

R99E
Maryland School for the Deaf

Operating Budget Data

(\$ in Thousands)

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$24,961	\$27,459	\$27,618	\$159	0.6%
Special Fund	277	224	221	-3	-1.3%
Federal Fund	831	1,032	1,020	-12	-1.1%
Reimbursable Fund	<u>1,528</u>	<u>1,709</u>	<u>1,929</u>	<u>220</u>	<u>12.9%</u>
Total Funds	\$27,596	\$30,424	\$30,788	\$364	1.2%

- The fiscal 2009 allowance for the Maryland School for the Deaf (MSD) totals \$30.8 million, which is a \$364,742 increase from the fiscal 2008 working appropriation. The largest increase occurs in reimbursable funds and is associated with the Enhanced Program of Services for students who require additional services.
- Underlying fiscal 2009 budget change for MSD, absent health insurance and Other Post Employment Benefits which distort year-to-year comparisons, is -\$899,957, or -3.25%.

Personnel Data

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>
Regular Positions	316.50	316.50	319.50	3.00
Contractual FTEs	<u>72.70</u>	<u>80.00</u>	<u>80.80</u>	<u>0.80</u>
Total Personnel	389.20	396.50	400.30	3.80

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	2.49	0.78%
Positions Vacant as of 12/31/07	2.00	0.63%

- The fiscal 2009 allowance includes 3 new regular positions for the new elementary school on the Frederick campus and .8 new contractual full-time equivalents.

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 Achieving Annual Yearly Progress (AYP) in Reading: During the 2006-2007 school year, students at the Columbia campus failed to make AYP for the third year in a row on the Maryland School Assessments (MSA). Students at the Frederick campus showed more promising results after failing to make AYP in 2006; however, proficiency rates still lag behind targets required by No Child Left Behind (NCLB). With targets increasing each year until 100% proficiency is met in 2014, students at both campuses continue to struggle. **MSD should discuss MSA reading proficiency rates, given the fact that both campuses did not make AYP in reading in 2007. MSD should also address the effectiveness of additional school resources that have been directed to initiatives intended to improve reading proficiency.**

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 reaccreditation 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 Program provides services for families of children age five or younger in developing early language skills, including American Sign Language, for the child and family.

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 the Essential curriculum or the Life-Based curriculum, each containing different elements and offering different levels of support services. Both lay out various benchmarks and require different levels of student support services, as dictated by the student's Individual Education Plan (IEP).

