

Department of Legislative Services

Maryland General Assembly

2018 Session

FISCAL AND POLICY NOTE

Third Reader - Revised

Senate Bill 85

(Chair, Education, Health, and Environmental Affairs
Committee)(By Request - Departmental - Human
Services)

Education, Health, and Environmental Affairs

Ways and Means

Tuition Waivers - Foster Care Recipients - Eligibility

This emergency departmental bill expands tuition waiver eligibility for an individual in foster care to include an individual who enters out-of-home placement *after* his or her thirteenth birthday, remains in out-of-home placement for at least one year, and is later placed into guardianship, adopted, or reunited with at least one of the individual's parents. The bill also extends the period of time during which a foster care recipient may continue to be exempt from the payment of tuition – from 5 to 10 years after first enrolling as a candidate for an associate's degree or bachelor's degree.

Fiscal Summary

State Effect: Higher education tuition revenues decrease, potentially significantly, for additional tuition waivers granted beginning in FY 2019. Higher education expenditures increase by an indeterminate amount annually.

Local Effect: Tuition revenues at community colleges decrease for additional tuition waivers granted beginning in FY 2019. Community college expenditures increase annually by an indeterminate amount. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: The Department of Human Services (DHS) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary/Current Law: Specified foster care recipients who were placed in out-of-home placement by DHS are eligible for a tuition exemption (also called a waiver) for all credit-bearing and noncredit courses (including mandatory fees) to attend a public institution of higher education in Maryland.

Foster care recipients who reside in an out-of-home placement *on* their thirteenth birthday and are later placed into guardianship or adopted are eligible for the exemption. The bill expands that requirement to include foster care recipients in out-of-home placement *after* their thirteenth birthday who are later placed into guardianship or adopted. Under current law, foster care recipients in out-of-home placement *in the State* on or after their thirteenth birthday, who remain in placement for at least one year and are later reunited with *both* parents, are also eligible for the exemption. The bill allows those foster care recipients who are reunited with *one* parent – and who may have been in out-of-state placement – to receive a waiver. To be eligible for a waiver, the bill also requires foster care recipients to remain in out-of-home placement for at least one year before being reunited with a parent, adopted, or placed into guardianship. Under current law only those recipients reunited with their parents are required to remain in out-of-home placement for at least one year.

Younger siblings of those eligible for the tuition waiver are also eligible if they are concurrently placed into guardianship or adopted out of an out-of-home placement by the same guardianship or adoptive family.

Foster care recipients who resided in an out-of-home placement on their eighteenth birthday or when they graduated from high school or successfully completed a general equivalency development examination (GED) are also eligible for the waiver.

To qualify for an exemption, a foster care recipient must be enrolled in an institution as a candidate for a vocational certificate or an associate's or bachelor's degree before reaching age 25 and must file annually for federal and State financial aid. If a foster care recipient receives a scholarship or grant, the scholarship or grant may not be applied to the tuition of the foster care recipient. The exemption continues until five years after initial enrollment as a candidate for an associate's degree or a bachelor's degree or until the individual receives a bachelor's degree, whichever occurs first. The bill lengthens the exemption period so that it applies until 10 years after initial enrollment as a candidate for such a degree or the individual receives a bachelor's degree, whichever occurs first.

Background:

Disincentive to Adopt or Place into Guardianship

DHS advises that the current eligibility requirements for the foster care waiver program are a disincentive to adopt or place into guardianship youth who enter out-of-home placements after their thirteenth birthday. Youth who enter out-of-home placement as teenagers and then return to the care of both parents after at least one year are eligible for the waiver. Youth who enter out-of-home placement as teenagers and then are adopted or placed into guardianship after any amount of time are not eligible for the waiver.

Under the current statute, youth who enter out-of-home placement after age 13 and who do not have the option of returning to live with both parents can only become eligible for the waiver if they remain in out-of-home placement through their graduation from high school, successful completion of a GED, or their eighteenth birthday. Thus, these youth must remain in out-of-home placement for up to nearly five years to become eligible for the waiver; the adoption or placement into guardianship of these youth results in their ineligibility for the waiver.

DHS advises that the ineligibility of youth who enter out-of-home placement after reaching age 13 upon their adoption or placement into guardianship creates a disincentive to their achievement of permanency. The current statute also provides teenagers in out-of-home placement who have the opportunity to return to live with both parents greater eligibility for the waiver than teenagers who do not have those parental resources, seemingly penalizing those with fewer or no parental resources.

