

Department of Legislative Services
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2012 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 656 (Senator Manno, *et al.*)

Education, Health, and Environmental Affairs

Ways and Means

**Higher Education - Community Colleges - Tuition Waiver for Disabled
Individuals**

This bill expands the coursework that qualifies for a tuition waiver so that an individual with a disability who is out of the workforce is exempt from paying tuition at a community college if the individual is enrolled in classes for continuing education instruction designed to lead to employment, including life skills instruction.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: Beginning in FY 2015, general fund expenditures for the Senator John A. Cade funding formula increase by approximately \$60 per additional credit hour taken in FY 2013 due to additional coursework qualifying for the tuition waiver. The Maryland State Department of Education's Division of Rehabilitation Services (DORS) federal and general fund expenditures for community college tuition may decrease beginning in FY 2013. Tuition revenues at Baltimore City Community College (BCCC) decrease by approximately \$100 per additional credit hour that qualifies for a tuition waiver in FY 2013.

Local Effect: State aid for community colleges increases by approximately \$60 per additional credit hour taken beginning in FY 2015. Tuition revenues at community colleges decrease approximately \$360 per additional credit hour approved for the tuition waiver beginning in FY 2013.

Small Business Effect: None.

Analysis

Current Law: An individual with a disability who is out of the workforce by reason of total and permanent disability is eligible for a community college tuition waiver for up to 6 credits per semester or up to 12 credits per semester if the individual is enrolled in classes as part of a degree or a certificate program designed to lead to employment. These credit hours must be used in computing full-time equivalent enrollment for the Senator John A. Cade funding formula.

Background: Chapter 576 of 2011 allowed an individual who is out of work due to a disability, instead of retired, to obtain a tuition waiver at a community college. In addition, the bill limited the tuition waiver to 6 credits per semester or to 12 credits per semester if the individual is enrolled in classes as part of a degree or a certificate program designed to lead to employment. This resulted in limiting the number of credit hours that could be taken for life skills to 6 credit hours per semester.

According to the Maryland Coalition of Inclusive Education, functional life skills are the variety of skills that are frequently demanded in domestic, vocational, and community environments. These life skills, which include soft skills such as communication, cooperation, problem solving, self-initiation, and responsibility, have been shown to be related to job stability and expand an individual's community participation.

State Revenues: Tuition revenues decrease at BCCC, the only State-operated community college, by up to \$100 per additional credit hour that qualifies for the tuition waiver. The actual annual revenue reduction is dependent on the number of additional credits being taken.

Statute requires individuals who are seeking tuition waivers to also submit applications for State and federal student financial aid. Any additional financial aid these students are awarded as a result of this requirement will offset a portion of the foregone tuition revenues.

State Expenditures: General fund expenditures for the Senator John A. Cade funding formula increase beginning in fiscal 2015. The Cade formula determines aid to community colleges based on the credit hours taken the second prior fiscal year. Allowing additional students to qualify for the tuition waiver for individuals with disabilities in the 2012-2013 academic year (fiscal 2013) increases spending for the formula by approximately \$60 per qualifying noncredit hour taken due to the waiver in fiscal 2015. There is little information available on the number of qualified individuals who will choose to take noncredit continuing education courses that qualify for a waiver under the bill; thus, the general fund expenditure increase cannot be reliably estimated.

The law does not specify that students who receive disability waivers at BCCC are included in its funding formula; however, if they are counted, BCCC will receive \$630 per additional credit hour taken due to the waiver beginning in fiscal 2015. General fund expenditures for the BCCC funding formula will increase by an equal amount in fiscal 2015.

In addition, DORS expenditures on community college tuition for disabled individuals may decrease if community colleges approve more tuition waivers for individuals with disabilities. It is unknown how much DORS currently spends on tuition expenditures for the coursework that meets the requirements of the bill; therefore, any reduction in expenditures cannot be reliably estimated. Approximately 80% of DORS budget is federal funds and 20% general funds, so any savings would be allocated proportionately.

Local Revenues: Beginning in fiscal 2015, local community colleges receive additional State aid under the Senator John A. Cade funding formula for each qualifying noncredit hour that qualifies for a tuition waiver. The increases cannot be reliably estimated because it is uncertain how many noncredit hours qualified individuals will choose to take due to expanding the coursework that qualifies for a waiver. However, for each additional noncredit hour taken due to the waiver in the 2012-2013 academic year (fiscal 2013), formula funding will increase by approximately \$60 in fiscal 2015.

While community college revenues will increase due to the funding formula beginning in fiscal 2015, tuition revenues at locally operated community colleges will also decrease beginning in fiscal 2013. The exact impact cannot be reliably quantified; however, it is dependent on the number of qualified individuals who choose to take classes for continuing education instruction designed to lead to employment, including life skills instruction.

Fiscal 2013 tuition and fees for full-time, in-county students at the community colleges have not been set yet. For fiscal 2012, the average is approximately \$360 per credit hour. The actual amount of the revenue decrease per credit hour may be less, depending on the distribution of colleges that waiver recipients choose to attend. Any additional financial aid students are awarded as a result of the requirement to submit applications for State and federal student financial aid may offset a portion of the lost tuition revenues; however, most financial aid is limited to credit-bearing coursework toward a degree or certificate.

Additional Information

Prior Introductions: None.

Cross File: None designated; however, HB 53 (Delegate Luedtke, *et al.* – Ways and Means) is identical.

Information Source(s): Baltimore City Community College, Maryland Higher Education Commission, Department of Legislative Services

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Analysis by: Caroline L. Boice

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