

**R99E**  
**Maryland School for the Deaf**

***Operating Budget Data***

(\$ in Thousands)

	<b><u>FY 16</u></b> <b><u>Actual</u></b>	<b><u>FY 17</u></b> <b><u>Working</u></b>	<b><u>FY 18</u></b> <b><u>Allowance</u></b>	<b><u>FY 17-18</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
General Fund	\$30,787	\$31,271	\$31,568	\$296	0.9%
Adjustments	0	0	-93	-93	
<b>Adjusted General Fund</b>	<b>\$30,787</b>	<b>\$31,271</b>	<b>\$31,475</b>	<b>\$204</b>	<b>0.7%</b>
Special Fund	326	337	304	-33	-9.9%
<b>Adjusted Special Fund</b>	<b>\$326</b>	<b>\$337</b>	<b>\$304</b>	<b>-\$33</b>	<b>-9.9%</b>
Federal Fund	490	580	584	4	0.6%
Adjustments	0	0	-1	-1	
<b>Adjusted Federal Fund</b>	<b>\$490</b>	<b>\$580</b>	<b>\$583</b>	<b>\$2</b>	<b>0.4%</b>
Reimbursable Fund	3,441	3,465	3,460	-5	-0.2%
<b>Adjusted Reimbursable Fund</b>	<b>\$3,441</b>	<b>\$3,465</b>	<b>\$3,460</b>	<b>-\$5</b>	<b>-0.2%</b>
<b>Adjusted Grand Total</b>	<b>\$35,044</b>	<b>\$35,654</b>	<b>\$35,822</b>	<b>\$167</b>	<b>0.5%</b>

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- The fiscal 2018 allowance for the Maryland School for the Deaf (MSD) is \$167,000 above the fiscal 2017 working appropriation. This is primarily due to increased spending on contractual services, though it is offset by decreased spending for personnel and energy expenses.
- Contingent reductions reduce the fiscal 2018 allowance by \$92,625 in general funds and \$1,485 in special funds due to the across-the-board reduction for a supplemental pension payment. Annual payments are mandated for fiscal 2017 through 2020 if the Unassigned General Fund balance exceeds a certain amount at the close of the fiscal year. This action is tied to a provision in the Budget Reconciliation and Financing Act of 2017.

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

For further information contact: Kyle D. Siefering

Phone: (410) 946-5530

## ***Personnel Data***

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	<b><u>FY 16</u></b> <b><u>Actual</u></b>	<b><u>FY 17</u></b> <b><u>Working</u></b>	<b><u>FY 18</u></b> <b><u>Allowance</u></b>	<b><u>FY 17-18</u></b> <b><u>Change</u></b>
Regular Positions	319.50	330.50	330.50	0.00
Contractual FTEs	<u>92.50</u>	<u>90.00</u>	<u>77.60</u>	<u>-12.40</u>
<b>Total Personnel</b>	<b>412.00</b>	<b>420.50</b>	<b>408.10</b>	<b>-12.40</b>

### ***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	1.59	0.48%
Positions and Percentage Vacant as of 12/31/16	3.00	0.91%

- MSD had 3.0 vacancies at the close of calendar 2016, which is above its budgeted turnover for fiscal 2017. **MSD should comment on whether it has been successful filling its new positions in fiscal 2017.**
- MSD received 4.0 residential child and youth care professional (RCYCP) positions and 7.0 new faculty positions in fiscal 2017. Due to bringing on this new staff, MSD is decreasing its contractual full-time equivalents by 12.4 in fiscal 2018.

## ***Analysis in Brief***

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### **Major Trends**

***Rates for College Attendance, Work, and Training Down:*** MSD has a goal that 80% of its students that earn a diploma will go on to attend college. In fiscal 2016, the rate of graduates attending college was 88%, down slightly from 91% in fiscal 2015. MSD also has a goal that 80% of its students completing its Life-Based Education (LBE) program and receiving a Maryland State Certificate of Program Completion go on to work or to attend a training program. In fiscal 2016, MSD's rate was 75%. However, the rate for work or training for LBE students varies greatly year to year due to the small number of students participating in the program. Going back to fiscal 2007, MSD's average rate for LBE completers going on to work or training has been 92%.

