

R00A01
Headquarters
Maryland State Department of Education

Operating Budget Data

(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$94,927	\$88,221	\$80,174	-\$8,047	-9.1%
Contingent & Back of Bill Reductions	0	-1,934	-462	1,471	
Adjusted General Fund	\$94,927	\$86,287	\$79,711	-\$6,576	-7.6%
Special Fund	6,144	7,975	7,406	-569	-7.1%
Contingent & Back of Bill Reductions	0	0	-22	-22	
Adjusted Special Fund	\$6,144	\$7,975	\$7,384	-\$591	-7.4%
Federal Fund	163,201	253,398	147,668	-105,730	-41.7%
Contingent & Back of Bill Reductions	0	-54	-958	-904	
Adjusted Federal Fund	\$163,201	\$253,345	\$146,710	-\$106,635	-42.1%
Reimbursable Fund	416	3,171	2,452	-719	-22.7%
Adjusted Reimbursable Fund	\$416	\$3,171	\$2,452	-\$719	-22.7%
Adjusted Grand Total	\$264,689	\$350,778	\$236,258	-\$114,520	-32.6%

- The fiscal 2015 allowance includes proposed fiscal 2014 deficiency appropriations of \$14.9 million in general funds, including \$14.5 million for assessment contracts and \$400,000 in general funds necessary to contract for the Bridge to Excellence Adequacy Study mandated in statute to begin by June 30, 2014.
- General funds after adjustments decrease \$6.6 million, largely due to the Home and Community Based Waiver for Children with Autism Program moving to the Aid to Education budget. Adjusting for this transfer, general funds increase \$5.3 million, or 5.7%.

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

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- Federal funds decrease \$106.6 million due largely to a loss in the onetime \$91.3 million in fiscal agent Partnership for Assessment of Readiness for College and Careers (PARCC) funds in fiscal 2014 and a decline of \$12.6 million in Race to the Top (RTTT) expenditures in fiscal 2014 as projects are wrapping up.

Personnel Data

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>
Regular Positions	1,230.10	1,279.60	1,289.90	10.30
Contractual FTEs	<u>166.12</u>	<u>192.18</u>	<u>144.10</u>	<u>-48.08</u>
Total Personnel	1,396.22	1,471.78	1,434.00	-37.78

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	90.89	7.10%
Positions and Percentage Vacant as of 12/31/13	145.50	11.37%

- The number of regular positions increases by 10.3 positions in the fiscal 2015 allowance. These positions will be used to support the sustainability of RTTT projects as development ends. The positions will provide the infrastructure needed in four identified areas: Teacher Principal Evaluations, data validation, the Breakthrough Center, and Education Technology Systems.
- The net number of contractual full-time equivalents (FTE) declines by 48.08 due to the elimination of contractual staff for RTTT projects as federal funding ends.
- Turnover is budgeted at 7.1% in the fiscal 2015 allowance. This will require the agency to maintain at least 90.89 vacant positions; there are currently 145.50 vacancies.

Figures in this analysis generally do not include R00A0110 Division of Early Childhood Development. This division is included in R00A99, which is the Department of Legislative Services analysis for Early Childhood Development. Figures in the Issues and Updates sections include all divisions.

Analysis in Brief

Major Trends

National Board Certification Continues to Increase; Principal Training Remains at 100%: The number of teachers with National Board Certification increased 13.8% in the 2013 academic year. The Maryland State Department of Education (MSDE) also provided training to 100.0% of principals in fiscal 2013, as it did in fiscal 2012.

Percentage of Students Demonstrating Reading and Math Gains Increases in the Juvenile Services Education Program: The percent of students demonstrating reading and math gains increased between fiscal 2012 and 2013 from 50 to 58% in the case of reading and from 54 to 57% in the case of math. The proportion of students earning a general education diploma (GED) of those attempting increased from 48.2% in 2012 to 60% in 2013. **The State Superintendent should comment on MSDE's role in improving educational outcomes for youth at Department of Juvenile Services (DJS) facilities.**

Trends in Online Services at Maryland Public Libraries Decline: The number of live chat hours provided by Maryland public libraries has stabilized at about 290 in fiscal 2012 and 2013. Questions answered through the AskUsNow! online service decreased 32.3% between fiscal 2011 and 2013, from 46,013 to 31,143.

Employment Success Rates Among Rehabilitation Clients Fluctuates: Employment success rates among rehabilitation clients fluctuate significantly from year to year but have averaged 62% since fiscal 2008.

Issues

Common Core and Elementary and Secondary Education Act Waiver Request: The new State curriculum aligned with the Maryland College and Career Ready Standards (MCCRS) is being fully implemented across the State in the 2013-2014 school year. In addition, the new assessments aligned with the MCCRS, PARCC, will be field tested in spring 2014 as the State prepares to replace the Maryland School Assessment (MSA) with PARCC in the 2014-2015 school year. Following federal law, MSDE will require that the MSA still be given to students this year, even with the misalignment of curriculum as MCCRS is implemented. **The State Superintendent should discuss how MSDE will ensure it meets the deadlines for implementing the PARCC tests fully online by the 2016-2017 school year, while reconciling the fact that the local education agencies (LEA) have asked for millions of dollars in information technology infrastructure upgrades in order to meet that deadline.**

Race to the Top Annual Performance Report and Wrap-up: Maryland was awarded \$250 million over four years through the federal RTTT program, with \$125 million going to participating LEAs and \$125 million to be administered by MSDE for statewide reform efforts through 54 projects. Of

the 54 projects, currently only 5 are off-track from meeting their deadlines. The RTTT program is entering the final year of its development, and the vast majority of projects are set to be complete by September 2014. **The State Superintendent should comment on RTTT progress to date and on the use of State resources beyond the grant period to complete or sustain RTTT project activities. The State Superintendent should discuss the major impacts the RTTT projects have had in improving Maryland education and school systems, the timeline for completion of the off-track projects, reasons for the delays for the 21 no-cost extension projects, and how MSDE plans to use the work done by the RTTT projects in the future.**

College and Career Readiness and College Completion Act of 2013: Comprehensive legislation was enacted in 2013 to better prepare Maryland students for college and careers. Chapter 533 (Senate Bill 740), the College and Career Readiness and College Completion Act of 2013, also codified the State goal that by 2025, at least 55% of the State's residents age 25 to 64 will hold at least an associate's degree and will make significant strides toward achieving the goal. The preparation of students to succeed in college and career includes the alignment of curricular requirements in high school with college and career expectations, including requiring four years of mathematics, and the availability and accessibility of college-level courses to high school students. **The State Superintendent should comment on how MSDE plans to implement transition courses for students in grade 12, the timeline for implementation of the transition courses, and how the potential receipt of a federal grant will impact the development of transition courses. The State Superintendent should also discuss the status of Early College grant programs and MSDE's plan on expanding dual enrollment into the future.**

Teacher Professional Development in Preparation for MCCRS: The implementation of MCCRS has put teacher professional development at the forefront. As the new curriculum is being implemented statewide, some teachers have felt that the implementation has been instituted too quickly and that they are not adequately prepared to teach to the new standards. Maryland's current Elementary and Secondary Education Act of 1965 (ESEA) waiver states that personnel decisions will be informed by the evaluation system based on student growth in the 2014-2015 school year; however, MSDE has requested a delay of this requirement until the 2016-2017 school year in order to be respectful and responsive to the complexity and change inherent in new standards, new curricula, and applying test scores that may not yet be perfectly aligned with personnel decisions. **The State Superintendent should comment on the adequacy of its work in preparing teachers across Maryland in the new curriculum and what MSDE's future plans are for helping teachers adjust to these standards. The State Superintendent should discuss how the evaluations will be implemented between now and 2016-2017.**

Recommended Actions

1. Add language restricting funds for the purpose of incentive payments to the State Superintendent to that purpose.
2. Add language restricting funds for the purpose of incentive payments until a report is submitted identifying performance goal baseline data.
3. Add language expressing legislative intent that no loaned educator be engaged for more than six years and requesting a report.

Updates

MSDE Reorganization: In the 2013 legislative session, the General Assembly added budget language requesting a report on MSDE’s restructuring plans to better fulfill its mission to provide leadership, support, and accountability for effective systems of public education. MSDE’s reorganization reconstituted 3 deputy superintendent roles into roles more suited for a performance oriented organization, repurposed 5 existing assistant superintendent positions into 3 redefined division director roles, and established 3 “innovation officers” to spur innovation and ensure better coordination across divisions.

Loaned Educators Decline to 12 in Fiscal 2015: In the 2010 legislative session, the General Assembly added budget language addressing several concerns about the loaned educator program. Use of the program has declined. The fiscal 2009 budget included 67 educators, while the 2015 allowance includes 12.

Transfer of Education Programs at Juvenile Services Youth Facilities: As of January 2014, MSDE offers education programs for youth at 14 DJS facilities. In the fiscal 2014 working appropriation, MSDE has 172 regular positions and 5 FTE contractual positions associated with the Juvenile Services Education Program. That number has remained the same in the fiscal 2015 allowance. This effectively fulfills the budgetary requirement to have MSDE provide education services in all DJS facilities.

Superintendent Incentive Payments Not Awarded in Fiscal 2014: In the 2013 legislative session, the General Assembly added budget language to restrict funds made for the purpose of Superintendent incentive payments, pending a report by MSDE identifying baseline data for the State Superintendent’s performance goals. The State Board of Education voted unanimously not to expend the \$50,000 appropriation made for the purpose of the incentive payments in fiscal 2014 and will amend the current contract. The contract will be amended to bring performance goals into alignment with the accountability measures set forth in the ESEA Flexibility Waiver and MSDE Strategic Plan.

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Operating Budget Analysis

Program Description

Providing a free, public education is a constitutional obligation of the State. The Maryland State Department of Education (MSDE) strives to provide leadership, support, and accountability for effective public education systems, including juvenile correctional education and career readiness. The agency also oversees rehabilitation services and library services for all Marylanders.

The State plays an important role in public education by setting uniform standards for schools and students. The State Board of Education (State board) adopted the Maryland College and Career Ready Standards (MCCRS) in English Language Arts/literacy and mathematics in June 2010, which form the foundation for Maryland's new State curriculum. The new State curriculum is being fully implemented in all Maryland schools in the 2013-2014 school year. The agency uses assessments to hold schools and students accountable for achievement of the State standards.

MSDE helps ensure that educators have the skills necessary to improve student achievement. The agency handles certification of teachers, principals, and other professional school personnel. Training programs are offered to principals, and the agency evaluates and approves higher education programs that educate and prepare teachers and other certified school personnel.

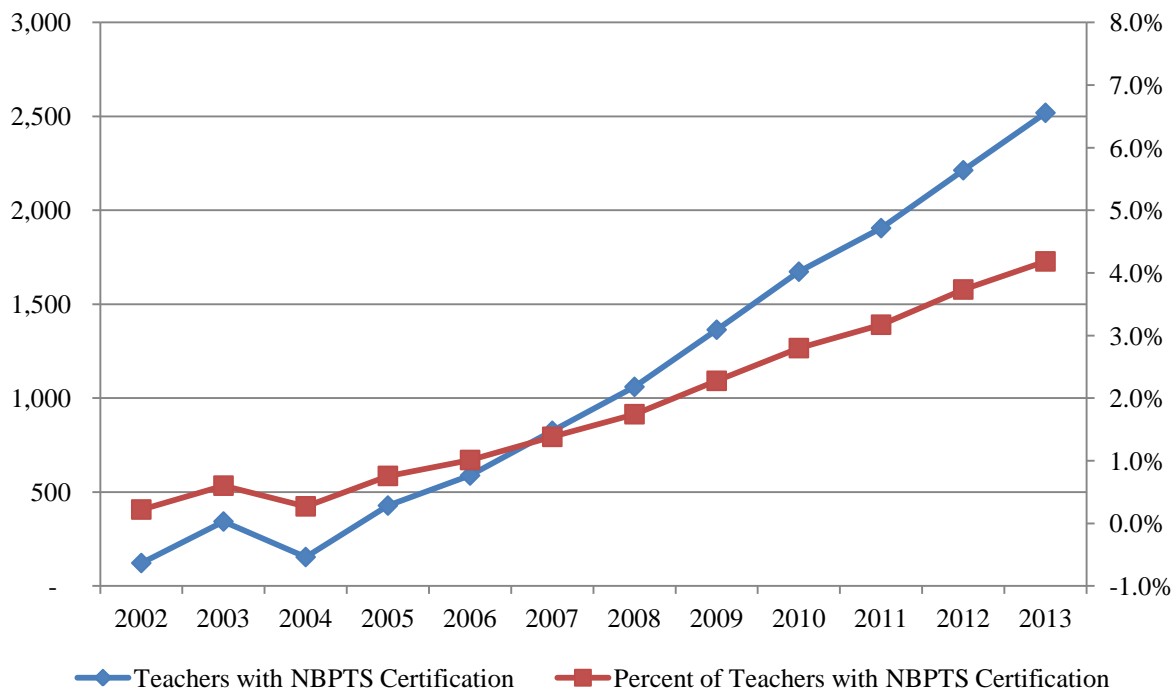
MSDE includes the Office of the State Superintendent; the Division of Business Services; the Division of Academic Reform and Innovation; the Division of Accountability, Assessment, and Data Systems; the Office of Information Technology (IT); Major IT Development Projects; the Division of Early Childhood Development; the Division of Instruction; the Division of Student, Family, and School Support; the Division of Special Education/Early Intervention Services; the Division of Career and College Readiness; Juvenile Services Education Program (JSE); the Division of Certification and Accreditation; the Division of Library Development and Services (DLDS); and the Division of Rehabilitation Services (DORS). Funding for the Home and Community Based Waiver for Children with Autism Spectrum Disorder is no longer part of the MSDE Headquarters budget and has moved to the Aid to Education budget. Note that a separate analysis on Early Childhood Development (R00A99) discusses the Division of Early Childhood Development.

