

Department of Legislative Services  
Maryland General Assembly  
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 468 (Senator Gladden)  
Budget and Taxation

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Task Force to Study Free College Tuition for Low-Income Students

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This bill establishes a Task Force to Study Free College Tuition for Low-income Students to examine student financial aid provided by institutions of higher education, identify impediments to participation in student financial aid programs among disadvantaged students, and estimate the cost of providing free tuition to low-income students. The Department of Budget and Management (DBM) and the University System of Maryland (USM) will provide staff support for the task force. A final report is due from the task force by December 31, 2007.

The bill takes effect July 1, 2007 and sunsets June 30, 2008.

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Fiscal Summary

**State Effect:** Although expenses related to the task force would be incurred by DBM and USM in FY 2008, the added costs could be absorbed within the existing budgets for the agencies.

**Local Effect:** Local officials appointed to the task force could participate without incurring any significant costs.

**Small Business Effect:** None.

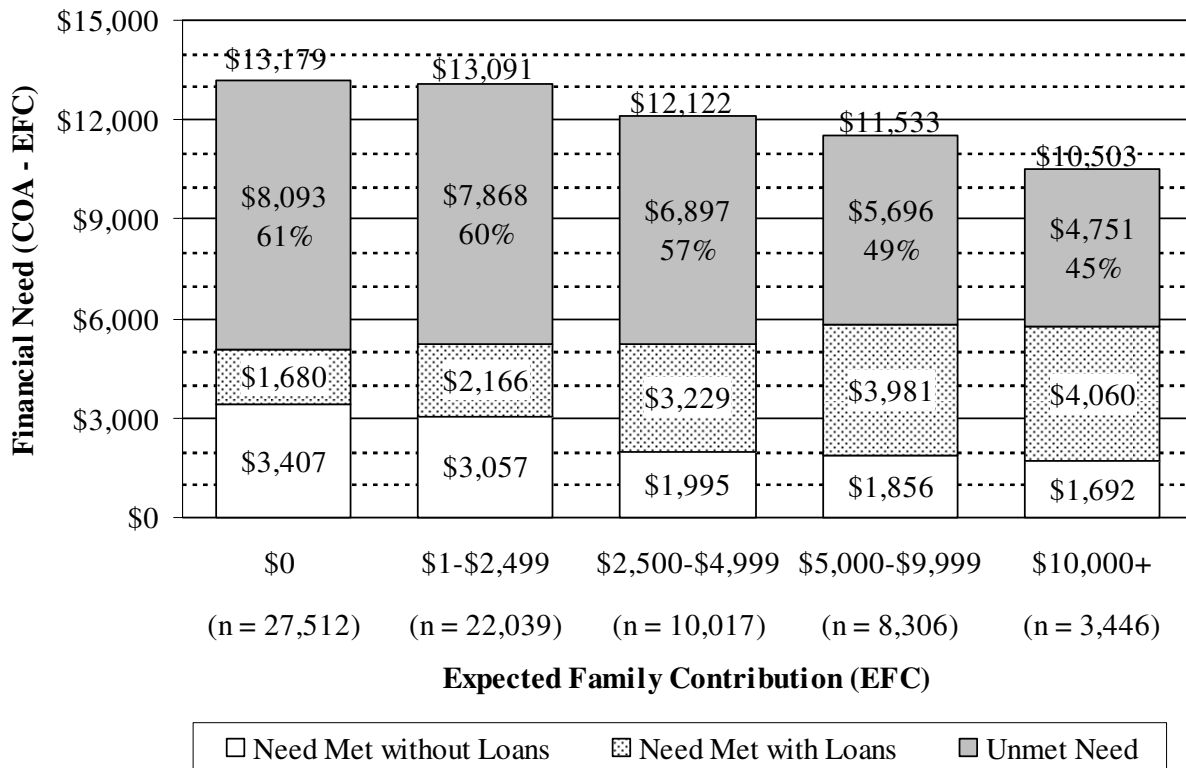
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Analysis

**Background:** Data from the Maryland Higher Education Commission's financial aid information system for the 2004-2005 school year indicate that the financial needs of disadvantaged students are often not being met. A student's need is calculated by

subtracting the student's expected family contribution (EFC) from the cost of attendance (COA) at the institution of higher education in which the student is enrolled. Student financial aid can be used to fill the gap between a student's EFC and the COA. **Exhibit 1** shows that the students with the lower EFCs, typically the students with the lowest incomes, have the highest unmet needs after considering federal, State, and institutional financial aid. Although students with zero EFCs were able to get, on average, \$3,407 in grants and scholarships and \$1,680 in loans, they had an average unmet need of nearly \$8,100. The exhibit shows that the average unmet need for a student decreased as the student's EFC increased.

**Exhibit 1**  
**Average Met and Unmet Need by Expected Family Contribution**  
**Among Students Who Had Unmet Needs**  
**Public Institutions of Higher Education, 2004-2005**



Note: The chart includes data on 38,093 community college students and 33,227 students at public four-year institutions who received financial aid but still had unmet needs.

Source: Financial Aid Information System, Maryland Higher Education Commission

## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** University System of Maryland, Maryland Higher Education Commission, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - February 19, 2007  
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Analysis by: Mark W. Collins

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