

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

Senate Bill 340 (Senator Pugh, *et al.*)
 Education, Health, and Environmental Affairs
 and Finance

Education - High School Diploma - GED Options Program

This bill requires the State Board of Education to establish a GED Options Program by August 1, 2009. The program must provide students age 16 to 18 who are at high risk of dropping out of high school with an alternative course for obtaining a high school diploma. The program must provide training in workforce development skills and require mandatory enrollment and attendance in a general educational development (GED) preparatory program for at least 15 hours each week. Students enrolled in the GED Options Program are included in the average daily attendance of the local school system.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$333,100 in FY 2010 to prepare for implementation of the GED Options Program in FY 2011. Future year estimates reflect the projected operating costs for the program, including regular salary increases and inflation. Additional education aid costs may also be incurred depending on student participation in the program. For each test administered, special fund revenues increase by an estimated \$45 if students in the GED Options Program are required to pay to take the GED tests. The special funds will be expended in support of program operations.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
SF Revenue	\$0	-	-	-	-
GF Expenditure	\$333,100	\$367,200	\$369,900	\$384,700	\$400,200
SF Expenditure	\$0	-	-	-	-
Net Effect	(\$333,100)	(\$367,200)	(\$369,900)	(\$384,700)	(\$400,200)

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

Local Effect: Local school expenditures to provide instructors for the program may increase, depending on the level of participation by students. These costs may be partially covered by increased local school revenues from State aid due to higher enrollment counts. Depending on the regulations adopted by the State Board of Education, participation in the program by local school systems may be optional.

Small Business Effect: Minimal.

Analysis

Current Law: A Maryland resident may obtain a GED by examination if the individual is at least age 16 and has not obtained a high school certificate or diploma. To qualify, the individual must also have officially withdrawn from a regular public or private school at least three months prior to the date of GED testing.

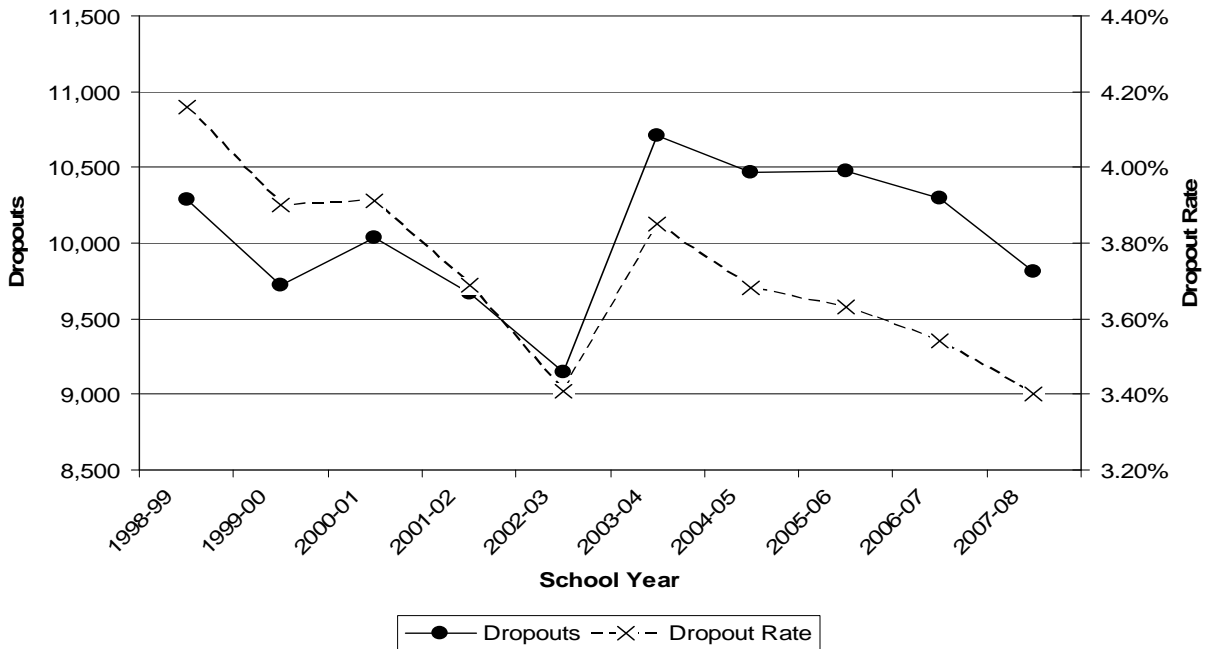
Background: An average of more than 10,000 students per year dropped out of Maryland public high schools from the 1998-1999 school year to the 2007-2008 school year. **Exhibit 1** charts the number of dropouts over this span and also shows the reported dropout rate for each year. The exhibit shows that 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 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.

