

GBCC 2024 SB 1026 HB 1115 Support.pdf

Uploaded by: Ashlie Bagwell

Position: FAV



Testimony on behalf of the Greater Bethesda Chamber of Commerce

In Support of

SB 1026/HB 1115—County Boards of Education—Budgets—Notice (Transparency in Education Spending Act)

March 6, 2024

Senate Education, Energy and the Environment Committee/House Appropriations Committee

The Greater Bethesda Chamber of Commerce (GBCC) was founded in 1926. Since then, the organization has grown to more than 570 businesses located throughout the Greater Bethesda area and beyond. On behalf of these members, we appreciate the opportunity to provide written comments on SB 1026/HB 1115— County Boards of Education—Budgets—Notice (Transparency in Education Spending Act).

SB 1026 /HB 1115 requires the State Board of Education to adopt a process for the uniform reporting of information in a county board of education budget to timely share the information provided by the county board of education in that budget to a county governing body/Administration. Included in the information that must be shared is the amount of funds currently held in reserve and the amount of any federal funds received in the preceding year. The bill also includes notification requirements regarding any transfers of funds between major county board budget categories. The Greater Bethesda Chamber of Commerce supports this proposed legislation. Each year, approximately half of Montgomery County's tax-supported budget is allocated to Montgomery County Public Schools (MCPS). Just last year, a ten percent property tax increase was proposed to support the MCPS budget. While that increase was ultimately reduced, much of the budget process was spent discussing and debating how much of an increase was necessary to support the schools' needs. There must be greater transparency in the MCPS budgeting process as that information is crucial to informing the overall County budgeting process. We also support any amendments to this legislation that further strengthen the bill and increase transparency around fund transfers, especially before they happen.

For these reasons, we would respectfully request a favorable vote on SB 1026/HB 1115 and we thank Senator Brooks, Delegate Solomon and Delegate Palakovich Carr for their leadership on this important issue.

SB1026_Brooks.pdf

Uploaded by: Benjamin Brooks

Position: FAV

BENJAMIN BROOKS
Legislative District 10
Baltimore County

Education, Energy, and the
Environment Committee
Energy Subcommittee

Chair, Joint Electric Universal
Service Program Workgroup



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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TESTIMONY IN SUPPORT OF SB1026
County Boards of Education – Budgets- Notice
(Transparency in Education Spending Act)

Education, Energy and the Environment Committee
March 6, 2024

Chair Feldman, Vice-chair Kagan and Members of the Committee,

Thank you for the opportunity to testify on SB1026– Transparency Spending in Education Act. The purpose of this bill is to enhance the transparency and accountability of county boards of education in Maryland regarding their budgeting processes.

The implementation of The Blueprint for Maryland’s Future, coupled with an influx of federal relief and rescue funding, has compounded the concern of “black box” spending in public education. The Blueprint calls for additional reporting, a series of inputs to the Blueprint’s oversight committee, and a pending new budget-tracking software for school systems. These present opportunities to instill clarity and accountability in school spending. Counties, as fiduciary partners in public education, should have access to the pending new data.

SB1026 requires the State Board of Education (SBE) to establish a uniform procedure for county boards to report budget information promptly to their respective county governing bodies. Further, it requires county boards to post specific budget information on their websites, ensures budget transfers have flexibility to seize opportunities for our students, and requires audit reports are sent to these entities.

This bill will not mandate new or more reporting than already required by law, and it does not give counties authority or decision-making control over school budgets. Instead, SB1026:

1. Gives counties access to more complete and timely education spending information using existing reporting requirements and systems.
2. Provides counties with the tools to anticipate education costs and budget responsibly.
3. Makes uniform financial reporting standards and expectations for all school systems and county governments.
4. Empowers Maryland taxpayers and families to know how their public dollars are spent in schools and on their children’s education.

How public dollars are being spent should be accessible to the public. This bill does not create new vigorous reporting requirements but instead makes what is already being done more available.

For these reasons, I am requesting a favorable report on SB1026.

With kindest regards,

A handwritten signature in cursive script that reads "Benjamin T. Brooks".

Benjamin Brooks

SB1026-EEE_MACo_SUP.pdf

Uploaded by: Brianna January

Position: FAV



Senate Bill 1026

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

MACo Position: **SUPPORT**

To: Education, Energy, and Environment
Committee

Date: March 6, 2024

From: Brianna January

The Maryland Association of Counties (MACo) **SUPPORTS** SB 1026. This bill ensures that county governments receive more comprehensive and timely data about school system spending as funding partners for Maryland public schools. **Counties value transparency and good governance in education funding, so much so that SB 1026 is one of MACo’s four 2024 legislative priorities. The bill, as introduced, represents more than a year’s work and collaboration with multiple education stakeholders and legislative leaders.**

All education stakeholders benefit from a clear understanding of the sources and uses of public school funding. Recently, the opacity of pandemic-driven federal funds and revelations about separately maintained fund balances have heightened these concerns from county governments and other stakeholders. The school board budget proposal and routine reporting should grant the county funding entities enough clarity and structure to fairly assess those priorities on behalf of their communities. Maryland law should ensure that decision-makers and stakeholders can connect public funds to the needed investments for educational outcomes. SB 1026 seeks to do just that by making uniform reporting requirements, including on school system reserves and their proposed uses, and by empowering the Maryland State Department of Education (MSDE) to share spending information more fully and efficiently with county governments.

