

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 256
Ways and Means

(Delegate McMillan, *et al.*)

Higher Education - In-State Tuition for United States Military Personnel and Dependents Act

This bill exempts specified military personnel from paying nonresident tuition at public institutions of higher education in Maryland. The Maryland Higher Education Commission must adopt regulations to implement the bill.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: General fund expenditures for the Senator John A. Cade funding formula could increase beginning in FY 2007 due to a minimal increase in the enrollments of in-state students at community colleges. Tuition revenues at public institutions of higher education would not be materially affected.

Local Effect: State aid for community colleges could increase beginning in FY 2007. Community college tuition revenues would not be materially affected.

Small Business Effect: None.

Analysis

Bill Summary: The bill requires public institutions of higher education in Maryland to charge in-state tuition rates to three categories of individuals: (1) active duty members of the U.S. armed forces; (2) the spouses and dependent children of active duty members of the U.S. armed forces; and (3) honorably discharged veterans of the U.S. armed forces.

An active duty member of the U.S. armed forces is exempt from nonresident tuition charges if the member is stationed in Maryland, resides in Maryland, or is domiciled in Maryland. Likewise, the spouse or financially dependent child of an active duty member of the U.S. armed forces is exempt from nonresident tuition charges if the member is stationed in Maryland, resides in Maryland, or is domiciled in Maryland.

An honorably discharged veteran of the U.S. armed forces is exempt from nonresident tuition if the veteran presents within one year after discharge: (1) evidence that the veteran attended a secondary school in Maryland for at least three years; and (2) documentation that the veteran graduated from a Maryland high school or received the equivalent of a high school diploma in Maryland.

Current Law: For institutions within the University System of Maryland (USM), the Board of Regents sets tuition policies, including the determination of which students are eligible for resident tuition. The basic policy requires students to be identified as permanent residents of Maryland to qualify for resident tuition, meaning they have lived continuously in the State for at least 12 months immediately prior to attendance at a USM institution. An individual who is residing in Maryland primarily for the purpose of attending an educational institution is not considered a permanent resident. However, the USM policy makes an exception for an active duty member of the U.S. armed forces who resides in Maryland or is stationed in Maryland. These individuals qualify for in-state tuition rates, as do their spouses and dependent children. Honorably discharged veterans are subject to the normal residency requirements.

The Board of Regents of Morgan State University and the Board of Trustees of St. Mary's College of Maryland set tuition policies for the institutions. The policies for the institutions are very similar to the USM policies. Both institutions require one year of residency in Maryland to qualify for in-state tuition rates. Like USM institutions, Morgan State University and St. Mary's College of Maryland provide resident tuition benefits to active duty military personnel and their immediate families.

Tuition policies at community colleges are set by COMAR regulations and the boards of trustees for the colleges. There are three levels of tuition at community colleges: in-county, out-of-county, and out-of-state. In general, there is a three-month residency requirement for community colleges. Active duty military personnel domiciled in Maryland or stationed in Maryland are considered State residents, as are their dependants. An individual who is considered a Maryland resident for tuition purposes at a community college is included in the count used to determine State aid to the college.

Background: HB 253 of 2003 as introduced would have extended in-state tuition privileges to undocumented immigrants who attended and graduated from Maryland high schools. The bill was later amended to add active duty military personnel, the families of

active duty military personnel, and honorably discharged veterans. The bill passed both chambers of the General Assembly but was vetoed by the Governor. In his veto letter, the Governor gave several policy reasons for vetoing HB 253, all relating to the immigrant tuition provision of the bill, not the military personnel provisions. This bill reintroduces the nonresident tuition exemption for military personnel.

The differences between in-state and out-of-state undergraduate tuition rates at Maryland's four-year public institutions of higher education are shown in **Exhibit 1**. Fall 2003 in-county, out-of-county, and out-of-state tuition rates for community colleges are shown in **Exhibit 2**.

Exhibit 1
In-state and Out-of state Tuition and Mandatory Fees
Proposed Fall 2004 Rates

	<u>In-state</u>	<u>Out-of-State</u>	<u>Difference</u>
USM Institutions			
Coppin State College	\$4,454	\$10,626	\$6,172
UM Eastern Shore	5,558	11,421	5,863
Bowie State University	5,218	13,583	8,365
Salisbury University	5,976	13,554	7,578
Frostburg State University	5,830	13,374	7,544
Towson University	6,672	15,352	8,680
University of Baltimore	6,448	17,791	11,343
UM College Park	7,426	18,726	11,300
UM Baltimore County	8,020	15,620	7,600
UM University College*	5,304	9,768	4,464
Other Public Four-year Institutions			
Morgan State University	\$5,578	\$12,748	\$7,170
St. Mary's College	8,847	15,483	6,636

* Based on 24 credit hours.

