

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 574 (Charles County Senators)
Education, Energy, and the Environment

Charles County - Student Bus Transportation Providers - Provider Displacement

This bill limits the ability of the Charles County Public School System to change the method of providing student transportation services by requiring the county board of education to provide written notice to student transportation providers prior to any displacement as specified. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: None.

Local Effect: Charles County school expenditures may increase in future years, potentially by a significant amount, to the extent that the bill's prohibition on the displacement of individuals providing school bus transportation services results in higher rates and corresponding costs by private contractors. Local school revenues are not affected, since the bill does not alter State funding or the county appropriation to the local school system. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal.

Analysis

Bill Summary: At least 10 years before taking any action that results in the displacement of a person that has been providing student bus transportation services in the county, the Charles County Board of Education must (1) provide written notice via first class mail of the intent to displace the person at least 45 days before the hearing on the matter as required by the bill and (2) hold at least one public hearing on the advisability of the county board providing student bus transportation services. The county board must provide notice of any

hearing required by the bill in a newspaper of general circulation in the county once each week for two successive weeks before the hearing.

The board must also, within one year *after* the public hearing, and at least two years before any displacement, provide written notice by registered mail of the displacement to the person providing the student bus transportation services. The Charles County Board of Education may begin providing student bus transportation services or contract with another person to provide the services less than two years after providing the notice via registered mail if (1) the board pays the displaced person an amount equal to the person's gross receipts for providing the services in the county for the preceding 24-month period; (2) the board and the person that has been providing the services agree to a different notice period or compensation amount; or (3) the person stops providing the services in the county.

Under the bill, "displacement" means the provision of student bus transportation services by the county board of education that precludes a private person that has been providing the services from continuing to provide the services. Under the bill, "displacement" does not include circumstances in which the county board does not renew a contract for student bus transportation services for cause, and at the end of the contract term, contracts with another private person to provide the services. "Displacement" also does not include circumstances in which the person that has been providing the services (1) has acted in a manner threatening to public health or safety; (2) has committed a material breach of a contract for student bus transportation services; or (3) refuses to continue to provide student bus transportation services under the terms and conditions of an existing agreement.

Current Law: Student transportation services in Maryland are generally provided by a combination of government-owned school vehicles and private contractors. In Charles County, the local school system primarily uses private contractors to transport students. Contractors operating the buses are not considered school system employees.

Additional information on student transportation services in public schools can be found in the [FY 2025 End-of-Year Pupil Transportation Report](#) prepared by the Maryland State Department of Education.

County Appropriation to the Local School System

Each year, the county government is required to appropriate funds to the county board of education equivalent to the greater of the Maintenance of Effort (MOE) requirement or the local share amount of all wealth-equalized formulas. The *per-pupil* MOE amount is based upon the enrollment count. The local share amount equals the local share of the foundation formula, compensatory education, English learner, special education, comparable wage

index, full-day prekindergarten, college and career ready, transitional supplemental instruction (through fiscal 2026), and career ladder grant programs.

The Charles County government appropriation to the local school system totaled \$232.0 million in fiscal 2025 and \$245.3 million in fiscal 2026. Provisions of this bill will not affect the required level of county government funding to the local school system.

Local Expenditures: Student transportation services in Charles County total approximately \$49.8 million in fiscal 2026, representing 9.4% of the general fund operating costs for the local school system. The projected annual increase for student transportation services (5.6%) exceeded the overall projected increase for the school system's total general fund (4.8%). This illustrates that the cost of providing student transportation services in the county is exceeding the growth rate in other categories, including classroom instructional salary costs (2.2%).

Based on a 2015 study on the school system's student transportation services, the Charles County Public School System indicates that transportation costs could be lowered on average by 3.3% a year by bringing student bus services in-house rather than utilizing private contractors. Based on the school system's fiscal 2027 budget, the potential cost savings to the local school system could total over \$1.6 million annually.

The 10-year advance notice requirement within the bill may preclude the local school system from bringing student transportation services in-house. As a result, the local school system may not be able to realize potential cost savings. The exact scale of the potential impact is unknown, but for context, the [fiscal 2026 school budget indicates](#) that the local school system's current bus fleet consists of 384 total buses, including 315 contractual buses and 69 buses owned by the school system (33 regular, 17 special needs, 19 spare). These costs are offset to the extent the board meets the conditions for providing transportation services domestically within less than 2 years of the notification required under the bill.

A copy of the [school system master school bus contract](#) for the 2025-2026 school year is available online.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 727 and HB 1359 of 2025.

Designated Cross File: HB 1493 (Charles County Delegation) - Ways and Means.

Information Source(s): Charles County; Department of Legislative Services

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