
R00A01

MSDE Headquarters

Maryland State Department of Education

Response to the Analyst's Review and Recommendations

Senate Education, Business & Administration Subcommittee –
February 7, 2020

House Education & Economic Development Subcommittee –
February 20, 2020



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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.

Performance Analysis: Managing for Results

DORS Client Placements Continue Decline

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

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

MSDE Response: The Department of Rehabilitation Services (DORS) changed internal processes to meet the requirements of the federal Workforce Innovation and Opportunities Act (WIOA). WIOA requires states to dedicate federal funds to provide Pre-employment Transitioning Services (PETS) to students with disabilities, aged 14-21. This change resulted in a drastic increase in the number of students applying for PETS services, from 418 in 2016 to 5,737 in 2019, and projected to reach 9,000 in 2021. To respond to the changes in federal requirements and an increasing workload, DORS has taken the following actions: created units dedicated to serving transitioning students, increased the caseload for traditional adult counselors, which now includes a portion of transitioning students, and closed the Significant Disability category, which leaves Category 1 – Most Significant Disability open under the Order of Selection. DORS is now beginning to see an upward trend in individuals exiting the program as rehabilitated. When we compare this point in time, DORS has successfully closed 146 more cases in FY 20 as compared to FY 19.

The FY 2020 Managing for Results (MFR) for DORS includes the following WIOA measures, student enrolled in PETS and 2nd and 4th quarter wages after exit.

Issues

MSDE Headquarters Reversions and Encumbrances under Review

A recent audit and review of MSDE's fiscal 2019 closeout revealed issues with the department's accounting practices, including the improper retention of \$569,000 and incorrect encumbrances of over \$1 million for the Students with Disabilities – Aid to Education Program.

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

MSDE Response:

MSDE concurs.

Audit Findings Involving Data Security Repeated

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

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

MSDE Response: While MSDE takes its responsibility to maintain the security of sensitive PII very seriously, MSDE respectfully disagrees with the recommendation. Providing sensitive security information in a public forum jeopardizes the Agency’s security posture. Maintaining a secure information technology environment is an ongoing process. MSDE, in conjunction with the Department of Information Technology (DOIT), continues its efforts to implement next-generation security tools to manage current and future threats. Finally, the Enterprise model currently used by the State would make differentiating remediation costs between the two agencies extremely difficult.

MSDE Organizational Chart and Structure Needs Clarification

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

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

MSDE Response: MSDE respectfully disagrees with this recommendation. The Agency’s current organizational chart, which is attached, is accurate. The chart includes two separate budgetary units within MSDE in which the State Superintendent of Schools serves as the chair of an oversight entity. The State Superintendent of Schools serves as the Chair of the Maryland

Center for School Safety Advisory Board and serves as the Chair of the Interagency Commission on School Construction. Additionally, MSDE serves as the fiscal agent for these budgetary units.

The Governor’s Office of Children and Youth, the Maryland Longitudinal Data Center, and the Office of the Inspector General are not included on the MSDE organizational chart because MSDE serves only as the fiscal agent for these budgetary units.

The Analyst’s recommendation is to provide a report by July 1, 2020. It should be noted that although the attached chart reflects the current and correct organizational structure of the MSDE, the Agency anticipates a new State Superintendent of Schools will begin their four-year-term on July 1, 2020, and it is reasonable to afford a new Agency Secretary the time to implement a transition plan, including a reorganization, if necessary.

Maryland Comprehensive Assessment Program Costs Need Clarification

The transition from the Partnership for Assessment of Readiness for College and Careers assessments to the new Maryland Comprehensive Assessment Program will take place in spring 2020. MSDE is currently anticipating fiscal 2021 costs for the new assessments to be approximately \$32 million.

MSDE should provide the committees by August 1, 2020, with MCAP costs compared to PARCC and any additional costs or savings for MCAP due to projected enrollment growth or decline for fiscal 2020 to 2024.