Performance Analysis: Managing for Results

1. National Board Certification Continues to Increase; Principal Training Remains 100%

MSDE has a goal of helping all educators gain the necessary skills to improve student achievement. The number of teachers with National Board Certification increased 13.8%, to 2,519, in the 2013 academic year, as shown in **Exhibit 1**. The number of teachers with National Board Certification has increased steadily since 2001, when only 69 teachers had such certification. In 1999, the Maryland General Assembly established a program of State and local aid to pay the assessment fee for public school teachers seeking National Board Certification, which sunsets after fiscal 2013. In addition, the State matches local stipends provided to teachers achieving National Board Certification up to \$2,000. Teacher Quality Incentives are further discussed in the Aid to Education analysis.

Exhibit 1
Teachers with NBPTS Certification
Fiscal 2002-2013

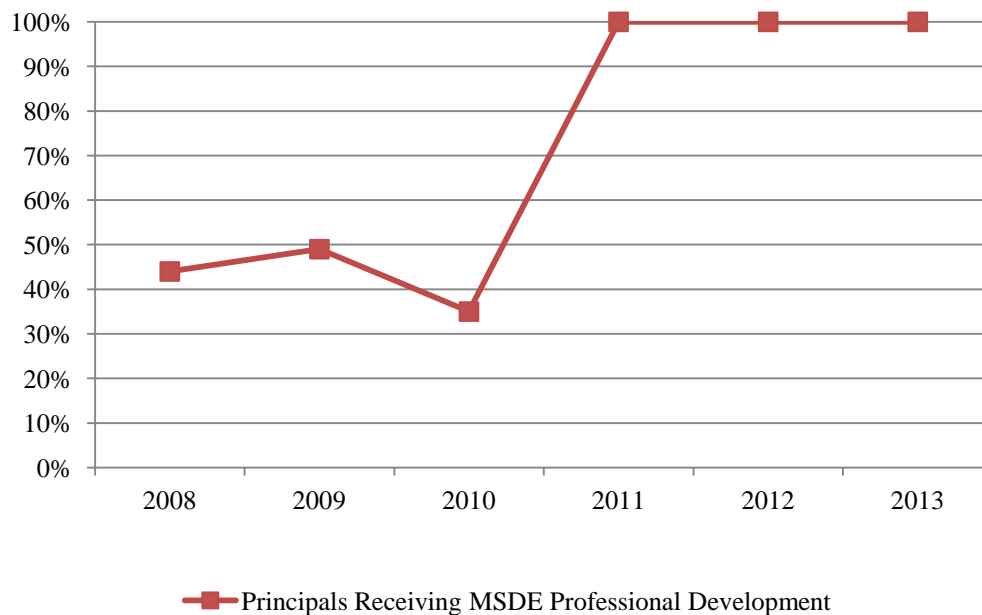


NBPTS: National Board for Professional Teaching Standards

Source: Maryland State Department of Education

Another objective is to provide training to 100% of the State’s 1,435 principals. **Exhibit 2** shows that the agency provided training to 100% of principals in fiscal 2013, as it did in 2011 and 2012. This rate represents an increase over historic levels, as only 40% of principals received training, on average, between 2006 and 2010. MSDE attributes the increase in the principal training rate to the introduction of Educator Effectiveness Academies, which began in summer 2011 and will continue through 2014. Educator Effectiveness Academies are supported by the Race to the Top (RTTT) grant and offer statewide training for educator teams, including principals. MSDE also offers principal training through the Academy for School Turnaround for principals of the State’s lowest achieving schools. The Academy for School Turnaround was part of a RTTT initiative that will end in 2014. MSDE will provide training for principals as part of the Summer Conference 2014 for teachers and educators. With the end of RTTT grants in 2014, MSDE has started discussions to make plans for principal professional development opportunities beyond summer 2014. **The State Superintendent should discuss plans to continue Educator Effectiveness Academies and other successful RTTT initiatives.**

Exhibit 2
Principals Receiving MSDE Professional Development
Fiscal 2008-2013



MSDE: Maryland State Department of Education

Source: Governor’s Budget Books, Fiscal 2009 - 2014

2. Percentage of Students Demonstrating Reading and Math Gains Increases in the Juvenile Services Education Program

In fiscal 2005, MSDE began to operate educational programs for youth in Department of Juvenile Services (DJS) facilities. As of July 1, 2013, MSDE operates programs at all 14 sites. The agency served more than 5,000 youth in fiscal 2013. Of the 14 sites that MSDE operated in fiscal 2013, 7 are treatment facilities for committed youth, and 7 are detention sites. The average length of stay is 15 to 20 days in detention sites and six to nine months for treatment facilities. Assessments for reading and math are administered only after 30 days of instruction. As a result, while more students were served, fewer students were available to be assessed for improvements in mathematics and reading achievement levels in fiscal 2013 than in fiscal 2012. Juvenile services will be further discussed in Update 3.

Exhibit 3 shows that overall outcomes are increasing for students in these programs who are able to be assessed. The percent of students completing an MSDE Career Technology Module decreased slightly to 23.1% in the 2013 fiscal year from 28.2% in the 2012 fiscal year. The percentage of students demonstrating reading or math gains increased from 50 to 58% in reading and from 54 to 57% in math for the 2013 fiscal year. The proportion of students earning a general education diploma (GED) of those attempting increased from 48.2% in fiscal 2012 to 60% in 2013. **The State Superintendent should comment on MSDE's role in improving educational outcomes for youth at DJS facilities.**

Exhibit 3 Juvenile Services Education Fiscal 2012-2013

	<u>2012</u>	<u>2013</u>
Juvenile Services Education Programs Operated by the Maryland State Department of Education (MSDE)	7	14*
Students Served Per Year by MSDE	3,855	5,064
Students Completing an MSDE Career Technology Module	28.2%	23.1%
Students Demonstrating Reading Gains	50.0%	58.0%
Students Demonstrating Math Gains	54.0%	57.0%
Students Earning a General Education Diploma	48.2%	60%

*The four Western Maryland Youth Centers were assumed June 26, 2013. Data collection for the four Youth Centers started July 1, 2013.

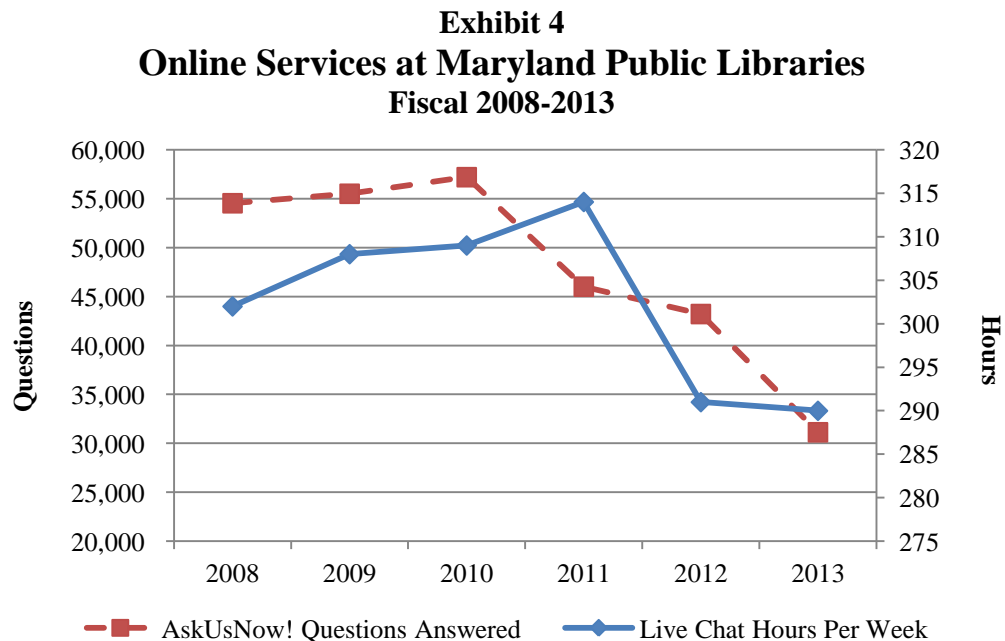
Notes: Reading and math academic gains represent pre- and post-test scores that demonstrate a minimum of two months of growth for every 30 days of enrollment of those students tested. Percent of students earning a general education diploma of those tested.

Source: Governor's Budget Books, Fiscal 2013-2015; Maryland State Department of Education

3. Trends in Online Services at Maryland Public Libraries Decline

Maryland has more than 180 branch libraries and 3 regional libraries. DLDS administers State and federal programs to improve library services, including a State capital grant program established by Chapter 494 of 2006. State regional libraries provide support to the public libraries in southern, western, and eastern Maryland. The State Library Resource Center is located at the central Enoch Pratt Free Library in Baltimore and provides specialized materials and services not available at local libraries. The division also coordinates SAILOR, the State's online information network, providing Internet access to Maryland libraries, schools, and governments.

DLDS strives to link libraries electronically with information services to provide equitable access to resources. **Exhibit 4** shows trends in online services at Maryland public libraries. Since fiscal 2008, the number of live chat hours provided per week by Maryland public libraries has fluctuated, declining from 315 in fiscal 2011 to 290 in fiscal 2013. MSDE reports that this decrease is due to decreased marketing opportunities due to budget constraints. Additionally, the part-time coordinator for the AskUsNow! online service left the position in April 2013, which remains vacant indefinitely due to sequestration-driven budget reductions. Questions answered through AskUsNow! decreased 32.3% between fiscal 2011 and 2013, from 46,013 to 31,143, following the trend of declines in the last three years, as shown in Exhibit 4.



Source: Governor's Budget Books, Fiscal 2009-2014

Effective January 2014, MSDE transferred management of the program to the State Library Resource Center. This reorganization allows MSDE to use the statewide resources already in place for widespread dissemination of information about the program. In particular, staff are in the process of identifying partnerships with both public and private schools, as middle and high school students are the primary users of the service. MSDE has increased partnerships in order to bring AskUsNow! services to more people. In fiscal 2013, Towson University became a partner library, which brings the AskUsNow! service to a student body of over 20,000. Maryland Nonprofits also became an AskUsNow! partner in fiscal 2013 to provide assistance to over 1,300 members in Maryland.

The division also operates the Maryland State Library for the Blind and Physically Handicapped, which provides services to more than 9,000 Marylanders each year. More than 396 outreach programs were presented in fiscal 2013 to promote these services, and more than 4,500 people attended the fiscal 2013 programs.

4. Employment Success Rates Among Rehabilitation Clients Fluctuates

DORS provides vocational rehabilitation services and determines eligibility for federal disability benefits. The division includes Headquarters, Client Services, the Workforce and Technology Center, Disability Determination Services, and Blindness and Vision Services. The goal of the client services program is to provide vocational rehabilitation to disabled individuals so they may achieve economic self-sufficiency through employment. Clients can access services at 23 field offices throughout the State or at the Workforce and Technology Center in Baltimore, which offers a wide range of job skill training and academic courses beyond what is offered at the field offices. As shown in **Exhibit 5**, the employment success rate fluctuates significantly from year to year but has averaged 62% since fiscal 2008.

The DORS disability determination unit adjudicates claims for Social Security Disability Insurance and Supplemental Security Income based on medical evidence, vocational factors, and the rules of the Social Security Administration. The number of claims decreased 7.1% in fiscal 2013, to 72,279. Though processing times have declined since fiscal 2010, they remain higher than they were prior to fiscal 2009. Despite the rise in claims, accuracy rates have increased since fiscal 2008, from 98.2 to 99.5% in fiscal 2013.

Exhibit 5
DORs Employment Success Rate
Fiscal 2008-2013



DORS: Division of Rehabilitation Services

Source: Maryland State Department of Education; Governor's Budget Books, Fiscal 2010-2015

Fiscal 2014 Actions

Proposed Deficiencies

Proposed fiscal 2014 general fund deficiencies total \$14.9 million. Deficiencies for assessment contracts total \$14.5 million. In addition, \$400,000 is provided for the mandated Bridge to Excellence (BTE) Adequacy Study which must be under contract by June 30, 2014, and completed by December 1, 2016. The fiscal 2015 allowance also includes \$400,000 for the study, bringing a total of \$800,000 available for the first year of the study.

Cost Containment

There are three across-the-board withdrawn appropriations that offset the increase in deficiency appropriations in fiscal 2014. These include reductions to employee/retiree health insurance, funding for a new Statewide Personnel IT system, and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management (DBM) – Personnel, the Department of Information Technology, and the State Retirement Agency (SRA), respectively. For MSDE, these total \$1,084,024 in general funds. In addition, \$456,000 is reduced in contractual services, grants, and postage within the Division of Accountability, Assessment, and Data Systems and \$90,000 for contractual services within the Division of Instruction. In DORS, there is an overall cost containment action of \$100,000. General funds decrease by \$303,702 for contractual services, partially offset by an increase in federal funds of \$203,702 to fund 2 positions, which brings the overall cost containment action to \$100,000.

