

R00A01
Headquarters
Maryland State Department of Education

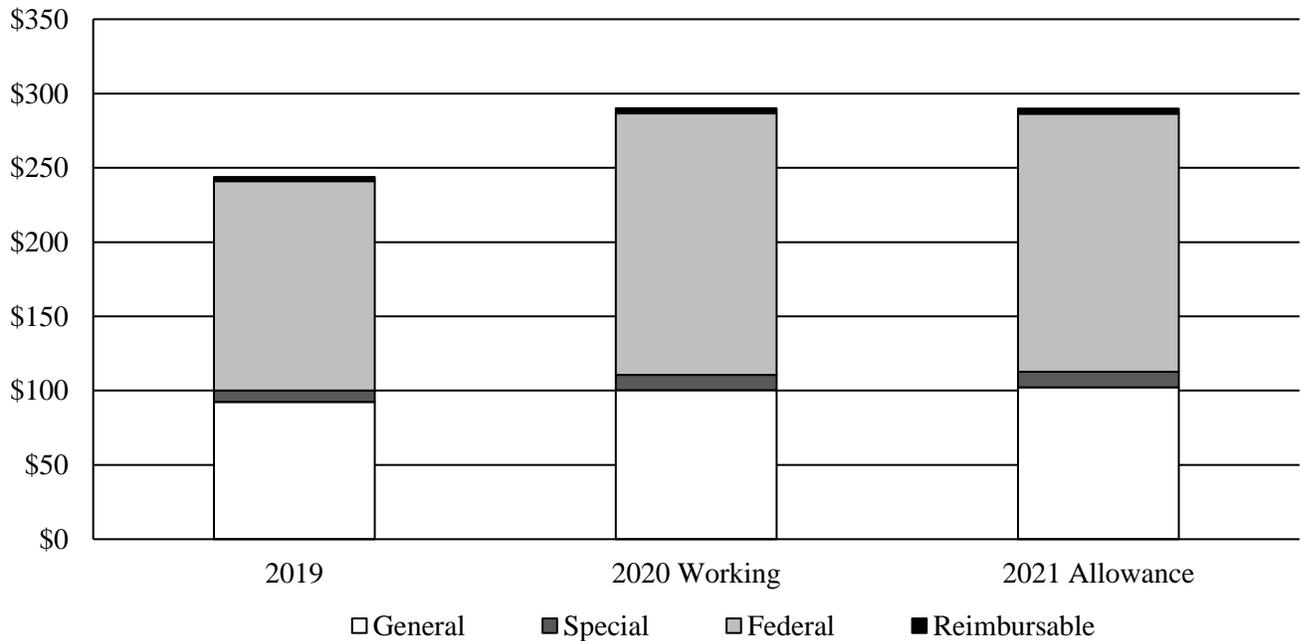
Executive Summary

The Maryland State Department of Education (MSDE) develops and implements standards and policy for education programs across the State. MSDE serves under the State Board of Education who appoints the State Superintendent of Schools as the head of the agency.

This analysis includes information on the Maryland Longitudinal Data System Center (R00A05) and the Office of the Inspector General (R00A08). The Children’s Cabinet Interagency Fund (R00A04), the Center for School Safety (R00A06), the Interagency Commission on School Construction (R00A07), and Maryland School for the Deaf (R99E) have separate analyses. MSDE Headquarters Division of Early Childhood Development is included in the analysis for the Division of Early Childhood (R00A99). Information on the Maryland School for the Blind is in the Funding for Educational Organizations analysis (R00A03).

Operating Budget Summary

Budget Decreases \$97,000 or 0% to \$289.9 Million in Fiscal 2021
(\$ in Millions)



Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

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Key Observations

- ***MSDE Headquarters Reversions and Encumbrances under Review:*** A recent audit and review of MSDE’s fiscal 2019 closeout revealed issues with the department’s accounting practices, including the improper retention of \$569,000 and incorrect encumbrances of over \$1 million for the Students with Disabilities – Aid to Education Program.
- ***MSDE Organizational Chart and Structure Needs Clarification:*** In calendar 2019, MSDE reported that an internal reorganization restructured many of its divisions and offices. However, MSDE’s official organizational chart does not reflect these stated changes, which leaves certain offices and independent units within MSDE either misplaced, omitted, or with inaccurate titles.
- ***Transition to New Assessment Will Occur in Spring 2020:*** The transition from the Partnership for Assessment of Readiness for College and Careers assessments to the new Maryland Comprehensive Assessment Program will take place in spring 2020. MSDE is currently anticipating fiscal 2021 costs for the new assessments to be approximately \$32 million.

Operating Budget Recommended Actions

1. Add language to reduce funding and positions for long-term vacancies.
2. Adopt committee narrative on improvements to accounting practices.
3. Adopt committee narrative on updates to data security procedures.
4. Adopt committee narrative on clarifications to organizational structure.
5. Adopt committee narrative on transition to the Maryland Comprehensive Assessment Program.
6. Adopt committee narrative for the Division of Rehabilitation Services placements under new criteria.

Budget Reconciliation and Financing Act Recommended Actions

1. Reduce fiscal 2020 funding for the Office of the Inspector General by \$400,000 due to delays associated with startup.

Updates

- The Blueprint for Maryland’s Future established an Office of the Inspector General for Education and an independent unit of the State. The purpose of this office is to provide

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accountability and transparency in the expenditure of public funds for education with respect to the management of county school boards, local school systems, and public schools; nonpublic schools that receive state funds; MSDE; and the Interagency Commission on School Construction.

- The Office of School and Community Nutrition Programs implemented the Summer SNAP for Children Act of 2019, which requires the State to provide funds to counties to supplement benefits for children who qualify for the Food Stamp Program. The combined State and county supplement must be used to increase the benefit by at least \$30 per child in the months of June, July, and August and \$10 per child in December.

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Operating Budget Analysis

Program Descriptions

Providing a free public education is a constitutional obligation of the State. Under the leadership of the State Superintendent of Schools and guidance from the Maryland State Board of Education, the Maryland State Department of Education (MSDE) Headquarters develops and implements standards and policy for education programs from prekindergarten through high school. MSDE includes the State Board of Education, the Office of the State Superintendent, the Office of the Deputy Superintendent for School Effectiveness, the Office of the Deputy Superintendent for Teaching and Learning, and Office of the Deputy for Finance.

The Office of the State Superintendent provides overall direction and coordination of MSDE activities, support staff for the State Board of Education, and administrative services.

The Office of the Deputy Superintendent for Finance includes the Division of Business Services and the Office of School and Community Nutrition Programs. This office administers the Nonpublic Textbook Program, the Broadening Options and Opportunities for Students Today Program, the Nonpublic Aging Schools Program, and State's federally funded child nutrition programs.

The Office of the Deputy Superintendent for Teaching and Learning includes the Division of Assessment, Accountability, and Data Systems; the Office of Information Technology; the Division of Curriculum, Instructional Improvement, and Professional Learning; the Division of Early Intervention and Special Education Services; and the Division of Career and College Readiness. This office supervises the Maryland Comprehensive Assessment Program (MCAP), the Pathways in Technology Early College High School Program, and Title I and school improvement.

The Office of the Deputy Superintendent for School Effectiveness includes the Division of Student Support, Academic Enrichment, and Educational Policy, the Juvenile Services Education Program (JSES), the Division of Certification and Accreditation, and the Division of Rehabilitative Services (DORS). DORS Disability Determination Services (DDS) makes medical decisions about disability claims for Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI).

