

R00A01
Headquarters
Maryland State Department of Education

Operating Budget Data

(\$ in Thousands)

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$101,741	\$89,383	\$116,149	\$26,766	29.9%
Special Fund	5,618	7,598	8,164	566	7.4%
Federal Fund	123,097	124,850	132,790	7,939	6.4%
Reimbursable Fund	<u>413</u>	<u>700</u>	<u>865</u>	<u>165</u>	<u>23.5%</u>
Total Funds	\$230,870	\$222,531	\$257,967	\$35,436	15.9%

- The fiscal 2009 allowance is \$258 million. This is a net increase of \$35.4 million over the fiscal 2008 working appropriation.
- The majority of the change can be attributed to a \$22.7 million increase in general funds in the Division of Accountability and Assessments, which restores a one-time \$14.5 million reduction from fiscal 2008.
- Excluding assessment costs and health insurance and Other Post Employment Benefits, which distort year-to-year comparisons, total funds grow 2%.

Personnel Data

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>
Regular Positions	1,442.00	1,465.80	1,440.60	-25.20
Contractual FTEs	<u>129.55</u>	<u>145.60</u>	<u>141.20</u>	<u>-4.40</u>
Total Personnel	1,571.55	1,611.40	1,581.80	-29.60

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	89.75	6.23%
Positions Vacant as of 12/31/07	113.2	7.72%

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

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- Regular positions decrease by 25.2 positions. Of these, 23.2 positions were abolished following the 2007 special session as part of the statewide reduction of 500 positions. An additional position was deleted by the Department of Budget and Management, and 1 position was transferred to the Governor’s Office for Children.
- Contractual full-time equivalents are reduced by 4.4.

Analysis in Brief

Issues

High School Assessment a Graduation Requirement for the Class of 2009: In October 2007, after a significant amount of additional study and discussion, the State board voted 8-4 to retain the High School Assessment (HSA) as a graduation requirement. Currently, there are over 630,000 students across the State who are expected to graduate in 2009. There are challenges to meeting the requirements for a range of students, including those who have taken one or more exams and failed and those who have yet to take one or more exam. **The Maryland State Department of Education (MSDE) should discuss the actions taken to ensure these students have the opportunity to complete the tests for an on-time graduation. MSDE should comment on the Bridge Plan implementation for those who have failed.**

Two Federal Audits of Local School-based Health Services Resulted in Disallowed Claims Totaling \$49.2 Million: The first audit examined claims filed in fiscal 2007 and resulted in a disallowance from the Department of Health and Mental Hygiene (DHMH). DHMH is expecting reimbursement from five local education agencies (LEAs). The second audit is currently in appeal. **MSDE should comment on the steps taken to arrange payment from the LEAs and the status of any appeals process by the LEAs involved in the finding. MSDE should comment on the status of the appeal.**

Maryland Scores High on Quality Counts Report; However, the Grade for Teaching Profession Below National Average: Maryland scored high overall on the Quality Counts report, one of three states to receive a B overall, along with New York and Massachusetts. However, Maryland scored below the national average in teacher quality measures. **MSDE should comment on methods implemented to improve teacher quality.**

Baltimore City Creates Incentives to Improve Student Performance on HSA Exams: Baltimore City is planning to use \$900,000 to create incentives to increase student performance on the HSA exams. **MSDE should comment on the status of the assessment incentive program, how many students are eligible, and any feedback it has received from the Baltimore City Public School System on the program.**

Concerns with Transfer of Adult Literacy and Correctional Education from MSDE to the Department of Labor, Licensing, and Regulation: SB 203/HB 367 of 2008, proposed by the Administration, will, if enacted, consolidate adult education, literacy services and correctional institutions' educational programs in the Department of Labor, Licensing, and Regulation (DLLR). Administration of adult education and literacy programs and adult correctional education programs would be transferred from MSDE to DLLR. **MSDE should comment on coordination necessary to ensure a smooth transitional period. The agency should also comment on additional ways to improve workforce outcomes without the possibility of eroding the current services.**

Recommended Actions

1. Concur with Governor's allowance.

Updates

MSDE Reports \$39.1 Million in Fiscal 2007 Encumbrances: In response to fiscal 2008 budget bill language, MSDE reported that \$22.0 million of fiscal 2007 encumbrances were in the Division of Accountability and Assessment and expects to spend down all funds encumbered in fiscal 2008. The remaining \$17.1 million are in various divisions throughout MSDE.

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Operating Budget Analysis

Program Description

The Maryland State Department of Education (MSDE) focuses its efforts in the following three program areas: public education, including correctional education; library development and services; and rehabilitation services.

Public education consists of the Office of the State Superintendent; Division of Business Services; Division for Leadership Development; Division of Accountability and Assessment; Office of Information Technology; Division of Early Childhood Development; Division of Instruction; Division of Student, Family, and School Support; Division of Special Education/Early Intervention Services; Division of Career Technology and Adult Learning; Division of Certification and Accreditation; Division of Correctional Education, and the Home and Community Based Waiver for Children with Autism.

The Division of Early Childhood Development was formed in fiscal 2006 to consolidate existing MSDE early childhood programs and incorporate the Child Care Administration transferred from the Department of Human Resources in July 2005, and the Child Care Subsidy Program (Purchase of Care) transferred to MSDE by executive order in fiscal 2007. A separate analysis on the Division of Early Childhood Development discusses these programs.

The divisions within the public education program work together toward achieving the following goals:

- improving achievement for each student;
- better aligning and making more understandable programs of instruction, curriculum, and assessment;
- ensuring that all educators have the skills to improve student achievement;
- ensuring that all schools are safe, drug free, and conducive to learning; and
- involving families in education.

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The Division of Library Development and Services (DLDS) is divided into two branches – the Public Library State Network Branch and the Library for the Blind and Physically Handicapped (LBPH). The division is responsible for developing statewide library services, the statewide library network, and regional libraries. Regional libraries provide support to public libraries in Southern, Western, and Eastern Maryland. The Enoch Pratt Free Library, which is designated as the State Library Resource Center, runs the SAILOR network, provides statewide training, and assumes other statewide responsibilities. LBPH provides specialized services through its facility in Baltimore to the blind and handicapped communities. Chapter 494 of 2006 established a capital grant program to support library projects across the State which will be administered by DLDS.

The DLDS works toward achieving the following goals:

- anticipating and meeting the digital and electronic needs of local communities; and
- increasing access to materials in appropriate formats for registered readers and institutions at LBPH.

The Division of Rehabilitation Services (DORS) program consists of the Division Headquarters, Client Services, the Workforce and Technology Center, the Disability Determination Service, and the Office of Blindness and Vision Services. These programs provide vocational rehabilitation services and determine eligibility for federal disability benefits. The primary purpose of client services is to plan and provide vocational rehabilitation services for individuals with disabilities so that they may maintain or achieve economic self-sufficiency through productive employment. The primary purpose of the disability determination unit is to adjudicate claims for Social Security Disability Insurance and Supplemental Security Income based on medical evidence, vocational factors, and federal rules promulgated by the Social Security Administration. The Office of Blindness and Vision Services was formed by transferring positions from existing DORS programs and consolidating them into one program encompassing all rehabilitation services for blind and vision-impaired individuals.

