

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**

Senate Bill 966 (Senator Pugh, *et al.*)

Education, Health, and Environmental Affairs

Ways and Means

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**Education - High School Diploma by Examination**

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This bill alters the eligibility requirement for obtaining a high school diploma by examination by repealing the three-month waiting period for an individual who has withdrawn from high school.

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**Fiscal Summary**

**State Effect:** General fund expenditures increase by an estimated \$32,100 in FY 2011 to hire a part-time administrator to handle the additional workload and to reprogram the existing general educational development (GED) database to remove the three-month waiting period rule. Special fund revenue will increase by approximately \$45 per student if additional students choose to take the GED test due to the elimination of the three-month waiting period after withdrawing from high school. Future years reflect elimination of one-time contractual costs, annualization, and inflation.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
SF Revenue	-	-	-	-	-
GF Expenditure	\$32,100	\$36,000	\$37,700	\$39,600	\$41,500
Net Effect	(\$32,100)	(\$36,000)	(\$37,700)	(\$39,600)	(\$41,500)

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

**Local Effect:** None.

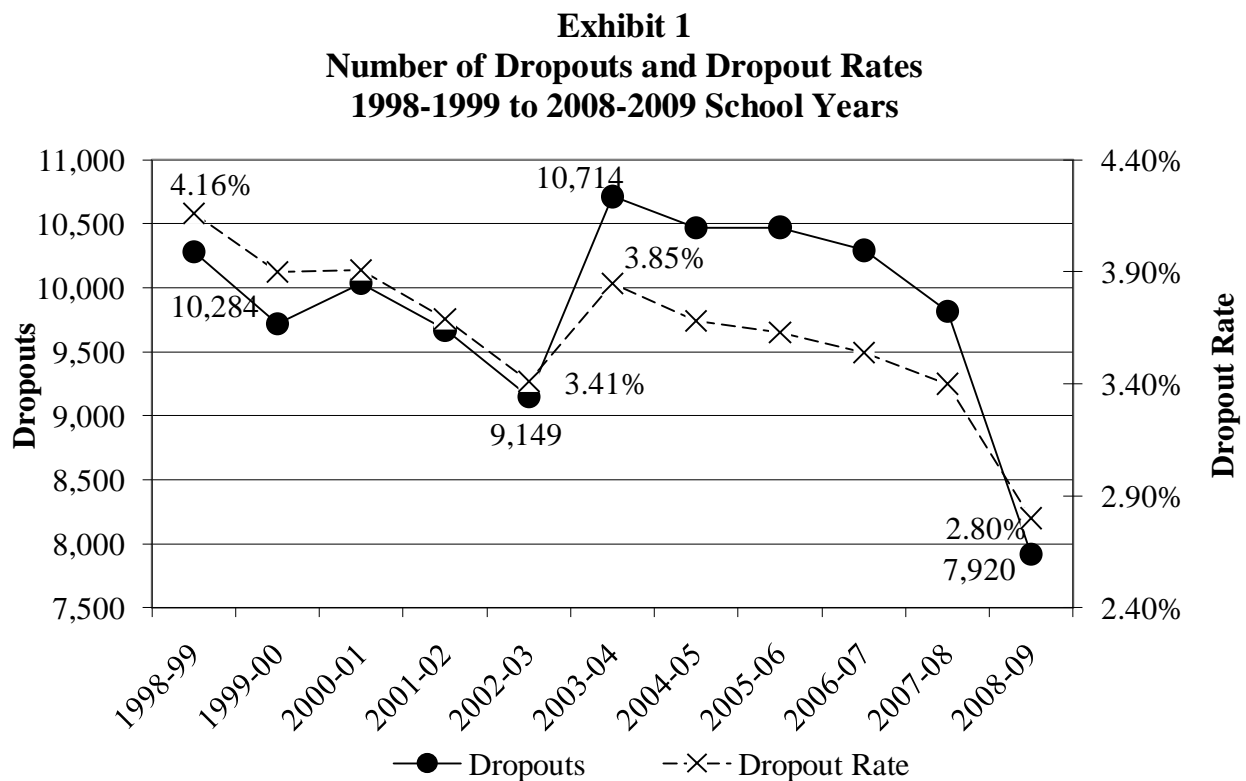
**Small Business Effect:** None.

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## Analysis

**Current Law:** A Maryland resident may obtain a high school diploma by examination through the GED program. To qualify, an individual must be at least age 16 and may not have already obtained a high school certificate or diploma. The individual must also have officially withdrawn from a regular public or private school at least three months prior to the date of GED testing.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 9,000 students per year dropped out of Maryland public high schools from the 1998-1999 school year to the 2008-2009 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 were higher from 2003-2004 to 2007-2008, high school enrollment also increased during this period. For this reason, dropout rates declined from the 4.2% rate experienced in 1998-1999. During the 2008-2009 school year, the number and rate of dropouts were the lowest they have been in over 10 years. The Maryland State Department of Education is still in the process of confirming the 2008-2009 dropout figures.



Source: Maryland State Department of Education

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.

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.

**State Revenue:** If additional students choose to take the GED test because they are able to take the test directly after dropping out of high school, special fund revenues increase by an estimated \$45 for each test administered. 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:** DLLR advises that Maryland’s GED e-Business system (MGETS) for entering, storing, and processing all test data will need to be reprogrammed to remove the business rule for waiting three months from the high school withdrawal date before scheduling tests. In addition, DLLR anticipates that eliminating the three-month waiting period will result in additional youth who drop out of high school taking the GED. As a result, general fund expenditures for DLLR increase by an estimated \$32,084 in fiscal 2011. This estimate reflects the cost of hiring an additional part-time staffer to coordinate additional youth taking the GED, as well as the bill’s October 1, 2010 effective date. The estimate includes a part-time salary, fringe benefits, reprogramming MGETS system, one-time start-up costs, and ongoing operating expenses.

	<u><b>FY 2011</b></u>	<u><b>FY 2012</b></u>
Position	0.5	
Salary and Fringe Benefits	\$26,225	\$35,570
Reprogram MGETS	1,500	0
Start-up/Operating Expenditures	<u>4,359</u>	<u>409</u>
<b>Total</b>	<b>\$32,084</b>	<b>\$35,979</b>

Future year expenditures reflect a part-time salary with 4.4% annual increases, 3% employee turnover, and 1% annual increases in ongoing operating expenses.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 23, 2010  
ncs/mwc

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