

R99E
Maryland School for the Deaf

Operating Budget Data

(\$ in Thousands)

	<u>FY 14</u> <u>Actual</u>	<u>FY 15</u> <u>Working</u>	<u>FY 16</u> <u>Allowance</u>	<u>FY 15-16</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$28,465	\$30,002	\$31,476	\$1,474	4.9%
Deficiencies and Reductions	0	0	-1,061	-1,061	
Adjusted General Fund	\$28,465	\$30,002	\$30,415	\$412	1.4%
Special Fund	341	325	326	1	0.2%
Adjusted Special Fund	\$341	\$325	\$326	\$1	0.2%
Federal Fund	506	539	522	-17	-3.2%
Deficiencies and Reductions	0	0	-3	-3	
Adjusted Federal Fund	\$506	\$539	\$519	-\$20	-3.7%
Reimbursable Fund	3,277	3,121	3,748	628	20.1%
Adjusted Reimbursable Fund	\$3,277	\$3,121	\$3,748	\$628	20.1%
Adjusted Grand Total	\$32,589	\$33,987	\$35,008	\$1,021	3.0%

Note: The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

- The adjusted fiscal 2016 allowance reflects an increase of slightly more than \$1.0 million above the adjusted fiscal 2015 working appropriation. Despite approximately \$750,000 in back of the bill reductions to employee salaries, personnel expenses increase by \$1.2 million to fund health insurance and retirement costs.
- The level funding of the per pupil foundation amount at the fiscal 2015 amount, as proposed in the Budget Reconciliation and Financing Act of 2015, results in a \$309,290 contingent reduction in operating expenses for the Maryland School for the Deaf (MSD). With limited growth in the fiscal 2016 allowance as introduced, it may be difficult for MSD to implement this reduction.

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

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Personnel Data

	<u>FY 14 Actual</u>	<u>FY 15 Working</u>	<u>FY 16 Allowance</u>	<u>FY 15-16 Change</u>
Regular Positions	319.50	319.50	319.50	0.00
Contractual FTEs	<u>99.50</u>	<u>94.20</u>	<u>97.30</u>	<u>3.10</u>
Total Personnel	419.00	413.70	416.80	3.10

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.60	0.50%
Positions and Percentage Vacant as of 11/01/14	1.50	0.50%

- The fiscal 2016 allowance includes a net increase of 3.1 contractual full-time equivalents to provide additional teachers, aides, and student life counselors at the Columbia campus.

Analysis in Brief

Major Trends

Average of 28 Diplomas Awarded Each Year; Most Students Continue Their Education: MSD aims to have 70% of its Essential Curriculum students receive a Maryland State High School Diploma and attend college. The school has far surpassed this goal for several years. Most recently, 83% of graduating students went on to pursue higher education. **MSD should consider reviewing this measure to determine whether a higher goal should be established.** Within the Life-Based Education curriculum, 100% of students who achieved completion of the program went on to work or a training program in fiscal 2014. MSD, like public schools throughout the State, has been transitioning to the Maryland College and Career-Ready Standards (MCCRS) and is hopeful to be able to implement new assessments aligned with the MCCRS during the current school year. **MSD should comment on how the transition to the MCCRS has been for students and teachers; any impact seen on student performance from the transition; and whether the school is prepared to offer Partnership for Assessment of Readiness for College and Careers (PARCC) exams in the current school year. The school should also be prepared to discuss what, if any, assistance or training it has received from the Maryland State Department of Education in transitioning to the MCCRS and PARCC assessments.**

Not All Kindergarteners Meet MSD Readiness Goals in Fiscal 2014: MSD aims to have at least 75% of kindergarteners at both the Frederick and Columbia campuses fully ready for grade 1 language and mathematical thinking by fiscal 2016. For kindergarten students at the Frederick campus, 88% of the population was determined to be grade 1 ready in both language and mathematics in fiscal 2014. Although progress has been made in recent years, only 67% of kindergarteners at the Columbia campus

R99E – Maryland School for the Deaf

demonstrated the necessary language skills and 72% showed the necessary mathematical skills required to advance to the next grade. Despite the improvements in grade 1 readiness, a noticeable gap exists between the Frederick and Columbia campuses. According to MSD, a significant percentage of the student population arrives at the Columbia campus without early language opportunities – either from late referrals or homes that do not use American Sign Language. **MSD should comment on whether the school is pursuing professional development for instructional staff or any type of outreach to increase the early language opportunities for youth eligible to attend the Columbia campus.**

Recommended Actions

1. Concur with contingent language reducing the general fund appropriation to reflect level funding for the State share of the foundation program.