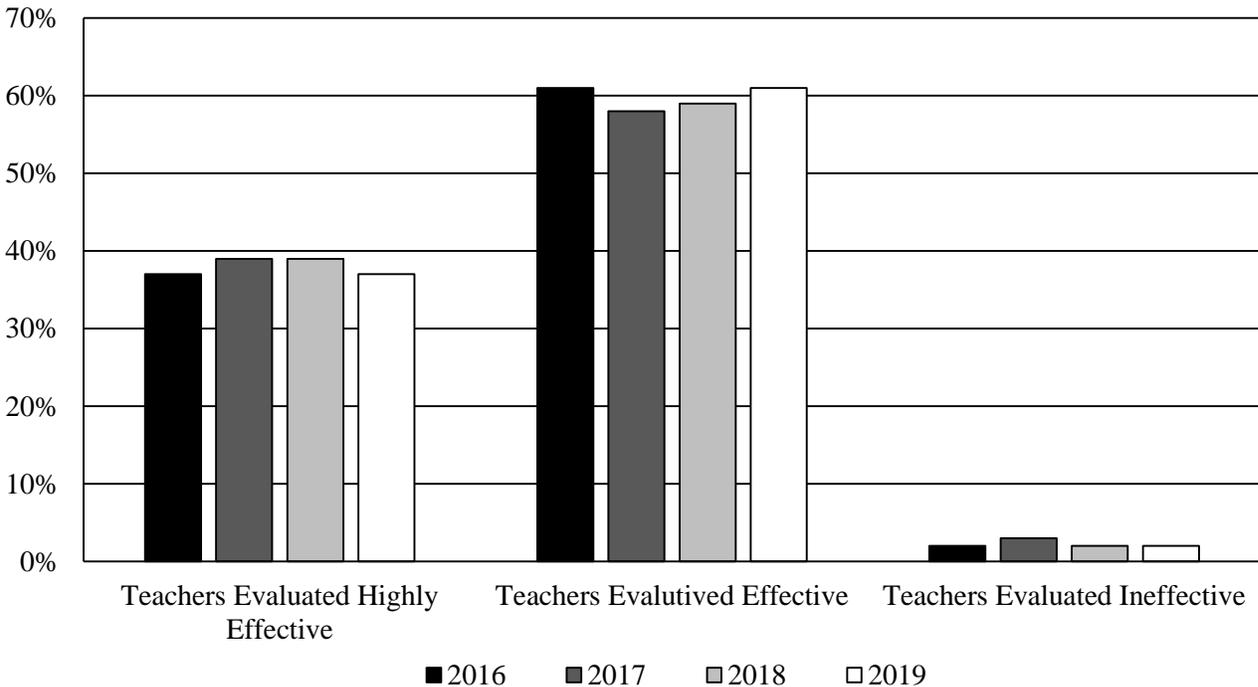
The Maryland Longitudinal Data System Center (MLSDC) and the Office of the Inspector General are independent agencies within MSDE. The Office of the Inspector General provides accountability and transparency in the expenditure of public funds for education.

Performance Analysis: Managing for Results

1. Teachers Effectiveness Varies Slightly from Last Year

One of MSDE’s performance goals is to see an increase in the percentage of teachers evaluated by their local school systems as either highly effective or effective. In 2019, teachers evaluated as highly effective decreased slightly by two percentage points, from 39% to 37%; teachers evaluated as effective increased by a similar amount, from 59% to 61%; and teachers evaluated as ineffective remained at 2%. **Exhibit 1** displays the results of those evaluations from 2016 to 2019.

Exhibit 1
Teacher Effectiveness by Year
Fiscal 2016-2019



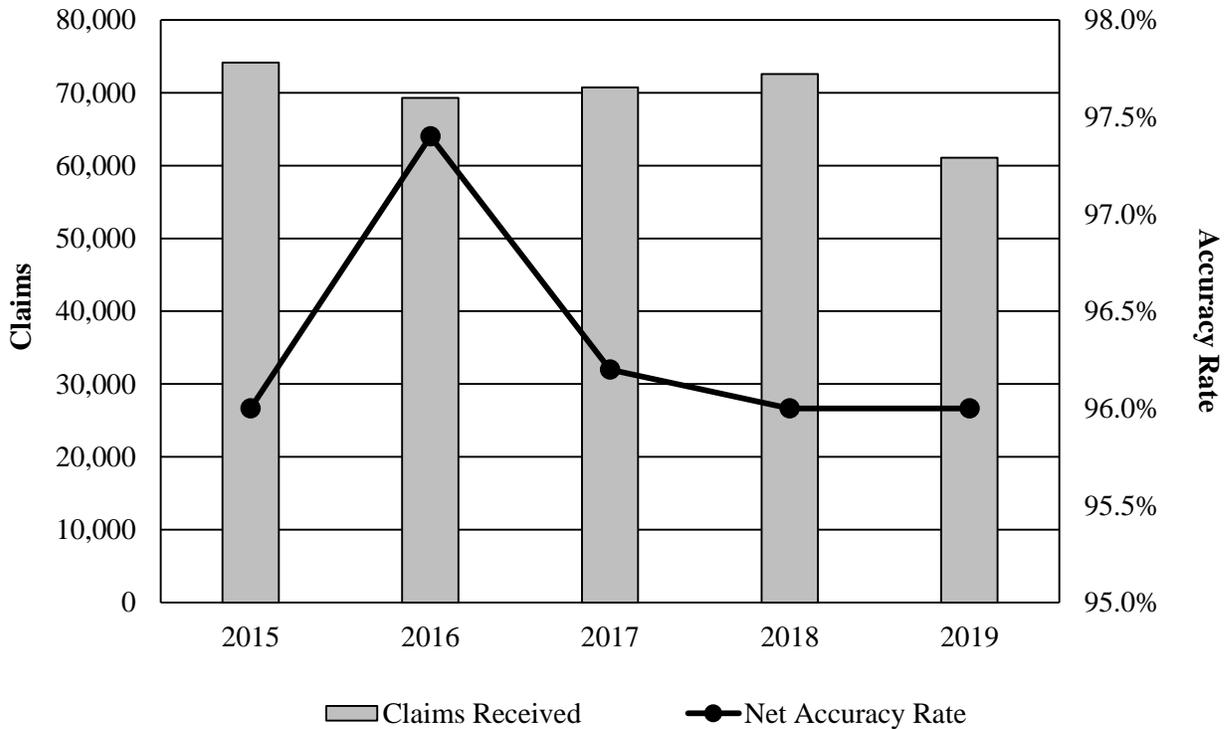
Source: Maryland State Department of Education Managing for Results, 2019

2. DORS Claims Received Declines

One of DORS performance goals is that by June 30, 2020, the Office of DDS will adequately adjudicate 71,500 SSDI and SSI claims annually. In fiscal 2019, the office received approximately

61,000 claims, which it processed with a net accuracy rate of 96%. **Exhibit 2** displays DDS claims received and claims processed from fiscal 2015 to 2019.

