

R99E
Maryland School for the Deaf

Operating Budget Data

(\$ in Thousands)

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$20,929	\$22,028	\$23,289	\$1,261	5.7%
Special Fund	316	213	182	-30	-14.3%
Federal Fund	977	935	1,139	204	21.9%
Reimbursable Fund	<u>1,171</u>	<u>1,138</u>	<u>1,269</u>	<u>131</u>	<u>11.5%</u>
Total Funds	\$23,392	\$24,314	\$25,879	\$1,565	6.4%
Contingent & Back of Bill Reductions			-42	-42	
Adjusted Total	\$23,392	\$24,314	\$25,837	\$1,523	6.3%

- The Governor's fiscal 2006 allowance provides a \$1.5 million, or 6.3% increase over the fiscal 2005 working appropriation.
- The allowance includes an increase of \$682,952 in regular salaries. The increase consists of \$70,966 for the Family Education/Early Intervention Program.

Personnel Data

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Change</u>
Regular Positions	316.50	316.50	316.50	0.00
Contractual FTEs	<u>66.30</u>	<u>62.00</u>	<u>70.50</u>	<u>8.50</u>
Total Personnel	382.80	378.50	387.00	8.50

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	3.04	0.96%
Positions Vacant as of 12/31/04	4.00	1.32%

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

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- The agency had four vacant positions as of December 31, 2004. All four positions have been vacant between two and six months.
- The Governor's fiscal 2006 allowance contains funding for 8.5 new contractual employees. The positions consist of teachers and teacher aides along with the addition of a student life counselor at the Frederick campus.

Analysis in Brief

Major Trends

Mixed Results Persist for Maryland School for the Deaf (MSD) on No Child Left Behind: The 2003 – 2004 school year marked the second year for measuring Adequate Yearly Progress (AYP) on the Maryland State Assessment. The most recent assessments are a reversal of the prior year results, as students at the Frederick campus did not meet AYP and students at the Columbia campus did meet the targets. **MSD should comment on the factors affecting the lack of consistency in student performance on each campus and discuss strategies for improving performance especially among subgroups.**

Recommended Actions

1. Concur with the Governor's allowance.

Updates

MSD in Ongoing Re-accreditation Process: In November 2004, a Middle States Association accreditation team made a scheduled visit to MSD to evaluate the school for re-accreditation. **MSD should update the committees on the status of the November meeting with the accreditation team and explain its ongoing plans to establish objectives and strategic plans at the school as part of its overall plan for re-accreditation.**

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Operating Budget Analysis

Program Description

The Maryland School for the Deaf (MSD) provides education and personal development to Maryland school-aged deaf students. The school has one campus in Frederick that teaches students in pre-kindergarten through grade 12 and one campus in Columbia that teaches students in pre-kindergarten through grade 8. The school offers the Frederick County Public School Essential Curriculum, the Maryland High School Diploma, and the Maryland School for the Deaf Diploma. Both campuses also offer a week night residential component, an enhanced program for deaf students with additional moderate to severe disabilities, and a Family Education/Early Intervention (FE/EI) program for deaf children ages zero through four and their families.

MSD works to achieve the following goals:

- enable students to achieve their developmental potential;
- establish communication for parents and their children in the FE/EI program; and
- provide quality educational and developmental services.

Performance Analysis: Managing for Results

Mixed Results Persist for Maryland School for the Deaf on No Child Left Behind

The 2003 – 2004 school year marked the second year for measuring Adequate Yearly Progress (AYP)¹ on the Maryland State Assessment (MSA). Results from the prior year revealed that students at the Frederick campus did meet AYP targets, while students at the Columbia campus did not. The most recent assessments are a reversal of the prior year results, as students at the Frederick campus did not meet AYP reading standards and students at the Columbia campus did meet targets for reading and mathematics. The latest AYP results in reading and mathematics are shown in **Exhibits 1 and 2**.

