

Department of Legislative Services
Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 893
Ways and Means

(Delegate Ross, *et al.*)

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 2006-2007 school year.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: General fund expenditures could increase by \$250,000 annually beginning in FY 2009 to support character education programs in five local school systems. **This bill establishes a mandated appropriation beginning in FY 2010.** Revenues would not be affected.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
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 2009. The additional aid would be shared by five systems: Baltimore City and Anne Arundel, Baltimore, Charles, and

Prince George's counties. 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. 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 adopt criteria for approving character education proposals submitted by local boards, as well as reporting requirements that are aligned with the criteria. In addition, MSDE must report annually on the distribution of character education funds and the impact the grants have on school outcomes.

Current Law: 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. 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.

Background: MSDE advises that it received \$445,223 in federal funds in fiscal 2006 for character education. The grant ended September 30, 2007, and MSDE is not anticipating any additional federal funds for character education programs. The grant was 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 2008, approximately \$164,000 in State general funds support MSDE personnel involved in character education initiatives.

A July 2007 *Character Matters!* Newsletter from MSDE described four common elements of effective systemic character education initiatives.

- Character education must be a vital part of the school system's master plan.

- Character education must be intertwined with Positive Behavioral Interventions and Supports, a method used in many schools throughout the State that focuses on a school's ability to teach and support positive behaviors.
- Central office staff must be committed to character education initiatives.
- The community must be involved in character education programs.

In the 2006-2007 school year, the five school systems with the most suspensions were Prince George's County (25,330), Baltimore County (23,326), Baltimore City (18,178 including 671 from the Edison Schools), Anne Arundel County (16,129), and Charles County (13,485). The school systems with the highest percentages of students suspended were Somerset (26.5%), Wicomico (20.1%), Charles (18.8%), Dorchester (18.8%), and Caroline (18.4%) counties.

State Expenditures: General fund expenditures could increase by \$250,000 in fiscal 2009 assuming money is appropriated to the Character Education Fund. The funds would support program administration, professional development, and technical assistance (\$25,000), as well as grants for up to five local school systems implementing character education programs approved by MSDE (\$225,000). Beginning in fiscal 2010, 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 2006-2007 school year, Baltimore City and Anne Arundel, Baltimore, Charles, and Prince George's counties would be eligible for character education grants beginning in fiscal 2009. 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 2009 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 2009 Distribution of Character Education Funding

Anne Arundel County	\$40,560
Baltimore City	43,754
Baltimore County	56,655
Charles County	14,638
Prince George's County	<u>69,393</u>
Total	\$225,000

Beginning in fiscal 2010, 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 local match provided by the five eligible school systems, and local student enrollments.

Additional Information

Prior Introductions: HB 838 of 2007 was identical as amended by the House Committee on Ways and Means and passed by the House. The Senate Education, Health, and Environmental Affairs Committee held a hearing on the bill but took no further action. HB 509 of 2006, a similar bill, passed the House but received an unfavorable report from Education, Health, and Environmental Affairs.

Cross File: None.

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

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