

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

House Bill 756
Appropriations

(Delegate McDonough)

Public Institutions of Higher Education - Tuition Rates - Veterans

This bill extends the time period from one to four years after discharge in which an honorably discharged veteran of the U.S. armed forces can qualify for an exemption from paying out-of-state tuition at a community college or public four-year institution by submitting (1) evidence that the veteran attended a high school in Maryland for at least three years and (2) documentation that the veteran graduated from a Maryland high school or received the equivalent of a high school diploma in Maryland.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: Beginning in FY 2015, general fund expenditures for the Senator John A. Cade funding formula increase by approximately \$1,900 per full-time equivalent student (FTES) qualifying for in-state community college tuition in FY 2013. General fund expenditures for Baltimore City Community College (BCCC) may also increase minimally. Tuition revenues at BCCC decrease by approximately \$3,700 per additional FTES approved for the tuition waiver beginning in FY 2013. Tuition revenues at public four-year institutions of higher education are not materially affected.

Local Effect: State aid for community colleges increases by approximately \$1,900 per FTES qualifying for a waiver beginning in FY 2015. Tuition revenues at community colleges decrease approximately \$4,900 per additional FTES approved for the tuition waiver beginning in FY 2013.

Small Business Effect: None.

Analysis

Current Law: The Board of Regents for the University System of Maryland (USM) sets tuition policies for USM institutions, including the determination of which students are eligible for resident tuition. USM policies require individuals to have the legal ability under federal and Maryland law to live permanently in Maryland in order to qualify for in-state tuition rates. In general, these individuals qualify for in-state tuition when they can document that they have lived continuously in Maryland for at least 12 consecutive months.

The Board of Regents of Morgan State University and the Board of Trustees of St. Mary's College of Maryland set tuition policies for the institutions. The policies for the institutions are very similar to the USM policy. Both institutions require one year of residency in Maryland to qualify for in-state tuition rates.

Tuition policies at community colleges are set by State regulations and 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. Community college students who are considered Maryland residents for tuition purposes are included in the enrollment counts used to determine State aid to the colleges.

An honorably discharged veteran of the U.S. armed forces is exempt from paying nonresident tuition at a public institution of higher education in Maryland if the veteran presents *within one year after discharge* (1) evidence that the veteran attended a high school in Maryland for at least three years; and (2) documentation that the veteran graduated from a Maryland high school or received the equivalent of a high school diploma in Maryland.

2011 Legislation Petitioned to Referendum

Chapter 191 of 2011 would allow undocumented immigrants to attend public institutions of higher education in Maryland at the same rates that resident students pay. It also extends the time period from one to four years after discharge in which an honorably discharged veteran can qualify for an out-of-state tuition exemption, beginning with the 2011-2012 academic year. However, the legislation was petitioned to referendum following the 2011 session and has not taken effect. Like this bill, Chapter 191 would also extend the time period after discharge from one to four years in which an honorably discharged veteran of the U.S. armed forces can qualify for an exemption from paying out-of-state tuition at a community college or public four-year institution.

Article XVI, Section 3 of the Maryland Constitution provides for an Act of the General Assembly to be placed on the ballot by the submission of a petition signed by 3% of the qualified voters of the State. The submission of petitions containing at least 55,736 signatures of registered voters was required in order to place an Act on the 2012 General Election ballot. Petitioners gathered a total of 156,211 valid signatures, well exceeding the number required under the Maryland Constitution to have Chapter 191 of 2011 (Senate Bill 167, Public Institutions of Higher Education – Tuition Rates – Exemption) placed on the November 2012 ballot. Therefore, implementation of the law is delayed until Maryland voters decide whether or not the Act will become law. If voters approve the Act, it will take effect 30 days after the election.

Background: The bill will primarily impact undocumented immigrants who attended high school in Maryland for at least three years and received a high school diploma from a Maryland high school who are also veterans, since these individuals are unable to establish residency required to receive in-state tuition. The bill will also impact veterans who attended high school in Maryland for at least three years and received a high school diploma from a Maryland high school who live in another state but wish to attend a Maryland public institution of higher education.

Immigrants

Immigrants who are permanent residents, with documents commonly known as green cards, are eligible to enlist in the U.S. military, and about 8,000 enlist each year. In 2009, the U.S. military began recruiting about 1,000 skilled immigrants who are living in this country with temporary visas, with the incentive that these individuals would be able to become U.S. citizens in less than six months. Officially undocumented immigrants are not allowed to serve in the U.S. military, and some have been dishonorably discharged for their immigration status. However, some legal scholars have argued that during wartime the military is authorized to enlist whoever wants to serve. In any case, many undocumented immigrants have served and continue to serve. One of the first service members to die in Iraq was Lance Cpl. Jose Gutierrez, an undocumented immigrant from Guatemala. Lance Cpl. Gutierrez, along with at least 100 other service members, were granted citizenship posthumously in honor of their sacrifice.

Approximately 292,300 veterans younger than age 65 live in Maryland; however, it is unknown how many Maryland veterans will be affected by the bill.

