

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 32

(Senator Harris)

Education, Health, and Environmental Affairs

Ways and Means

Student Financial Assistance - Deferment from Service Obligation

This bill requires the Office of Student Financial Assistance (OSFA) within the Maryland Higher Education Commission (MHEC) to grant a deferment from the service obligation component of a State scholarship for an individual who has been assigned military duty outside of the State or the spouse of an individual who has been assigned military duty outside of the State.

Fiscal Summary

State Effect: Deferring service obligations or scholarship repayments would not materially impact State finances. Any additional administrative costs that result from tracking individuals during longer deferment periods would be minimal and could be met within existing resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Many State financial assistance programs require a recipient to sign a promissory note agreeing to work for a set period of time in the State, usually upon completion of a degree. A recipient who fails to perform the service obligation must repay the amount of the scholarship plus interest.

Under existing guidelines, MHEC has the authority to defer a service obligation in some situations. An individual who has been assigned to military duty outside of Maryland is eligible for a deferment of up to three years if the individual intends to return to Maryland to fulfill the obligation. If an individual is granted a deferment but does not return to Maryland to work within three years, repayment of scholarship funds begins at that time.

Background: OSFA reports that it is currently tracking 4,391 individuals who must perform service obligations or repay scholarship funds: 1,741 or 39.6% who are fulfilling their commitments; 1,167 or 26.6% who are repaying the awards; and 1,483 or 33.8% who have had repayment deferred. Of those who are in deferment status, at least seven individuals have had their service obligations deferred for military service. Two individuals are repaying their scholarships because they do not intend to return to Maryland to work after serving in the military.

The following State financial assistance programs include a service obligation: Child Care Provider Scholarship; HOPE Community College Transfer Student Scholarship; Developmental Disabilities, Mental Health, Child Welfare, and Juvenile Justice Workforce Tuition Assistance Program; Distinguished Scholar Teacher Education Award; Firefighter, Ambulance and Rescue Squad Member Tuition Reimbursement; General HOPE Scholarship; Maryland Teacher Scholarship; Sharon Christa McAuliffe Memorial Teacher Education Award; State Nursing Scholarship and Living Expenses Grant; Physical and Occupational Therapists and Assistants Program; Science and Technology Scholarship; and Tuition Reduction for Non-Resident Nursing Students.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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