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 prekindergarten through grade 12 (preK-12) education to deaf students through day and residential programs. The school utilizes the Maryland College and Career-Ready Standards (MCCRS). All students follow one of two levels of curriculum: Essential or Life-Based Education (LBE). Each curriculum has different goal levels and requires different levels of student support services, which are directed by the students' Individual Education Plan. The Enhanced Program of Services supports students who have multiple disabilities, are medically fragile, and/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 preK-12, while the Columbia location serves students through grade 8. The Frederick campus supported 324 students in fiscal 2014. The Columbia campus supported 113 students in fiscal 2014. Students graduating from the Frederick campus are eligible for the Maryland State High School Diploma or a Certificate of Program Completion.

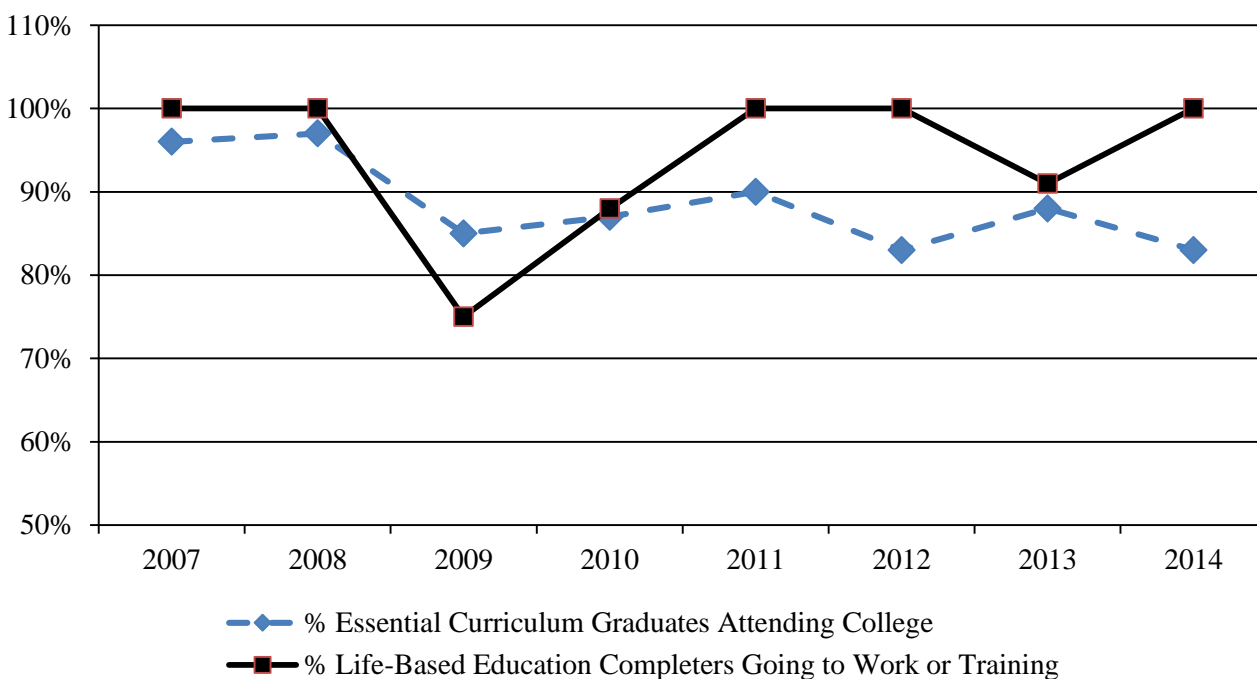
MSD has one overarching goal: to enable students in preK-12 to achieve their developmental potential.

