

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE

Third Reader - Revised

Senate Bill 56

(Chair, Education, Energy, and the Environment
 Committee)(By Request - Departmental - Maryland
 Longitudinal Data System Center)

Education, Energy, and the Environment

Ways and Means

**Maryland Longitudinal Data System Center - External Data Sharing With
 Third-Party Data Centers for Multistate Reporting - Authorization**

This departmental bill authorizes the Governing Board of the Maryland Longitudinal Data System (MLDS) Center to allow the MLDS Center to provide individual-level student and workforce data to one third-party data center at a time only to enable multistate research and reporting on student outcomes. Before authorizing a transfer of data, the board must ensure the third-party data center handles data in accordance with specified standards. Before providing data to a third-party data center, MLDS Center must enter into a written data sharing agreement that complies with the bill’s security and privacy requirements, and the Governing Board must affirmatively approve the sharing of data elements that constitute each set, the sharing of each data set, and each proposed research or reporting project that seeks to use Maryland data. The bill also repeals language authorizing the board to allow MLDS Center to send student information to the U.S. Census Bureau. Lastly, MLDS Center must submit ongoing reports to specified standing committees of the General Assembly relating to the written data sharing agreements. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: To the extent the board approves data sharing agreements under the bill, MLDS Center and the board can implement such agreements and complete the required reports with existing resources, as discussed below. Revenues are not affected.

Local Effect: None.

Small Business Effect: MLDS Center has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: Under the bill, third-party data center means a secure computational research platform managed by a person other than a State agency that allows states to securely share data for purposes of data matching and multistate reporting. Data sharing agreements with third-party data centers are subject to governing board approval and annual review to ensure continued compliance. A third-party data center must:

- have data handling and security standards that are at least as rigorous as those employed by MLDS Center;
- be a FedRAMP-authorized and -certified platform (the Federal Risk and Authorization Management Program, managed by the U.S. General Services Administration);
- use personally identifiable information only to the extent that is necessary for matching student data and workforce data with data from other states;
- employ certain privacy-enhancing techniques;
- use only de-identified data for analytic purposes;
- release only aggregate data reports and other output; and
- not report data in any form that may be used to identify individuals as specified.

Within 30 days of entering into a written data sharing agreement, MLDS Center must report to the Senate Committee on Education, Energy, and the Environment and the House Ways and Means Committee with information on the name of the third-party data center, a summary of the data to be shared, and the purposes of and value to the State for entering into the data sharing agreements. Within one year of the initial report, and each year thereafter until the data sharing agreement is no longer in effect, MLDS Center must also report to those same standing committees with information on the status of the data sharing agreement, how the data is being used to further the purposes and stated value of the data sharing agreement, and any violations of the data sharing agreement, including steps taken to remedy the violations.

Current Law: Chapter 190 of 2010 established MLDS to contain individual-level student data and workforce data from all levels of education and the State's workforce. The purpose of the data system is to facilitate and enable the exchange of student and workforce data among agencies and institutions within the State as well as generate timely and accurate information about student achievement that can be used to improve the State's education system and guide decision makers at all levels. The MLDS Center may only use de-identified data in the analysis, research, and reporting conducted by the center. The center may only use aggregate data in the release of data in reports and in response to data requests.

Student data collected by MLDS includes State and national assessments; course taking and completion; grade point average; remediation; retention; degree, diploma, or credential attainment; enrollment; demographic data; juvenile delinquency records; elementary and secondary school disciplinary records; child welfare data; license, industry certificate, or vocational certificate; personally identifiable information; and student disability data by specific disability category. Medical and health records are specifically excluded from the types of data that MLDS may collect. Workforce data includes employment, wage information, and related personally identifiable information, as specified.

Family Educational Rights and Privacy Act

At the federal level, the Family Educational Rights and Privacy Act (FERPA) of 1974 governs the privacy of student data. FERPA generally prohibits the disclosure by schools that receive federal education funding of personally identifiable information from a student's education record unless the educational institution has obtained signed and dated written consent from a parent or eligible student or one of FERPA's exceptions applies. An education record includes a range of information about a student. FERPA permits the use of de-identified data and limits the disclosure of personally identifiable information to authorized purposes.

Background: MLDS Center advises that the center and its counterparts in Washington D.C. and Virginia have already applied for and been awarded a grant from the Coleridge Initiative's *Democratizing our Data Grant Challenge* to establish a multistate data sharing partnership. The Coleridge Initiative is a nonprofit organization working with governments to ensure that data is more effectively used for public decision-making by providing (1) a platform to securely link confidential data within and across states and agencies and (2) data literacy training to agency staff. The initiative's data platform, the [Administrative Data Research Facility](#), is a secure, FedRAMP-authorized, cloud-based environment that enables government agencies to link their longitudinal data with other states and agencies.

[FedRAMP](#) is managed by the U.S. General Services Administration and provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services. MLDS Center advises that the FedRAMP designation requires annual audits and reviews and reflects a level of security that is equivalent to federal agencies.

State Fiscal Effect: MLDS Center advises that providing data to a third-party data center in accordance with the bill affects operations at the center. However, MLDS Center also advises that, given the administrative work already completed associated with applying for participation in the Coleridge Initiative's *Democratizing our Data Grant Challenge* (described above), the center can manage any additional operational from sharing data in

accordance with that agreement using existing resources. To the extent the board approves additional sharing with additional third-party data centers in the future, MLDS Center may experience additional operational impacts to prepare and share data as necessary. However, this analysis assumes that the board will approve future data sharing agreements in accordance with existing administrative capacity in MLDS Center such that existing resources remain sufficient.

Additional Comments: To participate in the [Post-Secondary Employment Outcomes \(PSEO\)](#) project, a college or university must provide student transcript level data to the U.S. Census Bureau. Chapters 63 and 64 of 2024 authorize the governing board of the MLDS Center to send student information to the U.S. Census Bureau. Since the passage of Chapters 63 and 64, MLDS Center advises that the Maryland Higher Education Commission has taken the lead on the *Post-Secondary Employment Outcomes Explorer* project in Maryland. Therefore, the center no longer requires approval to share data with the U.S. Census Bureau as was authorized by Chapters 63 and 64.

Additional Information

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

Designated Cross File: HB 293 (Chair, Ways and Means Committee)(By Request - Departmental - Maryland Longitudinal Data System Center) - Ways and Means.

Information Source(s): Maryland Longitudinal Data System Center; Department of Legislative Services

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Longitudinal Data System Center - External Data Sharing With Third-Party Data Centers for Multistate Reporting – Authorization

BILL NUMBER: SB56

PREPARED BY: Ross Goldstein, Executive Director, MLDS Center

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This bill allows the Maryland Longitudinal Data System (MLDS) Center Governing Board to authorize the MLDS Center to share student and workforce data with a third party data center for the purpose of enabling multistate report projects. If the legislation is approved, the MLDS Center has already secured a grant to facilitate the work necessary for multistate data sharing and reporting. Accordingly, there will be no economic impact to the state or on small businesses.