

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 239

(Senator Pugh, *et al.*)

Education, Health, and Environmental Affairs

Ways and Means

Education - Age of Compulsory Attendance - Exemptions

This bill phases in increases in the age of compulsory school attendance from 15 to 17. Beginning with the 2012-2013 school year, the age of compulsory school attendance increases from 15 to 16; beginning with the 2014-2015 school year, the age of compulsory attendance increases again from 16 to 17. 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 bill takes effect June 1, 2012, contingent on the inclusion of \$48.8 million in the fiscal 2013 State budget to raise the compulsory age of education to 16. Raising the compulsory age of attendance to 17 is contingent on the inclusion of \$71.0 million in the fiscal 2015 State budget.

Fiscal Summary

State Effect: General fund expenditures increase by \$48.8 million in FY 2013 if funding is provided in the State budget to increase the age of compulsory attendance to 16. Funds used to trigger the bill in FY 2013 will be held in a special fund until FY 2014, when the funds will be used to support the projected increase in the State aid to local school systems through the education aid formulas. In FY 2015, general fund expenditures increase by an estimated \$122.1 million, \$51.1 million to support increased enrollments, and \$71.0 million to trigger the increase in the compulsory age of attendance to 17. In FY 2016, the funds held in a special fund from the previous fiscal year will be used to finance the increase in the State aid to local school systems through the education aid formulas. Long-term savings that may be realized from decreases in future public assistance and correctional costs cannot be reliably estimated. Revenues are not affected.

(\$ in millions)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
SF Revenue	\$0	\$48.8	\$0	\$71.0	\$0
GF Expenditure	\$0	\$48.8	\$0	\$122.1	\$0
SF Expenditure	\$0	\$0	\$48.8	\$0	\$71.0
Net Effect	\$0	\$0	(\$48.8)	(\$51.1)	(\$71.0)

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

Local Effect: Local school system expenditures could increase beginning in FY 2013 as a result of adding students to local enrollments. Beginning in FY 2014, total State aid to local school systems increases through the education aid formulas; however, Carroll, Frederick, Howard, and Washington counties may realize reductions in State funding. Minimum required local appropriations to school systems under the maintenance of effort provision will increase beginning in FY 2014.

Small Business Effect: Minimal.

Analysis

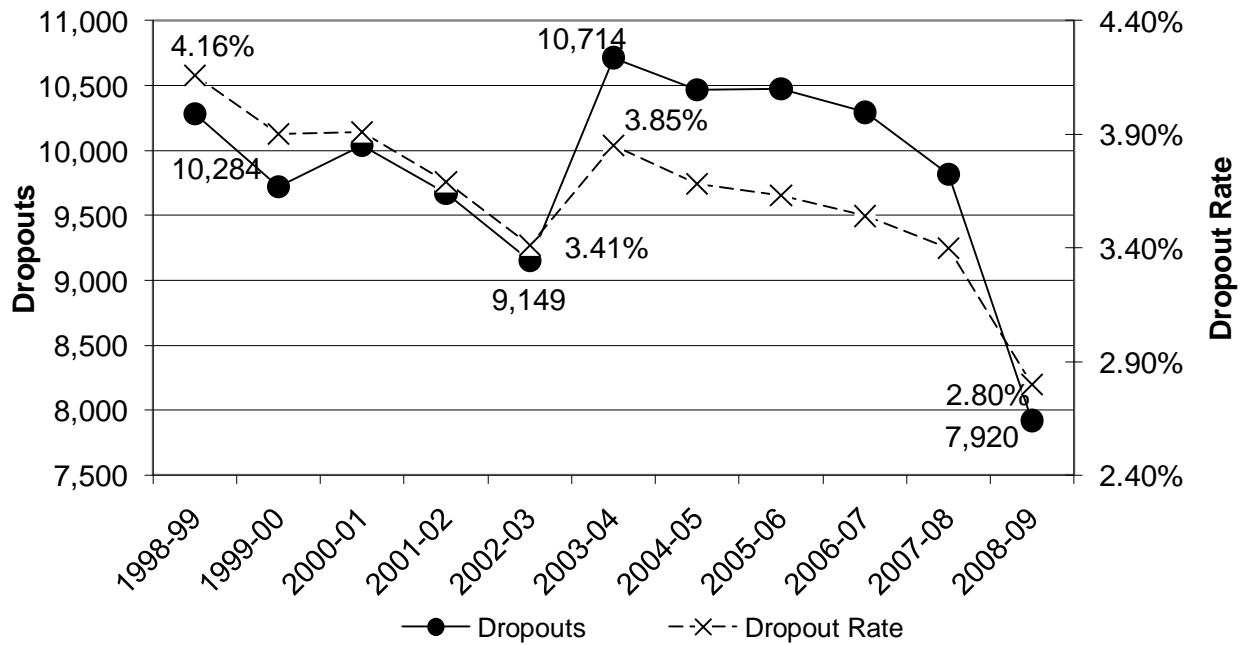
Bill Summary: The bill specifies that the compulsory school attendance ages do not apply to an individual who:

- 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 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.

