

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 863 (Senator A. Washington, *et al.*)
Education, Energy, and the Environment

Prince George's County Special Education Service Delivery, Transparency, and Accountability Act

This emergency bill requires, beginning in the 2027-2028 school year, the Prince George's County Board of Education and county superintendent of schools to include funds in the annual budget to provide individuals employed as a one-to-one student aid full-time salaries and benefits regularly provided to full-time employees, under the same terms and conditions extended to other employees of Prince George's County Public Schools (PGCPS). The county superintendent must provide specified quarterly updates. The county superintendent must develop and offer training in special education services to PGCPS employees who provide special education services. The Maryland State Department of Education (MSDE) must contract with an auditor to conduct an audit of the Department of Special Education in PGCPS for fiscal years 2021 through 2025. **The bill terminates three years after the date of enactment.**

Fiscal Summary

State Effect: No effect in FY 2026. General fund expenditures increase by \$\$466,300 in FY 2027 for staffing and audit services. Out years reflect ongoing costs, inflation, and the termination of audit costs after the first year and the bill after three years. Revenues are not affected.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	466,300	79,700	83,100	0
Net Effect	\$0	(\$466,300)	(\$79,700)	(\$83,100)	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: No effect in FY 2026. PGCPS expenditures increase significantly in fiscal 2027 through fiscal 2029, as discussed below. Local revenues are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Potential minimal.

Analysis

Bill Summary:

Quarterly Updates

The county superintendent must provide quarterly updates on special education in PGCPs to the county board and MSDE for at least 24 months, after which the quarterly reports may cease if MSDE certifies sustained compliance in the provision of special education services for at least two consecutive quarters using specified objective performance thresholds. The quarterly reports must include, at minimum:

- the number of students in the county school system with an Individualized Education Program (IEP) that requires a one-to-one student aide and the number of students impacted;
- the number and percentage of students owed compensatory services and the percentage of compensatory services completed;
- the percentage of individualized service minutes for students with IEPs delivered;
- the average and maximum number of days that one-to-one student aid positions remain unfilled; and
- the vacancy and turnover rates for one-to-one student aids.

Special Educator Training

The professional development training for special educators developed by the county superintendent (1) may be offered in-person or virtually; (2) may be offered synchronously or asynchronously; and (3) must be offered each quarter. Beginning in the 2027-2028 school year, each PGCPs employee who provides special education services must complete at least one training annually.

Third-party Audit

The required third-party audit must include performance, compliance, and financial data regarding special education services provided to students in the local school system under the supervision of the Department of Special Education in PGCPs that addresses (1) delivery of special education services and compliance with the federal Individuals with Disabilities Education Act (IDEA); (2) complaints and due process filings involving students in PGCPs; (3) staffing and workforce issues; (4) finance and procurement issues;

and (5) special education outcomes. The third-party auditor must have access to relevant files; PGCPs must designate a compliance liaison to produce records for the audit. If PGCPs fails to produce the required records, PGCPs (1) must appear before the county council and county board of education, (2) may have funds withheld by the State Superintendent, and (3) must have mandatory corrective actions monitored by MSDE.

Audit Reporting and Corrective Action and Strategic Plan

The third-party auditor shall submit various reports on the audit. The auditor must submit:

- within 90 days of the bill's enactment, a baseline report with compliance risks under IDEA and relevant State regulations;
- within 180 days of the bill's enactment, a final comprehensive report; and
- within 30 days from submission of the final report, in consultation with MSDE and the PGCPs, a corrective action and strategic plan.

MSDE must compile and distribute the reports to the General Assembly and to the Prince George's County board of education, superintendent of schools, county executive, and county council. MSDE and the Department of Special Education in PGCPs must publish, in a prominent location on their respective websites, each report, corrective action and strategic plan, and quarterly updates, subject to the requirements of the Public Information Act.

Current Law: In Prince George's County, an annual budget is submitted by the county board and approved by the County Council.

Special Education

IDEA requires that a child with disabilities be provided a free appropriate public education in the least restrictive environment from birth through the end of the school year in which the student turns 21 years old, in accordance with the Individualized Family Service Plan (IFSP) or the IEP specific to the individual needs of the child. An IFSP is for children with disabilities from birth up to age 3, and up to age 5, under Maryland's Extended IFSP Option if a parent chooses the option. An IEP is for students with disabilities age 3 through 21. Local school systems are required to make a free appropriate public education available to students with disabilities from age 3 through 21. However, the State, under its supervisory authority required by IDEA, has the ultimate responsibility for ensuring that this obligation is met.

Audits of Local School Systems

Each local board of education must provide for an annual audit of its financial transactions and accounts. The audit must be made by a certified public accountant or partnership of certified public accountants who are licensed by the State Board of Public Accountancy and approved by the State Superintendent of Schools.

The results of the audit, including the letter of recommendation of the auditor, are a matter of public record and must be reported within three months after the close of the fiscal year on the form and in the manner required by the State Board to the State Superintendent of Schools; the county fiscal authority and county council or commissioners; the Joint Audit and Evaluation Committee of the General Assembly; the Senate Budget and Taxation Committee; the Senate Education, Energy, and the Environment Committee; the House Appropriations Committee; and the House Ways and Means Committee. Also, the county commissioners or council may conduct an audit using county auditors.

