

R99E
Maryland School for the Deaf

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	\$22,028	\$23,503	\$24,964	\$1,462	6.2%
Special Fund	250	182	192	10	5.2%
Federal Fund	1,030	1,139	1,080	-59	-5.2%
Reimbursable Fund	<u>1,388</u>	<u>1,268</u>	<u>1,489</u>	<u>221</u>	<u>17.5%</u>
Total Funds	\$24,696	\$26,092	\$27,725	\$1,634	6.3%

- The Governor's fiscal 2007 allowance provides a \$1.6 million, or 6.3% increase over the fiscal 2006 working appropriation. Most of the increase (\$1.46 million) is due to the mandated funding formula increases.

Personnel Data

	<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>
Regular Positions	316.50	316.50	316.50	0.00
Contractual FTEs	<u>60.80</u>	<u>68.00</u>	<u>70.20</u>	<u>2.20</u>
Total Personnel	377.30	384.50	386.70	2.20

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	3.92	1.24%
Positions Vacant as of 12/31/05	2.00	0.6%

- The Maryland School for the Deaf (MSD) had two vacant positions as of December 31, 2005, both vacant six months or less. One of those positions has since been filled. The other vacancy for a speech teacher remains vacant.
- The Governor's fiscal 2007 allowance includes funding for 2.2 new contractual employees. The funding primarily supports positions for student life counselors and teacher aides.

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

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Analysis in Brief

Major Trends

MSD Students Continue to Have Difficulty Meeting No Child Left Behind Standards: In the 2004 – 2005 school year, MSD students took the Maryland State Assessment tests in reading and mathematics. The tests measure adequate yearly progress, which is the accountability framework for the No Child Left Behind Act (NCLB). During the three years of the test’s administration, student performance has improved in some areas, especially within subgroups. However, students did not meet adequate yearly progress (AYP) targets on the 2005 reading tests at either the Frederick or Columbia campus. On the Columbia campus, this reversed the successful attainment of AYP reading targets in 2004. **MSD should comment on the factors that are contributing to reading proficiency rates below AYP targets, and in particular address the 2005 reading results for the Columbia campus. Although showing improvement, reading scores below AYP targets are a concern in view of the annual upward adjustment of the targets until 2014 when 100% proficiency is mandated by NCLB.**

Recommended Actions

1. Concur with Governor’s allowance.

R99E
Maryland School for the Deaf

Operating Budget Analysis

Program Description

The Maryland School for the Deaf (MSD) provides a comprehensive pre-kindergarten through grade 12 education to deaf students in either a day program or a residential program. The school follows the Frederick County Public School Essential curriculum. In 2005 MSD was approved for re-accreditation for seven years by the Middle States Association of Schools. The Enhanced Program of Services supports students who are multiply disabled, medically fragile, or developmentally disabled. The Family Education/Early Intervention (FE/EI) Program provides services for families of children age five or younger in developing early language skills. The school has two campuses. The Frederick location serves students in pre-kindergarten through grade 12, while the Columbia location serves students through grade 8. Students graduating from the Frederick campus are eligible for the Maryland State High School Diploma or the Maryland School for the Deaf Diploma. Students at both campuses follow either the Essential curriculum or the Life-Based curriculum, each containing different elements and offering different levels of support services.

MSD has identified one over-arching goal: to enable students in pre-kindergarten through grade 12 to achieve their developmental potential.

