

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 21 (Delegate Braveboy)
 Ways and Means

Education - Compulsory Attendance - Age of Withdrawal

This bill increases the age of compulsory school attendance from 15 to 17.

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$97.5 million in FY 2012 due to an increase in public school enrollments in fall 2010. Future year expenditure estimates reflect inflation and normal enrollment shifts. Long-term savings that might be realized from decreases in future public assistance and correctional costs cannot be reliably estimated. Revenues would not be affected.

(\$ in millions)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	97.5	100.1	102.8	105.5
Net Effect	\$0	(\$97.5)	(\$100.1)	(\$102.8)	(\$105.5)

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

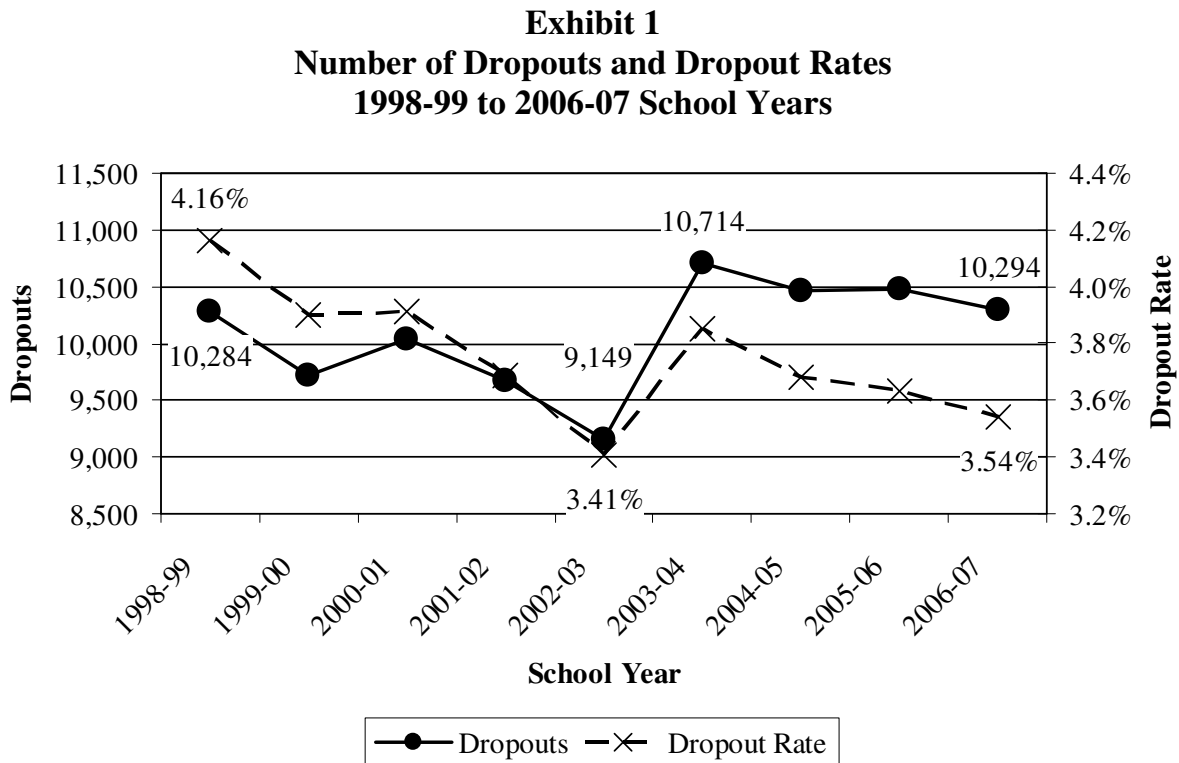
Local Effect: Total State aid to local school systems would increase by approximately \$97.5 million in FY 2012; however, Carroll, Frederick, and Howard counties could realize reductions in State funding. Minimum required local appropriations to school systems under the maintenance of effort provision would increase beginning in FY 2012.

Small Business Effect: Minimal.

Analysis

Current Law: A child age 5 to 15 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: An average of more than 10,000 students per year dropped out of Maryland public high schools from the 1998-1999 school year to the 2006-2007 school year. **Exhibit 1** charts the number of dropouts over this span and also shows the reported dropout rate for each year. The exhibit shows that the number and rate of dropouts trended downward through the 2002-2003 school year before spiking the following year. Although the dropout numbers have been higher in the more recent years, high school enrollment has also increased during this period. For this reason, dropout rates have declined from the 4.2% rate experienced in 1998-1999.



Source: Maryland State Department of Education

Dropout rates are not consistent across the State. **Exhibit 2** displays the number of dropouts and the dropout rates for each of the 24 local school systems in the 2006-2007 school year. The exhibit shows that Baltimore City has the highest number of dropouts and the highest dropout rate. After Baltimore City, the larger counties have the highest numbers of dropouts, but several Eastern Shore school systems have higher dropout rates.

