

Department of Legislative Services
 Maryland General Assembly
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FISCAL AND POLICY NOTE

Senate Bill 41 (Senator Pugh, *et al.*)
 Education, Health, and Environmental Affairs

Education - Age for Compulsory Public School Attendance - Exemptions

This bill phases in increases in the age of compulsory school attendance from 15 to 17. Beginning with the 2013-2014 school year, the age of compulsory school attendance increases from 15 to 16; beginning with the 2015-2016 school year, the age of compulsory school 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, 2013.

Fiscal Summary

State Effect: General fund expenditures increase by \$32.3 million in FY 2015 from raising the age of compulsory school attendance to 16. Future year expenditures reflect increased school enrollment counts due to raising the compulsory age of school attendance from 16 to 17 two years later, inflation, and normal enrollment shifts. Revenues are not affected.

(\$ in millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	0	32.3	33.5	51.8
Net Effect	\$0	\$0	(\$32.3)	(\$33.5)	(\$51.8)

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

Local Effect: Beginning in FY 2015, total State aid to local school systems increases through the education aid formulas; however, Carroll and Frederick 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 2015.

Small Business Effect: Minimal.

Analysis

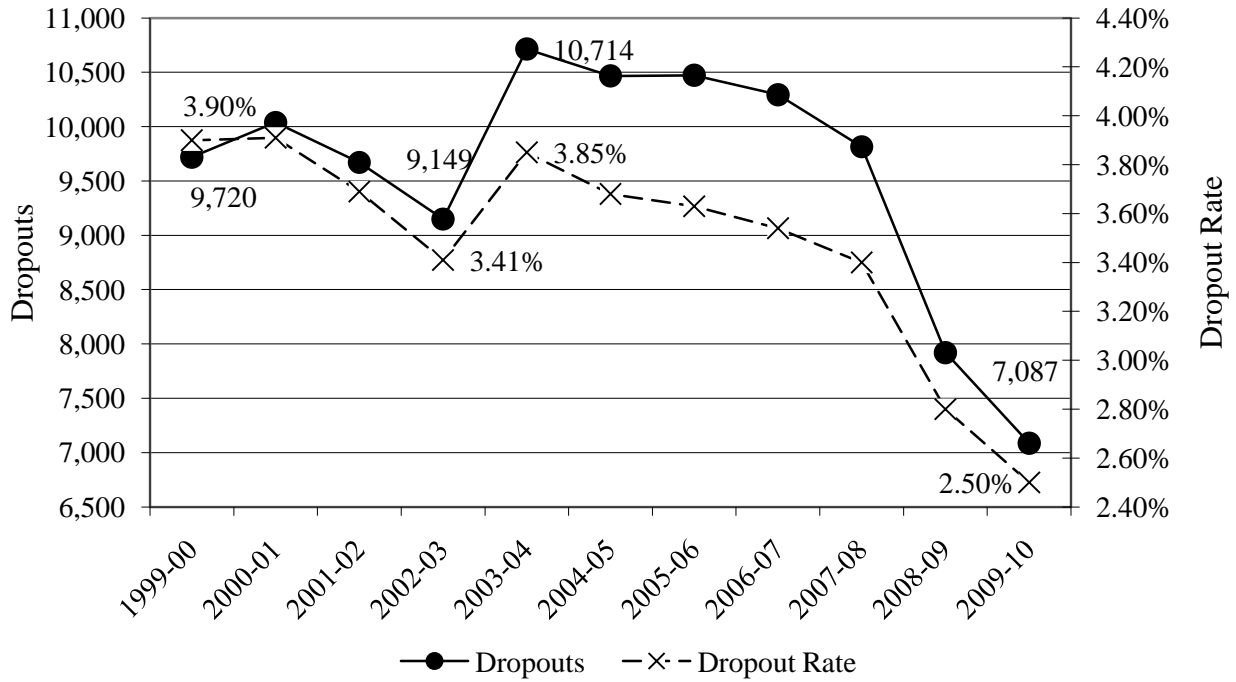
Bill Summary: The bill specifies that the compulsory school attendance ages do not apply to an individual who:

- 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 1999-2000 school year to the 2009-2010 school year. **Exhibit 1** charts the number of dropouts over this span and also shows the reported dropout rate for each year. Since spiking in the 2003-2004 school year, the number and rate of dropouts has decreased every year, declining to 7,087 dropouts (a 2.5% dropout rate) during the 2009-2010 school year. MSDE partially attributes the decline to the effort to help students pass the High School Assessment (HSA) exams, which became a graduation requirement beginning with the class of 2009.

Exhibit 1
Number of Dropouts and Dropout Rates
1999-2000 to 2009-2010 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 2009-2010 school year. The exhibit shows that Prince George’s County had the highest number of dropouts, while Somerset County had the highest dropout rate. After Prince George’s County, several of the larger counties had the highest numbers of dropouts. After Somerset County, several other Eastern Shore school systems and Baltimore City had higher dropout rates.

