

R00A03
Funding for Educational Organizations
Maryland State Department of Education

Operating Budget Data

(\$ in Thousands)

	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 05-06</u>	<u>% Change</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$20,678	\$21,859	\$21,110	-\$749	-3.4%
Special Fund	<u>2,910</u>	<u>2,910</u>	<u>2,910</u>	<u>0</u>	
Total Funds	\$23,588	\$24,769	\$24,020	-\$749	-3.0%

- Funding for State-aided institutions (SAI) increases by \$1.3 million, or approximately 30%. The increase is due to the funding of six new SAI programs and \$1 million additional funding for the Maryland Science Center.
- The fiscal 2006 allowance reduces funding for Blind Industries and Services of Maryland (BISM) by \$90,000, or 13.9%.
- The Governor's allowance includes \$2.91 million in Cigarette Restitution Funds for the Nonpublic Student Textbook Program.
- The Maryland Zoo in Baltimore's lease is not included in the allowance. The program is transferred to the Board of Public Works, pursuant to Chapter 96 of 2004 (Senate Bill 141).

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

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Analysis in Brief

Issues

BISM Not Making Progress under Revised Agreement with MSDE: The Maryland State Department of Education (MSDE) has revised its grant agreement with BISM, which includes outcome deliverables and other performance measures. The most recent evaluation of BISM under the new agreement shows that the program has underperformed. **MSDE should comment on the factors preventing BISM from achieving the goals and objectives outlined in its revised grant agreement and discuss any progress made by BISM to move toward self-sufficiency.**

Recommended Actions

	<u>Funds</u>
1. Reduce the grant to Blind Industries and Services of Maryland.	\$ 55,800
2. Reduce funding for the Maryland Science Center.	750,000
3. Reduce funding for State-aided educational institutions.	450,000
Total Reductions	\$ 1,255,800

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Operating Budget Analysis

Program Description

The State provides grants to institutions that provide a range of educational services. Fiscal 1999 budget bill language requires the Governor to separately account for State assistance to the Maryland School for the Blind (MSB) and Blind Industries and Services of Maryland (BISM). The other institutions are categorized under the heading “State-aided Educational Institutions.” The mission of MSB, BISM, and the State-aided institutions (SAI) is as follows:

- ***MSB*** educates children who are visually impaired, 95% of whom have at least one additional disability;
- ***BISM*** provides for the employment and training of Maryland’s blind citizens;
- ***Alice Ferguson Foundation*** provides environmental education programs through hands-on experiences on a working farm, in wetlands, on the Potomac River, and through the Internet;
- ***Alliance of Southern Prince George’s Communities, Inc.*** provides Scholastic Aptitude Test (SAT) study courses in partnership with community organizations;
- ***American Visionary Art Museum*** provides teachers throughout the State with materials regarding works of self-taught artists and conducts museum visits;
- ***Arts Excel*** brings the Baltimore Symphony into Baltimore City and Baltimore County schools to use the arts for enriching the learning environment and educational outcomes;
- ***Baltimore Museum of Industry*** provides interactive workshops to help students apply mathematics, science, and technology to work and industry;
- ***B & O Railroad Museum, Inc.*** provides educational programs with a focus on history, social studies, and sciences relevant to explaining railroad technology;
- ***Charles Village Foundation*** provides instruction and hands-on activities involving reading and the preservation and management of natural areas through the Village Learning Place;
- ***Citizenship Law-Related Education*** provides programs to enhance knowledge and understanding of citizenship and the legal system;

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- *College Bound Foundation* encourages and enables Baltimore City public school students to continue their education beyond high school;
- *The Dyslexia Tutoring Program, Inc.* provides evaluations and tutoring for those individuals in Maryland with dyslexia who have an average or higher basic intelligence and cannot afford private help;
- *Echo Hill Outdoor School* provides environmental education programs in an outdoor setting;
- *Imagination Stage* provides theater productions for children, families, and students along with a literacy intervention program providing arts and theater-based teaching;
- *Jewish Museum of Maryland* exposes high school students to the Jewish experience in America with an emphasis on the history, tradition, and culture of Jewish life in Maryland;
- *Living Classrooms Foundation* provides educational and vocational programs featuring experience-based outdoor learning in subjects such as math, science, and navigation;
- *Maryland Academy of Sciences – the Maryland Science Center* provides scientific information to students to increase their appreciation of scientific research through working exhibits and lectures;
- *Maryland Historical Society* provides tours, living history performances, teacher workshops, traveling trunks, slide packets, primary source kits, and living history presentations;
- *Maryland Leadership Workshops* provides middle school and high school programs to strengthen individual and group leadership skills;
- *Maryland Mathematics, Engineering, Science Achievement Program* provides a pre-college program to increase awareness among students, particularly women and African American, Hispanic, and Native American youth, of career options in engineering, science, mathematics, and technology;
- *Maryland Zoo in Baltimore – Educational Component* provides animal-related programs for students and teachers;
- *National Aquarium in Baltimore* provides science and aquatic education programs;
- *National Museum of Ceramic Art and Glass* provides in-school ceramic arts programs at the middle school level, which incorporate language arts, social studies, science, and math;