Exhibit 2
Disability Determination Services Claims
Fiscal 2015-2019



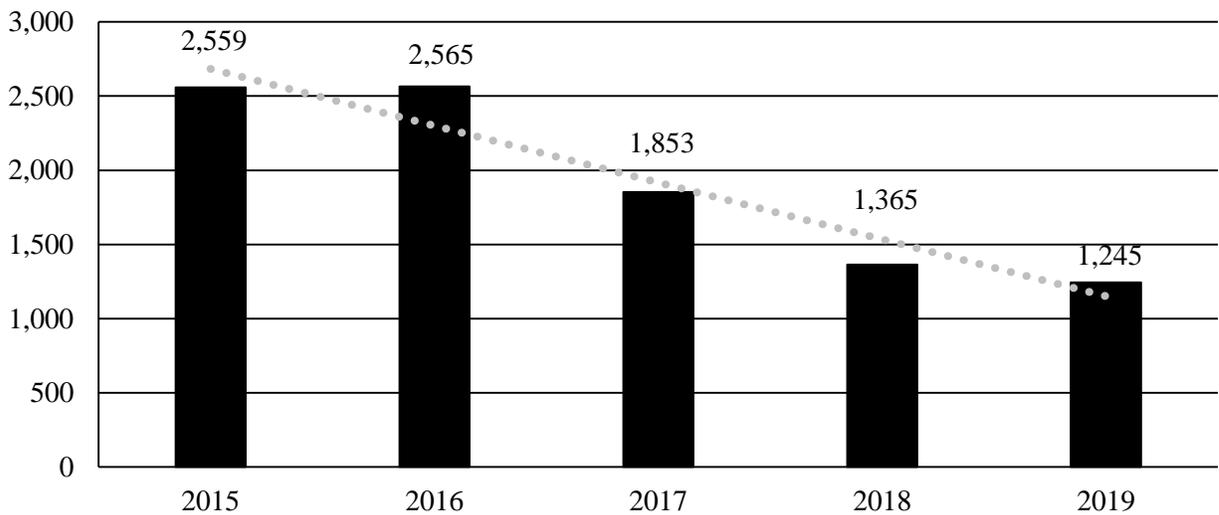
Source: Maryland State Department of Education Managing for Results, 2019

3. DORS Client Placements Continue Decline

The goal of DORS Client Services program is to provide vocational rehabilitation to disabled individuals so that they may achieve economic self-sufficiency through employment. In fiscal 2017, the federal Workforce Innovation and Opportunity Act (WIOA) changed its criteria in regard to successful employment placements for individuals with disabilities. This change included the criteria that employment must have competitive earnings, take place in an integrated location, and have opportunities for advancement. The WIOA also specified that a higher percentage of federal rehabilitation grant funds be used to support students ages 14 to 21, which redirected funds away from employment placement programs and initiatives. Taken together, these changes disqualified certain settings used in past years for DORS placements.

One of DORS performance goals is that by June 30, 2020, DORS will successfully place 2,000 students with disabilities in integrated employment settings. Prior to the WOIA changes, DORS met this goal. However since fiscal 2017, DORS placements have been in decline. This year, DORS placements declined by 120 to 1,245 clients, or 9%. This trend suggests that DORS placements with the new federal criteria may continue to decline in subsequent years. **Exhibit 3** displays the number of students who received employment from fiscal 2015 to 2019.

Exhibit 3
DORS Client Placements
Fiscal 2015-2019



DORS: Division of Rehabilitative Services

Source: Maryland State Department of Education Managing for Results, 2019

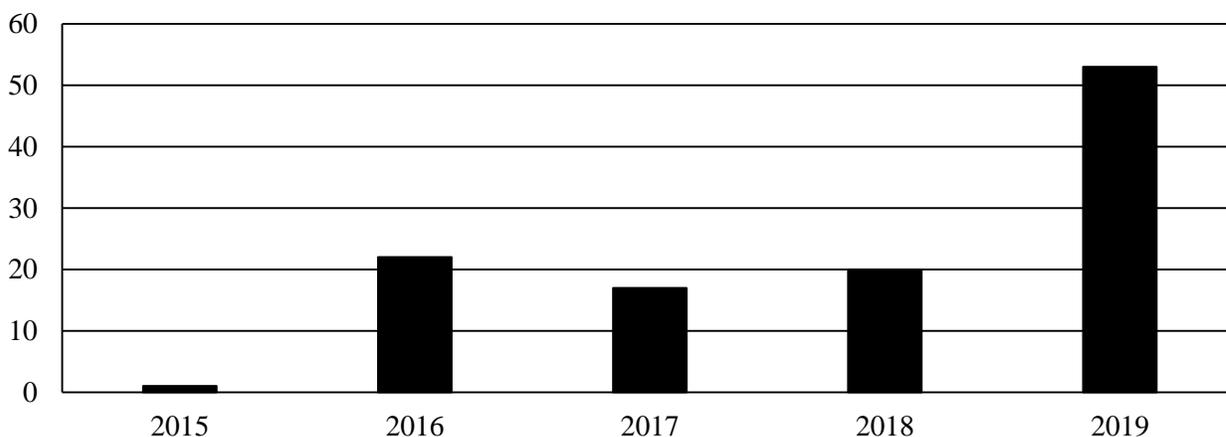
Due to the steady decrease in DORS placements under new WOIA criteria, the Department of Legislative Services (DLS) recommends that MSDE report to the budget committees on the reasons for this continued decline, intended methods for reversing this downward trend, and the potential need to revisit this Managing for Results performance goal in light of the WOIA changes.

4. MLDSC Continues to Add Dashboards

One of MLDSC’s performance goals is to maintain a public facing website that provides timely and relevant information for stakeholders. To meet this goal, the agency maintains and updates data dashboards with data that the public, policymakers, and stakeholders can view and use. In fiscal 2019,

MLDSC added 33 dashboards, analyses, and summaries to its website, for a total of 53. **Exhibit 4** displays the total number of these data available on the MLDSC website since fiscal 2015.

Exhibit 4
MLDSC Data Dashboards
Fiscal 2015-2019



MLDSC: Maryland Longitudinal Data Systems Center

Source: Maryland State Department of Education Managing for Results, 2019

Fiscal 2020 Actions

The fiscal 2020 working appropriation assumes a \$500,000 general fund reversion for MLDSC associated with reduced costs for Oracle licensing.

