

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 1377
Appropriations

(Delegate Cadden) (By Request)

Higher Education - Disabled Veterans and Dependents - Tuition Reduction

This bill establishes a Disabled Veterans and Dependents Tuition Reduction Program that requires Maryland institutions of higher education to reduce tuition by 10% for a veteran who is fully and permanently disabled. The spouse or child of a veteran who is fully and permanently disabled is also eligible for the tuition reduction. Applicants must also be Maryland residents to qualify. The tuition reduction is valid for up to five years of full-time study or up to eight years of part-time study.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: Higher education tuition revenues would decrease beginning in FY 2006. For every 100 eligible applicants attending public four-year institutions of higher education, tuition revenue would decrease by an estimated \$55,800. It is not known how many individuals would qualify for the tuition reduction.

Local Effect: Community college tuition revenues would decrease by an estimated \$210 to \$360 in fiscal 2006 for each student who qualifies for a 10% tuition reduction. Future year revenue reductions would reflect increases to community college tuition rates.

Small Business Effect: Minimal. Private institutions of higher education would be required to offer the 10% tuition reductions, resulting in tuition revenue decreases for the institutions.

Analysis

Current Law: The Disabled Veterans and Dependents Tuition Reduction Program would be a new State program.

The governing board of each public institution of higher education is required to develop a tuition waiver policy for members of the Maryland National Guard, and most institutions have established 50% tuition waivers to fulfill the requirement. The Edward T. Conroy Memorial Scholarship is available to disabled veterans and the children of disabled and deceased veterans.

Background: The proposed fiscal 2006 State budget includes \$362,474 for the Edward T. Conroy Memorial Scholarship Program, the same amount that is provided in the fiscal 2005 budget. The Maryland Higher Education Commission advises that an estimated 76 individuals, some of whom are disabled veterans or the children of disabled veterans, will receive awards under the program this year.

Most University System of Maryland (USM) institutions offer a 50% tuition waiver for members of the Maryland National Guard. USM reports that 187 guard members are attending USM institutions in the 2004-2005 academic year and that the fiscal 2005 loss of tuition and fee revenues from the waivers totals nearly \$1 million.

State Revenues: Tuition revenues at four-year public institutions of higher education would decrease for each student qualifying for the 10% tuition reduction. In fiscal 2006, tuition rates for full-time resident undergraduates will range from \$3,527 at Coppin State University to \$9,068 at St. Mary's College of Maryland, meaning each full-time student qualifying for a tuition reduction would decrease higher education revenues by \$353 to \$907 in fiscal 2006. It is not known how many students would qualify for the 10% tuition reduction under the bill.

Based on projections of the distribution of full-time equivalent (FTE) resident undergraduates at the four-year colleges, tuition revenues would decrease by an estimated \$55,800 in fiscal 2006 for every 100 FTE undergraduate students who qualify for the 10% reduction. This includes a \$51,000 tuition revenue decrease for USM institutions, a \$3,000 revenue reduction for Morgan State University, and a \$1,800 revenue decrease for St. Mary's College of Maryland. The 10% tuition reductions would also be available to graduate students and students pursuing professional certificates. Future year revenue reductions would reflect increases in tuition rates.

In addition to the four-year institutions of higher education, the Baltimore City Community College (BCCC) would also realize a revenue decrease from the 10% tuition

reduction. In fiscal 2005, the tuition rate for full-time resident students attending BCCC is \$2,260. Therefore, each FTE student qualifying for the 10% tuition reduction would decrease BCCC revenues by at least \$226 in fiscal 2006.

Local Revenues: Tuition revenues at community colleges would decrease for each student qualifying for the 10% tuition reduction. In fiscal 2005, tuition rates for full-time resident students range from approximately \$2,100 to \$3,600, meaning each full-time student qualifying for a tuition reduction would decrease tuition revenues by \$210 to \$360. These figures do not account for future tuition increases at the colleges. It is not known how many students would qualify for the 10% tuition reduction under the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): St. Mary's College, University System of Maryland, Maryland Higher Education Commission, Department of Legislative Services

Fiscal Note History: First Reader - March 16, 2005
ncs/rhh

Analysis by: Mark W. Collins

Direct Inquiries to:
(410) 946-5510
(301) 970-5510