

R99E
Maryland School for the Deaf

Operating Budget Data

(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$27,346	\$28,899	\$30,363	\$1,463	5.1%
Contingent & Back of Bill Reductions	0	-543	-290	253	
Adjusted General Fund	\$27,346	\$28,356	\$30,073	\$1,716	6.1%
Special Fund	572	398	325	-73	-18.4%
Adjusted Special Fund	\$572	\$398	\$325	-\$73	-18.4%
Federal Fund	491	571	543	-27	-4.8%
Contingent & Back of Bill Reductions	0	0	-4	-4	
Adjusted Federal Fund	\$491	\$571	\$539	-\$32	-5.5%
Reimbursable Fund	2,718	2,487	3,121	634	25.5%
Adjusted Reimbursable Fund	\$2,718	\$2,487	\$3,121	\$634	25.5%
Adjusted Grand Total	\$31,127	\$31,812	\$34,058	\$2,246	7.1%

- There are three across-the-board withdrawn appropriations that reduce the working appropriation for fiscal 2014.
- The fiscal 2015 allowance increases \$2.25 million, or 7.1%, over fiscal 2014. General funds increase \$1.72 million, or 6.1%, after back of the bill reductions are considered.

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

For further information contact: Jolshua S. Rosado

Phone: (410) 946-5530

Personnel Data

	<u>FY 13 Actual</u>	<u>FY 14 Working</u>	<u>FY 15 Allowance</u>	<u>FY 14-15 Change</u>
Regular Positions	319.50	319.50	319.50	0.00
Contractual FTEs	<u>93.00</u>	<u>83.30</u>	<u>94.20</u>	<u>10.90</u>
Total Personnel	412.50	402.80	413.70	10.90

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.60	0.50%
Positions and Percentage Vacant as of 12/31/13	4.50	1.40%

- The fiscal 2015 allowance does not provide for any new regular positions. The number of contractual full-time equivalents increases by 10.9 to fulfill the needs at both the Frederick and Columbia campuses.
- Turnover in the fiscal 2014 allowance is budgeted at 0.5%, which will require the Maryland School for the Deaf (MSD) to maintain the equivalent of 1.6 positions vacant for the entire year. As of December 31, 2013, the school had 4.5 vacant positions.

Analysis in Brief

Major Trends

Higher Proportion of Students Attending College: The percentage of Essential Curriculum graduates pursuing college fluctuated around 85% between fiscal 2009 and 2012 and increased to 88% in fiscal 2013.

Not All Kindergarteners Meet MSD Readiness Goals in Fiscal 2013: Only students at the Frederick campus met MSD’s readiness goal that at least 75% of kindergarteners achieve full readiness for grade 1 in language and mathematical thinking. At the Columbia campus, kindergarteners did not achieve full readiness in either language or mathematical thinking. Only 38% of kindergarteners at the Columbia campus achieved readiness for grade 1 in language, and 45% achieved readiness in mathematical thinking, while the Frederick campus achieved the full readiness goal with 85% achieving readiness for grade 1 in language and 100% achieving readiness in mathematical thinking.

Recommended Actions

	<u>Funds</u>
1. Reduce funding to bring appropriation in line with growth in other State agencies.	\$ 250,000
Total Reductions	\$ 250,000

R99E – Maryland School for the Deaf

R99E
Maryland School for the Deaf

Operating Budget Analysis

Program Description

The Maryland School for the Deaf (MSD) provides comprehensive pre-kindergarten through grade 12 education to deaf students through day and residential programs. Students enroll in one of three main programs. Essential Curriculum students follow the Maryland State Curriculum and are transitioning to the Common Core Curriculum. The Enhanced Program of Services supports students who have multiple disabilities, are medically fragile, or are developmentally disabled. The Family Education/Early Intervention Program provides services for families of children age five or younger in developing early language skills, including American Sign Language (ASL) and English, for the child and family.

The school has two campuses. The Frederick location serves students in pre-kindergarten through grade 12, while the Columbia location serves students through grade 8. The Frederick campus supported 319 students in fiscal 2013. The Columbia campus supported 115 students in fiscal 2013. Students graduating from the Frederick campus are eligible for the Maryland State High School Diploma or a Certificate of Completion. Students on both campuses follow the Essential Curriculum or the Life-Based Curriculum. Student support services are directed by the students' Individual Education Plan.

MSD has one overarching goal: to enable students in pre-kindergarten through grade 12 to achieve their developmental potential.