Exhibit 1
Number of Dropouts and Dropout Rates
1998-1999 to 2008-2009 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 2008-2009 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
2008-2009 School Year

School System	Dropouts	School System	Dropout Rate
Baltimore City	1,640	Baltimore City	7.91%
Baltimore	1,347	Wicomico	5.82%
Montgomery	1,319	Kent	4.98%
Anne Arundel	695	Dorchester	4.62%
Price George's	586	Cecil	4.40%
Harford	305	Baltimore County	4.34%
Charles	269	Caroline	4.28%
Wicomico	244	Somerset	4.24%
Howard	239	Talbot	4.07%
Frederick	226	Anne Arundel	3.24%
Cecil	192	Allegany	2.95%
St. Mary's	119	Harford	2.95%
Washington	110	Montgomery	2.87%
Carroll	105	St. Mary's	2.80%
Calvert	95	Charles	2.69%
Allegany	90	Prince George's	2.42%
Caroline	69	Queen Anne's	2.34%
Queen Anne's	56	Garrett	2.11%
Dorchester	53	Calvert	2.00%
Somerset	41	Frederick	1.72%
Talbot	41	Washington	1.67%
Garrett	34	Worcester	1.49%
Kent	23	Howard	1.40%
Worcester	22	Carroll	1.22%
Statewide	7,920	Statewide	2.80%

Source: Maryland State Department of Education

State Expenditures: General fund expenditures may increase by \$48.8 million in fiscal 2013 if the State budget includes funds to trigger the increase in compulsory age of attendance to 16. It is assumed that these funds will sit in the Dedicated Purpose Account until fiscal 2014, when the funds will be appropriated to local school systems to fund the increase in State education aid formulas that is anticipated due to the increase in public school enrollments in the 2012-2013 school year. The \$48.8 million required to trigger the increase is based on the estimated increase in State aid, which is based on the following information and assumptions.

- Over the three-year period ending with the 2007-2008 school year, an average of 10,200 students per year dropped out of high school.
- Over the three-year period ending with the 2007-2008 school year, an average of approximately 6% of school withdrawals 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 approximately 6% of the 10,200 students who might otherwise be subject to the bill. This leaves an estimated 9,623 students who could be affected by the increases in the compulsory attendance age.
- It is assumed that about three-quarters of the students who drop out are 16-year-olds (an estimated 7,217 students), and the other one-quarter are 17-year-olds (an estimated 2,406 students).
- 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 2014 to 2016 increases in State education aid programs due to increases in the age of compulsory education are shown by program in **Exhibit 3**. Future year expenditures reflect greater enrollments of 17-year-olds beginning in the 2014-2015 school year (assuming the required funding is appropriated in the fiscal 2015 State budget), inflation, and normal shifts in enrollment.

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 amount 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 of students who leave high school before earning a diploma, State costs for social programs, public safety, and correctional services could decrease. Any potential long-term savings cannot be reliably estimated.

Exhibit 3
Projected Increases In State Education Aid Formulas
Fiscal 2014-2016
(\$ in Millions)

<u>Direct Aid</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Foundation Program	\$25.4	\$26.0	\$33.9
Geographic Cost of Education Index	1.3	1.3	1.8
Compensatory Education	13.4	13.9	18.0
Special Education Formula	2.8	2.9	3.8
Limited English Proficiency	1.6	1.7	2.3
Guaranteed Tax Base	2.2	3.1	4.1
Student Transportation	<u>2.0</u>	<u>2.1</u>	<u>2.7</u>
Direct Aid Subtotal	\$48.8	\$51.1	\$66.5
Teachers' Retirement	<u>0.0</u>	<u>0.0</u>	<u>4.5</u>
Total	\$48.8	\$51.1	\$71.0

Source: Department of Legislative Services

Local Revenues: Assuming funding is provided in the State budget to implement the bill in fiscal 2013, State aid to local school systems may increase beginning in fiscal 2014. At that time, enrollment increases from the 2012-2013 school year will result in an estimated \$48.8 million increase in State aid and will be distributed to school systems in accordance with enrollment counts taken in fall 2012. Because dropout rates vary among the local school systems, the increased aid will not be shared equally by all systems. The effect on fiscal 2014 State education funding for each school system is estimated in **Exhibit 4**. As seen in the exhibit, four systems with low dropout rates (Carroll, Frederick, Howard, and Washington 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 2014, an estimated \$27.2 million.

Exhibit 4
Projected Changes in Fiscal 2014 State Aid
(\$ in Thousands)

<u>County</u>	<u>Change in Aid</u>	<u>County</u>	<u>Change in Aid</u>
Allegany	\$588	Harford	\$1,343
Anne Arundel	803	Howard	(594)
Baltimore City	27,228	Kent	166
Baltimore	5,647	Montgomery	1,948
Calvert	212	Prince George's	6,582
Caroline	313	Queen Anne's	175
Carroll	(102)	St. Mary's	509
Cecil	1,185	Somerset	351
Charles	949	Talbot	86
Dorchester	425	Washington	(142)
Frederick	(516)	Wicomico	1,506
Garrett	56	Worcester	51

Source: Department of Legislative Services

Local Expenditures: Local school system expenditures could increase as a result of adding students to local enrollments, which could begin in fall 2012 (fiscal 2013) under the bill. However, it is assumed that local school systems will not receive any additional revenue from the State until fiscal 2014. In fiscal 2010, local school systems have budgeted an average of approximately \$6,500 per pupil in local education spending. If this cost is applied to an estimated 7,217 additional students in fiscal 2013 due to raising the compulsory age to 16, local expenditures will increase by \$46.9 million. When the compulsory age of attendance is raised to 17 and an estimated 2,406 additional students are required to attend school, local school expenditures will increase by an estimated \$15.6 million in fiscal 2015. 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 June 2009, the average salary for a pupil personnel worker was approximately \$85,200. 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-olds and 17-year-olds 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 2014.

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 723 (Delegate Hixson, *et al.*) – Ways and Means.

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

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