

R00A03
Funding for Educational Organizations
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	\$22,516	\$22,586	\$22,791	\$205	0.9%
Adjusted General Fund	\$22,516	\$22,586	\$22,791	\$205	0.9%
Special Fund	4,424	4,440	4,440	0	
Adjusted Special Fund	\$4,424	\$4,440	\$4,440	\$0	0.0%
Adjusted Grand Total	\$26,940	\$27,026	\$27,231	\$205	0.8%

- The fiscal 2013 allowance increases \$205,179, or 0.8%, over the 2012 working appropriation due largely to funding for the Maryland School for the Blind which increases \$205,356 based on an increase in the State per pupil foundation amount.

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

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Analysis in Brief

Major Trends

Maryland School for the Blind: The school awarded eight certificates and four diplomas in fiscal 2011. The school has a goal to help students learn independent living skills that allow them to achieve success as graduates or when they return to their local schools. The percent of graduates in school or training in fiscal 2011 was larger than in prior years.

Blind Industries and Services of Maryland: In fiscal 2011, the number of training hours provided was below the objective of 45,540 hours annually. This is a new and higher goal than in previous years, when the objective was 35,030 annually. In fiscal 2011, Blind Industries and Services of Maryland (BISM) served 225 program participants. An intensive program to obtain employment or higher education had 16 participants in fiscal 2011.

Recommended Actions

1. Concur with Governor's allowance.

Updates

Blind Industries and Services of Maryland Loses Vending Contract: BISM no longer is the contractor for the operation of vending machines at interstate highway rest stops and welcome centers throughout the State. The organization was the vending contractor for many years for the Maryland State Department of Education Blind Enterprise Program. However, a legislative audit issued in August 2009 showed that BISM was subcontracting out the work rather than using its own trucks and drivers, nullifying its procurement preference.

R00A03
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Operating Budget Analysis

Program Description

The Maryland State Department of Education (MSDE) provides funding to certain nonprofit organizations that offer educational programs. The nonprofits include the Maryland School for the Blind (MSB), Blind Industries and Services of Maryland (BISM), and other institutions designated as “State Aided Institutions (SAI). This part of MSDE’s budget also funds the Nonpublic School Textbook Program, which provides grants to eligible nonpublic schools for textbook and computer supplies.

The following educational services are provided by the nonprofits:

MSB educates students from birth through age 21 who are blind, severely visually impaired, or visually impaired/multi-disabled.

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

SAI Programs

- ***Alice Ferguson Foundation*** operates an environmental education center on the Potomac River, offering field trips and a summer science camp on a working farm.
- ***Alliance of Southern Prince George’s Communities, Inc.*** partners with community organizations to provide Scholastic Aptitude Test courses, tutoring for students, and parent workshops.
- ***American Visionary Art Museum*** provides museum tours and library visits to students and teachers, along with Internet programs about self-taught artists.
- ***Baltimore Museum of Industry*** provides hands-on exhibits enabling students to apply mathematics, science, and technology to work and industry, as well as a training center for technology education teachers.
- ***Baltimore Symphony Orchestra/Arts Excel*** enhances teaching of the arts through mid-week concerts for students and teachers.
- ***B & O Railroad Museum, Inc.*** offers a program focusing on history, social studies, and sciences as related to railroad technology.

R00A03 – MSDE – Funding for Educational Organizations

- *Best Buddies* pairs special and general education students in middle and high schools in order to foster inclusion and build socialization skills.
- *Chesapeake Bay Foundation* provides an environmental education program encompassing student field experiences at 16 centers and summer in-service courses for teachers.
- *Chesapeake Bay Maritime Museum* offers experiential learning programs about the Chesapeake Bay, including a field trip program for third grade students.
- *Citizenship Law-related Education Program* gives students real-world experiences related to the legal system to promote productive citizenship.
- *CollegeBound Foundation* provides college advisors in Baltimore City public high schools to encourage and assist students in continuing their education beyond high school.
- *Dyslexia Tutoring Program, Inc.* offers screening and tutoring services for dyslexic youth and adults who have average or higher basic intelligence and cannot afford private help.
- *Echo Hill Outdoor School* provides instruction in science, ecology, history, and the human environment through student field experiences.
- *Imagination Stage* produces professional theatre productions for children as part of a theatre arts center for young people.
- *The Jewish Museum of Maryland* supports on-site and outreach programs focusing on the history, tradition, and culture of Jewish life in Maryland.
- *Junior Achievement of Central Maryland, Inc.* provides a one-day Exchange City program that simulates owning and operating business enterprises.
- *Living Classrooms Foundation* provides outdoor hands-on experience to at-risk children in mathematics, science, and social studies and runs job-training programs.
- *Maryland Academy of Sciences* cultivates interest in science through programs for visiting school groups, traveling science programs, and instructional materials for use by teachers.
- *Maryland Historical Society* enriches students' understanding of social studies through on-site and outreach programs.
- *Maryland Humanities Council* promotes humanities programming throughout Maryland.