DORS works toward achieving the following goals:

- promoting employment and independent living for individuals with disabilities through rehabilitation programs; and,
- maximizing self-sufficiency for individuals with disabilities through the State's disability determination program.

Fiscal 2008 Actions

Impact of Cost Containment

The agency's fiscal 2008 working appropriation was reduced by \$3.8 million due to cost containment in July 2007. Salaries, wages, and fringe benefits amounted to \$1.4 million of this reduction; 21 positions were abolished.

Governor's Proposed Budget

As shown in **Exhibit 1**, the fiscal 2009 allowance is \$258.0 million, which is a \$35.4 million, or a 15.9% increase from the fiscal 2008 working appropriation. Increases in the Division of Accountability and Assessment, which is responsible for all of the assessment testing, account for 69.8% of the total increase in the agency's budget. General funds account for the majority of the increase, \$26.8 million, and federal funds increase by \$8.0 million.

Personnel Changes

Regular positions total 1,440.6 in the fiscal 2009 allowance, a decrease of 25.2 positions. Of the regular positions, 23.2 were abolished following the 2007 special session as part of the statewide reduction of 500 positions. An additional position was deleted by the Department of Budget and Management (DBM) and 1.0 position was transferred to the Governor's Office for Children. DBM has indicated that the position transferred to the Governor's Office for Children will be transferred back to MSDE when the State Aided Institutions are transferred back to the agency in a supplemental budget. The majority of the positions is reduced from DORS.

Personnel expenses have a net increase of \$9.0 million from the fiscal 2008 working appropriation. Nearly half of the increase, \$4.7 million, is attributed to the first year of Other Post Employment Benefits funding. Other notable changes include a \$3.7 million restoration of payments for retirees health insurance benefits and a \$1.7 million decrease in employee health insurance due in part to the reduction in positions and from payments from the surplus health insurance account.

Exhibit 1
Governor’s Proposed Budget
MSDE – Headquarters
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2008 Working Appropriation	\$89,383	\$7,598	\$124,850	\$700	\$222,531
2009 Governor’s Allowance	<u>116,149</u>	<u>8,164</u>	<u>132,790</u>	<u>865</u>	<u>257,967</u>
Amount Change	\$26,766	\$566	\$7,939	\$165	\$35,436
Percent Change	29.9%	7.4%	6.4%	23.5%	15.9%

Where It Goes:

Personnel Expenses

25.2 abolished/transferred positions	-\$1,818
Increments and other compensation	3,727
Health insurance – pay-as-you-go costs	1,924
Health insurance – reduce long-term Other Post Employment Benefits liability.....	4,674
Fiscal 2008 Budget Section 45 – one-time hiring freeze savings.....	87
Turnover expectancy on existing positions	88
Social Security contributions.....	316
Employee retirement contribution	137
Unemployment and Workers’ Compensation	-144
Other Fringe Benefit Adjustments.....	3

Other Changes

Increases for accountability and assessment contracts	24,590
Web Data Collection System.....	-1,950
Relocatable classrooms at the Department of Juvenile Service facilities.....	424
Increase payments to medical care providers through Medicaid – DORS	3,383
Other Changes.....	-5
Total	\$35,436

DORS: Division of Rehabilitation Services

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

Large Increases in the Division of Accountability and Assessment

In the fiscal 2008 budget, the General Assembly reduced the appropriation for the Division of Accountability and Assessment by \$14.5 million. MSDE entered into a pattern of encumbering large sums of general funds for payments to assessment contracts that would not be required until future fiscal years. The purposes of the reduction were to eliminate these large encumbrances and attempt to budget more accurately the funds for the current fiscal year required for assessment contracts.

MSDE's estimated costs for Accountability and Assessment contracts for fiscal 2008 are \$51.5 million and \$49.8 million in fiscal 2009. The Governor's allowance includes \$39.6 million for the contracts in fiscal 2009. Total revenue sources for these contracts and estimated costs are shown in **Exhibit 2**.

Exhibit 2 Funds for MSDE Assessment Contracts Fiscal 2008-2009

	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>
Balance		-\$1,477,925
Fiscal 2005* Encumbrances	\$36,429	
Fiscal 2006* Encumbrances	7,212,120	
Fiscal 2007* Encumbrances	25,653,075	
General Fund Appropriation	10,074,053	34,663,919
Federal Fund Appropriation	6,720,917	6,398,799
Special Fund	319,368	383,385
Reimbursable Fund	6,113	6,007
Total Sources	\$50,022,075	\$39,584,793
Projected Expenditures		
Assessment	\$43,000,000	\$39,537,277
Accountability	8,500,000	10,300,000
Total Expenditures	51,500,000	49,837,277
End Balance	-\$1,477,925	-\$10,252,484

MSDE: Maryland State Department of Education

*Encumbrances reflect closing fiscal 2007 balances in actual 2005-2007.

Note: Encumbrances in fiscal 2005 of \$463,616 of which MSDE expects to pay \$36,429 in fiscal 2008 and cancel the remainder. General Fund Appropriation for Objects 08 and 12.

Source: Maryland State Department of Education; Department of Budget and Management

According to MSDE \$52 million will be required to pay assessment and accountability contracts in fiscal 2008. This is substantially higher than original estimates, which were \$42.7 million. MSDE indicated that the High School Assessment (HSA) contract would be re-bid in fiscal 2008 and could increase costs; however, a \$15 million increase was already included in the fiscal 2008 estimates. **MSDE should explain the large increase in fiscal 2008 cost from the original estimates.**

MSDE expects to spend down all previously encumbered funds in fiscal 2008, and based on estimates, an additional \$1.5 million is needed to pay contracts in fiscal 2008. However, the estimated fiscal 2008 expenditures are substantially higher than the prior year's expenditures. Comparing fiscal 2007 estimated costs with actual expenditures at closeout reveals that MSDE's estimates in fiscal 2007 were considerably higher than actual costs. The fiscal 2007 general fund appropriation for the Division of Accountability and Assessment was \$27.2 million; \$2.7 million was expended during the fiscal year, while \$24.5 million was encumbered at the end of fiscal 2007. MSDE has indicated that total spending for accountability contracts for fiscal 2007 was \$5.3 million, including \$2.6 million in fiscal 2006 funds. Total spending on assessment contracts in fiscal 2007 was \$26.0 million including \$6.0 million of fiscal 2007 federal funds and \$20.0 million in fiscal 2005 and 2006 funds. **MSDE should comment on why the fiscal 2008 estimated expenditures are \$20.0 million, or 64% higher than what was actually spent in fiscal 2007 and why estimated fiscal 2009 expenditures are less than fiscal 2008. The agency should also comment on what it actually expects to expend in fiscal 2008 and 2009.**

