

R00A03
Funding for Educational Organizations
Maryland State Department of Education

Operating Budget Data

(\$ in Thousands)

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$22,586	\$22,791	\$24,962	\$2,171	9.5%
Adjusted General Fund	\$22,586	\$22,791	\$24,962	\$2,171	9.5%
Special Fund	4,440	4,440	5,540	1,100	24.8%
Adjusted Special Fund	\$4,440	\$4,440	\$5,540	\$1,100	24.8%
Adjusted Grand Total	\$27,025	\$27,231	\$30,502	\$3,271	12.0%

- The fiscal 2014 allowance increases \$3.3 million, or 12%, over the 2013 working appropriation due largely to a \$2.0 million general fund enhancement to State Aided Institutions and a \$1.1 million special fund increase to support the Aid for Nonpublic School Textbook Program.

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 15 certificates and 6 diplomas in fiscal 2012. 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 or employed in fiscal 2012 was smaller than in the previous year, though in line with historical trends.

Blind Industries and Services of Maryland: In fiscal 2012, the number of training hours provided was below the objective of 45,540 hours annually, though Blind Industries and Services of Maryland (BISM) provided more hours of training in fiscal 2012 than in any year since fiscal 2008. In fiscal 2012, BISM served 241 program participants. An intensive program to obtain employment or higher education had 26 participants in fiscal 2012.

Recommended Actions

	<u>Funds</u>
1. Add language to reduce funds for State Aided Institutions.	
2. Reduce funds for State Aided Institutions.	\$ 1,360,874
3. Reduce funds for Aid to Nonpublic School Textbook Program.	1,100,000
Total Reductions	\$ 2,460,874

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 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
- *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.

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

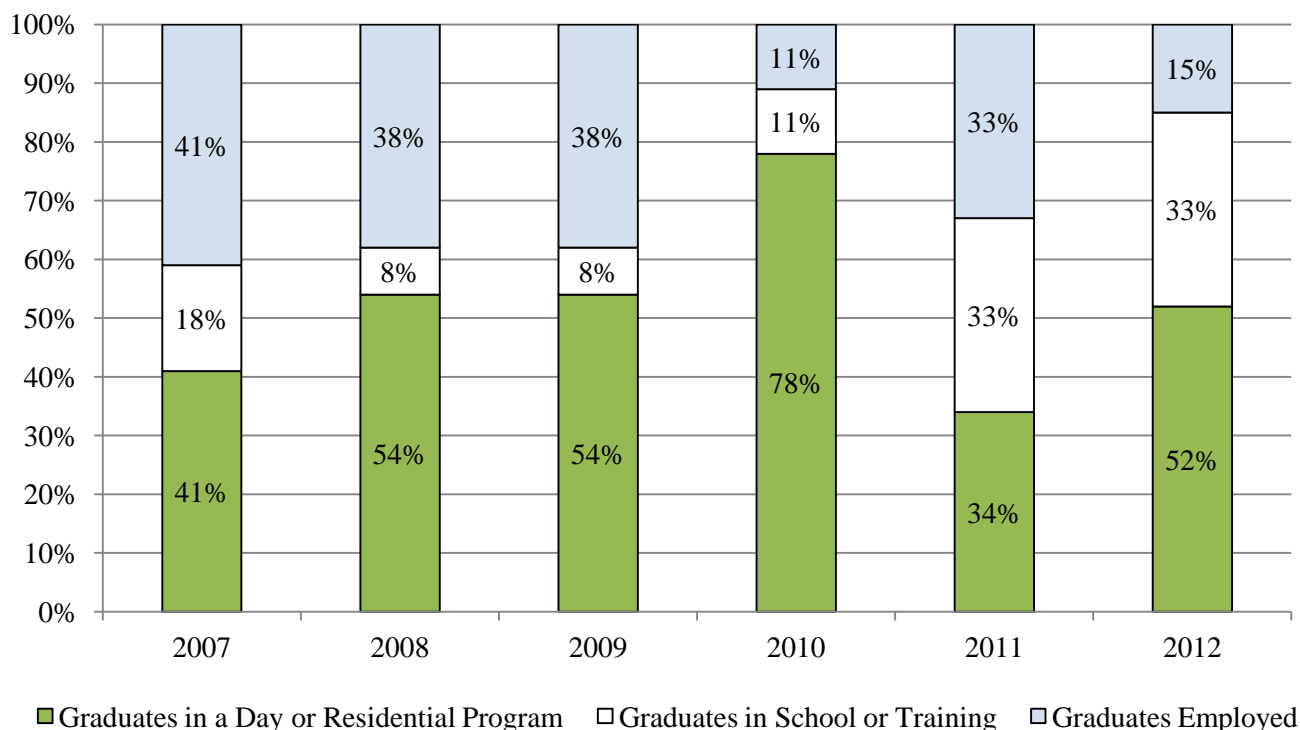
1. Maryland School for the Blind

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 an 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 2012 increased to 15 from 8 the previous year, while the number of diplomas awarded increased to 6 in 2012 from 4 the prior year.

