

Department of Legislative Services  
Maryland General Assembly  
2021 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 246  
Appropriations

(Delegates Hill and R. Lewis)

Education, Health, and Environmental Affairs

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Higher Education - Returned Peace Corps Volunteers - In-State Tuition

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This bill exempts a returned Peace Corps volunteer domiciled in the State from paying nonresident tuition at a public institution of higher education in the State. A community college student who pays in-state tuition under the bill must be included as an in-state resident for computation of State aid under the Senator John A. Cade Funding Formula for community colleges. **The bill takes effect July 1, 2021.**

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Fiscal Summary

**State Effect:** The bill is not anticipated to materially impact the number of individuals who qualify for in-state tuition at public four-year institutions of higher education or Baltimore City Community College (BCCC), as explained below. As a result, general fund expenditures through the Cade funding formula as well as higher education revenues and expenditures are not materially affected.

**Local Effect:** No material impact on community college revenues or expenditures.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** “Returned Peace Corps volunteer” is defined as a person who has been certified by the Director of the Peace Corps as having served satisfactorily as a Peace Corps volunteer.

**Current Law:** There are in-state tuition exemptions (or waivers) for public school teachers if the courses are related to or needed for their employment, military personnel

and their spouses and dependents in certain circumstances, State and local public safety personnel and their family, AmeriCorps volunteers, and certain undocumented immigrants who have resided in the State in certain circumstances.

### *Tuition Residency Requirements*

For institutions within the University System of Maryland (USM), the Board of Regents sets tuition policies, including determining 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 (MSU) and the Board of Trustees of St. Mary's College of Maryland (SMCM) 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.

### *Senator John A. Cade Funding Formula*

The formula used for the distribution of funds to community colleges is known as the Senator John A. Cade Funding Formula. The State's annual contribution to the Cade formula is determined by enrollment at community colleges and a percentage, set in statute, of the level of funding received by selected public four-year institutions. Specifically, the formula bases per student funding on a set statutory percentage of current year State appropriations per full-time equivalent student (FTES) at the selected four-year institutions, including noncapital appropriations from the Higher Education Investment Fund. The resulting community college per student amount is multiplied by the number of FTES enrolled in the colleges in the second preceding fiscal year to identify a total formula amount.

**State Fiscal Effect:** Public four-year institutions have considerable autonomy over admissions and generally maintain fairly stable proportions of in-state and out-of-state students. The bill does not affect that autonomy. Therefore, despite the differences in

tuition levels for in-state and out-of-state students, tuition revenues at most institutions are not materially affected. As long as there are no major adjustments to the proportion of students who qualify for in-state tuition, institutions can adjust admissions to avoid any significant loss of tuition revenue. According to the Peace Corps, there are approximately 7,300 individuals currently serving as Peace Corp volunteers or trainees. In 2019, approximately 260 volunteers were from Maryland.

The fiscal impact of this bill on public four-year institutions is a potential loss of tuition and fee revenues equal to the difference between in-state and out-of-state tuition and fees for each returning Peace Corps volunteer domiciled in Maryland that enrolls at a USM institution, MSU, SMCM, or BCCC. At most USM institutions, out-of-state students make up no more than 15% of undergraduates so the impact of the bill is not significant. There may be a minimal impact at campuses with out-of-state enrollment of 20% or more: University of Maryland, Baltimore Campus; University of Maryland, College Park Campus; and University of Maryland Eastern Shore. For these institutions, tuition revenues may decrease if the institutions choose to admit a significant number of former Peace Corps volunteers who would have not otherwise qualified for in-state tuition. However, to the extent former Peace Corps volunteers would not have otherwise enrolled because they could not afford to or choose not to pay out-of-state tuition, or the institutions increase enrollment overall, the impact may be minimal.

As discussed further below, this estimate anticipates that very few local community college students qualify for and take advantage of in-state tuition under the bill. As a result general fund expenditures through the Cade funding formula are not anticipated to be materially affected.

**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, former Peace Corps volunteers 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.

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## **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** SB 554 (Senator Young) - Education, Health, and Environmental Affairs.

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

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