

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
 Third Reader

House Bill 362
 Appropriations

(The Speaker, *et al.*) (By Request - Administration)
 Education, Health, and Environmental Affairs

Maryland National Guard - Tuition Assistance Program - Modifications

This Administration bill increases the percentage of in-state tuition that the Military Department may reimburse from 50% to 100% for an eligible active member of the Maryland National Guard. The bill also expands eligibility to include any member who holds a commission in the Maryland National Guard. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$400,000 annually to provide up to 100% tuition assistance to eligible members of the Maryland National Guard. The Governor’s proposed fiscal 2021 budget includes an additional \$400,000 for this purpose, \$600,000 for the tuition assistance in total. Out-years assume level funding. Revenues are not affected.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	400,000	400,000	400,000	400,000	400,000
Net Effect	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)

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

Local Effect: None.

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: To the extent that funds are provided in the State budget, the Military Department is *authorized* to provide assistance to a National Guard member certified as eligible by the Adjutant General equal to 50% of the cost of in-state tuition for any regularly scheduled course, as specified. Members who receive the benefit must remain active members for a specified amount of time after the course is completed. However, there are exceptions when a member does not need to remain active.

The Adjutant General may not certify a member as eligible unless the member is committed to serve for a minimum of 24 months following the first day of classes for the semester.

The following are eligible institutions:

- any campus of the University System of Maryland, Morgan State University, St. Mary's College of Maryland, Baltimore City Community College, and any local community college in the State;
- any private institution of higher education that grants a member a tuition waiver of at least 50%;
- any public postsecondary vocational-technical or trade school; and
- any private postsecondary vocational-technical or trade school that grants a member a tuition waiver of at least 50%.

“Tuition” is defined as the basic instructional charge for undergraduate, graduate, professional, vocational-technical, and trade school credit courses and related fees at an institution. “Tuition” does not include charges for self-supporting programs.

According to Military Department policy, the tuition assistance program requires service members to supply the tuition costs upfront, successfully pass the course, and then apply for tuition assistance reimbursement from the department.

List of Partnership Schools

The Maryland Higher Education Commission must maintain a list of State higher education institutions, including community colleges, offering tuition waivers to members of the Maryland National Guard. The list must include the tuition waiver policy of each institution and a contact name and telephone number, be updated annually, and be shared with the Military Department for distribution to members of the Maryland National Guard.

Background: The Military Department is responsible for the Maryland Air National Guard, the Maryland Army National Guard, the Maryland Defense Force, and the

Maryland Emergency Management Agency. The Military Department also builds and maintains the armories and other facilities used by the Maryland National Guard.

There are approximately 6,000 Maryland Army National Guard and Maryland Air National Guard members in Maryland. According to Military Department regulations, there is a priority of acceptance for the current 50% tuition assistance program because acceptance is based on funding available for the program. The priority of acceptance categories is shown in **Exhibit 1**.

Exhibit 1
Priority of Acceptance Categories

<u>Priority</u>	<u>Category</u>	<u>Qualifications</u>
1	Enlisted members in grade E-1 to E-4	a. Has less than 6 years military service b. Is currently pursuing their first degree
2	Officers (O1/O2) Warrant officers (WO1/CW2) Officer and warrant officer candidates	a. Has less than 4 years military service b. Is currently pursuing their first degree
3	All enlisted service members All warrant officers	a. Has less than 10 years military service b. Is currently pursuing their first degree
4	Officers in pay grade of O4 or below All warrant officers All enlisted grades	a. Has more than 10 years military service b. Is currently pursuing their first graduate or professional degree
5	All enlisted service members All warrant officers Officers in grade O4 or below	Nondegree-producing accredited courses

Source: Military Department; Department of Legislative Services

Under the current 50% tuition assistance program, according to the Military Department regulations, when funds are insufficient to meet requests, the tuition assistance reimbursement is capped at \$3,000 per semester per member and may be denied for lower priority members.