R00A03 – MSDE – Funding for Educational Organizations

- *Maryland Leadership Workshops, Inc.* teaches middle and high school students effective leadership skills in a residential summer program setting.
- *Maryland Mathematics, Engineering, and Science Achievement Program* partners with community organizations in providing programs aimed at improving Maryland students' preparation for the study of mathematics-related fields in college.
- *Maryland Zoo in Baltimore* provides a conservation education experience at the zoo or through a mobile outreach program.
- *National Aquarium in Baltimore* supports environmental and science education through on-site programs about aquatic environments.
- *National Great Blacks in Wax Museum* provides exhibit tours and other museum-related activities for students.
- *National Museum of Ceramic Art and Glass* offers an in-school and after-school ceramic art program for middle school students, relating art to other subjects in the curriculum.
- *NorthBay* is an environmental education center on the Elk Neck peninsula that focuses on five-day outdoor learning courses for middle school students.
- *Olney Theatre Center* supports the language arts high school curriculum through professional performances, interactive workshops, and teacher development.
- *Outward Bound* provides high school students a challenging educational experience in an outdoor setting, designed to develop self-esteem, community service involvement, and concern for the environment.
- *Port Discovery Children's Museum* provides hands-on activities for pre-kindergarten through grade 6 student visitors, as well as lesson plans for teachers.
- *Salisbury Zoological Park* provides programs that enhance the science curriculum and furnishes support material and in-service training for teachers.
- *Sotterley Foundation* provides a history enrichment program focusing on the people and culture surrounding the Tidewater Tobacco Plantation.
- *South Baltimore Learning Center* supports improving adult literacy to individuals in the South Baltimore area through one-on-one tutoring, General Education Diploma classes, and career counseling.

R00A03 – MSDE – Funding for Educational Organizations

- ***State Mentoring Resource Center*** connects volunteer adult mentors with disadvantaged school children.
- ***Sultana Projects, Inc.*** provides educational programs to increase student understanding of history and awareness of the natural environment of the Chesapeake Bay and its watershed.
- ***SuperKids Camp*** provides an intensive summer reading and enrichment program for grade 3 and grade 4 students in Baltimore City.
- ***The Village Learning Place*** provides students in the Margaret Brent Elementary School and in the Charles Village Community at large with programs aimed at increasing performance in reading and mathematics.
- ***Walters Art Museum*** offers educational programs through tours, studio experiences, outreach, and teacher development.
- ***Ward Museum of Wildfowl Art*** provides environmental education programs focusing on art, history, and science through tours and hands-on activities adaptable to a school setting.