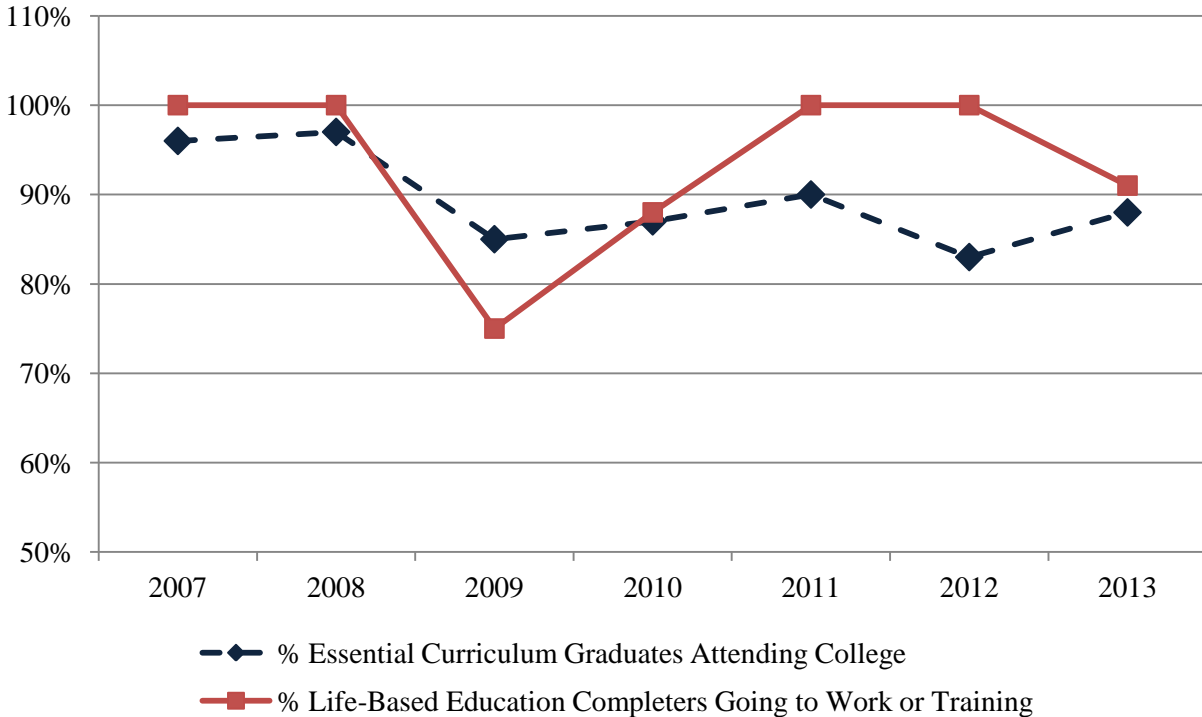
Performance Analysis: Managing for Results

1. Higher Proportion of Students Attending College

The Frederick campus has several objectives that guide its measurement of success. The first is for 70% of the Essential Curriculum students to receive a Maryland State High School Diploma and attend college. MSD students may remain at the school until age 21, and the school offers support services to help each Essential Curriculum student earn a diploma. As with other Maryland high school seniors, MSD students must pass the Algebra/Data Analysis, English, and Biology High School Assessment (HSA) exams to receive a diploma.

Most of the Essential Curriculum graduates pursue higher education, as shown in **Exhibit 1**. From fiscal 2007 to 2008, nearly 100% of students attended college. The rate has fluctuated around 85% since fiscal 2009 and increased to 88% in fiscal 2013. MSD has averaged 29 graduates per year since fiscal 2007, and with small groups of graduates, the outcome of a few students can make a significant difference.

Exhibit 1
Students Going to College, Work, or Training
Fiscal 2007-2013



Notes: Essential Curriculum graduates receive Maryland State High School Diplomas. Maryland School for the Deaf has averaged 29 Essential Curriculum graduates and 7 Life-Based Education completers each year since fiscal 2007.

Source: Governor’s Budget Books, Fiscal 2010-2015

MSD, like public schools throughout the State, is currently implementing the Common Core Standards during the 2013-2014 school year. The Common Core Standards are academic standards in English/language arts (ELA) and mathematics that define the knowledge and skills that all students should have at the conclusion of each grade level to be on track to attain college and career readiness. The school established a Curriculum Leadership Team in January 2012 to help prepare teachers for the upcoming curriculum changes. Beginning in August 2012, the Common Core Standards were fully implemented at the elementary level. Middle and high school students began to transition to the new curriculum in the spring 2013 semester. Like public schools throughout the State, MSD will fully implement the new Partnership for Assessment of Readiness for College and Careers (PARCC) assessments in the 2014-2015 school year. PARCC is an assessment system aligned with the Common Core Standards in ELA and mathematics that will measure student progress toward college and career readiness. PARCC will replace the Maryland School Assessment (MSA) beginning in the 2014-2015 school year, though the HSAs will be phased out over time.

