

**R00A01**  
**Headquarters**  
Maryland State Department of Education

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$85,200	\$78,290	\$76,280	-\$2,011	-2.6%
<b>Adjusted General Fund</b>	<b>\$85,200</b>	<b>\$78,290</b>	<b>\$76,280</b>	<b>-\$2,011</b>	<b>-2.6%</b>
Special Fund	6,173	7,181	7,680	499	7.0%
<b>Adjusted Special Fund</b>	<b>\$6,173</b>	<b>\$7,181</b>	<b>\$7,680</b>	<b>\$499</b>	<b>7.0%</b>
Federal Fund	138,405	176,174	177,749	1,574	0.9%
<b>Adjusted Federal Fund</b>	<b>\$138,405</b>	<b>\$176,174</b>	<b>\$177,749</b>	<b>\$1,574</b>	<b>0.9%</b>
Reimbursable Fund	454	64	380	316	496.2%
<b>Adjusted Reimbursable Fund</b>	<b>\$454</b>	<b>\$64</b>	<b>\$380</b>	<b>\$316</b>	<b>496.2%</b>
<b>Adjusted Grand Total</b>	<b>\$230,232</b>	<b>\$261,709</b>	<b>\$262,089</b>	<b>\$379</b>	<b>0.1%</b>

- The fiscal 2013 allowance includes proposed fiscal 2012 deficiency appropriations of \$25.3 million, of which \$18.0 million is general funds for assessment contracts, \$30,000 is special funds for the Division of Certification and Accreditation, and \$7.2 million is federal funds largely in the Division of Rehabilitation Services for expenses related to client services.
- General funds decrease \$2.0 million, or 2.6%, in the fiscal 2013 allowance. The largest decrease is \$2.5 million for assessments (before accounting for the fiscal 2012 deficiency), and the largest increase is \$649,113 for Maryland State Department of Education's (MSDE) Statewide Personnel System allocation. Federal funds increase \$1.6 million, or 0.9%, in the fiscal 2013 allowance due largely to fiscal 2012 federal funds carried forward into fiscal 2013 to support Division of Rehabilitation Services medical services. Special funds increase \$499,221 due largely to increases in licensing fees from leasing excess bandwidth capacity and available Public Education Partnership funds.

Note: Figures in this analysis generally do not include R00A0110 Division of Early Childhood Development. This division is included in R00A99, which is the Department of Legislative Services analysis for Early Childhood Development. Figures in the Issues and Updates sections include all divisions.

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

For further information contact: Rachel N. Silberman

Phone: (410) 946-5530

***Personnel Data***

---

	<b><u>FY 11 Actual</u></b>	<b><u>FY 12 Working</u></b>	<b><u>FY 13 Allowance</u></b>	<b><u>FY 12-13 Change</u></b>
Regular Positions	1,225.10	1,219.10	1,206.10	-13.00
Contractual FTEs	<u>129.99</u>	<u>177.09</u>	<u>195.74</u>	<u>18.65</u>
<b>Total Personnel</b>	<b>1,355.09</b>	<b>1,396.19</b>	<b>1,401.84</b>	<b>5.65</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	97.33	8.07%
Positions and Percentage Vacant as of 12/31/11	70.00	5.74%

- The level of regular personnel declines by 13.0 positions in the 2013 allowance, representing 13.0 abolished positions.
- The allowance includes funds for 18.65 new contractual full-time equivalents. This represents additional contractual employees to reduce the Division of Rehabilitation Services client waiting list.
- Turnover is budgeted to decrease from 8.26% in fiscal 2012 to 8.07% in the fiscal 2013 allowance. This will require the agency to maintain at least 27.3 more vacancies than it had on December 31, 2011.

## *Analysis in Brief*

---

### Major Trends

***Principal Training Reaches 100% in Fiscal 2011:*** MSDE provided training to 100% of principals in fiscal 2011, up from 35% in fiscal 2010 due in part to the introduction of Race to the Top (RTTT) supported Educator Effectiveness Academies which began in summer 2011 and will continue through 2014.

***Questions Answered through AskUsNow! Online Service Decrease:*** Questions answered through the AskUsNow! online service decreased nearly 20% between fiscal 2010 and 2011 from 57,200 to 46,013, following four years of steady gains. MSDE attributes the decline in part to decreased marketing opportunities due to budget constraints.

### Issues

***Race to the Top Enters Grant Year Two:*** Maryland was awarded \$250 million over four years from federal RTTT grants with \$125 million going to participating local education agencies (LEA) and \$125 million to be administered by MSDE Headquarters for statewide reforms. MSDE reports that the State's limited spending authority in Year 1 of the grant resulted in slower than anticipated project implementation. **MSDE should discuss RTTT progress to date, including challenges related to hiring and retaining staff to implement RTTT data systems and delays in the implementation and duration of the statewide educator evaluation system pilot.**

***MSDE Assumes Education Programs at Cheltenham Youth Facility:*** The General Assembly added budget language in the 2011 legislative session requiring that the education program at Cheltenham Youth Facility be transferred from the Department of Juvenile Services (DJS) to MSDE due to the delay of the transfer. **To ensure that DJS and MSDE adhere to statute which requires the transfer of education programs at DJS facilities to MSDE by July 1, 2014, the Department of Legislative Services (DLS) recommends budget language restricting funding and positions in the DJS allowance associated with providing education services at William Donald Schaefer House, Alfred D. Noyes Children's Center, and Thomas J. S. Waxter Children's Center and transferring control of these programs to MSDE in fiscal 2013. The proposed language expresses legislative intent that if additional resources are required to provide adequate education services, MSDE may request a deficiency appropriation to ensure sufficient funds.**

***Office of Legislative Audits Closeout Audit Includes Repeat Findings for MSDE:*** The Office of Legislative Audits' January report of the *Statewide Review of Closeout Transactions* for fiscal 2012 included two findings (both repeated in preceding audits) concerning MSDE. **MSDE should comment on why unfunded liabilities were not reported to the Comptroller of Maryland – General Accounting Division, and on steps the agency is taking to resolve the \$12.9 million in accrued federal fund revenues for which federal funds are not available and the \$3.1 million in**

unfunded liabilities, which when combined, could result in a \$16.0 million general fund liability to eliminate the deficit.

## Recommended Actions

	<u>Funds</u>
1. Add language reducing federal funds for contractual turnover expectancy.	
2. Add language expressing legislative intent that no loaned educator be engaged for more than six years and requesting a report.	
3. Add language requiring that assessment contract expenditures are budgeted in a dedicated subobject.	
4. Reduce funds related to abolished position.	\$ 37,913
<b>Total Reductions</b>	<b>\$ 37,913</b>

## Updates

**Ten Major Information Technology Projects for MSDE:** MSDE has 10 new RTTT projects that are largely deemed to be at low risk for issues concerning staff availability by the Department of Information Technology (DoIT) in its most recent review of the State’s major information technology projects.

**Loaned Educators Decline to 24 in Fiscal 2012:** In the 2010 legislative session, the General Assembly added budget language addressing several concerns about the loaned educator program. Use of the program has declined. The fiscal 2009 budget included 67 educators, while the 2012 working appropriation includes 24, where it is expected to remain in fiscal 2013.

**High School Completion:** In response to a request from the budget committees, MSDE submitted a report identifying the interventions local school systems have in place to promote dropout prevention, intervention, and recovery. The following strategies are used by many Maryland local school systems: Evening, Twilight, and Summer High School Programs; alternative education programs; Positive Behavior Intervention and Supports; Maryland’s Tomorrow; Ninth Grade Academy; attendance efforts; mentoring; and dropout prevention teams and coordinators.

**R00A01**  
**Headquarters**  
**Maryland State Department of Education**

***Operating Budget Analysis***

---

**Program Description**

Providing a free, public education is a constitutional obligation of the State. The Maryland State Department of Education (MSDE) strives to provide leadership, support, and accountability for effective public education systems, including juvenile correctional education and career readiness. The agency also oversees rehabilitation services and library services for all Marylanders.

The State plays an important role in public education by setting uniform standards for schools and students. MSDE has developed, and the State Board of Education has approved, a statewide curriculum that defines what students should know and be able to do at each grade, prekindergarten through grade 8, and for selected high school courses. The agency uses assessments to hold schools and students accountable for achievement of the State standards.

MSDE helps ensure that educators have the skills necessary to improve student achievement. The agency handles certification of teachers, principals, and other professional school personnel. Training programs are offered to principals, and the agency evaluates and approves higher education programs that educate and prepare teachers and other certified school personnel.

MSDE includes the Office of the State Superintendent; Division of Business Services; Division of Academic Reform and Innovation; Division of Accountability, Assessment, and Data Systems; Office of Information Technology; Major Information Technology Development Projects; 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 and College Readiness; Juvenile Services Education Program; Division of Certification and Accreditation; Division of Library Development and Services (DLDS); Division of Rehabilitation Services (DORS) and the Home and Community Based Waiver for Children with Autism Spectrum Disorder. Note that a separate analysis on Early Childhood Development (R00A99) discusses the Division of Early Childhood Development.

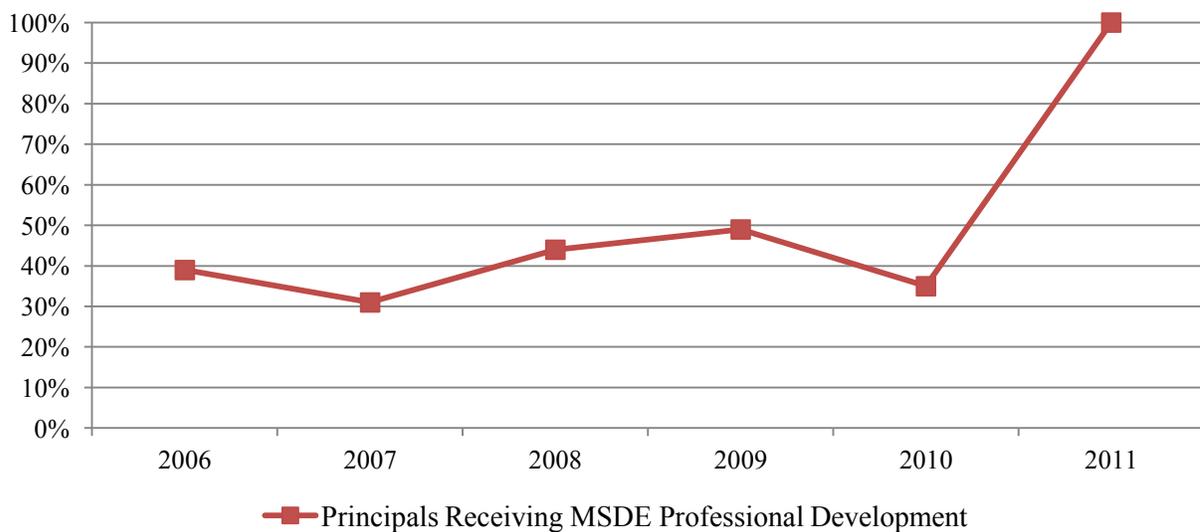
**Performance Analysis: Managing for Results**

**Principal Training Reaches 100% in Fiscal 2011**

MSDE has a goal of helping all educators gain the necessary skills to improve student achievement. A related objective is to provide training to 100% of the State's 1,400 principals. Training is offered through various leadership workshops including the Principals' Academy, which provides two days of summer training, two follow-up training days, and ongoing collaboration for

about 110 principals each year. **Exhibit 1** shows that the agency provided training to 100% of principals in fiscal 2011, up from 35% in fiscal 2010. MSDE attributes much of the increase to the introduction of Educator Effectiveness Academies, which began in summer 2011 and will continue through 2014. Educator Effectiveness Academies are supported by the State’s Race to the Top (RTTT) grant and offer statewide training for educator teams, including principals, to develop additional hands-on skills with the Common Core Standards.