Additionally, SB 1026 requires school systems to post certain budget data online in an easy-to-find manner. This will ensure that Marylanders have access to the same information as the State and county governments about how local school systems invest taxpayer dollars.

Importantly, SB 1026 does not alter the process for appropriating school funding, nor any funding requirements. It is simply a good governance and best practice bill to increase transparency in the State’s and counties’ most important investment and largest investment of Maryland tax dollars – education.

K-12 spending makes up the greatest portion of nearly all county budgets; for many, education funding is greater than all other county spending combined, including public safety and transportation. Counties must have access to the most comprehensive and timely spending data available to responsibly budget and prepare for the immediate and long-term expenses associated with the Blueprint for Maryland’s Future. The Blueprint’s success, and the public’s support of that plan, depend on it. For these reasons, MACo **SUPPORTS SB 1026** and urges a **FAVORABLE** report.

CE Ball 2024 - SB 1026 Transparency in Education S

Uploaded by: County Executive Calvin Ball

Position: FAV



HOWARD COUNTY OFFICE OF COUNTY EXECUTIVE

3430 Courthouse Drive ■ Ellicott City, Maryland 21043 ■ 410-313-2013 Voice/Relay

Calvin Ball
Howard County Executive
cball@howardcountymd.gov

www.howardcountymd.gov
FAX 410-313-3051

March 6, 2024

Senator Brian Feldman, Chair
Senate Education, Energy, and the Environment Committee
2 West, Miller Senator Office Building
Annapolis, MD 21401

Re: **TESTIMONY OF SUPPORT**: SB1026, County Boards of Education – Budget – Notice
(Transparency in Education Spending Act)

Dear Chair Feldman, Vice Chair Kagan, and Members of the Senate Education, Energy
Committee,

I am pleased to write in support of Senate Bill 1026, which would require our State Board of
Education to develop and adopt a process for the uniform and timely reporting and public
display of local board of education budget data.

As Howard County Executive and a former educator, I am fully committed to implementing the
Blueprint for Maryland's Future to enhance the excellence of our Howard County Public School
System (HCPSS). During the past five years, we have provided nearly \$130 million above the
state required Maintenance of Effort (MOE), even with annual decreased student enrollment
since 2020.

Our record investments in education show our ongoing dedication to our students, educators,
and community. While doing so, we must establish responsible and transparent fiscal policies
so that we can responsibly balance the current needs of our community and plan for the future
of Howard County. Our five years of historic levels of investment come in addition to the aid
provided by our partners at the Federal level.

Since Fiscal Year 2021, the Federal Government has provided more than \$120 million to
HCPSS through the Elementary and Secondary School Emergency Aid Relief (ESSER). This
one-time funding was targeted to sustain the safe operation of schools and students greatly
impacted by learning loss from the COVID-19 pandemic. Like many local governments across
the state, Howard County has very little awareness of how those funds were allocated,
including exactly how much may have been used to cover reoccurring costs.

Statewide, more than \$3.2 billion in ESSER funding was received and dispersed to local
school systems. The corresponding ESSR transparency page published by the State
Department of Education has not updated grant totals or spending since June of 2022.

With these substantial levels of investment, local governments and our entire community
deserve clarity and collaboration between funding partners and local school boards.



HOWARD COUNTY OFFICE OF COUNTY EXECUTIVE

3430 Courthouse Drive ■ Ellicott City, Maryland 21043 ■ 410-313-2013 Voice/Relay

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Significant supplemental funding makes it even more necessary to understand the full financial needs of school districts, especially as we work towards implementing the intended pillars of the Blueprint.

The State Aid formula for local systems is received by Boards of Education as unrestricted funding. Local governments have no authority or decision-making over school budgets, and this bill will not amend that authority, nor does it mandate new or extensive reporting than already required by law.

Senate Bill 1026 would simply provide local governments and our community access to more complete and timely education spending information using existing reporting requirements and systems. It will better equip local governments with the tools to budget responsibly, anticipate education costs, and set financial reporting standards and expectations for all school systems and local governments statewide.

I welcome your support and respectfully request a favorable report on Senate Bill 1026.

All the Best,

A handwritten signature in blue ink, appearing to read 'Calvin Ball', is written over a faint, larger version of the signature.

Calvin Ball
Howard County Executive

SB1026, FAV, FCG, OCE, JF, LS24.pdf

Uploaded by: Jessica Fitzwater

Position: FAV



FREDERICK COUNTY GOVERNMENT
OFFICE OF THE COUNTY EXECUTIVE

Jessica Fitzwater
County Executive

SB 1026 – County Boards of Education - Budgets - Notice (Transparency in Education Spending Act)

DATE: March 6, 2024
COMMITTEE: Senate Education, Energy, and the Environment Committee
POSITION: Favorable
FROM: The Office of Frederick County Executive Jessica Fitzwater

As the County Executive of Frederick County, I urge the committee to give SB 1026 – County Board of Education – Budgets – Notice (Transparency in Education Spending Act) a favorable report.

This bill requires that local boards of education adopt a process for uniform and timely reporting of budget information to their county government. It also requires this information to be easily accessible to the public.

As local governments, we are expected to be good stewards of public funds and have a duty to ensure that our residents are aware of how tax dollars are being spent. In Frederick County we take pride in having an open budget process that incorporates public input and displays information in accessible and transparent ways. We do this by hosting budget town halls throughout the County, providing regular budget updates, and providing our residents with an opportunity to provide feedback through a budget survey. After our budget is adopted, expenditures and adjustments to the budget are all publicly available through our budget journal process and audits. We believe that this transparency is important to maintain the trust of our constituents and uphold the integrity of local government. Because education is consistently the largest component of our budget, and of high importance to our community, county Boards of Education should be held to a similar standard of transparency.