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- ***Olney Theatre*** offers performances in regional educational settings for students statewide and focuses on classical theater, skills workshops, study guides, and student discussion;
- ***Outward Bound*** provides students with a safe, challenging educational experience in a natural outdoor setting, carefully structured to enhance self-esteem, self-reliance, concern for others, service to the community, and care for the environment;
- ***Port Discovery Children’s Museum*** helps students use their minds and bodies to think creatively, solve problems, and work together to effectively apply knowledge of real life situations in performance-based activities;
- ***Salisbury Zoological Park*** provides free visits to the zoo, outreach programs, and supportive curricula;
- ***Sotterley Foundation*** provides a history of the peoples and cultures that were part of Sotterley’s three hundred years as a tidewater tobacco plantation;
- ***South Baltimore Learning Center*** provides adult literacy training in South Baltimore and the surrounding area;
- ***State Mentoring Resource Center*** supports a diverse range of mentoring programs that connect adults with disadvantaged public school students;
- ***Sultana Projects*** provides educational programs that focus on the history and natural environment of the Chesapeake Bay and its watershed.
- ***SuperKids Camp*** provides intensive reading instruction and enrichment experiences to Baltimore City students during the summer months;
- ***Walters Museum*** provides direct services to K-12 students through tours of the Walters’ permanent and special exhibitions; and
- ***Ward Museum of Wildfowl Art*** provides seminars and outreach programs on the preservation and promotion of wildfowl carving.

This program also contains the funding for the Nonpublic Student Textbook Program which provides textbook loans to nonpublic schools.

Governor's Proposed Budget

As shown in **Exhibit 1**, the Governor's allowance contains a \$748,591 decrease (3.0%) from the fiscal 2005 working appropriation.

Exhibit 1
Governor's Proposed Budget
Funding for Educational Organizations
(\$ in Thousands)

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Total</u>
2005 Working Appropriation	\$21,859	\$2,910	\$24,769
2006 Governor's Allowance	21,110	2,910	24,020
Contingent & Back of Bill Reductions	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Allowance	\$21,110	\$2,910	\$24,020
Amount Change	-\$749	\$0	-\$749
Percent Change	-3.4%		-3.0%

Where It Goes:

Maryland School for the Blind mandated change	\$915
Blind Industries and Services of Maryland	-90
Funding for six new SAIs	475
Maryland Academy of Sciences	1,000
Reduction in SAIs	-189
Maryland Zoo in Baltimore lease transfer to the Board of Public Works	-2,860
Total	-\$749

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

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Six New SAI Programs Funded in Allowance

The Governor’s allowance includes \$475,000 for six new SAIs. As shown in **Exhibit 2**, the bulk of this new funding is dedicated to the Imagination Stage program, which receives \$400,000.

Exhibit 2
New SAIs Funded under Fiscal 2006 Allowance

<u>New Program</u>	<u>FY 2006 Allowance</u>
B&O Railroad	\$25,000
Imagination Stage	400,000
Jewish Museum of Maryland	10,000
Sotterley Foundation	10,000
Sultana Projects	20,000
Walters Art Museum	10,000
Total	\$475,000

Source: Maryland State Department of Education

Other Changes in SAIs

Funding for the Maryland Science Center increases by approximately \$1 million over the 2005 working appropriation. The Science Center is the only existing program receiving additional funds in the fiscal 2006 allowance. The increase is due in part to expansion of the center and to provide to more students and teachers free access and admission to the exhibits. Additional funds will also be used to provide free access to professional development services for Maryland teachers.

The increase in funding for new programs and the Maryland Science Center is offset with decreases in other SAIs totaling approximately \$189,000. The Charles Village Foundation did not receive funding in the fiscal 2006 allowance, causing a decrease of \$54,432. Other reductions of note include \$61,184 for the Olney Theatre, \$23,040 for the Arts Excel Program, \$15,720 for the Maryland Math, Engineering, & Science Achievement Program, and \$13,607 for the State Mentoring Resource Center. **Exhibit 3** shows the fiscal 2006 allowance for each SAI compared to the prior year appropriation.