Other Changes

The allowance includes \$423,818 for lease payments on relocatable classrooms at the Victor Cullen Youth Center (Cullen Center). Personnel expenses for services at the Cullen Center increased from \$500,000 to \$1.2 million as the expenses have become annualized and the program is fully phased in. Although operating costs for MSDE educational services operated in the Department of Juvenile Services (DJS) facilities have increased, MSDE will not be expanding into any additional DJS facilities. Chapter 431 of 2004 requires that MSDE assume responsibility for education at all DJS-operated facilities by 2012. MSDE is currently providing services in 5 of 16 DJS facilities: the J. DeWeese Carter Youth facility; the Victor Cullen Center; the Charles H. Hickey School; the Lower Eastern Shore Center; and the Baltimore City Juvenile Justice Center. **MSDE should comment on the status of this initiative and whether it expects to still be on target to meet the deadline.**

Other changes include a \$2.0 million decrease in the division of Major Information Technology Development Projects for the Web Data Collection System. The program streamlines data collection already occurring at MSDE. The data includes information for local education agencies (LEAs) like attendance, student assessment participation and outcomes, student enrollment, and staff information. The program was funded in fiscal 2008 but received no funding in fiscal 2009.

The allowance also includes a \$3.4 million increase in federal funds for payments to medical care providers through DORS. DORS offers clients a variety of services to assist individuals in increasing their independence and gaining employment. These services include occupational or physical therapy and mental health services. This increase can be attributed to the rising cost of medical care.

Issues

1. High School Assessment a Graduation Requirement for the Class of 2009

Background

The Maryland High School Assessments (HSAs) consist of four end-of-course tests designed to measure school and individual student academic performance in English, algebra/data analysis, biology, and government. Statewide planning and development of the HSAs began nearly 15 years ago with the goal of raising high school standards and replacing the Maryland Functional Tests, which were being used at the time as high school graduation requirements. After years of development, HSAs were field tested in 2000 and 2001, and students' scores began to appear on high school transcripts in 2002. In 2004, the State Board of Education voted to make passage of the HSAs a graduation requirement, beginning with students entering ninth grade in fall 2005 (the class of 2009). Under the regulations adopted by the State board, students will be required to pass each of the four tests or achieve a minimum combined score on the tests to earn a Maryland high school diploma.

In response to concerns among legislators about the approaching 2009 graduation class and narrative in the 2007 *Joint Chairmen's Report*, the State Board of Education held five regional public hearings "to educate the public about current policies and potential changes to the HSA as a graduation requirement and to hear the public's concerns." Hearings were held in September 2007 in Baltimore City and Allegany, Charles, Prince George's, and Talbot counties.

Concerns and Views Expressed at the Hearings

- **Denial of High School Diplomas Based on HSA Performance:** Many participants at the hearings believed that it was not fair for a student to be denied a Maryland high school diploma if the student passes all of the required courses but fails to achieve a passing score on the HSAs. Participants also mentioned that some students do not perform well on standardized tests despite doing well on their coursework. Several participants questioned the ability of the HSAs to adequately measure and reflect students' abilities. Other participants suggested that the State board should implement a weighted assessment that incorporates students' HSA results and grade point averages.

Advocates of the HSA requirement stated that the tests promote consistency in teaching throughout the State and make students more goal-oriented. Some of the participants mentioned that awarding high school diplomas without ensuring that students have mastered the core skills and knowledge in the curriculum dilutes the significance of a Maryland high school diploma. Proponents of the HSAs also mentioned that, in order to compete in a global economy, high standards need to be set for all students in Maryland.

- **Modified High School Assessments and Groups with Specific Needs:** Some parents of special education students expressed their frustration that modified HSAs have yet to be developed despite specifications in students' individualized education programs for modified tests. Some participants at the hearings advocated that special education students and English language learners should not be required to pass the HSAs in order to graduate.
- **School Resources Devoted to the High School Assessment:** A number of participants stated that teachers are "teaching to the test" rather than implementing a well-rounded curriculum and allowing for the freedom of interactive and enticing lessons. Students who do not pass the tests are sometimes placed into remedial groups that go over coursework on the test, thus delaying their progress toward completing the rest of the curriculum. Other participants suggested that the remediation structures needed to help students pass the tests are insufficient in some school systems.
- **Faster Turnaround of Scores:** Several parents, teachers, and school officials expressed dismay over the time it takes to receive HSA results. It typically takes nine weeks to grade the tests, resulting in last-minute changes to class schedules for students who did not pass the tests. Participants offered suggestions such as faster turnaround of scores, providing teachers with more detail on individual student performance, and more timely opportunities for students to retake the tests.

MSDE has been able to address some of the concerns voiced at the public hearings. In September 2007, the department, after receiving input from local superintendents and other stakeholders, decided to implement a purely multiple choice format for HSAs beginning in May 2009. The department estimates that this change, along with the use of a new test provider, would shorten the grading time for HSAs from nine weeks to three weeks. In addition, MSDE reports that modified HSAs should be widely available in January 2008. Finally, to address concerns about HSA pass rates and the availability of effective remediation, students will be given the opportunity to take each HSA up to five times per year and students who are having difficulty passing the tests will be provided on-line remediation tools available on the MSDE web site.

Subsequent State Board Decisions and Changes to the HSA Requirements

In October 2007, after a significant amount of additional study and discussion, the State board voted 8-4 to retain the HSAs as a graduation requirement. Members of the State board argued that, although the HSAs are not a panacea for deficiencies in Maryland's public schools, they are an important tool in the effort to ensure a consistent and adequate education for all Maryland students. The State board also noted that it hopes HSAs will increase accountability, ensure the value of a Maryland high school diploma, and prepare students for future academic and job-related pursuits. Finally, board members expressed a concern that not using HSAs as a graduation requirement could result in students not taking the tests seriously.

In the process of reviewing the HSAs, the State board did make two modifications to the policies that had been in place. The board voted favorably to implement the Bridge Plan for Academic Validation, thus providing a student who is unable to pass the HSAs with the option of completing a subject-based project in lieu of passing the assessments. This option would only be available to students who have met other graduation requirements (such as successful completion of all coursework, attendance, and the service learning requirements), have taken the assessment(s) in question at least two times, and have demonstrated good faith participation in all applicable remediation or academic assistance programs. The board also altered the minimum score requirement. Previously, a student could qualify for graduation with a qualifying combined score on the four tests as long as a minimum score on each test was achieved. The qualifying combined score option is retained but with no minimum required scores for individual tests.

Challenges for Class of 2009

Currently, there are over 63,000 students across the State who are expected to graduate in 2009. Many of these students will need to quickly complete all four assessments, or qualify for the Bridge Plan, in order to graduate on time, even though large percentages of these students have yet to take one or more of the exams for the first time.

