

R00A01
Headquarters
Maryland State Department of Education

Operating Budget Data

(\$ in Thousands)

	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18-19</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$90,830	\$95,025	\$93,596	-\$1,428	-1.5%
Adjustments	0	-1,236	324	1,560	
Adjusted General Fund	\$90,830	\$93,788	\$93,920	\$131	0.1%
Special Fund	6,943	9,274	9,772	498	5.4%
Adjustments	0	-35	24	59	
Adjusted Special Fund	\$6,943	\$9,239	\$9,796	\$556	6.0%
Federal Fund	125,511	163,802	168,473	4,671	2.9%
Adjustments	0	-1,035	541	1,576	
Adjusted Federal Fund	\$125,511	\$162,767	\$169,014	\$6,247	3.8%
Reimbursable Fund	2,569	3,178	3,870	693	21.8%
Adjustments	0	0	15	15	
Adjusted Reimbursable Fund	\$2,569	\$3,178	\$3,886	\$708	22.3%
Adjusted Grand Total	\$225,854	\$268,972	\$276,615	\$7,642	2.8%

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- The adjusted 2019 allowance reflects an increase of approximately \$7.6 million when compared to the adjusted fiscal 2018 working appropriation. Nearly \$2.6 million of this increase is due to increased personnel expenditures, \$2.1 million is due to increased funding for the Department of Rehabilitation Services (DORS), and a net \$1.0 million is due to adjustments from federal grants.

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

For further information contact: Kyle D. Siefering

Phone: (410) 946-5530

R00A01 – MSDE – Headquarters

- The 2018 working appropriation experiences an across-the-board reduction for employee and retiree health insurance. The Maryland State Department of Education (MSDE) share of this reduction is \$536,210 in general funds, \$34,659 in special funds, and \$1,034,987 in federal funds. The working appropriation also reflects a \$700,000 targeted reversion of general funds for the Juvenile Services Education System (JSES) due to anticipated unspent funds as a result of vacant positions. Additionally, the adjusted fiscal 2019 allowance reflects a 2% cost-of-living adjustment that has been budgeted under the Department of Budget and Management.

Personnel Data

	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18-19</u> <u>Change</u>
Regular Positions	1,215.90	1,215.90	1,205.90	-10.00
Contractual FTEs	<u>109.19</u>	<u>128.94</u>	<u>115.79</u>	<u>-13.15</u>
Total Personnel	1,325.09	1,344.84	1,321.69	-23.15

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	81.64	6.77%
Positions and Percentage Vacant as of 12/31/17	132.00	10.86%

- The fiscal 2019 allowance abolishes 10 positions across the agency. This includes 1 lead office services clerk in the Division of Business Services; 1 office secretary II in the Division of Student, Family, and School Support; 1 management associate in the Division of Career and College Readiness; 4 instructional assistant IIs in the Juvenile Services Education Program; 1 police officer in DORS – Headquarters; and 2 vocational rehabilitation specialist IIs in DORS – Client Services. All of these positions are currently vacant. Abolishing these positions is expected to produce approximately \$400,000 in savings in fiscal 2019.
- The fiscal 2019 allowance reduces MSDE’s contractual full-time equivalents (FTEs) by a total of 13.15 across the agency. The greatest portion of this reduction comes from DORS, which loses a total of 8 FTEs across its functions. The specific FTEs that will be reduced, or will be left unfilled should they be vacant, is currently under consideration.
- MSDE has a vacancy rate of 10.9% as of December 31, 2017, which reflects 132 vacancies across the agency. Programs with particularly significant numbers of vacancies include JSES with 29, DORS – Disability Determination Services with 23, the Division of Early Childhood Development with 18, and DORS – Client Services with 14.5. **MSDE should comment on how these vacancies impact its operations.**

Analysis in Brief

Major Trends

Decline in Employment Success for DORS Clients: The goal of DORS Client Services program is to provide vocational rehabilitation to disabled individuals so that they may achieve economic self-sufficiency through employment. The employment success rate for DORS clients fell sharply in fiscal 2017 to 33%. The number of DORS clients achieving employment reached 2,565 in fiscal 2016 before falling to 1,853 in fiscal 2017. **MSDE should comment on why the rate and number of clients achieving employment declined in fiscal 2017.**

Maryland Longitudinal Data System Bringing Attention to its Research: The Maryland Longitudinal Data System (MLDS) has worked to make its website more robust, publishing 22 reports and data dashboards to its website in fiscal 2016 and 17 in fiscal 2017. Likewise, MLDS has been able to bring more views to its website, with over 11,000 in fiscal 2016, and nearly 9,500 in fiscal 2017.

Teacher Effectiveness Rising: The percentage of teachers in the State rated as highly effective has risen in the most recent evaluation to 39.2%, nearly equaling the fiscal 2014 percentage of 40.8%. The percentage of teachers rated as ineffective has stayed relatively level at approximately 2.5% over the years.

Issues

Assessments under Maryland’s Every Student Succeeds Act Plan: On January 16, 2018, U.S. Secretary of Education Betsy D. DeVos approved Maryland’s Every Student Succeeds Act (ESSA) plan. In general, Maryland’s accountability system will operate on a five-star system based on academic and school quality indicators that comprise a composite score. Proficiency on Partnership for Assessment of Readiness for College and Careers assessments will be used to inform the academic indicators of the composite score. **MSDE should update the committees on progress toward the implementation of Maryland’s ESSA plan now that it has received approval.**

Broadening Options and Opportunities for Students Today (BOOST) Program and Aid to Nonpublic Schools: BOOST scholarships were distributed by the BOOST Advisory Board for school year 2017-2018 under the same methodology as its previous administration. As of October 30, 2017, \$6.0 million has been awarded for 2,646 students, though not all of it has yet been paid. This has been in part due to compliance issues for nonpublic schools participating in BOOST, the Aid to Nonpublic Schools Program, and the Nonpublic Aging Schools Program, particularly in regard to nondiscrimination requirements. The BOOST board has asked MSDE to perform a handbook review of participating nonpublic schools. **MSDE should update the budget committees on the status of its handbook review, and whether it has found that any nonpublic schools that have already been paid have been in conflict with the nondiscrimination requirements. It should also update the committees on what advice it has received on the possibility of being paid back for funds paid in past years to discriminating schools.** As the Aid to Nonpublic Schools Program and Nonpublic Aging

Schools Program are administered separately from BOOST, the determination of whether or not schools that remove discriminatory policies can remain eligible for the textbook program remains with MSDE. **MSDE should update the budget committees on when it will make a decision regarding a nonpublic school’s eligibility for the Nonpublic Textbook Program and the Nonpublic Aging Schools Program, and on what basis it will make its decision.** The Department of Legislative Services (DLS) is making the following recommendations regarding the Aid to Nonpublic Schools Program and the BOOST Program. These recommendations do not apply to the MSDE – Headquarters analysis, and will be placed in MSDE – Funding for Educational Organizations decision materials on a later date. **DLS recommends that all language regarding the distribution of funds for the Aid to Nonpublic Schools Program be added to the fiscal 2019 allowance as updated from the fiscal 2018 budget bill. DLS also recommends that all language requiring schools participating in the Aid to Nonpublic Schools Program to not discriminate in employment or student admissions be added to the fiscal 2019 allowance to match the fiscal 2018 budget bill. DLS recommends language from the fiscal 2018 budget bill regarding provisions for eligibility to participate in the BOOST program be restored. DLS further recommends that no awards be made for the BOOST program after March 1, 2018, and that all remaining funds be encumbered to be available for the BOOST program for the 2018-2019 school year. DLS recommends that all reporting requirements in the fiscal 2018 budget bill for the BOOST Program be restored in the fiscal 2019 budget bill. DLS recommends level funding the BOOST program’s fiscal 2019 appropriation at \$5.5 million in special funds.**

Juvenile Services Education System Funding: Total funding for JSES has trended upward over time, from \$12.4 million in fiscal 2013 to \$18.0 million in fiscal 2017. **MSDE should comment on why JSES has received an upward trend in reimbursable funds over time, and its methodology in determining the split between itself and the Department of Juvenile Services (DJS) in distributing funds received from local education agencies, and how DJS uses the funds it retains.** JSES has had to provide services to fewer total students in DJS operated facilities over time. As there have not been corresponding decreases in JSES funding, this decline in average daily population has driven increases in pupil funding, from \$21,509 per pupil in fiscal 2013 to \$41,325 per pupil in fiscal 2017. **MSDE should comment on what the cost implications would be should LEAs provide the educational program at some DJS facilities instead of JSES.**

Operating Budget Recommended Actions

1. Add language to reduce reimbursable funds for the Juvenile Services Education Program due to a discrepancy in special funds for the Department of Juvenile Services.

Updates

Placement Determinations for Children with Complex Medical Needs: MSDE has a limited role in the coordination of services for youth with mental illness, developmental disabilities, or complex medical needs. It focuses on ensuring the youth receives the most appropriate education. The local

R00A01 – MSDE – Headquarters

school systems are the primary entity for this work, with MSDE involved in oversight and technical assistance.