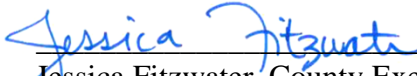
SB 1026 will provide a framework and pathway for securing this transparency in education spending. This bill will help to ensure that local governing bodies and our residents are aware of how public dollars are being spent in schools. This transparency and information sharing is more vital now than ever as we navigate a challenging budget process for FY25 and beyond. Uniform reporting for boards of education is important for all counties to have the tools to anticipate education costs and the information necessary for responsible budgeting.

Another important component of SB 1026 is the requirement to report receipt and expenditure of federal funds. The influx of rescue and relief funding from the federal government during COVID has complicated the picture of education budgets for local governments and sharing timely information will be crucial to avoid fiscal cliffs as these funds are exhausted.

Frederick County Government (FCG) has a strong and reliable relationship with Frederick County Public Schools (FCPS). Our teams work together to provide the best education possible to our community. Much of the transparency and information sharing outlined in this bill is already occurring in Frederick County not because it is a statutory requirement, but due to the strong

partnership between FCG and FCPS. Establishing these requirements will ensure that all school systems are providing this information to their local governments regardless of politics, personalities, or established partnerships. This is in the best interest of our community, taxpayers, and students.

Thank you for your consideration of SB 1026, I urge you to advance this bill with a favorable report.



Jessica Fitzwater, County Executive
Frederick County, MD

BaltimoreCounty_FAV_SB1026.pdf

Uploaded by: John Olszewski

Position: FAV

JOHN A. OLSZEWSKI, JR.
County Executive



JENNIFER AIOSA
Director of Government Affairs

AMANDA KONTZ CARR
Legislative Officer

WILLIAM J. THORNE
Legislative Associate

BILL NO.: **SB 1026**

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

SPONSOR: Senator Brooks

COMMITTEE: Education, Energy, and the Environment

POSITION: **SUPPORT**

DATE: March 6, 2024

Baltimore County **SUPPORTS** Senate Bill 1026 – County Boards of Education – Budgets – Notice (Transparency in Education Spending Act). SB 1026 enables counties by providing additional tools to access and anticipate costs so that they can use taxpayer money wisely and budget efficiently.

This legislation sets uniform financial reporting standards for school systems – further clarifying this process so it can be understood by the residents who depend on timely and accessible information to make informed decisions about their family’s future. This will enable families across the State to understand and track how public dollars are being spent in schools and on their children’s education. This reporting is not new or more extensive than what is already required by law- but it will ensure that we are continuing to be transparent and accountable to County residents. Furthermore, this reporting will enable County leaders to access the information needed to ensure that we are providing necessary investments in education as well as being good stewards of our taxpayer’s dollars.

Baltimore County is committed to the full implementation of the Blueprint for Maryland’s Future. In every year of the County Executive’s tenure, Baltimore County has provided record funding above Maintenance of Effort, dedicating almost half of our County budget to education. The Blueprint for Maryland’s Future requires that local school systems provide additional budget information to the Maryland State Department of Education and the Blueprint Implementation board. As a shared fiduciary partner, Baltimore County respectfully requests the same level of fiscal transparency provided to State agencies. Fiscal transparency will allow County government to make informed budget decisions and optimize the use of County resources. SB 1026 will allow the State to continue empowering our families, investing in our students, and delivering on the promise of the Blueprint in every community.

Accordingly, Baltimore County urges a **FAVORABLE** report on SB 1026 from the Senate Education, Energy, and the Environment Committee. For more information, please contact Jenn Aiosa, Director of Government Affairs at jaiosa@baltimorecountymd.gov.

SB 1026 - County Boards of Education – Budgets – N

Uploaded by: Morgan Drayton

Position: FAV

March 6, 2024

**Testimony on SB 1026
County Boards of Education – Budgets – Notice (Transparency in Education Spending Act)
Education, Energy, and the Environment**

Position: Favorable

Common Cause Maryland is in favor of SB 1026, which would take steps to standardize and increase transparency around the County Boards of Education budget approval process.

We are in strong support of transparency for Maryland citizens. Posting a copy of the annual school board budget in an easily identifiable place on the county website will allow parents, educators, policymakers, and all county residents greater access to information on how their tax dollars are being spent, and where the budgetary shortfalls lie. Providing easy access to these materials will hopefully lead to an increase in civic engagement for county residents – and especially young people attending public schools, who these budgetary decisions will most directly affect.

SB 1026 would increase transparency for Maryland citizens, and for those reasons, we urge a favorable report.

SB1026 - Favorable .pdf

Uploaded by: Riya Gupta

Position: FAV



**Testimony in SUPPORT of
Senate Bill 1026: Transparency in Education Spending Act**

Education, Energy, and the Environment Committee

Position: Favorable

March 6, 2024

Strong Schools Maryland envisions a Maryland with equitable student outcomes created through empowered stakeholder engagement. With record breaking investments in the education system, accountability and transparency of Blueprint funds and their alignment with their intended goals is a necessity. **As a result, Strong Schools Maryland supports SB 1026.**

Senate Bill 1026:

- Requires that an approved county budget be posted on the county board’s public-facing website, in an easily identifiable location. Transparency is a step towards meaningful public engagement that will help local governments be more responsive to their communities’ needs and improve the government’s trust within the community¹;
- Provides clarity and flexibility in how a local board of education can transfer funds between major categories of its annual budget allowing the board to make decisions and act in the best interest of the students in the county; and
- Directs the State Board of Education to create a uniform reporting system that increases transparency and timely reporting of education-related financial information allowing the public to more meaningfully and easily engage in their county’s budget process.

