

**RA.01**  
**Headquarters**  
**Maryland State Department of Education**

***Operating Budget Data***

(\$ in Thousands)

	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>		<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
General Fund	\$72,739	\$81,583	\$89,732	\$8,149	10.0%
Special Fund	7,623	7,416	6,017	(1,399)	(18.9%)
Federal Fund	83,408	91,742	87,111	(4,631)	(5.0%)
Non-budgeted Fund	4,387	2,528	4,900	2,372	93.8%
Reimbursable Fund	<u>431</u>	<u>74</u>	<u>749</u>	<u>675</u>	<u>918.8%</u>
<b>Total Funds</b>	<b>\$168,588</b>	<b>\$183,342</b>	<b>\$188,509</b>	<b>\$5,166</b>	<b>2.8%</b>

- The fiscal 2003 allowance for the Maryland State Department of Education (MSDE) contains \$1.4 million for 30.5 new correctional education positions to offer library and school services to residents of the North Branch Correctional Facility in Cumberland and reduce the inmate education waiting lists.
- Another \$2.0 million is included in the allowance to operate a juvenile justice alternative education pilot school as mandated by Chapter 685, Acts of 2001.

***Personnel Data***

	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	1,360.90	1362.90	1,393.40	30.50
Contractual FTEs	<u>124.78</u>	<u>156.76</u>	<u>156.30</u>	<u>(0.46)</u>
<b>Total Personnel</b>	<b>1,486.68</b>	<b>1,520.66</b>	<b>1,550.70</b>	<b>30.04</b>

***Vacancy Data: Regular Positions***

Budgeted Turnover: FY 03	93.42	6.31%
Positions Vacant as of 12/31/01	78.50	5.76%

***Analysis in Brief***

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

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## Issues

***Federal Education Reform May Significantly Affect Student Assessments and Other Education Activities:*** The recently reauthorized Elementary and Secondary Education Act (ESEA) imposes significant mandates on the State's student assessment system and other areas of education. How the reauthorization will impact student testing, other educational areas, and funding is evaluated.

***Task Force Recommends Measures to Better Prepare Disadvantaged and Capable Students for College:*** The Task Force to Study College Readiness for Disadvantaged and Capable Students has recommended various measures to improve the preparation of disadvantaged and capable students for college; to help disadvantaged and capable students with college financial aid opportunities; and to prepare educators to teach disadvantaged and capable students. What these measures are is explored. **DLS recommends MSDE be prepared to comment on which recommendations MSDE would prefer to be funded, given the budgetary constraints in fiscal 2003.**

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**Recommended Actions**

	<b><u>Funds</u></b>	<b><u>Positions</u></b>
1. Reduce funding for travel.	\$ 20,625	
2. Delete positions vacant for more than 12 months.		5.0
3. Delete funding for a new juvenile justice alternative education school.	2,048,000	
<b>Total Reductions</b>	<b>\$ 2,068,625</b>	<b>5.0</b>

**Updates**

***Follow-up Audit Conducted of Baltimore City's Teacher Evaluation System:*** The Baltimore City Public School System is required to develop and implement a performance-based evaluation system for teachers and administrators. After a 2000 audit of the system raised issues regarding the ability to effectively implement the system, the committees requested a follow-up audit. An analysis of the follow-up audit's findings is provided.

***Visionary Panel Outlines Future of the State's Elementary and Secondary Education:*** The State's Visionary Panel recently completed its work on where the State should go in educating its children. What the Visionary Panel recommends is explored.

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## ***Operating Budget Analysis***

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### **Program Description**

The activities of the Maryland State Department of Education (MSDE) are focused in three program areas: public education, including correctional education; library development and services; and rehabilitation services.

#### **Public Education**

Public education consists of the Office of the State Superintendent; Division of Business Services; Division of Professional and Strategic Development; Division of Planning, Results, and Information Management; Office of Information Technology; Major Information Technology Development Projects; Division of Instruction and Staff Development; Division of Student and School Services; Division of Special Education; Division of Career Technology and Adult Learning; and Division of Correctional Education. These programs provide:

- policy direction, administrative, and management information systems support;
- technical assistance on research, evaluation, and statistical analysis;
- leadership, administration, and technical support for implementing MSDE's Educational Accountability System as defined in the annual Maryland School Performance Report, major components of which are the Maryland School Performance Assessment Program (MSPAP), the Maryland Functional Testing Program (MFTP), the High School Assessment Program (HSAP), and the Comprehensive Test of Basic Skills (CTBS/5);
- leadership and technical assistance to local school systems for school facilities, school food service, and transportation programs;
- regulatory oversight of teacher qualifications and teacher education programs and accreditation of nonpublic schools;
- guidance and training for effective instruction for public school students in the early, middle, high school, and adult learning programs; special education programs; and career technology education programs;
- regulatory oversight and enforcement for federally funded programs;
- direct education and library services to inmates within the facilities of the Maryland Division of Correction and the Patuxent Institution (academic development up to the provision of a high school diploma, occupational preparation for entry-level employment, and life skills instruction); and

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- leadership in the development and dissemination of best practices for PreK-12 professional development initiatives statewide.

### **Library Development and Services**

This program is divided into two branches: the Public Library State Network Branch and the Library for the Blind and Physically Handicapped (LBPH). As such, the Division of Library and Development Services is responsible for developing statewide library services, the statewide library network, and regional libraries. Regional libraries provide support to public libraries in southern, western, and eastern Maryland. The Enoch Pratt Free Library, which is designated as the State Library Resource Center, runs the SAILOR network, provides statewide training, and assumes other statewide responsibilities. LBPH provides specialized services through its facility in Baltimore to the blind and handicapped communities.

### **Rehabilitation Services**

The Division of Rehabilitation Services program consists of the Division Headquarters, Client Services, and the Disability Determination Service. These programs provide vocational rehabilitation services and determine eligibility for federal disability benefits. The primary purpose of client services is to plan and provide vocational rehabilitation services for individuals with disabilities so that they can maintain or achieve economic self-sufficiency through productive employment. The primary purpose of the disability determination unit is to adjudicate claims for Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) based on medical evidence, vocational factors, and federal rules promulgated by the Social Security Administration.

## **Fiscal 2002 Actions**

### **Cost Containment**

The Governor directed MSDE to reduce its fiscal 2002 general fund legislative appropriation by \$2.1 million in general funds and \$144,000 in special funds to comply with cost containment measures. MSDE's reduction in general funds consisted of reducing contractual services by \$1.4 million; contractual personnel and technical fee expenses by \$448,822; salaries, wages, and fringe benefits by \$250,000; supplies by \$9,987; and travel by \$343. MSDE's reduction in special funds consisted of reducing contractual personnel and technical fee expenses by \$98,368 and contractual services by \$45,632.

**DLS recommends MSDE be prepared to comment on how the cost containment measures are affecting its operations.**

MSDE also has instituted a hiring freeze as part of the Governor's cost containment measures. One new regular position, six existing vacant regular positions, and ten existing vacant contractual positions have been exempted from this hiring freeze, as shown in **Exhibit 1**.

## **Exhibit 1**

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### **Positions Exempted from the Hiring Freeze**

<b><u>Position Title</u></b>	<b><u>Type of Position</u></b>
Administrative Specialist	Contractual
Administrator II	Contractual
Assistant Attorney General	Regular
Education Program Specialist	Contractual
General Equivalent Diploma Monitor	Contractual
Office Clerk Assistant	Regular
Office Secretary (2)	Regular
Office Secretary (2)	Contractual
Office Services Clerk	Regular
Secretary II	Contractual
Staff Specialist	Regular
Staff Specialist	Contractual
Staff Specialist II	Regular
Stock Clerk	Contractual
Volunteer Activities Coordinator	Contractual

Source: Department of Budget and Management

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### **Governor's Proposed Budget**

The Governor's fiscal 2003 allowance excluding nonbudgeted funds contains \$183.6 million, a \$2.8 million, or 1.5% increase over the fiscal 2002 working appropriation. The pie chart on the left in **Exhibit 2** shows how the allowance is distributed among public education, correctional education, library development and services, and rehabilitation services.

