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MSDE Headquarters

Maryland State Department of Education

Response to the Analyst's Review and Recommendations

House Education & Economic Development Subcommittee –
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Maryland Public Schools: ***#1 in the Nation Four Years in a Row***

The Maryland State Department of Education (MSDE) welcomes this opportunity to share with the Committee some of its success stories and to address questions raised by the analyst.

Principal Training Reaches 100% in Fiscal 2011

This item refers to the principal training that occurred during the summer of 2011. The chart shows that MSDE provided training to 35% of principals in 2010 and 100% in 2011. This increase was attributable to the work through our Race to the Top (RTTT) grant. Each school in Maryland brought a team to the Educator Effectiveness Academies during the summer of 2010 (the first time these academies were offered). Each team included the principal. The purpose of these highly-acclaimed academies was to provide school teams with as much updated information as possible on the Common Core State Standards and the evolving Maryland curriculum.

Juvenile Services Education

The summary accurately reflects the operation of this program. Please note MSDE's comments in the Issues portion of this response document.

Questions Answered through AskUsNow! Online Service Decrease

Maryland was one of the first states to implement this type of online service. AskUsNow! has been recognized as an outstanding online reference service, providing trusted information through the resources of trained librarians.

As noted in the analysis, MSDE believes that the reduction in use of the service results from a combination of limited resources for marketing the program and the proliferation of alternate information sources directly through the internet.

AskUsNow! brings together the experience of many of the State's professional librarians, offering a service that none of the participating libraries could offer alone. Academic libraries, law libraries and public libraries provide answers to reference questions. Continual feedback and monitoring of the program assures the continued provision of quality service.

In addition to the live chat service, questions requiring more in-depth research such as business research, requests for legal information, hard to find statistics, or historical questions are responded to by email. Additionally, when Maryland libraries are closed, through the services of a national network, librarians from around the country answer reference questions directed to the AskUsNow! website.

Fiscal 2011 Rehabilitation Clients Have a 44.5% Employment Success Rate

The Division of Rehabilitation Services (DORS) waiting list and active caseloads continue to grow. In an effort to keep services for the Most Significantly Disabled (Category I) open, DORS reviewed its entire open caseload, looking for cases that had no activity with the client for an extended period of time. In those cases the clients were contacted to determine if they needed

additional services or if they wanted to work to an ultimate goal of employment. For those clients who did not want any further services or did not wish to seek employment, the Division then closed the cases.

Unfortunately, the mathematical calculation of the employment success rate (all cases closed as a successful rehabilitation divided by all closed cases in which services had been provided under an Individual Plan for Employment), reflects a decrease in this rate from fiscal 2010. However, while the reduction in the employment success rate looks unfavorable, there are several positive results from this action.

As a result of this action, enough open cases were appropriately closed to enable the Division to keep Category I open and to allow DORS to begin to provide services to individuals who had been on the waiting list for over a year. The open active case load dropped from 19,400 to 17,100 at the end of September 2011, and the waiting list delay in providing services has been reduced from 16 months to 12 months.

The Disability Determination Services workload continues to increase in FY 12. The Division is being tasked from the Social Security Administration (SSA) with adjudicating approximately 77,500 cases. If SSA provides the necessary resources, that number may increase to 79,000 cases in FY 13. This program is 100% supported through federal funds.

Assessments

MSDE should comment on the current funding approach to assessments and why the entire anticipated assessment liability is not budgeted at the beginning of each fiscal year.

Maryland's system of assessments for public elementary and secondary schools serves multiple purposes. Under requirements of the federal Elementary and Secondary Education Act, the State is responsible for administering these assessments to be eligible for the federal education aid received under that act. Moreover, these assessments stand as the basis for the local accountability to the public for the over \$11 billion – including approximately \$5 billion in State Bridge to Excellence grants – spent annually for the operation of Maryland's public schools. Ensuring the validity and reliability of the testing results is critical to the integrity of the data reported to all stakeholders.

The Division of Accountability, Assessment and Data Systems (DAADS) is responsible for the development, administration, scoring, and reporting of all statewide test results to parents, local school systems, the general public and federal agencies. The contracts for the various stages of these assessments overlap three fiscal years from start to finish.

Prior to FY 2008, the State funding allowed encumbrance of the full value of the contracts each year, with the payout over that year and the next two years. At that time, it was recognized that this timing issue effectively held State Appropriations unnecessarily and a onetime adjustment was made to the assessment budget to put the program on more of a cash basis. Thus, the funding level in any fiscal year is established to meet the contract requirements of that year.

While the major components of the assessment budget are known well in advance, some portions are time and material based and will have variable monthly expenditures. Predicting these costs is not an exact science.

The funding process that was adopted by the State since FY 2008 has established a base budget level that is adjusted annually via a deficiency appropriation, as better information is known about the specific costs in that year. However, as with FY 2011, this process can still result in the required contractual obligations exceeding the level of available funds.

Loaned Educators

The Department concurs with the analysis of cost savings in contractual services attributable to the reduction from 30 loaned educators in FY 2011 to 24 in 2012, noting that this savings is partially offset by the increase in salaries for the functions that were converted to State positions.

