

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL NO. 406

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “- Mid-Level Administration Category” and substitute “and Maintenance of Effort Requirements”; strike in their entirety lines 3 through 7, inclusive, and substitute:

“FOR the purpose of altering certain categories required to be included in the annual budget prepared by each county board of education, not including Baltimore City; requiring the county boards to include certain information with their annual budgets; altering certain requirements on the county governments relating to reductions in the annual budgets of the county boards; requiring a county board to submit a certain report to the county governing body regarding alterations to its budget; altering certain requirements on the county boards to spend revenues in accordance with their annual budgets; altering certain reporting requirements relating to transfers made by the county boards within their annual budgets; requiring a county board to submit certain reports to the county governing body under certain circumstances; establishing certain procedures in cases where a county board has failed to comply with certain requirements; requiring a county board at the request of the county governing body to report to the county governing body on the school system's operations on or before certain dates; altering certain local primary and secondary education funding requirements; excluding certain amounts from the calculation of certain local primary and secondary education funding requirements under certain circumstances; defining a certain term; repealing certain obsolete language; requiring the State Superintendent to submit a certain report to the General Assembly; allowing certain counties to petition the State Superintendent for certain relief under certain circumstances; providing for the application of this Act; and generally relating to the annual budgets of the county boards of education and certain local primary and secondary education funding requirements.”;

(Over)

in line 10, strike “5-101(c)” and substitute “5-101(b) and (c), 5-103(d), 5-105, and 5-202(b)(3)”; and after line 12, insert:

“BY adding to

Article - Education
Section 5-109(d) and 5-111
Annotated Code of Maryland
(1992 Replacement Volume and 1995 Supplement)

BY repealing

Article - Education
Section 5-101(f) and 5-103(e)
Annotated Code of Maryland
(1992 Replacement Volume and 1995 Supplement)”.

AMENDMENT NO. 2

On page 1, after line 16, insert:

“(b) (1) Subject to the rules and regulations of the State Board and with the advice of the county superintendent, each county board shall prepare an annual budget according to:

(i) The major categories listed in this section; and

(ii) Any other major category required by the State Board.

(2) In addition to the information required by this section, the county fiscal authorities may require the county board to provide details to the service areas and activities levels in the account structure within the “Financial Reporting Manual for Maryland Public Schools.”

(3) WITH THE ANNUAL BUDGET, EACH COUNTY BOARD SHALL PROVIDE:

(I) THE NUMBER OF FULL-TIME EQUIVALENT POSITIONS INCLUDED WITHIN EACH MAJOR CATEGORY; AND

(II) A DESCRIPTION AND EXPLANATION OF ANY FUND BALANCES OR OTHER MONEYS HELD BY ANY OUTSIDE SOURCE, INCLUDING AN INSURER, THAT ARE UNDESIGNATED OR UNRESERVED AND ARE AVAILABLE TO THE COUNTY BOARD.”.

AMENDMENT NO. 3

On page 2, after line 19, insert:

“(IV) TEXTBOOKS AND CLASSROOM INSTRUCTIONAL SUPPLIES;”;

and in lines 20, 21, 23, 24, 25, 26, 27, 28, 29, and 30, in each instance, strike “(IV)”, “(V)”, “(VI)”, “(VII)”, “(VIII)”, “(IX)”, “(X)”, “(XI)”, “(XII)” and “(XIII)”, respectively, and substitute “(V)”, “(VI)”, “(VII)”, “(VIII)”, “(IX)”, “(X)”, “(XI)”, “(XII)”, “(XIII)”, and “(XIV)”, respectively.

AMENDMENT NO. 4

On page 3, strike in their entirety lines 20 and 21, and substitute:

“5-103.

(d) If a county council or board of county commissioners does not approve the amount requested in the budget that is more than the amount required by § 5-202 of this title[, it]:

(1) THE COUNTY COUNCIL OR BOARD OF COUNTY COMMISSIONERS shall indicate in writing, within 15 days after the adoption of the budget, which major categories of the annual budget have been reduced and the reason for the reduction; AND

(2) THE COUNTY BOARD SHALL SUBMIT TO THE COUNTY GOVERNING BODY, WITHIN 30 DAYS AFTER THE ADOPTION OF THE BUDGET, A REPORT INDICATING HOW THE ALTERATIONS TO THE BUDGET WILL BE IMPLEMENTED, ACCOMPANIED BY REASONABLE SUPPORTING DETAIL AND ANALYSIS.

5-105.

(Over)

(a) This section does not apply to Baltimore City.

(b) All revenues received by a county board shall be spent by the board in accordance with the major categories of its annual budget as provided under § 5-101 of this subtitle.

(c) (1)(I) A transfer may be made within the major categories without recourse to the county commissioners or county council, except that a report of the transfer shall be submitted to the county commissioners or county council [at] WITHIN 15 DAYS AFTER the end of each month.

(II) A REPORT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE A NARRATIVE SUMMARY THAT CLEARLY INDICATES EACH TRANSFER.

