$1,604	8.3%
Special Funds	275	148	163	14	9.6%
Federal Funds	804	842	855	13	1.6%
Contingent & Back of Bill Reductions	0	0	0	0	0.0%
Adjusted Federal Funds	\$804	\$842	\$855	\$13	1.5%
Reimbursable Funds	1,048	890	1,163	273	30.7%
Contingent & Back of Bill Reductions	0	0	-1	-1	0.0%
Adjusted Reimbursable Funds	\$1,048	\$890	\$1,162	\$272	30.6%
Adjusted Grand Total	\$20,742	\$21,137	\$23,040	\$1,902	9.0%

- The fiscal 2004 allowance for the Maryland School for the Deaf (MSD) contains a \$1.9 million, or 9.0% increase over the fiscal 2003 working appropriation after accounting for cost containment measures. Almost \$1.4 million of that increase is dedicated to expenses for existing and new personnel.
- Another \$408,000 of the increase will be used to repay an energy performance contract loan for the school's Frederick campus and another \$101,000 will be used to renovate one of the school's buildings into a "Group Home." The group home will assist students in learning the skills necessary for the transition from school to work.

Note: Numbers may not sum to total due to rounding.

For further information contact: Beth V. McCoy

Phone: (410) 946-5530

Personnel Data

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>
Regular Positions	317.50	310.50	319.50	9.00
Contractual FTEs	<u>62.70</u>	<u>49.90</u>	<u>62.20</u>	<u>12.30</u>
Total Personnel	380.20	360.40	381.70	21.30

Vacancy Data: Regular Positions

Budgeted Turnover: FY 04	1.92	0.60%
Positions Vacant as of 12/31/02	4.00	1.29%

- MSD is requesting nine new positions for instructional purposes. All of the positions are contractual conversions. MSD also is requesting 21.30 new contractual positions.
- MSD has two faculty positions, one student life counselor position, and one building services worker position vacant as of December 31, 2002, for a vacancy rate of 1.29%. This vacancy rate is more than twice the vacancy rate presumed by the Department of Budget and Management.

Analysis in Brief

Major Trends

Growth in Student Enrollment Is Expected to Lag behind Growth in Staff Positions: MSD's enrollment over a five-year time period is estimated to increase an overall 6.3% whereas the number of regular positions over the same time period is estimated to increase by 10.0% and the number of contractual positions is estimated to increase by 401.6%. **The Department of Legislative Services (DLS) recommends MSA be prepared to justify why the new regular and contractual positions are needed.**

Issues

Testing Requirements of the No Child Left Behind (NCLB) Act Also Apply to MSD Students: The federal No Child Left Behind Act requires states to annually assess students in grades 3 through 8 and at least once in grades 10 through 12 in reading and mathematics by the 2005-2006 school year. Students at MSD are required to participate in this testing. **DLS recommends MSD be prepared to comment on how the school will prepare its students for the new Maryland State Assessments.**

Recommended Actions

	<u>Funds</u>
1. Add language restricting funds for 1.5 positions until the Maryland School for the Deaf provides supporting enrollment documentation.	
2. Delete funds for replacement of Chevy Cavalier.	\$ 11,612
Total Reductions	\$ 11,612

Updates

Progress Under the Universal Hearing Screening Program: Chapter 128, Acts of 1999 requires all newborns in the State to be tested for hearing. A review of the progress of the program in the past three and a half years is provided.

R99E - Maryland School for the Deaf

R99E
Maryland School for the Deaf

Operating Budget Analysis

Program Description

The Maryland School for the Deaf (MSD) provides education and personal development to Maryland school-age deaf students. The school has one campus in Frederick that teaches students in pre-kindergarten through Grade 12 and one campus in Columbia that teaches students in pre-kindergarten through Grade 8. The school offers the Frederick County Public School Essential Curriculum, the Maryland High School Diploma, and the Maryland School for the Deaf Diploma. Both campuses also offer a weeknight residential component, an enhanced program for deaf students with additional moderate to severe disabilities, and a Family Education/Early Intervention (FE/EI) program for deaf children ages zero through four and their families.

MSD works toward achieving the following goals:

- students will achieve their developmental potential;
- establish communication for parents and their children in the FE/EI program; and
- provide quality educational and developmental services.

Performance Analysis: Managing for Results

As **Exhibit 1** shows, enrollment over a five-year time period is estimated to increase an overall 6.3% whereas the number of regular positions over the same time period is estimated to increase by 10.0% and the number of contractual positions is estimated to increase by 401.6%.

