

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1362 (Chairman, Appropriations Committee, et al.)
(Departmental - Military)

Appropriations Referred to Economic and Environmental Affairs

Higher Education - Tuition Waivers - Members of the Maryland National Guard

This amended departmental bill requires each State higher education institution and local community college to determine a tuition waiver policy for members of the Maryland National Guard. The Maryland Higher Education Commission must maintain a list of State higher education institutions and local community colleges that offer tuition waivers to members of the Maryland National Guard.

This bill takes effect June 1, 1996.

Fiscal Summary

State Effect: Indeterminate decrease in special fund revenues. No effect on expenditures.

Local Effect: Indeterminate decrease in revenues. No effect on expenditures. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: The Department of the Military has determined that this bill has minimal or no impact on small business (attached). Fiscal Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

Bill Summary: This bill requires the University of Maryland System, Morgan State University, St. Mary's College, and local community colleges to determine a tuition waiver policy for members of the Maryland National Guard. To receive the tuition waiver, national guard members must be enrolled at the institution and be certified as eligible by the Maryland Adjutant General. In addition, there must be available space in the regularly scheduled

course.

State Effect: The Maryland National Guard has approximately 9,300 members in active duty. It is estimated that approximately 5% (465) would participate in the tuition waiver program if such programs are established by the institutions. Of this amount 195 (42%) would enroll in a four-year institution and 270 (58%) would enroll in a local community college. Tuition waivers at four-year institutions would decrease State special fund revenues and tuition waivers at community colleges would decrease local revenues. *The following example of the potential fiscal impact to institutions of higher education is for illustrative purposes only.*

Assuming, the University of Maryland System, Morgan State University, and St. Mary's College establish a 50% tuition waiver for members of the Maryland National Guard, approximately 195 national guard members would enroll in these institutions in fiscal 1997. Further, it is estimated that an additional 78 guardsmen will enroll in higher education programs each year. Accordingly, State special fund revenues could decrease by \$185,900 in fiscal 1997. Future year revenues could decrease by \$270,800 in fiscal 1998 and by \$549,100 in fiscal 2001. The actual impact would depend upon which college the guard members enroll. It is assumed that any additional workload resulting from processing tuition waivers could be handled with existing resources. The following exhibit depicts the potential fiscal impact on State higher education institutions in fiscal 1997 using University of Maryland at College Park tuition rates.

	<u>Number of Students</u>	<u>Annual Tuition Rate</u>	<u>Waiver Amount</u>	<u>Total Cost</u>
<i>State Institutions</i>				
Part-time Undergraduate	125	\$1,328	\$664	\$83,000
Part-time Graduate	30	2,200	1,100	33,000
Full-time Undergraduate	<u>40</u>	3,494	1,747	<u>69,880</u>
Total	195			\$185,880

In addition, State aid to community colleges could increase by an indeterminate amount beginning in fiscal 1999, depending upon which local community college national guard members attend.

Local Effect: *The following example of the potential fiscal impact to local community colleges is for illustrative purposes only.* Assuming all local community colleges grant a 50% tuition waiver for members of the Maryland National Guard, approximately 270 national guard members would enroll in local community colleges in fiscal 1997. Accordingly, local government revenues could decrease by \$119,700 in fiscal 1997. Future year revenues could decrease by \$179,300 in fiscal 1998 and by \$419,000 in fiscal 2001. It is assumed that any additional workload resulting from processing tuition waivers could be handled with existing resources. The following exhibit depicts the potential fiscal impact on local community colleges in fiscal 1997.

	<u>Number of Students</u>	<u>Tuition Rate</u>	<u>Waiver Amount</u>	<u>Total Cost</u>
<i>Community Colleges</i>				
Part-time Students	200	\$518	\$259	\$51,800
Full-time Students	<u>70</u>	\$1,939	\$970	<u>\$67,900</u>
Total	270			\$119,700

Information Source(s): Department of Fiscal Services, Maryland Higher Education Commission, Military Department

Fiscal Note History: First Reader - March 1, 1996
 ncs Revised - Small Business Impact Statement Received
 - March 21, 1996
 Revised - House Third Reader - March 29, 1996

Analysis by: Hiram L. Burch Jr.	Direct Inquiries to:
Reviewed by: John Rixey	John Rixey, Coordinating Analyst
(410) 841-3710	
(301) 858-3710	