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FISCAL AND POLICY NOTE
First Reader

Senate Bill 617
(Senator Rosapepe)
Education, Health, and Environmental Affairs

Free College, Career Skills, and Youth Apprenticeship Act of 2019

This bill alters the State's college and career readiness (CCR) standard, establishes post-CCR pathways for public high school students, requires related per pupil payments to local school systems, and provides support to students who have not reached the CCR standard. The bill also restructures the State's career and technology education (CTE) program. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: General fund expenditures increase by \$336,900 beginning in FY 2020 for CTE program staff support and by an additional \$38.6 million in FY 2022 for per pupil funding required by the bill. Beginning in FY 2024, general fund expenditures further increase by \$26 million for dual-enrolled students at community colleges, including Baltimore City Community College (BCCC). BCCC revenues and expenditures increase. **This bill establishes a mandated appropriation beginning in FY 2022.**

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Higher Ed Rev.	\$0	\$0	\$0	\$0	\$4,679,700
GF Expenditure	\$336,900	\$416,500	\$39,064,000	\$42,755,000	\$72,368,300
Higher Ed Exp.	\$0	\$0	\$0	\$0	\$4,679,700
Net Effect	(\$336,900)	(\$416,500)	(\$39,064,000)	(\$42,755,000)	(\$72,368,300)

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

Local Effect: Local school system revenues and expenditures increase by \$38.6 million beginning in FY 2022, growing in the out-years as more CCR students complete the pathways. Local revenues and expenditures for community colleges increase beginning in FY 2024 for dual-enrolled students. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

CCR and Post-CCR Pathways

Beginning with the 2020-2021 school year, the State Board of Education (State board) must develop a method for assessing whether students are ready for (1) community-college level credit bearing courses in English/language arts, literacy, math, and when practicable, science and (2) employment in a globally competitive workforce. The assessment must be given no later than tenth grade, and the math portion must require greater competency than Algebra I; initially, the assessment is the Maryland Comprehensive Assessment Program (MCAP) adopted by the State board and based on specified standards. The State board must periodically review the assessment and coordinate its efforts with the Maryland Higher Education Commission (MHEC) and the Governor's Workforce Development Board (GWDB).

Beginning with the 2023-2024 school year, each local school system must provide students who achieve the CCR standard with access to a post-CCR pathway, including:

- a competitive entry college preparatory curriculum consisting of (1) the International Baccalaureate (IB) Diploma Program; (2) the Cambridge AICE (Cambridge) Diploma Program; or (3) a comparable program consisting of Advanced Placement (AP) courses specified by the College Board;
- a postsecondary course of instruction program that allows the student, through dual enrollment in a community college and at no cost to the student, to earn either an associate degree or at least 60 credits toward a bachelor's degree; and
- a robust set of CTE programs that allow students to complete (1) a specified sequence of courses leading to certification and licensure; (2) a registered apprenticeship program; or (3) a youth apprenticeship program.

Each public high school in a county must provide access to at least one of the specified pathways, and each student who achieves the CCR standard must select a post-CCR pathway. High schools must provide counseling services to help students choose an appropriate pathway. The State board must (1) adopt regulations and (2) give high school graduation credit for any programs administered in accordance with the bill, including for specified apprenticeship programs.

Funding for Local School Systems

Beginning in fiscal 2022, (1) local school systems must report specified information related to CCR completion to the State board, and (2) the Governor must include in the State budget per pupil funding for local school systems in the following amounts:

- \$500 for each student who achieved the CCR standard in the previous school year;
- \$500 for each student who completed a competitive college preparatory curriculum in the previous school year;
- \$1,000 for each student who completed a course of postsecondary instruction in the previous school year; and
- \$1,000 for each student who completed a CTE program in the previous school year, and an additional \$250 for those students until the State reaches a goal of having 45% of students complete a youth apprenticeship or earn an industry-recognized occupational credential.