Unlike the current MSA and HSA exams, PARCC assessments will be computer-based and will require some specific information technology infrastructure, though to date, PARCC has only put out testing device requirements. **The Superintendent should comment on MSD’s technological preparedness to implement PARCC assessments as of this school year, and how the school has prepared to improve its technology infrastructure still needed to fully implement the new assessments.** It should be noted that \$200,000 is allocated in the fiscal 2015 budget for improvements to information technology.

Another MSD objective is for students in the Life-Based Education Curriculum to receive a Maryland State Certificate of Program Completion and go on to work or to a training program. Since fiscal 2007, an average of seven students has received a certificate of program completion each year. Exhibit 1 shows that the percentage going to work or training is at 91% in fiscal 2013. With such a small group of students, the outcome of each student can cause the results to vary widely from year to year.

2. Not All Kindergarteners Meet MSD Readiness Goals in Fiscal 2013

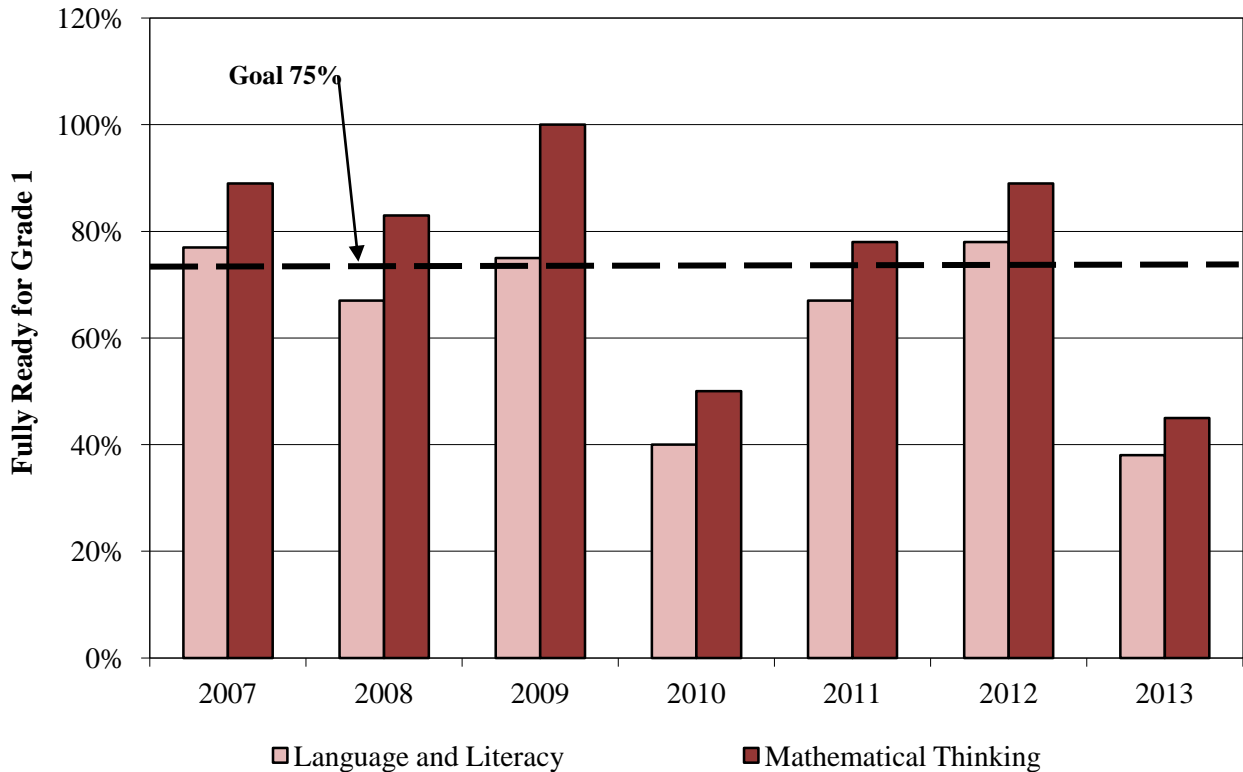
The final objective for both the Frederick and Columbia campuses is for 75% of kindergarteners to be fully ready in language and mathematical thinking for grade 1 by 2016. To measure this outcome, MSD uses the Maryland Model for School Readiness (MMSR). As shown in **Exhibit 2**, the Frederick campus was below the objective from fiscal 2008 to 2011 but met the objective in fiscal 2013 with 85% of kindergarteners achieving readiness in grade 1 language and 100% achieving the standard in mathematical thinking. **Exhibit 3** shows that the Columbia campus exceeded or nearly met the objective from fiscal 2007 to 2009 but was below the objective in fiscal 2010 and 2011. In fiscal 2013, kindergarteners at the Columbia campus fell way behind the objective with only 38% achieving readiness for grade 1 in language and 45% achieving readiness in mathematical thinking. MSD attributes this drop to the small number of students completing the MMSR. For the 2011-2012 school year, the Columbia Campus only had nine students completing the MMSR to determine kindergarten readiness. The number is so small that even one student has a significant impact on the results. Classes with large proportions of children who enter pre-kindergarten already fluent in ASL and English typically have average or above average MMSR results, while classes with large proportions of children entering without ASL or English fluency spend much of the kindergarten year focused on language acquisition rather than other readiness skills.

