

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

Legislative Fiscal Note

BILL NUMBER: House Bill 287 (First Edition)

SHORT TITLE: Increase Dropout Age From 16 to 17.

SPONSOR(S): Representatives Lambeth, Moffitt, Brandon, and D. Ross

FISCAL IMPACT					
(\$ in millions)					
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
State Impact	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
General Fund Revenues:	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
General Fund Expenditures:	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State Positions:	0.0	0.0	0.0	0.0	0.0
NET STATE IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:
 North Carolina public schools, Department of Correction, Judicial Branch, and Department of Juvenile Justice and Delinquency Prevention.

EFFECTIVE DATE: July 1, 2013

TECHNICAL CONSIDERATIONS:
 Yes - See Technical Considerations Section

BILL SUMMARY:

The proposed bill amends G.S. 115C-378(a), G.S. 115C-238.66(3), and G.S. 116-235(b)(2) to increase the compulsory school attendance age from 16 to 17 effective July 1, 2013. The proposed bill also makes conforming changes to G.S. 7B-1501(27) and G.S. 143B-805(20) to amend the definition of an “undisciplined juvenile” for purposes of the Juvenile Code, and the Department of Juvenile Justice and Delinquency Prevention, respectively.

ASSUMPTIONS AND METHODOLOGY:

This bill affects North Carolina’s public schools, the Department of Correction, the Judicial Branch, and the Department of Juvenile Justice and Delinquency Prevention. This fiscal note only addresses potential fiscal impacts related to North Carolina’s public schools. A separate incarceration note will address the potential fiscal impact related to other agencies.

Public Schools Fiscal Impact

This analysis assumes that change in compulsory attendance age would not cause projected dropouts to stay in school, and, therefore, the bill would not have a fiscal impact on public schools. While certain older studies point to a possible relationship between increased compulsory attendance age, the preponderance of studies in the past decade indicate that there is no relationship between dropout rates and the compulsory attendance age.

The policy viewpoint that dropout rates can be improved by increasing the compulsory attendance age stems largely from a widely cited article from Angrist & Krueger (1991)¹ estimates that roughly 25% of potential dropouts remain in school because of compulsory schooling laws. However, these results were based on US Census data from 1960, 1970 and 1980. Given there was very little differentiation between states' compulsory attendance policies during those times, meaning that Angrist & Krueger were working from a small sample size, and did not take into account concurrent funding level changes, policy changes, or other state or federal interventions, it is reasonable to question the applicability of the study to the current day education system. Finally, the study found the effect of changing the compulsory attendance age had decreased over time. That is, the impact was strongest in 1960, and decreased for each of 1970 and 1980. It is likely that this trend has continued, as the job market in the past contained many job opportunities for dropouts that might not be available in today's market.

Another study from Warren, Jenkins and Kulick (2006)² finds a small, statistically significant relationship between compulsory attendance age and dropout rates. Looking at state-level data from 1975 through 2002, they estimate that each 1-year increase in the state compulsory attendance age is associated with a 0.33 percentage point decrease in the state-level event dropout rate.³ That is, a 1-year increase of the compulsory attendance age in a state with an event dropout rate of 5.00% would be expected to lead to an event dropout rate of 4.67% following the change. Likewise, this study estimates that a 2-year increase in the compulsory attendance age – as proposed by this bill – would be associated with a 0.66 percentage point decrease in North Carolina's event dropout rate.

The preponderance of more recent research, however, indicates that there is no relationship between compulsory attendance age and dropout rates. Landis and Reschly (2011)⁴ conclude that "...completion rates did not vary between states with different (compulsory school-attendance ages). In addition, states that raised their (compulsory school-attendance age) requirements did not necessarily experience a greater decline in dropout than states that maintained compulsory school-attendance age requirements of 16." A 2009 report from the Rennie Center for Education Research & Policy comes to a similar conclusion, noting "there is no credible empirical evidence

¹ Joshua D. Angrist and Alan B. Krueger, "Does Compulsory School Attendance Affect Schooling and Earnings?" *The Quarterly Journal of Economics* (1991) 106 (4): 979-1014.

² John Robert Warren, Krista N. Jenkins, and Rachael B. Kulick, "High School Exit Examinations and State-Level Completion and GED Rates, 1975 through 2002" *Educational Evaluation and Policy Analysis*, Vol. 28, No. 2 (Summer, 2006): 131-152.

³ The event dropout rate is the number of students in a particular grade span dropping out in one year divided by a measure of the total students in that particular grade span.

