

SENATE BILL 80

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(PRE-FILED)

By: **Chair, Education, Health, and Environmental Affairs Committee (By Request – Departmental – Higher Education Commission)**

Requested: November 4, 2009

Introduced and read first time: January 13, 2010

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable

Senate action: Adopted

Read second time: February 5, 2010

CHAPTER _____

1 AN ACT concerning

2 **Maryland Higher Education Commission – Office of Student Financial**
3 **Assistance**

4 FOR the purpose of revising and clarifying certain provisions relating to student
5 financial assistance administered by the Office of Student Financial Assistance
6 in the Maryland Higher Education Commission; repealing provisions relating to
7 the enforcement of certain bonds given by scholarship recipients; authorizing
8 the Office of Student Financial Assistance to adopt rules and regulations that
9 include certain provisions; and generally relating to administration of student
10 financial assistance by the Office of Student Financial Assistance in the
11 Maryland Higher Education Commission.

12 BY repealing and reenacting, with amendments,
13 Article – Education
14 Section 18–102, 18–103, 18–106 through 18–108, 18–110(a), 18–111 through
15 18–113, 18–204, and 18–205
16 Annotated Code of Maryland
17 (2008 Replacement Volume and 2009 Supplement)

18 BY repealing
19 Article – Education
20 Section 18–109
21 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (2008 Replacement Volume and 2009 Supplement)

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

4 **Article – Education**

5 18–102.

6 Except as otherwise provided in this title, the provisions of this subtitle apply to
7 any scholarship, grant, [or] loan, **OR OTHER STUDENT FINANCIAL ASSISTANCE**
8 awarded [under this title] **BY THE OFFICE**.

9 18–103.

10 A scholarship, grant, [or] loan, **OR OTHER STUDENT FINANCIAL ASSISTANCE**
11 [issued under this title] **AWARDED BY THE OFFICE** may be used at any public or
12 private institution of higher education in this State that possesses a certificate of
13 approval from the [Maryland Higher Education] Commission.

14 18–106.

15 (a) If, during an academic year, a student who is receiving any **STUDENT**
16 **FINANCIAL ASSISTANCE** award [under this title] withdraws from the institution at
17 which the award is used or otherwise fails to remain eligible for the award, the
18 institution shall make a pro rata refund to the Office or other donor on the same terms
19 that it makes refunds to students.

20 (b) Any refund may be reawarded on an interim basis under this title until
21 the end of the academic year. Any requirement of an examination is waived for the
22 recipient of an interim award.

23 18–107.

24 (a) (1) Each year, money for each [award] **STUDENT FINANCIAL**
25 **ASSISTANCE** program [under this title] **ADMINISTERED BY THE OFFICE** shall be
26 included in the State budget.

27 (2) Each year, the Governor shall include in the State budget at least
28 80 percent of the funds appropriated in the prior fiscal year for need–based programs
29 as provided in §§ 18–301, 18–706(f), 18–1401, 18–1501, and 18–2601 of this title.

30 (b) (1) Except as otherwise provided in this title, money appropriated
31 under this title that is not used by the end of the fiscal year may not revert to the
32 State Treasury.

1 (2) All money retained under paragraph (1) of this subsection shall be
2 used to make awards to students during subsequent fiscal years as provided in
3 §§ 18–301, 18–601, 18–604, 18–706(f), 18–1401, 18–14A–01, 18–1501, and 18–2601 of
4 this title and may not be used for administrative expenses.

5 18–108.

6 Any college student or other individual, who is under 18 years old and is eligible
7 for or is receiving benefits from any State scholarship, loan, tuition grant, remission of
8 fixed charges, fellowship, [or] federal or State student loan program [under this title],
9 **OR ANY OTHER STUDENT FINANCIAL ASSISTANCE:**

10 (1) May execute notes, contracts, or agreements necessary to obtain
11 these benefits in the same manner and with the same effect as though he were 18
12 years old; and

13 (2) May not assert the disability of infancy as a defense in any action
14 brought against him with respect to these benefits.

15 [18–109.

16 (a) The Office shall review and investigate each bond given by a recipient of
17 a scholarship.

18 (b) If the Office determines that any recipient has failed or refused to comply
19 with the conditions of the bond, the Office may refer the matter to the Attorney
20 General, who shall do anything necessary and proper to enforce the bond.

21 (c) The Attorney General shall account for any money received from
22 enforcement of a bond and the money shall revert to the State Treasury.]

23 18–110.

24 (a) Any student attending a public institution of higher education who is not
25 a resident of this State and who is enrolled in an education course or program leading
26 to an occupation as a licensed registered nurse or a licensed practical nurse shall pay
27 only the tuition fees and other mandatory fees payable by a resident of this State if the
28 student furnishes a [surety bond or] promissory note to this State, with security
29 satisfactory to the [Maryland Higher Education] Commission, that, on completion of
30 the education course or program, the student will work in this State for at least 4
31 years as a licensed registered nurse or a licensed practical nurse in a hospital or
32 related institution, as defined in § 19–301 of the Health – General Article.

33 18–111.