Performance Analysis: Managing for Results

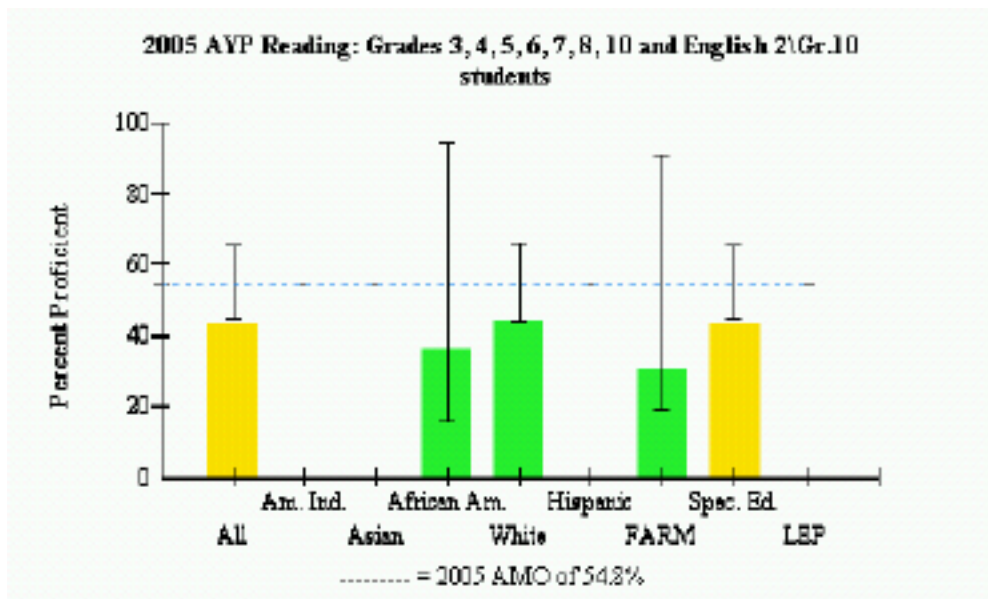
MSD uses Maryland State Assessment (MSA) testing as a key performance measure in evaluating achievement of its goal of enabling students to reach their developmental potential. The results for the 2004 – 2005 school year reflect the third year that these tests have measured for adequate yearly progress (AYP) as required by the No Child Left Behind Act (NCLB). While students at both the Frederick and Columbia campuses continued to meet AYP targets in mathematics in 2005, they did not reach reading targets. Moreover, students at the Columbia campus failed to reach the AYP reading target after achieving the 2004 target.

Exhibit 1 shows the 2005 AYP reading results for all MSD students. At the Frederick campus, students performed below the AYP target, with 43.6% demonstrating reading proficiency. A positive development was that two subgroups met AYP targets who did not in 2004. African American students demonstrated a 36.4% proficiency rate and Free and Reduced-Price Meal (FARM) students, a 30.8% rate.

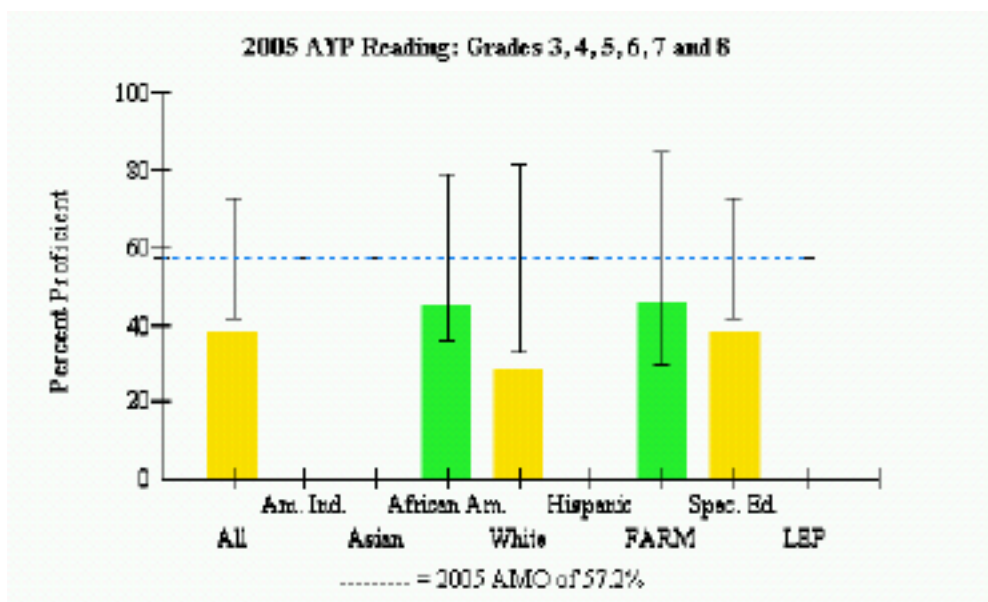
The AYP results for the Columbia campus also are shown in Exhibit 1. On the reading test, 38.2% of all students demonstrated proficiency. One subgroup, White (not of Hispanic origin) failed to meet AYP targets, demonstrating only a 28.6% proficiency rate. In contrast, African American students achieved AYP targets with a demonstrated 44.4% proficiency rate, as did FARM students with a 45.5% rate.

