Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

Senate Bill 395 (Senator Pinsky, *et al.*)
Education, Health, and Environmental Affairs

Commercialism in Schools Act of 2003 - Policy

This bill requires local boards of education to develop and adopt policies that limit commercialism in public schools. The policies must: (1) prohibit commercial advertisements on the exterior or interior of school buses; (2) prohibit contracts for electronic products or services that require dissemination of advertising to students, except in specified circumstances; (3) address and prohibit the provision of student personal information for marketing purposes; and (4) restrict the level of advertising in public school curriculum materials. The policies may not impact presently existing obligations or contracts and must be submitted to the Maryland State Department of Education (MSDE) by August 1, 2004. MSDE must adopt regulations to implement the bill.

Fiscal Summary

State Effect: MSDE could establish regulations and collect local school board policies with existing resources.

Local Effect: Local school systems could be forced to forgo future revenue sources relating to commercial advertising in schools. Existing contracts would not be affected.

Small Business Effect: Minimal.

Analysis

Current Law: Local school systems are not required to develop policies that restrict the level of commercial advertisements in public schools.

Background: A September 2000 report by the U.S. General Accounting Office entitled *Public Education: Commercial Activities in Schools* notes that in-school marketing has become increasingly prevalent in recent years. The report places school advertising into four main categories:

- *Product Sales*, including exclusionary contracts to sell soft drinks, foods, or other goods; cash or credit rebate programs that award cash or equipment to schools for store receipts collected by schools; and fundraising activities.

- *Direct Advertising*, including billboards, signs, and product or corporate logo displays; ads in yearbooks, school newspapers, and other school publications; media-based advertising; and free product samples.

- *Indirect Advertising*, including educational materials, teacher training materials, and contests sponsored by corporations.

- *Market Research*, including student questionnaires; Internet polls; and tracking of Internet sites visited by students.

The report notes that local policies regarding advertisements in schools vary significantly around the country and that many, if not most, school systems have no formal guidance to help them decide what level of advertising is appropriate for students. The report also indicates that school profits from advertising comprise a relatively small percentage of school system budgets.

One of the more controversial sources of in-school advertising is Channel One, a daily program provided free-of-charge to participating schools. Each program is 12 minutes long and includes 10 minutes of news and entertainment and 2 minutes of commercials. In exchange for the requirement that students watch the programming each school day during class time, Channel One Network has supplied televisions and other media equipment to schools. Critics suggest that just 20% of the programming contains educational material and that schools in less wealthy areas are more likely to view Channel One because they do not have the resources to obtain media equipment without the network's contributions. However, Channel One Network claims that 98% of its material is news and curricula, and the network boasts more than 200 awards for its programming. Channel One is broadcast to more than 8 million students nationwide every school day.

Local Revenues: Local school system revenues could decrease. However, information on how much local school systems currently receive is not readily available. There are currently no statewide regulations limiting commercialism in schools, and local school systems are not required to set policies. Thus, regulation of commercial advertising could cause local school systems to forego future revenue sources. Existing contracts, however, would not be affected. The amount of future revenues that would be lost cannot be reliably estimated.

Local Expenditures: It is assumed that local boards of education could develop, adopt, and enforce policies with existing resources.

Additional Information

Prior Introductions: A nearly identical bill was introduced in 2002 as SB 679. The bill was not reported out of the Senate Education, Health, and Environmental Affairs Committee. SB 435 of 2001 would have required local boards of education to develop policies to limit commercialism in public schools. The bill received a favorable with amendments report from the Senate Economic and Environmental Affairs Committee but was not approved by the full Senate.

Cross File: None.

Information Source(s): Maryland Association of Boards of Education, Maryland State Department of Education, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2003
mam/hlb

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