

R99E
Maryland School for the Deaf

Operating Budget Data

(\$ in Thousands)

| | <u>FY 09</u> <u>Actual</u> | <u>FY 10</u> <u>Working</u> | <u>FY 11</u> <u>Allowance</u> | <u>FY 10-11</u> <u>Change</u> | <u>% Change</u> <u>Prior Year</u> |
|--------------------------------------|-------------------------------|--------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| General Fund | \$27,236 | \$22,212 | \$27,212 | \$5,000 | 22.5% |
| Contingent & Back of Bill Reductions | 0 | 0 | -1,000 | -1,000 | |
| Adjusted General Fund | \$27,236 | \$22,212 | \$26,212 | \$4,000 | 18.0% |
| Special Fund | 409 | 5,393 | 228 | -5,165 | -95.8% |
| Contingent & Back of Bill Reductions | 0 | 0 | 1,000 | 1,000 | |
| Adjusted Special Fund | \$409 | \$5,393 | \$1,228 | -\$4,165 | -77.2% |
| Federal Fund | 918 | 1,056 | 974 | -83 | -7.8% |
| Adjusted Federal Fund | \$918 | \$1,056 | \$974 | -\$83 | -7.8% |
| Reimbursable Fund | 1,896 | 1,850 | 2,081 | 232 | 12.5% |
| Adjusted Reimbursable Fund | \$1,896 | \$1,850 | \$2,081 | \$232 | 12.5% |
| Adjusted Grand Total | \$30,459 | \$30,510 | \$30,495 | -\$15 | -0.1% |

- The fiscal 2011 allowance, including across-the-board reductions, is \$15,000 (0.1%) less than the 2010 working appropriation.
- Contingent reductions include \$1 million in general funds to account for a \$1 million increase in special funds to be transferred from the Universal Service Trust Fund.

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

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Personnel Data

| | <u>FY 09</u> <u>Actual</u> | <u>FY 10</u> <u>Working</u> | <u>FY 11</u> <u>Allowance</u> | <u>FY 10-11</u> <u>Change</u> |
|------------------------|---|--|--|--|
| Regular Positions | 319.50 | 319.50 | 319.50 | 0.00 |
| Contractual FTEs | <u>84.50</u> | <u>74.70</u> | <u>81.70</u> | <u>7.00</u> |
| Total Personnel | 404.00 | 394.20 | 401.20 | 7.00 |

Vacancy Data: Regular Positions

| | | |
|---|------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 1.60 | 0.50% |
| Positions and Percentage Vacant as of 12/31/09 | 1.00 | 0.31% |

- The fiscal 2011 allowance includes funds for seven new contractual full-time equivalents, which will cover all or portions of salaries for a behavioral specialist, three teachers, three teacher aides, a groundskeeper, and a personnel clerk.

Analysis in Brief

Major Trends

Average of 26 Diplomas Awarded Each Year; Most Students Continue Their Education: Since fiscal 2006, 100% of Essential Curriculum students have received a diploma. An average of 94% of these students go on to attend college. Most (89% on average) Life-Based Education students go on to work or training.

More Students with Additional Needs Are Served; Their Enrollment Affects Kindergarten Readiness Scores: The Frederick campus has recently enrolled more students with additional needs, which has affected the objective for 75% of kindergartners to be fully ready in language and mathematical thinking by 2011. The Columbia campus has exceeded or nearly met the objective since fiscal 2006.

Recommended Actions

| | <u>Funds</u> |
|--|---------------------|
| 1. Delete general funds for deferred compensation match. | \$1,101 |
| Total Reductions | \$1,101 |

R99E – Maryland School for the Deaf

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. Students 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 have multiple disabilities, are medically fragile, or are 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. Both lay out various benchmarks and require different levels of student support services, as dictated by the students' Individual Education Plan.