The number of students who have yet to take one exam or more and expect to graduate in 2009 is alarming. As of September 2007, nearly 11% of students statewide have yet to take the algebra exam. These numbers are higher for biology, English, and government (24%, 13%, and 18%, respectively). As shown in **Exhibit 3**, the percentage of students who have yet to take HSA exams in one or more of the four core courses is even greater in Baltimore City, with 85% of students reported never attempting the biology exam as of September 2007. In Talbot County none of the students currently enrolled and set to graduate in 2009 have taken the government exam, and in Calvert County just 5 of 1,300 students have taken this exam. Some of this delay may be the result of course sequencing in the school system, but if these students fail any of the exams, they will not qualify for the Bridge Plan until after their second failure.

Results from local school systems as of September 2007 show that of the 56,351 students in the 2009 cohort across the State who have taken the algebra exam, 20% have failed. Baltimore City's failure rate in algebra is 53%, the highest among all the LEAs. As shown in **Exhibit 4**, the failure rates are similar across the subjects: biology, 19% failure rate; English, 23% failure rate; and government, 15% failure rate.

Exhibit 3
Percentage of Students in Class of 2009
Who Have Not Taken HSA Exam by Subject
2006-2007 School Year

<u>School System</u>	<u>Total Students in Cohort</u>	<u>% Not Taken Algebra</u>	<u>% Not Taken Biology</u>	<u>% Not Taken English</u>	<u>% Not Taken Government</u>
Allegany	758	13%	3%	2%	1%
Anne Arundel	4,528	3%	5%	3%	28%
Baltimore City	6,935	25%	85%	40%	47%
Baltimore County	8,442	5%	9%	11%	5%
Calvert	1,408	2%	7%	5%	100%
Caroline	400	10%	10%	5%	14%
Carroll	2,432	6%	55%	3%	2%
Cecil	1,041	5%	4%	2%	1%
Charles	2,335	3%	2%	2%	1%
Dorchester	358	20%	22%	15%	62%
Frederick	3,101	8%	9%	6%	6%
Garrett	391	9%	8%	5%	6%
Harford	2,947	12%	15%	11%	6%
Howard	3,961	9%	10%	8%	12%
Kent	191	9%	11%	12%	9%
Montgomery	11,085	14%	30%	14%	16%
Prince George's	7,820	15%	17%	14%	19%
Queen Anne's	611	5%	5%	4%	11%
St. Mary's	1,239	13%	17%	14%	6%
Somerset	199	11%	12%	13%	9%
Talbot	356	2%	21%	11%	100%
Washington	1,664	11%	12%	8%	12%
Wicomico	815	15%	5%	4%	9%
Worcester	546	3%	24%	3%	3%
State	63,563	11%	24%	13%	18%

Source: Maryland State Department of Education

Exhibit 4
High School Assessment Failure Rates for Class of 2009
2006-2007 School Year

School System	Algebra			Biology			English			Government		
	Takers	Failed	% Failed	Takers	Failed	% Failed	Takers	Failed	% Failed	Takers	Failed	% Failed
Allegany	656	124	19%	738	184	25%	746	243	33%	750	140	19%
Anne Arundel	4,401	356	8%	4,280	571	13%	4,394	705	16%	3,270	104	3%
Baltimore City	5,235	2,763	53%	1,038	251	24%	4,174	2,075	50%	3,665	1,377	38%
Baltimore Co.	7,989	2,074	26%	7,664	2,008	26%	7,521	2,105	28%	8,005	1,628	20%
Calvert	1,374	88	6%	1,310	144	11%	1,334	181	14%	5	2	40%
Caroline	362	56	15%	359	46	13%	382	92	24%	343	36	10%
Carroll	2,291	162	7%	1,089	33	3%	2,353	333	14%	2,392	141	6%
Cecil	994	115	12%	996	166	17%	1,020	214	21%	1,031	102	10%
Charles	2,070	386	19%	2,131	511	24%	2,247	602	27%	2,311	310	13%
Dorchester	287	40	14%	279	58	21%	304	101	33%	136	25	18%
Frederick	2,851	326	11%	2,814	303	11%	2,925	493	17%	2,926	313	11%
Garrett	356	51	14%	359	48	13%	373	82	22%	366	59	16%
Harford	2,583	257	10%	2,512	313	12%	2,617	463	18%	2,764	298	11%
Howard	3,601	205	6%	3,562	331	9%	3,650	388	11%	3,494	205	6%
Kent	173	40	23%	169	30	18%	168	46	27%	173	41	24%
Montgomery	9,576	1,251	13%	7,717	778	10%	9,517	1,570	16%	9,363	746	8%
Prince George's	6,660	2,327	35%	6,464	2,531	39%	6,752	2,183	32%	6,349	1,711	27%
Queen Anne's	578	85	15%	580	83	14%	586	84	14%	546	56	10%
St. Mary's	1,078	132	12%	1,033	87	8%	1,067	193	18%	1,164	132	11%
Somerset	177	50	28%	174	59	34%	172	62	36%	181	53	29%
Talbot	349	55	16%	282	51	18%	318	68	21%	0	0	n/a
Washington	1,483	87	6%	1,472	188	13%	1,533	306	20%	1,460	144	10%
Wicomico	695	135	19%	772	206	27%	783	228	29%	739	134	18%
Worcester	532	63	12%	414	80	19%	529	129	24%	528	82	16%
State	56,351	11,228	20%	48,208	9,060	19%	55,465	12,946	23%	51,961	7,839	15%

Source: Department of Legislative Services

MSDE should comment on when students are expected to complete the exams and how the grading process will be accelerated to ensure that students will have ample opportunity to complete the Bridge Plan. MSDE should also comment on the Bridge Plan implementation for those students who have failed the exams more than once.

2. Two Federal Audits of Local School-based Health Services Resulted in Disallowed Claims Totaling \$49.2 Million

The Federal Medicaid Program provides funds for School-based Health Services for eligible special education students. The Department of Health and Mental Hygiene (DHMH) and MSDE in conjunction with the LEAs administer the funding. A federal audit dated March 2003 focused on claims made in fiscal 2000. The report recommended a \$19.9 million refund from the State based on lack of adequate documentation at the local school level to substantiate the claims. The amount of responsibility for unsubstantiated claims attributable to DHMH for sanctioning unauthorized case management services was \$2.3 million; the remainder was attributable to five LEAs: Baltimore City and Baltimore, Prince George's, Anne Arundel, and Wicomico counties.