Fiscal 2021 Allowance

Overview of Agency Spending

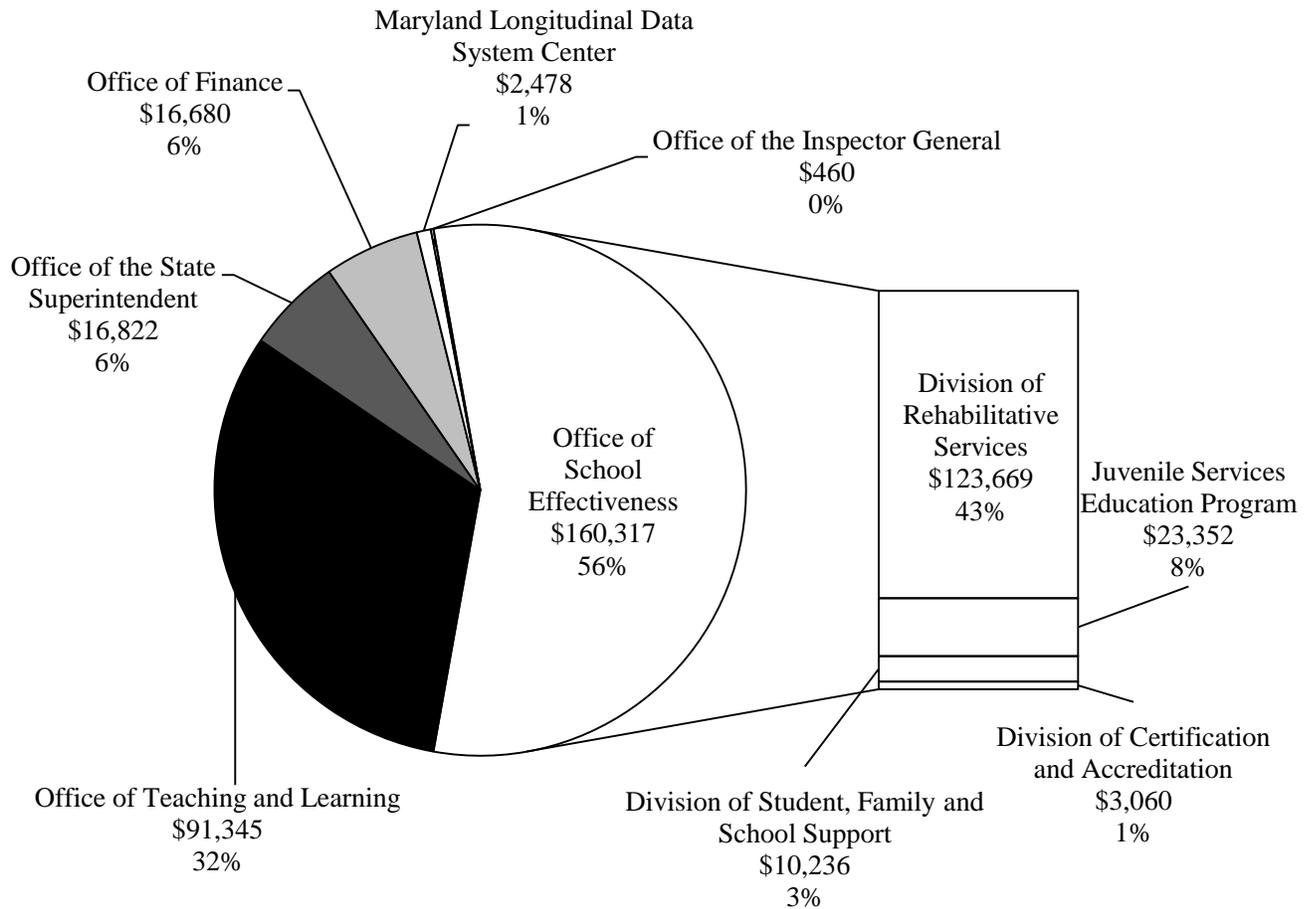
In the fiscal 2021 budget, MSDE Headquarters total allowance is \$288.1 million. This amount does not include fiscal 2020 and 2021 funding for general salary increases.

Agency Spending by Office – All Funds

Units under the oversight of the Office of the Deputy for School Effectiveness account for total spending of \$160.3 million, which is approximately 56% of MSDE Headquarters budget. DORS receives \$123.7 million; JSES receives \$23.4 million; the Division of Student, Family, and Student

Support receives \$10.2 million, and the Division of Certification and Accreditation receives \$3 million. The Office of the Deputy for Teaching and Learning oversees total spending of \$91.3 million, which is approximately 32% of the agency’s budget. The Office of Finance total allocation is \$16.7 million, which is approximately 6% of the budget. The Office of the State Superintendent allocation is \$16.8 million, which is approximately 6% of the budget. MLSDC’s allocation is \$2.5 million, which is approximately 2% of the budget. The Office of the Inspector General receives approximately \$460,000 for the first time in this budget, which is less than 1% of the budget. No funds are allocated to Major Technology Information Projects. **Exhibit 5** displays an overview of agency spending by office.

Exhibit 5
Overview of Agency Spending
Fiscal 2021 Allowance – Total Funds
(\$ in Thousands)

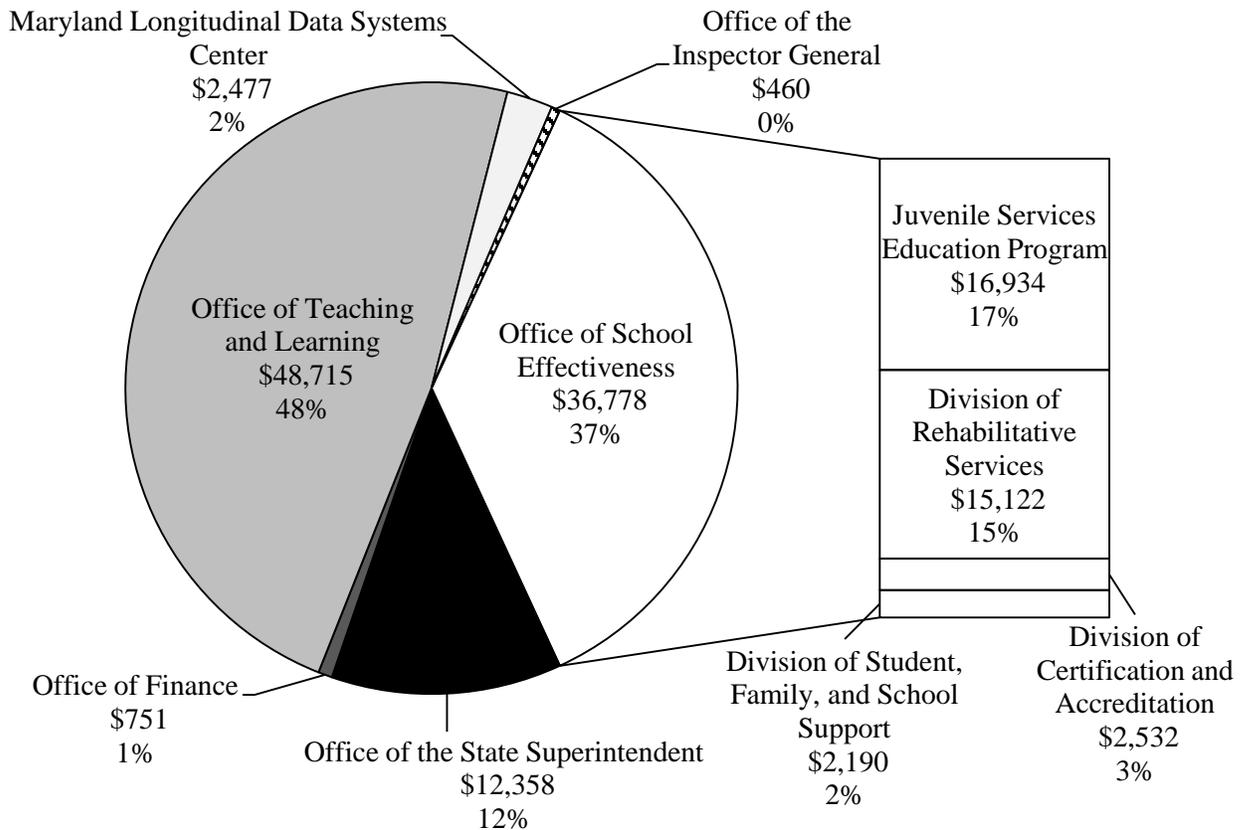


Source: Governor’s Fiscal 2021 Budget Books

Agency Spending by Office – General Funds Only

MSDE’s general fund spending totals \$101.5 million in fiscal 2021, accounting for 35.1% of the MSDE Headquarters allowance. **Exhibit 6** shows the fiscal 2021 general fund spending by office. Units under the oversight of the Office of the Deputy for School Effectiveness account for a significantly smaller piece of the agency’s spending (37%) when only general funds are considered. This reflects that fact that significant portions of DORS and JSES expenditures are supported primarily by federal funds. The Office of Teaching and Learning and the Office of the Superintendent account for much larger portions of the general fund only budget, as activities such as curriculum development, assessments, and administrative services are not as heavily reliant on non-general fund revenue sources. The appropriation for the newly created Office of the Inspector General consists entirely of general funds.