Exhibit 3
Comparison of Funding for State-aided Educational Organizations

<u>Organization</u>	<u>Fiscal 2005 Working Appropriation</u>	<u>Fiscal 2006 Allowance</u>	<u>Difference</u>
Alice Ferguson Foundation	\$90,285	\$90,000	-\$285
Alliance of Southern Prince George's Communities, Inc.	45,360	40,000	-5,360
American Visionary Art Museum	18,144	18,000	-144
Arts Excel	68,040	45,000	-23,040
Baltimore Museum of Industry	81,395	81,000	-395
Best Buddies International	200,000	200,000	0
B&O Railroad Museum		25,000	25,000
Chesapeake Bay Foundation	325,647	325,000	-647
Charles Village Foundation	54,432		-54,432
Citizenship Law-Related Education	36,948	36,000	-948
CollegeBound Foundation	45,360	45,000	-360
The Dyslexia Tutoring Program, Inc.	45,360	45,000	-360
Echo Hill Outdoor School	67,236	67,000	-236
Imagination Stage		400,000	400,000
Jewish Museum of Maryland		10,000	10,000
Living Classrooms	283,869	283,000	-869
Maryland Academy of Sciences – Maryland Science Center	297,148	1,297,000	999,852
Maryland Historical Society	68,040	68,000	-40
Maryland Leadership	54,432	54,000	-432
Maryland Mathematics, Engineering, Science Achievement	90,720	75,000	-15,720
Maryland Zoo in Baltimore – Educational Component	1,023,039	1,023,000	-39
National Aquarium in Baltimore	97,876	97,000	-876
National Museum of Ceramic Art & Glass	22,680	22,000	-680
Olney Theater	186,184	125,000	-61,184
Outward Bound	160,243	160,000	-243
Port Discovery	90,720	90,000	-720
Salisbury Zoological Park	22,680	22,000	-680
Sotterley Foundation		10,000	10,000
South Baltimore Learning Center	45,360	40,000	-5,360
State Mentoring Resource Center	108,607	95,000	-13,607
Sultana Projects		20,000	20,000
SuperKids Camp	492,551	492,000	-551
Walters Art Museum		10,000	10,000
Ward Museum	22,515	22,000	-515
Total	\$4,144,871	\$5,432,000	\$1,287,129

Source: Maryland State Department of Education

Maryland School for the Blind

Funding for the Maryland School for the Blind increases by \$914,517, or 6.4% according to the school’s funding formula. The formula is based on enrollment and the growth in the State’s per pupil foundation amount for the public schools. Although enrollment is anticipated to remain at the same level as fiscal 2005, the per pupil foundation amount for public schools has increased by 9.3%. The increase in the fiscal 2006 per pupil foundation amount is attributable to the funding increases mandated by the Bridge to Excellence in Public Schools Act.

Exhibit 4 shows the amount and sources of revenue for the Maryland School for the Blind. The exhibit demonstrates that the Maryland School for the Blind expects State general funds to account for 69% of revenues in fiscal 2006, approximately the same level as fiscal 2005.

Exhibit 4
Revenue Sources for the Maryland School for the Blind
Fiscal 2004 – 2006

<u>Source</u>	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u> <u>Approp.</u>	<u>FY 06</u> <u>Allowance</u>	<u>\$</u> <u>Change</u> <u>FY 05-06</u>	<u>%</u> <u>Change</u> <u>FY 05-06</u>
State Appropriation	\$13,688,798	\$14,205,405	\$15,119,922	\$914,517	6.4%
Private Gifts and Bequests	972,456	900,000	1,000,000	100,000	11.1%
Private Grants	127,898	120,526	132,000	11,474	9.5%
Investment Income on Endowment Principal	1,486,917	1,351,799	1,598,928	247,129	18.3%
County Grant – Wolfe Center Renovation	150,929	300,000	0	-300,000	-100.0%
State Grant – Enhanced Services	1,283,551	1,553,067	1,590,000	36,933	2.4%
Rents	247,342	244,000	252,000	8,000	3.3%
Program Service Income	765,588	1,346,000	1,425,000	79,000	5.9%
Other Income	26,903	65,000	85,000	20,000	30.8%
Federal School Lunch / Breakfast	31,832	30,000	35,000	5,000	16.7%
Federal Special Education	549,124	598,740	622,000	23,260	3.9%
Medicaid	431,003	149,313	150,000	687	0.5%
Other Federal	53,132	53,150	55,150	2,000	3.8%
Total	\$19,815,473	\$20,917,000	\$22,065,000	1,148,000	5.5%

Source: Governor's Fiscal 2006 Budget Book; Maryland State Department of Education

Nonpublic Textbook Program

The allowance includes \$2.91 million in Cigarette Restitution Fund monies for the Nonpublic Textbook Program. The allowance provides the same level of funding available in fiscal 2005. In fiscal 2005, the Governor’s proposed budget expanded the program to include the purchase of computer hardware and software. Budget language was added by the General Assembly to require computer-related purchases to follow the same process as textbooks. The fiscal 2006 budget bill includes that language as well as the annual language dictating the process for purchasing textbooks and other materials.

