

R00A03
Funding for Educational Organizations
Maryland State Department of Education

Operating Budget Data

(\$ in Thousands)

	<u>FY 05</u> <u>Actual</u>	<u>FY 06</u> <u>Working</u>	<u>FY 07</u> <u>Allowance</u>	<u>FY 06-07</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$21,859	\$20,472	\$23,727	\$3,255	15.9%
Special Fund	<u>2,910</u>	<u>2,910</u>	<u>3,910</u>	<u>1,000</u>	<u>34.4%</u>
Total Funds	\$24,769	\$23,382	\$27,637	\$4,255	18.2%

- The allowance increases funding for State-aided educational institutions by \$2.1 million, a 46.9% increase.
- Funding for Blind Industries and Services of Maryland (BISM) increases by \$150,000, or 26.9%.
- The Nonpublic School Textbook Program funding increases by \$1.0 million in Cigarette Restitution Funds, a 34.4% increase.
- Formula funding for the Maryland School for the Blind increases by \$1.0 million, or 6.5%.

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

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Analysis in Brief

Recommended Actions

	<u>Funds</u>
1. Reduce funding for the Blind Industries and Services of Maryland.	\$ 150,000
2. Delete funding for the Annapolis Symphony.	100,000
3. Reduce funding increases for State-aided Educational Institutions by 50%.	1,001,500
4. Reduce funding for the Nonpublic Textbook Program.	1,000,000
5. Strike language providing funds for the Annapolis Symphony.	
6. Add budget bill language to allocate the reduction among State-aided educational institutions.	
Total Reductions	\$ 2,251,500

Updates

BISM Performance Improving under Revised Grant Agreement: In 2004, the Maryland State Department of Education (MSDE) raised concerns about BISM's ability to meet the terms of its grant agreement. After discussions between MSDE and BISM, its performance assessment, which was based on outcome deliverables, was revised. BISM has improved its performance since the revision of its fiscal 2005 grant contract. However, issues relating to BISM's procurement activities currently are under examination. In the 2005 legislative session, the General Assembly requested a report from the Department of General Services (DGS) on its procurement activities with BISM, which is due on June 30, 2006. **MSDE should comment on BISM's performance related to specific outcome deliverables under its fiscal 2006 grant agreement, as well as discuss BISM's procurement activities in view of the upcoming report by DGS.**

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Operating Budget Analysis

Program Description

The Maryland State Department of Education (MSDE) provides funding to nonprofit organizations that offer a broad range of educational programs. 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). Other institutions are designated as “State-aided Educational Institutions” (SAI). The following educational services are provided by the funded organizations:

MSB educates Pre-kindergarten through grade 12 children who are blind, severely visually impaired, or visually impaired/multi-disabled.

BISM provides employment, training, and rehabilitation services to blind adults at three locations.

SAI Programs:

- *Alice Ferguson Foundation* operates an environmental education center on the Potomac River, offering field trips and a summer science camp on a working farm;
- *Alliance of Southern Prince George’s Communities, Inc.* partners with community organizations to provide SAT courses, tutoring for students, and parent workshops;
- *American Visionary Art Museum* provides museum tours and library visits to students and teachers, along with Internet programs about self-taught artists;
- *Baltimore Symphony Orchestra/Arts Excel* enhances teaching of the arts through mid-week concerts for students and teachers;
- *Baltimore Museum of Industry* provides hands-on exhibits enabling students to apply mathematics, science, and technology to work and industry, as well as a training center for technology education teachers;
- *Baltimore Zoo Foundation* provides a conservation education experience at the zoo or through a mobile outreach program;
- *B & O Railroad Museum, Inc.* offers a program focusing on history, social studies, and sciences as related to railroad technology;
- *Best Buddies* pairs special and general education students in middle and high schools in order to foster inclusion and build socialization skills;