Exhibit 6
Agency Spending by Office – General Funds
Fiscal 2021 Allowance
(\$ in Thousands)



Source: Governor’s Fiscal 2021 Budget Books

Proposed Budget Change

In fiscal 2021, the MSDE Headquarters allowance decreases \$97,000, after accounting for a fiscal 2020 reversion of \$500,000 and adjusted salary increases for fiscal 2020 and 2021. **Exhibit 7** shows the proposed fiscal 2021 budget and changes from fiscal 2020.

**Exhibit 7
Proposed Budget
MSDE Headquarters
(\$ in Thousands)**

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2019 Actual	\$92,431	\$7,633	\$140,857	\$2,862	\$243,782
Fiscal 2020 Working Appropriation	100,347	10,336	175,908	3,400	289,991
Fiscal 2021 Allowance	<u>102,223</u>	<u>10,547</u>	<u>173,709</u>	<u>3,416</u>	<u>289,894</u>
Fiscal 2020-2021 Amount Change	\$1,876	\$211	-\$2,199	\$16	-\$97
Fiscal 2020-2021 Percent Change	1.9%	2.0%	-1.3%	0.5%	

Where It Goes:

Personnel Expenses

	<u>Change</u>
Fiscal 2021 salary increase	\$946
Employee and retiree health insurance	931
Fiscal 2020 salary increase	419
Employee retirement system.....	339
Unemployment compensation	-1
Worker’s compensation	-6
Social Security contributions	-24
Regular earnings	-329
Turnover expectancy.....	-1,172

Other Changes

Contractual services, benefits, and payroll	729
Equipment	116
In state travel and conferences	88
Fixed charges – rent and insurance	68
Other contractual services	39
Office supplies	20
Telecommunications and postage	3

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Where It Goes:	<u>Change</u>
Fuel and utilities	-8
Motor vehicle costs	-396
Changes to data processing grants and expenses	-1,859
Total	-\$97

Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

In the fiscal 2021 allowance, personnel expenditures decrease overall by \$1.1 million. Employees receive a 2% cost-of-living adjustment in fiscal 2021 of \$945,000, which is offset by a \$359,000 decrease in regular earnings, Social Security, and Worker’s Compensation contributions for 10 positions cut in fiscal 2021. The agency also has its allowance for turnover expectancy reduced by \$1.1 million to bring personnel funding more in line with actual vacancy rates.

MSDE’s largest decrease in fiscal 2021 is \$2.5 million in federal funds for data processing for academic research at MLDC, which is offset slightly by an increase of approximately \$365,000 in general funds for this purpose. The agency also had an approximately \$400,000 decrease in motor vehicle costs, fuel, and utilities. Increased costs include \$729,000 in contractual services due to increased administrative hearing costs, the Department of Information Technology (DoIT) services, and an enterprise budget system allocation. The allocation also increases by \$166,000 for equipment, \$88,000 for in-state travel and conferences for the Division of Certification and Accreditation, and \$20,000 for office supplies.

Other changes that affect MSDE Headquarters programs in the fiscal 2021 budget include increases in special funds for the Maryland Public Secondary School Athletic Program, Maryland blue ribbon schools, teacher of the year, and teacher collaborative grants, as well as a federal grant for the Students, Teachers, and Officers Preventing School Violence and Mental Health Training Program.

Personnel Data

	<u>FY 19</u> <u>Actual</u>	<u>FY 20</u> <u>Working</u>	<u>FY 21</u> <u>Allowance</u>	<u>FY 20-21</u> <u>Change</u>
Regular Positions	1,210.90	1,216.90	1,206.90	-10.00
Contractual FTEs	<u>68.46</u>	<u>125.19</u>	<u>119.49</u>	<u>-5.70</u>
Total Personnel	1,279.36	1,342.09	1,326.39	-15.70

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	103.19	8.55%
Positions and Percentage Vacant as of 12/31/19	153.00	12.57%
Vacancies Above Turnover	49.81	

From fiscal 2020 to 2021, regular positions decreased by 10, and contractual positions decreased by 5.70. The agency has 153 vacancies, or approximately 13% of its total personnel complement. Although not reflected in the total position change, the agency reallocated several positions among its various programs in fiscal 2021. Most notably, the Office of the Inspector General increases by 6 positions, which were transferred from the Office of the State Superintendent. The Office of Policy Analysis receives 4 positions; the Division of Instruction receives 7 positions from other departments; and the Division of Student, Family, and School Support loses 9.5 positions. Despite the budgeted turnover rate increasing to 8.55% in the fiscal 2021 allowance, vacancies above turnover equate to almost 50 positions.

Issues

1. MSDE Headquarters Reversions and Encumbrances under Review

Two audits in 2019 conducted by the Office of Legislative Audits (OLA) revealed that MSDE has issues related to its accounting practices. In a recent fiscal 2019 closeout audit, OLA found that MSDE improperly retained \$569,000 in special funds primarily collected for medical assistance administration recoveries rather than reverting these funds to the General Fund, as well as incorrectly encumbered over \$1 million for the Students with Disabilities – Aid to Education program for which funds were not sufficiently available. In a July 2019 OLA audit, MSDE’s Department of Rehabilitative Services paid \$10.9 million more for consumer services than budgeted, and federal fund reimbursement requests for the Nutrition Block Grant were not always complete and timely, resulting in a lost investment income totaling approximately \$300,000.

Due to these concerns with MSDE’s accounting practices, MSDE should provide to the budget committees by September 30, 2020, an explanation for all encumbered and reverted funds in fiscal 2020 for any amount that does not equal zero.

2. Audit Findings Involving Data Security Repeated

MSDE and DoIT are responsible for the safekeeping of many types of sensitive, personally identifiable information (PII). An OLA audit of MSDE in July 2019 indicated that MSDE had four separate issues in regard to information systems security and control with two recommendations repeated either in full or in part from the last audit.

The first repeat finding was that MSDE stored sensitive PII without the proper safeguards. The second repeat finding was that MSDE did not have a complete information technology disaster recovery plan for recovering computer operations. The agency also received two additional findings that involved information security. First, MSDE lacked assurance that certain significant applications and sensitive student data managed by third-party contractors were properly secured against operational and security risks. Second, MSDE’s malware protection was not sufficient to provide adequate assurance that its computers were properly protected. MSDE responded to the audit with recommendations for remediation to be completed by the end of 2019.

Due to these repeated findings and the critical nature of protecting sensitive PII, MSDE and DoIT should provide to the budget committees by December 30, 2020, an update on their progress to remediate all findings in the audit report and account for funds expended by each agency on remediation.

3. MSDE Organizational Chart and Structure Needs Clarification

In 2019, MSDE reported that the agency restructured many of its divisions and offices. Although these changes did not require additional personnel, they did change the responsibilities assigned to the four main offices in MSDE: the Office of the State Superintendent; the Office of the Deputy for School Effectiveness; the Office of the Deputy for Teaching and Learning; and the Office of the Deputy for Finance. However, MSDE’s official organizational chart does not reflect recent changes, such as the new independent agency of the Office of the Inspector General. Links on the MSDE’s website also do not align with the MSDE’s organizational chart.

Due to the confusion in regard to MSDE’s organizational structure, MSDE should provide the budget committees by July 1, 2020, with their organizational chart, clarify office and division responsibilities, and elaborate on the relationship of MSDE to its independent units, including the office or offices that supervises these units.

