

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

Senate Bill 857 (Senators Pugh and McFadden)

Education, Health, and Environmental Affairs

**Education - Public High Schools and Public High School Students - Revisions  
and Requirements**

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. The Maryland State Department of Education (MSDE) and the Maryland Higher Education Commission (MHEC) are required to expand their student data collection to include specified data elements. Each local board of education is required to partner with one or more community colleges to offer a 50% discount on tuition to public high school students who take college courses while enrolled in high school. Every student enrolled in a public high school must participate in at least one virtual learning opportunity during high school.

**Fiscal Summary**

**State Effect:** General fund and higher education expenditures increase by an estimated \$4.1 million in FY 2010 to begin implementing the bill. Future year expenditure estimates reflect the impact of increased school enrollment counts beginning in FY 2012, inflation, regular salary increases, and ongoing database costs. Special fund revenues and expenditures increase significantly beginning in FY 2010 to ensure that every high school student participates in at least one virtual learning opportunity. Long-term savings that might be realized from decreases in future public assistance and correctional costs cannot be reliably estimated.

(\$ in millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
SF Revenue	-	-	-	-	-
GF Expenditure	\$1.1	\$.9	\$39.8	\$40.9	\$50.4
SF Expenditure	-	-	-	-	-
Higher Ed Exp.	\$3.0	\$.1	\$.1	\$.1	\$.1
Net Effect	(\$4.1)	(\$1.0)	(\$39.9)	(\$41.0)	(\$50.5)

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

**Local Effect:** Community college tuition revenues decrease beginning in FY 2010 to provide a 50% tuition discount to high school students. Beginning in FY 2012, total State aid to local school systems increases through the education aid formulas; however, Carroll, Howard, and Washington counties may realize reductions in State funding. Minimum required local appropriations to school systems under the maintenance of effort (MOE) provision increase beginning in FY 2012. Local school system expenditures may increase beginning in FY 2010 to provide every high school student with a virtual learning opportunity; however, some of this cost may be passed on to the students. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Potential meaningful if private institutions of higher education are required to establish and maintain a connection with the MSDE student database.

---

## 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 general educational development (GED) degree;
- 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.

By January 1, 2012, MSDE in consultation with MHEC is required to implement a common student-identifying data system to track students beginning in high school through college enrollment and completion. By July 1, 2012, MSDE is required to develop a data collection system to collect data about students who graduate from high school in three, four, or five years as well as evaluate the number of students who earn a GED before their twentieth birthday. By November 1 of each year, the State board must report to the Governor and the General Assembly on the reasons students opt to take the GED rather than complete a three-, four-, or five-year course of high school education.

It is the intent of the General Assembly that each local board of education review student mastery of course content and the efficiency and efficacy of the semester-long course schedule, as well as the utilization of course completion by examination to ensure that these practices do not create barriers to graduation and that each student has flexibility to complete high school in a timeframe that meets the student's individual needs. Each public high school in the State should prepare a High School Assessment (HSA) status report during a student's sophomore year and junior year of high school and document the interventions offered and employed, if any, to ensure that the student is ready to take the HSAs.

MSDE must provide virtual learning opportunities with expanded educational choices, including nontraditional learning opportunities not otherwise available to students. By September 1, 2010, MSDE must report on the progress of the Maryland Virtual Learning Opportunities Program, including a description of the available online courses and services.

In consultation with MHEC and other segments of higher education, MSDE must determine the standards that will be used to define "college readiness" in the State.

