

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE
Revised

House Bill 838
 Ways and Means

(Delegate Ross, *et al.*)

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 \$250,000 in the State budget each year for the fund, of which up to \$25,000 per year may be used for program administration, professional development, and technical assistance to local school systems receiving grants from the fund. The remaining money must be used to provide character education matching grants to the five local boards of education with the highest number of student suspensions during the 2005-2006 school year.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: General fund expenditures could increase by \$250,000 in FY 2008 to support character education programs and grants to five local school systems. Mandated general fund expenditures for the Character Education Fund would increase by \$250,000 annually beginning in FY 2009. Revenues would not be affected.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	250,000	250,000	250,000	250,000	250,000
Net Effect	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)

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 \$225,000 annually beginning in FY 2008. The additional aid would be shared by five systems. To receive the additional State aid, the school systems would have to implement character education programs and provide matching local funds.

Small Business Effect: Minimal.

Analysis

Bill Summary: To be eligible 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 the Maryland State Department of Education (MSDE). MSDE must adopt criteria for approving character education proposals submitted by local boards. If its program is approved, an eligible local school system receives funds equal to the lesser of: (1) its local contribution to the program; or (2) the total amount in the Character Education Fund times the system's share of the student enrollment in the five eligible counties.

MSDE must establish reporting requirements that are aligned with criteria to be established for character education and must report annually on the distribution of character education funds and the impact the grants have on school outcomes.

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 received \$445,223 in federal funds in fiscal 2006 for the final year of a four-year character education grant. The federal government has approved a grant extension until September 30, 2007 for MSDE to complete its planned activities, but future federal funding for the program has not been authorized. 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. MSDE notes that approximately 81% of the schools in Maryland are implementing character education programs tailored to the needs of the individual schools and the local communities. In fiscal 2007, approximately \$164,000 in State general funds support 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.

In the 2005-2006 school year, the five school systems with the most suspensions were Prince George's County (22,548), Baltimore County (20,515), Baltimore City (15,575), Anne Arundel County (13,291), and Montgomery County (9,245). The school systems with the highest percentages of students suspended were Somerset (18.7%), Kent (16.0%), Dorchester (15.4%), Wicomico (13.8%), and Charles (13.3%) counties.

State Expenditures: General fund expenditures could increase by \$250,000 in fiscal 2008 assuming money is appropriated to the Character Education Fund. The funds would support program administration, professional development, and technical assistance (\$25,000), and grants for up to five local school systems implementing character education programs approved by MSDE (\$225,000). Beginning in fiscal 2009, mandated general fund expenditures would increase by \$250,000 annually and would continue to support character education programs.

Local Fiscal Effect: As the five local school systems with the highest numbers of suspensions during the 2005-2006 school year, Baltimore City and Anne Arundel, Baltimore, Montgomery, and Prince George's counties would be eligible for character education grants beginning in fiscal 2008. State aid for the public school systems could increase by approximately \$225,000 annually and would be distributed according to the relative share of student enrollment in the systems. **Exhibit 1** estimates the additional aid that the school systems would receive in fiscal 2008 if funding is provided in the State budget and all five school systems apply and qualify for a total of \$225,000 in State aid. To receive State funds, local school systems would have to provide a local match for character education programs.

Exhibit 1
Estimated Fiscal 2008 Distribution of Character Education Funding

Anne Arundel County	\$30,991
Baltimore City	36,149
Baltimore County	44,329
Montgomery County	58,480
Prince George's County	<u>55,051</u>
Total	\$225,000

Beginning in fiscal 2009, State appropriations to the Character Education Fund would be mandated, so additional State aid would be available to the five eligible school systems if they qualify for character education grants. The local school system grants would change each year depending on the amount of money in the fund, the number of qualifying school systems, and local student enrollments.

Additional Information

Prior Introductions: HB 509 of 2006, a similar bill, passed the House but received an unfavorable report from the Senate Education, Health, and Environmental Affairs Committee.

Cross File: None.

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

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