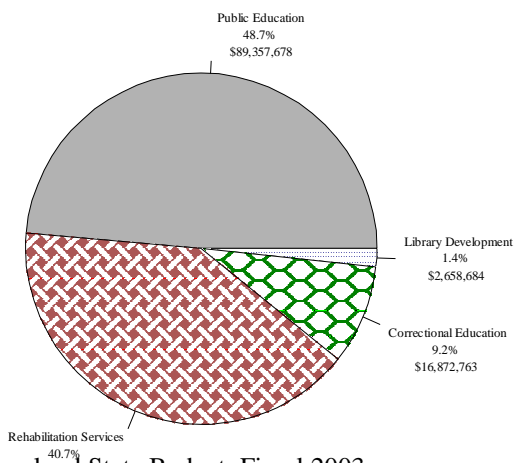
## **Exhibit 2**

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**MSDE - Headquarters  
Fiscal 2003 Allowance**

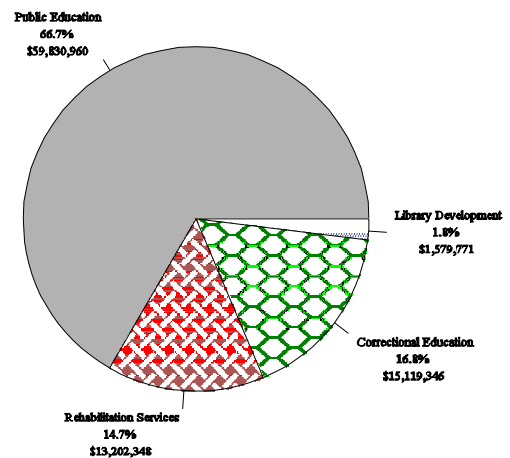
**All Funds = \$183,608,878**

**Fiscal 2003 Allowance**



**General Funds = \$89,732,425**

**Fiscal 2003 Allowance**



Source: Maryland State Budget, Fiscal 2003

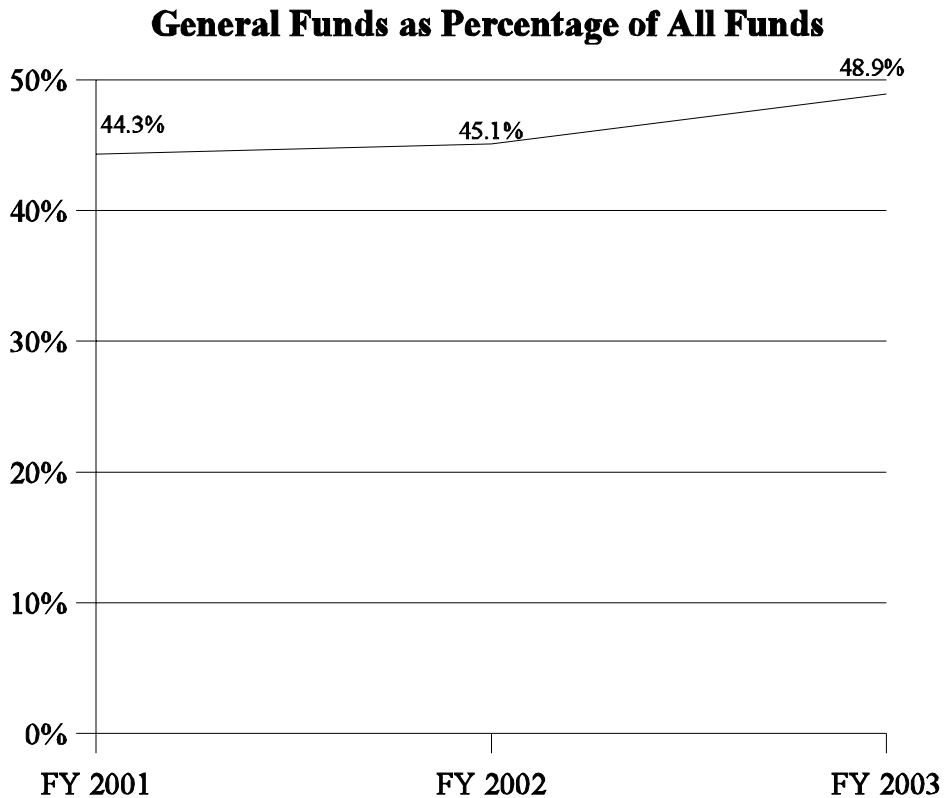
As Exhibit 2 shows, public education utilizes \$89.4 million, or 48.7%, of the allowance. Rehabilitation services utilizes \$74.7 million, or 40.7% of the allowance; correctional education utilizes \$16.9 million, or 9.2%; and library development services utilizes the remaining \$2.7 million, or 1.4%.

Almost \$89.8 million, or 48.9% of the allowance is general funds. The pie chart on the right of Exhibit 2 shows how much of the \$89.8 million in the fiscal 2003 general fund allowance is allocated to public education, rehabilitation services, correctional education, and library development. Public education utilizes \$59.8 million, or 66.7% of the general fund allowance. Rehabilitation services utilizes \$13.2 million, or 14.7%; correctional education utilizes \$15.1 million, or 16.8%; and library development services utilize the remaining \$1.6 million, or 1.8%.

Overall, the percentage of all funds and general funds allocated to public education, rehabilitation services, correctional education, and library development has not changed significantly between the fiscal 2001 actuals and the fiscal 2003 allowance. However, the percentage of all funds that are general funds has been steadily increasing since fiscal 2001 as shown in **Exhibit 3**. This increase is attributable to program expansions. In the fiscal 2003 allowance, for instance, the Governor has substituted almost \$2.0 million in general funds for Cigarette Restitution Funds (CRF).

**Exhibit 3**





Source: Department of Legislative Services

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General funds are increasing by \$8.1 million, or 10.0% between the fiscal 2002 working appropriation and the fiscal 2003 allowance. **Exhibit 4** shows how the general fund increase is distributed among public education, correctional education, library and development services, and rehabilitation services. Public education accounts for \$4.9 million, or 60% of the increase. Correctional education accounts for \$2.6 million, or 32% of the increase. Since correctional education accounts for only 15% of general fund spending in fiscal 2002, the increase represents a significant investment in the program. Library and developmental services accounts for \$40,468, or 0.1%. Rehabilitation services accounts for \$648,730, or 8.0%.

*RA.01 - MSDE Headquarters***Exhibit 4**


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**General Fund Increases by Program**  
**Maryland State Department of Education – Headquarters**  
**Fiscal 2003 Allowance**

<b><u>Program</u></b>	<b><u>FY 2001 Actual</u></b>	<b><u>FY 2002 Working Appropriation</u></b>	<b><u>FY 2003 Allowance</u></b>	<b><u>Increase Between FY 02 &amp; 03</u></b>	<b><u>% Increase Between FY 02 &amp; 03</u></b>
Office of the State Superintendent	\$6,659,253	\$6,130,482	\$6,800,367	\$669,885	10.9%
Business Services	2,914,027	2,696,304	4,362,871	1,666,567	61.8%
Professional Strategic Development	945,506	1,087,476	1,319,413	231,937	21.3%
Planning, Results, and Information Management	20,617,217	27,433,692	26,909,281	(524,411)	-1.9%
Information Technology	1,366,797	780,821	37,504	(743,317)	-95.2%
Instruction and Staff Development	8,052,688	8,139,576	8,937,566	797,990	9.8%
Student and School Services	1,790,482	2,646,916	4,806,174	2,159,258	81.6%
Special Education	446,485	1,108,542	1,467,495	358,953	32.4%
Career Technology and Adult Learning	1,776,474	2,257,232	2,376,097	118,865	5.3%
Certification and Accreditation	2,300,081	2,654,026	2,814,192	160,166	6.0%
<b>Public Education Subtotal</b>	<b>\$46,869,010</b>	<b>\$54,935,067</b>	<b>\$59,830,960</b>	<b>\$4,895,893</b>	<b>8.9%</b>
<b>Correctional Education</b>	<b>\$12,277,245</b>	<b>\$12,555,011</b>	<b>\$15,119,346</b>	<b>\$2,564,335</b>	<b>20.4%</b>
<b>Library and Development Services</b>	<b>\$1,464,665</b>	<b>\$1,539,303</b>	<b>\$1,579,771</b>	<b>\$40,468</b>	<b>2.6%</b>
Rehabilitation Services – HQ	1,901,158	1,853,899	2,374,468	520,569	28.1%
Rehabilitation Services – Client Services	10,227,001	10,699,719	10,827,880	128,161	1.2%
<b>Rehabilitation Services Subtotal</b>	<b>\$12,128,159</b>	<b>\$12,553,618</b>	<b>\$13,202,348</b>	<b>\$648,730</b>	<b>5.2%</b>
<b>Total</b>	<b>\$72,739,079</b>	<b>\$81,582,999</b>	<b>\$89,732,425</b>	<b>\$8,149,426</b>	<b>10.0%</b>

