

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 373

(Senator Currie, *et al.*)

Education, Health, and Environmental Affairs

Appropriations

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Higher Education - Public Institutions of Higher Education - Nonresident  
Tuition Exemption

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This bill exempts a member of the Maryland National Guard who joined or subsequently served to provide a critical military occupational skill or to be a member of the Air Force critical specialty code from paying nonresident tuition at public institutions of higher education in Maryland.

The bill takes effect July 1, 2009.

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Fiscal Summary

**State Effect:** General fund expenditures for the Senator John A. Cade funding formula may increase beginning in FY 2012 due to an increase in enrollments of in-state students at community colleges. Tuition revenues at public institutions of higher education are not materially affected.

**Local Effect:** Local revenues from State aid for community colleges may increase beginning in FY 2012. Community college tuition revenues are not materially affected.

**Small Business Effect:** None.

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Analysis

**Current Law:** Public institutions of higher education in Maryland 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.

A 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. If the member ceases to be stationed in Maryland, reside in Maryland, or be domiciled in Maryland, the spouse or child of the member remains qualified for resident tuition if the spouse or child is continuously enrolled at a public institution of higher education.

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.

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 University System of Maryland Institution (USM). An individual who is residing in Maryland primarily for the purpose of attending an educational institution is not considered a permanent resident.

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.

Tuition policies at community colleges are set by Code of Maryland 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 dependents. 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.

To the extent that funds are provided in the State budget, the Military Department may provide tuition assistance equal to 50% of the cost of in-state tuition for any regularly scheduled undergraduate credit course, vocational-technical course, or trade course for any active member of the National Guard attending an eligible institution. To be eligible for tuition assistance, a member must have at least 24 months of service remaining.

**Background:** The Maryland National Guard consists of the Maryland National Army and the Maryland National Air Guard. National Guard members serve in times of natural disaster or civil disturbance within the country and alongside U.S. active forces in overseas conflicts. Enlisted members typically sign six-year contracts to serve one weekend a month and two weeks of annual training. Non-Maryland residents can serve in the Maryland National Guard.

Members of the National Guard are all assigned a military occupational skill, which is their job description while serving in the guard. Based on the current needs of the National Guard, some of these military occupational skills are designated as critical. Likewise, the Air Force assigns its members specialty codes, some of which are designated as critical. The National Guard estimates that about 40 of its members reside outside the State and about 66% or 26 of those members provide a critical military occupational skill.

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 2008 in-county, out-of-county, and out-of-state tuition rates for community colleges are shown in **Exhibit 2**.

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**Exhibit 1**  
**In-state and Out-of-state Tuition and Mandatory Fees**  
**Proposed Fall 2009 Rates**

University Systems of Maryland Institutions	<u>In-state</u>	<u>Out-of-state</u>	<u>Difference</u>
Coppin State University	\$5,140	\$13,365	\$8,225
University of Maryland Eastern Shore	6,042	12,830	6,788
Bowie State University	6,005	16,226	10,221
Salisbury University	6,492	14,794	8,302
Frostburg State University	6,614	16,810	10,196
Towson University	7,314	17,860	10,546
University of Baltimore	7,051	20,557	13,506
University of Maryland, College Park	8,005	23,076	15,071
University of Maryland Baltimore County	8,780	17,512	8,732
University of Maryland University College*	5,760	12,000	6,240
Other Public Four-year Institutions			
Morgan State University	\$6,420	\$14,871	\$8,451
St. Mary's College of Maryland	12,604	23,454	10,850

\*Based on 24 credit hours.

Source: Governor's Budget Books, fiscal 2010

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**Exhibit 2**  
**In-county, Out-of-county, and Out-of-state Tuition Rates at Community Colleges**  
**For Full-time Students**  
**Fall 2008 Rates**

<u>College</u>	<u>In-county</u>	<u>Out-of-county</u>	<u>Out-of-state</u>
Allegany	\$3,164	\$5,654	\$6,584
Anne Arundel	2,860	5,230	9,040
Baltimore City	3,077	3,077	6,737
Baltimore County	3,080	5,600	8,210
Carroll	3,407	4,925	6,926
Cecil	2,860	5,560	6,910
Chesapeake	3,304	5,374	7,684
Southern Maryland	3,616	6,310	8,155
Frederick	3,069	6,309	8,469
Garrett	2,970	6,510	7,590
Hagerstown	3,180	4,830	6,240
Harford	2,550	4,860	7,170
Howard	3,993	6,483	7,833
Montgomery	3,984	7,728	10,320
Prince George's	3,905	6,035	8,675
Wor-Wic	2,474	6,044	7,034

Source: Maryland Association of Community Colleges

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**State Revenues:** This bill grants resident tuition privileges to members of the Maryland National Guard. Despite the differences in tuition levels between in-state and out-of-state students, tuition revenues at four-year public institutions of higher education are not significantly affected by granting in-state tuition to this group. 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 adjustments proposed in this legislation 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 may increase beginning in fiscal 2012. 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 2009 (fiscal 2010) may increase spending for the formula in fiscal 2012.

Currently, members of the Maryland National Guard must qualify for in-state status in the same way that other individuals qualify. Expanding the definition of in-state students to include this group may result in increased State aid to community colleges beginning in fiscal 2012.

State aid under the Cade formula is estimated at \$3,000 to \$3,300 per student from fiscal 2012 to 2014. The Maryland National Guard Education Office's records document that 40 members of the Maryland National Guard are currently using the State tuition assistance program and reside out of state and about 26 of these members provide a critical occupational skill. It is not known how many of these students are attending community colleges, so any increases in the Cade funding formula cannot be reliably estimated.

Baltimore City Community College (BCCC) reports that it already provides a tuition exemption for all National Guard members. However, like the Cade formula, allowing these members to qualify as in-state students may increase State spending for BCCC's formula beginning in fiscal 2012. Any increase cannot be reliably estimated.

**Local Fiscal Effect:** Unlike four-year institutions, community colleges have open enrollment 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 may, therefore, result in a decrease in community college tuition revenues. Granting resident tuition rates may also attract the students who qualify for reduced rates, thereby increasing revenues. Overall, it is assumed that this bill has a negligible impact on total community college tuition revenues.

Beginning in fiscal 2012, community colleges 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. It is not known how many of these students are attending community colleges, so any increases in the Cade funding formula cannot be reliably estimated.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1152 (Delegate Boteler, *et al.*) - Appropriations.

**Information Source(s):** Baltimore City Community College, Maryland Higher Education Commission, Military Department, Morgan State University, University System of Maryland, Maryland Association of Community Colleges, Department of Legislative Services

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