Performance Analysis: Managing for Results

1. Average of 28 Diplomas Awarded Each Year; Most Students Continue Their Education

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. Most of the Essential Curriculum graduates pursue higher education, as shown in **Exhibit 1**. MSD has far surpassed the 70% target in recent years. Since fiscal 2007, the school has had an average of 28 Essential Curriculum graduates, and each year 100% of them have received a diploma. Since fiscal 2007, an average 89% of Essential Curriculum graduates went on to attend college. Although a slight decline from the previous year, the 83% of graduating students who went on to college in fiscal 2014 still far exceeded the goal established by MSD. **MSD should consider reviewing this measure to determine whether a higher goal should be established.**

Exhibit 1
Students Going to College, Work, or Training
Fiscal 2007-2014



Note: Essential Curriculum graduates receive Maryland State High School Diplomas. The Maryland School for the Deaf has averaged 28 Essential Curriculum graduates and 7 Life-Based Education completers each year since fiscal 2007.

Source: Governor’s Budget Books, Fiscal 2010-2016

Another MSD objective is for students in the LBE 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 100% in fiscal 2014. With such a small group of students, the outcome of each student can cause the results to vary widely from year to year; however, over the past eight years, an average of 95% of LBE Curriculum graduates have gone on to work or to a training program.

MSD, like public schools throughout the State, has been transitioning to the MCCRS. These are new 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. Beginning in August 2012, the MCCRS were fully implemented at the elementary level. Middle and high school students began to transition to the new curriculum in the spring 2013 semester.

To be consistent with other public schools across the State, MSD is hopeful to 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 High School Assessment (HSA) 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 (IT) infrastructure. MSD did not participate in the PARCC field tests during the 2013-2014 school year because the signed accommodation was not ready. Without participating in the field tests, it is not known what issues might arise, and to date, the Maryland State Department of Education (MSDE) has not confirmed that the necessary accommodations will be available to administer the tests by spring 2015. The school does believe that technological preparedness should not be an issue, as all computers have passed the readiness test and the bandwidth and configuration needs are close to being met.

