

HOUSE BILL 152

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2000 Regular Session
(01r0117)

ENROLLED BILL

-- *Ways and Means/Economic and Environmental Affairs* --

Introduced by **Chairman, Ways and Means Committee (Departmental -
Higher Education Commission)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER 575

1 AN ACT concerning

2 **Higher Education - Repayment Obligations**

3 FOR the purpose of requiring payment of interest at a certain rate on repayment
4 obligations for certain programs administered by the Maryland Higher
5 Education Commission; requiring repayment obligations to commence at a
6 certain time; altering the method for computing the interest rate to be paid on
7 certain repayment obligations; making this Act apply retroactively under
8 certain circumstances; making this Act apply only to certain individuals; and
9 generally relating to student financial assistance and scholarships administered
10 by the Maryland Higher Education Commission.

11 BY adding to
12 Article - Education
13 Section 18-112
14 Annotated Code of Maryland
15 (1999 Replacement Volume)

1 BY repealing and reenacting, with amendments,
2 Article - Education
3 Section 18-701(e)(1), 18-1102(d)(1), 18-2002(c)(1), 18-2107(b), 18-2204(a), and
4 18-2306(d)
5 Annotated Code of Maryland
6 (1999 Replacement Volume)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
8 MARYLAND, That the Laws of Maryland read as follows:

9 **Article - Education**

10 18-112.

11 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, REPAYMENT
12 OBLIGATIONS INCURRED BY RECIPIENTS OF STUDENT FINANCIAL ASSISTANCE,
13 SCHOLARSHIPS, GRANTS, OR LOANS ADMINISTERED BY THE COMMISSION UNDER
14 THIS TITLE SHALL BE CALCULATED AT AN INTEREST RATE EQUAL TO AND
15 MATCHING THE INTEREST RATE ESTABLISHED BY THE UNITED STATES
16 DEPARTMENT OF EDUCATION FOR THE FEDERAL STAFFORD LOAN ON THE FIRST
17 DAY OF JULY OF EACH YEAR ~~MINUS 1 PERCENT~~, WITH INTEREST NOT ACCRUING
18 PRIOR TO NOTIFICATION TO THE COMMISSION OF A RECIPIENT'S GRADUATION OR
19 TERMINATION FROM AN INSTITUTION OF HIGHER EDUCATION.

20 (B) A RECIPIENT SHALL COMMENCE REPAYMENT OBLIGATIONS INCURRED
21 UNDER THIS TITLE UPON GRADUATION OR TERMINATION FROM AN INSTITUTION OF
22 HIGHER EDUCATION.

23 18-701.

24 (e) (1) The recipient of an Economic Development Student Assistance Grant
25 shall repay the Commission the funds received [plus simple interest that is equal to
26 the prime rate plus 2 percent calculated from the date of the first payment of the
27 grant award under this subtitle for any portion of the award not forgiven] AS SET
28 FORTH IN § 18-112 OF THIS TITLE if the recipient does not:

29 (i) Complete the specified degree, attain the licensure or
30 certification required, or fulfill other requirements as provided in this subtitle; and

31 (ii) Perform the service obligation as specified in each section of
32 this subtitle for 1 year for each year that the recipient has a grant awarded under this
33 subtitle.

34 18-1102.

35 (d) (1) Subject to the provisions of paragraph (2) of this subsection, a
36 recipient of an award made under this section shall receive an additional \$3,000 for
37 each year in which the recipient is eligible if the recipient:

1 (i) Enrolls in an approved program of teacher education at an
2 accredited postsecondary institution in the State; and

3 (ii) Signs an agreement to:

4 1. Commence employment as a teacher in a public school in
5 the State within 9 months of the completion of undergraduate studies for 1 year for
6 each year that the scholarship was awarded; and

7 2. Repay the State the additional amounts awarded under
8 this subsection [and simple interest equal to the prime rate of interest plus 2
9 percent] AS SET FORTH IN § 18-112 OF THIS TITLE if the recipient does not:

10 A. Complete the teacher education program; and

11 B. Teach in a public school in the State for a period of 1 year
12 for each year in which the additional amount was awarded.

