

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 948 (Delegate Washington)
 Ways and Means

Education - Advanced Placement Examination Fees - State Payment

This bill requires local boards of education to pay the examination fee for each Advanced Placement (AP) examination taken by a public school student in the county, beginning in the 2019-2020 school year. The Maryland State Board of Education must reimburse each local board for the amount the board paid in AP examination fees during the immediately preceding fiscal year. Beginning in fiscal 2021, the Governor must provide in the annual State budget an appropriation in an amount sufficient to cover the reimbursement payments. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: General fund expenditures increase by \$10.8 million in FY 2021, increasing to \$11.0 million by FY 2024, to cover local board reimbursements for AP exam fee payments. **The bill establishes a mandated appropriation beginning in FY 2021.**

(\$ in millions)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	10.77	10.84	10.91	10.98
Net Effect	\$0.00	(\$10.77)	(\$10.84)	(\$10.91)	(\$10.98)

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

Local Effect: Local school board expenditures increase by approximately \$10.8 million statewide beginning in FY 2020, mostly offset by State reimbursement of the same amount in the following fiscal year. Local school board revenues decrease by approximately \$1.0 million statewide beginning in FY 2020; however, approximately \$430,000 in federal funds are available for other allowable uses. **The bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law/Background: Achieving a passing score on AP assessments is one option for meeting the graduation assessment requirements for attaining a high school diploma. Opportunities for AP courses is one indicator that may be used to determine school quality, within the required program of education accountability for the operation and management of the public schools in Maryland.

From 1998 to 2016, the federal government provided states with dedicated funding to offset the cost of AP Exams for low-income students under a Title I program called the AP Test Fee Program. Beginning with the 2017 AP Exams, the Every Student Succeeds Act eliminated this program and consolidated AP funding with 40 other educational programs under a new Title IV, Part A block grant. According to the College Board, the vast majority (95%) of this new Title IV, Part A funding goes to districts, which can use it to subsidize their low-income students' AP Exam fees. Low-income means a family income at or below 185% of the poverty level; the same threshold for free and reduced-price meal eligibility. States can reserve up to 5% of the funds and use them for the same purpose. Thirteen school systems in Maryland are using a total of \$440,000 in Title IV, A funding to cover AP exam costs in fiscal 2019.

The current fee for an AP test is \$94, as set by the College Board. The student pays \$94, local school systems pay the College Board \$85, thus providing a \$9 rebate per exam to the local school system. However, the College Board offers a \$32 reduction to the fee for low-income students at a cost to local school systems of \$53 per exam; local school systems are expected to forgo the \$9 rebate for these exams.

For the capstone AP exam, which is taken by relatively few students, the fee is now set at \$142 by the College Board, netting to \$133 after a \$9 rebate. A reduction of \$32 is applied for low-income students, resulting in a charge of \$101. According to the Maryland State Department of Education, in 2018 127,155 AP exams were taken in Maryland. Of these, approximately 19,000 were taken by low-income students.

State Expenditures: General fund expenditures increase by \$10.8 million in fiscal 2021, increasing to \$11.0 million by fiscal 2024, to cover reimbursements to local boards of education for AP exam fee payments. This estimate assumes stability in College Board AP exam fees and that the State does not cover the rebate portion of AP fees. It also assumes public school enrollment growth; the same ratio of low-income to non-low-income students taking the AP exam; and 5% growth in the number of students who take the exam because the cost of the exam is covered (by the local board initially, and ultimately by the State).

Local Fiscal Effect: Under the bill and the assumptions stated above, local school board expenditures increase statewide by approximately \$10.8 million beginning in fiscal 2020

to cover student AP exam fees. Beginning in fiscal 2021, local boards will be reimbursed by the State for the amount that the local boards covered in the prior year. Thus, local boards are made whole by the State reimbursement the following year. However, because of the one-year delay in reimbursements, and assuming AP exam fee costs increase over time, local boards will be required to offset a relatively modest shortfall each fiscal year.

It is assumed that the local boards are *no longer* able to charge students the rebate portion of the fee that the College Board allows them to charge to students and retain. As a result local school system revenues decrease by approximately \$1.0 million annually statewide beginning in fiscal 2020, which is the equivalent of \$9 per AP exam for non-low-income students. However, this estimate also assumes that the federal funds received by local boards of education through Title IV, that are presently used to cover AP exam costs for low-income students, may be repurposed to other priorities by local boards.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Anne Arundel County Public Schools; Baltimore City Public Schools; Frederick County Public Schools; Montgomery County Public Schools; College Board; Department of Budget and Management; Maryland State Department of Education; Department of Legislative Services

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