

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 1402

(Chair, Appropriations Committee)(By Request -
Departmental - Human Resources)

Appropriations

**Higher Education - Waiver of Tuition and Fees - Clarifying Foster Care
Recipients**

This departmental bill expands eligibility for tuition and mandatory fee waivers for public institutions of higher education in Maryland to younger siblings of foster care recipients who have been adopted by the same family. To be eligible, the foster care children must share one or both parents before the adoption and be adopted from an out-of-home placement, in accordance with State family law, at the same time, by the same family. This bill also expands eligibility to foster care recipients who were adopted after their thirteenth birthday rather than after their fourteenth birthday.

Fiscal Summary

State Effect: Higher education tuition revenues at public four-year institutions of higher education decrease by approximately \$7,300 per full-time equivalent (FTE) student qualifying for the tuition waiver beginning in FY 2010. Tuition revenues at the Baltimore City Community College (BCCC) decrease by approximately \$3,100 per FTE student qualifying for the tuition waiver.

Local Effect: Tuition revenues at community colleges decrease approximately \$3,200 per FTE student qualifying for the tuition waiver beginning in FY 2010. Expenditures are not affected.

Small Business Effect: The Department of Human Resources (DHR) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: Local departments of social services are required to place siblings together in an out-of-home placement if it is in the siblings' best interests and placement together does not conflict with a specific health or safety regulation. If the placement of siblings together does conflict with a specific health or safety regulation, the local department may place the siblings together if the local department makes a written finding describing how placing the siblings together serves the siblings' best interests.

Foster care recipients are eligible for 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 completed a general equivalency development (GED) examination. Eligibility for the exemption includes any child in an out-of-home placement, including family foster care, group home foster care, kinship care, and residential treatment care.

Foster care recipients adopted from out of an out-of-home placement after their fourteenth birthday are also eligible for the exemption. The recipient must be enrolled as a candidate for an associate's or bachelor's degree before reaching age 21 and must file annually for federal and State financial aid by March 1. The exemption continues until five years after initial enrollment or until the recipient receives a bachelor's degree.

Background: Chapter 506 of 2000 established the tuition waiver program for children in foster care homes, and Chapter 644 of 2007 extended the program to foster care children in out-of-home placements. Allowing younger siblings of the applicable youth to also receive the waiver provides a strong incentive for foster parents to adopt an entire family of children, thereby keeping families together.

The Maryland Higher Education Commission (MHEC) reports that 128 foster care children received tuition waivers in fiscal 2007 and 108 received tuition waivers in fiscal 2008. The waivers reduced tuition revenues at community colleges and public four-year institutions by approximately \$312,500 in fiscal 2007 and \$303,100 in fiscal 2008.

The federal College Cost Reduction and Access Act of 2007 expanded the definition of "independent student" effective in July 2009 to include a student who is in foster care any time when the student was age 13 or older. Parental income is not counted in determining eligibility for college financial aid for these independent students. Lowering the eligibility age from 14 to 13 will make Maryland law consistent with this federal law.

DHR advises that costs for students served by the tuition and fee waiver represent the State's in-kind contribution for the Chafee Education and Training Voucher (ETV). This

voucher is a grant from the federal government that allows financial support for youth who have aged out of foster care or who have been adopted from the foster care system after age 16 that can extend beyond tuition and fees to such things as transportation, day care, living allowance, special equipment, current loan repayments, and a portion of room and board and books. Without maximum use of the tuition waiver, the State's 20% required matching contribution would have to be in some other specifically identified source of State monies. In fiscal 2008, the State received \$1.0 million from the program; however, there is no funding currently in the fiscal 2009 budget nor in the Governor's proposed fiscal 2010 budget from this source.

State Revenues: Higher education tuition revenues decrease beginning in fiscal 2010 due to the expansion of the foster care tuition waiver program. The exact impact cannot be reliably quantified because data on the number of sibling groups adopted each year, the number of siblings in each group, and the number of foster care recipients adopted between their thirteenth and fourteenth birthdays is unavailable.

Using the proposed fall 2009 rates, the average annual tuition and fees for full-time resident undergraduates at public four-year institutions for fiscal 2010 is \$7,314. The actual amount of the revenue decrease per FTE student may be less depending on the number of credits attempted per recipient and the distribution of institutions waiver recipients choose to attend. MHEC reports 77 foster care recipients received a tuition waiver to attend public four-year colleges in fiscal 2008 at an average cost of \$3,419 per recipient and a total cost of approximately \$263,200.

Tuition revenues also decrease at BCCC, the only State-operated community college, by up to \$3,066 per FTE student receiving a waiver. These students received a waiver in fiscal 2008 at an average cost of \$675 per recipient.

Future year revenue reductions are dependent on the number of sibling groups adopted each year, the number of siblings in each group, the number of younger siblings of foster care recipients who choose to use the tuition waiver, the number of foster care recipients adopted between their thirteenth and fourteenth birthdays, the number of credits attempted per student, and the distribution of institutions that waiver recipients choose to attend. Future year revenue reductions will be less if waiver recipients receive scholarships or grants.

Local Revenues: Tuition revenues at locally operated community colleges decrease beginning in fiscal 2010. The exact impact cannot be reliably quantified because data on the number of sibling groups adopted each year, the number of siblings in each group, and the number of foster care recipients adopted between their thirteenth and fourteenth birthdays is unavailable.

The average annual tuition and fees for full-time in-county students at the community colleges for fiscal 2009 is \$3,228. The actual amount of the revenue decrease per FTE student may be less depending on the number of credits attempted per student and the distribution of institutions waiver recipients choose to attend. MHEC reports 28 foster care recipients received a tuition waiver to attend community colleges in fiscal 2008 at an average cost of \$1,352 per recipient and a total cost of approximately \$37,900.

Future year revenue reductions are dependent on the number of sibling groups adopted each year, the number of siblings in each group, the number of younger siblings of foster care recipients who choose to use the tuition waiver, the number of foster care recipients adopted between their thirteenth and fourteenth birthdays, the number of credits attempted per student, and the distribution of institutions that waiver recipients choose to attend. Future year revenue reductions will be less if waiver recipients receive scholarships or grants.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 11, 2009
ncs/rhh

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Higher Education – Waiver of Tuition and Fees – Clarifying Foster Care Recipients

BILL NUMBER: HB 1402

PREPARED BY: Department of Human Resources
Social Service Administration

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.