
By: **Delegates Rosenberg and Niemann**

Introduced and read first time: January 29, 2004

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Personnel - Student Loan Repayment Program**

3 FOR the purpose of authorizing the head of a principal unit in the Executive Branch
4 of State government to establish, for a certain purpose, a Student Loan
5 Repayment Program under which the principal unit agrees to repay certain
6 student loans previously taken out by certain employees of the principal unit;
7 establishing certain requirements for and limitations on payments made under
8 a Program; establishing certain eligibility requirements for benefits under a
9 Program; requiring the repayment of benefits provided under a Program under
10 certain circumstances; authorizing the State to recover certain amounts in a
11 certain manner; authorizing the head of a principal unit to waive a right of
12 recovery under certain circumstances; requiring that benefits provided under a
13 Program be in addition to salary and other compensation payable to an
14 employee; requiring the Secretary of Budget and Management to adopt certain
15 regulations in a certain manner; establishing certain reporting requirements;
16 defining certain terms; and generally relating to authorizing the heads of
17 principal units in the Executive Branch of State government to establish a
18 Student Loan Repayment Program.

19 BY adding to
20 Article - State Personnel and Pensions
21 Section 10-501 through 10-507, inclusive, to be under the new subtitle "Subtitle
22 5. Student Loan Repayment Program"
23 Annotated Code of Maryland
24 (1997 Replacement Volume and 2003 Supplement)

25 Preamble

26 WHEREAS, To facilitate the recruitment and retention of highly qualified
27 employees, the federal government has established a program under which a federal
28 agency may repay the student loans of its merit employees; and

29 WHEREAS, Authorizing units in the Executive Branch of State government to
30 offer a similar program would enhance the State's ability to recruit and retain highly
31 qualified employees; now, therefore,

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

3 **Article - State Personnel and Pensions**

4 **SUBTITLE 5. STUDENT LOAN REPAYMENT PROGRAM.**

5 10-501.

6 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
7 INDICATED.

8 (B) "INSTITUTION OF HIGHER EDUCATION" HAS THE MEANING STATED IN §
9 10-101 OF THE EDUCATION ARTICLE.

10 (C) "PROGRAM" MEANS A STUDENT LOAN REPAYMENT PROGRAM
11 ESTABLISHED UNDER § 10-503 OF THIS SUBTITLE.

12 (D) "STUDENT LOAN" MEANS A LOAN MADE:

13 (1) BY THE STATE OR FEDERAL GOVERNMENT; AND

14 (2) TO A STUDENT TO PAY EXPENSES RELATED TO THE STUDENT'S
15 ATTENDANCE AT AN INSTITUTION OF HIGHER EDUCATION.

16 10-502.

17 THIS SUBTITLE APPLIES TO:

18 (1) EMPLOYEES IN THE SKILLED SERVICE OR PROFESSIONAL SERVICE
19 OF THE STATE PERSONNEL MANAGEMENT SYSTEM; AND

20 (2) EMPLOYEES IN COMPARABLE POSITIONS IN AN INDEPENDENT
21 PERSONNEL SYSTEM IN THE EXECUTIVE BRANCH OF STATE GOVERNMENT.

22 10-503.

23 (A) TO RECRUIT OR RETAIN HIGHLY QUALIFIED PERSONNEL, THE HEAD OF A
24 PRINCIPAL UNIT IN THE EXECUTIVE BRANCH OF STATE GOVERNMENT MAY
25 ESTABLISH A STUDENT LOAN REPAYMENT PROGRAM UNDER WHICH THE PRINCIPAL
26 UNIT AGREES TO REPAY, BY DIRECT PAYMENTS MADE ON BEHALF OF AN EMPLOYEE
27 OF THE PRINCIPAL UNIT, A STUDENT LOAN PREVIOUSLY TAKEN OUT BY THE
28 EMPLOYEE.

29 (B) ANY PROGRAM ESTABLISHED BY A PRINCIPAL UNIT SHALL BE
30 CONSISTENT WITH THE PROVISIONS OF THIS SUBTITLE AND ANY REGULATIONS
31 ADOPTED UNDER § 10-506 OF THIS SUBTITLE.

1 10-504.

2 PAYMENTS UNDER A PRINCIPAL UNIT'S PROGRAM:

3 (1) SHALL BE MADE FROM EXISTING RESOURCES OF THE PRINCIPAL
4 UNIT;

5 (2) SHALL BE MADE SUBJECT TO THE TERMS, LIMITATIONS, AND
6 CONDITIONS THAT ARE MUTUALLY AGREED TO BY THE PRINCIPAL UNIT AND THE
7 EMPLOYEE APPLYING FOR BENEFITS;

8 (3) MAY NOT EXCEED:

9 (I) \$6,000 FOR ANY ONE EMPLOYEE IN A CALENDAR YEAR; OR

10 (II) A TOTAL OF \$40,000 FOR ANY ONE EMPLOYEE; AND

11 (4) MAY NOT BE MADE TO REIMBURSE AN EMPLOYEE FOR PAYMENTS
12 MADE ON THE EMPLOYEE'S STUDENT LOAN.

13 10-505.

