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Maryland General Assembly
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FISCAL AND POLICY NOTE
Revised

House Bill 923

(Delegate Rudolph)

Ways and Means

Education, Health, and Environmental Affairs

**Higher Education - Community Colleges - BRAC - Exemption from Out-of-State
and Out-of-County Fees**

This bill authorizes community college and Baltimore City Community College (BCCC) trustees to waive out-of-state and out-of-county tuition for a student who resides in the State or county but does not meet the residency requirement for in-state or in-county tuition purposes and has moved to the State as an employee or a family member of an employee as part of the Base Realignment and Closure (BRAC) process. A BRAC employee or family member of a BRAC employee attending a community college or BCCC who receives in-state tuition under the bill is counted as an in-state resident for purposes of calculating State aid for community colleges using the Senator John A. Cade funding formula or the BCCC funding formula.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: If community colleges choose to waive the residency requirement for BRAC employees and their spouses and dependent children, general fund expenditures for the Senator John A. Cade and the BCCC funding formulas may increase minimally beginning in FY 2012 due to an increase in the enrollments of qualified in-state students at community colleges. BCCC tuition revenues are not materially affected.

Local Effect: State aid for community colleges may increase minimally beginning in FY 2012. Community college tuition revenues are not materially affected.

Small Business Effect: None.

Analysis

Current Law: Tuition policies at community colleges are set by the State in statute and in the Code of Maryland Regulations and by 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. Active duty military personnel domiciled in Maryland or stationed in Maryland are considered State residents, as are their dependents. An individual who is considered a Maryland resident for tuition purposes at a community college is included in the count used to determine State aid to the college.

Community Colleges

With certain exemptions, out-of-state community college students are required to pay an out-of-state fee. The fee must be equal to at least 60% of the amount of State support for the college per full-time equivalent (FTE) student from the Senator John A. Cade funding formula and the marginal cost component of the State share per FTE student in the Cade funding formula.

Certain students from West Virginia who attend Garrett College are exempt from paying the out-of-state fee. The State must reimburse the college for these students' out-of-state fees.

If the Secretary of Health and Mental Hygiene determines there is a shortage of nurses in the State, an out-of-state nursing student at a community college who agrees to a two-year service commitment at certain hospitals or related institutions may be exempt from paying the out-of-state fee. The State must count these students as in-state students to determine State aid for the college.

A community college board of trustees must waive the out-of-state fee for teachers employed by the local board of education if the teacher meets certain conditions. The State must count these students as in-state students to determine State aid for the college.

Each board of trustees may waive the out-of-state fee for a student who is employed by a business located in the county that supports the college. However, these students will not be included as an in-state resident for the Cade funding formula.

With certain exemptions, out-of-county or out-of-region community college students are required to pay an out-of-county fee. The fee must be equal to at least 60% of the county share per FTE student. Each board of community college trustees may waive the out-of-county fee for a student who is employed by a business located in the county that supports the college. Students enrolled in a program that the Maryland Higher Education

Commission (MHEC) designated as a health manpower shortage program pay only the in-county tuition. MHEC must reimburse the community college for the out-of-county fee.

Except for students who live in Baltimore City, students who live in counties without a community college can pay the in-county rate to attend the community college in an adjacent county. MHEC is required to reimburse the college for 50% of the out-of-county fee.

Baltimore City Community College

The Board of Trustees for Baltimore City Community College must fix the tuition and fees to be paid by students and is required to do so with a view to making college education available at low cost. The board must assess each student who is not a resident of the State an out-of-state fee at least equal to 60% of the amount of State support for the college per FTE student.

The board may waive the out-of-state fee for a student who is employed by a business located in the City of Baltimore. These students cannot be included as an in-state student to determine State aid for the college.

The board must set tuition and fees for a student who is a resident of other counties in Maryland at the same rate as tuition and fees for a Baltimore City resident.

If the Secretary of Health and Mental Hygiene determines there is a shortage of nurses in the State, an out-of-state nursing student at a community college who agrees to a two-year service commitment at certain hospitals or related institutions may be exempt from paying the out-of-state fee. The State must count these students as in-state students to determine State aid for the college.

Background: In order to address an excess capacity of military facilities, the U.S. Congress created a process in 1990 known as BRAC. The most recent round of plans regarding military installations nationwide became effective in November 2005.

