

MARYLAND REGISTER

## Proposed Action on Regulations

<b>Transmittal Sheet</b>  <b>PROPOSED OR REPROPOSED</b>  <b>Actions on Regulations</b>	<b>Date Filed with AELR Committee</b>	<b>TO BE COMPLETED BY DSD</b>
	07/02/2015	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

**1. Desired date of publication in Maryland Register: 7/24/2015**

**2. COMAR Codification**

**Title Subtitle Chapter Regulation**

13B 08 02 .01-.12

**3. Name of Promulgating Authority**

Maryland Higher Education Commission

**4. Name of Regulations Coordinator**

Tonya L Johnson

**Telephone Number**

410-767-3312

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6 N. Liberty St., 10th Floor

**City State Zip Code**

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**5. Name of Person to Call About this Document**

Mark Blom

**Telephone No.**

410-767-3311

**Email Address**

mark.blom@maryland.gov

**6. Check applicable items:**

- New Regulations

Amendments to Existing Regulations

    Date when existing text was downloaded from COMAR online: .

Repeal of Existing Regulations

Recodification

Incorporation by Reference of Documents Requiring DSD Approval

Reproposal of Substantively Different Text:

:                      Md. R  
(vol.)    (issue)                      (page nos)                      (date)

Under Maryland Register docket no.: --P.

**7. Is there emergency text which is identical to this proposal:**

Yes - No

**8. Incorporation by Reference**

Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

**9. Public Body - Open Meeting**

- OPTIONAL - If promulgating authority is a public body, check to include a sentence in the Notice of Proposed Action that proposed action was considered at an open meeting held pursuant to State Government Article, §10-506(c), Annotated Code of Maryland.

- OPTIONAL - If promulgating authority is a public body, check to include a paragraph that final action will be considered at an open meeting.

**10. Children's Environmental Health and Protection**

Check if the system should send a copy of the proposal to the Children's Environmental Health and Protection Advisory Council.

**11. Certificate of Authorized Officer**

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by Mark Blom, Assistant Attorney General, (telephone #410-767-3311) on 7/2/2015. A written copy of the approval is on file at this agency.

**Name of Authorized Officer**

Mark Blom

**Title**

Assistant Attorney General

**Telephone No.**

410-767-3311

**Date**

7/2/2015

**Title 13B**  
**B MARYLAND HIGHER EDUCATION COMMISSION**

**Subtitle 08 FINANCIAL AID**

**13B.08.02 Janet L Hoffman Loan Assistance Repayment Program**

Authority: Education Article §§ 18-1503, 18-204(c), and 11-105(u), Annotated Code of Maryland.

**Notice of Proposed Action**

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The Maryland Higher Education Commission proposes to add Chapter 02 Janet L Hoffman Loan Assistance Repayment Program under Subtitle 08 FINANCIAL AID.

This action was considered by the Commission at an open meeting held on May 27, 2015, notice of which was given as required by the General Provisions Article, §3-302, Annotated Code of Maryland.

**Statement of Purpose**

The purpose of this action is to implement the Janet L. Hoffman Loan Assistance Repayment Program under §18-502 et seq. of the Education Article of the Annotated Code of Maryland.

**Comparison to Federal Standards**

There is no corresponding federal standard to this proposed action.

**Estimate of Economic Impact**

The proposed action has no economic impact.

**Economic Impact on Small Businesses**

The proposed action has minimal or no economic impact on small businesses.

**Impact on Individuals with Disabilities**

The proposed action has no impact on individuals with disabilities.

**Opportunity for Public Comment**

Comments may be sent to Donna Thomas, Director, Office of Student Financial Assistance, Maryland Higher Education Commission, 6 N Liberty Street, 10th Floor, Baltimore, MD 21201, or call 410-767-3109, or email to [donnae.thomas@maryland.gov](mailto:donnae.thomas@maryland.gov), or fax to 410-332-0250. Comments will be accepted through August 24, 2015. A public hearing has not been scheduled.

## Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 2016

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

Yes

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

General funds.

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

E. If these regulations have no economic impact under Part A, indicate reason briefly:

There are no new implementation costs for these regulations.

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

Small businesses are not impacted by these regulations.

G. Small Business Worksheet:

Attached Document:

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## Title 13B

### MARYLAND HIGHER EDUCATION COMMISSION

#### SUBTITLE 08 FINANCIAL AID

##### *Chapter 02 Janet L. Hoffman Loan Assistance Repayment Program*

###### **.01 PURPOSE.**

*A. The purpose of the Janet L. Hoffman Loan Assistance Repayment Program ("Hoffman LARP") is to attract qualified individuals to fields of employment in government and the non-profit sector, particularly those in which there are critical manpower shortages in the State and lower salaries than in the private sector, by providing State assistance in the repayment of educational loans.*

###### **.02 ELIGIBILITY.**

*A. To be eligible for assistance under Hoffman LARP, an applicant shall:*

*(1) Possess:*

*(a) an undergraduate, graduate, or professional degree from a college or university located in Maryland;*

