

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

House Bill 1325
 Ways and Means

(Delegate Stukes)

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 reimbursements to the Comptroller for deposit into the Unexcused Student Absence Dedicated Fund. The bill also establishes the Unexcused Student Absence Dedicated Fund, which is to be used as supplemental funds for the cost of implementing suspension programs in public schools.

Fiscal Summary

State Effect: Special fund revenues and expenditures increase by an estimated \$10.4 million FY 2010 due to the repayment of State funds provided for education. General fund expenditures increase by an estimated \$2.2 million in FY 2010 and by \$603,400 in FY 2011 to manage the collection of funds from truant students’ parents and guardians. Future year special fund revenue and expenditure estimates reflect inflation and enrollment changes; future year general fund expenditure estimates reflect regular salary increases and inflation.

(\$ in millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
SF Revenue	\$10.4	\$10.5	\$10.5	\$10.7	\$10.9
GF Expenditure	\$2.2	\$.6	\$.6	\$.6	\$.7
SF Expenditure	\$10.4	\$10.5	\$10.5	\$10.7	\$10.9
Net Effect	(\$2.2)	(\$.6)	(\$.6)	(\$.6)	(\$.7)

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

Local Effect: Local school administrative costs may increase minimally to provide MSDE with the names of all truant students and to provide contact information for students’ parents and guardians. State aid from the Unexcused Student Absence Dedicated Fund may increase beginning in FY 2010 for school systems implementing suspension programs.

Small Business Effect: None.

Analysis

Bill Summary: The Unexcused Student Absence Dedicated Fund serves as a depository for reimbursements collected from the persons responsible for illegally absent students and contributes to the cost of implementing suspension programs in public schools. The fund must be administered by MSDE and is not subject to general fund reversion. The fund consists of revenue collected from the persons responsible for illegally absent students, monies appropriated in the State budget, investment earnings of the fund, and any other funds accepted for the benefit of the fund. The fund may only be used to pay costs associated with the implementation of suspension programs in public schools, and expenditures from the fund may be made only in accordance with the State budget.

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.

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.

Each local board of education must establish special programs for public school students who exhibit disruptive classroom behavior. For cause, a public school principal may suspend a student in the principal's school for up to 10 days. A suspension for longer than 10 days or an expulsion must be made by the local superintendent of schools at the request of a principal, and a student may appeal the suspension or expulsion to the local board of education.

Background: The average daily attendance percentage at public schools in Maryland was 94.0% in the 2007-2008 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 90.2% in Baltimore City to a high of 95.7% in Howard 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 an habitual truant. Habitual truancy rates for 17 of the 24 school systems were less than 1%; in Baltimore City 9.3% 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 2007-2008 school year.

Exhibit 1
Average Daily Attendance Percentages and Percent of Students Habitually Truant
2007-2008 School Year

School System	Average Daily Attendance	Habitually Truant
Allegany	94.0%	0.8%
Anne Arundel	94.6%	0.9%
Baltimore City	90.2%	9.3%
Baltimore	93.9%	1.5%
Calvert	95.3%	0.5%
Caroline	94.0%	0.9%
Carroll	95.3%	0.1%
Cecil	92.7%	0.8%
Charles	94.7%	0.5%
Dorchester	91.7%	1.1%
Frederick	94.6%	0.7%
Garrett	94.7%	0.2%
Harford	94.7%	0.7%
Howard	95.7%	0.3%
Kent	93.1%	1.5%
Montgomery	95.2%	1.0%
Prince George's	93.3%	5.3%
Queen Anne's	93.9%	0.6%
St. Mary's	94.8%	1.2%
Somerset	93.6%	0.9%
Talbot	94.9%	0.3%
Washington	95.3%	0.7%
Wicomico	94.2%	1.4%
Worcester	90.2%	0.3%
Total	94.0%	2.3%

Source: Maryland State Department of Education

State Revenues: Including only payments from the parents and guardians of habitual truants, special fund revenues increase by an estimated \$10.4 million in fiscal 2010. This estimate was calculated using the following information and assumptions and is shown in detail in **Exhibit 2**.

- The fiscal 2010 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 \$5,018 in Allegany County.
- 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 will be required to pay for each day that their children are unlawfully absent.
- Using the 2007-2008 habitual truancy rates reported by MSDE and projected enrollments for the 2009-2010 school year, an estimated number of habitual truants was calculated for each jurisdiction. The calculation produced an estimate of approximately 19,000 habitual truants statewide.
- Because habitual truancy is defined by absence for at least 20% of the school days, it is assumed that each habitual truant will be absent for 36 days (20% of 180 days) during the school year.
- Total payments due were calculated for each jurisdiction and summed to \$15.6 million. MSDE assumes that only two-thirds of the payments due, or approximately \$10.4 million, will be successfully collected from students' parents and guardians.

