

R99E
Maryland School for the Deaf

Operating Budget Data

(\$ in Thousands)

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$30,002	\$30,787	\$30,955	\$168	0.5%
Deficiencies and Reductions	0	0	-91	-91	
Adjusted General Fund	\$30,002	\$30,787	\$30,864	\$77	0.2%
Special Fund	286	326	337	12	3.6%
Adjusted Special Fund	\$286	\$326	\$337	\$12	3.6%
Federal Fund	546	520	575	55	10.6%
Deficiencies and Reductions	0	0	-2	-2	
Adjusted Federal Fund	\$546	\$520	\$573	\$53	10.3%
Reimbursable Fund	3,547	3,748	3,465	-283	-7.6%
Adjusted Reimbursable Fund	\$3,547	\$3,748	\$3,465	-\$283	-7.6%
Adjusted Grand Total	\$34,381	\$35,381	\$35,239	-\$141	-0.4%

- The fiscal 2017 allowance for the Maryland School for the Deaf (MSD) has been decreased by \$93,000 due to an across-the-board reduction for employee health insurance.
- The fiscal 2017 allowance for MSD is \$141,000 below the fiscal 2016 working appropriation. Funding for fiscal 2017 contractual positions, maintenance, telecommunications, and the loan payment for the Energy Performance Contract represent a decrease of \$735,000 from fiscal 2016. This is offset by \$593,000 of increased funding for personnel.

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

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Personnel Data

	<u>FY 15 Actual</u>	<u>FY 16 Working</u>	<u>FY 17 Allowance</u>	<u>FY 16-17 Change</u>
Regular Positions	319.50	319.50	330.50	11.00
Contractual FTEs	<u>92.50</u>	<u>90.40</u>	<u>77.00</u>	<u>-13.40</u>
Total Personnel	412.00	409.90	407.50	-2.40

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	2.88	0.90%
Positions and Percentage Vacant as of 12/31/15	0.00	0.00%

- Funding for MSD personnel increases \$593,000 above the fiscal 2016 working appropriation. New positions, including 4.0 residential child and youth care professional positions and 7.0 new faculty positions, raise personnel funding by \$738,000. These new positions represent a conversion of contractual full-time equivalents (FTE) to full-time staff, leading to an accompanying decrease in FTEs of 13.4. Increased personnel funding for new positions is offset by a decrease in salary and fringe benefits for current staff due to a significant number of long-term administrators and teachers retiring and being replaced by staff at the lower spectrum of the salary scale.

Analysis in Brief

Major Trends

Graduates Going on to College, Work, or Training Remains High: MSD has a goal that 70% of its Essential Curriculum students receive a Maryland State High School Diploma and attend college. In fiscal 2015, 91% of MSD graduates have gone on to attend college. **MSD should consider reviewing this measure to determine whether a higher goal should be established.** Another MSD objective is that at least 70% of students in the Life-Based Education (LBE) curriculum receive a Maryland State Certificate of Program Completion and go on to work or to a training program. MSD had 86% of its LBE graduates go on to work or training in fiscal 2015. However, due to the small number of students in the program, outcomes for individual students can make the rate vary widely year to year. **MSD should comment on other measures that can evaluate whether the LBE curriculum is accomplishing its mission, considering the small number of students in that program. Potential measures could be based on milestones students pass while in the program.**