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

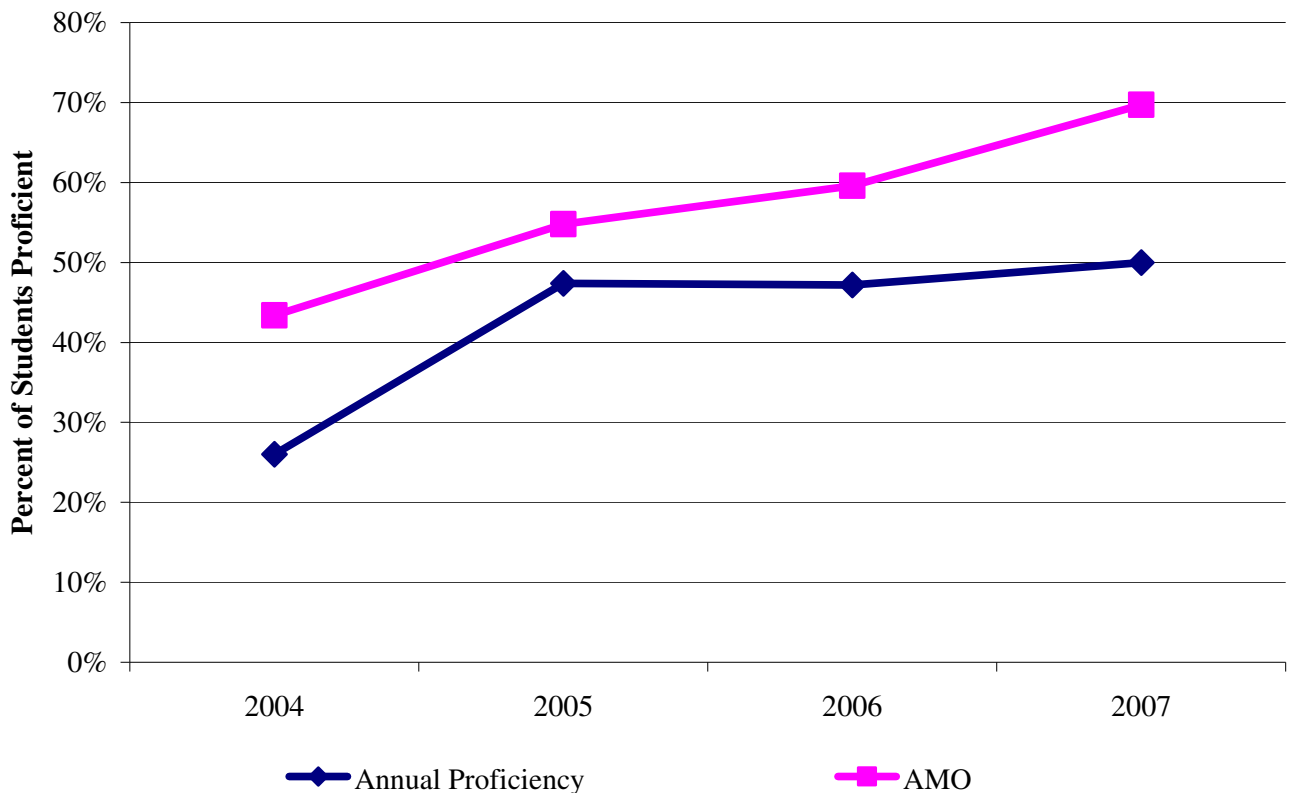
MSD uses the Maryland School Assessments (MSA) as a key performance measure in evaluating achievement of its goal of enabling students to reach their developmental potential. The 2006-2007 school year marks the fifth year that the tests have measured adequate yearly progress (AYP) for MSD students in reading and mathematics as required by the No Child Left Behind Act (NCLB). During these years, performance at both MSD campuses has been mixed, particularly on the MSA reading test.

The Maryland State Department of Education (MSDE) sets the Annual Measurable Outcome (AMO) for proficiency that individual schools must reach to make AYP, and the objective increases each year toward 100% proficiency as required by NCLB by 2014. Since the accuracy of measures of student performance depend on the number of students participating in the assessments (the more students, the more accurate), the State uses a statistical test to take into account the number of students participating, which sets confidence intervals around the AMO target. A school can make AYP without reaching its AMO target if the proficiency rate is greater than the low band of the confidence interval. However, the following year AMO increases based on the previous year's AMO, not the previous year's confidence interval.

Exhibit 1 shows reading results for each campus along with the campus’s AMO. Upward movement in the AMO target adds to the difficulty of gaining ground in making AYP,¹ illustrated by the fact that, while students at both campuses have shown some improvement in proficiency levels from 2004 to 2007, they have been moving further from the AMO target each year.