Exhibit 2
Number of Dropouts and Dropout Rates by School System
2006-2007 School Year

School System	Dropouts	School System	Dropout Rate
Baltimore City	2,637	Baltimore City	9.76%
Prince George's	1,838	Kent	6.22%
Montgomery	1,342	Somerset	5.27%
Baltimore County	1,291	Wicomico	4.97%
Anne Arundel	497	Dorchester	4.80%
Harford	433	Cecil	4.40%
Charles	279	Prince George's	3.82%
Cecil	235	Talbot	3.78%
Wicomico	235	Allegany	3.47%
Howard	201	Baltimore County	3.40%
Washington	183	Caroline	3.23%
St. Mary's	158	Harford	3.16%
Carroll	151	Queen Anne's	2.90%
Frederick	129	Charles	2.73%
Calvert	124	St. Mary's	2.73%
Allegany	114	Montgomery	2.71%
Dorchester	82	Washington	2.54%
Queen Anne's	79	Garrett	2.41%
Caroline	61	Calvert	2.02%
Talbot	61	Anne Arundel	1.95%
Kent	56	Carroll	1.50%
Somerset	49	Howard	1.23%
Garrett	38	Frederick	0.96%
Worcester	21	Worcester	0.85%
Statewide	10,294	Statewide	3.54%

Source: Maryland State Department of Education

Chapter 449 of 2006 established the Task Force to Study Raising the Compulsory Public School Attendance Age to 18, and the task force submitted a final report in December 2007. The task force noted that students who drop out of high school face “harsh futures” characterized by lower wages, disproportionate representation in prisons, and shorter overall life spans. The costs to society were also described, including greater dependency on public assistance among dropouts and high incarceration costs for the population.

The task force recognized several factors that would make increasing the age of compulsory school attendance difficult, including the significant operating and capital cost increases associated with the age change and the ongoing shortage of qualified teacher candidates. The task force did not specifically recommend that the age of compulsory school attendance be raised, but did encourage strong use of student supports and alternative paths to high school graduation. In addition, the task force recommended that, if the State does increase the age of mandatory school attendance, it should provide adequate financial support for the endeavor.

State Expenditures: General fund expenditures would increase by an estimated \$97.5 million in fiscal 2012 due to an increase in public school enrollment in the 2010-2011 school year. Future year expenditures would increase with inflation and would reflect normal shifts in enrollment. The information and assumptions used to calculate this estimate are described below.

- Due to the bill’s July 1, 2010 effective date, the 2010-2011 school year will be the first year that student enrollments are affected by the bill.
- Over the last nine years, a little more than 10,000 students per year have dropped out of high school. It is assumed that approximately 10,000 who will drop out of high school in the 2009-2010 school year will be required to return to school for the 2010-2011 school year. In addition, approximately half of the students who will drop out during the 2008-2009 school year will be required to return to school when the bill goes into effect in fall 2010. In total, approximately 15,000 additional students will be included in the fall 2010 enrollment counts that will be used to calculate fiscal 2012 State aid.
- It is assumed that 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 2012 and 2013 increases in direct State education aid are shown by program in **Exhibit 3**.

Exhibit 3
Increases in State Education Aid Programs
Fiscal 2012 and 2013
(\$ in Millions)

<u>State Aid Program</u>	<u>FY 2012</u>	<u>FY 2013</u>
Foundation Program	\$52.9	\$53.9
Geographic Cost of Education Index	2.8	2.9
Compensatory Education	24.8	25.4
Special Education Formula	6.4	6.5
Limited English Proficiency	3.7	4.1
Guaranteed Tax Base	3.1	3.5
Student Transportation	<u>3.8</u>	<u>3.9</u>
General Fund Expenditure Increase	\$97.5	\$100.1

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 accommodate the added students. For example, the Task Force to Study Raising the Compulsory Public School Attendance Age to 18 estimated that costs to accommodate additional students in portable classrooms would total \$45 million, although that cost would be shared by the State and local governments. School systems would have two years to address any capacity needs resulting from the bill.

The bill could also indirectly affect State expenditures for other programs and functions. The aforementioned task force indicated that dropouts are disproportionately represented in public assistance programs and the juvenile and adult justice systems. If increasing the compulsory school attendance age reduces the number students who leave high school before earning a diploma, this could decrease State costs for social programs, public safety, and correctional services. Any potential long-term savings cannot be reliably estimated.

Local Revenues: State aid to local school systems will increase by \$97.5 million in fiscal 2012. However, because dropout rates vary among the local school systems, the increased aid will not be shared equally by all systems. The effect on direct fiscal 2012 State education funding for each school system is estimated in **Exhibit 4**. As seen in the exhibit, three systems with low dropout rates (Carroll, Frederick, and Howard 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. Due to the high dropout rate in Baltimore City, projections suggest that the Baltimore City school system will receive more than half of the additional State aid in fiscal 2012, an estimated \$54.1 million.

Exhibit 4
Projected Changes in Fiscal 2012 Direct State Aid
(\$ in Thousands)

<u>County</u>	<u>Change in Aid</u>	<u>County</u>	<u>Change in Aid</u>
Allegany	\$991	Harford	\$2,698
Anne Arundel	274	Howard	(1,219)
Baltimore City	54,106	Kent	514
Baltimore	8,708	Montgomery	3,373
Calvert	281	Prince George's	20,174
Caroline	383	Queen Anne's	337
Carroll	(164)	St. Mary's	523
Cecil	2,029	Somerset	571
Charles	1,298	Talbot	214
Dorchester	901	Washington	238
Frederick	(1,558)	Wicomico	2,623
Garrett	165	Worcester	85

Local Expenditures: Local school system expenditures could increase as a result of adding students to local enrollments, which would begin in fall 2010 (fiscal 2011) under the bill. In fiscal 2008, local school systems have budgeted an average of \$6,300 per pupil in local education spending. If this cost is applied to approximately 15,000 additional students in fiscal 2011, local expenditures will increase by \$94.5 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 2006, the average salary for a pupil personnel worker was

approximately \$74,600. The number of additional pupil personnel workers that might 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 the State share of the foundation formula. Due to the increases in enrollment that could occur if 16- and 17-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. Local governments often provide funding for public schools above the MOE requirement, so the actual impact of the legislation on local funding for school systems cannot be reliably estimated. However, the minimum required local funding level will increase significantly beginning in fiscal 2012.

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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ncs/rhh

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