***Kindergarten Readiness Below 75%:*** MSD is reporting the results from the Kindergarten Readiness Assessment for the first time as part of its Managing for Results submission following its administration for school year 2015-2016. MSD has a goal that 75% of its kindergartners will demonstrate readiness in mathematics, social foundations, and physical well-being and motor development. MSD fell below this goal for the school year 2015-2016 administration, with 29% demonstrating readiness in mathematics, 48% in social foundations, and 52% in physical well-being and motor development.

### **Recommended Actions**

1. Concur with Governor's allowance.

### **Updates**

***Personnel Management and At-will Teachers:*** Due to concern over whether MSD teachers are in the professional services in the State Personnel Management System (SPMS), the budget committees directed MSD to work with the Department of Budget and Management to verify if MSD teachers are included in a correct fashion and on the status of teachers that are at will. In regard to personnel management, MSD employees in State classifications follow all of SPMS, while 10-month MSD employees follow most of SPMS and faculty and RCYCPs follow some of SPMS. In regard to at-will teachers, MSD has agreed that it will no longer award yearly contracts to its teachers after they have successfully completed their three-year probationary period.

*R99E – Maryland School for the Deaf*

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***Operating Budget Analysis***

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**Program Description**

The Maryland School for the Deaf (MSD) provides comprehensive prekindergarten through grade 12 (preK-12) education to deaf students through day and residential programs. The school utilizes the Maryland College and Career-Ready Standards. All students follow one of two levels of curriculum: Essential or Life-Based Education (LBE). Each curriculum has different goal levels and requires different levels of student support services, which are directed by the students' Individual Education Program. The Enhanced Program of Services supports students who have multiple disabilities, are medically fragile, and/or are developmentally disabled. The Family Education/Early Intervention Program provides services for families of children age five or younger in developing early language skills, including American Sign Language and English, for the child and family.

The school has two campuses. The Frederick location serves students in preK-12, while the Columbia location serves students through grade 8. The Frederick campus supported 338 students and 27 Family Education/Early Intervention children in fiscal 2016. The Columbia campus supported 95 students and 60 Family Education/Early Intervention children in fiscal 2016. Students graduating from the Frederick campus are eligible for the Maryland State High School Diploma or a Certificate of Program Completion.

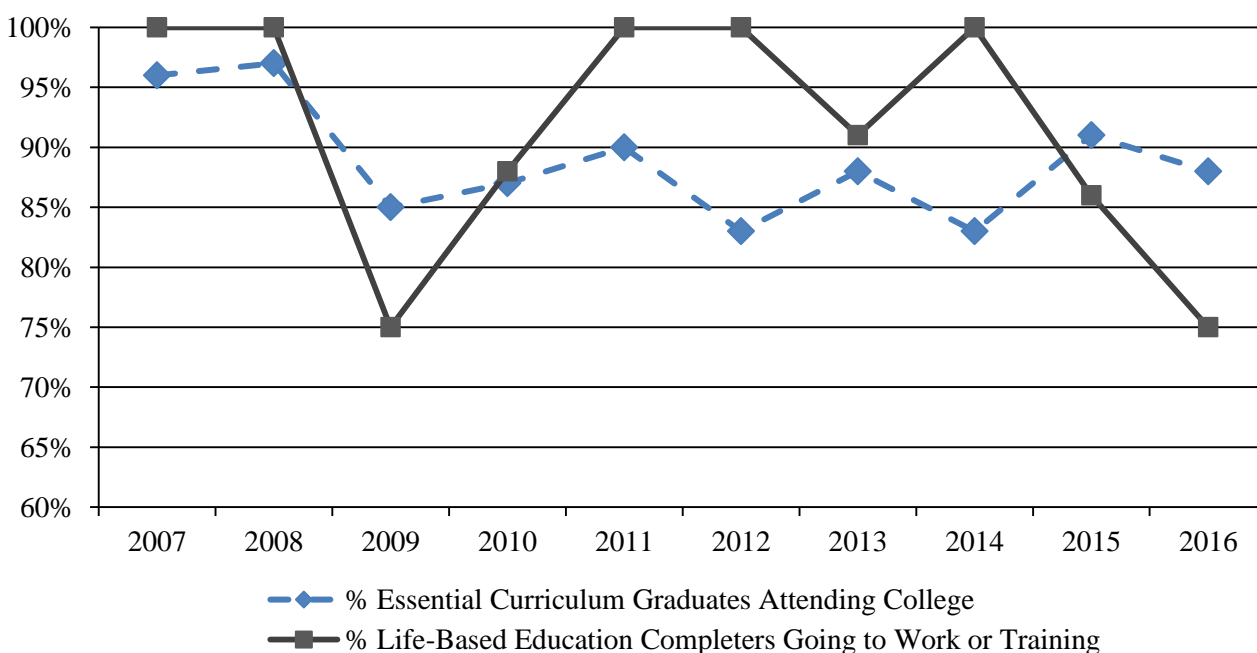
MSD has one overarching goal: to enable students in preK-12 to achieve their developmental potential.

