

---

R00A02

Aid to Education

---

Maryland State Department of Education

Response to the Analyst's Review and Recommendations

House Education and Economic Development Subcommittee –  
February 27, 2014  
Senate Education, Business, and Administration Subcommittee –  
February 28, 2014



Lillian M. Lowery, Ed.D.  
State Superintendent of Schools

The Maryland State Department of Education (MSDE) welcomes this opportunity to address the specific questions and recommendations raised in the analysis.

**Government HSA:**

**The State Superintendent should comment on the 2012-2013 school year decline in the percentage passing the Government HSA.**

The Government High School Assessment was reintroduced to students during the 2012-2013 school year. The Government assessment has not been a requirement for graduation since 2011-2012. Students taking the assessment in the 2012-2013 school year knew that the Government assessment was not a graduation requirement and did not perform their best. In previous years, prior to the elimination of the Government assessment, some of the highest pass rates by students were on the Government assessment. MSDE anticipates that this will again be the case now that the graduation requirement has been reinstated for the ninth grade class that entered high school during the 2013-2014 school year.

**Early College Innovation Fund:**

**The State Superintendent should discuss how the grant money was used in fiscal 2014. The Department of Legislative Services (DLS) recommends deleting funds for the Early College Innovation Fund until the first round of grants is analyzed for effectiveness.**

MSDE respectfully disagrees with the recommendation to eliminate funding for the Early College Innovation Fund. The Fund has provided six local school system and higher education institution partnerships to develop programs and resources to support early access to college, STEM programs and employment needs in Maryland. The six awardees have received funds for program implementation. Because the grants were not awarded until mid-October, the grant period extends through the next school year. To delay additional funds until these six programs can be analyzed for effectiveness will mean that other systems will not have the opportunity to develop early college access programs for several years. Results will not be available until students have completed the program and many of the current students are freshmen and sophomores.

**Digital Learning Innovation Fund:**

**DLS recommends that the full amount of funding proposed in fiscal 2015, \$3.5 million, be distributed to LEAs based on their need to upgrade their information technology infrastructure to implement PARCC tests fully online by the 2016-2017 school year.**

MSDE respectfully disagrees with the recommendation to repurpose the Digital Learning Innovation grants. There is an increased need for instruction that infuses multimedia resources and other forms of digital and online learning with the implementation of the Maryland College and Career Ready Standards this school year. MSDE feels that more students and teachers will be served by continuing these digital and online opportunities rather than allocating funds for technology infrastructure for LEAs to prepare for the PARCC assessments.

**Net Taxable Income Grants:**

**DLS recommends freezing the NTI grant calculation at 20% for one year and reducing the NTI grant amount by \$13,429,992, contingent on the enactment of legislation authorizing the freeze. DLS will recommend an amendment to SB 172/HB 162 (the BRFA of 2014) to freeze the NTI adjustment at 20% for one year, which delays the full phase in of the adjustment to fiscal 2019.**

MSDE respectfully disagrees with the recommendation to freeze the Net Taxable Income (NTI) grant calculation at 20 percent in FY 2015 and to reduce the grant by \$13.4 million. As mentioned in the analysis, approximately 75 percent of State aid to public schools is distributed inversely to local wealth. The NTI grant was established to phase in over five years a more accurate methodology of calculating local wealth while incorporating a hold harmless mechanism so that no LEA would receive less funding as a result of the change in law.

Prior to FY 2014, net taxable income based on tax returns filed on or before September 1<sup>st</sup> each year was used to calculate local wealth in the State aid formulas. However, the deadline for late filers is October 15<sup>th</sup> and consequently income from later filers is not captured in the September 1<sup>st</sup> data. Therefore, using November net taxable income data more accurately captures the distribution of wealth across the State. Beginning in FY 2014, State aid is calculated using both September and November NTI data and each LEA receives the greater of the two calculations. The increase in State aid is phased in over five years.

MSDE supports full funding of the NTI grant as provided in the Governor's allowance.

**Adequacy Study:**

**The State Superintendent should discuss in broad terms the most significant impacts that the adequacy study is expected to have on State aid for education once it is complete.**

The Adequacy Study is scheduled to begin this summer and conclude by December 2016. The results of the study will impact State Aid for Education in that it will develop a base cost for students without special needs and per pupil weights for students with special needs to be applied to the base funding level, as well as an update to the Maryland Geographic Cost of Education Index (GCEI). It is possible that additional components of the study could impact State Aid for Education, as these require evaluations of current funding levels and recommendations for implementing the results of the study.

By law, these additional components must also be included in the study: the elements of school size and its impact on educational delivery; and, the role of the Supplemental Grants and their impact on the integrity of the State's education finance structure. The study will also include additional elements currently being considered by the General Assembly. These include the proxy for identifying economically disadvantaged students, pre-kindergarten funding, the current wealth calculation, and the impact of increasing and declining enrollment on local school systems.