4. Maryland Comprehensive Assessment Program Costs Need Clarification

The federal Every Student Succeeds Act of 2015 requires that each State administer annual statewide assessments to all students in English Language Arts/Literacy and Mathematics in grades 3 through 8 and once in high school, as well as in science once in each grade span (3 to 5, 6 to 8, and high school) and annual English language proficiency assessments in grades K-12 for all English learners. In spring 2018, MSDE announced that the State will transition to a new Maryland specific assessment system called MCAP, which includes Maryland statewide assessments for all subject areas and grade levels. Spring 2019 was the last administration of the Partnership for Assessment of Readiness for College and Careers (PARCC) in the State, and in spring 2020, students will take MCAP.

According to MSDE, MCAP will be different than PARCC, as the assessments will have aligned unit times, shorter assessments, and will be more computer adaptive. The Maryland College-and Career-Ready Standards for English/language arts and mathematics will stay the same under MCAP, meaning that results will still be comparable to PARCC. For MCAP, students will take standardized assessments in the following areas and grades:

- **English:** grades 3 through 8 and 10;
- **Math:** grades 3 through 8, plus algebra 1, geometry, and algebra 2;
- **Science:** grades 5, 8, and high school; and
- **Social Studies:** grade 8 and government in high school.

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Maryland also provides alternate assessments written to the alternate standards for those students who require this accommodation. Additionally, the majority of Maryland kindergarteners are administered the Kindergarten Readiness Assessment to determine their readiness for kindergarten.

MSDE's anticipated cost for MCAP in fiscal 2021 is \$32 million, but the agency has not released a cost analysis for the MCAP assessments going forward. **MSDE should provide the committees by August 1, 2020, with MCAP costs compared to PARCC and any additional costs or savings for MCAP due to projected enrollment growth or decline for fiscal 2020 to 2024.**

Operating Budget Recommended Actions

1. Add the following language:

Provided that 20 vacant positions and \$1,200,000 of general funds shall be reduced from the fiscal 2021 appropriation for the Maryland State Department of Education (MSDE) Headquarters.

Further provided that on or before July 30, 2020, MSDE shall submit a report to the budget committees providing detail on the abolished positions and associated personnel savings.

Explanation: MSDE Headquarters has approximately 50 positions vacant, 14 of which have been vacant for over a year. These cuts reduce MSDE’s vacancy rate and provide general fund savings.

Information Request	Author	Due Date
Report on abolished positions	MSDE	July 30, 2020

2. Adopt the following narrative:

Improvements to Accounting Practices: The committees request that the Maryland State Department of Education (MSDE) provide a report by September 30, 2020, on its accounting practices that includes an explanation for all fiscal 2020 encumbered and reverted funds for any amount that does not equal zero. In a recent fiscal 2019 closeout audit, the Office of Legislative Audits found that MSDE improperly retained \$569,000 in special funds as well as incorrectly encumbered of over \$1 million for the Students with Disabilities – Aid to Education Program. In a three-year audit released in July 2019, the Division of Rehabilitative Services paid \$10.9 million more for consumer services than budgeted, and federal fund reimbursement requests for the Nutrition Block Grant were not always complete and timely, resulting in a lost investment income totaling approximately \$300,000.

Information Request	Author	Due Date
Report on accounting practices	MSDE	September 30, 2020

3. Adopt the following narrative:

Updates to Data Security Procedures: The committees request that the Maryland State Department of Education (MSDE) and the Department of Information Technology (DoIT) prepare a report on MSDE’s data security procedures by December 30, 2020, that includes an update on their progress to remediate all findings in the audit report and account for funds

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expended by each agency on remediation. MSDE is responsible for the safekeeping of many types of sensitive, personally identifiable information. An the Office of Legislative Audits audit in July 2019 indicated that MSDE had four separate issues in regard to information systems security and control with two recommendations repeated either in full or in part from the last audit.

Information Request	Authors	Due Date
Report on data security	MSDE DoIT	December 30, 2020

4. Adopt the following narrative:

Clarifications to Organizational Structure: The committees request that the Maryland State Department of Education (MSDE) report on the current organizational structure of their office. In 2019, MSDE reported that they had restructured their organization. However, MSDE’s organizational chart does not include some offices and independent units within MSDE, such as the new Office of the Inspector General. By July 1, 2020, MSDE should provide the committees with a report that includes their organizational chart, clarifies office and division responsibilities, and elaborates on the relationship of MSDE to its independent units, including the office or offices that supervises these units.

Information Request	Author	Due Date
Organizational chart and structure	MSDE	July 1, 2020

5. Adopt the following narrative:

Transition to the Maryland Comprehensive Assessment Program: The committees request that, by August 1, 2020, the Maryland State Department of Education (MSDE) report on the transition from the Partnership for Assessment of Readiness for College and Careers (PARCC) assessments to the Maryland Comprehensive Assessment Program (MCAP). Spring 2019 was the last administration of PARCC; in spring 2020, students will take MCAP. MSDE has not released a cost estimate for the changeover from PARCC to MCAP or a comprehensive cost analysis of the MCAP assessments. MSDE should provide the committees with MCAP costs compared to PARCC and any additional costs or savings for MCAP due to projected enrollment growth or decline. Data for this transition should be provided for fiscal 2020 to 2024.

Information Request	Author	Due Date
Transition to MCAP	MSDE	August 1, 2020

6. Adopt the following narrative:

Division of Rehabilitative Services (DORS) Placements Under New Criteria: The committees request that the Maryland State Department of Education (MSDE) report on DORS qualified employment placements by July 1, 2020. Due to changes in 2017 in the Workforce Innovation and Opportunity Act (WIOA), DORS has continued to have a steady decline in placements. MSDE should report to the budget committees on the reasons for this continued decline and review this Managing For Results (MFR) performance goal in light of the WIOA changes with changes in the MFR to start in fiscal 2022.

Information Request	Author	Due Date
Report and review of MFR	MSDE	July 1, 2020

Budget Reconciliation and Financing Act Recommended Actions

1. Reduce fiscal 2020 funding for the Office of the Inspector General by \$400,000 due to delays associated with startup.

Updates

1. Summer SNAP for Children Act Implemented

The Office of School and Community Nutrition Programs implemented the Summer SNAP for Children Act of 2019 (SNAP), which requires the State to provide funds to counties to supplement benefits for children who qualify for the Food Stamp Program (renamed the Food Supplement Program). The combined State and county supplement must be used to increase the benefit by at least \$30 per child in the months of June, July, and August and \$10 per child in December. The amount of total benefits a household can get is based on the U.S. Department of Agriculture’s (USDA) maximum allotment, which is an estimate of how much it costs to buy food to prepare nutritious, low-cost meals for a household. Counties share the cost with the State for this program according to the State and local cost-share formula. In consultation with MSDE’s Office of School and Community Nutrition Programs, and if federal funding is available, the Department of Human Services (DHS) must apply for an annual grant from the USDA to implement a summer electronic benefit transfer for children demonstration program.

For more information on SNAP benefits, see the analysis for DHS, Family Investment Administration (N00I). For more information on potential changes to State education funds for students who qualify for free and reduced-price meals (FRPM), see the MSDE Aid to Education analysis (R00A02).

2. Office of Compliance and Monitoring Conducts Reviews

The main purpose of the Office of Compliance and Monitoring is to ensure local education agency (LEA) compliance with State statutes and regulations and to monitor corrective actions. This office is responsible for review of four identified concerns: graduation rate compliance; nonpublic student textbook program; principal evaluations; and complaints of fraud, waste, and abuse. In June 2019, this office issued its annual report for fiscal 2019, which states that the office had conducted the following activities: instruction of self-assessment guide for LEAs to review State Board of Education and MSDE policy; implementation of a risk-based reporting system; 13 graduation rate validation LEA reviews; 28 Nonpublic Student Textbook Program reviews, which resulted in the recovery of approximately \$8,100 in MSDE equipment from a failed program facility; six reviews of LEAs principal evaluation systems; and eight investigations of fraud, waste, and abuse from fiscal 2018, which resulted in two closed cases, two fully investigated cases forwarded to the Baltimore City Inspector General, and four cases referred to local school systems. The office currently has 3 personnel.

