

Department of Legislative Services
 Maryland General Assembly
 2013 Session

FISCAL AND POLICY NOTE
 Revised

House Bill 1491 (Delegate Wilson, *et al.*)
 Ways and Means

Task Force to Study the Establishment of a Maryland Higher Education Grant Program for Veterans

This bill establishes a Task Force to Study the Establishment of a Maryland Higher Education Grant Program for Veterans. The Maryland Department of Veterans Affairs (MDVA) has to staff the task force. The task force must report its findings and recommendations by December 15, 2013.

The bill takes effect June 1, 2013, and terminates May 31, 2014.

Fiscal Summary

State Effect: General fund expenditures increase by \$17,300 in FY 2014, which reflects the cost of hiring one part-time contractual employee within MDVA to staff the task force and produce the required report. Reimbursements for task force members can be handled with existing resources. The Maryland Higher Education Commission (MHEC) members assigned to the task force can participate using existing budgeted resources. Revenues are not affected.

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	17,300	0	0	0	0
Net Effect	(\$17,300)	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force must study the feasibility of establishing in the State a higher education grant program that would provide a grant for tuition and mandatory fees at an eligible public institution of higher education in the State for the equivalent of four academic years of full-time enrollment for (1) an honorably discharged veteran of the U.S. Armed Forces, who has served at least one year of federal active duty service; (2) an individual who has served on federal active duty in a foreign county during a time of hostility in the country, regardless of length of service, who was honorably discharged, who was medically discharged for service-related reasons, or who was discharged before August 11, 1967; or (3) an individual who is a member of the Maryland National Guard or a reserve component of the U.S. Armed Forces.

The task force must also identify the qualifications for eligibility of an individual for a grant, including the following criteria:

- was either a resident of Maryland at the time of entering active duty service in the U.S. Armed Forces *or* a student at a public institution of higher education in the State at the time of entering active duty service in the U.S. Armed Forces;
- has established plans to establish residency in the State within six months after leaving federal active duty service, or is married to an individual in continued military service and has applied for a grant within six months after the date that the spouse was stationed in the State or if the spouse was stationed outside the State, has established or plans to establish residency in the State within six months after the date the spouse was separated from the military;
- resides in the State unless the individual is serving federal active duty service at the time of enrollment in college or residing with a spouse in continued military service who is currently stationed outside the State; and
- is not in default on any student loan.

Finally, the task force must make recommendations regarding the feasibility of establishing a Maryland Higher Education Grant Program for Veterans and the qualifications for eligibility of an individual for a grant.

Task force members may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations as provided in the State budget.

Current Law/Background:

Post-9/11 GI Bill

In 2008, the U.S. Congress created the Post-9/11 GI Bill, which provides enhanced federal educational aid for veterans serving after 9/11. Veterans who meet eligibility requirements for this program receive a housing allowance, a stipend for books and supplies, and funds to support the cost of attendance, up to the cost of in-state tuition for the most expensive undergraduate program of study at a public university, which is estimated to be \$15,300 in Maryland for the 2013-2014 academic year. The Post-9/11 GI Bill marked a significant increase in federal educational support for those serving in the Armed Forces after 9/11.

Under the Post-9/11 GI Bill, a veteran who has served or committed to serve in the Armed Forces for at least 10 years may transfer GI benefits to children and spouses. Once that benchmark is met, an eligible active duty military individual may transfer any unused benefits or the entire 36 months, if the member has used none.

The Post-9/11 Veterans Educational Assistance Improvements Act of 2010 changes the way federal Post-9/11 veterans' benefits are applied. Effective August 2011, institutional and State financial aid awarded through the program will be applied to the cost of tuition first, followed by federal veterans' benefits – making the federal government the last payor of aid.

Yellow Ribbon Program

The Yellow Ribbon Program is a provision of the law that created the Post-9/11 GI Bill. The Yellow Ribbon Program is available for institutions of higher learning (degree-granting institutions) in the United States or at a branch of such institutions located outside the United States. The program allows approved institutions of higher learning and the U.S. Department of Veterans Affairs (VA) to partially or fully fund tuition and fee expenses that exceed the established thresholds under the Post-9/11 GI Bill. Only veterans at the 100% benefit level are eligible.

