

# HOUSE BILL 526

F2

(3lr1673)

## ENROLLED BILL

— *Ways and Means / Education, Health, and Environmental Affairs and Budget and Taxation* —

Introduced by **Delegates Summers, Cane, Clippinger, Frush, Gaines, Haynes, Hubbard, Ivey, Mitchell, Niemann, Stein, ~~and Walker~~ Walker, and Howard**

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 \_\_\_\_\_

1 AN ACT concerning

2 **Higher Education – Maryland First Scholarship – Creation and Funding**

3 FOR the purpose of establishing the Maryland First Scholarship; establishing certain  
4 eligibility requirements for the scholarship; requiring certain information to be  
5 provided in an application for the scholarship; authorizing the use of the  
6 scholarship for certain educational expenses; authorizing the scholarship  
7 awarded to be in an annual amount up to a certain percentage of certain tuition  
8 and fees at certain institutions of higher education; requiring the scholarship  
9 recipient to maintain a certain grade point average to be determined at a  
10 certain time; providing for the duration of the scholarship; requiring scholarship  
11 applicants and recipients to file for certain federal and State financial aid by a  
12 certain date; establishing ~~a certain fund~~; *the Maryland First Scholarship Fund*;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics* indicate opposite chamber/conference committee amendments.



1 specifying the purpose of the Fund; requiring the Maryland Higher Education  
 2 Commission to administer ~~a certain fund~~ the Fund; providing that the ~~fund~~  
 3 Fund is a certain special, nonlapsing fund that is not subject to a certain section  
 4 of the State Finance and Procurement Article; requiring the State Treasurer to  
 5 hold the ~~fund~~ Fund separately and to make certain investments; requiring  
 6 certain earnings to accrue to ~~a certain fund~~ the Fund; requiring the Comptroller  
 7 to account for the ~~fund~~ Fund; directing the Commission to use certain gifts and  
 8 grants for the ~~fund~~ Fund in a certain manner; specifying the contents of the  
 9 Fund; specifying the purposes for which the Fund may be used; requiring certain  
 10 ~~funds~~ money not awarded to remain in ~~a certain fund~~ the Fund; requiring the  
 11 Commission to prepare a certain annual report regarding the ~~fund~~ Fund;  
 12 requiring the Governor to make ~~a certain~~ an appropriation in the State budget  
 13 ~~from a certain fund~~ for a certain purpose; ~~authorizing funds from the Education~~  
 14 ~~Trust Fund to be used for a certain purpose~~; exempting the Fund from a certain  
 15 provision of law requiring interest on State money in special funds to accrue to  
 16 the General Fund of the State; defining certain terms; and generally relating to  
 17 the establishment of the Maryland First Scholarship.

18 BY repealing and reenacting, without amendments,  
 19 Article – Education  
 20 Section 18–101  
 21 Annotated Code of Maryland  
 22 (2008 Replacement Volume and 2012 Supplement)

23 BY adding to  
 24 Article – Education  
 25 Section 18–2901 to be under the new subtitle “Subtitle 29. Maryland First  
 26 Scholarship”  
 27 Annotated Code of Maryland  
 28 (2008 Replacement Volume and 2012 Supplement)

29 ~~BY repealing and reenacting, with amendments,~~  
 30 ~~Article – State Government~~  
 31 ~~Section 9–1A–30~~  
 32 ~~Annotated Code of Maryland~~  
 33 ~~(2009 Replacement Volume and 2012 Supplement)~~

34 BY repealing and reenacting, without amendments,  
 35 Article – State Finance and Procurement  
 36 Section 6–226(a)(2)(i)  
 37 Annotated Code of Maryland  
 38 (2009 Replacement Volume and 2012 Supplement)

39 BY repealing and reenacting, with amendments,  
 40 Article – State Finance and Procurement  
 41 Section 6–226(a)(2)(ii)69. and 70.  
 42 Annotated Code of Maryland

1 (2009 Replacement Volume and 2012 Supplement)

2 BY adding to

3 Article – State Finance and Procurement

4 Section 6–226(a)(2)(ii)71.

5 Annotated Code of Maryland

6 (2009 Replacement Volume and 2012 Supplement)

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 18–101.

- 11 (a) In this title the following words have the meanings indicated.
- 12 (b) “Commission” means the Maryland Higher Education Commission.
- 13 (c) “Office” means the Office of Student Financial Assistance.
- 14 (d) “Secretary” means the Secretary of Higher Education.

15 **SUBTITLE 29. MARYLAND FIRST SCHOLARSHIP.**

16 18–2901.