In fiscal 2020, the program received \$200,000. According to the Military Department, at that funding level, 100 members (less than 2% of members) received approximately \$1,000 per semester in tuition assistance. As just under 19% of current guard members have an undergraduate degree, there is likely high demand for this benefit. Moreover, the benefit is not restricted to undergraduate education and may be used for graduate, professional, vocational-technical, and trade school credit courses and related fees.

Partnership Agreement Programs

In addition to the tuition assistance program operated by the Military Department, as of February 2020, 15 community colleges, 11 public four-year institutions, and 5 private nonprofit institutions in the State have partnership agreements with the Maryland National Guard to provide discounted tuition and fees.

Each institution with a partnership agreement has its own rules that govern the number of seats available to all guard members and the number of credit hours eligible for the tuition waiver. In previous years, institutions with partnership agreements have offered to members a tuition waiver ranging from 15% to 50%. Some institutions have capped the waiver at six to eight credits per member. More current information on partnership agreements is not available. Classes held by partner institutions at Maryland National Guard locations are available to all guard members with a 25% to 50% tuition waiver, regardless of space available. Professional courses are not eligible for the partnership waiver.

In addition to the tuition assistance program and the tuition waivers, some Maryland National Guard members qualify for federal programs such as the Post 9/11 GI Bill.

Tuition and Fees

Tuition and fees for community colleges and public four-year institutions of higher education are shown in **Appendix – Maryland Tuition and Fees**.

Other State Programs

According to the Military Department, all of the states surrounding Maryland and 16 of the 54 U.S. states and territories offer up to 100% tuition assistance to their National Guard members. Tuition waiver programs help improve the knowledge base of members and are an important recruitment and retention benefit for members.

State Expenditures: General fund expenditures increase by an estimated \$400,000 annually to provide up to 100% tuition assistance to eligible members of the Maryland National Guard. The Governor's proposed fiscal 2021 budget includes an additional

\$400,000 for this purpose, \$600,000 for the tuition assistance in total. For this estimate, it is assumed that the same level of funding is provided by the Governor annually for this purpose. If the State budget includes less funding than is needed to meet demand for tuition assistance reimbursement, it is assumed that applications are prioritized and reimbursements are capped as is current practice.

Since the bill expands eligibility to include *any* member who hold a commission in the Maryland National Guard, an additional 237 members are eligible for the tuition assistance under the bill. This changes the individuals eligible for the program, but it does not affect total program expenditures, as funding continues to be as provided in the State budget.

Due to the bill and the additional funding in the budget, all members will be able to receive up to 100% tuition assistance reimbursement for courses for which they received a passing score. The number and amount of tuition assistance reimbursements will depend on the number of eligible requests, how reimbursements are prioritized by the department, and the amount of funding in the budget for this purpose. Absent the bill, the additional funding in the Governor's proposed fiscal 2021 budget is restricted to up to 50% of tuition and fees and currently eligible members.

This analysis assumes that the Military Department can handle the additional workload associated with more members being eligible for tuition assistance with existing resources; to the extent additional resources are needed, they may be requested through the annual budget process.

Changing the tuition assistance program for National Guard members does not materially affect the finances of postsecondary institutions of education, including public four-year institutions and community colleges, because the tuition assistance program operated by the Military Department is separate from the tuition waivers provided by institutions through partnership agreements. Independent of the tuition assistance program, an institution may choose to limit the number of seats, the tuition discount percentage, or the number of credits for its partnership agreement. In addition, a member does not need to participate in the tuition assistance program to receive a tuition waiver from an institution.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 282 (The President, *et al.*) (By Request - Administration) - Education, Health, and Environmental Affairs.

Information Source(s): Maryland Higher Education Commission; Baltimore City Community College; University System of Maryland; Morgan State University; Military Department; Department of Legislative Services

Fiscal Note History: First Reader - February 11, 2020
f/rhh Third Reader - March 16, 2020

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Appendix – Maryland Tuition and Fees

Tuition Residency Requirements

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 (*i.e.*, in-state) tuition. The basic policy, [USM Board of Regents Policy on Student Classification for Admission and Tuition Purposes \(VIII-2.70\)](#), 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.

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 the University of Maryland Global Campus and students enrolled exclusively in distance education programs.

