
By: Senator Amoss

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Assigned to: Budget and Taxation and Economic and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 21, 1996

CHAPTER _____

1 AN ACT concerning

2 **Education - Annual School Budget --~~Mid-Level Administration Category and~~**
3 **Maintenance of Effort Requirements**

4 ~~FOR the purpose of requiring each county board of education to include a mid-level~~
5 ~~administration category in the current expense fund, requested appropriations~~
6 ~~category of its annual budget; providing that this category shall include the office of~~
7 ~~the school principal and staff that provides administration and supervision to school~~
8 ~~instructional programs; and generally relating to annual school budgets.~~

9 FOR the purpose of altering certain categories required to be included in the annual
10 budget prepared by each county board of education, not including Baltimore City;
11 requiring the county boards to include certain information with their annual
12 budgets; altering certain requirements on the county governments relating to
13 reductions in the annual budgets of the county boards; requiring a county board to
14 submit a certain report to the county governing body regarding alterations to its
15 budget; altering certain requirements on the county boards to spend revenues in
16 accordance with their annual budgets; altering certain reporting requirements
17 relating to transfers made by the county boards within their annual budgets;
18 requiring a county board to submit certain reports to the county governing body
19 under certain circumstances; establishing certain procedures in cases where a
20 county board has failed to comply with certain requirements; requiring a county
21 board at the request of the county governing body to report to the county governing
22 body on the school system's operations on or before certain dates; altering certain
23 local primary and secondary education funding requirements; excluding certain
24 amounts from the calculation of certain local primary and secondary education
25 funding requirements under certain circumstances; defining a certain term;
26 repealing certain obsolete language; requiring the State Superintendent to submit a
27 certain report to the General Assembly; allowing certain counties to petition the
28 State Superintendent for certain relief under certain circumstances; providing for

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1 the application of this Act; and generally relating to the annual budgets of the
2 county boards of education and certain local primary and secondary education
3 funding requirements.

4 BY repealing and reenacting, with amendments,
5 Article - Education
6 Section ~~5-101(e)~~ 5-101(b) and (c), 5-103(d), 5-105, and 5-202(b)(3)
7 Annotated Code of Maryland
8 (1992 Replacement Volume and 1995 Supplement)

9 BY adding to
10 Article - Education
11 Section 5-109(d) and 5-111
12 Annotated Code of Maryland
13 (1992 Replacement Volume and 1995 Supplement)

14 BY repealing
15 Article - Education
16 Section 5-101(f) and 5-103(e)
17 Annotated Code of Maryland
18 (1992 Replacement Volume and 1995 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article - Education**

22 5-101.

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

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

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

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

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

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

36 (II) A DESCRIPTION AND EXPLANATION OF ANY FUND BALANCES
37 OR OTHER MONEYS HELD BY ANY OUTSIDE SOURCE, INCLUDING AN INSURER, THAT

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1 ARE UNDESIGNATED OR UNRESERVED AND ARE AVAILABLE TO THE COUNTY
2 BOARD.

3 (c) The budget shall be prepared to include the following categories:

4 Part I

5 (1) Current expense fund, estimated receipts:

- 6 (i) Revenue from local sources;
- 7 (ii) Revenue from State sources;
- 8 (iii) Revenue from federal sources;
- 9 (iv) Unliquidated surplus, the actual from the previous fiscal year and
10 the estimated from the current fiscal year, whether accrued from revenues or
11 expenditures; and
- 12 (v) Revenue from all other sources with identification of the source.

