

R99E
Maryland School for the Deaf

Operating Budget Data

(\$ in Thousands)

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$27,459	\$27,528	\$27,440	-\$88	-0.3%
Contingent & Back of Bill Reductions	0	0	-2,344	-2,344	
Adjusted General Fund	\$27,459	\$27,528	\$25,096	-\$2,432	-8.8%
Special Fund	326	221	218	-3	-1.3%
Contingent & Back of Bill Reductions	0	0	1,000	1,000	
Adjusted Special Fund	\$326	\$221	\$1,218	\$997	450.7%
Federal Fund	785	1,002	1,056	54	5.4%
Adjusted Federal Fund	\$785	\$1,002	\$1,056	\$54	5.4%
Reimbursable Fund	1,481	1,929	1,851	-78	-4.0%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted Reimbursable Fund	\$1,481	\$1,929	\$1,850	-\$79	-4.1%
Adjusted Grand Total	\$30,051	\$30,680	\$29,220	-\$1,460	-4.8%

- The fiscal 2010 allowance, including proposed contingent reductions, is \$1.5 million, about 4.8%, less than the fiscal 2009 working appropriation.
- Contingent reductions include \$2.3 million in general funds; \$1.3 million of this reduction adjusts the formula appropriation for the reduction of Other Post Employment Benefits and increments in personnel expenditures, and an additional \$1.0 million is a reduction that accounts for a \$1.0 million increase in special funds transferred from the Universal Services Trust Fund.

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

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Personnel Data

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>
Regular Positions	316.50	319.50	319.50	0.00
Contractual FTEs	<u>72.60</u>	<u>80.80</u>	<u>75.20</u>	<u>-5.60</u>
Total Personnel	389.10	400.30	394.70	-5.60

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	6.01	1.88%
Positions and Percentage Vacant as of 12/31/08	1.50	0.47%

- The fiscal 2010 allowance includes 5.6 fewer contractual full-time equivalents than the working appropriation, which reflects the fluctuations of the one-to-one aides needed for the Enhanced Program of Students.

Analysis in Brief

Major Trends

Students Perform Well on High School Assessment Exams: Maryland School for the Deaf (MSD) students consistently perform better on the High School Assessment Exams (HSA) than the State average. Since 2007, 100% of students in the essential curriculum program have received a Maryland State Diploma. Beginning with the graduating class of 2009, students will be required to pass all four HSAs to receive a diploma. **MSD should comment on whether the new HSA requirement will affect the graduation rate for the class of 2009.**

Issues

Personnel Costs Increase while Formula Funding Remains Flat: The Budget Reconciliation and Financing Act (BRFA) (House Bill 101/Senate Bill 166) includes a contingent reduction of \$1.3 million in the formula appropriation for the elimination of Other Post Employment Benefits and increments in personnel expenditures. Fiscal 2010 is the second year of constrained growth in the per-pupil foundation amount, effectively freezing funding to the school. **DLS recommends rejecting this reduction in the BRFA.**

Recommended Actions

1. Concur with Governor's allowance.

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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. Students at the school enroll in one of three main programs. The Essential Curriculum students follow the Frederick County Public School Essential Curriculum. 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 Certificate of Completion. 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 students' Individual Education Plan.

