

Department of Legislative Services
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FISCAL AND POLICY NOTE
 Revised

Senate Bill 436

(Senator Pugh, *et al.*)

Education, Health, and Environmental Affairs

Ways and Means

Education - Age of Compulsory Attendance - Exemptions

This bill increases the age of compulsory school attendance from 15 to 16. The State Superintendent of Schools may waive the compulsory school attendance age requirement for an individual, and the bill specifies a number of exemptions from the requirement. An individual who turns 18 between July 1, 2008 and July 1, 2009 must attend an alternative educational program or, to the extent practicable, be given information regarding general educational development (GED) programs by the local board of education.

The bill takes effect July 1, 2009, contingent on the inclusion of \$45.0 million in the fiscal 2011 State budget to implement the bill.

Fiscal Summary

State Effect: General fund expenditures would increase by \$45.0 million in FY 2011 if funding is provided in the State budget to implement the bill. FY 2012 expenditures could be offset by FY 2011 funding if the funds are not allocated to local school systems in FY 2011. Future year expenditure estimates reflect increased school enrollment counts, 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 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	45.0	43.6	44.8	45.9
Net Effect	\$0	(\$45.0)	(\$43.6)	(\$44.8)	(\$45.9)

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

Local Effect: Total State aid to local school systems could increase by \$45.0 million in FY 2011 if funding is provided in the State budget to implement the bill and is distributed to school systems in FY 2011. Beginning in FY 2012 increased State aid would be provided through the education aid formulas; 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.

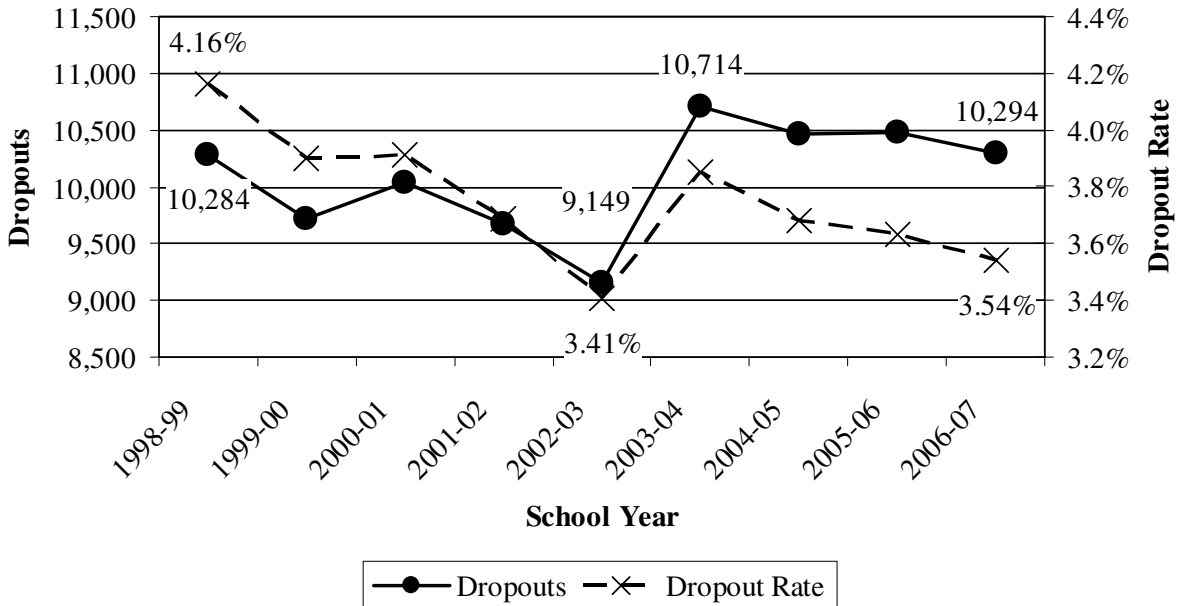
Analysis

Bill Summary: The bill specifies that the compulsory school attendance ages do not apply to an individual who • has obtained a Maryland high school diploma, an equivalent out-of-state high school diploma, or a GED; • is a student with disabilities and has completed the requirements for a Maryland high school certificate of completion; • is receiving regular, thorough instruction during the school year through a private school or home schooling; • is severely ill and requires home or hospital instruction; • is married; • is in military service; • is committed by a court order to an institution without an educational program; • provides financial support to his or her family; • has been expelled from school; • is pregnant or a parent and is enrolled in an alternative educational program; • attends an alternative educational program; • attends a public school on a part-time basis while also attending a private career school or participating in GED courses; or • is waived from the compulsory attendance age requirements by the State Superintendent.

