

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 80 (Chair, Education, Health, and Environmental Affairs
Committee)(By Request - Departmental - Higher
Education Commission)

Education, Health, and Environmental Affairs

Ways and Means

Maryland Higher Education Commission - Office of Student Financial Assistance

This departmental bill clarifies the scope of the duties and authority of the Office of Student Financial Assistance (OSFA) in the Maryland Higher Education Commission (MHEC). Specifically, the bill clarifies that all student financial assistance programs awarded or administered by OSFA are subject to Title 18 of the Education Article, not only scholarships and grants. The bill repeals a requirement relating to the provision of bonds by scholarship recipients. The bill also explicitly authorizes OSFA to adopt rules and regulations governing the performance of service obligations required of students who receive certain financial assistance, including repayment in lieu of service, waiver of service, and deferment of service.

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: None. The bill primarily codifies existing practice.

Local Effect: None.

Small Business Effect: MHEC has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law/Background: Title 18 of the Education Article currently has varying references to scholarships, grants, and loans in general provisions. This bill substitutes the generic reference “student financial assistance” throughout Title 18 to include all programs administered by OSFA in the general provisions.

Under current law, OSFA is required to review and investigate each bond given by a recipient of a scholarship. If OSFA determines that any recipient has failed or refused to comply with the conditions of the bond, OSFA may refer the matter to the Attorney General, who must do anything necessary and proper to enforce the bond. The Attorney General must account for any money received from enforcement of a bond, and the money must revert to the State Treasury. However, OSFA reports that this provision is obsolete and that bonds are no longer provided by students.

Current law also requires an out-of-state student who is enrolled in an education course or program leading to an occupation as a licensed registered nurse or a licensed practical nurse to furnish a surety bond or promissory note to the State, with security satisfactory to MHEC, that, on completion of the program, the student will work in the State for at least four years as a licensed registered nurse or a licensed practical nurse in a hospital or related institution. Under these conditions, the out-of-state student pays in-state tuition and fees. While the bond requirement is repealed under the bill, the requirement to provide a promissory note to pay in-state tuition and fees is retained.

OSFA has the broad authority to adopt any rule or regulation necessary to carry out its powers and duties in current law.

MHEC reports that the express authority to adopt rules and regulations regarding service obligations is needed for MHEC to enforce the service obligations and to allow for exceptions as appropriate, such as disability or employer-approved leave of absences. MHEC currently has guidelines for the administration of financial assistance programs but plans to promulgate regulations.

OSFA administers the State’s student financial aid assistance programs including need-based grants, legislative scholarships, merit-based scholarships, career-based scholarships, and financial aid programs for unique populations.

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 19, 2010
cb/rhh

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Higher Education Commission – Office of Student
Financial Assistance

BILL NUMBER: SB 80

PREPARED BY: Maryland Higher Education Commission

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.