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

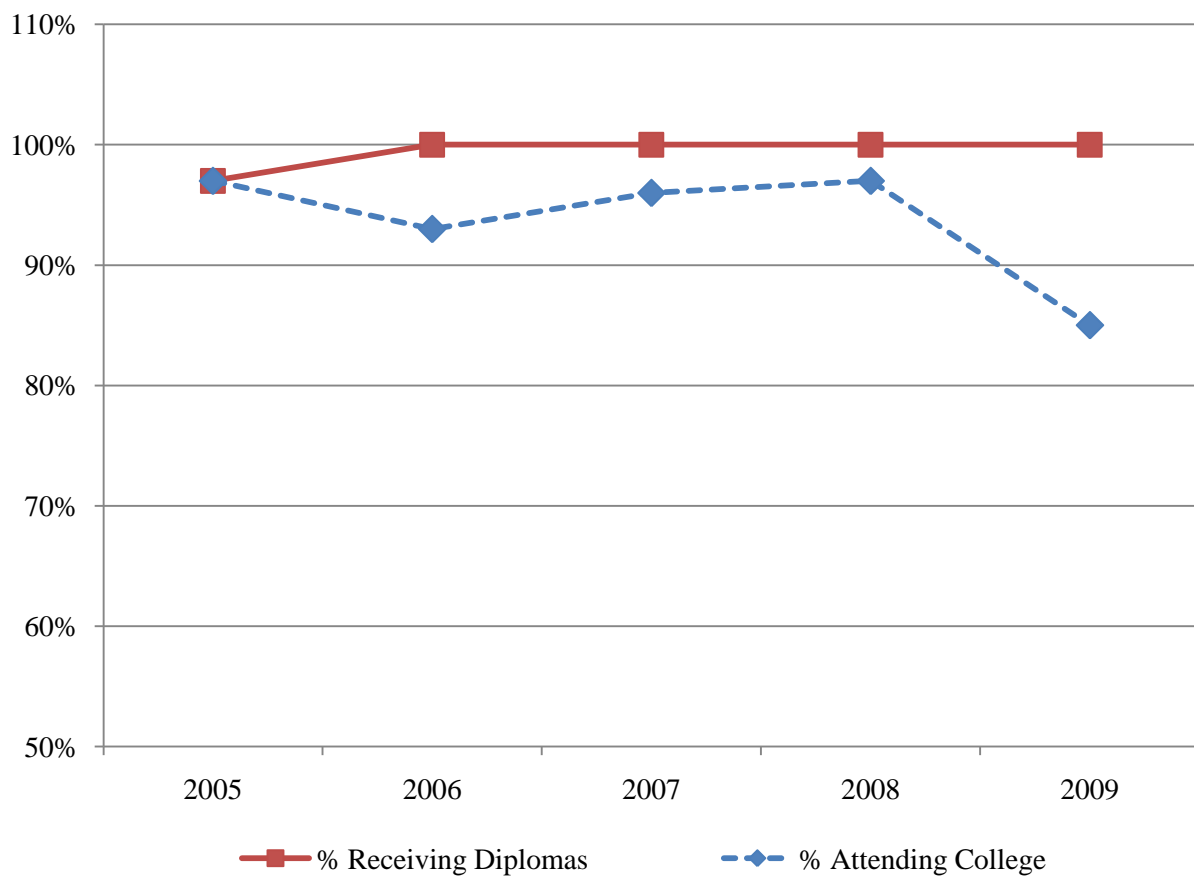
Performance Analysis: Managing for Results

Average of 26 Diplomas Awarded Each Year; Most Students Continue Their Education

The Frederick campus has several objectives that guide its measurement of success. The first is for 70% of students in the Essential Curriculum to receive a Maryland State High School Diploma and attend college. MSD has far surpassed this target in recent years. Since fiscal 2006, the school has had an average of 26 Essential Curriculum students, and each year 100% of them have received a diploma, as shown in **Exhibit 1**. As with other Maryland high school seniors, MSD students must now pass all four Maryland High School Assessment exams to receive a diploma, a requirement that began with the class of 2009.

Most MSD graduates pursue higher education. Since fiscal 2005, an average of 94% of the Essential Curriculum graduates have attended college. The rate dropped in fiscal 2009 to 85% but with a small group of graduates (30 in 2009), the difference between 85% and the recent average of 94% was only three students.

Exhibit 1
Maryland School for the Deaf
Essential Curriculum Graduates Receiving Diplomas and Attending College
Fiscal 2005-2009



Note: Diplomas are Maryland State High School Diplomas.