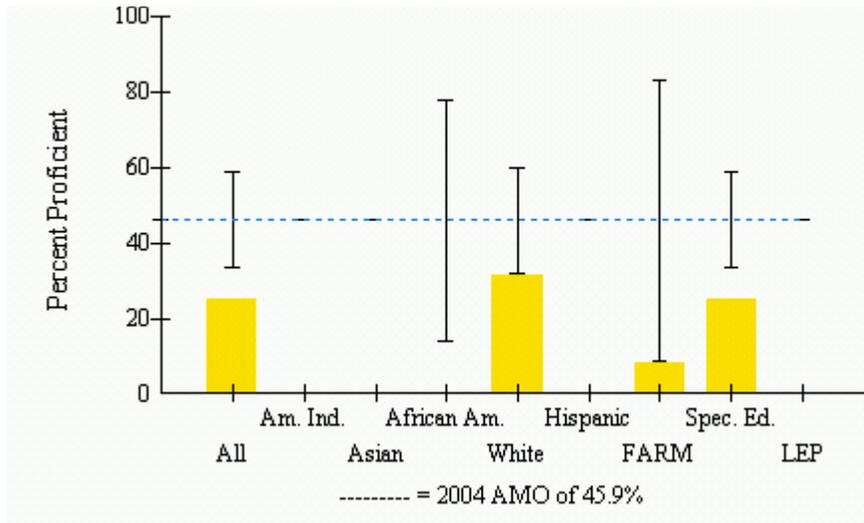
At the Frederick campus, only 25% of students achieved a proficient score on the reading exam and only 36.6% achieved a proficient score on the mathematics exam.² As demonstrated in Exhibit 1, the percent proficient on the reading examination for all students as well as African American, and Free and Reduced-Price Meal (FARM) eligible students did not reach AYP. In mathematics, the Frederick campus met AYP in all subgroups.

¹ AYP is the accountability framework established under the federal No Child Left Behind Act (NCLB).

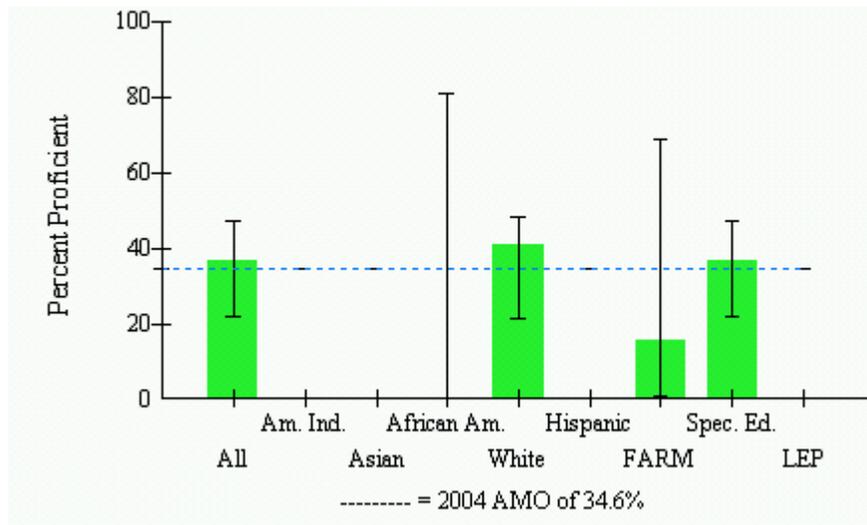
² A total of 104 students took the MSA or alternate MSA at the Frederick campus.

Exhibit 1
Performance by Students at Frederick Campus on Maryland School Assessments

2004 Adequate Yearly Progress Reading



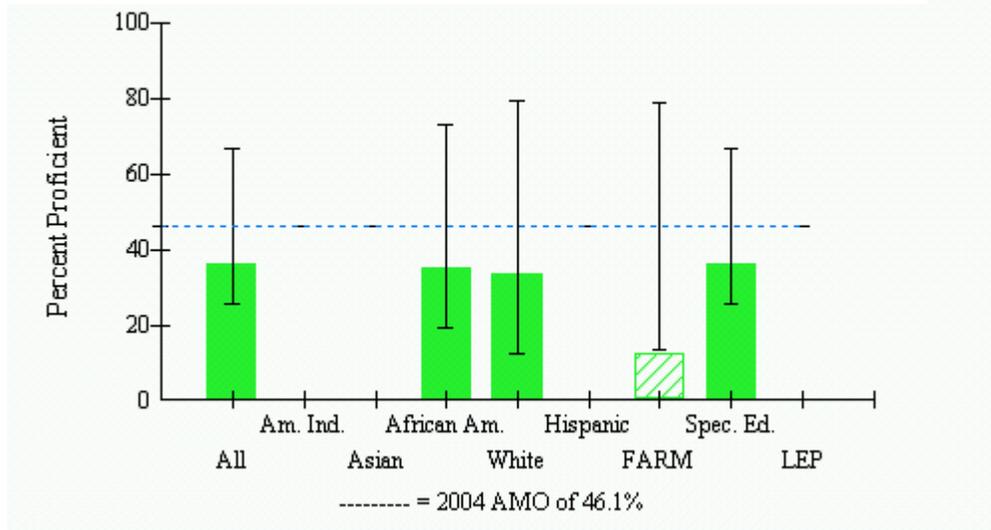
2004 Adequate Yearly Progress Mathematics