⁴ Rebecca N. Landis and Amy L. Reschly, "An Examination of Compulsory School Attendance Ages and High School Dropout and Completion" *Educational Policy*, September 2011, vol. 25 no. 5: 719-761.

to support this policy alone as an effective strategy to combat the dropout crisis.”⁵ Finally, Whitehurst and Whitfield (2012) reviewed existing research and conducted original analyses to conclude that “states with higher (compulsory school-attendance ages) do not have higher high school graduation rates than states with lower (compulsory school-attendance) ages.” In fact, their analysis indicates that states that set their compulsory attendance age at 18 have graduation rates that are 1 to 2 percentage points *lower* than states that only require attendance until 16 or 17.⁶

The November 2010 report from the North Carolina Blue Ribbon Task Force to study the impacts of raising the compulsory public school attendance age reached similar conclusions when examining 4-year cohort graduation rates of states that changed their compulsory attendance age. In the sampling of states that had increased their compulsory attendance age, three experienced decreases in their graduation rate, and one state experienced an improved graduation rate.⁷

Given the lack of evidence tying increases in compulsory attendance age to decreased dropout rates, this analysis assumes that there would be no change in the event dropout rate as a result of this bill.

As a result, there would be no projected fiscal impact on public schools as a result of this bill.

SOURCES OF DATA:

- Joshua D. Angrist and Alan B. Keueger, “Does Compulsory School Attendance Affect Schooling and Earnings?” *The Quarterly Journal of Economics* (1991) 106 (4): 979-1014.
- John Robert Warren, Krista N. Jenkins, and Rachael B. Kulick, “High School Exit Examinations and State-Level Completion and GED Rates, 1975 through 2002” *Educational Evaluation and Policy Analysis*, Vol. 28, No. 2 (Summer, 2006): 131–152.
- The Rennie Center for Education Research & Policy, “Raise the Age, Lower the Dropout Rate? Considerations for Policymakers,” Spring 2009, as found at: <http://www.renniecenter.org/research/RaiseTheAge.pdf>.
- Grover J. “Russ” Whitehurst & Sarah Whitfield, “Compulsory School Attendance: What Research Says and What It Means for State Policy,” Brown Center on Education Policy at Brookings, August 2012, as found at: http://www.brookings.edu/~media/Research/Files/Papers/2012/8/01%20education%20graduation%20age%20whitehurst%20whitfield/0801_education_graduation_age_whitehurst_whitfield.pdf.

⁵ The Rennie Center for Education Research & Policy, “Raise the Age, Lower the Dropout Rate? Considerations for Policymakers,” Spring 2009, as found at: <http://www.renniecenter.org/research/RaiseTheAge.pdf>.

⁶ Grover J. “Russ” Whitehurst & Sarah Whitfield, “Compulsory School Attendance: What Research Says and What It Means for State Policy,” Brown Center on Education Policy at Brookings, August 2012, as found at: http://www.brookings.edu/~media/Research/Files/Papers/2012/8/01%20education%20graduation%20age%20whitehurst%20whitfield/0801_education_graduation_age_whitehurst_whitfield.pdf.

⁷ Department of Public Instruction, “Report to the North Carolina General Assembly: The Impact of Raising the Compulsory Attendance Age” November 15, 2010, as found at: <http://www.ncleg.net/documentsites/committees/JLEOC/Reports%20Received/2010%20Reports%20Received/Impact%20of%20Raising%20Compulsory%20School%20Attendance%20Age%202011-2010.pdf>

- Department of Public Instruction, “Report to the North Carolina General Assembly: The Impact of Raising the Compulsory Attendance Age” November 15, 2010, as found at: <http://www.ncleg.net/documentsites/committees/JLEOC/Reports%20Received/2010%20Reports%20Received/Impact%20of%20Raising%20Compulsory%20School%20Attendance%20Age%2011-2010.pdf>

TECHNICAL CONSIDERATIONS:

Incarceration Impact

The bill affects the application of a criminal penalty which by General Statute and House Rules requires a Legislative Incarceration Note. This fiscal note does not address any potential incarceration costs of the criminal penalty referenced in the bill. Those costs, if any, are addressed in a separate Legislative Incarceration Note for the bill.

Exemptions

Considering certain exemptions to the compulsory attendance requirements might be prudent. While this bill grants an exemption to children under 17 who have graduated from high school, about half of all states with a compulsory age of 17 have additional exemptions. Possible exemptions include if the student is employed, has a physical or mental condition that makes attendance infeasible, has the permission of a parent or district court, or if the student has arranged alternative education such as a vocational or technical school.

Effective Date

The effective date of the proposed legislation is July 1, 2013. Typically, changes to criminal penalties are effective December 1.

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DATE: April 15, 2013



Signed Copy Located in the NCGA Principal Clerk's Offices