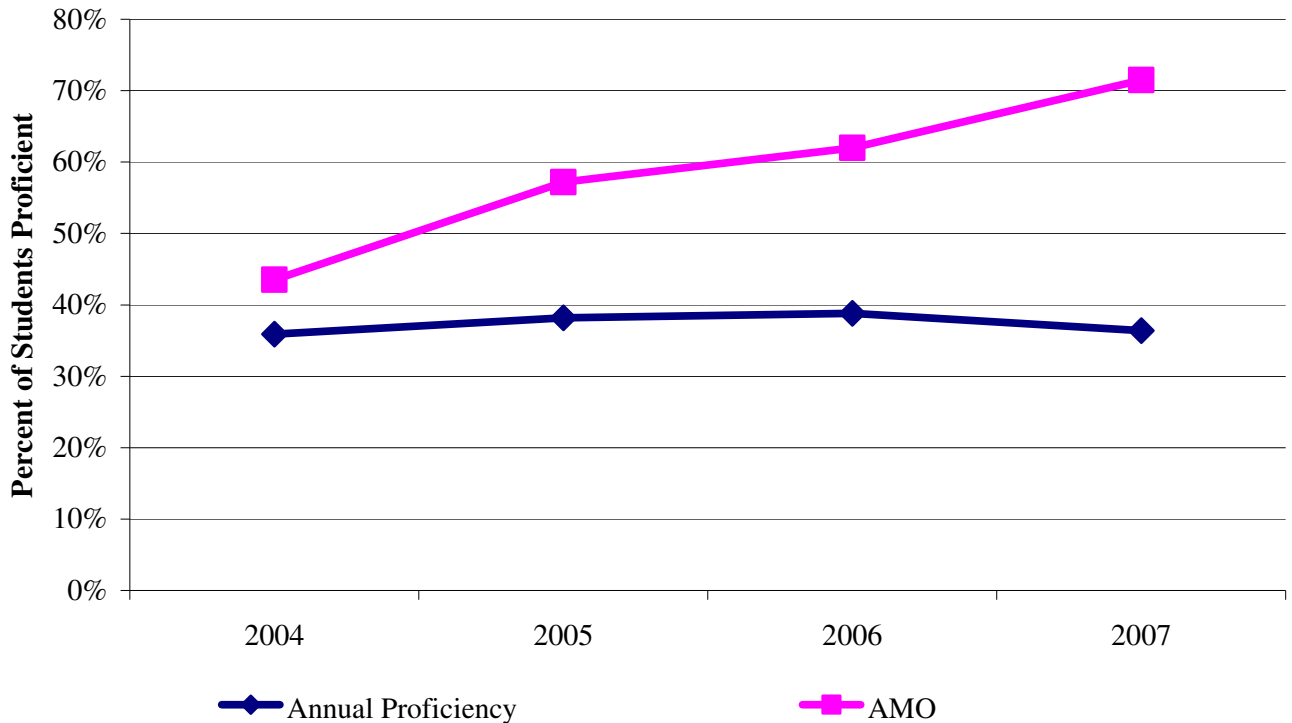
Exhibit 1
Reading Performance and Annual Measurable Objective
Maryland School Assessment Test
Calendar 2004-2007

Frederick Campus



¹ In some years, MSDE has determined that MSD achieved AYP by applying the confidence interval, although the AMO was not reached. Due to the low number of students taking the MSA test, proficiency levels within a specified percentage of the AMO were deemed sufficient for AYP purposes.

