

**RA.03**  
**Funding for Educational Organizations**  
Maryland State Department of Education

***Operating Budget Data***

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(\$ in Thousands)

	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>		<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
General Fund	\$21,401	\$21,770	\$22,037	\$267	1.2%
Special Fund	<u>4,996</u>	<u>7,850</u>	<u>5,000</u>	<u>(2,850)</u>	<u>(36.3%)</u>
<b>Total Funds</b>	<b>\$26,397</b>	<b>\$29,620</b>	<b>\$27,037</b>	<b>(\$2,583)</b>	<b>(8.7%)</b>

- The Governor’s allowance contains \$5.0 million to pay for a third year of the Nonpublic Student Textbook Program.
- A formula increase of \$267,137 for the Maryland School for the Blind accounts for the general fund increase.

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

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## Analysis in Brief

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### Issues

***Nonpublic Student Textbook Program Continues:*** The Maryland State Department of Education (MSDE) anticipates distributing all of the \$4.85 million available in fiscal 2002 for the Nonpublic Student Textbook Program. How many schools have requested funding and whether the program should continue will be explored. **The Department of Legislative Services recommends deleting funds for the Nonpublic Student Textbook Program since providing funds for nonpublic school students is outside the mission of the Maryland State Department of Education.**

***MSDE Grant Review Finds BISM is Not Meeting Its Required Direct Labor Hours Ratio:*** MSDE conducted a grant review of Blind Industries and Services of Maryland (BISM) in 2000 and found that BISM was not meeting its required 75/25% total direct labor hours ratio of blind individuals to sighted individuals. MSDE has requested a written strategic action plan from BISM addressing how BISM will meet this ratio. As of January 11, 2002, BISM had not submitted a written action plan. Why BISM is experiencing difficulties in meeting the ratio will be examined. **The Department of Legislative Services recommends BISM be prepared to comment on its difficulties in meeting the required ratio and recommends that any appropriation for BISM be withheld until BISM has submitted a written strategic action plan to MSDE.**

### Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Reduce funding for the State-aided institutions.	\$ 2,090,180	
2. Delete funds for the Nonpublic Student Textbook Program.	5,000,000	
<b>Total Reductions</b>	<b>\$ 7,090,180</b>	

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***Operating Budget Analysis***

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**Program Description**

The State provides grants to institutions that provide a range of educational services. Fiscal 1999 budget bill language requires the Governor to separately account for State assistance to the Maryland School for the Blind (MSB) and the Blind Industries and Services of Maryland (BISM). The other institutions are categorized under the heading "State-Aided Educational Institutions." The mission of MSB, BISM, and the 28 State-Aided Educational Institutions is as follows:

- ***MSB*** educates children who are blind or suffer from functional vision problems;
- ***BISM*** provides for the employment and training of Maryland's blind citizens;
- ***Alice Ferguson Foundation*** provides environmental education programs through hands-on experiences on a working farm, in wetlands, on the Potomac River, and through the Internet;
- ***Alliance of Southern Prince George's Communities, Inc.***, provides Scholastic Aptitude Test (SAT) study courses in partnership with community organizations;
- ***American Visionary Art Museum*** provides teachers throughout the State with materials regarding works of self-taught artists and conducts museum visits;
- ***Arts Excel*** brings the Baltimore Symphony into Baltimore City and Baltimore County schools to use the arts for enriching the learning environment and educational outcomes;
- ***Baltimore Museum of Industry*** provides interactive workshops that help students apply mathematics, science, and technology to work and industry;
- ***Baltimore Zoo Foundation*** provides animal-related programs for students and teachers;
- ***Best Buddies International*** provides employment and social opportunities for individuals with mental retardation;
- ***Charles Village Foundation*** provides instruction and hands-on activities involving reading and the preservation and management of natural areas;
- ***Chesapeake Bay Foundation*** provides instruction in the preservation and management of the Chesapeake Bay and its inhabitants;