*(b) a law degree from any school of law; or*

*(c) a resident teacher certificate from the Maryland State Department of Education after completing an alternative teaching preparation program approved by the State Superintendent of Education;*

(2) have obtained employment with the State (not including employment as a judicial clerk in any court), a local government, or an organization, institution, association, society, or corporation that is tax exempt under 501(c)3 or (4) of the Internal Revenue Code of 1986;

(3) not be in default on any higher education loan;

(4) have a higher education loan for undergraduate, graduate, professional, or resident teacher certificate study obtained for tuition, educational expenses, or living expenses from a college, university, government, or commercial source; and

(5) meet annual income requirements as established by the Office of Student Financial Assistance.

B. In addition to the eligibility requirements in Regulation .02A, an applicant for a Nancy Grasmick Teacher Award shall have:

(1) taught in a public school in the State for at least 2 years:

(a) in science, technology, engineering, or math; or

(b) in a school in which at least 75% of the students are enrolled in the free and reduced lunch program; and

(2) received the highest performance evaluation rating possible for the most recent year.

C. In addition to the eligibility requirements in Regulation .02A, an applicant employed as a Licensed Clinical Counselor shall work in a high-need geographic area of the state, as determined by the Department of Health and Mental Hygiene, in one of the following fields:

(1) Licensed Clinical Alcohol and Drug Counselor;

(2) Licensed Clinical Marriage and Family Therapy Counselors; or

(3) Licensed Clinical Professional Counselor.

### **.03 APPLICATION PROCEDURES.**

A. To be considered for the Hoffman LARP, an applicant shall provide:

(1) A completed application;

(2) A copy of the applicant's Maryland tax return for the most recent available year or, if not filed with the state, a copy of the applicant's most recent Federal return. If the applicant has not filed, they must submit verification from the IRS confirming non-filing status;

(3) Proof of graduation from a college or university in Maryland, a school of law, or completion of a resident teacher certificate, as appropriate;

(4) A statement from an eligible employer confirming the nature of the job, length of employment, full-time status, and annual salary; and

(5) Current repayment data on all education loans.

B. Except as provided in Regulation .03C, applications shall be received between July 1 and September 30 of each year.

C. Applications from law school students shall be received between July 1 and December 1 of each year.

D. Each student shall agree to provide any information or documentation requested by the Office of Financial Assistance for the purpose of administering this program and, if requested, shall sign an authorization for the release of information to the Office of Student Financial Assistance for the purpose of administering this program. The student's failure or refusal to provide requested information or a signed release may result in a determination of ineligibility, the cancellation of an award, and the denial of a request for the deferment or waiver of a repayment obligation.

### **.04 SELECTION OF RECIPIENTS.**

A. Recipients will receive an award depending upon their level of debt for a three-year period.

B. Award funds are distributed in annual amounts as long as the recipient remains eligible and continues to submit required annual employment, lender, and tax documentation.

C. Priority for participation in the program will be given to an individual who:

(1) graduated from an institution of higher education in the last three years;

(2) is a resident of Maryland;

(3) is employed on a full-time basis; and

(4) provides, as the principal part of the individual's employment, legal services to low-income residents in the State who cannot afford legal services, nursing services in nursing shortage areas in the State as defined in the Education Article, §18-802, other services in an eligible field of employment in which there is a shortage of qualified practitioners to low income or underserved residents or areas of the State; or qualifies for a Nancy Grasmick Teacher Award.

D. Priority fields of employment are:

(1) legal services;

(2) nursing services;

(3) teachers who qualify for a Nancy Grasmick Teacher Award; and

(4) other fields of employment in which there is a shortage of qualified practitioners providing services to low income or underserved residents or areas of the State as identified by the Office of Student Financial Assistance using appropriate workforce shortage data.

E. No more than 50% of the awards under the Janet L. Hoffman LARP may be awarded to Nancy Grasmick Teacher Scholars.

**.05 AWARDING PROCEDURES.**

A. Eligible applicants employed in priority fields shall be grouped according to the field and the number of awards will be proportionally distributed among priority fields.

B. Within priority fields, individuals shall be ranked according to graduation date, with the most recent graduation date receiving the highest priority, and then application complete date, with the earliest application complete date receiving the highest priority.

C. Under circumstances in which individuals have identical graduation dates and application complete dates, applicants shall be ranked according to income, with the lowest income receiving the highest priority.

D. The top 50% of applicants, determined by the priority rankings, shall receive an award for 3 years and the remaining applicants shall receive an award for 1 year but may reapply annually for two additional years.

E. Except as provided in Regulation .03F, award decisions shall be announced in December of each year.

F. Award decisions for law school students shall be announced in mid-January of each year.

G. The Office of Student Financial Assistance has the authority to verify information concerning applicants and recipients for the purpose of administering this program.