Source: Governor's Budget Books, Fiscal 2008-2011

R99E – Maryland School for the Deaf

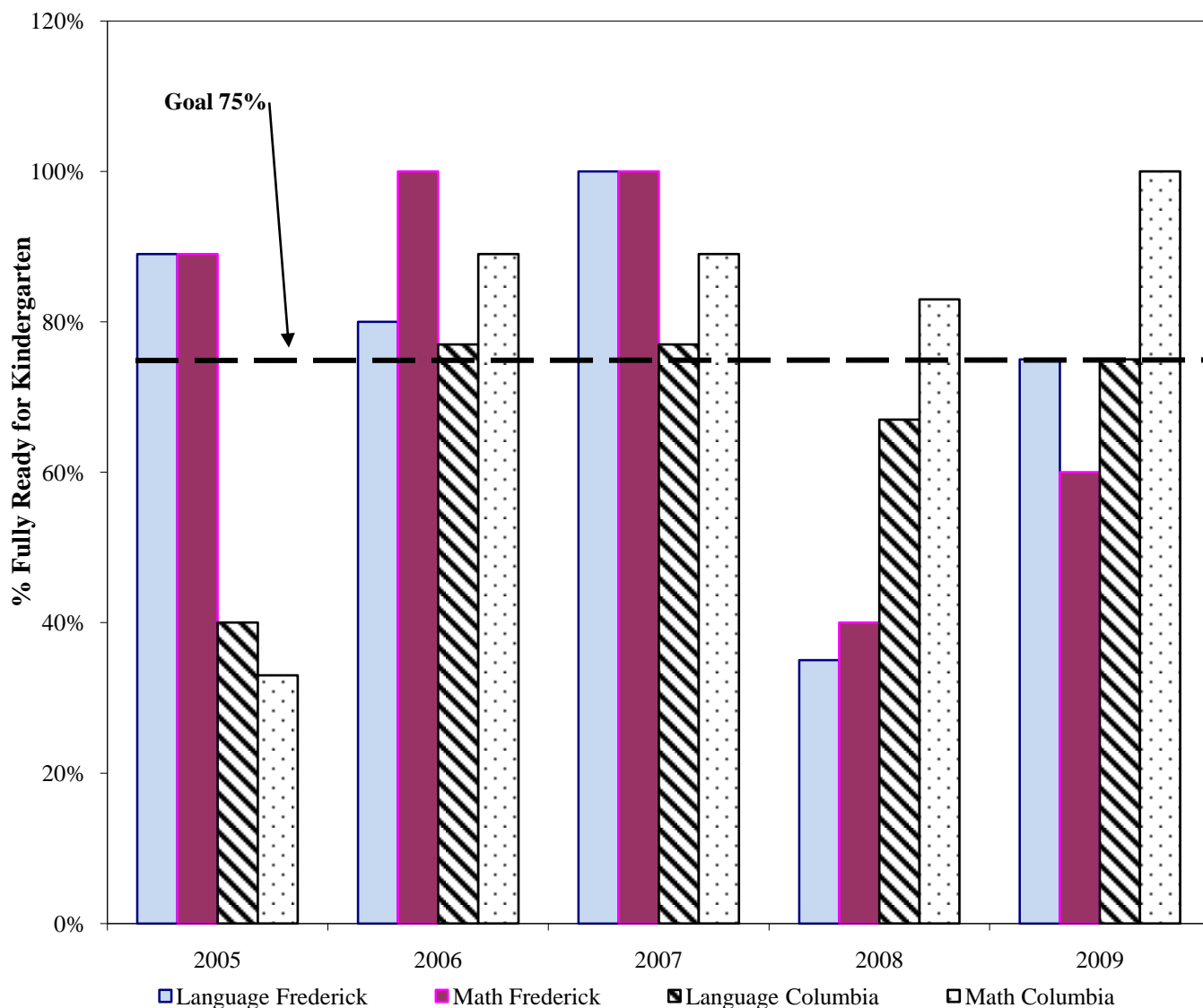
Another objective, identified in fiscal 2007, is for MSD students to perform at a higher proficiency rate on the High School Assessment exams than the State's overall performance rate. In 2007, the exams were offered for the first time but were not required. Students outperformed the State average in the algebra, English, and Government exams, but not biology. In 2008, the exams still were not required, and MSD reports that students focused on other work, as revealed in the fact that MSD students did not outperform the State average in any exam. As of 2009, the exams are mandatory for MSD graduates.

The third objective is for students in the Life-Based Education Curriculum to receive a Maryland State Certification of Program Completion and go to work or to a training program. Since fiscal 2005, an average of six students receives the program completion certification each year, and most (89% on average) go to work or training.