Exhibit 1
Performance of MSD Students on
Maryland School Assessments in Reading

Frederick Campus



Columbia Campus

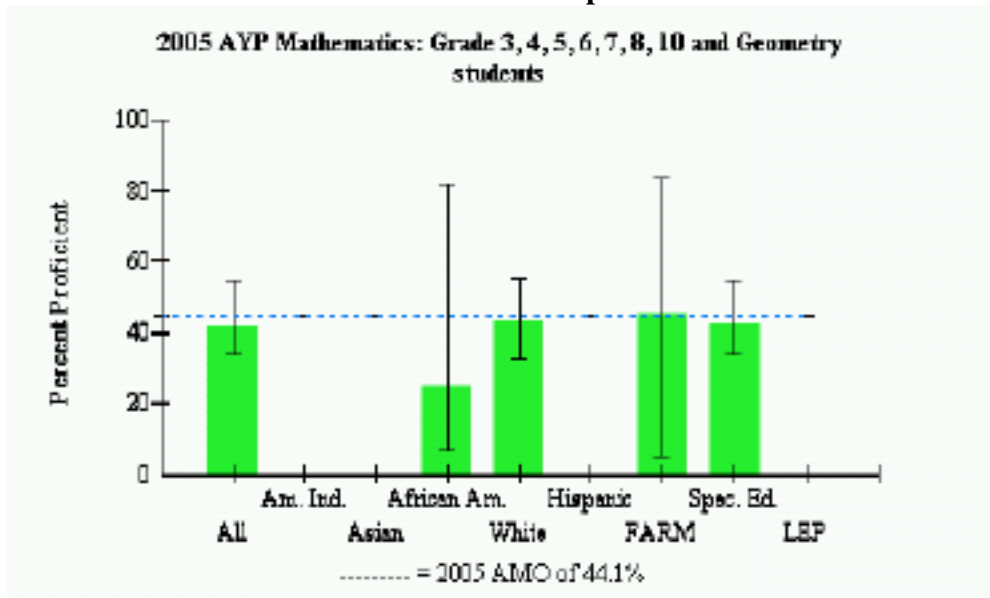


Note: AMO is the annual measurable objective.