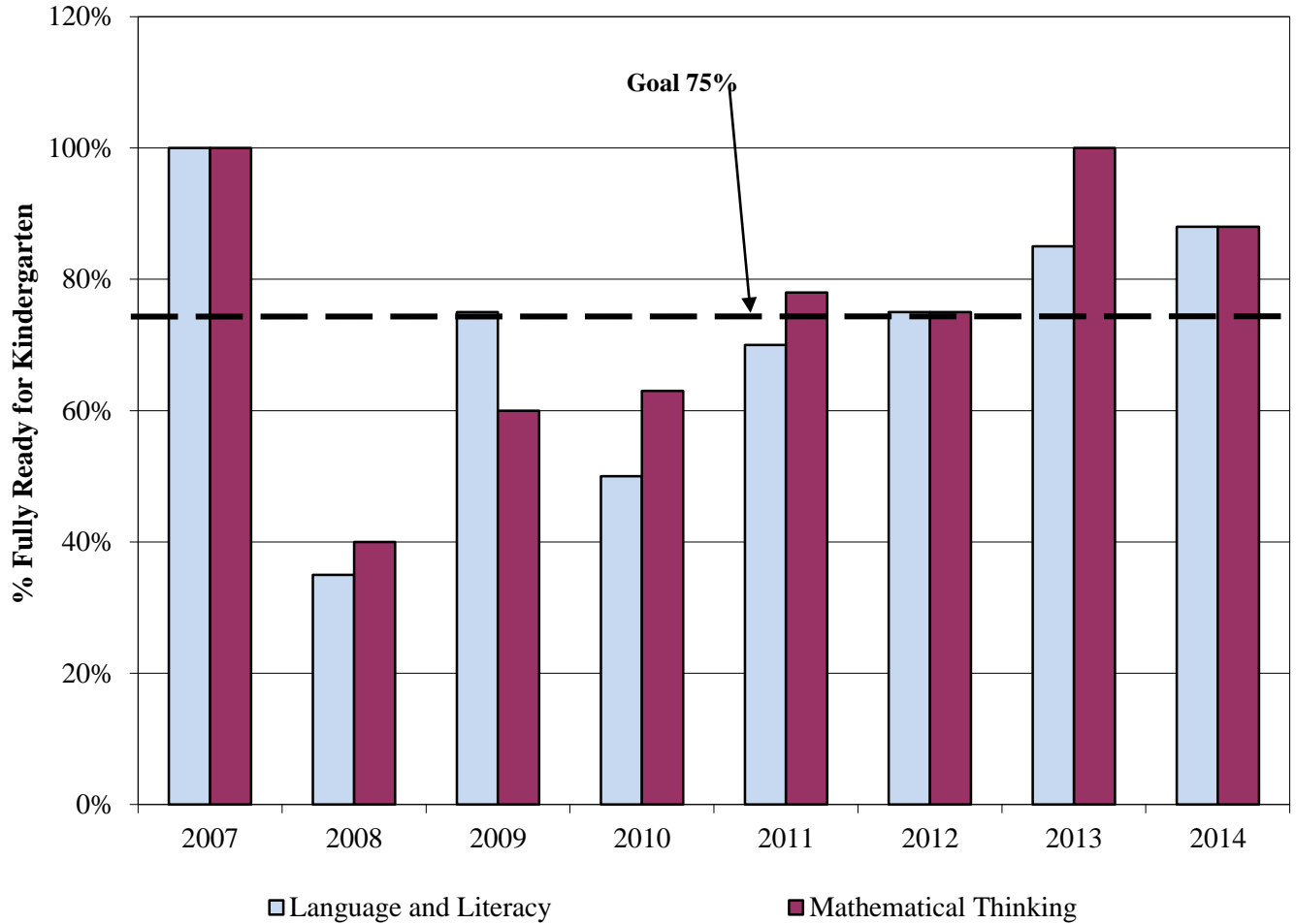
The school was able to participate in the field tests for the Kindergarten Readiness Assessment (KRA). The only complication experienced with the KRA was how to present the information to students in ASL since the students do not have access to spoken/voiced directions. The location/timing of presenting the signed information, as well as ensuring that the translation from English to ASL is correct, is what the school will need to continue to work on and may also be an issue for the administration of the PARCC assessments.

MSD should comment on how the transition to the MCCRS has been for students and teachers; any impact seen on student performance from the transition; and whether the school is prepared to offer PARCC exams in the current school year. The school should also be prepared to discuss what, if any, assistance or training it has received from MSDE in transitioning to the MCCRS and PARCC assessments.

