

**Department of Legislative Services**  
 Maryland General Assembly  
 2006 Session

**FISCAL AND POLICY NOTE**

House Bill 74 (Delegate Pugh)  
 Ways and Means

**Education - Compulsory Attendance - Age**

This bill increases the age of compulsory school attendance from 15 to 17. A student under 18 who has earned a high school certificate or diploma is not required to attend school.

**Fiscal Summary**

**State Effect:** General fund expenditures would increase by an estimated \$98.6 million in FY 2008 due to increased public school enrollments. Future year expenditure estimates reflect inflation and shifting enrollment patterns. Revenues would not be affected.

(\$ in millions)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	98.6	100.3	102.4	104.1
Net Effect	\$0	(\$98.6)	(\$100.3)	(\$102.4)	(\$104.1)

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

**Local Effect:** Total State aid to local school systems would increase by an estimated \$98.6 million in FY 2008; however, Carroll, Frederick, Howard, and Montgomery counties could realize a reduction in State funding. Minimum required local appropriations to school systems under the maintenance of effort provision would increase by approximately \$75.7 million in FY 2008.

**Small Business Effect:** Minimal.

**Analysis**

**Current Law:** A child who is 5 to 15 years of age must attend public school regularly unless the child is otherwise receiving regular, thorough instruction at an alternative

setting (*i.e.*, a private or home school). An individual who has legal custody of a child aged 5 to 15 and fails to see that the child attends school is guilty of a misdemeanor.

**Background:** According to data from the Maryland State Department of Education (MSDE), there were 11,064 students who dropped out of school during the 2004-2005 school year. Dropout rates averaged 3.7% statewide and ranged from less than 1% in Frederick County to 11.7% in Baltimore City. These dropout rates are annual percentages and do not reflect the full number of students who drop out prior to graduating from high school. In 2005, 85% of Maryland public school students graduated within four years of starting high school. Graduation rates for local school systems ranged from 59% in Baltimore City to 95% in Frederick County. Only Baltimore City and Dorchester, Kent, and Wicomico counties had graduation rates below 80%. Graduation rates and the number of students who dropped out last school year are shown for each school system in **Exhibit 1**.

---

**Exhibit 1**  
**Graduation Rates and Numbers of High School Dropouts**  
**2004-2005 School Year**

<u>County</u>	<u>2005 Graduation Percent</u>	<u>2004-05 Dropouts</u>	<u>County</u>	<u>2005 Graduation Percent</u>	<u>2004-05 Dropouts</u>
Allegany	87.6	93	Harford	89.0	420
Anne Arundel	83.0	629	Howard	93.8	243
Baltimore City	59.0	3,356	Kent	76.6	49
Baltimore	84.8	1,662	Montgomery	91.4	919
Calvert	90.0	138	Prince George's	86.8	1,819
Caroline	80.2	43	Queen Anne's	87.7	85
Carroll	93.8	128	St. Mary's	87.0	163
Cecil	83.4	240	Somerset	81.8	51
Charles	84.7	330	Talbot	91.1	19
Dorchester	78.3	107	Washington	91.3	177
Frederick	95.0	115	Wicomico	78.6	180
Garrett	85.3	39	Worcester	88.7	59

Source: Maryland Report Card, Maryland State Department of Education

---

In most cases, local school systems require verbal or written parental permission for a child under the age of 18 to drop out of school. More than half of the students who dropped out, 55%, cited lack of interest as the reason, and another 15% said they were dropping out because of academics. School officials did not know the whereabouts of 19% of the students who dropped out and therefore did not record the reasons that these students decided to leave school.

**State Expenditures:** General fund expenditures will increase by an estimated \$98.6 million in fiscal 2008 due to an increase in public school enrollment in the 2006-2007 school year. Increases of over \$100 million annually will be incurred beginning in fiscal 2009. The assumptions used to calculate this estimate are described below.

- Despite the bill's October 1, 2006 effective date, it is assumed that enrollment at the start of the 2006-2007 school year will be affected by the bill.
- Approximately 11,064 students who would have dropped out in the 2006-2007 school year will instead stay in school and be included in the enrollment counts used to calculate fiscal 2008 State aid. In addition, approximately half of the students who dropped out during the 2005-2006 school year will be required to return to school. In total, approximately 16,588 additional students will be included in the fall 2006 enrollment counts used to calculate fiscal 2008 aid.
- Roughly the same number of additional students will be included in the enrollment counts in each subsequent year.
- The number of students in at-risk categories (students eligible for free and reduced price meals, students with disabilities, and students with limited English proficiency) will increase in accordance with the overall increase in enrollment.

The projected fiscal 2008 to 2011 increases in direct State education aid are shown by program in **Exhibit 2**.

---

**Exhibit 2**  
**Increases in State Education Aid Programs**  
**Fiscal 2008 to 2011**

<u>State Aid Program</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Foundation Program	\$54.9	\$55.6	\$56.3	\$57.1
Regional Cost Adjustments	2.2	2.6	3.0	3.0
Compensatory Education	26.7	27.2	27.6	28.0
Special Education Formula	6.9	7.0	7.1	7.1
Limited English Proficiency	2.6	2.9	3.1	3.4
Guaranteed Tax Base	1.5	1.4	1.5	1.6
Student Transportation	<u>3.7</u>	<u>3.7</u>	<u>3.8</u>	<u>3.9</u>
<b>Total GF Exp Increase</b>	<b>\$98.6</b>	<b>\$100.3</b>	<b>\$102.4</b>	<b>\$104.1</b>

---

Depending on the available capacity of high schools in each county, additional school construction funding might also be needed to ensure that school facilities have sufficient space to house the added students.