3. Student Data Privacy Council Starts Work

The Student Data Privacy Act of 2015 requires operators in preK-12 public schools to protect covered information from unauthorized access, destruction, use, modification, or disclosure with

appropriate security measures and to delete covered information upon request of the public school or local school system. Chapter 398 of 2019 established the Student Data Privacy Council to study the development and implementation of this Act and review and analyze (1) similar laws and best practices in other states and (2) developments in technologies as they relate to student data privacy. The council's charge is to make recommendations regarding statutory and regulatory changes to the Act based on its findings and report findings to the Governor of Maryland and the Maryland General Assembly.

In calendar 2019, the council met three times with additional meetings planned in 2020. At these meetings, the council established and approved bylaws, finalized and confirmed the scope of its work, and reviewed local school system information on student data privacy practices and their implementation. The council also proposed a survey of local school systems based on the trusted learning environment framework for student data privacy. The council has a report due December 30, 2020. This bill expires May 31, 2021.

4. Direct Certification System Completed

In November 2019, the MSDE Office of School and Community Nutrition Programs, implemented a technology solution for Direct Certification for the National School Lunch Program (NSLP). The federal Food, Conservation, and Energy Act of 2008 (also known as the 2008 Farm Bill) requires an annual report to Congress on State progress in direct certification in the NSLP. Direct certification is the process by which eligible children are certified for free meals without the need for a household application based on household participation in one or more means-tested federal assistance program. This system replicates the Florida Direct Certification Solution, which is an online, databased process through which a state agency can obtain the 95% direct certification rate for the NSLP set by USDA. More information on this project can be found in **Appendix 3** of this analysis.

5. Juvenile Justice Reform Council Begins Work

SB 856 of 2019 established the Juvenile Justice Reform Council. This council is required to develop a statewide framework of policies to invest in strategies to increase public safety and reduce youth recidivism; research best practices related to the treatment of juveniles who are subject to the criminal and juvenile justice system; and identify and make recommendations to limit or mitigate risk factors that contribute to juvenile contact with the criminal and juvenile justice systems. The council is required to submit a final report by December 30, 2020. In an interim report submitted in December 2019, the council reported that it has reviewed its responsibilities, discussed plans for regional meetings, received a presentation from the Department of Juvenile Services, and selected the Vera Institute for Justice to provide technical services to the council.

6. MLDSC Implements Data Requests and Submits Dual Enrollment Report

Chapter 688 of 2019 allowed MLDSC to add juvenile delinquency records and discipline records to the types of data that are collected and analyzed by the center. In keeping with this legislation,

the MLDSC governing board approved eight data elements for inclusion in the data inventory from this data set. Chapter 729 of 2019 requires LEAs to convert student home addresses into a U.S. Census Bureau tract or block number and then provide that information to MSDE. In December 2019, the center identified the proposed data elements for inclusion.

MLDSC filed the 2019 *Annual Report on Dual Enrollment* required under Section 24-703, which directs the center to report, disaggregated by local school system, on the number of students who are dually enrolled in high school and college. The report is still not able to provide a complete picture of dual enrollment course taking because the course information at the high school level is incomplete, and the college course taking is not yet available. MLDC staff has received input from DLS staff in regard to the report and possible modifications to meet specific policy inquiries.

7. MSDE Announces Position for Director of Community Schools

The Blueprint for Maryland’s Future provided grants to public schools in which at least 80% of students are eligible for FRPM. In fiscal 2020 and 2021, MSDE received approximately \$126,000 to fund one director for this program, which the Division of Student Support, Academic Enrichment, and Educational Policy administers. In November 2019, MSDE issued a position announcement for a Director of Community Schools.

Appendix 1
2019 Joint Chairmen’s Report Responses from Agency

The 2019 *Joint Chairmen’s Report* (JCR) requested that Maryland State Department of Education (MSDE) Headquarters prepare three reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Centers for Independent Living Oversight:*** The Division of Rehabilitative Services (DORS) under MSDE currently oversees seven Centers for Independent Living (CIL) and the Maryland Statewide Independent Living Council (MSILC) to provide services that promote independent living for individuals with disabilities. The committees requested that DORS and the Maryland Department of Disabilities (MDOD), in consultation with MSILC and CIL submit a report by September 1, 2019, regarding the actions needed to transfer oversight of the centers to MDOD. The report recommended that MDOD leadership further explore this transfer and, if agreed upon by all parties, that it be completed in two years. The report contains a two-year draft preliminary action plan to complete this transfer. Discussion of this JCR can be found in the Department of Disabilities analysis (D12A02) and in the MSDE Aid to Education analysis (R00A02).
- ***Early Outreach for Community Services:*** The committees expressed concerned that families with school-age children who may be eligible for community services through the Developmental Disabilities Administration (DDA) are not aware of the agency’s services. The committees requested that MSDE work with DDA to submit a report that describes the methods currently used by both agencies to inform families of DDA services. The report states that MSDE provides families with students with disabilities and/or the Individualized Education Program with a secondary transition planning guide; coordinates meetings with State adult agencies to eligibility requirements, services and supports, and Medicaid Waiver programs; works with local education agencies to host transition events provide outreach and information to families and students about DDA-funded services and the application process; and coordinates with DDA and DORS on transition related supports and services. Discussion of this JCR can also be found in the DDA analysis (M00M).
- ***MSDE Loaned Educator Report:*** The fiscal 2019 Budget Bill required that MSDE report each year on or before December 15 on the number of loaned educator contracts and any conversion of these contracts to regular positions. As of December 1, 2019, MSDE did not engage in any new loaned educator contracts.

**Appendix 2
Audit Findings**

Audit Period for Last Audit:	July 1, 2014 – December 31, 2017
Issue Date:	July, 2019
Number of Findings:	11
Number of Repeat Findings:	2
% of Repeat Findings:	25%
Rating: (if applicable)	n/a

- Finding 1:** The Maryland State Department of Education’s (MSDE) Division of Rehabilitative Services (DORS) did not always make initial consumer contacts and complete individual plans for employment (IPE) in a timely manner. In addition, as of January 2018, DORS paid \$10.9 million more for consumer services than budgeted in the approved IPEs for 2,600 consumers.
- Finding 2:** Federal fund reimbursement requests for the Nutrition Block Grant were not always complete and timely, resulting in a lost investment income totaling approximately \$300,000.
- Finding 3:** MSDE did not verify the accuracy of grantee expenditure data and performance reports and did not conduct comprehensive site visits of grantees.
- Finding 4:** **Sensitive, personally identifiable information maintained by MSDE was stored without adequate safeguards.**
- Finding 5:** MSDE lacked assurance that certain significant applications and sensitive student data managed by third-party contractors were properly secured against operational and security risks.
- Finding 6:** **MSDE did not have a complete information technology disaster recovery plan for recovering computer operations.**
- Finding 7:** Malware protection was not sufficient to provide MSDE with adequate assurance that its computers were properly protected.
- Finding 8:** Certain MSDE units did not record and restrictively endorse check collections immediately on receipt as requested.

*Bold denotes item repeated in full or part from preceding audit report.