Currently, in codified Blueprint law, the AIB and MSDE are to collaborate to implement a “financial management system and student data system” capable of tracking and analyzing progress towards Blueprint goals. Despite being the third year since the passage of the Blueprint, there has been no proof or update from the AIB, the leading Blueprint implementation agency, that this important provision of the law is being carried out. As a result, the public has little to no access to transparent, user-friendly fiscal accountability regarding Blueprint implementation.

The proposed legislation reinforces Blueprint law and ensures that Maryland’s school systems and the public are equipped with the most up-to-date financial information and systems to make World-Class schools in Maryland a reality.

For these reasons, we urge a favorable report on Senate Bill 1026.

For more information, contact Riya Gupta at riya@strongschoolsmaryland.org.

¹ [Government Finance Officers Association](#)

SB1026 Support Letter001.pdf

Uploaded by: Stephanie Jarrell

Position: FAV



Queen Anne's County

THE COUNTY COMMISSIONERS OF QUEEN ANNE'S COUNTY

The Liberty Building
107 North Liberty Street
Centreville, MD 21617

e-mail: QACCommissioners&Administrator@qac.org

County Commissioners:

James J. Moran, At Large
Jack N. Wilson, Jr., District 1
J. Patrick McLaughlin, District 2
Philip L. Dumenil, District 3
Christopher M. Corchiarino, District 4

County Administrator: Todd R. Mohn, PE
Executive Assistant to County Commissioners: Margie A. Houck
County Attorney: Patrick Thompson, Esquire

March 1, 2024

The Honorable Brian Feldman
Chairman, Education, Energy
and the Environment Committee
2 West Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB1026 – County Boards of Education - Budgets -Notice (Transparency in Education Spending Act) SUPPORT

Dear Chairman Feldman,

Please consider this letter of support for Senate Bill 1026. This bill would require the State Board of Education to adopt a process for the uniform and timely reporting of certain board of education budget information to a county governing body; requiring a county board to post certain information in a certain matter on the county board's website; requiring a certain transfer to be made only following the approval of the County Commissioners, providing for exemptions from certain requirements related to certain transfers and requiring an audit to be sent to the County Commissioners and generally relating to the budgets of county boards of education.

We support this legislation and urge a favorable recommendation.

Respectfully,

QUEEN ANNE'S COUNTY
BOARD OF COUNTY COMMISSIONERS

James J. Moran, President

Jack N. Wilson, Jr.

Philip L. Dumenil

Christopher M. Corchiarino

J. Patrick McLaughlin

SB 1026.School System Fiscal Transparency and Acco

Uploaded by: Jennifer Mallo

Position: FWA



621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401
410-841-5414 · 800-841-8197 · Fax: 410-841-6580 · MABE.org

BILL: Senate Bill 1026
TITLE: County Boards of Education – Budgets – Notice
(Transparency in Education Spending Act)
DATE: March 6, 2024
POSITION: SUPPORT WITH AMENDMENTS
COMMITTEE: Education, Energy, and the Environment
CONTACT: John R. Woolums, Esq.

The Maryland Association of Boards of Education (MABE) supports Senate Bill 1026 in so far as it would reasonably clarify that certain types of funds and accounts in school system budgets should be provided to local governments in a more transparent manner. However, the bill would also seek to establish a uniform standard for each local government’s review and decisions regarding school system transfers between budget categories. MABE believes this provision should be amended.

The bill would amend the “transfer between budget categories” section of law that has been unchanged for decades, and local practices vary widely. In some counties strict local government approval may be required prior to such transfers, and in other counties after-the-fact school system reports and county approvals are made on a quarterly or even annual basis. Because of this range of local financial management and governance practices, MABE is most concerned about how disruptive a new one-size-fits-all process will be.

Therefore, MABE requests one amendment to increase the amount of local school system flexibility to transfer funds between categories without the local government’s prior approval, by adopting a threshold of less than 15% of each category. The bill would set this threshold at 1%. But to be clear, there has never been any set percentage or even uniform reading of this section of law. This presents a high hurdle to adopting bill language that will not result in a very disruptive change for some school systems. Again, MABE believes that a 15% threshold will help ensure that all 24 local school systems are provided a reasonable degree of flexibility during the fiscal and school year to manage funds not only within but also between the 14 categories specified in state law for school system budgets.

Senate Bill 1026 would make several well-intended changes to the manner in which local school systems must report elements of their budgets. The bill would improve transparency regarding funds held in reserve, federal funds, and more specifically funding for other post-employment benefits (OPEB), which are funds dedicated for retiree health care expenditures. MABE, on behalf of all local school boards, can hardly emphasize enough that Maryland’s local school systems are entirely fiscally dependent on state, local, and federal funding to support their annual budgets. This is entirely unlike the vast majority of the nation’s approximately 13,000 school boards that have taxing authority, generally through property taxes, to support both operating and capital budget needs. However, in Maryland, it is the county funding “guaranteed” at no less than the minimum Maintenance of Effort or newer Blueprint local share amount, which ever is higher, and the per pupil state funding provided by formulas, that represent the bulk of school system budgets.