Source: Maryland State Budget, Fiscal 2003

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The Governor's proposed budget also can be evaluated through two of MSDE's Managing for Results (MFR) goals, as noted below and in **Exhibit 5**.

**Exhibit 5**

<b>Governor's Proposed Budget MSDE – Headquarters (\$ in Thousands)</b>						
<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Nonbud Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
2002 Working Appropriation	\$81,583	\$7,416	\$91,742	\$2,528	\$74	\$183,342
2003 Governor's Allowance	89,732	6,017	87,111	4,900	749	188,509
Amount Change	\$8,149	(\$1,399)	(\$4,631)	\$2,372	\$675	\$5,166
Percent Change	10.0%	(18.9)%	(5.0)%	93.8%	918.8%	2.8%
<b>Where It Goes:</b>						
<b>Increase MSDE's Effectiveness to Improve Public Education (Goal 4)</b>						
Annualization of the fiscal 2002 general salary increase . . . . .						\$1,316
Health insurance and retirement rate increases . . . . .						1,038
Fiscal 2003 increments . . . . .						796
Provide mandated increases to institutional educator pay plan salaries . . . . .						380
Other personnel adjustments, including the early retirement surcharge . . . . .						(409)
Fiscal 2003 difference attributable to cost containment and turnover . . . . .						(639)
<b>Ensure That All Students Achieve High Academic Standards and Demonstrate Knowledge and Skills for Success in a Dynamic Global Economy (Goal 1)</b>						
Juvenile Justice Alternative Education Pilot Program (Chapter 685, Acts of 2001) . . . . .						2,048
30.5 new correctional education positions . . . . .						1,360
Hearing Aid Loaner Bank (Chapter 369, Acts of 2001) . . . . .						306
No funds anticipated from the federal advanced placement test fees program . . . . .						(394)
End of federal Goals 2000 Program . . . . .						(636)
Less federal funding for teacher quality enhancement grants (\$1.6 million) and in numerous other federal programs (\$728,000) . . . . .						(2,372)
Increase in nonbudgeted funds from vendor programs and the Maryland Public Secondary School Athletic Association . . . . .						2,372
<b>Total</b>						<b>\$5,166</b>

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

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#### **Increase MSDE's Effectiveness to Improve Public Education (Goal 4)**

To assist in increasing its effectiveness in improving public education, MSDE is working toward retaining its staff. Increases in the Governor's proposed budget for MSDE's personnel expenses include annualization of the fiscal 2002 general salary increase and health insurance and retirement rate increases. Additionally, higher personnel expenses include fiscal 2003 increments and mandated increases to the institutional educator pay plan offset by other personnel adjustments and fiscal 2003 cost containment measures.

#### **Ensure That All Students Achieve High Academic Standards and Demonstrate Knowledge and Skills for Success in a Dynamic Global Economy (Goal 1)**

Chapter 685, Acts of 2001 requires the State Board of Education establish a Juvenile Justice Alternative Education Pilot Program for students who are either suspended, expelled, or may be suspended or expelled. (Students who are placed in a facility by a juvenile court are not eligible for the program.) The program will provide education to these students during their suspension or expulsion and ease their return to their regular public schools. MSDE received \$500,000 in a fiscal 2002 supplemental budget for preparing to open the school for the 2002-2003 school year. The fiscal 2003 allowance contains an additional \$2.0 million primarily to select a contractor to begin operating the school this fall.

The allowance also contains a \$1.4 million increase to provide for 30.5 new correctional education positions. **Exhibit 6** shows the title and salary and benefits of the new positions. Nine of the positions would be located in the North Branch Correctional Facility in Cumberland. The remaining 21.5 positions would be placed in institutions across the State. All of the positions will be used to reduce the waiting lists of inmates who are eligible for educational services by law, but who are not receiving them to do a shortage of teachers.

Another \$306,000 of the increase in the allowance is allocated toward providing hearing aids. Chapter 369, Acts of 2001 requires MSDE to establish a Hearing Aid Loaner Bank which will loan hearing aids to children to facilitate language development. Offsetting this increase is removal of federal funds for advanced placement test fees and the Goals 2000 program and less federal funding for teacher quality enhancement grants and numerous other federal programs.

**Exhibit 6**

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**Personnel Costs of New Correctional Education Positions**

<b><u>Title</u></b>	<b><u>Number of New Positions</u></b>	<b><u>Salary</u></b>	<b><u>Benefits</u></b>	<b><u>Turnover</u></b>	<b><u>Total</u></b>
Office Secretary III	1	\$25,286	\$9,800	(\$8,775)	\$26,311
Principal Counsel	1	67,335	15,317	(20,673)	61,979
Teacher Specialist	6	264,288	73,572	(84,504)	253,356
Teacher	21	953,988	261,296	(303,965)	911,319
Librarian	1	46,536	12,588	(14,788)	44,336
Teacher Leader	1	68,571	15,480	(21,023)	63,028
<b>Total</b>	<b>31</b>	<b>\$1,426,004</b>	<b>\$388,053</b>	<b>(\$453,728)</b>	<b>\$1,360,329</b>

Source: Department of Legislative Services

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**Performance Analysis: Managing for Results**

**Exhibit 7, Exhibit 8, and Exhibit 9** show the program measurement data for public and correctional education, public libraries, and rehabilitative services.

Exhibit 7

**Selected Program Measurement Data  
Maryland State Department of Education  
Public and Correctional Education  
Fiscal 1999 through 2003**

	<b><u>Actual</u> <u>1999</u></b>	<b><u>Actual</u> <u>2000</u></b>	<b><u>Actual</u> <u>2001</u></b>	<b><u>Est.</u> <u>2002</u></b>	<b><u>Est.</u> <u>2003</u></b>	<b><u>Ann.</u> <u>Chg.</u> <u>99-01</u></b>	<b><u>Ann.</u> <u>Chg.</u> <u>01-03</u></b>
<b>Goal 1: Ensure That All Students Achieve High Academic Standards and Demonstrate Knowledge and Skills for Success in a Dynamic Global Economy</b>							
% of students earning a high school diploma that meet one or more of the following: completion of course work for University System of Maryland, completion of a Career Technology Program, or both	n/a	81.6%	82.7%*	83.8%	84.9%	n/a	1.3%
% of high school graduates, completing a college-recommended curriculum, who achieved a grade of "C" or better in their first college mathematics (M) and English (E) course**	79.0% M 87.0% E	79.0% M 87.0% E	78.0% M 87.0% E	80.0% M 88.0% E	81.0% M 89.0% E	-0.6% 0.0%	0.6% 0.6%
% of high school graduates entering the job market who meet or exceed entry-level job requirements as reported by employer surveys	93.9%	93.9%	94.4%	94.9%	95.4%	0.3%	0.5%
% of high school graduates, completing a college-recommended curriculum, required to take developmental mathematics (M), English (E), and reading (R) courses upon entering a Maryland postsecondary institution in the year after earning a Maryland high school diploma	23.0% M 12.0% E 14.0% R	23.0% M 12.0% E 14.0% R	26.0% M 15.0% E 13.0% R	25.0% M 12.0% E 12.0% R	23.0% M 10.0% E 10.0% R	6.3% 11.3% -3.6%	-5.9% -18.4% -12.3%