DHMH, Baltimore City, and Baltimore County appealed the disallowance, and in July 2007, the Department of Health and Human Services Departmental Appeals Board reversed a portion of the Center for Medicaid and Medicare Services findings. The amount of federal funds retracted from DHMH in the fiscal 2007 closeout was \$16,375,711. Of the total, DHMH is responsible for \$2.5 million. The remainder will have to be paid by the involved LEAs to DHMH over three years. **MSDE should comment on the steps taken to arrange payment from the LEAs and the status of any appeals by any of the LEAs involved in the finding.**

A second federal audit dated May 2007, which focuses on Medicaid expenditures claimed in fiscal 2002 to 2004, recommends the refund of \$32.8 million based on lack of adequate support for rates claimed for school-based health services. The rates were established by DHMH in conjunction with MSDE and uniformly charged by all local school systems. Both DHMH and MSDE are appealing the finding and both have established that any disallowance would be the responsibility of the State rather than the LEAs. **MSDE should comment on the status of the appeal.**

3. Maryland Scores High on Quality Counts Report; However, the Grade for Teacher Profession is Below National Average

Education Week has issued the annual Quality Counts report for over 12 years. The report evaluates states' educational performance and policy in six areas or indexes. These are Chance for Success; K-12 Achievement; Standards Assessments and Accountability; Transitions and Alignment; the Teaching Profession; and School Finance.

Each index measures a different aspect of student achievement and preparedness. The indices use the "best in show" form of evaluation. The top state is chosen on any given index, and then the rest of the states are graded against the highest performing state. The Chance for Success index

calculates the odds that a child who grows up in Maryland will perform as well as the average child in the top state. The K-12 Achievement index focuses on the student and how well that student performs in comparison to students in the top state. The Standards Assessments and Accountability index evaluates the relative rigor of assessments and accountability systems. The Transitions and Alignment index measures a state's success on aligning educational experiences with practical usages as the student moves through the system from early education to adulthood and the workforce. The Teaching Profession index evaluates a state's policies toward educators and their link to student achievement. Lastly, the School Finance index evaluates a state's spending based on equitability and efficiency.

Maryland scored well overall, achieving the highest score awarded, a B score, along with Massachusetts and New York. The highest scoring areas were in Chance for Success and Transitions and Alignment; Maryland was awarded a B+ in both categories.

However, the State lagged behind other states and the national average in the Teaching Profession index, which includes measures such as accountability for quality, incentives and allocations, and building and supporting capacity. Maryland received a C- while the average state received a C.

According to Quality Counts, research has shown that teaching matters more than any other single school factor in student success. States that enact policies to attract and retain quality people in the teaching profession, distribute quality teachers throughout the State, and make teachers accountable for student outcomes show higher levels of student success. **MSDE should comment on methods implemented to improve teacher quality.**

4. Baltimore City Creates Incentives to Improve Student Performance on HSA Exams

In 2004, the Baltimore City Public School System (BCPSS) was found liable by federal auditors from the United States Department of Education for misspending \$18.0 million in Title I funds. Rather than the city schools having to repay the misspent funds, MSDE entered into a Cooperative Audit Resolution, in which the federal government would forgive the audit findings if BCPSS directed State and local funds toward the students who should have benefited from the original Title I funds. These increments of spending would occur over several fiscal years.

Of the \$18.0 million in the original finding, \$10.5 million is to be spent on supplemental educational programs for Title I students, including after school tutoring. BCPSS has indicated that the participation rate for Title I after school tutoring programs is already very high, and BCPSS instead proposed that some funds be spent on incentives that would be provided to high school students who improve their scores on the HSAs. After closely working with MSDE, BCPSS formulated a plan in which \$900,000 would be used to increase student performance by rewarding increases in test scores monetarily.

Students can earn up to \$110 per subject for percentage improvements in test scores. The students eligible for these incentives are those students in the graduating class of 2009 who have not passed one or more of the HSAs required for graduation or students in the graduating class of 2010 who have not passed the algebra exam. In both cohorts any student who fails an HSA in any subject is eligible for the incentive, if they show improvement. Baltimore City will be collecting data on the incentive programs which will be reported to MSDE. **MSDE should comment on the status of the incentive program, how many students are eligible, and any additional information it has received from BCPSS on how the program will be implemented.**

5. Concerns with Transfer of Adult Literacy and Correctional Education from MSDE to the Department of Labor, Licensing, and Regulation

SB 203/HB 367 of 2008, proposed by the Administration, will, if enacted, consolidate adult education, literacy services, and correctional institutions' educational programs in the Department of Labor, Licensing, and Regulation (DLLR). Administration of adult education and literacy programs and adult correctional education programs would be transferred from MSDE to DLLR.

Adult Education and Literacy Services

The Adult Education and Literacy Services Branch, which is funded with both State and federal dollars, works with local communities to provide literacy and adult learning services to the population. Program providers vary by county, and include local schools systems, community-based organizations, community colleges, and other local entities. MSDE administers the grants programs to the local providers. In fiscal 2007 the program served 39,738 individuals. Of these, 44% read at or below an eighth grade reading level, and 42% spoke no or limited English. Programs provided through the Adult Education and Literacy Services Branch include high school diploma attainment programs and literacy programs.

Programs to Assist Adults in Earning a High School Diploma

The Adult General Education Program provides State-funded grants to local school systems to prepare adults for the General Education Diploma (GED). The GED is a series of five exams which demonstrate competency at the high school level. Under SB 203/HB 367 DLLR would assume responsibility for administering these grants to local school systems and other local GED preparatory agencies, but MSDE and the State Board of Education (SBE) would retain responsibility for certifying the diplomas and recordkeeping.

The Maryland State Adult External Diploma (EDP) is a second alternative route to a high school diploma for adults over the age of 18. The EDP is a nationally certified, applied-performance assessment process that rewards skills adults acquire inside or outside of the classroom. The program consists of two phases: the Diagnostic Phase and the Assessment Phase. In the Diagnostic Phase the participant's basic skills in reading, writing, and mathematics are evaluated and a survey of prior life experiences is completed. In the assessment phase, the participants demonstrate their competency by

completing a series of real life tasks. DLLR would, as with the GED program, assume responsibility for administering and overseeing the program, while MSDE and SBE would retain responsibility for certifying the diplomas.

Literacy Programs

The Family Literacy Program provides both federal and State funds through competitive grants to local school systems, community colleges, community-based organizations, libraries, and local government agencies to integrate early childhood education and adult education. The program aims to promote both parent and child literacy education, basic English skills where necessary, and teach parents effective parenting skills. Grantees include early childhood education centers, including Hoyer centers. Other programs include the Literacy Works program which provides State grants to local agencies that track achievement and program outcomes for those seeking adult education and literacy services. The Maryland State Adult Literacy Resource center provides professional development programs for teachers, and administrators of adult education programs throughout the State. Lastly, the Workplace Education program administers federal grants to local agencies to provide basic skills instruction to individuals who are looking to maintain or advance their job. This can include but is not limited to the basic literacy services listed above. The bill would move these programs from MSDE to DLLR.

Adult Correctional Education

MSDE administers the Correctional Education Program within the Department of Public Safety and Correctional Services (DPSCS) under the authority of the Education Coordinating Council for Correctional Institutions. MSDE, in conjunction with the Division of Correction (DOC), Patuxent Institution, and the Division of Pretrial Detention and Services is currently responsible for developing, overseeing, modifying, and monitoring the educational programs operating in State correctional facilities and institutions. The proposed legislation would transfer adult training programs for correctional facilities from MSDE to DLLR, in order to consolidate workforce development functions throughout the State.