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

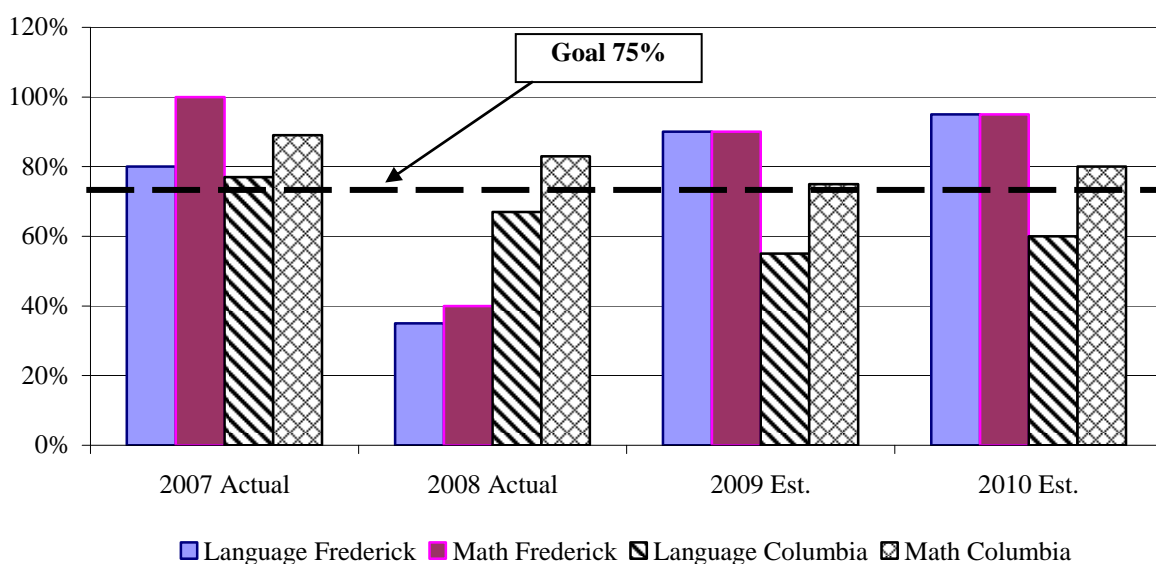
Performance Analysis: Managing for Results

The Frederick campus uses various student outcomes to measure the school's success. The first measurable objective is to ensure that 70% of students in the Essential Curriculum receive a Maryland State High School Diploma, which beginning with the current graduating class of seniors includes passing all four Maryland High School Assessment exams, and attend college. Since 2007, 100% of the students in the Essential Curriculum have received a diploma, and over 95% have gone on to attend college. Another objective of the school is to have students at MSD perform at a higher proficiency rate on the HSA exam than the State's overall performance rate. This goal has been met in Algebra, English, and Government since 2007 and Biology since 2008. As of this year, the current class of seniors across the State, including MSD students, will have to pass all four HSA exams for the Maryland Diploma. **MSD should comment on whether the new HSA requirement will affect the graduation rate for the class of 2009.**

The third measurable objective relates to students in the Life-Based Education Curriculum and aims to have 70% of students who matriculate out of the school receive a Maryland State Certification of Program Completion and go to a work training program. Since 2007 MSD has achieved these goals.

The final objective, outlined for both the Frederick and Columbia campuses, is by 2011 to have 75% of kindergarteners meeting the fully ready benchmark in both language and mathematical thinking as outlined in the Maryland Model for School Readiness (MMSR). **Exhibit 1** shows the trends in MMSR performance from 2007 through the estimated 2010 outcomes. At both campuses students perform better in mathematical thinking than in language and literacy. **MSD should comment on the difficulty of younger students, particularly in language skills, and whether the school believes the goal will be reached by 2011.**

Exhibit 1
Maryland Model for School Readiness Performance



Source: Maryland School for the Deaf

Proposed Budget

Impact of Cost Containment

The Budget Reconciliation and Financing Act (BRFA) of 2009 (House Bill 101, Senate Bill 166) includes \$2.3 million in contingent reductions for the Maryland School for the Deaf. These include \$1.3 million in reductions to the formula program to reduce funding for Other Post Employment Benefits and removing merit increases and increments that were included in the budget. This action is contingent upon legislation to remove increments from all State agencies. The BRFA of 2009 also allows the Governor to transfer up to \$1 million in special funds from the Universal Service Trust Fund and includes a corresponding \$1 million reduction in general funds.

Additional contingent across-the-board reductions include a \$38,972 general fund reduction to delete the deferred compensation match for State employees. In the fiscal 2009 working appropriation, the deferred compensation general fund appropriation totals \$41,560.

Fiscal 2010 Allowance

Exhibit 2 shows the Governor's proposed budget. The fiscal 2010 allowance, including the proposed contingent reductions, is \$1.5 million less than the fiscal 2009 working appropriation. General funds are reduced by \$2.4 million from the working appropriation while special and federal funds would increase by \$997,000 and \$54,000, respectively. Reimbursable funds decrease by \$79,000.

Personnel Funding

Personnel funding for the school declines in fiscal 2010 by \$0.5 million from fiscal 2009. Regular positions in the allowance total 319.5, no change from the fiscal 2009 working appropriation. The number of full-time equivalent contractual positions declines by 5.6 in fiscal 2010. These positions are one-to-one aides for students in the Enhanced Program of Services, and fluctuate from year to year based on need.