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	<b><u>Actual 1999</u></b>	<b><u>Actual 2000</u></b>	<b><u>Actual 2001</u></b>	<b><u>Est. 2002</u></b>	<b><u>Est. 2003</u></b>	<b><u>Ann. Chg. 99-01</u></b>	<b><u>Ann. Chg. 01-03</u></b>
Student to computer ratio	12:1	8:1	6:1	5:1	5:1	n/a	n/a
% of eligible inmates given educational services	n/a	47%	48%	51%	55%	n/a	7.0%
<b>Goal 2: Ensure That All Local School Systems Meet or Exceed Satisfactory Maryland School Performance Program (MSPP) Standards</b>							
% of schools that report dropouts that meet the State satisfactory dropout rate of 3% or better	52.2%	54%	57.0%	60.0%	65.0%	4.5%	6.8%
Overall % of students passing MFT assessments at Grade 9 in reading (R), math (M), and writing (W)		97.2% (R) 85.1% (M) 92.0% (W)	97.5% (R) 85.3% (M) 92.3% (W)	97.8% (R) 85.5% (M) 92.5% (W)	98.2% (R) 85.8% (M) 92.8% (W)		
Percentile ranking of Maryland students on CTBS in reading (R), math (M), and language (L) by grade 2 compared to the national median (50th percentile)	n/a n/a n/a	55% (R) 53% (M) 55% (L)	n/a n/a n/a	60% (R) 59% (M) 60% (L)	63% (R) 62% (M) 63% (L)	n/a n/a n/a	4.4% 5.5% 4.4%
Percentile ranking of Maryland students on CTBS in reading (R), math (M), and language (L) by grade 4 compared to the national median (50th percentile)	n/a n/a n/a	54% (R) 55% (M) 57% (L)	n/a n/a n/a	59% (R) 59% (M) 62% (L)	62% (R) 63% (M) 65% (L)	n/a n/a n/a	4.5% 3.6% 4.3%
Percentile ranking of Maryland students on CTBS in reading (R), math (M), and language (L) by grade 6 compared to the national median (50th percentile)	n/a n/a n/a	52% (R) 55% (M) 52% (L)	n/a n/a n/a	59% (R) 59% (M) 58% (L)	62% (R) 62% (M) 61% (L)	n/a n/a n/a	6.5% 3.6% 5.6%
<b>Goal 3: Ensure that Maryland has a professional workforce capable of delivering effective instruction</b>							
% of teacher candidates trained by PDS	21%	44.0%	53.0%	69.0%	90.0%	58.9%	25.2%
% increase of preservice candidates trained in a PDS	n/a	5.0%	9.0%	16.0%	21.0%	n/a	78.9%
Provisional Certification Rate – statewide	6.9%	7.9%	8.4%	8.5%	8.0%	10.3%	3.7%



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	<b><u>Actual</u> <u>1999</u></b>	<b><u>Actual</u> <u>2000</u></b>	<b><u>Actual</u> <u>2001</u></b>	<b><u>Est.</u> <u>2002</u></b>	<b><u>Est.</u> <u>2003</u></b>	<b><u>Ann.</u> <u>Chg.</u> <u>99-01</u></b>	<b><u>Ann.</u> <u>Chg.</u> <u>01-03</u></b>
<b>Goal 4: Increase MSDE's effectiveness to improve public education</b>							
% of survey respondents stating they had access to technology needed to fulfill their functions	n/a	77%	79%	85%	90%	n/a	5.1%
% of all State and federal grants issued in conformance with grants management standards	n/a	70%	85%	95%	100%	n/a	16.5%

\* Estimated.

\*\* Quality measures are reported for the previous year's high school graduation class.

PDS = Professional Development Schools

MFT = Maryland Functional Tests

Source: Governor's Fiscal 2002 and 2003 Budget Books

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## Exhibit 8

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**Selected Program Measurement Data  
Maryland State Department of Education  
Library and Development Services  
Fiscal 1999 through 2003**

	<u>Actual 1999</u>	<u>Actual 2000</u>	<u>Est. 2001</u>	<u>Actual 2001</u>	<u>Est. 2002</u>	<u>Est. 2003</u>	<u>Ann. Chg. 99-01</u>	<u>Ann. Chg. 01-03</u>
<b>Goal 1: Foster equity of access to information, resources, and library services</b>								
% of libraries participating in direct user borrowing via MARINA (statewide interlibrary loan system)	n/a	54%	68.5%	85%	95%	100%	n/a	8.5%
<b>Goal 2: Develop new models for delivering learning opportunities within the library</b>								
% of library workers taking online courses through the Library Learning Community Portal	n/a	5%	n/a	7%	10%	15%	n/a	41.4%
<b>Goal 3: Help libraries define their role in the digital world</b>								
Customer satisfaction rate with SAILOR (on-line electronic information system)	89%	90%	90%	n/a	91%	92%	n/a	0.6%
<b>Goal 4: Help public libraries develop marketing activities to promote their services</b>								
% of library systems with marketing plans	n/a	40%	n/a	45%	55%	60%	n/a	17.3%

Source: Fiscal 2002 and 2003 Governor's Budget Books

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## Exhibit 9

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**Selected Program Measurement Data  
Maryland State Department of Education  
Rehabilitation Services  
Fiscal 1999 through 2003**

	<u>Actual 1999</u>	<u>Actual 2000</u>	<u>Est. 2001</u>	<u>Actual 2001</u>	<u>Est. 2002</u>	<u>Est. 2003</u>	<u>Ann. Chg. 99-01</u>	<u>Ann. Chg. 01-03</u>
<b>Goal 1: Expand and enhance employment opportunities and independent living for persons with disabilities</b>								
Case Service Cost Per Employment Outcome	\$3,858	\$4,442	\$3,750	n/a	\$5,322	\$5,229	n/a	n/a
Success Rate with Employing Transitioning High School Students	69%	72%	73%	n/a	73%	73%	n/a	n/a
<b>Goal 3: Expand and enrich the availability and provision of assistive technology services that support outcomes for independent living and enjoyment</b>								
Average cost per client served in providing rehabilitation technology services	\$1,755	\$1,974	\$1,650	n/a	\$1,600	\$1,600	n/a	n/a

Source: Governor's Fiscal 2003 Budget Book

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### Accountability

MSDE's objectives have changed under Goal 1, but the change is most likely an improvement since the new objectives are more specific. Under Goal 2, Objective 2.1, "all schools and school systems will develop a PreK-12 plan for academic intervention that meets State-established criteria," the goal date has moved from 2000 to 2004.

Additionally, Objective 2.2, "at least 75% of all Maryland high schools will reduce their dropout rate to no more than 3%," has a goal date moved from 2002 to 2004. As **Exhibit 10** shows, the dropout rate has fallen 9.1% since the 1989-1990 school year.

## Exhibit 10

### Dropout Rates of Maryland Public High Schools

<u>Year</u>	<u>90-91</u>	<u>91-92</u>	<u>92-93</u>	<u>93-94</u>	<u>94-95</u>	<u>95-96</u>	<u>96-97</u>	<u>97-98</u>	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>% Change</u>
Rate	4.3	5.18	5.36	4.95	4.95	4.58	4.66	4.05	4.2	3.9	3.91	-9.1%

Note: Dropout rate equals dropouts minus re-entries divided by total number of students served.