Proposed Budget

The fiscal 2015 allowance is \$114.5 million, or 32.6%, less than the fiscal 2014 working appropriation. **Exhibit 6** shows the changes by fund as well as key increases and decreases. When fiscal 2014 deficiencies are included, the fiscal 2015 budget decreases by \$99.6 million, or 28.3%.

Exhibit 6 Proposed Budget MSDE – Headquarters (\$ 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>
2014 Working Appropriation	\$86,287	\$7,975	\$253,345	\$3,171	\$350,778
2015 Allowance	<u>79,711</u>	<u>7,384</u>	<u>146,710</u>	<u>2,452</u>	<u>236,258</u>
Amount Change	-\$6,576	-\$591	-\$106,635	-\$719	-\$114,520
Percent Change	-7.6%	-7.4%	-42.1%	-22.7%	-32.6%

Where It Goes:

Personnel Expenses

New positions.....	\$1,062
Increments and other compensation.....	-930
Annualized fiscal 2014 cost-of-living adjustment and increments	3,097
Position reclassifications	298
Employee and retiree health insurance.....	-1,626
State contribution to employee retirement	499
Workers' compensation premium assessment	216
Turnover adjustments.....	-201
Other fringe benefit adjustments	97

Other Changes

Loss of one-time Partnership for Assessment of Readiness for College and Careers fiscal agent funds	-91,300
Children with Autism Waiver Program moved to Aid to Education budget	-12,044
Race to the Top (RTTT) contractual full-time equivalent reductions	-3,597
RTTT data processing reduction	-2,026
RTTT federal grants reduction	-7,000
Division of Rehabilitative Services Case Service Budget.....	-1,886
Loaned educator reduction	-1,856
Reduction in amount budgeted for assessments.....	-714

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Where It Goes:

Travel, equipment, and other expenses	-1,476
Division of Special Education/Early Intervention Services contract increases.....	4,068
Security services contract for Timonium Disability Office	184
RTTT sustainability of RTTT funding – software licensing.....	467
Telecommunication changes.....	148
Total	-\$114,520

Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

Cost Containment

There is one across-the-board reduction and one contingent reduction reflected in the Governor's spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of DBM – Personnel and SRA. These total \$1.4 million across all funds.

Personnel Changes

Overall, personnel expenditures increase by \$2.5 million in the fiscal 2015 allowance. Of this increase, \$1.1 million is attributable to new positions related to the sustainability of RTTT projects as contracted development ends. This support equals the 10.3 new positions in the MSDE Headquarters budget this year. The greatest growth comes from the annualization of the fiscal 2014 cost-of-living adjustment (COLA) and salary increment adjustments. Employee and retiree health insurance costs are the most significant decrease, at \$1.6 million, while salary increments and other compensation not related to the fiscal 2014 COLA annualization are also decreasing by \$930,523.

Other Changes

The most significant difference between the fiscal 2014 working appropriation and the fiscal 2015 allowance is driven by the loss of a one-time increase of \$91 million for Maryland to become the new Partnership for Assessment of Readiness for College and Careers (PARCC) fiscal agent. Florida decided to step down from the position, and Maryland took over as fiscal agent as of January 1, 2014. MSDE used the grant to create 5 new contractual positions to coordinate disbursing the grant money to the other PARCC Consortium states.

Another large decrease is the transfer of the Home and Community Based Services Waiver for Children with Autism program to the MSDE Aid to Education budget. There is a \$12 million decrease in the fiscal 2015 allowance in the MSDE Headquarters budget, but the funds are in the MSDE Aid to Education budget.

There is a reduction of \$1.9 million in the fiscal 2015 allowance in loaned educator costs, as MSDE has reduced loaned educators from 21 to 12 for the upcoming fiscal year. The reduction is due to the conversion of several loaned educators to permanent positions or the retirement of loaned educators. The 12 loaned educators will cost the State \$1.5 million. There is a reduction of \$1.9 million for the DORS Case Service budget, which returns funding to maintenance of effort levels.

RTTT Changes

With the reduction of 48 contractual full-time equivalents (FTE) for fiscal 2015, the allowance decreases by \$3.6 million in funds used to support the positions. RTTT is set to be wrapping up by September 2014 for most projects. With the end of RTTT funding, the fiscal 2015 allowance is also decreasing by \$2.0 million in data processing costs and \$7.0 million in overall RTTT contracts as compared to the fiscal 2014 working appropriation. However, the allowance also includes an increase of \$467,146 in general funds to support software licensing fees as MSDE moves forward with sustaining RTTT projects into the future. This is discussed further in Issue 2.

Division of Special Education and Early Intervention Services

The Division of Special Education and Early Intervention Services budget is increasing by \$4.1 million. The potential impact of sequestration on fiscal 2015 Local Education Agency (LEA) federal Individuals with Disabilities Education Act (IDEA) Part B and IDEA Part B – Preschool budgets was a concern for MSDE. Fiscal 2013 carry-over funds helped mitigate the sequester's impact on fiscal 2014 LEA operations, but fiscal 2014 carry-over funds were not expected to be available in fiscal 2015.

To address this potential problem in the fiscal 2015 budget, MSDE shifted some discretionary IDEA funding previously budgeted in the Aid to Education budget to the Division of Special Education/Early Intervention Services budget. The concept was that if necessary, these funds could be sub-granted in whole or part, by the MSDE program office to mitigate the most severe LEA losses in formula IDEA funding due to sequestration. The federal laws governing these programs allow state educational agencies, such as MSDE, the latitude to use discretionary IDEA funds in this manner. There is no fiscal 2015 sequester, but MSDE advises that the additional IDEA funds will remain in the division to support IDEA Part B and Preschool operations.

Anticipated Deficiency Appropriations Continue for Assessments

Assessment contract amounts change many times throughout the fiscal year as MSDE works with vendors on deliverable modifications, which can change when invoices are due. Sometimes contracts are amended, which changes the amount owed. In the past, MSDE has encumbered millions of dollars at the end of the fiscal year to cover some of the expected assessment expenses in the coming year, requiring the State to hold general funds in accounts longer than necessary. Fiscal 2012 was the first year in which MSDE had no encumbrances to support assessments. Instead, assessments are now funded on a cash flow basis, with initial funding provided in the Governor's

allowance, and additional funds provided through a deficiency appropriation when the total cost of assessments for the fiscal year is better known. This practice results in large deficiencies to provide adequate resources to support assessments. As a consequence, the fiscal 2015 allowance is not a true reflection of the resources required to support MSDE Headquarters. **Exhibit 7** shows assessment contract expenditures between fiscal 2013 and 2015. The fiscal 2014 budget included \$29.9 million to support assessments, and a \$14.5 million deficiency is proposed, for a total of \$44.3 million, compared to a total of \$47.1 million in fiscal 2013. Fiscal 2014 is the last year the Maryland school assessments and some high school assessments will be given. The first full administration of the new PARCC assessments aligned with the MCCRS will be in the 2014-2015 school year. This is discussed further in Issue 1.

Exhibit 7
Assessment Contracts
Fiscal 2013-2015
(\$ in thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Assessment Contracts Appropriation	\$29,853	\$29,812	\$29,098
Deficiency	17,270	14,472	n/a
Total Working Appropriation	\$47,123	\$44,284	\$29,098

Note: The fiscal 2013 deficiency appropriation of \$20.9 million was reduced by \$3.6 million in reverted funds that were not needed.

Source: Maryland State Department of Education

The fiscal 2015 allowance includes \$29.1 million in general funds to support assessments in the upcoming year. MSDE has provided a preliminary estimate based on the publicly announced PARCC cost per student indicating that at least \$18.6 million will be needed for the PARCC summative (end of course) assessments in fiscal 2015. In addition, the HSA in science will continue until the next generation science assessments are developed, and the government HSA will continue as it is required by State law. As a result, the additional required funds for fiscal 2015 is unknown. **The State Superintendent should comment on why the original appropriation for assessments has significantly understated the actual costs in recent years and should provide an estimate of the total assessment costs that will be required in fiscal 2015.**

Issues

1. Common Core and Elementary and Secondary Education Act Waiver Request

In 2009, President Barack H. Obama established the federal RTTT competitive grant program to encourage states to adopt specific educational reforms, including adopting the Common Core State Standards (CCSS), administering new assessments aligned with CCSS, and tying teacher and principal evaluations to performance and specifically student growth on the new assessments. Maryland was one of 12 states that applied and was awarded a grant; the State received \$250 million in August 2010. As the states have moved to implement RTTT initiatives, the U.S. Department of Education (USDE) offered states flexibility from the No Child Left Behind (NCLB) requirement that 100% of students achieve proficiency by 2014, which no state has been able to meet.

NCLB is the most recent reauthorization of Elementary and Secondary Education Act of 1965 (ESEA), which has not been reauthorized since 2001. USDE incorporated many of the RTTT requirements into the ESEA Flexibility Waivers and continues to use the waivers as a tool to encourage states to implement reforms in exchange for federal education funding. Although they are not federal requirements, linking federal funding to the implementation of reforms like CCSS and new assessments has raised concerns around the country that local control of education is being lost to the federal government and/or philanthropic foundations and replaced by standardization. In Maryland, implementation of a new State curriculum based on CCSS and new assessments has gone relatively smoothly but has not been without its challenges.

The Common Core State Standards

CCSS were created through a state-level initiative coordinated by the National Governors Association and the Council of Chief State School Officers in collaboration with education stakeholders from across the country. Forty-five states have adopted CCSS, which are a set of academic standards in two subject areas, English/language arts (ELA) and mathematics, that define the knowledge and skills all students should master by the end of each grade level.

The standards require students and teachers to focus on fewer topics and concepts while emphasizing depth, detail, and critical thinking skills. Maryland adopted CCSS in June 2010 and has since worked to design a State curriculum, the MCCRS, which aligns with the standards. MCCRS is being fully implemented statewide in the 2013-2014 school year.

Partnership for Assessment of Readiness for College and Careers

MCCRS will require a new assessment system that can measure the content and skills found in the curriculum. RTTT funding was awarded to two state-run consortiums to develop new assessments aligned with CCSS. In spring 2010, Maryland joined PARCC, a consortium of 12 states working to develop a common set of assessments aligned to CCSS for ELA and mathematics. As of

January 1, 2014, Maryland was asked to manage the federal grant for the PARCC consortium and serve as its fiscal agent in place of Florida. The State received a \$91.3 million grant to be the fiscal agent of PARCC, most of which will be grants to other states.

The PARCC assessments will measure student progress and track status on a trajectory toward college and career readiness. The goal for the assessments is to be entirely computer-based by the 2016-2017 school year in order to provide more timely feedback to educators so as to target or improve instruction during the instructional year. The assessments will have two parts – a mid-year performance-based assessment and an end-of-year assessment.

According to MSDE, field testing of the PARCC assessments, which are intended to replace the Maryland School Assessment (MSA) and most of the High School Assessments (HSA), will take place in spring 2014 in PARCC states. Maryland is the only state that will field test PARCC in nearly every school. The PARCC field test will include both paper-based and computer-based assessments; however, the field test will only include the midyear performance-based assessment. Full implementation of PARCC is planned for the 2014-2015 school year, although the schedule for phasing out HSAs is still under development.

Challenges with Implementing MCCRS and Transitioning to PARCC

The transition to PARCC is not without challenge. Maryland has requested an amendment to its ESEA Flexibility Waiver to allow the PARCC field test to meet the federal requirement that all students be assessed annually in grades 3 through 8 and high school in specific subjects. Otherwise, students participating in the PARCC field test would also have to take the MSA in spring 2014, which would result in double testing of those students. MSDE anticipates that, with a few exceptions, one classroom in each elementary and middle school will take PARCC in reading or math and the MSA in the other area; one class in each high school will take PARCC in a non-HSA reading or math course.

The full cost to administer PARCC is still unknown. In July 2013, PARCC announced that the summative math and reading tests would cost \$29.50 per student. This is a little less than the \$32 per student Maryland currently spends on assessments, but it does not reflect several other formative tests PARCC is developing that Maryland may select or the technology infrastructure required in every school to handle the capacity and network requirements to administer the computer-based assessments.

Many schools do not have sufficient technology infrastructure to meet these requirements. In the 2013 session, the budget committees requested a report on the preparedness of local school systems to implement the new computer based assessments. MSDE has surveyed all the LEAs regarding their technology needs to be able to administer the PARCC assessments by the 2016-2017 school year. The total costs are in the \$100 million range for all LEAs to be prepared with devices, wireless networks, and other IT infrastructure upgrades. However, these costs have not been reviewed and standardized across LEAs. MSDE has contracted with Education Superhighway to compile a technology needs assessment for all LEAs. The report is not yet complete. Several states, most recently Georgia and Oklahoma, have recently left the PARCC consortium over cost concerns.