13 (2) Current expense fund, requested appropriations:

- 14 (i) Administration, which means those activities associated with the
15 general regulations, direction, and control of the county board, including:
 - 16 1. Executive administration;
 - 17 2. Business support services; AND
 - 18 3. Centralized support services; [and
 - 19 4. Staff providing administration and supervision to the school
20 instructional programs;]
- 21 (ii) MID-LEVEL ADMINISTRATION, INCLUDING:
 - 22 1. THE OFFICE OF THE SCHOOL PRINCIPAL; AND
 - 23 2. STAFF PROVIDING ADMINISTRATION AND SUPERVISION
24 TO THE SCHOOL INSTRUCTIONAL PROGRAMS;
- 25 (III) Instructional salaries, which means those activities which deal
26 directly with teaching students, including:
 - 27 1. Teachers;
 - 28 2. Aides;
 - 29 3. Psychological personnel;
 - 30 4. Guidance counselors; AND
 - 31 5. Library personnel; [and
 - 32 6. The office of the school principal;]

- 4
- 1 (IV) TEXTBOOKS AND CLASSROOM INSTRUCTIONAL SUPPLIES:
- 2 [(iii)] ~~(IV)~~ (V) Other instructional costs;
- 3 [(iv)] ~~(V)~~ (VI) Special education with subcategories and items
4 budgeted in this category to be determined by the State Board with the advice of the
5 county board;
- 6 [(v)] ~~(VI)~~ (VII) Student personnel services;
- 7 [(vi)] ~~(VII)~~ (VIII) Health services;
- 8 [(vii)] ~~(VIII)~~ (IX) Student transportation;
- 9 [(viii)] ~~(IX)~~ (X) Operation of plant and equipment;
- 10 [(ix)] ~~(X)~~ (XI) Maintenance of plant;
- 11 [(x)] ~~(XI)~~ (XII) Fixed charges;
- 12 [(xi)] ~~(XII)~~ (XIII) Food services; and
- 13 [(xii)] ~~(XIII)~~ (XIV) Capital outlay.

14 Part II

15 (3) School construction fund, estimated receipts:

- 16 (i) Revenue from local sources;
- 17 (ii) Sale of bonds;
- 18 (iii) State General Public School Construction Loan;
- 19 (iv) Revenue from State sources;
- 20 (v) Revenue from federal sources;
- 21 (vi) Unliquidated surplus, the actual from the previous fiscal year and
22 the estimated for the current fiscal year, whether accrued from revenues or expenditures;
23 and
- 24 (vii) Funds from all other sources, with identification of the source.

25 (4) School Construction Fund, requested appropriations:

- 26 (i) Land for school sites;
- 27 (ii) Buildings and the equipment that will be an integral part of a
28 building by project;
- 29 (iii) School site improvement by project;
- 30 (iv) Remodeling by project;
- 31 (v) Additional equipment by project; and

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1 (vi) Debt service.

2 ~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect~~
3 ~~October 1, 1996.~~

4 5-103.

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

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

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

15 5-105.

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

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

20 (c) (1) (I) A transfer may be made within the major categories without
21 recourse to the county commissioners or county council, except that a report of the
22 transfer shall be submitted to the county commissioners or county council [at] WITHIN
23 15 DAYS AFTER the end of each month.

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

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

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

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

39 (II) A REPORT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH
40 SHALL INCLUDE AN EXPLANATION OF ANY POLICY DECISION OR ACTION

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1 DESCRIBED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, INDICATING ANY
2 REQUEST FOR A TRANSFER BETWEEN CATEGORIES THAT MAY BECOME NECESSARY
3 FOR THE FISCAL YEAR AS A RESULT OF THE DECISION OR ACTION.

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

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

8 (2) The manner of spending the funds.

9 5-109.

10 (D) AT THE REQUEST OF THE COUNTY GOVERNING BODY MADE IN WRITING
11 AT LEAST 30 DAYS BEFORE THE REPORTING DEADLINE, THE COUNTY BOARD OR
12 SUPERINTENDENT SHALL REPORT TO THE COUNTY GOVERNING BODY ON OR
13 BEFORE NOVEMBER 1 AND MARCH 1 OF EACH FISCAL YEAR ON THE SCHOOL
14 SYSTEM'S OPERATIONS, INCLUDING ANY ADJUSTMENTS MADE TO THE APPROVED
15 ANNUAL BUDGET.

