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FISCAL AND POLICY NOTE

Senate Bill 543 (Senator Frosh)
Education, Health, and Environmental Affairs

Foster Care Recipients - Waiver of Tuition and Other Charges

This bill expands the tuition waiver for specified foster care recipients to include other charges estimated by the public institution of higher education for enrollment and attendance at the institution.

Fiscal Summary

State Effect: Higher education room and board revenues at public four-year institutions of higher education decrease by approximately \$9,100 per student qualifying for the room and board waiver beginning in FY 2014. If additional students take advantage of the waiver due to the expansion, tuition revenues also decrease – by approximately \$8,200 per full-time equivalent student (FTES) qualifying for the tuition waiver – beginning in FY 2014. Tuition revenues at Baltimore City Community College (BCCC) are not affected because BCCC does not have on-campus housing.

Local Effect: Room and board revenues at community colleges with on-campus housing (*i.e.*, Allegany College and Garrett College) decrease by approximately \$5,900 per student qualifying for the room and board waiver beginning in FY 2014. If additional students take advantage of the waiver due to the expansion, tuition revenues at those community colleges also decrease – by approximately \$3,500 per FTES qualifying for the tuition waiver – beginning in FY 2014. Expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Foster care recipients are eligible for a 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 successfully completed a general equivalency development (GED) examination.

“Tuition” is defined as the charges imposed by a public institution of higher education for enrollment at the institution, and the term includes charges for registration and all fees required as a condition of enrollment.

Foster care recipients adopted from an out-of-home placement after their thirteenth birthday are also eligible for the exemption. Younger siblings are also eligible for the exemption if the sibling is also adopted by the same family from an out-of-home placement. A foster care recipient must be enrolled as a candidate for an associate’s or bachelor’s degree before reaching age 25 and must file annually for federal and State financial aid by March 1. If a foster care recipient receives a scholarship or grant, the recipient may not be required to pay the difference between the scholarship or grant and tuition. The exemption continues until five years after initial enrollment or until the recipient receives a bachelor’s degree.

Background: Chapter 506 of 2000 (SB 181) established the tuition waiver program for children in foster care homes, and Chapter 644 of 2007 (HB 1309) extended the program to foster care children who were adopted from an out-of-home placement. Chapter 159 of 2011 (HB 1208) expanded eligibility so that a foster care recipient must enroll at the institution before the recipient reaches age 25, rather than 21, to receive a waiver.

Despite the tuition waiver, many former foster care recipients are unable to obtain a postsecondary degree due to being unable to pay for books and living expenses even if they receive scholarships or grants due to the scholarships and grants being applied to tuition and mandatory fees.

In accordance with the federal Higher Education Opportunity Act of 2008, by October 29, 2011, each postsecondary institution that participates in Title IV federal student aid programs must post a net price calculator on its website that uses institutional data to provide estimated net price information to current and prospective students and their families based on a student’s individual circumstances. The net price calculator is required for all Title IV institutions that enroll full-time, first-time degree- or certificate-seeking undergraduate students.

Institutions may meet this requirement by using the U.S. Department of Education’s net price calculator template or by developing their own customized calculator that includes, at a minimum, the same elements as the department’s template. The net price calculator includes the estimated cost of attendance, which includes the following: tuition and fees; books and supplies; room and board; and other miscellaneous expenses (*e.g.*, personal,

transportation) as well as estimated grant and scholarship aid. **Exhibit 1** shows an example of the cost of attendance for St. Mary’s College of Maryland for fiscal 2011.

Exhibit 1
In-state Cost of Attendance at St. Mary’s College of Maryland
Fiscal 2011

Tuition and Fees	\$13,630
Books and Supplies	1,000
Room and Board (On-campus)	10,250
Other Miscellaneous	2,500
Total Cost of Attendance	\$27,380
Grant and Scholarship Aid	\$6,859
Net Price	\$20,521

Source: *College Navigator*, National Center for Education Statistics

The Maryland Higher Education Commission (MHEC) reports that 57 foster care children received tuition waivers in fiscal 2011 and 51 received tuition waivers in fiscal 2012, down from 81 and 94 waivers received in fiscal 2009 and 2010, respectively. The waivers reduced tuition revenues at community colleges and public four-year institutions by approximately \$152,500 in fiscal 2011 and \$154,000 in fiscal 2012.