There are also long-term budget implications for maintenance and operational costs of assessment administration upon the termination of federal RTTT grant funds to the State and to PARCC. **The State Superintendent should discuss how MSDE will ensure that it meets the deadlines for implementing the PARCC tests fully online by the 2016-2017 school year while reconciling the fact that the LEAs have asked for millions of dollars in IT infrastructure upgrades in order to meet that deadline. The State Superintendent should also discuss the plan to phase out most HSAs, the new science assessments under development, and upcoming ESEA waiver requests.**

2. Race to the Top Annual Performance Report and Wrap-up

Grant Expenditures Keep Pace with Plan

Exhibit 8 shows actual and planned RTTT expenditures by project type for each year of the grant, as converted from the federal to the State fiscal year, as of January 2014. The exhibit also shows actual and planned grant expenditures as they were reported by MSDE in January 2014, based on the federal fiscal year. According to the grant year expenditure spending plan, expenditures in grant year one totaled \$8.5 million. Expenditures in grant year two totaled \$16.4 million which, due to the conversion from federal to State fiscal years, includes only nine months of data. Actual expenditures in grant year three, reported in January 2014, total \$60.4 million and represent 48% of the grant total. Most of the funds have been expended in grant year three. Grant year four aligns to what the State planned in January 2012. It is budgeted to include \$39.6 million and last 15 months as project activities wind down. MSDE reports that all RTTT funds will be used by September 30, 2014.

Exhibit 8
State Race to the Top Funds by Project Type
Converting Grant Management to State Fiscal Year
(\$ in Thousands)

	<u>Projects</u>	<u>FTE Staff</u>	<u>12 Months Grant Year 1 Actual</u>	<u>9 Months Grant Year 2 Actual</u>	<u>12 Months Grant Year 3 Actual</u>	<u>15 Months Grant Year 4 Working</u>	<u>Total Funding</u>
Data Systems to Support Instruction	20	6.0	\$3,660	\$7,204	\$26,873	\$10,578	\$48,314
Great Teachers and Leaders	16	9.4	3,100	3,986	17,724	13,239	38,050
Development of Standards and Assessments	5	22.0	686	1,836	5,897	10,282	18,701
Turning Around the Lowest-achieving Schools	9	20.0	799	1,763	3,182	2,788	8,531
Program Evaluation and Admin.	2	7.0	187	529	4,279	2,470	7,465
Charter Schools	1	1.0	89	932	2,124	247	3,393
Statewide Centralized Student Transcript System	1	0.0	0	187	332	0	519
Total January 2014	54	65.4	\$8,521	\$16,437	\$60,411	\$39,604	\$124,973
<i>Total Planned as of January 2012</i>			<i>\$8,286</i>	<i>\$43,924</i>	<i>\$33,358</i>	<i>\$39,432</i>	<i>\$125,000</i>

FTE: full-time equivalent

Note: References to fiscal year have been removed as the data does not correspond to fiscal year across all grant years. This data represents the current, approved budget and excludes amendments currently pending with U.S. Department of Education.

Source: Maryland State Department of Education

Race to the Top Projects Overview

Appendix 7 displays all 54 RTTT projects of the last four years. All RTTT projects were estimated to be completed by September 30, 2014. Although MSDE reports that all RTTT funds will be expended by September 30, 2014, MSDE has requested no-cost extensions for 21 projects from

USDE, as they might miss the completion deadline of September 2014 due to delays or because they are being enhanced.

Of the 54 projects:

- 35 of the projects are on-track to be completed by the deadline;
- 6 are slightly off-track;
- 5 are off-track; and
- 8 are closed and complete.

The five off-track projects are all IT-based:

- *Project 10-28 (Multi-media Training)* – needs a developer position to be filled. Once the position is filled, the developer will complete the modules for Waves 2, 3, and 4;
- *Project 17-32 (Implement a Test Item Bank System);*
- *Project 18-33 (Implement a Computer Adaptive Test Delivery System);*
- *Project 19-34 (Complete an Item Load and Set Up for the Item Bank and CAT System and Adaptive Testing Units for High Schools);* and
- *Project 20-35 (Multi-media Training)* – A revised solution is being planned to address the four projects listed above. A new project manager and executive sponsor have been assigned to the projects. Collaborative work is being conducted to present USDE with a revised solution.

The State Superintendent should comment on RTTT progress to date and on the use of State resources beyond the grant period to complete or sustain RTTT project activities. The State Superintendent should also discuss the major impacts the RTTT projects have had in improving Maryland education and school systems, the timeline for completion of the off-track projects, reasons for the delays for the 21 no-cost extension projects, how all of the remaining funds can be spent by the September 30 deadline in light of the delays, and how MSDE plans to use the work done by the RTTT projects in the future.

3. College and Career Readiness and College Completion Act of 2013

Comprehensive legislation was enacted in 2013 to better prepare Maryland students for college and careers. Chapter 533 (Senate Bill 740), the College and Career Readiness and College Completion Act of 2013, also codified the State goal that by 2025, at least 55% of the State's residents ages 25 to 64 will hold at least an associate's degree and made significant strides toward achieving the goal. A coordinated effort aligned along the P-20 continuum (prekindergarten, primary, secondary, and postsecondary education; college completion; and career attainment) will be necessary to achieve the Act's purposes. The preparation of students to succeed in college and career includes, among other things, the alignment of curricular requirements in high school with college and career expectations, including requiring four years of mathematics; the availability and accessibility of college-level courses to high school students; the facilitation of credit transfer between community colleges and four-year institutions of higher education; and the encouragement of students who nearly completed their degrees to return to institutions of higher education.

Requiring Four Years of Mathematics

Beginning with the ninth grade class of 2014, the Act requires each student to enroll in a mathematics course during each year that the student attends high school. It is the goal that all students achieve mathematics competency in at least Algebra II by the time they graduate. These courses may include math-related career and technology program courses or credit-bearing mathematics transition courses as discussed below, but a transition course may not fulfill the mathematics requirement to the exclusion of other credit-bearing courses that are required for graduation.

On October 30, 2013, MSDE presented to the State board draft emergency regulations that would align mathematics curricular requirements with the requirements of MCCRS and the College and Career Readiness and College Completion Act. The draft regulations create grade bands for prekindergarten through grade 5, grade 6 through grade 8, and high school, and include enumerated domains and coursework. High school coursework may include Algebra II, Pre-Calculus, Discrete Mathematics, Linear Algebra, Probability and Statistics, Computer Science, and Calculus. The State board voted to move forward with the publication of the regulations at its December 2013 meeting.

Transition Courses

As part of aligning the curricular requirements of high school with college and career expectations, the Act requires that, beginning with the 2015-2016 school year, all students must be assessed using acceptable college placement cut scores no later than grade 11 to determine whether they are college and career ready specifically relating to ELA, literacy, and mathematics. By the 2016-2017 school year, transition courses or other instructional opportunities must be delivered to students in grade 12 who have been found not to be college and career ready.

Before implementation of these transition course requirements, MSDE, in collaboration with county boards of education, the Maryland Higher Education Commission (MHEC), and other interested stakeholders, must study these types of courses and report its findings. The intent of the

study is to ensure that transition courses align with the MCCRS curriculum; to determine whether these courses should be credit-bearing and considered to meet requirements for graduation; to identify the appropriate assessment to be used to determine college and career readiness; and to address how college and career readiness will be reflected on a high school transcript.

Over the course of the late summer and early fall 2013, representatives from the secondary and postsecondary education sectors have worked on this study. In July 2013, a team of high school educators attended the Southern Regional Education Board (SREB) training regarding transition courses that have been developed by SREB. Since then, surveys have been sent to local school systems and community colleges regarding their capacity and the need to provide transition courses; representatives have attended the Educator Leader Cadre in Chicago where they worked with colleagues from Kentucky who have developed transition courses for Kentucky; and MSDE and the University System of Maryland (USM) have applied for a \$400,000 grant to the Institute for Education Sciences, the research arm of USDE, to fund a deepening of the partnership across education segments necessary for this study, as well as to enhance transition course development and implementation, particularly in mathematics. The grant would last for up to two years.

Because of the federal government shutdown, the grant announcement will not occur until May or June 2014. Work has started on the transition courses and a final plan will be ready in May or June 2014. **The State Superintendent should comment on how MSDE plans to implement transition courses for students in grade 12, the timeline for implementation of the transition courses, and how the receipt of the grant, or not, will impact the development of those transition courses.**

Dual Enrollment

In order to increase the availability and accessibility of college-level courses to high school students, the Act alters the tuition payment schedule and requirements for a student who is dually enrolled in courses in both a high school in the State and a public institution of higher education. Beginning with the fall 2013 semester, a public institution of higher education may no longer charge tuition to the student. Instead, each local school system must pay the institution a percentage of the institution's tuition based on how many courses the student takes, and the local school system may charge the student a fee to cover those costs. However, the local school system may not charge a fee to students who are eligible to receive free and reduced price meals (FRPM) and a student's ability to pay must be taken into account when setting fees.

All of the community colleges in Maryland have executed a memorandum of understanding (MOU) with the local school systems in their jurisdictions. Information provided by the Maryland Association of Community Colleges on dual enrollment agreements shows that five school systems are charging students less than authorized by the Act. Many community colleges are acting as the billing agent for the local school system and collecting fees from the parents of dually enrolled students directly, with the appropriate adjustments being made for the school system to pay for FRPM students, while maintaining the confidentiality of students' FRPM status. USM has communicated with all of its admissions directors and bursars regarding the need to examine and, in some cases, redesign the billing mechanisms so that students are not charged tuition. The Office of

the Attorney General has been assisting with the interpretation of the Act relating to dual enrollment. For example, the Attorney General's bill review letter concluded that the dual enrollment provisions of the Act do not apply to summer sessions. Additional requests for advice regarding how to treat winter sessions and online course offerings have been made.

In furtherance of dual enrollment, though not directly related to the Act, the Governor and the General Assembly created the Early College Innovation Fund to support efforts to increase access to postsecondary education while in high school. Instead of students individually deciding to dually enroll on a course-by-course basis, early and middle college programs are designed to provide students with both a high school degree and a postsecondary credential, usually 60 college credits or an associate's degree, upon high school graduation. Six partnerships between local school systems and institutions of higher education will receive a total of \$2 million in fiscal 2014 for programs that target students seeking science, technology, engineering, and math (STEM) courses of study or STEM-related career and technical education. One of these grant recipients, the Academy of Health Sciences at Prince George's Community College, which is operated in partnership with the Prince George's County Public School System and will award its students both a high school diploma and an Associate of Arts degree upon completion, reports that the dual enrollment provisions of the Act have been a boon in terms of promoting, encouraging, and guiding funding discussions relating to its dually enrolled students. **The State Superintendent should discuss the status of the Early College grant programs and MSDE's plan for expanding dual enrollment into the future.**

4. Teacher Professional Development in Preparation for MCCRS

The implementation of MCCRS has put teacher professional development at the forefront. With the new curriculum being implemented statewide, some teachers have felt that the implementation has been instituted too quickly, and they are not adequately prepared to teach to the new standards. A survey of 745 teachers conducted in November 2013 by the Maryland State Education Association (MSEA) indicated that 64.9% of the teachers surveyed did not feel adequately prepared to implement MCCRS. In addition, 86.8% of the teachers surveyed responded that there are still significant challenges to understanding and implementing MCCRS.

MSDE has taken some steps in the past few years to aid in the transition to the new curriculum. MSDE has been holding Educator Effectiveness Academies during each summer since 2010, including 11 regional academies during summer 2013. The Educator Effectiveness Academies provide professional development in the new curriculum, assessments, and teacher and principal evaluations to teams of educators from each of the State's 1,500 schools. Each school team consists of four representatives that include the principal and teachers of ELA, mathematics, and STEM (science, technology, engineering, and mathematics). Each team is required to develop a transition plan for the school to move to full implementation of MCCRS, and plans were required to be submitted to MSDE by October 2013. MSDE will deploy teams from the Division of Curriculum, Accountability, and Assessment to LEAs to develop a needs assessment and provide additional support. Information provided at the Educator Effectiveness Academies has been uploaded to MSDE's Blackboard Learn, the department's online professional content management tool, along with updated model units and lessons from mdk12.org. **The State Superintendent should comment**

on the adequacy of MSDE’s work in preparing teachers across Maryland in the new curriculum and what its future plans are for helping teachers adjust to these standards.

Teacher Evaluations and the ESEA Flexibility Waiver

A related challenge to implementing MCCRS and transitioning to PARCC involves using the student growth component, a large part of which is based on test results, in a teacher’s or principal’s evaluation. The MSEA survey found that 82.69% of the teachers surveyed responded that there are still significant challenges to understanding and implementing the new teacher evaluation systems. Maryland’s current ESEA Flexibility Waiver states that personnel decisions will be informed by the evaluation system based on student growth in the 2014-2015 school year; however, MSDE has requested a delay of this requirement until the 2016-2017 school year in order to be respectful and responsive to the complexity and change inherent in new standards, new curricula, and applying test scores that may not yet be perfectly aligned with personnel decisions. Further, MSDE states that allowing for additional time will both elevate teacher and principal confidence in MCCRS and give local school systems and the State more time to validate that component measures are performing as planned and that the combined measurements of performance correctly reflect educator performance and the concomitant professional development of each educator. **The State Superintendent should discuss how the evaluations will be implemented between now and 2016-2017.**

Recommended Actions

1. Add the following language to the general fund appropriation:

, provided that \$50,000 of this appropriation made for the purpose of incentive payments for the State Superintendent based on the attainment of specified performance goals may be expended only for that purpose. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

Explanation: The State Superintendent's contract includes incentive payments for the attainment of specified performance goals. This language restricts \$50,000 in general funds to that use only.