Placement Determinations for Children in Out-of-state Facilities: Local school systems are responsible for ensuring compliance with Individuals with Disabilities Education Act and the provision of Free Appropriate Public Education. MSDE monitors and provides oversight of the local school systems regardless of the location of the placement. Local departments of social services notifies the Department of Human Services (DHS) regarding a pending out-of-state placement and DHS and MSDE collaborate regarding the State approval status of the program.

R00A01 – MSDE – Headquarters

R00A01
Headquarters
Maryland State Department of Education

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.

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 in English language arts/literacy and mathematics in June 2010, which form the foundation for Maryland's new State curriculum. The new State curriculum was fully implemented in all Maryland schools beginning 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 Accountability and Assessment; the Office of Information Technology; the Office of School and Community Nutrition Programs; the Division of Early Childhood Development; the Division of Curriculum, Assessment, and Accountability; the Division of Student, Family, and School Support; the Division of Special Education/Early Intervention Services; the Division of Career and College Readiness; the Juvenile Services Education Program; the Division of Certification and Accreditation; and the Division of Rehabilitation Services (DORS). MSDE has a Division of Academic Policy and Innovation, but has merged it with its Division of Student, Family, and School Support. Note that there is a separate analysis on Early Childhood Development (R00A99).

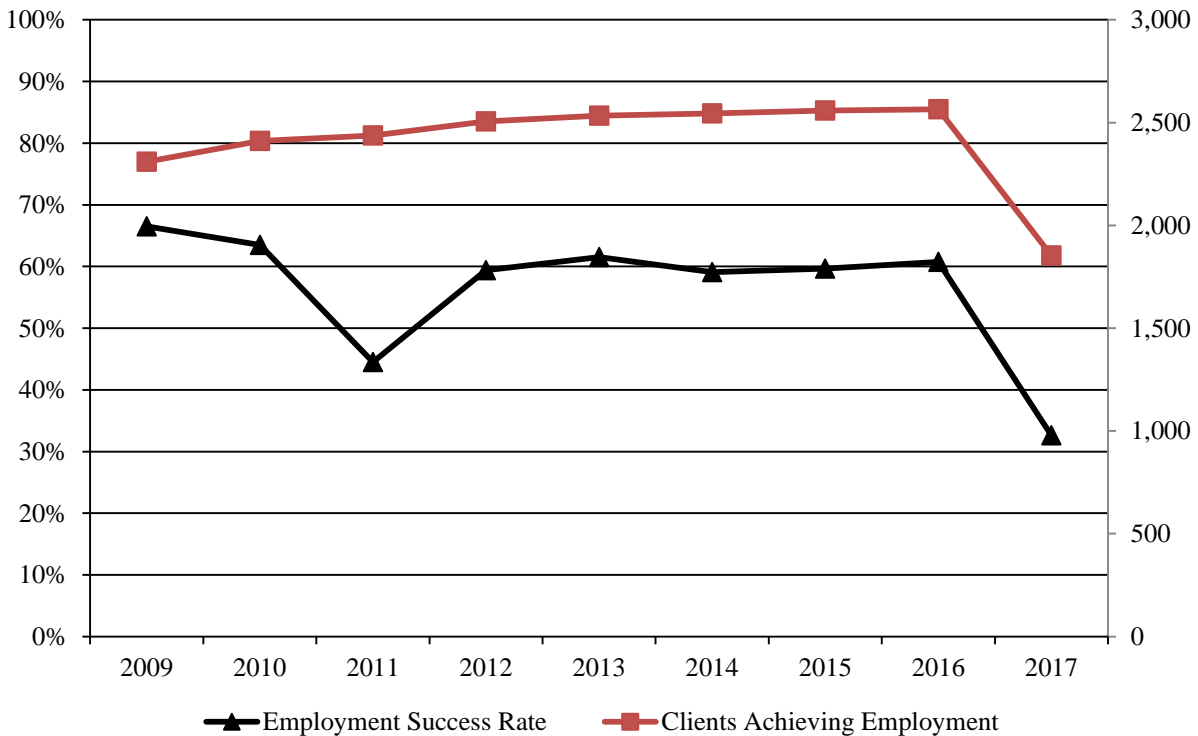
Performance Analysis: Managing for Results

1. Decline in Employment Success for DORS Clients

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 that they may achieve economic self-sufficiency through employment. Clients can access services at over 20 field offices throughout the State or at the Workforce and Technology Center in Baltimore, which offers a wide range of job skills training and academic courses beyond what is offered at the field offices. As shown in **Exhibit 1**, the employment success rate has held steady at approximately 60% over the past five years, but fell sharply in fiscal 2017 to 33%. Corresponding with this rate was steady growth in the number of clients achieving employment that reached 2,565 in fiscal 2016, before falling to 1,853 in fiscal 2017. **MSDE should comment on why the rate and number of clients achieving employment declined in fiscal 2017.**

Exhibit 1
DORS Employment Outcomes
Fiscal 2009-2017

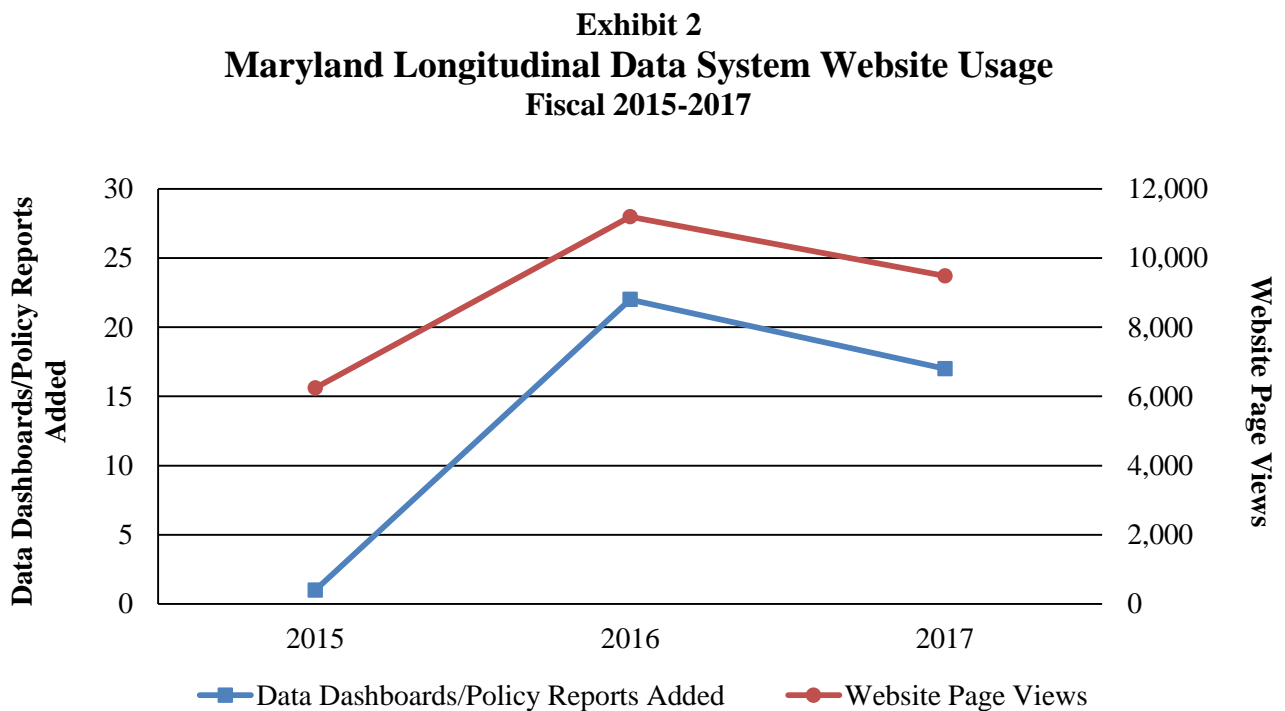


DORS: Department of Rehabilitation Services

Source: Maryland State Department of Education; Governor’s Budget Books, Fiscal 2009-2016; Department of Budget and Management, Fiscal 2017-2019

2. Maryland Longitudinal Data System Bringing Attention to its Research

Increasingly complex and interrelated policy questions have required the State to invest considerable time and resources into building the Maryland Longitudinal Data System (MLDS) to collect statewide data on K-12 and higher education students and the workforce (Chapter 190 of 2010). MLDS has been fully developed and operational since 2014, though in its initial years MLDS had limited ability to respond to requests and struggled to bring public attention to its data. Recently, MLDS has worked to make its website more robust, publishing 22 reports and data dashboards to its website in fiscal 2016 and 17 in fiscal 2017. Likewise, MLDS has been able to bring more views to its website, with over 11,000 in fiscal 2016, and nearly 9,500 in fiscal 2017. These results for published material and website views are shown in **Exhibit 2**.