Source: Maryland State Department of Education

Although the 2000-2001 dropout rate of 3.91% is approaching the State's goal of 3.0%, the current dropout rate may mask significantly higher dropout rates in certain jurisdictions. For example, **Exhibit 11** shows the dropout rates by grade in the 1998-99 school year for the five largest LEAs in the State, Philadelphia, and the District of Columbia. In a rough comparison of Baltimore City, Philadelphia, and the District of Columbia, Baltimore City's dropout rates are not significantly higher than the rates of Philadelphia and the District of Columbia.

## Exhibit 11

### Dropout Rates by Grade\* 1998-99 School Year (%)

<u>LEA</u>	<u>Grade 9</u>	<u>Grade 10</u>	<u>Grade 11</u>	<u>Grade 12</u>
Montgomery County Public Schools	1.8	2.0	2.1	2.1
Baltimore County Public Schools	2.5	3.4	4.0	2.5
Prince George's County Public Schools	2.9	2.6	2.8	2.8
Anne Arundel County Public Schools	4.9	6.5	6.2	3.3
Baltimore City Public School System	13.3	12.9	11.3	9.9
Other Urban School Districts				
Philadelphia City School District	8.6	10.7	9.5	12.2
District of Columbia Schools	8.7	10.9	7.6	3.8

\* Dropout rates for Maryland jurisdictions are reported on a July through June cycle. Philadelphia and District of Columbia rates are reported on an October through September cycle.

Source: Table 16 – Percentage of dropouts in the 100 largest school districts in the United States: School year 1998-1999, *Characteristics of the 100 Largest Public Elementary and Secondary School Districts in the United States: 1999-2000*, National Center for Education Statistics, October 2001.

## **Projections**

MSDE's projections for the percentage of high school graduates, completing a college-recommended curriculum, required to take developmental mathematics (M), English (E), and reading (R) courses upon entering a Maryland postsecondary institution in the year after earning a Maryland high school diploma appear optimistic given the percentage of graduates in fiscal 1999 through 2001 who had to take developmental courses.

**DLS recommends MSDE be prepared to explain why MSDE anticipates the percentage of students who have to take developmental courses will decrease in fiscal 2003.**

## ***Issues***

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### **1. Federal Education Reform May Significantly Affect Student Assessments and Other Education Activities**

The U.S. Congress recently reauthorized the Elementary and Secondary Education Act (ESEA). Although the U.S. Secretary of Education must write the final regulations for the act before January 8, 2003, the reauthorization will impose significant programmatic demands on the State's student assessment, accountability, professional development, reading, and other programs. The new major ESEA requirements already have raised many issues of concern among the states.

#### **Testing and Accountability Would Expand**

In an effort to assess student performance nationwide and hold states accountable for student achievement, the ESEA reforms require states to:

- administer annual reading and mathematics assessments of all students in the third through eighth grades by the 2005-2006 school year. The tests must correspond to state content and academic achievement standards. The states can choose their own tests;
- administer at least once to each high school student in grades 10-12 at a minimum a reading test and a math test by the 2007-2008 school year;
- mandate science standards by the 2005-2006 school year. The law also will require states to administer at least once to students in grades 3-5, 6-9, and 10-12 a science test by the 2007-2008 school year;
- administer the National Assessment of Educational Progress (NAEP) tests for reading and mathematics to a sample of fourth and eighth grade students every other year to verify progress. The federal government will pay for administering the NAEP tests; and
- provide State and local report cards that show performance by gender, racial and ethnic group, migrant status, English proficiency, disability, and school and district income. The report cards also must show teacher qualifications, student progress, and quality of the student's school. The law does not specifically require that the tests be comparable across grades and schools.

The act authorizes state grants for developing and administering the assessments. The federal fiscal 2002 appropriation provides an estimated \$6.9 million to Maryland for developing the assessments.

#### **Does Maryland Make the Grade?**

Maryland is better prepared than most states to meet these new testing requirements. Maryland's current student testing system assesses students in grades 3, 5 and 8 using MSPAP in reading, writing, language usage, mathematics, science and social studies. The State also administers the CTBS/5 to a sample of

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students in grades 2, 4, and 6 in reading, language, language mechanics, mathematics, and mathematics skills. To fully meet the testing requirements, Maryland would have to provide individual student scores for MSPAP, which currently only provides school performance scores. Additionally, Maryland would have to develop reading and math tests for seventh grade students. Maryland also would have to distribute individual report cards.

### **School Choice Options for Students in Low-performing Schools Would Increase**

The new ESEA act expects all schools to satisfy “adequate yearly progress” (AYP) standards, including economically disadvantaged students, limited English proficiency (LEP) students, special education students, and students in certain ethnic and racial groups. The act requires states to meet academic proficiency in 12 years (by the 2013-2014 school year) but allows states to define academic proficiency. The act requires states to establish a minimum level of performance and raise this minimum level every three years. The law allows an exemption for schools that have not yet improved their student proficiency to a certain level but are progressing toward that level. Progress would be measured at the high school level through graduation rates.

Schools not meeting AYP standards after two consecutive years would receive technical help and be required to offer students public school choice options and associated transportation without regard to time or capacity constraints. LEAs must use 20% of their Title I Part A funds for the public school choice option and supplemental education services (see below).

After three consecutive years of not meeting AYP standards, schools must offer supplemental educational services to low-income students only.

After four consecutive years of not meeting AYP standards, the districts must take corrective action such as replacing staff. After five consecutive years of not meeting AYP standards, schools would be eligible for State reconstitution. The above provisions are effective for the 2002-2003 school year for existing local reconstitution schools.

### **What Options Does Maryland Have?**

Maryland’s existing reconstitution process for low-performing schools allows the State to reconstitute schools that are below or declining in academic performance and are not making progress in implementing their school improvement plan.

## **Professional Development Requirements Would Be Enhanced**

The act imposes several requirements on States to improve the quality of their teacher workforce, including:

- Requiring a highly qualified teacher in every classroom by 2005-2006 school year. The law defines “highly qualified” teachers as teachers who are certified and highly able to teach in their content area; and
- Mandating that all new paraprofessionals (and existing paraprofessionals within four years) either finish at least two years of higher education or meet a local standard of quality.

Furthermore, the act consolidates the existing Eisenhower Professional Development and Class Size Reduction programs, and authorizes funding for math and science partnerships for summer professional development workshops, distance learning programs, mentoring programs, and recruitment efforts.

## **How Well-developed Is Maryland’s Teaching Force?**

According to MSDE’s *Maryland Teacher Staffing Report 2001-2003*, Maryland has 4,479 provisionally certified teachers. To comply with the act’s requirements, Maryland would have to either certify all of these teachers within four years or replace them with just as many certified teachers. Considering the current teacher shortage in Maryland, fulfilling this requirement within four years does not seem likely. In addition, a majority of Maryland’s school systems could be subject to a monetary reduction in State funding for class size reduction because they have too many provisionally certified teachers.

## **Focus Toward Reading Instruction**

The act creates two new reading programs. Reading First grants, which would replace the existing Reading Excellence Act, would be distributed with the goal of having every public school student literate by the end of third grade. Early Reading First grants would be distributed with the intent of helping three- to five-year old children improve their reading skills. The federal fiscal 2002 appropriation contains \$900 million in Reading First grants, with an estimated \$11.3 million allocated for Maryland. Up to 20% of these funds can be used for professional development for kindergarten through third grade teachers. The federal government anticipates disbursing \$5 billion for this program over the next five years. The federal fiscal 2002 appropriation also contains \$75 million in Early Reading First grants.

## **Other Reforms Include Making Bilingual Education Less Bilingual**

States must test LEP students in reading and language arts in English following their third consecutive year in a U.S. school. States also must annually test LEP students for English proficiency beginning this fall.



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### **Funding These Reforms**

The costs of implementing these reforms will most likely be expensive. The federal government will provide \$387.0 million in federal fiscal 2002 to help states develop and administer the required tests. The law contains a clause in which, if Congress does not appropriate at least \$380.0 million in federal fiscal 2003 and \$10 million in each subsequent year, then the states do not have to comply with the 2005-2006 deadline. However, they must continue to develop the tests.

