

Department of Legislative Services
Maryland General Assembly
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FISCAL AND POLICY NOTE
Revised

Senate Bill 414

(Senator King, *et al.*)

Education, Health, and Environmental Affairs

Appropriations

Higher Education - Tuition Waiver - Foster Care Recipients

This bill prohibits a scholarship or grant for postsecondary study received by specified foster care recipients eligible for a tuition waiver from being applied to tuition. The bill also expands the tuition waiver to include individuals who are placed into guardianship or who are adopted out of an out-of-home placement by a guardianship family. Finally, the bill expands the credentials eligible for the tuition waiver to include a vocational certificate at a Maryland public institution of higher education. However, the five-year maximum timeframe during which a foster care recipient is exempt from tuition (while enrolled as a candidate for an associate's degree or bachelor's degree) does not apply to enrollment as a candidate for a vocational certificate.

The bill takes effect July 1, 2013.

Fiscal Summary

State Effect: Higher education tuition revenues at public four-year institutions of higher education decrease by approximately \$8,200 per full-time equivalent student (FTES) qualifying for the tuition waiver beginning in FY 2014. Tuition revenues at Baltimore City Community College (BCCC) decrease by approximately \$3,000 per FTES qualifying for the tuition waiver beginning in FY 2014. Expenditures are not affected.

Local Effect: Tuition revenues at community colleges decrease by approximately \$3,700 per FTES qualifying for the tuition waiver beginning in FY 2014. Expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Foster care recipients are eligible for a tuition and mandatory fee exemption to attend a public institution of higher education in Maryland if they resided in an out-of-home placement when they graduated from high school or successfully completed a general equivalency development (GED) examination.

Foster care recipients adopted from an out-of-home placement after their thirteenth birthday are also eligible for the exemption. Younger siblings are also eligible for the exemption if the sibling is also adopted by the same family from an out-of-home placement. A foster care recipient must be enrolled as a candidate for an associate's or bachelor's degree before reaching age 25 and must file annually for federal and State financial aid by March 1. If a foster care recipient receives a scholarship or grant, the recipient may not be required to pay the difference between the scholarship or grant and tuition. The exemption continues until five years after initial enrollment as a candidate for an associate's degree or a bachelor's degree or until the recipient receives a bachelor's degree, whichever occurs first.

Background: Chapter 506 of 2000 (SB 181) established the tuition waiver program for children in foster care homes, and Chapter 644 of 2007 (HB 1309) extended the program to foster care children who were adopted from an out-of-home placement. Chapter 159 of 2011 (HB 1208) expanded eligibility so that a foster care recipient must enroll at the institution before the recipient reaches age 25, rather than 21, to receive a waiver.

Despite the tuition waiver, many former foster care recipients are unable to obtain a postsecondary degree due to being unable to pay for books and living expenses even if they receive scholarships or grants due to the scholarships and grants being applied to tuition and mandatory fees.

Nationwide, more than one-fourth of children in the foster care system live with a relative. They remain in the system because the relative needs the financial resources available through the foster care system to care for them. However, foster care is not a permanent situation for children; there is constant uncertainty about a placement. The continuous supervision by social workers is a large State expense. Subsidized guardianship has recently been promoted as a method to reduce the number of children in foster care. It allows children to live with a relative or other guardian and still receive some financial assistance to provide adequate care. The State provided assistance to approximately 1,852 individuals in subsidized guardianship on average each month in

fiscal 2012. There is also unsubsidized guardianship, but no statistics are kept on this population.

The Maryland Higher Education Commission (MHEC) reports that 57 foster care children received tuition waivers in fiscal 2011 and 51 received tuition waivers in fiscal 2012, down from 81 and 94 waivers received in fiscal 2009 and 2010, respectively. The waivers reduced tuition revenues at community colleges and public four-year institutions by approximately \$152,500 in fiscal 2011 and \$154,000 in fiscal 2012.

State Revenues: Higher education tuition revenues decrease beginning in fiscal 2014 due to the expansion of the foster care tuition waiver program. The exact impact cannot be reliably quantified because it is unknown how many additional former foster care recipients will choose to use the waiver due to expanding the eligibility requirements to include individuals who are placed into guardianship or who are adopted from an out-of-home placement by a guardianship family as well as expanding the credentials eligible for the tuition waiver to include a vocational certificate at a Maryland public institution of higher education.

It is also unknown how many individuals will choose to use the waiver or take more credits due to the prohibition against scholarships and grants for foster care recipients being applied to tuition and fees. The size of each waiver may increase significantly due to this prohibition.

Using the proposed fall 2014 rates, the average annual tuition and fees for full-time resident undergraduates at public four-year institutions for fiscal 2014 is \$8,239. The actual amount of the revenue decrease per FTES may be less depending on the number of credits attempted per recipient and the distribution of institutions that waiver recipients choose to attend. MHEC reports 33 foster care recipients received a tuition waiver to attend public four-year colleges in fiscal 2012 at an average cost of \$4,242 per recipient and a total cost of \$139,994.

Tuition revenues may also decrease at BCCC, the only State-operated community college, by up to \$3,000 per FTES receiving a waiver. No former foster care recipients received a waiver in fiscal 2012, but two individuals received a waiver in fiscal 2011 at an average cost of \$581 per recipient.

Future year revenue losses are dependent on the number of additional recipients who are eligible for a waiver and choose to use it, the number of credits attempted per student, and the distribution of institutions that waiver recipients choose to attend.

Local Revenues: Tuition revenues at locally operated community colleges decrease beginning in fiscal 2014. The exact impact cannot be reliably quantified because it is

unknown how many additional former foster care recipients will choose to use the waiver due to expanding the eligibility requirements to include individuals who are placed into guardianship or who are adopted from an out-of-home placement by a guardianship family as well as expanding the credentials eligible for the tuition waiver to include a vocational certificate at a Maryland public institution of higher education.

It is also unknown how many individuals will choose to use the waiver or take more credits due to the prohibition against scholarships and grants for foster care recipients being applied to tuition and fees. The size of each waiver may increase significantly due to this prohibition.

The average annual tuition and fees for full-time in-county students at the community colleges for fiscal 2013 is \$3,730. The actual amount of the revenue decrease per FTES may be less depending on the number of credits attempted per student and the distribution of institutions waiver recipients choose to attend. MHEC reports 18 foster care recipients received a tuition waiver to attend community colleges in fiscal 2012 at an average cost of \$777 per recipient and a total cost of approximately \$13,982.

Future year revenue losses are dependent on the number of additional recipients who are eligible for a waiver and choose to use it, the number of credits attempted per student, and the distribution of institutions that waiver recipients choose to attend.

Additional Information

Prior Introductions: None.

Cross File: HB 1012 (Delegates Wilson, *et al.*) – Appropriations.

Information Source(s): Maryland Higher Education Commission, University System of Maryland, Morgan State University, Baltimore City Community College, Generations United, Department of Legislative Services

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