2. Not All Kindergarteners Meet MSD Readiness Goals in Fiscal 2014

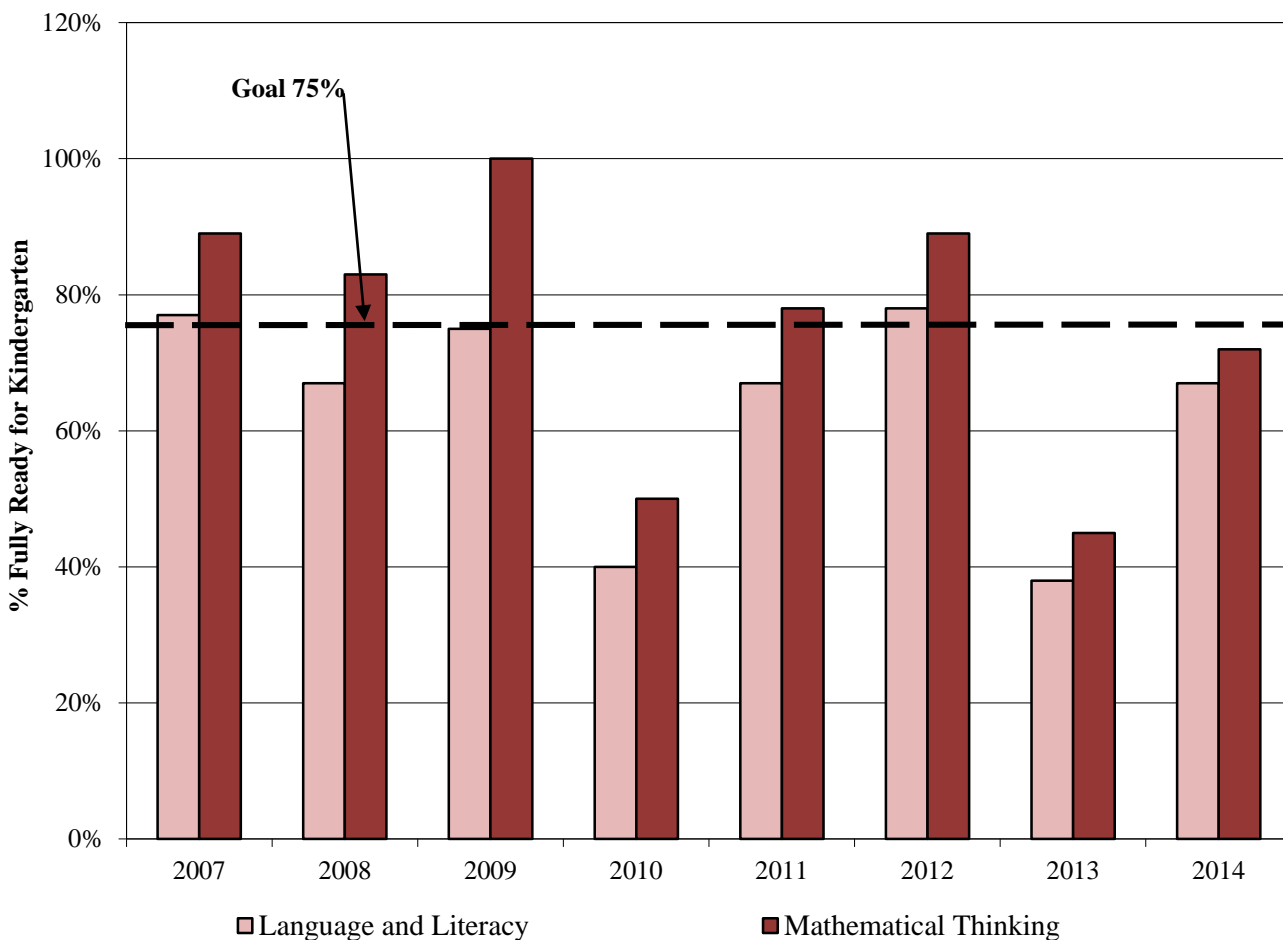
The final objective for both the Frederick and Columbia campuses is for 75% of kindergarteners to be fully ready in language and mathematical thinking for grade 1 by 2016. To measure this outcome, MSD uses the Maryland Model for School Readiness. As shown in **Exhibit 2**, the Frederick campus was below the objective from fiscal 2008 to 2011 but exceeded the objective in fiscal 2013. In fiscal 2014, 88% of kindergarteners achieved readiness in both grade 1 language and mathematical thinking. This reflects continued progress for language readiness, but a slight decline from the previous year for mathematical skills. **Exhibit 3** shows that students at the Columbia campus are not as prepared for grade 1 language and mathematical thinking; however, considerable progress toward the 75% goal was made in fiscal 2014. In fiscal 2013, kindergarteners at the Columbia campus fell significantly behind the objective with only 38% achieving readiness for grade 1 in language and 45% achieving readiness in mathematical thinking. Although still below the goal, in fiscal 2014, 67% of kindergarteners demonstrated the necessary language skills and 72% showed the necessary mathematical skills required to advance to the next grade.