**Exhibit 12** provides the U.S. Department of Education's estimate of how much Maryland may receive from the federal fiscal 2002 appropriation to implement some of these mandates. MSDE anticipates receiving the federal fiscal 2002 appropriation in State fiscal 2003.

### **Exhibit 12**

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#### **Estimated Maryland Funds for Implementing ESEA Reforms\*** (\$ in Thousands)

<b><u>Provision</u></b>	<b><u>FFY 2001 Appropriation</u></b>	<b><u>Estimated FFY 2002 Appropriation</u></b>	<b><u>Difference</u></b>	<b><u>% Change</u></b>
Title I**	\$135,565	\$164,699	\$29,135	21.5%
Reading First State Grants	0	11,345	11,345	n/a
Improving Teacher Quality Grants	0	41,500	41,500	n/a
Class Size Reduction	23,650	0	(23,650)	n/a
Eisenhower Professional Development State Grants	6,736	0	(6,736)	n/a
State Assessments	0	6,886	6,886	n/a
Bilingual and Immigrant Education***	0	3,802	3,802	n/a

\* MSDE notes that the fiscal 2003 federal fund allowance is based on federal fiscal year 2001 funding levels, historic funding levels, draft versions of the federal fiscal 2002 appropriation, and estimates of individual program managers.

\*\* Title I funding includes grants to local educational agencies, capital expenses for private school children, Even Start, migrant education, neglected and delinquent children, and comprehensive school reform.

\*\*\* The ESEA reauthorization act consolidates the Bilingual Education and the Immigrant Education programs into this new State formula-allocated grant program.

Note: The estimated Maryland funds noted above do not represent all funds potentially available to Maryland under the ESEA reforms.

Source: U.S. Department of Education

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## **Concerns Raised by the Proposed Education Reforms**

The proposed education reforms raise numerous issues. Maryland shares with other states many of the following concerns that have been raised by the National Conference of State Legislatures (NCSL):

- adequate statewide accountability systems already exist;
- the AYP measure is too stringent. NCSL points to a Congressional Research Service study which estimated that more than 90% of American schools would be labeled as failing under the AYP measure;
- states may not be able to hire enough certified teachers for every classroom and may be forced to weaken the teacher certification process; and
- proposed federal funding to pay for the costs of annual testing is inadequate.

Additional concerns raised by other organizations include whether states can use both State and local assessments in meeting the testing and accountability provisions. The State's Visionary Panel has recommended a statewide curriculum for every grade and every subject (see *Update 2*).

Another concern raised asks who will monitor the private and nonprofit groups who will be providing supplemental educational services with Title I monies.

### **DLS recommends MSDE be prepared to address the following questions:**

- **whether the new testing requirements may stress MSDE's ability to prepare content tests;**
- **how the State Board of Education may define "academic proficiency";**
- **how, in light of recent media reports regarding the scoring of the MSPAP tests, scoring of even more tests will be conducted now that individual student test scores will need to be reported;**
- **how much in additional funding, time, and coordination with the LEAs will be needed to prepare and distribute individual report cards; and**
- **how MSDE plans to fulfill the ESEA requirement for "highly qualified" teachers in every classroom, given the State's severe teaching shortage.**

## **2. Task Force Recommends Measures to Better Prepare Disadvantaged and Capable Students for College**

The Task Force to Study College Readiness for Disadvantaged and Capable Students has recommended various measures to improve the preparation of disadvantaged and capable students for college; to help disadvantaged and capable students with college financial aid opportunities; and to prepare educators to teach disadvantaged and capable students.

### **Task Force Prioritizes Recommendations of Subcommittees**

The Task Force to Study College Readiness for Disadvantaged and Capable Students submitted its final report to the Governor and General Assembly in December 2001. The task force was charged with developing a comprehensive strategy to ensure that disadvantaged and capable students in Maryland successfully matriculate and graduate from postsecondary education institutions. The task force developed its recommendations based on the report *Miles to Go: Maryland*, issued by the Southern Education Foundation (SEF) in 1998, and the original provisions of the legislation that created the task force (HB 1091, Acts of 2000). The task force was divided into a college readiness subcommittee, a teacher preparation subcommittee, and a financial aid subcommittee. Each subcommittee submitted the following recommendations.

### **College Readiness Subcommittee Recommendations**

The College Readiness Subcommittee focused primarily on recommendations to better prepare disadvantaged and capable students in primary and secondary education for postsecondary education and to strengthen K-16 connections. The subcommittee's major recommendations include:

- Giving all students guidance regarding college preparation course work and encouraging them to choose the most challenging course work, including targeting extra support to students who may not complete college preparatory curricula as outlined in MSDE's *Every Child Achieving* report;
- Providing professional development for teachers, principals, and guidance counselors by applying best practices, using portfolios of excellence, and offering curriculum development;
- Eliminating the gap between high school and college requirements by:
  - establishing more rigorous course work and electives at the high school level;
  - increasing student access to counseling and advice regarding college preparation courses;
  - increasing student, parental, and community awareness about the importance of academic achievement; and
  - attaining academic rigor for students in career technology education;

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- Offering to pay the costs of administering the Preliminary Scholastic Aptitude Test to every tenth grader. This information should be used diagnostically with specific interventions for students who are not performing at grade level;
- Reporting the mathematics courses between Algebra I and Geometry, which are the levels needed for high school graduation in the State, and college level algebra, which is the minimum general education level mathematics course for a bachelor's degree in Maryland, on the Student Outcome Assessment Report (SOAR) as developmental courses. Currently, these courses are reported as remedial courses; and
- Formalizing the K-16 Leadership Council through a Memorandum of Understanding among the stakeholders and charging the council with:
  - developing a seamless system of education between all educational entities;
  - aligning K-12 content standards and higher education admission standards;
  - ensuring that existing professional development programs support effective teaching of an aligned curriculum; and
  - providing clear communication of higher education admission standards to secondary education students.

### **Teacher Preparation Subcommittee Recommendations**

The Teacher Preparation Subcommittee's recommendations focus on attracting and retaining highly qualified teachers for disadvantaged and capable students. Among the subcommittee's major recommendations are:

- Developing a comprehensive teacher recruitment and retention plan for teachers of disadvantaged and capable students that includes:
  - improving the continuum between an associate's degree and a master's degree in education;
  - increasing the number of minority students entering teacher preparation programs;
  - endorsing a statewide teacher job bank and recruiting web site;
  - simplifying the process of preparing paraprofessionals to become teachers;
  - offering additional financial assistance to teacher education students;
  - endorsing a differential pay scale, career ladders, bonuses, and middle school certification for existing teachers of disadvantaged and capable students;

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- reducing the workload for new teachers; and
- developing a comprehensive professional development program;
- Establishing a K-16 Research and Development Institute and a Maryland Center for Educational Statistics. The institute would draw upon data from the center to study and evaluate current practices and policies in teacher preparation;
- Strengthening statewide teacher mentoring, with a particular emphasis on mentors for teachers of disadvantaged and capable students;
- Enhancing accountability measures to ensure that programs are meeting the needs of disadvantaged and capable students; and
- Requiring all uncertified teachers to complete certification, particularly mandating certification of all teachers of disadvantaged and capable students.

