

Department of Legislative Services  
Maryland General Assembly  
2004 Session

FISCAL AND POLICY NOTE

House Bill 1129  
Appropriations

(Delegate McMillan, *et al.*)

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University System of Maryland - Prohibition on Mid-Year Tuition Increases

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This bill prohibits the Board of Regents of the University System of Maryland (USM) from approving and a constituent USM institution from imposing a mid-year tuition or fee increase for resident students.

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Fiscal Summary

**State Effect:** Although the legislation would limit USM's ability to raise revenues in the middle of an academic year, the bill is not expected to decrease tuition and fee revenues.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** Subject to the authority and policies of the Board of Regents of USM, the president of each USM constituent institution sets tuition and fees for the institution.

**Background:** Students at USM institutions experienced large increases in tuition from the fall of 2002 to the fall of 2003, including an unusual mid-year increase imposed between the first and second semesters of the 2002 – 2003 academic year. Some groups have argued that reductions in State support for public institutions of higher education are to blame for the tuition hikes, while others have suggested that the institutions should be focusing more on efficiency during the State's current fiscal crisis.

From fall 2002 to 2003, tuition and fee rates at USM institutions increased an average of 18%. The fiscal 2003 USM budget as proposed in fall 2002 assumed an initial 4% increase. After cost containment reductions in December 2002, USM adopted a 5% mid-year tuition increase to help offset reduced general fund support. At the beginning of fiscal 2004, following the outcome of the legislative session and actions taken by the Board of Public Works, USM raised fall 2003 tuition rates by an additional 10% or more at several institutions. Additional increases of 2% to 10% are anticipated for fiscal 2005. **Exhibit 1** shows the fall 2002, fall 2003, and proposed fall 2004 tuition rates for full-time resident undergraduates at USM institutions.

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**Exhibit 1**

**Annual Tuition and Mandatory Fees at USM Institutions  
For Full-time Resident Undergraduates  
Fall 2002 to 2004**

<u>University</u>	<u>Fall 2002</u>	<u>Fall 2003</u>	<u>Increase 02 to 03</u>	<u>Proposed Fall 2004</u>	<u>Increase 03 to 04</u>
Bowie State	\$4,064	\$4,853	19.4%	\$5,218	7.5%
Coppin State	3,959	4,240	7.1%	4,454	5.0%
Frostburg State	4,618	5,342	15.7%	5,830	9.1%
Salisbury	4,804	5,564	15.8%	5,976	7.4%
Towson	5,401	6,226	15.3%	6,672	7.2%
U of Baltimore	4,996	5,913	18.4%	6,448	9.0%
UM Baltimore*	5,096	6,224	22.1%	6,626	6.5%
UM Baltimore County	6,362	7,388	16.1%	8,020	8.6%
UM College Park	5,670	6,759	19.2%	7,426	9.9%
UM Eastern Shore	4,461	5,105	14.4%	5,558	8.9%
UM Univ College**	6,180	6,660	7.8%	6,780	1.8%

\* Based on tuition and fees for the School of Nursing, the largest undergraduate program at UMB.

\*\* Based on 30 credit hours per year.

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**State Revenues:** Increases in tuition and fees that are imposed by USM in the middle of an academic year are rare and generally occur in response to mid-year budget reductions or other unforeseen incidents. This legislation would limit USM's ability to raise revenue following an unanticipated loss of funding. However, no mid-year tuition increases are currently expected; therefore, the bill would not reduce expected tuition and fee revenue levels.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 2, 2004  
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