MSD has noted that difficulties in retaining faculty and the new demands placed on the school's teachers by the federal No Child Left Behind (NCLB) Act have led MSD to convert contractual positions. Additionally, MSD has noted that as more students with severe disabilities enroll in the school, more staff are needed to assist the students. (The 30.7% anticipated increase in reimbursable funds in fiscal 2004 from the Maryland State Department of Education (MSDE) to MSD for the Enhanced Program which services deaf students with moderate to severe disabilities is evidence of the increased cost of serving MSD students with moderate to severe disabilities.)

However, given MSD's request for 9 new regular positions and 21.3 new contractual positions, continued growth in both regular and contractual positions may soon far outpace the growth in student enrollment. Although the Department of Legislative Services (DLS) recognizes that retention of qualified teachers is an issue faced by all of the State's 24 jurisdictions, the current fiscal crisis prohibits the State from significantly increasing resources to improve teacher retention. **DLS recommends MSD be prepared to justify why the new regular and contractual positions are needed beyond the difficulty of retaining teachers.**

Exhibit 1

Enrollment at Maryland School for the Deaf

	<u>1999</u> <u>Actual</u>	<u>2000</u> <u>Actual</u>	<u>2001</u> <u>Actual</u>	<u>2002</u> <u>Actual</u>	<u>2003</u> <u>Estimated</u>	<u>2004</u> <u>Estimated</u>	<u>Average</u> <u>Annual</u> <u>%</u> <u>Change</u>	<u>Total %</u> <u>Change</u>
Elementary	175	186	173	163	148	148	-3.3%	-15.4%
Middle	67	64	73	78	87	87	5.4%	29.9%
Transitional/Life-based Education	56	53	65	68	69	69	4.3%	23.2%
High	107	121	114	128	128	128	3.6%	19.6%
Subtotal *	405	424	425	437	432	432	1.3%	6.7%
Family Education/Early Intervention Children	72	70	81	65	75	75	0.8%	4.2%
Total	477	494	506	502	507	507	1.2%	6.3%
Number of Regular Positions	290.50	295.50	305.50	317.50	310.50	319.50	1.9%	10.0%
Number of Contractual Positions	12.40	15.60	63.00	62.70	49.90	62.20	38.1%	401.6%
Total	302.90	311.10	368.50	380.20	360.40	381.70	4.7%	26.0%

*Family Education/Early Intervention (FE/EI) children are not typically included in enrollment counts for MSD because not all FE/EI children qualify for the MSD school program. However, part of MSD's personnel is dedicated for the FE/EI children.

Source: Governor's Fiscal 2003 and 2004 Budget Books

Fiscal 2003 Actions

Impact of Cost Containment

Fiscal 2003 cost containment for MSD reflects the reversion of \$4,926 used to support free transit ridership for State employees, contingent upon enactment of a provision in the Budget Reconciliation and Financing Act (BRFA) of 2003.

Governor's Proposed Budget

The Governor's fiscal 2004 allowance contains a \$1.9 million, or 9.0% increase over the fiscal 2003 working appropriation after accounting for cost containment measures as shown in **Exhibit 2**. The increase consists of \$1,603,565, or 8.3% more in general funds; \$14,212, or 9.6% more in special funds; \$12,771, or 1.5% more in federal funds; and \$271,950, or 30.6% more in reimbursable funds. The general fund increase is primarily attributable to personnel expenses for new and existing positions. The special fund increase is attributable to local jurisdiction reimbursements to MSD for educating students for services provided by the Enhanced Program and revenue from out-of-state tuition. The federal fund increase primarily reflects an increase in Medicaid funds offset by a decrease in special education grants. The reimbursable fund increase reflects MSDE's payment for greater enrollment in the Enhanced Program.

Exhibit 2

Governor's Proposed Budget Maryland School for the Deaf (\$ in Thousands)

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Approp</u>	<u>FY 04</u> <u>Allowance</u>	<u>FY 03-04</u> <u>Change</u>	<u>FY 03-04</u> <u>% Change</u>
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Adjusted Grand Total	\$20,742	\$21,137	\$23,040	\$1,902	9.0%

Where It Goes:

Provide Quality Educational and Developmental Services

Increases in employee and retiree health insurance and retirement	\$703
Addition of 21.30 contractual positions and conversion of nine existing contractual positions to regular positions (six teacher positions and three teacher aide positions).....	873

R99E - Maryland School for the Deaf

Where It Goes:

