

R00A03
Funding for Educational Organizations
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	\$26,657	\$24,693	\$18,515	-\$6,178	-25.0%
Special Fund	<u>3,910</u>	<u>3,598</u>	<u>3,598</u>	<u>0</u>	<u>0.0%</u>
Total Funds	\$30,567	\$28,291	\$22,113	-\$6,178	-21.8%

- Funding for the State-Aided Educational Institutions grant program has been moved from the Maryland State Department of Education (MSDE) operating budget to the Governor’s Office for Children’s operating budget, and therefore, general funds are reduced by \$6.2 million from the fiscal 2008 allowance. The Department of Budget and Management has indicated that the program’s transfer was an error that will be corrected in a supplemental budget. A separate analysis of the State-Aided Educational Institutions program is being prepared and will be presented at a later date.
- Due to the elimination of inflationary increases in the Foundation Program funding primary/secondary education and stagnant projected enrollment, the Maryland School for the Blind (MSB) is level-funded from fiscal 2008. Blind Industries and Services of Maryland (BISM) and the Aid to Nonpublic Schools program also have no funding changes in the fiscal 2009 allowance.

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

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Analysis in Brief

Major Trends

BISM Submits Performance Data: BISM submitted Managing for Results performance measures in December 2007. Two goals were included: (1) to assist consumers who are blind or visually impaired to gain the skills and confidence necessary to live an independent life; and (2) to assist individuals who are blind or visually impaired in obtaining and retaining jobs. BISM expects significant increases in its performance outcomes in the next two fiscal years. **BISM should discuss the actions taken to increase performance outcomes and current progress toward new performance goals.**

Issues

MSB Did Not Submit Performance Data: MSB did not submit performance data with the fiscal 2009 budget request. **MSB should comment on why performance measures were not included and the steps that will be taken to submit these measures to the committees.**

Language for Reallocation of Funds for Nonpublic Textbook Program Not Included in the Fiscal 2009 Budget: Fiscal 2008 budget bill language allowed funds for the nonpublic textbook program to be allocated to schools which did not originally meet required deadlines if MSDE determines that special circumstances existed. **MSDE should comment on the number of schools that were able to benefit from this new language and if the language should be included in the fiscal 2009 budget.**

Recommended Actions

1. Concur with Governor's allowance.

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Operating Budget Analysis

Program Description

The Maryland State Department of Education (MSDE) provides funding to nonprofit organizations that offer educational programs. Fiscal 1999 budget bill language requires the Governor to separately account for State assistance to the Maryland School for the Blind (MSB) and Blind Industries and Services of Maryland (BISM).

MSB educates pre-kindergarten through grade 12 children who are blind, severely visually impaired, or visually impaired/multi-disabled.

BISM provides employment, training, and rehabilitation services to blind adults at three locations.

The Funding for Educational Organizations budget also includes the Nonpublic School Textbook program, which provides grants to eligible nonpublic schools for textbook and computer supplies.

Performance Analysis: Managing for Results

Blind Industries and Services of Maryland

BISM submitted Managing for Results performance measures in December 2007. Two goals were included: (1) to assist consumers who are blind or visually impaired to gain the skills and confidence necessary to live an independent life; and (2) to provide 48,520 hours of training in blindness skills to adult and senior citizens who are blind and visually impaired. **Exhibit 1** shows the number of hours of training in fiscal 2006 and 2007 and the projected amounts in fiscal 2008 and 2009.

