

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 1115 (Delegate Stukes, *et al.*)
 Ways and Means

Education - Unexcused Student Absence - Repayment of State Costs

This bill requires the parent or guardian of a student who is unlawfully absent from school to repay the Maryland State Department of Education (MSDE) the per diem per pupil amount of the State share of the foundation program for each day the student is absent. MSDE must transfer the funds it collects from students' parents and guardians to the Comptroller for deposit in the State general fund.

Fiscal Summary

State Effect: General fund revenues would increase by an estimated \$10.8 million or more in FY 2008 due to the repayment of State funds provided for education. General fund expenditures would increase by an estimated \$1.4 million in FY 2008 and by \$6.0 million in FY 2009 to manage the collection of funds from truant students' parents and guardians. Future year revenue estimates reflect inflation and enrollment changes but could be higher; future year expenditure estimates reflect regular salary increases and inflation.

(\$ in millions)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
GF Revenue	\$10.8	\$11.1	\$11.3	\$11.4	\$11.7
GF Expenditure	1.4	6.0	6.3	6.6	6.9
Net Effect	\$9.4	\$5.1	\$5.0	\$4.8	\$4.7

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

Local Effect: Local school administrative costs could increase minimally to provide MSDE with the names of all truant students and to provide contact information for students' parents and guardians.

Small Business Effect: Minimal.

Analysis

Current Law: A child 5 to 15 years old 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.

By regulation, a student is considered lawfully absent from school for a death in the immediate family; illness; a court summons; hazardous weather conditions; approved work; observance of a religious holiday; a State emergency; suspension; lack of authorized transportation; or another emergency or set of circumstances that is determined to be a good and sufficient cause for absence. An absence for any other reason, including absence for any portion of the day, is considered unlawful. Local school systems may add criteria for unlawful absences.

Background: The average daily attendance percentage at public schools in Maryland was 93.7% in the 2005-2006 school year, meaning about 1 of every 16 students was absent on an average school day. Rates for individual school systems range from a low of 89.3% in Baltimore City to a high of 95.8% in Washington County. These rates, however, do not indicate the number of students who were unlawfully absent from school.

In addition to tracking average daily attendance, local school systems also keep records on habitually truant students and forward the data to MSDE for compilation and reporting. A student must be unlawfully absent for more than 20% of the school days within any marking period, semester, or year during the last school year to be labeled a habitual truant. Habitual truancy rates for 13 of the 24 school systems were less than 1%; in Baltimore City 10.6% of students were habitually truant. **Exhibit 1** shows the average daily attendance percentage and the percent of students who were habitually truant for each local school system in the 2005-2006 school year.

Exhibit 1
Average Daily Attendance Percentages and Percent of Students Habitually Truant
2005-2006 School Year

<u>School System</u>	<u>Average Daily Attendance</u>	<u>Habitually Truant</u>
Allegany	94.2%	1.0%
Anne Arundel	93.9%	1.4%
Baltimore City	89.3%	10.6%
Baltimore	94.2%	1.3%
Calvert	94.6%	0.4%
Caroline	94.4%	0.9%
Carroll	95.0%	0.4%
Cecil	92.9%	0.7%
Charles	93.9%	0.6%
Dorchester	92.0%	1.2%
Frederick	94.2%	0.8%
Garrett	95.1%	0.1%
Harford	93.8%	0.8%
Howard	95.2%	0.4%
Kent	92.5%	3.9%
Montgomery	95.1%	0.8%
Prince George's	93.2%	4.4%
Queen Anne's	93.3%	1.0%
St. Mary's	93.2%	1.2%
Somerset	92.7%	2.4%
Talbot	95.0%	0.2%
Washington	95.8%	0.4%
Wicomico	92.9%	2.0%
Worcester	<u>93.9%</u>	<u>0.7%</u>
Total	93.7%	2.4%

Source: Maryland State Department of Education

State Revenues: Including only payments from the parents and guardians of habitual truants, general fund revenues could increase by an estimated \$10.8 million in fiscal 2008. This estimate was calculated using the following information and assumptions and is shown in detail in **Exhibit 2**.

