

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 1404

(Chair, Appropriations Committee)(By Request -
Departmental - Higher Education Commission)

Appropriations

Education, Health, and Environmental Affairs

**Higher Education - Children of Fallen State or Local Public Safety Employees -
Exemption from Nonresident Tuition**

This departmental bill requires that children of certain State or local public safety employees killed in the line of duty be exempt from paying nonresident tuition at a public institution of higher education. The governing board of each public institution of higher education, in consultation with the Maryland Higher Education Commission (MHEC), must adopt policies to implement this exemption.

The bill takes effect July 1, 2009, and applies retroactively to students enrolled at a public institution of higher education beginning with the fall 2008 semester.

Fiscal Summary

State Effect: General fund expenditures for the Senator John A. Cade funding formula may increase minimally beginning in FY 2011 due to an increase in enrollments of in-state students at community colleges; however, the impact is assumed to be negligible because only one student currently qualifies for this exemption, and very few students are expected to qualify in the future. Tuition revenues at public institutions of higher education are not materially affected.

Local Effect: Local revenues from State aid for community colleges may increase minimally beginning in FY 2011. Community college tuition revenues are not materially affected.

Small Business Effect: MHEC has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: State and local public safety employees are specified as a person who is:

- a career or volunteer member of a fire department;
- a career or volunteer member of an ambulance company or squad;
- a career or volunteer member of a rescue company or squad;
- a law enforcement officer;
- a correctional officer; or
- a member of the Maryland National Guard who was a resident of Maryland at the time of death.

To be eligible, a student must be at least 16 years old.

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.

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.

In addition, 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.

Background: Under the Edward T. Conroy Memorial Scholarship Program, a son or daughter of a State or local public safety employee killed in the line of duty who is at least age 16 can reside in any state and be eligible for the scholarship. However, the individual is not eligible for in-state tuition and fees if he or she resides outside of Maryland and does not meet the residency requirements of the public higher education institution. The award amount of Conroy scholarship is tied to the annual tuition and mandatory fees of a resident undergraduate student at the four-year public institution of higher education within USM with the highest annual expenses for a full-time resident undergraduate. Therefore, a student who is eligible for the Conroy scholarship, but lives out of the State is required to pay the difference between the award amount and the out-of-state tuition and fee charges to attend the institution.

The differences between proposed in-state and out-of-state undergraduate tuition rates at Maryland's four-year public institutions of higher education for fall 2009 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**.

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

	<u>In-state</u>	<u>Out-of-state</u>	<u>Difference</u>
USM Institutions			
Coppin State	\$5,276	\$13,971	\$8,695
UM Eastern Shore	6,072	13,296	7,224
Bowie State University	6,040	16,226	10,186
Salisbury University	6,618	15,114	8,496
Frostburg State University	6,684	16,880	10,196
Towson University	7,418	18,323	10,905
University of Baltimore	7,171	20,678	13,507
UM College Park	8,075	24,011	15,936
UM Baltimore County	8,872	18,213	9,341
UM University College*	5,760	12,000	6,240
Other Public Four-year Institutions			
Morgan State University	6,546	15,376	8,830
St. Mary's College	13,234	24,627	11,393

*Based on 24 credit hours.

Source: Governor's Budget Book, Fiscal 2010

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

State Revenues: The bill grants resident tuition privileges to children of a State or local public safety employee killed in the line of duty who do not currently qualify for in-state tuition rates. Despite the differences in tuition levels between in-state and out-of-state students, tuition revenues at most public four-year institutions of higher education are not significantly affected. Institutions have considerable authority over admissions and generally maintain fairly stable proportions of in-state and out-of-state students. The bill does not affect this authority. As long as there are no major adjustments to the proportion of applicants who qualify for resident tuition rates, institutions can adjust admissions to avoid any significant loss of tuition revenues. Additionally, MHEC reports that currently only one student qualifies for this exemption, and very few students are anticipated to qualify for the exemption in the future.

Unlike other four-year institutions, University of Maryland University College (UMUC) applicants who meet minimum admission criteria are automatically accepted regardless

of their residency statuses. If there were a large number of students eligible for this exemption, there would be a significant impact on UMUC revenues; however, it is anticipated that very few students will qualify for this exemption. UMUC revenues decrease by \$6,240 for each full-time equivalent (FTE) student who qualifies for resident tuition under the bill in the 2009-2010 academic year. Any revenue loss may be partially offset by the increased revenues realized if the bill enables more students to attend UMUC at the lower, in-state cost.

State Expenditures: General fund expenditures for the Senator John A. Cade funding formula may increase minimally beginning in fiscal 2011, although it is unlikely because currently only one student qualifies for this exemption and it is assumed very few students will qualify in the future. The Cade formula determines aid to community colleges based on 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 2008 (fiscal 2009) increases spending for the formula in fiscal 2011. Cade funding is expected to approach \$2,810 per FTE student in fiscal 2011. However, the impact is assumed to be negligible because very few students will qualify under this exemption and after living in the State for approximately three months these students could already qualify for in-state tuition and be counted for Cade funding.

State funding for the Baltimore City Community College (BCCC) is also based on in-state FTE enrollment from the second prior fiscal year. For each additional student qualifying for in-state tuition rates in the 2008-2009 academic year, expenditures for the current BCCC formula in statute increase by an estimated \$6,925 in fiscal 2011. The actual effect is anticipated to be negligible because of the limited number of students qualifying and the ease of currently qualifying for in-state tuition.

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 a resident student may, therefore, result in a decrease in community college tuition revenues. However, granting resident tuition rates may also attract students who qualify for reduced rates, thereby increasing enrollments and revenues. It is assumed that the bill has a negligible net impact on total community college tuition revenues because MHEC advises that there is currently only one student that meets the requirements of the bill and very few students are expected to qualify in the future. If enrollments increase significantly, however, community college expenditures to meet student needs may also increase.

Beginning in fiscal 2011, local community colleges receive minimal 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.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Allegany County, Talbot County, Wicomico County, Baltimore City Community College, Baltimore City, Harford County, Maryland Higher Education Commission, Montgomery County, Morgan State University, St. Mary's College, University System of Maryland, Department of Legislative Services

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ncs/rhh

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Higher Education – Children of Fallen State or Local Public Safety
Employees – Exemption from Nonresident Tuition

BILL NUMBER: HB 1404

PREPARED BY: Maryland Higher Education Commission

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.