Supports for Students

Beginning in school year 2021-2022, the Maryland State Department of Education (MSDE), in collaboration with local school systems and community colleges, must develop transition courses, personalized learning, and other instructional opportunities for:

- students in the eleventh and twelfth grades who did not achieve the CCR standard by the end of the tenth grade; or
- students in earlier grades who are not on track to achieve the CCR standard by the end of tenth grade.

Beginning with school year 2023-2024, students who have not achieved CCR are not precluded from enrolling in the initial stages of a post-CCR pathway, including the completion of a CTE credential.

Career and Technology Education Committee and Program

The bill establishes a Career and Technology Education Committee as an independent unit within GWDB to build an integrated, globally competitive framework for providing CTE to Maryland students. The bill repeals a statewide goal of having 45% of high school graduates complete a CTE program, earn industry-recognized credentials, or complete a registered or youth apprenticeship by January 1, 2025. Instead, the CTE Committee must establish, for each year until 2030, statewide goals that reach 45% by July 1, 2030, for the percentage of high school graduates who complete a youth apprenticeship or an industry-recognized occupational credential. The CTE Committee must ensure that, to the

extent practicable, the largest number of students achieve that goal by completing either a youth apprenticeship or a registered apprenticeship. The bill includes related reporting requirements for the CTE Committee.

The CTE Committee is generally charged with developing and implementing a framework for CTE that prepares students for employment in a diverse and modern economy. As provided in the State budget, the CTE Committee may employ additional staff if necessary to carry out its functions. Beginning in fiscal 2024, CTE programs must be aligned with the system developed by the CTE Committee.

The CTE Committee must create a CTE Skills Standards Advisory Committee to recommend and provide advice on setting occupational standards necessary for a strong CTE system. The CTE Committee establishes the terms, meeting times, procedures, and policies for the advisory committee.

Current Law:

High School Graduation Requirements

Maryland is in the process of transitioning from the Partnership for Assessment of Readiness for College and Careers (PARCC) assessments to MCAP to meet the Every Student Succeeds Act requirements. MSDE reports that MCAPs will be fully implemented by 2020. During this transition period, MSDE has already begun to refer to Maryland's assessment program as MCAP. The high school assessments, which are part of MCAPs, are also referred to as the Maryland High School Assessments (MHSAs) and include assessments in English, mathematics, science, and social studies.

Maryland high school graduation assessment requirements are not contained in statute. According to State board regulations, to be awarded a Maryland high school diploma, a student must meet the graduation assessment requirements. A student may meet the graduation assessment requirements in the following ways:

- by taking and passing the MHSAs in English 10, Algebra I, science, and government;
- by taking and passing approved alternative assessments for the MHSAs;
- by successfully completing the Bridge Plan for Academic Validation; or
- through a waiver of the MHSAs graduation requirement in certain circumstances.

The options available to a student and the cut scores required depend on when the student first entered grade 9 and which year the student first took the assessment. The most recently updated requirements can be found in [Graduation Requirements for Public High Schools](#)

[in Maryland](#) published March 2018. According to current MSDE guidelines, as shown in **Exhibit 1**, a student who is a first-time ninth grader in 2019-2020 will need to earn a 725 on both the English 10 and Algebra 1 assessments to meet the “passing score” graduation requirement. Alternatively, the passing score graduation requirement can be met using specified AP or IB exams.

Exhibit 1
Passing Scores for English 10 and Algebra 1
High School Graduation Requirements

<u>Assessment/ School Year</u>	<u>English 10 Cut Score</u>	<u>Algebra 1 Cut Score</u>
2016-2017	Graduating 2016-2017 or	Graduating 2016-2017 or
2017-2018	2017-2018: participation only	2017-2018: participation only
2018-2019	First time ninth grader	First time ninth grader
2019-2020	2019-2020 and earlier: 725	2019-2020 and earlier: 725
2020-2021 and later	First time ninth grader 2020-2021 and later: 750	First time ninth grader 2020-2021 and later: 750

Source: Maryland State Department of Education; Department of Legislative Services

College and Career Readiness Assessments

The College and Career Readiness and College Completion Act of 2013 (Senate Bill 740) required:

- beginning with the 2015-2016 school year, no later than grade 11, all students must be assessed for college readiness in English language arts/literacy and mathematics using acceptable college placement cut scores; and
- beginning with the 2016-2017 school year, MSDE must, in collaboration with local school systems and public community colleges, develop and implement transition courses or other instructional opportunities to be delivered in grade 12 to students who have not yet achieved CCR by the end of grade 11.