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- *Charles Village Foundation* provides activities promoting reading and writing skills to neighborhood elementary school children and family members through the Village Learning Place, Inc.;
- *Chesapeake Bay Foundation* provides an environmental education program encompassing both student field experiences at sixteen centers and summer in-service courses for teachers;
- *Citizenship Law-related Education Program* gives students real-world experiences related to the legal system to promote productive citizenship;
- *College Bound* provides college advisors in Baltimore City public high schools to encourage and assist students in continuing their education beyond high school;
- *Dyslexia Tutoring Program, Inc.* offers screening and tutoring services for dyslexic youth and adults who have average or higher basic intelligence and cannot afford private help;
- *Echo Hill Outdoor School* provides instruction in science, ecology, history, and the human environment through student field experiences;
- *Imagination Stage* produces professional theatre productions for children as part of a theatre arts center for young people;
- *Jewish Museum of Maryland* supports on-site and outreach programs focusing on the history, tradition, and culture of Jewish life in Maryland;
- *Living Classrooms Foundation* provides outdoor hands-on experience to at-risk children in mathematics, science, and social studies and runs job-training programs;
- *Maryland Academy of Sciences – Maryland Science Center* cultivates interest in science through programs for visiting school groups, traveling science programs, and instructional materials for use by teachers;
- *Maryland Historical Society* enriches students' understanding of social studies through on-site and outreach programs;
- *Maryland Leadership Workshops, Inc.* teaches middle and high school students effective leadership skills in a residential summer program setting;
- *Maryland Mathematics, Engineering, and Science Achievement Program* partners with community organizations in providing programs aimed at improving Maryland students' preparation for the study of mathematics related fields in college;
- *National Aquarium in Baltimore* supports environmental and science education through on-site programs about aquatic environments;
- *National Museum of Ceramic Art & Glass* offers an in-school and after-school ceramic art program for middle school students, relating art to other subjects in the curriculum;
- *Olney Theatre Center* supports the language arts high school curriculum through professional performances, interactive workshops, and teacher development;

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- *Outward Bound* provides high school students a challenging educational experience in an outdoor setting, designed to develop self-esteem, community service involvement, and concern for the environment;
- *Port Discovery Children’s Museum* provides hands-on activities for pre-kindergarten through Grade 6 student visitors, as well as lesson plans for teachers;
- *Salisbury Zoological Park* provides programs that enhance the science curriculum and furnishes support material and in-service training for teachers;
- *Sotterley Foundation* provides a history enrichment program focusing on the people and culture surrounding the Tidewater tobacco plantation;
- *South Baltimore Learning Center* supports improving adult literacy to individuals in the South Baltimore area through one-on-one tutoring, ABE and GED classes, and career counseling;
- *State Mentoring Resource Center* connects volunteer adult mentors with disadvantaged school children;
- *Sultana Projects, Inc.* provides educational programs to increase student understanding of history and awareness of the natural environment of the Chesapeake Bay and its watershed;
- *SuperKids Camp* provides an intensive summer reading and enrichment program for third and fourth grade students in Baltimore City;
- *Walters Art Museum* offers educational programs through tours, studio experiences, outreach, and teacher development; and
- *Ward Museum of Wildfowl Art* provides environmental education programs focusing on art, history, and science through tours and hands-on activities adaptable to a school setting.

The Funding for Educational Organizations Program also includes the Nonpublic School Textbook Program, which provides grants to eligible schools for textbook and computer supplies.

Governor's Proposed Budget

As shown in **Exhibit 1**, the Governor's allowance includes an 18.2% increase, or \$4,255,298 in additional funds over the 2006 working appreciation.

Exhibit 1
Governor's Proposed Budget
MSDE 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>
2006 Working Appropriation	\$20,472	\$2,910	\$23,382
2007 Governor's Allowance	<u>23,727</u>	<u>3,910</u>	<u>27,637</u>
Amount Change	\$3,255	\$1,000	\$4,255
Percent Change	15.9%	34.4%	18.2%

Where It Goes:

Other Changes

Funding for 38 SAI's	\$2,103
Maryland School for the Blind – mandated adjustment.....	1,003
Nonpublic School Textbook Program	1,000
Blind Industries and Services of Maryland	150

Total **\$4,256**

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

Increased Funding for SAI Programs

The fiscal 2007 allowance allocates \$6,589,432 to SAI's, representing a 46.9% increase over fiscal 2006 funding, or a \$2,103,000 increase. Four educational programs have been added to those funded in fiscal 2006, for a total of 38 funded SAI's.

New SAI Programs

Exhibit 2 lists the four new SAIs that receive a total of \$225,000 in fiscal 2007 funding. The new grantees are the Annapolis Symphony (\$100,000), the Chesapeake Bay Maritime Museum (\$25,000), Junior Achievement of Central Maryland (\$50,000), and National Great Blacks in Wax Museum (\$50,000).