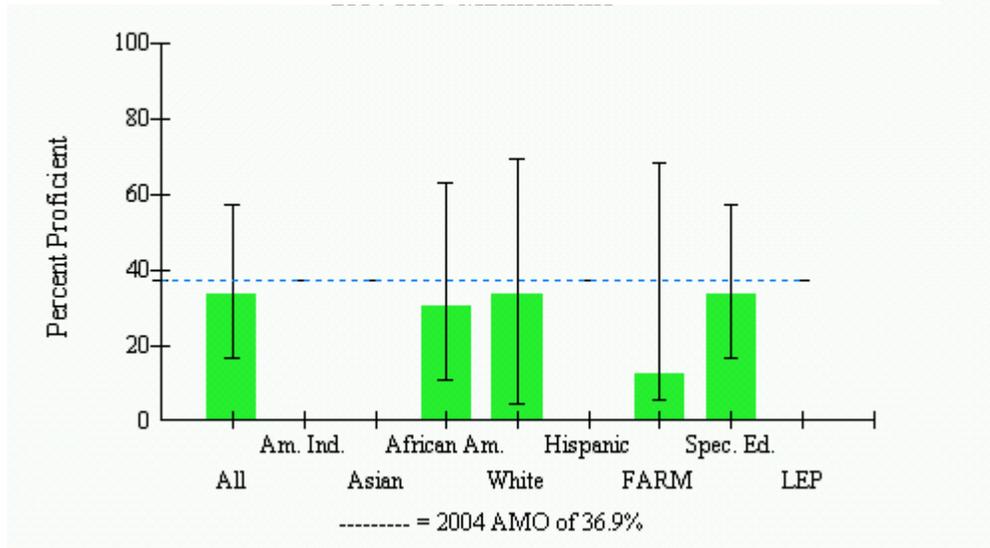
Source: <http://www.mdk12.org/>

Exhibit 2
Performance by Students at Columbia Campus on Maryland School Assessments

2004 Adequate Yearly Progress Reading



2004 Adequate Yearly Progress Mathematics



Source: <http://www.mdk12.org/>

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The Columbia campus fared better on making AYP in both reading and mathematics. Only 35.9% of students achieved a proficient score on the reading exam, and only 33.3% achieved a proficient score on the mathematics exam.³ As demonstrated in Exhibit 2, all category subgroups achieved AYP in both reading and mathematics, except for FARM students who met AYP under safe harbor guidelines, meaning that the percentage of students achieving below the proficient level decreased by 10% from the prior year.

Trend Analysis Reveals Inconsistencies in Subgroup Proficient Scores

Comparing overall and subgroup AYP results with the prior year provides a better glimpse into the progress being made on both campuses. **Exhibits 3 and 4** reveal the trends for the two years the MSA has been administered. Most telling are the Frederick reading results on Exhibit 3 indicating a steep drop in not only the overall percentage of students proficient in reading, but also steep declines in African American and FARM subgroups. The declines for these groups went from 11.1% to 0.0% and from 29.4% to 8.3%, respectively.

While all students at the Frederick campus met AYP in mathematics, the percentage of African American students proficient in mathematics declined. The decline is demonstrated in Exhibit 3 as African American student proficiency falls from 20% to 0%.⁴

Students at the Columbia campus saw significant overall and subgroup improvements in both reading and mathematics from the prior year. Exhibit 4 shows drastic improvement in the number of African American students proficient in both reading and mathematics. African Americans proficient in reading increased from 4.3% to 34.8% and those proficient in mathematics went from 13% to 30.4%. FARM students proficient in both categories also saw significant increases, from 0% to 12.5% in reading and 7.7% to 12.5% in mathematics. Both subgroups contributed to the overall student proficiency scores in both reading and mathematics.