**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.

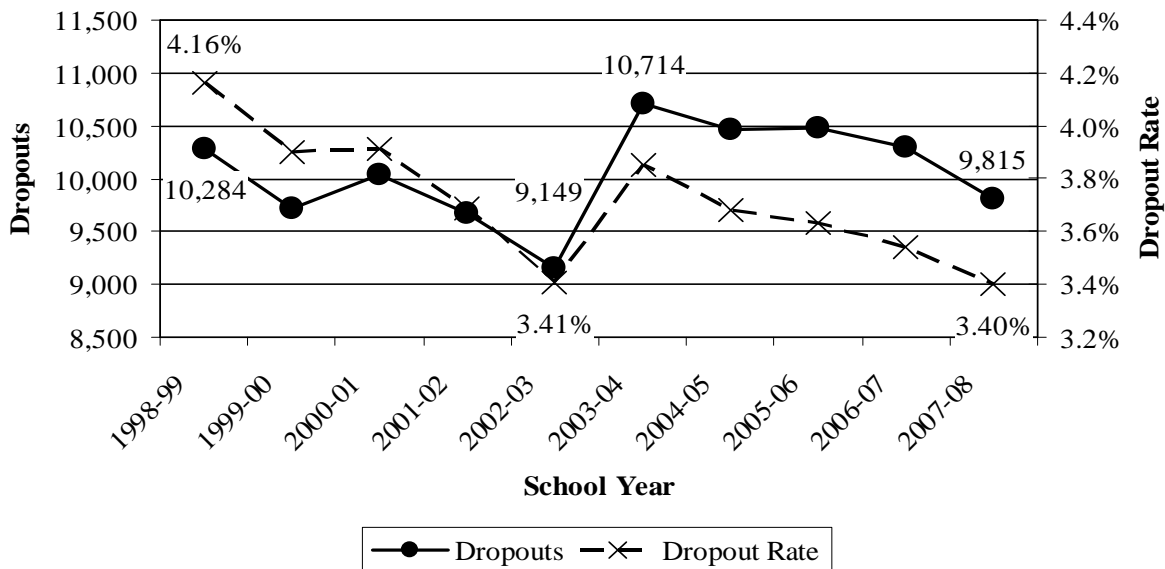
By September 1, 2011, and each year thereafter, a local board of education must collect and analyze graduation rates. The graduation rate has to be reported in the aggregate and disaggregated by race, by students who are limited English proficient, by students who receive free and reduced priced meals, and by students who receive special education services. The graduation rate is measured by dividing the number of students who graduate in four years by the number of students in the four-year cohort. MSDE must provide training and technical assistance to collect this information.

Tuition policies at community colleges are set by Code of Maryland Regulations and the boards of trustees for the colleges.

MSDE must provide virtual learning opportunities that include expanded educational choices not otherwise available to students. Virtual professional development opportunities for educational staff must also be provided. MSDE is responsible for developing and procuring online courses and services.

**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.

**Exhibit 1**  
**Number of Dropouts and Dropout Rates**  
**1998-99 to 2007-08 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 2007-2008

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**  
**2007-2008 School Year**

<b>School System</b>	<b>Dropouts</b>	<b>School System</b>	<b>Dropout Rate</b>
Baltimore City	2,123	Baltimore City	7.91%
Baltimore County	1,627	Wicomico	5.82%
Montgomery	1,404	Kent	4.98%
Prince George's	1,132	Dorchester	4.62%
Anne Arundel	813	Cecil	4.40%
Harford	391	Baltimore County	4.34%
Charles	278	Caroline	4.28%
Wicomico	278	Somerset	4.24%
Frederick	241	Talbot	4.07%
Cecil	238	Anne Arundel	3.24%
Howard	233	Allegany	2.95%
St. Mary's	163	Harford	2.95%
Calvert	122	Montgomery	2.87%
Carroll	122	St. Mary's	2.80%
Washington	120	Charles	2.69%
Allegany	96	Prince George's	2.42%
Caroline	81	Queen Anne's	2.34%
Dorchester	72	Garrett	2.11%
Talbot	67	Calvert	2.00%
Queen Anne's	63	Frederick	1.72%
Kent	42	Washington	1.67%
Somerset	40	Worcester	1.49%
Worcester	35	Howard	1.40%
Garrett	34	Carroll	1.22%
<b>Statewide</b>	<b>9,815</b>	<b>Statewide</b>	<b>3.40%</b>

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 dropout 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.

According to the *Data Quality Campaign*, 28 states have the ability to match student-level prekindergarten to grade 12 data to higher education data. In 2008, MSDE added unique student identifiers to its data sets to track students from kindergarten through high school. Institutions of higher education in the State do not have a global system of unique student identifiers. The Department of Labor, Licensing, and Regulation (DLLR), which will be responsible for running the State’s GED program beginning July 1, 2009, also does not have access to MSDE’s student data system. A linked system would allow policymakers to track student success beyond high school.