17 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
18 MEANINGS INDICATED.

19 (2) “ELIGIBLE INSTITUTION” MEANS A PUBLIC OR PRIVATE  
20 NONPROFIT INSTITUTION OF HIGHER EDUCATION IN THE STATE THAT  
21 POSSESSES A CERTIFICATE OF APPROVAL FROM THE COMMISSION.

22 (3) “FIRST–GENERATION STUDENT” MEANS A STUDENT WHOSE  
23 PARENTS HAVE NOT EARNED A DEGREE FROM AN INSTITUTION OF HIGHER  
24 EDUCATION.

25 (4) “FUND” MEANS THE MARYLAND FIRST SCHOLARSHIP FUND.

26 (5) “SCHOLARSHIP” MEANS THE MARYLAND FIRST  
27 SCHOLARSHIP.

28 (B) THERE IS A MARYLAND FIRST SCHOLARSHIP.

1           **(C) AN INDIVIDUAL MAY APPLY TO THE OFFICE FOR THE SCHOLARSHIP**  
2 **IF THE INDIVIDUAL:**

3                   **(1) IS A RESIDENT OF THE STATE;**

4                   **(2) (I) IS ACCEPTED FOR ADMISSION OR ENROLLED IN THE**  
5 **REGULAR UNDERGRADUATE PROGRAM AT AN ELIGIBLE INSTITUTION; OR**

6                               **(II) IS ACCEPTED FOR ADMISSION OR ENROLLED IN A**  
7 **2-YEAR TERMINAL CERTIFICATE PROGRAM IN WHICH THE COURSE WORK IS**  
8 **ACCEPTABLE FOR TRANSFER CREDIT FOR AN ACCREDITED BACCALAUREATE**  
9 **PROGRAM IN AN ELIGIBLE INSTITUTION;**

10                   **(3) (I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS PARAGRAPH,**  
11 **ATTAINED A CUMULATIVE GRADE POINT AVERAGE OF AT LEAST 3.0 ON A 4.0**  
12 **SCALE OR ITS EQUIVALENT AT THE END OF THE FIRST SEMESTER OF THE**  
13 **SENIOR YEAR OF HIGH SCHOOL; OR**

14                               **(II) HAS COMPLETED 40 HOURS OF VERIFIABLE**  
15 **COMMUNITY SERVICE IN THE YEAR BEFORE APPLYING FOR THE SCHOLARSHIP**  
16 **IF THE INDIVIDUAL GRADUATED FROM HIGH SCHOOL MORE THAN 4 YEARS**  
17 **PRIOR TO ENROLLING IN AN ELIGIBLE INSTITUTION;**

18                   **(4) DEMONSTRATES FINANCIAL NEED; ~~AND~~**

19                   **(5) IS A FIRST-GENERATION STUDENT; AND**

20                   **(6) MEETS ANY OTHER CRITERIA ESTABLISHED BY THE OFFICE.**

21           **(D) IN ADDITION TO PROVIDING ANY OTHER INFORMATION THE OFFICE**  
22 **REQUIRES, EACH APPLICANT SHALL DESCRIBE THE TYPES OF COMMUNITY**  
23 **SERVICE COMPLETED DURING HIGH SCHOOL OR IN THE YEAR BEFORE**  
24 **APPLYING FOR THE SCHOLARSHIP.**

25           **(E) A SCHOLARSHIP AWARDED UNDER THIS SECTION:**

26                   **(1) MAY BE USED FOR THE TUITION AND MANDATORY FEES AND**  
27 **ROOM AND BOARD FOR ON-CAMPUS HOUSING AT ANY ELIGIBLE INSTITUTION;**  
28 **AND**

29                   **(2) MAY BE IN AN ANNUAL AMOUNT UP TO:**

1                   **(I) 50% OF THE TUITION AND MANDATORY FEES CHARGED**  
2 **TO THE RECIPIENT IF THE RECIPIENT IS ENROLLED AS AN UNDERGRADUATE**  
3 **STUDENT AT A 4-YEAR PUBLIC ELIGIBLE INSTITUTION;**

4                   **(II) 75% OF THE TUITION AND MANDATORY FEES CHARGED**  
5 **TO THE RECIPIENT IF THE RECIPIENT IS ENROLLED AT A 2-YEAR PUBLIC**  
6 **ELIGIBLE INSTITUTION;**