Current Services Provided by MSDE

MSDE provides an educational program at every prison and pre-release facility in the State. Certified teachers provide educational programs, which include adult basic and adult secondary education. Persons committed to DOC after June 1, 1996, who are not high school graduates and have 18 months or more to be served must attend school successfully for 120 days. In addition, MSDE provides special education services for inmates who have not reached their 21st birthday, who have not graduated from high school or its equivalent, and who have disabilities interfering with their learning. Beyond the high school level, MSDE also operates several post-secondary education programs, in conjunction with local colleges and universities, focusing on occupationally related training and general coursework.

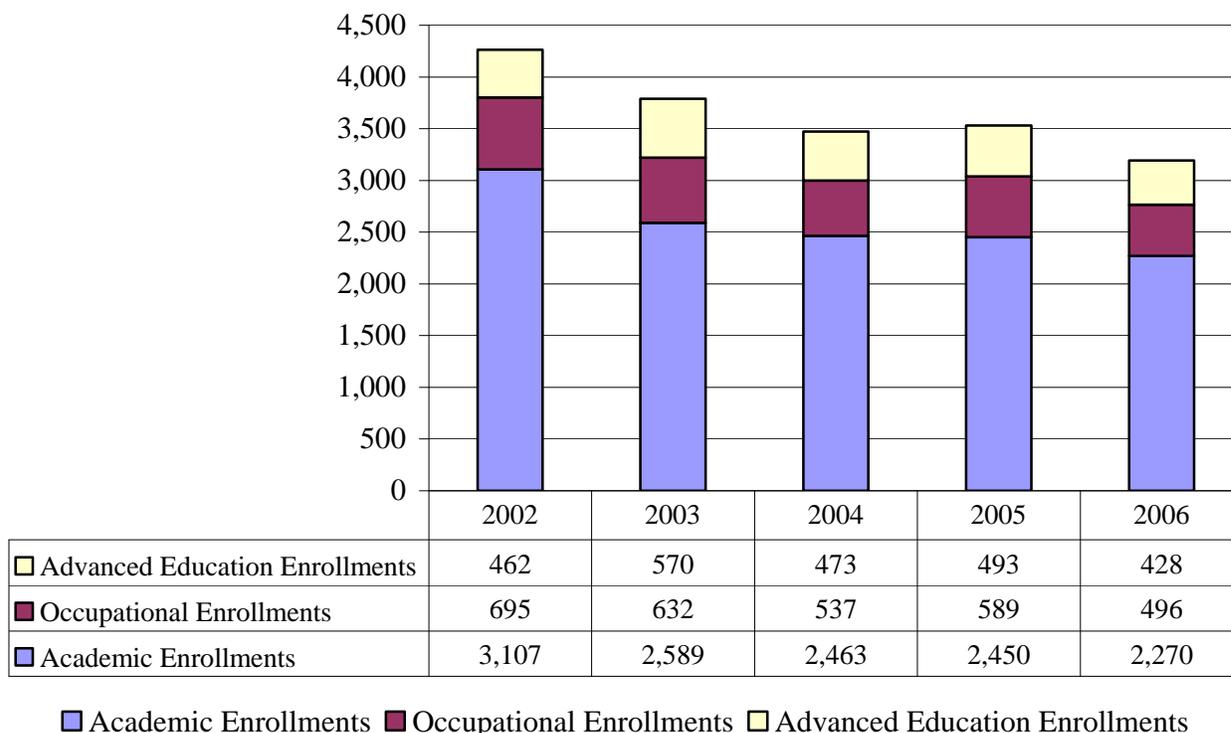
Aside from standard education services, MSDE currently addresses the need for occupational skills training and workforce development by providing vocational education courses. Based on how quickly an inmate learns certain tasks associated with a particular trade, occupational training lasts approximately six months. MSDE also contracts with community-based agencies to provide occupational training. Apprenticeship training and institutional employment are also available through Maryland Correctional Enterprises (MCE). This provides hands-on training and develops proper work habits for inmates. MCE requires a high school diploma or general education diploma for employment, something most inmates do not have when they first enter the correctional system, but are provided through the correctional education program.

Finally, MSDE also provides library services for the correctional system. Each prison facility has its own institutional library, and inmates in the pre-release system have access to the Brockbridge Correctional Facility library by request. Prison libraries provide books and information, but also access to reference collections, newspapers, audiovisual equipment, computer software, and job market information. Some libraries offer career centers and assistance in obtaining reentry services, such as community groups who support inmates after release or forms needed to get a social security card or birth certificate, etc.

Education and Program Participation

Inmate participation in education services as a percent of the total eligible inmate population was at its highest in the past five years during fiscal 2002 when 20.0% of the eligible inmate population was receiving educational services. This number decreased to 18.5% in fiscal 2003 due to cost containment. Although the total number of enrollments in correctional education programs has declined approximately 26.9% since 2002, as a percentage of the total inmate population, participation has remained relatively steady at 18.5%. **Exhibit 5** shows the number of enrollments by type of program. Academic enrollments made up the majority of the participation in the correctional education program, accounting for 73.0% of total enrollments in fiscal 2002 and 71.0% in 2006, and averaging 69.0% of total enrollments between fiscal 2003 and 2005. The average GED passing rate between fiscal 2002 and 2006 is 62.5%. Occupational enrollments and enrollment in advanced education courses each account for between 12.0% and 16.0% of total enrollment in any given year. The drop-out rates are very low, averaging 1.5%, while the attendance rates are considerably high, with an average of 96.0%. These low drop-out rates and high attendance rates are due to the fact that education within the correction system is mandatory and thus, inmates have little to no choice as to whether they will receive the services.

Exhibit 5
Educational Opportunities in Division of Correction Facilities by Type
Fiscal 2002-2006



Source: Education Coordinating Council for Correctional Institutions

Issues

Adult Education and Literacy Services

Two concerns arise from the proposed legislation. With two agencies responsible for administering and certifying diplomas through the GED and EDP programs, communication and coordination will be paramount. Infrastructure will need to be put into place to ensure efficiency in diploma certification and accuracy in recordkeeping. It is not known if there are any plans to develop the necessary infrastructure or what the cost will be.

The second concern arises when a program is transferred from one agency to another. MSDE has pre-existing relationships with local providers. MSDE personnel, including those who will not be moving from MSDE to DLLR, will need to be involved with the transfer to ensure a smooth transitional period.

MSDE should comment on the steps necessary to ease the transition of these programs from MSDE to DLLR. MSDE should also comment on the tools required to ensure proper coordination between the two agencies, efforts to develop infrastructure between DLLR and MSDE, and the cost of the transition.

