

SENATE BILL 448

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9lr2108
CF 9lr2106

By: Senator Edwards

Introduced and read first time: February 4, 2009

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Local School Systems – Biannual Financial Status Report Requirement –**
3 **Repeal**

4 FOR the purpose of repealing the requirement that a local superintendent of schools or
5 chief executive officer of a local school system file a certain biannual report on
6 the financial status of a local school system; requiring a certain local school
7 system that has a certain financial deficit to include certain information in a
8 certain annual audit; and generally relating to reporting requirements for local
9 school systems.

10 BY repealing and reenacting, with amendments,
11 Article – Education
12 Section 5-114
13 Annotated Code of Maryland
14 (2008 Replacement Volume)

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

17 **Article – Education**

18 5-114.

19 (a) In this section, “deficit” means a negative fund balance in the General
20 Fund of 1% or more of General Fund revenue at the end of the fiscal year.

21 (b) The State Superintendent and the Department shall[:

22 (1) Monitor] **MONITOR** the financial status of each local school
23 system[; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



4 [(c) A local superintendent or chief executive officer of a local school system
5 shall:

11 [(d)] (c) If a local school system does not file the annual audit results in a
12 timely manner with the State Superintendent as required by § 5–109 of this subtitle,
13 the State Superintendent shall:

14 (1) Immediately notify:

15 (i) The Department of Legislative Services;

16 (ii) The county governing body; and

19 (2) Order that the audit report be filed within 10 days.

20 [(e)] (D) (1) A local school system may not carry a deficit as reported in
21 the annual audit under § 5-109 of this subtitle.

22 (2) If a local school system has a deficit, the State Superintendent
23 shall immediately notify the Governor, the General Assembly, the Department of
24 Legislative Services, and county governing body and shall require the local school
25 system to:

26 (i) Develop and submit for approval a corrective action cost
27 containment plan within 15 days;

31 (iii) Include information on the corrective action cost
32 containment plan, actions taken to close the deficit, and status of the deficit in the

1 [biannual financial status reports] **ANNUAL AUDIT UNDER § 5-109 OF THIS**
2 **SUBTITLE** filed with the State Superintendent and county governing body.

3 (3) The State Superintendent shall include information on any local
4 school system deficit, corrective action cost containment plan, actions taken to close a
5 local school system deficit, and status of any local school system deficit in a quarterly
6 report to the Governor and the General Assembly, in accordance with § 2-1246 of the
7 State Government Article.

8 (4) If a local school system has a deficit:

9 (i) The Office of Legislative Audits may request any financial
10 information pertaining to the deficit and the corrective action cost containment plan;
11 and

12 (ii) The local superintendent or chief executive officer of a local
13 school system shall provide the requested information.

14 [(f)] (E) If a local school system fails to comply with the requirements of
15 this section, the State Superintendent, with the approval of the State Board of
16 Education, shall notify the State Comptroller, who shall withhold 10% of the next
17 installment and each subsequent installment due the local school system from the
18 General State School Fund until the State Superintendent notifies the Comptroller
19 that the local school system is in full compliance with the requirements of this section.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 July 1, 2009.