7                   **(III) 50% OF THE ANNUAL AVERAGE TUITION AND**  
8 **MANDATORY FEES OF A RESIDENT UNDERGRADUATE STUDENT AT THE 4-YEAR**  
9 **PUBLIC INSTITUTIONS OF HIGHER EDUCATION WITHIN THE UNIVERSITY**  
10 **SYSTEM OF MARYLAND, OTHER THAN THE UNIVERSITY OF MARYLAND**  
11 **UNIVERSITY COLLEGE AND UNIVERSITY OF MARYLAND, BALTIMORE, IF THE**  
12 **RECIPIENT IS ENROLLED AT A 4-YEAR PRIVATE NONPROFIT ELIGIBLE**  
13 **INSTITUTION; OR**

14                   **(VI) 75% OF THE ANNUAL AVERAGE OUT-OF-COUNTY**  
15 **TUITION AND MANDATORY FEES OF A STUDENT AT THE 2-YEAR PUBLIC**  
16 **INSTITUTIONS IF THE RECIPIENT IS ENROLLED IN A 2-YEAR TERMINAL**  
17 **CERTIFICATE PROGRAM UNDER SUBSECTION (C)(2)(II) OF THIS SECTION.**

18                   **(F) EACH SCHOLARSHIP RECIPIENT SHALL MAINTAIN A GRADE POINT**  
19 **AVERAGE OF AT LEAST 3.0 ON A 4.0 SCALE TO BE DETERMINED AT THE END OF**  
20 **THE ACADEMIC YEAR DURING WHICH THE RECIPIENT HELD THE AWARD AND**  
21 **BEFORE THE RECIPIENT'S REENROLLMENT FOR THE NEXT ACADEMIC YEAR.**

22                   **(G) ~~EACH~~ SUBJECT TO SUBSECTION (F) OF THIS SECTION, EACH**  
23 **SCHOLARSHIP RECIPIENT MAY HOLD THE AWARD FOR:**

24                   **(1) 5 YEARS OF FULL-TIME STUDY OR 8 YEARS OF PART-TIME**  
25 **STUDY AT A 4-YEAR ELIGIBLE INSTITUTION; OR**

26                   **(2) 3 YEARS OF FULL-TIME STUDY OR 4 YEARS OF PART-TIME**  
27 **STUDY AT A 2-YEAR ELIGIBLE INSTITUTION.**

28                   **(H) A SCHOLARSHIP APPLICANT OR RECIPIENT SHALL FILE FOR**  
29 **FEDERAL AND STATE FINANCIAL AID BY MARCH 1 OF EACH YEAR.**

30                   **(I) (1) THERE IS A MARYLAND FIRST SCHOLARSHIP FUND IN THE**  
31 **COMMISSION.**

32                   ~~**(2) ALL PROCEEDS APPROPRIATED TO THE FUND UNDER THIS**~~  
33 ~~**SECTION SHALL BE CREDITED TO THE FUND.**~~

1           **(2) THE PURPOSE OF THE FUND IS TO PROVIDE MONEY FOR**  
2 **SCHOLARSHIP AWARDS UNDER THIS SECTION AND FOR ADMINISTRATIVE**  
3 **EXPENSES INCURRED BY THE COMMISSION IN MAKING SCHOLARSHIP AWARDS**  
4 **UNDER THIS SECTION.**

5           **(3) THE COMMISSION SHALL ADMINISTER THE FUND.**

6           **(4) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**  
7 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

8           **(5) (I) THE STATE TREASURER SHALL HOLD THE FUND**  
9 **SEPARATELY AND SHALL INVEST THE MONEY IN THE FUND IN THE SAME**  
10 **MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

11                   **(II) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**  
12 **CREDITED TO THE FUND.**

13           **(6) THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

14           **(7) THE COMMISSION:**

15                   **(I) MAY ACCEPT ANY GIFT OR GRANT FROM ANY PERSON**  
16 **FOR THE FUND;**

17                   **(II) SHALL USE ANY GIFT OR GRANT THAT IT RECEIVES FOR**  
18 **A SCHOLARSHIP FROM THE FUND; AND**

19                   **(III) SHALL DEPOSIT ANY GIFT OR GRANT THAT IT RECEIVES**  
20 **FOR THE FUND WITH THE STATE TREASURER.**

21           **(8) THE FUND CONSISTS OF:**

22                   **(I) MONEY APPROPRIATED IN THE STATE BUDGET TO THE**  
23 **FUND;**

24                   **(II) GIFTS OR GRANTS RECEIVED BY THE COMMISSION FOR**  
25 **THE FUND;**

26                   **(III) INVESTMENT EARNINGS OF THE FUND; AND**

27                   **(IV) ANY OTHER MONEY FROM ANY OTHER SOURCE**  
28 **ACCEPTED FOR THE BENEFIT OF THE FUND.**

29           **(9) THE FUND MAY BE USED ONLY FOR:**

1                    (I) MAKING SCHOLARSHIP AWARDS UNDER THIS SECTION;  
 2 AND

3                    (II) ADMINISTRATIVE EXPENSES INCURRED BY THE  
 4 COMMISSION IN MAKING SCHOLARSHIP AWARDS UNDER THIS SECTION.