### **Financial Aid Subcommittee Recommendations**

The Financial Aid Subcommittee's recommendations focus on improving access to higher education for disadvantaged and capable students. Many of the subcommittee's recommendations also address State commitments under the partnership agreement with the U. S. Department of Education's Office for Civil Rights. The subcommittee's major recommendations include:

- Increasing State funding for need-based financial aid programs, including the Educational Assistance Grant, the State's largest need-based program, the Part-Time Grant, and the Professional School Scholarship. After full implementation in five years, State need-based aid would increase 100% under the subcommittee's recommendations;
- Modifying the Guaranteed Access Grant (GAG) to include a College Readiness Outreach Program that would allow students to pre-qualify for the GAG in ninth or tenth grade. The program would be based in public high schools and would include additional outreach to make students aware of available State financial aid and counseling to guide students toward completing a college preparatory curriculum in high school;
- Expanding the Diversity Grant Program for Historically Black Colleges and Universities graduates to pursue graduate and professional degrees in Maryland and implementing an outreach component through partnerships with other higher education institutions to develop a pipeline of students for the program;
- Decentralizing a portion of need-based aid programs and studying whether further decentralization is advisable and/or feasible. The subcommittee is recommending that \$3 million in new funds for the Educational Assistance Grant (EAG) be set aside for the most financially needy students who apply after March 1 and be administered by higher education institutions under specific guidelines developed by the Maryland Higher Education Commission (MHEC). The subcommittee is also recommending that the

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institutions administer the Professional School Scholarship. MHEC would continue to administer the bulk of the EAG program, the GAG program, and all other financial aid programs;

- Modifying the current methods used by MHEC in awarding the GAG and EAG to improve the equity, predictability, and timing of awards, and enhance data collection in financial aid programs to allow more sophisticated analyses of the effectiveness of State aid programs; and
- Expanding public education and outreach efforts for the State's financial aid programs, including changing the name of the State Scholarship Administration to the Maryland Office of Student Financial Assistance to more accurately reflect the breadth of State assistance available.

House Bill 661/Senate Bill 453 would provide funding for some of these recommendations.

**DLS recommends MSDE be prepared to comment on which recommendations MSDE would prefer to be funded, given current budgetary constraints.**

## ***Recommended Actions***

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	<b><u>Amount Reduction</u></b>	<b><u>Position Reduction</u></b>
1. Reduce funding for travel. Due to budgetary constraints, funding for travel should be limited to the fiscal 2002 legislative appropriation for travel.	\$ 20,625 GF	
2. Delete positions vacant for more than 12 months. Positions with PINs 039455, 049989, 064689, 061370, and 055369 have been vacant for more than 12 months. None of these positions are exempt from the hiring freeze.		5.0
3. Delete funding for a new juvenile justice alternative education school. This project can be deferred due to budgetary constraints.	2,048,000 GF	
<b>Total General Fund Reductions</b>	<b>\$ 2,068,625</b>	<b>5.0</b>

## ***Updates***

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### **1. Follow-Up Audit Conducted of Baltimore City's Teacher Evaluation System**

The Baltimore City Public School System must develop and implement a performance-based evaluation system for teachers and administrators. The system measures an educator's performance by looking at how well the educator plans and prepares lessons, establishes and maintains his or her student learning environment, develops effective learning activities and quality teacher-student classroom interactions, participates in meaningful school improvement and professional growth, and enhances student achievement.

After a 2000 audit of the system raised issues regarding the ability to effectively implement the system, the committees requested a follow-up audit. The team conducting the audit made six findings and three recommendations on how to improve the teacher evaluation system.

#### **How the Audit Was Conducted**

The State Superintendent of Schools convened 43 educators who were either selected as Maryland Teachers of the Year or certified under the National Board for Professional Teaching Standards to serve on a Portfolio Review Team. The team received an overview of the Performance-based Evaluation System, learned how to use portfolio scoring rubrics, and then reviewed 174 portfolios sent by the Baltimore City Public School System. The team also looked at the training of qualified observers who are charged with assisting in developing and evaluating the portfolios.

#### **Audit Findings**

The team focused on the training of the qualified observers and demonstrated student achievement documented in the portfolio. As **Exhibit 13** shows, the team found a high percentage of staff were trained as qualified observers but found varying levels of success in representing the four components of demonstrated student achievement: instructional goals, sample student group, evidence of student achievement, and strategies for improving student attendance and parent/teacher interaction.

#### **Audit Recommendations**

Based on their findings, the team recommended continuing mandatory training for qualified observers. The observers submitted these portfolios as meeting the guidelines in the Performance-based Teacher Evaluation Handbook. However, since 39% of the portfolios did not satisfactorily show student achievement progress toward identified instructional goals and 34% did not adequately address student attendance problems, the auditors believe training should be continuous and mandatory.



## **Exhibit 13**

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### **Findings of the Baltimore City Public Schools Performance-based Evaluation System**

<b><u>Components Evaluated in Audit</u></b>	<b><u>% of Staff/Portfolios Meeting Component</u></b>
Staff who have completed the training necessary to appropriately review the portfolios	99% of school principals; 99% of assistant principals; 91% of school-based department heads; 98% of area office staff; and 89% of central office staff
Instructional Goals	82%
Sample Student Group	93%
Evidence of Student Achievement	61%
Efforts to Improve Student Attendance	66%
Parent/Teacher Interaction	80%

Source: An Audit of the Performance-based Evaluation System in the Baltimore City Public Schools, Maryland State Department of Education, September 2001

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The team also recommended allowing teachers to include reflective comments in their portfolios regarding their instructional practice to give context, permit teachers to analyze student work in regard to instructional goals, look at student progress, explain their rationales for certain decisions, and comprehensively review student progress.

Finally, the team recommended an increase in the level of training for teachers and qualified observers on how to develop and analyze portfolios to reduce the variance in the level of quality and professionalism in the portfolios, including showing examples of excellent portfolios and discussions with teachers who have developed excellent portfolios.

## **2. Visionary Panel Outlines Future of State's Elementary and Secondary Education**

The State's Visionary Panel recently completed its work on where the State should go in educating its children. The panel recommended the following:

- establishing a statewide curriculum for every grade in every subject;
- restructuring the certification and recertification of teachers;
- redefining the role of the principal;
- establishing a shared system of accountability calibrated to the nature and level of the problem;
- creating an aligned testing system backmapped from the high school assessments;
- eliminating the achievement gap; and
- focusing State policy on students and teachers.

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets Maryland State Department of Education (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Nonbudgeted Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2001</b>						
Legislative Appropriation	\$72,795	\$10,125	\$86,574	\$322	\$708	\$170,524
Deficiency Appropriation	535	0	0	0	0	535
Budget Amendments	(448)	(1,843)	8,521	702	3,679	10,611
Reversions and Cancellations	(143)	(659)	(11,687)	(593)	0	(13,082)
<b>Actual Expenditures</b>	<b>\$72,739</b>	<b>\$7,623</b>	<b>\$83,408</b>	<b>\$431</b>	<b>\$4,387</b>	<b>\$168,588</b>
<b>Fiscal 2002</b>						
Legislative Appropriation	\$83,458	\$6,360	\$91,742	\$74	\$2,529	\$184,163
Budget Amendments	(1,875)	1,056	0	0	(1)	(820)
<b>Working Appropriation</b>	<b>\$81,583</b>	<b>\$7,416</b>	<b>\$91,742</b>	<b>\$74</b>	<b>\$2,528</b>	<b>\$183,342</b>

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

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### **Fiscal 2001**

The fiscal 2001 general fund legislative appropriation was increased by \$535,088 in deficiency appropriations reflecting \$515,000 for a mandated final evaluation of the Baltimore City-State Partnership and \$20,088 for an architect to help review public school construction projects. The general fund legislative

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appropriation also increased by \$87,229 in budget amendments, reflecting increases for annual salary reviews, a partial cost-of-living adjustment, Office of Administrative Hearings costs, and increases in salaries due to underattainment of indirect costs, offset by a transfer of Anne Arundel County mentoring funds to Aid to Education and a transfer of Best Buddies Program funds to Funding for Educational Organizations. The increase was offset by a reversion of \$143,257.

The fiscal 2001 special fund legislative appropriation was decreased by \$2.5 million, primarily reflecting a \$4.0 million transfer of Judy Hoyer Center grants from Headquarters to Aid to Education to more appropriately budget Judy Hoyer Center grants in Aid to Education, offset by a \$1.1 million transfer of Judy Hoyer Center enhancement program funds in Aid to Education to Headquarters to provide for administrative and contractual support for the centers. The special fund legislative appropriation was further reduced by cancellations for a variety of programs.