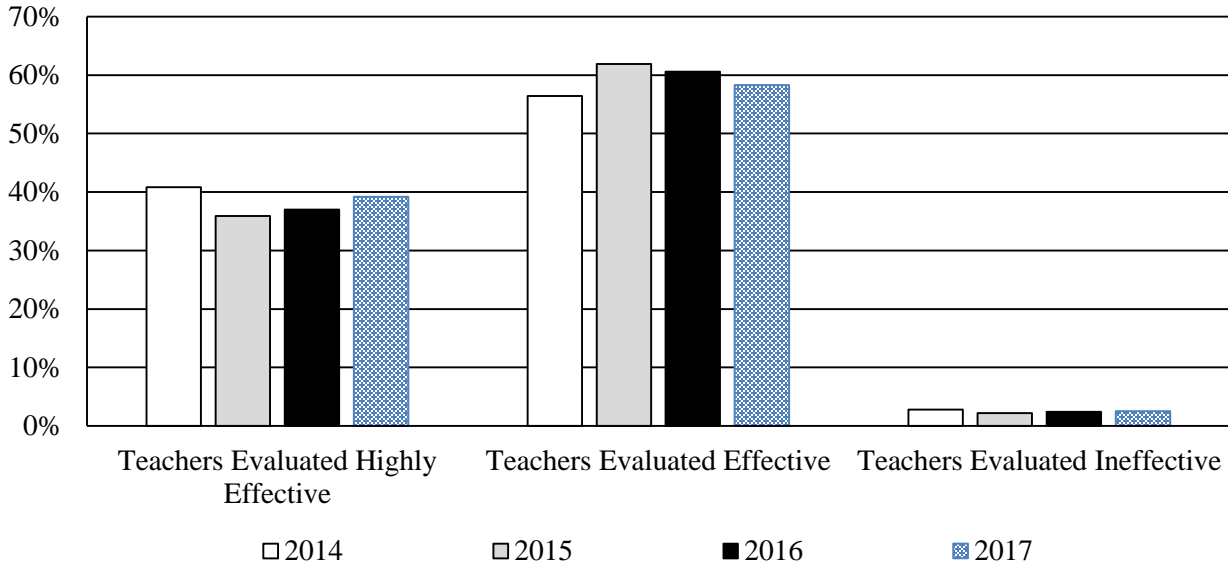
Source: Department of Budget and Management, Fiscal 2019 Budget Books

3. Teacher Effectiveness Rising

MSDE has a goal of making sure that all educators have the skills necessary to be highly qualified teachers. Associated with this goal is the objective to increase the percentage of teachers across the State who are rated as highly effective. **Exhibit 3** shows the results for those evaluations for fiscal 2014 through 2017. As shown, the percentage of teachers in the State rated as highly effective has risen in the most recent evaluation to 39.2%, nearly equaling the fiscal 2014 percentage of 40.8%.

The percentage of teachers rated as ineffective has stayed relatively level at approximately 2.5% over the years.

**Exhibit 3
Teacher Effectiveness
Fiscal 2014-2017**



Source: Department of Budget and Management, Fiscal 2019 Budget Books

Fiscal 2018 Actions

Targeted Reversion

MSDE's Juvenile Services Education System (JSES) has a targeted reversion of \$700,000 in general funds in fiscal 2018. This is due to JSES's continued high rate of turnover and difficulty in filling positions, resulting in anticipated unspent funds.

Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. This agency's share of this reduction is \$536,210 in general funds, \$34,659 in special funds, and \$1,034,987 in federal funds.

Proposed Budget

The fiscal 2019 allowance is \$7.6 million more than the fiscal 2018 working appropriation, which is a 2.8% increase. **Exhibit 4** details the changes within this increase, after adjusting for targeted reversions, as well as across-the-board health insurance reductions and general salary increases.

Exhibit 4
Proposed Budget
MSDE – Headquarters
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2017 Actual	\$90,830	\$6,943	\$125,511	\$2,569	\$225,854
Fiscal 2018 Working Appropriation	93,788	9,239	162,767	3,178	268,972
Fiscal 2019 Allowance	<u>93,920</u>	<u>9,796</u>	<u>169,014</u>	<u>3,886</u>	<u>276,615</u>
Fiscal 2018-2019 Amount Change	\$131	\$556	\$6,247	\$708	\$7,642
Fiscal 2018-2019 Percent Change	0.1%	6.0%	3.8%	22.3%	2.8%

Where It Goes:

Personnel Expenses

New positions	\$0
Abolished/transferred positions	-400
Salaries and other compensation.....	897
Employee retirement system.....	491
Employee and retiree health insurance	1,606
Workers' compensation premium assessment	-159
Turnover adjustments	694
Other fringe benefit adjustments.....	-573

Division of Rehabilitation Services

Technology Preparation Education grants	2,000
Client Services operations.....	934
Vocational Rehabilitation grants.....	813
Maryland Business Enterprise Program for the Blind	389
Contracts, equipment, and other expenses	234
Contractual employees.....	-2,243

Other Changes

Statewide Longitudinal Data Systems	2,155
Juvenile Services Education System operations	1,682
Charter School Grant administration	962

R00A01 – MSDE – Headquarters

Where It Goes:

State assessment grants.....	954
Striving Readers/Comprehensive Literacy Development contracts	750
Javits Gifted and Talented Program contracts	400
Travel, equipment, and other expenses.....	285
Maryland PROMISE implementation.....	-500
Free and reduced-priced meals matching software.....	-3,729
Total	\$7,642

MSDE: Maryland State Department of Education

PROMISE: Promoting the Readiness of Minors in Supplemental Security Income

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

General Salary Increase

The fiscal 2019 allowance includes funds for a 2% general salary increase for all State employees, effective January 1, 2019. These funds are budgeted in the Department of Budget and Management’s statewide program and will be distributed to agencies during the fiscal year. This agency’s share of the general salary increase is \$323,503 in general funds, \$23,854 in special funds, \$540,935 in federal funds, and \$15,207 in reimbursable funds. In addition, employees will receive another 0.5% increase and a \$500 bonus effective April 1, 2019, if actual fiscal 2018 general fund revenues exceed the December 2017 estimate by \$75 million. These funds have not been budgeted. The Administration will need to process a deficiency appropriation if revenues are \$75 million more than projected.

Personnel Changes

Personnel expenses increase for MSDE in fiscal 2019 when compared to the fiscal 2018 working appropriation by nearly \$2.6 million, after adjusting for the health insurance reduction and JSES turnover targeted reversion in fiscal 2018 and the 2% general salary increase in fiscal 2019. The largest increase is due to health insurance at \$1.6 million, followed by increased salaries and other compensation at \$897,000. There are no new employees for MSDE in fiscal 2019.

DORS

The fiscal 2019 allowance for DORS operations is \$2.1 million (all funds) above the fiscal 2018 working appropriation, not including funds for personnel. The biggest budget change for DORS is a \$2.2 million reduction associated with the removal of a sum total of 8 contractual full-time equivalents (FTEs). However, this reduction is offset by budgeted increases in other categories. DORS receives an increase in \$2.0 million in federal grant funding for the Technology Preparation Education (Tech Prep) program. Tech Prep funds career and technology education for DORS clients in pursuit of

an associate degree or two-year certificate. DORS receives \$934,000 for its Client Services program, particularly for workforce infrastructure expenses. MSDE is also anticipating an increase of \$813,000 from the federal Vocational Rehabilitation Grant program, which has been primarily budgeted for grant spending by DORS. DORS Blindness and Vision Services receives \$389,000 in special funds due to anticipated profits from the Maryland Business Enterprise Program for the Blind. The remainder of the increase is from contractual spending, equipment, and other operating expenses.

Other Significant Changes

MLDS and MSDE receive an increase of \$2.2 million in federal grant funding for statewide data systems. This funding will primarily be used to contract with researchers and consultants in the creation of MLDS's synthetic data set. This data set will allow MLDS to share data without the risk of disclosing personally identifiable information. Fiscal 2019 is the last year MLDS and MSDE will receive funding from this federal grant.

JSES receives \$1.7 million in increased funding, \$1.2 million of which is from reimbursable funds to be spent primarily on educational equipment and materials. JSES receives reimbursable funds from the Department of Juvenile Services (DJS) from a partnership by which DJS bills local education agencies (LEA) for the education of students in DJS facilities. The methodology behind this billing process is described in greater detail in the Issues section of this analysis. MSDE claims that because there is a lag time between when DJS receives payments and when funds are transferred to MSDE, JSES often does not receive payment for a certain fiscal year until the following year. The reimbursable fund increase in fiscal 2019 therefore is to recognize reimbursable funds from prior years. However, this large of an increase indicates either increased revenue from billings, if not in fiscal 2019 then in prior years, or a greater delay in transfers being made to MSDE than in previous years. Additionally, DJS has only recognized approximately \$395,000 in special funds from LEAs in its fiscal 2019 allowance, meaning that there is an accounting discrepancy of nearly \$804,000 in MSDE's allowance. **MSDE should comment on what factors are driving the increase in its reimbursable fund allowance for JSES in fiscal 2019. The Department of Legislative Services (DLS) recommends decreasing reimbursable funds for JSES in fiscal 2019 to correct for the discrepancy between DJS and MSDE.**

MSDE is receiving increased federal funding for a number of federal grants in fiscal 2019. This includes \$962,000 to administer a new charter school startup grant that Maryland qualified for, \$954,000 in the Division of Accountability and Assessment to be used on grants for administering State assessments, \$750,000 for contracts under the Striving Readers/Comprehensive Literacy Development grant, and \$400,000 for contracts under the Javits Gifted and Talented Program. MSDE also receives a decrease of \$500,000 in reimbursable funds due to the end of its memorandum of understanding with the Department of Disabilities to help implement its federally funded Maryland Promoting the Readiness of Minors in Supplemental Security Income program, which studied post-school outcomes for youth receiving Supplemental Security Income.