In this context, there is little argument to be made against budget transparency, but also little argument to be made that it doesn’t already exist, as virtually all local school system funding is a matter of public record in final budgets adopted not by the school system but by the county government. School system budgets, which include a blend of local, state, and federal funds, are developed by local school superintendents and staff, publicly reviewed and approved by local boards of education, and presented to local governments for public review and adoption. In this light, this bill is enhancing an already extremely transparent process.

In Maryland, in addition to the local government budget approval process just described, the state government's oversight and control of school system budgets is also extensive. State law requires the State Board of Education to adopt bylaws, rules, and regulations that govern the administration of the public school systems in Maryland and empowers the State board to direct the local collection and reporting of financial records (Ed. Art. Section 2-205). The law also establishes the operating and capital budget categories and references the *Financial Reporting Manual for Maryland Public Schools* (Ed. Art. Section 5-101). And Sections 2-303 and 5-213 authorize the State Superintendent to withhold funding if a school system violates the legal requirements identified in the laws, bylaws, and State board rules and regulations.

In addition, state law prescribes a uniform method of reporting receipts, expenditures, and balances of the operations and activities of the public schools. Pursuant to Section 5-109, the Code of Maryland Regulations (COMAR) further defines the Annual School Budget and Annual School Financial Report (COMAR 13A.02.01.02). Section 5-111 requires that local boards provide all reports, including financial reports, at the time and including the items requested by the State Board and State Superintendent.

Even more specifically, local school system financial practices must conform to the *State Financial Reporting Manual*. State law establishes the budget categories and references the *Financial Reporting Manual for Maryland Public Schools* as the source for identifying additional budgetary details which the county fiscal authorities may request of the local board of education. The *Manual*, which is also known as "the teal book", is incorporated by reference in COMAR 13A.02.01.02C. Maryland's local school systems are required to adhere to the definitions and terms of the *Manual* when submitting expenditure information to MSDE. Failure to comply with the definitions and other requirements is a violation of State Board regulations and may be the basis for withholding State Aid in accordance with Sections 2-303(b) and 5-205(a) of the Education Article.

MABE assures the legislature that Maryland's 24 local school systems take fiscal transparency and accountability very seriously. A key governance role for local boards of education is to engage the community (parents, students, taxpayers, business leaders, elected officials) to explain the diverse and often complex educational and operational fiscal and policy options being considered and adopted. The public's trust is essential to effective community engagement, and such trust is built, at least in part, on the board of education demonstrating a commitment upholding its duty and responsibility to advocate vigorously for adequate and equitable funding and to wisely and soundly invest these always limited public dollars in ways deemed to be in the best interests of students.

MABE believes that Senate Bill 1026 is consistent with enhancing school budget transparency. However, while MABE endorses the provisions of Senate Bill 1026 regarding enhanced transparency, local boards respectfully request that no new accountability measures be enacted to shift more budget authority to local governments. The scope of longstanding accountability measures, and the additional accountability provisions imposed by the Blueprint, leave little room for additional accountability requirements without threatening the practical ability of local school systems to financially manage their day-to-day functions. No school system should be required by the necessity of complying with onerous and duplicative budget procedures, to hire more accountants or information technology staff merely to be able to produce reports on expenditures and fund balances. This is a real concern for many school systems confronting very limited increases in state and local funding in FY 2025 and yet expected to adopt new financial management systems and comply with new reporting requirements under the Blueprint, and now, under Senate Bill 1026.

Clearly, from MABE's perspective concerning the scope of budgetary and legal requirements outlined above, no additional school funding accountability measures should be considered beyond those proposed in this bill. For these reasons, MABE requests a favorable report on Senate Bill 1026, with the amendment described above.

SB 1026.School System Fiscal Transparency and Acco

Uploaded by: John Woolums

Position: FWA



621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401
410-841-5414 · 800-841-8197 · Fax: 410-841-6580 · MABE.org

BILL: Senate Bill 1026
TITLE: County Boards of Education – Budgets – Notice
(Transparency in Education Spending Act)
DATE: March 6, 2024
POSITION: SUPPORT WITH AMENDMENTS
COMMITTEE: Education, Energy, and the Environment
CONTACT: John R. Woolums, Esq.

The Maryland Association of Boards of Education (MABE) supports Senate Bill 1026 in so far as it would reasonably clarify that certain types of funds and accounts in school system budgets should be provided to local governments in a more transparent manner. However, the bill would also seek to establish a uniform standard for each local government’s review and decisions regarding school system transfers between budget categories. MABE believes this provision should be amended.

The bill would amend the “transfer between budget categories” section of law that has been unchanged for decades, and local practices vary widely. In some counties strict local government approval may be required prior to such transfers, and in other counties after-the-fact school system reports and county approvals are made on a quarterly or even annual basis. Because of this range of local financial management and governance practices, MABE is most concerned about how disruptive a new one-size-fits-all process will be.

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Senate Bill 1026 would make several well-intended changes to the manner in which local school systems must report elements of their budgets. The bill would improve transparency regarding funds held in reserve, federal funds, and more specifically funding for other post-employment benefits (OPEB), which are funds dedicated for retiree health care expenditures. MABE, on behalf of all local school boards, can hardly emphasize enough that Maryland’s local school systems are entirely fiscally dependent on state, local, and federal funding to support their annual budgets. This is entirely unlike the vast majority of the nation’s approximately 13,000 school boards that have taxing authority, generally through property taxes, to support both operating and capital budget needs. However, in Maryland, it is the county funding “guaranteed” at no less than the minimum Maintenance of Effort or newer Blueprint local share amount, which ever is higher, and the state funding provided by per pupil formulas, that represent the bulk of school system budgets.

