

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1124 (Delegate Adams)
Ways and Means

Primary and Secondary Education - Local School Systems - Budget Reporting

This bill requires that by November 1 and March 1 of each year in calendar 2022 through 2032, each local school system report to the Accountability and Implementation Board (AIB), in a manner determined by AIB, on all expenditures in the local school system's annual budget, disaggregated by each major budget category. On request, AIB must provide a local government with a copy of the report. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: AIB can receive reports from local school systems and provide copies to local governments upon request using existing resources. No effect on revenues.

Local Effect: Local school systems, which must already budget according to specified categories, have their budgets approved by a county governing body, keep track of expenditures, and undergo various audits each year, can handle reporting requirements under the bill using existing resources. No effect on revenues.

Small Business Effect: None.

Analysis

Current Law:

Local Board Budgeting Requirements

Each county board of education must prepare an annual budget according to the major categories listed in § 5-101 of the Education Article as well as any other major categories

required by the Maryland State Board of Education. The annual budget for each local school system must include certain revenue and expenditure categories for the current expense fund and school construction fund. Expenditure categories for the current expense fund include:

- administration;
- mid-level administration;
- instructional salaries;
- textbooks and classroom instructional supplies;
- other instructional costs;
- special education;
- student personnel services;
- health services;
- student transportation;
- operation of plant and equipment;
- maintenance of plant;
- fixed charges;
- food services; and
- capital outlay.

The annual school budget must be submitted in writing to the county commissioners, county council, or the county executive. The budget must be submitted not less than 45 days before the date for levying local taxes or on an earlier date on or after March 1, as may be requested by the county fiscal authority.

Accountability and Implementation Board

AIB is an independent unit of State government designed to hold other units of government accountable for implementing the Blueprint for Maryland's Future and evaluating the outcomes of the Blueprint during the implementation period. It must strive to provide equal access to a high-quality education with equitable outcomes for each Maryland student. It exists beginning in fiscal 2021 through 2031. Among its other responsibilities, AIB must review the use of school-level expenditures, including concentration of poverty grants and special education funding, and monitor school system compliance with minimum school funding requirements through reports submitted by the Maryland State Department of Education (MSDE) by January 1 of each year through 2031.

Annually, 25% of the increase for the next fiscal year in the State's share of major education aid over the amount provided in the current fiscal year is automatically withheld from a school system or public school. For fiscal 2023 through 2025, AIB must release

these funds if a local school system has adopted an approved implementation plan. Beginning in fiscal 2026, AIB must consider releasing withheld funds if the board receives a recommendation to release the funds from MSDE, the Career and Technology Education Committee, an Expert Review Team, or in the board's judgment. AIB may also withhold additional funds if it finds appropriate steps to improve student progress or implement the Blueprint have not been taken. AIB must issue warnings to public schools or local school systems on or before December 1 that funds may not be released in the coming year and must make a final decision by February 1 on whether to release funds. A public school or local school system may appeal this decision in an appeals process developed by AIB.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Baltimore City Public Schools; Prince George's County Public Schools; Maryland Association of Counties; Maryland State Department of Education; Accountability and Implementation Board; Department of Legislative Services

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Analysis by: Scott P. Gates

Direct Inquiries to:
(410) 946-5510
(301) 970-5510