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- ***Citizenship Law-Related Education*** provides programs to enhance knowledge and understanding of citizenship and the legal system;
- ***CollegeBound Foundation*** encourages and enables Baltimore City public school students to continue their education beyond high school;
- ***Dyslexia Tutoring Program, Inc.***, provides evaluations and tutoring for those in Maryland with dyslexia who have an average or higher basic intelligence and cannot afford private help;
- ***Echo Hill Outdoor School*** provides environmental education programs in an outdoor setting;
- ***Living Classrooms Foundation*** provides educational and vocational programs featuring experience-based outdoor learning in subjects such as math, science, and navigation;
- ***Maryland Academy of Sciences*** provides scientific information to students to increase their appreciation of scientific research through working exhibits and lectures;
- ***Maryland Center for Arts and Technology*** trains disadvantaged adults and at-risk youth for employment opportunities in health care, financial services, technology, and other growth industries;
- ***Maryland Historical Society*** provides tours, living history performances, teacher workshops, traveling trunks, slide packets, primary source kits, and living history presentations;
- ***Maryland Leadership Workshops, Inc.***, provides middle school and high school programs to strengthen individual and group leadership skills;
- ***Maryland Mathematics, Engineering, Science Achievement Program*** provides a pre-college program to increase awareness among students, particularly women and African American, Hispanic, and Native American youth, of career options in engineering, science, mathematics, and technology;
- ***National Aquarium in Baltimore*** provides science and aquatic education programs;
- ***National Museum of Ceramic Art and Glass*** provides in-school ceramic arts programs at the middle school level, which incorporate language arts, social studies, science, and math;
- ***Olney Theater Center*** offers performances in regional educational settings for students statewide and focuses on classical theater, skills workshops, study guides, and student discussions;
- ***Outward Bound*** provides students with a safe, challenging educational experience in a natural outdoor setting, carefully structured to enhance self-esteem, self-reliance, concern for others, service to the community, and care for the environment;

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- ***Port Discovery Children's Museum*** helps students use their minds and bodies to think creatively, solve problems, and work together to effectively apply knowledge of real life situations in performance-based activities;
- ***Salisbury Zoological Park*** provides free visits to the zoo, outreach programs, and supportive curricula;
- ***South Baltimore Learning Center*** provides adult literacy training in South Baltimore and the surrounding area;
- ***State Mentoring Resource Center*** supports a diverse range of mentoring programs that connect adults with disadvantaged public school students;
- ***SuperKids Camp*** provides intensive reading instruction and enrichment experiences to Baltimore students during the summer months; and
- ***Ward Museum of Wildfowl Art*** provides seminars and outreach programs on the preservation and promotion of wildfowl carving.

### **Governor's Proposed Budget**

The Governor's allowance is \$2,582,863, or 8.7% less than the fiscal 2002 working appropriation as shown in **Exhibit 1**. Almost all of the difference is attributable to the funding for the Nonpublic Student Textbook Program, offset by a formula increase for the Maryland School for the Blind. The allowance for State-aided institutions remains the same as the fiscal 2002 working appropriation at \$8,360,721.

#### **Third-Year Funding for Nonpublic Student Textbooks**

The allowance contains \$5.0 million in Cigarette Restitution Funds (CRFs) designated for a third year of funding for the Nonpublic Student Textbook Program, a \$2.9 million decrease over the fiscal 2002 working appropriation. However, since the General Assembly prohibited expenditure of \$3.0 million of the \$8.0 million appropriated in fiscal 2002 only \$5.0 million can be expended in fiscal 2002. The \$5.0 million in the fiscal 2003 allowance, therefore, level funds the program.

#### **Maryland School for the Blind Formula Increase**

The Governor's allowance increases funding for the Maryland School for the Blind by \$267,137 to provide \$12,561,248 in fiscal 2003. Chapter 617, Acts of 1998 bases MSB's appropriations for fiscal 2000 and beyond upon the school's enrollment growth and growth in basic current expense.

**Exhibit 1**

**Governor's Proposed Budget  
Funding for Educational Organizations  
(\$ in Thousands)**

<b>How Much It Grows:</b>	<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>
2002 Working Appropriation	\$21,770	\$7,850	\$0	\$0	\$29,620
2003 Governor's Allowance	<u>22,037</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>27,037</u>
Amount Change	\$267	(\$2,850)	\$0	\$0	(\$2,583)
Percent Change	1.2%	(36.3)%	0.0%	0.0%	(8.7)%

**Where It Goes:**

Third-year funding of Nonpublic Student Textbook Program equal to funding available for program in fiscal 2002 . . . . .	(2,850)
Increased formula funding for the Maryland School for the Blind . . . . .	267
<b>Total</b>	<b>(\$2,583)</b>

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

## *Issues*

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### **1. Nonpublic Student Textbook Program Continues**

The Maryland State Department of Education (MSDE) anticipates distributing all of the \$4.85 million available in fiscal 2002 for the Nonpublic Student Textbook Program. In fiscal 2001, the Governor provided and the General Assembly appropriated \$6.0 million in CRFs for the program. In fiscal 2002, the Governor provided \$8.0 million in CRFs for the program. However, the General Assembly prohibited MSDE from expending \$3.0 million of the \$8.0 million and restricted MSDE's expenses for administering the program to 3.0% or \$150,000, leaving \$4,850,000 in accessible program funds.