(2) A transfer between major categories shall be made only with the approval of the county commissioners or county council.

(3) If the county commissioners or county council fail to take action on a request for transfer between major categories within 30 days after the receipt of a written request substantiating the transfer, the failure to take action constitutes approval.

(4)(I) A COUNTY BOARD SHALL SUBMIT TO THE COUNTY GOVERNING BODY AND TO THE STATE SUPERINTENDENT A REPORT WITHIN 15 DAYS OF THE END OF EACH MONTH IF DURING THAT MONTH THE COUNTY BOARD MAKES ANY POLICY DECISION OR TAKES ANY ACTION THAT REASONABLY WOULD BE EXPECTED TO COMMIT THE COUNTY BOARD TO SPEND MORE FOR THE CURRENT FISCAL YEAR IN ANY MAJOR CATEGORY THAN THE AMOUNT APPROVED IN THE ANNUAL BUDGET FOR THAT CATEGORY.

(II) A REPORT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE AN EXPLANATION OF ANY POLICY DECISION OR ACTION DESCRIBED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, INDICATING ANY REQUEST FOR A TRANSFER BETWEEN CATEGORIES THAT MAY BECOME NECESSARY FOR THE FISCAL YEAR AS A RESULT OF THE DECISION OR ACTION.

(d) Nonlocal funds received by a county board after the adoption of the annual budget by the county fiscal authority may be spent by the county board if the county fiscal authority is notified and approves of:

(1) The source and amount of the funds; and

(2) The manner of spending the funds.

5-109.

(D) AT THE REQUEST OF THE COUNTY GOVERNING BODY MADE IN WRITING AT LEAST 30 DAYS BEFORE THE REPORTING DEADLINE, THE COUNTY BOARD OR SUPERINTENDENT SHALL 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 ADJUSTMENTS MADE TO THE APPROVED ANNUAL BUDGET.

5-111.

(A) A COUNTY GOVERNING BODY MAY NOTIFY THE DEPARTMENT THAT A LOCAL BOARD HAS NOT COMPLIED WITH ONE OR MORE REPORTING REQUIREMENTS UNDER THIS SUBTITLE OR ONE OF THE EXPENDITURE LIMITATIONS OF § 5-105 OF THIS SUBTITLE.

(B) THE DEPARTMENT SHALL INVESTIGATE A COMPLAINT FILED UNDER THIS SECTION. IF THE STATE SUPERINTENDENT DETERMINES, AFTER TAKING INTO ACCOUNT AGGRAVATING AND MITIGATING CIRCUMSTANCES, THAT A VIOLATION HAS OCCURRED WITHOUT REASONABLE JUSTIFICATION, FOR THE NEXT FISCAL YEAR FOLLOWING THE FINAL DETERMINATION OF A VIOLATION, THE COUNTY BOARD MAY NOT MAKE A LINE ITEM EXPENDITURE, AS DEFINED BY THE MARYLAND BOARD OF EDUCATION REPORTING MANUAL, IN EXCESS OF THE ITEM EXPENDITURE IN THE OPERATING BUDGET APPROVED BY THE COUNTY GOVERNING BODY WITHOUT THE PRIOR APPROVAL OF THE COUNTY GOVERNING BODY. IF THE

(Over)

COUNTY GOVERNING BODY FAILS TO TAKE ACTION ON A REQUEST FOR APPROVAL WITHIN 30 DAYS AFTER THE RECEIPT OF A WRITTEN REQUEST, THE FAILURE TO TAKE ACTION CONSTITUTES APPROVAL.

5-202.

(b) (3) (I) IN THIS PARAGRAPH, "ENROLLMENT" MEANS THE FULL-TIME EQUIVALENT ENROLLMENT USED IN CALCULATING THE CURRENT EXPENSE AID FOR A COUNTY.

(II) To be eligible to receive the State share of basic current expenses:

[(i) 1. The county governing body shall levy an annual tax sufficient to provide an amount of revenue for elementary and secondary public education purposes equal to the product of the wealth of the county and a local contribution rate determined for each fiscal year; and

[(ii) 1.] 2. The county governing body shall appropriate local funds to the school operating budget in an amount no less than [the greater of] the product of the [full-time equivalent] enrollment [used in calculating the current expense aid] for the current fiscal year and the local appropriation on a per pupil basis for the prior fiscal year [or the highest local appropriation to the school operating budget in the prior fiscal year].

[2.] (III) 1. [For] EXCEPT AS PROVIDED IN SUB-SUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, FOR purposes of this paragraph, the local appropriation on a per pupil basis for the prior fiscal year for a county is derived by dividing the county's highest local appropriation to its school operating budget for the prior fiscal year by the [full-time equivalent] enrollment [used to calculate the current expense aid] for the county for the prior fiscal year. For example, the calculation of the current expense aid for fiscal year 1985 shall be based on the highest local appropriation for the school operating budget for a county for fiscal year 1984. Program shifts between a county operating budget and a county school operating budget may not be used to artificially satisfy the requirements of this paragraph.