**Local Revenues:** State aid to local school systems will increase beginning in fiscal 2008. However, because dropout rates vary among local school systems, the increased aid is not shared equally by all local school systems. The fiscal 2008 to 2011 estimated effect on direct State education funding for each local school system is shown in **Exhibit 3**. As seen in the exhibit, four local school systems with relatively low dropout rates (Carroll, Frederick, Howard, and Montgomery counties) could receive less State aid than they are expected to receive if 16-year old and 17-year old students are required to attend school. This is due to the higher dropout rates in some of the less wealthy areas of the State and the wealth equalization factor in State aid formulas, which measures wealth on a per pupil basis.

**Local Expenditures:** Local school system expenditures could increase as a result of adding students to local enrollments. In fiscal 2006, local school systems have budgeted an average of \$5,517 per pupil in local education spending. If this cost is applied to 16,588 additional students in fiscal 2007, local expenditures will increase by \$91.5 million. However, the actual magnitude of the increase will depend on the ability of each local school system to accommodate additional students with available resources.

One school function that will require additional resources in most school systems is the tracking of truant students. Systems use pupil personnel workers to monitor truancy. If students who would drop out without this legislation are required to attend schools, it is

assumed that there will be more truancy problems and that more pupil personnel workers will be needed. In October 2004, the average salary for a pupil personnel worker was approximately \$70,000. The number of additional pupil personnel workers that will be needed cannot be reliably estimated.

Local jurisdictions are required to provide local school systems with at least as much funding per pupil as was provided in the previous fiscal year in order to receive State aid increases under the foundation formula. Due to the increases in enrollment that would occur if students 16 and 17 years of age were required to attend school, local governments will be forced to increase funding for local school systems to comply with the maintenance of effort (MOE) requirement. In total, mandated local funding for school systems will increase by an estimated \$75.7 million. The fiscal 2008 MOE calculation will be the first affected by the higher enrollment count. The estimated impact on each local jurisdiction in fiscal 2008 is shown in **Exhibit 4**.

Local governments typically provide funding for public schools above the MOE requirement, and therefore the increases shown in Exhibit 4 will be offset by the funding increases that local governments will provide even without the bill. To illustrate this point, fiscal 2005 increases above MOE are also shown in the exhibit. In 16 school systems, the MOE increases exceed the estimated increases required by this bill.

---

### **Additional Information**

**Prior Introductions:** Similar bills were introduced in 1996, 2000, and each of the last four years. None of the bills have received favorable committee reports.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 12, 2006  
mll/rhh

---

Analysis by: Mark W. Collins

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510

**Exhibit 3**  
**Projected Changes in Direct Education Aid**  
**Fiscal 2008 to 2011**  
**(\$ in thousands)**

<u>County</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Allegany	\$232	\$244	\$234	\$250
Anne Arundel	1,309	1,345	1,423	1,501
Baltimore City	63,776	64,061	64,603	64,698
Baltimore	12,835	13,191	13,562	14,003
Calvert	325	346	367	393
Caroline	5	7	5	12
Carroll	(623)	(622)	(625)	(624)
Cecil	1,857	1,944	2,007	2,089
Charles	2,075	2,183	2,264	2,377
Dorchester	1,200	1,210	1,178	1,260
Frederick	(1,739)	(1,767)	(1,792)	(1,823)
Garrett	96	155	144	133
Harford	2,034	2,053	2,106	2,135
Howard	(972)	(971)	(980)	(1,007)
Kent	390	377	366	352
Montgomery	(2,413)	(2,280)	(2,134)	(1,970)
Prince George's	14,995	15,594	16,250	16,789
Queen Anne's	378	384	407	416
St. Mary's	690	678	737	744
Somerset	559	574	586	614
Talbot	61	59	59	66
Washington	116	113	116	110
Wicomico	1,186	1,232	1,284	1,350
Worcester	<u>206</u>	<u>207</u>	<u>210</u>	<u>214</u>
<b>Total</b>	<b>\$98,576</b>	<b>\$100,318</b>	<b>\$102,378</b>	<b>\$104,082</b>

Note: Estimates assume the geographic cost of education index is funded from fiscal 2008 to 2011.

**Exhibit 4**  
**Estimated Maintenance of Effort Increases**  
**Fiscal 2008**

<u>County</u>	<u>Additional Students</u>	<u>Est. FY 2006 Per Pupil Local Funding</u>	(\$ in Thousands)	
			<u>Required Increase</u>	<u>FY 2005 Increase Over MOE</u>
Allegany	139	\$2,859	\$397	\$149
Anne Arundel	943	6,215	5,861	22,742
Baltimore City	5,034	2,465	12,409	4,000
Baltimore	2,493	5,724	14,270	5,289
Calvert	207	5,010	1,037	2,540
Caroline	64	2,124	136	280
Carroll	192	4,725	907	1,494
Cecil	360	3,881	1,397	969
Charles	495	4,379	2,168	2,954
Dorchester	160	3,466	555	0
Frederick	172	4,858	836	5,073
Garrett	58	4,110	238	923
Harford	630	4,462	2,811	4,835
Howard	364	7,588	2,762	13,307
Kent	73	6,180	451	779
Montgomery	1,378	9,335	12,864	75,743
Prince George's	2,728	4,378	11,943	5,932
Queen Anne's	127	5,115	650	1,237
St. Mary's	244	3,937	961	1,154
Somerset	76	3,097	235	0
Talbot	28	6,497	182	499
Washington	265	3,959	1,049	2,308
Wicomico	270	3,253	878	0
Worcester	88	8,415	741	3,810
<b>Total</b>	<b>16,588</b>		<b>\$75,737</b>	<b>\$156,016</b>