Student performance on both campuses continues to lag behind annual targets in either one or both categories (reading and mathematics). The continued implementation of NCLB will require schools to continue meeting higher targets until the mandate of 100% student proficiency is met by 2014. While students at the Columbia campus showed improvement from the prior year, students at the Frederick campus digressed especially among certain subgroups.

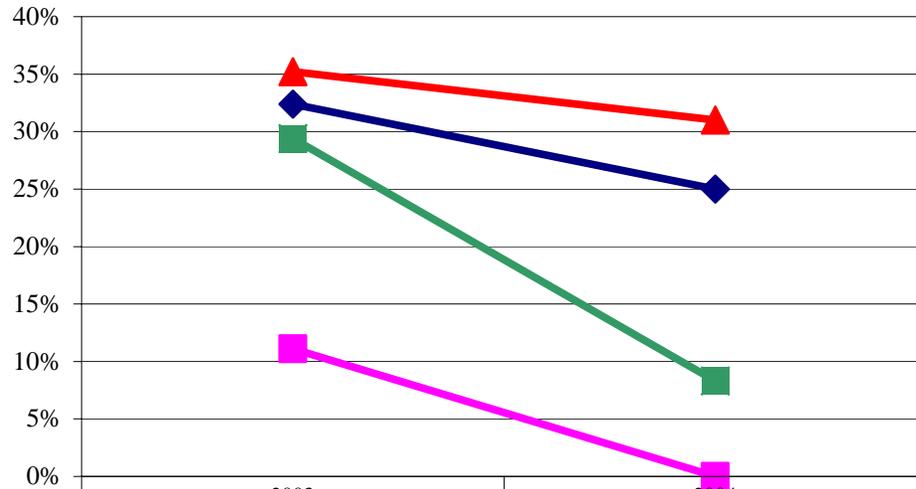
MSD should comment on the factors affecting the lack of consistency in student performance on each campus and discuss strategies for improving performance especially among subgroups.

³ A total of 39 students took the MSA at the Columbia campus.

⁴ A total of five African American Students took the MSA in 2003, and a total of seven took the MSA in 2004.