2. FOR PURPOSES OF THIS PARAGRAPH, FOR FISCAL 1997

AND EACH FISCAL YEAR THEREAFTER, THE CALCULATION OF THE COUNTY'S HIGHEST LOCAL APPROPRIATION TO ITS SCHOOL OPERATING BUDGET FOR THE PRIOR FISCAL YEAR SHALL EXCLUDE:

A. ONE-HALF OF THE AMOUNT BY WHICH THE COUNTY'S LOCAL APPROPRIATION TO THE SCHOOL OPERATING BUDGET FOR THE PRIOR FISCAL YEAR EXCEEDED THE MINIMUM APPROPRIATION REQUIRED FOR THAT FISCAL YEAR UNDER THIS PARAGRAPH; AND

B. A NONRECURRING COST THAT IS SUPPLEMENTAL TO THE REGULAR SCHOOL OPERATING BUDGET IF THE EXCLUSION QUALIFIES UNDER THE REGULATIONS ADOPTED BY THE STATE BOARD.

3. THE COUNTY BOARD MUST PRESENT SATISFACTORY EVIDENCE TO THE COUNTY GOVERNMENT THAT ANY SUPPLEMENTAL SPENDING UNDER SUB-SUBPARAGRAPH 2 B OF THIS SUBPARAGRAPH IS USED ONLY FOR THE PURPOSE DESIGNATED BY THE COUNTY GOVERNMENT IN ITS REQUEST FOR APPROVAL.

(IV) 1. THE PROVISIONS OF THIS PARAGRAPH DO NOT APPLY TO A COUNTY IF THE COUNTY IS GRANTED A TEMPORARY WAIVER OR PARTIAL WAIVER FROM THE PROVISIONS BY THE STATE BOARD OF EDUCATION BASED ON A DETERMINATION THAT THE COUNTY'S FISCAL CONDITION SIGNIFICANTLY IMPEDES THE COUNTY'S ABILITY TO FUND THE MAINTENANCE OF EFFORT REQUIREMENT.

2. AFTER A PUBLIC HEARING, THE STATE BOARD OF EDUCATION MAY GRANT A WAIVER UNDER THIS SUBPARAGRAPH IN ACCORDANCE WITH ITS REGULATIONS.

3. IN ORDER TO QUALIFY FOR THE WAIVER UNDER THIS SUBPARAGRAPH FOR A FISCAL YEAR, A COUNTY SHALL MAKE A REQUEST FOR A WAIVER TO THE STATE BOARD OF EDUCATION BY APRIL 1 OF THE PRIOR FISCAL YEAR.

4. THE STATE BOARD OF EDUCATION SHALL INFORM THE COUNTY WHETHER THE WAIVER FOR A FISCAL YEAR IS APPROVED OR DENIED IN WHOLE OR IN PART BY MAY 15 OF THE PRIOR FISCAL YEAR.

SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 5-101(f) and 5-103(e) of Article - Education of the Annotated Code of Maryland be repealed.

SECTION 3. AND BE IT FURTHER ENACTED, That the State Board of Education, in consultation with the State Superintendent of Schools, shall establish by regulation criteria to evaluate county requests for waivers authorized under § 5-202(b)(3)(iv)2 of the Education Article, as enacted by Section 1 of this Act. A report detailing these criteria shall be prepared by the Superintendent and submitted to the Legislative Policy Committee on or before December 1, 1996.

SECTION 4. AND BE IT FURTHER ENACTED, That a county for which State funding has been withheld for Fiscal Year 1996 pursuant to § 5-205 of the Education Article, may petition the State Board of Education for relief. Upon a finding by the State Board of Education of circumstances justifying relief, the Comptroller shall distribute the withheld funds to the petitioning county.

SECTION 5. AND BE IT FURTHER ENACTED, That:

(a) Except as otherwise provided in this section, the changes made under this Act to §§ 5-101, 5-103, and 5-105 of the Education Article do not apply to the budgets of the county boards of education until the fiscal year that begins July 1, 1997.

(b) For the fiscal year that begins July 1, 1996, a county board shall submit to the county governing body a report at the end of each month if during that month the county board:

(1) Makes a transfer authorized under § 5-105(c) of the Education Article; or

(2) Makes any policy decision or takes any action that reasonably would be expected to commit the county board to spend more for the current fiscal year in any major category than the

amount approved in the annual budget for that category.

(c) A report under subsection (b) of this section shall include:

(1) A narrative summary that clearly indicates each transfer under § 5-105(c) of the Education Article; and

(2) An explanation of any policy decision or action described under subsection (b)(2) of this section, indicating any request for transfer between major categories that may become necessary for the fiscal year as a result of the decision or action.

SECTION 6. AND BE IT FURTHER ENACTED, That, subject to the provisions of Section 5 of this Act, this Act shall take effect June 1, 1996. “.