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By: **Delegates Rosenberg, Bohanan, Hixson, and Niemann**

Introduced and read first time: January 27, 2005

Assigned to: Appropriations

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 1, 2005

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CHAPTER\_\_\_\_\_

1 AN ACT concerning

2 **State Personnel - Student Loan Repayment Pilot Program**

3 FOR the purpose of authorizing the head of certain participating units of State  
 4 government to establish, for a certain purpose, a Student Loan Repayment Pilot  
 5 Program under which the participating unit agrees to repay certain student  
 6 loans previously taken out by certain employees of the participating unit;  
 7 establishing certain requirements for and limitations on payments made under  
 8 the Program; establishing certain eligibility requirements for benefits under the  
 9 Program; requiring the repayment of benefits provided under the Program  
 10 under certain circumstances; authorizing the State to recover certain amounts  
 11 in a certain manner; authorizing the head of a participating unit to waive a right  
 12 of recovery under certain circumstances; requiring that benefits provided under  
 13 the Program be in addition to salary and other compensation payable to an  
 14 employee; requiring the Secretary of Budget and Management to adopt certain  
 15 regulations in a certain manner; establishing certain reporting requirements;  
 16 defining certain terms; and generally relating to a Student Loan Repayment  
 17 Pilot Program for employees of certain units of State government.

18 BY adding to

19 Article - State Personnel and Pensions

20 Section 10-501 through 10-507, inclusive, to be under the new subtitle "Subtitle

21 5. Student Loan Repayment Pilot Program"

22 Annotated Code of Maryland

23 (2004 Replacement Volume)

## Preamble

WHEREAS, To facilitate the recruitment and retention of highly qualified employees, the federal government has established a program under which a federal agency may repay the student loans of its merit employees; and

WHEREAS, Authorizing the Department of Budget and Management ~~and~~, the Department of Legislative Services, and the Department of Juvenile Services to offer a similar program on a pilot basis that would demonstrate how such a program could enhance the State's ability to recruit and retain highly qualified employees; now, therefore,

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

**Article - State Personnel and Pensions**

## SUBTITLE 5. STUDENT LOAN REPAYMENT PILOT PROGRAM.

10-501.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "INSTITUTION OF HIGHER EDUCATION" HAS THE MEANING STATED IN § 10-101 OF THE EDUCATION ARTICLE.

(C) "PARTICIPATING UNIT" MEANS THE DEPARTMENT OF BUDGET AND MANAGEMENT ~~OR~~, THE DEPARTMENT OF LEGISLATIVE SERVICES, OR THE DEPARTMENT OF JUVENILE SERVICES.

(D) "PROGRAM" MEANS A STUDENT LOAN REPAYMENT PILOT PROGRAM ESTABLISHED UNDER § 10-503 OF THIS SUBTITLE.

(E) "STUDENT LOAN" MEANS A LOAN MADE:

(1) BY THE STATE OR FEDERAL GOVERNMENT; AND

(2) TO A STUDENT TO PAY EXPENSES RELATED TO THE STUDENT'S ATTENDANCE AT AN INSTITUTION OF HIGHER EDUCATION.

10-502.

THIS SUBTITLE APPLIES TO AN EMPLOYEE OF THE DEPARTMENT OF BUDGET AND MANAGEMENT ~~OR~~, THE DEPARTMENT OF LEGISLATIVE SERVICES, OR THE DEPARTMENT OF JUVENILE SERVICES WHO IS IN:

(1) THE SKILLED SERVICE OR PROFESSIONAL SERVICE OF THE STATE PERSONNEL MANAGEMENT SYSTEM; OR

1 (2) A POSITION IN THE LEGISLATIVE BRANCH OF STATE GOVERNMENT  
2 THAT IS COMPARABLE TO A POSITION IN THE SKILLED SERVICE OR PROFESSIONAL  
3 SERVICE OF THE STATE PERSONNEL MANAGEMENT SYSTEM.

4 10-503.

5 (A) TO RECRUIT OR RETAIN HIGHLY QUALIFIED PERSONNEL, THE HEAD OF A  
6 PARTICIPATING UNIT MAY ESTABLISH A STUDENT LOAN REPAYMENT PILOT  
7 PROGRAM UNDER WHICH THE PARTICIPATING UNIT AGREES TO REPAY, BY DIRECT  
8 PAYMENTS MADE ON BEHALF OF AN EMPLOYEE OF THE PARTICIPATING UNIT, A  
9 STUDENT LOAN PREVIOUSLY TAKEN OUT BY THE EMPLOYEE.

10 (B) ANY PROGRAM ESTABLISHED BY A PARTICIPATING UNIT SHALL BE  
11 CONSISTENT WITH THE PROVISIONS OF THIS SUBTITLE AND ANY REGULATIONS  
12 ADOPTED UNDER § 10-506 OF THIS SUBTITLE.

13 10-504.

14 PAYMENTS UNDER A PARTICIPATING UNIT'S PROGRAM:

15 (1) SHALL BE MADE FROM EXISTING RESOURCES OF THE  
16 PARTICIPATING UNIT;

17 (2) SHALL BE MADE SUBJECT TO THE TERMS, LIMITATIONS, AND  
18 CONDITIONS THAT ARE MUTUALLY AGREED TO BY THE PARTICIPATING UNIT AND  
19 THE EMPLOYEE APPLYING FOR BENEFITS;

20 (3) MAY NOT EXCEED A TOTAL OF \$125,000, ANNUALLY; AND

21 (4) MAY NOT BE MADE TO REIMBURSE AN EMPLOYEE FOR PAYMENTS  
22 MADE ON THE EMPLOYEE'S STUDENT LOAN.