**School Progress Index:**

**The State Superintendent should discuss how progress on annual targets will be assessed in the context of PARCC exams being given alongside the MSA tests this year, and how the SPI will be used to inform MSDE resources in helping schools as all schools are being held harmless this school year due to the ESEA waiver.**

The School Progress Index (SPI) allows Maryland to focus on how schools are progressing and more deeply scrutinize areas in need of improvement. The SPI will continue to inform MSDE resources in helping schools for the 2014-2015 school year based on the 2013-2014 data. School Progress data and the School Progress Index (SPI) will be calculated utilizing the 2013-2014 school year Maryland Assessment results and published on the report card website. However, elementary and middle schools that are field testing the PARCC assessments will retain their 2012-2013 SPI strand assignment.

All reporting obligations must still be met for performance on the State test. Participation in the PARCC assessments must be reported but there will be no PARCC performance data reported for the 2013-2014 school year administration. The MSA results and the SPI data will continue to inform schools on the performance of their students.

Because the PARCC field test will not be administered at the high school level in Algebra I or English II (high school students will still take the HSA Algebra/Data Analysis and English II), state assessment data for individual students in high schools will be reported in the same way as previous years. This means that School Progress and the School Progress Index with newly assigned strands will be calculated for all high schools based on the 2013-2014 results. Therefore, all of this data will inform instruction.

**Quality Teacher Incentives:**

**The State Superintendent should discuss expenditure trends in the Quality Teacher Incentive Program and comment on the effectiveness of the program in attracting and retaining teachers to underperforming and underresourced schools in Maryland.**

The Quality Teacher Incentive Act of 1999, designed several years before the onset of No Child Left Behind (NCLB), was designed to attract and retain high quality teachers in high needs schools.

During the implementation of NCLB, the number of schools that were labeled as being "in need of improvement" increased yearly as the target for all schools to make Adequate Yearly Progress (AYP) grew each year to 100% by 2014. In May 2012, Maryland was approved for ESEA Flexibility beginning in the 2012-13 school year through the 2013-14 school year. As part of the waiver, Maryland adjusted progress targets from AYP to new measures using the School Progress Index. This index was first used in the 2012-13 school year to identify Comprehensive Needs schools. The number of Comprehensive Needs schools began to increase because the new measure took into account multiple factors, not just test performance. In addition to the revised accountability system, Maryland also began implementing the Maryland College and Career Ready Standards and is preparing to implement new assessments aligned with these standards.

The multitude of changes occurring in Maryland's accountability system has resulted in an increase in the number of schools defined as having Comprehensive Needs. As the number of schools defined as having Comprehensive Needs increased, so did the number of teachers eligible to receive a stipend.

### **Recommended Actions**

1. Add the following language to the general fund appropriation:

**, provided \$13,429,992 of this appropriation made for the purpose of the Net Taxable Income (NTI) adjustment be reduced contingent on the enactment of SB 172 or HB 162, which would freeze the NTI adjustment at 20% for fiscal 2015.**

**Explanation: This language would reduce general funds for the NTI adjustment contingent on enactment of a provision in the Budget Reconciliation and Financing Act of 2014 that would freeze the phase-in at 20% for fiscal 2015 and delay the full phase-in until fiscal 2019.**

For reasons noted above, MSDE respectfully disagrees with the recommendation to reduce the NTI adjustment grant by \$13.4 million contingent upon legislation freezing the NTI phase in amount at 20 percent.

2. Add the following language to the general fund appropriation:

**, provided that the Maryland State Department of Education shall notify the budget committees of any intent to transfer the funds from program R00A0202 Aid to Education to any other budgetary unit. The budget committees shall have 45 days to review and comment on the planned transfer prior to its effect.**

MSDE concurs.

3. Add the following language to the general fund appropriation:

**, provided that 3,500,000 of this appropriation made for the purpose of the Digital Learning Innovation Fund shall be distributed to local education agencies in need of funds to upgrade their information technology infrastructure to implement the Partnership for Assessment of Readiness for College and Careers tests online. The allocation of funds will be made by the Maryland State Department of Education. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.**

**Explanation: All local education agencies must be ready to implement the Partnership for Assessment of Readiness for College and Careers (PARCC) tests fully online by the 2016-2017 school year. The Digital Learning Innovation Fund is restricted to the purpose of supplying local education agencies with funding to upgrade their information technology**

**infrastructure as overseen by the Maryland State Department of Education. Funds allocated will help upgrade information technology infrastructure still needed to meet the requirement of implementing PARCC online.**

For the reasons noted above, MSDE respectfully disagrees with the recommendation to repurpose the Digital Learning Innovation Fund.

	<b><u>Amount Reduction</u></b>
4. Delete funds for the Early College Innovation Fund until the first round of grants is analyzed for effectiveness.	\$ 2,000,000 GF
<b>Total General Fund Reductions</b>	<b>\$ 2,000,000</b>

For the reasons noted above, MSDE respectfully disagrees with the recommendation to eliminate the Early College Innovation Fund.