

**Department of Legislative Services**  
 Maryland General Assembly  
 2003 Session

**FISCAL AND POLICY NOTE**

Senate Bill 60 (Senator Della)  
 Education, Health, and Environmental Affairs

**Baltimore City - Education - Public Schools - Compulsory Attendance**

This bill increases the compulsory school attendance age for a Baltimore City student from 15 to 17, unless: (1) the student’s parent or guardian provides written permission to the Baltimore City school system excusing the student from school; or (2) the child is otherwise receiving regular, thorough instruction. A Baltimore City resident under the age of 18 who has earned a high school diploma is not required to attend school. The parent or guardian of a 16 or 17 year old Baltimore City student who fails to see that the student attends school regularly is guilty of a misdemeanor.

**Fiscal Summary**

**State Effect:** General fund expenditures would increase by an estimated \$1.8 million in FY 2005 due to an increase in student enrollment in Baltimore City. Future year expenditure increases reflect the phase in of higher per pupil funding amounts provided under existing State aid formulas. Revenues would not be affected.

(\$ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	1.8	5.8	7.4	9.1
Net Effect	\$0	(\$1.8)	(\$5.8)	(\$7.4)	(\$9.1)

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

**Local Effect:** State education aid for Baltimore City would increase by an estimated \$5.7 million in FY 2005, and aid for other local school systems would decrease by an estimated \$3.9 million. The minimum required Baltimore City school appropriation under the local maintenance of effort requirement would increase by approximately \$2.2 million in FY 2004.

**Small Business Effect:** None.

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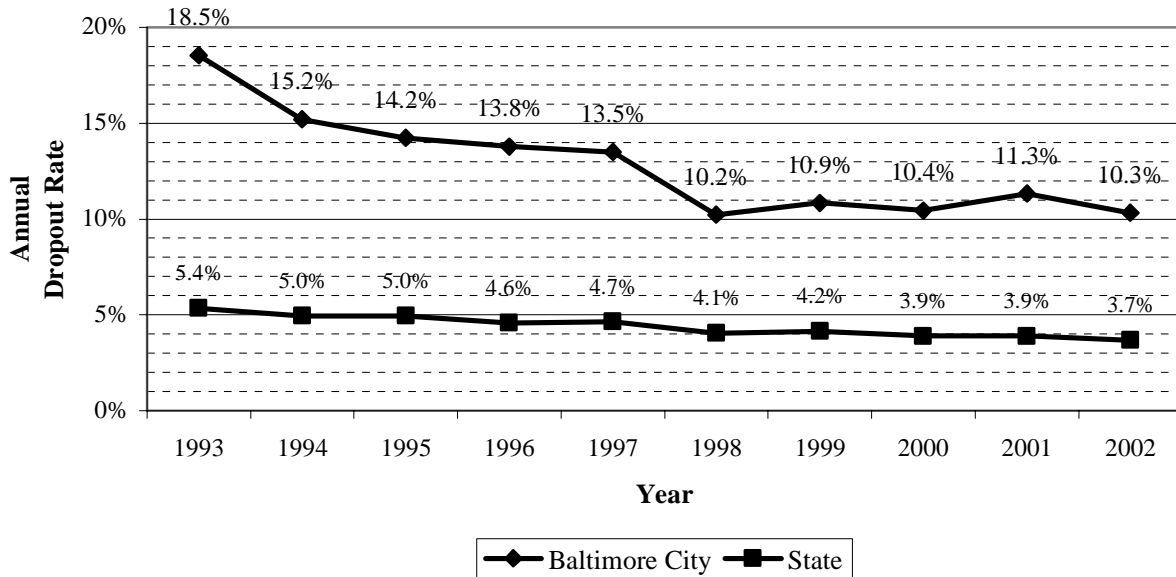
## **Analysis**

**Current Law:** Students under the age of 16 must attend a public school regularly during the entire school year unless the student receives regular, thorough instruction at an alternative setting (private or home schools). A student's parent or legal guardian must ensure that the student attends school on a regular basis. Failure to comply with this requirement can result in a misdemeanor conviction. For a first conviction, a parent or guardian can be subject to a fine of \$50 per day of unlawful absence or imprisonment not to exceed ten days, or both. On a second or subsequent conviction, the individual can be subject to a fine of \$100 per day of unlawful absence or imprisonment not to exceed 30 days, or both.

