



Board of Education of Howard County
Testimony Submitted to the Maryland House of Delegates,
Appropriations Committee
March 26, 2024

Board of Education
of Howard County

SB1026: FAVORABLE WITH AMENDMENTS
County Boards of Education - Budgets - Notice (Transparency in Education Spending Act)

Jennifer Swickard Mallo, *Chair*

Yun Lu, Ph.D., *Vice Chair*

Linfeng Chen, Ph.D.

Jacky McCoy

Jolene Mosley

Robyn C. Scates, Esq.

Antonia Watts

Lamia Ayaz
Student Member

William J. Barnes
*Acting Superintendent,
Secretary/Treasurer*

The Board of Education of Howard County (the Board) supports **SB1026 County Boards of Education - Budgets - Notice (Transparency in Education Spending Act)** with amendments to clarify language and intent.

Under current Education Article § 5-101 which governs the budgeting process for local school systems, SB1026 requires the Maryland State Board of Education to adopt a process for the uniform and timely reporting of the information required under the statute from a county board to a county governing body. Additionally, the bill adds three budget categories to the information required under the statute: current funds held in reserve, including revenue to and expenditures from funds held in reserve in the prior fiscal year and appropriations planned in the upcoming fiscal year from funds held in reserve; the amount of any federal funds received in the last fiscal year, including expenditures of the federal funds in the prior fiscal year, a description of whether the federal funds are committed for a particular purpose, and the anticipated timing to appropriate the federal funds in the upcoming fiscal year; and 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. Budgets, adjustments made to the approved annual school system budget as requested by the county governing body, and the county's fiscal status for the immediate fiscal year and the subsequent fiscal year if requested by the local board must be posted publicly on the local school system website in an easily identifiable location.

Related to the additional three budget categories under SB1026, the Board agrees with the intent to report funds held in reserve and the usage of federal funds, but believe this section would benefit from clearer language. In particular, a better approach to (b)(3) and (b)(4) in lines 4 through 16 on page 4 would be to have the statute simply request county boards to provide a budget for all governmental and proprietary funds including available fund balance and net position with the budgeted and planned uses of those reserves. For the category seeking the amount held for long-term obligations in (b)(5) in lines 17 through 20 on page 4, in Howard County the governing body calculates this for the school system. An amendment at the start of line 17 could read: **EXCEPT IN A COUNTY WHERE THE LOCAL COUNTY BOARD DOES NOT BUDGET FOR THIS DIRECTLY.**

Under Education Article § 5-105, SB1026 the bill further amends requirements for transfers between major budget categories. As amended the bill returns language to the current requirement for transfers to be made *with* approval from the county commissioner or county council, now when more than 10% of the total funding in a

major category is being transferred. Exceptions to this are a county board may make a transfer between major categories of more than 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. If a transfer is made under the prior provision, a county board shall report the transfer between major categories of more than 1% 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.

If the intent of the percentage reporting method outlined above is transparency in reporting to the local county governing body, the language is unclear. As written, it is difficult to understand how the legislation would modify the procedures currently used. Presently, the Howard County Public School System (HCPSS) Budget Office presents all transfers between state categories for approval to the Board of Education and then the Howard County Council regardless of the dollar amount. The process provides accountability and transparency to ensure the school system is disclosing when and why there is need to move budget authority between state categories. The language in the bill regarding transfers and loss of opportunity is vague and may cause further confusion in budget reporting between local county governments and school systems. The Board recommends this entire section of the bill be removed.

With these changes, we urge an FAVORABLE report of SB1026 from this Committee.