Issues

Reporting on the Determination of Kindergarten Readiness: MSD had a goal that 75% of its kindergarteners would meet benchmark language/literacy and mathematical thinking as outlined in the Maryland Model for School Readiness (MMSR) Language and Literacy and MMSR Mathematical Thinking checklist by 2016. However, due to the fact that the MMSR was not administered in fall 2014, this data was not provided as part of the Managing for Results data for fiscal 2015. The Kindergarten Readiness Assessment (KRA) is the cornerstone of the Ready for Kindergarten: Maryland's Early Childhood Comprehensive System program. MSD reported that it was able to participate in the field test for the KRA, administering the test for 25 students, and that the only complication experienced with the KRA was how to present the information to students in American Sign Language since the students do not have access to spoken/voiced directions. If KRA results were to be used to compare to the MSD goal, kindergartners performed below 75% for academic year 2014-2015. It is worth noting that kindergartners across the State performed lower on the academic 2014-2015 administration of the KRA when compared to the 2013-2104 administration of the MMSR, with only 47% of children displaying kindergarten readiness in contrast to the previous 83%. **MSD should comment on how it has evaluated its performance in fiscal 2015 regarding its goal for kindergarten readiness. It should also comment on any progress it has made on overcoming complications to administer the KRA for its students, and on setting goals for student performance on the test for future administrations of the KRA.**

Recommended Actions

1. Concur with Governor's allowance.

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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. 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 348 students in fiscal 2015. The Columbia campus supported 107 students in fiscal 2015. Students graduating from the Frederick campus are eligible for the Maryland State High School Diploma or a Certificate of Program Completion.

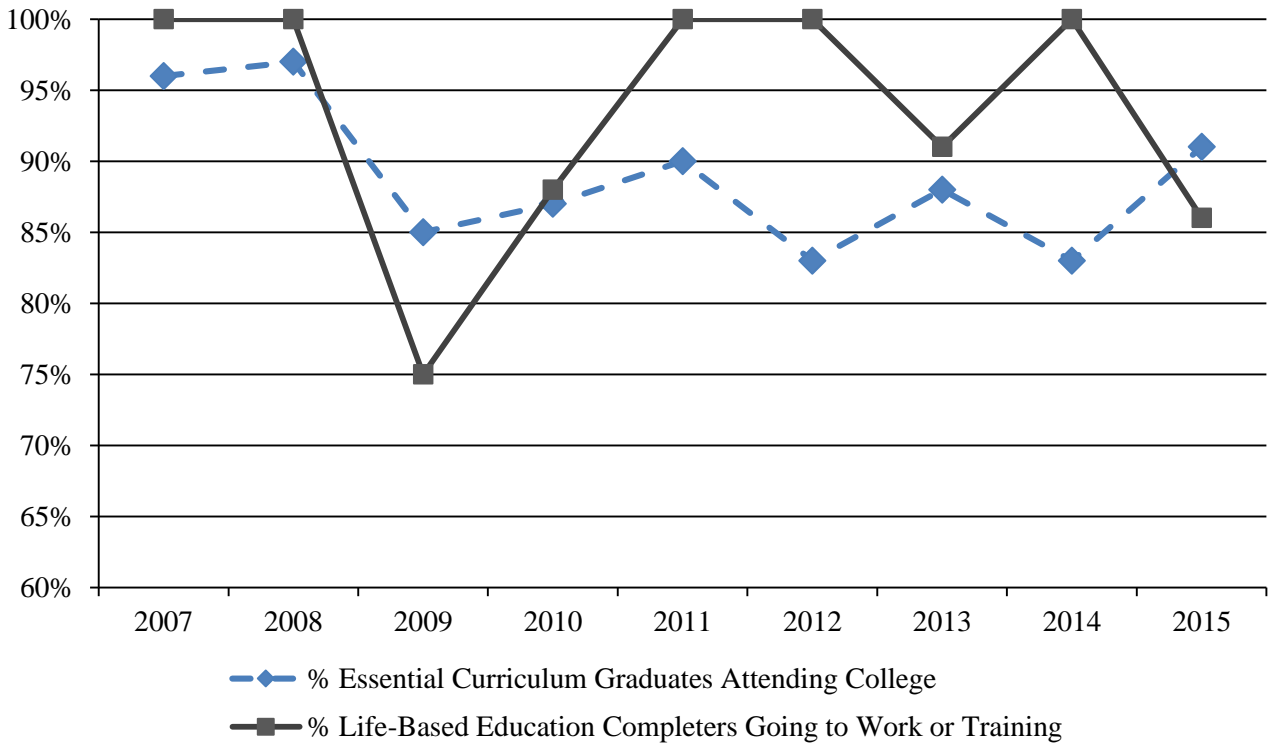
MSD has one overarching goal: to enable students in preK-12 to achieve their developmental potential.