**Exhibit 1**  
**Principals Receiving MSDE Professional Development**  
**Fiscal 2006-2011**



MSDE: Maryland State Department of Education

Source: Governor’s Budget Books, Fiscal 2007-2013

## Juvenile Services Education

In fiscal 2005, MSDE began to operate educational programs for youth in Department of Juvenile Services (DJS) facilities. At this point, MSDE operates programs at 7 of the 14 sites, and the agency served more than 2,800 youth in fiscal 2011. Of the 7 MSDE sites, 2 (the Victor Cullen and J. DeWeese Carter Facilities) are for committed youth, while the others are detention centers. The average length of stay is generally shorter in detention centers. For example, the average length of stay for youth in detention is 22 days, while committed youth at the Victor Cullen Facility have an average stay of 166 days. This means that MSDE has relatively less time to improve educational outcomes for most of the programs it offers. MSDE’s juvenile services programs are further discussed in Issue 2 of this analysis.

**Exhibit 2** shows that outcomes are improving for students in these programs, with increasing proportions of students completing a career technology module and demonstrating reading and math gains. MSDE attributes the increase in students completing a career technology module (from 11.8% in fiscal 2010 to 30.0% in fiscal 2011) to refined student enrollment based on student interest and the addition of two new career technology education programs on the Eastern Shore and another at the Victor Cullen Facility. Furthermore, general education diploma pass rates were 63% in fiscal 2011 in the MSDE operated programs, an increase from a 45% pass rate in fiscal 2005 in the first program transferred to MSDE.

---

**Exhibit 2**  
**Juvenile Services**  
**Fiscal 2008-2011**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Number of Juvenile Services Education Programs Operated by MSDE	5	5	5	6
Number of Students Served Per Year by MSDE	2,828	2,590	2,848	2,807
Percent of Students Completing an MSDE Career Technology Module	6.3%	12.9%	11.8%	30.0%
Percent of Students Demonstrating Reading Gains	-	4.3%	13.3%	18.5%
Percent of Students Demonstrating Math Gains	-	5.5%	14.6%	19.5%
Percent of Students Passing the General Education Diploma	60.0%	62.0%	63.0%	63.0%

MSDE: Maryland State Department of Education

Notes: Reading and math academic gains began to be calculated in fiscal 2009 and represent pre- and post-test scores that demonstrate a minimum of two months of growth for every 30 days of enrollment.

Source: Governor’s Budget Books, Fiscal 2011-2013; Maryland State Department of Education

---

**Questions Answered through AskUsNow! Online Service Decrease**

Maryland has more than 180 branch libraries and 3 regional libraries. DLDS administers State and federal programs to improve library services, including a State capital grant program established by Chapter 494 of 2006. State regional libraries provide support to the public libraries in southern, western, and eastern Maryland. The State Library Resource Center is located at the central Enoch Pratt Free Library in Baltimore and provides specialized materials and services not available at local libraries. The division also coordinates Sailor, the State’s online information network providing Internet access to Maryland libraries, schools, and governments.

DLDS has an objective to link libraries electronically with informational services to provide equitable access to resources. The 39 libraries with 24-hour, 7-day-a-week online services have provided about 300 live chat hours each year since 2006. Questions answered through the AskUsNow! online service decreased nearly 20% between fiscal 2010 and 2011 from 57,200 to 46,013 following four years of steady gains. MSDE attributes the decline in fiscal 2011 usage to decreased marketing opportunities due to budget constraints as well as exponential growth in the availability of information through the Internet. MSDE notes that the service will continue to recruit new member libraries to increase expertise, coverage, and cost effectiveness.

The division also operates the Maryland State Library for the Blind and Physically Handicapped, which provides services to more than 13,000 Marylanders each year. More than 480 outreach programs were presented in fiscal 2011 to promote these services, up from 337 in fiscal 2010 and 81 in fiscal 2006. Nearly 5,700 people attended the fiscal 2011 programs.

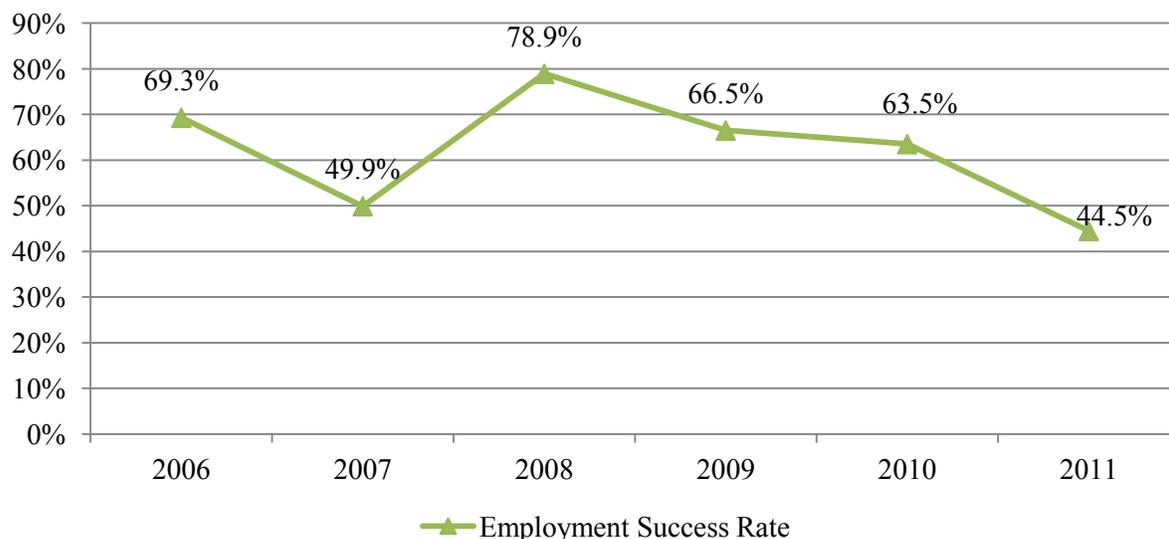
### **Fiscal 2011 Rehabilitation Clients Have a 44.5% Employment Success Rate**

DORS provides vocational rehabilitation services and determines eligibility for federal disability benefits. The division includes Headquarters, Client Services, the Workforce and Technology Center, Disability Determination Services (DDS), and Blindness and Vision Services.

The goal of the client services program is to provide vocational rehabilitation to disabled individuals so they may achieve economic self-sufficiency through employment. As of June 2011, 8,761 Marylanders were receiving DORS services such as career assessments, use of assistive technologies, and job placement. Clients can access services at 23 field offices throughout the State or at the Workforce and Technology Center in Baltimore, which offers a wide range of job skill training and academic courses beyond what is offered at the field offices. As shown in **Exhibit 3**, the employment success rate declined between fiscal 2010 and 2011 from 63.5 to 44.5%. MSDE attributes this decline to an effort to reduce the total open caseload by closing cases with no recent activity.

The DORS disability determination unit adjudicates claims for Social Security Disability Insurance and Supplemental Security Income based on medical evidence, vocational factors, and rules of the federal Social Security Administration. The number of claims increased dramatically from fiscal 2008 (59,611) to 2009 (72,279), causing a backlog and longer processing times in fiscal 2009 and 2010. The number of claims declined slightly in fiscal 2010 but increased again in fiscal 2011 to a new high of 74,500. Though processing times declined slightly in fiscal 2011, they remain significantly higher than they were prior to fiscal 2009. Despite the increase in claims, accuracy rates have increased since fiscal 2006 from 95.5 to 99.0% in fiscal 2011.

**Exhibit 3**  
**Division of Rehabilitation Services – Employment Success Rate**  
**Fiscal 2006-2011**



Source: Maryland State Department of Education; Governor’s Budget Books, Fiscal 2009-2013

## Fiscal 2012 Actions

### Proposed Deficiency

Proposed fiscal 2012 deficiencies total \$25.3 million. General fund deficiencies total \$18.0 million for assessment contracts. Special fund deficiencies total \$30,000 for the Division of Certification and Accreditation. Federal fund deficiencies total \$7.2 million and include \$6.9 million for DORS Client Services received from Vocational Rehabilitation Grants to States, \$102,673 for DORS Headquarters to support training for employees providing service to clients, \$140,853 for the Juvenile Services Education Program from the Title 1 Program for Neglected and Delinquent Youth, \$90,805 for the Division of Instruction for English language acquisition and the Mathematics Science Partnership, and \$26,177 for the Division of Business Services indirect cost recovery from federal grants.

Section 47 of the fiscal 2012 budget bill required the Governor to abolish 450 positions as of January 1, 2012. This agency’s share of the reduction was 6 positions. The annualized salary savings due to the abolition of these positions is expected to be \$54,771 in general funds and \$276,982 in federal funds.

**Proposed Budget**

The fiscal 2013 allowance is \$379,419 more than the 2012 working appropriation. **Exhibit 4** shows the changes by fund as well as key increases and decreases.