The fiscal 2001 federal fund legislative appropriation was increased by \$8.5 million, mostly attributable to federal special education, adult education, teacher quality enhancement, and information technology.

The fiscal 2001 reimbursable fund legislative appropriation was increased by \$228,000, primarily for developing the Maryland Adolescent Survey and conducting school-based tobacco use prevention and control activities, providing leadership activities for school-based staff under the Character Education Partnership with the Governor's Office of Crime Control and Prevention, and offering sexual assault prevention and awareness education for middle and high school students. The increase was offset by a \$593,086 cancellation, primarily from sexual abuse and Character Education funds.

## **Fiscal 2002**

The fiscal 2002 general fund legislative appropriation was decreased by \$1.9 million, almost entirely due to cost containment measures offset by a \$169,988 increase due to salary increases associated with the State's annual salary review process.

The fiscal 2002 special fund legislative appropriation was increased by \$1.1 million, reflecting a transfer of school readiness funding from Aid to Education to MSDE Headquarters offset by a \$144,000 decrease due to cost containment measures.

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Appendix 2

**Object/Fund Difference Report  
MSDE - Headquarters**

<b>Object/Fund</b>	<b>FY01</b>	<b>FY02</b>	<b>FY03</b>	<b>FY02 - FY03</b>	<b>Percent</b>
	<b>Actual</b>	<b>Working Appropriation</b>	<b>Allowance</b>	<b>Amount Change</b>	<b>Change</b>
<b>Positions</b>					
01 Regular	1361.90	1363.90	1394.40	30.50	2.2%
02 Contractual	124.78	156.76	156.30	(0.46)	(0.3%)
<b>Total Positions</b>	<b>1486.68</b>	<b>1520.66</b>	<b>1550.70</b>	<b>30.04</b>	<b>2.0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 75,743,215	\$ 77,855,248	\$ 81,698,559	\$ 3,843,311	4.9%
02 Technical & Spec Fees	26,285,131	30,191,739	31,110,435	918,696	3.0%
03 Communication	1,878,244	1,698,446	1,571,976	(126,470)	(7.4%)
04 Travel	1,553,515	1,089,612	1,109,080	19,468	1.8%
06 Fuel & Utilities	710,993	884,219	958,698	74,479	8.4%
07 Motor Vehicles	571,114	654,769	620,638	(34,131)	(5.2%)
08 Contractual Services	34,818,877	48,755,047	47,814,937	(940,110)	(1.9%)
09 Supplies & Materials	2,670,296	2,210,401	2,657,206	446,805	20.2%
10 Equip - Replacement	857,749	728,090	782,013	53,923	7.4%
11 Equip - Additional	1,224,570	1,006,811	1,408,384	401,573	39.9%
12 Grants, Subsidies, Contr	18,819,208	15,173,968	15,595,524	421,556	2.8%
13 Fixed Charges	2,882,984	3,043,976	3,134,249	90,273	3.0%
14 Land & Structures	572,393	50,059	47,179	(2,880)	(5.8%)
<b>Total Objects</b>	<b>\$ 168,588,289</b>	<b>\$ 183,342,385</b>	<b>\$ 188,508,878</b>	<b>\$ 5,166,493</b>	<b>2.8%</b>
<b>Funds</b>					
01 General Fund	\$ 72,739,079	\$ 81,582,999	\$ 89,732,425	\$ 8,149,426	10.0%
03 Special Fund	7,623,240	7,415,549	6,016,571	(1,398,978)	(18.9%)
05 Federal Fund	83,407,580	91,742,349	87,111,032	(4,631,317)	(5.0%)
07 Nonbudgeted Fund	4,387,099	2,527,987	4,900,000	2,372,013	93.8%
09 Reimbursable Fund	431,291	73,501	748,850	675,349	918.8%
<b>Total Funds</b>	<b>\$ 168,588,289</b>	<b>\$ 183,342,385</b>	<b>\$ 188,508,878</b>	<b>\$ 5,166,493</b>	<b>2.8%</b>

Note: Full-time and contractual positions and salaries are reflected for operating budget programs only.

**RA.01 - MSDE - Headquarters**

Appendix 3

**Fiscal Summary  
MSDE - Headquarters**

<u>Unit/Program</u>	<u>FY01 Actual</u>	<u>FY02 Legislative Appropriation</u>	<u>FY02 Working Appropriation</u>	<u>FY01 - FY02 % Change</u>	<u>FY03 Allowance</u>	<u>FY02 - FY03 % Change</u>
01 Office of the State Superintendent	\$ 8,246,674	\$ 9,509,496	\$ 9,527,158	15.5%	\$ 7,824,288	(17.9%)
02 Div of Business Services	9,036,671	9,534,191	9,236,491	2.2%	9,682,963	4.8%
03 Div of Professional and Strategic Development	2,740,910	2,268,072	2,212,033	(19.3%)	2,545,640	15.1%
04 Div of Planning, Results, and Information Man	22,117,588	34,431,966	29,133,993	31.7%	29,942,565	2.8%
05 Office of Information Technology	2,476,678	0	2,223,220	(10.2%)	2,322,719	4.5%
06 Major Info. Technology Development Projects	2,000,000	0	2,000,000	0%	1,500,000	(25.0%)
11 Div of Instruction and Staff Development	10,790,204	10,825,640	11,676,840	8.2%	11,023,302	(5.6%)
12 Div of Student and School Services	4,614,983	5,301,916	5,260,668	14.0%	7,920,749	50.6%
13 Div of Special Education	6,061,210	7,843,441	7,677,774	26.7%	7,759,637	1.1%
14 Div of Career Technology and Adult Learning	4,760,156	5,594,628	5,566,906	16.9%	5,405,307	(2.9%)
15 Div of Correctional Education	14,327,468	14,535,655	14,529,655	1.4%	16,872,763	16.1%
17 Div of Library Development and Services	2,373,249	2,481,051	2,471,723	4.1%	2,658,684	7.6%
18 Div of Certification and Accreditation	4,936,446	5,384,733	5,375,316	8.9%	3,430,508	(36.2%)
20 Div of Rehab Serv - Program and Admin	10,865,458	11,189,641	11,189,641	3.0%	11,298,020	1.0%
21 Div of Rehabilitation Services - Client Services	41,184,176	42,120,110	42,120,110	2.3%	43,371,058	3.0%
23 Div of Rehab Serv - Disability Determination	17,669,319	20,612,870	20,612,870	16.7%	20,050,675	(2.7%)
25 Ordinary Clearing Acct - Nonbudgeted Funds	4,387,099	2,529,122	2,527,987	(42.4%)	4,900,000	93.8%
<b>Total Expenditures</b>	<b>\$ 168,588,289</b>	<b>\$ 184,162,532</b>	<b>\$ 183,342,385</b>	<b>8.8%</b>	<b>\$ 188,508,878</b>	<b>2.8%</b>
General Fund						
Special Fund	\$ 72,739,079	\$ 83,458,011	\$ 81,582,999	12.2%	\$ 89,732,425	10.0%
Federal Fund	7,623,240	6,359,549	7,415,549	(2.7%)	6,016,571	(18.9%)
Nonbudgeted Fund	83,407,580	91,742,349	91,742,349	10.0%	87,111,032	(5.0%)
	4,387,099	2,529,122	2,527,987	(42.4%)	4,900,000	93.8%
<b>Total Appropriations</b>	<b>\$ 168,156,998</b>	<b>\$ 184,089,031</b>	<b>\$ 183,268,884</b>	<b>9.0%</b>	<b>\$ 187,760,028</b>	<b>2.5%</b>
Reimbursable Fund	\$ 431,291	\$ 73,501	\$ 73,501	(83.0%)	\$ 748,850	918.8%
<b>Total Funds</b>	<b>\$ 168,588,289</b>	<b>\$ 184,162,532</b>	<b>\$ 183,342,385</b>	<b>8.8%</b>	<b>\$ 188,508,878</b>	<b>2.8%</b>