Issues

1. BISM Not Making Progress under Revised Agreement with MSDE

The Maryland State Department of Education (MSDE) has revised its grant agreement with BISM for future years to include more stringent requirements on the use of the State's funding. The revised grant agreement is in response to a February 2003 audit of MSDE by the Office of Legislative Audits that found that MSDE had not adequately resolved allegations of impropriety at BISM.

The revised grant agreement excluded process measures and incorporated outcome deliverables that included but are not limited to goals on the number of participants completing training programs and the number of Braille projects completed. According to MSDE, BISM has not performed well over the past two years in reaching agreed upon goals and objectives. In its most recent report, BISM is at 35% of the expected service levels through half the year. BISM has continued to increase its gross sales over the past years, particularly through its federal set-aside contracts and its vending machine business.

MSDE should comment on the factors preventing BISM from achieving goals and objectives outlined in its revised grant agreement and discuss any progress made by BISM to move toward self-sufficiency to reduce its reliance on the State general fund.

Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce the grant to Blind Industries and Services of Maryland by 10%. This reduction will encourage Blind Industries and Services of Maryland to move toward self-sufficiency, consistent with 1998 budget bill language and prior budget actions.	\$ 55,800	GF
2. Reduce funding for the Maryland Science Center. With the reduction, the Maryland Science Center would still receive a 84% increase in funding.	750,000	GF
3. Reduce funding for State-aided educational institutions. Due to the remaining structural imbalance, funding for new programs should be limited.	450,000	GF
Total General Fund Reductions	\$ 1,255,800	

Current and Prior Year Budgets

Current and Prior Year Budgets Funding for Educational Organizations (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2004					
Legislative Appropriation	\$20,890	\$3,000	\$0	\$0	\$23,890
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	-90	0	0	-90
Cost Containment	-212	0	0	0	-212
Reversions and Cancellations	0	0	0	0	0
Actual Expenditures	\$20,678	\$2,910	\$0	\$0	\$23,588
Fiscal 2005					
Legislative Appropriation	\$21,859	\$2,910	\$0	\$0	\$24,769
Budget Amendments	0	0	0	0	0
Working Appropriation	\$21,859	\$2,910	\$0	\$0	\$24,769

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

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Fiscal 2004

Fiscal 2004 cost containment reduced funding for SAIs and Blind Industries and Services of Maryland by \$211,638, or 4.9%. Each organization's grant was reduced by 5.5% with the exception of the SuperKids Camp, which had no fiscal 2004 reduction.

**Object/Fund Difference Report
MSDE Funding for Educational Organizations**

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
Objects					
08 Contractual Services	\$ 2,909,751	\$ 0	\$ 0	\$ 0	0.0%
09 Supplies & Materials	249	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	20,677,910	24,768,512	24,019,921	-748,591	-3.0%
Total Objects	\$ 23,587,910	\$ 24,768,512	\$ 24,019,921	-\$ 748,591	-3.0%
Funds					
01 General Fund	\$ 20,677,910	\$ 21,858,512	\$ 21,109,921	-\$ 748,591	-3.4%
03 Special Fund	2,910,000	2,910,000	2,910,000	0	0%
Total Funds	\$ 23,587,910	\$ 24,768,512	\$ 24,019,921	-\$ 748,591	-3.0%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

Fiscal Summary
MSDE Funding for Educational Organizations

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
01 Maryland School for the Blind	\$ 13,688,798	\$ 14,205,405	\$ 15,119,922	\$ 914,517	6.4%
02 Blind Industries and Services of Maryland	722,651	647,999	557,999	-90,000	-13.9%
03 Other Institutions	3,406,224	4,144,871	5,432,000	1,287,129	31.1%
04 Aid to Non-Public Schools	2,910,000	2,910,000	2,910,000	0	0%
05 Baltimore Zoo Lease	2,860,237	2,860,237	0	-2,860,237	-100.0%
Total Expenditures	\$ 23,587,910	\$ 24,768,512	\$ 24,019,921	-\$ 748,591	-3.0%
General Fund	\$ 20,677,910	\$ 21,858,512	\$ 21,109,921	-\$ 748,591	-3.4%
Special Fund	2,910,000	2,910,000	2,910,000	0	0%
Total Appropriations	\$ 23,587,910	\$ 24,768,512	\$ 24,019,921	-\$ 748,591	-3.0%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.