Section 5-502 of the Maryland Education Article requires that organizations follow specified procedures in order to be considered for funding as an SAI. Applications must be submitted to MSDE for review by May 1. For fiscal 2007, applications were due by May 1, 2005. Applications must include information about a program's educational objectives, operating budget, and plans for the use of the requested funds. MSDE evaluates each new application taking into account factors relating to program content, duplication of existing programs, and the number of students and teachers served. Three of the new SAIs funded in fiscal 2007 submitted applications to MSDE for evaluation. The Annapolis Symphony did not submit an application until after its funding was included in the fiscal 2007 allowance.

Exhibit 2 New SAIs Funded in Fiscal 2007 Allowance

<u>New Program</u>	<u>FY 2007 Allowance</u>
Annapolis Symphony	\$100,000
Chesapeake Bay Maritime Museum	25,000
Junior Achievement of Central Maryland	50,000
National Great Blacks in Wax Museum	50,000
Total	\$225,000

Source: Governor's Fiscal 2007 Budget Book

Existing SAI Programs

The Governor's allowance continues the funding of 14 SAIs at fiscal 2006 levels, while dividing \$1,878,000 of the increase among the remaining SAIs, as shown in **Exhibit 3**. The largest dollar increases are allocated to the following five SAIs:

- The Maryland Academy of Sciences – Maryland Science Center receives a \$553,000 (101%) increase. The increase would expand the free admission program from 30,000 students to 60,000 students, as well as expand access to the traveling science program and teacher development services.

Exhibit 3
Comparison of SAI Funding
Fiscal 2006 – 2007

SAIs with Increased Funding in Fiscal 2007	Fiscal 2006	Fiscal 2007	\$	%
	<u>Wkg. Approp.</u>	<u>Allowance</u>	<u>Increase</u>	<u>Increase</u>
Alice Ferguson Foundation	\$90,000	\$100,000	\$10,000	11.1%
Annapolis Symphony	0	100,000	100,000	
Baltimore Museum of Industry	81,000	101,000	20,000	24.6%
Baltimore Symphony Orchestra	45,000	80,000	35,000	77.7%
B&O Railroad Museum	25,000	75,000	50,000	200%
Chesapeake Bay Foundation	325,000	525,000	200,000	61.5%
Chesapeake Bay Maritime Museum	0	25,000	25,000	
Imagination Stage	150,000	300,000	150,000	100%
The Jewish Museum of Maryland	10,000	15,000	5,000	50%
Junior Achievement of Central MD	0	50,000	50,000	
Living Classrooms Foundation	283,000	383,000	100,000	35.3%
MD Academy of Sciences – MD Science Center	547,000	1,100,000	553,000	101%
Maryland Historical Society	68,000	150,000	82,000	120.5%
MD Mathematics, Engineering & Science	75,000	95,000	20,000	26.6%
National Aquarium in Baltimore	97,000	597,000	500,000	515%
National Great Blacks in Wax Museum	0	50,000	50,000	
National Museum of Ceramic Art & Glass	22,000	25,000	3,000	13.6%
Olney Theater	125,000	175,000	50,000	40%
Port Discovery Children's Museum	90,000	140,000	50,000	55.5%
Sotterley Foundation	10,000	15,000	5,000	50%
South Baltimore Learning Center	40,000	50,000	10,000	25%
Sultana Projects	20,000	25,000	5,000	25%
Walters Art Museum	10,000	20,000	10,000	100%
Ward Museum	22,000	42,000	20,000	90.9%
Subtotal	\$2,135,000	\$4,238,000	\$2,103,000	98.5%
SAIs with No Change in Funding				
Alliance of Southern Prince George's Communities	\$40,000	\$40,000		
American Visionary Art Museum	18,000	18,000		
Best Buddies	200,000	200,000		
Citizen Law-Related Education	36,000	36,000		
College Bound Foundation	45,000	45,000		
Dyslexic Tutoring Program	45,000	45,000		
Echo Hill Outdoor School	67,000	67,000		
Maryland Leadership Workshops	54,000	54,000		
Maryland Zoo in Baltimore	1,023,000	1,023,000		
Outward Bound	160,000	160,000		
Salisbury Zoological Park	22,000	22,000		
State Mentoring Resource Center	95,000	95,000		
Superkids Camp	492,000	492,000		
Village Learning Place	54,432	54,432		
Subtotal	\$2,351,432	\$2,351,432		
Total Funding	\$4,486,432	\$6,589,432	\$2,103,000	46.9%