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 six years. **Exhibit 1** shows a breakdown of postgraduate 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. The percent of graduates in school or training, or

**Exhibit 1
Maryland School for the Blind
Postgraduate Outcomes
Fiscal 2007-2012**



Source: Governor’s Budget Books, Fiscal 2009-2014

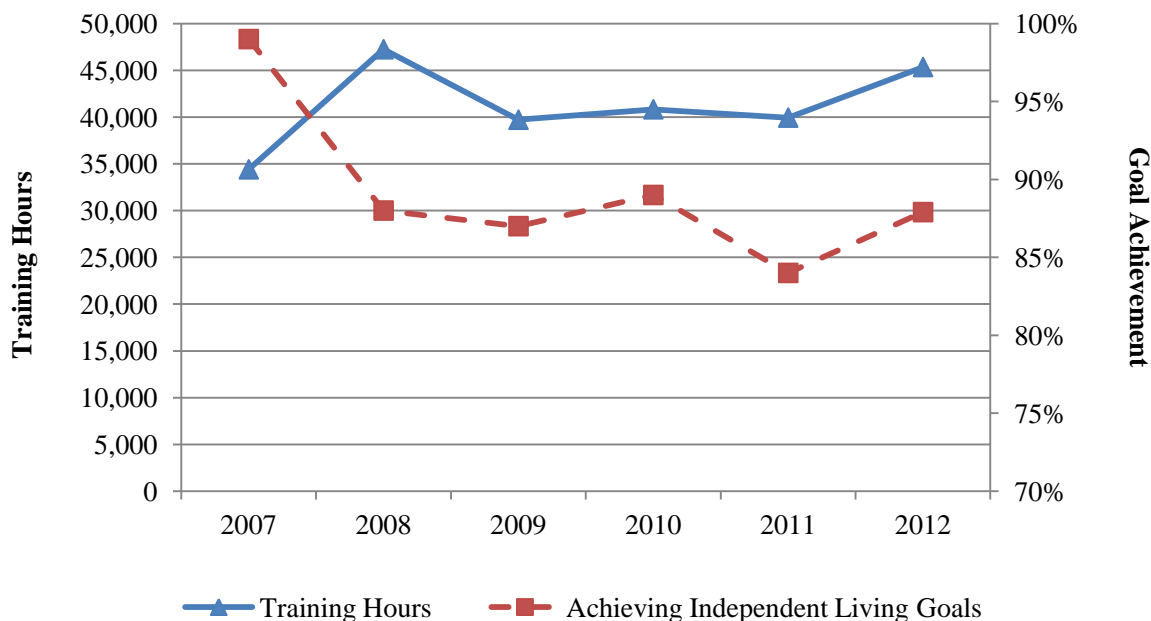
employed in fiscal 2012 was smaller than in the previous year, though in line with historical trends. Because the number of graduates each year is small, large year-to-year variation in the percentage of graduates in each postgraduate outcome is typical.

2. 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 goal, established in fiscal 2011, is higher 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. After falling below the new goal of 45,540 hours in fiscal 2011, the number of training hours provided in fiscal 2012 approached the target, reaching 45,344.

Exhibit 2
Blind Industries and Services of Maryland
Achievement of Independent Living
Fiscal 2007-2012



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 fiscal 2011 before rising slightly to 88% in fiscal 2012. 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 took personnel actions and instituted new procedures and policies to prevent a reoccurrence.