**Performance Analysis: Managing for Results**

**1. Rates for College Attendance, Work, and Training Down**

MSD has several objectives that guide its measurement of success. The first is that 80% of its students that earn a diploma will go on to attend college. As shown in **Exhibit 1**, MSD has historically exceeded this target. In fiscal 2016, the rate of graduates attending college was 88%, down slightly from 91% in fiscal 2015. MSD also has a goal that 80% of its students completing its LBE program and receiving a Maryland State Certificate of Program Completion go on to work or to attend a training program. In fiscal 2016, MSD's rate was 75%. However, the rate for work or training for LBE students varies greatly year to year due to the small number of students participating in the program. Going back to fiscal 2007, MSD's average rate for LBE completers going on to work or training has been 92%.

**Exhibit 1**  
**Students Going to College, Work, or Training**  
**Fiscal 2007-2016**



Note: Essential Curriculum graduates receive Maryland State High School Diplomas. The Maryland School for the Deaf has averaged 28 Essential Curriculum graduates and 7 Life-Based Education completers each year since fiscal 2007.

Source: Governor's Budget Books, Fiscal 2010-2016; Department of Budget and Management, Fiscal 2017-2018

## 2. Kindergarten Readiness Below 75%

MSD is reporting the results from the Kindergarten Readiness Assessment (KRA) for the first time as part of its Managing for Results submission following its administration for school year 2015-2016. The KRA is the cornerstone of the Ready for Kindergarten: Maryland's Early Childhood Comprehensive System program and has replaced the previously used Maryland Model for School Readiness. MSD has a goal that 75% of its kindergartners will demonstrate readiness in mathematics, social foundations, and physical well-being and motor development. (MSD does not report for the language and literacy component of the KRA, as it is nonscorable for MSD's kindergartners due to them not having audiological access.) As shown in **Exhibit 2**, MSD fell below its goal for the school year 2015-2016 administration. MSD notes that its subgroups for the KRA were too small to receive statistical data on performance, meaning these results do not truly reflect the students' progress.

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**Exhibit 2**  
**Results from First Administration of the Kindergarten Readiness Assessment**  
**Maryland School for the Deaf**  
**School Year 2015-2016**

	<u><b>Goal</b></u>	<u><b>Demonstrates Readiness</b></u>	<u><b>Emerging/Approaching Readiness</b></u>
Social Foundations	75%	48%	52%
Mathematics	75%	29%	71%
Physical Well-being and Motor Development	75%	52%	48%

Source: Maryland School for the Deaf

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**Proposed Budget**

As shown in **Exhibit 3**, the fiscal 2018 allowance reflects a \$167,000 increase over the fiscal 2017 working appropriation. This takes into account the across-the-board reduction for the pension sweeper.

