

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 437

(Prince George's County Delegation)

Ways and Means

Education, Energy, and the Environment

Prince George's County Public Schools - Alterations to Title of Chief Executive
Officer and Establishment of Office of Integrity and Compliance
PG 501-23

This bill establishes the Office of Integrity and Compliance (OIC) in the Prince George's County Public School System (PGCPS). The bill specifies the functions, powers, and duties of the integrity and compliance officer and the procedures for appointment, including qualifications and the term of office. The bill also changes the name of the position of Chief Executive Officer (CEO) of PGCPS to the county superintendent and makes related conforming changes. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: None.

Local Effect: Assuming the Prince George's County Board of Education elects to establish the OIC by repurposing existing auditing staff and resources, board expenditures increase by at least \$741,000 annually beginning in FY 2024. The renaming of the school superintendent is procedural in nature and does not affect Prince George's County finances. Revenues are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary:

Integrity and Compliance

OIC is required to (1) assist the county council and the local school system by providing independent evaluation and recommendations regarding opportunities to preserve the local school system's reputation and improve the effectiveness, productivity, or efficiency of school system programs, policies, practices, and operations; (2) ensure public accountability by preventing, investigating, and reporting instances of fraud, waste, and abuse of school system property or funds; (3) examine, evaluate, and report on the adequacy and effectiveness of the systems of internal controls and their related accounting, financial, technology, and operational policies; and (4) report noncompliance with and propose ways to improve employee compliance with applicable law, policy, and ethical standards of conduct.

In developing recommendations, OIC is authorized to (1) conduct administrative investigations; budgetary analyses; and financial, management, or performance audits and similar reviews; (2) provide management advisories; and (3) utilize the assistance from any other government agency or private party to complete a project initiated by the office.

OIC must also coordinate with the school system, taking into consideration requests from specified members of the community, to develop a written work plan and to establish periodic goals and priorities for OIC based on an assessment of relative risks.

School Superintendent

As part of the renaming of the county school superintendent position, the bill removes language specifying that the CEO has the authority to consolidate schools if considered practicable and arrange for the transportation of students to and from consolidated schools. Instead, the bill gives that authority to the Prince George's County Board of Education.

Current Law:

Integrity and Compliance

The functions, powers, and duties of the integrity and compliance officer established by the bill are similar to those of an Inspector General (IG). IGs differ from internal audit offices in that they are typically independent of the local school board and, therefore, have more authority to investigate without external pressures or influence. Generally, IGs

perform financial and performance audits and investigations to improve operations and identify/deter fraud and waste.

The Office of Internal Audit (OIA) within PGCPs reports directly to the county board of education. The responsibilities of the office are:

- to furnish the board of education with analysis, recommendations, advisory services, and information concerning school system activities;
- to evaluate school system control procedures for ensuring that assets are protected from waste, loss, and abuse;
- to facilitate and support any audit processes and assist external auditors to the extent required by the board and/or federal, State, or local authorities; and
- to conduct audits and investigations requested by the board and/or the chief executive officer of the school system, as authorized by the board.

The office has a proposed fiscal 2024 budget of approximately \$2.4 million with 15 employees including a director, 3 administrative support technicians, 2 financial administrators, and 9 financial analysts.

Several existing agencies have some level of oversight or investigative authority over PGCPs. As described above, PGCPs OIA performs some substantively similar functions to the proposed OIC. Although Prince George's County also has a county-level Office of Audits and Investigations and Office of Ethics and Accountability, neither office has the authority to audit/investigate the school system and, therefore, neither office includes PGCPs within their reports.

At the State level, the Office of the Inspector General for Education (OIGE), the Office of Legislative Audits (OLA), and the Blueprint Accountability and Implementation Board (AIB) all retain some authority to investigate or oversee PGCPs. As part of its authority to examine and investigate the management and affairs of county education boards, local school systems, public schools, and nonpublic schools that receive State funding, OIGE released an [August 2022 report](#) on the conduct of the Prince George's County Board of Education's Ethics Advisory Panel, and OIGE retains the authority to investigate similar complaints in the future. OLA maintains broad authority to investigate most agencies within the State, and AIB retains the authority relating to the implementation of the Blueprint for Maryland's Future. More generally, the State Prosecutor and the local State's Attorney also retain authority to investigate any criminal activity within the school system.

School Superintendent

The composition and authority of the Prince George's County Board of Education have been affected several times in recent years due to legislation adopted by the General Assembly. Major legislation affecting the county board was enacted in 2002, 2008, 2013, and 2022.

Chapter 289 of 2002 eliminated the then-existing Prince George's County Board of Education and established a new county board of education. The new board consisted of nine voting members jointly appointed by the county executive and the Governor from a list of nominees submitted by the State Board of Education (SBE). At least four voting members had to have management experience, at least three members had to possess a high level of knowledge concerning education, at least one member had to be a parent of a student in a PGCPs, and at least one member had to have knowledge or experience in the education of students with disabilities. In addition to the nine voting members, one student with limited voting privileges served on the new board. The new board members took office June 1, 2002, and their terms expired December 3, 2006.

Chapter 289 also eliminated the existing Prince George's County Superintendent of Schools position and replaced it with a CEO. The CEO acted as the executive officer, secretary, and treasurer of the new board and was responsible for the overall administration of the county public school system. The new board employed and established the salary of the CEO. The CEO's contract, which could not exceed four years, provided that continued employment was contingent on demonstrable improvement in student performance and successful management of the school system. The provisions establishing the CEO and the CEO's responsibilities expired on June 30, 2006.