A nonpublic school in the State can apply for funding to purchase State-owned secular textbooks for their students. In fiscal 2002, a nonpublic school is eligible if it has a certificate of approval from or is registered with MSDE; does not charge more than \$7,957 in tuition per student; complies with Title VI of the Civil Rights Act of 1964, as amended; and can show that funds from the program are directly reducing the costs of textbooks for the parents. Eligible nonpublic schools with at least 20% of students eligible for the free or reduced price lunch program will receive \$90 per student. Eligible nonpublic schools with less than 20% of students eligible for the free or reduced price lunch program can receive up to \$60 per student.

MSDE asked that nonpublic schools interested in applying submit a request postmarked by December 28, 2001. MSDE has found that 261 schools serving 77,562 students are eligible, with 67 of those schools eligible for \$90 per student and the remaining 194 schools eligible for \$57.44 per student. In fiscal 2001, 257 nonpublic schools serving 77,393 students were deemed eligible for funds under the program. However, four of the 257 schools with an allocation of \$69,120 and 1,152 students chose not to participate, leaving the final number of participants at 253 nonpublic schools serving 76,241 students.

The mission of the Maryland State Department of Education is to “. . . provide leadership, support, and accountability for effective systems of *public* education, library services, and rehabilitation services. (emphasis added)”

**The Department of Legislative Services recommends deleting funds for the Nonpublic Student Textbook Program since providing funds for nonpublic school students is outside the mission of the Maryland State Department of Education.**

### **2. MSDE Grant Review Finds BISM is Not Meeting Its Required Direct Labor Hours Ratio**

MSDE conducted a grant review of Blind Industries and Services of Maryland (BISM) in 2000 and found that BISM was not meeting the 75/25% total direct labor hours ratio of blind individuals to sighted individuals. The ratio is required under BISM's grant agreement with MSDE. It also is required for any qualifying agency to sell products or services under the federal Javits-Wagner-O'Day Act which encourages

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the employment of blind individuals. MSDE has requested a written strategic action plan from BISM addressing how BISM will meet this ratio. As of January 11, 2002, BISM had not submitted a written action plan.

MSDE noted that as of December 2000, the ratio was at 63.0%. MSDE also noted that BISM's first quarterly report of fiscal 2002 reveals a ratio of 62.0%. In responding to the grant review, BISM explained that a new contract has involved more training than originally assumed and therefore less actual labor, pushing down the required ratio.

**The Department of Legislative Services recommends BISM be prepared to comment on its difficulties in meeting the required ratio and recommends that any appropriation for BISM be withheld until BISM has submitted a written strategic action plan to MSDE.**

## ***Recommended Actions***

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	<b><u>Amount Reduction</u></b>	<b><u>Position Reduction</u></b>
1. Reduce funding for the State-aided institutions. Although the State-aided institutions offer valuable services to students, due to budgetary constraints, the funding for State-aided institutions should be reduced by 25.0%.	\$ 2,090,180	GF
2. Delete funds for the Nonpublic Student Textbook Program. Funding for the program should be deleted since providing funds for nonpublic school students is outside the mission of the Maryland State Department of Education.	5,000,000	SF
<b>Total Reductions</b>	<b>\$ 7,090,180</b>	
<b>Total General Fund Reductions</b>	<b>\$ 2,090,180</b>	
<b>Total Special Fund Reductions</b>	<b>\$ 5,000,000</b>	

***Current and Prior Year Budgets***

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**Current and Prior Year Budgets  
Funding for Educational Organizations  
(\$ 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 2001</b>					
Legislative Appropriation	\$21,161	\$6,000	\$0	\$0	\$27,161
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	240	(950)	0	0	(710)
Reversions and Cancellations	0	(54)	0	0	(54)
<b>Actual Expenditures</b>	<b>\$21,401</b>	<b>\$4,996</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,397</b>
<b>Fiscal 2002</b>					
Legislative Appropriation	\$21,770	\$8,000	\$0	\$0	\$29,770
Budget Amendments	0	(150)	0	0	(150)
<b>Working Appropriation</b>	<b>\$21,770</b>	<b>\$7,850</b>	<b>\$0</b>	<b>\$0</b>	<b>\$29,620</b>

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

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The fiscal 2001 general fund legislative appropriation was increased by \$240,000 reflecting a transfer of funding for the Best Buddies International program from MSDE's Headquarters to MSDE's Funding for Educational Organizations.

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The fiscal 2001 special fund legislative appropriation decreased by \$1,003,941 reflecting a \$950,000 negative appropriation in a fiscal 2002 supplemental budget item to reflect the actual amount spent on the Nonpublic Student Textbook Program and a \$53,941 reversion of unused Nonpublic Student Textbook Program funds at the end of fiscal 2001.

