

Department of Legislative Services
Department of Legislative Services
 Maryland General Assembly
 2010 Session

FISCAL AND POLICY NOTE

House Bill 415 (Delegates Barnes and Ross)
 Ways and Means

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 \$100,000 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 2008-2009 school year.

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: General fund expenditures may increase by \$100,000 annually to capitalize the new special fund beginning in FY 2011 to support character education programs in five local school systems. Special fund revenues and expenditures increase correspondingly. **This bill establishes a mandated appropriation beginning in FY 2012.**

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
SF Revenue	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
GF Expenditure	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SF Expenditure	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Net Effect	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)

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

Local Effect: Local school system revenues from State aid may increase by approximately \$75,000 annually beginning in FY 2011. The additional aid would be

shared by five systems: Baltimore City and Anne Arundel, Baltimore, Prince George's, and Wicomico 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 (MSDE). 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 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.

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 2008-2009 school year, the five school systems with the most suspensions were Baltimore County (22,749), Prince George's County (19,535), Anne Arundel County (13,945), Baltimore City (11,961), and Wicomico County (9,830). The school systems with the highest percentages of students suspended were Somerset (23.5%), Charles (21.5%), Wicomico (20.1%), Cecil (20.0%), and Calvert (16.3%) counties.

State Expenditures: General fund expenditures may increase by \$100,000 in fiscal 2011 assuming money is appropriated to capitalize the Character Education Fund. The special funds would then 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 (\$75,000). Beginning in fiscal 2012, mandated general fund expenditures would increase by \$100,000 annually to continue to support character education programs.

Local Fiscal Effect: As the five local school systems with the highest numbers of suspensions during the 2008-2009 school year, Baltimore City and Anne Arundel, Baltimore, Prince George's, and Wicomico counties would be eligible for character education grants beginning in fiscal 2011. State aid for the public school systems may increase by approximately \$75,000 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 2011 if funding is provided in the State budget and all five school systems apply and qualify for a total of \$75,000 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 2011 Distribution of Character Education Funding

Anne Arundel	\$14,293
Baltimore City	14,823
Baltimore	19,508
Prince George's	23,625
Wicomico	<u>2,750</u>
Total	\$ 75,000

Beginning in fiscal 2012, State appropriations to the Character Education Fund will 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. However, as the bill specifies that the awards each year must be based on 2008-2009 suspensions, the school systems eligible for awards do not change in future years.

Additional Information

Prior Introductions: A similar bill, HB 893 of 2008, received a hearing in the House Ways and Means Committee; however, no further action was taken on the bill.

HB 838 of 2007 was amended in the House and had a hearing in the Senate Education, Health, and Environmental Affairs Committee, where no further action was taken. Likewise, HB 509 of 2006 was amended in 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; Allegany, Talbot, and Harford counties; Maryland Department of Legislative Services

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mlm/mwc

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