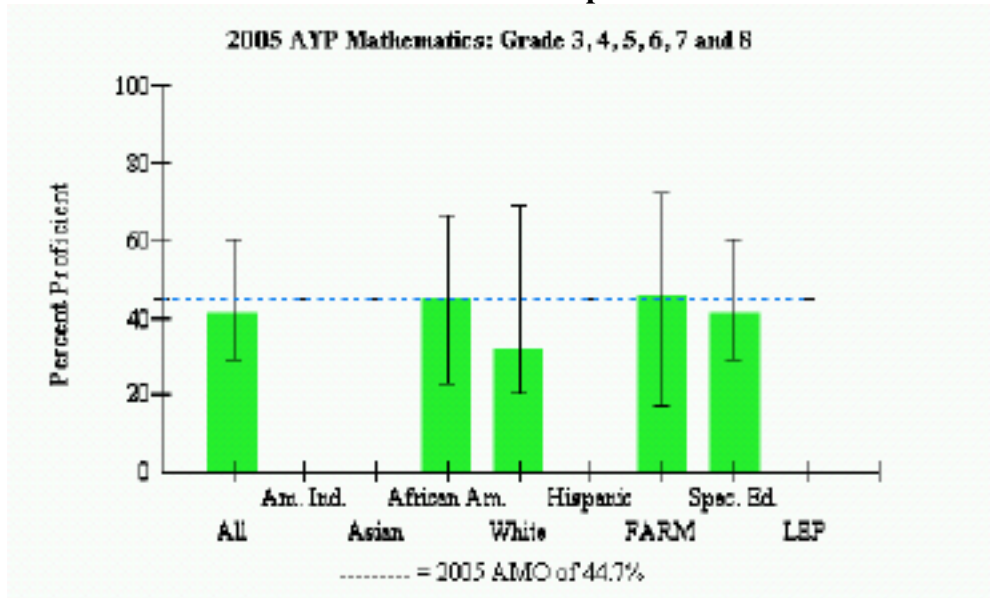
Source: <http://www.mdk12.org/>

Exhibit 2 illustrates more positive AYP results at both campuses on the MSA mathematics test. At the Frederick campus, students met AYP targets with an overall 42% rate of proficiency. Highlighting the positive results, the African American and FARM subgroups met their targets, at 25% and 45.5%, respectively. Similar results were achieved by students at the Columbia campus. The overall AYP target was met, with 41.2% of students demonstrating proficiency. All subgroups met their targets, with African Americans at a 44.4% proficiency rate and FARM students at a 45.5% rate.

Exhibit 2
Performance of MSD Students on
Maryland School Assessments in Mathematics
Frederick Campus



Columbia Campus



Note: AMO is the annual measurable objective.

Source: <http://www.mdk12.org/>

Trends Demonstrate Uneven Progress Meeting Adequate Yearly Progress in Reading

Frederick Campus

Exhibit 3 demonstrates that MSD students are making progress in meeting AYP targets on the Frederick campus. Although overall student performance continues to fall below the AYP reading target, significant improvement occurred in 2005 in the percentage of students achieving proficiency, reversing a 2004 decline in performance. As Exhibit 3 shows, the overall rate of students' demonstrating proficiency rebounded from 26% to 43.6% in 2005, the highest rate in the three years that AYP has been measured. Accentuating that increase is the performance of two subgroups. African American students met the AYP target for the first time with a 36.4% proficiency rate (up from 0% in 2004), and FARM students met AYP with a 30.8% rate (up from 8.3% in 2004).¹

¹ 156 students took the MSA test, including 11 African American and 13 FARM students.