The largest decreases for MSDE were also for federal funds, particularly in the Office of School and Community Nutrition Programs. The majority is from a decrease of \$3.7 million in grant funding from fiscal 2018, when MSDE is expected to encumber a large amount of funds for maintenance on

R00A01 – MSDE – Headquarters

the Maryland Accountability and Reporting System (MARS). MARS makes it easier to determine students' free and reduced-price meals (FRPM) eligibility.

Issues

1. Assessments under Maryland’s Every Student Succeeds Act Plan

On December 10, 2015, President Barack H. Obama signed into law the Every Student Succeeds Act (ESSA), a re-authorization of the Elementary and Secondary Education Act. The ESSA requires each state to have its own accountability plan based on multiple measures, including at least one measure of school quality or student success and, at the state’s discretion, a measure of student growth. On January 16, 2018, U.S. Secretary of Education Betsy D. DeVos approved Maryland’s ESSA plan. This issue will briefly detail Maryland’s ESSA plan, as well as the use of assessments under the plan.

Academic and School Quality Indicators

In general, Maryland’s accountability system will operate on a five-star system based on academic and school quality indicators that comprise a composite score. The parameters for Maryland’s plan were established by the Protect Our Schools Act of 2017 (Chapter 29). Academic indicators comprise 65% of the composite score, while school quality indicators of chronic absenteeism, school climate, and opportunities/access to a well-rounded curriculum comprise the other 35%. According to the plan, using each school’s composite score, a statewide percentile ranking will be calculated, which will be converted into a five-star rating system. Using equity gap rules that are to be developed by MSDE, a school with significant equity gaps may be reclassified into a lower star level.

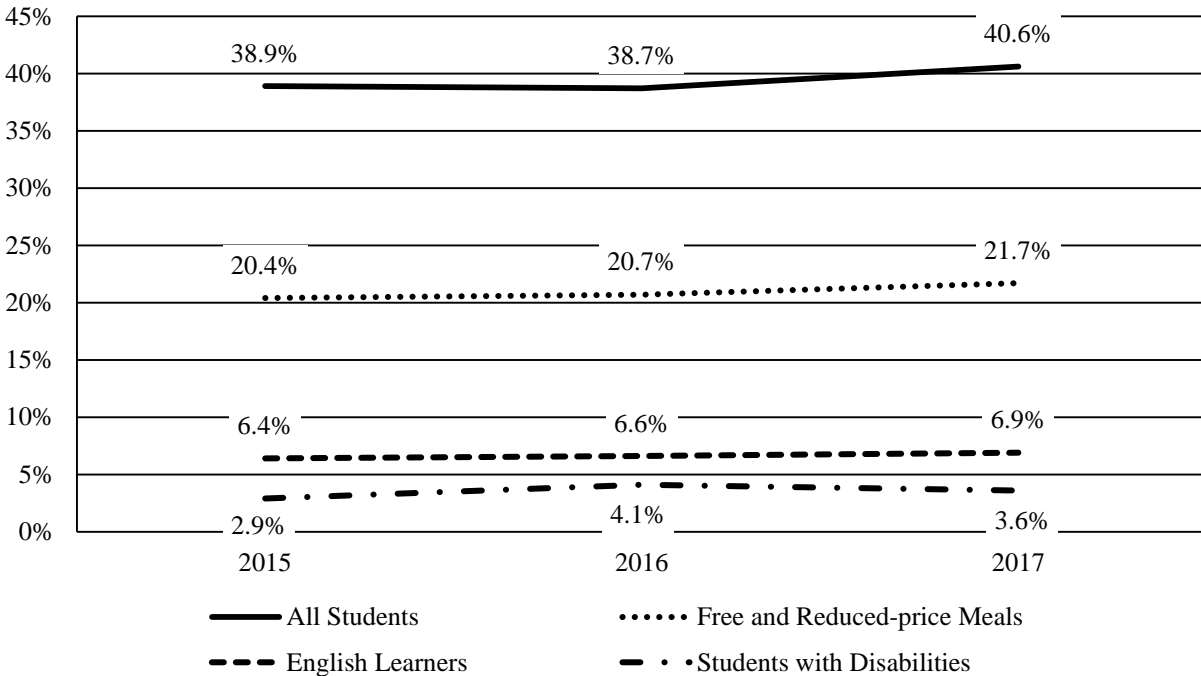
Assessment Scores Used In Maryland’s Plan

The Partnership for Assessment of Readiness for College and Careers (PARCC) assessments were administered for the third year during 2016-2017, and the scores will be used as the baseline for the new accountability system in the State’s plan. The PARCC assessments have five performance levels, with a score of four or five being considered proficient. Proficiency on PARCC assessments will be used to inform the academic indicators of the composite score.

On all the PARCC assessments, proficiency gaps between all students and subgroups, including racial and service groups (free and reduced-price meals, English learners, and students with disabilities), remain significant. For example, as shown in **Exhibit 5**, only about 40% of students statewide in grades three through eight earned a four or five on the English/Language Arts PARCC assessment, and the proficiency gaps between all students and subgroups are significant. The State’s plan proposes to reduce the percentage of total students and students in subgroups who score nonproficient on PARCC assessments by half by the year 2030.

MSDE should update the committees on progress toward the implementation of Maryland’s ESSA plan now that it has received approval.

Exhibit 5
Proficiency Rates on PARCC by Student Group
English/Language Arts
Grades 3-8
Academic 2015-2017



PARCC: Partnership for Assessment of Readiness for College and Careers

Source: Maryland State Department of Education

2. Broadening Options and Opportunities for Students Today (BOOST) Program and Aid to Nonpublic Schools

The BOOST Program provides scholarships to eligible low-income Maryland students to attend nonpublic schools. Since BOOST’s beginning in fiscal 2017, it has been authorized through budget bill language. Therefore, the 2017-2018 administration of the program, authorized by the fiscal 2018 budget, marks BOOST’s second year. The BOOST Program is administered by MSDE, while determinations for scholarship amounts and recipients are made by a BOOST Program Advisory Board (board).

BOOST is funded with special funds from the Cigarette Restitution Fund (CRF). For the fiscal 2018 administration of the program, BOOST received \$5.5 million in funding, as well as the authorization to spend unexpended funds from the fiscal 2017 administration. With this funding, the fiscal 2018 administration has had approximately \$6.0 million in scholarships awarded and accepted for the 2017-2018 school year.

The fiscal 2018 budget bill specified that all students participating in the BOOST program must be eligible for FRPM, and that participating schools may not discriminate in student admissions on the basis of race, color, national origin, or sexual orientation, or in employment as specified in Title 20, Subtitle 6 of the State Government Article. New for the 2017-2018 administration was budget bill language that specified that students who had already received BOOST scholarships would be eligible for renewal scholarships, and that for new applicants priority would be given to students who had attended public schools in the prior year. The language also required participating schools to submit student assessment and teacher credentialing data, or else not be eligible for the BOOST Program, and expanded BOOST reporting requirements for MSDE.

BOOST Methodology and Distribution

Using the same methodology that was used for the first BOOST administration, the board made its determinations for scholarship amounts and priority for new applicants in fiscal 2018 based on two qualifying factors: whether a student qualified for free meals or reduced-price meals under the FRPM criteria, and whether or not students attended public school during the prior school year. Students with renewal scholarships received scholarships of equal value to the first administration. For new award applicants, some eligible applications listed their previous school as “none.” MSDE determined that these applications indicated kindergarten students who did not participate in prekindergarten, or students who were previously homeschooled. The board determined that these students should receive scholarships at the free/private level.

The award amounts, based on the board’s categories, are the same as the initial BOOST administration. The amounts, as well as award totals by category, are detailed in **Exhibit 6**. **Exhibit 7** provides the total award amounts by applicants’ county of residence. For fiscal 2018, the board has been able to make awards for students in all categories except reduced/private, which has been deemed to be the lowest priority. In total, the board has offered awards to 2,865 students, 2,646 of which have accepted their awards. This is out of a total of 4,531 eligible applicants, which indicates that the BOOST program currently has a waitlist of at most 1,666 students, all of whom are in the reduced/private category. As shown, the program has a remaining balance of \$54,497 as of October 30, 2017. These funds are due to declined awards, as well as funds that MSDE holds in reserve in case it is required to make corrective awards. However, as discussed below, \$1.5 million in scholarships have been accepted but not paid out to the schools.