BISM provided 57,134 hours of training in fiscal 2006 and 34,047 hours of training in fiscal 2007. The number of participants in the training programs fell between fiscal 2006 and 2007 from 225 to 150, and BISM is expecting the number of participants to remain at the fiscal 2007 level during the current fiscal year. However, BISM is estimating increasing the number of training hours per individual from 227 hours in fiscal 2007 to 328 in fiscal 2008 and 2009. **BISM should comment on the steps taken to increase training hours per person and the current progress toward this goal.**

Exhibit 1
Blind Industries and Services of Maryland
Training Hours and Participants
Fiscal 2006-2009

<u>Indicator</u>	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Projected</u>	<u>2009</u> <u>Projected</u>
Number of participants	225	150	148	150
Number of training hours	57,134	34,047	48,520	49,200
Training hours per person	254	227	328	328
Participants achieving independent living goals	98%	99%	98%	98%
Consumer satisfaction	94%	91%	93%	93%

Source: Blind Industries and Services of Maryland

A second goal provided by BISM is to assist blind or visually impaired consumers to gain and maintain employment. The objective linked to this goal is to annually assist 12 consumers to obtain employment by 2008. **Exhibit 2** shows the number of consumers receiving and completing the eight-month training program and the number gaining and retaining employment. In 2006, BISM reported an 82% six-month retention rate; however, this declined to 69% in fiscal 2007. BISM is estimating six-month retention rates of 85% for the next two fiscal years. **BISM should comment on the current employment retention rates of its consumers and new initiatives aimed at increasing retention rates.**

Exhibit 2
Blind Industries and Services of Maryland
Employment Training Programs and Job Retention
Fiscal 2006-2009

<u>Indicator</u>	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Projected</u>	<u>2009</u> <u>Projected</u>
Number receiving eight-month training	22	26	24	25
Number completing eight-month training	13	13	13	13
Number gaining employment	11	13	12	12
Success rate	85%	100%	92%	92%
Six-month retention rate	82%	69%	85%	85%

Source: Blind Industries and Services of Maryland

Fiscal 2008 Actions

Cost Containment Reduces Legislative Appropriation

The fiscal 2008 legislative appropriation was decreased by \$623,432 due to the Governor's cost containment measures. Of this decrease, \$311,432 was in general funds for grants to educational organizations, a 5% decrease in the overall distribution of grants. All State-Aided Educational Institutions receiving grants over \$15,000 had their grant allocation reduced by 5%. The funding for this program has been moved to the Governor's Office for Children in the fiscal 2009 allowance. The other \$312,000 was reduced from the special fund appropriation for aid to nonpublic schools.

Governor's Proposed Budget

Exhibit 3 shows the changes in the Governor's proposed budget. The grant program for State-Aided Educational Institutions was removed from the MSDE operating budget. Due to this change, the allowance decreased by \$6.2 million.

Changes in the State Foundation Program funding primary/secondary education during the 2007 special session, which eliminated inflationary increases in the per pupil foundation amount for two years, and stagnant projected enrollment, result in level funding for MSB in fiscal 2009. Blind Industries and Services of Maryland and the Aid to Nonpublic Schools program also have no funding increases in the fiscal 2009 allowance.

Exhibit 3
Governor’s Proposed Budget
MSDE – Funding for Educational Organizations
(\$ in Thousands)

How Much It Grows:	General <u>Fund</u>	Special <u>Fund</u>	<u>Total</u>
2008 Working Appropriation	\$24,693	\$3,598	\$28,291
2009 Governor’s Allowance	<u>18,515</u>	<u>3,598</u>	<u>22,113</u>
Amount Change	-\$6,178	\$0	-\$6,178
Percent Change	-25.0%	0.0%	-21.8%

Where It Goes:

Other Changes

Grant program for State-Aided Educational Institutions moved to the Governor’s Office for Children	-\$6,178,000
Total	-\$6,178,000

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

Issues

1. MSB Did Not Submit Performance Data

During the 2007 session, committee narrative was adopted in the 2007 *Joint Chairmen's Report* requesting MSB and BISM to include performance measures with the submission of their fiscal 2009 budget requests. The request was made to better assess the performance of BISM and MSB and required actual data for fiscal 2006 and 2007 and projections for fiscal 2008 and 2009. MSB did not submit performance data with the fiscal 2009 budget request. **MSB should comment on why performance measures were not included and the steps that will be taken to submit these measures to the committees.**