Exhibit 3
Maryland School Assessment Trend Results at the Frederick Campus

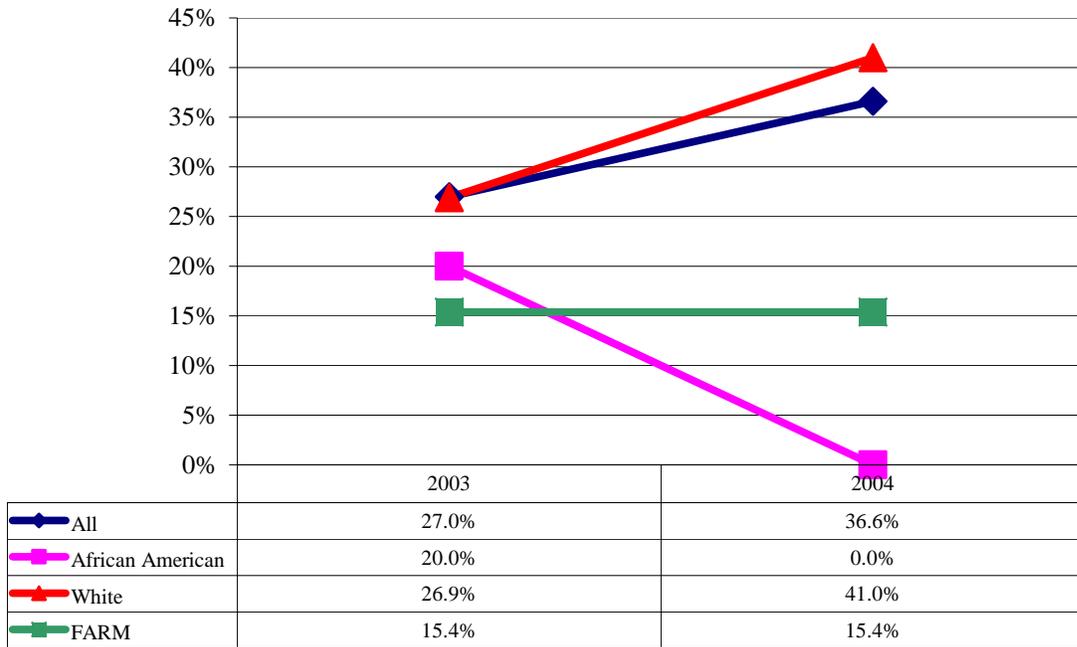
Adequate Yearly Progress Trend Reading



	2003	2004
All	32.4%	25.0%
African American	11.1%	0.0%
White	35.2%	31.0%
FARM	29.4%	8.3%

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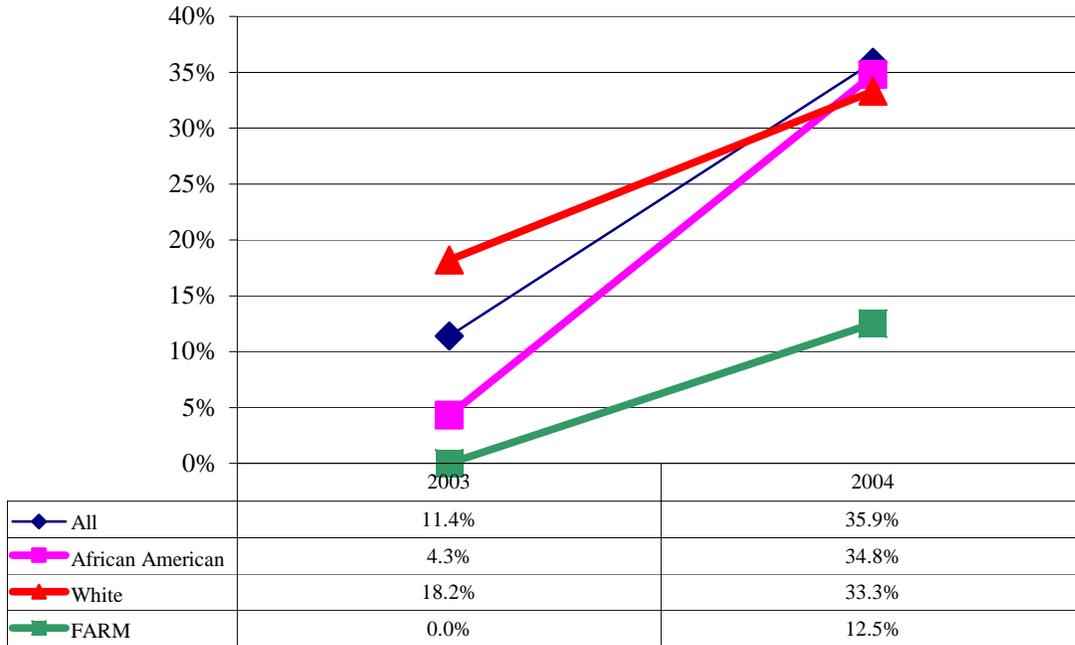
Adequate Yearly Progress Trend Mathematics



