

HOUSE BILL 526

F2

3lr1673

By: **Delegates Summers, Cane, Clippinger, Frush, Gaines, Haynes, Hubbard, Ivey, Mitchell, Niemann, Stein, ~~and Walker~~ Walker, and Howard**

Introduced and read first time: January 30, 2013

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 19, 2013

CHAPTER _____

1 AN ACT concerning

2 **Higher Education – Maryland First Scholarship – Creation and Funding**

3 FOR the purpose of establishing the Maryland First Scholarship; establishing certain
4 eligibility requirements for the scholarship; requiring certain information to be
5 provided in an application for the scholarship; authorizing the use of the
6 scholarship for certain educational expenses; authorizing the scholarship
7 awarded to be in an annual amount up to a certain percentage of certain tuition
8 and fees at certain institutions of higher education; requiring the scholarship
9 recipient to maintain a certain grade point average to be determined at a
10 certain time; providing for the duration of the scholarship; requiring scholarship
11 applicants and recipients to file for certain federal and State financial aid by a
12 certain date; establishing a certain fund; requiring the Maryland Higher
13 Education Commission to administer a certain fund; providing that the fund is
14 a certain special, nonlapsing fund that is not subject to a certain section of the
15 State Finance and Procurement Article; requiring the State Treasurer to hold
16 the fund separately and to make certain investments; requiring certain
17 earnings to accrue to a certain fund; requiring the Comptroller to account for
18 the fund; directing the Commission to use certain gifts and grants for the fund
19 in a certain manner; requiring certain funds not awarded to remain in a certain
20 fund; requiring the Commission to prepare a certain annual report regarding
21 the fund; requiring the Governor to make ~~a certain~~ an appropriation in the
22 State budget ~~from a certain fund for a certain purpose; authorizing funds from~~
23 ~~the Education Trust Fund to be used for a certain purpose~~; defining certain

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 terms; and generally relating to the establishment of the Maryland First
2 Scholarship.

3 BY repealing and reenacting, without amendments,
4 Article – Education
5 Section 18–101
6 Annotated Code of Maryland
7 (2008 Replacement Volume and 2012 Supplement)

8 BY adding to
9 Article – Education
10 Section 18–2901 to be under the new subtitle “Subtitle 29. Maryland First
11 Scholarship”
12 Annotated Code of Maryland
13 (2008 Replacement Volume and 2012 Supplement)

14 ~~BY repealing and reenacting, with amendments,~~
15 ~~Article – State Government~~
16 ~~Section 9–1A–30~~
17 ~~Annotated Code of Maryland~~
18 ~~(2009 Replacement Volume and 2012 Supplement)~~

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

21 **Article – Education**

22 18–101.

- 23 (a) In this title the following words have the meanings indicated.
- 24 (b) “Commission” means the Maryland Higher Education Commission.
- 25 (c) “Office” means the Office of Student Financial Assistance.
- 26 (d) “Secretary” means the Secretary of Higher Education.

27 **SUBTITLE 29. MARYLAND FIRST SCHOLARSHIP.**

28 **18–2901.**

29 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
30 **MEANINGS INDICATED.**

1 (2) “ELIGIBLE INSTITUTION” MEANS A PUBLIC OR PRIVATE
2 NONPROFIT INSTITUTION OF HIGHER EDUCATION IN THE STATE THAT
3 POSSESSES A CERTIFICATE OF APPROVAL FROM THE COMMISSION.

4 (3) “FIRST-GENERATION STUDENT” MEANS A STUDENT WHOSE
5 PARENTS HAVE NOT EARNED A DEGREE FROM AN INSTITUTION OF HIGHER
6 EDUCATION.

7 (4) “FUND” MEANS THE MARYLAND FIRST SCHOLARSHIP FUND.

8 (5) “SCHOLARSHIP” MEANS THE MARYLAND FIRST
9 SCHOLARSHIP.

10 (B) THERE IS A MARYLAND FIRST SCHOLARSHIP.

