

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 115 (Senator Benson)
Education, Health, and Environmental Affairs

**County Boards of Education - School Budget, Audit, and Procurement
Information - Web Site Publication**

This bill requires each local board of education to develop and operate a single free, public, searchable website by July 1, 2014, that includes data on specified board payments of \$25,000 or more, as well as specified annual budget data as prepared by the local board of education, and specified annual audit data prepared by a certified public accountant.

The bill takes effect July 1, 2013.

Fiscal Summary

State Effect: None.

Local Effect: Local expenditures will increase for some local school systems, depending on the capabilities of existing data systems. Local revenues are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: The website to be developed by each local board of education must provide information on payments made in fiscal 2014 and each subsequent year. Board payments of \$25,000 or more in aggregate to a single payee in a fiscal year must be included in the website, excluding payments to public school employees and retirees as compensation or retirement allowance, respectively, and excluding payments to a

third-party payee that accepts employee payroll-related payments, including (1) recurring payments for payroll taxes; (2) employee payroll deductions; and (3) investment-related activities relating to fund balances.

Information on the website must include the name and zip code of the payee receiving payment, as well as the amount and purpose of the payment, and whether the payee is a minority business enterprise. The website must also include a search function that allows the public to search by individual school and submit queries based on the name and zip code of the payee.

The bill does not require disclosure of information that is confidential under federal, State, or local law.

Current Law/Background: Chapter 659 of 2008 (HB 358), the Maryland Funding Accountability and Transparency Act of 2008, required the Department of Budget and Management (DBM) to develop a free, public, searchable web-based database by January 1, 2009, that includes detailed information on State payments made to vendors of at least \$25,000. Payments to State employees and retirees as compensation or retirement allowance were excluded. This web-based database, currently providing fiscal 2008 through 2012 information, is complete and available at <http://spending.dbm.maryland.gov>.

Chapters 558 and 559 of 2009 (SB 556/HB 1192) required State governmental units and other State entities to submit a report to DBM by September 1 after each fiscal year they provide a contribution, grant, or subsidy of \$50,000 or more to a grantee that is either a for-profit or nonprofit entity. The Department of Information Technology (DoIT) must develop and operate a searchable website, accessible to the public at no cost, which provides grantee report information in a specified format. This web-based database, currently providing fiscal 2009 through 2011 information, is complete and available at <http://dbm.maryland.gov/agencies/operbudget/pages/grantspayments.aspx>.

In 2008, the Howard County Council enacted a change to county law requiring the county to have a free, public, and searchable website no later than June 30, 2010, and include, if practicable, payments made by the county in fiscal 2010. County payments of \$30,000 or more in aggregate to a single payee in a fiscal year must be included in the website, excluding payments to Howard County employees as salary or wages.

The Montgomery County Council enacted a county law in 2009 similar to the one in Howard County that applies to any county payment of \$25,000 or more in aggregate. Chapter 424 of 2009 (HB 841) required the Montgomery County Board of Education to develop and operate a single free, public, searchable website by January 1, 2011, that includes data on specified board payments of \$25,000 or more.

Chapter 399 of 2010 (HB 233) required the Howard County Board of Education to develop and operate a single free, public, searchable website by January 1, 2012, that includes data on specified board payments of \$25,000 or more for fiscal 2011 and each subsequent year.

Chapters 488 and 489 of 2011 (SB 493/HB 1113) required the Prince George's County Board of Education to develop and operate a free, public, searchable website that includes data on specified board payments of \$25,000 or more for payments made in fiscal 2012 and each subsequent year by January 1, 2013. Chapter 394 of 2012 (HB 802) altered the requirements for the website to include specified budget data beginning with fiscal 2013 and to allow users to search for data on the website by individual school by July 1, 2013.

Chapter 105 of 2011 (HB 160) required the Baltimore County Board of Education to develop and operate a free, public, searchable website by January 1, 2013, that includes data on specified board payments of \$25,000 or more.

Local Expenditures: Some local boards of education will incur additional expenditures in order to develop and operate the required website. Local school boards that are currently required to maintain similar searchable websites will need to be upgraded to the extent that the requirements of the bill are stricter. Requests for information yielded estimates that vary considerably across local school systems. Baltimore City advised that its school system will need to hire a consultant at a cost of \$25,000 to develop the website, and incur \$10,000 in annual costs in subsequent years. Prince George's County indicates that to the extent that the bill adds to requirements that its current website must meet, costs will increase, but did not provide a specific estimate. Washington County advises that it will need to hire a consultant at approximately \$82,000 to develop the website and will incur minimal ongoing operating costs. Previous estimates from local school systems have ranged from \$30,000 to \$60,000 to develop a similar website.

In comparison, DoIT has previously advised that it used existing resources to develop the State's web-based searchable database on payments made to vendors but also indicated that the equivalent of approximately \$100,000 in staff time and other resources was involved in programming and development of the website.

Additional Information

Prior Introductions: A similar bill, SB 492 of 2011, received an unfavorable report from the Senate Budget and Taxation Committee. Its cross file, HB 644, received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: None.

Information Source(s): Baltimore City; Kent, Prince George's, and Washington counties; Maryland State Department of Education; Department of Legislative Services

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