Source: Governor's Fiscal 2007 Budget Book

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- The National Aquarium in Baltimore receives a \$500,000 (515%) increase to cover expansion of its free admission program for student groups, teacher access to free resources for professional development, and new exhibits;
- The Chesapeake Bay Foundation receives a \$200,000 (61.5%) increase to bring funding up to fiscal 2002 levels and continue providing field experiences for students and teachers;
- The Imagination Stage receives a \$150,000 (100%) increase to subsidize student attendance at professional children's theatre productions.
- The Living Classrooms Foundation receives a \$100,000 (35.3%) increase to support student participation at the new Frederick Douglass – Isaac Myers Maritime Park; and

A total of \$375,000 is divided among the remaining 15 SAIs that receive increases in the fiscal 2007 allowance.

Maryland School for the Blind

Funding for MSB increases by \$1,002,298, a 6.5% increase over fiscal 2006. The increase results from a formula adjustment mandated by the Bridge to Excellence in Public Schools Act. The per pupil foundation amount is based on enrollment and the growth in the State's per pupil foundation amount for public schools. Although enrollment is anticipated to remain at the same level as in fiscal 2006, the per pupil foundation amount increases by 7.4%, resulting in the allowance increase.

Blind Industries and Services of Maryland

BISM receives a 26.9% increase in funding in the allowance. BISM provides employment, training, and rehabilitation services to blind adults, and at this time, employs 159 blind adults at its three locations. The increase of \$150,000 would support BISM activities that include pre-vocational rehabilitation services, senior services, and home teaching. In providing an increase, the allowance moves BISM in the direction of more reliance on State funds and away from progress toward the self-sufficiency envisioned in earlier budget bill language.

Nonpublic Textbook Program

The allowance increases funds for the Nonpublic School Textbook Program by \$1,000,000, a 34.4% increase over fiscal 2006 funding, which is available from the Cigarette Restitution Fund. In fiscal 2005, the program was expanded to include the purchase of computer hardware, software, and electronically delivered learning materials, as well as textbooks. Annual budget bill language since the program began in fiscal 2001 caps the distribution of funds to schools at \$60 per student, or \$90 per student at "eligible" schools with at least 20% of their enrollment in the free or reduced price meal program. Funds are distributed first to the "eligible" schools receiving \$90 per student, with remaining funds prorated among the other schools. In fiscal 2005, 79 "eligible" schools received funds at \$90 per student, leaving 242 schools with funding at \$21.92 per student. The \$1,000,000 increase in the allowance would bring the funding closer to the \$60 per student permitted by the budget bill.

Recommended Actions

- | | <u>Amount
Reduction</u> | |
|--|------------------------------------|----|
| 1. Reduce funding for the Blind Industries and Services of Maryland. Increasing funding for the Blind Industries and Services of Maryland is inconsistent with its progressing toward self sufficiency, which is envisioned in 1998 budget bill language and prior budget actions. | \$ 150,000 | GF |
| 2. Delete funding for the Annapolis Symphony. The organization did not follow the procedures required by State law for designation as a State-aided Educational Institution. No application was filed with the Maryland State Department of Education before funding was allocated in the fiscal 2007 allowance. | 100,000 | GF |
| 3. Reduce funding increases for State-aided Educational Institutions by 50%. A total of \$5,487,932 in funding remains, representing a 22% increase over fiscal 2006 funding. | 1,001,500 | GF |
| 4. Reduce funding for the Nonpublic Textbook Program. The amount of funding available from the Cigarette Restitution Fund in fiscal 2007 is uncertain due to arbitration proceedings at this time. In light of that uncertainty, continuing funding at the fiscal 2006 level is recommended. | 1,000,000 | SF |
| 5. Strike the following language: | | |

~~Annapolis Symphony..... \$100,000~~

Explanation: This technical amendment reflects the deletion of funds for the Annapolis Symphony.

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6. Add the following language:

Provided that the State Superintendent of Schools shall determine how to allocate the \$1,001,500 reduction among the institutions.