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

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Reimb. Fund</b>	<b>Total</b>
2012 Working Appropriation	\$78,290	\$7,181	\$176,174	\$64	\$261,709
2013 Allowance	<u>76,280</u>	<u>7,680</u>	<u>177,749</u>	<u>380</u>	<u>262,089</u>
Amount Change	-\$2,011	\$499	\$1,574	\$316	\$379
Percent Change	-2.6%	7.0%	0.9%	496.2%	0.1%
 Contingent Reduction	 \$0	 \$0	 \$0	 \$0	 \$0
Adjusted Change	-\$2,011	\$499	\$1,574	\$316	\$379
Adjusted Percent Change	-2.6%	7.0%	0.9%	496.2%	0.1%

**Where It Goes:**

**Personnel Expenses**

Abolished positions.....	-\$696
State contribution to employee retirement .....	644
Salary adjustments .....	-1,177
Reclassification .....	-29
Completion of one-time \$750 employee bonus .....	-903
Employee and retiree health insurance .....	1,062
Workers' compensation premium assessment .....	225
Turnover adjustments.....	761
Other fringe benefit adjustments.....	-52

**Cost Allocation**

Statewide personnel system allocation .....	659
DoIT services allocation .....	183
Retirement administration fee.....	173
Administrative hearings.....	136

**Other Changes**

Federal funds for DORS medical services.....	5,058
--	-------

*R00A01 – MSDE – Headquarters*

**Where It Goes:**

Building and equipment maintenance.....	815
Contractual turnover expectancy .....	767
Federal Grant monitoring and technical support.....	750
DORS Summer Youth Employment grants to counties.....	610
Discretionary sub-grants to non-LEAs in the Division of Special Education .....	479
Training and implementation of new USDA meal pattern requirements .....	341
Communications and printing .....	210
In-state travel and conferences.....	148
Decreased reliance on loaned educators .....	-576
Assessment contracts .....	-2,520
Race to the Top projects .....	-6,687
<b>Other Changes</b> .....	<b>-1</b>
<b>Total</b>	<b>\$379</b>

DoIT: Department of Information Technology  
DORS: Division of Rehabilitation Services  
LEA: local education agencies  
USDA: U.S. Department of Agriculture

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

---

**Personnel Expenditures**

The fiscal 2013 allowance abolishes 13 positions in MSDE for a \$696,238 savings. Of these positions, 11 have been vacant 12 or more months. The positions are abolished in the following areas: 4 are teacher and aide positions in the Juvenile Services Education Program; 4 are administrative and program support positions in the Division of Student, Family, and School Support and the Division of Career and College Readiness; 2 are in curriculum development in the Division of Instruction; 1 is a vocational rehabilitation specialist from the Division of Rehabilitation Services; and 2 are education program specialists in the Office of the State Superintendent and the Division of Accountability, Assessment, and Data Systems.

Other personnel changes include a \$1.2 million reduction in salary expenditures related to the fiscal 2011 Voluntary Separation Program. MSDE Headquarters lost 27 positions in fiscal 2011. However, a number of positions were supported with federal funds, and the budget was not reduced to reflect the federal, special, and some general funds associated with those positions. These salary reductions appear in the fiscal 2013 allowance.

## Race to the Top

Maryland was awarded \$250.0 million over four years from federal RTTT grants, with \$125.0 million going to participating local education agencies and \$125.0 million to be administered by MSDE for statewide reform efforts. The fiscal 2013 allowance includes a \$6.7 million decrease in RTTT spending due largely to \$17.3 million in RTTT funds that were transferred by budget amendment from fiscal 2011 to 2012 due to a delay in the full approval of the State’s scope of work from the U.S. Department of Education (USDE). RTTT is discussed further in Issue 1 of this analysis.

## Assessments

Assessment contract amounts change many times throughout each fiscal year as MSDE works with vendors on deliverable modifications, which can change when invoices are due. Sometimes contracts are amended, which changes the amount owed. In the past, MSDE encumbered millions of dollars at the end of the fiscal year to cover some of the expected assessment contract expenses in the coming year, requiring the State to hold general funds in accounts longer than necessary. Fiscal 2012 was the first year in which MSDE had no encumbrances to support assessments. Instead, assessments are being funded on a cash flow basis, with initial funding provided in the Governor’s allowance, and additional funds provided through a deficiency appropriation when the total cost of assessments for that fiscal year is better known. This practice results in large deficiencies to provide adequate resources to support assessments, putting additional strain on the State’s fund balance. As a consequence, the fiscal 2013 allowance is not a true reflection of the resources required to support MSDE Headquarters. **Exhibit 5** shows assessment contract expenditures between fiscal 2011 and 2013. The fiscal 2012 budget included \$29.8 million to support assessments, and an \$18.0 million fiscal 2012 deficiency is proposed to support remaining assessment expenses. This deficiency includes funding to support \$4.4 million from fiscal 2011 invoices that were funded using fiscal 2012 appropriations, bringing total spending on fiscal 2012 assessments to \$43.4 million discussed at greater length in Issue 3 of this analysis.

---

**Exhibit 5**  
**Assessment Contracts**  
**Fiscal 2011-2013**  
**(\$ in Thousands)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessment Contracts Working Appropriation	\$34,572	\$29,838	\$27,318
Deficiency Proposed (or Projected)	6,000	18,000	13,621
Amount of 2012 Deficiency Applied to Fiscal 2011 Spending	4,400	-4,400	
<b>Total Working Appropriation</b>	<b>\$44,972</b>	<b>\$43,438</b>	<b>\$40,939</b>

Source: Maryland State Department of Education

---

### *R00A01 – MSDE – Headquarters*

The fiscal 2013 allowance includes \$27.3 million in general and federal funds to support assessments in the upcoming year, a \$16.1 million decline from fiscal 2012 after adjusting for the deficiency and the \$4.4 million applied to fiscal 2011 overspending. As of November 2011, MSDE estimates that assessment expenditures in fiscal 2013 will total \$40.9 million, requiring an estimated \$13.6 million general fund deficiency when the fiscal 2014 budget is introduced. **MSDE should comment on the current funding approach to assessments and why the entire anticipated assessment liability is not budgeted at the beginning of each fiscal year.**

Furthermore, MSDE Headquarters' budget as presented does not include a dedicated subobject showing expenditures associated with assessment contracts, making it difficult to identify actual assessment expenditures from past years or budgeted expenditures for the upcoming fiscal year. **To improve transparency, the Department of Legislative Services (DLS) recommends budget language directing MSDE to create a dedicated subobject in which only assessment contract expenditures are budgeted.**

### **Loaned Educators**

A decrease of \$575,549 is attributable to less reliance on loaned educators. While MSDE currently employs 24 loaned educators, 30 loaned educators were employed when the fiscal 2013 budget was developed. Since that time, some educators have moved to regular positions within the department, while others have returned to their counties. Loaned educators are discussed at greater length in Update 2 of the analysis.

### **Other Major Changes**

Other changes include a \$5.1 million increase in federal funds for DORS medical services due to federal funds carried over into fiscal 2013 as a result of a larger than expected award, an \$815,291 increase in various building and equipment maintenance expenses, a \$749,830 increase in federal grant monitoring and technical support, and a \$658,901 increase related to the statewide personnel system allocation. Funds for contractual turnover expectancy increase \$767,652 in the fiscal 2013 allowance. MSDE reports that contractual turnover for federally funded RTTT full-time equivalent positions was mistakenly omitted. **DLS recommends that the committees add language reducing federal funds \$224,539 to reflect the minimum 6.5% contractual turnover expectancy rate specified in the Department of Budget and Management's fiscal 2013 budget submission requirements.**

## ***Issues***

---

### **1. Race to the Top Enters Grant Year Two**

Maryland was awarded \$250 million over four years from federal RTTT grants, with \$125 million going to participating local education agencies and \$125 million to be administered by MSDE Headquarters for statewide reform efforts through 54 projects that will (1) revise the PreK-12 Maryland State Curriculum, assessments, and accountability system based on the new Common Core Standards to assure that all graduates are college- and career-ready; (2) build a statewide technology infrastructure to link data with analytic and instructional tools to monitor and promote student achievement; (3) redesign the model for preparation, development, retention, and evaluation of teachers and principals; and (4) fully implement the Breakthrough Center approach for transforming low-performing schools and districts.

**Exhibit 6** shows the plan for RTTT funds by project type for each year of the grant. As of January 2012, the work involves 66.5 full-time contractual staff. About \$47.3 million will be for data systems to support instruction, including a longitudinal data system, online student instructional modules, and linkage of teachers with professionals in science, technology, engineering, and math professions. Another \$1.1 million will be for a statewide centralized student transcript system. Efforts to develop great teachers and leaders will receive \$40.7 million and will involve new teacher induction, recruitment for shortage areas, and a new educator evaluation system. Development of standards and assessments will receive \$17.8 million and will involve replacing the Maryland State Assessment and the High School Assessments with assessments based on a new Common Core Curriculum. Turning around the lowest achieving schools will receive \$9.1 million and will involve expansion of MSDE's Breakthrough Center. About \$3.3 million will provide incentives for existing charter schools to pilot a new self-assessment process aimed at measuring school quality. Finally, \$5.7 million will be used to administer and evaluate RTTT programs. Efforts to develop a new educator evaluation system and develop new standards and assessments aligned with the new Common Core Curriculum are discussed in the MSDE – Aid to Education R00A02 budget analysis.

In Exhibit 6, grant year 1 roughly correlates to fiscal 2011, year 2 to fiscal 2012, and so on. Grant year 1 spending totaled \$8.3 million while year 2 spending is expected to be \$43.9 million, a \$35.6 million increase. MSDE reports that USDE did not provide full approval of the State scope of work until March 2011 leaving MSDE limited spending authority in the first year. This resulted in slower than anticipated project implementation, so project activities and the associated funds were moved to year 2 of the grant through a fiscal 2012 budget amendment, increasing the year 2 federal fund appropriation by \$17.3 million.

**Exhibit 6**  
**State Race to the Top Funds by Project Type**  
(\$ in Thousands)

	<u>Projects</u>	<u>FTE Staff</u>	<u>Grant Year 1 Actual</u>	<u>Grant Year 2 Working</u>	<u>Grant Year 3 Budgeted</u>	<u>Grant Year 4 Budgeted</u>	<u>Total Funding</u>
Data Systems to Support Instruction	20	13.0	\$4,859	\$19,875	\$9,188	\$13,361	\$47,284
Great Teachers and Leaders	16	9.5	2,118	12,659	12,435	13,439	40,651
Development of Standards and Assessments	5	22.0	526	5,576	5,501	6,186	17,789
Turning Around the Lowest Achieving Schools	9	19.0	593	2,567	2,304	3,611	9,075
Program Evaluation and Administration	2	2.0	121	1,852	1,805	1,962	5,741
Charter Schools	1	1.0	69	895	2,124	235	3,323
Statewide Centralized Student Transcript System	1	0.0	0	500	0	637	1,137
<b>Total</b>	<b>54</b>	<b>66.5</b>	<b>\$8,286</b>	<b>\$43,924</b>	<b>\$33,358</b>	<b>\$39,432</b>	<b>\$125,000</b>

FTE: full-time equivalent

Source: Maryland State Department of Education

### Progress to Date

In January 2012, USDE released State-specific reports profiling first-year progress in RTTT grant efforts. USDE found that Maryland developed a comprehensive RTTT Communications Plan, reached agreement by the Maryland Council for Educator Effectiveness (MCEE) on recommendations for a statewide educator evaluation system, developed Maryland Common Core State Curriculum Frameworks for mathematics and English language arts, and completed the first Educator Effectiveness Academies. The report identified a few challenges, including hiring staff to implement RTTT reform efforts, particularly for projects related to data systems to support instruction and the statewide educator evaluation system. USDE reports that late hiring combined with a longer than expected local education agencies (LEA) needs discovery process resulted in implementation delays in several projects during year one. The status report also notes that the MCEE recommendations for a statewide educator evaluation system were delayed by six months from December 2010 to June 2011, and the duration of the statewide educator evaluation system pilot was shortened from one and one-half years to one year due to the delay. **MSDE should discuss RTTT progress to date, including challenges related to hiring and retaining staff to implement RTTT data systems, and delays in the implementation and duration of the statewide educator evaluation system pilot.**

## **2. MSDE Assumes Education Programs at Cheltenham Youth Facility**

The General Assembly added budget language to the fiscal 2012 budget requiring that the education program at the Cheltenham Youth Facility (CYF) be transferred from DJS to MSDE in October 2011. The transfer brings the number of education programs operated by MSDE in the 14 DJS facilities to seven. There is a statutory deadline, established by Chapter 535 of 2004 and Chapter 487 of 2009, to transfer all of the juvenile services education programs to MSDE before July 1, 2014.

