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

Introduced and read first time: January 19, 2000
Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted
Read second time: February 22, 2000

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)

16 BY repealing and reenacting, with amendments,
17 Article - Education
18 Section 18-701(e)(1), 18-1102(d)(1), 18-2002(c)(1), 18-2107(b), 18-2204(a), and
19 18-2306(d)
20 Annotated Code of Maryland
21 (1999 Replacement Volume)

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

1

Article - Education

2 18-112.

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

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

15 18-701.

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

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

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

26 18-1102.

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

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

32 (ii) Signs an agreement to:

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

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

4 A. Complete the teacher education program; and

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

7 18-2002.

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

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

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

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

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

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

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

24 18-2107.

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

28 18-2204.

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

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

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

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

6 18-2306.

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

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

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

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

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

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

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

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