The implementation of transition courses or other instructional opportunities must include an assessment or reassessment of the student after completion of the course and may not preclude or replace enrollment in a course otherwise required for graduation from high school.

Beginning December 1, 2017, the State board, in consultation with specified entities, must establish goals for each year that reach 45% by January 1, 2025, for the percentage of high school students who, before graduation (1) complete a CTE program; (2) earn industry-recognized occupational or skill credentials; or (3) complete a registered youth or other apprenticeship. The board may, but is not required to, award high school graduation credit for the completion of specified apprenticeship programs; current regulations allow local school systems to award credit under specified conditions.

It is the goal of the State that all students achieve mathematics competency in Algebra II. Beginning with the grade 9 class of 2014, each student must enroll in a mathematics course in each year of high school that the student attends. MSDE must adopt regulations that establish the mathematics and math-related courses that fulfill these requirements, which may include math-related CTE courses.

Dual Enrollment

In general, a high school student may enroll in a public institution of higher education and, with the approval of the local school system and the postsecondary institution, earn college credit and credit toward high school graduation. A public institution of higher education may not charge tuition to the dually enrolled student. Instead, the local school board must pay, for up to a maximum of four courses, 75% of the cost of tuition, and for any courses that exceed the four-course threshold, 90% of the tuition. The local school system may then charge a fee to a dually enrolled student that does not exceed 90% of the amount paid in tuition. However, fees may not be charged by school systems to specified students from low-income families.

Background: The graduating class of 2017 included 57,812 students, of whom 51.5% completed only the requirements for admission to the University System of Maryland, 9.0% completed only a CTE course of study, and 13.5% completed both. MSDE advises that 30% of current juniors have passed both the Algebra I and the English 10 PARCC exams and, therefore, meet the CCR standard currently in effect (and generally maintained by the bill).

Commission on Innovation and Excellence in Education

Chapters 701 and 702 of 2016 established the Commission on Innovation and Excellence in Education to, among other charges, (1) review the findings of a consultant's study on adequacy of education funding and its related studies and make recommendations on the funding formula; (2) review and make recommendations on expenditures of local education agencies; (3) review and make recommendations on innovative education delivery mechanisms and other strategies to prepare Maryland students for the twenty-first century workforce and global economy; and (4) review and make recommendations on expanding

prekindergarten, including special education prekindergarten. The commission members were appointed during summer 2016, with former University System of Maryland Chancellor Dr. William “Brit” Kirwan being appointed to serve as chair of the commission.

In order to develop appropriate policy recommendations, in January 2017, the commission asked the National Center on Education and the Economy (NCEE) to perform a gap analysis to help the commission compare Maryland’s education system to systems in top-performing countries and states. The gap analysis was designed to help the commission identify policy priorities and implementation strategies to be considered in conjunction with changes to the State education aid formulas. NCEE presented the *9 Building Blocks for World-Class Education Systems* to the commission. The commission has arranged the nine building blocks into five policy areas around which it has organized its policy recommendations. For more information on the commission see the [commission’s web page](#).

CCR pathways is one of the five policy areas identified by the commission, and its January 2019 [Interim Report](#) proposes a framework for developing and implementing those pathways. Although this bill addresses many of the same policy areas in the commission’s framework, its approach is different from that proposed by the commission, so it does not implement the commission’s framework.