MSDE Academic Role in Correctional Facilities More Important

While employability and job connections in the community upon release are important tools for reducing offender recidivism, ensuring a proper level of education is equally important. The average inmate entering the DOC has an education level equivalent to the seventh grade. As such, the majority of the services MSDE provides must reach well beyond workforce preparedness and occupational training. The agency is responsible for curriculum development, starting with provision of basic education services (i.e., skills in reading, writing, mathematics). MSDE teachers also prepare inmates for a Maryland high school diploma by examination and coordinate partnerships with area colleges to provide post secondary education programs. Proper instruction for inmates needing special education services is provided in correctional institutions of all security levels and is an important component of the Division of Pretrial Detention and Services' plan to achieve compliance with the U.S. Department of Justice. If DLLR were to take over the correctional education program with the intent of expanding workforce development, it is unclear how that might impact the success MSDE has had in increasing literacy and academic education levels. It is also unclear how offenders with special education needs might be impacted.

DLLR Is Currently Involved

Under the current system, DLLR is already involved in oversight of occupational training, as its Assistant Secretary for Workforce Development is currently a member of MCE's Management Council. DOC already provides links to employment in the community through the Prison Industries Enhancement program, where private businesses operate within the prison facility, paying offenders prevailing wages, and often providing employment once the offender is released. Additionally, transition coordinator positions within DOC already provide inmates with reentry services and links to community programs and services to help find employment, support groups, treatment, etc. It is unclear at this time why or how movement of an already established education program would be more effectively operated under DLLR supervision than MSDE. A better option might be to have DOC examine options for expanding the number of inmates participating in the current education programs and MCE training, in addition to providing additional focus on workforce development by having a DLLR representative on the Education Coordinating Council for Correctional Institutions.

MSDE should comment on its anticipated role in ensuring continued basic and special academic operations during the transition if these functions are assumed by DLLR. MSDE should also comment on coordination necessary to ensure a smooth transitional period. The agency should also comment on ways to better coordinate workforce development opportunities with DLLR under the current service delivery structure.

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. MSDE Reports \$39.1 Million in Fiscal 2007 Encumbrances

MSDE has historically accumulated large sums of encumbrances for the Division of Accountability and Assessment due to a mismatch in the funding cycles and assessment contract cycles. In fiscal 2008, budget bill language was added restricting funds pending a report on fiscal 2007 assessment encumbrances. However, MSDE has also encumbered large amounts of funds in other divisions over the years. As of December 31, 2007, MSDE reported \$29.1 million in fiscal 2007 general fund encumbrances. Of these funds, \$22.0 million of the general fund encumbrances were in the Division of Accountability and Assessment. MSDE expects to spend down all funds encumbered for assessment testing in fiscal 2008. The remaining \$17.1 million are in various divisions throughout MSDE.

Current and Prior Year Budgets

Current and Prior Year Budgets MSDE – Headquarters (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2007					
Legislative Appropriation	98,373	5,215	120,513	446	224,548
Deficiency Appropriation	1,200	270	4,840	0	6,310
Budget Amendments	2,420	2,000	16,956	1,107	22,483
Reversions and Cancellations	-251	-1,866	-19,212	-1,141	-22,471
Actual Expenditures	101,741	5,618	123,097	413	230,870
Fiscal 2008					
Legislative Appropriation	90,761	7,332	124,182	88	222,363
Cost Containment	-3,750	-4	0	0	-3,753
Budget Amendments	2,372	269	669	612	3,922
Working Appropriation	89,383	7,598	124,850	700	222,531

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

Fiscal 2007

Actual fiscal 2007 expenditures were \$6.3 million above the fiscal 2007 legislative appropriation. Deficiency appropriations totaled \$6,310,033 and budget amendments totaled \$22,482,616, with changes in federal funds accounting for the largest portion of these increases. These increases were offset by \$22,470,559 in reversions and cancellations.

General funds increased by \$3.6 million due to \$2.4 million in budget amendments and a \$1.2 million deficiency appropriation to cover the increased cost for the Autism Waiver program. The Autism Waiver program is an entitlement program set in statute (Health-General Section 15-130 (d) and (e)). The appropriation was decreased by an \$895,044 reduction due to cost containment measures which reverted surplus health insurance funding. Other major general fund budget amendments included:

- \$1.3 million transfer from DBM tied to the annual salary review and teacher aide adjustments;
- \$799,875 transfer from DPSCS for MSDE administered educational programs in DPSCS facilities;
- \$644,134 for a cost-of-living adjustment (COLA) for State employees; and
- \$423,000 transfer from DPSCS for the Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment pilot program to provide educational and transitional services to inmates reentering the community.

These increases were offset by general fund reversions totaling \$251,437. \$201,199 was reverted from the Division of Instruction, primarily for lower than expected payments to LEAs in grants for the fine arts. DORS Office of Blindness and Vision Services reverted \$33,027 for decreases in AWARE authorizations covering in-school rehab litigation and employment programs.

MSDE's special fund actual expenditures increased by \$403,557 above the legislative appropriations. \$270,000 of that increase were deficiency appropriations for the Office of the State Superintendent (\$218,519), the Division of Business Services (\$1,481) and the Division of Correctional Education (\$50,000). Budget amendments total \$1,999,593 and included;

- \$1.3 transfer from DPSCS for educational services for the incarcerated population;
- \$225,872 in unappropriated funds from a prior year balances through the National Board of Professional Teaching Standards and the Maryland Virtual Learning Opportunities Programs;
- \$148,869 prior year balance in the Public Education Partnership – Teacher of the Year fund; and
- \$135,832 prior year balance in the Maryland Virtual Learning Opportunities fund.

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These increases were offset by \$1,866,035 in special fund cancellations. These included \$716,281 from the public education partnership, \$501,193 from non-lapsing funds through the Inmate Welfare fund, \$210,759 in non-lapsing funds in the Virtual Learning programs, and \$165,442 in an unexpended grant from Citicorp.

Federal fund deficiency appropriations added \$4,840,033 to the legislative appropriation. This included funds to DORS Disability Determination Services (\$2,075,616), the Division of Special Education/Early Intervention Services (\$1,840,713), the Division of Business Services (\$163,261), the Division for Leadership Development (\$458,716), the Division of Instruction (229,763), and DORS Headquarters (\$71,964). Budget amendments added \$16,956,031 to the federal fund appropriation. The majority of this increase included carryover balances in following programs:

- \$2,460,680 in Reading First grants which can be used to establish reading programs for students in kindergarten through third grade;
- \$1,915,625 in funding through the Hurricane Education and Recovery fund;
- \$1,056,387 in Title II – Improving Teacher Quality State Grants Program which assists schools and local school systems in increasing the number of highly qualified teachers in their classrooms;
- \$1,003,848 in funds from the Vocational Education – Basic Grants to States Program which are used to develop the skills of secondary and postsecondary students who elected to enroll in vocational and technical programs; and,
- \$1,083,546 in prior funds from the Statewide Data Systems fund.

