

Chapter 218

(Senate Bill 1026)

AN ACT concerning

**County Boards of Education – Budgets – Notice
(Transparency in Education Spending Act)**

FOR the purpose of requiring the State Board of Education to adopt a process for the uniform and timely reporting of certain county board of education budget information to a county governing body; requiring a county board to post certain information in a certain manner on the county board's website; ~~requiring a certain transfer to be made only following the approval of the county commissioners or the county council; providing for exemptions from certain requirements related to certain transfers;~~ requiring a certain audit to be sent to the county council or the county commissioners; and generally relating to the budgets of county boards of education.

BY repealing and reenacting, with amendments,

Article – Education

Section 5–101(a) and (b), 5–102(e), ~~5–105(b)~~, 5–109, and 5–111

Annotated Code of Maryland

(2022 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, without amendments,

Article – Education

Section 5–102(a) and (b) ~~and 5–105(a)~~

Annotated Code of Maryland

(2022 Replacement Volume and 2023 Supplement)

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

Article – Education

5–101.

(a) (1) Subject to the rules and regulations of the State Board and with the advice of the county superintendent, each county board shall prepare an annual budget according to:

- (i) The major categories listed in this section; and
- (ii) Any other major category required by the State Board.

(2) In addition to the information required by this section, the county fiscal authorities may require the county board to provide details to the service areas and activities levels in the account structure within the “Financial Reporting Manual for Maryland Public Schools”.

(3) With the annual budget, each county board shall provide:

(i) The number of full-time equivalent positions included within each major category; and

(ii) A description of any fund balances or other money held by any outside source, including an insurer, that are undesignated or unreserved and are under the direction and control of the county board.

(4) THE STATE BOARD SHALL ADOPT A PROCESS FOR THE UNIFORM REPORTING OF THE INFORMATION IN SUBSECTION (B) OF THIS SECTION TO TIMELY SHARE THE INFORMATION PROVIDED BY A COUNTY BOARD IN SUBSECTION (B) OF THIS SECTION TO A COUNTY GOVERNING BODY.

(b) The budget shall be prepared to include the following categories:

Part I

(1) Current expense fund, estimated receipts:

(i) Revenue from local sources;

(ii) Revenue from State sources;

(iii) Revenue from federal sources;

(iv) Unliquidated surplus, the actual from the previous fiscal year and the estimated from the current fiscal year, whether accrued from revenues or expenditures; and

(v) Revenue from all other sources with identification of the source.

(2) Current expense fund, requested appropriations:

(i) Administration, which means those activities associated with the general regulations, direction, and control of the county board, including:

1. Executive administration;

2. Business support services; and

3. Centralized support services;
- (ii) Mid-level administration, including:
 1. The office of the school principal; and
 2. Staff providing administration and supervision to the school instructional programs;
- (iii) Instructional salaries, which means those activities which deal directly with teaching students, including:
 1. Teachers;
 2. Aides;
 3. Psychological personnel;
 4. Guidance counselors; and
 5. Library personnel;
- (iv) Textbooks and classroom instructional supplies;
- (v) Other instructional costs;
- (vi) Special education with subcategories and items budgeted in this category to be determined by the State Board with the advice of the county board;
- (vii) Student personnel services;
- (viii) Health services;
- (ix) Student transportation;
- (x) Operation of plant and equipment;
- (xi) Maintenance of plant;
- (xii) Fixed charges;
- (xiii) Food services; and
- (xiv) Capital outlay.

(3) CURRENT FUNDS HELD IN RESERVE, INCLUDING:

(I) REVENUE TO AND EXPENDITURES FROM FUNDS HELD IN RESERVE IN THE PRIOR FISCAL YEAR; AND

(II) APPROPRIATIONS PLANNED IN THE UPCOMING FISCAL YEAR FROM FUNDS HELD IN RESERVE.

