

Department of Legislative Services
Maryland General Assembly
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FISCAL NOTE
Revised

Senate Bill 181 (Senator Frosh. *et al.*)

Economic and Environmental Affairs

Waiver of Tuition and Fees - Foster Care Recipients

This bill provides that a State “foster care recipient” is exempt from paying tuition and mandatory fees at a public institution of higher education if the foster care recipient:

- is enrolled at the institution by the date the recipient reaches the age of 21;
- is pursuing an associate’s or bachelor’s degree; and
- has filed for federal and State financial aid by March 1 each year.

Foster care recipient is defined to include individuals who were adopted out of foster care after the individual’s 14th birthday. The tuition waiver applies until the earlier of five years after first enrolling at a public higher education institution or the date that the foster care recipient is awarded a bachelor’s degree.

The Department of Human Resources (DHR) must annually provide a list of foster care recipients who may be eligible for the waiver to the Maryland Higher Education Commission (MHEC).

The bill takes effect July 1, 2000.

Fiscal Summary

State Effect: Minimal foregone tuition and fees revenues for State public institutions of higher education. To the extent that the bill results in an increase in the number of students attending State public institutions of higher education, general fund expenditures for aid to those institutions would increase.

Local Effect: To the extent that the legislation results in an increase in the number of students attending community colleges, local expenditures for aid to community colleges

would increase.

Small Business Effect: None.

Analysis

Current Law: Maryland currently has no tuition waiver similar to that proposed by the bill. State public institutions provide various tuition waivers for senior citizens, university employees and their spouses and children, national guard members, displaced homemakers, and the disabled.

Background: Florida, Maine, and Texas have statutes exempting foster children from payment of college tuition. The program in Texas has been in effect for approximately two years. Fiscal 1998 costs were \$168,581 for 108 students. Maine's program was adopted in 1999. The tuition waiver is limited to 25 students, and it was anticipated that the program could be implemented using existing resources. While Florida's program has existed for a number of years, sufficient data are not available to evaluate the impact of the program.

State Revenues:

Cost Without Financial Aid

The bill would result in foregone tuition and fees revenues for public higher education institutions. Fiscal 2001 estimated full-time resident undergraduate tuition and fees rates for State public institutions range from \$3,370 (Coppin State College) to \$7,360 (St. Mary's College of Maryland). The fiscal 2000 average full-time resident tuition and fees rate for State community colleges is \$2,238. Based upon data regarding recent levels of college acceptance and enrollment of foster children, which was obtained from DHR, it is estimated that the proposed waiver of tuition and fees would apply to approximately 202 foster children and adoptees in fiscal 2001. *Not taking into consideration any federal or State financial aid that the foster students might receive*, the estimated costs of waivers for fiscal 2001 through 2005 are shown in **Exhibit 1**.

Exhibit 1
Total Cost of Waivers for Foster Care Students
Not reduced for financial aid received

<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
\$752,558	\$853,100	\$967,074	\$1,096,275	\$1,242,737

These estimates assume that the number of applicable students increases by 9% per year and that half of the students attend four-year institutions on a full-time basis while half attend community college on a full-time basis. The estimates do not assume that the number of foster children and adoptees applying to college increases as a result of the legislation, due to the lack of a basis for estimating the magnitude of any such “incentive effect.” Therefore, the actual costs of the waivers could be higher. The estimates are also based on current retention levels. Students may be more likely to continue their schooling if their tuition is waived. The amount of tuition revenue that would be foregone by the individual institutions is not known, because it is not known which institutions the waiver recipients would attend and what kind of course loads they would carry.

Cost With Financial Aid

The bill requires each foster care recipient to annually apply for federal and State financial aid. Assuming that most foster care children lack significant family financial resources, it is believed that most foster care students would qualify for the federal Pell Grant Program. Pell Grants are awarded to undergraduate students who have demonstrated financial need. Pell Grants are not loans and do not have to be paid back to the government after graduation. Awards depend on federal program funding. The maximum award for full-time enrollment for school year 1999-2000 is \$3,125 and the minimum award is \$400. The amount received by a student depends on the Expected Family Contribution (EFC). The EFC is the amount the family is expected to contribute towards the student’s college education. The student is expected to contribute from savings and from summer jobs. The amount that parents are expected to contribute depends on their income, assets, and the number of other children in college. To determine a student’s need level, the cost of attendance is subtracted from the student’s EFC.

According to the U.S. Department of Education, the average family income for federal Pell Grant recipients in 1997-98 was \$15,800. For independent students, the average income was \$11,739.

The income levels of Maryland college-bound foster care students are not readily available. It is assumed that a significant portion of the costs set forth in **Exhibit 1** would be reduced by federal financial aid that foster care students would receive, but the precise extent of such a reduction cannot be estimated at this time. It is believed that the amount of tuition revenue foregone by any one institution as a result of the bill would be minimal.

State Expenditures: To the extent that the bill would result in an increase in the number of students attending State public institutions of higher education, State expenditures would increase. State aid to four-year institutions varies by institution. For the University of Maryland, College Park, the fiscal 2001 estimated State appropriation per full-time equivalent student (FTES) is \$12,990. State appropriation levels for the other four-year public institutions are lower. State aid to community colleges is projected to be \$1,938 per FTES in fiscal 2001.

It is expected that DHR could provide the required lists to MHEC using existing budgeted resources.

Local Expenditures: A portion of community college costs are paid by local governments. To the extent that the bill would result in an increase in the number of students attending college, local costs would increase. The average local share of community college costs was \$2,201 per FTES in fiscal 1998.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Human Resources, Maryland Higher Education Commission, University System of Maryland, Department of Legislative Services

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