Columbia Campus

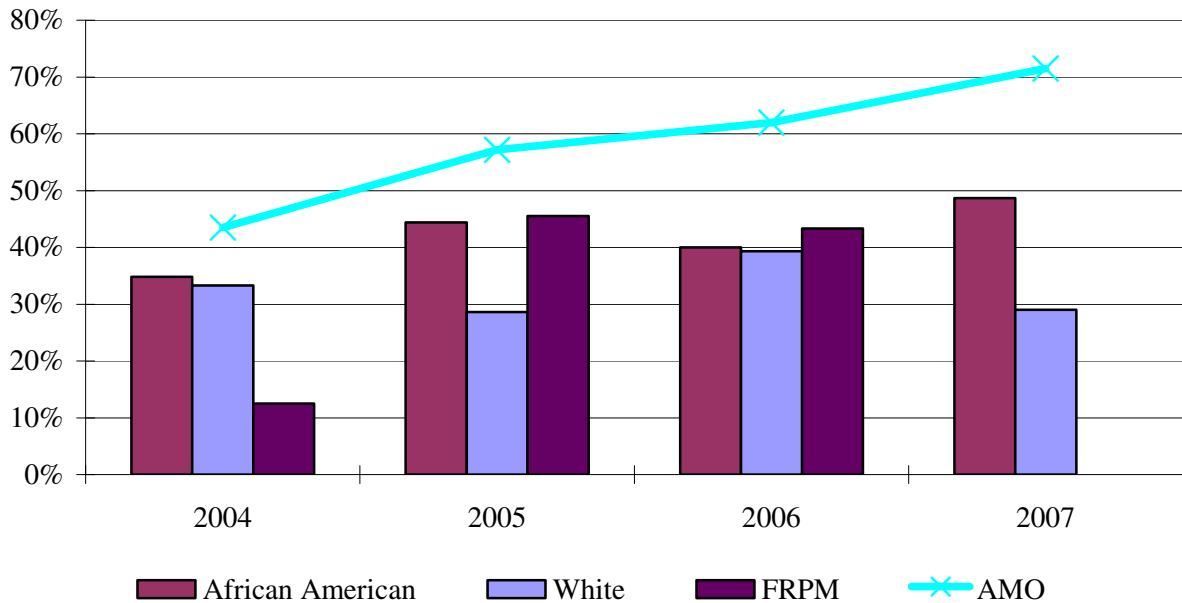


AMO: Annual Measurable Objective

Source: Maryland State Department of Education

Exhibit 2 shows the five-year trend of MSA reading test results for students at the Columbia campus along with the annual measurable outcome target. Since 2004, overall proficiency rates have shown little improvement, rising by just 2.9 percentage points by 2006 and declining slightly between 2006 and 2007. Subgroup performance has been mixed, both among the groups and between years. Between 2006 and 2007 proficiency rates for African Americans increased from 40.0 to 48.7%; however, proficiency rates declined among white students, 39.3 to 29.0%. While the size of the test group, 77 students in total, is small, the static percentage of students demonstrating reading proficiency and the failure to make AYP in the last three years are reasons for concern.

Exhibit 2
Adequate Yearly Progress Trend and Annual Measurable Outcome
Maryland School Assessment Reading Test
Columbia Campus
School Years 2004-2007