Institutions may elect to participate in the Yellow Ribbon Program to make additional funds available for a veteran's education program without an additional charge to the individual's GI Bill entitlement. Institutions that voluntarily enter into a Yellow Ribbon Agreement with the VA choose the amount of tuition and fees that will be contributed, and the VA will match that amount and issue payment directly to the institution.

Exhibit 1 shows the public institutions of higher education in Maryland participating in the Yellow Ribbon Program and the conditions of each institution's agreement.

Three community colleges and six public four-year institutions of higher education participate in the program. Several private institutions in Maryland also participate in the program.

Exhibit 1
Public Colleges and Universities Participating in the Yellow Ribbon Program
Conditions of Agreement
2012-2013 Academic Year

	<u>Number of Students</u>	<u>Maximum School Contribution Amount (Per Student/Per Year)</u>
<i>Community Colleges</i>		
Anne Arundel Community College	Unlimited	Unlimited
College of Southern Maryland	25	Unlimited
Frederick Community College	10	\$1,008
<i>Public Four-years</i>		
Frostburg State University	25	2,547
St. Mary's College of Maryland ¹	Unlimited	6,280
Salisbury University	30	4,500
Towson University	30 ²	1,000
University of Maryland, Baltimore ³	20	1,300
University of Maryland University College	Unlimited	Unlimited

¹Limited to undergraduate program.

²Limited to 20 undergraduates students and 10 graduate students.

³Limited to the School of Law Graduate Program.

Source: U.S. Department of Veterans Affairs

Veteran Tuition Policies

Chapter 191 of 2011 (SB 167), known as the Dream Act, was petitioned to referendum and approved by Maryland voters in November 2012. Therefore, an individual who attended and graduated from a Maryland high school is exempt from paying out-of-state tuition, and in certain instances out-of-county tuition, at community colleges in Maryland under specified circumstances. Nonimmigrant aliens who are in the country on student visas do not qualify for the exemption, but otherwise the exemption applies regardless of residency status. An individual who graduates from or earns a certain number of credits from a community college under the bill is then exempt from paying nonresident (*i.e.*, out-of-state) tuition at a public senior higher education institution in Maryland under specified circumstances.

An honorably discharged veteran of the U.S. Armed Forces is exempt from nonresident tuition if the veteran presents, within four years after discharge, (1) evidence that the veteran attended a secondary 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.

Active duty military personnel who reside in Maryland or are domiciled 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.

A spouse or financially dependent child of an active duty member of the U.S. Armed Forces is exempt from nonresident tuition charges if the member is stationed in Maryland, resides in Maryland, or is domiciled in Maryland. If the member ceases to be stationed in Maryland, reside in Maryland, or be domiciled in Maryland, the spouse or child of the member remains qualified for resident tuition if the spouse or child is continuously enrolled at a public institution of higher education.

Members of the Maryland National Guard are also exempt from paying nonresident tuition at public institutions of higher education in Maryland.

Edward T. Conroy Memorial Scholarship Program

The Edward T. Conroy Memorial Scholarship Program awards postsecondary education financial assistance to the following categories of students:

- the child of a member of the Armed Forces who died or suffered a service-connected 100% permanent disability;
- the child of a member of the Armed Forces who was declared to be a prisoner of war or missing in action as a result of the Vietnam conflict;
- an individual who was a prisoner of war as a result of the Vietnam conflict;
- the child or surviving spouse of a State or local public safety employee who was killed in the line of duty or who suffered an injury in the line of duty resulting in 100% disability;
- a public safety employee who is disabled;

- a veteran who suffers a service-related disability of 25% or greater and has exhausted all federal veterans' educational benefits;
- the surviving spouse of a member of the Armed Forces who suffered a service-connected 100% permanent disability; and
- the child or surviving spouse of a victim of the September 11, 2001 terrorist attacks.

Applicants must be a resident of Maryland or have been a resident of the State at the time of the event that made the applicant primarily eligible for the scholarship.