MSDE Response:

MSDE concurs. The Maryland Comprehensive Assessment Program (MCAP) was developed with the aim of supporting higher quality learning for Maryland students and involving Maryland teachers in the process. MSDE will provide the requested information by August 1, 2020.

Operating Budget Recommended Actions

Add the following language:

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

Further provided that on or before July 30, 2020, MSDE shall submit a report to the budget committees providing detail on the abolished positions and associated personnel savings. Explanation: MSDE Headquarters has approximately 50 positions vacant, 14 of which have been vacant for over a year. These cuts reduce MSDE’s vacancy rate and provide general fund savings.

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

MSDE Response: MSDE respectfully disagrees with this recommendation.

The Agency, in total, including the Division of Early Childhood, abolished eight long-term vacant regular positions, which is reflected in the FY 2021 Allowance. The analysis indicates the agency's position total decreased by 15.7 FTE, including regular and contractual positions.

The current vacant positions in the Agency reside predominantly in the Division of Rehabilitation Services (DORS) and Juvenile Services Education (JSES), 40% and 16% of the total, respectively. The JSES continues to have difficulty staffing education programs with State employees. The Agency cannot offer employees the same employment conditions that local school systems can, and the JSES program does not have the same protections as local school systems. JSES continues to offer hiring bonuses for teachers as well as retention bonuses for school staff. A teacher and staff recognition program has been instituted to support and recognize valued staff. The JSE program recently hired three instructional coaches and mentors to support the teachers and administrators.

The Division of Rehabilitation Services' relatively high vacancy rates can be attributed to several factors. First, the Disability Determination Services (DDS) has been subject to a federal hiring freeze, which will continue until March of 2020. Once the hiring freeze ends, DDS employees are subject to federal security requirements which extends the time to bring staff on board by several months. Finally, the caseload and WIOA documentation requirements increase the workload for caseworkers. Concurrently, DORS is competing with the federal and local government entities which offer higher salaries.

Many long term vacancies are federally-funded positions. A general fund savings of \$1.2 million would not be realized by this proposed PIN reduction. Programmatically, a reduction of an additional 20 positions will have a serious impact on the level of service the Agency provides to the students, teachers, principals, school system administrators, parents, and clients in the State. Additionally, MSDE anticipates an increase to its responsibilities with the implementation of the recommendations of the Commission on Innovation and Excellence in Education above those already required by the federal Every Student Succeeds Act (ESSA).

Adopt the following narrative:

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

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

MSDE Response:
MSDE concurs.

Updates to Data Security Procedures: The committees request that the Maryland State Department of Education (MSDE) and the Department of Information Technology (DoIT) prepare a report on MSDE’s data security procedures by December 30, 2020, that includes an update on their progress to remediate all findings in the audit report and account for funds expended by each agency on remediation. MSDE is responsible for the safekeeping of many types of sensitive, personally identifiable information. An the Office of Legislative Audits audit in July 2019 indicated that MSDE had four separate issues in regard to information systems security and control with two recommendations repeated either in full or in part from the last audit.

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

MSDE Response:
For the reasons noted above, MSDE respectfully disagrees with the recommendation.

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

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

MSDE Response: For the reasons noted above, MSDE respectfully disagrees with this recommendation.

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

compared to PARCC and any additional costs or savings for MCAP due to projected enrollment growth or decline. Data for this transition should be provided for fiscal 2020 to 2024.

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

MSDE Response:
MSDE concurs.

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

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

MSDE Response:
For the reasons noted above, MSDE respectfully disagrees with this recommendation.

Budget Reconciliation and Financing Act Recommended Actions

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

MSDE Response: MSDE respectfully disagrees with the recommendation. The Office of the Inspector General, with six positions, was established through the Blueprint for Maryland's Future (SB1030) in 2019. These positions are currently being filled through the Department of Budget and Management shared services.

MARYLAND STATE DEPARTMENT OF EDUCATION