Exhibit 3
Adequate Yearly Progress Trend
MSA Reading Test – Frederick Campus



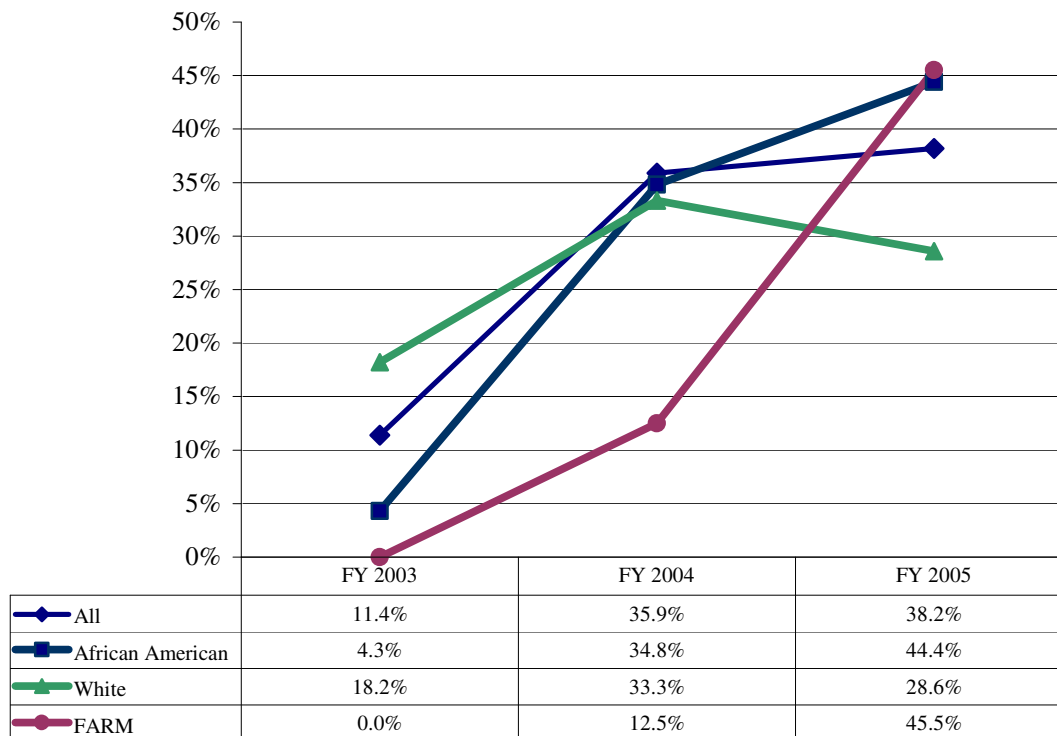
Source: <http://www.mdk12.org/>

Columbia Campus

Reading progress on the Columbia campus is less evident. In a reversal of 2004 results, students did not meet overall AYP targets on the reading assessments in 2005, as shown in **Exhibit 4**. While 38.2% of all students demonstrated proficiency, the rate increased only 2.3 percentage points over the 2004 rate, and the 2005 AYP target was not achieved. In fact, the White subgroup demonstrated a lower proficiency rate than in 2004, declining from 33.3% to 28.6%. Notable exceptions to declines in performance occurred in the African American and FARM student subgroups, which both met AYP targets. African American students demonstrated a 44.4% proficiency rate, an increase of 9.6 percentage points from 2004. FARM students demonstrated a 45.5% proficiency rate, a 33 percentage point increase over 2004. While FARM students met the 2004 AYP target under safe harbor guidelines, no assistance was required in meeting the 2005 target. Both subgroups performed above the overall proficiency rate of 38.2%.²

² 68 students took the MSA test, including 36 African American and 22 FARM students.

**Exhibit 4
Adequate Yearly Progress Trend
MSA Reading Test – Columbia Campus**



Source: <http://www.mdk12.org/>

Conclusion

MSA results show that student performance on both MSD campuses is improving, especially within the African American and FARM student subgroups. However, continued inability to achieve reading AYP targets persists. Of particular concern is the failure to meet the 2005 overall AYP reading target on the Columbia campus after meeting the 2004 target, along with the decline in the proficiency rate of the White subgroup.

MSD has appealed the 2004 – 2005 AYP results for both campuses and has taken recent steps to improve student performance on MSA testing. The test results in question involve students who are eligible for MSA-modified tests. However, the tests will not be available until the spring of 2007. Steps that MSD has implemented to address MSA results include adding a Reading Specialist position at both campuses and incorporating the Voluntary State Curriculum Objectives into MSD instructional plans. Nevertheless, MSD students continue to struggle to meet AYP targets on the MSA tests, which raises concerns about students' ability to reach higher targets.

MSD should comment on the factors that contribute to reading proficiency rates below AYP targets, and in particular address the 2005 reading results for the Columbia campus. MSD also should discuss specific strategies that have been implemented recently to improve student performance on MSA tests. Although showing improvement, reading scores below AYP targets are a concern in view of the annual upward adjustment of the targets until 2014 when 100% proficiency is mandated by NCLB.

Governor's Proposed Budget

The Governor's fiscal 2007 allowance for MSD increases approximately \$1,634,000, or 6.3% over the fiscal 2006 working appropriation, as shown in **Exhibit 5**.

The general fund allowance accounts for \$1,461,856 of the total funding increase, a 6.2% increase over the fiscal 2006 funding level. MSD's general fund allowance is derived from the minimum funding formula found in Section 8-310.3 of the Education Article. MSD receives funding based on its prior year appropriation, changes in student enrollment, and growth in the per-pupil foundation amount used to provide State aid to Maryland public schools. The increase in the funding allowance assumes a slight increase in enrollment and an 8.4% increase in the per-pupil foundation amount as mandated by the Bridge to Excellence in Public Schools Act.

