

Department of Legislative Services

Maryland General Assembly

2004 Session

FISCAL AND POLICY NOTE

Revised

Senate Bill 30 (Chairman, Education, Health, and Environmental Affairs Committee)

(By Request – Departmental – Higher Education Commission)

Education, Health, and Environmental Affairs

Ways and Means

**Higher Education - Student Financial Assistance - Service Obligation
Requirements**

This departmental bill eliminates the requirement that recipients of Economic Development Student Assistance Grants and nonresident nursing students who pay resident tuition rates furnish promissory notes that include cosigners. Only the students will be required to sign the promissory notes, which state the students' intent to fulfill the service obligations associated with the grants and reduced tuition rates or repay the State in an amount equal to the benefit received.

The bill is effective July 1, 2004.

Fiscal Summary

State Effect: The bill would not materially affect the collection of repayments from students who default on their service obligations.

Local Effect: None.

Small Business Effect: The Maryland Higher Education Commission (MHEC) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: The recipient of an Economic Development Student Assistance Grant or a nonresident nursing student who pays resident tuition rates must furnish a guaranteed promissory note to the State or MHEC stating that the required service obligation will be fulfilled upon completion of a degree or the value of the benefit will be repaid. A guaranteed promissory note requires a recipient to have a parent, guardian, or other individual sign the note. Other grants and scholarships that involve service obligations require only promissory notes from recipients.

Background: MHEC advises that, aside from the programs addressed in this bill, State financial assistance programs that include a service obligation require only a promissory note, not a guaranteed promissory note. This bill would provide for uniform administration of all financial assistance programs that include service obligations. According to MHEC, most of the students applying for the programs that currently require a guaranteed promissory note are adults, and eliminating the extra step would also relieve these students of an unnecessary burden. Additionally, federal loan programs only require a promissory note from students.

Economic Development Student Assistance Grants currently include Sharon Christa McAuliffe Memorial Teacher Education Awards, Physical and Occupational Therapists and Physical and Occupational Therapy Assistants Grants, Child Care Provider Grants, and State Nursing Scholarships. Nursing students enrolled in community colleges and four-year public institutions of higher education may qualify for resident tuition rates if they agree to work as nurses in Maryland after graduation.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission, Department of Legislative Services

Fiscal Note History: First Reader - January 14, 2004
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