14 (A) TO BE ELIGIBLE FOR BENEFITS UNDER A PRINCIPAL UNIT'S PROGRAM, AN
15 EMPLOYEE MUST AGREE IN WRITING THAT:

16 (1) UNLESS THE EMPLOYEE IS INVOLUNTARILY SEPARATED FROM
17 SERVICE, THE EMPLOYEE WILL REMAIN IN THE SERVICE OF THE PRINCIPAL UNIT
18 FOR THE PERIOD SPECIFIED IN THE AGREEMENT, WHICH MAY NOT BE LESS THAN 3
19 YEARS; AND

20 (2) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE EMPLOYEE
21 WILL REPAY TO THE STATE THE AMOUNT OF ANY BENEFITS PROVIDED UNDER THE
22 PROGRAM IF THE EMPLOYEE IS SEPARATED FROM SERVICE VOLUNTARILY, OR
23 INVOLUNTARILY BECAUSE OF MISCONDUCT, BEFORE THE TIME SPECIFIED IN THE
24 AGREEMENT.

25 (B) AN EMPLOYEE WHO VOLUNTARILY TRANSFERS FROM THE PRINCIPAL
26 UNIT TO ANOTHER UNIT OF STATE GOVERNMENT BEFORE THE DATE SPECIFIED IN
27 THE AGREEMENT MAY NOT BE REQUIRED TO REPAY BENEFITS TO THE STATE
28 UNLESS, BEFORE THE EFFECTIVE DATE OF THE TRANSFER, THE HEAD OF THE
29 PRINCIPAL UNIT THAT PROVIDED THE BENEFITS NOTIFIES THE EMPLOYEE THAT
30 REPAYMENT IS REQUIRED.

31 (C) (1) IF AN EMPLOYEE FAILS TO REPAY ANY AMOUNT OWED TO THE
32 STATE UNDER SUBSECTION (A)(2) OF THIS SECTION, THE STATE MAY RECOVER THE
33 AMOUNT OUTSTANDING BY:

34 (I) SETOFF AGAINST ACCRUED COMPENSATION, RETIREMENT
35 BENEFITS, OR ANY OTHER AMOUNT OWED TO THE EMPLOYEE BY THE STATE; AND

36 (II) ANY OTHER METHOD PROVIDED BY LAW.

1 (2) THE HEAD OF THE PRINCIPAL UNIT THAT PROVIDED BENEFITS TO
2 AN EMPLOYEE UNDER A PROGRAM MAY WAIVE, IN WHOLE OR IN PART, A RIGHT OF
3 RECOVERY UNDER THIS SUBSECTION IF RECOVERY WOULD BE INEQUITABLE OR
4 AGAINST PUBLIC POLICY.

5 (D) AN EMPLOYEE IS INELIGIBLE FOR CONTINUED BENEFITS UNDER A
6 PROGRAM IF THE EMPLOYEE:

7 (1) SEPARATES FROM THE PRINCIPAL UNIT PROVIDING THE BENEFITS;
8 OR

9 (2) DOES NOT MAINTAIN AN ACCEPTABLE LEVEL OF PERFORMANCE, AS
10 DETERMINED UNDER STANDARDS AND PROCEDURES ESTABLISHED BY THE
11 PRINCIPAL UNIT.

12 (E) BENEFITS PROVIDED TO AN EMPLOYEE UNDER A PROGRAM SHALL BE IN
13 ADDITION TO THE SALARY AND ANY OTHER COMPENSATION PAYABLE TO THE
14 EMPLOYEE.

15 10-506.

16 (A) THE SECRETARY SHALL ADOPT REGULATIONS ESTABLISHING
17 STANDARDS, REQUIREMENTS, AND PROCEDURES THAT THE SECRETARY CONSIDERS
18 NECESSARY TO PROVIDE REASONABLE UNIFORMITY AMONG PROGRAMS
19 ESTABLISHED UNDER § 10-503 OF THIS SUBTITLE.

20 (B) THE REGULATIONS SHALL BE ADOPTED AFTER CONSULTATION WITH THE
21 HEADS OF A REPRESENTATIVE NUMBER OF PRINCIPAL UNITS IN THE EXECUTIVE
22 BRANCH OF STATE GOVERNMENT, AS THE SECRETARY CONSIDERS APPROPRIATE.

23 10-507.

24 (A) ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE HEAD OF A PRINCIPAL
25 UNIT THAT ESTABLISHES A PROGRAM SHALL SUBMIT TO THE SECRETARY THE
26 FOLLOWING INFORMATION FOR THE IMMEDIATELY PRECEDING FISCAL YEAR:

27 (1) THE NUMBER OF EMPLOYEES SELECTED TO RECEIVE BENEFITS
28 UNDER THE PROGRAM;

29 (2) THE POSITION CLASSIFICATIONS OF THE EMPLOYEES WHO
30 RECEIVED BENEFITS UNDER THE PROGRAM; AND

31 (3) THE COST OF PROVIDING THE BENEFITS.

32 (B) ON OR BEFORE JANUARY 1 OF EACH YEAR, THE SECRETARY SHALL
33 REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE
34 GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON THE INFORMATION
35 RECEIVED BY THE SECRETARY UNDER SUBSECTION (A) OF THIS SECTION.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2004.