**.06 AWARD CALCULATION.**

A. Awards shall be determined by an applicant's overall reported debt at the time of the application as follows:

Total Debt	Overall Award Limit	Yearly Payment
\$75,001 – Over	\$30,000	\$10,000
\$40,001 - \$75,000	\$18,000	\$6,000
\$15,001 - \$40,000	\$9,000	\$3,000
\$15,000 – below	\$4,500*	\$1,500

\* Payment amount cannot exceed total debt; amount will be adjusted

B. Recipients shall lock in to an award level that contains set award amounts for each year the recipient continues to remain eligible.

C. Payments vary for each award level.

D. One time one-year only award amounts shall be equivalent to the yearly payment for the overall debt range for the applicant.

**.07 OBLIGATION OF AWARD RECIPIENTS.**

A. A recipient shall furnish OSFA with written acceptance of the award and sign a promissory note and service obligation agreement with OSFA.

B. The promissory note and service obligation agreement shall include:

- (1) The obligations of the recipient;
- (2) The total and annual amounts of the award;
- (3) Penalties for breach of contract;
- (4) Circumstances under which the obligation may be cancelled, suspended, or waived; and
- (5) Any other terms the Secretary considers necessary.

C. A recipient shall:

- (1) Verify eligible employment and salary level initially, after six months, and at the end of each year in the program;
- (2) Verify the current status on all education loans each year in the program;
- (3) Submit a copy of their Maryland tax returns for any year during which an award is received, and a copy of their Federal return if requested; and
- (4) Notify OSFA and their lending institutions of any change in employment status and/or salary level.

**.08 PAYMENT.**

A. Recipients of the Hoffman LARP are eligible to receive a monthly or annual payment.

B. A recipient is eligible for the monthly loan repayment option under the following conditions and provisions:

- (1) The recipient applies to a federal loan forgiveness program;
- (2) The recipient notifies OSFA, in writing with accompanying documentation, each year by the designated deadline;
- (3) OSFA shall verify the recipient's employment and lender verification;
- (4) OSFA shall issue a monthly check co-payable to the student and the lender not to exceed 12 payments;
- (5) Every attempt will be made to issue the check on or before the student's monthly due date as assigned by their lender;
- (6) The student's monthly payment amount shall be a portion of the total annual award amount awarded to the student; and
- (7) The student shall pay any amount owed the lender which is not covered by the monthly payment amount.

C. A recipient who is not in a federal loan forgiveness program or a recipient that applies to a federal loan forgiveness program and declines to receive a monthly repayment option shall receive an annual loan repayment under the following conditions and provisions:

- (1) OSFA shall verify the recipient's employment and lender verification;
- (2) OSFA shall issue an annual check co-payable to the recipient and the lender; and
- (3) The recipient shall endorse the check and forward it to the lender.

D. If a recipient fails to notify OSFA that they receive other loan repayment assistance, their award shall be canceled.

**.09 REPAYMENT.**

A. If a recipient fails to carry out the obligations required under this program, the recipient shall repay the State the amount of the award plus interest.

B. Repayment may be prorated if the recipient partially fulfills the obligation, as determined by the OSFA.

C. Interest on the funds advanced shall accrue at an interest rate equal to the interest rate established by the United States Department of Education for the Federal Stafford Loan on the first day of July of each year.

D. Interest shall begin accruing as of the date the funds were provided to the student.

**.10 DEFERMENT OF REPAYMENT.**

A. A recipient may request that their repayment be deferred under one of the following circumstances:

(1) Unable to secure employment for a period not to exceed twelve (12) months by reason of the care required by a spouse or child who is disabled;

(2) Assigned military duty outside of the State, not to exceed three (3) years without filing an appeal; or

(3) Married to a spouse assigned military duty outside of the State, not to exceed three (3) years without filing an appeal.

B. A recipient's deferment request shall include satisfactory supporting documentation. Such documentation shall consist of the following, as appropriate:

(1) A sworn affidavit by a qualified physician that the recipient is unable to find employment because they must care for a spouse or child who is disabled and;

(2) A copy of military orders.

C. The Office of Student Financial Assistance shall review all documentation and determine if the deferment conditions have been met and, if so, determine the deferment period.

D. A recipient need not make scholarship repayments and interest does not accrue during the period of an approved deferment.

E. The Office of Student Financial Assistance shall, on a case-by-case basis, review appeals from individuals assigned military duty outside the State, or the spouse of an individual assigned military duty outside the State, that exceeds the three (3) year deferral limit. Appeals must be in writing and include a copy of the military orders.

**.11 WAIVER OF REPAYMENT OBLIGATIONS.**

A. The Office of Student Financial Assistance shall waive a recipient's and repayment if it determines:

(1) On the basis of a death certificate or other evidence of death that is conclusive under State law that the recipient has died.

**.12 REPORT.**

A. OSFA shall submit an annual statement by January 1 of each year to the General Assembly on the implementation of the Hoffman LARP.