

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1587 (Washington County Delegation)
Rules and Executive Nominations

Community Colleges - Out-of-State Fee - Waiver for Border State Residents

This bill authorizes the boards of trustees of community colleges located in jurisdictions that border another state to set an out-of-state fee that *must* be more than the out-of-county fee and *may* be less than the out-of-state fee required by statute. Such students must be excluded from the calculation of State aid to community colleges (known as the John A. Cade community college funding formula).

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: State aid for community colleges through the John A. Cade community college funding formula is not affected. The service area for Baltimore City Community College (BCCC) does not border another state; therefore, BCCC is not affected by the bill.

Local Effect: Revenues and expenditures of community colleges that choose to waive the out-of-state fee for students who reside in a state that borders Maryland may be affected beginning in FY 2018. However, any such impact is due to local choices as described below and cannot be estimated.

Small Business Effect: None.

Analysis

Current Law/Background: Tuition policies at community colleges are set by State statute, the 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, any student who attends a community college in Maryland and is not a resident of Maryland must pay, in addition to the student tuition and fees payable by a county resident, an out-of-state fee at least equal to (1) 60% of the county share per full-time equivalent student (FTES) and (2) the marginal cost component of the State share per FTES. As a State-operated college, BCCC only has two tuition levels, in-state and out-of-state. Typically there is a three-month residency requirement for community colleges.

In general, a community college's service area is the county in which the college is located, as shown in **Exhibit 1**. Regional community colleges serve residents in more than one county. There are three regional colleges in the State – Chesapeake College, College of Southern Maryland, and Wor-Wic College.

There are exceptions for when an out-of-state student must pay out-of-state tuition and fees at community colleges. A resident of the state of West Virginia who attends Garrett College under a negotiated reciprocity agreement is considered an in-county resident for tuition purposes. During a nursing shortage, under specified circumstances, a nursing student who agrees to work in a Maryland hospital or related institution for at least two years is considered an in-county resident for tuition purposes. Under specified circumstances, community colleges must waive out-of-state fees for a Maryland public school teacher who teaches and resides in the State but does not qualify for in-state tuition. The out-of-state fee may also be waived for a specified employee and family members who moved due to the base realignment and closures process. For all such individuals, the State must provide funding equivalent to what would be provided for a student under the John A. Cade funding formula. In addition, each board of community college trustees *may* waive the out-of-state fee for a student who is employed by a business located in the county that supports the community college; however, the State does not provide funding for such a student through the John A. Cade funding formula.

Furthermore, specified individuals including specified active-duty members of the U.S. Armed Forces and their dependents, specified honorably discharged veterans, members of the Maryland National Guard, and individuals who qualify under the Dream Act are exempt from out-of-state tuition at both community colleges and public four-year institutions.

In the Education Article, the District of Columbia is considered a state unless otherwise specified.

Background: As shown in Exhibit 1, 13 of the 16 community colleges in the State have service areas that border another state or the District of Columbia. Thus, under the bill, all community colleges other than BCCC, Anne Arundel Community College, and Howard Community College may set a lower out-of-state fee than is currently allowed by law.

Exhibit 1
Community Colleges Bordering Other States

<u>Community College</u>	<u>Service Area</u>	<u>Bordering States</u>
Allegany	Allegany	Pennsylvania West Virginia
Anne Arundel	Anne Arundel	None
Baltimore City	Baltimore City	None
Baltimore County	Baltimore	Pennsylvania
Carroll	Carroll	Pennsylvania
Cecil	Cecil	Pennsylvania Delaware
Chesapeake	Caroline Dorchester Kent Queen Anne's Talbot	Delaware
College of Southern Maryland	Charles St. Mary's Calvert	Virginia
Frederick	Frederick	Pennsylvania Virginia
Garrett	Garrett	Pennsylvania West Virginia
Hagerstown	Washington	Pennsylvania West Virginia
Harford	Harford	Pennsylvania
Howard	Howard	None
Montgomery	Montgomery	District of Columbia Virginia
Prince George's	Prince George's	District of Columbia Virginia
Wor-Wic	Somerset Wicomico Worcester	Delaware Virginia

Source: Maryland Association of Community Colleges; Department of Legislative Services

The estimated tuition per credit hour for full-time students based on 30 credit hours per year for fall 2016 is shown in **Exhibit 2**. The difference between out-of-county tuition and out-of-state tuition ranges between \$40 per credit hour at Garrett College to \$174 per credit hour at BCCC. However, as explained above, BCCC only has two types of tuition: in-state and out-of-state. The average difference is \$83 per credit hour.

Exhibit 2
Estimated Tuition per Credit Hour for Full-time Equivalent Students
Based on 30 Credit Hours per Year
Fall 2016

<u>Community College</u>	<u>Tuition Types</u>			<u>Difference: Out-of-county and Out-of-state</u>
	<u>In-county</u>	<u>Out-of-county</u>	<u>Out-of-state</u>	
Allegany	\$114	\$225	\$270	\$45
Anne Arundel	108	208	367	159
Baltimore City	112	112	286	174
Baltimore County	118	222	337	115
Carroll	132	192	269	77
Cecil	107	197	242	45
Chesapeake	120	188	265	77
College of Southern Maryland	123	213	275	62
Frederick	119	259	351	92
Garrett	103	225	265	40
Hagerstown	117	183	241	58
Harford	116	203	290	87
Howard	134	217	262	45
Montgomery	122	249	344	95
Prince George's	105	193	290	97
Wor-Wic	106	237	292	55
Average	\$116	\$208	\$290	\$83

Note: Any fees are not shown.

Source: Maryland Community College Research Group; Maryland Association of Community Colleges; Department of Legislative Services

Local Fiscal Effect: Under the bill, a community college may choose to lower its out-of-state fee as long as that fee is more than the out-of-county fee. Lowering the fee may increase out-of-state students at some community colleges. Without knowing the magnitude of any fee decrease and any increase in the number of out-of-state students, it

is unknown whether lowering the fee increases or decreases community college revenues. If the number of students increases significantly, community college expenditures may increase accordingly. Any change in revenues or expenditures is due to local choices.

Additional Information

Prior Introductions: None.

Cross File: SB 117 (Senators Edwards and Serafini) - Education, Health, and Environmental Affairs.

Information Source(s): Maryland Community College Research Group; Maryland Association of Community Colleges; Maryland Higher Education Commission; Baltimore City Community College; Department of Legislative Services

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