**Background:** The Maryland State Department of Education (MSDE) reports a dropout rate for Baltimore City during the 2001-2002 school year of 10.3%, the highest rate in the State and more than twice the statewide average of 3.7%. During the 2001-2002 school year, approximately 3,000 Baltimore City students dropped out of high school. The annual dropout rate for the city is down significantly from ten years ago, when 18.5% of Baltimore City high school students dropped out of school. The dropout rate, however, has been relatively stable over the last five years. Reported annual dropout rates for Baltimore City and the State are charted in **Exhibit 1**. The overall dropout rate in Baltimore City is much higher than the annual rate reported by MSDE. The Baltimore City Public School System reports that 55% of city students do not complete high school.

Each local school system has policies and procedures relating to school absenteeism and dropouts. In Baltimore City, a series of contacts is attempted to the parents of students who are habitually absent from school. If a student has five unexcused absences in one month, a conference with the student's parent is requested and the student may be referred for supplemental support services. If a student has nine or more absences in a quarter, a letter is sent to the student's parent. After two consecutive months of five or more unexcused absences or a total of 15 unexcused absences in a semester, the attendance manager must set up an informal hearing with the school administrator. If all interventions are exhausted to no avail, the case can be referred for further follow-up or dropped if the child is 16 or older. If a student drops out, the school system provides information on how the student can get into a general education development (GED) program or evening classes.

**Exhibit 1**  
**Annual Dropout Rates for Baltimore City and the State**  
**1993-2002**



Source: Maryland State Department of Education

Lack of interest and academics were the reasons most often cited by Baltimore City students for dropping out of school. School officials did not know the whereabouts of approximately one-third of the students who dropped out, and therefore did not record the reasons they dropped out.

**State Expenditures:** General fund expenditures would increase by an estimated \$1.8 million in fiscal 2005 due to an increase in enrollment in Baltimore City in the 2003-2004 school year. The increase would escalate annually to an estimated \$9.1 million by fiscal 2008. The assumptions used to calculate this estimate are described below.

- A portion of the approximately 3,000 Baltimore City students who drop out each year would obtain written parental permission and would drop out of school even with an older age of compulsory attendance. These students would not be included in the annual enrollment counts used to calculate State aid.
- Some 16 and 17 year old students who have poor attendance records but have not been officially identified as dropouts would acquire parental permission to drop out rather than subjecting their parents to possible legal action for frequent absenteeism. This would subtract from the annual enrollment counts.

- Raising the compulsory age of school attendance would, however, increase the student enrollment in Baltimore City. In total, the annual enrollment increase is estimated at 1,000 students and would begin in the 2003-2004 school year. State aid to education is based on enrollment during the preceding school year; therefore, State aid would increase beginning in fiscal 2005.
- The estimated 1,000 students affected by the legislation would have characteristics similar to the Baltimore City school system student population. Approximately 670 to 680 of the students would be eligible for free and reduced price meals, and approximately 165 students would have special education needs. Therefore, State aid provided through the foundation program and the special needs formulas would increase with the increased enrollment.

The fiscal impact on the State includes the estimated effect on direct State aid grants to local school boards as well as teachers' retirement costs that are paid by the State on behalf of local school boards. Retirement payments are calculated from salary bases in the second prior fiscal year. Assuming a portion of the increased direct aid in fiscal 2005 will pay for teachers' salaries, State paid retirement costs would increase beginning in fiscal 2007. The estimated impacts on direct aid to counties and on teachers' retirement payments are shown in **Exhibit 2**.