More Students with Additional Needs Are Served; Their Enrollment Affects Kindergarten Readiness Scores

The final objective for both the Frederick and Columbia campuses is for 75% of kindergartners to be fully ready in language and mathematical thinking by 2011. To measure this outcome, MSD uses the Maryland Model for School Readiness. As shown in **Exhibit 2**, the Columbia campus has exceeded or nearly met this objective since fiscal 2006. The Frederick campus exceeded the objective in 2005-2007, but fell below the objective for both language and math in 2008, and math in 2009. MSD reports that the Frederick campus began enrolling more students with additional needs, and these students have not been ready for kindergarten.

Exhibit 2
Maryland School for the Deaf
Maryland Model for School Readiness Performance
Fiscal 2005-2009



Source: Governor's Budget Books, Fiscal 2010 and 2011

Fiscal 2010 Actions

Impact of Cost Containment Includes Salary Reductions

MSD is statutorily protected from funding reductions by the Board of Public Works. However, the school is budgeted to revert \$450,000 in general funds by the end of fiscal 2010. MSD is not participating in the statewide furlough plan or service reduction days, but it is expected to save and revert these general funds through salary reductions.

Proposed Budget

Chapter 511 of 1997 (House Bill 1023) established a State funding formula for MSD based on enrollment growth and the growth in State formula funding provided to local school systems. The formula is based 75% on increases in the per-pupil foundation under the current expense State aid formula and enrollment growth, and 25% solely on enrollment growth. Adjustments for enrollment reflect 20% of the change in the four-year moving average of MSD student enrollment. This adjustment softens the impact of increases and decreases in student population.

For fiscal 2011, the four-year enrollment average is 424, which is the same average as calculated for 2010. Likewise, the State per-pupil foundation amount remains the same as 2010, at \$6,694. These factors result in no substantive change in the MSD budget for 2011.

Impact of Cost Containment Includes Salary Reductions; Another Fund Swap Is Budgeted

Exhibit 3 shows the Governor's proposed budget. The fiscal 2011 allowance, including across-the-board reductions, is \$15,000 less than the 2010 working appropriation. General funds increase by \$4.0 million, special funds decline by \$4.2 million, federal funds decrease by \$83,000, and reimbursable funds increase by \$232,000.

In looking at the allowance before contingent reductions, it includes a \$5 million general fund increase and a \$5 million special fund decrease. As part of Chapter 487 of 2009 (the Budget Reconciliation and Financing Act (BRFA) of 2009), general funds for MSD were replaced with special funds from the Universal Service Trust Fund. The BRFA of 2010 proposes to again replace general funds with special funds from the Universal Service Trust Fund in a \$1 million fund swap. The Universal Service Trust Fund supports a State program that provides telephone access and other services for people with disabilities that prevent them from using standard telephones. A \$0.20 landline surcharge provides revenues for the fund.

Allowance Includes Increases for Health Insurance and New Contractual Personnel

Among personnel expenses, health insurance for employees and retirees increases the most, at \$490,000. The changes in turnover and Other Post Employment Benefits are largely a function of how fiscal 2010 cost containment was handled. Cost containment expenses were coded as turnover expenses, which resulted in a large negative turnover adjustment in 2010. To partially offset this, MSD was allowed to retain the \$565,000 budgeted for Other Post Employment Benefits (these funds were deleted in other State agencies). The turnover budgeted for 2011 equates to a \$284,000 increase, and Other Post Employment Benefits funds are deleted, causing a \$565,000 decrease. Increments and other compensation decrease \$341,000.

Funds for seven more contractual full-time equivalent personnel are in the allowance. These funds will cover all or portions of salaries for a behavioral specialist, three teachers, three teacher aides, a groundskeeper, and a personnel clerk. Funds increase slightly for printing, equipment repairs, the MSD portion of a new statewide personnel technology system, and motor vehicles. Some decreases are in fuel and utilities, advertising, groundskeeping, and contractual services such as umpires and bus rentals.

As in fiscal 2010, MSD is budgeted to revert \$450,000 in general funds in 2011. MSD reports it will achieve the reversion through salary reductions.