Performance Analysis: Managing for Results

1. Graduates Going on to College, Work, or Training Remains High

MSD 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 29 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. Graduating students attending college increased by 8 percentage points to 91% in fiscal 2015, far exceeding 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 2007-2015



Note: 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 2010-2016; Department of Budget and Management, Fiscal 2017

Another MSD objective is that at least 70% of students in the LBE curriculum 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 have received a certificate of program completion each year. Exhibit 1 shows that the percentage going to work or training is at 86% in fiscal 2015. 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 should comment on other measures that can evaluate whether the LBE curriculum is accomplishing its mission, considering the small number of students in that program. Potential measures could be based on milestones students pass while in the program.**

Proposed Budget

As seen in **Exhibit 2**, the fiscal 2017 allowance for MSD decreases by \$141,000 when compared to the fiscal 2016 working appropriation.

Exhibit 2
Proposed Budget
Maryland School for the Deaf
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2015 Actual	\$30,002	\$286	\$546	\$3,547	\$34,381
Fiscal 2016 Working Appropriation	30,787	326	520	3,748	35,381
Fiscal 2017 Allowance	<u>30,864</u>	<u>337</u>	<u>573</u>	<u>3,465</u>	<u>35,239</u>
Fiscal 2016-17 Amount Change	\$77	\$12	\$53	-\$283	-\$141
Fiscal 2016-17 Percent Change	0.2%	3.6%	10.3%	-7.6%	-0.4%

Where It Goes:

Personnel Expenses

New positions	\$738
Salaries and other compensation.....	-510
Reclassification.....	-73
Employee and retiree health insurance	170
Employee retirement system.....	197
Workers' compensation premium assessment	41
Turnover adjustments	83
Other fringe benefit adjustments.....	-52

Other Changes

Decrease of 13.4 full-time equivalent contractals.....	-371
Postponed facility maintenance for Frederick campus	-163
Decreased payment for Energy Performance Contract.....	-146
Department of Budget and Management paid telecommunications	-43
Other	-12

Total **-\$141**

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

Across-the-board Reductions

The fiscal 2017 budget bill includes an across-the-board reduction for employee health insurance, based on a revised estimate of the amount of funding needed. This agency's share of these reductions is \$91,119 in general funds and \$1,860 in federal funds. There is an additional across-the-board reduction to abolish vacant positions statewide, but the amounts have not been allocated by agency.

Formula Funding and Increments

Formula funding for MSD is based on enrollment and growth in State per pupil funding provided to local school systems. Enrollment in fiscal 2017 is estimated to be 467 students, level with enrollment from the prior year. The formula for MSD has an adjustment that reflects the four-year moving average of student enrollment, which softens the effect of enrollment increases and decreases. The per pupil foundation amount has increased to \$6,964, based on an inflationary increase of 0.1%. The impact from this increase on the MSD funding formula provides an increase of approximately \$168,000 in general funds over the fiscal 2016 working appropriation.

Funding for employee increments is not included in the MSD budget, but is instead budgeted centrally in the Department of Budget and Management. MSD will receive \$461,499 (\$407,551 in general funds, \$7,327 in federal funds, and \$46,621 in reimbursable funds) by budget amendment at the start of the fiscal year. Applying the across-the-board reduction for employee health insurance to MSD reduces funding below the formula-required amount; however, with the \$407,551 in general funds for employee increments, MSD will receive \$316,432 above the formula-required amount in fiscal 2017.