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

<b>How Much It Grows:</b>	<u><b>General Fund</b></u>	<u><b>Special Fund</b></u>	<u><b>Federal Fund</b></u>	<u><b>Reimb. Fund</b></u>	<u><b>Total</b></u>
Fiscal 2016 Actual	\$30,787	\$326	\$490	\$3,441	\$35,044
Fiscal 2017 Working Appropriation	31,271	337	580	3,465	35,654
Fiscal 2018 Allowance	<u>31,475</u>	<u>304</u>	<u>583</u>	<u>3,460</u>	<u>35,822</u>
Fiscal 2017-2018 Amount Change	\$204	-\$33	\$2	-\$5	\$167
Fiscal 2017-2018 Percent Change	0.7%	-9.9%	0.4%	-0.2%	0.5%

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**Where It Goes:**

**Personnel Expenses**

Turnover adjustments.....	\$93
Employee and retiree health insurance .....	77
Other fringe benefit adjustments.....	15
Workers' compensation premium assessment .....	-37
Employee retirement system.....	-92
Salaries and other compensation.....	-230

**Other Changes**

Contractual maintenance services.....	227
Interpreters .....	105
Medical service support .....	93
Supplies and materials .....	58
Training and staff development .....	33
Contractual staff.....	31
Employee awards .....	20
Contractual administrative services .....	-15
Fuel and utilities.....	-58
End of energy performance contract.....	-146
Other .....	-7

<b>Total</b>	<b>\$167</b>
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Note: Numbers may not sum to total due to rounding.

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**Across-the-board Reductions**

The fiscal 2018 budget bill includes a \$54.5 million (all funds) across-the-board contingent reduction for a supplemental pension payment. Annual payments are mandated for fiscal 2017 through 2020 if the Unassigned General Fund balance exceeds a certain amount at the close of the fiscal year. MSD's share of these reductions is \$92,625 in general funds and \$1,485 in special funds. This action is tied to a provision in the Budget Reconciliation and Financing Act of 2017.



## **Formula Funding and Changes**

Formula funding for MSD is based on enrollment growth and growth in State per pupil funding provided to local school systems. The formula has an adjustment that reflects the four-year moving average of student enrollment and 50% of enrollment in the Family Education/Early Intervention Program, which softens the effect of enrollment increases and decreases. The adjusted increase for the fiscal 2018 allowance is 2.1%. The per pupil foundation amount has increased to \$7,012, based on an inflationary increase of 0.7%. The impact from these increases provides approximately \$296,000 in general funds over the fiscal 2017 working appropriation for MSD. However, the reduction from the supplemental pension payment contingent reduction makes the adjusted increase in general funds from the fiscal 2017 working appropriation \$204,000. MSD is projecting little to no growth in its adjusted enrollment over the next two years, particularly due to a large graduating class in fiscal 2017. **MSD should comment on how it is preparing for future years if there is to be low growth in its formula funding.**

Spending for personnel decreases from fiscal 2017 to 2018 by approximately \$173,000, primarily due to lower funding for staff salaries. These decreases are offset by lower savings from turnover due to MSD filling its 11 new positions from fiscal 2017.

MSD has restored spending for maintenance, interpreters, medical services, and various other expenses in fiscal 2018 after having cut costs in the fiscal 2017 budget to hire new staff. Spending on contractual staff does increase slightly, despite a decrease of 12.4 full-time equivalents due to increased spending per position. MSD has been given flexibility to increase these expenses due to \$146,000 in general fund savings from its energy performance contract coming to an end, as well as reduced spending on day-to-day operating expenses such as fuel and utilities.

## ***Recommended Actions***

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1. Concur with Governor's allowance.

## ***Updates***

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### **1. Personnel Management and At-will Teachers**

Due to concern over whether MSD teachers are in the professional services in the State Personnel Management System (SPMS), the budget committees included committee narrative in the 2016 *Joint Chairmen’s Report* directing MSD to work with the Department of Budget and Management to verify if MSD teachers are included in a correct fashion and on the status of teachers that are at will.

In regard to personnel management, MSD employees in State classifications follow all of SPMS, while 10-month MSD employees follow most of SPMS. Faculty and residential child and youth care professionals (RCYCP) follow some of SPMS. MSD employees in State classifications are on the standard State salary and increment scale, while faculty and RCYCPs have their own salary scale.

All new teachers enter a three-year probationary period as at-will employees where they receive one-year contracts each year, as required by the Maryland State Department of Education. Upon successful completion of the probationary period, teachers will be in “permanent status,” meaning they will no longer receive yearly contracts.

