

Department of Legislative Services  
 Maryland General Assembly  
 2022 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

Senate Bill 799

(Senator Guzzone, *et al.*)

Budget and Taxation

Appropriations

Community College Tuition and Residency Waivers - Funding

This bill requires, for fiscal 2024 through 2026, the Governor to include \$10.0 million in the annual 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. By December 1 each year from 2023 through 2026, MHEC must report on the number of students receiving a tuition or residency waiver for each category, as specified, and college and the amount of funds provided to each community college. **The bill takes effect July 1, 2022.**

Fiscal Summary

**State Effect:** General fund expenditures increase by \$10.0 million annually from FY 2024 through 2026, a portion of which is distributed to Baltimore City Community College (BCCC). MHEC can likely report *second prior-year* data using existing resources; otherwise, expenditures increase beginning in FY 2023, as explained below. **This bill establishes a mandated appropriation for FY 2024 through 2026.**

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Higher Ed Rev.	\$0	-	-	-	\$0
GF Expenditure	\$0	\$10.0	\$10.0	\$10.0	\$0
Net Effect	\$0.0	(\$10.0)	(\$10.0)	(\$10.0)	\$0.0

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

**Local Effect:** State aid for local community colleges increases by almost \$10.0 million annually in FY 2024 through 2026. Local community college expenditures are not materially 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.

**State Fiscal Effect:** Under the bill, MHEC is required to distribute the \$10.0 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 2018-2019 academic year (the most recent available data), approximately 14,175 community college students (data is suppressed when there are few recipients of a waiver at a college) received a qualifying tuition or residency waiver; of those, 253 attended BCCC. Thus, 1.8% of the qualifying students attended BCCC. Using these assumptions, BCCC could receive \$178,483, and the local community colleges could receive a total of \$9.8 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.

This estimate assumes MHEC reports data from the *second prior* academic year. MHEC receives audited enrollment data from the community colleges from the prior academic year in *June* on a form called the MHEC-CC-4. The form may need to be updated minimally to capture all the data required; however, this can be done using existing resources. Thus, MHEC can use existing resources to report information in December from the *second prior* academic year. MHEC also publishes information from the *prior* academic year each September about some waivers as part of its financial aid reporting. However, to collect all the information required by the bill would require significant changes to the data system. Moreover, to report information from the *current* academic year requires additional data reporting and processing by local community colleges and MHEC. Any such additional data reporting redirects resources from current priorities and likely increases expenditures; however, the magnitude of such expenditures cannot be reliably estimated.

**Local Fiscal Effect:** State aid for local community colleges increases by almost \$10.0 million annually beginning in fiscal 2024. *For illustrative purposes*, using the MHEC data reported by community colleges for the 2018-2019 academic year, which is incomplete and includes tuition and residency waivers not covered by the bill, each community college could receive the aid shown in **Exhibit 1**.

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**Exhibit 1**  
**Estimated Distribution of Funds under the Bill**  
**Based on 2018-2019 Data**

<u>College</u>	<u>State Aid</u>
Allegany	\$855,732
Anne Arundel	604,586
Baltimore County	611,640
Carroll	148,854
Cecil	460,670
Chesapeake	54,321
College of Southern Maryland	108,642
Frederick	279,365
Garrett	179,894
Hagerstown	637,743
Harford	1,030,688
Howard	1,604,233
Montgomery	2,675,132
Prince George's	521,340
Wor-Wic	48,677
<b>Total</b>	<b>\$9,821,517</b>

Notes: Based on the number of individuals reported by community colleges that received tuition or residency waivers (excluding waivers for employees or dependents). Numbers may not sum to total due to rounding. During the 2018-2019 academic year (the most recent data available), nearly 14,200 community college students received tuition or residency waivers totaling almost \$13.0 million that year.

Source: Maryland Higher Education Commission; Department of Legislative Services

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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.

Local community college expenditures are not materially affected because, as discussed above, this estimate assumes MHEC reports data from the second prior academic year and does not require significant additional reporting by community colleges.

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### **Additional Information**

**Prior Introductions:** A similar bill, SB 538 of 2021, as amended, passed the Senate and received a hearing in the House Appropriations Committee, but no further action was taken. Its cross file, HB 1067, received a hearing in the House Appropriations Committee, but no further action was taken. SB 303 of 2018, another similar bill, received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken.

**Designated Cross File:** HB 1102 (Delegate Feldmark) - Appropriations.

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

**Fiscal Note History:** First Reader - March 9, 2022  
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