Exhibit 2
Number of Dropouts and Dropout Rates by School System
2009-2010 School Year

School System	Dropouts	School System	Dropout Rate
Prince George's	1,183	Somerset	4.56%
Baltimore City	1,098	Wicomico	4.52%
Baltimore	1,065	Baltimore City	4.07%
Montgomery	963	Caroline	3.51%
Anne Arundel	690	Cecil	3.40%
Harford	280	Baltimore	3.03%
Howard	242	St. Mary's	2.91%
Wicomico	207	Anne Arundel	2.79%
Cecil	184	Prince George's	2.64%
Charles	183	Allegany	2.22%
St. Mary's	168	Talbot	2.17%
Frederick	162	Harford	2.13%
Washington	127	Dorchester	2.10%
Calvert	95	Montgomery	1.98%
Carroll	92	Charles	1.81%
Allegany	66	Washington	1.80%
Caroline	63	Queen Anne's	1.69%
Queen Anne's	44	Garrett	1.60%
Somerset	43	Calvert	1.57%
Talbot	34	Kent	1.52%
Dorchester	32	Howard	1.39%
Worcester	31	Worcester	1.32%
Garrett	24	Frederick	1.18%
Kent	11	Carroll	0.94%
Statewide	7,087	Statewide	2.50%

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 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.

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.

State Expenditures: In fiscal 2015, general fund expenditures increase by an estimated \$32.3 million due to the increase in public school enrollments in the 2013-2014 school year that will result from the increase in the compulsory attendance age to 16 years old. The estimate is based on the following information and assumptions.

- Over the two-year period ending with the 2009-2010 school year, an average of 7,500 students per year dropped out of high school.
- Over a three-year period, 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 7,500 students who might otherwise be subject to the bill. This leaves an estimated 7,050 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 5,290 students). With a higher compulsory attendance age, these students would remain in the annual enrollment counts beginning in September 2013.
- 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.

Future year expenditure increases reflect greater enrollments of 17-year-olds beginning in the 2015-2016 school year (an estimated 1,763 students), inflation, and normal shifts in enrollment. The projected fiscal 2015 to 2017 increases in 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 2015-2017
(\$ in Millions)

<u>Direct Aid</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Foundation Program	\$18.6	\$19.1	\$25.9
Geographic Cost Index	0.9	0.9	1.2
Compensatory Education	9.0	9.4	12.7
Special Education Formula	1.9	2.0	2.7
Limited English Proficiency	1.3	1.5	2.0
Guaranteed Tax Base	-0.9	-0.9	-1.2
Student Transportation	1.5	1.5	2.0
Direct Aid Subtotals	\$32.3	\$33.5	\$45.3
Teachers' Retirement	<u>0.0</u>	<u>0.0</u>	<u>6.5</u>
Total	\$32.3	\$33.5	\$51.8

Source: Department of Legislative Services

The average dropout numbers for the two-year period ending with the 2009-2010 school year were used in this estimate under the assumption that the downward trend in dropout rates will slow in the coming years. However, if the downward trend continues and the number of dropouts decreases to 5,000 per year, for example, general fund expenditures will increase by an estimated \$20 million in fiscal 2015 (rather than \$32.3 million) under the bill. Alternatively, if dropout numbers return to historical levels of roughly 10,000 students per year, general fund expenditures will increase by an estimated \$43 million in fiscal 2015.

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. The

estimate was based on an increase to 18 in the compulsory attendance age and 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.

Local Revenues: Beginning in fiscal 2015, enrollment increases from the 2013-2014 school year will result in an estimated \$32.3 million increase in State aid and will be distributed to school systems in accordance with enrollment counts taken in fall 2013. Because dropout rates vary among the local school systems, the increased aid will not be shared equally by all systems. The effect on fiscal 2015 State education funding for each school system is estimated in **Exhibit 4**.

Exhibit 4
Projected Changes in Fiscal 2015 State Aid
(\$ in Thousands)

<u>County</u>	<u>Change in Aid</u>	<u>County</u>	<u>Change in Aid</u>
Allegany	\$366	Harford	\$912
Anne Arundel	2,108	Howard	99
Baltimore City	12,156	Kent	39
Baltimore	5,405	Montgomery	2,809
Calvert	137	Prince George's	3,266
Caroline	431	Queen Anne's	86
Carroll	(89)	St. Mary's	463
Cecil	1,008	Somerset	311
Charles	803	Talbot	72
Dorchester	190	Washington	33
Frederick	(152)	Wicomico	1,753
Garrett	58	Worcester	51

Source: Department of Legislative Services

As seen in the exhibit, two systems with low dropout rates (Carroll and Frederick 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 relatively high dropout rates in Baltimore City during the 2008-2009 and 2009-2010 school years, projections suggest that the Baltimore City school system will receive the majority of the additional State aid in fiscal 2015, an estimated \$12.2 million.

Local Expenditures: Local school system expenditures may increase as a result of adding students to local enrollments, which will begin in fall 2013 (fiscal 2014) under the bill. In fiscal 2012, local school systems have budgeted an average of approximately \$6,600 per pupil in local education spending. If this cost is applied to an estimated 5,290 additional students in fiscal 2014 due to raising the compulsory age to 16, local expenditures will increase by \$34.7 million. When the compulsory age of attendance is raised to 17 and an estimated 1,763 additional students are required to attend school, local school expenditures could increase by an additional \$11.6 million in fiscal 2016. 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 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 2010, the average salary for a pupil personnel worker was approximately \$82,100. The number of additional pupil personnel workers that might be needed cannot be reliably estimated.

County governments (and Baltimore City) 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 2015.

Additional Information

Prior Introductions: SB 239 of 2010 passed the Senate and received a hearing in the House Ways and Means Committee, but no further action was taken. Its cross file, HB 723, received a hearing in the House Ways and Means Committee, but no further action was taken. Similar bills to increase the age of compulsory school attendance have been introduced in previous years since 2002; however, none of the bills have been successful.

Cross File: None.

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

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