Proposed Budget

The fiscal 2013 allowance for the Funding for Educational Organizations program is \$30.5 million, a \$3.3 million increase from the 2013 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
2013 Working Appropriation	\$22,791	\$4,440	\$27,231
2014 Allowance	<u>24,962</u>	<u>5,540</u>	<u>30,502</u>
Amount Change	\$2,171	\$1,100	\$3,271
Percent Change	9.5%	24.8%	12.0%
 Contingent Reductions	 \$0	 \$0	 \$0
Adjusted Change	\$2,171	\$1,100	\$3,271
Adjusted Percent Change	9.5%	24.8%	12.0%

Where It Goes:

Other Changes

Maryland School for the Blind per pupil and enrollment adjustment	\$171
Aid for Nonpublic School Textbook Program	1,100
State Aided Institutions	2,000
Total	\$3,271

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

Maryland School for the Blind

General funds for MSB increase by \$170,964 from fiscal 2013 to 2014. The formula for the school is based on enrollment and growth in State per pupil funding provided to local school systems, which is set to increase 1% in fiscal 2014. Enrollment in fiscal 2014 is estimated to be 215, the same as fiscal 2013. 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 \$6,761 to \$6,829.

Nonpublic School Textbook Program

Special funds increase \$1.1 million reflecting an increase in the Nonpublic School Textbook Program from the Cigarette Restitution Fund (CRF), bringing the program’s total appropriation to \$5.5 million. The Nonpublic School Textbook Program supports the purchase of textbooks and computer hardware and software for eligible nonpublic schools. Revenues in the CRF in fiscal 2014 total \$147.8 million, down from \$149.1 million in fiscal 2013. **The Department of Legislative Services (DLS) recommends that the fiscal 2014 appropriation for the Nonpublic School Textbook Program remain at the fiscal 2013 level due to uncertainty in future CRF revenues, and to preserve CRF funds for health related expenses.**

State Aided Institutions

Funding for SAIs increases \$2 million in the fiscal 2014 allowance. **Exhibit 4** shows how funds are allocated among SAIs. The \$2 million program enhancement is distributed so that each institution receives a 48.4% increase in fiscal 2014 over the 2013 working appropriation. The Maryland Academy of Sciences (Maryland Science Center), which is allocated \$873,169 in the fiscal 2014 allowance, also receives a new grant totaling \$465,283 in the Board of Public Works budget to aid a major refinancing that was initiated by an upcoming expiration of a line of credit due to a violation of a liquidity covenant for coverage of short-term debt from operating revenue. Absent a new line of credit, \$5.4 million in outstanding bonds will be called when the line of credit terminates in April 2013. Additional revenues from the State will demonstrate greater cash flow and likely facilitate the refinancing process. **Due to the continuing structural deficit, DLS recommends that increases for State Aided Institutions be limited to 10.0% in fiscal 2014, excluding the Maryland Academy of Sciences, which would be limited to a 48.4% increase to facilitate the institution’s refinancing effort. This would result in an \$1,360,874 reduction to the fiscal 2014 allowance.**

Exhibit 4 State Aided Institutions Fiscal 2013-2014

	<u>2013 Working</u>	<u>2014 Allowance</u>
Alice Ferguson Foundation	\$53,486	\$79,378
Alliance of Southern Prince George’s Communities, Inc	21,395	31,752
American Visionary Art Museum	10,134	15,040
Baltimore Symphony Orchestra	42,789	63,503
B&O Railroad Museum, Inc.	40,537	60,161
Baltimore Museum of Industry	54,049	80,214
Best Buddies International (MD Program)	106,972	158,756
Chesapeake Bay Foundation	280,943	416,945

R00A03 – MSDE – Funding for Educational Organizations

	<u>2013</u> <u>Working</u>	<u>2014</u> <u>Allowance</u>
Chesapeake Bay Maritime Museum	13,512	20,053
Citizenship Law-related Education Program	19,705	29,244
CollegeBound Foundation	24,210	35,930
Dyslexia Tutoring Program, Inc.	24,210	35,930
Echo Hill Outdoor School	36,033	53,476
Imagination Stage	160,459	238,136
Jewish Museum of Maryland	8,445	12,533
Junior Achievement of Central Maryland, Inc.	27,024	40,106
Living Classrooms Foundation	204,937	304,145
Maryland Academy of Sciences	588,352	873,169
Maryland Historical Society	80,510	119,484
Maryland Humanities Council	28,150	41,777
Maryland Leadership Workshops, Inc.	29,277	43,450
Maryland Mathematics, Engineering, and Science Achievement Program	51,233	76,035
Maryland Zoo in Baltimore – Education Component	547,251	812,171
National Aquarium in Baltimore	319,792	474,601
National Great Blacks in Wax Museum	27,024	40,106
National Museum of Ceramic Art and Glass	13,512	20,053
NorthBay	625,000	927,558
Olney Theatre Center	94,023	139,539
Outward Bound	85,578	127,006
Port Discovery Children’s Museum	74,881	111,130
Salisbury Zoological Park	11,823	17,546
Sotterley Foundation	8,445	12,533
South Baltimore Learning Center	27,024	40,106
State Mentoring Resource Center	51,234	76,036
Sultana Projects	13,512	20,053
SuperKids Camp	263,490	391,043
The Village Learning Place, Inc.	29,277	43,450
Walters Art Museum	10,697	15,875
Ward Museum of Wildfowl Art	22,521	33,423
Total	\$4,131,446	\$6,131,446

Source: Governor’s Budget Books, Fiscal 2014

Recommended Actions

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

, provided that each institution is limited to an increase of 10.0%, except the Maryland Academy of Sciences, which is limited to an increase of 48.4%.