(4) THE AMOUNT OF ANY FEDERAL FUNDS RECEIVED IN THE LAST FISCAL YEAR, INCLUDING:

(I) EXPENDITURES OF THE FEDERAL FUNDS IN THE PRIOR FISCAL YEAR;

(II) A DESCRIPTION OF WHETHER THE FEDERAL FUNDS ARE COMMITTED FOR A PARTICULAR PURPOSE; AND

(III) THE ANTICIPATED TIMING TO APPROPRIATE THE FEDERAL FUNDS IN THE UPCOMING FISCAL YEAR.

(5) THE AMOUNT OF FUNDS HELD IN TRUST OR OTHERWISE DEDICATED TOWARD LONG-TERM OBLIGATIONS FOR RETIREE HEALTH CARE COSTS OR OTHER POSTEMPLOYMENT BENEFITS, AND INFORMATION USED TO CALCULATE THE COUNTY BOARD’S OBLIGATION FOR THOSE COSTS.

Part II

[(3)] (6) School construction fund, estimated receipts:

(i) Revenue from local sources;

(ii) Sale of bonds;

(iii) State General Public School Construction Loan;

(iv) Revenue from State sources;

(v) Revenue from federal sources;

(vi) Unliquidated surplus, the actual from the previous fiscal year and the estimated for the current fiscal year, whether accrued from revenues or expenditures; and

(vii) Funds from all other sources, with identification of the source.

[(4)] (7) School Construction Fund, requested appropriations:

- (i) Land for school sites;
- (ii) Buildings and the equipment that will be an integral part of a building by project;
- (iii) School site improvement by project;
- (iv) Remodeling by project;
- (v) Additional equipment by project;
- (vi) Debt service; and
- (vii) An amount that is adequate to satisfy a final court judgment that, after exhaustion of the rights of appeal, is rendered against the county board of education or any of its officers or employees.

5-102.

(a) In this subtitle, “county council” means, in Baltimore City, the Mayor and City Council of Baltimore.

(b) (1) Each county board shall submit an annual school budget in writing to the county commissioners, county council, or county executive.

(2) The budget shall 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.

(e) (1) Copies of the budget shall be made available to the public, on request, at the time it is submitted by the county board.

(2) A copy of the budget as approved by the county commissioners or county council shall be sent to the State Superintendent within 30 days after approval **AND POSTED ON THE COUNTY BOARD’S PUBLIC-FACING WEBSITE, IN AN EASILY IDENTIFIABLE LOCATION.**

(3) A COPY OF THE BUDGET SUBMITTED UNDER SUBSECTION (B)(1) OF THIS SECTION SHALL BE PLACED ON THE COUNTY BOARD’S PUBLIC-FACING WEBSITE, IN AN EASILY IDENTIFIABLE LOCATION.

~~5-105.~~

~~(a) All revenues received by a county board shall be spent by the board in accordance with the major categories of its annual budget as provided under § 5-101 of this subtitle.~~

~~(b) (1) (i) A transfer may be made within the major categories without recourse to the county commissioners or county council except that a report of the transfer shall be submitted to the county commissioners or county council within 15 days after the end of each month.~~

~~(ii) A report under subparagraph (i) of this paragraph shall include a narrative summary that clearly indicates each transfer.~~

~~(2) (i) [A] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, A transfer between major categories OF MORE THAN 1% 10% OF THE TOTAL FUNDING IN A MAJOR CATEGORY shall be made only [with] FOLLOWING the approval of the county commissioners or county council.~~

~~(ii) 1. A COUNTY BOARD MAY MAKE A TRANSFER BETWEEN MAJOR CATEGORIES OF MORE THAN 1% 10% OF THE TOTAL FUNDING IN A MAJOR CATEGORY WITHOUT THE APPROVAL OF THE COUNTY COMMISSIONERS OR COUNTY COUNCIL IF THE TIMING IN ACHIEVING APPROVAL OF THE COUNTY COMMISSIONERS OR COUNTY COUNCIL WOULD RESULT IN THE LOSS OF OPPORTUNITY.~~

