

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

Senate Bill 4 (Senator Miller)

Economic & Environmental Affairs & Budget & Taxation

Ref. to Ways & Means

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**Education - School System Performance Audit**

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This amended bill requires the Maryland State Department of Education (MSDE), at the request of a county government and in the absence of an agreement between a county government and a school board, to 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. An audit that MSDE contracts for may not include an assessment of a school board's efforts to meet the standards of the Maryland School Performance Program. The costs of a performance audit must be shared equally between the county government and the school board. MSDE must also make reasonable efforts to ensure the results of the performance audit are available to the school board in time to be considered by the board in the preparation of its budget for the next fiscal year.

The bill is effective July 1, 1996.

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**Fiscal Summary**

**State Effect:** None. MSDE could procure and monitor performance audit contracts with existing resources.

**Local Effect:** If a county requests a performance audit, county and school board expenditures could increase by an indeterminate significant amount as discussed below. Revenues would not be affected.

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## **Fiscal Analysis**

**Local Expenditures:** If a county government requests MSDE to contract for a performance audit of a school system, county and school board expenditures could increase depending upon the number of audits and their scope. Although the expenditure increase cannot be determined beforehand, the amount would be significant.

Calvert County estimates a performance audit could cost the county approximately \$16,500, including administrative costs of \$1,500. Similarly, Howard County estimates the cost would be less than \$25,000 annually depending upon the number and types of audits conducted. School board expenditures in Calvert and Howard counties would also increase by similar amounts due to the cost-sharing provision.

**Additional Comments:** A school performance review program currently exists in Texas. The Office of the Comptroller annually contracts with consulting firms to perform on-site research and review of school districts. These reviews encompass all aspects of a school district's operations. The Office of the Comptroller reviews four to five school districts annually. Costs range from \$100,000 in school districts with student populations between 15,000 and 20,000 to \$700,000 in school districts with student populations in excess of 200,000.

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**Information Source(s):** Maryland State Department of Education; Maryland Association of Boards of Education; Baltimore City; Calvert, Caroline, Howard, and Montgomery counties; Office of the Comptroller (State of Texas); Department of Fiscal Services

**Fiscal Note History:** First Reader - January 23, 1996

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Revised - Senate Third Reader - March 25, 1996

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