Faculty, including teachers, teachers' aides, assistant principals, curriculum coordinators, and librarians, total 73% of the school's personnel cost. MSD reviews the faculty pay plan every three years and bases the plan on the average salaries of the Frederick and Howard County School Systems. However, often MSD falls behind the counties in compensation for teaching professionals. The pay plan is up for review in fiscal 2011. In addition to compensation factors, all teachers at MSD need to be fluent in American Sign Language and meet all the certification requirements of No Child Left Behind, making it more difficult to find qualified professionals. Speech teachers, critical to the school's function, are the most difficult to recruit, a difficulty shared with local schools. **MSD should comment on the obstacles the school faces in recruiting and retaining teaching staff and the impact of the current budget situation on the pay plan review in fiscal 2011.**

Continued Deferral of Maintenance, Repairs, and Supply Replacement

MSD is funded through a minimum funding formula, 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. Increases in the per-pupil formula funding have been frozen since the 2007 special session, during which legislation was passed to eliminate the inflationary adjustment for fiscal 2009 and 2010. The fiscal 2010 general fund formula amount for MSD is further reduced through the BRFA of 2009 to account for reduced personnel expenditures.

Exhibit 2
Proposed Budget
Maryland School for the Deaf
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2009 Working Appropriation	\$27,528	\$221	\$1,002	\$1,929	\$30,680
2010 Allowance	<u>27,440</u>	<u>218</u>	<u>1,056</u>	<u>1,851</u>	<u>30,565</u>
Amount Change	-\$2,432	\$997	\$54	-\$79	-\$1,460
Percent Change	-8.8%	450.7%	5.4%	-4.1%	-4.8%

Where It Goes:

Personnel Expenses

Increments and other compensation.....	\$186
Deletion of deferred compensation match	-40
Employee and retiree health insurance	585
Stipends and Salary Adjustments.....	-60
Workers' compensation premium assessment	43
Turnover adjustments.....	-215
Deletion of Other Post Employment Benefits contribution	-507
Employee and Teachers Retirement System.....	284
Other fringe benefit adjustments	-1
Other unspecified Budget Reconciliation and Financing Contingent Reductions	-798

Other Changes

Reduction in one-to-one aides needed for the Enhanced Program of Students	-262
Postponement of facility and equipment repairs	-436
Motor vehicle costs	-45
Supplies and materials	-99
Reduction in contractual services.....	-42
Other changes.....	-53

Total **-\$1,460**

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

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The fiscal 2010 allowance defers the maintenance of school facilities and equipment repairs for a \$436,000 reduction from the fiscal 2009 working appropriation. Motor vehicle costs, including insurance costs and maintenance, are reduced by \$45,000, and other contractual expenditures are reduced by \$42,000. Supplies and materials expenditures, including instructional materials, are reduced by \$99,000. **MSD should comment on how these reductions will affect instruction at both the Frederick and Columbia campuses and whether or not the instructional ability of the school and teachers will be adversely affected.**

Issues

Personnel Costs Increase while Formula Funding Remains Flat

Funding for MSD has been constrained since the 2007 special session when the inflationary adjustment to the per-pupil foundation amount was eliminated, effectively freezing funding to the school. Fiscal 2010 marks the second year of this limited growth. However, in fiscal 2009 MSD absorbed a \$1 million expenditure for the school's Other Post Employment Benefits liability, without an increase in general fund support. The school was able to shift costs and delay maintenance to account for the added expense.

Again, in fiscal 2010, per pupil foundation growth is frozen, and the school's formula funding grows only based on enrollment, but personnel costs for health insurance and retirement increase \$869,000. Although formula funds are level, the school will need to accommodate this growth. The BRFA contingent reduction of \$1.3 million in the formula appropriation makes the school's ability to fund required personnel costs increases even more difficult. **Given that the school's general fund support before the BRFA reduction is less than the fiscal 2008 actual, DLS recommends rejecting the reduction in the BRFA.**

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 2008					
Legislative Appropriation	\$27,459	\$224	\$1,032	\$1,709	\$30,424
Deficiency Appropriation	0	108	0	0	108
Budget Amendments	0	20	0	0	20
Cost Containment	0	0	0	0	0
Reversions and Cancellations	0	-26	-247	-228	-501
Actual Expenditures	\$27,459	\$326	\$785	\$1,481	\$30,051
Fiscal 2009					
Legislative Appropriation	\$27,167	\$221	\$1,002	\$1,929	\$30,320
Cost Containment	0	0	0	0	0
Budget Amendments	360	0	0	0	360
Working Appropriation	\$27,528	\$221	\$1,002	\$1,929	\$30,680