The Department has historically relied on the local experience and expertise that loaned educators bring with them as a vital resource in pursuing our mission. These resources offer an invaluable local perspective to MSDE's program oversight and administration.

Recognizing the desire of the General Assembly to reduce the reliance on loaned educators providing services to the Department, MSDE has achieved a 70% reduction since 2009. This has been achieved through an annual evaluation of our cadre of loaned educators to determine if conversion of the function to a State position is appropriate.

Other Major Changes – Contractual Turnover

DLS recommends that the committees add language reducing federal funds \$224,539 to reflect the minimum 6.5% contractual turnover expectancy rate specified in the Department of Budget and Management's fiscal 2013 budget submission requirements.

MSDE concurs with this recommendation. The Agency recognizes that it is appropriate to budget turnover for the federal positions. Race to the Top staff are contractual positions, reflecting the short-term nature of the development of the projects. Of course, to maximize the progress on our RTTT projects, we hope to minimize the contractual turnover and therefore hope that the turnover amount realized is relatively small compared to the required budget level.

Race to the Top Enters Grant Year Two

MSDE should discuss RTTT progress to date, including challenges related to hiring and retaining staff to implement RTTT data systems, and delays in the implementation and duration of the statewide educator evaluation system pilot.

Maryland has made excellent progress with Race to the Top during year 1 of the grant. The recent progress report by the U.S. Department of Education (USDE) was very complimentary of Maryland's hard work on these reforms. True to the transparency tenets of RTTT, Maryland has ensured that monthly reports, newsletters, and other critical measurement documents are available online.

While there were some hiring delays and also some delay associated with obtaining the full approval of the State's scope of work, there has been remarkable progress in the first year of this program across the 54 statewide projects and over 150 local projects funded through this grant. Because of the short-term nature of the grant, positions hired through Race to the Top are contractual which do not include fringe benefits. This complicates the hiring and retention of staff. Information technology positions, particularly, have been difficult to staff. However, in close collaboration with the Maryland Department of Information Technology (DoIT), MSDE has been able to obtain quality resources for this program.

The original grant application anticipated implementation of a new teacher and principal evaluation system during the 2012-13 school year. However, this ambitious goal is secondary to ensuring that Maryland has an equitable, reliable and understandable evaluation system.

The initial seven-county pilot is currently underway in the 2011-12 school year. As a result of its deliberations with the Council on Educator Effectiveness, MSDE concluded that it would be beneficial for the State to request an extra year in the implementation of such a new system. The additional year will be used for a statewide pilot so that all local school systems will have the opportunity to refine their evaluation systems and determine how they need to be implemented. Recognizing the value of this change, USDE approved this extension.

The statewide pilot will begin in the 2012-13 school year. The statewide evaluation system will go into effect in the 2013-14 school year.

MSDE Assumes Education Programs at Cheltenham Youth Facility

To ensure that DJS and MSDE adhere to statute which requires the transfer of education programs at DJS facilities to MSDE by the end of fiscal 2014, DLS recommends budget language restricting funding and positions in the DJS allowance associated with providing education services at William Donald Schaefer House, Alfred D. Noyes Children's Center, and Thomas J. S. Waxter Children's Center and transfer control of these programs to MSDE in fiscal 2013. The proposed language expresses legislative intent that if additional resources are required to provide adequate education services, MSDE may request a deficiency appropriation to ensure sufficient funds. Finally, it expresses legislative intent that education services at Backbone Mountain Youth Camp, Green Ridge Youth Camp, Meadow Mountain Youth Camp, and Savage Mountain Youth Camp be transferred from DJS to MSDE no later than July 1, 2013.

MSDE and DJS enjoy an immensely collaborative relationship and continue to work together to effect the transfer of the education programs to MSDE in an expeditious manner that provides the least amount of disruption to students currently being served. Given the statutory requirement for the transfer of education programs at DJS facilities to MSDE by July 1, 2014, MSDE believes that the January 2012 Assumption Schedule provides the best strategic timeline.

As the analyst notes, an additional site may be added in FY 2013 if space and staffing concerns can be addressed. Inasmuch as the current schedule complies with the statute, MSDE respectfully asks that it be allowed to follow that schedule, rather than the proposed language, which would unnecessarily rush the implementation.

Office of Legislative Audits (OLA) Closeout Audit Includes Repeat Findings for MSDE

MSDE should comment on why unfunded liabilities were not reported to the Comptroller of Maryland – General Accounting Division, and on steps the agency is taking to resolve the \$12.9 million in accrued federal fund revenues for which federal funds are not available and the \$7.5 million in unfunded liabilities, which when combined, could result in a \$20.4 million general fund liability to eliminate the deficit.

MSDE acknowledges that there are three unfunded liabilities as noted in the OLA closeout audit report.

First, MSDE continues to work with Department of Budget and Management to try to address the 2003-2004 TANF deficiency. MSDE has complied with all requests from the Office of Legislative Audits and filed necessary reports and documents.

