



HOUSE WAYS AND MEANS COMMITTEE
House Bill 905
Recipients of State and Local Government Funding - Reporting
February 26, 2026
Information

Chair Wilkins, Vice Chair Feldmark and members of the committee, thank you for the opportunity to offer testimony on House Bill 905. House Bill 905 seeks to establish a broad annual reporting requirement for all units of State and local government, as well as any individual or entity receiving funding from the State's operating or capital budget. As introduced, the bill requires these recipients to report detailed information to the Comptroller by October 15 each year regarding how State funds were used, including information related to contractors and subcontractors. The bill further requires certain vendors receiving payments from government units for goods or services to include similar information on their state income tax filings. The Comptroller must then consolidate this information and issue an annual statewide report to the General Assembly.

The University System of Maryland (USM) is comprised of twelve distinguished institutions, and three regional centers. These institutions are located throughout the state, from western Maryland to the Eastern Shore, with the flagship campus in the Washington suburbs. The USM includes three Historically Black Universities, comprehensive institutions and research universities, and the country's largest public online institution.

In consultation with the Office of the Attorney General, this bill does apply to the USM. The bill's extensive data-collection obligation would impose a substantial and ongoing administrative burden across our institutions. Additionally, the absence of any dollar threshold in the bill raises concerns about whether **every** purchase – no matter how small – would trigger the reporting requirement, including routine office-supply transactions and other low-value purchases. The USM is unable to quantify the full fiscal impact of House Bill 905; however, the responsibility for compiling, managing, and submitting this information annually by October 1 would fall directly upon our institutions, which will require significant staff time and potential IT system modifications.

It is our understanding that the Comptroller's Office is in the process of replacing the antiquated main frame Financial Management Information System (FMIS) with a new cloud-based financial system. One of the benefits of this significant investment is more robust data collection and reporting capabilities. The USM believes it would be prudent to wait for that project to come to fruition before establishing new reporting requirements into statute.

Given these concerns, USM would welcome the opportunity to work collaboratively with the sponsor on amendments that preserve the bill's intent while ensuring the reporting requirements are workable. Two amendments, in particular, would meaningfully reduce administrative burden without compromising transparency:

Establishing a reporting threshold – for example, limiting the requirement to contracts or purchases over \$25,000. This aligns reporting with transactions of material significance and avoids the unnecessary processing of minor purchases.

Providing delayed implementation – allowing adequate time for USM institutions to update procurement and financial reporting systems so that subcontractor addresses and related data can be tracked automatically and accurately.

With these targeted amendments, USM could possibly move to a position of “Favorable with Amendments” and help ensure that the State’s transparency goals are achieved in a manner that is operationally feasible and fiscally responsible.

Thank you for the opportunity to provide this information regarding House Bill 905.

