

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 303 (Senator Guzzone, *et al.*)
 Education, Health, and Environmental Affairs
 and Budget and Taxation

**Higher Education - Community College Tuition and Residency Waivers -
 Funding**

This bill requires, beginning in fiscal 2020, the Governor to include \$7.0 million in the State budget to fund specified State-mandated tuition and residency waivers for community colleges. The Maryland Higher Education Commission (MHEC) must distribute the appropriation to each community college in proportion to the number of enrolled qualifying students. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: General fund expenditures increase by \$7.0 million beginning in FY 2020, a portion of which is distributed to Baltimore City Community College (BCCC). **This bill establishes a mandated appropriation beginning in FY 2020.**

(\$ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Higher Ed Rev.	\$0	-	-	-	-
GF Expenditure	\$0	\$7.0	\$7.0	\$7.0	\$7.0
Net Effect	\$0.0	(\$7.0)	(\$7.0)	(\$7.0)	(\$7.0)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: State aid for local community colleges increase by almost \$7.0 million annually beginning in FY 2020. Local community college expenditures are not affected.

Small Business Effect: None.

Analysis

Bill Summary: “Qualifying student” means a community college student who receives one of the specified tuition or residency waivers. MHEC must adopt any regulations or guidelines necessary to implement the bill.

Current Law: State law mandates that community colleges waive the tuition or residency requirements for specified individuals. Statute requires full tuition waivers for qualified individuals of the following groups: foster care recipients; unaccompanied homeless youth; individuals with disabilities; and senior citizens. In addition, specified individuals from the following groups are eligible for in-county or in-state tuition: certain members of the U.S. Armed Forces or National Guard and their families; public school teachers taking a required course; children of State or local public safety employees killed in the line of duty; and a student enrolled in specified health workforce shortage areas. Specified nursing students may qualify for reimbursement of the out-of-county fee. MHEC must reimburse the fee to the community college, which then must reimburse the fee to the student.

Background: As shown in **Exhibit 1**, during the 2015-2016 academic year, over 10,500 community college students received tuition or residency waivers totaling almost \$7.0 million. These include full and partial waivers of in-county, out-of-county, or in some cases out-of-state tuition at community colleges. An additional \$8.0 million in tuition and residency waivers are distributed at the State’s public four-year institutions. It should be noted that this data is reported by the community colleges to MHEC. It is unclear if the data includes all of the tuition and residency waivers specified by the bill. In addition, the “all other” category includes waivers provided by community colleges that are not required by State law.

Exhibit 1
Number and Amount of Tuition and Residency Waivers at Community Colleges
2015-2016

<u>Tuition Waiver Type</u>	<u>Individuals Receiving Waivers</u>	<u>Funding</u>
Foster Care	186	\$438,125
People with Disabilities	619	523,573
Unaccompanied Homeless Youth	65	137,820
Senior Citizen	5,476	3,012,756
All Other	4,176	2,868,549
Total	10,522	\$6,980,823

Note: The waivers for foster care recipients, unaccompanied homeless youth, people with disabilities, and senior citizens are full tuition waivers. The “all other” category includes some of the residency waivers, but also includes non-State mandated waivers.

Source: Maryland Higher Education Commission, Financial Aid Information System, Academic Year 2015-2016

State Fiscal Effect: General fund expenditures increase by \$7.0 million beginning in fiscal 2020 due to the mandated appropriation required by the bill. MHEC advises that a full-time financial policy analyst is required to distribute the grants. The Department of Legislative Services advises that the grants can be distributed using existing resources.

Under the bill, MHEC is required to distribute the \$7.0 million to the community colleges based on the number of enrolled qualifying students at each community college in proportion to the total number of enrolled qualifying students. According to MHEC, during the 2015-2016 academic year (the most recent available data), 10,522 community college students received a qualifying tuition or residency waiver, of those 177 attended BCCC. Thus, 1.7% of the qualifying students attended BCCC. Using these assumptions, BCCC could receive \$117,753 and the local community colleges could receive a total of \$6.9 million. The actual amount of State aid that BCCC will receive is dependent on the actual number of enrolled qualified students at all community colleges in the State.

Local Revenues: State aid for local community college increases by almost \$7.0 million annually beginning in fiscal 2020. *For illustrative purposes*, using the MHEC data reported by community colleges for the 2015-2016 academic year, which is incomplete and includes tuition and residency waivers not covered by the bill, then each community college would receive the aid shown in **Exhibit 2**.

Exhibit 2
Estimated Distribution of Funds under the Bill
Based on 2015-2016 Data

<u>College</u>	<u>State Aid</u>
Allegany	\$147,691
Anne Arundel	457,042
Baltimore County	568,808
Carroll	155,674
Cecil	298,707
Chesapeake	33,264
College of Southern MD	370,557
Frederick	197,586
Garrett	72,515
Hagerstown	890,800
Harford	860,198
Howard	433,093
Montgomery	2,346,417
Prince George's	-
Wor-Wic	49,895
Local Total	\$6,882,247

Note: Prince George's Community College reported no waivers for 2015-2016.

Source: Maryland Higher Education Commission; Department of Legislative Services

The actual amount of State aid that local community colleges will receive is dependent on the actual number of enrolled qualified students at all community colleges in the State.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission; Baltimore City Community College; Department of Budget and Management; Department of Legislative Services

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