Other personnel adjustments	-214
Students in Pre-K through Grade 12 Achieve Their Developmental Potential	
Repayment of an energy performance contract loan at the Frederick Campus	408
Renovation of the State House to the Group Home, installation of the second part of card key security system, and other repairs.....	101
Replacement of two 15-passenger vans and a Chevy Cavalier automobile	62
Contractual services for ground maintenance, trash removal, laundry service, telecommunications lines, and other maintenance	47
Equipment for a Frederick Campus middle school science lab	40
Internet service, telecommunications systems, and other communications	39
Instructional supplies including textbooks, science lab supplies, and visual references ..	21
Replacement of dormitory sofas, blinds, drapery, office equipment, dietary equipment, computers, and other supplies and materials	-46
Declining fuel and utility costs	-129
Other	-3
Total	\$1,902

Note: Numbers may not sum to total due to rounding.

Provide Quality Educational and Developmental Services

In order to provide quality educational and developmental services, MSD contends that recruiting and retaining quality staff is imperative. MSD’s allowance contains nine new regular positions and 21.30 new contractual positions as shown in **Exhibit 3**. All of the nine new regular positions are contractual conversions to encourage the retention of staff by offering them benefits.

The 21.30 new contractual positions include 8.5 Student Life Counselor positions, 4.5 of which will replace the four Student Life Counselor regular positions that were eliminated as part of cost containment in fiscal 2003. The remaining four Student Life Counselor positions will be used in the Enhanced Program to accommodate the growth in the number of Enhanced Program students as they transfer from the Columbia Campus to the Frederick Campus and possibly become residential rather than day students. Two of the 3.8 teacher aide positions also will be used for Enhanced Program students. The remaining 1.8 teacher aide positions will be used to replace a regular teacher aide position eliminated in fiscal 2003 cost containment measures. The speech teacher and reading specialist positions will be evenly divided between the two campuses. The pupil personnel assistant position will be used to meet federal requirements for special education and the collection and reporting of data required under the NCLB.

In addition to the expenses for the new regular and contractual positions, other personnel expenses include \$703,000 for increases in employee and retiree health insurance and retirement.

Exhibit 3

New Positions

<u>Regular Positions</u>	<u>Contractual Positions</u>
Teachers (6)	Student Life Counselors (8.5)
Teacher Aides (3)	Teacher Aides (3.8)
	Speech Teachers (2)
	Reading Specialists (2)
	Transition Coordinator
	Electrician
	Webmaster/Information Technology
	American Sign Language Teachers (0.6)
	Pupil Personnel Assistant (0.5)
	Dietary Aide (0.4)
	Teacher (0.3)
	Personnel Clerk (0.2)

Source: Maryland School of the Deaf

Students in Pre-K through Grade 12 Achieve Their Developmental Potential

In addition to a \$408,000 increase to repay an energy performance contract loan, MSD will use \$101,000 to renovate its State House facility into a “Group Home,” install the second part of its card security system, and undertake other repairs. The group home will teach students who have moderate to severe disabilities the skills needed to seamlessly transition from school to work. MSD intends for each student to spend at least 18 weeks in the home with four other students. The students will learn how to live together, including learning how to prepare meals, and keep the home clean. MSD also will teach the students how to use public transportation to and from the group home to work assignments.

MSD also is requesting \$62,000 to replace two 15-passenger vans and a Chevy Cavalier automobile that will have exceeded the 100,000-mileage limit for replacement required by the State by February 2004. Additionally, MSD is requesting an increase in funds for ground maintenance, trash removal, and other contractual services as well as equipment for a middle school science lab. Offsetting these increases are decreases in funds needed to replace sofas, blinds, office equipment, and declining fuel and utility costs.

Impact of Cost Containment

MSD's fiscal 2004 allowance reflects the elimination of \$39,960 for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in the 2003 BRFA.

MSD also notes that the Department of Budget and Management (DBM) inadvertently deleted the faculty pay plan increases from MSD's allowance. DBM has notified MSD that the pay plan increases will be restored in a technical amendment.

Funding Formula

Chapter 511, Acts of 1997 established a minimum funding formula for MSD beginning in fiscal 1999. As **Exhibit 4** shows, the formula is based upon changes in student enrollment and, for fiscal 1999 through 2003, the current expense foundation per pupil in the prior fiscal year. In fiscal 2004 and beyond, the formula will be based upon changes in student enrollment and the foundation program per pupil in the prior fiscal year. The allowance contains \$42,944 less than the minimum funding formula increase.