Exhibit 2
In-county, Out-of-county, and Out-of-state Tuition Rates at Community Colleges
For Full-time Students
Fall 2003

<u>College</u>	<u>In-county</u>	<u>Out-of-county</u>	<u>Out-of-state</u>
Allegany	\$2,550	\$5,010	\$5,910
Anne Arundel	1,980	3,570	6,240
Baltimore City	2,070	2,070	4,770
Baltimore County	2,310	4,500	6,150
Carroll	2,460	3,840	5,850
Cecil	2,250	4,950	6,300
Chesapeake	2,250	3,060	4,170
College of Southern Md	2,610	4,500	6,000
Frederick	2,400	5,310	7,350
Garrett	2,280	4,950	6,240
Hagerstown	2,430	3,900	5,130
Harford	2,250	4,500	6,750
Howard	2,700	5,340	6,690
Montgomery	2,580	5,310	7,080
Prince George's	2,490	4,200	6,660
Wor-Wic	2,040	5,130	6,000

Source: Maryland Association of Community Colleges

State Revenues: This bill would grant resident tuition privileges to one new category of individuals that does not currently qualify for in-state tuition rates: honorably discharged veterans who graduated from high school in Maryland and enroll in an institution within one year of discharge. Despite the differences in tuition levels between in-state and out-of-state students, tuition revenues at four-year public institutions of higher education would not be significantly affected by granting in-state tuition to honorably discharged veterans. The institutions have considerable authority over admissions and generally maintain fairly stable proportions of in-state and out-of-state students. The legislation does not affect this authority. As long as there are no major adjustments to the classification of students into in-state and out-of-state categories, institutions can adjust admissions to avoid any significant loss of tuition revenues. The addition of recently discharged veterans to the pool of in-state students as proposed in this legislation would affect a very small percentage of the student populations at four-year public institutions.

State Expenditures: General fund expenditures for the Senator John A. Cade funding formula could increase beginning in fiscal 2007. The Cade formula determines aid to community colleges based on full-time equivalent (FTE) student enrollment counts from the second prior fiscal year. By regulation, only qualified Maryland residents are included in FTE enrollment counts. Allowing additional students to qualify as in-state students in fall 2004 (fiscal 2005) would increase spending for the formula in fiscal 2007.

Currently, active duty members of the U.S. armed forces and their immediate families are considered in-state students if the active duty member is stationed in Maryland, resides in Maryland, or is domiciled in Maryland. However, honorably discharged veterans must qualify for in-state status in the same way that other individuals qualify. Expanding the definition of in-state students to include honorably discharged veterans could result in increased State aid to community colleges beginning in fiscal 2007.

State aid under the Cade formula is estimated at \$1,800 to \$1,900 per pupil from fiscal 2007 to 2009. It cannot be reliably estimated at this time how many additional community college students would be included in Cade formula FTE counts as a result of this legislation, but the number is expected to be relatively small.

Local Fiscal Effect: Unlike four-year institutions, community colleges have open enrollments and cannot control the proportion of in-county, out-of-county, and out-of-state students who attend the colleges. Any expansion in the definition of resident student could, therefore, result in a decrease in community college tuition revenues. Granting resident tuition rates could also attract the students who qualify for reduced rates, thereby increasing revenues. Overall, it is assumed that this bill would have a negligible impact on total community college tuition revenues.

Beginning in fiscal 2007, community colleges would receive additional State aid under the Senator John A. Cade funding formula for each additional student who attends a college and qualifies as a Maryland resident. Formula aid per FTE student is estimated at \$1,800 to \$1,900 per student in fiscal 2007 to 2009.

Additional Information

Prior Introductions: HB 253 of 2003, as amended, would have granted in-state tuition benefits to military personnel, their immediate families, and honorably discharged veterans who graduated from Maryland high schools. The bill was vetoed by the Governor.

Cross File: None.

Information Source(s): Department of Veterans Affairs, University System of Maryland, Maryland Higher Education Commission, Department of Legislative Services

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mh/hlb

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