Chapter 449 of 2006 created the Task Force to Study Raising the Compulsory Public School Attendance Age to 18, and the task force submitted its 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.

Although the task force did not specifically recommend that the age of compulsory school attendance be raised, its recommendations did encourage strong use of student supports and alternative paths to high school graduation. One of the task force’s recommendations was to “support and promote the awarding of a High School Diploma by Assessment as a valid credential.” One strategy for doing this, as noted by the task force, was to implement a GED Options Program that has been adopted by 11 other states. Essentially, the programs allow students to stay in school to prepare for GED tests rather than requiring them to drop out before taking the tests.

Of the approximately 10,000 Marylanders who took the GED test during the 2005-2006 school year, 3,385 individuals age 16 to 18 took the GED test after dropping out of school.

Exhibit 1
Number of Dropouts and Dropout Rates
1998-99 to 2007-08 School Years



Source: Maryland State Department of Education

The GED Options Program is licensed by the American Council on Education (ACE) and can only be operated under a contractual agreement to comply with their requirements. It is designed to provide another pathway to obtain a high school credential within a local high school. ACE requires oversight of the program by the state education agency.

State Revenues: If students in the GED Options Program are required to pay a fee for the administration of the GED test, special fund revenues increase by an estimated \$45 for each test administered. It is assumed that students will be required to pay the testing fee because there are no provisions for an exemption. It is assumed that any special fund revenues will be paid to the Department of Labor, Licensing, and Regulation (DLLR) to support program operations.

State Expenditures: General fund expenditures increase by an estimated \$333,120 in fiscal 2010, which accounts for the bill’s required August 1, 2009 start date. This estimate reflects the cost of hiring an education specialist at the Maryland State Department of Education to get approval for the State to operate the GED Options Program from ACE, the national service that operates and regulates GED testing. The specialist will also begin to work with local school systems to ensure that they are prepared to implement the GED Options Program in the 2010-2011 school year. In addition to personnel and operating costs, the estimate includes contractual costs of \$250,000 to develop a data and reporting system that meets ACE requirements.

General fund expenditures increase by an estimated \$367,157 in fiscal 2011, as the GED Options Program is implemented in partnership with DLLR, which will operate the State’s GED Testing Office beginning July 1, 2009. This estimate reflects the cost of hiring three additional positions at DLLR. The GED Options Program team will manage field logistics at approximately 11 new GED testing sites; work with local school systems, MSDE, and ACE on program coordination; develop GED partnerships; provide supervision for GED examiners; develop public outreach materials for the program; manage testing material procurement and delivery; process program applications; and send out test results. The estimate includes four full-time salaries (one at MSDE and three at DLLR), fringe benefits, a \$20,000 annual licensing fee for the GED Options Program, ongoing database maintenance costs, and other operating expenses.

	<u>FY 2010</u>	<u>FY 2011</u>
Total New Positions	1 (MSDE)	3 (DLLR)
Salaries and Fringe Benefits	\$78,626	\$287,947
Database Development and Maintenance	250,000	45,000
GED Options Licensing Fee	0	20,000
Operating Expenses	<u>4,494</u>	<u>14,210</u>
Total State Expenditures	\$333,120	\$367,157

Future year expenditures reflect full salaries with 4.4% annual increases and 3% employee turnover; 1% annual increases in ongoing operating expenses; \$45,000 in annual database maintenance costs; and \$20,000 annually for the licensing fee. These costs will be offset by any additional special fund revenues collected from GED testing fees.

Not included in the estimates are the additional costs that will be incurred for GED testing and professional development of GED instructors. GED testing costs are estimated at \$131 per test and professional development costs are estimated at \$1,500

annually per instructor. The total costs for these items depends on the number of students who participate in the program and cannot be reliably estimated at this time. In addition, the bill may result in fewer dropouts, which indirectly impacts the school enrollment counts used to calculate State aid. The retention of additional students who might otherwise drop out of high school will result in more State aid provided to local school systems.

Local Fiscal Effect: It is unclear whether every school system will be required to participate in the GED Options Program or if they will apply to the State Board of Education for participation in the program. Systems that participate will incur costs for GED instructors and will have to find space to accommodate additional classes for the program. These costs will depend on student participation in the program and cannot be reliably estimated at this time. However, the students will remain in the public school enrollment counts, meaning State aid for local school systems will cover a portion of any added costs.

Additional Information

Prior Introductions: An identical bill, SB 447 of 2008, received an unfavorable report from the Senate Education, Health, and Environmental Affairs Committee. Its cross file, HB 1421 was heard by the House Ways and Means Committee, but no further action was taken.

Cross File: None.

Information Source(s): Maryland State Department of Education; Department of Juvenile Services; Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - March 16, 2009
ncs/mwc

Analysis by: Caroline L. Boice

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