Career and Technology Education

The Strengthening Career and Technical Education for the 21st Century Act is the 2018 reauthorization of the federal Carl D. Perkins Career and Technical Education Act (Perkins), which was last overhauled in 2006. The new Perkins law provides approximately \$1.2 billion in formula grants to states to implement CTE programs in their secondary schools and postsecondary institutions. The new law allows states to set their own goals for CTE programs, requires them to make progress toward those goals, and makes other changes to federal CTE law. Generally, Perkins requires states to develop sequences of academic and CTE coursework, called programs of study, that prepare students for postsecondary degrees or industry-recognized credentials. Many of the programs of study – which range from plumbing and culinary arts to aerospace engineering and cybersecurity – include or encourage apprenticeship or pre-apprenticeship opportunities.

In federal fiscal 2018, Maryland received \$17.0 million in Perkins Title I grants to support CTE programs in secondary schools and postsecondary institutions. Of that amount, \$14.4 million (85%) was distributed to local governments, and the remaining 15% was designated for statewide activities and administration. Of the \$14.4 million distributed to local governments, 65% was used for secondary school programs and 35% was spent on postsecondary programs. Perkins funds are used for a variety of purposes at the local level,

including teacher professional development, equipment, and program development and administration.

MSDE has developed several dozen programs of study grouped within 10 career clusters. Each program of study includes a sequence of four courses that begin in either grade 10 or 11 and prepares students for either further study or industry certification; students that complete the course sequence by high school graduation are considered “CTE completers.” Almost one-quarter of the class of 2017 (22.5%) completed a CTE program of study, including the 13.5% that also completed the requirements for admission to the University System of Maryland (*i.e.*, “dual completers”). However, only about 4,500 graduating seniors (7.9%) earned an industry-recognized credential as part of their CTE program.

Dual Enrollment

In fiscal 2018, average community college tuition for a full-time student (30 credits) was approximately \$3,500 (\$350 for a single three-credit course); average student fees were approximately \$810 (full-time).

In school year 2016-2017, an average of about 7,600 high school students were dually enrolled in a Maryland community college in *each* semester (fall/spring).

Senator John A. Cade Funding Formula

The State’s annual contribution for the Senator John A. Cade Funding Formula, the largest community college aid program, is determined by enrollment at community colleges and the level of funding received by public four-year institutions. The Cade formula bases per pupil funding on a set statutory percentage of current-year State appropriations per full-time equivalent student (FTES) at selected public four-year institutions of higher education. The resulting community college per student amount is multiplied by the number of FTES enrolled in the colleges in the second preceding fiscal year to identify a total formula amount.

Specifically, the number of FTES is calculated as the number of student credit hours produced in the fiscal year two years prior to the fiscal year for which the State share is calculated, divided by 30. “Student credit hours” are defined as student credit hours or contact hours that are eligible under the regulations issued by MHEC, and include dual-enrolled students.

Baltimore City Community College

Like the local community colleges, annual State funding for BCCC is determined by a formula that bases per pupil funding for the college on a set statutory percentage of the

current year State appropriations per FTES at selected public four-year institutions of higher education. The resulting BCCC per student amount is multiplied by the number of FTES enrolled in the college in the second preceding fiscal year to identify a total formula amount. The number of FTES is calculated in the same manner as it is for the local community colleges, and “student credit hours” are defined the same.

Cambridge/IB/AP Programs

In school year 2016-2017, approximately 59,300 Maryland high school students (about two-thirds are juniors or seniors) took at least one AP exam, with an average of two exams per student.

The average cost of implementing AP/IB/Cambridge programs for 200 students (100 juniors and 100 seniors) in a high school in school year 2017-2018 is approximately \$850 per student. This includes all start-up costs, ongoing membership and exam fees, and administrative personnel. It does not include the cost of teachers, who are allocated from existing teaching personnel to the programs.