Exhibit 6
BOOST Scholarship Award Summary
School Year 2017-2018
As of October 30, 2017
(\$ in Thousands)

Income-eligible Applicants: 4,531

Renewals – Awarded and Accepted	<u>Students</u>	<u>Scholarship Amount for this Category</u>	<u>Total Value of Renewals</u>
Qualified for Free Meals, Attended Public School	257	\$4,400	\$1,130,800
Qualified for Reduced Meals, Attended Public School	85	3,400	289,000
Qualified for Free Meals, Attended Private School	1,023	1,400	1,432,200
Qualified for Reduced Meals, Attended Private School	330	1,000	330,000
<i>Subtotal Renewals</i>	<i>1,695</i>	<i>–</i>	<i>\$3,182,000</i>
New Applicants – Awarded and Accepted	<u>Students</u>	<u>Scholarship Amount for this Category</u>	<u>Total Value of New Awards</u>
Qualified for Free Meals, Attended Public School	423	\$4,400	\$1,861,200
Qualified for Reduced Meals, Attended Public School	125	3,400	425,000
Qualified for Free Meals, Attended Private School	371	1,400	519,400
Qualified for Free Meals, Type of Prior School is None	32	1,400	44,800
Qualified for Reduced Meals, Attended Private School	0	1,000	0
<i>Subtotal New</i>	<i>951</i>	<i>–</i>	<i>\$2,850,400</i>
Total Awards Offered	2,865		\$6,894,000
Declined Renewal Awards	-19		-41,600
Declined New Awards	-200		-820,000
Total Awards Offered and Accepted as of October 30, 2017	2,646		\$6,032,400
Appropriation for 2017-2018			\$5,500,000
Balance Remaining from 2016-2017 That Was Carried Forward			586,897
Total Available for 2017-2018			6,086,897
Remaining Balance			\$54,497

BOOST: Broadening Options and Opportunities for Students Today

Source: Maryland State Department of Education

Exhibit 7
BOOST Scholarships Awarded and Accepted by Applicant
County of Residence
School Year 2017-2018
As of October 30, 2017

<u>Applicant County of Residence</u>	<u>Students</u>	<u>Value of Awards</u>	<u>Percent of Total Award Amount</u>
Allegany County	21	\$42,000	0.7%
Anne Arundel County	78	174,000	2.9%
Baltimore City	907	2,059,800	34.1%
Baltimore County	528	1,115,000	18.5%
Calvert County	7	18,800	0.3%
Caroline County	4	17,600	0.3%
Carroll County	26	51,400	0.9%
Cecil County	12	39,400	0.7%
Charles County	24	63,400	1.1%
Dorchester County	20	66,200	1.1%
Frederick County	29	66,400	1.1%
Garrett County	–	–	–
Harford County	48	150,800	2.5%
Howard County	37	113,600	1.9%
Kent County	1	1,400	0.0%
Montgomery County	420	939,000	15.6%
Prince George’s County	392	942,800	15.6%
Queen Anne’s	–	–	–
St. Mary’s County	44	74,200	1.2%
Somerset County	–	–	–
Talbot County	7	9,800	0.2%
Washington County	33	71,600	1.2%
Wicomico County	4	5,600	0.1%
Worcester County	4	9,600	0.2%
Total	2,646	\$6,032,400	

BOOST: Broadening Options and Opportunities for Students Today

Source: Maryland State Department of Education

The amount awarded by the board is a maximum amount, which is not equal to the amount that has been paid at this time. According to the *Joint Chairmen’s Report* response submitted by MSDE, \$1.5 million remains unpaid with as many as 597 students not yet receiving their scholarships as awarded. This is due to one of two reasons. First, if the sum of a BOOST scholarship and the non-BOOST aid a student is receiving exceeds that student’s tuition, the BOOST award is reduced, as the BOOST scholarship may not serve as a substitute for other financial aid. (In some instances, this reduction may reduce the full balance of the BOOST scholarship.) Second, some scholarships have not been paid due to the school not meeting all BOOST participation requirements, or having not yet confirmed enrollment of a BOOST student. MSDE is working with these schools so that they may either comply so that awards may be processed, or to provide these awards for the students should they choose to attend a different school that is in compliance. Final determination of whether or when unpaid funds may be used to award scholarships to other eligible applicants who have not yet received awards remains with the board.

The fiscal 2019 allowance increases the BOOST appropriation to nearly \$8.9 million, an increase of \$2.9 million over the \$6.0 million in scholarships awarded in fiscal 2018. This increase would be made larger if unspent funds from the fiscal 2018 appropriation were to be carried forward into fiscal 2019.

Data on BOOST Students and Nonpublic Schools

MSDE has received teacher certification data for 157 of the 180 schools that have BOOST students. Across all subjects and grade levels, MSDE reports that 2,657 of 5,809 teachers are certified, or 46%. MSDE is reviewing this data due to possible inconsistencies in reporting.

For its report, MSDE provided assessment data on 138 schools that participated in the 2016-2017 BOOST administration. In order to participate in BOOST, these schools were required to administer exams in accordance with federal and State law. The report includes tests for English/language arts, mathematics, and science for grades 3 through high school, and high school government exams. Schools that used non-norm referenced exams were also instructed to include data on their non-BOOST students so that informative comparisons could be made. The results from the exams that were given are available in the report, organized by school, test, and county. To the extent that data could be provided, most BOOST students tested as proficient on their exams, or tested better than their non-BOOST peers. However, MSDE advises that these results should be interpreted with caution, as they do not reflect results of common assessments.

The following was also included in the MSDE report, though MSDE does indicate that in some instances it has not yet received responses for all students:

- the average household income for BOOST students is \$25,123;
- for students who attended the same school in 2016-2017 as in 2017-2018 (a total of 1,662 students from responding schools), fewer received non-BOOST aid in 2017-2018, as the

count fell from 1,425 to 1,364 (or a decline from 86% to 82%). However, the average amount received in non-BOOST aid did rise, from \$4,315 to \$4,535;

- MSDE experienced issues in collecting data on why students declined BOOST awards. It reports that from what it was able to gather anecdotally, the most common reasons were students choosing to stay in public school/not being accepted into nonpublic school, the cost of the nonpublic school being of concern, parents deciding to send their children to a nonpublic school that is not participating in BOOST, and award certifications being too close to the start of the school year. MSDE was also tasked with surveying families who chose to send their students back to public school after previously accepting a BOOST scholarship. Survey results from parents were low, but the most frequent response was private school cost/insufficient financial aid;
- out of all 2,646 students who have accepted awards in fiscal 2018, 63% are non-white;
- based on school responses as of October 30, 2017, out of a total of 2,283 students, 744 are English language learners, or 33%; and
- based on school responses as of October 30, 2017, out of a total of 2,283 students, 85 are special education students, or 4%.

Policy Considerations

The board discussed a number of issues as it made its determinations over the past year. Foremost amongst these was the issue of how to respond to findings of discrimination at BOOST participating schools. In order to be eligible to receive BOOST funds, a nonpublic school must also participate in the Aid to Nonpublic Schools program, a separate program also funded with CRF special funds that provides textbooks and technology to nonpublic schools. Both of these programs share budget language requiring that participating schools do not discriminate in student admissions or employment, else they be deemed ineligible for funding.

However, there have been at least four instances of noncompliance over the last year from schools that had previously certified that they were in compliance. This includes schools that have received funds through Aid to Nonpublic Schools, BOOST, and the Nonpublic Aging Schools capital grant program in the previous years. The circumstances vary from school to school. In at least one instance, a nonpublic school has asked to withdraw its participation in BOOST due to concerns over noncompliance. In others, nonpublic schools have been found to have had discriminatory rules on the books in their student handbooks. One of these schools has requested that they be able to receive funds after reviewing their handbooks and removing discriminatory rules.

The BOOST board has deemed the removal of rules to be an insufficient correction, and has made schools with any instance of being in conflict with BOOST requirements during the fiscal 2018 administration ineligible for BOOST funding for the remainder of the administration. The board is also seeking advice from the Attorney General's office about whether funding that was given to these

schools during the previous administration must be paid back. In the meantime, the board has instructed MSDE to delay sending funds to any nonpublic school found to be in conflict. According to the rules under the BOOST program, schools may not charge students added tuition if they are found to be ineligible for funding. Instead, they must cover the cost of the scholarship, unless the student decides to attend a different BOOST eligible school, in which case the money follows the student. The board has also requested that MSDE perform a handbook review of all schools participating in BOOST. **MSDE should update the budget committees on the status of its handbook review, and whether it has found that any nonpublic schools that have already been paid have been in conflict with the nondiscrimination requirements. It should also update the committees on what advice it has received on the possibility of being paid back for funds paid in past years to discriminating schools.**

Other remaining issues regarding the BOOST program that the budget committees may wish to consider are as follows:

- whether kindergartners who receive a BOOST scholarship should only be deemed public school students if they attended preschool in a public prekindergarten facility, or if the eligibility should be made more inclusive;
- whether students who receive BOOST scholarships who were homeschooled in the prior year, or other students who identify their prior year’s school as “none,” should be deemed private school students; and
- whether the BOOST board should be advised to make its scholarship determinations before funding is authorized in the budget bill so that students and their families may be given more time to make decisions regarding attending nonpublic schools.

