

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE

House Bill 644  
Ways and Means

(Delegate Valentino-Smith, *et al.*)

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Education - County School Board Budgets - Transparency

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This bill requires each local board of education to develop and operate a website that displays and allows free public searches of specified school board budget data, before July 1, 2012. The website must allow the user to search data by individual school for fiscal 2012 and subsequent years. The required website must contain annual school budget data prepared by the local board under Section 5-101 of the Education Article. The bill does not require disclosure of information that is confidential under federal, State, or local law.

The bill takes effect July 1, 2011.

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Fiscal Summary

**State Effect:** None. The bill is directed at local school systems.

**Local Effect:** Local school system expenditures will increase for some systems, depending on the capabilities of existing data systems. Local revenues are not affected.  
**This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** None.

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Analysis

**Current Law:** Section 5-101 of the Education Article requires annual public school budgets to be prepared according to specified major categories as well as any additional categories specified by the State Board of Education. With the annual budget, each local board must provide the number of full-time equivalent positions included within each

major category as well as a description of monies held by any outside source that are undesignated and unreserved and under the direction and control of the local board of education.

County fiscal authorities may require the local board to provide details to the service areas and activities levels in the account structure within the *Financial Reporting Manual for Maryland Public Schools* (the manual). The budget document must also contain an addendum showing estimated expenditures for special education as defined by the manual.

In Montgomery County, on request of the county executive and county council, the county board of education must provide, with the annual budget, the program implications of recommendations for reductions to or increases in its annual budget, at whatever different levels of funding and accompanied by whatever reasonable supporting detail and analysis specified in the request. Prior to submission of the annual budget, similar information must be submitted by the county superintendent upon request by the county executive or county council.

In Cecil County, on request of the Cecil County Board of Estimates, the county board of education must provide, with the annual budget, separate information on the number and costs of school-based noninstructional personnel.

With the annual budget, the Prince George's County Board of Education must provide to the county executive and county council information relating to each of the following categories: instructional supplies and materials, additional equipment, and replacement equipment. For these categories, the following information must be provided:

- proposed expenditures for the next school year based on the annual budget;
- estimated expenditures for the current school year; and
- actual expenditures for the prior school year.

**Background:** Chapter 659 of 2008, the Maryland Funding Accountability and Transparency Act of 2008, required the Department of Budget and Management (DBM) to develop a free, public, searchable web-based database by January 1, 2009, that includes detailed information on State payments made to vendors of at least \$25,000. Payments to State employees and retirees as compensation or retirement allowance are excluded. This web-based database, providing fiscal 2008 through 2010 information, is complete and available at <http://spending.dbm.maryland.gov>.

Chapters 558 and 559 of 2009 require State government units and other State entities to submit a report to DBM by September 1 after each fiscal year in which they provide a contribution, grant, or subsidy of \$50,000 or more to a grantee that is either a for-profit or

nonprofit entity. The Maryland Department of Information Technology must develop and operate a searchable website, accessible to the public at no cost, that provides grantee report information in a specified format.

In 2008, the Howard County Council enacted a change to county law requiring the county to have a free, public, and searchable website. County payments of \$30,000 or more in aggregate to a single payee in a fiscal year must be included in the website, excluding payments to Howard County employees as salary or wages. Information on the website must include the name and, if applicable, the parent entity of the payee receiving payments, as well as the amount of the county award, the transaction type, the name of the unit of county government making the award, and the budget program fund source. The website must also include the location of the payee and the primary location of service performed as well as any other relevant information specified by the county.

The Montgomery County Council enacted a county law in 2009 similar to the one in Howard County that applies to any county payment of \$25,000 or more in aggregate. Chapter 424 of 2009 required the Montgomery County Board of Education to develop and operate a free, public, searchable website by January 1, 2011, that includes data on specified board payments of \$25,000 or more.

Chapter 399 of 2010 requires the Howard County Board of Education to develop and operate a free, public, searchable website by January 1, 2012, that includes data on specified board payments of \$25,000 or more for fiscal 2011 and each subsequent year.

**Local Expenditures:** Some local boards of education will incur additional expenditures in order to develop and operate the required website. Requests for information yielded estimates that vary considerably across local school systems. Baltimore City advised that its school system already operates a website that meets the requirements of the bill, and therefore its expenditures are not affected. Harford County indicates there will be additional costs but could not provide an estimate. Allegany County advises that the bill will require \$5,000 in-house expenditures to develop the website and minimal ongoing operating costs, while Prince George's County indicates that it will need to hire a consultant at approximately \$60,000 to develop a public website interface with its existing budget database.

In comparison, the Maryland Department of Information Technology has previously advised that it used existing resources to develop the State's web-based searchable database on payments made to vendors but also indicated that the equivalent of approximately \$100,000 in staff time and other resources was involved in programming and development of the website.

## Additional Information

**Prior Introductions:** None.

**Cross File:** SB 492 (Senator Peters) - Budget and Taxation and Education, Health, and Environmental Affairs.

**Information Source(s):** Allegany, Harford, Montgomery, Talbot, and Wicomico counties; Baltimore City; Maryland State Department of Education; Maryland Association of Boards of Education; Department of Legislative Services

**Fiscal Note History:** First Reader - March 7, 2011  
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