In this context, there is little argument to be made against budget transparency, but also little argument to be made that it doesn’t already exist, as virtually all local school system funding is a matter of public record in final budgets adopted not by the school system but by the county government. School system budgets, which include a blend of local, state, and federal funds, are developed by local school superintendents and staff, publicly reviewed and approved by local boards of education, and presented to local governments for public review and adoption. In this light, this bill is enhancing an already extremely transparent process.

In Maryland, in addition to the local government budget approval process just described, the state government's oversight and control of school system budgets is also extensive. State law requires the State Board of Education to adopt bylaws, rules, and regulations that govern the administration of the public school systems in Maryland and empowers the State board to direct the local collection and reporting of financial records (Ed. Art. Section 2-205). The law also establishes the operating and capital budget categories and references the *Financial Reporting Manual for Maryland Public Schools* (Ed. Art. Section 5-101). And Sections 2-303 and 5-213 authorize the State Superintendent to withhold funding if a school system violates the legal requirements identified in the laws, bylaws, and State board rules and regulations.

In addition, state law prescribes a uniform method of reporting receipts, expenditures, and balances of the operations and activities of the public schools. Pursuant to Section 5-109, the Code of Maryland Regulations (COMAR) further defines the Annual School Budget and Annual School Financial Report (COMAR 13A.02.01.02). Section 5-111 requires that local boards provide all reports, including financial reports, at the time and including the items requested by the State Board and State Superintendent.

Even more specifically, local school system financial practices must conform to the *State Financial Reporting Manual*. State law establishes the budget categories and references the *Financial Reporting Manual for Maryland Public Schools* as the source for identifying additional budgetary details which the county fiscal authorities may request of the local board of education. The *Manual*, which is also known as "the teal book", is incorporated by reference in COMAR 13A.02.01.02C. Maryland's local school systems are required to adhere to the definitions and terms of the *Manual* when submitting expenditure information to MSDE. Failure to comply with the definitions and other requirements is a violation of State Board regulations and may be the basis for withholding State Aid in accordance with Sections 2-303(b) and 5-205(a) of the Education Article.

MABE assures the legislature that Maryland's 24 local school systems take fiscal transparency and accountability very seriously. A key governance role for local boards of education is to engage the community (parents, students, taxpayers, business leaders, elected officials) to explain the diverse and often complex educational and operational fiscal and policy options being considered and adopted. The public's trust is essential to effective community engagement, and such trust is built, at least in part, on the board of education demonstrating a commitment to upholding its duty and responsibility to advocate vigorously for adequate and equitable funding and to wisely and soundly invest these always limited public dollars in ways deemed to be in the best interests of students.

MABE believes that Senate Bill 1026 is consistent with enhancing school budget transparency. However, while MABE endorses the provisions of Senate Bill 1026 regarding enhanced transparency, local boards respectfully request that no new accountability measures be enacted to shift more budget authority to local governments. The scope of longstanding accountability measures, and the additional accountability provisions imposed by the Blueprint, leave little room for additional accountability requirements without threatening the practical ability of local school systems to financially manage their day-to-day functions. No school system should be required by the necessity of complying with onerous and duplicative budget procedures, to hire more accountants or information technology staff merely to be able to produce reports on expenditures and fund balances. This is a real concern for many school systems confronting very limited increases in state and local funding in FY 2025 and yet expected to adopt new financial management systems and comply with new reporting requirements under the Blueprint, and now, under Senate Bill 1026.

Clearly, from MABE's perspective concerning the scope of budgetary and legal requirements outlined above, no additional school funding accountability measures should be considered beyond those proposed in this bill. For these reasons, MABE requests a favorable report on Senate Bill 1026, with the amendment described above.

SB 1026 - MoCo_Boucher_FWA (GA 24).pdf

Uploaded by: Kathleen Boucher

Position: FWA



Montgomery County

Office of Intergovernmental Relations

ROCKVILLE: 240-777-6550

ANNAPOLIS: 240-777-8270

SB 1026

DATE: March 6, 2024

SPONSOR: Senator Brooks

ASSIGNED TO: Education, Energy, and the Environment

CONTACT PERSON: Kathleen Boucher (Kathleen.boucher@montgomerycountymd.gov)

POSITION: Support with Amendments

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

The Montgomery County Executive and County Council strongly support this bill with amendments that further enhance oversight and accountability for federal, State, and local education funding provided to school systems. The amendments would further the goal of ensuring sufficient structure and clarity to enable county governments to fully assess how public funds support educational outcomes during the budget process, throughout the applicable fiscal year, and over the long haul.

The bill ensures that counties receive timely information before making annual budget decisions about: (1) current funds held in reserve; (2) the amount of any federal funds received in the prior fiscal year; and (3) the amount of funds held in trust or otherwise dedicated for long-term obligations for retiree health care costs or other post-employment benefits. The bill also seeks to enhance county oversight of school system spending throughout the fiscal year by requiring advance approval of a transfer of funding between major budget categories when the transfer exceeds 1% of the total funding appropriated to the category. Although the new major budget categories and transfer requirements established in the bill would enhance county government oversight of school spending, more granularity regarding proposed funding and expenditures is needed to facilitate the type of oversight that would allow taxpayers to feel confident that counties have the tools necessary to ensure that education funding is spent efficiently and for the purposes intended.