Awards may not exceed tuition and mandatory fees of a full-time undergraduate Maryland resident at a four-year institution within the University System of Maryland, other than the University of Maryland University College and the University of Maryland, Baltimore, with the highest annual expenses for a full-time resident undergraduate. Awards also may not be less than \$3,000 or the equivalent annual tuition and mandatory fees of the institution attended by the recipient of the scholarship, whichever is the least. Scholarships may be used at private or public four-year institutions or community colleges, and they may be used for undergraduate or graduate study.

Each recipient of a scholarship may hold the award for five years of full-time study or eight years of part-time study. Not more than 15 scholarships each year may go to veterans who have a service-connected disability of 25% or more and have exhausted or are no longer eligible for federal veterans' educational benefits.

The Governor's proposed fiscal 2014 budget includes \$570,474 for the Edward T. Conroy Memorial Scholarship Program, the same amount as fiscal 2013. In fiscal 2012, \$540,474 was appropriated for the scholarship, and an additional \$300,000 in special funds was transferred to the scholarship program from other scholarships. In fiscal 2012, 127 awards were made.

Veterans of the Afghanistan and Iraq Conflicts Scholarship

The Veterans Advocacy and Education Act of 2006 (Chapter 290, HB 3) established the Veterans of the Afghanistan and Iraq Conflicts Scholarship Program to provide postsecondary education scholarships to veterans returning from Iraq and Afghanistan.

Veterans of the conflicts, active duty members of the Armed Forces who served in Afghanistan and Iraq, and members of the reserve or Maryland National Guard who were activated as a result of the conflicts are eligible for the scholarships, as are their children

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and spouses. To qualify, an applicant must also be a Maryland resident and must be accepted for admission or enrolled in a regular undergraduate program at a Maryland institution of higher education or a two-year terminal certificate program in which the course work is eligible for transfer into a baccalaureate program at a Maryland institution of higher education. Applicants must file for federal and State financial aid annually. Scholarship recipients must maintain a grade point average of at least 2.5 on a 4.0 scale and may hold the scholarship for up to five years of full-time study or eight years of part-time study.

A Veterans of the Afghanistan and Iraq Conflicts Scholarship supplements federal education benefits for which an applicant is eligible and may be used to pay for educational expenses, including tuition and mandatory fees and room and board. The annual amount of a scholarship may not exceed 50% of the equivalent annual tuition, mandatory fees, and room and board at the University System of Maryland institution with the highest annual expenses for full-time resident undergraduates, excluding the University of Maryland University College and University of Maryland, Baltimore. The Office of Student Financial Assistance may not award an initial scholarship under the program after June 30, 2020, although scholarships may be renewed after that date.

In fiscal 2013, an estimated 138 veterans are receiving scholarships totaling approximately \$750,000 through the program. The Governor’s proposed fiscal 2014 State budget includes \$750,000 for the program.

State Expenditures: MDVA advises that, due to an increased workload, additional assignments cannot be absorbed with existing resources. The Department of Legislative Services concurs. Therefore, general fund expenditures increase by \$17,312 in fiscal 2014 which reflects a 30-day start-up delay and the bill’s June 1, 2013 effective date. This estimate reflects the cost of hiring one part-time (50%) contractual employee within MDVA to staff the task force and produce the required report. It includes a part-time salary, fringe benefits, one-time start-up costs, and assumes termination of the contractual employee on December 15, 2013. This estimate assumes that MDVA will absorb any additional expenditures related to reimbursements for the task force members.

Contractual Position	0.5
Salary and Fringe Benefits	\$12,565
Operating Expenses and Start-up Costs	<u>4,747</u>
Total FY 2014 State Expenditures	\$17,312

MHEC members assigned to the task force can participate using existing budgeted resources.

It should be noted that *implementing* a higher education grant program for veterans as a result of the study would increase general fund expenditures significantly. MHEC advises that Maryland is currently home to over 450,000 veterans; due to the potential number of eligible participants it anticipates at least one additional administrative specialist would need to be hired to implement a grant program for veterans. In addition, the Maryland College Aid Processing System would need to be updated at an estimated cost of \$60,000. Finally, significant funds would be needed to fund the grant.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission, Maryland Department of Veterans Affairs, U.S. Department of Veterans Affairs, Department of Legislative Services

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Analysis by: Caroline L. Boice

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