

# SENATE BILL 283

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(0lr0154)

## ENROLLED BILL

— Budget and Taxation/Appropriations and Ways and Means —

Introduced by **The President (By Request – Administration) and Senators Currie, Kasemeyer, Dyson, Munson, King, ~~and Rosapepe~~ Rosapepe, Jones, Madaleno, McFadden, ~~Munson~~, and Zirkin**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
President.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

#### 2 **Higher Education Investment Fund – Tuition Stabilization and Funding**

3 FOR the purpose of requiring the Comptroller to continue to distribute certain income  
4 tax revenue from corporations to the Higher Education Investment Fund;  
5 expanding the authorized uses of the Fund; establishing a Tuition Stabilization  
6 Trust Account in the Fund; requiring certain funds to be transferred to the  
7 Trust Account under certain circumstances; setting a certain State goal  
8 regarding certain resident tuition and fees at public institutions of higher  
9 education; providing that the Trust Account consists of certain money; limiting  
10 the authorized use of funds in the Trust Account; defining certain terms; stating  
11 a certain goal of the State for certain education funding; ~~authorizing certain~~  
12 ~~higher education institutions to periodically review certain tuition and fees;~~  
13 ~~providing for the application of this Act;~~ requiring the governing boards of

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#### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics* indicate opposite chamber/conference committee amendments.



1 certtain higher education institutions to periodically review tuition at certain  
2 institutions and to take certain other actions for certain purposes; and generally  
3 relating to funding and authorized uses of the Higher Education Investment  
4 Fund.

5 BY repealing and reenacting, with amendments,  
6 Article – Education  
7 Section 15–106.6  
8 Annotated Code of Maryland  
9 (2008 Replacement Volume and 2009 Supplement)

10 BY repealing and reenacting, with amendments,  
11 Article – Tax – General  
12 Section 2–613.1  
13 Annotated Code of Maryland  
14 (2004 Replacement Volume and 2009 Supplement)

15 Preamble

16 WHEREAS, The State public universities have not raised in-State  
17 undergraduate tuition in the last four years and as a result Maryland has fallen from  
18 the 6th highest public tuition state in the nation to a current ranking of 17th; and

19 WHEREAS, The Commission to Develop the Maryland Model for Funding  
20 Higher Education was charged with developing an effective statewide framework for  
21 higher education funding to establish a consistent and stable funding mechanism  
22 while promoting policies to achieve national eminence; and

23 WHEREAS, The Commission recommended that the Higher Education  
24 Investment Fund be established as a permanent fund; and

25 WHEREAS, The Commission recommended the creation of a Tuition  
26 Stabilization Account within the Higher Education Investment Fund to stabilize  
27 tuition costs for resident students; and

28 WHEREAS, The Commission recommended that the State set as a goal to limit  
29 percentage increases in resident undergraduate tuition in any given year to a percent  
30 not to exceed the increase in the three-year rolling average of the State's median  
31 family income, a policy that would link tuition increases to a measure of affordability  
32 for Maryland families; now, therefore,

33 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
34 MARYLAND, That the Laws of Maryland read as follows:

35 **Article – Education**

36 15–106.6.

1 (a) (1) In this section the following words have the meanings indicated.

2 (2) “Fund” means the Higher Education Investment Fund.

3 **(3) “PUBLIC SENIOR HIGHER EDUCATION INSTITUTION” HAS THE**  
 4 **MEANING STATED IN § 10-101(J)(1) AND (2) OF THIS ARTICLE.**

5 ~~(3)~~ **(4) “TRUST ACCOUNT” MEANS THE TUITION**  
 6 **STABILIZATION TRUST ACCOUNT.**

7 ~~[(3)]~~ ~~(4)~~ **(5)** “Tuition” means the charges and fees approved by the  
 8 governing board of a public senior higher education institution which are required of  
 9 all undergraduate resident students by the institution as a condition of enrollment  
 10 regardless of the student’s degree program, field of study, or selected courses.

11 (b) (1) There is a Higher Education Investment Fund.

12 (2) The purpose of the Fund is to:

13 (i) Invest in public higher education and workforce  
 14 development; and

15 (ii) Keep tuition affordable for Maryland students and families.

16 (3) The Fund is a special, nonlapsing fund that is not subject to §  
 17 7-302 of the State Finance and Procurement Article.

18 (4) The Treasurer shall hold the Fund and the Comptroller shall  
 19 account for the Fund.

20 (5) The proceeds of the Fund shall be invested and reinvested.

21 (6) Any investment earnings shall be paid into the Fund.

22 (7) The Fund consists of:

23 (i) Money appropriated in the State budget for the Fund; and

24 (ii) Any other money from any other source accepted for the  
 25 benefit of the Fund.

26 (8) The Commission shall administer the Fund.

27 (9) Money in the Fund may be expended only:

1 (i) To supplement General Fund appropriations to public senior  
2 higher education institutions and research institutes of the University System of  
3 Maryland;

4 (ii) For capital projects for public senior higher education  
5 institutions and research institutes of the University System of Maryland;

6 (iii) For workforce development initiatives administered by the  
7 Commission; and

8 (iv) For initiatives to address higher education needs related to  
9 the United States Department of Defense Base Realignment and Closure process.

10 (10) Expenditures from the Fund may be made only in accordance with  
11 an appropriation approved by the General Assembly in the annual State budget.

12 **(C) (1) WITHIN THE FUND THERE IS A TUITION STABILIZATION**  
13 **TRUST ACCOUNT.**

14 **(2) (I) THE TRUST ACCOUNT IS ESTABLISHED TO RETAIN**  
15 **REVENUES FOR STABILIZING TUITION COSTS FOR RESIDENT UNDERGRADUATE**  
16 **STUDENTS.**

17 **(II) IN YEARS OF INCREASING CORPORATE TAX REVENUES**  
18 **THAT ARE ALLOCATED TO THE FUND UNDER § 2-613.1 OF THE TAX – GENERAL**  
19 **ARTICLE, FUNDS SHALL BE DEPOSITED INTO THE TRUST ACCOUNT.**

20 **(III) FUNDS IN THE TRUST ACCOUNT SHALL BE USED ONLY**  
21 **TO STABILIZE TUITION AT PUBLIC SENIOR HIGHER EDUCATION INSTITUTIONS.**

22 **(IV) IT IS THE GOAL OF THE STATE THAT ANY INCREASE IN**  
23 **RESIDENT UNDERGRADUATE TUITION AND ACADEMIC FEES AT PUBLIC SENIOR**  
24 **INSTITUTIONS OF HIGHER EDUCATION IN ANY GIVEN YEAR SHOULD BE LIMITED**  
25 **TO A PERCENT NOT TO EXCEED THE INCREASE IN THE 3-YEAR ROLLING**  
26 **AVERAGE OF THE STATE’S MEDIAN FAMILY INCOME.**

27 **(3) THE TRUST ACCOUNT CONSISTS OF:**

28 **(I) MONEY APPROPRIATED IN THE STATE BUDGET FOR**  
29 **THE TRUST ACCOUNT; AND**

30 **(II) ANY OTHER MONEY FROM ANY OTHER SOURCE**  
31 **ACCEPTED FOR THE BENEFIT OF THE TRUST ACCOUNT.**



1 higher education institutions shall periodically conduct a review of tuition at  
2 individual institutions and make adjustments when necessary to promote access, to  
3 increase funding for financial aid, to align resident tuition rates with peer institutions  
4 in the State and nationwide, and to affect student demand as demonstrated by  
5 admissions data and productivity measures.

6 SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take  
7 effect July 1, 2010.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.