Exhibit 4

Maryland School for the Deaf Funding Formula

Fiscal 2003 General Fund Appropriation	\$19,262,168
25.0% of Fiscal 2003 General Fund Appropriation	\$4,815,542
Enrollment Change*	0.39%
Fiscal 2004 Enrollment Component	\$4,834,551
Enrollment Factor Increase	\$19,009
75.0% of Fiscal 2003 General Fund Appropriation	\$14,446,626
Foundation Change** (11.07%) + Enrollment Change (0.39%)	11.46%
Fiscal 2004 Foundation Component	\$16,109,160
Per-Pupil Foundation Factor Increase	\$1,662,534
Total Required Formula Increase	\$1,681,543
Total General Fund Budget Increase	\$1,638,599

*Enrollment change is equal to the percent change between the four-year average enrollment from the third through sixth prior school year and the second through fifth prior school year, weighted by a 0.2 factor.

**Foundation change is equal to the percent change in the per-pupil foundation grant from the prior fiscal year to the current fiscal year.

Note: Numbers may not sum to total due to rounding.

Source: Department of Legislative Services

Issues

1. Testing Requirements of NCLB Also Apply to MSD Students

The federal NCLB Act requires states to annually assess students in grades 3 through 8 and at least once in grades 10 through 12 in reading and mathematics by the 2005-2006 school year. MSDE will be administering its first Maryland State Assessment (MSA) in March 2003 as part of satisfying the NCLB testing requirements.

MSD must administer either the MSA or the Independence Mastery Assessment Program to at least 95% of its students. As MSD's Managing for Results submission indicates, MSD students in the school's essential curriculum have taken the California Test of Basic Skills, and overall, scored close to grade level. However, MSD students never were required to take the Maryland School Performance Assessment Program. MSD, along with other schools in the State, must prepare its students to take and pass these tests. **DLS recommends MSD be prepared to comment on how the school will prepare its students for the new Maryland State Assessments.**

Recommended Actions

1. Add the following language:

, provided that \$71,091 of this appropriation shall be contingent upon Maryland School for the Deaf providing the budget committees with documentation that student enrollment at the school is sufficient to support all of the new regular teacher positions.

Explanation: This language restricts funds for 1.5 vacant regular teacher positions until the school provides the budget committees with documentation that enrollment has increased sufficiently to support filling these positions. The school has requested the additional positions in anticipation of an increase in enrollment.

	<u>Amount Reduction</u>
2. Delete funds for replacement of Chevy Cavalier. Although this vehicle is anticipated to have 111,458 miles on it by February 1, 2004, replacement of this vehicle should be deferred until a future fiscal year due to the fiscal crisis.	\$ 11,612 GF
Total General Fund Reductions	\$ 11,612

Updates

1. Progress Under the Universal Hearing Screening Program

Chapter 128, Acts of 1999 requires all newborns in the State to be tested for hearing. If a hearing impairment is discovered, the newborn's family is provided with referral information to the Infant and Toddlers Program. Although delays in the referral process had been discovered, MSD notes that better training of individuals in the referral process is anticipated to reduce those delays. MSD does note, however, that a better tracking system is needed for monitoring the referral process.

Current and Prior Year Budgets

**Current and Prior Year Budgets
Maryland School for the Deaf
(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2002					
Legislative Appropriation	\$18,575	\$143	\$633	\$626	\$19,977
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	40	152	172	495	859
Reversions and Cancellations	0	-20	0	-74	- 94
Actual Expenditures	\$18,615	\$275	\$805	\$1,047	\$20,742
Fiscal 2003					
Legislative Appropriation	\$19,262	\$148	\$842	\$890	\$21,142
Budget Amendments	0	0	0	0	0
Working Appropriation	\$19,262	\$148	\$842	\$890	\$21,142

Note: Numbers may not sum to total due to rounding.

R99E - Maryland School for the Deaf

Fiscal 2002

MSD's general fund legislative appropriation increased by \$39,654 for annual salary increases.

MSD's special fund legislative appropriation increased by \$152,150, including \$138,150 of higher-than-anticipated revenue from out-of-state tuition at the school's Frederick Campus that was used to offset the cost of contractual teachers, dormitory staff, transportation, and instructional supplies and equipment. The remaining \$14,000 special fund increase is from local school systems for their share of the cost of educating students at the school's Columbia Campus Enhanced Program. The funds were used to pay for contractual teacher salaries, program supplies, and equipment.