5                    ~~(8)~~ (10) MONEY PROVIDED TO THE FUND THAT IS NOT  
 6 AWARDED BY THE END OF THE FISCAL YEAR SHALL REMAIN IN THE FUND.

7                    ~~(9)~~ (11) (I) AT THE END OF THE FISCAL YEAR, THE  
 8 COMMISSION SHALL PREPARE AN ANNUAL REPORT OF THE FUND THAT  
 9 INCLUDES AN ACCOUNTING OF ALL FINANCIAL RECEIPTS AND EXPENDITURES  
 10 TO AND FROM THE FUND.

11                    (II) THE COMMISSION SHALL SUBMIT A COPY OF THE  
 12 REPORT TO THE GENERAL ASSEMBLY IN ACCORDANCE WITH § 2-1246 OF THE  
 13 STATE GOVERNMENT ARTICLE.

14                    (J) THE GOVERNOR ANNUALLY SHALL INCLUDE FUNDS IN THE STATE  
 15 BUDGET FOR EACH FISCAL YEAR AN APPROPRIATION OF \$10,000,000 FROM THE  
 16 EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-30 OF THE STATE  
 17 GOVERNMENT ARTICLE TO THE MARYLAND FIRST SCHOLARSHIP FUND TO BE  
 18 USED TO IMPLEMENT THIS SECTION.

19                    ~~Article State Government~~

20 ~~9-1A-30.~~

21                    ~~(a) There is an Education Trust Fund which is a special, nonlapsing fund~~  
 22 ~~that is not subject to § 7-302 of the State Finance and Procurement Article.~~

23                    ~~(b) (1) There shall be credited to the Education Trust Fund all proceeds~~  
 24 ~~allocated to the Fund under § 9-1A-27 of this subtitle.~~

25                    ~~(2) Money in the Education Trust Fund shall be invested and~~  
 26 ~~reinvested by the Treasurer, and interest and earnings shall accrue to the Fund.~~

27                    ~~(c) Money in the Education Trust Fund shall be used to:~~

28                    ~~(1) provide funding for public elementary and secondary education,~~  
 29 ~~through continuation of the funding and formulas established under the programs~~  
 30 ~~commonly known as the Bridge to Excellence in Public Schools Act, first enacted by~~  
 31 ~~Chapter 288 of the Acts of the General Assembly of 2002, including the funding for~~  
 32 ~~regional differences in the cost of education under § 5-202(f) of the Education Article;~~

1 ~~(2) provide funds to construct public school buildings and provide~~  
 2 ~~public school capital improvements in accordance with §§ 5-301 through 5-303 of the~~  
 3 ~~Education Article;~~

4 ~~(3) provide funds for capital projects at community colleges and public~~  
 5 ~~senior higher education institutions; [and]~~

6 ~~(4) provide funds to expand public early childhood education programs~~  
 7 ~~in the State; AND~~

8 ~~(5) PROVIDE FUNDS FOR STUDENT FINANCIAL ASSISTANCE TO~~  
 9 ~~ATTEND INSTITUTIONS OF HIGHER EDUCATION IN THE STATE.~~

10 ~~(d) Expenditures from the Education Trust Fund shall be made each fiscal~~  
 11 ~~year in accordance with the State budget.~~

12 *Article – State Finance and Procurement*

13 6-226.

14 *(a) (2) (i) Notwithstanding any other provision of law, and unless*  
 15 *inconsistent with a federal law, grant agreement, or other federal requirement or with*  
 16 *the terms of a gift or settlement agreement, net interest on all State money allocated by*  
 17 *the State Treasurer under this section to special funds or accounts, and otherwise*  
 18 *entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to*  
 19 *the General Fund of the State.*

20 *(ii) The provisions of subparagraph (i) of this paragraph do not*  
 21 *apply to the following funds:*

22 69. the Maryland Legal Services Corporation Fund; [and]

23 70. Mortgage Loan Servicing Practices Settlement Fund;

24 AND

25 71. THE MARYLAND FIRST SCHOLARSHIP FUND.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 27 July 1, 2013.