13 18-2002.

14 (c) A recipient of an award made under this section shall receive the award for
15 each year indicated in which the recipient is eligible if:

16 (1) The recipient signs an agreement at the time of the initial award to:

17 (i) Commence employment in the State within 1 year after
18 completion of undergraduate studies for 1 year for each year that the scholarship was
19 awarded; and

20 (ii) Repay the State the amounts awarded under this subtitle [and
21 simple interest equal to the prime rate of interest plus 2 percent calculated from the
22 date of the first payment of the grant award under this subtitle for any portion of the
23 award] AS SET FORTH IN § 18-112 OF THIS TITLE if the recipient does not:

24 1. Satisfy the degree requirements of the eligible academic
25 program or fulfill other requirements as provided in this subtitle; and

26 2. Perform the service obligation for 1 year for each year that
27 the recipient has a scholarship awarded under this subtitle; and

28 (2) The service obligation begins after graduation and cannot be fulfilled
29 prior to graduation from an eligible institution.

30 18-2107.

31 (b) Repayment shall include [simple] interest [equal to the prime rate of
32 interest plus 2 percent calculated from the date of the first payment of assistance
33 awarded under this subtitle.] AS SET FORTH IN § 18-112 OF THIS TITLE.

1 18-2204.

2 (a) Except as provided in subsection (b) of this section, the recipient of a
3 Maryland Teacher Scholarship shall repay the Commission the funds received [plus
4 simple interest that is equal to the prime rate of interest plus 2 percent calculated
5 from the date of the first payment of the grant award under this subtitle for any
6 portion of the award not forgiven] AS SET FORTH IN § 18-112 OF THIS TITLE if the
7 recipient does not:

8 (1) Satisfy the degree requirements of the eligible course of study or
9 program or fulfill other requirements as provided in this subtitle;

10 (2) Perform the service obligation for 1 year for each year that the
11 recipient has a scholarship awarded under this subtitle; and

12 (3) Become professionally certified to teach in the State of Maryland
13 within the time period specified by the Commission in consultation with the
14 Maryland Department of Education.

15 18-2306.

16 (d) A recipient of an award made under this section shall receive the award for
17 each year indicated in which the recipient is eligible if the recipient signs an
18 agreement at the time of the initial award to:

19 (1) Commence employment in the State within 1 year after completion of
20 undergraduate studies for 1 year for each year that the scholarship was awarded; and

21 (2) Repay the State the amounts awarded under this subtitle [and
22 simple interest equal to the prime rate of interest plus 2 percent calculated from the
23 date of the first payment of the grant award under this subtitle for any portion of the
24 award] AS SET FORTH IN § 18-112 OF THIS TITLE if the recipient does not:

25 (i) Satisfy the degree requirements of the eligible institution or
26 fulfill other requirements as provided in this subtitle; and

27 (ii) Perform the service obligation for 1 year for each year that the
28 recipient has a scholarship awarded under this subtitle.

29 SECTION 2. AND BE IT FURTHER ENACTED, That, subject to Section 3 of
30 this Act, the interest terms and repayment conditions provided under § 18-112 of the
31 Education Article, as enacted by Section 1 of this Act, shall be applied retroactively to
32 any recipient of a scholarship, grant, or award under Title 18 of the Education Article
33 who received that scholarship, grant, or award prior to the effective date of this Act.

34 SECTION 3. AND BE IT FURTHER ENACTED, That this Act applies only to a
35 recipient of a scholarship, grant, or award with a service or repayment obligation that
36 was made under Title 18 of the Education Article who, on the effective date of this Act,
37 is in good standing under the program and has not defaulted.

1 SECTION ~~2.4~~ AND BE IT FURTHER ENACTED, That this Act shall take
2 effect ~~October~~ July 1, 2000.