23 10-505.

24 (A) TO BE ELIGIBLE FOR BENEFITS UNDER A PARTICIPATING UNIT'S  
25 PROGRAM, AN EMPLOYEE MUST AGREE IN WRITING THAT:

26 (1) UNLESS THE EMPLOYEE IS INVOLUNTARILY SEPARATED FROM  
27 SERVICE, THE EMPLOYEE WILL REMAIN IN THE SERVICE OF THE PARTICIPATING  
28 UNIT FOR THE PERIOD SPECIFIED IN THE AGREEMENT, WHICH MAY NOT BE LESS  
29 THAN 3 YEARS; AND

30 (2) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE EMPLOYEE  
31 WILL REPAY TO THE STATE THE AMOUNT OF ANY BENEFITS PROVIDED UNDER THE  
32 PROGRAM IF THE EMPLOYEE IS SEPARATED FROM SERVICE VOLUNTARILY, OR  
33 INVOLUNTARILY BECAUSE OF MISCONDUCT, BEFORE THE TIME SPECIFIED IN THE  
34 AGREEMENT.

35 (B) AN EMPLOYEE WHO VOLUNTARILY TRANSFERS FROM THE  
36 PARTICIPATING UNIT TO ANOTHER UNIT OF STATE GOVERNMENT BEFORE THE DATE

1 SPECIFIED IN THE AGREEMENT MAY NOT BE REQUIRED TO REPAY BENEFITS TO THE  
2 STATE UNLESS, BEFORE THE EFFECTIVE DATE OF THE TRANSFER, THE HEAD OF THE  
3 PARTICIPATING UNIT THAT PROVIDED THE BENEFITS NOTIFIES THE EMPLOYEE  
4 THAT REPAYMENT IS REQUIRED.

5 (C) (1) IF AN EMPLOYEE FAILS TO REPAY ANY AMOUNT OWED TO THE  
6 STATE UNDER SUBSECTION (A)(2) OF THIS SECTION, THE STATE MAY RECOVER THE  
7 AMOUNT OUTSTANDING BY:

8 (I) SETOFF AGAINST ACCRUED COMPENSATION, RETIREMENT  
9 BENEFITS, OR ANY OTHER AMOUNT OWED TO THE EMPLOYEE BY THE STATE; AND

10 (II) ANY OTHER METHOD PROVIDED BY LAW.

11 (2) THE HEAD OF THE PARTICIPATING UNIT THAT PROVIDED BENEFITS  
12 TO AN EMPLOYEE UNDER A PROGRAM MAY WAIVE, IN WHOLE OR IN PART, A RIGHT  
13 OF RECOVERY UNDER THIS SUBSECTION IF RECOVERY WOULD BE INEQUITABLE OR  
14 AGAINST PUBLIC POLICY.

15 (D) AN EMPLOYEE IS INELIGIBLE FOR CONTINUED BENEFITS UNDER A  
16 PROGRAM IF THE EMPLOYEE:

17 (1) SEPARATES FROM THE PARTICIPATING UNIT PROVIDING THE  
18 BENEFITS; OR

19 (2) DOES NOT MAINTAIN AN ACCEPTABLE LEVEL OF PERFORMANCE, AS  
20 DETERMINED UNDER STANDARDS AND PROCEDURES ESTABLISHED BY THE  
21 PARTICIPATING UNIT.

22 (E) BENEFITS PROVIDED TO AN EMPLOYEE UNDER A PROGRAM SHALL BE IN  
23 ADDITION TO THE SALARY AND ANY OTHER COMPENSATION PAYABLE TO THE  
24 EMPLOYEE.

25 10-506.

26 (A) THE SECRETARY OF BUDGET AND MANAGEMENT SHALL ADOPT  
27 REGULATIONS ESTABLISHING STANDARDS, REQUIREMENTS, AND PROCEDURES  
28 THAT THE SECRETARY CONSIDERS NECESSARY TO PROVIDE REASONABLE  
29 UNIFORMITY AMONG PROGRAMS ESTABLISHED UNDER § 10-503 OF THIS SUBTITLE.

30 (B) THE REGULATIONS SHALL BE ADOPTED AFTER CONSULTATION WITH THE  
31 EXECUTIVE DIRECTOR OF THE DEPARTMENT OF LEGISLATIVE SERVICES AND THE  
32 SECRETARY OF JUVENILE SERVICES.

33 10-507.

34 ON OR BEFORE JANUARY 1 OF EACH YEAR, THE HEAD OF A PARTICIPATING  
35 UNIT THAT ESTABLISHES A PROGRAM SHALL EACH REPORT TO THE GOVERNOR AND,  
36 IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE

1 GENERAL ASSEMBLY THE FOLLOWING INFORMATION FOR THE IMMEDIATELY  
2 PRECEDING FISCAL YEAR:

3 (1) THE NUMBER OF EMPLOYEES SELECTED TO RECEIVE BENEFITS  
4 UNDER THE PROGRAM;

5 (2) THE POSITION CLASSIFICATIONS OF THE EMPLOYEES WHO  
6 RECEIVED BENEFITS UNDER THE PROGRAM; AND

7 (3) THE COST OF PROVIDING THE BENEFITS.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 October 1, 2005. It shall remain effective for a period of 4 years and, at the end of  
10 September 30, 2009, with no further action required by the General Assembly, this  
11 Act shall be abrogated and of no further force and effect.