Appendix 3
Major Information Technology Project
Maryland State Department of Education
Maryland Direct Certification System

More information on the Maryland State Department of Education’s (MSDE) Maryland Direct Certification System Major Information Technology Project is in the Updates section of this analysis.

New/Ongoing: Ongoing								
Start Date: Fiscal 2018					Est. Completion Date: Fiscal 2020			
Implementation Strategy: Agile								
(\$ in Thousands)	Prior Year	2020	2021	2022	2023	2024	Remainder	Total
GF	\$521	\$0	\$0	\$0	\$0	\$0	\$0	\$521
FF	742	0	0	0	0	0	0	742
Total	\$1,263	\$0	\$0	\$0	\$0	\$0	\$0	\$1,263

- **Project Summary:** MSDE, Office of School and Community Nutrition Programs, is implementing a technology solution for Direct Certification (DC). This project is an intra-agency collaborative effort between those departments. MSDE will host this system, which will have an updated web portal that will allow local education agency enrollment files to be matched against data from the Department of Human Services (DHS).
- **Need:** Federal law requires States to directly certify at least 95% of school-aged children in the Summer SNAP for Children Act households. The goals of this project are to meet or exceed the U.S. Department of Agriculture national goal of a 95% DC match rate, provide a standardized matching process across all participants, update the database nightly with data from DHS, provide the ability to match students and household data across districts, and consolidate oversight of the DC process.
- **Observations and Milestones:** The Maryland Direct Certification System (MDCS) system went live on November 4, 2019.
- **Changes:** There are no known or anticipated schedule, cost, or scope changes at this time.
- **Concerns:** Resource turnover and technology upgrades at DHS could impact delivery of nightly data supplied by DHS for MDCS. MDCS will continue to monitor resource turnover and impacts of the technology upgrades.
- **Other Comments:** The work of the Commission on Innovation and Excellence in Education may extend the scope of this project, requiring MSDE to work with the Maryland Department of Health to incorporate matching for Medicaid into the DC system.

**Appendix 4
Object/Fund Difference Report
MSDE – Headquarters**

<u>Object/Fund</u>	<u>FY 19 Actual</u>	<u>FY 20 Working Appropriation</u>	<u>FY 21 Allowance</u>	<u>FY 20 - FY 21 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,210.90	1,216.90	1,206.90	-10.00	-0.8%
02 Contractual	68.46	125.19	119.49	-5.70	-4.6%
Total Positions	1,279.36	1,342.09	1,326.39	-15.70	-1.2%
Objects					
01 Salaries and Wages	\$ 110,123,406	\$ 116,927,017	\$ 116,654,707	-\$ 272,310	-0.2%
02 Technical and Spec. Fees	40,324,603	52,127,217	52,856,634	729,417	1.4%
03 Communication	1,733,970	1,808,016	1,811,016	3,000	0.2%
04 Travel	1,134,719	2,087,976	2,176,305	88,329	4.2%
06 Fuel and Utilities	990,946	1,038,726	1,031,060	-7,666	-0.7%
07 Motor Vehicles	732,485	1,212,553	817,032	-395,521	-32.6%
08 Contractual Services	59,301,885	81,024,409	78,704,916	-2,319,493	-2.9%
09 Supplies and Materials	1,852,969	4,012,289	4,031,795	19,506	0.5%
10 Equipment – Replacement	2,382,826	1,414,955	1,414,955	0	0%
11 Equipment – Additional	454,182	4,665,496	4,781,145	115,649	2.5%
12 Grants, Subsidies, and Contributions	19,539,932	17,265,187	17,265,187	0	0%
13 Fixed Charges	5,163,506	5,597,409	5,665,843	68,434	1.2%
14 Land and Structures	46,980	891,000	891,000	0	0%
Total Objects	\$ 243,782,409	\$ 290,072,250	\$ 288,101,595	-\$ 1,970,655	-0.7%
Funds					
01 General Fund	\$ 92,430,547	\$ 100,683,067	\$ 101,538,010	\$ 854,943	0.8%
03 Special Fund	7,632,947	10,324,115	10,497,600	173,485	1.7%
05 Federal Fund	140,857,402	175,664,782	172,649,856	-3,014,926	-1.7%
09 Reimbursable Fund	2,861,513	3,400,286	3,416,129	15,843	0.5%
Total Funds	\$ 243,782,409	\$ 290,072,250	\$ 288,101,595	-\$ 1,970,655	-0.7%

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.

**Appendix 5
Fiscal Summary
MSDE – Headquarters**

<u>Program/Unit</u>	<u>FY 19 Actual</u>	<u>FY 20 Wrk Approp</u>	<u>FY 21 Allowance</u>	<u>Change</u>	<u>FY 20 - FY 21 % Change</u>
01 Office of the State Superintendent	\$ 13,335,195	\$ 16,516,633	\$ 16,822,161	\$ 305,528	1.8%
02 Division of Business Services	7,631,467	6,530,887	6,556,584	25,697	0.4%
04 Division of Accountability, Assessment and Data	48,074,279	53,169,600	53,805,568	635,968	1.2%
05 Office of Information Technology	3,970,753	11,954,421	12,079,058	124,637	1.0%
06 Major Information Technology Development	558,080	213,750	0	-213,750	-100.0%
07 Office of School and Community Nutrition	5,799,933	10,440,085	10,123,334	-316,751	-3.0%
11 Division of Instruction	6,816,203	8,547,498	9,295,612	748,114	8.8%
12 Division of Student, Family and School Support	6,194,606	11,334,647	10,235,649	-1,098,998	-9.7%
13 Div. of Special Educ./Early Intervention Services	14,082,300	12,421,103	12,502,840	81,737	0.7%
14 Division of Career and College Readiness	2,925,228	3,715,385	3,661,620	-53,765	-1.4%
15 Juvenile Services Education Program	19,148,698	23,049,850	23,352,410	302,560	1.3%
18 Division of Certification and Accreditation	2,585,981	2,848,258	3,060,484	212,226	7.5%
20 Div. of Rehab Services – Headquarters	13,701,656	15,758,281	15,851,537	93,256	0.6%
21 Div. of Rehab Services – Client Services	42,949,676	44,118,429	43,888,589	-229,840	-0.5%
22 Div. of Rehab Services – Workforce and Tech.	9,138,636	9,808,970	9,965,356	156,386	1.6%
23 Div. of Rehab Serv – Disability Determination	35,066,621	44,321,895	44,009,719	-312,176	-0.7%
24 Div. of Rehab. Serv. – Blindness & Vision	9,068,467	10,051,000	9,953,634	-97,366	-1.0%
01 Maryland Longitudinal Data Systems Center	2,734,630	5,271,558	2,477,858	-2,793,700	-53.0%
01 Inspector General’s Office	0	0	459,582	459,582	0%
Total Expenditures	\$ 243,782,409	\$ 290,072,250	\$ 288,101,595	-\$ 1,970,655	-0.7%
General Fund	\$ 92,430,547	\$ 100,683,067	\$ 101,538,010	\$ 854,943	0.8%
Special Fund	7,632,947	10,324,115	10,497,600	173,485	1.7%
Federal Fund	140,857,402	175,664,782	172,649,856	-3,014,926	-1.7%
Total Appropriations	\$ 240,920,896	\$ 286,671,964	\$ 284,685,466	-\$ 1,986,498	-0.7%
Reimbursable Fund	\$ 2,861,513	\$ 3,400,286	\$ 3,416,129	\$ 15,843	0.5%
Total Funds	\$ 243,782,409	\$ 290,072,250	\$ 288,101,595	-\$ 1,970,655	-0.7%

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.