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FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 597
Appropriations

(Delegate P. Young, *et al.*)

Education, Health, and Environmental Affairs

Higher Education - Nonresident Tuition - Exemption for Spouses and
Dependents of Honorably Discharged Veterans

This bill expands eligibility for in-state tuition to encompass a spouse and a financially dependent child of an honorably discharged veteran who uses the veteran’s GI benefits *any time* after the veteran’s discharge, if the veteran resides or is domiciled in the State. The bill also expands eligibility for in-county tuition at community colleges by defining “out-of-county” as a type of “nonresident tuition” for all categories of service member and related dependent eligibility. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: The bill is not anticipated to materially impact the number of individuals who qualify for in-state or in-county tuition at public four-year institutions of higher education or Baltimore City Community College (BCCC), respectively, as explained below. Thus, higher education revenues and expenditures are not materially affected.

Local Effect: To the extent that eligible individuals choose to attend an out-of-county community college, local community college revenues decrease. Although any such decrease cannot be reliably estimated, it is assumed to be minimal. Expenditures are not affected.

Small Business Effect: None.

Analysis

Bill Summary: If the honorably discharged veteran ceases to reside in Maryland, or be domiciled in Maryland, the spouse or child of the veteran remains qualified for

resident tuition if the spouse or child is continuously enrolled at a public institution of higher education.

The bill makes a conforming change by repealing a requirement that each public institution of higher education comply with federal law relating to nonresident tuition for veterans and their dependents. Maryland is already more generous with regard to in-state tuition for veterans than federal law. Under the bill, although a spouse and a financially dependent child still have to be using transferred GI benefits, they no longer have to do so within three years of the veteran's discharge.

Current Law/Background:

Federal Law

The Post-9/11 GI Bill provides up to 36 months of education benefits to eligible service members. In general, an eligible service member may transfer all 36 months or a portion of unused Post-9/11 GI Bill benefits to a spouse, one or more children, or a combination of both. For veterans released from active duty before January 1, 2013, there is a 15-year time limitation for use of benefits. For individuals whose last discharge date is on or after January 1, 2013, the time limitation has been removed.

Under Section 702 of the Veterans Access, Choice and Accountability Act of 2014, veterans and their dependents using Post-9/11 GI Bill and Montgomery GI Bill education benefits are eligible to receive in-state tuition at a public institution of higher education in the state in which the individual lives (regardless of their formal state of residence) for up to four years, if the individual remains a full-time student. However, the veteran or dependent must enroll within *three years* of the veteran's military discharge date.

In addition, a spouse or child using benefits under the Marine Gunnery Sergeant John David Fry Scholarship who lives in the state in which the institution of higher learning is located (regardless of his/her formal state of residence) is eligible for in-state tuition. To qualify, the individual must enroll in the school within three years of the service member's death in the line of duty following a period of active-duty service of 90 days or more.

State Law – Service Members Eligible for In-state Tuition

Public institutions of higher education in Maryland charge in-state tuition rates to three categories of military individuals: (1) active-duty members of the U.S. Armed Forces who are stationed, reside, or are domiciled in Maryland; (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.

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 individual resides in or is domiciled in the State.

In addition, members of the Maryland National Guard are exempt from paying nonresident tuition at public institutions of higher education in Maryland.

Further, each public institution of higher education must comply with federal law relating to nonresident tuition for veterans and veterans' dependents.

Resident Tuition

The general 12-month residency requirement for public four-year institutions and the three-month residency requirement for community colleges are discussed in **Appendix – Maryland Tuition and Fees**.

Background: According to the [U.S. Department of Veterans Affairs 2018 annual report](#), approximately 26,500 individuals used GI benefits at Maryland schools and institutions, and approximately 17% of those GI benefits were used by spouses or dependent children of veterans. Therefore, approximately 4,500 dependents are using GI education benefits in the State.

State Fiscal Effect: Since the veteran must reside or be domiciled in the State at the time of initial eligibility, the bill is not anticipated to materially increase the number of individuals eligible for resident tuition. The bill allows a spouse or dependent child to gain immediate Maryland resident status for tuition, rather than waiting for a year for public four-year institutions (or three months for a community college), when the veteran resides or is domiciled in the State. In addition, a continuously enrolled spouse or child of the veteran using GI benefits continues to qualify for resident tuition if the honorably discharged veteran ceases to reside or be domiciled in Maryland.

The bill does not apply to a spouse or financially dependent child of a veteran who is not using the veteran's GI benefits. The bill also does not apply to a spouse or financially dependent child of a veteran who does not reside or is not domiciled in the State at the time of initial qualification. Finally, the bill does not apply to a spouse or financially dependent child of a veteran who is no longer using GI benefits.

Accordingly, this analysis assumes that the majority of individuals who qualify for resident tuition status under the bill would have otherwise qualified since the veteran must reside or be domiciled in Maryland. Few veterans are likely to move to Maryland for their dependents to obtain resident tuition at a Maryland public institution of higher education.

To the extent more dependents qualify for resident tuition than anticipated, public four-year institutions of higher education can adjust by admitting more individuals who qualify for out-of-state tuition. As a community college with a three-month residency requirement for in-county tuition for residents statewide, BCCC is unlikely to be materially impacted.

Local Revenues: More out-of-county and out-of-state individuals qualify earlier for in-county tuition at a community college than under current law (three-month residency requirement); also, individuals with service member or related dependent eligibility qualify for in-county tuition at *any* community college in Maryland without ever residing in the jurisdiction(s) the community college serves. This analysis assumes very few individuals qualify for and take advantage of the less restrictive benefit. Thus, community college revenues are not anticipated to be materially impacted.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 318 (Senator Elfreth, *et al.*) - Education, Health, and Environmental Affairs.

Information Source(s): Baltimore City Community College; University System of Maryland; U.S Department of Veterans Affairs; Education Commission of the States; Department of Legislative Services

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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