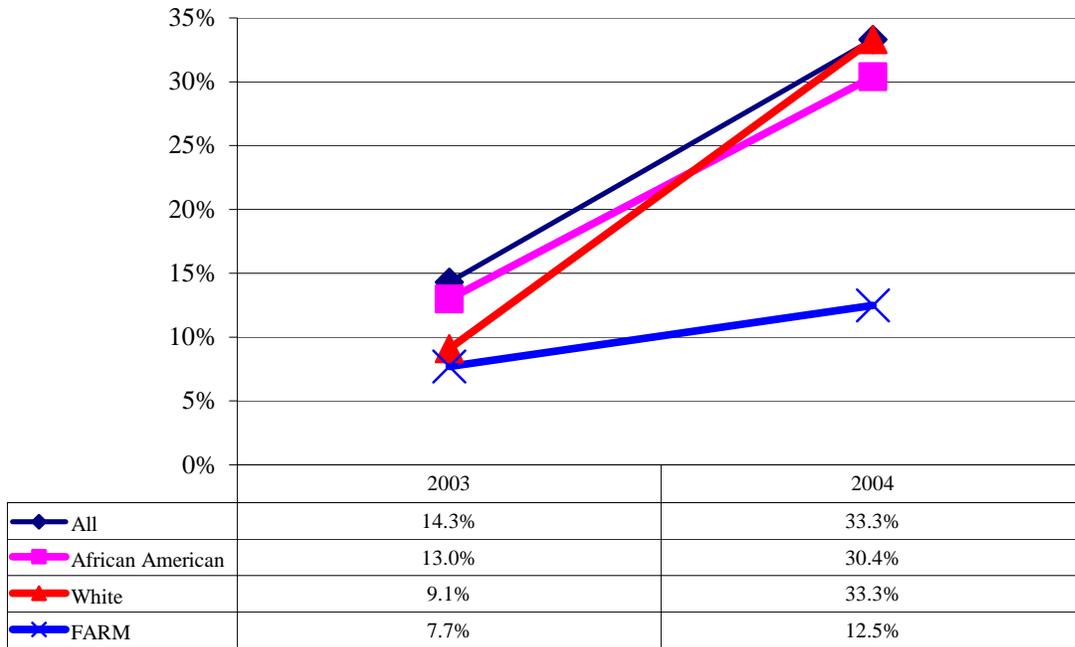
Source: <http://www.mdk12.org/>

Exhibit 4
Maryland School Assessment Trend Results at the Columbia Campus

Adequate Yearly Progress Trend Reading



Adequate Yearly Progress Trend Mathematics



Source: <http://www.mdk12.org/>

Fiscal 2005 Actions

The fiscal 2005 appropriation has not been altered.

Governor's Proposed Budget

The Governor's fiscal 2006 allowance includes an approximately \$1,523,000, or 6.3% increase over the fiscal 2005 working appropriation, as shown in **Exhibit 5**.

Exhibit 5
Governor's Proposed Budget
Maryland School for the Deaf
(\$ in Thousands)

How Much It Grows:	<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>
2005 Working Appropriation	\$22,028	\$213	\$935	\$1,138	\$24,314
2006 Governor's Allowance	23,289	182	1,139	1,269	25,879
Contingent & Back of Bill Reductions	-39	0	0	-3	-42
Adjusted Allowance	\$23,250	\$182	\$1,139	\$1,266	\$25,837
Amount Change	\$1,221	-\$30	\$204	\$128	\$1,523
Percent Change	5.5%	-14.3%	21.8%	11.2%	6.3%
Where It Goes:					
Personnel Expenses					
Faculty Pay Plan and Step Increases.....					683
Turnover budgeted at 1%.....					162
Retirement contribution cost increase.....					93
Employee and retiree health insurance					16
Other Changes					
Insurance costs per charges by State Treasurer's Office					215
Contractual employees – 8.5 new positions.....					205
Fuel and utilities					196
Installation of network access on both campuses					40
Update network server.....					39
Replacement of interactive board in science lab					28
Instructional supplies.....					24
Facility repairs and maintenance					-102
Other/equipment replacement.....					-76
Total					\$1,523

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

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MSD's general fund allowance increases by \$1,260,684 (5.7%), in accordance with MSD's minimum funding formula, found in § 8-310.3 of the Education Article of the Maryland Annotated Code. MSD receives funding based on its prior year appropriation, growth in enrollment, and growth in the per pupil foundation amount used to provide State aid to Maryland's public schools. MSD's general fund allowance of \$23.4 million is equal to its minimum funding formula. The increase in the funding formula is due to a slight growth in enrollment, and a 9.2% increase in the per pupil foundation amount as mandated in the Bridge to Excellence in Public Schools Act. Language in the Budget Reconciliation and Financing Act of 2003 provided for the reduction of MSD's minimum funding amount if the reduction affects administrative expenses at MSD.

The fiscal 2005 general fund appropriation used to calculate MSD's formula funding did not include \$236,000 for the cost-of-living (COLA) increase for State employees budgeted with the Department of Budget and Management (DBM) and later transferred to MSD. The omission of the COLA, leaves the formula appropriation underfunded by \$252,411 (**Exhibit 6**). However, MSD is budgeted to receive \$303,825 in COLA increases (budgeted in the DBM allowance) for fiscal 2006.

