

# SENATE BILL 327

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CF HB 266

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By: **Senators Young, Klausmeier, Eckardt, Guzzone, Muse, and Rosapepe**

Introduced and read first time: January 24, 2017

Assigned to: Education, Health, and Environmental Affairs

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 13, 2017

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Public Senior Higher Education Institutions – Financial Aid – Reduction**  
3 **Restrictions**

4 FOR the purpose of ~~regulating how public senior higher education institutions may adjust~~  
5 ~~funds awarded by the institution when the total amount of financial aid awarded to~~  
6 ~~a student exceeds the student's demonstrated financial need;~~ authorizing financial  
7 aid awarded by a public senior higher education institution to be reduced only under  
8 certain circumstances; ~~and up to a certain amount; prohibiting financial aid awarded~~  
9 ~~by a public senior higher education institution from being reduced under certain~~  
10 ~~circumstances; requiring certain financial aid to be reduced in a specific order;~~  
11 authorizing financial aid awarded by a public senior higher education institution to  
12 be reduced up to a certain amount under certain circumstances; defining certain  
13 terms; providing for the construction of this Act; making the provisions of this Act  
14 severable; and generally relating to financial aid at public senior higher education  
15 institutions.

16 BY adding to  
17 Article – Education  
18 Section 15–121  
19 Annotated Code of Maryland  
20 (2014 Replacement Volume and 2016 Supplement)

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

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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.



## Article – Education

15-121.

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

(2) “COST OF ATTENDANCE” HAS THE MEANING STATED IN 20 U.S.C.A. § 1087LL.

~~(3) “DEMONSTRATED FINANCIAL NEED” MEANS COST OF ATTENDANCE MINUS EXPECTED FAMILY CONTRIBUTION.~~

~~(4) (3) “EXPECTED FAMILY CONTRIBUTION” MEANS THE AMOUNT DETERMINED IN ACCORDANCE WITH 20 U.S.C.A. § 1087NN.~~

~~(5) “FINANCIAL AID” INCLUDES:~~

~~(I) INSTITUTIONAL-BASED FINANCIAL AID;~~

~~(II) SCHOLARSHIPS, GRANTS, WORK STUDY, AND LOANS OFFERED BY ANY INSTRUMENTALITY OF THE FEDERAL OR STATE GOVERNMENT; AND~~

~~(III) PRIVATE SCHOLARSHIPS.~~

~~(6) (I) “INSTITUTIONAL-BASED FINANCIAL AID” MEANS SCHOLARSHIPS, GRANTS, WORK STUDY, AND LOANS OFFERED BY A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION.~~

~~(II) “INSTITUTIONAL-BASED FINANCIAL AID” DOES NOT INCLUDE FINANCIAL AID OFFERED BY ANY INSTRUMENTALITY OF THE FEDERAL OR STATE GOVERNMENT.~~

(4) “FINANCIAL NEED” MEANS COST OF ATTENDANCE MINUS EXPECTED FAMILY CONTRIBUTION.

(5) “GIFT AID” MEANS ALL FINANCIAL AID THAT IS NOT A LOAN OR WORK-STUDY PROGRAM, INCLUDING GRANTS, SCHOLARSHIPS, TUITION WAIVERS, AND THIRD PARTY PAYMENTS.

(6) “INSTITUTIONAL GIFT AID” MEANS GIFT AID THAT IS FUNDED BY A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION.

1           (7) (I) "PRIVATE SCHOLARSHIPS" MEANS SCHOLARSHIPS  
2 AWARDED BY COMPANIES, PRIVATE FOUNDATIONS, NONPROFIT ORGANIZATIONS,  
3 AND SERVICE GROUPS.

4           ~~(8) "UNMET FINANCIAL NEED" MEANS THE STUDENT'S~~  
5 ~~DEMONSTRATED FINANCIAL NEED IS GREATER THAN THE STUDENT'S;~~

6           ~~(I) INSTITUTIONAL BASED FINANCIAL AID; AND~~

7           ~~(II) SCHOLARSHIPS, GRANTS, WORK STUDY, AND LOANS~~  
8 ~~OFFERED BY ANY INSTRUMENTALITY OF THE FEDERAL OR STATE GOVERNMENT.~~

9           (II) "PRIVATE SCHOLARSHIPS" DOES NOT INCLUDE AWARDS  
10 FUNDED BY A PRIVATE ORGANIZATION THAT:

11                   1. IS AFFILIATED WITH A HIGHER EDUCATION  
12 INSTITUTION; AND

13                   2. REQUESTS THE HIGHER EDUCATION INSTITUTION'S  
14 ASSISTANCE IN SELECTING RECIPIENTS.