Exhibit 2
Maryland School for the Deaf – Frederick Campus
Kindergarten Readiness
Fiscal 2007-2014



Source: Governor’s Budget Books, Fiscal 2010-2016

**Exhibit 3
Maryland School for the Deaf – Columbia Campus
Kindergarten Readiness
Fiscal 2007-2014**



Source: Governor’s Budget Books, Fiscal 2010-2016

According to MSD, multiple factors have contributed to the improvement at the Columbia campus. All of the students at the Columbia campus in recent years participated in the school’s prekindergarten program, which means that these children are more likely to begin at a kindergarten grade level, rather than below grade level. In addition, there have been a greater number of students with little to no language delays. MSD has also focused resources on providing instructional staff with a variety of professional development opportunities and using an instructional program that provides hands-on learning activities along with academic enrichment classes.

Despite the improvements in grade 1 readiness, a noticeable gap exists between the Frederick and Columbia campuses. According to MSD, a significant percentage of the student population arrives at the Columbia campus without early language opportunities – either from late referrals or homes that do not use ASL. In contrast, a large group of the student population arrives at the Frederick campus with ASL as a language base. Generally speaking, students in the kindergarten through 8th grade population who live east of State Route 97 attend the Columbia campus; while students who live west of State Route 97 attend school at the Frederick campus. **MSD should comment on whether the school is pursuing professional development for instructional staff or any type of outreach to increase the early language opportunities for youth eligible to attend the Columbia campus.**

Proposed Budget

As seen in **Exhibit 4**, the fiscal 2016 allowance for MSD increases by slightly more than \$1.0 million when compared to the fiscal 2015 working appropriation.

Exhibit 4
Proposed Budget
Maryland School for the Deaf
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2014 Actual	\$28,465	\$341	\$506	\$3,277	\$32,589
Fiscal 2015 Working Appropriation	30,002	325	539	3,121	33,987
Fiscal 2016 Allowance	<u>30,415</u>	<u>326</u>	<u>519</u>	<u>3,748</u>	<u>35,008</u>
Fiscal 2015-2016 Amt. Change	\$412	\$1	-\$20	\$628	\$1,021
Fiscal 2015-2016 Percent Change	1.4%	0.2%	-3.7%	20.1%	3.0%

Where It Goes:

Personnel Expenses

Increments and other compensation.....	\$420
Back of the bill reduction to eliminate fiscal 2016 increments and merit increases.....	-350
Back of the bill reduction to eliminate fiscal 2015 2% cost-of-living adjustment.....	-405
Reclassification.....	73
Employee and retiree health insurance.....	1,130
Employee and teachers' retirement system.....	219
Workers' compensation premium assessment.....	-21
Turnover adjustments.....	97
Other fringe benefit adjustments.....	45

R99E – Maryland School for the Deaf

Where It Goes:

Other Changes

Net increase of 3 full-time equivalent contractuels.....	258
Department of Budget and Management paid telecommunications	145
Statewide budget management system	41
Improvements to MSD network infrastructure	-60
Instructional supply purchases	-70
Contractual maintenance services.....	-201
Contingent cost containment reduction resulting from level funding of the per pupil foundation amount	-309
Other	9
Total	\$1,021

MSD: Maryland School for the Deaf

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

Personnel Expenses

Personnel expenses increase by a net \$1.2 million, despite \$755,000 in back of the bill reductions to employee salaries. Funding for employee and retiree health insurance and retirement increase by \$1.3 million. The school also has an improved budgeted turnover rate, more in line with actual employee vacancies, providing an increase of \$97,000. An additional \$73,000 is provided for positions reclassification. As of October 1, 2015, all student life counselor positions will be renamed residential child and youth care practitioners. Along with the renaming, the minimum qualifications will be increased and these positions will receive a one grade increase.

The fiscal 2016 allowance also includes a \$420,000 increase to provide increments, merit increases, and the annualization of the 2% cost-of-living adjustment (COLA) implemented in the second half of fiscal 2015, but this is negated by across-the-board actions to reduce employee salaries by 2% and to eliminate increments and merit increases in fiscal 2016.

