

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

Senate Bill 75

(Senators Feldman and Jennings)

Education, Health, and Environmental Affairs

Ways and Means

Task Force to Study a Program for Interest-Free Loans to STEM College
Students in Maryland

This bill establishes the Task Force to Study a Program for Interest-Free Loans to Science, Technology, Engineering, and Math (STEM) College Students in Maryland. The Maryland Higher Education Commission (MHEC) must provide staff for the task force. A report with findings and recommendations is due by June 30, 2016.

The bill takes effect July 1, 2015, and terminates June 30, 2017.

Fiscal Summary

State Effect: Any expense reimbursements for task force members and staffing costs for MHEC are assumed to be minimal and absorbable within existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force must study and make recommendations regarding:

- interest-free loans or other financing methods employed by other states for students attending college within those states, including those limited to students engaged in STEM curricula;

- the use of public-private partnerships to provide funding, in whole or in part, for students engaged in STEM curricula who are employed in the State following completion of a course of study;
- the performance of secondary schools or courses of study in preparing students for college or postsecondary education courses of study in STEM curricula;
- the potential benefits of creating additional manufacturing or technology jobs in the State related to employment that is connected with research or similar activities at Maryland military installations; and
- the efficacy of a pilot project to provide State assistance to college students engaged in STEM curricula in a local jurisdiction adjacent to a military installation in the State that is engaged in research or similar activities.

Current Law/ Background: A few states, colleges, universities, and charities across the United States offer interest-free student loans. For example, the Massachusetts No Interest Loan (NIL) program was created to provide eligible, needy Massachusetts residents attending postsecondary education institutions in Massachusetts with a state-funded zero-interest loan. Students have a period of 10 years to repay their NIL loans. The minimum initial NIL award a student can receive is \$1,000, with a maximum award amount of \$4,000 per academic year. NIL award amounts are determined according to financial need. A NIL-eligible student has a lifetime borrowing limit of \$20,000. In Maryland, the nonprofit Central Scholarship Bureau offers a certain amount of interest-free student loans to certain individuals who live within 200 miles of Baltimore City.

STEM fields generally include physical and biological sciences, computer sciences, information systems, engineering (*e.g.*, civil, electrical, and mechanical), and mathematics.

In 2012, public and private institutions of higher education in Maryland awarded approximately 10,700 associate's, bachelor's, master's, and doctorate degrees in STEM fields. In fiscal 2014, 7,714 students received a STEM degree from a University System of Maryland institution.

Additional Information

Prior Introductions: SB 523 of 2014 passed the Senate and was referred to the House Rules and Executive Nominations Committee, but no further action was taken.

Cross File: None.

Information Source(s): Maryland Higher Education Commission, *U.S. News and World Report*, Massachusetts Office of Student Financial Assistance, Central Scholarship Bureau of Maryland, Department of Legislative Services

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md/rhh

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