MSDE reports that it needs more funds for the programming than does DJS, which has led to a delay in the transfers. A portion of the higher cost for MSDE to operate DJS education programs is associated with maintaining a lower student to teacher ratio and the use of more advanced instructional resources and software. MSDE has upgraded computer hardware and installed instructional software for educational skills inventory and career interest assessments at its DJS sites.

As a result of the fiscal 2012 budget language described above, education programs at CYF, as well as \$1,482,902 and 23.0 full-time equivalents, were transferred to MSDE in October 2011 to support program operations through June 2012. According to the budget language, future deficiency appropriations were not to be provided.

MSDE has implemented the following changes at CYF following the transfer of educational programs at the facility:

- a new curriculum based on the Maryland State Curriculum for core content areas;
- a new student assessment system – the Basic Achievement Skills Inventory which informs placement into appropriate instructional levels and assesses student achievement gains;
- individualized learning plans for every student;
- staff reconfiguration and new procedures to ensure full compliance with the Individuals with Disabilities Education Act; and
- a new data collection and monthly reporting system that includes enrollment and attendance data as well as outcomes in mathematics and literacy achievement, and General Education Diploma completions.

MSDE has reallocated approximately \$95,000 of internal resources to implement changes in the education program at CYF to date, and more resources are expected to be expended before the end of fiscal 2012. These funds were originally designated to support education services at the six other MSDE juvenile education sites.

MSDE reports that the agency is in discussions with DJS concerning the transfer of remaining DJS controlled education programs, all seven of which have space and staffing issues. If space and staffing concerns can be satisfactorily addressed, MSDE reports it is prepared to move forward with

the transfer of one or more additional programs in fiscal 2013, though neither MSDE nor DJS received additional funds in the fiscal 2013 allowance for this purpose.

**Exhibit 7** compares MSDE’s plan for assuming DJS education programs in January 2011 and January 2012. In fiscal 2012, MSDE acquired education programs in one DJS facility, though three were planned for transfer according to the January 2011 plan. The tentative January 2012 plan shows MSDE assuming control of education programs at DJS’s four youth camps as of July 1, 2014, the first day of fiscal 2015 instead of throughout fiscal 2014 as planned in 2011. **To ensure that DJS and MSDE adhere to statute which requires the transfer of education programs at DJS facilities to MSDE by July 1, 2014, DLS recommends budget language restricting funding and positions in the DJS allowance associated with providing education services at William Donald Schaefer House, Alfred D. Noyes Children’s Center, and Thomas J. S. Waxter Children’s Center and transferring control of these programs to MSDE in fiscal 2013. The proposed language expresses legislative intent that if additional resources are required to provide adequate education services, MSDE may request a deficiency appropriation to ensure sufficient funds. Finally, it expresses legislative intent that education services at Backbone Mountain Youth Camp, Green Ridge Youth Camp, Meadow Mountain Youth Camp, and Savage Mountain Youth Camp be transferred from DJS to MSDE no later than July 1, 2013.** The budget language and additional discussion of the issue can be found in the V10A DJS budget analysis.

---

**Exhibit 7**  
**DJS Education Program Assumption Schedule**  
**January 2011 and 2012**

<u>Proposed Schedule as of January 2011</u>	<u>Revised Tentative Schedule as of January 2012</u>
2012 Alfred D. Noyes Children's Center Thomas J. S. Waxter Children’s Center William Donald Schaefer House	Cheltenham Youth Center
2013 Cheltenham Youth Center	William Donald Schaefer House
2014 Backbone Mountain Youth Camp Green Ridge Youth Camp Meadow Mountain Youth Camp Savage Mountain Youth Camp	Alfred D. Noyes Children's Center Thomas J. S. Waxter Children’s Center
2015	Backbone Mountain Youth Camp Green Ridge Youth Camp Meadow Mountain Youth Camp Savage Mountain Youth Camp

DJS: Department of Juvenile Services

Source: Maryland State Department of Education

---

### 3. Office of Legislative Audits Closeout Audit Includes Repeat Findings for MSDE

The Office of Legislative Audits’ January 2012 report of the *Statewide Review of Closeout Transactions for Fiscal 2011* included two findings (both repeated in preceding audits) concerning MSDE, summarized in **Exhibit 8**.

**Exhibit 8**  
**MSDE Findings**  
**Statewide Review of Closeout Transactions**  
**Fiscal 2011**

<b>Finding 1</b>	<b>Liability (\$ Millions)</b>	<b>First Audit Appearance</b>
Accrued federal fund revenues in the Temporary Assistance for Needy Families program could not be recovered for expenses incurred in fiscal 2002 and 2003.	\$12.9	Fiscal 2006
<b>Finding 4</b>		
Unfunded liabilities related to disallowed federal Medicaid claims due to the Department of Health and Mental Hygiene (DHMH) for payments to medical providers made by DHMH.	\$3.1	Fiscal 2010
Unfunded liabilities related to contractual expenditures for assessment testing performed during fiscal 2011. OLA testing of expenditures disclosed six instances where expenditures incurred during fiscal 2011 were charged against fiscal 2012 appropriations.	\$4.4	Fiscal 2011 (new)

OLA: Office of Legislative Audits

Source: Office of Legislative Audits, *Statewide Review of Closeout Transactions for fiscal 2011*

MSDE reports that the proposed fiscal 2012, \$18.0 million general fund deficiency for assessments includes funds to cover the \$4.4 million in unfunded assessment liability for expenses incurred during fiscal 2011 and charged against fiscal 2012.

**MSDE should comment on why unfunded liabilities were not reported to the Comptroller of Maryland – General Accounting Division, and on steps the agency is taking to resolve the \$12.9 million in accrued federal fund revenues for which federal funds are not available and the \$3.1 million in remaining unfunded liabilities, which when combined, could result in a \$16.0 million general fund liability to eliminate the deficit.**

## ***Recommended Actions***

---

1. Add the following language to the federal fund appropriation:

Provided that a federal fund reduction of \$224,539 is made for contractual turnover expectancy (comptroller subobject 0289).

**Explanation:** This action reduces the Maryland State Department of Education Headquarters fiscal 2013 allowance for federal contractual turnover expectancy to align with the minimum 6.5% specified in the Department of Budget and Management’s fiscal 2013 budget submission requirements. The agency shall allocate the reductions across its divisions.

2. Add the following language to the general fund appropriation:

Provided that it is the intent of the General Assembly that no individual loaned educator be engaged by the Maryland State Department of Education (MSDE) for more than six years. For loaned educators engaged in fiscal 2010, the time already served at MSDE shall not be counted toward the six-year limit.

Further provided that it is the intent of the General Assembly that all loaned educators submit annual financial disclosure statements, as is required by State employees in similar positions.

Further provided that MSDE shall provide an annual census report on the number of loaned educator contracts and any conversion of these personnel to regular positions to the General Assembly by December 15, 2012, and every year thereafter. The annual report shall include job function, title, salary, fund source(s) for the contract, the first year of the contract and the number of years that each loaned educator has been employed by the State, and whether the educator files a financial disclosure statement. MSDE shall also provide a report to the budget committees prior to entering into any new loaned educator contract to provide temporary assistance to the State. The budget committees shall have 45 days to review and comment from the date of receipt of any report on new contracts.

**Explanation:** This annual language on loaned educators expresses intent that loaned educators should not be engaged for more than six years, educators should submit annual financial disclosure reports as appropriate, and reports on the loaned educator program should be submitted. The loaned educator program at the Maryland State Department of Education (MSDE) allows local employees to work for MSDE on special projects.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on loaned educator contracts	MSDE	December 15, 2012, and annually thereafter

*R00A01 – MSDE – Headquarters*

3. Add the following language:

Provided that the Maryland State Department of Education (MSDE) shall budget assessment contract expenditures in a subobject dedicated for that purpose beginning in the fiscal 2014 budget submission, and in every year thereafter. For purposes of comparability, the agency should align expenses for actual 2012 spending, the 2013 working appropriation, and the 2014 allowance.

**Explanation:** This language requires the Maryland State Department of Education (MSDE) to budget assessment contract expenditures in a subobject dedicated for that purpose beginning in the fiscal 2014 budget submission. As currently submitted, assessment contract expenditures are combined with other contract expenditures in MSDE’s budget, making it difficult to identify how much is budgeted for assessments alone.

	<b><u>Amount</u></b>	
	<b><u>Reduction</u></b>	
4. Reduce funds related to the position abolished in the Governor’s allowance as introduced. The Department of Budget and Management reports that the position was eliminated but the associated funds were inadvertently left in the allowance.	\$ 37,913	GF
<b>Total General Fund Reductions</b>	<b>\$ 37,913</b>	

## ***Updates***

---

### **1. Ten Major Information Technology Projects for MSDE**

MSDE has 10 major information technology projects in progress, 7 of which are related to RTTT. Before RTTT was awarded in August 2010, MSDE had 3 major information technology projects in development. With 3 major projects, MSDE was rated by the Department of Information Technology (DoIT) to have medium to high risk in terms of internal resource availability, or staff resources. Nevertheless, the new RTTT projects, which were initiated in fiscal 2011, are largely deemed low resource availability risks by DoIT in the most recent review of major information technology projects, as summarized in **Exhibit 9**. One RTTT project, the Course Registration System, is considered a medium resources risk, due to additional technical staff support which may be required to define business and technical requirements; collaborate on design, testing, and implementation of new features; and execute data migration and system upgrades. All other RTTT projects are ranked as low resource availability risks. In addition, the Maryland Accountability and Reporting System, which DoIT ranked a medium resource availability risk in January 2011, is now considered a low risk. DoIT did not assess internal resource availability risk for three RTTT projects: Accessing and Using State Data-Dashboards, the Item Bank System, and the Student Growth and Educator Evaluation Systems.