In the absence of an agreement between a county governing body and a local school board, MSDE at the request of the county governing body must contract for a performance audit of the county public school system to address the issues raised in the county's request. The cost of a performance audit under this section shall be shared equally between the county governing body and the local school board. A local governing body and local school board may make an agreement to perform or contract for a performance audit of school board functions, including an agreement involving the scope of the performance audit or the responsibility of the funding of the performance audit.

Office of Legislative Audits

The Office of Legislative Audits (OLA) within the Department of Legislative Services (DLS) must conduct an audit of each local school system to evaluate the effectiveness and efficiency of the financial management practices of each local school system at least once every six years. These audits may be performed concurrently or separately, and OLA must provide information regarding the audit process to local school systems in advance of conducting the audit. Local school systems may be exempt from an audit at the request of that county's governing body, board of education, and delegation as specified in statute. Independent of the audits required every six years, the Joint Audit and Evaluation Committee may direct OLA to conduct an audit of a local school system at any time.

Maryland Office of the Inspector General for Education

The Inspector General (IG) within the Office of the Inspector General for Education is responsible for examining local boards of education, local school systems, and public schools; nonpublic schools that receive State funds; MSDE, and the Interagency

Commission on School Construction. The IG may employ specified staff and receive and investigate complaints or information concerning:

- fraud, waste, and abuse involving the use of public funds and property;
- violations of the civil rights of students and employees;
- whether policies and procedures governing the prevention and reporting of child abuse and neglect comply with federal and State law; and
- compliance with other federal and State law.

With the exception of certain protected, confidential, and privileged documents, the IG must have access to records, data, reports, contracts, correspondence, and other documents of the entities it may investigate. The office may serve a subpoena in the same manner as does a circuit court.

State Fiscal Effect: The bill is an emergency bill that is assumed to take effect as early as May 1, 2026. Assuming a 60-day start-up delay necessary to procure a third-party auditor and necessary staff, there is no fiscal effect in fiscal 2026. However, DLS notes that the bill requires the auditor to submit a baseline report by the 90th day after the effective date of the bill. This deadline is unrealistic, as it leaves the auditor only 30 days from the date of hire to complete the baseline report. Therefore, this analysis assumes that the report is completed by October 1, 2026, 90 days after the auditor is hired.

MSDE advises that the cost of the third-party auditor is \$1.75 million over two years. However, the bill requires the auditor to complete its work in less than a year (210 days). Given the short time frame for the audit, DLS believes the cost of the audit is much less, likely about \$375,000, all in fiscal 2027.

Finally, the bill assigns MSDE substantial new responsibilities in monitoring the work of the auditor and ensuring that the corrective plan is implemented. Therefore, MSDE requires a full-time contractual audit manager for the three years that the bill is in effect. Therefore, general fund expenditures increase by \$466,315 in fiscal 2027, which accounts for a 60-day start-up delay from the bill's presumed May 1, 2026 effective date. This estimate reflects the cost of hiring a full-time contractual audit manager to oversee the audit and monitor implementation of the corrective plan following completion of the audit. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Position	1.0
Salaries and Fringe Benefits	\$81,480
Third-Party Audit	375,000
Other Operating Expenses	<u>9,835</u>
Total FY 2027 MSDE Expenditures	\$466,315

Future year expenditures reflect (1) full salaries with annual increases and employee turnover; (2) annual increases in ongoing operating expenses; and (3) termination of one-time audit costs after the first year and the contractual employee after three years.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Local Revenues: The bill requires the Prince George's County Board of Education and county superintendent of schools to include certain funds in the annual budget submitted to the county council for approval, beginning in the 2027-2028 school year. However, the bill does not increase mandated State or county funding for PGCPs. Further, under current law, to a great extent, *if* county appropriations to PGCPs above the requirement minimum are made, State funding under the Education Effort Index decreases in roughly equal measure, leaving total State and local funding to PGCPs largely the same as funding by the county at the required minimum level. Thus, this analysis assumes that revenues for PGCPs are not affected under the bill.

Local Expenditures: PGCPs expenditures increase substantially under the bill. Assuming an effective date of May 1, 2026, and termination date of April 30, 2029, the bill increases PGCPs (1) staffing costs in fiscal 2027 to cooperate during the audit process prescribed by the bill and to *develop* professional development training; (2) wage costs in fiscal 2028 and 2029, for those employed as one-on-one student aids (during the 2027-2028 and 2028-2029 school years); and (3) personnel costs to pay for *providing* professional development training.

PGCPs advises that it employs 450 temporary dedicated aides, and that under the bill these positions will be converted to itinerant special education assistants to support students whose IEPs require dedicated one-to-one adult support. PGCPs advises that its costs increase by \$15.4 million in fiscal 2028 to provide higher wages and benefits. This assumes an increase in per-employee costs of about \$34,200. However, DLS assumes that though each position will still provide one-to-one student services, in converting temporary positions to full-time positions, the number of positions is reduced considerably from 450, thus mitigating anticipated additional costs associated with these positions. PGCPs assumes that annual staffing costs increase by about 3% annually in the out years. DLS assumes that wage costs continue to increase through fiscal 2029, but given the bill's termination after three years, any additional costs in fiscal 2030 and beyond are discretionary for PGCPs.

Additional Information

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

Designated Cross File: HB 1013 (Delegate Williams) - Ways and Means.

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

Fiscal Note History: First Reader - March 3, 2026
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