2. Add the following language to the general fund appropriation:

Further provided that \$50,000 of this appropriation made for the purpose of incentive payments for the State Superintendent may not be expended until the Maryland State Department of Education (MSDE) submits a report to the budget committees identifying baseline data for each performance goal. The report shall be submitted by August 1, 2013, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: The language restricts \$50,000 in general funds made for the purpose of incentive payments to the State Superintendent until MSDE submits a report identifying the baseline data for each performance goal. The report is to be submitted by August 1, 2014.

Information Request	Author	Due Date
Report on incentive payment baseline data	MSDE	August 1, 2013

3. Add the following language to the general fund appropriation:

Provided that it is the intent of the General Assembly that no individual loaned educator be engaged by the Maryland State Department of Education (MSDE) for more than 6 years. For loaned educators engaged in fiscal 2010, the time already served at MSDE may not be counted toward the 6-year limit.

Further provided that it is the intent of the General Assembly that all loaned educators submit annual financial disclosure statements, as is required by State employees in similar positions.

Further provided that MSDE shall provide an annual census report on the number of loaned educator contracts and any conversion of these personnel to regular positions to the General Assembly by December 16, 2014, and every year thereafter. The annual report shall include job function, title, salary, fund source(s) for the contract, the first year of the contract and the number of years that the loaned educator has been employed by the State, and whether the educator files a financial disclosure statement. MSDE shall also provide a report to the budget committees prior to entering into any new loaned educator contract to provide temporary assistance to the State. The budget committees shall have 45 days to review and comment from the date of receipt of any report on new contracts.

Explanation: This annual language on loaned educators expresses intent that loaned educators should not be engaged for more than six years, educators should submit annual financial disclosure reports as appropriate, and reports on the loaned educator program should be submitted. The loaned educator program at MSDE allows local employees to work for MSDE on special projects.

Information Request	Author	Due Date
Report on loaned educator contracts	MSDE	December 16, 2014, and annually thereafter

Updates

1. MSDE Reorganization

Exhibit 9 illustrates MSDE’s new organizational structure. In the 2013 legislative session, the General Assembly added budget language requesting a report on MSDE’s restructuring plans to better fulfill its mission to provide leadership, support, and accountability for effective systems of public education. The timeline for implementing restructuring for MSDE was officially planned for July 1, 2013. However, MSDE was able to implement changes ahead of schedule, primarily due to attrition and the identification of available resources. A total of 10 vacant positions were reprogrammed to achieve agency restructuring. The department realignment was cost-neutral. MSDE received a grant from the Council of Chief State School Officers (CCSSO) and has been working with CCSSO to identify efficiencies aligned to the new organization and adjust organization design and strategy accordingly.

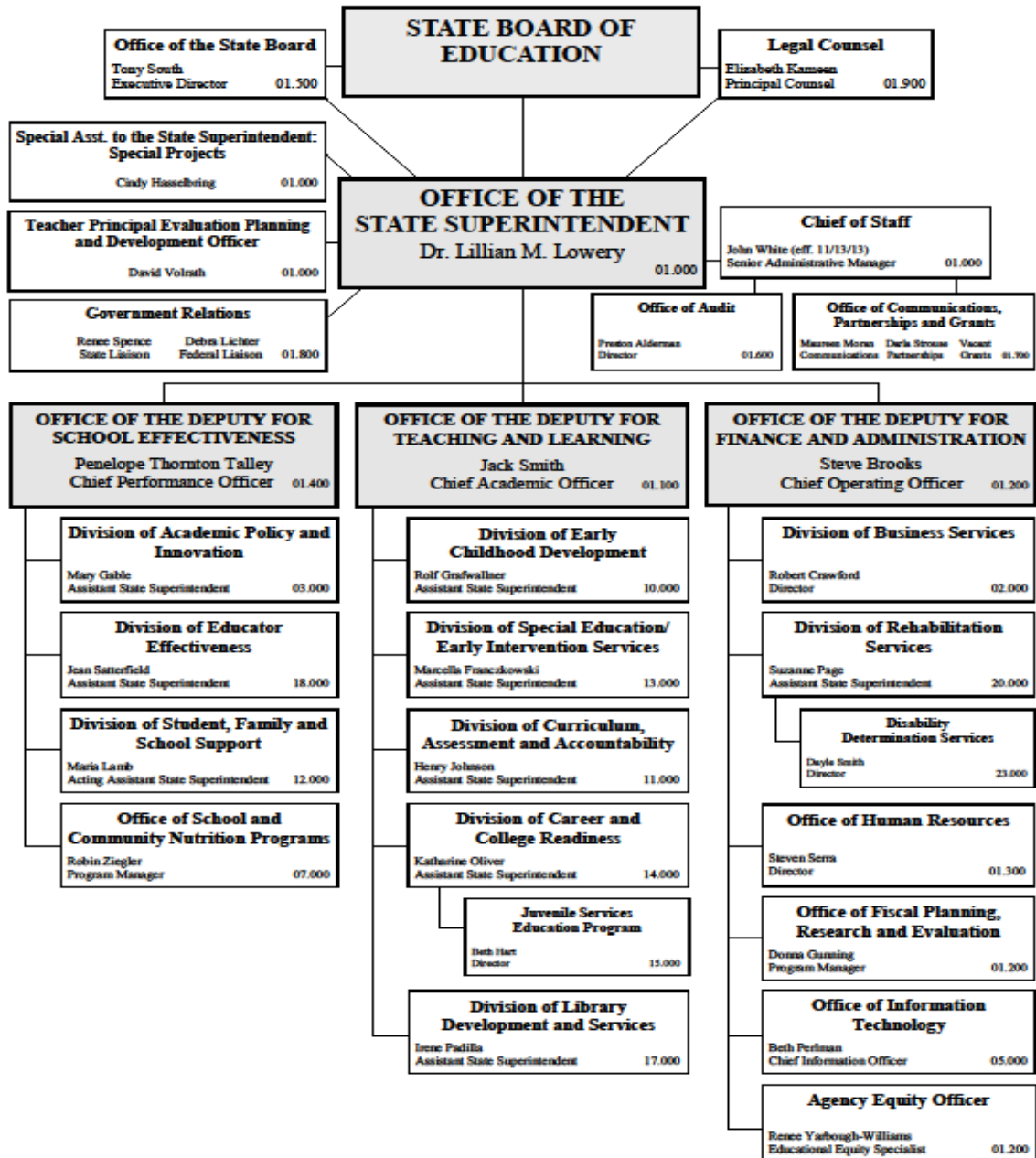
MSDE’s reorganization reconstituted 3 deputy superintendent roles into roles more suited for a performance-oriented organization, repurposed 5 existing assistant superintendent positions into 3 redefined division director roles, and established 3 “innovation officers” to spur innovation and ensure better coordination across divisions. The reorganization also created the Office of School and Community Nutrition Programs, which was broken off of the Division of Business Services in fiscal 2014. The new changes in roles are highlighted below.

Repurposed Roles

- Deputy Superintendent for School Effectiveness changed to Chief Performance Officer;
- Deputy Superintendent for Finance and Administration changed to Chief Operating Officer;
- Deputy Superintendent for Teaching and Learning changed to Chief Academic Officer;
- Assistant Superintendent, Division of Academic Policy and Innovation;
- Assistant Superintendent, Division of Curriculum, Assessment and Accountability; and
- Assistant Superintendent, Division of Educator Effectiveness.

Exhibit 9
Maryland State Department of Education Organizational Chart

MARYLAND STATE DEPARTMENT OF EDUCATION



Source: Maryland State Department of Education

Innovation Officers

- **Special Assistant to the State Superintendent** – this position serves the Superintendent in addressing special projects, most significantly as MSDE’s Digital/STEM Officer.
- **Breakthrough Officer** – this position analyzes low-performing schools and identifies changes needed to improve educational outcomes.
- **Teacher/Principal Evaluation Planning and Development Officer** – this position is specifically charged with providing leadership to the development of the Teacher/Principal Evaluation System and support to the 24 Local Education Agencies (LEAs) in the full implementation of the Teacher/Principal Evaluation in the 2013 -2014 academic year.

2. Loaned Educators Decline to 12 in Fiscal 2015

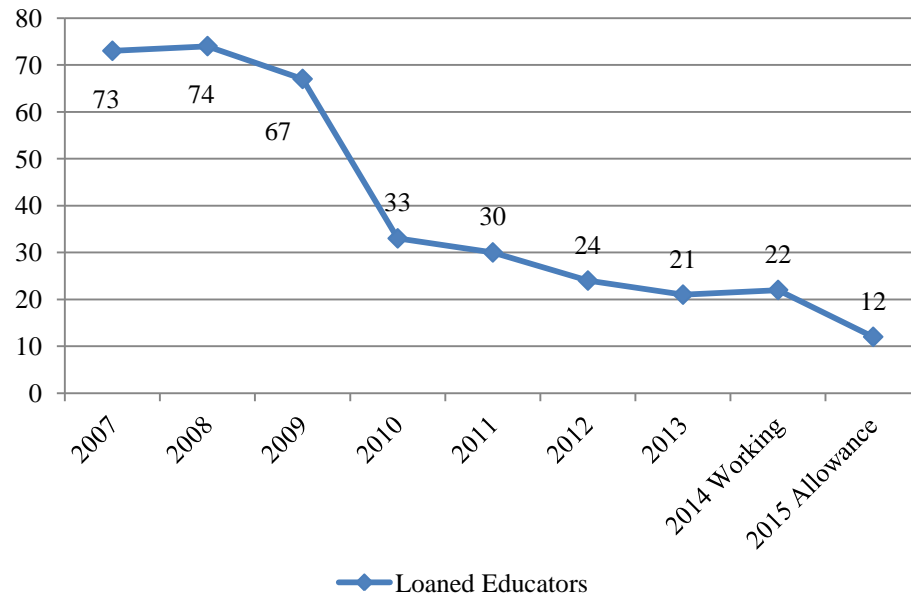
The Loaned Educator program at MSDE allows local school systems to enter into a contract with the State so that a local school system employee may work for MSDE for a finite period of time. The benefit to the State is that these employees bring local knowledge to special projects, and school systems benefit when their employees return with in-depth knowledge of State-level policies and processes.

To use loaned educators, MSDE executes annual contracts with local school systems, and MSDE reimburses the system for the educators’ salaries and certain fringe benefits. MSDE has long used loaned educators, but an August 2009 report by legislative auditors articulated a number of concerns about the program, including the practice of contracting with educators for many years rather than using them for short-term projects, paying them more than State employees in similar positions, and not requiring certain educators to complete annual financial disclosure statements.

In the 2010 legislative session, the General Assembly added budget language expressing intent that no individual loaned educator be engaged for more than six years and that certain loaned educators submit annual financial disclosure statement. The budget language also requires that an annual report be submitted on the loaned educator program and that a report be submitted to the committees before hiring a new loaned educator.

Exhibit 10 shows the number of loaned educators since fiscal 2007. The number has declined from 73 in fiscal 2007 to 12 in fiscal 2015 through a combination of budget reductions, educators returning to counties, and conversions of educators to regular positions, among other actions. Expenditures on loaned educator contracts have declined from \$9.3 million in fiscal 2008 to \$1.5 million in the 2015 allowance.

Exhibit 10
Loaned Educators
Fiscal 2007-2015



Source: Maryland State Department of Education

3. Transfer of Education Programs at Juvenile Services Youth Facilities

As of January 2014, MSDE offers education programs for youth at 14 DJS facilities. Of those facilities there are 7 detention sites where youth are held pending adjudication for an average of 15 to 20 days and 7 treatment facilities for youth who have been committed to the custody of DJS, generally for six to nine months. **Exhibit 11** lists the detention sites and treatment facilities.

Exhibit 11
Juvenile Services Facilities Under MDSE
Fiscal 2014

Detention Sites*

Alfred D. Noyes Center
Baltimore City Juvenile Justice Center
Charles H. Hickey
Cheltenham Youth Facility
Lower Eastern Shore Children’s Center
Thomas J. S. Waxter Center
Western Maryland Children’s Center

Treatment Facilities**

Back Bone Youth Center
Carter Youth Center
Green Ridge Youth Center
Meadow Mountain Youth Center
Savage Mountain Youth center
Victor Cullen Center
William Donald Schaefer House

* Average length of stay is 15 to 20 days.

**Average length of stay is 6 to 9 months.

MDSE: Maryland State Department of Education

Source: MDSE

In the fiscal 2014 working appropriation, MSDE has 172 regular positions and 5 FTE contractual positions associated with the JSE program. That number has remained the same in the fiscal 2015 allowance. This effectively fulfills the budgetary requirement to have MSDE provide education services in all DJS facilities. As was established in the performance analysis, the percent of students earning a GED increased in fiscal 2013. MSDE’s progress in assuming the full implementation of the program and the priority to identify and prepare students to obtain their high school diploma while committed to DJS facilities resulted in this increase. Targeted academic support for students attempting to pass the GED assessment has led to an increase in the percent passing.

4. Superintendent Incentive Payments Not Awarded in Fiscal 2014

The 2013 *Joint Chairmen’s Report* required MSDE to report on the baseline data used to inform incentive payments to the State Superintendent. A total of \$50,000 in incentive funds was restricted until the report was submitted and approved by the budget committees. The State board voted unanimously to not expend the \$50,000 appropriation made for the purpose of the incentive payments.