Converting Contractual Full-time Equivalents to Full-time Positions

Total personnel expenses increase over the fiscal 2016 working appropriation by \$593,000. Much of this increase is due to a conversion of contractual full-time equivalents (FTE) into full-time positions. MSD receives 4.0 residential child and youth care professional positions, and 7.0 new faculty positions, while losing 13.4 contractual FTEs. This results in a net decrease of 2.4 in personnel overall. MSD has expressed that converting these contractual FTEs to full-time staff will assist in recruiting and retaining highly qualified staff, a top priority for the school. Spending specifically for new personnel increases by \$738,000, while spending for FTE contractals has decreased by \$371,000.

The school is postponing any facility maintenance projects at the Frederick campus to divert those funds to personnel. This has resulted in a \$163,000 decrease in contractual spending, funding contractual spending for maintenance at about 50% of both the fiscal 2015 actual amount and the fiscal 2016 working appropriation. **MSD should comment on its strategy to fund maintenance projects in the out-years, considering the increase in costs from the new positions will be ongoing. MSD should also comment on its strategy for funding maintenance projects for the Frederick campus should new maintenance costs occur, including the areas of its budget that could be reduced in such a situation.**

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MSD has had a significant number of long-term administrators and teachers retire and become replaced by staff at the lower spectrum of the salary scale. Therefore, though there is no decline in full-time personnel for MSD in fiscal 2017, salaries, employee health insurance, and other fringe benefits decline from fiscal 2016 for current employees.

Issues

1. Reporting on the Determination of Kindergarten Readiness

The Kindergarten Readiness Assessment (KRA) is the cornerstone of the Ready for Kindergarten: Maryland’s Early Childhood Comprehensive System program. This assessment has replaced the previously used Maryland Model for School Readiness (MMSR), and was operational for administration in fall 2014. MSD reported that it was able to participate in the field test for the KRA, administering the test for 25 students, and that 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. This included a Language and Literacy section that the majority of MSD students could not access. MSD had stated that it would continue to work on overcoming these challenges. The results from the first administration of the KRA for MSD students are available in **Exhibit 3**.

Exhibit 3
Results from First Administration of the KRA
Maryland School for the Deaf
Academic Year 2014-2015

<u>KRA Area</u>	<u>Demonstrates Readiness</u>	<u>Emerging/Approaching Readiness</u>
Social Foundations	64%	36%
Language and Literacy	16%	84%
Mathematics	52%	48%
Physical Well-being and Motor Development	56%	44%

KRA: Kindergarten Readiness Assessment

Note: Maryland School for the Deaf reports that its subgroups for the KRA were too small to receive statistical data on performance, meaning these results do not truly reflect the students’ progress at this point.

Source: Maryland School for the Deaf

MSD had a goal that 75% of its kindergarteners would meet benchmark language/literacy and mathematical thinking as outlined in the MMSR Language and Literacy and the MMSR Mathematical Thinking checklist by 2016. However, due to the fact that the MMSR was not administered in fall 2014, this data was not provided as part of the Managing for Results data for fiscal 2015. As shown in Exhibit 3, if KRA results were to be used to compare to the MSD goal, kindergarteners performed below 75% in both Language and Literacy and Mathematics for academic year 2014-2015. It is worth noting

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that kindergartners across the State performed lower on the academic 2014-2015 administration of the KRA when compared to the 2013-2104 administration of the MMSR, with only 47% of children displaying kindergarten readiness in contrast to the previous 83%. **MSD should comment on how it has evaluated its performance in fiscal 2015 regarding its goal for kindergarten readiness. It should also comment on any progress it has made on overcoming complications to administer the KRA for its students, and on setting goals for student performance on the test for future administrations of the KRA.**

Recommended Actions

1. Concur with Governor's allowance.

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 2015					
Legislative Appropriation	\$29,801	\$325	\$536	\$3,121	\$33,783
Deficiency Appropriation	0	0	0	0	0
Cost Containment	0	0	0	0	0
Budget Amendments	201	0	25	448	675
Reversions and Cancellations	0	-39	-16	-22	-76
Actual Expenditures	\$30,002	\$286	\$546	\$3,547	\$34,381
Fiscal 2016					
Legislative Appropriation	\$30,385	\$326	\$517	\$3,748	\$34,976
Budget Amendments	402	0	3	0	405
Working Appropriation	\$30,787	\$326	\$520	\$3,748	\$35,381

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

Fiscal 2015

General fund expenditures totaled \$30 million in fiscal 2015, a \$201,000 increase from the legislative appropriation. This increase is attributed to a budget amendment increasing personnel expenses for the cost-of-living adjustment (COLA).

