

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 721 (Delegate Kagan)
Ways and Means

Higher Education - Resident Noncitizens - Educational Opportunity

This bill allows citizens of other countries to establish residency in Maryland for the purpose of determining whether they are required to pay in-state or out-of-state tuition rates at public institutions of higher education in Maryland. To establish Maryland residency, a citizen of another country must: (1) have resided in the State for at least one year prior to registering as a new student; (2) register as a new student no earlier than the fall 2003 semester; and (3) provide an affidavit stating that the individual will file for permanent residency within 30 days of becoming eligible to do so.

Fiscal Summary

State Effect: Beginning in FY 2004, tuition revenues at four-year public institutions of higher education would decrease by approximately \$6,500 per student who qualifies for reduced tuition. General fund expenditures for the Senator John A. Cade funding formula for community colleges would increase minimally beginning in FY 2006.

Local Effect: Beginning in FY 2004, tuition revenues at community colleges would decrease by approximately \$4,500 per student who qualifies for reduced tuition. Community college revenues from State aid could increase minimally beginning in FY 2006.

Small Business Effect: None.

Analysis

Current Law: Regardless of how long they have lived in Maryland, citizens of other countries are treated as nonresidents for the purpose of determining higher education tuition rates. Citizens of other countries pay out-of-state tuition rates, which are higher than the in-state rates.

Background: Laws permitting undocumented immigrants to pay in-state tuition rates at public institutions of higher education have been enacted in Texas and California over the last year. The California law requires a foreign citizen to have lived in the state for three years while attending a high school, and the Texas law requires a foreign citizen to have resided in Texas for at least one year prior to the date the individual graduated from high school. Similar bills have also been introduced in Illinois and North Carolina.

Public elementary and secondary schools are required by federal law to accept undocumented immigrants, and students are accepted at institutions of higher education regardless of their residency statuses. However, a federal immigration law passed in 1998 prohibits undocumented immigrants from obtaining a postsecondary education benefit, including in-state tuition rates, that U.S. citizens cannot obtain. Undocumented immigrants are also ineligible for federal financial aid. A federal bill introduced last year would grant legal status to students beginning in seventh grade and continuing until age 21 as long as the student is in school or pursuing college admission. The bill would allow undocumented immigrants to receive federal financial aid and would allow states to determine without federal involvement who qualifies for in-state tuition.

The differences between in-state and out-of-state tuition rates at Maryland’s four-year public institutions of higher education are shown in **Exhibit 1**. In-county, out-of-county, and out-of-state tuition rates for community colleges are shown in **Exhibit 2**.

Exhibit 1
Annual In-state and Out-of-state Tuition Rates at Four-year Public Institutions
Fiscal 2003 Rates

	<u>In-state</u>	<u>Out-of-state</u>	<u>Difference</u>
USM Institutions			
Bowie State	\$2,941	\$9,023	\$6,082
Coppin State	2,837	8,168	5,331
Frostburg State	3,566	9,232	5,666
Salisbury	3,346	9,030	5,684
Towson	3,712	10,891	7,179
UM - Baltimore	3,832	12,480	8,648
UM - Baltimore County	4,550	10,656	6,106
UM - College Park	4,508	13,026	8,518
UM - Eastern Shore	2,986	7,455	4,469
Other Four-year Public Institutions			
Morgan State	\$3,220	\$9,640	\$6,420
St. Mary’s College	6,925	12,260	5,335
Average	\$3,974	\$10,267	\$6,293

Exhibit 2
Annual Tuition Rates at Community Colleges in Maryland
Fiscal 2002 Rates

College	<u>In-county</u>	<u>Out-of-county</u>	<u>Out-of-state</u>
Allegany	\$2,550	\$5,010	\$5,580
Anne Arundel	1,800	3,450	6,120
Baltimore City	1,800	1,800	4,500
Baltimore County	2,040	3,630	5,280
Carroll	2,250	3,840	5,850
Cecil	1,950	4,650	6,000
Chesapeake	1,950	2,820	3,870
Southern MD	2,250	4,380	5,790
Frederick	2,220	4,800	6,660
Garrett	2,280	4,320	5,610
Hagerstown	2,220	3,570	4,680
Harford	1,950	3,900	5,850
Howard	2,430	5,340	6,690
Montgomery	2,220	4,590	6,000
Prince George's	2,250	4,200	6,660
Wor-Wic	1,770	4,410	5,190
Average	\$2,121	\$4,044	\$5,646

State Fiscal Effect: Tuition revenues at four-year public institutions of higher education would decrease beginning in fiscal 2004 due to lower tuition rates for some students from other countries. For each student who qualifies for a reduced tuition rate, the tuition loss would be equal to the difference between the in-state and out-of-state tuition rates at the institution the student attends. In fiscal 2003, these differences will average approximately \$6,500.

The number of students who would qualify for reduced tuition cannot be reliably estimated at this time. Morgan State University and St. Mary's College of Maryland both project a minimal number of students who would qualify for in-state tuition. The University System of Maryland (USM), however, projects that more than 750 students per year at the University of Maryland, College Park (UMCP) would qualify for reduced tuition. This estimate is based on the enrollment of approximately 3,700 students who are attending the school while on legitimate foreign visas. USM advises that a portion of these students would be eligible for reduced tuition rates. USM estimates a revenue loss of approximately \$6.5 million in fiscal 2004 and assumes that the majority of the revenue loss would be incurred by UMCP.

Although a reduction in tuition revenues is the direct impact of the bill, a secondary effect could be an increase in the number of applications to four-year institutions in Maryland. The high cost of out-of-state tuition may currently prohibit some citizens of other countries from attending Maryland universities. To the extent that lower tuition rates result in more students attending four-year institutions, tuition revenues at some institutions could increase as a result of the bill. For universities that are already operating at full capacity, this impact would be negated.

In addition to the tuition revenue effects, State aid to community colleges could also be affected by the legislation. The Senator John A. Cade funding formula determines aid to community colleges based on full-time equivalent (FTE) student enrollment counts from the second prior fiscal year. Under current law, out-of-state students, including students who are citizens of other countries, are not included in FTE enrollment counts. Under the bill, however, community colleges would report qualifying foreign students in their FTE student counts beginning in fiscal 2004. This would result in increased State aid to community colleges beginning in fiscal 2006. Aid per pupil under the Cade formula is estimated at \$3,222 in fiscal 2006 and \$3,544 in fiscal 2007. It is not known how many community college students would qualify for in-county tuition.

Local Fiscal Effect: Tuition revenues at community colleges would decrease beginning in fiscal 2004 due to lower tuition rates for some students. The difference between in-county and out-of-state community college tuition rates averages approximately \$4,500 in fiscal 2002. The number of students who would qualify for reduced tuition cannot be reliably estimated at this time. Like the four-year institutions, community colleges could also realize an increase in tuition revenues if more students apply to the colleges.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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