The State Superintendent's contract was drafted prior to the time that the State was afforded the opportunity to apply for an ESEA Flexibility Waiver. With the approval of the waiver, new standards for school performance were established which, in turn, required the collection of new or different data. In addition, MSDE adopted a strategic plan that includes outcomes that are specific and measurable. In particular, the plan included measuring changes in the achievement gap. Because consistency in data collection, measurement, and the accountability terminology is critical, the State board has amended the current contract to bring the performance goals into alignment with accountability measures set forth in the ESEA Flexibility Waiver and the Strategic Plan.

Performance measures will continue to focus on high school graduation rate, decreasing the dropout rate, increasing scores on the Advanced Placement (AP) and International Baccalaureate (IB) exams, and reducing the achievement gap by setting annual measurable objectives (AMOs) in each of the four categories. The performance measures on which the State Superintendent will be evaluated for the purpose of incentive payments are:

- increase the all-student graduation rate at the AMO rate;
- decrease the dropout rate at the AMO rate;
- reduce by half the percentages of all students and each subgroup that are not proficient by the 2016-2017 school year; and
- in the 2013-2014 school year, at least 75% of AP and IB test takers will achieve a score of "3" or higher on AP tests and "4" or higher on IB tests.

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland State Department of Education Headquarters (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2013					
Legislative Appropriation	\$79,662	\$7,675	\$181,125	\$380	\$268,842
Deficiency Appropriation	18,120	0	3,946	0	22,066
Budget Amendments	1,611	19	26,649	258	28,538
Reversions and Cancellations	-4,467	-1,550	-48,519	-222	-54,758
Actual Expenditures	\$94,927	\$6,144	\$163,201	\$416	\$264,689
Fiscal 2014					
Legislative Appropriation	\$86,061	\$7,242	\$160,473	\$1,604	\$255,380
Budget Amendments	2,160	733	92,925	1,567	97,385
Working Appropriation	\$88,221	\$7,975	\$253,398	\$3,171	\$352,765

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2013

The fiscal 2013 budget closed at \$264.7 million, which was \$4.2 million less than the legislative appropriation.

Deficiencies

Deficiencies totaled \$22.1 million. General fund deficiencies totaled \$18.1 million, including \$17.3 million for the Division of Accountability, Assessment, and Data Systems for assessment costs and \$855,056 to cover the funding for the JSE program. Federal fund deficiencies totaled \$3.9 million, including \$314,164 for the Division of Business Services and \$3.6 million for the Division of Accountability, Assessment, and Data Systems.

Budget Amendments

Budget amendments totaled \$28.5 million in fiscal 2013. General funds increased by \$1.6 million due to budget amendments. A \$1.21 million increase in general funds reflects the changes required to appropriately budget indirect cost funds associated with grants received by the department, as the approved rates differ from those currently budgeted. An increase in \$72,022 in general funds realigned general fund appropriations based on estimated fiscal 2013 telecommunications expenditures. An increase in \$100,000 provided funding for 2 contractual employees to continue to review and closeout Educations Job Grants expenditures for the remainder of the fiscal year. An increase in general funds of \$605,036 is attributable to the transfer of education services at the Alfred D. Noyes Children's Center from DJS to MSDE.

Special funds increased by \$19,296 due to budget amendments. The increase reflected the fiscal 2013 statewide COLA and the realignment of funds required to appropriately budget indirect cost funds associated with grants received by the department, as the approved rates differ from those currently budgeted.

Federal funds increased by \$26.6 million due to budget amendments. Of the total amount, \$586,074 reflects the 2013 statewide COLA. A \$25.52 million increase in federal funds reflects the changes required to ensure that sufficient RTTT funding appropriation was available for the projects in accordance with the approved USDE grant budget. A \$477,365 increase in federal funds reflects unobligated carryover balances from prior fiscal years. An increase of \$137,031 in federal funds provided for the legally required education of students at DJS facilities operated by MSDE. Four different budget amendments aligned funding across various MSDE agencies and reflect the rest of the increase in federal funding due to budget amendments.

Reimbursable funds increased by \$258,406 due to budget amendments across various programs.

Reversions and Cancellations

Reversions and cancellations totaled \$54.8 million. Of the total, general fund reversions included \$4.5 million. A total of \$809,007 in general funds was reverted in the JSE program for various unneeded data processing equipment and \$3.6 million is attributable to funds in the Division of Assessment, Accountability, and Data Systems that were unencumbered because the allocation for assessment contracts MSDE received was \$3.2 million higher than what was originally planned in 2012, and expenditures were \$400,000 less than originally planned, resulting in \$3.6 million in excess funds received.

Federal fund cancellations totaled \$48.5 million. No federal funds were reverted to the grantor, and all of the funds were available to obligate during fiscal 2014. These include federal grants for Vocational Rehabilitation, the State Library Program, Infants and Toddlers with Disabilities, Individuals with Disabilities Act, School Improvement, 21st Century Community Living Centers, Migrant Education, Teacher and Principal Training and Recruiting Fund, English Language Acquisition Language Enhancement, Chesapeake Bay Studies, Payments to State for Child Care Assistance, Child Care Mandatory and Matching Program, and the State Fiscal Stabilization Fund.

Special fund cancellations were \$1.5 million. Of this amount, \$324,319 was cancelled in the Division of Instruction due to underattainment of estimated special fund revenue for web-based learning and licensing fees. A total of \$946,099 was cancelled in the Division of Rehabilitative Services Blindness and Vision Services program due to underattainment of estimated special fund revenue for the Blind Vendors Program.

Reimbursable fund cancellations were \$222,075 across various programs.

Fiscal 2014

The fiscal 2014 working appropriation is \$97.4 million above the legislative appropriation totaling \$352.8 million. Of the \$95.2 million increase, there was a \$91.3 million increase in federal funds due to Maryland becoming the fiscal agent for the PARCC consortium, where responsibilities include providing comprehensive project management services and grant support activities necessary to allow PARCC to execute all purposes of the RTTT Assessment Program grant. General funds increased by \$390,434, federal funds increased by \$859,042, and special funds increased by \$23,667 to reflect the fiscal 2014 statewide COLA. General funds increased by \$198,861, federal funds increased by \$384,374, and special funds increased by \$9,058 as a result of the statewide salary increment budget amendment. General funds increased by \$1,125, and federal funds increased by \$43,844, as a result of the statewide annual salary review budget amendment.

To fund critical programs impacted by federal sequestration, \$800,000 in special funds was provided to the Division of Rehabilitative Services from the Dedicated Purpose Account. Reimbursable funds increased by \$1.5 million in order to effectuate the transfer of funds from DJS to MSDE to replace the general funds reduced by the General Assembly. Reimbursable funds increased

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by 75,000 to recognized carryover funds received in fiscal 2013 from the College Access Challenge Grant Program agreement between the Maryland Higher Education Commission and MSDE.

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Major Information Technology Projects

Maryland State Department of Education Maryland Longitudinal Data System (MLDS)

Project Status¹	Implementation.			New/Ongoing Project:		Ongoing.		
Project Description:	The Maryland State Department of Education (MSDE) collects educational data from school systems throughout the State, including attendance, student assessment participation and outcomes, student enrollment, and staff data. The Maryland Longitudinal Data System (MLDS) project adds advanced business analysis and reporting tools to the current longitudinal systems, will increase the current system to encompass Maryland Higher Education and State workforce data, and will increase accessibility to a larger user base.							
Project Business Goals:	The MLDS project will enable collection of student course-related information used for program evaluation, analysis, and reporting; it will increase the current system to encompass higher education and workforce data; and it will allow access by a larger user base.							
Estimated Total Project Cost¹:	\$6,404,154			Estimated Planning Project Cost¹:		\$726,700		
Project Start Date:	Fiscal 2009			Projected Completion Date:		May 2014		
Schedule Status:	The MLDS project consists of eight sub-projects. Only two – “Early Childhood” and “My Student Profile Portal” – are still in development and testing. All projects are on time to be completed by May 2014.							
Cost Status:	Fiscal 2014’s estimated total cost of \$6.4 million remains unchanged in fiscal 2015. This has come down from an estimated \$7.9 million total cost when the project first started.							
Scope Status:	This project is related to other MSDE information technology (IT) projects to collect longitudinal data and provide a web interface for schools. Several of the MLDS subproject rollout activities have been moved to the RTTT grant since the grant now controls the implementation of the production hardware and software systems.							
Project Management Oversight Status:	The last portfolio review meeting was on September 25, 2013. Independent Verification and Validation assessments were initiated in January 2011. No peer review committees are assigned.							
Identifiable Risks:	All risks are identified as low.							
Additional Comments:	None.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	2015	2016	2017	2018	2019	Balance to Complete	Total
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	5,214.0	0.0	0.0	0.0	0.0	0.0	0.0	5,214.0
Other Expenditures	1,189.0	0.0	0.0	0.0	0.0	0.0	0.0	1,189.0
Total Funding	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6,404.0

¹ In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

Maryland State Department of Education RTTT Item Bank System

Project Status¹	Implementation.			New/Ongoing Project:	Ongoing.			
Project Description:	This project is part of the Race To the Top (RTTT) grant awarded in September 2010. This project funds the development of an item bank system that will be utilized in classrooms throughout the State by educators and students as they prepare for the new summative assessment system aligned to the Common Core State Standards (CCSS). This project contains four sub-projects: #32 Implement a Test Item Bank System, #33 Implement a Computer Adaptive Test Delivery System, #34 Complete an Item Load and Set Up for the Item Bank and CAT system and #35 Adaptive Testing Units for High Schools.							
Project Business Goals:	The system will provide test questions aligned to the CCSS for teachers to administer as instruction is provided. Student and class performance data will be available to teachers to identify instructional improvements for the class as well as individual students based on test results and be a key element in the instructional improvement process.							
Estimated Total Project Cost¹:	\$6,800,000			Estimated Planning Project Cost¹:		\$1,207,500		
Project Start Date:	September 2010			Projected Completion Date:		September 2014		
Schedule Status:	This project was approved for implementation by the Maryland State Board of Public Works in June 2013. This project is expected to move quickly through Systems Development Life Cycle phases 5 (Design), 6 (Development), and 7 (Integration and Test); completing these activities by the end of the RTTT grant in September 2014.							
Cost Status:	As the project is winding down, fiscal 2014 appropriation totaled only \$800,000 in the last year of its implementation. The majority of the funding for the Item Bank system has been used in prior years.							
Scope Status:	The project is expected to be completed by September 2014, when it will be rolled into other RTTT projects for MSDE to decide operations and maintenance costs for all RTTT projects as they continue in the future.							
Project Management Oversight Status:	The last portfolio review meeting was on September 25, 2013. Independent Verification and Validation assessments have not been initiated. No peer review committees are assigned.							
Identifiable Risks:	Funding and supportability are at medium risks. RTTT grant federal funding for this project ends in September 2014. The State’s planning includes paying for system licensure for the first two years following installation. MSDE is conducting a sustainability analysis to prepare budget requests based on ongoing funding needs.							
Additional Comments:	None.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	2015	2016	2017	2018	2019	Balance to Complete	Total
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	6,795.0	0.0	0.0	0.0	0.0	0.0	0.0	6,795.0
Other Expenditures	5.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0
Total Funding	\$6,800.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6,800.0

¹ In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

Maryland State Department of Education Educator Information System Expansion

Project Status ¹	Implementation.			New/Ongoing Project:	Ongoing.			
Project Description:	The project will expand the data and reporting capabilities of the Education Information System (EIS). The EIS was originally created to redesign the educator certification process. The expansion will include (1) new educator data sets; (2) data import programs; and (3) data analysis reports that support Race to the Top (RTTT) initiatives. The RTTT involves various initiatives on educator professional development, credentialing, evaluation, and assignments that require additional educator information to be collected, tracked, and reported.							
Project Business Goals:	The project will improve accountability and effectiveness by tracking and reporting on educator performance, credentialing, professional development, and the distribution of educators in low-performing schools.							
Estimated Total Project Cost ¹ :	\$2,445,881			Estimated Planning Project Cost ¹ :	\$85,080			
Project Start Date:	Fiscal 2009			Projected Completion Date:	September 2014			
Schedule Status:	The project is still in the Development Phase of the System Development Life Cycle. Remaining tasks for development include database development, testing and integration, and deployment. This work will begin in January 2014 and is scheduled to conclude in September 2014.							
Cost Status:	\$350,000 has been added in the fiscal 2015 budget wherein prior years it was zero. The project was initially estimated to cost \$2.8 million. Expected total project funding is projected at \$2.45 million.							
Scope Status:	This project is related to other Maryland State Department of Education information technology projects to collect longitudinal data and provide a web interface for schools.							
Project Management Oversight Status:	The last portfolio review meeting was on September 25, 2013. Independent Verification and Validation assessments have not been initiated. No peer review committees assigned.							
Identifiable Risks:	There is a dependency on the integration with the RTTT portal infrastructure. All other risks are considered low.							
Additional Comments:	None.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	2015	2016	2017	2018	2019	Balance to Complete	Total
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	1,932.0	350.0	0.0	0.0	0.0	0.0	0.0	2,282.0
Other Expenditures	163.0	0.0	0.0	0.0	0.0	0.0	0.0	163.0
Total Funding	\$2,095.0	\$350.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2,445.0