As noted in Issue 1, a January 2012 USDE progress report on first-year RTTT grant efforts found that hiring and retaining staff to implement RTTT reform efforts, particularly for projects related to data systems to support instruction and the statewide educator evaluation system, was a challenge in year one of the grant. When combined with a longer-than-expected LEA needs discovery process, this resulted in implementation delays in several projects during year one. DoIT also reports that the Maryland Longitudinal Data System project has had recent issues with staff retention, having lost a recently hired project manager in the fall of 2011. A new project manager was hired in January 2012. The project is expected to be completed in April 2014.

**Exhibit 9**  
**Resource Availability Risk Assessment**  
**January 2012**

<u>Resource Availability</u>	<u>Risk</u>	<u>Comments</u>
Enhanced Child Care Administration and Tracking System	High	Project resources will continue to be constrained. Unanticipated maintenance requirements may drain limited resources from project work. Scope and resources will need to be managed on a continuing basis.
Course Registration System	Medium	Additional technical resources with Learning Management System (LMS) experience may be required to define business and technical requirements for system expansion; collaborate on design, testing, and implementation of new features; and to execute LMS data migration and system upgrades.
Maryland Longitudinal Data System	Medium	Internal resource risk is medium due to the need to train internal MSDE staff for post-development, post grant support. Operations staff risk has been mitigated by moving systems to the Department of Public Safety and Correctional Services for hosting. Ongoing development maintenance is being mitigated via MSDE staff training.
State Curriculum Management System	Low	MSDE is committed to providing the necessary resources to support the selection, procurement, and deployment of organizational processes necessary for implementing the Curriculum Management System.
Student Instructional Intervention	Low	MSDE is committed to providing the necessary resources to support the selection, procurement, and deployment of organizational processes necessary for implementing this system. A project manager will be hired to oversee the daily administration of the project.
Educator Information System Expansion	Low	Additional technical resources with Microsoft Customer Relationship Management (CRM) experience may be required to define business and technical requirements for system expansion; collaborate on design, testing, and implementation of new features; and to execute CRM data migration and system upgrades.
Maryland Accountability and Reporting System (MARS) – Nutrition	Low	Resources at MSDE have experienced constraints due to scheduled workloads. The MSDE business schedule has been included in testing and implementation schedule. Primary resources are dedicated to the project and have experience working on MARS release 1.

**Resource Availability**

**Risk**

**Comments**

Accessing and Using State Data-dashboards

N/A

Item Bank System

N/A

Student Growth and Educator Evaluation  
Systems

N/A

MSDE: Maryland State Department of Education

Note: N/A – Department of Information Technology did not assess internal resource availability risk for these projects in the January 2012 report.

Source: Maryland Department of Information Technology, Fiscal 2013 Information Technology Project Request

---

## **2. Loaned Educators Decline to 24 in Fiscal 2012**

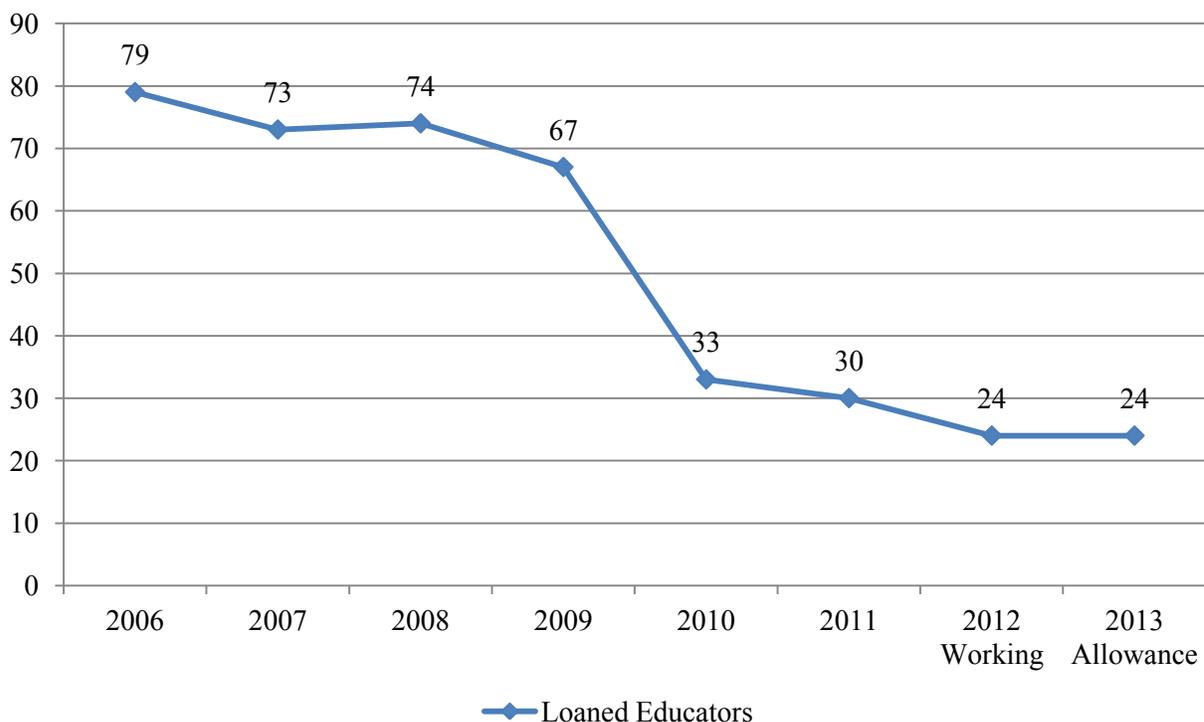
The Loaned Educator program at MSDE allows local school systems to enter into a contract with the State so that a local school system employee may work for MSDE for a finite period of time. The benefit to the State is that these employees bring local knowledge to special projects and school systems benefit when their employees return with in-depth knowledge of State-level policies and processes.

To use loaned educators, MSDE executes annual contracts with local school systems, and MSDE reimburses the system for the educators' salaries and certain fringe benefits. MSDE has long used loaned educators, but an August 2009 report by legislative auditors articulated a number of concerns about the program, including the practice of contracting with educators for many years rather than using them for short-term projects, paying them more than State employees in similar positions, and not requiring certain educators to complete annual financial disclosure statements.

In the 2010 legislative session, the General Assembly added budget language expressing intent that no individual loaned educator be engaged for more than six years and that certain loaned educators submit annual financial disclosure statement. The budget language also requires that an annual report be submitted on the loaned educator program, and that a report be submitted to the committees before hiring a new loaned educator.

**Exhibit 10** shows the number of loaned educators since fiscal 2006. The number has declined from 79 in fiscal 2006 to 24 in fiscal 2012 and 2013 through a combination of budget reductions, educators returning to counties, and conversion of educators to regular positions, among other actions. MSDE was granted 15 regular positions in fiscal 2010 to convert some educators to regular positions. These conversions did not require any new funds but represented a transfer of dollars from the budget for contracts to the personnel budget. Expenditures on loaned educator contracts have declined from \$9.3 million in fiscal 2008 to \$3.5 million in the 2013 allowance.

**Exhibit 10  
Loaned Educators  
Fiscal 2006-2013**



Source: Maryland State Department of Education; Governor’s Budget Book, Fiscal 2013

### 3. High School Completion

The 2011 *Joint Chairman’s Report* included a request from the budget committees for a report detailing local school system efforts to decrease the dropout rate and chronic absenteeism by September 1, 2011. In response to this request, MSDE submitted a report titled *Dropout Prevention/School Completion Intervention/Resource Guide: Providing School Completion Supports for Maryland Students* on November 28, 2011.

COMAR 13A.08.01.07(C) defines a dropout as “A student who leaves school for any reason, except death, before graduation or completion of a Maryland approved educational program and is not known to enroll in another school or state approved program during the current school year.” The report identifies poor attendance, poor behavior, disengagement, and bad grades as common risk factors of dropping out.

*R00A01 – MSDE – Headquarters*

The report outlines the programs and initiatives implemented by each local school system (LSS) to address the dropout issue. The strategies highlighted below are common across many LSSs:

- **Evening, Twilight, Saturday, and Summer High School Programs** – Offers courses to continue credit classes and/or accelerate credit programs;
- **Alternative Education Programs** – Provides alternative education services in locations including the student’s home, a hospital, or alternative site such as teen parent programs, Pathways Drug Treatment Center, and detention center programs;
- **Positive Behavior Interventions and Supports** – Provides a schoolwide system of discipline to improve school climate and decrease disruptive behavior;
- **Maryland’s Tomorrow** – Provides school counseling and academic support designed to meet the needs of specific populations; each student is given study skills preparation, individualized academic support, and career planning modules;
- **Ninth Grade Academy** – Groups students into smaller learning communities and groups teachers into interdisciplinary teams rather than by subject area;
- **Attendance Efforts** – Provides interventions including conferences, contracts, letters and telephone calls home, home visits, and truancy court to improve the attendance of students with excessive absences;
- **Mentoring** – Assigns students mentors who monitor school engagement and intervene to reestablish connections and enhance social and academic competences; and
- **Dropout Prevention Teams/Coordinators** – Provides review and/or management of intervention services for students experiencing academic or behavioral difficulty.

The report also includes programs unique to certain LSSs. For example, Prince George’s County offers a summer bridge program for rising at-risk ninth graders to smooth the transition from middle to high school. Montgomery County offers a Gateway to College program at Montgomery College for at risk high school students who have stopped attending Montgomery County Public Schools to give students an opportunity to earn a high school diploma while transitioning to a college campus.

## ***Current and Prior Year Budgets***

---

### **Current and Prior Year Budgets Maryland State Department of Education Headquarters (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2011</b>					
Legislative Appropriation	\$79,044	\$7,012	\$131,090	\$306	\$217,452
Deficiency Appropriation	6,325	547	9,063	0	15,934
Budget Amendments	-115	0	51,644	426	51,955
Reversions and Cancellations	-54	-1,385	-53,392	-277	-55,109
<b>Actual Expenditures</b>	<b>\$85,200</b>	<b>\$6,173</b>	<b>\$138,405</b>	<b>\$454</b>	<b>\$230,232</b>
<b>Fiscal 2012</b>					
Legislative Appropriation	\$76,727	\$7,167	\$158,055	\$64	\$242,013
Budget Amendments	1,563	14	18,119	0	19,697
<b>Working Appropriation</b>	<b>\$78,290</b>	<b>\$7,181</b>	<b>\$176,174</b>	<b>\$64</b>	<b>\$261,709</b>

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

---

## **Fiscal 2011**

The fiscal 2011 budget closed at \$230.2 million, which was \$12.8 million more than the legislative appropriation.