Exhibit 6
Difference in General Fund Allowance with Inclusion of
Fiscal 2005 COLA

Current FY 2006 <u>Appropriation</u>	FY 2006 Appropriation <u>with COLA</u>	<u>Difference</u>
\$23,288,700	\$23,541,111	\$252,411

Source: Maryland School for the Deaf

The allowance also includes an increase of \$682,952 in regular salaries. This increase includes \$303,825 for implementation of the school's Faculty Pay Plan, which seeks to ensure that the salaries offered by MSD are competitive with those in surrounding school systems. Every third year, MSD submits recommendations to the Secretary of DBM for a pay plan that will allow MSD to adequately recruit and retain qualified educators and professional personnel. This plan is based on the average salaries of these personnel in neighboring Frederick and Howard counties. MSD has indicated difficulty in teacher retention in the past, due to teachers leaving MSD for higher paying positions in regular school districts. The costs of providing employee and retiree health insurance increase by \$16,142, and turnover assessment increases by an additional \$162,414.

The allowance also includes a decrease in special funds of \$30,334 (14.3%) and a federal fund increase of \$204,354 (21.9%). Reimbursable funds increase by about \$128,000 (11.5%).

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Provide Quality Educational and Development Services

Approximately \$196,382 of the increase in the allowance includes expenditures for various fuel and utility needs. Oil and natural gas and propane account for \$76,363 of this increase due to rising fuel costs. The monitoring and valuation contract for the school's energy performance contract accounts for \$6,749 of the fuel and utility increase.

\$40,000 of the increase in the allowance supports network access on both campuses. Approximately \$30,000 of this total is dedicated to the Frederick campus for wiring of the middle school computer network and a public address system. The remaining \$10,000 will go toward an additional network access project at the Columbia campus.

Educational equipment costs increase by \$27,614 to replace an interactive board used as an instructional aid. Insurance costs increase by \$215,104 due to a determination by the State Treasurer's office on the replacement costs of facilities on both campuses.

These increases are offset by a decrease in facility repairs and maintenance of \$101,656 based on the project list developed by the school for the year.

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. MSD in Ongoing Re-accreditation Process

MSD is currently undergoing re-accreditation by the Middle States Association of Colleges and Schools. Accreditation by this organization certifies that the school has met the 12 qualitative standards of the Middle States Association, within the context of the school's own unique mission, philosophy and objectives. MSD has chosen to be accredited through the "Accreditation for Growth" protocol, which emphasizes student growth and specific five-year student growth goals. MSD will be evaluated for its development and fulfillment of these objectives and each of the 12 standards, which relate to the following:

- philosophy, mission, beliefs, and objectives;
- governance and leadership;
- organizational design and staff;
- educational programs;
- library media services and technology;
- student services;
- student life and student activities;
- facilities;
- health and safety;
- finances;
- assessment of student learning; and
- long-range strategic planning.

MSD began its efforts toward re-accreditation during the 2003 – 2004 school year by developing three committees, one overall and one at each campus, responsible for directing the re-accreditation process and conducting a thorough review of the entire program. The school commissioned an outside survey of parents, community members, and alumni, in addition to its own internal review for input on creating a strategic plan. This plan addresses the short-term needs and long-term goals for the entire school community. A comprehensive outline of the school's accreditation effort as part of this overall planning can be found in the special edition of *The Maryland Bulletin* (on website for MSD) issued in November 2004.

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In November 2004, a Middle States Association accreditation team made a scheduled visit to MSD to evaluate the schools implementation of and adherence to its strategic plan and provide additional feedback for improvement and growth. The eight-member team is expected to recommend to the Advisory Board of Middle States Association a full seven-year accreditation for the school.

MSD should update the committees on the outcome of the November meeting with the accreditation team and explain its ongoing plans to establish objectives and strategic plans at the school as part of its overall plan for re-accreditation.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2004					
Legislative Appropriation	\$20,932	\$163	\$855	\$1,163	\$23,113
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	154	236	43	433
Cost Containment	0	0	0	0	0
Reversions and Cancellations	-4	0	-114	-35	-153
Actual Expenditures	\$20,928	\$317	\$977	\$1,171	\$23,393
Fiscal 2005					
Legislative Appropriation	\$21,792	\$183	\$935	\$1,138	\$24,048
Budget Amendments	236	30	0	0	266
Working Appropriation	\$22,028	\$213	\$935	\$1,138	\$24,314

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

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Fiscal 2004

The fiscal 2004 special fund appropriation increased by \$153,531 due to higher than estimated revenue from out-of-state tuition and funding from local school systems for students in MSD's enhanced program. MSD used this funding for contractual teachers, additional supplies, and transportation. The federal fund appropriation increased by \$236,177, due again to unanticipated revenues. MSD used this funding for teacher positions and additional programming at the school. Reimbursable fund revenue increased \$42,834.