¹ In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

**Object/Fund Difference Report
MSDE – Headquarters**

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,230.10	1,279.60	1,289.90	10.30	0.8%
02 Contractual	166.12	192.18	144.10	-48.08	-25.0%
Total Positions	1,396.22	1,471.78	1,434.00	-37.78	-2.6%
Objects					
01 Salaries and Wages	\$ 97,524,737	\$ 107,122,605	\$ 110,349,324	\$ 3,226,719	3.0%
02 Technical and Spec. Fees	37,994,359	48,873,809	43,390,802	-5,483,007	-11.2%
03 Communication	1,689,657	1,828,586	1,976,612	148,026	8.1%
04 Travel	999,450	1,330,483	987,455	-343,028	-25.8%
06 Fuel and Utilities	734,586	984,131	787,962	-196,169	-19.9%
07 Motor Vehicles	608,802	685,270	733,745	48,475	7.1%
08 Contractual Services	84,575,643	156,319,678	54,558,398	-101,761,280	-65.1%
09 Supplies and Materials	1,496,722	1,992,515	1,768,762	-223,753	-11.2%
10 Equipment – Replacement	580,542	987,675	1,097,060	109,385	11.1%
11 Equipment – Additional	2,591,279	2,549,238	674,922	-1,874,316	-73.5%
12 Grants, Subsidies, and Contributions	31,379,102	24,876,145	16,028,268	-8,847,877	-35.6%
13 Fixed Charges	4,415,986	4,912,458	5,134,106	221,648	4.5%
14 Land and Structures	97,723	303,000	213,000	-90,000	-29.7%
Total Objects	\$ 264,688,588	\$ 352,765,593	\$ 237,700,416	-\$ 115,065,177	-32.6%
Funds					
01 General Fund	\$ 94,926,796	\$ 88,221,134	\$ 80,173,872	-\$ 8,047,262	-9.1%
03 Special Fund	6,144,124	7,975,026	7,406,433	-568,593	-7.1%
05 Federal Fund	163,201,475	253,398,229	147,667,734	-105,730,495	-41.7%
09 Reimbursable Fund	416,193	3,171,204	2,452,377	-718,827	-22.7%
Total Funds	\$ 264,688,588	\$ 352,765,593	\$ 237,700,416	-\$ 115,065,177	-32.6%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

**Fiscal Summary
MSDE – Headquarters**

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 Office of the State Superintendent	\$ 39,411,617	\$ 31,025,728	\$ 18,473,437	-\$ 12,552,291	-40.5%
02 Division of Business Services	6,365,259	97,611,025	7,307,289	-90,303,736	-92.5%
03 Division of Academic Reform and Innovation	995,423	975,549	843,191	-132,358	-13.6%
04 Division of Accountability, Assessment and Data Systems	53,123,566	37,208,583	37,408,497	199,914	0.5%
05 Office of Information Technology	2,503,994	5,160,253	6,090,514	930,261	18.0%
06 Major Information Technology Development Projects	10,927,144	3,740,671	1,325,000	-2,415,671	-64.6%
07 Office of School and Community Nutrition Programs	4,868,201	5,652,694	6,459,207	806,513	14.3%
11 Division of Instruction	5,280,008	6,337,047	6,053,491	-283,556	-4.5%
12 Division of Student, Family and School Support	5,849,495	7,312,742	6,381,551	-931,191	-12.7%
13 Div. of Special Educ./Early Intervention Services	10,353,197	12,236,411	16,304,719	4,068,308	33.2%
14 Division of Career and College Readiness	3,379,659	3,511,853	3,320,269	-191,584	-5.5%
15 Juvenile Services Education Program	12,367,552	16,300,625	16,364,389	63,764	0.4%
17 Division of Library Development and Services	2,279,527	2,701,937	2,427,393	-274,544	-10.2%
18 Division of Certification and Accreditation	2,803,617	2,998,350	2,900,279	-98,071	-3.3%
19 Home and Comm. Based Waiver for Children with Autism	10,817,928	12,044,080	0	-12,044,080	-100.0%
20 Division of Rehab Services – Headquarters	10,009,303	10,407,503	10,435,987	28,484	0.3%
21 Division of Rehab Services – Client Services	35,037,240	39,647,247	38,863,252	-783,995	-2.0%
22 Division of Rehab Services – Workforce and Tech. Center	8,695,295	9,194,436	9,390,963	196,527	2.1%
23 Division of Rehab Serv – Disability Determination Services	31,599,666	38,417,335	36,823,672	-1,593,663	-4.1%
24 Division of Rehab. Serv. – Blindness & Vision Services	8,020,897	8,022,550	8,190,106	167,556	2.1%
01 Maryland Longitudinal Data Systems Center	0	2,258,974	2,337,210	78,236	3.5%
Total Expenditures	\$ 264,688,588	\$ 352,765,593	\$ 237,700,416	-\$ 115,065,177	-32.6%
General Fund	\$ 94,926,796	\$ 88,221,134	\$ 80,173,872	-\$ 8,047,262	-9.1%
Special Fund	6,144,124	7,975,026	7,406,433	-568,593	-7.1%
Federal Fund	163,201,475	253,398,229	147,667,734	-105,730,495	-41.7%

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Appendix 6

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
Total Appropriations	\$ 264,272,395	\$ 349,594,389	\$ 235,248,039	-\$ 114,346,350	-32.7%
Reimbursable Fund	\$ 416,193	\$ 3,171,204	\$ 2,452,377	-\$ 718,827	-22.7%
Total Funds	\$ 264,688,588	\$ 352,765,593	\$ 237,700,416	-\$ 115,065,177	-32.6%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

Race to the Top Project Description

Project	End Date	Title	Description	Status
1-78* Academic	9/30/2014	Office of Reform and Innovation	Provide coordination, management, and oversight of the entire Race to the Top (RTTT) program through the Division of Academic Policy and Innovation. This Maryland State Department of Education (MSDE) division manages the RTTT grant and monitors the 54 State managed projects, as well as reform efforts initiated by the local education agencies (LEA).	On track.
2-1 Academic	9/30/2014	Program Evaluation	Evaluate the RTTT State projects and LEA projects through the Center for Application and Innovation Research in Education (CAIRE) at Towson University.	On track.
3-2* Academic	9/30/2014	Formative Assessments	Build a comprehensive system of formative assessment items and tools that are aligned with the college and career readiness standards.	On track.
4-3* Instructional Information Technology (IT)	9/30/2014	Curriculum and Formative Assessment	Revise the Maryland State curriculum to align with the College and Career Ready Standards and science, technology, engineering and math (STEM) content and ensuring that Maryland students are prepared for credit-bearing courses in college or the workforce. This project provides content support for the formative assessment project.	Slightly off track. This project is working to identify facilitators and LEAs for the piloting of the online STEM courses so that there are no delays after the courses are acquired. Also seeking a no-cost extension to insure that the courses are reviewed and piloted for quality.

Project	End Date	Title	Description	Status
5-4 Instructional IT	9/30/2014	Curriculum and Assessment Development for the International Technology and Engineering Educators Association (ITEEA)	Facilitate the statewide implementation of a standardized technology education course developed by ITEEA. ITEEA works with a consortium of states, including Maryland, to develop internationally benchmarked standards aligned to the common core curriculum, model course guides, and includes both pre-and post-assessments. The post-assessment consists of a written test and a design challenge, which requires students to engineer a solution to a problem. These assessments enable teachers to track student growth. Results of students' assessments are available in a timely manner to allow teachers an opportunity to provide interventions as needed. Data are tracked for students at the national, state, local and classroom levels. MSDE offers these materials, along with its support and assistance, at no cost to LEAs.	On track.
6-76 Academic	9/30/2014	Curriculum and Assessment Development Career Technology Education (CTE) Program – Southern Regional Education Board (SREB)	Develop a new CTE Program of Study in Construction Design and Management. Work to be completed includes the development of four CTE courses, field testing and adoption of the final CTE curriculum, and assessments. The original plan described in the RTTT grant application was for MSDE to partner with SREB to develop course materials. However, due to funding and time constraints, MSDE expanded the development team to include Towson University and the Maryland Center for Construction Education and Innovation.	On track.
7-5 Academic	9/30/2014	World Languages Pipeline	Collaborate with LEAs in developing and implementing elementary level (K-5) STEM modules that can be taught using a world language (Arabic, Chinese, Hindi, or Spanish).	On track.

Project	End Date	Title	Description	Status
8-11* IT	9/30/2014	Develop the Overall Technology Infrastructure to Support RTTT Initiatives	Expand the enterprise IT infrastructure to adequately and properly support the new initiatives under RTTT. The project encompasses structuring an enterprise portal and enterprise security system, expanding existing business intelligence capabilities (reporting and analysis including at the classroom level), and establishing an end-user help desk. This project covers procurement of the hardware, software and applicable licenses, as well as the installation, management, and development thereof.	On track.
9-27 IT	9/30/2013	Accessing and Using State Data Dashboards	Ensure that data from the State's statewide longitudinal data system is accessible to and useful to inform and engage, as appropriate, key stake holders (<i>e.g.</i> , parents, students, teachers, principals, LEA leaders, community members, unions, researchers, and policymakers) and that the data support decisionmakers in the continuous improvement of education. There are 36 dashboards.	Slightly off track. Preparing dashboards for external testing and final production release. Seven dashboards (Wave 1) are production ready. Eight (Wave 2) are nearing production readiness by the end of January. Wave 3 should be ready by end of March. Target is June 2014 for release of all dashboards. Continuing to open help desk tickets to mitigate any problems with the dashboard tool, user security, and portal integration.

Project	End Date	Title	Description	Status
10-28 IT	9/30/2013	Multi-media Training	Develop 40 tutorials that explain how to use the dashboards created through Project 9-27; to provide training for LEA-identified data coaches about the entire Longitudinal Data System (LDS), including its purpose, data collection protocols and reporting tools (<i>i.e.</i> , dashboards).	Off track. Developer position needs to be filled. Once a position is filled, the developer will complete the modules for Waves 2, 3, and 4.
11-29 IT	6/30/2014	LEA System Application Upgrades and Infrastructure Upgrades	Provide local education agencies (LEAs) with supplementary funds that can be used to purchase hardware and/or software in support of RTTT education reforms.	On track.
12-60 IT	9/30/2014	Expansion to LDS – Data Exchange	Provide a system for collecting and distributing data from LEAs, MSDE, and Maryland higher education institutions for consolidation and distribution. The envisioned master data management strategy and data exchange subsystem will replace sometimes duplicative and costly Extract, Transform, and Load programs that currently exist.	Project is closed.

Project	End Date	Title	Description	Status
13-61 IT	6/30/2013	Enhancement to LDS to Develop P20 and Workforce Data Warehouse and Center	Develop the Maryland Longitudinal Data System (MLDS), with the MLDS Board and Center. The development of the MLDS is dependent upon the completion of 12 sub-projects and 2 related accessory projects. Select data elements from MSDE, the Maryland Department of Labor, Licensing, and Regulation and the Maryland Higher Education Commission (MHEC) will be integrated to create a system to be used to support legislative and education decisionmaking. Enable the MHEC to modernize its database on students attending Maryland Institutions of Higher Education (IHE).	Project is closed.
14-31 Instructional IT	6/30/2013	Develop and Implement State Curriculum Management System	Develop an online resource that will provide design tools, lesson plans, and course syllabi to assist teachers in developing courses that are aligned with the common core curriculum standards and State formative and interim assessments.	Project is closed.
15-07* Instructional IT	9/30/2014	Expand Instructional Toolkit	Identify multi-media, instructional resources to expand the existing Online Toolkit, meta-tag items, and manage the online portal for the Instructional Improvement System. There are two major scopes of work.	Slightly off track. Previous vendor had to be terminated. The new vendor will come on board in early February 2014. Project Management Plan is complete.
16-20* Instructional IT	9/30/2014	STEM Instructional and Career Support	Establish a partnership with the Maryland Business Roundtable (MBRT) for the purpose of supporting educator effectiveness and student engagement in delivering STEM instruction to students. This initiative is more of a program than a project, since MBRT runs the STEM Net program.	On track.

Project	End Date	Title	Description	Status
17-32* IT	12/27/2013	Implement a Test Item Bank System	Procure and implement a computer-based system that teachers can use for formative assessments of student performance and growth. It will provide extensive import and export capabilities and enable teachers to develop multiple equivalent paper test forms in a variety of formats, as well as deliver computer-based tests online.	Off track. A revised solution is being planned to address these 4 projects. A new project manager and executive sponsor have been assigned. Collaborative work is being conducted to present U.S. Department of Education with a revised solution.
18-33* IT	9/30/2013	Implement a Computer Adaptive Test Delivery System	Implement a computer adaptive testing (CAT) system that will be used to assess student performance and growth, as well as to inform instruction and remediation throughout the school year. The system will be interoperable with standard item test banks and integrate with the MLDS reporting system.	
19-34* IT	9/30/2013	Complete an Item Load and Set Up for the Item Bank and CAT System and Adaptive Testing Units for High Schools	Provide subject matter expertise and technical support in assessing and loading test items into MSDE's system. These test items may come from various sources, including outside vendors' and LEA test item banks. This project also provides integration between banks to ensure secure imports and exports of test items.	
20-35* IT	9/30/2014	Adaptive Testing Unit for High Schools	Purchase and distribute low-cost mobile Internet WIFI devices that are browser enabled and compatible with any Internet-based testing system. This project is not scheduled to begin until 2014.	