MHEC estimates that 6,193 students are attending institutions of higher education while enrolled in high school in fiscal 2009. Chapters 296 and 297 of 2007 established a Dual Enrollment Grant Program that provides financial assistance to students who are simultaneously enrolled in high school and an institution of higher education. MHEC has awarded approximately \$120,000 to 330 dually enrolled students in fiscal 2009. The Governor’s proposed fiscal 2010 budget includes no funding for the Dual Enrollment Grant Program, as it is scheduled to expire after fiscal 2009, although MHEC has the authority to use funds carried forward from other student financial assistance programs to support dual enrollment grants. Legislation has been introduced in the 2009 session that renames the program to be the Early College Access Grant Program and makes it permanent.

The Maryland Virtual Learning Opportunities Program (MVLO), an educational service managed by MSDE, is designed to expand the access of Maryland public school students to challenging curricula aligned to the Maryland Content Standards and other appropriate standards through the delivery of high quality online courses. MVLO offers approximately 62 online courses, including English 12, the course that most often prevents students from finishing high school in fewer than four years. However, students face hindrances to course access, as enrollment requirements vary from school system to

school system. In fact, many systems do not offer online English at all because there is a face-to-face version of the course available. Course price is another barrier to student enrollment in online courses. The cost to students can vary from no cost to \$625 depending on the vendor and the local school system's reimbursement policy.

**State Revenues:** Special fund MVLO fee revenues increase significantly beginning in fiscal 2010 from an increase in the number of students taking online courses. The fees are paid by local school systems that have students enrolled in the virtual learning courses. The bill requires every public high school student to participate in at least one virtual learning opportunity during high school, which will mean an estimated 60,000 to 70,000 students participating in the program each year. The increase in revenues cannot be reliably estimated but will be significant and will be used to fund the expansion of virtual learning programs.

**State Expenditures:** General fund expenditures increase by approximately \$1.1 million and higher education expenditures increase by about \$3.0 million in fiscal 2010 to begin implementing the bill.

#### *Data Systems Costs*

DLLR will need to connect to MSDE's student database to evaluate the number of students who earn GEDs prior to turning age 20. The GED office is moving to DLLR from MSDE on July 1, 2009. Creating a connection with DLLR before the July 1, 2012 deadline will cost an estimated \$1 million in general funds distributed between fiscal 2010 and 2011. Future year expenditures will be approximately \$300,000 per year for ongoing licensing fees and equipment maintenance.

To track students from primary school through college enrollment and graduation, MHEC and the institutions of higher education will also need to connect to MSDE's student database. MHEC estimates the initial connection will cost approximately \$500,000, and ongoing licensing fees and equipment maintenance will be approximately \$300,000 per year in general funds. MHEC advises that connecting the public four-year institutions of higher education to the student database will cost between \$250,000 and \$500,000 per institution, and ongoing costs to maintain the connection will be approximately \$10,000 to \$25,000 per institution.

MSDE advises that its existing student database equipped with unique student identifiers can be used to calculate the number of students who graduate from high school in three years, four years, or five years by the 2012 deadline. MSDE also advises that additional staff will be required to maintain the linking of the databases and to manage the additional responsibilities in assigning and implementing the unique PreK-20 student ID program. One additional educational specialist is included in the cost estimate.

### *Virtual Learning Opportunities*

Special fund expenditures for virtual learning programs increase significantly beginning in fiscal 2010 to support the additional students participating in online learning opportunities. To ensure a smooth start-up for the expansion, one additional virtual learning specialist will be supported with general funds and will manage the additional content and teachers that will be needed for the MVLO program. The course revenues from local school systems will then be used to hire any additional MSDE personnel and additional teachers and to purchase additional third-party content.

### *Age of Compulsory Attendance*

In fiscal 2012, general fund expenditures increase by an estimated \$39.1 million due to the increase in public school enrollments in the 2011-2012 school year that will result from the increase in the compulsory attendance age. Future year expenditures increase with inflation and reflect normal shifts in enrollment.

The projected fiscal 2012 to 2014 increases in direct State education aid due to increasing the age of compulsory education are shown by program in **Exhibit 3**.