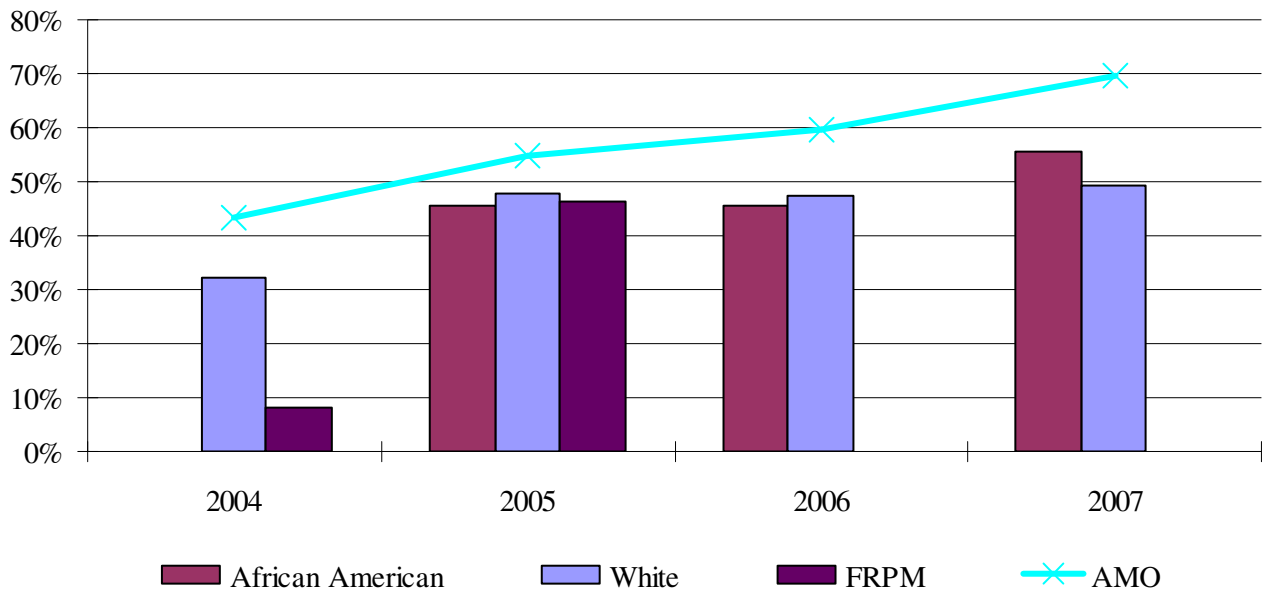
AMO: Annual Measurable Outcome

FRPM: Free and Reduced-priced Meal

Source: Maryland State Department of Education

Exhibit 3 shows the five-year trend of MSA reading test results for the Frederick campus along with the annual measurable outcome target. Unlike the Columbia campus, test performance at the Frederick campus has been more consistent, but meeting AYP targets has remained challenging. Of the 122 students tested, the 2007 overall proficiency rate was 50.0%, just below the target proficiency rate to meet AYP (53.1%). Proficiency rates increased among all the subgroups.

Exhibit 3
Adequate Yearly Progress Trend and Annual Measurable Outcome
Maryland School Assessment Reading Test
Frederick Campus
Calendar 2004-2007



AMO: Annual Measurable Outcome

FRPM: Free and Reduced-priced Meal

Source: Maryland State Department of Education

The consequences of not making AYP are different for MSD than other Maryland public schools. MSD is one of a small group of schools that MSDE exempts from the general rule that if a school fails to make AYP for two consecutive years, it enters school improvement status and must take specified actions if student performance does not improve. MSDE does not apply the rule to MSD, Maryland School for the Blind, correctional facility education services, and nonpublic placement schools. Although school improvement status does not apply to MSD, MSD students are required by NCLB to take assessment tests with proficiency targets set by MSDE.

Consistent with its Managing for Results objective of making AYP, MSD has taken several steps targeted at improving student performance on the MSA reading test. These initiatives include adding a Reading Specialist position to both campuses in 2004, adopting the Reading First program at the elementary level in 2004, continuing to incorporate the Voluntary State Curriculum testing objectives into instructional plans, creating a 90-minute daily reading period, and establishing a literacy team. Despite these measures, reading performance has shown mixed results.

MSD should discuss the MSA reading proficiency rates, given the fact that both campuses did not make AYP in reading in 2007 and that proficiency rates at the Columbia campus have shown little improvement during the last three years. MSD also should address the effectiveness of additional school resources that have been directed to initiatives intended to improve reading proficiency.

Governor's Proposed Budget

Exhibit 4 shows that MSD's fiscal 2009 allowance is \$30.8 million, an increase of \$363,742, or 1.2% over the fiscal 2008 working appropriation. However, after accounting for the reinstatement of retiree health insurance costs which in fiscal 2008 were paid out of the statewide health insurance account surplus and the first year of Other Post Employment Benefits contributions included in agency budgets in fiscal 2009, the underlying budget change is -\$899,957 or -3.25%.

General funds increase \$158,533, or 0.6% over fiscal 2008. MSD is primarily funded through a minimum funding formula, found in Section 8-310.3 of the Education Article. The formula bases the level of funding on the prior year appropriation, student enrollment changes, and growth in the per-pupil foundation amount as mandated by the Bridge to Excellence in Public Schools Act (Bridge to Excellence). Fiscal 2008 marked the final year of scheduled funding enhancements under Bridge to Excellence, and future aid was expected to be determined by enrollment and inflation changes. The 2007 special session further constrained increases in the per-pupil formula funding by eliminating the inflationary adjustment for fiscal 2009 and 2010.

The largest increase is in reimbursable funds, which represent reimbursements from MSDE for nonpublic placement tuition aid for MSD students with multiple disabilities. Fiscal 2009 reimbursable funds total \$1.9 million, a \$220,000, or 12.9% increase over fiscal 2008. These funds are used exclusively for students in the Enhanced Program of Services who may require one-to-one aides, are enrolled in the life-based education residential program, or require other additional services, such as physical or occupational therapy and counseling.