**Deficiencies:** Deficiencies totaled \$15.9 million. General fund deficiencies totaled \$6.3 million and included \$6.0 million for assessment contracts and \$325,000 for turnover relief in juvenile services education due to lower than expected vacancies and increasing salaries for some staff in 2011 as a result of earning advanced certification, per a settlement agreement with USDE.

Special fund deficiencies totaled \$546,626 and include \$337,910 to add funds for a web-based learning initiative. In addition, \$183,406 was added to support a review of health-related services for children with an individualized education program through the Division of Special Education/Early Intervention Services, and \$25,310 was added to provide funds for general operations of the Division of Accountability, Assessment, and Data Systems.

Federal fund deficiencies totaled \$9.1 million and include \$7.6 million to add funds for DORS Client Services received from the Vocational Rehabilitation Grants to States. Another \$547,727 in the Division of Instruction was added to support grants for education technology and English language acquisition, among others. Finally, \$527,193 was added to the Division of Business Services to account for indirect cost recovery from federal grants, and \$406,401 to enhance nutrition and physical activity in child care centers.

**Budget Amendments:** General funds decreased \$115,000 due to a transfer of funds from the MSDE Headquarters' budget to the Division of Early Childhood Development to provide additional funds for the cost of accrued leave and severance payouts in conjunction with the Voluntary Separation Program and an inability to meet turnover.

Another \$51.6 million in federal funds was added through budget amendments. Increases included \$48.6 million to provide the first year of funding for the Federal RTTT grant program, \$2.0 million in the Division of Rehabilitation Services for medical services resulting from requests from the Social Security Administration for an increase in case clearances, \$818,405 to administer grants and provide central support services for activities funded by the Education Jobs Fund program and to realign federal fund expenditures with actual grant attainment, and \$83,406 to support the post-release transition of individuals in the Juvenile Services Education Program to school or employment.

Reimbursable funds increased \$425,626 to provide funding for the Juvenile Services Education program at the Western Maryland Children's Center which was transferred from DJS to MSDE on July 1, 2010.

**Reversions and Cancellations:** Reversions and cancellations totaled \$55.1 million. General funds of \$54,397 were reverted from various programs.

*R00A01 – MSDE – Headquarters*

Special fund cancellations totaled \$1.4 million. Of this amount, \$223,713 was cancelled in the Division of Accountability, Assessment, and Data Systems due to unrealized indirect cost recovery. A cancellation of \$343,773 from the Maryland Virtual Learning Opportunities Program reflects actual revenues recouped from teacher course fees due to an overestimate of the revenue required for fiscal 2011 program operations, and \$583,721 was cancelled due to a lack of revenue attainment in the Maryland Business Enterprise Program – Blind Vendors Program in the Division of Rehabilitation Services – Blindness and Vision Services. In addition, \$234,290 was cancelled from various programs.

Federal fund cancellations totaled \$53.4 million. Of this amount, a \$40.0 million cancellation in the Office of the State Superintendent and Major Information Technology Development Projects reflects RTTT funds for approximately 54 projects that were not spent in fiscal 2011, due in part to a delay in full approval of the State scope of work from USDE, giving MSDE limited spending authority in fiscal 2011, which resulted in slower than anticipated project implementation. A cancellation of \$3.7 million from the Rehabilitation Act Basic Support Grant and Independent Living Older Blind funds for DORS programs was not needed because American Recovery and Reinvestment Act of 2009 funds were available instead. A \$3.1 million cancellation in the Division of Business Services resulted from lower than anticipated federal indirect cost recovery due to lower than expected federal fund expenditures throughout the department. A \$2.6 million cancellation in DORS – DDS resulted primarily from an unused amendment in late fiscal 2011, which increased the federal appropriation due to projected payroll and medical expenses that was subsequently not needed due to cancellation of obligations and agency payroll adjustments. A \$1.5 million cancellation in the Division of Instruction reflects funds across 12 USDE formula grants which will be carried forward into fiscal 2012, as each grant's duration spans multiple state fiscal years. An \$859,875 cancellation in the Division of Library Development and Services resulted from the partial payment of federal funds for the State Library Program in fiscal 2011; unencumbered funds for the remaining balance will be spent in fiscal 2012, as the award payment spans federal fiscal 2011 and 2012. In the Division of Special Education/Early Intervention Services, \$692,556 in Individuals with Disabilities Education Act funds which are active for a 27-month period was cancelled and will be used in fiscal 2012. In the Division of Accountability, Assessment, and Data Systems, \$258,041 will be carried over into fiscal 2012 to support State assessments, indirect costs, and National Assessment of Educational Progress exams. Additional cancellations include \$256,815 in the Division for Leadership Development due to the closing of the federal Gaining Early Awareness and Readiness for Undergraduate Program, \$140,741 in the Office of Information Technology to recognize unrealized federal indirect cost recovery due to lower than anticipated federal fund expenditures, \$131,292 in the Division of Student, Family and School Support in federal Title 1 and other formula/ discretionary funding which will be used for operations in fiscal 2012, and \$120,620 was cancelled across various programs.

Reimbursable fund cancellations totaled \$276,996. Of this amount, \$223,881 reflects the elimination of the middle school Tobacco Prevention Program previously funded by the Department of Health and Mental Hygiene.

## **Fiscal 2012**

The fiscal 2012 appropriation is \$19.7 million above the legislative appropriation, totaling \$261.7 million.

The fiscal 2012 appropriation increased by \$207,578 in general funds, \$14,204 in special funds, and \$681,387 in federal funds to reflect the one-time \$750 employee bonus. Federal funds also increased \$17.3 million due to a delay in the USDE's full approval of the State scope of work until March 2011, which resulted in project activities and associated funds being moved to year two of the grant and an increase in the fiscal 2012 federal fund appropriation. Federal funds decreased \$27,149 due a reduction in funds for the Division of Business Services. Finally, general funds increased \$1.4 million and federal funds \$127,422 following the transfer of funds from DJS to MSDE to support educational programs at Cheltenham Youth Facility pursuant to Chapter 395 of 2011.

## Major Information Technology Projects

### Maryland Accountability and Reporting System – Nutrition

<b>Project Status<sup>1</sup></b>	Implementation	<b>New/Ongoing Project:</b>	Ongoing
<b>Project Description:</b>	The Maryland Accountability and Reporting System project replaces the current system used to manage and track \$185 million in federal funds administered by the School and Community Nutrition Program Branch. The project's purpose is to increase efficiency in managing federal and State nutrition programs, including the Special Milk Program, the Summer Food Service Program, and the After School Care program.		
<b>Project Business Goals:</b>	(1) Retire out-of-date software applications; (2) reduce manual processing associated with small database systems containing data redundancy with main systems data; (3) expand processing and data capabilities; (4) minimize processing time and expand accuracy; and (5) reduce the amount of day-to-day administrative processing to allow staff to focus on strategic analysis, forecasting, and planning activities. Enable staff to identify interrelationships and trends and measure program improvements.		
<b>Estimated Total Project Cost<sup>1</sup>:</b>	\$6,638,747	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$1,519,587
<b>Project Start Date:</b>	Fiscal 2009	<b>Projected Completion Date:</b>	September 2012
<b>Schedule Status:</b>	The project includes two releases. Release I missed several implementation dates before it was completed in May 2011. The master contract expired on December 31, 2010, prompting the removal of Release II from the master contract to be awarded instead as a sole source contract. The sole source contract was awarded in July 2010 and received a Notice to Proceed in June 2011. Development for Release II is scheduled to start in mid-October, with system testing starting in November. The initial release of the Release II Web Portal will occur in May 2012, followed by the release of add-ons in June 2012.		
<b>Cost Status:</b>	Projected expenditures in fiscal 2009 were \$2.3 million. Projected costs have nearly tripled.		
<b>Scope Status:</b>	The project is planned to be released in two phases and includes time for testing in between the releases.		
<b>Project Management Oversight Status:</b>	The last portfolio review meeting was on November 2, 2011. Independent Verification and Validation assessments were initiated in May 2009. No peer review committees are assigned.		
<b>Identifiable Risks:</b>	Objectives are clearly defined, although some scope items defined in design are being modified and are considered a medium risk. Organizational culture is also considered a medium risk as staff adapt to the new system and procedures. Other risk areas are considered low.		
<b>Additional Comments:</b>	None.		

<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	3,551.9	1,640.4	764.9	228.0	453.6	0.0	0.0	6,638.7
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Funding</b>	<b>\$3,551.9</b>	<b>\$1,640.4</b>	<b>\$764.9</b>	<b>\$228.0</b>	<b>\$453.6</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$6,638.7</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

## Education Data Warehouse/Maryland Longitudinal Data System

<b>Project Status<sup>1</sup></b>	Implementation	<b>New/Ongoing Project:</b>	Ongoing
<b>Project Description:</b>	The Maryland State Department of Education (MSDE) collects educational data from school systems throughout the State, including attendance, student assessment participation and outcomes, student enrollment, and staff data. Currently, different divisions within MSDE collect and store the data in different formats. Education Data Warehouse (EDW) is a web-based data collection system that allows school systems to enter data online and will standardize data collection, reduce errors, and improve quality and security. Students will be linked to their unique student identifier and outcomes will be tracked from kindergarten through graduation. The system will include six modules: school data; attendance; statistical process control; staff; class level membership; and federal program. The Maryland Longitudinal Data System (MLDS) project adds advanced business analysis and reporting tools to the current longitudinal systems.		
<b>Project Business Goals:</b>	EDW will increase the ability to examine longitudinal data and student performance outcomes, and it will enable MSDE to better analyze and evaluate school system programming. The MLDS project will enable collection of student course-related information used for program evaluation, analysis, and reporting; it will increase the current system to encompass higher education and workforce data; and it will allow access by a larger user base.		
<b>Estimated Total Project Cost<sup>1</sup>:</b>	\$6,690,194	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$555,500
<b>Project Start Date:</b>	Fiscal 2009	<b>Projected Completion Date:</b>	April 2014
<b>Schedule Status:</b>	In June 2011, the project began its third year. The project has been divided into 21 sub-projects with 88 deliverables. The project has completed almost 50% of the deliverable, with 43 completed. The production of dashboards have been moved to the Race to the Top (RTTT) project along with two subprojects at the direction of the U.S. Department of Education to avoid duplicated work effort between the two grants. Database re-engineering subprojects that had been delayed due to slow staffing procurement are now complete.		
<b>Cost Status:</b>	Estimated total costs began at \$7.9 million, were reduced to \$5.5 million as of fiscal 2011, and were estimated at \$6.7 million in fiscal 2012 and the 2013 allowance. The project's approach has been revised and complements other projects funded by the federal RTTT grant.		
<b>Scope Status:</b>	This project is related to other MSDE information technology projects to collect longitudinal data and provide a web interface for schools. No scope changes are forecasted. Several of the MLDS subproject rollout activities have been moved to the RTTT grant, since the grant now controls the implementation of the production hardware and software systems.		
<b>Project Management Oversight Status:</b>	The last portfolio review meeting was on November 2, 2011. Independent Verification and Validation assessments were initiated in January 2011. No peer review committees are assigned.		
<b>Identifiable Risks:</b>	The most critical risk to MLDS during fiscal 2012 was the project manager vacancy which required the Solutions Architect to also serve as the project lead. MSDE hired a new project manager in January 2012.		
<b>Additional Comments:</b>	None.		

