

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 705 (Senator Madaleno, *et al.*)
Education, Health, and Environmental Affairs

**Graduate Level Education - Exemption from Paying Nonresident Tuition -
Members of the United States Armed Forces**

This bill exempts an individual from paying out-of-state tuition for *graduate* level education at a public institution of higher education if the individual is (1) an active duty member of the U.S. Armed Forces or (2) an honorably discharged veteran who attends the institution within five years of discharge.

Fiscal Summary

State Effect: Tuition revenues at public institutions of higher education are not materially affected.

Local Effect: None. Local community colleges do not offer graduate level courses.

Small Business Effect: None.

Analysis

Bill Summary: Due to current exemptions for out-of-state tuition for active duty and honorably discharged veterans, the bill's exemptions specifically exempt the following from paying out-of-state tuition for *graduate* level education:

- an active duty member of the U.S. Armed Forces who is not stationed in Maryland, residing in Maryland, or domiciled in Maryland;

- an honorably discharged veteran who did not attend a secondary school in Maryland for at least three years, or graduate from a Maryland high school, if the veteran attends within *five* years of discharge; and
- an honorably discharged veteran who attended a Maryland high school for at least three years, or graduated from a Maryland high school, if the veteran attends within *five* years of discharge rather than *four* years of discharge.

Current Law: 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 Maryland high schools 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.

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.

In addition, public institutions of higher education in Maryland charge in-state tuition rates to three categories of individuals: (1) active duty members of the U.S. Armed Forces; (2) the spouses and dependent children of active duty members of the U.S. Armed Forces; and (3) honorably discharged veterans of the U.S. Armed Forces. 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.

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.

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.

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

For institutions within the University System of Maryland (USM), the Board of Regents sets tuition policies, including the determination of which students are eligible for resident tuition. The basic policy requires students to be identified as permanent residents of Maryland to qualify for resident tuition, meaning they have lived continuously in the State for at least 12 months immediately prior to attendance at a USM institution. An individual who is residing in Maryland primarily for the purpose of attending an educational institution is not considered a permanent resident.

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

Tuition policies at community colleges are set by the Code of Maryland 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.

State Revenues: Despite the differences in tuition levels between in-state and out-of-state students for graduate level courses, tuition revenues at most public four-year institutions of higher education are not significantly affected. Institutions have considerable authority over admissions and generally maintain fairly stable proportions of in-state and out-of-state students. The bill does not affect this authority. As long as there are no major adjustments to the proportion of applicants who qualify for resident tuition rates, institutions can adjust admissions to avoid any significant loss of tuition revenues. However, it may minimally decrease the number of students who qualify under the bill for in-state tuition from being admitted.

Unlike other four-year institutions, University of Maryland University College (UMUC) applicants who meet minimum admission criteria are automatically accepted regardless of their residency status. If there were a large number of students eligible for this exemption, there would be a significant impact on UMUC revenues. UMUC revenues decrease by \$201 per credit hour (\$2,412 for every 12 credits) taken by a student who qualifies for resident tuition under the bill in the 2013-2014 academic year. Any revenue loss may be partially offset by the increased revenues realized if the bill enables more students to attend UMUC at the lower, in-state cost.

Proposed fall 2013 in-state and out-of-state tuition and fee rates for full-time graduates at a selection of the State's public four-year institutions are shown in **Exhibit 1**.

Exhibit 1
Select In-state and Out-of-state Graduate Level Tuition
Proposed Fall 2013

	<u>In-state</u>	<u>Out-of-state</u>	<u>Difference</u>
University of Maryland, Baltimore			
Doctor of Dental Surgery	\$29,327	\$60,204	\$30,877
Full-time Law (J.D.)-Day	27,174	39,256	12,082
Pharmacy Doctorate	21,346	37,154	15,808
Master's of Social Work	13,448	27,401	13,953
University of Maryland, Eastern Shore			
Pharmacy Doctorate	27,065	50,924	23,859
University of Baltimore			
Full-time Law (J.D)	26,642	39,172	12,530

Source: Department of Legislative Services

Additional Information

Prior Introductions: SB 808 of 2012 and its cross file HB 1221 were introduced but no further action was taken.

Cross File: HB 740 (Delegate Hixson, *et al.*) - Appropriations.

Information Source(s): University System of Maryland, Morgan State University, Department of Veterans Affairs, Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2013
ncs/rhh

Analysis by: Caroline L. Boice

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