Performance Analysis: Managing for Results

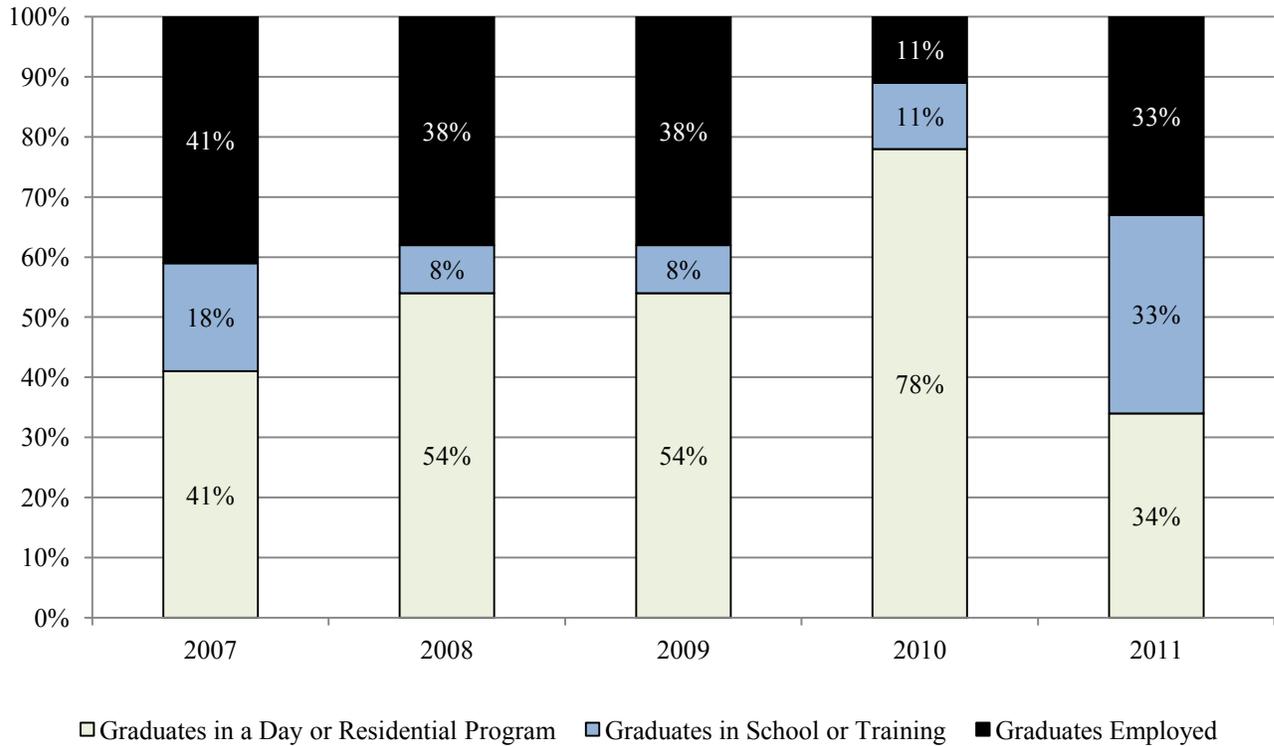
Maryland School for the Blind

MSB educates students referred from all 24 local school systems on a day or residential basis according to their Individualized Education Plans. The program includes regular education curriculum as well as instruction in Braille, orientation and mobility, and independent living skills. MSB has about 97 students each year in its residential program and about 89 students each year in its day program.

One of MSB's goals is that all students who pursue education will receive a diploma or certificate with zero dropouts. The school has achieved a zero-dropout rate since at least fiscal 2008. The number of certificates awarded in 2011 remained at the 2010 level of eight, while the number of diplomas awarded increased to four in 2011 from one in 2010.

MSB has another goal that students gain independent living skills that allow them to achieve success as graduates or when they return to their local schools. The average length of stay for MSB students is 5.8 years. **Exhibit 1** shows a breakdown of post-graduate outcomes since fiscal 2007, including whether graduates are in a day or residential program, school or training, or are employed. Day and residential programs can include habilitative day programs, group homes, sheltered employment, and institutional placement. Because the number of graduates each year is small, large year-to-year variation in the percentage of graduates in each postgraduate outcome is typical.