As the Aid to Nonpublic Schools Program and the Nonpublic Aging Schools Program are administered separately from BOOST, the determination of whether or not schools that remove discriminatory policies can remain eligible for the other programs remains with MSDE. **MSDE should update the budget committees on when it will make a decision regarding a nonpublic school’s eligibility for the Nonpublic Textbook Program and the Nonpublic Aging Schools Program, and on what basis it will make its decision.**

The fiscal 2019 budget bill as introduced does not include several pieces of language that the General Assembly has included in the past. Beginning with the fiscal 2017 budget, the General Assembly has added language to the budget bill modifying the distribution of funding to the Aid to Nonpublic Schools program so that schools where more than 40% of schools are eligible for FRPM may receive \$155 per student. This distribution has allowed the program to be better able to spend all \$6.0 million that has been allocated for the program. The General Assembly has also added language to the Aid to Nonpublic Schools and Nonpublic Aging Schools programs regarding participating schools meeting nondiscrimination requirements for student admissions and employment.

DLS is making the following recommendations regarding the Aid to Nonpublic Schools Program and the BOOST Program. These recommendations do not apply to the MSDE – Headquarters analysis, but can be found in **Appendix 2** as they would be included in the fiscal 2019 budget bill.

- **DLS recommends that all language regarding the distribution of funds for the Aid to Nonpublic Schools Program be added to the fiscal 2019 allowance as updated from the fiscal 2018 budget bill;**
- **DLS recommends that all language requiring schools participating in the Aid to Nonpublic Schools Program to not discriminate in employment or student admissions be added to the fiscal 2019 allowance to match the fiscal 2018 budget bill;**
- **DLS recommends language from the fiscal 2018 budget bill regarding provisions for eligibility to participate in the BOOST program be restored;**
- **DLS recommends that no awards be made for the BOOST program after March 1, 2018, and that all remaining funds be encumbered to be available for the BOOST program for the 2018-2019 school year;**
- **DLS recommends that all reporting requirements in the fiscal 2018 budget bill for the BOOST Program be restored in the fiscal 2019 budget bill; and**
- **DLS recommends level funding the BOOST program’s fiscal 2019 appropriation at \$5.5 million in special funds.**

3. Juvenile Services Education System Funding

This issue examines MSDE’s role in educating youth in DJS facilities, and the funding it receives to do so. As a result of legislation enacted by the General Assembly, MSDE began the process of assuming responsibility for the provision of education services to all State-operated DJS detention and committed-care facilities in fiscal 2005. The last of 14 facilities was transferred in fiscal 2013. The assumption at the time that the legislation was enacted was that MSDE, being the overseer of education services for the State, was better positioned to ensure the provision of adequate education

services to the population of youth under the care of DJS. With the takeover of each facility under JSES, MSDE repeatedly indicated that additional resources were needed to improve the delivery of education services to DJS youth.

JSES is funded as a separate line item in the MSDE budget. It receives general funds, federal funds, and reimbursable funds through a process by which DJS bills LEAs the basic cost (that is, the average amount spent by local and State funds for the education of a nondisabled child), reimburses MSDE for the services it provides, and retains the remaining funds.

As shown in **Exhibit 8**, total funding for JSES has trended upward over time, from \$12.4 million in fiscal 2013 to \$18.0 million in fiscal 2017. General funds have been relatively level funded between \$11.5 million and \$13.2 million since MSDE has taken over juvenile education, though there was a funding boost in fiscal 2017 to hire new positions and provide turnover relief. (MSDE has struggled to fill these positions and use these funds, as indicated by the targeted reversion of \$700,000 in fiscal 2018 and the elimination of 4 instructional assistant positions for fiscal 2019.) From fiscal 2013 to 2017, federal funding (which is made up of Title I, special education funding, and vocational education funding) has fluctuated from a low of \$500,490 to a high of \$1.3 million, while reimbursable funds have steadily grown from \$322,779 to nearly \$2.6 million. MSDE has explained that it experiences a time lag in collecting reimbursable funds, so growth in reimbursable funding may be due to recognizing revenues from previous years. **MSDE should comment on why JSES has received an upward trend in reimbursable funds over time, the methodology in determining the split between MSDE and DJS in distributing funds received from LEAs, and how DJS uses the funds it retains.**

JSES has had to provide services to fewer total students in DJS operated facilities over time. When combining DJS populations in detention programs and committed programs, as measured by its average daily population (ADP), the number of students has dropped from 575 in fiscal 2013 to 435 in fiscal 2017. As there have not been corresponding decreases in JSES funding, this decline in ADP has driven increases in per pupil funding, from \$21,509 per pupil in fiscal 2013 to \$41,325 per pupil in fiscal 2017. Accounting for only general funds makes the growth smaller, though still significant, from \$20,024 to \$34,301. The breakout in funding over time, as well as comparisons to average per pupil funding statewide, is shown in Exhibit 8.

Recently, MSDE has been pursuing a partnership with Montgomery County Public Schools for the LEA to assist in providing educational services at the Alfred D. Noyes Children’s Center. This partnership could potentially serve as a model that could be implemented in other DJS facilities. **MSDE should comment on what the cost implications would be should LEAs provide the educational program at some DJS facilities instead of JSES.**

Exhibit 8
Juvenile Services Education System and State Aid for Public School
Per Pupil Funding
Fiscal 2013-2017

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
DJS Detention ADP	345	313	287	280	300
DJS Committed ADP	230	211	159	152	135
Total	575	524	446	432	435
General Funds	\$11,513,640	\$12,274,092	\$13,200,401	\$12,981,242	\$14,920,761
Federal Funds	531,133	1,333,406	1,297,093	967,162	500,490
Reimbursable Funds	322,779	1,536,227	1,996,548	2,372,508	2,555,143
Total	\$12,367,552	\$15,143,725	\$16,494,042	\$16,320,912	\$17,976,394
Per Pupil Total	\$21,509	\$28,900	\$36,982	\$37,780	\$41,325
Per Pupil General Funds	20,024	23,424	29,597	30,049	34,301
For Comparison					
Per Pupil Public School State Aid	\$7,033	\$7,169	\$7,201	\$7,233	\$7,372
Per Pupil Public School Aid – All Funds*	14,457	14,624	14,716	14,917	15,268

DJS: Department of Juvenile Services
ADP: Average Daily Population

*Includes local funding.

Source: Department of Legislative Services

Operating Budget Recommended Actions

1. Add the following language:

Provided that the authorization to expend reimbursable funds is reduced by \$803,635.

Explanation:

This language reduces reimbursable funds in the fiscal 2019 allowance for the Juvenile Services Education Program due to a discrepancy in special funds budgeted in the Department of Juvenile Services.

Updates

1. Placement Determinations for Children with Complex Medical Needs

Language in the fiscal 2018 budget bill requested a report from the Maryland Department of Health (MDH), MSDE, and the Department of Humans Services (DHS) detailing the processes in place to ensure coordination between MDH, MSDE, DHS, and any hospital serving children and adolescents with mental illness, developmental disabilities, or complex medical needs in order to find appropriate community placements and out-of-home placements for children.

The report explains that MSDE has a limited role in the coordination of services for these youth focused on ensuring the youth receives the most appropriate education. The local school systems are the primary entity for this work, with MSDE involved in oversight and technical assistance. The lead agency for the youth will request an individualized education plan (IEP). The IEP team then meets to consider the needs of the student, the least restrictive school environment, and identify an appropriate provider for educational services if a nonpublic placement is needed. The local school system makes referrals and placements based on the decisions of the IEP team.

2. Placement Determinations for Children in Out-of-state Facilities

Language in the fiscal 2018 budget bill requested a report from MDH, MSDE, and the Governor’s Office for Children (GOC) to include the current processes in place between DHS and MSDE to ensure that the out-of-state facilities in which children are placed are compliant with the Individuals with Disabilities Education Act (IDEA). The report explains that for a child that is to be placed out-of-state, local department of social services (LDSS) caseworkers notify the local school system nonpublic office and request an IEP team. The IEP team will meet to consider, among other items, the appropriateness of the out-of-state school program and the impact of the change of placement on the child’s education. The local school systems are responsible for ensuring compliance with IDEA and the provision of Free Appropriate Public Education. MSDE monitors and provides oversight of the local school systems regardless of the location of the placement. LDSS notifies DHS regarding a pending out-of-state placement and DHS and MSDE collaborate regarding the State approval status of the program.