The allowance includes an increase in reimbursable funds of \$221,329, a 17.5% increase over the fiscal 2006 working appropriation. The difference is attributable primarily to reimbursements from the Maryland State Department of Education (MSDE) for non-public placement tuition aid, which supports services for students who have multiple disabilities. The federal fund allowance decreases by \$59,221, or 5.2%, reflecting decreased billing for students enrolled in Medical Assistance. Special funds increase by approximately \$10,000, a 5.2% increase.

Exhibit 5
Governor's Proposed Budget
Maryland School for the Deaf
(\$ in Thousands)

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
2006 Working Appropriation	\$23,503	\$182	\$1,139	\$1,268	\$26,092
2007 Governor's Allowance	<u>24,964</u>	<u>192</u>	<u>1,080</u>	<u>1,489</u>	<u>27,725</u>
Amount Change	\$1,462	\$10	-\$59	\$221	\$1,634
Percent Change	6.2%	5.2%	-5.2%	17.5%	6.3%
Where It Goes:					
Personnel Expenses					
Employee and retiree health insurance					\$851
Workers' compensation					140
Retirement contribution cost increase					111
Faculty pay plan and step increases					92
Turnover budgeted at 0.6%					-71
Other Changes					
<i>Changes related to instruction and student services:</i>					
Contractual employee payroll, including two additional employees					195
Installation of video paging system					120
Wiring of classrooms for cable and computer access					51
Service contracts – cable, student activities, school-to-work transitioning					39
Interpreter fees					31
Computer maintenance contracts					27
Computer printer purchases					27
<i>Other Changes:</i>					
Fuel and utilities					114
Facility repair and maintenance contracts					76
Insurance cost determination by State Treasurer's Office					-192
Other					23
Total					\$1,634

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

Providing an Education Enabling Students to Meet Their Developmental Potential

The \$92,240 increase in salaries reflects MSD's Faculty Pay Plan, which is used by MSD to recruit and retain professional personnel. This plan keeps pace with the average salaries of personnel in neighboring Frederick and Howard counties to address past difficulties MSD has experienced with teacher retention.

The increased allowance for contractual employees is largely attributable to the application of the Faculty Pay Plan to these employees. In addition, MSD made an upward revision in the contractual compensation schedule that takes into account teaching experience. The combined effect of the application of the Faculty Pay Plan and teacher experience accounts for approximately 40% of the increase in the contractual payroll. Also contributing to the allowance increase is the funding of 2.2 new contractual positions. The funds would support the hiring of student life counselors and teacher aides on the school's Columbia campus. The staff increase is needed to address behavioral issues that have arisen recently.

An increase of \$249,482 is allocated to improve information technology. The funding is directed to MSD's priority of upgrading classroom technology available to students. Fund increases are allocated to wiring for computer and cable access, including \$120,000 to the installation of a video paging system on the Frederick campus.

Recommended Actions

1. Concur with Governor's allowance.

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 2005					
Legislative Appropriation	\$21,792	\$183	\$935	\$1,138	\$24,048
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	236	84	123	250	693
Reversions and Cancellations	0	-17	-28	0	-45
Actual Expenditures	\$22,028	\$250	\$1,030	\$1,388	\$24,696
Fiscal 2006					
Legislative Appropriation	\$23,275	\$182	\$1,139	\$1,268	\$25,864
Budget Amendments	228	0	0	0	228
Working Appropriation	\$23,503	\$182	\$1,139	\$1,268	\$26,092

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

Fiscal 2005

Amendments increased the legislative appropriation by \$693,335. An increase of \$250,010 in reimbursable funds was attributable to higher than projected reimbursements for services provided under the Enhanced Services Program due to changes in student enrollment. A cost-of-living adjustment for State employees accounted for the general fund appropriation increase of \$236,190. The federal fund appropriation increased by \$122,742 upon the receipt of unanticipated grants from federal IDEA – Part B programs. MSD used these funds for teacher positions, supplies, and equipment in the FE/EI Program; the Parent Center; and the Pilot Cochlear Implant Program. A special fund increase of \$84,393 resulted from higher than expected out-of-state tuition payments, MSDE grants for teacher training, and a \$30,000 Verizon grant. These funds were used for teacher training, computer purchases, and the installation of a middle school computer lab.