**Exhibit 1
Maryland School for the Blind
Postgraduate Outcomes
Fiscal 2007-2011**

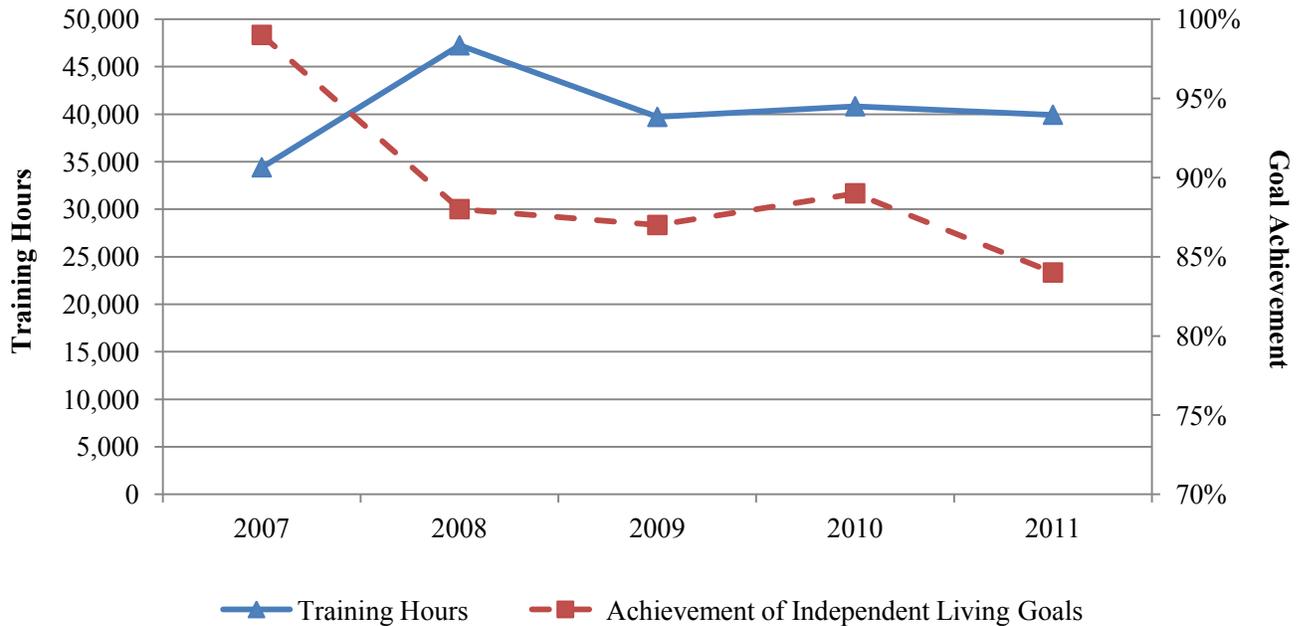


Source: Governor’s Budget Books, Fiscal 2009-2013

Blind Industries and Services of Maryland

One of BISM’s goals is to help people who are blind or low vision gain the blindness skills and confidence needed to live independently. A related objective is to provide at least 45,540 hours annually of training in blindness skills, such as Braille reading, cane travel, computer, independent living, career exploration, physical fitness, adjustment to blindness, and community-based training. This is a new and higher goal than in previous years, when the objective was 35,030. As shown in **Exhibit 2**, the number of training hours provided was close to or above the objective in fiscal 2007 through 2010. However, when the objective increased to 45,540 in fiscal 2011, the number of training hours provided fell below the goal, although the number of hours provided remained fairly stable.

**Exhibit 2
Blind Industries and Services of Maryland
Achievement of Independent Living
Fiscal 2007-2011**



Source: Governor’s Budget Books, Fiscal 2009-2013

Exhibit 2 also shows that the percent of participants achieving independent living goals decreased from 99% in fiscal 2007 to 84% in 2011. BISM attributes the fiscal 2011 decline to the Comprehensive Orientation, Rehabilitation, and Empowerment (CORE) program, an intensive, residential training program, aimed at helping participants obtain employment or pursue higher education. In fiscal 2011, only 2 of CORE’s 16 participants completed the program, compared to 10 of 15 the previous year. BISM reports that a disruptive student resulted in the departure of 6 program participants. That student was asked to leave, totaling a loss of 7 participants. BISM has taken personnel actions and instituted new procedures and policies to prevent a reoccurrence. In addition, 3 students left the program in fiscal 2011 for medical reasons. The number of participants in BISM programs increased significantly in fiscal 2011 to 225 from 121 in fiscal 2010 due to a change in procedure to include both center-based training and one outreach program for senior citizens.

Proposed Budget

The fiscal 2013 allowance for the Funding for Educational Organizations program is \$27.2 million, a \$205,179 overall increase from the 2012 working appropriation. **Exhibit 3** shows changes by fund and program. **Appendix 3** shows the allowance by program.

