

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 546 (Delegate Jones, *et al.*)
 Ways and Means

Education - Compulsory Attendance - Age of Withdrawal

This bill increases the age of compulsory school attendance from 15 to 16.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$55.5 million in FY 2011 due to increased public school enrollments in fall 2009. Future year expenditure estimates reflect inflation and enrollment changes. Revenues would not be affected.

(\$ in millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	55.5	56.7	58.3	59.9
Net Effect	\$0	(\$55.5)	(\$56.7)	(\$58.3)	(\$59.9)

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 \$55.5 million in FY 2011; however, Carroll, Frederick, Howard, and Montgomery counties could realize reductions in State funding. Minimum required local appropriations to school systems under the maintenance of effort provision would increase beginning in FY 2011.

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.

Background: According to data from the Maryland State Department of Education (MSDE), 11,058 students dropped out of school during the 2005-2006 school year. Dropout rates averaged 3.6% statewide and ranged from less than 1% in Frederick County to 10.5% 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 2006, 85% of Maryland public school students graduated within four years of starting high school. Four-year graduation rates for local school systems ranged from 61% in Baltimore City to 96% in Frederick County, and only Baltimore City and Somerset County 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
2005-2006 School Year

<u>County</u>	<u>2006 Graduation Percent</u>	<u>2005-06 Dropouts</u>	<u>County</u>	<u>2006 Graduation Percent</u>	<u>2005-06 Dropouts</u>
Allegany	87.4	118	Harford	87.2	449
Anne Arundel	86.3	552	Howard	94.1	232
Baltimore City	60.6	2,997	Kent	84.7	28
Baltimore	83.3	1,612	Montgomery	91.6	1,052
Calvert	89.7	148	Prince George's	86.6	2,039
Caroline	87.2	53	Queen Anne's	88.1	92
Carroll	95.1	144	St. Mary's	85.8	233
Cecil	80.6	247	Somerset	72.9	70
Charles	87.0	323	Talbot	92.1	21
Dorchester	83.8	99	Washington	90.5	198
Frederick	96.4	131	Wicomico	81.2	154
Garrett	87.2	33	Worcester	95.4	33

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. Half of the students who dropped out in the 2005-2006 school year cited lack of interest as the reason, and another 17% said they were dropping out because of academics. School officials did not know the whereabouts of 22% of the students who dropped out last year and therefore did not record the reasons that these students decided to leave school.

Chapter 449 of 2006 established the Task Force to Study Raising the Compulsory Public School Attendance Age to 18. The task force is scheduled to submit its final report in December 2007.

State Expenditures: General fund expenditures would increase by an estimated \$55.5 million in fiscal 2011 due to an increase in public school enrollment in the 2009-2010 school year. Future year expenditures would increase with changes in inflation and enrollment. The information and assumptions used to calculate this estimate are described below.

- Due to the bill's July 1, 2009 effective date, it is assumed that the 2009-2010 school year will be the first year that student enrollments are affected by the bill.
- Over the last several years, a little more than 11,000 students per year have dropped out of high school. Assuming three-quarters of dropouts are 16 when they quit school, roughly 8,300 additional students would be enrolled in school each year under the bill. These students would be included in the counts used to determine State education aid.
- 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 2011 and 2012 increases in direct State education aid are shown by program in **Exhibit 2**.

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.

Exhibit 2
Increases in State Education Aid Programs
Fiscal 2011 and 2012

<u>State Aid Program</u>	<u>FY 2011</u>	<u>FY 2012</u>
Foundation Program	\$30.8	\$31.4
Geographic Cost of Education Index	1.6	1.6
Compensatory Education	15.1	15.4
Special Education Formula	3.7	3.7
Limited English Proficiency	2.0	2.1
Guaranteed Tax Base	0.9	1.0
Student Transportation	<u>1.4</u>	<u>1.5</u>
General Fund Expenditure Increase	\$55.5	\$56.7

Local Revenues: State aid to local school systems will increase by an estimated \$55 to \$60 million annually beginning in fiscal 2011. However, because dropout rates vary among the local school systems, the increased aid would not be shared equally by all systems. The effect on direct fiscal 2011 State education funding for each school system is estimated in **Exhibit 3**. As seen in the exhibit, four systems with relatively low dropout rates (Carroll, Frederick, Howard, and Montgomery counties) could receive less State aid than they are expected to receive under current law. 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, which would be expected to begin in fall 2009 under the bill. In fiscal 2007, local school systems have budgeted an average of nearly \$6,000 per pupil in local education spending. If this cost is applied to approximately 8,300 additional students in fiscal 2010, local expenditures will increase by \$49.8 million. However, the actual magnitude of the increases will depend on the ability of each local school system to accommodate additional students with available resources.

One school function that would 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 stay in school, it is assumed that there will be more truancy problems and that more pupil personnel workers will be needed. In October 2005, the average salary for a pupil personnel worker was

approximately \$72,000. The number of additional pupil personnel workers that might be needed cannot be reliably estimated.

Exhibit 3
Projected Changes in Fiscal 2011 Direct State Aid
(\$ in Thousands)

<u>County</u>	<u>Change in Aid</u>	<u>County</u>	<u>Change in Aid</u>
Allegany	\$356	Harford	\$1,063
Anne Arundel	1,945	Howard	(609)
Baltimore City	34,488	Kent	151
Baltimore	7,117	Montgomery	(1,065)
Calvert	226	Prince George's	8,255
Caroline	122	Queen Anne's	171
Carroll	(300)	St. Mary's	434
Cecil	1,099	Somerset	376
Charles	1,087	Talbot	41
Dorchester	621	Washington	14
Frederick	(942)	Wicomico	663
Garrett	78	Worcester	76

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 could occur if 16-year-old students are required to attend school, local governments could be required to increase funding for local school systems to comply with the maintenance of effort (MOE) requirement. However, local governments typically provide funding for public schools above the MOE requirement.

Additional Information

Prior Introductions: Bills to increase the age of compulsory school attendance have been introduced annually since 2002. None of the bills have been successful.

Cross File: None.

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

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