



Economic Impact Analysis Virginia Department of Planning and Budget

8 VAC 20-360 – Regulations Governing General Education Development Certificates Department of Education September 20, 2004

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The Board of Education (board) proposes to 1) raise testing fees, 2) clarify age eligibility requirements, 3) eliminate the waiting period before retaking tests, and 4) amend the scoring requirements information to reflect that a GED certificate is earned according to the American Council on Education scoring requirement in place at the time the individual took the GED tests.

Estimated Economic Impact

Raising test fees

According to the board, the fees that testing centers are allowed to charge under the current regulations are not adequate to support the costs of administering the GED tests. The 72 local school divisions and two community colleges that are approved to operate the testing centers are subsidizing the administering of the GED tests.¹ The board proposes to increase GED test fees for Virginia residents from \$10 to \$50 to take the complete battery of GED tests,

and from \$2 to \$10 for each individual test. The proposed fees are estimated to approximately match the GED test administrative costs.² Thus, the local school divisions and community colleges will be able to use the funds that they have spent to subsidize GED test administrative costs on other areas of education that can benefit students and the public.

Given the comparative cost of the time and effort necessary for preparation, the proposed higher fees remain relatively low and will most likely not deter many potential applicants from taking the tests. Those that do take the full battery of tests will of course have \$40 less to save or spend on other items. To the extent that the higher fees may discourage a small number of individuals from seeking a GED, it may moderately affect some of these individuals' future earnings. In perhaps the best-known paper on the labor market benefits of the GED credential, Cameron and Heckman (1993) found that "GED recipients lie between dropouts and graduates in their economic standing but are much closer to dropouts." Those few that may experience a moderate reduction in future earnings due to not pursuing the GED certificate are more likely to be those of lesser intellect. Murnane, Willett & Tyler (2000) found that "Obtaining a GED is associated with higher earnings at age 27 for those male dropouts who had very weak cognitive skills as tenth graders, but not for those who had stronger cognitive skills as tenth graders." Again, in practice, it is unlikely that more than a very small number of individuals will be deterred from pursuing the GED certificate due to the proposed fee increase.

Age eligibility requirements

Concerning the minimum age that an individual can earn a GED certificate, the board proposes to state in these regulations that "Under special circumstances, which are consistent with the Code of Virginia, §§ 22.1-254 and 22.1-254.2, the age limit may be lowered to 16 years of age." The 1999 Virginia Acts of Assembly amended these Code sections in a manner that contradicts part of these regulations. Where the Code of Virginia and administrative law are in conflict, the Code of Virginia governs. Nevertheless, the contradictory language has caused some confusion in the public concerning when 16-year old and 17-year old individuals can take the GED tests. Therefore the board proposes to repeal the following regulatory language, which

¹ Source: Department of Education

² Ibid

indicates that 16-year old and 17-year old individuals can earn a GED certificate if they can provide one of the following:

- a. A letter from an official of the regular day school last attended stating that the applicant has been legally withdrawn from school for a period of one year;
- b. A letter from an official of the regular day school last attended stating that the applicant has been legally withdrawn from school for a period of six months, and a letter from a director of a high school review program stating that the applicant has successfully completed the program; or
- c. A letter from an employer, a recruiting officer of the armed forces, or an admissions officer of an institution of higher learning or postsecondary training institution stating that the applicant meets all requirements for employment or admissions, with the exception of a General Educational Development certificate, and a letter from an official of the regular day school last attended recommending the applicant be tested.

In particular, producing the following is not sufficient for 16-year old and 17-year old individuals to take the GED tests under the Code of Virginia:

A letter from an employer, a recruiting officer of the armed forces, or an admissions officer of an institution of higher learning or postsecondary training institution stating that the applicant meets all requirements for employment or admissions, with the exception of a General Educational Development certificate, and a letter from an official of the regular day school last attended recommending the applicant be tested.