Federal and special fund cancellations totaled \$44,906. An overestimate of projected medical assistance reimbursement for the school year accounted for \$28,039 in federal funds.

Fiscal 2006

The legislative appropriation increased by \$227,873 as the result of a cost-of-living increase adjustment for State employees.

Audit Findings

Audit Period for Last Audit:	November 5, 1999 – June 30, 2002
Issue Date:	October 2002
Number of Findings:	3
Number of Repeat Findings:	2
% of Repeat Findings:	67%
Rating: (if applicable)	n/a

Finding 1: Internal controls over the processing of purchase and disbursement transactions were inadequate.

Finding 2: Numerous control and record keeping deficiencies existed over certain inventories.

Finding 3: Equipment records were not adequately maintained, and a complete physical inventory had not been conducted.

*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report
Maryland School for the Deaf**

<u>Object/Fund</u>	<u>FY05 Actual</u>	<u>FY06 Working Appropriation</u>	<u>FY07 Allowance</u>	<u>FY06 - FY07 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	316.50	316.50	316.50	0	0%
02 Contractual	60.80	68.00	70.20	2.20	3.2%
Total Positions	377.30	384.50	386.70	2.20	0.6%
Objects					
01 Salaries and Wages	\$ 18,707,666	\$ 19,922,343	\$ 21,084,128	\$ 1,161,785	5.8%
02 Technical & Spec Fees	2,107,011	2,201,601	2,444,833	243,232	11.0%
03 Communication	131,856	157,469	150,864	-6,605	-4.2%
04 Travel	19,228	4,575	5,240	665	14.5%
06 Fuel & Utilities	996,542	1,087,047	1,201,271	114,224	10.5%
07 Motor Vehicles	107,944	100,572	89,810	-10,762	-10.7%
08 Contractual Services	1,332,241	1,247,139	1,429,824	182,685	14.6%
09 Supplies & Materials	771,526	767,605	784,210	16,605	2.2%
10 Equip - Replacement	331,915	275,422	278,182	2,760	1.0%
11 Equip - Additional	72,162	0	120,000	120,000	N/A
12 Grants, Subsidies, and Contributions	44,952	46,000	46,000	0	0%
13 Fixed Charges	73,340	282,180	91,102	-191,078	-67.7%
Total Objects	\$ 24,696,383	\$ 26,091,953	\$ 27,725,464	\$ 1,633,511	6.3%
Funds					
01 General Fund	\$ 22,028,316	\$ 23,502,501	\$ 24,964,357	\$ 1,461,856	6.2%
03 Special Fund	250,283	182,424	191,971	9,547	5.2%
05 Federal Fund	1,029,624	1,139,153	1,079,932	-59,221	-5.2%
09 Reimbursable Fund	1,388,160	1,267,875	1,489,204	221,329	17.5%
Total Funds	\$ 24,696,383	\$ 26,091,953	\$ 27,725,464	\$ 1,633,511	6.3%

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

**Fiscal Summary
Maryland School for the Deaf**

<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 Deaf-Frederick Campus	\$ 16,341,038	\$ 17,276,443	\$ 18,346,091	\$ 1,069,648	6.2%
02 Maryland School For The Deaf-Columbia Campus	8,355,345	8,815,510	9,379,373	563,863	6.4%
Total Expenditures	\$ 24,696,383	\$ 26,091,953	\$ 27,725,464	\$ 1,633,511	6.3%
General Fund	\$ 22,028,316	\$ 23,502,501	\$ 24,964,357	\$ 1,461,856	6.2%
Special Fund	250,283	182,424	191,971	9,547	5.2%
Federal Fund	1,029,624	1,139,153	1,079,932	-59,221	-5.2%
Total Appropriations	\$ 23,308,223	\$ 24,824,078	\$ 26,236,260	\$ 1,412,182	5.7%
Reimbursable Fund	\$ 1,388,160	\$ 1,267,875	\$ 1,489,204	\$ 221,329	17.5%
Total Funds	\$ 24,696,383	\$ 26,091,953	\$ 27,725,464	\$ 1,633,511	6.3%

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