34 As a condition of receiving [a scholarship or grant] **STUDENT FINANCIAL**
35 **ASSISTANCE** awarded [under this title] **BY THE OFFICE**, each recipient shall sign a

1 statement pledging to remain drug free. The Commission shall determine the contents
2 of the drug free statement.

3 18–112.

4 (a) Except as otherwise provided in this title, repayment obligations incurred
5 by recipients of student financial assistance[, scholarships, grants, or loans]
6 administered by the [Commission under this title] **OFFICE** shall be calculated at an
7 interest rate equal to and matching the interest rate established by the United States
8 Department of Education for the Federal Stafford Loan on the first day of July of each
9 year, with interest not accruing prior to notification to the Commission of a recipient's
10 graduation or termination from an institution of higher education.

11 (b) A recipient shall commence repayment obligations [incurred under this
12 title] upon graduation or termination from an institution of higher education.

13 18–113.

14 (a) A student may [hold a scholarship and grant issued under this title along
15 with any other scholarship and grant issued under this title] **RECEIVE ONE OR MORE**
16 **AWARDS OF STUDENT FINANCIAL ASSISTANCE** if:

17 (1) Eligibility requirements are met for each [scholarship and grant]
18 **TYPE OF STUDENT FINANCIAL ASSISTANCE** received; and

19 (2) The total of all [scholarships and grants] **STUDENT FINANCIAL**
20 **ASSISTANCE** received does not exceed:

21 (i) The student's total cost of education as certified by the
22 institution the student is attending; and

23 (ii) The equivalent annual expenses of a full-time resident
24 undergraduate at the 4-year public institution of higher education within the
25 University System of Maryland, other than the University of Maryland University
26 College and University of Maryland, Baltimore, with the highest annual expenses for
27 a full-time resident undergraduate.

28 (b) A student who [holds] **RECEIVES** multiple [scholarships and grants
29 issued under this title] **AWARDS OF STUDENT FINANCIAL ASSISTANCE** that have a
30 service obligation requirement:

31 (1) Must fulfill the terms of each service obligation; and

32 (2) May not fulfill the service obligations concurrently.

33 18–204.

1 (a) In addition to any other powers granted and duties imposed by this title,
2 the Office has the powers and duties set forth in this section.

3 (b) Except as otherwise provided in this title, the Office shall:

4 (1) Administer [the scholarship and tuition assistance programs under
5 this title] **STUDENT FINANCIAL ASSISTANCE PROGRAMS**;

6 (2) Issue and disseminate public information about [these
7 scholarships] **STUDENT FINANCIAL ASSISTANCE**;

8 (3) Regulate the form and submission of applications for [scholarships
9 and tuition] **STUDENT FINANCIAL** assistance under this title; and

10 (4) Conduct conferences and interviews with applicants to evaluate
11 their eligibility.

12 (c) **(1)** The Office may adopt any rule or regulation necessary to carry out
13 its powers and duties.

14 **(2) THE RULES AND REGULATIONS ADOPTED BY THE OFFICE**
15 **UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY INCLUDE PROVISIONS FOR:**

16 **(I) THE PERFORMANCE OF A SERVICE OBLIGATION FOR A**
17 **PROGRAM THAT AS A CONDITION OF AWARD REQUIRES A RECIPIENT OF**
18 **STUDENT FINANCIAL ASSISTANCE TO PERFORM A SERVICE OBLIGATION;**

19 **(II) THE REPAYMENT OF STUDENT FINANCIAL ASSISTANCE**
20 **FUNDS RECEIVED SHOULD A RECIPIENT FAIL TO PERFORM A SERVICE**
21 **OBLIGATION; AND**

22 **(III) WAIVER AND DEFERMENT OF A SERVICE OBLIGATION**
23 **OR REPAYMENT IN CIRCUMSTANCES DETERMINED BY THE COMMISSION.**

24 (d) The Office:

25 (1) Shall administer any federal program of scholarships or grants to
26 students or institutions except for the Christa McAuliffe Fellowship which shall be
27 administered by the Maryland State Department of Education; and

28 (2) May do anything necessary to comply with any federal law relating
29 to these scholarships or grants.

30 (e) The Office shall:

1 (1) Arrange for the competitive examination required of applicants for
2 certain scholarships; and

3 (2) Send the results of the examination to the appropriate institutions
4 and to the person who awards the scholarship.

5 (f) The Office shall:

6 (1) Analyze under uniform standards the financial need of each
7 applicant for a scholarship for which financial need is a consideration; and

8 (2) Send its analysis to the appropriate institution and the person who
9 awards the scholarship.

10 18–205.

11 [The] **SUBJECT TO RULES AND REGULATIONS ADOPTED BY THE**
12 **COMMISSION, THE** Office shall grant a deferment from the service obligation
13 component of [a scholarship] **STUDENT FINANCIAL ASSISTANCE** awarded under this
14 title to:

15 (1) An individual who has been assigned military duty outside of the
16 State; or

17 (2) The spouse of an individual who has been assigned military duty
18 outside of the State.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 July 1, 2010.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.