Other Changes

Funding for contractual employees increases by \$258,000. This is primarily reflective of the addition of a net 3.1 contractual full-time equivalents in the fiscal 2016 allowance to add teachers, aides, and student life counselors at the Columbia campus. Increased funding, approximately \$186,000, is also provided for telecommunication costs and the school's share for implementation of a new statewide budget management system. These costs are set by the Department of Budget and Management for all State agencies, meaning MSD has no discretion as to the level of funding provided for these items.

R99E – Maryland School for the Deaf

Offsetting these increases is a \$60,000 reduction in the cost of improvements made to the school's network infrastructure. MSD received \$200,000 in fiscal 2015 to update and improve the network infrastructure, focusing primarily on the backbone areas of the aging network. As the improvements progress to updating classroom infrastructure, the estimated fiscal 2016 cost for the project is approximately \$140,000. The allowance also includes a \$70,000 reduction for instructional supply purchases, although this still reflects a \$61,000 increase over fiscal 2014 actual expenditures.

Cost Containment

In addition to the across-the-board cost containment actions reducing employee salaries by \$755,000, the fiscal 2016 allowance includes a \$309,290 contingent reduction resulting from the per pupil foundation amount being level funded to the fiscal 2015 amount. The formula for the school is based on enrollment and growth in State per pupil funding provided to local school systems. Enrollment in fiscal 2016 is estimated to be 490 students, an increase of 5 students from the prior year. 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. Absent the Budget Reconciliation and Financing Act, the per pupil foundation amount would have increased to \$6,954, based on an inflationary increase of 1.4%; however, the action within the BRFA retains the \$6,860 per pupil funding amount from fiscal 2015. The resulting impact on the MSD funding formula is a decrease of \$309,290 in general funds.

This reduction does still provide the school with an appropriation above the statutory general fund requirement; however, that increase is primarily needed to cover the costs associated with employee health insurance and retirement. With the minimal growth for agency operated expenses proposed in the fiscal 2016 allowance, it may be difficult for MSD to identify areas to apply the proposed contingent reduction. In the past, similar cost containment actions have impacted facility operations and IT.

MSD should comment on how the proposed contingent reduction will be implemented and the impact these reductions will have on education services provided to students.

Recommended Actions

1. Concur with the following language to the general fund appropriation:

, provided that this appropriation shall be reduced by \$309,290 contingent upon the enactment of legislation reducing the per pupil foundation amount at the fiscal year 2015 amount.

Explanation: This action concurs with the Governor’s proposal to reduce the general fund appropriation for the Maryland School for the Deaf as a result of the per pupil foundation amount being level funded at the fiscal 2015 amount.

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 2014					
Legislative Appropriation	\$28,457	\$398	\$565	\$2,487	\$31,906
Deficiency Appropriation	-861	0	0	0	-861
Budget Amendments	869	0	0	839	1,707
Reversions and Cancellations	0	-57	-58	-48	-163
Actual Expenditures	\$28,465	\$341	\$506	\$3,277	\$32,589
Fiscal 2015					
Legislative Appropriation	\$29,801	\$325	\$536	\$3,121	\$33,783
Cost Containment	0	0	0	0	0
Budget Amendments	201	0	3	0	204
Working Appropriation	\$30,002	\$325	\$539	\$3,121	\$33,987

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies.

Fiscal 2014

General fund expenditures totaled \$28.5 million in fiscal 2014. Contributions to retirement, health care, and the statewide personnel system were reduced via deficiency appropriation by approximately \$330,000, \$457,000, and \$74,000, respectively. Budget amendments provided an offsetting increase of approximately \$869,000. In addition to the \$443,000 increase provided for the personnel expenses, such as the COLA and salary increments, the school also received an additional \$426,000 from a statewide realignment of funding for health insurance and telecommunications based on estimated expenditures.

The special fund appropriation totaled \$341,000, reflecting the cancellation of \$57,000 due to lower than anticipated tuition revenue based on actual enrollment.

The federal fund appropriation closed fiscal 2014 at \$506,000. Approximately \$58,000 was cancelled due to lower than anticipated revenue for medical assistance billings and the Individuals with Disabilities Education Act grant award.

