

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1295 (Delegate Ivey)
Appropriations

University System of Maryland – Student Fees – Review and Retention

This bill requires that, when setting mandatory and nonmandatory student fees, the president of each University System of Maryland (USM) institution must present information on such fees for *review* by a committee of students. The information presented to the committee must include (1) the amount of the fee; (2) the students who will be charged the fee; and (3) the proposed use of revenues from the fee. At least quarterly, the president of each USM institution must ensure that the committee is provided with information on the actual use of revenues generated from the fee. The revenues derived from the fees must be retained by the campus unit or department that imposed the fee and may not be transferred for any reason without the *approval* of the student committee that reviewed the fees. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: As explained below, to the extent that student committees *reject the transfer* of student fees, USM institution revenues and expenditures likely ultimately increase. Any such impact cannot be reliably estimated. USM can report proposed and actual use of student fees and make any accounting changes using existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Subject to the authority and applicable regulations and policies of the USM Board of Regents, each president retains the authority to set tuition and fees.

The Board of Regents has adopted policies on the establishment of tuition and mandatory fees, which already require student consultation. [Board Policy VIII-2.50 Policy on Student Tuition, Fees, and Charges](#) specifies that, for both mandatory and nonmandatory fees, each campus must ensure that an advisory committee is established and comprises appropriate numbers of students and stakeholders representing each area supported by a student fee. These advisory committees must be consulted prior to the establishment or change of student fees, and the process by which the committees are involved must be reported to the Board of Regents along with the proposed fee schedule.

State Fiscal Effect: The Department of Legislative Services (DLS) advises that the bill requires the presidents to present information on student fees to a committee of students, but it does not require the committee to *approve* any student fees or use of fee revenues. Further, under current Board of Regents' policy, committees of students and other stakeholders must be consulted on proposed changes to student fees. Therefore, DLS assumes that the bill's requirement for student fee review committees codifies current practice and does not have an operational impact on USM institutions. To the extent that student fee review committees *recommend* against additional fees or the use of fee revenues, and USM institutions *choose to follow* the recommendation, higher education fee revenues and expenditures decrease. Any such impact cannot be reliably estimated and is not a direct impact of the bill.

In addition, at least quarterly, each USM president must ensure that the review committees are provided with information on the actual use of student fee revenues. USM can report proposed and actual use of student fees using existing resources

DLS further advises that, beginning in fiscal 2022, the bill restricts the use of student fee revenues to the department or unit within a USM institution that is collecting the fees. Under the bill, the student review committee is granted the authority to *reject* the transfer of student fee revenue from the campus unit or department that imposed the fee. The student review committees do not have this authority under current Board of Regents' policy.

To the extent that student committees *reject* the transfer of student fees, USM institution revenues and expenditures likely ultimately increase due to the institution potentially needing to generate a new source of revenue, such as imposing a new student fee or increasing an existing fee, for the desired expenditure rather than being able to use transferred student fee revenue. As explained above, an institution may choose to impose a new student fee or increase an existing student fee without the approval of the student committees. A new source of revenue should not need to be found before fiscal 2023, as the USM Board of Regents has already set tuition and fees for fall 2021 (fiscal 2022).

Alternatively, the institution may choose to eliminate the cost or delay the expenditure until funds are available. In both alternative cases, for the short term and compared to current law when transferred student fund revenues would have been expended, overall expenditures decrease and revenues remain unaffected. The overall impact cannot be reliably estimated, but it is likely that, ultimately, revenues and expenditures increase. Any such impact cannot be reliably quantified.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

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