The special fund appropriation totaled \$286,000, reflecting \$39,000 in cancellations from gifts and student activity fees, and a decrease in out-of-state tuition revenue.

The federal fund appropriation closed fiscal 2015 at \$546,000, approximately \$10,000 more than the legislative appropriation. Budget amendments provided an increase of approximately \$25,000. This reflects receipt of additional Ready for Kindergarten and National Center and State Collaborative grants not budgeted in fiscal 2015, and increased personnel funding for the COLA. Nearly \$16,000 was canceled due to a decrease in Medical Assistance billing.

Reimbursable fund expenditures totaled over \$3.5 million. This reflects an increase of \$426,000. \$395,000 is reflected in additional funding for the Enhanced Program of Services grant, and \$53,000 in additional funding for the Diagnostic Testing Grant. Due to a decrease in a grant from the Maryland State Department of Education Division of Rehabilitation Services, as well as decreased student services for the MSD Enhanced Program, \$22,000 was canceled.

Fiscal 2016

The fiscal 2016 general fund working appropriation is approximately \$30.8 million, reflecting a \$402,000 increase over the legislative appropriation for the 2% State salary adjustment, which restored the funding reduced in Section 20 of the fiscal 2016 budget bill.

The fiscal 2016 federal fund working appropriation is approximately \$520,000, which reflects a \$3,000 increase over the legislative appropriation for the 2% salary adjustment.

Audit Findings

Audit Period for Last Audit:	August 9, 2011–March 30, 2015
Issue Date:	December 2015
Number of Findings:	2
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: Corporate purchasing card transactions were not always reviewed and approved by appropriate supervisory personnel and documentation was lacking for a certain aspect of the new card issuance process.

Finding 2: MSD did not accurately maintain detailed records and properly account for all of its equipment.

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

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	319.50	319.50	330.50	11.00	3.4%
02 Contractual	92.50	90.40	77.00	-13.40	-14.8%
Total Positions	412.00	409.90	407.50	-2.40	-0.6%
Objects					
01 Salaries and Wages	\$ 26,455,943	\$ 27,724,116	\$ 28,410,254	\$ 686,138	2.5%
02 Technical and Spec. Fees	4,090,286	3,889,429	3,518,408	-371,021	-9.5%
03 Communication	260,147	269,253	222,577	-46,676	-17.3%
04 Travel	23,262	4,000	4,000	0	0%
06 Fuel and Utilities	1,262,817	1,273,096	1,104,387	-168,709	-13.3%
07 Motor Vehicles	96,731	80,422	83,073	2,651	3.3%
08 Contractual Services	1,077,748	1,124,304	947,456	-176,848	-15.7%
09 Supplies and Materials	816,832	851,046	848,193	-2,853	-0.3%
10 Equipment – Replacement	232,185	95,500	127,815	32,315	33.8%
13 Fixed Charges	65,313	69,431	66,096	-3,335	-4.8%
Total Objects	\$ 34,381,264	\$ 35,380,597	\$ 35,332,259	-\$ 48,338	-0.1%
Funds					
01 General Fund	\$ 30,001,990	\$ 30,786,834	\$ 30,954,917	\$ 168,083	0.5%
03 Special Fund	286,372	325,654	337,436	11,782	3.6%
05 Federal Fund	545,763	519,675	574,886	55,211	10.6%
09 Reimbursable Fund	3,547,139	3,748,434	3,465,020	-283,414	-7.6%
Total Funds	\$ 34,381,264	\$ 35,380,597	\$ 35,332,259	-\$ 48,338	-0.1%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.