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

How Much It Grows:	General Fund	Special Fund	Total
2012 Working Appropriation	\$22,586	\$4,440	\$27,026
2013 Allowance	<u>22,791</u>	<u>4,440</u>	<u>27,231</u>
Amount Change	\$205	\$0	\$205
Percent Change	0.9%		0.8%
Contingent Reductions	\$0	\$0	\$0
Adjusted Change	\$205	\$0	\$205
Adjusted Percent Change	0.9%	0.0%	0.8%

Where It Goes:

Other Changes

Maryland School for the Blind per pupil and enrollment adjustment	\$205
Total	\$205

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

General funds for MSB increase by \$205,356 from fiscal 2012 to 2013. The formula for the school is based on enrollment growth in State per pupil funding provided to local school systems, which is set to increase 1.0% in fiscal 2013. Enrollment in fiscal 2013 is estimated to be 215, the same level as fiscal 2012. The school's formula has an adjustment that reflects the four-year moving average of student enrollment, which softens the effect of enrollment increases and decreases. The school's funding increase is a result of an increase in the per pupil foundation amount from \$6,694 to \$6,761.

General funds for BISM decrease by \$177. The 2013 allowance contains no changes in funding for SAIs or the Nonpublic School Textbook Program. **Exhibit 4** shows how funds are allocated among SAIs.

**Exhibit 4
State-aided Institutions
Fiscal 2012-2013**

<u>Program/Grantee</u>	<u>2012 Working Appropriation</u>	<u>2013 Allowance</u>
Alice Ferguson Foundation	\$53,486	\$53,486
Alliance of Southern Prince George’s Communities, Inc	21,395	21,395
American Visionary Art Museum	10,134	10,134
Baltimore Symphony Orchestra	42,789	42,789
B&O Railroad Museum, Inc.	40,537	40,537
Baltimore Museum of Industry	54,049	54,049
Best Buddies International (MD Program)	106,972	106,972
Chesapeake Bay Foundation	280,943	280,943
Chesapeake Bay Maritime Museum	13,512	13,512
Citizenship Law-related Education Program	19,705	19,705
CollegeBound Foundation	24,210	24,210
Dyslexia Tutoring Program, Inc.	24,210	24,210
Echo Hill Outdoor School	36,033	36,033
Imagination Stage	160,459	160,459
Jewish Museum of Maryland	8,445	8,445
Junior Achievement of Central Maryland, Inc.	27,024	27,024
Living Classrooms Foundation	204,937	204,937
Maryland Academy of Sciences	588,352	588,352
Maryland Historical Society	80,510	80,510
Maryland Humanities Council	28,150	28,150
Maryland Leadership Workshops, Inc.	29,277	29,277
Maryland Math, Engineering, and Science Achievement Program	51,233	51,233
Maryland Zoo in Baltimore – Education Component	547,251	547,251
National Aquarium in Baltimore	319,792	319,792
National Great Blacks in Wax Museum	27,024	27,024
National Museum of Ceramic Art and Glass	13,512	13,512
NorthBay	625,000	625,000
Olney Theatre Center	94,023	94,023
Outward Bound	85,578	85,578
Port Discovery Children’s Museum	74,881	74,881
Salisbury Zoological Park	11,823	11,823
Sotterley Foundation	8,445	8,445
South Baltimore Learning Center	27,024	27,024
State Mentoring Resource Center	51,234	51,234

R00A03 – MSDE – Funding for Educational Organizations

<u>Program/Grantee</u>	<u>2012 Working Appropriation</u>	<u>2013 Allowance</u>
Sultana Projects, Inc.	13,512	13,512
SuperKids Camp	263,490	263,490
The Village Learning Place, Inc.	29,277	29,277
Walters Art Museum	10,697	10,697
Ward Museum of Wildfowl Art	22,521	22,521
Total	\$4,131,446	\$4,131,446

Source: Governor's Budget Books, Fiscal 2013

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Blind Industries and Services of Maryland Loses Vending Contract

BISM held a contract for the operation of vending machines at interstate highway rest stops and welcome centers throughout the State for many years. Under State procurement law, a State agency and State-aided or controlled entities must procure services and supplies from Maryland Correctional Enterprises (MCE), BISM, or the Employment Works Program, in that order of preference. Only if none of those entities produces or provides the desired supplies or services may a State agency issue a competitive procurement.

According to State Finance and Procurement Article 14-109(c), MSDE's Division of Rehabilitation Services (DORS), through the Maryland Business Enterprise Program for the Blind (MD BEP), has priority to operate the vending facilities on property controlled by the Department of General Services. State Welcome Centers and Rest Areas along the Interstate Highway System are controlled and operated by the State Highway Administration (SHA). A Master Agreement between SHA and DORS permits MD BEP to provide vending machines, products, and services at these locations. Consistent with State Finance and Procurement Article 14-109 (d), vending machine income from DORS' priority either accrues to a blind person managing the vending facility or is distributed to DORS if no person manages the vending facility. Vending machine income distributed to DORS is used toward funding the program.