Residents of Other States

This bill will also allow veterans who attended high school in Maryland for at least three years and received a Maryland high school diploma who live in another state to attend a Maryland public institution of education at in-state rates. Approximately

1.2 million veterans younger than age 65 live in the states that border Maryland (Delaware, Pennsylvania, Virginia, and West Virginia) and the District of Columbia. It is not known how many veterans will be affected by the bill.

Maryland Tuition Rates

Proposed fall 2012 in-state and out-of-state tuition and fee rates for full-time undergraduates at the State's public four-year institutions are shown in **Exhibit 1**.

Exhibit 1
In-state and Out-of-state Tuition and Mandatory Fees
Proposed Fall 2012 Rates

	<u>In-state</u>	<u>Out-of-state</u>	<u>Difference</u>
USM Institutions			
Coppin State	\$5,720	\$10,511	\$4,791
UM Eastern Shore	6,713	14,849	8,136
Bowie State University	6,621	17,177	10,556
Salisbury University	7,700	16,046	8,346
Frostburg State University	7,342	17,530	10,188
Towson University	8,132	19,754	11,622
University of Baltimore	7,664	18,226	10,562
UM College Park	8,918	27,297	18,379
UM Baltimore County	9,771	20,832	11,061
UM University College	6,024	11,976	5,952
Other Public Four-year Institutions			
Morgan State University	7,082	16,426	9,344
St. Mary's College	15,023	27,583	12,560

Source: Morgan State University, St. Mary's College, University System of Maryland; Rates are pending final approval

The differences between the rates average more than \$10,000. Fall 2011 in-county, out-of-county, and out-of-state tuition rates for community colleges are shown in **Exhibit 2**. The exhibit shows that out-of-state rates at community colleges are generally two to three times the in-county tuition rates.

Exhibit 2
In-county, Out-of-county, and Out-of-state Tuition and Fees at Community Colleges
Based on 30 Credit Hours Per Year
Fall 2011

<u>College</u>	<u>In-county</u>	<u>Out-of-county</u>	<u>Out-of-state</u>
Allegany	\$3,414	\$6,054	\$7,194
Anne Arundel	3,160	5,650	9,640
Baltimore City	3,000	3,000	6,660
Baltimore County	3,742	6,742	9,892
Carroll	3,696	5,352	7,512
Cecil	2,940	5,640	6,990
Chesapeake	3,754	5,824	8,134
College of Southern MD	3,948	6,827	8,819
Frederick	3,806	7,526	9,986
Garrett	3,450	7,230	8,400
Hagerstown	3,440	5,180	6,710
Harford	2,755	5,215	7,675
Howard	4,168	6,658	8,008
Montgomery	4,380	8,520	11,508
Prince George's	4,020	6,150	8,790
Wor-Wic	2,951	6,318	7,728

Source: Maryland Association of Community Colleges

State Revenues: Tuition revenues decrease at BCCC, the only State-operated community college, by up to \$3,660 per FTES receiving a waiver. The actual annual revenue reduction is dependent on the number of additional individuals who qualify for the waiver.

The USM Board of Regents Policy on Undergraduate Admissions (III-4.00) limits out-of-state undergraduate enrollment to no more than 30% of each institution's total undergraduate enrollment, excluding University of Maryland University College (UMUC) and students enrolled exclusively in distance education programs.

The impact of this provision is a potential loss of the difference between in-state and out-of-state tuition and fee revenue for each qualified veteran enrolled at a USM institution (except UMUC). At most USM institutions, out-of-state students make up no more than 10% of undergraduates so the impact of the bill will not be significant.

The impact may be significant at those campuses with out-of-state enrollment of 20% or more: Towson University; University of Maryland, College Park; and University of Maryland Eastern Shore. For these institutions, tuition revenues may decrease significantly depending on how many undocumented students enroll and pay in-state tuition. However, to the extent undocumented students would not have otherwise enrolled because they could not afford to pay out-of-state tuition, or the institutions increase undergraduate enrollment overall, the impact may be minimal.

State Expenditures: General fund expenditures for the Senator John A. Cade and BCCC funding formulas increase beginning in fiscal 2015. The Cade and BCCC formulas determine aid to community colleges based on FTES enrollment counts from the second prior fiscal year. Allowing additional students to qualify for in-state tuition in the 2012-2013 academic year (fiscal 2013) increases spending for the Cade formula by approximately \$1,900 per FTES and \$6,300 per FTES for the BCCC formula in fiscal 2015. There is little information available on the number of additional individuals who might qualify for a tuition waiver or how many of these individuals would choose to use the waiver. Thus, the general fund expenditure increase cannot be reliably estimated.

Local Revenues: Beginning in fiscal 2015, local community colleges receive additional State aid under the Senator John A. Cade funding formula for each additional FTES who qualifies for a tuition waiver. The increases cannot be reliably estimated because it is uncertain how many individuals will qualify and use the waiver. However, for each FTES who uses a waiver in the 2012-2013 academic year (fiscal 2013), formula funding will increase by approximately \$1,900 in fiscal 2015.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City Community College, Maryland Higher Education Commission, Morgan State University, University System of Maryland, Department of Veterans Affairs, *The New York Times*, Department of Legislative Services

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