
By: **Delegate Rosenberg**

Introduced and read first time: March 2, 2006

Assigned to: Rules and Executive Nominations

Re-referred to: Appropriations, March 6, 2006

Committee Report: Favorable

House action: Adopted

Read second time: March 22, 2006

CHAPTER _____

1 AN ACT concerning

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

3 FOR the purpose of altering the manner in which a unit of State government that
4 participates in the student loan repayment pilot program may repay a student
5 loan previously taken out by an employee of the unit; altering the terms for the
6 repayment of a student loan that an employee must agree to in order to be
7 eligible for benefits under the pilot program; extending the termination date of
8 the pilot program; and generally relating to the student loan repayment pilot
9 program.

10 BY repealing and reenacting, with amendments,
11 Article - State Personnel and Pensions
12 Section 10-503 and 10-505
13 Annotated Code of Maryland
14 (2004 Replacement Volume and 2005 Supplement)

15 BY repealing and reenacting, with amendments,
16 Chapter 535 of the Acts of the General Assembly of 2005
17 Section 2

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

Article - State Personnel and Pensions

10-503.

(a) To recruit or retain highly qualified personnel, the head of a participating unit may establish a student loan repayment pilot program under which the participating unit agrees to repay[, by direct payments made on behalf of an employee of the participating unit,] a student loan previously taken out by [the] AN employee OF THE PARTICIPATING UNIT.

(B) A PARTICIPATING UNIT MAY REPAY A STUDENT LOAN BY MAKING A PAYMENT DIRECTLY TO:

(1) A LENDER ON BEHALF OF AN EMPLOYEE; OR

(2) AN EMPLOYEE, IF THE EMPLOYEE PROVIDES PROOF SATISFACTORY TO THE PARTICIPATING UNIT THAT THE PAYMENT HAS BEEN USED TO REPAY THE EMPLOYEE'S STUDENT LOAN.

[(b)] (C) Any program established by a participating unit shall be consistent with the provisions of this subtitle and any regulations adopted under § 10-506 of this subtitle.

10-505.

(a) To be eligible for benefits under a participating unit's program, an employee must agree in writing that:

(1) unless the employee is involuntarily separated from service, the employee will remain in the service of the participating unit for the period specified in the agreement, which may not be less than 3 years; and

(2) subject to subsection (b) of this section, the employee will repay to the State the amount of any benefits provided under the program if the employee:

(I) is separated from service voluntarily[, or involuntarily because of misconduct,] before the time specified in the agreement;

(II) FAILS TO USE THE BENEFITS PROVIDED TO REPAY THE EMPLOYEE'S STUDENT LOAN; OR

(III) FAILS TO PROVIDE PROOF SATISFACTORY TO THE PARTICIPATING UNIT THAT THE BENEFITS PROVIDED HAVE BEEN USED TO REPAY THE EMPLOYEE'S STUDENT LOAN.

(b) An employee who voluntarily transfers from the participating unit to another unit of State government before the date specified in the agreement may not be required to repay benefits to the State unless, before the effective date of the transfer, the head of the participating unit that provided the benefits notifies the employee that repayment is required.

1 (c) (1) If an employee fails to repay any amount owed to the State under
2 subsection (a)(2) of this section, the State may recover the amount outstanding by:

3 (i) setoff against accrued compensation, retirement benefits, or
4 any other amount owed to the employee by the State; and

5 (ii) any other method provided by law.

6 (2) The head of the participating unit that provided benefits to an
7 employee under a program may waive, in whole or in part, a right of recovery under
8 this subsection if recovery would be inequitable or against public policy.

9 (d) An employee is ineligible for continued benefits under a program if the
10 employee:

11 (1) separates from the participating unit providing the benefits; or

12 (2) does not maintain an acceptable level of performance, as determined
13 under standards and procedures established by the participating unit.

14 (e) Benefits provided to an employee under a program shall be in addition to
15 the salary and any other compensation payable to the employee.

16

Chapter 535 of the Acts of 2005

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 October 1, 2005. It shall remain effective for a period of [4] 6 years and, at the end of
19 September 30, [2009] 2011, with no further action required by the General Assembly,
20 this Act shall be abrogated and of no further force and effect.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 June 1, 2006.