

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 1022

(Senator Elfreth)

Budget and Taxation

Appropriations

**Board of Regents of the University System of Maryland – Tuition Waiver –
Student Members**

This bill authorizes the Board of Regents of the University System of Maryland (USM) to grant a tuition waiver to a student member. The tuition waiver may not exceed the amount of the tuition incurred by the student member during the second year of a two-year term. The tuition waiver may not (1) be considered a gift or compensation under the Maryland Public Ethics Law; (2) be considered compensation under the Maryland Tort Claims Act; or (3) cause the student member to be classified as an employee of USM. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: Beginning in FY 2021, USM higher education revenues may decrease by *as much as* an estimated \$84,000 annually, based on the assumptions explained below. Expenditures are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: The Board of Regents of USM is composed of 21 members, including two student members. Each student member must be a full-time student in good academic standing at a USM institution, except that the full-time requirement does not apply to a student at the University of Maryland Global Campus.

Except for the student members, each appointed member serves for a term of five years from July 1 of the year of appointment and until a successor is appointed and qualifies. These members may be reappointed. A student member serves a two-year term, beginning on July 1, and may be reappointed if the student remains a student at any campus of USM. A member appointed to fill a vacancy in an unexpired term serves only for the remainder of that term and until a successor is appointed and qualifies.

Board members may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations.

Only one of the student members may be a voting member of the board each year. Further, a student member can be a voting member in only one year of a two-year term.

Acceptance of Gifts by Officials or Employees

The Public Ethics Law sets out requirements, prohibitions, and procedures that affect officials in the Legislative, Executive, and Judicial branches of government for the purpose of maintaining people's trust in government and protecting against the improper influence and the appearance of improper influence of government.

Under the Public Ethics Law, an official or employee generally may not knowingly accept a gift, directly or indirectly, from an entity that the official or employee knows or has reason to know (1) does or seeks to do business of any kind with the official's or employee's governmental unit; (2) engages in an activity that is regulated or controlled by the official's or employee's governmental unit; (3) has a financial interest that may be substantially and materially affected, in a manner distinguishable from the public generally, by the performance or nonperformance of the official's or employee's official duties; or (4) is a regulated lobbyist with respect to matters within the jurisdiction of the official or employee.

Maryland Tort Claims Act – State Personnel

Under the Maryland Tort Claims Act, unless the context clearly requires otherwise, "State personnel" includes a person who is a member of a State board, commission, or similar State entity or is providing a service to or for the State. It also includes a student enrolled in a State educational institution.

State Revenues: This estimate assumes the bill is interpreted to allow a tuition waiver for a student member serving the second year of a two-year term only. If the board grants a tuition waiver, the revenue decrease depends on the student member's actual tuition.

On average, in-state tuition and fees for fall 2020 are approximately \$10,000; out-of-state tuition and fees are approximately \$24,300. However, a student member may also be a

graduate student and have significantly higher tuition and fees. For example, for fall 2020, the out-of-state tuition and fees for the University of Maryland, Baltimore Campus dental school program are the highest in the system at \$84,032. Thus, beginning in fiscal 2021, higher education revenues decrease by *as much as* an estimated \$84,032 annually (or the highest tuition and fees each year).

As the average tuition and fees of a student member of the board are likely less than \$84,032, the actual potential revenue loss is also likely less than \$84,032. To the extent any scholarships and grants are applied prior to granting a tuition waiver, any tuition revenue loss is also less.

This estimate assumes that student members serve staggered terms. If both student members serve their terms concurrently, the revenue impact may differ. To the extent two student members serve their second year of a term during the same year, revenues may decrease by *as much as* an estimated \$168,064 in a single year (*i.e.*, twice the maximum tuition). In this scenario, there would be no revenue decrease in the prior year because neither student member would have qualified for a tuition waiver under the bill. Also, if neither student member were to serve a second year of a two-year term, then revenues would not decrease that year.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): University System of Maryland; Department of Legislative Services

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