Out-of-home Placements

In Maryland, children enter out-of-home care for a variety of reasons and under a number of circumstances. The bill only applies to individuals placed in an out-of-home placement by DHS.

Foster Care Statistics

In fiscal 2016, on average 3,785 children in Maryland were in foster care each month (with an additional 9,619 in subsidized guardianships or subsidized adoptions); however, about 38% of those children exited foster/kinship care to permanency within 12 months of entry.

According to data collected by Foster Care to Success, nationwide, less than 10% of former foster youth attain a bachelor's degree. Research has shown that, with the proper support, a larger percentage of former foster youth can attain a postsecondary education.

According to DHS, approximately 22 youth a year enter an out-of-home placement after their *fourteenth* birthday, reside there for at least one year, and are adopted or placed into guardianship. Additional youth who meet the other eligibility criteria may also qualify due to entering an out-of-home placement between their thirteenth and fourteenth birthdays (but this information was not provided by DHS) as well as the younger siblings of the foster care recipients who are eligible for the waiver under the bill.

Individuals Still Enrolled After Five Years

Data on retention and graduation rates for the six years after initial enrollment are maintained by the Maryland Higher Education Commission (MHEC) for public four-year institutions. According to MHEC, only about 7% of individuals are still enrolled in a public four-year institution after five years; the rest have already graduated (60%) or dropped out. After six years, only 3% of individuals are still enrolled in a public four-year institution and 66% have dropped out. Comparable data are maintained for community colleges but only through four years after initial enrollment; after four years, 11% are still enrolled in community colleges, 10% have graduated without transferring, and 26% have transferred to a four-year institution.

State Fiscal Effect: Higher education tuition revenues decrease beginning in fiscal 2019 due to the expansion of the foster care tuition waiver program. It is unknown how many additional former foster care recipients become eligible and choose to use the waiver due to expanding the eligibility requirements. Higher education expenditures also increase due to additional enrollments; the amount cannot be determined as it depends on the number of credits each recipient chooses to enroll in.

The average annual tuition and fees for full-time resident undergraduates at public four-year institutions for fall 2017 (fiscal 2018) is \$9,486; fall 2018 (fiscal 2019) tuition and fee schedules are not yet available. The actual amount of the revenue decrease per full-time equivalent student (FTES) may be less depending on the number of credits attempted per recipient and the distribution of institutions that waiver recipients choose to attend. According to MHEC data, 87 foster care recipients received a tuition waiver to attend public four-year institutions in fiscal 2016 at an average cost of \$7,014 per recipient and a total cost of \$610,228.

Tuition revenues may also decrease at Baltimore City Community College, the only State-operated community college, by an estimated \$3,275 per FTES receiving a waiver based on fall 2017 (fiscal 2018) rates of \$3,196. No former foster care recipients received a waiver in fiscal 2015 or 2016, but two individuals received a waiver in fiscal 2011 at an average cost of \$581 per recipient.

Future year revenue losses are dependent on the number of additional recipients who are eligible for a waiver and choose to use it, the number of credits attempted per student, the distribution of institutions that waiver recipients choose to attend, and tuition and fee rates.

Local Fiscal Effect: Tuition revenues at locally operated community colleges decrease beginning in fiscal 2019. As discussed above, the impact may be significant for an individual college but cannot be reliably quantified. The average annual tuition and fees for full-time in-county students at the community colleges for fall 2017 (fiscal 2018) is \$4,400; tuition and fees for fall 2018 (fiscal 2019) have not been approved yet. The actual amount of the revenue decrease per FTES may be less depending on the number of credits attempted per student and the distribution of institutions waiver recipients choose to attend and may vary each year. According to MHEC data, 186 foster care recipients received a tuition waiver to attend community colleges in fiscal 2016 at an average cost of \$2,355 per recipient and a total cost of approximately \$438,125. Community college expenditures also increase, as discussed above, but the amount cannot be determined.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission; Baltimore City Community College; University System of Maryland; St. Mary's College of Maryland; Department of Human Services; Department of Legislative Services

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Tuition Waivers for Foster Care Recipients and Unaccompanied Youth - Modifications

BILL NUMBER: SB 85

PREPARED BY: Department of Human Services
(Dept./Agency)

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