Exhibit 4
Governor’s Proposed Budget
Maryland School for the Deaf
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
2008 Working Appropriation	\$27,459	\$224	\$1,032	\$1,709	\$30,424
2009 Governor’s Allowance	<u>27,618</u>	<u>221</u>	<u>1,020</u>	<u>1,929</u>	<u>30,788</u>
Amount Change	\$159	-\$3	-\$12	\$220	\$364
Percent Change	0.6%	-1.3%	-1.1%	12.9%	1.2%
Where It Goes:					
Personnel Expenses					
New positions.....					\$94
Faculty Pay Plan update and increments.....					236
Nonfaculty employee increments.....					107
Other step increases and compensation					229
Health insurance – pay-as-you-go costs.....					224
Health Insurance – reduce long-term Other Post Employment Benefits liability.....					1,001
Retirement (teachers and non-teachers).....					63
Turnover adjustments.....					-151
Other					56
Other Changes					
Decreases in building, road repair, and maintenance.....					-860
One-time purchases for cochlear implant mapping equipment and visual paging system equipment.....					-166
Expiration of grant to Allegany County for providing deaf educational services to elementary school age students.....					-46
Reduced funding for equipment replacement including educational and food service equipment.....					-207
Facility operating services (laundry contact, school bus rental, cable contracts)					-98
Reduced telecommunications costs					-24
Computer maintenance software license agreements					-25
One-time purchase of a dietary van to transport meals to the new elementary school cafeteria.....					-61
Other					-8
Total					\$364

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

Personnel Funding

Personnel funding in the fiscal 2009 allowance increases by \$1.9 million, including the addition of 3 new regular positions and .8 new contractual full-time equivalents. The 3 additional regular positions include a building services worker for housekeeping services in the new elementary facility and 4 part-time food service workers. Contractual FTEs include a teachers aide (.6) for the Family Education Department and an Occupational Therapist (.2) both funded through federal funds, to support the needs of students in the Enhanced Program of Services.

Reduced Funds Available in Fiscal 2009

The fiscal 2008 budget included various one-time purchases, including a dietary van to transport meals to the new elementary school cafeteria and purchases of cochlear implant mapping equipment and visual paging system equipment which are not included in the fiscal 2009 allowance and account for a \$227,000 decrease. Decreases in building and road repair and maintenance further reduce the budget by \$860,000 compared to the 2008 working appropriation, while decreases in equipment replacement accounts for \$207,000. Further reducing the fiscal 2009 allowance was the expiration of a \$46,000 grant from MSD to the Allegany County school system for providing deaf educational services to elementary school aged students.

The fiscal 2009 budget includes the new OPEB expenses without a corresponding increase in general fund support. The school's \$1 million OPEB contribution will require a shift in budget priorities. **MSD should comment on the steps taken to adjust funds to meet the OPEB requirement.**

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 2007					
Legislative Appropriation	\$24,964	\$192	\$1,080	\$1,489	\$27,725
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	294	94	0	42	429
Reversions and Cancellations	-297	-8	-249	-3	-558
Actual Expenditures	\$24,961	\$277	\$831	\$1,528	\$27,596
Fiscal 2008					
Legislative Appropriation	\$27,459	\$224	\$1,032	\$1,709	\$30,424
Cost Containment	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Working Appropriation	\$27,459	\$224	\$1,032	\$1,709	\$30,424

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

Fiscal 2007

Actual expenditures in fiscal 2007 totaled \$128,968 below the legislative appropriation. The general fund appropriation increased by \$293,527 through budget amendments including, \$297,923 for a cost-of-living adjustment for State employees and a \$4,396 transfer to the Department of Budget and Management (DBM) for MSD's share of a one-time salary survey. These increases were offset by \$297,193 in general fund reversions for the overage in health insurance payments for State employees as directed by DBM.