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 age 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.

Exhibit 1
Number of Dropouts and Dropout Rates
1998-99 to 2006-07 School Years



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.

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.

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

State Expenditures: General fund expenditures would increase by \$45.0 million in fiscal 2011 if the State budget includes funds to trigger the increase in the compulsory attendance age. It is unclear if this funding would be distributed to counties in fiscal 2011 or held until fiscal 2012, when it would be used to fund increase State aid formulas resulting from higher enrollment counts in fall 2010.

In fiscal 2012, general fund expenditures would increase by an estimated \$43.6 million due to the increase in public school enrollments in the 2010-2011 school year that would result from the increase in the compulsory attendance age. 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.

- Assuming that funding is included in the fiscal 2011 State budget to implement the bill, 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 about three-quarters of the students who 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 total, approximately 7,500 students could be affected by the increased compulsory attendance age.
- In the 2006-2007 school year, 5% of school withdraws were due to expulsion, court action, parenting, illness, pregnancy, economic reasons, military service, or marriage. Due to the exemptions specified in the bill, it is assumed that the increased attendance age will not apply to 5% of the 7,500 students who would otherwise be subject to the bill.
- Also in the 2006-2007 school year, 10% of school withdrawals were for “special cases.” It is assumed that approximately half of the “special case” withdrawals would be accepted by the State Superintendent of Schools, meaning the students could obtain waivers from the compulsory attendance requirements. This will eliminate another 5% of the additional 7,500 students who would fall into the increased compulsory attendance age range.
- In total, an estimated 6,750 additional students (7,500 less the 10% who receive exemptions or waivers) will be included in the fall 2010 student enrollment counts 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 2011 to 2013 increases in direct State education aid are shown by program in **Exhibit 3**.

Exhibit 3
Increases in State Education Aid Programs
Fiscal 2011-2013
(\$ in Millions)

<u>State Aid Program</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2012</u>
Funds to Implement Bill	\$45.0	\$0.0	\$0.0
Foundation Program	0.0	23.8	24.2
Geographic Cost of Education Index	0.0	1.3	1.3
Compensatory Education	0.0	11.2	11.4
Special Education Formula	0.0	2.9	2.9
Limited English Proficiency	0.0	1.7	1.9
Guaranteed Tax Base	0.0	1.4	1.6
Student Transportation	<u>0.0</u>	<u>1.4</u>	<u>1.4</u>
General Fund Expenditure Increase	\$45.0	\$43.6	\$44.8

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 was based on an increase to 18 in the compulsory attendance age and would be shared by the State and local governments.

The bill could also indirectly affect State expenditures for other programs and functions. The Task Force to Study Raising the Compulsory Public School Attendance Age to 18 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: Assuming funding is provided in the State budget to implement the bill, State aid to local school systems could increase by \$45.0 million in fiscal 2011. The bill does not specify how this funding will be distributed to the 24 local school systems or whether it would be distributed in fiscal 2011. The funding could be retained in a

dedicated fund to offset increases in fiscal 2012 State aid that would be triggered by the increased compulsory attendance age.

Beginning in fiscal 2012, enrollment increases from the 2010-2011 school year will result in an estimated \$43.6 million increase in State aid and will be distributed to school systems in accordance with enrollment counts taken in fall 2010. 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 \$24.2 million.

Exhibit 4
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	\$457	Harford	\$1,215
Anne Arundel	103	Howard	(553)
Baltimore City	24,152	Kent	233
Baltimore	3,905	Montgomery	1,515
Calvert	122	Prince George's	9,049
Caroline	172	Queen Anne's	152
Carroll	(72)	St. Mary's	235
Cecil	917	Somerset	260
Charles	580	Talbot	96
Dorchester	409	Washington	103
Frederick	(708)	Wicomico	1,190
Garrett	78	Worcester	37

Local Expenditures: Local school system expenditures could increase as a result of adding students to local enrollments, which could 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 6,750 additional students in fiscal 2010, local expenditures will increase by \$42.5 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-year-old students are required to attend school, local governments will 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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