

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE

First Reader

Senate Bill 147 (Senator Ready)

Education, Energy, and the Environment

Education - Agreements, Procurement Contracts, and Memoranda of Understanding - Reporting and Publication

This bill requires “covered entities” (public elementary and secondary schools, county boards of education, county superintendents, the State Board of Education, and the State Superintendent) to annually report to the State Superintendent a list of memoranda of understanding (MOUs) entered into in the preceding fiscal year. It also requires the State Board of Education and the State Superintendent to annually report to the State Superintendent a list of procurement contracts entered into in the preceding fiscal year. On or before October 1 each year, the State Superintendent must submit a report compiling the reports received from each covered entity to specified committees of the General Assembly. The bill also requires that on or before September 1, 2026, each local school system must make each in-kind services agreement and MOU that the school system entered into from July 1, 2025, to June 30, 2026, publicly available on its website. After July 1, 2026, each local school system must make each in-kind services agreement and MOU publicly available on its website within 30 days. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: None. The bill's requirements can be handled with existing resources.

Local Effect: Local school systems can handle the bill's requirements with existing resources, as discussed below.

Small Business Effect: None.

Analysis

Bill Summary: Public elementary and secondary schools and county superintendents may satisfy the reporting requirement by submitting the required information to their county

board of education by a date determined by the board. In that case, the county board of education must submit the reports from schools and the superintendent to the State Superintendent.

The report by the State Superintendent summarizing submissions from all covered entities must be submitted to the Senate Budget and Taxation Committee, the Senate Committee on Education, Energy, and the Environment, the House Appropriations Committee and the House Ways and Means Committee. It must include a list of each MOU entered into by each covered entity, and if applicable, the total amount required to be paid by a covered entity during the preceding fiscal year. For the State Board of Education and the State Superintendent, the report must also include a list of each procurement contract entered into, the total amount required to be paid under each procurement contract, and the total amount paid by a covered entity during the preceding year.

The Maryland State Department of Education is responsible for ensuring that each school system complies with the requirement to publish its agreements on its website. The bill does not apply to any procurement contract or MOU that may be withheld or is prohibited from disclosure by law.

Current Law: “Procurement contract” means an agreement in any form entered into by a unit for procurement. A “unit” is any officer or other entity that is in the Executive Branch of the State government and is authorized by law to enter into a procurement contract, and does not include (1) a bistate, multistate, bicounty, or multicounty governmental agency or (2) a special tax district, sanitary district, drainage district, soil conservation district, water supply district, or other political subdivision of the State.

Current law does not require local school systems to report on MOUs, but does require each county school board to annually report to the Department of Budget and Management any payments the board makes to a party that are \$25,000 in aggregate. While this is the only reporting requirement in State law that requires local school systems and local boards of education to report to the State on their payments, the Code of Maryland Regulations requires local school systems to submit school construction projects to the State Superintendent for approval, with the exception of projects requested and approved by the Board of Public Works. These construction projects must also be approved by the Interagency Commission on School Construction.

Separately, State agencies are required to submit monthly Procurement Agency Activity Reports covering all contracts greater than \$50,000, except for contracts for the purchase of commodities and supplies, to the Board of Public Works. However, this applies only to State agencies and not local governments or school systems.

Local Expenditures: Local school systems contacted by the Department of Legislative Services (DLS) for this bill advise that requiring each school, superintendent, and board of

education to report on and publish information about each of their procurement contracts and MOUs would strain administrative capacity and could not be handled with existing resources. Although local school systems routinely procure goods and services, their purchases do not meet the bill's definition of a procurement contract because local school systems are not a unit of the Executive Branch (as discussed below). Therefore, they are not required to report their procurements under the bill and must instead report only on MOUs. Similarly, the requirements to post agreements online within 30 days only applies to in-kind services agreements and MOUs, which are presumed to be small in number.

Additional Comments: DLS notes that it is likely that the intent of the bill is to require all covered entities to report on their procurement activity to the State Superintendent. However, the bill references a definition of procurement contract in current law that applies only to procurements by Executive Branch agencies. This precludes schools, local boards of education, and superintendents from any requirement to report on procurement contracts, as they are not considered units of the Executive Branch under State law. Therefore, the bill's language requiring schools, local boards of education, and superintendents to report on their procurement contracts has no actual effect.

As the State Superintendent and State Board of Education (which are included in the bill as covered entities) are units of the Executive Branch, they are required to report on their procurement activities under the bill. However, as their reports are required to be submitted to the State Superintendent, they can carry out that responsibility with existing resources.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 1479 of 2025.

Designated Cross File: HB 116 (Delegate Miller) - Ways and Means.

Information Source(s): Maryland State Department of Education; Department of General Services; Baltimore City Public Schools; Anne Arundel County Public Schools; Montgomery County Public Schools; Prince George's County Public Schools; Frederick County Public Schools; Wicomico County Public Schools; St. Mary's County Public Schools; Department of Legislative Services

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