<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$5.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$5.5
Professional and Outside Services	4,135.1	1,874.9	674.7	0.0	0.0	0.0	2,549.6	6,684.7
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Funding</b>	<b>\$4,140.6</b>	<b>\$1,874.9</b>	<b>\$674.7</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$2,549.6</b>	<b>\$6,690.2</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

## Accessing and Using State Data

<b>Project Status<sup>1</sup></b>	Implementation	<b>New/Ongoing Project:</b>	Ongoing					
<b>Project Description:</b>	This project is part of the Race to the Top effectiveness, accountability, and performance reporting assurance requirements. The project funds the development of 36 dashboards and associated reports, and the modifications to key data source systems to transfer data into the longitudinal data system education data warehouse and to be used by the Maryland Longitudinal Data System education intelligence reporting platform.							
<b>Project Business Goals:</b>	This project will improve access to and analysis of local education agency, school, and student longitudinal performance and accountability information. It helps meet educational reform objectives related to improved student achievement based on educator evaluations.							
<b>Estimated Total Project Cost<sup>1</sup>:</b>	\$3,820,000	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$249,600					
<b>Project Start Date:</b>	November 2010	<b>Projected Completion Date:</b>	September 2013					
<b>Schedule Status:</b>	The project's implementation phase is in process. The project is a three year initiative with 12 dashboards delivered in each of the three years. The first 12 dashboards have been designed, developed, tested, and rolled out.							
<b>Cost Status:</b>	Projected project costs have increased from \$2.0 million in fiscal 2012 to \$3.8 million in fiscal 2013.							
<b>Scope Status:</b>	No changes have been made to the project scope to date.							
<b>Project Management Oversight Status:</b>	The last portfolio review meeting was on November 2, 2011. Independent Verification and Validation assessments have not been initiated. No peer review committees are assigned.							
<b>Identifiable Risks:</b>	The project is interdependent with other projects in development. The availability of data for analysis is also a risk. Each dashboard has one or more unique data sources. Data is known to exist for all dashboards, though there is a slight risk of data limitations that cannot be determined until the data quality analysis is completed during the development process.							
<b>Additional Comments:</b>	None.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	1,975.0	1,537.5	0.0	0.0	0.0	0.0	1,537.5	3,512.5
Other Expenditures	305.0	2.5	0.0	0.0	0.0	0.0	2.5	307.5
<b>Total Funding</b>	<b>\$2,280.0</b>	<b>\$1,540.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$1,540.0</b>	<b>\$3,820.0</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

## State Curriculum and Management System

<b>Project Status<sup>1</sup></b>	Implementation	<b>New/Ongoing Project:</b>	Ongoing					
<b>Project Description:</b>	This project will implement an advanced curriculum management system. The system will provide extensive import and export capabilities and will be interoperable with other proposed instructional improvement systems as well as the Maryland Longitudinal Data System (MLDS). Implementation will be centralized and shared by all local education agencies (LEA). LEAs that already have a curriculum management system may continue to use their system if it can be integrated and it supports the instructional improvement process.							
<b>Project Business Goals:</b>	The project will provide a standardized curriculum management system to (1) maintain Common Core curriculum standards; (2) provide instructional alignment; (3) provide assessment alignment; and (4) provide teachers with design tools, lesson plans, and course syllabi to help develop courses that are aligned to the Common Core.							
<b>Estimated Total Project Cost<sup>1</sup>:</b>	\$2,054,044	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$148,324					
<b>Project Start Date:</b>	September 2010	<b>Projected Completion Date:</b>	September 2012					
<b>Schedule Status:</b>	The project is in the Procurement Phase. The requirements have been documented through meetings with internal and external stakeholders to solicit input and feedback. Potential solutions have been researched. A request for proposal (RFP) has been developed and is completing internal review. Next steps in the Procurement Phase are to publish an approved RFP and select a vendor. A short-term business analyst is being procured to plan content transition to the curriculum management system and define stakeholder configuration needs.							
<b>Cost Status:</b>	Estimated project cost has increased slightly from the initial \$2.0 million estimate.							
<b>Scope Status:</b>	No changes have been made to the project scope to date.							
<b>Project Management Oversight Status:</b>	The last portfolio review meeting was on November 2, 2011. Independent Verification and Validation assessments have not been initiated. No peer review committees are assigned.							
<b>Identifiable Risks:</b>	Objectives are clearly defined. Interdependency with the MLDS is a risk, and flexibility may be an issue if the agency concludes that “out of the box” features do not meet business requirements. The new system will be commercial off the shelf (COTS), requiring unknown but minimum customization which is considered a medium risk. Details around the COTS capabilities are unknown and could pose significant risk when integrated with other systems.							
<b>Additional Comments:</b>	None.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	385.0	0.0	0.0	0.0	0.0	0.0	0.0	385.0
Other Expenditures	1,669.0	0.0	0.0	0.0	0.0	0.0	0.0	1,669.0
<b>Total Funding</b>	<b>\$2,054.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$2,054.0</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

## Item Bank System

<b>Project Status<sup>1</sup></b>	Implementation	<b>New/Ongoing Project:</b>	Ongoing					
<b>Project Description:</b>	This project will develop an item bank system in classrooms throughout the State by educators and students as they prepare for the new summative assessment system aligned to the Common Core Standards. The system will provide test questions aligned to the standards for teachers to administer as instruction is provided. Student and class performance data will help teachers identify instructional improvements needed for classrooms and individual students.							
<b>Project Business Goals:</b>	The project will support improved identification of needed instructional improvements.							
<b>Estimated Total Project Cost<sup>1</sup>:</b>	\$6,550,000	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$508,000					
<b>Project Start Date:</b>	February 2011	<b>Projected Completion Date:</b>	October 2013					
<b>Schedule Status:</b>	The project is in the Design Phase and a request for information has been received for publishing to determine a build or buy solution for the adaptive testing system and Item Test Bank. A new project manager has been hired to oversee the project.							
<b>Cost Status:</b>	No cost changes have been made to date.							
<b>Scope Status:</b>	No changes have been made to the project scope to date.							
<b>Project Management Oversight Status:</b>	The last portfolio review meeting was on November 2, 2011. Independent Verification and Validation assessments have not been initiated. No peer review committees are assigned.							
<b>Identifiable Risks:</b>	The highest risk identified for the project concerns funding after the Race to the Top grant period has closed to support ongoing operations and maintenance beyond fiscal 2013.							
<b>Additional Comments:</b>	None.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	1,584.6	1,178.0	0.0	0.0	0.0	0.0	1,178.0	2,762.6
Other Expenditures	2,070.2	1,717.2	0.0	0.0	0.0	0.0	1,717.2	3,787.4
<b>Total Funding</b>	<b>\$3,654.8</b>	<b>\$2,895.2</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$2,895.2</b>	<b>\$6,550.0</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

## Student Instructional Intervention

<b>Project Status<sup>1</sup></b>	Planning	<b>New/Ongoing Project:</b>	Ongoing					
<b>Project Description:</b>	This project will provide an instructional improvement process, helping teachers to develop and document instructional interventions that will improve class and individual learning, and to track outcomes. The system places students at the center of the learning process and allows them to work with the teacher to plan a course of action and to track progress.							
<b>Project Business Goals:</b>	The project will help improve student and teacher accountability and will enable tracking of student learning plans.							
<b>Estimated Total Project Cost<sup>1</sup>:</b>	\$1,725,000	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$122,000					
<b>Project Start Date:</b>	February 2011	<b>Projected Completion Date:</b>	July 2012					
<b>Schedule Status:</b>	The project is in the Concept Development Phase to (1) determine feasibility; (2) identify system interfaces; (3) identify basic requirements; (4) establish system boundaries, goals, objectives, success factors, and performance measures; (5) evaluate costs alternative approaches; (6) assess project risks; (7) identify risk mitigation actions; and (8) develop technical architecture, process models, data models, and a concept of operations.							
<b>Cost Status:</b>	Estimated project costs have declined slightly from the initial \$1.9 million estimate.							
<b>Scope Status:</b>	No changes have been made to the project scope to date.							
<b>Project Management Oversight Status:</b>	The last portfolio review meeting was on November 2, 2011. Independent Verification and Validation assessments have not been initiated. No peer review committees are assigned.							
<b>Identifiable Risks:</b>	Requirements are still being developed; the project is interdependent with other projects in development; the technical risk is considered medium, but may increase once additional details concerning the integration with Maryland Longitudinal Data System and securing a commercial off-the-shelf vendor with well defined maintenance procedures are available.							
<b>Additional Comments:</b>	None.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	500.5	0.0	0.0	0.0	0.0	0.0	0.0	500.5
Other Expenditures	1,224.5	0.0	0.0	0.0	0.0	0.0	0.0	1,224.5
<b>Total Funding</b>	<b>\$1,725.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$1,725.0</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

## Student Growth and Educator Evaluation Systems

<b>Project Status<sup>1</sup></b>	Implementation	<b>New/Ongoing Project:</b>	Ongoing					
<b>Project Description:</b>	This project will provide a student performance growth model to link teacher and principal evaluations to individual student growth. Race to the Top (RTTT) reforms require an extensive approach to evaluating and reporting on educator performance at all levels. The project will provide a centralized system for local education agencies and the Maryland State Department of Education (MSDE) to conduct fair evaluations based on student performance measures, conduct, and track evaluation outcomes, and use the evaluations for educator incentives and career planning.							
<b>Project Business Goals:</b>	The project will provide a longitudinal student performance growth model to be used in the fair evaluation of teachers, principals, and schools.							
<b>Estimated Total Project Cost<sup>1</sup>:</b>	\$4,000,000	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$304,000					
<b>Project Start Date:</b>	January 2011	<b>Projected Completion Date:</b>	September 2013					
<b>Schedule Status:</b>	The project is in the Planning Phase. The student growth percentiles have been distributed to all 24 local school systems for their data use. The seven pilot local education agencies are designing their educator effectiveness models. Once they have completed their designs and MSDE executive staff has approved their models, project managers will be able to design information technology data flows to import educator ratings. Project managers are currently establishing requirements for educator professional practice evaluation tools to prepare a request for proposal for a vendor to develop the tools.							
<b>Cost Status:</b>	Estimated project cost has declined slightly from the initial \$4.2 million estimate.							
<b>Scope Status:</b>	A scope re-baseline is in process.							
<b>Project Management Oversight Status:</b>	The last portfolio review meeting was on November 2, 2011. Independent Verification and Validation assessments have not been initiated. No peer review committees are assigned.							
<b>Identifiable Risks:</b>	The highest risk identified for the project concerns funding after the RTTT grant period has closed to support ongoing operations and maintenance beyond fiscal 2013.							
<b>Additional Comments:</b>	None.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	1,468.5	648.5	0.0	0.0	0.0	0.0	648.5.0	2,117.0
Other Expenditures	27.0	1,856.0	0.0	0.0	0.0	0.0	1,856.0	1,883.0
<b>Total Funding</b>	<b>\$1,495.5</b>	<b>\$2,504.5</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$2,504.5</b>	<b>\$4,000.0</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