Other federal fund increases included;

- \$3,685,835 in a transfer from the Aid to Education Budget to align ESEA I – Title I – LEA School System Support grants to the correct budgetary unit;
- \$1,083,546 in a grant for the Statewide Data Systems Program;
- \$674,537 in Special Education – State Program Improvement Grants for Children with Disabilities Programs;
- \$727,868 increase to the fund for the Improvement of Education;
- \$460,299 in grants for the Twenty-first Century Community Learning Centers; and,
- \$469,161 in a grant for the Work Incentives Planning and Assistance Program.

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These increases were offset by \$19,212,165 in federal fund cancellations. Most federal fund awards have a 27-month life, as stipulated by the Tydings Amendment. Notable federal fund cancellations include:

- \$3.4 million in unexpended Social Security Disability Insurance funds;
- \$3.1 million in the No Child Left Behind (NCLB) Title III English Language Acquisition, Title II Improving Teacher Quality, and Title V Advanced Placement and Innovative Education funds;
- \$2.7 million in School and Community Based Nutrition funds;
- \$2.6 million in Reading First and Vocational Rehabilitation funds;
- \$2.3 million in NCLB Title I funds for Administrative and Academic Achievement funds, and Title IV funds for the Even Start and Safe and Drug Free Schools programs; and,
- \$1.1 million in Special Education grants.

Reimbursable funds increased through budget amendments by \$1,107,378. The major increases came from the Department of Labor, Licensing, and Regulation for GED services. These increases were offset by \$1,140,922 in cancellations.

Fiscal 2008

The fiscal 2008 working appropriation for MSDE increased by \$168,000 over the original legislative appropriation. General funds increased by \$731,000 for a COLA for State employees, and by \$1.2 million in a transfer from DPSCS, but were reduced by \$3.8 million by cost containment, \$1.4 million of which was appropriated for salaries, wages, and fringe benefits. Federal fund carryover from fiscal 2007 increased the appropriation by \$669,000.

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

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1442.00	1465.80	1440.60	-25.20	-1.7%
02 Contractual	129.55	145.60	141.20	-4.40	-3.0%
Total Positions	1571.55	1611.40	1581.80	-29.60	-1.8%
Objects					
01 Salaries and Wages	\$ 101,229,186	\$ 101,647,143	\$ 110,642,102	\$ 8,994,959	8.8%
02 Technical and Spec. Fees	33,222,391	38,817,102	42,648,356	3,831,254	9.9%
03 Communication	1,748,702	2,278,439	2,175,431	-103,008	-4.5%
04 Travel	1,324,803	1,101,684	1,146,128	44,444	4.0%
06 Fuel and Utilities	1,028,050	1,287,607	1,345,856	58,249	4.5%
07 Motor Vehicles	863,271	542,011	654,354	112,343	20.7%
08 Contractual Services	53,851,767	43,201,168	66,400,555	23,199,387	53.7%
09 Supplies and Materials	2,682,042	2,476,521	2,240,362	-236,159	-9.5%
10 Equip. – Replacement	948,552	1,231,872	1,251,808	19,936	1.6%
11 Equip. – Additional	1,272,228	893,875	653,166	-240,709	-26.9%
12 Grants, Subsidies, and Contributions	28,360,733	24,927,755	24,384,788	-542,967	-2.2%
13 Fixed Charges	4,018,639	3,981,110	3,858,128	-122,982	-3.1%
14 Land and Structures	319,317	144,682	566,000	421,318	291.2%
Total Objects	\$ 230,869,681	\$ 222,530,969	\$ 257,967,034	\$ 35,436,065	15.9%
Funds					
01 General Fund	\$ 101,741,442	\$ 89,382,888	\$ 116,149,290	\$ 26,766,402	29.9%
03 Special Fund	5,618,143	7,597,685	8,163,527	565,842	7.4%
05 Federal Fund	123,097,152	124,850,435	132,789,602	7,939,167	6.4%
09 Reimbursable Fund	412,944	699,961	864,615	164,654	23.5%
Total Funds	\$ 230,869,681	\$ 222,530,969	\$ 257,967,034	\$ 35,436,065	15.9%

Note: The fiscal 2008 appropriation does not include deficiencies.

**Fiscal Summary
MSDE – Headquarters**

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
01 Office of the Superintendent	\$ 13,694,960	\$ 13,543,135	\$ 13,998,990	\$ 455,855	3.4%
02 Division of Business Services	6,928,531	9,076,247	9,470,007	393,760	4.3%
03 Division of Professional and Strategic Development	2,031,342	2,110,120	2,140,815	30,695	1.5%
04 Div. of Planning, Results, and Information Management	34,638,744	19,973,395	44,707,238	24,733,843	123.8%
05 Office of Information Technology	2,517,084	2,573,346	2,862,183	288,837	11.2%
06 Major Information Technology Development Projects	0	2,923,349	3,794,316	870,967	29.8%
11 Division of Instruction and Staff Development	10,715,327	10,803,963	11,102,612	298,649	2.8%
12 Division of Student and School Services	10,949,691	6,919,905	8,027,768	1,107,863	16.0%
13 Division of Special Education	15,034,853	12,943,895	12,820,775	-123,120	-1.0%
14 Division of Career Technology and Adult Learning	6,434,042	6,325,810	7,292,955	967,145	15.3%
15 Division of Correctional Education	24,493,088	25,888,478	26,719,105	830,627	3.2%
17 Division of Library Development and Services	2,533,245	2,589,469	3,120,070	530,601	20.5%
18 Division of Certification and Accreditation	4,388,675	4,223,090	3,945,956	-277,134	-6.6%
19 Autism Waiver Program	8,935,881	10,817,928	10,817,928	0	0%
20 Div. of Rehab. Services – Program and Admin Support	8,833,120	9,160,699	9,474,967	314,268	3.4%
21 Div. of Rehabilitation Services – Client Services	35,375,788	33,527,945	36,648,483	3,120,538	9.3%
22 Div. of Rehabilitative Services Workforce and Tech. Ctr.	10,475,738	10,569,519	9,633,105	-936,414	-8.9%
23 Div. of Rehab. Services – Disability Determination Services	25,372,992	30,544,162	33,258,755	2,714,593	8.9%
24 Div. of Rehab. Services – Blindness and Vision Services	7,516,580	8,016,514	8,131,006	114,492	1.4%
Total Expenditures	\$ 230,869,681	\$ 222,530,969	\$ 257,967,034	\$ 35,436,065	15.9%
General Fund	\$ 101,741,442	\$ 89,382,888	\$ 116,149,290	\$ 26,766,402	29.9%
Special Fund	5,618,143	7,597,685	8,163,527	565,842	7.4%
Federal Fund	123,097,152	124,850,435	132,789,602	7,939,167	6.4%
Total Appropriations	\$ 230,456,737	\$ 221,831,008	\$ 257,102,419	\$ 35,271,411	15.9%
Reimbursable Fund	\$ 412,944	\$ 699,961	\$ 864,615	\$ 164,654	23.5%
Total Funds	\$ 230,869,681	\$ 222,530,969	\$ 257,967,034	\$ 35,436,065	15.9%

Note: The fiscal 2008 appropriation does not include deficiencies.