Exhibit 3
Proposed Budget
Maryland School for the Deaf
(\$ in Thousands)

| How Much It Grows: | General Fund | Special Fund | Federal Fund | Reimb. Fund | Total |
|----------------------------|-------------------------|-------------------------|-------------------------|------------------------|---------------|
| 2010 Working Appropriation | \$22,212 | \$5,393 | \$1,056 | \$1,850 | \$30,510 |
| 2011 Allowance | <u>27,212</u> | <u>228</u> | <u>974</u> | <u>2,081</u> | <u>30,495</u> |
| Amount Change | \$5,000 | -\$5,165 | -\$83 | \$232 | -\$15 |
| Percent Change | 22.5% | -95.8% | -7.8% | 12.5% | -0.1% |
| Contingent Reduction | -\$1,000 | \$1,000 | \$0 | \$0 | \$0 |
| Adjusted Change | \$4,000 | -\$4,165 | -\$83 | \$232 | -\$15 |
| Adjusted Percent Change | 18.0% | -77.2% | -7.8% | 12.5% | -0.1% |

Where It Goes:

Personnel Expenses

| | |
|---|-------|
| Employee and retiree health insurance..... | \$490 |
| Turnover adjustments..... | 284 |
| Teachers' and employees' retirement systems..... | 208 |
| Other Post Employment Benefits..... | -565 |
| Increments and other compensation..... | -341 |
| Social Security contributions and other adjustments | -43 |

Where It Goes:

Other Changes

| | |
|---|--------------|
| Contractual personnel, including teachers and teacher aides | 147 |
| Printing..... | 20 |
| Equipment repairs | 16 |
| New statewide personnel information technology system | 14 |
| Motor vehicle insurance, repair, and gas..... | 8 |
| Fuel and utilities..... | -132 |
| Contractual services such as umpires and bus rentals..... | -84 |
| Advertising..... | -21 |
| Groundskeeping | -17 |
| Total | -\$15 |

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

Recommended Actions

| | <u>Amount Reduction</u> | |
|---|------------------------------------|----|
| 1. Delete general funds for deferred compensation match. These funds should be deleted in all State agencies. | \$ 1,101 | GF |
| Total General Fund Reductions | \$ 1,101 | |

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 2009 | | | | | |
| Legislative Appropriation | \$27,167 | \$221 | \$1,002 | \$1,929 | \$30,319 |
| Deficiency Appropriation | 0 | 0 | 0 | 0 | 0 |
| Budget Amendments | 361 | 212 | 0 | 0 | 573 |
| Cost Containment | 0 | 0 | 0 | 0 | 0 |
| Reversions and Cancellations | -292 | -25 | -84 | -33 | -434 |
| Actual Expenditures | \$27,236 | \$409 | \$918 | \$1,896 | \$30,459 |
| Fiscal 2010 | | | | | |
| Legislative Appropriation | \$22,212 | \$218 | \$1,056 | \$1,850 | \$25,336 |
| Cost Containment | 0 | 0 | 0 | 0 | 0 |
| Budget Amendments | 0 | 5,174 | 0 | 0 | 5,174 |
| Working Appropriation | \$22,212 | \$5,393 | \$1,056 | \$1,850 | \$30,510 |

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

Fiscal 2009

The fiscal 2009 budget closed at \$30.5 million, \$0.1 million more than the legislative appropriation. Budget amendments increased the appropriation by \$0.6 million. However, the agency reverted and cancelled \$0.4 million.

The largest change was a \$0.4 million general fund increase for a cost-of-living adjustment for State employees. The general fund appropriation was later reduced by \$0.3 million in reversions which included salary reductions.

Fiscal 2010

The fiscal 2010 working appropriation is \$5.2 million more than the legislative appropriation. Of this amount, \$5.0 million is from special funds transferred from the Universal Service Trust Fund to account for \$5.0 million in general funds that were reduced as part of the BRFA of 2009.

Other special fund revenues increased by \$99,877 for the Columbia campus and \$74,416 for the Frederick campus. These funds were available from two new students from Washington, DC who pay out-of-state tuition.

Audit Findings

| | |
|------------------------------|-------------------------------------|
| Audit Period for Last Audit: | December 1, 2005 – December 1, 2008 |
| Issue Date: | April 2009 |
| Number of Findings: | 1 |
| Number of Repeat Findings: | 0 |
| % of Repeat Findings: | 0% |
| Rating: (if applicable) | n/a |

Finding 1: Procurement of goods and services were not always made in accordance with State Procurement Regulations.