- The fiscal 2008 per pupil foundation amount is \$6,694; however, the State only pays a share of this amount, with the local governments paying the remaining amount. Because of the wealth equalization factor, the State's share of the per pupil foundation amount is higher in less wealthy jurisdictions. The State share per pupil ranges from \$1,004 in Talbot and Worcester counties to \$4,953 in Baltimore City.
- There are approximately 180 days in the normal school year, so per pupil State shares are divided by 180 to get a per diem amount that the parents and guardians of truant students would be required to pay for each day that their children are unlawfully absent.
- Using the 2005-2006 habitual truancy rates reported by MSDE and projected enrollments for the 2007-2008 school year, an estimated number of habitual truants was calculated for each jurisdiction. The calculation produced an estimate of approximately 19,400 habitual truants statewide.
- Because habitual truancy is defined by absence for at least 20% of the school days, it was assumed that each habitual truant would be absent for 36 days (20% of 180 days) during the school year.
- Total payments due were calculated for each jurisdiction and summed to \$16.3 million. MSDE assumes that only two-thirds of the payments due, or approximately \$10.8 million, could be successfully collected from students' parents and guardians.

Exhibit 2
Estimated Unexcused Absence Collections from Parents of Habitual Truants
Fiscal 2008

<u>School System</u>	<u>State Share of Per Pupil Foundation</u>	<u>Per Diem State Share</u>	<u>Habitual Truancy Rate</u>	<u>Number of Habitual Truants</u>	<u>Payments Due*</u>
Allegany	\$4,903	\$27.24	1.0%	88	\$86,296
Anne Arundel	2,441	13.56	1.4%	1,014	494,994
Baltimore City	4,953	27.52	10.6%	8,355	8,277,466
Baltimore	3,290	18.28	1.3%	1,274	838,394
Calvert	3,781	21.01	0.4%	68	51,432
Caroline	4,742	26.34	0.9%	48	45,516
Carroll	3,860	21.44	0.4%	105	81,043
Cecil	4,211	23.39	0.7%	109	91,782
Charles	4,138	22.99	0.6%	167	138,216
Dorchester	4,141	23.01	1.2%	51	42,246
Frederick	3,804	21.13	0.8%	300	228,204
Garrett	3,483	19.35	0.1%	5	3,483
Harford	3,938	21.88	0.8%	301	237,092
Howard	2,851	15.84	0.4%	170	96,941
Kent	2,196	12.20	3.9%	84	36,893
Montgomery	1,436	7.98	0.8%	1,013	291,015
Prince George's	4,215	23.42	4.4%	5,494	4,632,101
Queen Anne's	2,789	15.49	1.0%	74	41,265
St. Mary's	4,041	22.45	1.2%	194	156,791
Somerset	4,630	25.72	2.4%	65	60,185
Talbot	1,004	5.58	0.2%	7	1,406
Washington	4,212	23.40	0.4%	83	69,919
Wicomico	4,522	25.12	2.0%	288	260,444
Worcester	1,004	5.58	0.7%	<u>41</u>	<u>8,236</u>
Total				19,398	\$16,271,360
Actual Payments (assumes 2/3 of invoices will be collectable)					10,847,573

*Assumes 36 days absent per habitual truant.

The fiscal 2008 estimate does not include payments that would be required from the parents and guardians of students who are truant but do not qualify as habitual truants. MSDE estimates that, although data to inform these calculations are not readily available, as many as 50% of all public school students, more than 400,000 students per year, are unlawfully absent for at least one day per school year. Thus, the revenue generated by the bill could be higher than the projected amounts.

In future years, revenues generated from the parents and guardians of habitual truants would increase with inflation and would reflect shifting enrollment patterns. By fiscal 2012, the revenue generated from the parents and guardians of habitual truants is estimated at \$11.7 million. However, if the program successfully reduces truancy, general fund revenues could be lower than these projections.

State Expenditures: General fund expenditures could increase by an estimated \$1.4 million in fiscal 2008, which accounts for the bill's October 1, 2007 effective date and assumes a seven-month start-up delay before MSDE would begin invoicing the parents and guardians of truant students for unlawful absences occurring in the 2007-2008 school year. The estimate reflects the cost of hiring approximately 100 accounts payable clerks to track and collect as many as 400,000 invoices annually. Salaries, fringe benefits, rental space, one-time start-up costs, and ongoing operating expenses are included in the estimate.

	<u>FY 2008</u>	<u>FY 2009</u>
Salaries and Fringe Benefits	\$943,731	\$5,672,533
Rental Space	35,700	212,100
One-time Start-up Costs	436,500	0
Operating Expenses	<u>13,770</u>	<u>81,810</u>
Total State Expenditures	\$1,429,701	\$5,966,443

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses. If it would be less expensive, contracting out the collection of payments to a private collection agency could also be pursued.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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ncs/rhh

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