Appendix 1
Current and Prior Year Budgets
Maryland State Department of Education – Headquarters
(\$ in Thousands)

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
Fiscal 2017					
Legislative Appropriation	\$94,663	\$7,449	\$136,553	\$2,936	\$241,602
Deficiency Appropriation	0	0	0	0	0
Cost Containment	0	0	0	0	0
Budget Amendments	645	166	2,682	0	3,493
Reversions and Cancellations	-4,478	-672	-13,724	-367	-19,241
Actual Expenditures	\$90,830	\$6,943	\$125,511	\$2,569	\$225,854
Fiscal 2018					
Legislative Appropriation	\$95,025	\$9,274	\$163,802	\$2,678	\$270,778
Cost Containment	0	0	0	0	0
Budget Amendments	0	0	0	500	500
Working Appropriation	\$95,025	\$9,274	\$163,802	\$3,178	\$271,278

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.

Fiscal 2017

General fund expenditures totaled approximately \$90.8 million in fiscal 2017, reflecting a decrease of approximately \$3.8 million when compared to the legislative appropriation.

- Budget amendments increased the legislative appropriation by approximately \$645,000 for salary increases due to increments and the Annual Salary Review (ASR).
- General fund reversions at the close of fiscal 2017 totaled approximately \$4.5 million. Nearly \$2.4 million was reverted due to savings in contractual services resulting from the negotiation and extension of the High School Assessment contract. Approximately \$1.0 million was reverted due to position vacancies for the Juvenile Services Education System, as well as delays in procuring contracts for substitute teachers and software and computer equipment. The remainder is primarily due to position vacancies, particularly in the Division of Curriculum, Assessment and Accountability and the Division of Student, Family, and School Support.

Special fund expenditures totaled approximately \$6.9 million in fiscal 2017, reflecting a decrease of nearly \$506,000 when compared to the legislative appropriation. The department received an increase of nearly \$166,000 from budget amendments. From this increase, \$120,000 is due to money transferred from the Cigarette Restitution Fund to facilitate the operation of the Broadening Options and Opportunities for Students Today program, and nearly \$46,000 is due to salary increments. The department canceled nearly \$672,000, the largest portions of which were due to expenditures on workshops and conferences coming in below budget for the Office of the State Superintendent (\$196,000) and contractual full-time equivalent (FTE) vacancies for the Division of Curriculum, Assessment, and Accountability (\$161,000). The remainder was due to below budget spending on contracts, and other operating expenses.

Federal fund expenditures totaled approximately \$125.5 million in fiscal 2017, reflecting a decrease of approximately \$11.0 million when compared to the legislative appropriation. Budget amendments increased the appropriation by nearly \$2.7 million. From this increase, nearly \$1.6 million was transferred from the Early Childhood Education budget to offset the cost of grants issued by the Division of Accountability and Assessment and fringe benefits in the Office of the State Superintendent, and approximately \$1.1 million is for salary increases due to increments and the ASR. The department canceled approximately \$13.7 million. Approximately \$6.2 million was due to lower than budgeted contract spending, with largest amount (\$4.2 million) attributed to the Office of School and Community Nutrition Programs due to delays in contract spending for the Maryland Accountability and Reporting System. The office also spent \$1.2 million less on grants than its budgeted level. Approximately \$3.3 million was canceled due to regular position and contractual FTE vacancies. The rest of the cancellations were primarily due to higher than necessary funds for leave payouts, communications, and travel.

Reimbursable fund expenditures totaled nearly \$2.6 million in fiscal 2017, a decrease of nearly \$367,000 when compared to the legislative appropriation. The majority of this was due to lower than expected spending on accountability contracts in the Division of Accountability and Assessment.

Fiscal 2018

The fiscal 2018 working appropriation is approximately \$95.0 million in general funds, \$9.3 million in special funds, \$163.8 million in federal funds, and \$3.2 million in reimbursable funds. All of these amounts reflect no change from the legislative appropriation, except for the reimbursable funds, which received \$500,000 from the Department of Disabilities for Maryland PROMISE.

Appendix 2

Department of Legislative Services Recommended Language to be added to the Fiscal 2019 Budget Bill for Aid to Nonpublic Schools and Broadening Options and Opportunities for Students Today (BOOST)

R00A03.04 Aid to Non-Public Schools

Amend the following language to the special fund appropriation:

, provided that this appropriation shall be for the purchase of textbooks or computer hardware and software and other electronically delivered learning materials ~~as permitted under Title HD, Section 2416(b)(4), (6), and (7) of the No Child Left Behind Act~~ for loan to students in eligible nonpublic schools with a maximum distribution of \$65 per eligible nonpublic school student for participating schools, except that at schools where ~~at least 20%~~ from 20% to 40% of the students are eligible for the free or reduced-price lunch program there shall be a distribution of \$95 per student, and at schools where more than 40% of the students are eligible for the free or reduced-price lunch program there shall be a distribution of \$155 per student.

Explanation: This action amends language modifying the distribution of funding for the Aid to Non-Public Schools Program so that schools where more than 40% of the students are eligible for the free or reduced-priced lunch program receive \$155 per student. Similar language was included in the fiscal 2017 and 2018 budgets. It also strikes language regarding the No Child Left Behind Act due to technical differences with the newly re-authorized Elementary and Secondary Education Act.

Add the following language to the special fund appropriation:

Further provided that a nonpublic school participating in the Aid to Non-Public Schools Program R00A03.04 shall certify compliance with Title 20, Subtitle 6 of the State Government Article. A nonpublic school participating in the program may not discriminate in student admissions on the basis of race, color, national origin, or sexual orientation. Nothing herein shall require any school or institution to adopt any rule, regulation, or policy that conflicts with its religious or moral teachings. However, all participating schools must agree that they will not discriminate in student admissions on the basis of race, color, national origin, or sexual orientation. The sole legal remedy for violation of these provisions is ineligibility for participating in the Aid to Non-Public Schools Program.

Explanation: This action requires a nonpublic school participating in the Aid to Non-Public Schools Program to certify compliance with Title 20, Subtitle 6 of the State Government Article. It also specifies that a participating school may not discriminate in student admissions on the basis of race, color, national origin, or sexual orientation. Violating the provisions makes a school ineligible for participating in the Aid to Non-Public Schools Program. Similar language was included in the fiscal 2016, 2017, and 2018 budgets.

R00A03.05 Broadening Options and Opportunities for Students Today

Amend the following language to the special fund appropriation:

- (9) In order to meet its BOOST Program reporting requirements to the budget committees, MSDE shall specify a date by which participating nonpublic schools must submit information to MSDE so that it may complete its required report. Any nonpublic schools that do not provide the necessary information by that specified date shall be ineligible to participate in the BOOST Program.
- (10) Students who received a BOOST Program scholarship award in the prior year who still meet eligibility criteria for a scholarship shall receive a scholarship renewal award. For students who are receiving a BOOST Program scholarship for the first time, priority shall be given to students who attended public schools in the prior school year.

Further provided that no scholarship awards shall be made after March 1, 2018. Any unexpended funds not awarded to students for scholarships in the 2017-2018 school year shall be encumbered at the end of the fiscal year and available for scholarships in the 2018-2019 school year.

Further provided that MSDE shall submit a report to the budget committees by December 15, 2018, that includes the following:

- (1) the number of students receiving BOOST Program scholarships;
- (2) the amount of the BOOST Program scholarships received;
- (3) the number of certified and noncertified teachers in core subject areas for each nonpublic school participating in the BOOST Program;
- (4) the assessments being administered in accordance with federal and State law by nonpublic schools participating in the BOOST Program. For nonpublic schools administering norm referenced assessments, the nonpublic schools shall provide to MSDE the results for all students receiving BOOST Program scholarships to whom assessments were administered. For those nonpublic schools administering non-standardized assessments, the nonpublic schools shall provide to MSDE the results for all students receiving BOOST Program scholarships to whom assessments were administered and how students receiving BOOST Program scholarships performed in comparison to students who did not receive BOOST Program scholarships. MSDE shall report these assessment results reported by nonpublic schools to the budget committees in an aggregate manner that does not violate student data privacy;
- (5) in the aggregate, for each BOOST Program scholarship awarded (1) the nonpublic school and grade level attended by the student; (2) the school attended in the 2018-2019 school year by the student; and (3) if the student attended the same nonpublic school in the 2017-2018 school year, whether, what type, and how much nonpublic scholarship aid the student received in the 2017-2018 school year and will receive in the 2018-2019 school year;

R00A01 – MSDE – Headquarters

- (6) the average household income of students receiving BOOST Program scholarships;
- (7) the racial breakdown of students receiving BOOST Program scholarships;
- (8) the number of students designated as English language learners receiving BOOST Program scholarships;
- (9) the number of special education students receiving BOOST Program scholarships;
- (10) the county in which students receiving BOOST Program scholarships reside;
- (11) the number of students who were offered BOOST Program scholarships but declined them, as well as their reasons for declining the scholarships and the breakdown of students attending public and nonpublic schools for students who declined scholarships; and
- (12) the number of students who received BOOST Program scholarships for the 2017-2018 school year who are attending public school for the 2018-2019 school year, as well as their reasons for returning to public schools.