Explanation: The State Superintendent of Schools is authorized to allocate the \$1,001,500 reduction in fiscal 2007 operating grants among the State-aided institutions.

Total Reductions	\$ 2,251,500
Total General Fund Reductions	\$ 1,251,500
Total Special Fund Reductions	\$ 1,000,000

Updates

1. BISM Performance Improving under Revised Grant Agreement

MSDE has revised its grant agreement with BISM to include more stringent requirements on the use of the State's funding. The revised agreement measures performance by outcome deliverables that include, but are not limited to, the number of participants completing training programs and the number of completed Braille projects. In 2004, MSDE raised concerns about BISM's ability to meet the outcome deliverables under the agreement, which prompted a series of meetings between MSDE's Division of Rehabilitation Services and BISM.

One outcome of those meetings was a revision in the measurement of the number of participants in training programs. Beginning with the fiscal 2005 grant, it was agreed that outcome deliverables would reflect not only the number of participants completing BISM's eight-month training program, but also the hours of services provided to participants who participated for a limited time but did not complete the entire program. Some participants are not able to complete the training program due to family or work issues. Reflecting the total number of training hours provided, in addition to the number of people actually completing the program, more accurately accounts for the services delivered to participants.

MSDE concluded that BISM met the majority of the goals established under its fiscal 2005 grant contract. The revised measurement of outcome deliverables currently is in use by MSDE in its evaluation of BISM's performance under its fiscal 2006 grant contract. However, BISM's performance relating to its procurement activities is under examination at this time. In the 2005 legislative session, the General Assembly requested a report from DGS on its procurement activities with BISM. The report is due on June 30, 2006. **MSDE should comment on BISM's performance related to specific outcome deliverables under its fiscal 2006 grant agreement, including the number of participants in BISM's training program. Changes in the number of participants and the services provided since the revisions in the fiscal 2005 grant should be discussed. MSDE also should discuss BISM's procurement activities in view of the upcoming report by DGS.**

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 2005					
Legislative Appropriation	\$21,859	\$2,910	\$0	\$0	\$24,769
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	0	0	0	0	0
Actual Expenditures	\$21,859	\$2,910	\$0	\$0	\$24,769
Fiscal 2006					
Legislative Appropriation	\$20,164	\$2,910	\$0	\$0	\$23,074
Budget Amendments	308	0	0	0	308
Working Appropriation	\$20,472	\$2,910	\$0	\$0	\$23,382

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

Fiscal 2005

No changes were made to the fiscal 2005 appropriation. General funds were provided for 28 SAIs, MSB, BISM, and the Baltimore Zoo lease. Special funds of \$2.9 million in Cigarette Restitution Funds were allocated to the Nonpublic School Textbook Program.

Fiscal 2006

General funds increased by \$307,837 to adjust the foundation amount for MSB. Students who should have been counted in calculating the fiscal 2006 funding amount were omitted, resulting in an insufficient appropriation. The adjustment reflects the correct grant amount mandated by the Bridge to Excellence in Public Schools Act.

Fiscal Summary
MSDE Funding for Educational Organizations

<u>Program/Unit</u>	<u>FY05 Actual</u>	<u>FY06 Wrk Approp</u>	<u>FY07 Allowance</u>	<u>Change</u>	<u>FY06 - FY07 % Change</u>
01 Maryland School for the Blind	\$ 14,205,405	\$ 15,427,759	\$ 16,430,057	\$ 1,002,298	6.5%
02 Blind Industries and Services of Maryland	647,999	557,999	707,999	150,000	26.9%
03 Other Institutions	4,144,871	4,486,432	6,589,432	2,103,000	46.9%
04 Aid to Non-Public Schools	2,910,000	2,910,000	3,910,000	1,000,000	34.4%
05 Baltimore Zoo Lease	2,860,237	0	0	0	0%
Total Expenditures	\$ 24,768,512	\$ 23,382,190	\$ 27,637,488	\$ 4,255,298	18.2%
General Fund	\$ 21,858,512	\$ 20,472,190	\$ 23,727,488	\$ 3,255,298	15.9%
Special Fund	2,910,000	2,910,000	3,910,000	1,000,000	34.4%
Total Appropriations	\$ 24,768,512	\$ 23,382,190	\$ 27,637,488	\$ 4,255,298	18.2%

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.