Again this year, it is understandable in this current economy and given very limited growth in State revenue, that these resources go toward assisting citizens in need and running critical programs. Nevertheless, this issue needs to be addressed at the State level.

MSDE believes that once the growth in the State's economy has resumed sufficiently, a good solution would be a multi-year request (for example \$1.29 million per year for ten years) that would fund this deficiency in reasonable amounts over time.

The second item relates to the Department of Health and Mental Hygiene (DHMH) Autism Waiver issue. While from a pure accounting perspective the auditors are certainly correct, MSDE believes that the current funding and payment process is working, and that this is really more of a timing issue.

Since the inception of this program, the billings from DHMH have been delayed. That's understandable because this is a complex program, and it takes a while to compile the costs associated with a given calendar quarter. Even though the billings are two quarters behind, however, MSDE is still billed four quarters per year and pays out four quarters of appropriation per year. Thus, every fiscal year is balanced in terms of billing and payments.

Nevertheless, to comply with the audit report, MSDE will contact DHMH annually to determine the amount of unfunded liability that should be reported to the Comptroller's General Accounting Division (GAD).

Finally, the analysis notes that there were \$4.4 million in assessment costs that were paid through FY 12 funding. To understand this issue, please recall that the costs associated with administration of an assessment do not occur all within one year, but over a three-year cycle. Furthermore, with funding changes implemented over the past several years, the funding for this program is on a year-to-year cash basis. Additionally, because of the timing of the administration of the assessments in the school systems, much of the billings from vendors occur late in the fiscal year.

For the \$4.4 million for six FY 11 assessment invoices, the assessment office was unaware of the amounts that were to be billed due to the timing of the vendors' billings. In the future, MSDE

will review billings at fiscal year end to identify unfunded liabilities that should be reported to GAD.

Recommendations

**1 – Add the following language to the general fund appropriation:
Provided that a federal fund reduction of \$224,539 is made for contractual turnover expectancy (comptroller subobject 0289).**

As noted above, MSDE concurs with this recommendation.

2 - Loaned Educators – proposed language for timing, reporting and tracking loaned educators

MSDE concurs with this recommendation with regard to loaned educators. As noted above, the Agency believes that they provide valuable resources to the Department; however, in response to the concern over use of this process, we are working diligently to ensure it is used on a limited and well-justified basis.

**3 – Add the following language:
Provided that the Maryland State Department of Education (MSDE) shall budget assessment contract expenditures in a subobject dedicated for that purpose beginning in the fiscal 2014 budget submission, and in every year thereafter. For purposes of comparability, the agency should align expenses for actual 2012 spending, the 2013 working appropriation, and the 2014 allowance.**

MSDE concurs with establishing a specific Agency Object account code to track Assessment Contracts. We know that this is a complex and very material line item and we welcome any opportunity to provide better transparency. Therefore, the Agency has already created this object (agency object 0838 – Assessment Contracts) in the FMIS system and will begin using it exclusively for our assessment contracts. MSDE will reflect the contracts using this code in the budget submission documents for FY 2014 for all years noted in the recommendation.

4 – Position Cost Reduction

Reduce funds related to position abolished in the Governor’s allowance as introduced. The Department of Budget and Management reports that the position was eliminated but the associated funds were inadvertently left in the allowance. \$37,913 GF

MSDE concurs.

Updates

Ten Major IT Projects for MSDE

MSDE would like to take this opportunity to make the following observations:

Multiple grants support the RTTT projects. This represents both a big opportunity and multiple challenges. Many of these projects use overlapping technologies and MSDE is currently coordinating initiatives and eliminating redundancies across the projects. The Agency is also engaged with DoIT and seeks their expertise as required.

MSDE has engaged the Department of Public Safety and Correctional Services (DPSCS) to host the RTTT infrastructure in their data center. This helped to mitigate risks that MSDE had with capacity in the Department's own data center. This Agency is working through infrastructure design decisions that were made a decade ago and investing in technologies that make the arrangement with DPSCS seamless. Additionally, this will establish a data center model that is repeatable for other agencies. As noted in many of the discussions with DoIT and others, Maryland has been very fortunate to receive grant money for IT development projects. However, these grants are time-limited. A challenge facing the State is how to maintain continued investment in the functionality and operation of these systems once they have been rolled out.

Loaned Educators

See above for our comments on our successful implementation of these resources.

High School Completion

The DLS analyst did an admirable job of summarizing the *Dropout Prevention/School Completion Dropout Guide*. The Guide is being used to inform training around the State to continue Maryland's tradition of increasing students graduating with attainment of high standards.

This report is instructive to any school system that is considering revamping or adjusting its current supports for students in danger of dropping out. Many activities should begin long before the student enters high school.

MSDE is also bringing renewed attention to attendance. Elementary attendance is a predictor of high school success. Middle and High School attendance can mean the difference between following and understanding complex subject matter or falling behind. Failing classes is a predictor of dropping out.

The Maryland State Department of Education again thanks you for your continued investment in the future of our State.