15           ~~(B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION AND~~  
16 ~~SUBJECT TO SUBSECTION (D) OF THIS SECTION, IF THE TOTAL AMOUNT OF~~  
17 ~~FINANCIAL AID AWARDED TO A STUDENT EXCEEDS THE STUDENT'S DEMONSTRATED~~  
18 ~~FINANCIAL NEED, A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION MAY REDUCE~~  
19 ~~THE STUDENT'S INSTITUTIONAL BASED FINANCIAL AID AWARD UP TO THE AMOUNT~~  
20 ~~THAT EXCEEDS THE STUDENT'S DEMONSTRATED FINANCIAL NEED.~~

21           ~~(C) A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION MAY NOT REDUCE~~  
22 ~~A STUDENT'S INSTITUTIONAL BASED FINANCIAL AID AWARD IF:~~

23                   (1) ~~THE STUDENT HAS UNMET FINANCIAL NEED AT THE TIME THE~~  
24 ~~INSTITUTION SENDS ITS FINANCIAL AID AWARD NOTICE TO THE STUDENT;~~

25                   (2) ~~THE STUDENT RECEIVES ADDITIONAL FINANCIAL AID INTENDED~~  
26 ~~TO FILL ALL OR A PORTION OF THE UNMET FINANCIAL NEED; AND~~

27                   (3) ~~THE TOTAL AMOUNT OF FINANCIAL AID AWARDED IS LESS THAN~~  
28 ~~OR EQUAL TO THE STUDENT'S DEMONSTRATED FINANCIAL NEED.~~

29           ~~(D) A REDUCTION AUTHORIZED UNDER SUBSECTION (B) OF THIS SECTION~~  
30 ~~SHALL BE REDUCED IN THE FOLLOWING ORDER:~~

31                   (1) ~~LOANS;~~

1           ~~(2) WORK STUDY; AND~~

2           ~~(3) GRANTS AND SCHOLARSHIPS.~~

3           **(B) A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION MAY REDUCE**  
4 **INSTITUTIONAL GIFT AID OFFERS AS A RESULT OF PRIVATE SCHOLARSHIP AWARDS**  
5 **ONLY UNDER THE CIRCUMSTANCES DESCRIBED IN SUBSECTIONS (C) THROUGH (E)**  
6 **OF THIS SECTION.**

7           **(C) IF A STUDENT'S TOTAL GIFT AID FROM ALL SOURCES EXCEEDS THE**  
8 **STUDENT'S FINANCIAL NEED, A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION**  
9 **MAY REDUCE THE STUDENT'S INSTITUTIONAL GIFT AID UNTIL THE STUDENT'S**  
10 **TOTAL GIFT AID NO LONGER EXCEEDS THE STUDENT'S FINANCIAL NEED.**

11           **(D) IN ADDITION TO THE REDUCTION AUTHORIZED IN SUBSECTION (C) OF**  
12 **THIS SECTION, A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION MAY FURTHER**  
13 **REDUCE A STUDENT'S INSTITUTIONAL GIFT AID IF THE INSTITUTION RECEIVES**  
14 **APPROVAL FROM THE ORGANIZATION THAT AWARDED THE PRIVATE SCHOLARSHIP**  
15 **FUNDS THAT TRIGGERED THE REDUCTION AUTHORIZED IN SUBSECTION (C) OF THIS**  
16 **SECTION.**

17           **(E) A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION MAY REDUCE A**  
18 **STUDENT ATHLETE'S INSTITUTIONAL GIFT AID IN ORDER TO COMPLY WITH THE**  
19 **NATIONAL COLLEGIATE ATHLETIC ASSOCIATION'S INDIVIDUAL OR TEAM**  
20 **FINANCIAL AID RESTRICTIONS.**

21           SECTION 2. AND BE IT FURTHER ENACTED, That nothing in this Act may be  
22 construed to violate the provisions of federal law or regulations relating to the award of any  
23 need-based financial aid or any federal aid.

24           SECTION 3. AND BE IT FURTHER ENACTED, That, if any provision of this Act or  
25 the application thereof to any person or circumstance is held invalid for any reason in a  
26 court of competent jurisdiction, the invalidity does not affect other provisions or any other  
27 application of this Act that can be given effect without the invalid provision or application,  
28 and for this purpose the provisions of this Act are declared severable.

29           SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
30 1, 2017.