State Expenditures:

CCR and Post-CCR Pathways

With one exception, the bill does not allow students who do not reach the CCR standard to complete a pathway. It does allow those students to enroll in the initial stages of a pathway, but not to finish it. The one exception is the CTE pathway, as the bill explicitly states that students who do not attain CCR should be allowed to complete coursework leading to a CTE credential. Thus, even though 65% of graduating seniors currently complete a college preparatory curriculum, this analysis assumes that only students who attain CCR by the end of tenth grade can complete either the college preparatory pathway or the dual-enrollment pathway. Since only 30% of juniors currently attain the CCR standard, the percentage of graduating seniors completing either of those two pathways is substantially less than current rates; the percentage completing a CTE pathway is based entirely on current completion rates. Reflecting current high school completion patterns, this analysis assumes:

- 33% of rising juniors attain CCR in school year 2021-2022, with the percentage increasing by 3% annually (this does not include students who may achieve CCR before or after the end of tenth grade);
- 20% of graduating seniors complete the college preparatory pathway in school year 2021-2022, with the percentage increasing 1% annually;
- 6% of graduating seniors complete a dual-enrollment pathway in school year 2021-2022, with the percentage increasing 1% annually; and

- 24% of graduating seniors complete a CTE pathway in school year 2021-2022, with the percentage increasing by 2% annually to reflect the bill's 45% goal by 2030.

The Department of Legislative Services (DLS) notes that State funding for attainment of CCR and completion of post-CCR pathways begins in fiscal 2022, but the pathways are not required to be offered until school year 2023-2024 (fiscal 2024). However, since many schools already offer variations of the pathways, this analysis assumes that funding begins in fiscal 2022 as required by the bill. Also, DLS assumes that, since information from the prior school year regarding students who attain CCR and complete specified post-CCR pathways is not available in time to calculate per pupil funding, information from the second prior school year is used instead.

With these assumptions, general fund expenditures increase by \$38.6 million in fiscal 2022 and increase annually thereafter, reflecting increasing numbers of students attaining CCR and completing post-CCR pathways. By fiscal 2024, general fund expenditures reach \$45.9 million. DLS notes that these costs do not account for students who may achieve CCR either before or after the end of tenth grade. Expenditures increase by at least \$500 per pupil depending on the number of students who fall into either category each year.

Dual Enrollment

Almost all high school students who dual enroll in a postsecondary institution currently do so at a community college, so this analysis assumes that students who take advantage of the dual-enrollment pathway do so at a community college. Completing a 60-credit program at a community college in two years requires that high school students attend community college courses on a full-time basis (even if some of the courses are offered on an adjunct basis at their high school campus).

Baltimore City Community College

Due to the BCCC funding formula, general fund expenditures increase for each FTES who dual enrolls at BCCC. For each FTES who attends BCCC due to the bill in the 2021-2022 academic year (fiscal 2022), general fund expenditures increase by an estimated \$9,753 in fiscal 2024. Using the assumptions discussed above that 6% of CCR students pursue the dual-enrollment pathway in fiscal 2022, and assuming 8.5% of dual-enrolled students attend BCCC, general fund expenditures increase by \$4.7 million in fiscal 2024. Out-year costs increase as the percentage of students who meet CCR and pursue the post-CCR dual-enrollment pathway increase as described above.

BCCC is a State-run institution, so BCCC higher education revenues and expenditures increase by corresponding amounts annually.

Senator John A. Cade Funding Formula

General fund expenditures increase for each FTES who dual enrolls at a local community college due to the Senator John A. Cade Funding Formula. Using the same assumptions as described above and assuming 91.5% of dual-enrolled students attend a local community college (instead of BCCC), general fund expenditures increase by \$21.3 million (\$4,121 per FTES) in fiscal 2024. Out-year costs increase as the percentage of students who meet CCR and pursue the post-CCR dual-enrollment pathway increase as described above.

State Assessments and Transition Courses

The bill specifies that, initially, MCAP is the assessment to be used to measure CCR attainment. As MSDE is currently developing MCAP, which is slated to be used for the first time during the 2019-2020 school year, this analysis assumes no additional State expenditures for the development of the assessment.

As noted above, current law already requires MSDE to develop transition courses for students who do not attain CCR by the end of eleventh grade. The bill requires those courses to be available beginning with school year 2021-2022 for students at least as early as tenth grade (for those who are not on track to attain CCR as well as those who do not attain it by the end of tenth grade). DLS believes that existing transition courses can be adapted by MSDE with existing resources and that local school systems can implement them with a combination of existing resources and the additional CCR funding they receive from the State.