Reimbursable fund expenditures totaled nearly \$3.3 million. This reflects an increase of \$839,000 to reflect additional funding for the Enhanced Program of Services grant. This increase, however, was slightly offset by the cancellation of \$48,000 at the close of the fiscal year because actual services provided for the enhanced program and the Department of Rehabilitation Services Work to Learn program was less than anticipated.

Fiscal 2015

The fiscal 2015 working appropriation for MSD is approximately \$34.0 million in total funds. The school received \$201,253 in general funds and \$2,903 in federal funds via a budget amendment realigning funding across State agencies for the 2% COLA that went into effect as of January 1, 2015.

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

<u>Object/Fund</u>	<u>FY 14 Actual</u>	<u>FY 15 Working Appropriation</u>	<u>FY 16 Allowance</u>	<u>FY 15 - FY 16 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	319.50	319.50	319.50	0.00	0%
02 Contractual	99.50	94.20	97.30	3.10	3.3%
Total Positions	419.00	413.70	416.80	3.10	0.7%
Objects					
01 Salaries and Wages	\$ 25,113,228	\$ 26,452,506	\$ 28,415,646	\$ 1,963,140	7.4%
02 Technical and Spec. Fees	3,839,225	3,630,964	3,889,429	258,465	7.1%
03 Communication	266,998	120,962	269,253	148,291	122.6%
04 Travel	22,992	4,000	4,000	0	0%
06 Fuel and Utilities	1,259,303	1,219,831	1,273,096	53,265	4.4%
07 Motor Vehicles	115,338	104,733	80,422	-24,311	-23.2%
08 Contractual Services	973,564	1,398,963	1,124,304	-274,659	-19.6%
09 Supplies and Materials	783,860	889,867	851,046	-38,821	-4.4%
10 Equipment – Replacement	145,041	91,450	95,500	4,050	4.4%
13 Fixed Charges	69,855	73,737	69,431	-4,306	-5.8%
Total Objects	\$ 32,589,404	\$ 33,987,013	\$ 36,072,127	\$ 2,085,114	6.1%
Funds					
01 General Fund	\$ 28,464,791	\$ 30,002,117	\$ 31,475,865	\$ 1,473,748	4.9%
03 Special Fund	341,045	324,934	325,654	720	0.2%
05 Federal Fund	506,355	539,160	522,174	-16,986	-3.2%
09 Reimbursable Fund	3,277,213	3,120,802	3,748,434	627,632	20.1%
Total Funds	\$ 32,589,404	\$ 33,987,013	\$ 36,072,127	\$ 2,085,114	6.1%

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.

**Fiscal Summary
Maryland School for the Deaf**

<u>Program/Unit</u>	<u>FY 14 Actual</u>	<u>FY 15 Wrk Approp</u>	<u>FY 16 Allowance</u>	<u>Change</u>	<u>FY 15 - FY 16 % Change</u>
00 Services and Institutional Operations	\$ 21,915,355	\$ 22,914,618	\$ 24,069,612	\$ 1,154,994	5.0%
00 Services and Institutional Operations	10,674,049	11,072,395	12,002,515	930,120	8.4%
Total Expenditures	\$ 32,589,404	\$ 33,987,013	\$ 36,072,127	\$ 2,085,114	6.1%
General Fund	\$ 28,464,791	\$ 30,002,117	\$ 31,475,865	\$ 1,473,748	4.9%
Special Fund	341,045	324,934	325,654	720	0.2%
Federal Fund	506,355	539,160	522,174	-16,986	-3.2%
Total Appropriations	\$ 29,312,191	\$ 30,866,211	\$ 32,323,693	\$ 1,457,482	4.7%
Reimbursable Fund	\$ 3,277,213	\$ 3,120,802	\$ 3,748,434	\$ 627,632	20.1%
Total Funds	\$ 32,589,404	\$ 33,987,013	\$ 36,072,127	\$ 2,085,114	6.1%

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.