Explanation: This language specifies priorities for the Broadening Options and Opportunities for Students Today (BOOST) Program scholarship awards and makes nonpublic schools that do not provide required information to the Maryland State Department of Education (MSDE) by a certain date ineligible for participating in the BOOST Program. The language also provides that scholarships may not be awarded after March 1, 2018, and any unexpended funds not awarded to students shall be encumbered for scholarships in the next year. This language also requires MSDE to report on the distribution of the BOOST Program scholarships, information on the students receiving BOOST Program scholarships, teacher certifications for nonpublic schools participating in the BOOST Program, and assessments being administered in nonpublic schools participating in the BOOST Program including student performance. The language also requires that MSDE report on students who choose to decline scholarships or attend public schools after participating in the BOOST Program in the past, along with their reasons for doing so.

Information Request	Author	Due Date
BOOST Program Report	MSDE	December 15, 2018
Reduce appropriation for the purposes indicated:		<u>Funds</u>
1. Reduce Cigarette Restitution Funding for the Broadening Options and Opportunities for Students Today Program.		3,350,000 SF
Total Reductions		3,350,000

R00A01 – MSDE – Headquarters

<u>Effect</u>	<u>Allowance</u>	<u>Recommended Appropriation</u>	<u>Amount Reduction</u>
Special Fund	8,850,000	5,500,000	3,350,000
Total Funds	8,850,000	5,500,000	3,350,000

Appendix 3
Major Information Technology Projects
Maryland State Department of Education
Maryland Direct Certification System

Project Status	Implementation.	New/Ongoing Project:	New.					
Project Description:	This project is to improve the Direct Certification (DC) matching process through an upgrade of the Maryland Direct Certification System. Maryland has been awarded a DC Improvement Grant by the United States Department of Agriculture (USDA) for this project. This project will centralize and host the DC matching process at the Maryland State Department of Education (MSDE), with an updated web-portal, and allow local education agency enrollment files to be matched against data from the Department of Human Services (DHS).							
Project Business Goals:	The goals of the project are to meet or exceed the USDA national goal of a 95% DC match rate, provide a standardized matching process across all participants, update the database nightly with data from DHS, provide the ability to match students and household data across districts, and provide consolidated oversight of the DC process.							
Estimated Total Project Cost:	\$80,000	Estimated Planning Project Cost:	\$0					
Project Start Date:	Fiscal 2018.	Projected Completion Date:	Fiscal 2019.					
Schedule Status:	The project is currently in the initiation phase with the planning and award of contracted services to complete in the third quarter of fiscal 2018. The project is expected to complete in the last quarter of fiscal 2019.							
Cost Status:	New project.							
Scope Status:	New project. Project to affect school systems statewide.							
Project Management Oversight Status:	MSDE's Office of School and Community Nutrition Programs is overseeing the project.							
Identifiable Risks:	Risk concerns are due to resource availability, in that key sources may be missed by the communication plan to provide resources, or the timeliness of resource turnover may disrupt the project. There is also some risk that interface files are not properly formatted to upload enrollment info.							
Additional Comments:	None.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	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	0.0	80.0	0.0	0.0	0.0	0.0	0.0	80.0
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$0.0	\$80.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$80.0

Appendix 4
Object/Fund Difference Report
Maryland State Department of Education – Headquarters

<u>Object/Fund</u>	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u> <u>Appropriation</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18 - FY 19</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	1,215.90	1,215.90	1,205.90	-10.00	-0.8%
02 Contractual	109.19	128.94	115.79	-13.15	-10.2%
Total Positions	1,325.09	1,344.84	1,321.69	-23.15	-1.7%
Objects					
01 Salaries and Wages	\$ 111,537,060	\$ 110,835,196	\$ 110,182,224	-\$ 652,972	-0.6%
02 Technical and Spec. Fees	36,298,214	54,140,905	52,178,485	-1,962,420	-3.6%
03 Communication	1,577,559	2,465,822	2,647,055	181,233	7.3%
04 Travel	932,459	1,278,283	1,553,258	274,975	21.5%
06 Fuel and Utilities	1,062,256	1,093,968	1,031,387	-62,581	-5.7%
07 Motor Vehicles	656,294	733,677	794,291	60,614	8.3%
08 Contractual Services	52,944,442	72,392,399	72,071,440	-320,959	-0.4%
09 Supplies and Materials	1,387,463	2,165,792	3,158,528	992,736	45.8%
10 Equipment – Replacement	799,886	987,659	1,328,629	340,970	34.5%
11 Equipment – Additional	447,325	3,597,821	3,551,789	-46,032	-1.3%
12 Grants, Subsidies, and Contributions	12,966,675	14,661,794	20,020,499	5,358,705	36.5%
13 Fixed Charges	5,207,581	6,089,784	6,488,430	398,646	6.5%
14 Land and Structures	36,774	835,000	705,000	-130,000	-15.6%
Total Objects	\$ 225,853,988	\$ 271,278,100	\$ 275,711,015	\$ 4,432,915	1.6%
Funds					
01 General Fund	\$ 90,829,918	\$ 95,024,555	\$ 93,596,092	-\$ 1,428,463	-1.5%
03 Special Fund	6,943,464	9,273,766	9,771,669	497,903	5.4%
05 Federal Fund	125,511,383	163,802,167	168,472,947	4,670,780	2.9%
09 Reimbursable Fund	2,569,223	3,177,612	3,870,307	692,695	21.8%
Total Funds	\$ 225,853,988	\$ 271,278,100	\$ 275,711,015	\$ 4,432,915	1.6%

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.

**Appendix 5
Fiscal Summary
Maryland State Department of Education – Headquarters**

<u>Program/Unit</u>	<u>FY 17 Actual</u>	<u>FY 18 Wrk Approp</u>	<u>FY 19 Allowance</u>	<u>Change</u>	<u>FY 18 - FY 19 % Change</u>
01 Office of the State Superintendent	\$ 11,820,967	\$ 11,888,285	\$ 13,732,008	\$ 1,843,723	15.5%
02 Division of Business Services	7,254,680	11,270,015	11,908,045	638,030	5.7%
03 Division of Academic Reform and Innovation	828,486	1,079,356	0	-1,079,356	-100.0%
04 Division of Accountability, Assessment, and Data Systems	45,646,778	49,077,218	49,862,888	785,670	1.6%
05 Office of Information Technology	6,370,127	7,207,686	7,083,077	-124,609	-1.7%
06 Major Information Technology Development Projects	0	0	769,208	769,208	0%
07 Office of School and Community Nutrition Programs	3,832,012	12,111,568	7,738,841	-4,372,727	-36.1%
11 Division of Instruction	5,481,348	6,596,893	6,900,818	303,925	4.6%
12 Division of Student, Family, and School Support	4,985,361	6,384,711	8,685,899	2,301,188	36.0%
13 Division of Special Education/Early Intervention Services	10,122,004	14,497,580	14,110,451	-387,129	-2.7%
14 Division of Career and College Readiness	2,803,015	3,782,790	3,385,561	-397,229	-10.5%
15 Juvenile Services Education Program	17,976,393	19,980,917	20,993,780	1,012,863	5.1%
18 Division of Certification and Accreditation	2,619,953	2,849,826	2,742,744	-107,082	-3.8%
20 Div. of Rehab. Services - Headquarters	12,911,217	11,442,841	14,383,020	2,940,179	25.7%
21 Div. of Rehab. Services - Client Services	38,189,230	44,718,882	43,915,995	-802,887	-1.8%
22 Div. of Rehab. Services - Workforce and Tech. Ctr.	9,192,701	9,681,002	9,725,750	44,748	0.5%
23 Div. of Rehab. Services - Disability Determination Service	34,104,944	46,322,817	45,017,110	-1,305,707	-2.8%
24 Div. of Rehab. Services – Blindness and Vision Services	9,053,926	9,521,259	10,260,769	739,510	7.8%
01 Maryland Longitudinal Data Systems Center	2,660,846	2,864,454	4,495,051	1,630,597	56.9%
Total Expenditures	\$ 225,853,988	\$ 271,278,100	\$ 275,711,015	\$ 4,432,915	1.6%
General Fund	\$ 90,829,918	\$ 95,024,555	\$ 93,596,092	-\$ 1,428,463	-1.5%
Special Fund	6,943,464	9,273,766	9,771,669	497,903	5.4%
Federal Fund	125,511,383	163,802,167	168,472,947	4,670,780	2.9%
Total Appropriations	\$ 223,284,765	\$ 268,100,488	\$ 271,840,708	\$ 3,740,220	1.4%
Reimbursable Fund	\$ 2,569,223	\$ 3,177,612	\$ 3,870,307	\$ 692,695	21.8%
Total Funds	\$ 225,853,988	\$ 271,278,100	\$ 275,711,015	\$ 4,432,915	1.6%

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.