---

**Exhibit 3**  
**Increases in State Education Aid Programs**  
**Fiscal 2012-2014**  
**(\$ in Millions)**

<u>State Aid Program</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Foundation Program	\$23.1	\$23.6	\$24.2
Geographic Cost of Education Index	1.1	1.1	1.1
Compensatory Education	10.1	10.4	10.8
Special Education Formula	2.6	2.6	2.7
Limited English Proficiency	1.4	1.5	1.7
Guaranteed Tax Base	-0.4	-0.4	-0.2
Student Transportation	<u>1.2</u>	<u>1.2</u>	<u>1.3</u>
<b>Increase in Thornton Aid</b>	<b>\$39.1</b>	<b>\$40.1</b>	<b>\$41.5</b>
Teacher's Retirement	<u>0.0</u>	<u>0.0</u>	<u>4.1</u>
<b>General Fund Expenditure Increase</b>	<b>\$39.1</b>	<b>\$40.1</b>	<b>\$45.6</b>

---



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

### *Long-term Impacts*

The bill may 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 the bill 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.

### *MSDE Positions*

As noted above, two additional positions are needed at MSDE to implement the bill – one educational specialist for database management and one virtual learning specialist for the MVLO program. Thus, general fund expenditures increase by \$103,179 in fiscal 2010, which accounts for the bill's October 1, 2009 effective date. Future years reflect annualization, 4.4% salary increases, 3% employee turnover, and 1% inflation in ongoing costs.

**Local Revenues:** Community college tuition revenues decrease beginning in fiscal 2010 to provide a 50% tuition discount to dully enrolled high school students. In fiscal 2009, an estimated 6,193 high school students attended an institution of higher education. It is unknown how many of these students attended community colleges; however, MHEC reports that students who are dually enrolled in high school and an institution of higher education are likely to attend a community college. Community college tuition averaged \$108 per credit hour in fall 2008. For each credit hour taken by a high school student at a community college, tuition revenues will decrease by an average of \$54. The actual impact will depend on the number of high school students who choose to attend community college and the number of credits each student takes.

In fiscal 2012, enrollment increases from the 2010-2011 school year will result in an estimated \$39.1 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, Howard, and Washington counties) may 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 nearly half of the additional State aid in fiscal 2012, an estimated \$19.2 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	\$363	Harford	\$1,168
Anne Arundel	1,946	Howard	(331)
Baltimore City	19,214	Kent	162
Baltimore	6,881	Montgomery	2,670
Calvert	190	Prince George's	2,997
Caroline	413	Queen Anne's	76
Carroll	(168)	St. Mary's	452
Cecil	1,113	Somerset	212
Charles	746	Talbot	102
Dorchester	373	Washington	(290)
Frederick	103	Wicomico	1,826
Garrett	66	Worcester	55

---

**Local Expenditures:** Local school system expenditures may increase as a result of adding students to local enrollments. In fiscal 2009, local school systems have budgeted an average of \$6,400 per pupil in local education spending. If this cost is applied to approximately 6,750 additional students in the 2010-2011 school year, local expenditures will increase by \$43.2 million in fiscal 2011. 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 will 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 dropout 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 2007, the average salary for a pupil personnel worker was approximately \$78,400. 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 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 2013, particularly for jurisdictions with high dropout rates.

Local school system expenditures may increase significantly to provide a virtual learning opportunity for every high school student. Online courses through MVLO can cost the school system as little as \$12 per student if the local school system provides the teacher or as much as \$625 per student if MSDE provides the teacher. The local school systems may be able to recover some of the costs if students are required to pay for the courses. Policies specifying who pays online course fees, the student or the school system, vary by system. If local school systems are required to provide approximately 67,300 high school students a year with a virtual learning experience at an average cost of \$400 per student, local school system expenditures will increase by approximately \$26.9 million per year beginning in fiscal 2010.

It is assumed that some additional resources may also be needed for every public high school to prepare an HSA status report for each sophomore and junior and to document the interventions offered to ensure that a student is ready to take HSAs. The impact of this requirement will likely be greater in schools where large percentages of students require significant interventions to be prepared for the HSAs. Local school systems may also need additional administrative resources to evaluate the effect that course content, semester-long course schedules, and course completion by examination have on graduation.

---

### **Additional Information**

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

**Cross File:** HB 1223 (Delegate Braveboy) - Ways and Means.

**Information Source(s):** Baltimore City Community College, Maryland State Department of Education, Maryland Higher Education Commission, Data Quality Campaign, 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