Special funds were increased through budget amendments by \$93,500. The increases were attributed to \$50,250 in unexpected out-of-state tuition payments, a \$38,000 grant from the Verizon Foundation to provide "smart boards" and related projectors and document cameras for elementary classrooms, and \$5,250 in higher than anticipated sales of meals to employees and guests. There was \$8,303 in special fund cancellations.

A decrease in reimbursable and billing rates for medical assistance services for students at the school caused a decrease in federal medical assistance funds leading to \$249,318 in federal fund cancellations.

Reimbursable funds increased by \$42,021 through two grants from the Maryland State Department of Education. These included payments for the Maryland Model for School Readiness to cover the cost attributed to the programs for early childhood development and for the Enhanced Program of Services for students who require additional services, such as a one-to-one aide, counseling, behavior modification, or physical or occupational therapy to attend school.

Fiscal 2008

No changes to the fiscal 2008 legislative appropriation have been made at this time.

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

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	316.50	316.50	319.50	3.00	0.9%
02 Contractual	72.70	80.00	80.80	0.80	1.0%
Total Positions	389.20	396.50	400.30	3.80	1.0%
Objects					
01 Salaries and Wages	\$ 20,324,012	\$ 22,092,984	\$ 23,951,564	\$ 1,858,580	8.4%
02 Technical and Spec. Fees	2,530,628	2,896,817	2,928,209	31,392	1.1%
03 Communication	150,644	165,425	160,068	-5,357	-3.2%
04 Travel	21,542	5,700	6,350	650	11.4%
06 Fuel and Utilities	1,326,255	1,501,552	1,440,453	-61,099	-4.1%
07 Motor Vehicles	91,808	135,638	95,211	-40,427	-29.8%
08 Contractual Services	1,673,867	2,129,482	1,120,386	-1,009,096	-47.4%
09 Supplies and Materials	831,095	913,742	939,002	25,260	2.8%
10 Equip. – Replacement	469,745	285,520	78,573	-206,947	-72.5%
11 Equip. – Additional	39,569	166,143	0	-166,143	-100.0%
12 Grants, Subsidies, and Contributions	44,952	46,000	0	-46,000	-100.0%
13 Fixed Charges	92,377	85,184	68,113	-17,071	-20.0%
Total Objects	\$ 27,596,494	\$ 30,424,187	\$ 30,787,929	\$ 363,742	1.2%
Funds					
01 General Fund	\$ 24,960,691	\$ 27,459,467	\$ 27,618,000	\$ 158,533	0.6%
03 Special Fund	277,168	224,076	221,253	-2,823	-1.3%
05 Federal Fund	830,613	1,031,748	1,020,163	-11,585	-1.1%
09 Reimbursable Fund	1,528,022	1,708,896	1,928,513	219,617	12.9%
Total Funds	\$ 27,596,494	\$ 30,424,187	\$ 30,787,929	\$ 363,742	1.2%

Note: The fiscal 2008 appropriation does not include deficiencies.

**Fiscal Summary
Maryland School for the Deaf**

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
00 Services and Institutional Operations	\$ 18,085,715	\$ 19,829,194	\$ 20,168,023	\$ 338,829	1.7%
00 Services and Institutional Operations	9,510,779	10,594,993	10,619,906	24,913	0.2%
Total Expenditures	\$ 27,596,494	\$ 30,424,187	\$ 30,787,929	\$ 363,742	1.2%
General Fund	\$ 24,960,691	\$ 27,459,467	\$ 27,618,000	\$ 158,533	0.6%
Special Fund	277,168	224,076	221,253	-2,823	-1.3%
Federal Fund	830,613	1,031,748	1,020,163	-11,585	-1.1%
Total Appropriations	\$ 26,068,472	\$ 28,715,291	\$ 28,859,416	\$ 144,125	0.5%
Reimbursable Fund	\$ 1,528,022	\$ 1,708,896	\$ 1,928,513	\$ 219,617	12.9%
Total Funds	\$ 27,596,494	\$ 30,424,187	\$ 30,787,929	\$ 363,742	1.2%

Note: The fiscal 2008 appropriation does not include deficiencies.