Exhibit 2
Maryland School for the Deaf – Frederick Campus
Kindergarten Readiness
Fiscal 2007-2013



Source: Governor’s Budget Books, Fiscal 2010-2015

Exhibit 3
Maryland School for the Deaf – Columbia Campus
Kindergarten Readiness
Fiscal 2007-2013



Source: Governor’s Budget Books, Fiscal 2010-2015

The MMSR is a standardized assessment with seven domains: language and literacy; mathematical thinking; scientific thinking; social studies; the arts; physical development; and personal and social development. **Exhibit 4** shows readiness across these domains for children at both MSD campuses from school years 2010-2011 through 2012-2013. Kindergarten readiness levels for grade 1 decreased for the first time over this period. With the small number of students, even a slight change can impact the results of readiness levels.

Exhibit 4
Kindergarten Readiness – Maryland School for the Deaf
All Learning Domains
(School Years)

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Fully Ready	79%	81%	66%
Approaching Ready	10%	14%	31%
Still Developing	10%	5%	3%

Note: Columns may not sum to 100% due to rounding.

Source: Maryland School for the Deaf

Funding in Fiscal 2014 and 2015

Chapter 511 of 1997 established a State funding formula for MSD based on enrollment growth and growth in State formula funding provided to local school systems. The formula is based 75% on the increase in the per pupil foundation under the basic current expense State aid formula and enrollment growth and 25% solely on enrollment growth. Adjustments for enrollment reflect 20% of the change in the four-year moving average of MSD student enrollment. This adjustment softens the impact of increases and decreases in student population. The funding for MSD based on the formula and the amounts provided in the budget above the formula in fiscal 2014 and 2015 are shown in **Exhibit 5**.

Exhibit 5
Funding – Maryland School for the Deaf
Fiscal 2014-2015

	<u>2014</u>	<u>2015*</u>	<u>Change</u> <u>2014-2015</u>
Statutory Requirement	\$28,456,511	\$29,172,132 **	
Annual Salary Review Adjustment	9,460		
Fiscal 2014 COLA/Annualization	281,985	281,985	
Fiscal 2014 Increment/Annualization	151,417	454,251	
Fiscal 2015 Increment		454,251	
Appropriation	\$28,899,373	\$30,362,619	\$1,463,246
Statewide Cost Containment	-542,893	-289,682	
Total General Funds	\$28,356,480	\$30,072,937	\$1,716,457

COLA: cost-of-living adjustment

* Does not include \$200,000 for the proposed fiscal 2015 COLA which is budgeted in the Department of Budget and Management.

** The 2015 statutory requirement amount uses the 2014 appropriation in its formulaic increase.

Source: Department of Budget and Management

For fiscal 2015, the four-year enrollment average is 469, which is an increase from 456 in the fiscal 2014 budget. The State per pupil foundation amount increases \$31, or 0.5%, from fiscal 2014 to \$6,860. Since 2009, formula funding has provided MSD with minimal additional funding, and in recent years, MSD has received funds above the formula amount to cover increasing employee personnel costs. This is due to a lack of growth in the foundation percentage and weighted enrollment growth percentage which has hovered below 0.5 for many years. After adding in the annualizing of the 2014 cost-of-living adjustment (COLA), annualizing the fiscal 2014 salary increment, and providing for fiscal 2015 salary increments, the total result for MSD is an increase of \$1.46 million above the fiscal 2014 appropriation, \$1.2 million more than the statutory requirement for fiscal 2015.