Project	End Date	Title	Description	Status
21-42 Instructional IT	6/30/2013	Implement a Statewide System to Support Student Instructional Intervention	Provide teachers with a student instructional intervention system (SIIS) that will enable them to develop and document instructional interventions to improve class and individual learning while documenting progress. This type of documentation is especially important when moving a child from one tier of education to another (<i>e.g.</i> , moving a child into special education classes).	On track.
22-06* Instructional IT	9/30/2014	Develop Online Instructional Intervention Modules	Procure the services of one or more contractors to provide or develop on-line instructional modules as part of MSDE's instructional improvement effort. Approximately 250 modules are anticipated to be developed each year beginning in year 2, for a total of 750 modules. They will cover a variety of subject areas appropriate for grades K-12. Teachers will be able to use them (in addition to local LEA-provided modules) to either enrich classroom instruction or to remediate student skill weaknesses identified through formative assessments. A few modules will be developed to aid in the professional development of teachers.	Slightly off track. A No-cost extension is being requested for this project in order to complete the instructional intervention modules.
23-55 Instructional IT	6/30/2013	Develop Framework for Teacher Toolkit Portal	Identify the professional learning resources for teachers and principals that will be available online as part of the Online Instructional Toolkit. The toolkit will provide educators with access to a variety of online and face-to-face professional development tools linked to the State common core curriculum, multiple dashboards for student, teacher and principal performance, and teacher and principal evaluation systems. Finally, the toolkit will include tools that will help educators plan their individual professional development plans and provide opportunities to collaborate online.	Project is closed.

Project	End Date	Title	Description	Status
24-56 Instructional IT	6/30/2013	Develop and Implement a Course Registration System	Procure and implement a centralized course registration system to be used in conjunction with the learning management system (LMS) being procured by MSDE through Project #26/43, <i>Implement a System to Support E-Learning for Instructional Intervention, Enhancement, and Enrichment</i> .	On track.
25-10 Academic	9/30/2014	MSDE IHE Teacher Preparation Workgroup	Ensure that the teacher preparation programs offered by Maryland IHEs incorporate training on the effective use of MSDE's planned instructional improvement systems.	On track.
26-43 Instructional IT	6/30/2013	Implement a System to Support E-Learning for Intervention, Enhancement, and Enrichment	Provide teachers with access to learning modules that will augment their instruction through an advanced, web-based, multi-media learning environment, commonly referred to as a LMS. The LMS is one of three systems that make up the Online Teachers Toolkit, the others being the Educator Information System (EIS) and the SIIS.	On track.
27-46 IT	9/30/2012	Equating of Maryland School Assessment (MSA) for Use on Growth Model	Support pilot research on multiple ways to use (MSA) scores in growth measures. The main goal of this project was to take the existing MSA assessment test and see how it could be vertically equated through a statistical method from year to year. RTTT engaged the National Psychometric Council's psychometricians who are well versed with the history and structure of the Maryland MSA tests to produce a report.	Project is closed.

Project	End Date	Title	Description	Status
28-47 Educator Evaluation	4/18/2013	Develop and Implement a Statistical Model to Measure Student Growth	Develop and implement a student growth model that includes student performance outcome measures to be used in educator evaluations (see Project #48 – <i>Develop and Implement an Educator Evaluation System</i>). The data captured will also enable the tracking and reporting on student performance changes over time. As part of this project, MSDE will calculate student growth percentiles; value matrix locations; student attendance information; student, teacher, and principal attribution information; and a school progress index for each school.	Project is closed.
29-48* Educator Evaluation	9/30/2014	Develop and Implement an Educator Evaluation System	Procure and implement an educator evaluation system. The system will provide the ability to plan educator performance objectives and then measure achievement of those objectives. It will also provide the ability to define different educator performance measures based on the individual's role (<i>e.g.</i> , teacher and principal), and utilize student growth data, where appropriate, as a component of the evaluation formula.	On track.
30-49 Instructional IT	9/30/2014	Expand Educator Information System to Accommodate Additional Data	Expand the data and reporting capabilities of the EIS. The EIS provides functionality that facilitates the determination and issuance of certificates for more than 260,000 educators.	On track.

Project	End Date	Title	Description	Status
31-13 Academic	9/30/2014	Building Leadership Capacity in Low-achieving Urban and Rural Districts	Select and train potential principals for urban and rural low-achieving schools that have high percentages of minority and poor students. More specifically, it seeks to increase the number of effective and highly effective leaders in urban Baltimore City and Prince George’s County, and five rural Eastern Shore counties (Dorchester, Somerset, Talbot, Wicomico, and Worcester).	On track.
32-73 Academic	9/30/2014	Teach for Maryland	Increase the number of teachers prepared to teach in high poverty, high minority schools; increase teacher retention in high poverty/high minority schools; and eliminate the inequitable distribution of effective teachers in those schools.	On track.
33-50 Academic	9/30/2014	Compensation to Teachers and Principals in the Lowest 5% Schools	Provide incentives for highly effective teachers and principals to work in the lowest achieving Tier I and Tier II schools, and to remain in those schools.	On track.
34-51* Academic	9/30/2014	Compensation Incentives for Teachers in Shortage Areas	Provide incentives for “highly effective” STEM, special education, and English language learners (ELL) teachers to work in low-achieving, high-minority, high-poverty schools.	On track.
35-26 Academic	9/30/2014	Elementary STEM Certification	Develop standards of practice for elementary STEM teachers, create and have approved an elementary STEM teacher certificate, and facilitate the development of teacher preparation programs for elementary STEM.	On track.

Project	End Date	Title	Description	Status
36-75 Academic	9/30/2016	Maryland Approved Programs (MAP) Cost for LEAs, Providers, and IHEs (UTeach Maryland)	Implement the UTeach Secondary STEM Teacher Preparation Program Model at Towson University. The UTeach program model was created at the University of Texas at Austin in the late 1990s. Since then it has been replicated in 30 colleges and universities nationwide.	On track.
37-54 Academic	6/30/12	International Partnerships to Recruit Teachers in Critical Areas.	LEAs to hire international teachers in critical needs areas, enabling Maryland students to excel while developing the twenty-first century skill of global awareness.	Project is closed.
38-53 Academic	9/30/2014	Incentives for Teachers Who Obtain English for Speakers of Other Languages Certification	Provide a financial incentive for teachers in low-achieving, high-minority, and high-poverty schools with a significant number of ELLs to become more proficient in teaching ELLs.	On track.
39-25* Academic	6/30/2013	Teacher Induction Academies	Ensure that teachers at every Maryland public school participate in a high quality program of induction into the teaching profession.	On track.
40-15* Academic	9/30/2014	Professional Development for Executive Officers	Provide professional development and guidance for LEA executive officers as the LEAs develop and implement a teacher/principal evaluation system.	On track.

Project	End Date	Title	Description	Status
41-24* Academic	9/30/2014	Educator Effectiveness Academies	Deliver high quality professional development to administrators and tenured teachers from each of Maryland's 1,400+ schools through the funding of Educator Effectiveness Academies. MSDE worked with LEAs to identify invitees from each school who are the leaders in the content areas of reading/English language arts, mathematics, and STEM. In return, these master teachers will be expected to replicate the training they received within their own schools. The Academies will be held over the next three years; during the fourth year the project manager will oversee the implementation of on-line resources.	On track.
42-17 Academic	6/30/2014	Maryland Principals' Academy to Target Low-achieving Schools	Provide professional development opportunities for principals of the lowest achieving schools in Maryland.	On track.

Project	End Date	Title	Description	Status
43-21* Instructional IT	9/30/2014	Develop Online Professional Development on Educator Instructional Improvement Content	<p>Extend the impact of the Educator Effectiveness Academies by making the information presented at them available to teachers through online modules. A series of 12 modules are being developed to deliver information about the Common Core Curriculum, Assessments, and effective use of the Instructional Improvement System in relation to the following courses:</p> <ul style="list-style-type: none"> • Elementary school English Language Arts/Literacy, mathematics, and STEM; • Middle school English Language Arts/Literacy, mathematics, and STEM; Geometry, Algebra II, and English 10 and 11; and • 2 high school STEM courses. 	<p>Slightly off track.</p> <p>Scheduling contracts before the Board of Public Works in order to award the contracts which will enable the project team to work with vendors to expedite the development of the courses.</p>
44-41* Academic	9/30/2014	The Breakthrough Center	Support an initiative begun in 2008 by MSDE to provide effective and successful support to low achieving schools. The center serves as the interface among MSDE, LEAs, and chronically underperforming districts and schools, with the mission to ensure that the right services are delivered to the right districts and schools at the right time in order to (1) accelerate school performance; and (2) cultivate people by improving the capacity of individuals through Breakthrough Leading and Teaching. Four intervention models are available to address the challenges facing underperforming districts/schools: Turnaround, Restart, Closure, and Transformation.	On track.

Project	End Date	Title	Description	Status
45-67 Academic	6/30/2012	Restructuring Implementation Technical Assistance (RITA) Team Audits in 20 Tier I and Tier II Schools	Conduct RITA audits at 20 feeder schools for the schools selected to receive School Improvement Grants in 2009. The project was completed in May 2012.	Project is closed.
46-57 Academic	9/30/2014	Extend Student Learning and Improve School Culture, Climate and Student Support	Assist low-achieving schools in Baltimore City and Prince George’s County in implementing the principles of the Positive Behavioral Intervention and Support (PBIS) model. The PBIS model was introduced into Maryland over a decade ago by Sheppard Pratt Health System’s Forbush School. Since then it has been embraced by many Maryland schools as a means of positively influencing the school’s learning environment.	Slightly off track. In the process of hiring a project manager to work with the formation of school culture and climate teams.
47-45 Academic	9/30/2014	Coordinated Student Services	Assess the functionality and effectiveness of student support services teams in the 16 lowest performing schools (<i>i.e.</i> , Tier I and Tier II Breakthrough Zone schools), all of which are located in Baltimore City and Prince George’s County.	On track.
Academic	9/30/2014	School Health Services	Implement the Children’s Health Alert Network (CHAN) in low-performing schools within Prince George’s County and Baltimore City. The CHAN is a software program managed by the Department of Health and Mental Hygiene that electronically tracks school absenteeism rates on a daily basis. The data collected can assist school staff, central office staff, and State and local health department officials in tracking outbreaks of illness and perhaps lead to improved school attendance.	On track.

Project	End Date	Title	Description	Status
49-63 Academic	9/30/2014	Physical Activity	Increase student activity through-out the school day. Specifically by infusing physical activities in the Core Disciplines, the objective is to improve classroom atmosphere and thus create a positive environment for learning and to develop life-long positive habits concerning exercise, primarily in the Tier I Breakthrough Zone schools. Originally, there were 16 schools in this category, all located in either Baltimore City or Prince George’s County. Recently, 20 more schools have been added to the list, although the priority will be to support the original 16 schools.	On track.
50-58 Academic	9/30/2014	Extended Learning	Assist the State’s Tier I and Tier II Breakthrough Zone schools and their feeder pattern/cluster schools with preparing a 21 st Century Community Learning Centers grant request to fund after-school, before school, weekend, and summer programs. The grant process is competitive, and is aimed at providing educational opportunities that must take place outside of school hours. These “extended learning” activities must have both an academic and an enrichment component and offer families of participating students literacy instruction and related educational development.	On track.

Project	End Date	Title	Description	Status
51-71* Academic	9/30/2014	STEM Project Lead the Way (PLTW)	<p>Implement the Gateway To Technology (GTT) program in ten low-performing middle schools. Project implementation is well underway. Three schools in Prince George’s County began implementation in September 2011, and three more County schools are scheduled to implement the program in September 2012. The remaining four schools, which are expected to be in Baltimore City, are in the process of being identified. The criteria used to select schools include:</p> <ul style="list-style-type: none"> • Knowledgeable faculty members • Administrator and counselor support • Classroom and laboratory space • Ability to sustain the program when grant funds are no longer available 	On track.
52-77 Academic	9/30/2014	Primary Talent Development (PTD)	<p>Introduce the Primary Talent Development (PTD) program into several low-achieving schools. PTD offers a science-based, expert thinking curriculum grounded in gifted education and early childhood education theory and practice. The current 2009 curriculum is based on a model from Baltimore County that was developed by MSDE through a federal Jacob K. Javits grant for gifted and talented education. PTD provides opportunities for all children in pre-kindergarten through second grade (Pk-2) to develop and demonstrate advanced learning behaviors. Other program objectives are to enable schools to build a profile of student strengths that could be used to identify children who will succeed in gifted and talented programs, and to encourage new teaching strategies involving the analysis of attributes, questioning and creative problem solving. The PTD curriculum is available at no cost to all Maryland schools; it is currently being used in 12 LEAs.</p>	On track.

Project	End Date	Title	Description	Status
53-44* Academic	9/30/2014	Charter Schools	Ensure the quality of Maryland's charter schools, of which there are approximately 50. Baltimore City supports the majority of these schools	On track.
54-79 Educator Evaluation	9/30/2014	Implement Statewide Centralized Student Transcript System	Implement a transcript service capable of supporting national standards that will provide Maryland's schools with the ability to efficiently produce, maintain, and transmit student transcripts. The implementation of this system is mandated by Chapter 19 of Maryland Senate Bill (SB) 275, which will ensure its usage in all LEAs.	On track.

*These are programs for which no-cost extensions have been requested from USDE.