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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/14
 LAST UPDATED 02/13/14

SPONSOR SEC _____ HB _____

SHORT TITLE Foster Care System Tuition Waiver SB 206/SECS

ANALYST Hartzler-Toon

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$27.0- \$282.0	\$27.0- \$282.0	\$54.0- \$564.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act: Section 4J Higher Education, Institutions Instruction and General Purposes

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 Children, Youth, and Families Department (CYFD)

SUMMARY

Synopsis of Bill

The Senate Education Committee Substitute for Senate Bill 206 establishes a Foster Child Tuition and Fee Waiver program. The bill prohibits constitutionally-created and statutorily-created public postsecondary institutions from charging particular students tuition and fees to attend college. Students benefiting from this program include a child or young adult for whom:

- (a) CYFD certifies the student was in legal custody of CYFD
- or
- (b) A New Mexico Indian nation, tribe, or pueblo or the United States Department of the Interior's (Interior's) Bureau of Indian Affairs' division of human services provides certification that the student in the legal custody of one of these entities
 - (1) On a day prior to the child's eighteenth birthday,
 - (2) On or after the day of the student's 14th birthday and the student's parents' rights were relinquished or terminated at the time; or
 - (3) On a the day the student graduates or received a high school equivalency certificate in the state; and

- (c) And enrolled in a constitutionally-created or statutorily-created public postsecondary institution no later than his/her 25th birthday.

The bill also requires that HED collaborate with CYFD and New Mexico's nations, tribes, and pueblos and Interior to ensure children in middle and high school who are or have been in custody of CYFD; New Mexico's nations, tribes, and pueblos; or Interior are aware of the tuition and fee waiver program.

The committee substitute addressed a technical issue by including children and students in custody of New Mexico nations, tribes, and pueblos and Interior.

FISCAL IMPLICATIONS

Senate Bill 206 does not contain an appropriation. It would affect the operating budgets of institutions where eligible children and young adults enrolled. The institutions would forgo tuition and fees for these students.

CYFD provided an approximate cost to state institutions:

- (a) Students who turned 18 while in foster care – Between 2010 and 2013, more than 300 turned the age of majority while in foster care. Assuming 32 percent of these students graduated from high school (which is much lower average rate of students), approximately 25 youth are eligible for the tuition/fee waiver annually. The range of tuition/fees underwritten by institutions for these students could be between \$15 thousand (Central New Mexico Community College (CNM)) and \$150 thousand (University of New Mexico (UNM)) annually.
- (b) Students between the ages of 14 and 18 who were adopted from foster care – For the same time period, there were nearly 120 youth adopted from the foster care system. Assuming a 65 percent high school graduation rate and 20 students would be eligible and enroll, the range of tuition/fees underwritten by institutions for these students could be \$12 thousand (CNM) to \$132 thousand (UNM) annually.

CYFD could not estimate the number of 18 year olds who earn their diploma or a general education degree to provide an estimated cost for this group of eligible students.

SIGNIFICANT ISSUES

According to a recent multi-state study of former foster care youth, nearly 50 percent of former foster care youth dropped out of college because of costs and nearly 60 percent cited costs as the most significant barrier to continuing their educations.

While former and current foster children are frequently eligible for federal financial aid grant programs, these programs do not fully fund college tuition and fees, room and board, books, transportation, and related expenses. The federal Pell Grant program awards a maximum \$5,500 annually (though the appropriated level is lower) and the federal Chafee Foster Care Independence grant program provides up to \$5 thousand annually. These grants still amount to less the average cost of attendance at New Mexico's four-year institutions.

Other states sponsor tuition waivers for foster care youth, though eligibility varies greatly. SB 206 includes most of the same eligible populations as those covered in other states.

PERFORMANCE IMPLICATIONS

There are no performance measures associated with this bill, and neither CYFD nor HED report on student progress of foster care youth.

ADMINISTRATIVE IMPLICATIONS

The bill does not require that either agency report on outreach efforts or institutions report on student progress for those covered under this bill.

RELATIONSHIP

The bill relates to the student financial aid appropriation for HED included in the General Appropriation Act and institutional budget documents reporting transfers of state general fund support to financial aid programs.

ALTERNATIVES

The state could establish a scholarship fund for students identified in this bill.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Depending on eligibility, students identified in this bill would be able to receive federal, state, and institutional financial aid to cover all educational costs, including tuition and fees.

THT/jl:ds