*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>FY09 Actual</u> | <u>FY10 Working Appropriation</u> | <u>FY11 Allowance</u> | <u>FY10 - FY11 Amount Change</u> | <u>Percent Change</u> |
|-----------------------------|------------------------|---|---------------------------|--------------------------------------|---------------------------|
| Positions | | | | | |
| 01 Regular | 319.50 | 319.50 | 319.50 | 0 | 0% |
| 02 Contractual | 84.50 | 74.70 | 81.70 | 7.00 | 9.4% |
| Total Positions | 404.00 | 394.20 | 401.20 | 7.00 | 1.8% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 23,175,873 | \$ 24,498,167 | \$ 24,549,548 | \$ 51,381 | 0.2% |
| 02 Technical and Spec. Fees | 3,101,718 | 2,675,884 | 2,815,619 | 139,735 | 5.2% |
| 03 Communication | 132,350 | 135,776 | 135,138 | -638 | -0.5% |
| 04 Travel | 37,248 | 5,850 | 2,050 | -3,800 | -65.0% |
| 06 Fuel and Utilities | 1,428,588 | 1,495,207 | 1,362,857 | -132,350 | -8.9% |
| 07 Motor Vehicles | 102,800 | 49,921 | 58,310 | 8,389 | 16.8% |
| 08 Contractual Services | 1,087,329 | 730,687 | 662,240 | -68,447 | -9.4% |
| 09 Supplies and Materials | 1,020,383 | 840,376 | 819,455 | -20,921 | -2.5% |
| 10 Equipment – Replacement | 294,291 | 20,000 | 19,988 | -12 | -0.1% |
| 11 Equipment – Additional | 5,220 | 0 | 0 | 0 | 0.0% |
| 13 Fixed Charges | 73,313 | 58,532 | 69,720 | 11,188 | 19.1% |
| Total Objects | \$ 30,459,113 | \$ 30,510,400 | \$ 30,494,925 | -\$ 15,475 | -0.1% |
| Funds | | | | | |
| 01 General Fund | \$ 27,236,226 | \$ 22,211,929 | \$ 27,212,122 | \$ 5,000,193 | 22.5% |
| 03 Special Fund | 408,585 | 5,392,652 | 227,875 | -5,164,777 | -95.8% |
| 05 Federal Fund | 918,347 | 1,056,180 | 973,592 | -82,588 | -7.8% |
| 09 Reimbursable Fund | 1,895,955 | 1,849,639 | 2,081,336 | 231,697 | 12.5% |
| Total Funds | \$ 30,459,113 | \$ 30,510,400 | \$ 30,494,925 | -\$ 15,475 | -0.1% |

Note: The fiscal 2010 appropriation does not include deficiencies.

**Fiscal Summary
Maryland School for the Deaf**

| <u>Program/Unit</u> | <u>FY09 Actual</u> | <u>FY10 Wrk Approp</u> | <u>FY11 Allowance</u> | <u>Change</u> | <u>FY10 - FY11 % Change</u> |
|--|------------------------|----------------------------|---------------------------|--------------------|---------------------------------|
| 00 Services and Institutional Operations | \$ 20,086,896 | \$ 20,010,531 | \$ 20,114,318 | \$ 103,787 | 0.5% |
| 00 Services and Institutional Operations | 10,372,217 | 10,499,869 | 10,380,607 | -119,262 | -1.1% |
| Total Expenditures | \$ 30,459,113 | \$ 30,510,400 | \$ 30,494,925 | -\$ 15,475 | -0.1% |
| General Fund | \$ 27,236,226 | \$ 22,211,929 | \$ 27,212,122 | \$ 5,000,193 | 22.5% |
| Special Fund | 408,585 | 5,392,652 | 227,875 | -5,164,777 | -95.8% |
| Federal Fund | 918,347 | 1,056,180 | 973,592 | -82,588 | -7.8% |
| Total Appropriations | \$ 28,563,158 | \$ 28,660,761 | \$ 28,413,589 | -\$ 247,172 | -0.9% |
| Reimbursable Fund | \$ 1,895,955 | \$ 1,849,639 | \$ 2,081,336 | \$ 231,697 | 12.5% |
| Total Funds | \$ 30,459,113 | \$ 30,510,400 | \$ 30,494,925 | -\$ 15,475 | -0.1% |

Note: The fiscal 2010 appropriation does not include deficiencies.