

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 484 (Delegate Rudolph)
Ways and Means

**Higher Education - Community Colleges - Tuition Reduction for Unemployed
Individuals**

This bill authorizes a community college to establish a tuition reduction program for individuals who are receiving unemployment benefits.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: Baltimore City Community College (BCCC) tuition revenues will decrease if BCCC establishes a tuition reduction program for individuals who are receiving unemployment benefits. However, to the extent that a tuition reduction program at BCCC attracts additional students, State general fund expenditures for BCCC increase by approximately \$6,688 per additional full-time equivalent student (FTES) beginning in FY 2017 (assuming the tuition reduction program begins in fall 2014). To the extent that a tuition reduction program attracts additional students, State general fund expenditures for the Cade funding formula also increase by approximately \$2,191 per additional FTES beginning in FY 2017.

Local Effect: If a local community college establishes a tuition reduction program for individuals who are receiving unemployment benefits, then its tuition revenue decreases. However, the local community college receives State funding through the Cade funding formula for these students.

Small Business Effect: None.

Analysis

Bill Summary: To be eligible for a program an individual must be receiving unemployment benefits, accepted for admission or enrolled in a community college, and a resident of the county in which the community college the individual is accepted for admission or enrolled in is located. If a community college chooses to establish a tuition reduction program, each eligible individual may qualify for a tuition reduction for two years of study. The community college must develop policies and procedures to determine additional eligibility standards required for acceptance into the program.

The Maryland Higher Education Commission (MHEC) may adopt regulations to implement the bill.

Current Law: There are no tuition reduction programs specifically for individuals receiving unemployment benefits. However, certain unemployed individuals could receive tuition assistance through other federal and State programs. For example, some individuals may be eligible for tuition assistance through the federally funded Workforce Investment Act or Pell Grants.

Background: As of November 2013, the unemployment rate in Maryland was 7.0%. Some of those who are unemployed are eligible for unemployment benefits. In 2013, there were between 20,234 and 32,876 initial claimants for unemployment benefits per month. Approximately 183,500 households reported receiving unemployment insurance benefits in fiscal 2011 on their taxes. Since 2011, the economy has improved, and there are presumably fewer people receiving benefits.

Claimants are eligible for 26 weeks of benefits, paid from the State's Unemployment Insurance Trust Fund (funded by unemployment taxes paid by Maryland employers). The maximum weekly benefit amount is \$430; the actual amount of weekly benefits paid to a claimant depends on the claimant's wages during the claimant's base period.

Due to the recession, U.S. Congress authorized two temporary federally funded programs: (1) up to an additional 53 weeks under the Emergency Unemployment Compensation (EUC) Program for eligible claimants and (2) up to an additional 20 weeks under the Extended Benefits Program. Claimants in higher unemployment states are generally eligible to receive the higher number of weeks allowable in these programs. For 2013, claimants in Maryland were eligible for up to 37 weeks of EUC but not extended benefits. However, as these EUC and extended benefits are not available in 2014, claimants in Maryland are eligible for only the 26 weeks noted above.

Additional Comments: The bill does not address whether an individual must continue to receive unemployment benefits or what happens when the individual exhausts those benefits.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission; Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2014
ncs/rhh

Analysis by: Caroline L. Boice

Direct Inquiries to:
(410) 946-5510
(301) 970-5510