2. Language for Reallocation of Funds for Nonpublic Textbook Program Not Included in the Fiscal 2009 Budget

The General Assembly added language to the fiscal 2008 budget bill that allowed schools that missed the application deadline for nonpublic school textbook funds, such as schools that opened after the deadline, to receive reallocated funds if MSDE determined that special circumstances exist and the school is eligible to receive the funds. Funds become available for reallocation when schools do not spend their full allocation in the fiscal year for a variety of reasons, including school closure. Unexpended funds revert to the Cigarette Restitution Fund at the end of each fiscal year. **MSDE should comment on the status of reallocated funds in fiscal 2008 to date and use of the authority provided in the 2008 budget language.**

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets Funding for Educational Organizations (\$ 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	\$23,552	\$3,910	\$0	\$0	\$27,462
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	3,105	0	0	0	3,105
Reversions and Cancellations	0	0	0	0	0
Actual Expenditures	\$26,657	\$3,910	\$0	\$0	\$30,567
Fiscal 2008					
Legislative Appropriation	\$25,005	\$3,910	\$0	\$0	\$28,915
Cost Containment	-311	-312	0	0	-623
Budget Amendments	0	0	0	0	0
Working Appropriation	\$24,693	\$3,598	\$0	\$0	\$28,291

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

Fiscal 2007

The legislative appropriation totaled \$27.5 million. The general fund appropriation totaled \$16.4 million for MSB as stipulated in statute (Education Article 8-317).

The general fund appropriation increased by \$3.1 million through general fund budget amendments. To increase the grant available for the Maryland Zoo at Baltimore, \$1.8 million was transferred from the Department of Budget and Management and \$1.3 million was transferred from the Aid to Education Budget. Special funds totaling \$3.9 million were appropriated for aid to nonpublic schools. There were no reversions in any of the funds

Fiscal 2008

The fiscal 2008 legislative appropriation has decreased by \$623,432 due to the Governor's cost containment measures. The general fund appropriation decreased by \$311,432 for grants and contributions to educational organizations, and \$312,000 was reduced in the special fund appropriation for aid to nonpublic schools.

**Object/Fund Difference Report
MSDE – Funding for Educational Organizations**

<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>
Objects					
08 Contractual Services	\$ 3,909,920	\$ 0	\$ 0	\$ 0	0.0%
12 Grants, Subsidies, and Contributions	26,657,488	28,291,218	22,113,218	-6,178,000	-21.8%
Total Objects	\$ 30,567,408	\$ 28,291,218	\$ 22,113,218	-\$ 6,178,000	-21.8%
Funds					
01 General Fund	\$ 26,657,488	\$ 24,693,218	\$ 18,515,218	-\$ 6,178,000	-25.0%
03 Special Fund	3,909,920	3,598,000	3,598,000	0	0%
Total Funds	\$ 30,567,408	\$ 28,291,218	\$ 22,113,218	-\$ 6,178,000	-21.8%

Note: The fiscal 2008 appropriation does not include deficiencies.

Fiscal Summary
MSDE – Funding for Educational Organizations

<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 Maryland School for the Blind	\$ 16,430,057	\$ 17,882,219	\$ 17,882,219	\$ 0	0%
02 Blind Industries and Services of Maryland	632,999	632,999	632,999	0	0%
03 Other Institutions	9,594,432	6,178,000	0	-6,178,000	-100.0%
04 Aid to Nonpublic Schools	3,909,920	3,598,000	3,598,000	0	0%
Total Expenditures	\$ 30,567,408	\$ 28,291,218	\$ 22,113,218	-\$ 6,178,000	-21.8%
General Fund	\$ 26,657,488	\$ 24,693,218	\$ 18,515,218	-\$ 6,178,000	-25.0%
Special Fund	3,909,920	3,598,000	3,598,000	0	0%
Total Appropriations	\$ 30,567,408	\$ 28,291,218	\$ 22,113,218	-\$ 6,178,000	-21.8%

Note: The fiscal 2008 appropriation does not include deficiencies.