Administrative Costs

The CTE Committee is charged with significant duties related to the reformulation and expansion of the CTE pathway. The Department of Labor, Licensing, and Regulation advises that GWDB cannot provide the necessary staffing support for the CTE Committee with existing resources. Therefore, general fund expenditures increase by \$336,945 in fiscal 2020, which accounts for a 90-day start-up delay from the bill's July 1, 2019 effective date. This estimate reflects the cost of hiring an executive director, program staff, and administrative support to staff the CTE Committee. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	5
Salaries and Fringe Benefits	\$300,776
Operating Expenses	<u>36,169</u>
Total FY 2020 State Expenditures	\$336,945

Future year expenditures reflect full salaries with annual increases and employee turnover, termination of one-time costs, and ongoing operating expenses.

As noted above, MSDE can implement the bill with existing resources.

Local Fiscal Effect:

CCR Pathways

School system revenues and expenditures increase by \$38.6 million in fiscal 2022, increasing to \$45.9 million in fiscal 2024 to implement the post-CCR pathways and supports for non-CCR students. It is assumed that the State payments are sufficient to cover most of the marginal cost of implementing the bill, including any administrative costs, but it is possible that, in some cases, additional local expenditures may be needed to supplement the additional State funds. In those instances, local expenditures increase in excess of the additional revenues received. Local school systems must also reorganize their CTE programs to focus more extensively on providing students with more workplace learning opportunities to meet the State's goals.

Dual Enrollment

As discussed above, since almost all high school students who dual enroll in a postsecondary institution do so at a community college, this analysis assumes that students who take advantage of the dual-enrollment pathway do so at a community college. Completing a 60-credit program at a community college in two years requires that high school students attend community college courses on a full-time basis (even if some of the courses are offered on an adjunct basis at their high school campus). Average tuition and fees for a full-time student totals approximately \$4,310 per year, but the bill provides local school systems only \$1,000 per *completer*. This creates a significant funding gap of roughly \$7,600 per student over two years.

Currently, local school systems pay either 75% or 90% of the tuition for a dual-enrolled student and may be reimbursed by the family of a dual-enrolled student for up to 90% of the tuition payments they pay to community colleges, except for students from low-income families. Under the bill, they can no longer collect those reimbursement payments from any student, so they bear the full cost of their share of the cost of the dual-enrollment program under the bill.

A full-time dual-enrolled student is not likely to be enrolled in any high school classes and, thus, uses very few resources or services provided by the local school system. This analysis therefore assumes that State aid provided to the local school system on a per pupil basis for that student is instead paid to the local community college to cover any tuition and fee gap;

any remaining State aid that is not needed to pay tuition and fees continues to be paid to the local school system to cover overhead and other costs linked to the student.

The bill does not alter the formula for aid to community colleges, so it is assumed that the State continues to pay community colleges on a per student basis for each student who is dual enrolled, which covers the 10% or 25% of tuition costs borne by the community college. Based on the assumptions discussed above, State aid to community colleges for dual-enrolled students increases by an estimated \$21.3 million in fiscal 2024 (based on the number of students who dual enroll in fiscal 2022). These revenues (and expenditures) for community colleges increase as more students pursue the dual-enrollment pathway over time.

Small Business Effect: The restructuring of the State's CTE program to focus on youth and registered apprenticeship opportunities and industry-recognized credentials may expand the pool of available apprentices for small businesses particularly in industries that make extensive use of apprentices, such as construction trades and cosmetology.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Association of Community Colleges; Department of Commerce; Maryland Association of Counties; Governor's Office; Maryland State Department of Education; Maryland Higher Education Commission; Baltimore City Community College; University System of Maryland; Department of Budget and Management; Department of Labor, Licensing, and Regulation; Baltimore City Public Schools; Baltimore County Public Schools; Anne Arundel County Public Schools; Montgomery County Public Schools; Prince George's County Public Schools; Charles County Public Schools; Frederick County Public Schools; Wicomico County Public Schools; St. Mary's County Public Schools; Talbot County Public Schools; Department of Legislative Services

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