Under §§ 22.1-254 and 22.1-254.2, such individuals who would have qualified under the above regulatory language would instead need to become enrolled in an individual student alternative education plan (ISAEP). Requirements of the ISAEP include a) career guidance counseling, b) mandatory enrollment and attendance in a GED preparatory program or another alternative education program, and c) counseling on the economic impact of failing to complete high school. Although the proposed amendments to the regulation do not change the effective law, the promulgation of these amendments will likely have some impact since confusion among the public, school divisions, and some test administrators has been such that some individuals have likely taken the GED tests by complying with the above regulatory language after 1999, when

the Code of Virginia should have prevented this method in practice.³ The proposed regulatory language will reduce such confusion and make it less likely that individuals not qualified to take the GED tests will do so in the future.

Waiting period

Under the current regulations, “An applicant who fails to qualify for a certificate on the basis of test scores may be retested, provided at least 60 days have lapsed since the last testing.” The board proposes to eliminate the requirement that applicants wait 60 days before retaking the tests. The GED Testing Service⁴ has no position on how long a person must wait to retest.⁵ The GED Testing Service permits applicants to take the tests up to three times per calendar year. (Three different versions of the tests are issued per year.) Proposed language makes clear that applicants will have this opportunity, and that test scores may be combined in accordance with GED Testing Service policy. The proposed elimination of the sixty-day waiting period will produce a net benefit in that it enables applicants to have more flexibility as to when they can sit for retests without compromising the value of the tests. (If the Testing Service repeated questions on tests for students who retake the tests within 60 days, then passing such tests would be lesser evidence of the applicant’s knowledge than the situation where the applicant encounters new questions on the retest. Since the latter situation occurs in practice, the value of the tests is not compromised by permitting applicants to retest within less than sixty days.) Eliminating the waiting period will potentially enable some individuals to obtain employment, enter postsecondary education, or enter armed services sooner than would be possible with the required waiting period.

Scoring requirements

The current regulations indicate that the minimum test scores required to acquire a GED certificate are “A standard score battery average of 45 (a total standard score of 225) with no individual test standard score below 34...” This is consistent with the minimum standard set by

³ Ibid

⁴ The GED Testing Service, part of the American Council on Education, develops and distributes the GED Tests nationally.

⁵ Source: Department of Education

the GED Testing Service of the American Council on Education for between July 1, 1979, and December 31, 1996. The GED Testing Service's minimum standard has since been revised, but the revised standards have not been reflected in these regulations. The board has in practice required whichever minimum standards the GED Testing Service has maintained for each respective time period. The board proposes to clarify that "For test batteries completed on or after January 1, 2002, individuals must achieve the minimum passing score requirements set by the GED Testing Service of the American Council on Education or such higher score requirements that may be established by the Virginia Board of Education." The board also proposes to indicate the standards for test batteries completed between January 1, 1997 and December 31, 2001, between July 1, 1979 and December 31, 1996, and for the period prior to July 1, 1979. The clarifying language will produce a small benefit by reducing the probability that examiners, GED test takers, and others (e.g. employers, and colleges and universities) will misunderstand what minimum test scores are required to acquire a GED certificate in Virginia.

Businesses and Entities Affected

The proposed amendments affect the approximately 20,000 GED test takers per year and the 72 local school divisions and two community colleges that are approved to operate GED testing centers.

Localities Particularly Affected

The proposed amendments affect individuals in all Virginia localities.

Projected Impact on Employment

Eliminating the waiting period for retaking GED tests will potentially enable some individuals to obtain employment sooner than would be possible with the required waiting period.

Effects on the Use and Value of Private Property

The proposed increase in test fees will create a commensurate small reduction in test takers net worth. Eliminating the waiting period for retaking GED tests will potentially enable some individuals to obtain employment sooner than would be possible with the required waiting period. Obtaining employment sooner will enable these affected individuals to increase their earnings sooner and consequently raise their net worth.

References

Cameron, Stephen V, and James J. Heckman, "The Nonequivalence of High School

Equivalents," *Journal of Labor Economics*, 1993, 11(1): 1-47.

Murnane, Richard J., Willett, John B., and John H. Tyler, "Who Benefits from Obtaining a

GED? Evidence from High School and Beyond," *Review of Economics and Statistics*,

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