Chapter 289 also required the CEO to select and establish salaries for a chief academic officer (CAO), a chief financial officer (CFO), and a chief accountability officer for the PGCPs system. The selection of officers and establishment of officers' salaries were subject to the approval of the new board. The CAO and the chief accountability officer positions expired on June 30, 2006, but the CFO position continued past that date.

Pursuant to Chapter 289, on December 4, 2006, a newly elected board replaced the appointed board. The board consisted of nine elected members and one student member. Four were elected from the county at-large, and the remaining five were each elected from a different school board district.

Chapters 348 and 349 of 2008 repealed the statutory position of CFO for the PGCPs system and established, following the 2010 general election, a board structure that eliminated the four at-large members and established nine school board districts.

Chapter 147 of 2013 altered the membership of the county board by adding four appointed members to the existing elected board. The county executive appoints three members with certain experience requirements, and the county council appoints one member who must be a parent of a student in the county school system. If a seat held by an elected member becomes vacant, the county executive must appoint a qualified individual for the remainder of the term, with the appointment subject to rejection by a two-thirds vote of the county council. Chapter 147 also enhanced the authority of the Prince George's County superintendent of schools and designated the position as the CEO. Further, the legislation provided the county executive additional authority to select the CEO while reducing the authority of the county board of education.

Under Chapter 147, the CEO is selected by the county executive from a list of three nominees recommended by a search committee and is appointed by the board after a contract (which determines the CEO's compensation) is negotiated by the chair of the board. The search committee consists of one member of SBE appointed by the State Superintendent and two residents of Prince George's County appointed by the Governor.

The State Superintendent of Schools must approve the appointment of the CEO or give the reasons for disapproval to the county board and the county executive. The CEO serves for a four-year term beginning July 1; however, a new CEO may be appointed after July 1, 2013, to a four-year term ending June 30, 2017. The chapter also provides for either reappointment of the CEO, appointment of a new CEO, and in the case of a vacancy, appointment of an interim CEO.

The CEO is the executive officer, secretary, and treasurer of the county board of education. The CEO is responsible for overall administration of the county school system and for the day-to-day management and oversight of the fiscal affairs of the school system. The CEO is also responsible for the development and implementation of curriculum and instruction and for hiring a chief operating officer, CFO, a CAO, a chief of staff, a board liaison, and other executive staff. The board of education generally may not implement a policy or take any action that contradicts the CEO's day-to-day management and oversight of fiscal affairs. Except for specified personnel matters, the county board may only take an action contrary to the action of the CEO with a vote of two-thirds of all voting members. The CEO may consolidate schools if practicable.

Prince George's County Board of Education

The Prince George's County Board of Education currently consists of 14 members, including 9 members elected from the school board districts, 3 members appointed by the county executive, 1 member appointed by the county council, and 1 student member. However, Chapter 217 of 2022 alters the composition of the Prince George's County Board

of Education beginning July 1, 2024, by eliminating the four appointed positions from the board, leaving nine elected positions and the student member. The **Appendix – Local Boards of Education Membership** shows the selection methods, terms of office, and membership of the 24 local boards of education.

Chapter 217 also requires the chair and vice chair of the board to be elected from among the members of the board beginning December 5, 2022, and requires that at the beginning of each term, each member must attend an orientation and be provided with materials that clarify the role of the member. Chapter 217 also established a Workgroup on the Membership and Operation of the Prince George’s County Board of Education staffed by PGCPs in conjunction with Bowie State University, which has since completed [the final report](#) required by Chapter 217.

Local Expenditures: Although not required by the bill, this estimate assumes that PGCPs will merge existing audit capabilities in OIA into the new OIC to reduce duplicative effort across the two offices. To create the new OIC by transferring existing OIA employees, PGCPs advises that there would be no costs associated with the transfer of existing employees to the new OIC. However, PGCPs also advises that the school system would still incur expenditures for the new integrity and compliance officer position required by the bill as well as two other positions related to the new responsibilities that would be established by the bill. The new positions would include (1) the integrity and compliance officer; (2) a financial administrator; and (3) a financial analyst.

School system expenditures would increase by at least \$741,041 beginning in fiscal 2024 for expenses related to the new positions. This estimate includes \$545,244 for salary costs of one Integrity and Compliance Officer, one financial administrator, and one financial analyst plus an estimated \$195,797 (35.9% of salary costs) in fringe benefits including health insurance, life insurance, workers compensation, and retirement costs as shown in **Exhibit 1**. To the extent the duties of the OIC require additional staff beyond those transferred from the existing OIA and the three new employees included in this estimate, total costs to the county would increase.

Exhibit 1
Estimated Fiscal 2024 Salary Amount for Additional Positions

Integrity and Compliance Officer	\$251,581
Financial Administrator	160,247
Financial Analyst	133,416
Fringe Benefits at 35.9% of salaries	<u>195,797</u>
Total Increase	\$741,041

Source: Prince George's County

To the extent PGCPS does not transfer existing OIA employees to the new OIC, total costs to establish the OIC could be significantly higher. In such a scenario, the new OIC would need to employ additional staff and expend additional resources to perform duties OIA employees otherwise would have performed. For context, OIA has a proposed fiscal 2024 budget of approximately \$2.4 million with 15 employees including a director, 3 administrative support technicians, 2 financial administrators, and 9 financial analysts.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Cross File: None.

Information Source(s): Prince George's County; Maryland State Department of Education; Prince George's County Public Schools; Department of Legislative Services

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