

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE

House Bill 1074
 Appropriations

(Delegate Valderrama, *et al.*)

**Higher Education - University of Maryland, College Park - Cap on Tuition and
 Mandatory Fee Increases**

This bill limits the annual increase in tuition and mandatory fees for a resident graduate or undergraduate student at the University of Maryland, College Park (UMCP). The increase for an academic year may not exceed the increase to the Consumer Price Index (CPI) from the preceding calendar year.

The bill is effective July 1, 2002.

Fiscal Summary

State Effect: UMCP tuition and fees revenues would decrease by an estimated \$2.7 million in FY 2003. Future year revenue losses reflect the compounding effect of limiting tuition growth. No effect on expenditures.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Higher Ed Rev.	(\$2.7)	(\$5.2)	(\$7.2)	(\$9.2)	(\$11.5)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$2.7)	(\$5.2)	(\$7.2)	(\$9.2)	(\$11.5)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The governing board of each four-year public institution of higher education sets guidelines for tuition and mandatory fees. There is no cap on annual increases to tuition and fees.

Background: The fiscal 2003 in-State undergraduate tuition and mandatory fees for UMCP and the eight other University System of Maryland institutions are shown in **Exhibit 1**.

Exhibit 1 Fiscal 2003 In-State Undergraduate Tuition and Mandatory Fees at University System of Maryland Institutions

University	Tuition	Fees*	Total
UMCP	\$4,508	\$1,048	\$5,556
Bowie State	2,941	841	3,782
Coppin State	2,837	962	3,799
Frostburg	3,566	866	4,432
Salisbury	3,346	1,310	4,656
Towson	3,712	1,477	5,189
UM-Baltimore	3,832	988	4,820
UM-Baltimore County	4,550	1,628	6,178
UM-Eastern Shore	2,986	1,332	4,318

* Mandatory fees are the same for in-State and out-of-State students.

Source: University System of Maryland

State Revenues: Based on a projected 5.5% increase in tuition, UMCP estimates revenues from resident student tuitions of \$101.4 million for fiscal 2003. In addition, UMCP estimates mandatory fees revenues totaling \$21.1 million based on a projected 4% increase in the fees. The calendar 2001 increase in the CPI is 2.9%. Assuming the legislation has no impact on the number of students attending UMCP during the 2002-2003 academic year, fiscal 2003 tuition revenues from resident students would be \$98.9 million and mandatory fees revenues would be \$20.9 million. In total, UMCP revenues would decline by \$2.7 million if increases for tuition and fees are limited to the increase in the CPI.

From fiscal 2004 to 2007, UMCP projects annual 4% increases in mandatory fees and resident tuitions, while annual increases to the CPI are projected at 2% to 3%. Using

these figures, the amount of revenues foregone would compound annually. **Exhibit 2** shows the estimated annual impact of this bill for fiscal 2003 through 2007.

Exhibit 2
Estimated Fiscal Impact of HB 1074
(\$ in Millions)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Projected CPI*	2.9%	2.0%	2.6%	2.6%	2.5%
Anticipated revenues					
Current Law	\$122.59	\$127.49	\$132.59	\$137.90	\$143.41
HB 1074	119.87	122.27	125.44	128.71	131.92
Lost Revenues	\$2.7	\$5.2	\$7.2	\$9.2	\$11.5

* For prior calendar year. Projections are from DRI.

Additional Information

Prior Introductions: A similar bill was introduced in the 1996 session as HB 992. The bill received an unfavorable report from the House Appropriations Committee.

Cross File: None.

Information Source(s): University System of Maryland, Maryland Higher Education Commission, Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2002
lc/cer

Analysis by: Mark W. Collins

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510