
By: **Chairman, Ways and Means Committee (Departmental - Higher Education Commission)**

Introduced and read first time: January 19, 2000

Assigned to: Ways and Means

A BILL ENTITLED

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; and generally relating to student financial
8 assistance and scholarships administered by the Maryland Higher Education
9 Commission.

10 BY adding to

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

15 BY repealing and reenacting, with amendments,

16 Article - Education
17 Section 18-701(e)(1), 18-1102(d)(1), 18-2002(c)(1), 18-2204(a), and 18-2306(d)
18 Annotated Code of Maryland
19 (1999 Replacement Volume)

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

22 **Article - Education**

23 18-112.

24 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, REPAYMENT
25 OBLIGATIONS INCURRED BY RECIPIENTS OF STUDENT FINANCIAL ASSISTANCE,
26 SCHOLARSHIPS, GRANTS, OR LOANS ADMINISTERED BY THE COMMISSION UNDER
27 THIS TITLE SHALL BE CALCULATED AT AN INTEREST RATE EQUAL TO AND

1 MATCHING THE INTEREST RATE ESTABLISHED BY THE UNITED STATES
2 DEPARTMENT OF EDUCATION FOR THE FEDERAL STAFFORD LOAN ON THE FIRST
3 DAY OF JULY OF EACH YEAR MINUS 1 PERCENT, WITH INTEREST NOT ACCRUING
4 PRIOR TO NOTIFICATION TO THE COMMISSION OF A RECIPIENT'S GRADUATION OR
5 TERMINATION FROM AN INSTITUTION OF HIGHER EDUCATION.

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

9 18-701.

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

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

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

20 18-1102.

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

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

26 (ii) Signs an agreement to:

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

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

33 A. Complete the teacher education program; and

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

1 18-2002.

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

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

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

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

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

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

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

18 18-2204.

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

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

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

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

32 18-2306.

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

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

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

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

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

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 October 1, 2000.