The fiscal 2002 special fund legislative appropriation has been decreased by a transfer of \$150,000 in the Nonpublic Student Textbook Program to MSDE Headquarters to pay for the program's administrative expenses.

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Appendix 2

<b>Object/Fund Difference Report</b>		<b>MSDE - Funding for Educational Organizations</b>				
<b>Object/Fund</b>	<b>FY01</b>	<b>FY02</b>	<b>FY03</b>	<b>FY02 - FY03</b>	<b>Percent</b>	
	<b>Actual</b>	<b>Working Appropriation</b>	<b>Allowance</b>	<b>Amount Change</b>	<b>Change</b>	
<b>Objects</b>						
08 Contractual Services	\$ 3,274,007	\$ 0	\$ 0	\$ 0	0.0%	
09 Supplies & Materials	1,722,052	0	0	0	0.0%	
12 Grants, Subsidies, Contr	21,400,867	29,619,542	27,036,679	(2,582,863)	(8.7%)	
<b>Total Objects</b>	<b>\$ 26,396,926</b>	<b>\$ 29,619,542</b>	<b>\$ 27,036,679</b>	<b>(\$ 2,582,863)</b>	<b>(8.7)%</b>	
<b>Funds</b>						
01 General Fund	\$ 21,400,867	\$ 21,769,542	\$ 22,036,679	\$ 267,137	1.2%	
03 Special Fund	4,996,059	7,850,000	5,000,000	(2,850,000)	(36.3)%	
<b>Total Funds</b>	<b>\$ 26,396,926</b>	<b>\$ 29,619,542</b>	<b>\$ 27,036,679</b>	<b>(\$ 2,582,863)</b>	<b>(8.7)%</b>	

**RA.03 - MSDE - Funding for Educational Organizations**

Appendix 3

**Fiscal Summary  
MSDE - Funding for Educational Organizations**

<u>Unit/Program</u>	<u>FY01</u>	<u>FY02</u>	<u>FY02</u>	<u>FY01 - FY02</u>	<u>FY03</u>	<u>FY02 - FY03</u>
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>% Change</u>	<u>Allowance</u>	<u>% Change</u>
01 Maryland School for the Blind	\$ 12,025,436	\$ 12,294,111	\$ 12,294,111	2.2%	\$ 12,561,248	2.2%
02 Blind Industries and Services of Maryland	1,114,710	1,114,710	1,114,710	0%	1,114,710	0%
03 Other Institutions	8,260,721	8,360,721	8,360,721	1.2%	8,360,721	0%
04 Aid to Nonpublic Schools	4,996,059	8,000,000	7,850,000	57.1%	5,000,000	(36.3)%
<b>Total Expenditures</b>	<b>\$ 26,396,926</b>	<b>\$ 29,769,542</b>	<b>\$ 29,619,542</b>	<b>12.2%</b>	<b>\$ 27,036,679</b>	<b>(8.7)%</b>
General Fund	\$ 21,400,867	\$ 21,769,542	\$ 21,769,542	1.7%	\$ 22,036,679	1.2%
Special Fund	4,996,059	8,000,000	7,850,000	57.1%	5,000,000	(36.3)%
<b>Total Appropriations</b>	<b>\$ 26,396,926</b>	<b>\$ 29,769,542</b>	<b>\$ 29,619,542</b>	<b>12.2%</b>	<b>\$ 27,036,679</b>	<b>(8.7)%</b>

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Appendix 4

**Funding for Educational Organizations**

<b><u>Organization</u></b>	<b><u>Fiscal 2003 Allowance</u></b>
Alice Ferguson Foundation	\$99,521
Alliance of Southern Prince George's Communities, Inc.	50,000
American Visionary Art Museum	20,000
Arts Excel	75,000
Baltimore Museum of Industry	89,721
Baltimore Zoo Foundation	3,850,000
Best Buddies International	340,000
Charles Village Foundation	60,000
Chesapeake Bay Foundation	524,716
Citizenship Law-Related Education	40,727
CollegeBound Foundation	50,000
The Dyslexia Tutoring Program, Inc.	50,000
Echo Hill Outdoor School	74,114
Living Classrooms	457,400
Maryland Academy of Sciences	478,797
Maryland Leadership Workshops	60,000
Maryland Historical Society	75,000
Maryland Math, Engineering, Science Achievement	100,000
National Aquarium in Baltimore	157,707
National Museum of Ceramic Art & Glass	25,000
Olney Theater	300,000
Outward Bound	258,200
Port Discovery	100,000
Salisbury Zoological Park	25,000
South Baltimore Learning Center	50,000
State Mentoring Resource Center	175,000
Supercamp	750,000
Ward Museum	24,818
<b>Total</b>	<b>\$8,360,721</b>