Exhibit 2
Estimated Unexcused Absence Collections from Parents of Habitual Truants
Fiscal 2010

School System	State Share of Per Pupil Foundation	Per Diem State Share	Habitual Truancy Rate	# of Habitual Truants	Payments Due*
Allegany	\$5,018	\$27.88	0.8%	73	\$72,946
Anne Arundel	2,480	13.78	0.9%	632	313,528
Baltimore City	4,898	27.21	9.3%	7,215	7,067,700
Baltimore	3,319	18.44	1.5%	1,500	995,254
Calvert	3,848	21.38	0.5%	75	57,713
Caroline	4,671	25.95	0.9%	49	45,635
Carroll	3,850	21.39	0.1%	33	25,525
Cecil	4,181	23.23	0.8%	122	101,976
Charles	4,090	22.72	0.5%	122	99,416
Dorchester	4,019	22.33	1.1%	49	39,260
Frederick	3,781	21.00	0.7%	285	215,839
Garrett	3,366	18.70	0.2%	9	6,355
Harford	3,944	21.91	0.7%	267	210,990
Howard	2,968	16.49	0.3%	137	81,181
Kent	1,793	9.96	1.5%	31	11,196
Montgomery	1,643	9.13	1.0%	1,346	442,469
Prince George's	4,077	22.65	5.3%	6,431	5,243,381
Queen Anne's	2,809	15.60	0.6%	46	25,758
St. Mary's	3,967	22.04	1.2%	195	155,006
Somerset	4,537	25.21	0.9%	25	22,413
Talbot	1,004	5.58	0.3%	11	2,224
Washington	4,234	23.52	0.7%	157	133,113
Wicomico	4,654	25.85	1.4%	196	182,597
Worcester	1,004	5.58	0.3%	21	4,314
Total			2.3%	19,028	\$15,555,788
Actual Payments					\$10,370,525

*Assumes 36 days absent per habitual truant.

**Assumes two-thirds of invoices will be collected.

The fiscal 2010 estimate does not include payments that are required from the parents and guardians of students who are truant but do not qualify as habitual truants. MSDE estimates that, although information on which to base these calculations is 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 may be significantly higher than the projected amounts.

In future years, revenues generated from the parents and guardians of habitual truants will increase with inflation and reflect shifting enrollment patterns. By fiscal 2014, the revenue generated from the parents and guardians of habitual truants is estimated at \$10.9 million. However, if the program successfully reduces truancy, special fund revenues may be lower than these projections. Additionally, parents may choose to write a note declaring that their child was legally absent from school rather than pay the fine. This behavior will also reduce special fund revenues.

State Expenditures: General fund expenditures increase by at least an estimated \$2.2 million in fiscal 2010, which accounts for the bill’s October 1, 2009 effective date. MSDE advises that it will need to design a new computer system for the sole purpose of managing the requirements of this bill at an estimated cost of \$2 million in fiscal 2010. MSDE advises that an Education Program Specialist will be hired to administer the Unexcused Student Absence Dedicated Fund and at least three new staff in the accounts payable office will process the truancy invoices. The actual number of additional staff required in accounts payable may be significantly greater, depending on the number of invoices per year. The estimate reflects salaries, fringe benefits, computer system costs, one-time start-up costs, and ongoing operating expenses.

	<u>FY 2010</u>	<u>FY 2011</u>
New Positions	4	
Salaries and Fringe Benefits	\$219,876	\$298,169
Computer System	2,000,000	303,000
One-time Start-up Costs	19,690	0
Operating Expenses	<u>1,688</u>	<u>2,273</u>
Total State Expenditures	\$2,241,254	\$603,442

Future year expenditures reflect full salaries with 4.4% annual increases, 3% employee turnover, and 1% annual increases in ongoing operating expenses.

The Department of Budget and Management advises that if its Central Collections Unit (CCU) is asked to help collect unpaid reimbursements, any costs will be covered by the 17% collection fee retained by CCU. It is possible that CCU will need additional positions to perform this new task. If it would be less expensive, contracting out the collection of payments to a private collection agency could also be pursued.

The bill requires that special fund revenues collected for the Unexcused Student Absence Dedicated Fund be used to implement suspension programs in public schools. Based on the projected special fund revenues, expenditures for suspension programs may increase by an estimated \$10.2 million in fiscal 2010. It is assumed that the majority of these funds will be disbursed to local school systems to implement local programs.

Local Fiscal Effect: Local school systems implementing suspension programs may be eligible to receive additional aid from the State. It is assumed that the majority of the special funds deposited into the Unexcused Student Absence Dedicated Fund will be distributed to local school systems to assist with the costs of suspension reduction programs.

Additional Information

Prior Introductions: A similar bill, HB 1115 of 2007, received an unfavorable report from the House Ways and Means Committee.

Cross File: None.

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

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ncs/mwc

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