Table 7 from the fiscal year 2025 proposed budget for Montgomery County Public Schools (MCPS) is attached to this position statement. As required by State law, **Table 7** shows total funding for 14 major categories under Current Expense Funding. As the table reflects, the 14 major categories include total funding for the entire school system in each of the specified categories. It would further the goals of transparency and accountability tremendously to amend the bill to break out the following major categories to separately show total funding for Elementary Schools, Middle Schools, High Schools, Pre-Kindergarten, and

Other Costs: (1) Category 2 - Mid-level Administration (i.e., school-based administration); (2) Category 3 - Instructional Salaries; (3) Category 4 - Textbooks and Instructional Costs; (4) Category 5 - Other Instructional Costs; and (5) Category 6 - Special Education. Creation of these more granular major categories is a simple step that would help county governments better understand school system budgets.

Regarding transfers between major categories, it is important to note that some categories are so large that the 1% trigger for advance approval created by the bill for a transfer between categories would rarely be triggered. For example, total funding for Instructional Salaries (Category 3 under Current Expense Funding) for MCPS in fiscal year 2023 funding was \$1.114 billion. One percent of that total is \$11.14 million. Breaking out Categories 2-6 as discussed above into new major categories that disaggregate funding for Elementary Schools, Middle Schools, High Schools, Pre-kindergarten, and Other Costs would make the 1% trigger more meaningful.

Another significant problem that hampers county oversight of education funding is lack of sufficient details about new programs that are implemented each year. Specifically, county governments need to know whether new programs funded each year are successful and whether the school system decides to continue funding the program in future years or decides to reallocate funding to its base budget for a different purpose. With the State's major overhaul of its educational system well underway with implementation of the Blueprint for Maryland's Future, it is critically important for local governments to receive this type of information. This could be accomplished by amending the bill to require that an annual report be submitted along with the school system's proposed budget that details new programs and initiatives that are proposed to be implemented in the next school year, along with new programs and initiatives that were implemented in the past five school years. This kind of report should include the name of the program, current status (including number of students served, if ongoing), and current funding amount.

For all the reasons discussed above, the Montgomery County Executive and County Council respectfully request that the Senate Education, Energy, and Environment Committee give Senate Bill 1086 a favorable report with the requested amendments.

**TABLE 7
STATE BUDGET CATEGORIES AND SPECIAL REVENUE FUNDS SUMMARY**

STATE CATEGORIES/SPECIAL REVENUE FUNDS	FY 2023 ACTUAL	FY 2024 BUDGET	FY 2024 CURRENT	FY 2025 BUDGET	FY 2025 CHANGE
FTE					
Category 1, Administration	420.0000	425.2500	425.2500	418.5000	(6.7500)
Category 2, Mid-level Administration	1,783.3000	1,857.2000	1,877.2000	1,886.9500	9.7500
Category 3, Instructional Salaries	12,446.0380	12,629.5355	12,629.5655	12,590.6340	(38.9315)
Category 4, Textbooks & Instructional Supplies	-	-	-	-	-
Category 5, Other Instructional Costs	-	-	-	-	-
Category 6, Special Education	4,573.8915	4,776.3647	4,776.3647	4,941.0555	164.6908
Category 7, Student Personnel Services	164.2500	173.2500	173.2500	213.0500	39.8000
Category 8, Health Services	4.0000	7.0000	7.0000	7.0000	-
Category 9, Student Transportation	1,855.8410	1,862.3410	1,862.5910	1,915.4210	52.8300
Category 10, Operation of Plant and Equipment	1,750.6000	1,780.1000	1,780.1000	1,792.6000	12.5000
Category 11, Maintenance of Plant	340.5000	332.0000	332.0000	328.0000	(4.0000)
Category 12, Fixed Charges	-	-	-	-	-
Category 14, Community Service	5.7500	5.7500	5.7500	5.7500	-
Fund 5, Instructional TV Special Revenue Fund	13.5000	12.5000	12.5000	11.0000	(1.5000)
Fund 11, Food Services Fund	604.4480	607.5730	607.5730	627.5730	20.0000
Fund 12, Real Estate Management Fund	10.0000	10.0000	10.0000	10.0000	-
Fund 13, Field Trip Fund	5.5000	5.0000	5.0000	5.0000	-
Fund 14, Entrepreneurial Activities Fund	12.0000	12.0000	12.0000	12.0000	-
GRAND TOTAL, FTE	23,989.6185	24,495.8642	24,516.1442	24,764.5335	248.3893
AMOUNT					
Category 1, Administration	\$ 66,349,466	\$ 74,320,714	\$ 74,320,714	\$ 74,923,599	\$ 602,885
Category 2, Mid-level Administration	165,940,744	199,255,477	199,255,477	195,995,790	(3,259,687)
Category 3, Instructional Salaries	1,128,794,019	1,236,236,769	1,236,236,769	1,286,046,550	49,809,781
Category 4, Textbooks & Instructional Supplies	34,706,586	32,065,678	32,065,678	38,363,270	6,297,592
Category 5, Other Instructional Costs	19,222,461	29,188,401	29,188,401	39,428,507	10,240,106
Category 6, Special Education	391,228,073	425,546,035	425,546,035	453,851,881	28,305,846
Category 7, Student Personnel Services	16,441,873	19,300,321	19,300,321	24,051,161	4,750,840
Category 8, Health Services	2,341,211	4,129,962	4,129,962	6,654,104	2,524,142
Category 9, Student Transportation	132,835,442	142,705,481	142,705,481	146,316,567	3,611,086
Category 10, Operation of Plant and Equipment	161,562,038	173,011,383	173,011,383	185,098,448	12,087,065
Category 11, Maintenance of Plant	41,707,134	44,529,953	44,529,953	51,865,255	7,335,302
Category 12, Fixed Charges	651,682,635	696,879,362	696,879,362	753,653,100	56,773,738
Category 14, Community Service	820,030	1,204,854	1,204,854	1,210,892	6,038
Fund 5, Instructional TV Special Revenue Fund	1,868,512	1,681,286	1,681,286	1,580,426	(100,860)
Fund 11, Food Services Fund	68,514,078	68,092,925	68,092,925	72,333,059	4,240,134
Fund 12, Real Estate Management Fund	4,240,803	4,957,216	4,957,216	5,039,226	82,010
Fund 13, Field Trip Fund	1,421,044	2,854,856	2,854,856	2,979,154	124,298
Fund 14, Entrepreneurial Activities Fund	7,891,920	9,046,838	9,046,838	13,507,832	4,460,994
GRAND TOTAL, AMOUNT	\$ 2,897,568,070	\$ 3,165,007,511	\$ 3,165,007,511	\$ 3,352,898,821	\$ 187,891,310