11 (C) AN INDIVIDUAL MAY APPLY TO THE OFFICE FOR THE SCHOLARSHIP
12 IF THE INDIVIDUAL:

13 (1) IS A RESIDENT OF THE STATE;

14 (2) (I) IS ACCEPTED FOR ADMISSION OR ENROLLED IN THE
15 REGULAR UNDERGRADUATE PROGRAM AT AN ELIGIBLE INSTITUTION; OR

16 (II) IS ACCEPTED FOR ADMISSION OR ENROLLED IN A
17 2-YEAR TERMINAL CERTIFICATE PROGRAM IN WHICH THE COURSE WORK IS
18 ACCEPTABLE FOR TRANSFER CREDIT FOR AN ACCREDITED BACCALAUREATE
19 PROGRAM IN AN ELIGIBLE INSTITUTION;

20 (3) (I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS PARAGRAPH,
21 ATTAINED A CUMULATIVE GRADE POINT AVERAGE OF AT LEAST 3.0 ON A 4.0
22 SCALE OR ITS EQUIVALENT AT THE END OF THE FIRST SEMESTER OF THE
23 SENIOR YEAR OF HIGH SCHOOL; OR

24 (II) HAS COMPLETED 40 HOURS OF VERIFIABLE
25 COMMUNITY SERVICE IN THE YEAR BEFORE APPLYING FOR THE SCHOLARSHIP
26 IF THE INDIVIDUAL GRADUATED FROM HIGH SCHOOL MORE THAN 4 YEARS
27 PRIOR TO ENROLLING IN AN ELIGIBLE INSTITUTION;

28 (4) DEMONSTRATES FINANCIAL NEED; ~~AND~~

29 (5) IS A FIRST-GENERATION STUDENT; AND

30 (6) MEETS ANY OTHER CRITERIA ESTABLISHED BY THE OFFICE.

1 (D) IN ADDITION TO PROVIDING ANY OTHER INFORMATION THE OFFICE
2 REQUIRES, EACH APPLICANT SHALL DESCRIBE THE TYPES OF COMMUNITY
3 SERVICE COMPLETED DURING HIGH SCHOOL OR IN THE YEAR BEFORE
4 APPLYING FOR THE SCHOLARSHIP.

5 (E) A SCHOLARSHIP AWARDED UNDER THIS SECTION:

6 (1) MAY BE USED FOR THE TUITION AND MANDATORY FEES AND
7 ROOM AND BOARD FOR ON-CAMPUS HOUSING AT ANY ELIGIBLE INSTITUTION;
8 AND

9 (2) MAY BE IN AN ANNUAL AMOUNT UP TO:

10 (I) 50% OF THE TUITION AND MANDATORY FEES CHARGED
11 TO THE RECIPIENT IF THE RECIPIENT IS ENROLLED AS AN UNDERGRADUATE
12 STUDENT AT A 4-YEAR PUBLIC ELIGIBLE INSTITUTION;

13 (II) 75% OF THE TUITION AND MANDATORY FEES CHARGED
14 TO THE RECIPIENT IF THE RECIPIENT IS ENROLLED AT A 2-YEAR PUBLIC
15 ELIGIBLE INSTITUTION;

16 (III) 50% OF THE ANNUAL AVERAGE TUITION AND
17 MANDATORY FEES OF A RESIDENT UNDERGRADUATE STUDENT AT THE 4-YEAR
18 PUBLIC INSTITUTIONS OF HIGHER EDUCATION WITHIN THE UNIVERSITY
19 SYSTEM OF MARYLAND, OTHER THAN THE UNIVERSITY OF MARYLAND
20 UNIVERSITY COLLEGE AND UNIVERSITY OF MARYLAND, BALTIMORE, IF THE
21 RECIPIENT IS ENROLLED AT A 4-YEAR PRIVATE NONPROFIT ELIGIBLE
22 INSTITUTION; OR

23 (VI) 75% OF THE ANNUAL AVERAGE OUT-OF-COUNTY
24 TUITION AND MANDATORY FEES OF A STUDENT AT THE 2-YEAR PUBLIC
25 INSTITUTIONS IF THE RECIPIENT IS ENROLLED IN A 2-YEAR TERMINAL
26 CERTIFICATE PROGRAM UNDER SUBSECTION (C)(2)(II) OF THIS SECTION.

27 (F) EACH SCHOLARSHIP RECIPIENT SHALL MAINTAIN A GRADE POINT
28 AVERAGE OF AT LEAST 3.0 ON A 4.0 SCALE TO BE DETERMINED AT THE END OF
29 THE ACADEMIC YEAR DURING WHICH THE RECIPIENT HELD THE AWARD AND
30 BEFORE THE RECIPIENT'S REENROLLMENT FOR THE NEXT ACADEMIC YEAR.