Explanation: The language restricts the growth in the fiscal 2014 allowance for each State Aided Institution to 10.0% and limits the increase for the Maryland Academy of Sciences to 48.4%. This results in an \$1,360,874 reduction to the Governor’s fiscal 2014 allowance for State Aided Institutions.

	<u>Amount Reduction</u>	
2. Reduce funds for State Aided Institutions by \$1,360,874. Due to the continuing structural deficit, increases should be limited to 10.0% in fiscal 2014, excluding the Maryland Academy of Sciences, which would be limited to a 48.4% increase to facilitate the institution’s refinancing effort.	\$ 1,360,874	GF
3. Reduce funds for Aid to Nonpublic School Textbook Program to provide funds at the fiscal 2013 level due to uncertainty in future Cigarette Restitution Fund (CRF) revenues, and to preserve CRF funds for health related expenses.	1,100,000	SF
Total Reductions	\$ 2,460,874	
Total General Fund Reductions	\$ 1,360,874	
Total Special Fund Reductions	\$ 1,100,000	

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 2012					
Legislative Appropriation	\$22,586	\$4,440	\$0	\$0	\$27,026
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	0	0	0	0	0
Actual Expenditures	\$22,586	\$4,440	\$0	\$0	\$27,025
Fiscal 2013					
Legislative Appropriation	\$22,791	\$4,440	\$0	\$0	\$27,231
Budget Amendments	0	0	0	0	0
Working Appropriation	\$22,791	\$4,440	\$0	\$0	\$27,231

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

R00A03 – MSDE – Funding for Educational Organizations

Fiscal 2012

No change.

Fiscal 2013

No change.

Object/Fund Difference Report
MSDE – Funding for Educational Organizations

<u>Object/Fund</u>	<u>FY 12 Actual</u>	<u>FY 13 Working Appropriation</u>	<u>FY 14 Allowance</u>	<u>FY 13 - FY 14 Amount Change</u>	<u>Percent Change</u>
Objects					
08 Contractual Services	\$ 4,439,710	\$ 0	\$ 0	\$ 0	0.0%
12 Grants, Subsidies, and Contributions	22,585,679	27,230,860	30,501,824	3,270,964	12.0%
Total Objects	\$ 27,025,389	\$ 27,230,860	\$ 30,501,824	\$ 3,270,964	12.0%
Funds					
01 General Fund	\$ 22,585,679	\$ 22,790,860	\$ 24,961,824	\$ 2,170,964	9.5%
03 Special Fund	4,439,710	4,440,000	5,540,000	1,100,000	24.8%
Total Funds	\$ 27,025,389	\$ 27,230,860	\$ 30,501,824	\$ 3,270,964	12.0%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Fiscal Summary
MSDE – Funding for Educational Organizations

<u>Program/Unit</u>	<u>FY 12 Actual</u>	<u>FY 13 Wrk Approp</u>	<u>FY 14 Allowance</u>	<u>Change</u>	<u>FY 13 - FY 14 % Change</u>
01 Maryland School for the Blind	\$ 17,922,943	\$ 18,128,299	\$ 18,299,263	\$ 170,964	0.9%
02 Blind Industries and Services of Maryland	531,292	531,115	531,115	0	0%
03 Other Institutions	4,131,444	4,131,446	6,131,446	2,000,000	48.4%
04 Aid to Nonpublic Schools	4,439,710	4,440,000	5,540,000	1,100,000	24.8%
Total Expenditures	\$ 27,025,389	\$ 27,230,860	\$ 30,501,824	\$ 3,270,964	12.0%
General Fund	\$ 22,585,679	\$ 22,790,860	\$ 24,961,824	\$ 2,170,964	9.5%
Special Fund	4,439,710	4,440,000	5,540,000	1,100,000	24.8%
Total Appropriations	\$ 27,025,389	\$ 27,230,860	\$ 30,501,824	\$ 3,270,964	12.0%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.