Fiscal 2008

The fiscal 2008 budget closed out at \$30.1 million, \$373,244 less than the legislative appropriation. The greatest change was a \$246,783 cancellation in federal funds due to lower than expected medical assistance billing and reimbursements. Reimbursable funds decreased by \$228,116 due to a cancellation in funds from the Maryland State Department of Education nonpublic placement program. Actual enrollment in the program was lower than originally anticipated. Special funds increased through a deficiency appropriation, by \$107,900, to account for an out-of-state student attending the school.

Fiscal 2009

The fiscal 2009 working appropriation has increased by \$360,716 due to a cost-of-living adjustment for State employees which increased the general fund appropriation.

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

<u>Object/Fund</u>	<u>FY 08 Actual</u>	<u>FY 09 Working Appropriation</u>	<u>FY 10 Allowance</u>	<u>FY 09-FY 10 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	316.50	319.50	319.50	0	0%
02 Contractual	72.60	80.80	75.20	-5.60	-6.9%
Total Positions	389.10	400.30	394.70	-5.60	-1.4%
Objects					
01 Salaries and Wages	\$ 22,671,066	\$ 23,844,036	\$ 24,724,180	\$ 880,144	3.7%
02 Technical and Spec. Fees	2,825,524	2,928,209	2,609,884	-318,325	-10.9%
03 Communication	143,278	160,068	138,776	-21,292	-13.3%
04 Travel	24,676	6,350	5,850	-500	-7.9%
06 Fuel and Utilities	1,320,771	1,440,453	1,495,207	54,754	3.8%
07 Motor Vehicles	134,693	95,211	49,921	-45,290	-47.6%
08 Contractual Services	1,517,510	1,120,386	642,394	-477,992	-42.7%
09 Supplies and Materials	911,678	939,002	840,376	-98,626	-10.5%
10 Equipment – Replacement	369,036	78,573	0	-78,573	-100.0%
11 Equipment – Additional	1,620	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	44,952	0	0	0	0.0%
13 Fixed Charges	86,140	68,113	58,532	-9,581	-14.1%
Total Objects	\$ 30,050,944	\$ 30,680,401	\$ 30,565,120	-\$ 115,281	-0.4%
Funds					
01 General Fund	\$ 27,459,467	\$ 27,528,165	\$ 27,440,000	-\$ 88,165	-0.3%
03 Special Fund	325,731	221,253	218,359	-2,894	-1.3%
05 Federal Fund	784,966	1,002,470	1,056,180	53,710	5.4%
09 Reimbursable Fund	1,480,780	1,928,513	1,850,581	-77,932	-4.0%
Total Funds	\$ 30,050,944	\$ 30,680,401	\$ 30,565,120	-\$ 115,281	-0.4%

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.

**Fiscal Summary
Maryland School for the Deaf**

<u>Program/Unit</u>	<u>FY 08 Actual</u>	<u>FY 09 Wrk. Approp.</u>	<u>FY 10 Allowance</u>	<u>Change</u>	<u>FY 09-FY 10 % Change</u>
01 Maryland School for the Deaf – Frederick Campus	\$ 19,661,596	\$ 20,077,194	\$ 20,094,091	\$ 16,897	0.1%
02 Maryland School for the Deaf – Columbia Campus	10,389,348	10,603,207	10,471,029	-132,178	-1.2%
Total Expenditures	\$ 30,050,944	\$ 30,680,401	\$ 30,565,120	-\$ 115,281	-0.4%
General Fund	\$ 27,459,467	\$ 27,528,165	\$ 27,440,000	-\$ 88,165	-0.3%
Special Fund	325,731	221,253	218,359	-2,894	-1.3%
Federal Fund	784,966	1,002,470	1,056,180	53,710	5.4%
Total Appropriations	\$ 28,570,164	\$ 28,751,888	\$ 28,714,539	-\$ 37,349	-0.1%
Reimbursable Fund	\$ 1,480,780	\$ 1,928,513	\$ 1,850,581	-\$ 77,932	-4.0%
Total Funds	\$ 30,050,944	\$ 30,680,401	\$ 30,565,120	-\$ 115,281	-0.4%

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.