## Educator Information System Expansion

<b>Project Status<sup>1</sup></b>	Planning	<b>New/Ongoing Project:</b>	Ongoing					
<b>Project Description:</b>	This project will expand the data and reporting capabilities of the Educator Information System (EIS). The EIS was originally created to redesign the educator certification process. The expansion will include (1) new educator data sets; (2) data import programs; and (3) data analysis reports that support Race to the Top (RTTT) initiatives. The RTTT involves various initiatives on educator professional development, credentialing, evaluation, and assignments that require additional educator information to be collected, tracked, and reported.							
<b>Project Business Goals:</b>	The project will improve accountability and effectiveness by tracking and reporting on educator performance, credentialing, professional development, and the distribution of educators in low-performing schools.							
<b>Estimated Total Project Cost<sup>1</sup>:</b>	\$2,200,000	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$200,000					
<b>Project Start Date:</b>	September 2010	<b>Projected Completion Date:</b>	2014					
<b>Schedule Status:</b>	The project provides enhancement of the EIS to support additional data collection requirements. A project manager has been hired and the project is currently in the planning phase. A system boundary document has been created, and the project schedule has been elaborated for the remaining phases of the project. The next phase will be the requirements and analysis phase where enhancements and expansion requirements will be gathered. A task order request for proposal for contractual staff has been drafted and submitted to procurement.							
<b>Cost Status:</b>	The project was initially estimated to cost \$2.8 million. That amount has been reduced to \$2.2 million.							
<b>Scope Status:</b>	No changes in scope have been made to date.							
<b>Project Management Oversight Status:</b>	The last portfolio review meeting was on November 2, 2011. Independent Verification and Validation assessments have not been initiated. No peer review committees are assigned.							
<b>Identifiable Risks:</b>	All risks for this project are considered low.							
<b>Additional Comments:</b>	None.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	568.0	912.0	120.0	0.0	0.0	0.0	800.0	1,600.0
Other Expenditures	600.0	0.0	0.0	0.0	0.0	0.0	0.0	600.0
<b>Total Funding</b>	<b>\$1,168.0</b>	<b>\$912.0</b>	<b>\$120.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$800.0</b>	<b>\$2,200.0</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

## Course Registration System

<b>Project Status<sup>1</sup></b>	Planning	<b>New/Ongoing Project:</b>	Ongoing					
<b>Project Description:</b>	This project will provide a single point of access for educators to register for a variety of online instructor and academy programs, and it will serve as a repository for professional development and skills training.							
<b>Project Business Goals:</b>	Educators across the State will have access to various professional development opportunities beyond what is currently available. The project will link educator evaluation efforts.							
<b>Estimated Total Project Cost<sup>1</sup>:</b>	\$2,760,000	<b>Estimated Planning Project Cost<sup>1</sup>:</b>	\$256,000					
<b>Project Start Date:</b>	September 2010	<b>Projected Completion Date:</b>	March 2012					
<b>Schedule Status:</b>	A project manager has been hired and the requirements for a Learning Management System are being gathered and analyzed. The project schedule has been progressively elaborated for the remainder of the project years.							
<b>Cost Status:</b>	No cost changes have been made.							
<b>Scope Status:</b>	No change in scope has been made to date.							
<b>Project Management Oversight Status:</b>	The last portfolio review meeting was on November 2, 2011. Independent Verification and Validation assessments have not been initiated. No peer review committees are assigned.							
<b>Identifiable Risks:</b>	Objectives are clearly defined. The project is interdependent with other projects in development; and customization may be necessary if the agency decides that the standard “out of the box” features are insufficient, among other factors.							
<b>Additional Comments:</b>	None.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	560.0	0.0	0.0	0.0	0.0	0.0	0.0	560.0
Other Expenditures	2,200.0	0.0	0.0	0.0	0.0	0.0	0.0	2,200.0
<b>Total Funding</b>	<b>\$2,760.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$2,760.0</b>

<sup>1</sup> In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

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

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	1,225.10	1,219.10	1,206.10	-13.00	-1.1%
02 Contractual	129.99	177.09	195.74	18.65	10.5%
<b>Total Positions</b>	<b>1,355.09</b>	<b>1,396.19</b>	<b>1,401.84</b>	<b>5.65</b>	<b>0.4%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 93,670,196	\$ 93,896,672	\$ 93,730,738	-\$ 165,934	-0.2%
02 Technical and Spec. Fees	36,156,380	47,250,535	52,306,182	5,055,647	10.7%
03 Communication	1,489,943	1,651,088	1,676,469	25,381	1.5%
04 Travel	976,016	1,279,045	1,413,489	134,444	10.5%
06 Fuel and Utilities	708,466	1,394,344	1,385,770	-8,574	-0.6%
07 Motor Vehicles	627,524	694,667	705,360	10,693	1.5%
08 Contractual Services	64,578,330	69,608,902	73,825,796	4,216,894	6.1%
09 Supplies and Materials	1,487,602	3,644,407	2,032,001	-1,612,406	-44.2%
10 Equipment – Replacement	411,744	1,105,698	876,488	-229,210	-20.7%
11 Equipment – Additional	2,451,263	7,810,253	1,136,224	-6,674,029	-85.5%
12 Grants, Subsidies, and Contributions	22,488,829	28,464,382	27,826,961	-637,421	-2.2%
13 Fixed Charges	4,432,000	4,840,726	4,882,608	41,882	0.9%
14 Land and Structures	753,937	68,601	290,653	222,052	323.7%
<b>Total Objects</b>	<b>\$ 230,232,230</b>	<b>\$ 261,709,320</b>	<b>\$ 262,088,739</b>	<b>\$ 379,419</b>	<b>0.1%</b>
<b>Funds</b>					
01 General Fund	\$ 85,199,764	\$ 78,290,445	\$ 76,279,895	-\$ 2,010,550	-2.6%
03 Special Fund	6,173,440	7,180,870	7,680,091	499,221	7.0%
05 Federal Fund	138,404,795	176,174,262	177,748,739	1,574,477	0.9%
09 Reimbursable Fund	454,231	63,743	380,014	316,271	496.2%
<b>Total Funds</b>	<b>\$ 230,232,230</b>	<b>\$ 261,709,320</b>	<b>\$ 262,088,739</b>	<b>\$ 379,419</b>	<b>0.1%</b>

Note: The fiscal 2012 appropriation does not include deficiencies.

**Fiscal Summary  
MSDE – Headquarters**

<u>Program/Unit</u>	<u>FY 11 Actual</u>	<u>FY 12 Wrk Approp.</u>	<u>FY 13 Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13 % Change</u>
01 Office of the State Superintendent	\$ 17,118,107	\$ 43,381,173	\$ 39,655,457	-\$ 3,725,716	-8.6%
02 Division of Business Services	9,345,203	11,335,519	12,251,932	916,413	8.1%
03 Division of Academic Reform and Innovation	1,456,896	1,704,957	1,192,121	-512,836	-30.1%
04 Division of Accountability, Assessment, and Data Systems	44,176,318	36,010,407	33,349,097	-2,661,310	-7.4%
05 Office of Information Technology	2,878,156	2,978,080	3,137,445	159,365	5.4%
06 Major Information Technology Development Projects	6,833,057	13,983,132	11,241,344	-2,741,788	-19.6%
11 Division of Instruction	5,656,551	6,631,960	6,283,001	-348,959	-5.3%
12 Division of Student, Family, and School Support	6,960,284	7,117,183	9,445,748	2,328,565	32.7%
13 Division of Special Educ./Early Intervention Services	12,544,862	12,041,251	12,156,957	115,706	1.0%
14 Division of Career and College Readiness	3,117,323	3,150,163	3,532,584	382,421	12.1%
15 Juvenile Services Education Program	8,312,682	9,967,168	10,040,914	73,746	0.7%
17 Division of Library Development and Services	2,470,353	3,076,277	3,047,775	-28,502	-0.9%
18 Division of Certification and Accreditation	3,124,500	3,027,382	2,850,834	-176,548	-5.8%
19 Home and Comm. Based Waiver for Children with Autism	10,817,928	10,817,928	10,817,928	0	0%
20 Div. of Rehab. Services – Headquarters	9,248,282	9,508,139	10,036,685	528,546	5.6%
21 Div. of Rehab. Services – Client Services	37,379,700	34,918,034	38,522,611	3,604,577	10.3%
22 Div. of Rehab. Services – Workforce and Tech. Center.	8,632,954	8,952,770	8,916,288	-36,482	-0.4%
23 Div. of Rehab. Services – Disability Determination Services	32,497,203	34,579,623	37,515,401	2,935,778	8.5%
24 Div. of Rehab. Services – Blindness and Vision Services	7,661,871	8,528,174	8,094,617	-433,557	-5.1%
<b>Total Expenditures</b>	<b>\$ 230,232,230</b>	<b>\$ 261,709,320</b>	<b>\$ 262,088,739</b>	<b>\$ 379,419</b>	<b>0.1%</b>
General Fund	\$ 85,199,764	\$ 78,290,445	\$ 76,279,895	-\$ 2,010,550	-2.6%
Special Fund	6,173,440	7,180,870	7,680,091	499,221	7.0%
Federal Fund	138,404,795	176,174,262	177,748,739	1,574,477	0.9%
<b>Total Appropriations</b>	<b>\$ 229,777,999</b>	<b>\$ 261,645,577</b>	<b>\$ 261,708,725</b>	<b>\$ 63,148</b>	<b>0%</b>
Reimbursable Fund	\$ 454,231	\$ 63,743	\$ 380,014	\$ 316,271	496.2%
<b>Total Funds</b>	<b>\$ 230,232,230</b>	<b>\$ 261,709,320</b>	<b>\$ 262,088,739</b>	<b>\$ 379,419</b>	<b>0.1%</b>

Note: The fiscal 2012 appropriation does not include deficiencies.