

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 799

(Delegate P. Young, *et al.*)

Ways and Means

Education, Health, and Environmental Affairs

Higher Education - Veterans and Dependents Nonresident Tuition - Compliance
With Federal Law

This bill requires each public institution of higher education to comply with federal law exempting specified veterans of the U.S. Armed Forces, and their spouses and children, from paying out-of-state tuition at a public institution of higher education.

The bill takes effect June 1, 2015.

Fiscal Summary

State Effect: None. However, due to the federal Veterans Access, Choice and Accountability Act of 2014 (Choice Act), beginning July 1, 2015, public institutions of higher education must provide in-state tuition to specified veterans and dependents to remain eligible to receive GI Bill education payments. Thus, by complying with the federal Choice Act as required by the bill, public four-year institutions and Baltimore City Community College continue to be eligible to receive GI Bill education payments.

Local Effect: None. However, due to the federal Choice Act, beginning July 1, 2015, public institutions of higher education must provide in-state tuition to specified veterans and dependents to remain eligible to receive GI Bill education payments. Thus, by complying with the federal Choice Act as required by the bill, local community colleges continue to be eligible to receive GI Bill education payments.

Small Business Effect: None.

Analysis

Current Law:

Federal Law

Under Section 702 of the Choice Act, veterans, and their spouses and children, using Veterans Education Benefits under the Post-9/11 GI Bill or the Montgomery GI Bill must be exempt from paying out-of-state tuition at public institutions of higher education by July 1, 2015.

Specifically, to remain approved for GI Bill programs, public institutions of higher education must charge in-state tuition and fee amounts to “covered individuals.” A “covered individual” is defined in the Choice Act as any one of the following:

- a veteran who lives in the state in which the institution of higher learning is located (regardless of his/her formal state of residence) and enrolls in the school within three years of discharge from a period of active-duty service of 90 days or more and is using his/her GI Bill benefits;
- a spouse or child using transferred GI Bill benefits who lives in the state in which the institution of higher learning is located (regardless of his/her formal state of residence) and enrolls in the school within three years of the transferor’s discharge from a period of active-duty service of 90 days or more; and
- a spouse or child using GI Bill benefits under the Marine Gunnery Sergeant John David Fry Scholarship who lives in the state in which the institution of higher learning is located (regardless of his/her formal state of residence) and enrolls in the school within three years of the service member’s death in the line of duty following a period of active-duty service of 90 days or more.

Individuals remain eligible if they initially meet these requirements if they remain continuously enrolled even if they are outside of the three-year window or enroll in multiple programs.

Under federal law, specified veterans of the U.S. Armed Forces are entitled to Veterans Education Benefits (known as GI Bill benefits) from the federal government under the Post-9/11 GI Bill and the Montgomery GI Bill. Under certain circumstances, veterans may transfer their benefits to their dependents. In addition, a child of a person who died in the line of duty after September 11, 2001, while serving on active duty as a member of the U.S. Armed Forces is entitled to Veterans Education Benefits.

State Law

Chapter 191 of 2011, known as the Dream Act, was petitioned to referendum and approved by Maryland voters in November 2012. Therefore, an individual who attended and graduated from Maryland high schools is exempt from paying out-of-state tuition, and in certain instances out-of-county tuition, at community colleges in Maryland under specified circumstances. Nonimmigrant aliens who are in the country on student visas do not qualify for the exemption, but otherwise the exemption applies regardless of residency status. An individual who graduates from or earns a certain number of credits from a community college under the Act is then exempt from paying nonresident (*i.e.*, out-of-state) tuition at a public four-year higher education institution in Maryland under specified circumstances.

An active-duty member of the U.S. Armed Forces and his or her spouse and financially dependent children are 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 and/or children of the member remain qualified for resident tuition if the spouse and/or children are continuously enrolled at a public institution of higher education.

An honorably discharged veteran of the U.S. Armed Forces is also exempt from nonresident tuition if the veteran presents documentation that the individual was honorably discharged and resides in the State or is domiciled in the State.

Members of the Maryland National Guard are also exempt from paying nonresident tuition at public institutions of higher education 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 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 those 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 State 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. Community college students who are considered Maryland residents for tuition purposes are included in the enrollment counts used to determine State aid to the colleges.

Background: When actively serving in the U.S. Armed Forces, service members live where the military needs them. Once their service is over and they are discharged, it can be difficult for service members and their dependents to establish residency in any state in order to receive in-state tuition benefits.

Post-9/11 GI Bill

In 2008, the U.S. Congress created the Post-9/11 GI Bill, which provides enhanced federal educational aid for veterans serving after 9/11. Veterans who meet eligibility requirements for this program receive a housing allowance, a stipend for books and supplies, and funds to support the cost of attendance, up to the cost of in-state tuition for the most expensive undergraduate program of study at a public university, which is estimated to be \$13,800 in Maryland for the 2014-2015 academic year. The Post-9/11 GI Bill marked a significant increase in federal educational support for those serving in the U.S. Armed Forces after 9/11.

Under the Post-9/11 GI Bill, a veteran who has served or committed to serve in the U.S. Armed Forces for at least 10 years may transfer GI benefits to children and spouses. Once that benchmark is met, an eligible active-duty military individual may transfer any unused benefits or the entire 36 months, if the member has used none.

The Post-9/11 Veterans Educational Assistance Improvements Act of 2010 changed the way federal Post-9/11 veterans' benefits are applied. Effective August 2011, institutional and State financial aid awarded to a veteran is applied to the cost of tuition *first*, followed by federal veterans' benefits – making the federal government the last payor of aid.

Veterans Access, Choice and Accountability Act of 2014

Under Section 702 of the federal Choice Act, veterans, and their spouses and children, using Veterans Education Benefits under the Post-9/11 GI Bill and the Montgomery GI Bill must be exempt from paying out-of-state tuition at public institutions of higher education by July 1, 2015. Institutions must provide in-state tuition to veterans and eligible dependents to remain eligible to receive GI Bill education payments. The Maryland Higher Education Commission, serving as the State approving agency for Veterans Education Benefits in Maryland, is currently assisting the public institutions in their efforts to revise their residency policies to include an exemption for out-of-state tuition for specified spouses and children of veterans using GI Bill benefits to conform with the federal law.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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