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**Exhibit 2**  
**Estimated Impact of Senate Bill 60**  
**Fiscal 2005 to 2008**  
**(\$ in Millions)**

	<u><b>FY 2005</b></u>	<u><b>FY 2006</b></u>	<u><b>FY 2007</b></u>	<u><b>FY 2008</b></u>
<i>Direct Aid</i>				
SB 60	\$3,304.8	\$3,650.1	\$4,020.5	\$4,459.1
Current Law	3,302.9	3,644.4	4,013.2	4,450.3
<b>Increase Subtotal</b>	<b>\$1.8</b>	<b>\$5.8</b>	<b>\$7.3</b>	<b>\$8.8</b>
<i>Retirement Payments</i>				
SB 60	\$405.5	\$425.1	\$452.0	\$480.0
Current Law	405.5	425.1	451.9	479.7
<b>Increase Subtotal</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.1</b>	<b>\$0.3</b>
<b>Total Increase</b>	<b>\$1.8</b>	<b>\$5.8</b>	<b>\$7.4</b>	<b>\$9.1</b>

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**Local Revenues:** Because State aid is wealth equalized based on local wealth per pupil, a change in Baltimore City's enrollment would affect State aid to most local school systems. The increased student enrollment in Baltimore City would reduce the city's local wealth per pupil. This alters the allocation of State aid for the other local school systems by making Baltimore City relatively less affluent than the other local school systems. Fiscal 2005 school revenues from State aid would increase by \$5.7 million in Baltimore City and decrease by a total of \$3.9 million in other jurisdictions to produce a net increase in local school revenues of \$1.8 million. The impact of the legislation would increase in future years as higher per pupil amounts are funded through the State aid formulas. The estimated county-by-county fiscal 2005 to 2008 impact of the bill is shown in **Exhibit 3**. The fiscal impact shown in the exhibit includes direct aid to local school systems, which makes up the majority of the effect, as well as teachers' retirement payments for the school system.

**Local Expenditures:** In order to receive State aid increases under the foundation formula, local jurisdictions are required to provide at least as much funding per pupil as was provided in the previous fiscal year (the maintenance of effort requirement). In fiscal 2003, Baltimore City is contributing approximately \$2,165 per pupil in the public school system. If, as a result of this bill, 1,000 additional students attend Baltimore City public schools in the 2003-2004 school year, the required minimum amount of local funding from Baltimore City would increase by \$2.2 million in fiscal 2004.

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### **Additional Information**

**Prior Introductions:** SB 452 of 2002 would have raised the age of compulsory school attendance for students in all local school systems but would not have exempted students who obtained parental permission. The bill received an unfavorable report from the Senate Education, Health, and Environmental Affairs Committee. SB 194 of 2000 would have raised the age of compulsory school attendance for students in all local school systems, unless their parents or guardians provided written permission to drop out. The bill received an unfavorable report from the Senate Economic and Environmental Affairs Committee. A similar bill was also introduced in 1996 as HB 303 and received an unfavorable report from the House Ways and Means Committee.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 18, 2003  
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**Exhibit 3**  
**Estimated Change in State Education Aid Under SB 60**  
**Fiscal 2005 to 2008**  
**(\$ in Thousands)**

<u>County</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Allegany	(\$85)	(\$103)	(\$134)	(\$160)
Anne Arundel	(302)	(330)	(340)	(366)
<i>Baltimore City</i>	<i>5,749</i>	<i>10,151</i>	<i>12,141</i>	<i>14,321</i>
Baltimore	(577)	(654)	(488)	(529)
Calvert	(71)	(76)	(96)	(113)
Caroline	(42)	(51)	(64)	(76)
Carroll	(107)	(121)	(146)	(170)
Cecil	(86)	(110)	(143)	(170)
Charles	(115)	(134)	(166)	(191)
Dorchester	(35)	(42)	(50)	(62)
Frederick	(156)	(178)	(217)	(251)
Garrett	(31)	(36)	(43)	(49)
Harford	(180)	(203)	(253)	(288)
Howard	(210)	(202)	(214)	(233)
Kent	(10)	(11)	(11)	(12)
Montgomery	(643)	(666)	(736)	(765)
Prince George's	(919)	(1,034)	(1,158)	(1,156)
Queen Anne's	(34)	(38)	(34)	(31)
St. Mary's	(74)	(86)	(103)	(122)
Somerset	(31)	(38)	(46)	(61)
Talbot	0	0	0	0
Washington	(110)	(126)	(157)	(182)
Wicomico	(104)	(134)	(173)	(219)
Worcester	0	4	2	3
<b>Total</b>	<b>\$1,827</b>	<b>\$5,783</b>	<b>\$7,372</b>	<b>\$9,118</b>

Note: These estimates assume that the Bridge to Excellence in Public Schools Act of 2002 (SB 856) is fully-funded by fiscal 2008.

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