

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 1492
 Ways and Means

(Delegate A. Washington)

Rules

Blue Ribbon Commission on School Transparency and Accountability

This bill establishes a Blue Ribbon Commission on School Transparency and Accountability. The commission must study best practices for promoting ethics, accountability, and transparency in State and local government. The Maryland State Department of Education (MSDE) must staff the commission. By January 1, 2019, the commission must report its findings and recommendations on specified matters to the Governor and the General Assembly. **The bill takes effect July 1, 2018, and terminates after June 30, 2020.**

Fiscal Summary

State Effect: General fund expenditures increase by \$29,900 in fiscal 2019 only for MSDE to staff the commission.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	29,900	0	0	0	0
Net Effect	(\$29,900)	\$0	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The commission must study and make recommendation regarding ethics rules governing local superintendents and members of the State and local boards of

education as well as procedures for their removal for cause or other misconduct. The commission must also study and make recommendations regarding:

- laws, regulations, and practices regarding local superintendent contracts, including length of contract and termination provisions;
- availability of school system documents and whether the current Public Information Act provides adequate transparency;
- use of closed meetings by the State and local boards of education, and whether the current Open Meetings Act provides adequate transparency;
- use of inspectors general or ombudsmen to assist in accountability and transparency efforts in local school systems; and
- adequacy of current whistleblower protection laws and processes available for anonymous reporting of fraud, waste, or abuse.

Current Law:

State and Local Authorities

The State Board of Education determines the elementary and secondary educational policies of the State and may institute legal proceedings to enforce its statutory authority and the bylaws, rules, and regulations adopted by the State board. The State Superintendent is also responsible for enforcement. If an educational institution or local school board violates any provision of law within the State Superintendent's jurisdiction, the State Superintendent may require the State Comptroller to withhold from that institution or local board all or any part of an appropriation made by the General Assembly and/or payment from funds budgeted by the State.

The State Superintendent must also receive and examine each report required under the bylaws, rules, and regulations of the State board; examine the expenditures, business methods, and accounts of each county board; and advise each county board about them.

A local board of education must carry out relevant State law and State board bylaws, rules, and regulations and also determine the educational policies of the local school system. Among other duties, each local superintendent of schools must decide all controversies and disputes that involve the rules and regulations of the local board and the proper administration of the county public school system.

School System Audits

Each local board of education must provide for an annual audit of its financial transactions and account. Also, the Maryland Department of Education, at the request of a county

government and in the absence of an agreement between a county government and a school board, must contract for a performance audit of a county school system. A performance audit covers an assessment of a school system's practices to determine whether the school system or a school program is operating economically and efficiently.

Furthermore, the Office of Legislative Audits (OLA) must, at least once every six years, subject to certain waivers, conduct an audit of each local school system to evaluate the effectiveness and efficiency of the financial management practices of the local school system.

OLA must provide information regarding the audit process to the local school system before the audit is conducted. The legislative auditor must review each local school system's response to OLA's audit and advise the local school system of the results of the review. The legislative auditor must advise the Joint Audit Committee when a local school system:

- does not make a response to a recommendation;
- does not indicate action to be taken in response to a recommendation;
- has not taken the action the local school system indicated in its response to a recommendation; or
- responds in a manner that is not considered appropriate to carry out the recommendation.

The Executive Director of the Department of Legislative Services or the Joint Audit Committee may direct the legislative auditor to undertake a review to determine the extent to which action has been taken by a local school system to implement a report recommendation. With respect to findings and recommendations made to a local school system, the Joint Audit Committee may make recommendations to the Governor, State Superintendents, the local school board, or local school officials after reviewing a local school system's response to a recommended action.

State Expenditures: The commission must complete its work between July 1, 2018, and January 1, 2019, when its report and recommendations are due. Given the compressed timeline, MSDE requires a half-time contractual position to staff the commission in fiscal 2019.

Position	0.5
Salary and Fringe Benefits	\$21,578
Travel	3,270
Equipment & Supplies	<u>5,047</u>
Total FY 2019	\$28,895

Although the commission does not terminate until June 30, 2020, since the commission's report will have already been submitted, it is assumed that existing MSDE staff can handle any staffing responsibilities for the commission in fiscal 2020. Accordingly, the contractual position terminates after fiscal 2019.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City; Charles County; Maryland State Department of Education; Department of Legislative Services

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