16 5-111.

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

21 (B) THE DEPARTMENT SHALL INVESTIGATE A COMPLAINT FILED UNDER
22 THIS SECTION. IF THE STATE SUPERINTENDENT DETERMINES, AFTER TAKING INTO
23 ACCOUNT AGGRAVATING AND MITIGATING CIRCUMSTANCES, THAT A VIOLATION
24 HAS OCCURRED WITHOUT REASONABLE JUSTIFICATION, FOR THE NEXT FISCAL
25 YEAR FOLLOWING THE FINAL DETERMINATION OF A VIOLATION, THE COUNTY
26 BOARD MAY NOT MAKE A LINE ITEM EXPENDITURE, AS DEFINED BY THE
27 MARYLAND BOARD OF EDUCATION REPORTING MANUAL, IN EXCESS OF THE ITEM
28 EXPENDITURE IN THE OPERATING BUDGET APPROVED BY THE COUNTY
29 GOVERNING BODY WITHOUT THE PRIOR APPROVAL OF THE COUNTY GOVERNING
30 BODY. IF THE COUNTY GOVERNING BODY FAILS TO TAKE ACTION ON A REQUEST
31 FOR APPROVAL WITHIN 30 DAYS AFTER THE RECEIPT OF A WRITTEN REQUEST, THE
32 FAILURE TO TAKE ACTION CONSTITUTES APPROVAL.

33 5-202.

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

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

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

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

7 [2.1 (III) 1. [For] EXCEPT AS PROVIDED IN SUB-
8 SUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, FOR purposes of this paragraph, the local
9 appropriation on a per pupil basis for the prior fiscal year for a county is derived by
10 dividing the county's highest local appropriation to its school operating budget for the
11 prior fiscal year by the [full-time equivalent] enrollment [used to calculate the current
12 expense aid] for the county for the prior fiscal year. For example, the calculation of the
13 current expense aid for fiscal year 1985 shall be based on the highest local appropriation
14 for the school operating budget for a county for fiscal year 1984. Program shifts between
15 a county operating budget and a county school operating budget may not be used to
16 artificially satisfy the requirements of this paragraph.

17 2. FOR PURPOSES OF THIS PARAGRAPH, FOR FISCAL 1997
18 AND EACH FISCAL YEAR THEREAFTER, THE CALCULATION OF THE COUNTY'S
19 HIGHEST LOCAL APPROPRIATION TO ITS SCHOOL OPERATING BUDGET FOR THE
20 PRIOR FISCAL YEAR SHALL EXCLUDE:

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

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

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

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

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

41 3. IN ORDER TO QUALIFY FOR THE WAIVER UNDER THIS
42 SUBPARAGRAPH FOR A FISCAL YEAR, A COUNTY SHALL MAKE A REQUEST FOR A

1 WAIVER TO THE STATE BOARD OF EDUCATION BY APRIL 1 OF THE PRIOR FISCAL
2 YEAR.

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

6 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 5-101(f) and
7 5- 103(e) of Article - Education of the Annotated Code of Maryland be repealed.

8 SECTION 3. AND BE IT FURTHER ENACTED, That the State Board of
9 Education, in consultation with the State Superintendent of Schools, shall establish by
10 regulation criteria to evaluate county requests for waivers authorized under §
11 5-202(b)(3)(iv)2 of the Education Article, as enacted by Section 1 of this Act. A report
12 detailing these criteria shall be prepared by the Superintendent and submitted to the
13 Legislative Policy Committee on or before December 1, 1996.

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

19 SECTION 5. AND BE IT FURTHER ENACTED, That:

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

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

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

28 (2) Makes any policy decision or takes any action that reasonably would be
29 expected to commit the county board to spend more for the current fiscal year in any
30 major category than the amount approved in the annual budget for that category.

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

32 (1) A narrative summary that clearly indicates each transfer under §
33 5-105(c) of the Education Article; and

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

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