31 (G) ~~EACH~~ SUBJECT TO SUBSECTION (F) OF THIS SECTION, EACH
32 SCHOLARSHIP RECIPIENT MAY HOLD THE AWARD FOR:

33 (1) 5 YEARS OF FULL-TIME STUDY OR 8 YEARS OF PART-TIME
34 STUDY AT A 4-YEAR ELIGIBLE INSTITUTION; OR

1 **(2) 3 YEARS OF FULL-TIME STUDY OR 4 YEARS OF PART-TIME**
2 **STUDY AT A 2-YEAR ELIGIBLE INSTITUTION.**

3 **(H) A SCHOLARSHIP APPLICANT OR RECIPIENT SHALL FILE FOR**
4 **FEDERAL AND STATE FINANCIAL AID BY MARCH 1 OF EACH YEAR.**

5 **(I) (1) THERE IS A MARYLAND FIRST SCHOLARSHIP FUND IN THE**
6 **COMMISSION.**

7 **(2) ALL PROCEEDS APPROPRIATED TO THE FUND UNDER THIS**
8 **SECTION SHALL BE CREDITED TO THE FUND.**

9 **(3) THE COMMISSION SHALL ADMINISTER THE FUND.**

10 **(4) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**
11 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

12 **(5) (I) THE STATE TREASURER SHALL HOLD THE FUND**
13 **SEPARATELY AND SHALL INVEST THE MONEY IN THE FUND IN THE SAME**
14 **MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

15 **(II) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**
16 **CREDITED TO THE FUND.**

17 **(6) THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

18 **(7) THE COMMISSION:**

19 **(I) MAY ACCEPT ANY GIFT OR GRANT FROM ANY PERSON**
20 **FOR THE FUND;**

21 **(II) SHALL USE ANY GIFT OR GRANT THAT IT RECEIVES FOR**
22 **A SCHOLARSHIP FROM THE FUND; AND**

23 **(III) SHALL DEPOSIT ANY GIFT OR GRANT THAT IT RECEIVES**
24 **FOR THE FUND WITH THE STATE TREASURER.**

25 **(8) MONEY PROVIDED TO THE FUND THAT IS NOT AWARDED BY**
26 **THE END OF THE FISCAL YEAR SHALL REMAIN IN THE FUND.**

27 **(9) (I) AT THE END OF THE FISCAL YEAR, THE COMMISSION**
28 **SHALL PREPARE AN ANNUAL REPORT OF THE FUND THAT INCLUDES AN**

1 ACCOUNTING OF ALL FINANCIAL RECEIPTS AND EXPENDITURES TO AND FROM
2 THE FUND.

3 (II) THE COMMISSION SHALL SUBMIT A COPY OF THE
4 REPORT TO THE GENERAL ASSEMBLY IN ACCORDANCE WITH § 2-1246 OF THE
5 STATE GOVERNMENT ARTICLE.

6 (J) THE GOVERNOR ANNUALLY SHALL INCLUDE FUNDS IN THE STATE
7 BUDGET ~~FOR EACH FISCAL YEAR AN APPROPRIATION OF \$10,000,000 FROM THE~~
8 ~~EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-30 OF THE STATE~~
9 ~~GOVERNMENT ARTICLE TO THE MARYLAND FIRST SCHOLARSHIP FUND TO BE~~
10 USED TO IMPLEMENT THIS SECTION.

11 ~~Article—State Government~~

12 ~~9-1A-30.~~

13 (a) ~~There is an Education Trust Fund which is a special, nonlapsing fund~~
14 ~~that is not subject to § 7-302 of the State Finance and Procurement Article.~~

15 (b) (1) ~~There shall be credited to the Education Trust Fund all proceeds~~
16 ~~allocated to the Fund under § 9-1A-27 of this subtitle.~~

17 (2) ~~Money in the Education Trust Fund shall be invested and~~
18 ~~reinvested by the Treasurer, and interest and earnings shall accrue to the Fund.~~

19 (c) ~~Money in the Education Trust Fund shall be used to:~~

20 (1) ~~provide funding for public elementary and secondary education,~~
21 ~~through continuation of the funding and formulas established under the programs~~
22 ~~commonly known as the Bridge to Excellence in Public Schools Act, first enacted by~~
23 ~~Chapter 288 of the Acts of the General Assembly of 2002, including the funding for~~
24 ~~regional differences in the cost of education under § 5-202(f) of the Education Article;~~

25 (2) ~~provide funds to construct public school buildings and provide~~
26 ~~public school capital improvements in accordance with §§ 5-301 through 5-303 of the~~
27 ~~Education Article;~~

28 (3) ~~provide funds for capital projects at community colleges and public~~
29 ~~senior higher education institutions; [and]~~

30 (4) ~~provide funds to expand public early childhood education programs~~
31 ~~in the State; AND~~

32 (5) ~~PROVIDE FUNDS FOR STUDENT FINANCIAL ASSISTANCE TO~~
33 ~~ATTEND INSTITUTIONS OF HIGHER EDUCATION IN THE STATE.~~

1 ~~(d) Expenditures from the Education Trust Fund shall be made each fiscal~~
2 ~~year in accordance with the State budget.~~

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 2013.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.