State Revenues: The bill requires specified foster care recipients to be exempt from paying other charges at a public institution of higher education; “other charges” is defined to include the charges estimated by a public institution of higher education for enrollment and attendance at the institution. Many of the costs to attend a public institution of higher education go beyond tuition and fees. However, on-campus room and board and other costs cannot be reasonably waived by an institution. Specifically, books, supplies, and other miscellaneous expenses are not costs charged by an institution; they are charged by third parties. Many institutions also contract with third parties to operate their residential halls and food service. Thus, for those expenses to be covered, the institution would need to provide some sort of scholarship funds to the students.

As no scholarship funds are provided for in the bill, it is assumed for the purpose of this estimate that only charges that the public institution of higher education can reasonably waive (exempt the individual from paying) are covered. Accordingly, the estimate assumes that the public institutions with self-operated, on-campus room and board will

waive the cost for specified foster care recipients in addition to mandatory tuition and fees. It should be noted that, since many former foster care recipients have no “home” to return to during school breaks, some former foster care recipients choose not to live on campus because most on-campus housing is not open year-round; it closes for semester breaks. In addition, some public institutions (*i.e.*, most community colleges) have no on-campus housing and, thus, would be unable to waive the cost.

Higher education tuition as well as room and board revenues decrease beginning in fiscal 2014 due to the expansion of the foster care tuition waiver program. The exact impact cannot be reliably quantified because it is unknown how many additional former foster care recipients will choose to use the waiver due to expanding it to include room and board. The size of each waiver may increase significantly due to the expansion.

Expanding the waiver to include room and board will increase the foregone revenue for each eligible student who takes advantage of it to attend a public four-year institution of higher education by approximately \$9,090 per semester based on the average room and board for the 2012-2013 academic year at the public four-year institutions.

If additional students choose to attend due to the expansion, additional tuition revenues are foregone as well, and the total revenue decrease per FTES could be more than \$17,300 (the amount of room and board plus tuition and fees). Using the proposed fall 2013 rates, the average annual tuition and fees for full-time resident undergraduates at public four-year institutions for fiscal 2014 is \$8,239. The actual amount of the revenue decrease per FTES may be less, depending on the number of credits attempted per recipient and the distribution of institutions that waiver recipients choose to attend. MHEC reports 33 foster care recipients received a tuition waiver to attend public four-year colleges in fiscal 2012 at an average cost of \$4,242 per recipient and a total cost of \$139,994.

It is assumed that BCCC, the only State-operated community college, is not affected because it does not offer on-campus room and board and its room and board revenue will not decrease. No former foster care recipients received a waiver in fiscal 2012, 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 eligible individuals who choose to take advantage of the waiver.

Local Revenues: Tuition and room and board revenues at locally operated community colleges that offer on-campus housing may decrease beginning in fiscal 2014. The exact impact cannot be reliably quantified because it is unknown how many additional former foster care recipients will choose to use the waiver due to its expansion. However, most

community colleges do not offer on-campus housing. For those that do, the amount of each waiver may increase significantly due to the expansion.

Expanding the waiver to include room and board will increase the foregone revenue for each eligible student who takes advantage of it to attend a local community college by approximately \$5,905 per semester at Allegany College and Garrett College. However, it is unknown if room and board could be realistically waived at those institutions.

If additional students choose to attend due to the expansion, additional tuition revenue are foregone as well, and the total revenue decrease per FTES could be about \$9,400 (the amount of the room and board plus tuition and fees). Tuition revenues at those community colleges decrease approximately \$3,500 per FTES qualifying for the tuition waiver beginning in fiscal 2014.

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. MHEC reports 18 foster care recipients received a tuition waiver to attend community colleges in fiscal 2012 at an average cost of \$777 per recipient and a total cost of approximately \$13,982.

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, and the distribution of institutions that waiver recipients choose to attend.

Additional Information

Prior Introductions: None.

Cross File: HB 1013 (Delegates Wilson and Walker) - Appropriations.

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

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