**Appendix 1**  
**Current and Prior Year Budgets**  
**Maryland School for the Deaf**  
**(\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2016</b>					
Legislative Appropriation	\$30,385	\$326	\$517	\$3,748	\$34,976
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	402	0	30	0	432
Reversions and Cancellations	0	0	-56	-308	-364
<b>Actual Expenditures</b>	<b>\$30,787</b>	<b>\$326</b>	<b>\$490</b>	<b>\$3,441</b>	<b>\$35,044</b>
<b>Fiscal 2017</b>					
Legislative Appropriation	\$30,864	\$337	\$573	\$3,465	\$35,239
Cost Containment	0	0	0	0	0
Budget Amendments	408	0	7	0	415
<b>Working Appropriation</b>	<b>\$31,271</b>	<b>\$337</b>	<b>\$580</b>	<b>\$3,465</b>	<b>\$35,654</b>

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

## **Fiscal 2016**

General fund expenditures totaled \$30.8 million in fiscal 2016, a \$402,000 increase when compared to the legislative appropriation, reflecting a budget amendment for the 2% State salary adjustment, which restored the funding reduced in Section 20 of the fiscal 2016 budget bill.

Special fund expenditures totaled \$326,000 in fiscal 2016, which reflects no change from the legislative appropriation.

Federal fund expenditures totaled \$490,000, reflecting a \$26,000 decrease when compared to the legislative appropriation. Budget amendments provided a \$30,000 increase, including \$27,000 due to additional medical assistance and Ready for Kindergarten revenue and \$3,000 for the 2% salary adjustment. The appropriation was decreased due to \$56,000 in canceled funds, resulting from changes in enrollment at the Maryland School for the Deaf (MSD).

Reimbursable fund expenditures totaled approximately \$3.4 million, reflecting a decrease of nearly \$308,000 when compared to the legislative appropriation. This decrease occurred due to cancellations that occurred due to changes in enrollment at MSD.

## **Fiscal 2017**

The 2017 working appropriation is nearly \$35.7 million, reflecting an increase of \$408,000 in general funds and \$7,000 in federal funds due to salary increments.

**Appendix 2**  
**Object/Fund Difference Report**  
**Maryland School for the Deaf**

<u>Object/Fund</u>	<u>FY 16 Actual</u>	<u>FY 17 Working Appropriation</u>	<u>FY 18 Allowance</u>	<u>FY 17 - FY 18 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	319.50	330.50	330.50	0.00	0%
02 Contractual	92.50	90.00	77.60	-12.40	-13.8%
<b>Total Positions</b>	<b>412.00</b>	<b>420.50</b>	<b>408.10</b>	<b>-12.40</b>	<b>-2.9%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 27,413,353	\$ 28,708,004	\$ 28,629,047	-\$ 78,957	-0.3%
02 Technical and Spec. Fees	4,020,207	3,547,207	3,828,302	281,095	7.9%
03 Communication	242,219	222,577	217,702	-4,875	-2.2%
04 Travel	31,754	4,000	15,000	11,000	275.0%
06 Fuel and Utilities	1,134,590	1,104,387	900,731	-203,656	-18.4%
07 Motor Vehicles	86,499	83,073	78,871	-4,202	-5.1%
08 Contractual Services	1,022,320	947,456	1,159,013	211,557	22.3%
09 Supplies and Materials	856,264	843,543	901,554	58,011	6.9%
10 Equipment – Replacement	165,899	127,815	127,815	0	0%
13 Fixed Charges	70,650	66,096	57,576	-8,520	-12.9%
<b>Total Objects</b>	<b>\$ 35,043,755</b>	<b>\$ 35,654,158</b>	<b>\$ 35,915,611</b>	<b>\$ 261,453</b>	<b>0.7%</b>
<b>Funds</b>					
01 General Fund	\$ 30,786,834	\$ 31,271,349	\$ 31,567,621	\$ 296,272	0.9%
03 Special Fund	325,654	337,436	304,143	-33,293	-9.9%
05 Federal Fund	490,428	580,353	584,099	3,746	0.6%
09 Reimbursable Fund	3,440,839	3,465,020	3,459,748	-5,272	-0.2%
<b>Total Funds</b>	<b>\$ 35,043,755</b>	<b>\$ 35,654,158</b>	<b>\$ 35,915,611</b>	<b>\$ 261,453</b>	<b>0.7%</b>

Note: Does not include targeted reversions, deficiencies, and contingent reductions.