

Department of Legislative Services  
Maryland General Assembly  
2024 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 539  
Appropriations

(Delegate Henson, *et al.*)

Education, Energy, and the Environment

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Public Institutions of Higher Education - Student Withdrawal Policy -  
Reimbursement of Tuition and Fees (Cameron Carden Act of 2024)

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This bill requires each public institution of higher education to adopt a policy that authorizes a student to withdraw for “extenuating circumstances” (which specifically includes illness, injury, hospitalization, and mental health and wellness). The policy must include a provision to refund tuition and fees *paid by the student* for the semester in which a student withdraws if the extenuating circumstances inhibit the student’s ability to acquire an education at the public institution of higher education, as defined in the policy. **The bill takes effect July 1, 2024.**

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Fiscal Summary

**State Effect:** University System of Maryland (USM), Morgan State University (MSU), St. Mary’s College of Maryland (SMCM), and Baltimore City Community College (BCCC) higher education revenues decrease, potentially significantly, due to refunding tuition and fees paid by the students who withdraw under the policy developed for extenuating circumstances. While the impact cannot be reliably estimated, significantly more students qualify for a refund. Expenditures are not materially affected; institutions can develop policies using existing resources.

**Local Effect:** Local community college revenues decrease, potentially significantly, due to refunding tuition and fees paid by the students who withdraw under the policy developed for extenuating circumstances. While the impact cannot be reliably estimated, significantly more students qualify for a refund. Expenditures are not materially affected; colleges can develop policies using existing resources. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** None.

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## Analysis

**Current Law:** Policies for withdrawing from classes and receiving tuition refunds vary considerably across public institutions of higher education.

### *Public Four-year Institutions*

*University System of Maryland and Constituent Institutions:* USM does not have a uniform policy regarding withdrawing from classes or tuition refunds; however, all USM institutions have policies related to a student's withdrawal based on a health issue or an extenuating circumstance. For example, at the University of Maryland, College Park Campus (UMCP), a student may request a [withdrawal](#) from all classes at any time between the first and last day of classes for the semester. In exceptional cases, a retroactive withdrawal may be granted based on documented requests in which extenuating circumstances significantly impaired the student's ability to complete the semester and officially withdraw by the established semester deadlines. Such circumstances include, but are not limited to, medical or psychological causes. To be readmitted, a student who has earned at least a 2.0 cumulative grade point average with no previous withdrawals may apply for readmission. All other students who find it necessary to leave UMCP are required to petition the Faculty Petition Board to be reinstated.

Further, at UMCP, undergraduate students can adjust their schedule (add, drop, etc.) until the close of business on the last day of the [schedule adjustment period](#). After the end of schedule adjustment, students are limited to dropping a maximum of four credits during the drop period. Any tuition refund depends on when a course was dropped and whether the student is a full-time or part-time student. In general, there is no tuition refund after the first five days of classes; however, UMCP advises that its retroactive withdrawal procedures allow a student to appeal for the extenuating circumstances listed in the bill.

*Morgan State University:* MSU advises that its policy allows a student to withdraw during a semester at a prorated tuition rate depending on the withdrawal date. MSU does have a closing date that prohibits withdrawals afterward. If the student withdraws after the closing date, the student does not receive a refund unless special documented circumstances apply.

*St. Mary's College of Maryland:* SMCM advised in response to a prior introduction of the bill that its policy allows a student to withdraw for *any* reason, and a refund schedule allows for an amount of tuition and fees to be refunded, which declines over time. However, a student who has been suspended or expelled may not withdraw.

## *Community Colleges*

*Baltimore City Community College:* BCCC advised in response to a prior introduction of the bill that it allows a student to receive a refund of 100% tuition and fees if the student withdraws before the first class meeting. Refunds are not allowed after the first class meeting, as BCCC advised that tuition and fees are a large revenue source for the institution and are needed to serve their student population.

*Local Community Colleges:* Local community colleges do not have a uniform policy regarding withdrawing from classes or tuition refunds. However, for example, at Anne Arundel Community College, for credit courses scheduled for eight weeks or more, a student may drop a class for five calendar days after the first scheduled class meeting and receive a full refund. Students have five additional calendar days to withdraw from the class and receive a 60% reduction of the tuition, general student fees, and lab fees charged for the class. If a student withdraws more than 10 calendar days after the date of the first scheduled class meeting, no refunds are issued. Also, at Montgomery College, to obtain a [refund](#), a course must be officially dropped by the refund deadline for the course. For specified documented involuntary withdrawals, including call to active military duty or illness that made it impossible for the student to continue classes, a student *may* receive a prorated refund of tuition depending on the specific student circumstances. Fees are nonrefundable.

## *Federal Student Aid*

When a student applies for federal financial aid, the student agrees that financial aid funds will be used for educational purposes only. Therefore, if a student withdraws before completing his or her program, a portion of the funds may need to be returned. Institutions are required to follow federal laws and regulations regarding federal student aid. In general, up through the 60% point in a period of enrollment, an institution may use a *pro rata* schedule to determine the amount of Title IV funds the student has earned at the time of withdrawal. After the 60% point in the period of enrollment, a student has earned 100% of the Title IV funds. If the amount disbursed to the student is greater than the amount the student earned, the unearned funds must be returned. If the amount disbursed to the student is less than the amount the student earned, and for which the student is otherwise eligible, he or she is eligible to receive a post-withdrawal disbursement of the earned aid that was not received.

**State/Local Revenues:** Due to refunding tuition and fees paid by students who withdraw under their required policies for extenuating circumstances, USM, MSU, SMCM, BCCC, and local community college higher education revenues decrease, potentially significantly. The impact cannot be reliably estimated as it is unknown how many additional students may request and receive a refund of tuition and fees paid by students for the semester under

the bill than under the institutions' existing policies. The policy adopted by each institution must define the extenuating circumstances that inhibit the student's ability to acquire an education at the public institution of higher education and, thus, qualify for a tuition and fee refund under the bill.

Several institutions have advised that they have a policy allowing for tuition and fee refunds under *extraordinary* circumstances that require documentation. Likewise, institutions generally have a period at the beginning of each term during which a student may withdraw for any reason. These institutions did not provide information on the number of students that currently withdraw or the number of students that receive tuition refunds when they withdraw. Nevertheless, significantly more students qualify for a refund under the bill.

Other institutions' policies allow for a prorated refund under specified circumstances or a refund for just tuition (not fees). It is assumed that institutions that offer a prorated tuition and/or fees reimbursement must offer a full tuition and fees reimbursement for specified students under the bill. Thus, higher education revenues decrease for institutions that currently provide prorated refunds or do not refund fees. However, it is assumed that room and board are not considered fees eligible for reimbursement.

It is assumed that any financial aid, including federal financial aid, would not be refunded under the bill as it only requires tuition and fees *paid by the student* to be refunded. However, financial aid is not directly addressed in the bill; even so, it is assumed that institutions follow federal law and regulations. Failure to follow federal student aid laws and regulations could result in penalties and restrictions in participating in the Title IV federal student aid program.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 295 of 2023 and HB 872 of 2022.

**Designated Cross File:** SB 567 (Senator Muse, *et al.*) - Education, Energy, and the Environment.

**Information Source(s):** Maryland Higher Education Commission; Baltimore City Community College; University System of Maryland; Morgan State University; St. Mary's College of Maryland; Anne Arundel Community College; Montgomery College; Department of Legislative Services

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