

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 1026

(Senator Brooks)

Education, Energy, and the Environment

Appropriations

County Boards of Education - Budgets - Notice (Transparency in Education
Spending Act)

This bill requires the State Board of Education (SBE) to adopt a process for the uniform reporting of information in a county board of education budget to timely share the information provided by a county board of education in that budget to a county governing body. County boards must prepare their annual budget to include as major categories (1) specified current funds held in reserve; (2) the amount of any federal funds received in the last fiscal year; and (3) the amount of funds held in trust or otherwise dedicated toward long-term obligations for retiree health care costs or other postemployment benefits, and information used to calculate the county board's obligation for those costs. The bill also alters certain notification requirements regarding the transfer of funds within and between major county board budget categories. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: None. The Maryland State Department of Education can adopt the required uniform reporting process using existing resources. Revenues are not affected.

Local Effect: Minimal. Local school system administrative costs may increase by a potentially minimal amount.

Small Business Effect: None.

Analysis

Bill Summary: Both the (1) county board budget as presented to the county commissioners,

county council, or county executive; and (2) the budget as approved by the county commissioners or county council (and that must be sent to the State Superintendent), must be posted on the county board's public-facing website, in an easily identifiable location.

A transfer between major categories of more than 10% of the total funding in a major category must generally be made only with the approval of the county commissioners or county council. However, a county board may make such a transfer without approval if the time in achieving approval would result in loss of opportunity. In such an instance, the county board must expeditiously report the transfer to the county commissioners or county council with an explanation of the circumstances necessitating the expedited reallocation.

The results of an audit required under current law must, within three months after the close of the fiscal year, be reported to the county council or county commissioners.

Current Law: Each county board of education must prepare an annual budget according to the major categories listed in § 5-101 of the Education Article as well as any other major categories required by SBE. The annual budget for each local school system must include certain revenue and expenditure categories for the current expense fund and school construction fund. Expenditure categories for the current expense fund include:

- administration;
- mid-level administration;
- instructional salaries;
- textbooks and classroom instructional supplies;
- other instructional costs;
- special education;
- student personnel services;
- health services;
- student transportation;
- operation of plant and equipment;
- maintenance of plant;
- fixed charges;
- food services; and
- capital outlay.

The annual school budget must be submitted in writing to the county commissioners, county council, or the county executive. The budget must be submitted not less than 45 days before the date for levying local taxes or on an earlier date on or after March 1, as may be requested by the county fiscal authority.

All revenues received by a county board must be spent by the board in accordance with the major categories of its annual budget. A transfer may be made within the major categories without recourse to the county commissioners or county council, however a report of the transfer must be submitted to the county commissioners or county council within 15 days after the end of each month. A transfer between major categories must be made only with the approval of the county commissioners or county council. Each county board must provide for an annual audit of its financial transactions and accounts.

Each county board must prepare, publish, and make available to interested parties an annual report on the condition, current accomplishments, and needs for improvement of the schools as well as a statement of the business and financial transactions of the county board. At the request of the county governing body made in writing at least 30 days before the reporting deadline, the county board or superintendent must report to the county governing body on or before November 1 and March 1 of each fiscal year on the school system's operations, including any adjustment made to the approved annual budget. At the request of the county board made in writing at least 30 days before the reporting deadline the county governing body must report to the county board on or before November 1 and March 1 of each fiscal year on the county's fiscal status for the immediate fiscal year and the subsequent fiscal year.

Local Fiscal Effect: Local school system administrative costs may increase to meet the bill's requirements. Increased costs may be driven by additional required budget categories and will depend upon the degree to which the reporting procedures adopted by SBE under the bill differ from current practice for each of the local school systems. However, any such costs should be minimal for most local school systems.

Additional information on State and local funding for local school systems is provided in the [Local Government Overview Report](#). The report shows the State funding amount and local appropriation to each local school system over a [five-year period](#) and the level of State and local support on a [per pupil basis](#). A copy of the report is available on the Department of Legislative Services [website](#).

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1115 (Delegates Solomon and Palakovich Carr) - Appropriations.

Information Source(s): Anne Arundel County Public Schools; Baltimore County Public Schools; Prince George's County; Maryland Association of Counties; Maryland State Department of Education; Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2024
km/hlb Third Reader - March 19, 2024
Revised - Amendment(s) - March 19, 2024

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