~~2. IF A TRANSFER IS MADE UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH, A COUNTY BOARD SHALL REPORT THE TRANSFER BETWEEN MAJOR CATEGORIES OF MORE THAN 1% 10% OF THE TOTAL FUNDING IN A MAJOR CATEGORY EXPEDITIOUSLY TO THE COUNTY COMMISSIONERS OR COUNTY COUNCIL WITH AN EXPLANATION OF THE CIRCUMSTANCES NECESSITATING THE EXPEDITED REALLOCATION.~~

~~(3) If the county commissioners or county council fail to take action on a request for transfer between major categories within 30 days after the receipt of a written request substantiating the transfer, the failure to take action constitutes approval.~~

~~(4) A county board shall submit to the county governing body a report within 15 days after the end of each month if during that month the county board takes any action that would commit the county board to spend more for the current fiscal year in any major category than the amount approved in the annual budget for that category.~~

~~(5) A report under paragraph (4) of this subsection shall include a narrative explanation of the action taken, indicating any request for transfer between categories that may become necessary for the fiscal year as a result of the action.~~

(a) (1) Each county board shall provide for an annual audit of its financial transactions and accounts.

(2) At the request of the Department, a county board shall conduct an audit under § 5–203 of this title.

(b) (1) The audit shall be made by a certified public accountant or a partnership of certified public accountants who are:

(i) Licensed by the State Board of Public Accountancy; and

(ii) Approved by the State Superintendent.

(2) The audit shall be made in accordance with the standards and regulations adopted by the State Board.

(c) (1) The results of the audit, including the letter of recommendation submitted by the auditor, are a matter of public record.

(2) The results shall be reported within 3 months after the close of the fiscal year for the county board on the form and in the manner required by the State Board to:

(i) The State Superintendent;

(ii) The county fiscal authority **AND THE COUNTY COUNCIL OR THE COUNTY COMMISSIONERS;**

(iii) The Joint Audit and Evaluation Committee of the General Assembly;

(iv) The Senate Budget and Taxation Committee;

(v) The Senate Education, Health, and Environmental Affairs Committee;

(vi) The House Appropriations Committee; and

(vii) The House Committee on Ways and Means.

(d) In addition to the audit required by this section, the county commissioners or county council may conduct an audit using auditors employed by the county.

5–111.

(a) (1) Each county board shall make the reports required by the State Board and by the State Superintendent.

(2) The reports shall be made at the time, include the items, and be on the forms required by the State Board and by the State Superintendent.

(b) (1) Each county board shall prepare, publish, and make available to interested parties an annual report on the condition, current accomplishments, and needs for improvement of the schools as well as a statement of the business and financial transactions of the county board.

(2) This report shall be published before the end of the calendar year.

(c) The public schools of each county shall use a uniform method, as required by the county superintendent, for reporting the receipts, expenditures, and balances of the operations and activities conducted by the public schools.

(d) (1) At the request of the county governing body made in writing at least 30 days before the reporting deadline, the county board or superintendent shall report to the county governing body on or before November 1 and March 1 of each fiscal year on the school system's operations, including any adjustment made to the approved annual budget **AND POST THE REPORT ON THE COUNTY BOARD'S PUBLIC-FACING WEBSITE, IN AN EASILY IDENTIFIABLE LOCATION.**

(2) A report under this subsection shall be made available to all interested persons.

(e) (1) At the request of the county board made in writing at least 30 days before the reporting deadline the county governing body shall report to the county board on or before November 1 and March 1 of each fiscal year on the county's fiscal status for the immediate fiscal year and the subsequent fiscal year **AND POST THE REPORT ON THE COUNTY BOARD'S PUBLIC-FACING WEBSITE, IN AN EASILY IDENTIFIABLE LOCATION.**

(2) A report under this subsection shall be made available to all interested persons.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2024.

Approved by the Governor, April 25, 2024.