There are three across-the-board withdrawn appropriations in fiscal 2014: employee/retiree health insurance, funding for a new Statewide Personnel information technology system, and retirement reinvestment. There is one across-the-board reduction and one contingent reduction reflected in the Governor's spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. A total of \$542,893 is being cost contained in MSD's budget in fiscal 2014, and \$289,682 is being cost contained in fiscal 2015. After

R99E – Maryland School for the Deaf

cost containment measures are taken into account, there is an increase of \$1.71 million in total general funds for MSD. Section 8-310.3 of the Education Article authorizes the MSD budget to be reduced by the Department of Budget and Management (DBM) when it concerns administrative expenses. The fiscal 2014 health insurance, personnel system, and retirement reductions are for expenses that will not be incurred by the school in fiscal 2014.

Overall, special funds are decreasing in the fiscal 2015 allowance by \$73,087. Federal funds are decreasing by \$32,494. The allowance increase is being driven by an increase in general funds, as shown in **Exhibit 6**.

Exhibit 6
Proposed Budget
Maryland School for the Deaf
(\$ in Thousands)

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
2014 Working Appropriation	\$28,356	\$398	\$571	\$2,487	\$31,812
2015 Allowance	<u>30,073</u>	<u>325</u>	<u>539</u>	<u>3,121</u>	<u>34,058</u>
Amount Change	\$1,716	-\$73	-\$32	\$634	\$2,246
Percent Change	6.1%	-18.4%	-5.5%	25.5%	7.1%

Where It Goes:

Personnel Expenses

Annualized fiscal 2014 cost-of-living adjustment and increment	\$677
State contribution to employee and teacher retirement	282
Salary adjustments and increments.....	250
Employee and retiree health insurance	110
Workers' compensation premium assessment.....	26
Other fringe benefit adjustments	-14

Other Changes

Increase in contractual employees.....	341
Building/road repairs and maintenance.....	294
Information technology infrastructure upgrades	200
Fuel and utilities	28
Other changes.....	52

Total **\$2,246**

Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

Personnel Expenditures

Regular earnings in the fiscal 2015 allowance increase \$835,805 including the annualized fiscal 2014 statewide COLA and increment and other salary adjustments. The salary adjustments include the school implementing the final part of the faculty pay plan adjustment. The updated faculty pay plan was approved last fiscal year with a two-year implementation.

Increases in the fiscal 2015 allowance include \$341,434, due to an increase in contractual employees. Ten new contractual employees are being added to this fiscal year allowance including:

- 1.5 English teachers for the high school department;
- 0.5 speech teacher for students with cochlear implants;
- 0.4 occupational therapist for an increased demand for students with additional disabilities;
- 7.0 student life counselors to improve student supervision in the dorms and provide one-to-one assistance at both campuses;
- 1.0 maintenance mechanic; and
- 0.5 ASL interpreter to assist staff with emergency jobs and scheduling meetings.

Other Changes

Expenditures for fuel and electricity increased by \$28,449 due to normal DBM rate changes. Building/road repairs and maintenance increased by 227.2% to \$293,938 and is justified by facility repairs already delayed for the last few fiscal years and to install a video intercom system on the instructional buildings on both campuses as a security measure to improve school safety and communication. A data processing contract of \$200,000 is new in the fiscal 2015 allowance and will be needed for an improved information technology infrastructure to meet online instruction and testing requirements.

Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce State funds by 250,000. This will still leave a general fund increase of 5.1% instead of 6.1% in the agency. The agency shall allocate the reduction between programs and objects as appropriate.	\$ 250,000	GF
Total General Fund Reductions	\$ 250,000	

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland School for the Deaf (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2013					
Legislative Appropriation	\$27,412	\$431	\$528	\$2,129	\$30,499
Deficiency Appropriation	0	0	48	0	48
Budget Amendments	28	181	2	696	908
Reversions and Cancellations	-94	-40	-87	-107	-328
Actual Expenditures	\$27,346	\$572	\$491	\$2,718	\$31,127
Fiscal 2014					
Legislative Appropriation	\$28,457	\$398	\$565	\$2,487	\$31,906
Budget Amendments	443	0	6	0	449
Working Appropriation	\$28,899	\$398	\$571	\$2,487	\$32,355

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2013

The fiscal 2013 budget closed at \$31.2 million, which was \$676,000 more than the legislative appropriation.