Pursuant to State Finance and Procurement Article 14-103, DORS is required to obtain vending services and supplies from BISM if BISM provides them and MCE does not. For many years, DORS obtained vending machine services from BISM using BISM trucks and drivers, and blind people were employed to fill the machines and collect money. A legislative audit issued in August 2009 revealed that BISM had begun subcontracting these services to third party vendors that did not use blind associates, nullifying its procurement preference.

On September 21, 2011, the Board of Public Works (BPW) approved a contract to Compass Group USA/Canteen Vending Services Division for a five-year term for the operation and servicing of vending machines located at all Interstate Highway Rest Stops and Welcome Centers throughout the State under the oversight of MD BEP. Estimated sales under the contract are \$4.5 million, with \$1.9 million in estimated payments to MD BEP based on a 43% commission rate and a guaranteed annual minimum payment of \$350,000. BPW also awarded on February 8, 2012, the same company a five-year contract for vending machine services at State Motor Vehicle Administration office sites throughout Maryland.

BISM reports that it closed operation of its Vending Division in fiscal 2011 due to rising costs and tighter margins, and that lost revenue is offset by expanding and adding new lines of business and additional commercial customers. Because BISM had been subcontracting services to third party vendors, most proceeds accrued to third party vendors, and BISM did not derive significant revenue from the operation. BISM reports that it will administer seven existing vending contracts until the contracts expire and are ensuring that the terms of each contract are adhered to.

Current and Prior Year Budgets

Current and Prior Year Budgets MSDE – Funding for Educational Organizations (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2011					
Legislative Appropriation	\$22,516	\$4,440	\$0	\$0	\$26,956
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	0	-16	0	0	-16
Actual Expenditures	\$22,516	\$4,424	\$0	\$0	\$26,940
Fiscal 2012					
Legislative Appropriation	\$22,586	\$4,440	\$0	\$0	\$27,026
Budget Amendments	0	0	0	0	0
Working Appropriation	\$22,586	\$4,440	\$0	\$0	\$27,026

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

R00A03 – MSDE – Funding for Educational Organizations

Fiscal 2011

The fiscal 2011 budget closed at \$26.9 million, \$16,036 less than the legislative appropriation due to a special fund reversion from the Aid to Non-public Schools program.

Fiscal 2012

No change.

Object/Fund Difference Report
MSDE – Funding for Educational Organizations

<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>
Objects					
08 Contractual Services	\$ 4,423,965	\$ 0	\$ 0	\$ 0	0.0%
12 Grants, Subsidies, and Contributions	22,515,901	27,025,681	27,230,860	205,179	0.8%
Total Objects	\$ 26,939,866	\$ 27,025,681	\$ 27,230,860	\$ 205,179	0.8%
Funds					
01 General Fund	\$ 22,515,901	\$ 22,585,681	\$ 22,790,860	\$ 205,179	0.9%
03 Special Fund	4,423,965	4,440,000	4,440,000	0	0%
Total Funds	\$ 26,939,866	\$ 27,025,681	\$ 27,230,860	\$ 205,179	0.8%

Note: The fiscal 2012 appropriation does not include deficiencies.

Fiscal Summary
MSDE – Funding for Educational Organizations

<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 Maryland School for the Blind	\$ 17,813,174	\$ 17,922,943	\$ 18,128,299	\$ 205,356	1.1%
02 Blind Industries and Services of Maryland	571,282	531,292	531,115	-177	0%
03 Other Institutions	4,131,445	4,131,446	4,131,446	0	0%
04 Aid to Non-public Schools	4,423,965	4,440,000	4,440,000	0	0%
Total Expenditures	\$ 26,939,866	\$ 27,025,681	\$ 27,230,860	\$ 205,179	0.8%
General Fund	\$ 22,515,901	\$ 22,585,681	\$ 22,790,860	\$ 205,179	0.9%
Special Fund	4,423,965	4,440,000	4,440,000	0	0%
Total Appropriations	\$ 26,939,866	\$ 27,025,681	\$ 27,230,860	\$ 205,179	0.8%

Note: The fiscal 2012 appropriation does not include deficiencies.