The 2005 BRAC plans impact many of the federal military installations in the State, resulting in an estimated 19,536 to 20,836 direct new jobs and placing Maryland among the largest beneficiaries nationally. These changes at each of the State's installations are expected to be phased in over a five- to six-year period. The bulk of the gains are expected at Aberdeen Proving Ground, Andrews Air Force Base, Fort Meade, and the National Naval Medical Center. Most of these jobs are projected to be medical professionals, engineers, and managers. An additional 40,000 or more indirect jobs could be created through contractors and related services. It is further estimated that Maryland will gain approximately 28,000 households by the time the BRAC process is complete.

In 2006, to help ease the transition for BRAC employees to Maryland, the University System of Maryland (USM) Board of Regents and Morgan State University (MSU) decided to waive out-of-state tuition for employees of defense contractors whose positions are transferred from other states to Maryland as the result of BRAC and civilian employees of the U.S. Armed Forces whose positions are transferred from other states to Maryland as the result of BRAC. The waiver also applies to the spouses and dependent children of the affected employees. USM and MSU students are generally required to reside in Maryland for at least 12 months to receive in-state tuition, and cannot be living in the State primarily to attend school.

Fall 2008 in-county, out-of-county, and out-of-state tuition rates for community colleges are shown in **Exhibit 1**. The exhibit shows that out-of-state rates at community colleges are generally two to three times the in-county tuition rates.

Exhibit 1
In-county, Out-of-county, and Out-of-state Tuition and Fees at Community Colleges
Based on 30 Credit Hours Per Year
Fall 2008

<u>College</u>	<u>In-county</u>	<u>Out-of-county</u>	<u>Out-of-state</u>
Allegany	\$3,164	\$5,654	\$6,584
Anne Arundel	2,860	5,230	9,040
Baltimore City	3,077	3,077	6,737
Baltimore County	3,080	5,600	8,210
Carroll	3,407	4,925	6,926
Cecil	2,860	5,560	6,910
Chesapeake	3,304	5,374	7,684
College of Southern MD	3,616	6,310	8,155
Frederick	3,069	6,309	8,469
Garrett	2,970	6,510	7,590
Hagerstown	3,180	4,830	6,240
Harford	2,550	4,860	7,170
Howard	3,993	6,483	7,833
Montgomery	3,984	7,728	10,320
Prince George's	3,905	6,035	8,675
Wor-Wic	2,474	6,044	7,034

Source: Maryland Association of Community Colleges

State Expenditures: If community colleges choose to waive the residency requirement for BRAC employees and their spouses and dependent children, general fund expenditures for the Senator John A. Cade and BCCC funding formulas may increase minimally beginning in fiscal 2012 due to an increase in the enrollments of qualified in-state students at community colleges.

The Cade and BCCC funding formulas determine aid to community colleges based on FTE student enrollment counts from the second prior fiscal year. By regulation, only qualified Maryland residents are included in FTE enrollment counts. If community colleges or BCCC choose to waive the three-month residency requirement beginning in fall 2009 (fiscal 2010), there will be an increase in spending for the formula beginning in fiscal 2012. Despite the estimated 28,000 households Maryland is expected to gain by the time the BRAC process is complete, the number of additional students receiving in-state tuition as a result of the bill is not expected to be large because these students will be eligible for in-state tuition rates after living in the State for three months. The bill eases the transition to Maryland for BRAC employees. To the extent that additional students qualify for in-state tuition in fall 2009 (fiscal 2010), general fund expenditures for the Cade funding formula increase an estimated \$3,000 per FTE student and by an estimated \$7,200 per FTE student at BCCC beginning in fiscal 2012.

BCCC tuition revenues may decrease to the extent BCCC waives the out-of-state fee. This impact may be offset by increased enrollment and revenues from BRAC employees and their families.

Local Expenditures: Community colleges have open enrollments and cannot control the proportion of in-county, out-of-county, and out-of-state students who attend the colleges. Any expansion in the definition of a resident student may, therefore, result in a decrease in community college tuition revenues. However, granting resident tuition rates may also attract students who qualify for reduced rates, thereby increasing enrollments and revenues. Overall, it is assumed that the bill has a negligible net impact on total community college tuition revenues. If enrollments increase significantly, however, community college expenditures to meet student needs may also increase.

Beginning in fiscal 2012, local community colleges receive an estimated additional \$3,000 in State aid under the Senator John A. Cade funding formula for each additional student who attends a college and qualifies as a Maryland resident in fall 2009 (fiscal 2010).

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Anne Arundel, Baltimore, Harford, and Montgomery counties; Baltimore City Community College; Department of Business and Economic Development; Maryland Higher Education Commission; University System of Maryland; Department of Legislative Services

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Analysis by: Caroline L. Boice

Direct Inquiries to:
(410) 946-5510
(301) 970-5510