

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulations  
Maryland Higher Education Commission  
(DLS Control No. 15-143)**

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**Overview and Legal and Fiscal Impact**

These regulations set forth the policies and procedures that implement the Janet L. Hoffman Loan Assistance Repayment Program.

The regulations present no legal issue of concern.

There is no fiscal impact on State or local agencies.

**Regulations of COMAR Affected**

**Maryland Higher Education Commission:**

Financial Aid: Janet L Hoffman Loan Assistance Repayment Program:  
COMAR 13B.08.02.01-.12

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**Legal Analysis**

**Background**

In order to increase transparency with its scholarship and financial aid programs, the Office of Student Financial Assistance in the Maryland Higher Education Commission has initiated an ongoing process to convert all financial aid program guidelines into regulations by the end of 2015. The Janet L. Hoffman Loan Assistance Repayment Program provides assistance with loan repayment to individuals who work in fields of employment in the public sector that experience critical manpower shortages such as law, nursing, and teaching.

**Summary of Regulations**

The regulations implement the Janet L. Hoffman Loan Assistance Repayment Program. More specifically, the regulations:

- establish the purpose of the program;
- establish the eligibility criteria for an applicant to receive an award from the program;
- establish application procedures;
- establish parameters and priorities for disbursement and distribution of awards;

- identify priority fields of employment;
- establish a schedule for announcing award decisions;
- set award limits based on an applicant's total debt;
- require a recipient to lock in to an award level and a set amount of an award;
- require a recipient to, among other things, provide the office with a written acceptance of the award, sign a promissory note, and sign an agreement related to the employment obligation of the program;
- establish eligibility requirements for a recipient to receive a monthly or an annual payment;
- state that an award will be canceled if the recipient fails to notify the office that they receive other loan repayment assistance;
- establish terms for repayment, including accrual of interest and repayment of the award if the recipient neglects to meet the obligations of the program;
- establish terms and procedures for deferment and waiver of repayment; and
- require the office to submit an annual report on implementation of the program to the General Assembly by January 1 of each year.

### **Legal Issue**

The regulations present no legal issue of concern.

### **Statutory Authority and Legislative Intent**

The commission cites §§ 11-105(u), 18-204(c), and 18-1503 of the Education Article as statutory authority for the regulations. Section 11-105(u) authorizes the commission to adopt regulations necessary to carry out its powers and duties. Section 18-204(c) authorizes the office to adopt regulations to carry out its powers and duties, one of which is to administer student financial assistance programs. Section 18-1503 requires the office to adopt regulations to establish income eligibility and a priority ranking for participation in the program and authorizes the office to adopt any other regulations necessary to implement the program.

More relevant statutory authority are §§ 18-1501 through 18-1505 of the Education Article, under which the scholarship is established. In addition to § 18-1503 discussed above, § 18-1502 requires the office to assist in the repayment of a higher education loan owed by specified individuals. Section 18-1504 specifies that funds for the program must be provided on an annual basis in the State budget. Section 18-1505 requires the office to report annually to the General Assembly regarding implementation of the program.

With the addition of §§ 18-1501 through 18-1505 of the Education Article, this authority is correct and complete. The regulations comply with the legislative intent of the law.

### **Technical Corrections and Special Notes**

The commission has notified the Department of Legislative Services that several revisions will be made to the regulations. These include:

- adding §§ 18-1501 through 18-1505 of the Education Article as legal authority for the regulations;
- in Regulation .04B, removing the reference to payments being made in “annual” amounts in light of the statutory authority in § 18-1503(a)(5) as referenced in .08A that payments may be made monthly under specified circumstances;
- adding to the regulations the requirements in § 18-1503(a)(6) and (7), requiring that an eligible individual apply to federal loan forgiveness programs for which the individual may qualify and that an eligible individual notify the office if the individual receives other loan repayment assistance, respectively; and
- making several stylistic, technical, and clarifying changes to Regulations .03A(3), .04C(4), .07, .08, .09, .10A(1) and D, and .11.

### **Fiscal Analysis**

There is no fiscal impact on State or local agencies.

### **Agency Estimate of Projected Fiscal Impact**

The commission advises that the regulations codify existing guidelines and practices (both written and unwritten) developed by the commission regarding the Janet L. Hoffman Loan Assistance Repayment Program (LARP) and have no impact on State or local governments. The Department of Legislative Services concurs to the extent that the regulations do not modify current practice. The Hoffman LARP was established by Chapter 246 of 1988 and has been modified significantly over the years; however, no regulations regarding the loan repayment program have been promulgated.

### **Impact on Budget**

There is no impact on the State operating or capital budget.

### **Agency Estimate of Projected Small Business Impact**

The commission advises that the regulations have minimal or no economic impact on small businesses in the State.

## **Contact Information**

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