MSD's federal fund legislative appropriation increased by \$171,715 to help provide speech teacher positions, FI/EI program teacher positions, and Parent Center teacher positions, occupational and physical therapy services, psychological and art therapy, student support services, dietary food and other nonfood supplies, and curriculum training for faculty.

MSD's reimbursable fund legislative appropriation increased by \$495,172 due to the need for more regular staff positions, the increase in the number of students, and the increase in the number of students who need one-on-one supervision which increase the number of contractual staff, including psychological services, interpreters, and occupational and physical therapists. Almost \$74,000 in reimbursable funds were reverted due to less than anticipated number of students that entered the program during the school year.

Fiscal 2003

The fiscal 2003 legislative appropriation has not been amended.

R99E - Maryland School for the Deaf

Appendix 2

Object/Fund Difference Report
Maryland School for the Deaf

Object/Fund	FY 02	FY 03	FY 04	FY 03 - 04	Percent Change
	<u>Actual</u>	<u>Working Appropriation</u>	<u>Allowance</u>	<u>Amount Change</u>	
Positions					
01 Regular	317.50	310.50	319.50	9.00	2.9%
02 Contractual	62.70	49.90	62.20	12.30	24.6%
Total Positions	380.20	360.40	381.70	21.30	5.9%
Objects					
01 Salaries and Wages	\$ 16,691,866	\$ 16,929,834	\$ 17,813,175	\$ 883,341	5.2%
02 Technical & Spec Fees	1,875,116	1,530,363	2,088,352	557,989	36.5%
03 Communication	198,292	136,921	150,234	13,313	9.7%
04 Travel	9,598	4,997	4,575	-422	-8.4%
06 Fuel & Utilities	504,071	641,685	920,650	278,965	43.5%
07 Motor Vehicles	123,318	56,854	101,124	44,270	77.9%
08 Contractual Services	576,280	837,432	967,422	129,990	15.5%
09 Supplies & Materials	551,127	645,101	631,728	-13,373	-2.1%
10 Equip - Replacement	108,403	287,826	282,608	-5,218	-1.8%
11 Equip - Additional	37,620	0	41,449	41,449	n/a
12 Grants, Subsidies, Contr	44,952	46,000	46,000	0	0%
13 Fixed Charges	21,533	25,298	34,194	8,896	35.2%
Total Objects	\$ 20,742,176	\$ 21,142,311	\$ 23,081,511	\$ 1,939,200	9.2%
Funds					
01 General Fund	\$ 18,614,837	\$ 19,262,168	\$ 20,900,767	\$ 1,638,599	8.5%
03 Special Fund	275,291	148,386	162,598	14,212	9.6%
05 Federal Fund	804,320	842,135	855,263	13,128	1.6%
09 Reimbursable Fund	1,047,728	889,622	1,162,883	273,261	30.7%
Total Funds	\$ 20,742,176	\$ 21,142,311	\$ 23,081,511	\$ 1,939,200	9.2%

Notes: Full-time and contractual positions and salaries are reflected for operating budget programs only.
Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

Fiscal Summary
Maryland School for the Deaf

<u>Unit/Program</u>	<u>FY 02 Actual</u>	<u>FY 03</u>		<u>FY 02 - 03 % Change</u>	<u>FY 04 Allowance</u>	<u>FY 03 - 04 % Change</u>
		<u>Legislative Appropriation</u>	<u>Working Appropriation</u>			
00 Services and Institutional Operations	\$ 13,659,186	\$ 13,807,859	\$ 13,807,859	1.1%	\$ 15,308,681	10.9%
00 Services and Institutional Operations	7,082,990	7,334,452	7,334,452	3.6%	7,772,830	6.0%
Total Expenditures	\$ 20,742,176	\$ 21,142,311	\$ 21,142,311	1.9%	\$ 23,081,511	9.2%
General Fund	\$ 18,614,837	\$ 19,262,168	\$ 19,262,168	3.5%	\$ 20,900,767	8.5%
Special Fund	275,291	148,386	148,386	-46.1%	162,598	9.6%
Federal Fund	804,320	842,135	842,135	4.7%	855,263	1.6%
Total Appropriations	\$ 19,694,448	\$ 20,252,689	\$ 20,252,689	2.8%	\$ 21,918,628	8.2%
Reimbursable Fund	\$ 1,047,728	\$ 889,622	\$ 889,622	-15.1%	\$ 1,162,883	30.7%
Total Funds	\$ 20,742,176	\$ 21,142,311	\$ 21,142,311	1.9%	\$ 23,081,511	9.2%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.