

HOUSE BILL 152

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2000 Regular Session  
(01r0117)

**ENROLLED BILL**

-- Ways and Means/Economic and Environmental Affairs --

Introduced by **Chairman, Ways and Means Committee (Departmental -  
Higher Education Commission)**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

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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 - Repayment Obligations**

3 FOR the purpose of requiring payment of interest at a certain rate on repayment  
4 obligations for certain programs administered by the Maryland Higher  
5 Education Commission; requiring repayment obligations to commence at a  
6 certain time; altering the method for computing the interest rate to be paid on  
7 certain repayment obligations; making this Act apply retroactively under  
8 certain circumstances; making this Act apply only to certain individuals; and  
9 generally relating to student financial assistance and scholarships administered  
10 by the Maryland Higher Education Commission.

11 BY adding to  
12 Article - Education  
13 Section 18-112  
14 Annotated Code of Maryland  
15 (1999 Replacement Volume)

1 BY repealing and reenacting, with amendments,  
2 Article - Education  
3 Section 18-701(e)(1), 18-1102(d)(1), 18-2002(c)(1), 18-2107(b), 18-2204(a), and  
4 18-2306(d)  
5 Annotated Code of Maryland  
6 (1999 Replacement Volume)

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 18-112.

11 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, REPAYMENT  
12 OBLIGATIONS INCURRED BY RECIPIENTS OF STUDENT FINANCIAL ASSISTANCE,  
13 SCHOLARSHIPS, GRANTS, OR LOANS ADMINISTERED BY THE COMMISSION UNDER  
14 THIS TITLE SHALL BE CALCULATED AT AN INTEREST RATE EQUAL TO AND  
15 MATCHING THE INTEREST RATE ESTABLISHED BY THE UNITED STATES  
16 DEPARTMENT OF EDUCATION FOR THE FEDERAL STAFFORD LOAN ON THE FIRST  
17 DAY OF JULY OF EACH YEAR ~~MINUS 1 PERCENT~~, WITH INTEREST NOT ACCRUING  
18 PRIOR TO NOTIFICATION TO THE COMMISSION OF A RECIPIENT'S GRADUATION OR  
19 TERMINATION FROM AN INSTITUTION OF HIGHER EDUCATION.

20 (B) A RECIPIENT SHALL COMMENCE REPAYMENT OBLIGATIONS INCURRED  
21 UNDER THIS TITLE UPON GRADUATION OR TERMINATION FROM AN INSTITUTION OF  
22 HIGHER EDUCATION.

23 18-701.

24 (e) (1) The recipient of an Economic Development Student Assistance Grant  
25 shall repay the Commission the funds received [plus simple interest that is equal to  
26 the prime rate plus 2 percent calculated from the date of the first payment of the  
27 grant award under this subtitle for any portion of the award not forgiven] AS SET  
28 FORTH IN § 18-112 OF THIS TITLE if the recipient does not:

29 (i) Complete the specified degree, attain the licensure or  
30 certification required, or fulfill other requirements as provided in this subtitle; and

31 (ii) Perform the service obligation as specified in each section of  
32 this subtitle for 1 year for each year that the recipient has a grant awarded under this  
33 subtitle.

34 18-1102.

35 (d) (1) Subject to the provisions of paragraph (2) of this subsection, a  
36 recipient of an award made under this section shall receive an additional \$3,000 for  
37 each year in which the recipient is eligible if the recipient:

1 (i) Enrolls in an approved program of teacher education at an  
2 accredited postsecondary institution in the State; and

3 (ii) Signs an agreement to:

4 1. Commence employment as a teacher in a public school in  
5 the State within 9 months of the completion of undergraduate studies for 1 year for  
6 each year that the scholarship was awarded; and

7 2. Repay the State the additional amounts awarded under  
8 this subsection [and simple interest equal to the prime rate of interest plus 2  
9 percent] AS SET FORTH IN § 18-112 OF THIS TITLE if the recipient does not:

10 A. Complete the teacher education program; and

11 B. Teach in a public school in the State for a period of 1 year  
12 for each year in which the additional amount was awarded.