Deficiencies: Federal fund deficiencies totaled \$48,000. These include \$30,800 to the MSD Frederick and \$17,200 to the MSD Columbia Campus for services and institutional operations.

Budget Amendments: General funds increased by \$28,410 due to budget amendments. Both campuses received aid to realign general fund appropriations based on estimated fiscal 2013 telecommunications expenditures.

Special funds increased by \$181,075 due to budget amendments. Federal funds increased by \$2,391 due to budget amendments. Both increases reflected the fiscal 2013 statewide COLA.

Reimbursable funds increased by \$696,295 due to budget amendments. Increases include \$495,000 for the Enhanced Program of Services Grant to cover salary adjustments for increased enrollment in the program and an increase in one-to-one aides. Increases also include \$201,295 for the Work to Learn Program funded by the Division of Rehabilitative Services to cover the cost of job coaches.

Reversions and Cancellations: Reversions and cancellations totaled \$327,985 across various programs.

Fiscal 2014

The fiscal 2014 appropriation is \$449,000 above the legislative appropriation totaling \$32.3 million. General funds increased by \$281,985, and federal funds increased by \$3,637 to reflect the fiscal 2014 statewide COLA. General funds increased by \$151,417 and \$2,178 in federal funds as a result of the statewide salary increment budget amendment. General funds increased by \$9,460 as a result of the statewide annual salary review.

**Object/Fund Difference Report
Maryland School for the Deaf**

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	319.50	319.50	319.50	0.00	0%
02 Contractual	93.00	83.30	94.20	10.90	13.1%
Total Positions	412.50	402.80	413.70	10.90	2.7%
Objects					
01 Salaries and Wages	\$ 24,321,719	\$ 25,660,465	\$ 26,816,802	\$ 1,156,337	4.5%
02 Technical and Spec. Fees	3,747,373	3,289,598	3,631,032	341,434	10.4%
03 Communication	100,480	120,288	120,962	674	0.6%
04 Travel	22,628	4,000	4,000	0	0%
06 Fuel and Utilities	1,155,402	1,191,382	1,219,831	28,449	2.4%
07 Motor Vehicles	88,032	98,415	104,733	6,318	6.4%
08 Contractual Services	753,715	934,206	1,398,963	464,757	49.7%
09 Supplies and Materials	767,200	896,039	889,867	-6,172	-0.7%
10 Equipment – Replacement	106,511	90,247	91,450	1,203	1.3%
13 Fixed Charges	64,253	70,071	73,737	3,666	5.2%
Total Objects	\$ 31,127,313	\$ 32,354,711	\$ 34,351,377	\$ 1,996,666	6.2%
Funds					
01 General Fund	\$ 27,346,247	\$ 28,899,373	\$ 30,362,619	\$ 1,463,246	5.1%
03 Special Fund	571,877	398,021	324,934	-73,087	-18.4%
05 Federal Fund	491,037	570,516	543,022	-27,494	-4.8%
09 Reimbursable Fund	2,718,152	2,486,801	3,120,802	634,001	25.5%
Total Funds	\$ 31,127,313	\$ 32,354,711	\$ 34,351,377	\$ 1,996,666	6.2%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

**Fiscal Summary
Maryland School for the Deaf**

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 Maryland School for the Deaf – Frederick Campus	\$ 20,742,777	\$ 21,564,685	\$ 23,162,045	\$ 1,597,360	7.4%
02 Maryland School for the Deaf – Columbia Campus	10,384,536	10,790,026	11,189,332	399,306	3.7%
Total Expenditures	\$ 31,127,313	\$ 32,354,711	\$ 34,351,377	\$ 1,996,666	6.2%
General Fund	\$ 27,346,247	\$ 28,899,373	\$ 30,362,619	\$ 1,463,246	5.1%
Special Fund	571,877	398,021	324,934	-73,087	-18.4%
Federal Fund	491,037	570,516	543,022	-27,494	-4.8%
Total Appropriations	\$ 28,409,161	\$ 29,867,910	\$ 31,230,575	\$ 1,362,665	4.6%
Reimbursable Fund	\$ 2,718,152	\$ 2,486,801	\$ 3,120,802	\$ 634,001	25.5%
Total Funds	\$ 31,127,313	\$ 32,354,711	\$ 34,351,377	\$ 1,996,666	6.2%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.