Federal and reimbursable fund cancellations totaled \$114,100 and \$34,840 respectively, due to an over-estimate in projected medical assistance reimbursement for the school year.

Audit Findings

Audit Period for Last Audit:	November 5, 1999 – June 30, 2002
Issue Date:	October 2002
Number of Findings:	3
Number of Repeat Findings:	2
% of Repeat Findings:	67%
Rating: (if applicable)	

Finding 1: **Internal controls over the processing of purchase and disbursement transactions were inadequate.**

Finding 2: Numerous control and record keeping deficiencies existed over certain inventories.

Finding 3: **Equipment records were not adequately maintained, and a complete physical inventory had not been conducted.**

*Bold denotes item repeated in full or part from preceding audit report.

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

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	316.50	316.50	316.50	0	0%
02 Contractual	66.30	62.00	70.50	8.50	13.7%
Total Positions	382.80	378.50	387.00	8.50	2.2%
Objects					
01 Salaries and Wages	\$ 17,474,949	\$ 18,616,405	\$ 19,708,921	\$ 1,092,516	5.9%
02 Technical & Spec Fees	1,821,917	1,990,981	2,201,602	210,621	10.6%
03 Communication	151,881	141,966	157,469	15,503	10.9%
04 Travel	12,787	4,575	4,575	0	0%
06 Fuel & Utilities	1,022,235	890,665	1,087,047	196,382	22.0%
07 Motor Vehicles	83,675	88,005	101,462	13,457	15.3%
08 Contractual Services	1,462,730	1,307,408	1,247,139	-60,269	-4.6%
09 Supplies & Materials	696,835	691,514	767,605	76,091	11.0%
10 Equip - Replacement	355,616	442,660	275,422	-167,238	-37.8%
11 Equip - Additional	232,116	23,150	0	-23,150	-100.0%
12 Grants, Subsidies, and Contributions	44,952	46,000	46,000	0	0%
13 Fixed Charges	32,650	70,816	282,180	211,364	298.5%
Total Objects	\$ 23,392,343	\$ 24,314,145	\$ 25,879,422	\$ 1,565,277	6.4%
Funds					
01 General Fund	\$ 20,928,697	\$ 22,028,316	\$ 23,289,000	\$ 1,260,684	5.7%
03 Special Fund	315,787	212,758	182,424	-30,334	-14.3%
05 Federal Fund	976,982	934,921	1,139,275	204,354	21.9%
09 Reimbursable Fund	1,170,877	1,138,150	1,268,723	130,573	11.5%
Total Funds	\$ 23,392,343	\$ 24,314,145	\$ 25,879,422	\$ 1,565,277	6.4%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal Summary
Maryland School for the Deaf**

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
00 Services and Institutional Operations	\$ 15,521,188	\$ 16,006,626	\$ 17,135,882	\$ 1,129,256	7.1%
00 Services and Institutional Operations	7,871,155	8,307,519	8,743,540	436,021	5.2%
Total Expenditures	\$ 23,392,343	\$ 24,314,145	\$ 25,879,422	\$ 1,565,277	6.4%
General Fund	\$ 20,928,697	\$ 22,028,316	\$ 23,289,000	\$ 1,260,684	5.7%
Special Fund	315,787	212,758	182,424	-30,334	-14.3%
Federal Fund	976,982	934,921	1,139,275	204,354	21.9%
Total Appropriations	\$ 22,221,466	\$ 23,175,995	\$ 24,610,699	\$ 1,434,704	6.2%
Reimbursable Fund	\$ 1,170,877	\$ 1,138,150	\$ 1,268,723	\$ 130,573	11.5%
Total Funds	\$ 23,392,343	\$ 24,314,145	\$ 25,879,422	\$ 1,565,277	6.4%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.