

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 359

(Senator Guzzone, *et al.*)

Budget and Taxation

Appropriations

Community College Tuition and Residency Waivers - Funding

This bill authorizes the Governor to include \$10.0 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 total number of enrolled qualifying students. By December 1, 2024, and annually thereafter, MHEC must report to the General Assembly on the number of students receiving a tuition or residency waiver for community colleges, as specified. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: No likely effect in FY 2024. Beginning in FY 2025, general fund expenditures *may* increase by \$10.0 million annually. A portion of any such funds is distributed to Baltimore City Community College (BCCC).

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Higher Ed Rev.	\$0	-	-	-	-
GF Expenditure	\$0	\$10.0	\$10.0	\$10.0	\$10.0
Net Effect	\$0.0	(\$10.0)	(\$10.0)	(\$10.0)	(\$10.0)

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

Local Effect: Beginning in FY 2025, State aid for local community colleges *may* increase by almost \$10.0 million annually. 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.

State Fiscal Effect: The Governor *may* include \$10.0 million in the State budget to fund specified State-mandated tuition and residency waivers for community colleges; any impact is assumed to be delayed to fiscal 2025, at the earliest, when Governor submits the next budget bill. To the extent funds are appropriated, MHEC must distribute the \$10.0 million to 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 2019-2020 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 BCCC will receive depends on the actual number of enrolled qualifying students at all community colleges in the State and whether such funding is provided in the budget.

MHEC can produce the required reports using existing resources.

Local Revenues: State aid for local community colleges may increase by almost \$10.0 million beginning in fiscal 2025. *For illustrative purposes*, using the MHEC data reported by community colleges for the 2019-2020 academic year, which is incomplete and includes tuition and residency waivers not covered by the bill, each local community college could receive the aid shown in **Exhibit 1**. The actual amount of State aid that local community colleges will receive depends on the actual number of enrolled qualifying students at all community colleges in the State and whether funding is provided in the budget for this purpose.

Exhibit 1
Estimated Distribution of Discretionary Funds under the Bill
Based on 2019-2020 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
Total	\$9,821,517

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 2019-2020 academic year (the most recent data available), nearly 14,000 local community college students received tuition or residency waivers totaling \$13.0 million that year.

Source: Maryland Higher Education Commission; Department of Legislative Services

Additional Information

Prior Introductions: Similar legislation has been introduced within the last three years. See SB 799 and HB 1102 of 2022 and SB 538 and HB 1067 of 2021.

Designated Cross File: HB 390 (Delegate Feldmark, *et al.*) - Appropriations.

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

Fiscal Note History: First Reader - February 3, 2023
rh/ljm Third Reader - March 18, 2023
Revised - Amendment(s) - March 18, 2023

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