*This report does not reflect \$134,668,027 of FY 2023 actual expenditures for non-budgeted grant programs and supplemental appropriations. A non-budgeted grant is funding MCPS receives for designated purposes that are not expected to be funded on an ongoing basis or at predictable levels. Non-budgeted grant expenditures also are not reflected on the relative summary of resources documents throughout this publication.

SB1026 County Boards of Education - Budgets - Noti

Uploaded by: Dawana Sterrette

Position: INFO

**Testimony of the
Baltimore City Board of School Commissioners
Letter of Information
Senate Bill 1026
County Boards of Education – Budgets – Notice
(Transparency in Education Spending Act)**

March 6, 2024

The Baltimore City Board of School Commissioners (the Board) has concerns about Senate Bill 1026 because the Board is already transparent in its finances and provides consistent financial updates to the local government.

The sponsor suggests that there needs to be a uniform reporting of information to the local government. Every school district must pass a yearly budget, approved by its local government, including Baltimore City. Every budget that is approved by the Mayor and City Council of Baltimore and required by the Maryland State Board of Education and current state law includes all of the information items listed in the legislation. This budget includes funding that comes from the State and local government. The Board's budget also includes an overview of the federal funds that have been provided to the school board and the status of that funding. In fact, Baltimore City, through a City Council resolution, has provided quarterly updates on the federal funds, state funds and local funds to the City Council.

Also through state law, Education Article section 5-106 provides that the Baltimore City School Board, by November 1 and March 1 of each year must provide a report from the school board detailing all expenditures within the major categories of its annual budget. The report also details any action of the school board that would commit the school board to spend more in any major category in the annual budget for the current fiscal year than the amount approved in the annual budget for that category.

Additionally, the Education Article section 5-111 currently requires that each school board must report financial information to the State Board on forms required by the State Board and the State Superintendent. These reports are prepared, published and made available to any interested party and provide the condition, current accomplishments, and needs for improvement of the schools, as well as a statement of the business and financial transactions of the school board.

Pursuant to section 5-111 at the request of the local government, made in writing at least 30 days before the reporting deadline, all school boards or the superintendent throughout the State, including Baltimore City, must report to the local government on or before November 1 and March 1 of each fiscal year on the system's operations, including any adjustment made to the approved annual budget. Also pursuant to this section at the request of the local government made within 30 days before the reporting deadline, the local government shall report to the school board on or before November 1 and March 1 of each fiscal year on the county's fiscal status of the immediate fiscal year and the subsequent fiscal year.

Requiring approval from the local government on budget amendments which exceed 1% of the categorical budget will significantly impact the autonomy City Schools has granted to school principals, and which is a critical part of their educational choices. This autonomy is found in our Fair Student Funding (FSF) which allows funding to follow the student. As a Fair Student Funding (FSF) district – and in direct alignment with the Blueprint’s directive for funds to follow the student to the school level – such a provision is simply not workable in a FSF district with more than 150 cost centers, plus the central office. It is by design that individual school decisions are made by individual school principals. This is exactly what the Blueprint was intended to do, and City Schools has been faithfully implementing the minimum school-level funding requirements since Blueprint implementation began in FY23. This bill would have the unintended consequence of moving us backwards as it relates to ensuring funds be allocated at the school level.

Given the tenets of the Blueprint, combined with our status as a FSF district, City Schools respectfully requests the following amendment:

Page 6. Lines 14-28. Strike and replace with the following:

(2) (I) Except as provided in subparagraph (II) of this paragraph, a county board shall report transfers between major categories of more than 15% of the total funding in a major category expeditiously to the county commissioners or county council with an explanation of the circumstances necessitating the reallocation.

(II) 1. This section shall apply only to districts that receive at least 40% of their funding from the local government.

Given the various audits that all school systems must undergo for all funding received; given all updates that the City of Baltimore receives on a quarterly basis from this school board; and given all opportunities available for the local government to request budget information, the legislation would build a more bureaucratic system and challenge the tenants of the Blueprint as implemented in Baltimore City Public Schools.

Thank you for the consideration of the information contained herein.

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