13 18-2002.

14 (c) A recipient of an award made under this section shall receive the award for  
15 each year indicated in which the recipient is eligible if:

16 (1) The recipient signs an agreement at the time of the initial award to:

17 (i) Commence employment in the State within 1 year after  
18 completion of undergraduate studies for 1 year for each year that the scholarship was  
19 awarded; and

20 (ii) Repay the State the amounts awarded under this subtitle [and  
21 simple interest equal to the prime rate of interest plus 2 percent calculated from the  
22 date of the first payment of the grant award under this subtitle for any portion of the  
23 award] AS SET FORTH IN § 18-112 OF THIS TITLE if the recipient does not:

24 1. Satisfy the degree requirements of the eligible academic  
25 program or fulfill other requirements as provided in this subtitle; and

26 2. Perform the service obligation for 1 year for each year that  
27 the recipient has a scholarship awarded under this subtitle; and

28 (2) The service obligation begins after graduation and cannot be fulfilled  
29 prior to graduation from an eligible institution.

30 18-2107.

31 (b) Repayment shall include [simple] interest [equal to the prime rate of  
32 interest plus 2 percent calculated from the date of the first payment of assistance  
33 awarded under this subtitle.] AS SET FORTH IN § 18-112 OF THIS TITLE.

1 18-2204.

2 (a) Except as provided in subsection (b) of this section, the recipient of a  
3 Maryland Teacher Scholarship shall repay the Commission the funds received [plus  
4 simple interest that is equal to the prime rate of interest plus 2 percent calculated  
5 from the date of the first payment of the grant award under this subtitle for any  
6 portion of the award not forgiven] AS SET FORTH IN § 18-112 OF THIS TITLE if the  
7 recipient does not:

8 (1) Satisfy the degree requirements of the eligible course of study or  
9 program or fulfill other requirements as provided in this subtitle;

10 (2) Perform the service obligation for 1 year for each year that the  
11 recipient has a scholarship awarded under this subtitle; and

12 (3) Become professionally certified to teach in the State of Maryland  
13 within the time period specified by the Commission in consultation with the  
14 Maryland Department of Education.

15 18-2306.

16 (d) A recipient of an award made under this section shall receive the award for  
17 each year indicated in which the recipient is eligible if the recipient signs an  
18 agreement at the time of the initial award to:

19 (1) Commence employment in the State within 1 year after completion of  
20 undergraduate studies for 1 year for each year that the scholarship was awarded; and

21 (2) Repay the State the amounts awarded under this subtitle [and  
22 simple interest equal to the prime rate of interest plus 2 percent calculated from the  
23 date of the first payment of the grant award under this subtitle for any portion of the  
24 award] AS SET FORTH IN § 18-112 OF THIS TITLE if the recipient does not:

25 (i) Satisfy the degree requirements of the eligible institution or  
26 fulfill other requirements as provided in this subtitle; and

27 (ii) Perform the service obligation for 1 year for each year that the  
28 recipient has a scholarship awarded under this subtitle.

29 SECTION 2. AND BE IT FURTHER ENACTED, That, subject to Section 3 of  
30 this Act, the interest terms and repayment conditions provided under § 18-112 of the  
31 Education Article, as enacted by Section 1 of this Act, shall be applied retroactively to  
32 any recipient of a scholarship, grant, or award under Title 18 of the Education Article  
33 who received that scholarship, grant, or award prior to the effective date of this Act.

34 SECTION 3. AND BE IT FURTHER ENACTED, That this Act applies only to a  
35 recipient of a scholarship, grant, or award with a service or repayment obligation that  
36 was made under Title 18 of the Education Article who, on the effective date of this Act,  
37 is in good standing under the program and has not defaulted.

1 SECTION ~~2.4.~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take  
2 effect ~~October~~ July 1, 2000.