Typically, there is a three-month residency requirement for community colleges.

Public Four-year Tuition and Fees Proposed for Fall 2020

Proposed fall 2020 in-state and out-of-state tuition and fee rates for full-time undergraduates at public four-year institutions are shown in **Exhibit 1**. Using the simple average, in-state tuition and fees for fall 2020 are approximately \$10,000. The difference between in-state and out-of-state for fall 2020 tuition ranges from more than \$26,000 for the traditional nursing program at the University of Maryland, Baltimore Campus (\$29,376) and the University of Maryland, College Park Campus (\$26,635) to almost \$6,000 at the University of Maryland Global Campus. The difference between the rates at each campus, using the simple average, is almost \$14,300.

Exhibit 1
In-state and Out-of-state Undergraduate Tuition at Public Four-year Institutions
Proposed Fall 2020 Rates

<u>Institution</u>	<u>In-state</u>	<u>Out-of-state</u>	<u>Difference</u>
University System of Maryland Institutions			
University of Maryland, College Park Campus	\$10,946	\$37,581	\$26,635
University of Maryland, Baltimore Campus ¹	11,385	40,761	29,376
Bowie State University	8,658	19,399	10,741
Towson University ²	10,458	25,510	15,052
University of Maryland Eastern Shore ³	8,729	19,347	10,618
Frostburg State University ²	9,600	24,086	14,486
Coppin State University	6,809	13,334	6,525
University of Baltimore	9,356	21,964	12,608
Salisbury University ²	10,268	20,970	10,702
University of Maryland Global Campus ^{4,5}	9,450	15,420	5,970
University of Maryland Baltimore County	12,300	28,490	16,190
Other Public Four-year Institutions			
Morgan State University	8,118	18,798	10,680
St. Mary's College of Maryland	15,132	31,209	16,077

¹Reflects tuition and fees for the traditional nursing program. Other undergraduate programs at the University of Maryland, Baltimore Campus have different tuition and fees.

²Towson University, Salisbury University, and the University of Maryland Global Campus have separate, lower out-of-state rates for students enrolled at the University System of Maryland at Hagerstown.

³The University of Maryland Eastern Shore has a separate, lower regional rate for non-Maryland students residing in Delaware and the Eastern Shore of Virginia.

⁴Towson University, Salisbury University, and the University of Maryland Global Campus have separate, lower out-of-state rates for students enrolled at the University System of Maryland at Hagerstown.

⁵Based on 30 credit hours.

Note: Rates are pending final approval.

Source: Morgan State University; St. Mary's College of Maryland; University System of Maryland; Department of Legislative Services

Community College Tuition and Fees Fall 2019

Fall 2019 in-county, out-of-county, and out-of-state tuition rates for community colleges are shown in **Exhibit 2**. The exhibit shows that in-county tuition and fees average approximately \$4,600. As a State institution, Baltimore City Community College has one in-state rate. Generally out-of-state rates at community colleges are two to three times the in-county 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 2019

<u>College</u>	<u>In-county</u>	<u>Out-of-county</u>	<u>Out-of-state</u>
Allegany	\$4,800	\$8,250	\$10,170
Anne Arundel	4,280	7,730	12,650
Baltimore City	3,364	3,364	7,444
Baltimore County	4,986	8,376	12,036
Carroll	5,100	7,838	10,447
Cecil	4,650	7,950	9,480
Chesapeake	4,850	6,920	9,230
College of Southern MD	4,913	8,588	11,025
Frederick	4,579	9,019	11,929
Garrett	4,520	8,930	10,670
Hagerstown	4,290	6,405	8,235
Harford	4,783	7,580	10,377
Howard	4,991	7,811	9,311
Montgomery	5,322	10,254	14,034
Prince George's	4,700	7,550	10,610
Wor-Wic	4,170	7,800	9,630

Source: Maryland Association of Community Colleges

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland National Guard - Tuition Assistance Program -
Modifications

BILL NUMBER: SB 282/HB 362

PREPARED BY: Catherine Kelly

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON
MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS