

Date of Hearing: March 27, 2012

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Marty Block, Chair

AB 2250 (Gaines) – As Amended: March 21, 2012

SUBJECT: Public postsecondary education: nonresident tuition: military members.

SUMMARY: Exempts active and former members of the Armed Forces or State Military Reserve and their spouses from paying nonresident tuition at the California State University (CSU) and California Community Colleges (CCC). Specifically, this bill:

- 1) Waives nonresident tuition at CSU and CCC for a student, or a spouse of a student, who is an active member or former member of the Armed Forces or State Military Reserve who has served at least 36 months and received an honorable discharge.
- 2) Defines Armed Forces as the Air Force, Army, Coast Guard, Marine Corps, National Guard, Naval Militia, Navy, and the reserve components of each of those forces, including the California National Guard.
- 3) Requests the University of California (UC) comply with these provisions.

EXISTING LAW establishes uniform residency requirements for purposes of ascertaining the amount of fees to be paid by students at UC, CSU, and CCC and establishes various exceptions to these residency requirements, including the following:

- 1) A member of the Armed Forces who is stationed in the state on active duty, except a member assigned for educational purposes. (Education Code § 68075)
- 2) A member of the Armed Forces who is transferred to another state but continuously enrolled at a college in California. (EC § 68075)
- 3) A student who is a dependent of a member of the Armed Forces stationed in this state on active duty. (EC § 68074)
- 4) A student dependent of a member of the Armed Forces may keep his or her resident classification until he or she has resided in the state for the minimum time necessary to become a resident in the event the member of the Armed Forces upon whom they are dependent is transferred outside of the state or retires as an active member of the Armed Forces. (EC § 68075.5)

FISCAL EFFECT: Unknown but potentially significant.

COMMENTS: This bill is double-referred to the Assembly Veterans Affairs Committee.

Background. Current law establishes the requirements for determining residency for purposes of paying the lower-cost "in-state" student fees at UC, CSU, and CCC. To qualify for the lower resident fees, students are generally required to have resided in California for more than one year

immediately preceding the residence determination date and undertake other specified actions such as registering to vote or registering one's car in California.

Recent hearing on student veteran issues. On February 28, 2012, the Assembly Higher Education and Assembly Veterans Affairs Committees held a joint oversight hearing on the challenges facing California student veterans. Several students and representatives from the higher education institutions spoke for the need for more resources for veterans services, including more transition assistance, improving outreach and campus-based programs, and easing the matriculation of prior military learning. *The Committee may wish to consider whether funding fee waivers for out-of-state student veterans should be a priority in light of the need to improve services for California student veterans whose taxes helped support their colleges and universities.*

Need for this bill. According to the author, "This legislation is necessary as a large amount of soldiers are coming back from the War on Terror and we need to make higher education for them a priority."

Other states. All states appear to require a veteran be a state resident in order to qualify for in-state tuition/fee, and state policies on spouses and dependents also require the veteran be a state resident.

Conflict with current active military nonresident fee exemption. Existing law exempts active duty military and their spouses from nonresident tuition unless the service member is here for educational purposes. This bill sets a higher standard by requiring the service member to have served for 36 months before qualifying for a waiver of nonresident tuition. This bill would also waive nonresident tuition for service members who are stationed in California for educational purposes.

Benefits of California-resident classification for tuition and fee purposes. UC, CSU, and CCC are publicly subsidized with the proceeds of state taxes; the lower resident fees for students who reside in California reflect the contribution they and their parents have already made by paying taxes in California. The fees charged to non-California residents are intended to cover the cost of the subsidy that is generated by California taxpayers. Tuition and fees for a full-time undergraduate student in 2011-12 are:

	<u>Resident</u>	<u>Out-of-State</u>
UC	\$12,192	\$35,070
CSU	\$5,472	\$10,170
CCC	\$36 per unit	\$244 per unit

What benefit does this bill provide? This bill would primarily apply to veterans from other states and their spouses, who would otherwise be charged nonresident fees during their first year while they establish residency. The Post-9/11 GI Bill benefits fund a student's in-state tuition and fees. Thus, in theory, this bill would provide a subsidy equaling the difference between the resident and non-resident fees at the student's college or university during his or her first year. After the first year, when the student will have had the opportunity to establish residency, the Post-9/11 GI Bill would fully cover the student's fees. However, by removing the one-year residency requirement, a veteran has no incentive to become a California resident. *The Committee may wish to consider whether it is appropriate to provide this subsidy to veterans and their spouses*

*who do not have to demonstrate any intent to make California their home or pay the taxes that support its public services, including higher education.*

Should spouses be provided this benefit? As noted previously under Existing Law, spouses and dependents of active duty service members stationed in California receive the benefit of residency for tuition/fee purposes because their spouses' military assignment in California is beyond their control. However, upon discharge, a veteran and his or her spouse are free to establish residency where ever they choose, including California.

Should this benefit be need-based? Most California financial aid programs require demonstration of financial need. Is it appropriate to provide a significant state subsidy to all persons eligible for this benefit without proof of need, especially when the state is cutting existing programs?

Revenue loss to the segments. This bill does not provide funding to backfill for the loss of non-resident fee revenue that would likely result from this bill. If the intent of this bill is to provide a benefit to non-Californian members of the military, it may be more appropriate to provide this benefit directly, such as through a Cal Grant dedicated to these students for the one year it takes to establish residency. This would allow the Legislature to more easily track the costs of the program, as well as review its merits relative to other student financial aid programs and other state-supported programs, and would spare the segments revenue losses in addition to those they have sustained in recent state budgets.

Related legislation. AB 2478 (Hayashi), which is set for hearing in this Committee on March 27, 2012, would waive nonresident tuition for up to four years for CCC students who served on active duty for one year immediately prior to discharge. AB 38 (Salas, 2009), which died in the Assembly Appropriations Committee, would have waived nonresident tuition for one year. SB 272 (Runner), Chapter 356, Statutes of 2007, as introduced would have waived the one-year residency requirement for former military members. This provision was deleted from the chaptered version. AB 2472 (Wyland) of 2006, was substantially similar to this bill and was held in the Assembly Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Board of Governors of the California Community Colleges  
Veterans of Foreign Wars of the United States, Department of California

Opposition

>

Analysis Prepared by: Sandra Fried / HIGHER ED. / (916) 319-3960