

**Department of Legislative Services**  
 Maryland General Assembly  
 2006 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 509

(Delegate Ross, *et al.*)

Ways and Means

Education, Health, and Environmental Affairs

**Education - Character Education Fund**

This bill establishes a Character Education Fund to encourage local boards of education to implement character education programs. The Governor must include \$150,000 in the State budget each year for the fund, of which up to \$50,000 per year may be used for program administration, professional development, and technical assistance for local boards of education. The remaining money must be used to provide matching grants to the three local school systems that have the highest number of student suspensions and have character education programs that have been approved by the Maryland State Department of Education (MSDE).

The bill takes effect July 1, 2006.

**Fiscal Summary**

**State Effect:** General fund expenditures could increase by \$150,000 in FY 2007. Mandated general fund expenditures would increase by \$150,000 annually beginning in FY 2008 to fund annual character education professional development activities and character education grants to local school systems. Revenues would not be affected.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	150,000	150,000	150,000	150,000	150,000
Net Effect	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** Local school system revenues from State aid could increase by approximately \$100,000 annually beginning in FY 2007. Grants would be provided to the three local school systems with approved character education programs and the

highest numbers of student suspensions. To receive the additional State aid, school systems would have to provide a local match for the State funds.

**Small Business Effect:** Minimal.

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## Analysis

**Bill Summary:** To receive a grant from the Character Education Fund, a local board of education must submit a description of a proposed character education program to MSDE. MSDE must adopt criteria for approving character education proposals submitted by local boards and must award grants to the three local school systems with approved programs that have the largest numbers of suspensions. Local school system grants equal the lesser of: (1) the local contribution to the program; or (2) the total amount in the Character Education Fund times the percentage of Maryland public school students in the school system.

MSDE must establish reporting requirements for local school systems that receive character education funds and must report annually on the distribution of character education funds and the impact the grants have on character education in the State. MSDE must host professional development activities on character education best practices annually. The bill states that it is the intent of the General Assembly that MSDE host the first of the activities in fall 2006.

**Current Law:** Local boards of education have the authority to establish character education programs, but State funding is not provided specifically for the implementation of the programs. Each local board of education must adopt regulations designed to create and maintain within the schools under its jurisdiction an atmosphere of order and discipline necessary for effective learning.

**Background:** MSDE advises that it has received \$445,223 in federal funds in fiscal 2006 for the final year of a four-year character education grant. The grant is being used to support and evaluate the effectiveness of three character education programs: one in Anne Arundel County, one in Carroll County, and one that includes schools in five Eastern Shore counties. The current grant is due to expire September 30, 2006, and MSDE advises that it plans to reapply for future grant funds. The proposed fiscal 2007 State budget includes approximately \$210,000 in State funds for MSDE personnel involved in character education initiatives.

A 2004 Character Education fact sheet developed by MSDE notes that all 24 local school systems in Maryland have been incorporating character education into schools and that training and technical assistance in these efforts has been provided across the State. The

fact sheet reports that an independent evaluation of character education programs in five Maryland school systems showed that, in schools that were engaged in character education initiatives for five years, school climates improved and suspension rates dropped by 18%. Finally, the fact sheet states that character education has been shown to be a positive force for reducing disruptive behavior, alcohol and drug abuse, and teen pregnancy.

**State Expenditures:** General fund expenditures could increase by \$150,000 in fiscal 2007 if the Governor includes funding for the Character Education Fund in the State budget. The funds would support program administration, professional development, and technical assistance for local boards of education (\$50,000) and grants to three local school systems implementing character education programs approved by MSDE (\$100,000). Beginning in fiscal 2008, mandated general fund expenditures will increase by \$150,000 annually.

**Local Fiscal Effect:** State aid for public schools could increase by approximately \$100,000 annually beginning in fiscal 2007. Assuming the school systems have character education programs approved by MSDE, the aid will be distributed to the three local systems with the highest numbers of suspended students. In the 2004-2005 school year, the three systems with the most students suspended were Prince George's County (12,767), Baltimore County (11,532), and Baltimore City (9,945). To receive State funds, local school systems would have to provide a local match for character education programs.

Beginning in fiscal 2008, State appropriations to the Character Education Fund would be mandated, so additional State aid would be available to the three school systems that qualify for character education grants each year.

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### **Additional Information**

**Prior Introductions:** None. However, a number of bills encouraging character education or the study of character education programs have been introduced over the last six years. HB 83 of 2004 would have required MSDE to conduct a study of character education programs. The bill received an unfavorable report from the House Committee on Ways and Means. SJ 13 of 2002 would have urged local school systems to develop character education programs in their schools. The resolution passed in the Senate but was not reported out of the House Committee on Ways and Means. Bills to establish mandatory character education programs in all local school systems were introduced in the 2000 and 2001 legislative sessions as SB 737 and SB 754, respectively. Both bills received unfavorable reports from the Senate Economic and Environmental Affairs Committee.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 17, 2006  
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Analysis by: Mark W. Collins

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510