

Chapter 374

(House Bill 526)

AN ACT concerning

Higher Education – Maryland First Scholarship – Creation and Funding

FOR the purpose of establishing the Maryland First Scholarship; establishing certain eligibility requirements for the scholarship; requiring certain information to be provided in an application for the scholarship; authorizing the use of the scholarship for certain educational expenses; authorizing the scholarship awarded to be in an annual amount up to a certain percentage of certain tuition and fees at certain institutions of higher education; requiring the scholarship recipient to maintain a certain grade point average to be determined at a certain time; providing for the duration of the scholarship; requiring scholarship applicants and recipients to file for certain federal and State financial aid by a certain date; establishing ~~a certain fund~~; the Maryland First Scholarship Fund; specifying the purpose of the Fund; requiring the Maryland Higher Education Commission to administer ~~a certain fund~~ the Fund; providing that the ~~fund~~ Fund is a certain special, nonlapsing fund that is not subject to a certain section of the State Finance and Procurement Article; requiring the State Treasurer to hold the ~~fund~~ Fund separately and to make certain investments; requiring certain earnings to accrue to ~~a certain fund~~ the Fund; requiring the Comptroller to account for the ~~fund~~ Fund; directing the Commission to use certain gifts and grants for the ~~fund~~ Fund in a certain manner; specifying the contents of the Fund; specifying the purposes for which the Fund may be used; requiring certain ~~funds~~ money not awarded to remain in ~~a certain fund~~ the Fund; requiring the Commission to prepare a certain annual report regarding the ~~fund~~ Fund; requiring the Governor to make ~~a certain~~ an appropriation in the State budget ~~from a certain fund~~ for a certain purpose; ~~authorizing funds from the Education Trust Fund to be used for a certain purpose~~; exempting the Fund from a certain provision of law requiring interest on State money in special funds to accrue to the General Fund of the State; defining certain terms; and generally relating to the establishment of the Maryland First Scholarship.

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

BY adding to
 Article – Education

Section 18–2901 to be under the new subtitle “Subtitle 29. Maryland First Scholarship”

Annotated Code of Maryland
(2008 Replacement Volume and 2012 Supplement)

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

*BY repealing and reenacting, without amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(i)
Annotated Code of Maryland
(2009 Replacement Volume and 2012 Supplement)*

*BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)69. and 70.
Annotated Code of Maryland
(2009 Replacement Volume and 2012 Supplement)*

*BY adding to
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)71.
Annotated Code of Maryland
(2009 Replacement Volume and 2012 Supplement)*

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

Article – Education

18–101.

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

SUBTITLE 29. MARYLAND FIRST SCHOLARSHIP.

18-2901.

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

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

(3) "FIRST-GENERATION STUDENT" MEANS A STUDENT WHOSE PARENTS HAVE NOT EARNED A DEGREE FROM AN INSTITUTION OF HIGHER EDUCATION.

(4) "FUND" MEANS THE MARYLAND FIRST SCHOLARSHIP FUND.

(5) "SCHOLARSHIP" MEANS THE MARYLAND FIRST SCHOLARSHIP.

(B) THERE IS A MARYLAND FIRST SCHOLARSHIP.

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

(1) IS A RESIDENT OF THE STATE;

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

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

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

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

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

(5) IS A FIRST-GENERATION STUDENT; AND

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

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

(E) A SCHOLARSHIP AWARDED UNDER THIS SECTION:

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) THE PURPOSE OF THE FUND IS TO PROVIDE MONEY FOR SCHOLARSHIP AWARDS UNDER THIS SECTION AND FOR ADMINISTRATIVE EXPENSES INCURRED BY THE COMMISSION IN MAKING SCHOLARSHIP AWARDS UNDER THIS SECTION.

(3) THE COMMISSION SHALL ADMINISTER THE FUND.

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

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

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

(6) THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(7) THE COMMISSION:

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

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

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

(8) THE FUND CONSISTS OF:

(I) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

(II) GIFTS OR GRANTS RECEIVED BY THE COMMISSION FOR THE FUND;

(III) INVESTMENT EARNINGS OF THE FUND; AND

(IV) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(9) THE FUND MAY BE USED ONLY FOR:

(I) MAKING SCHOLARSHIP AWARDS UNDER THIS SECTION;
AND

(II) ADMINISTRATIVE EXPENSES INCURRED BY THE COMMISSION IN MAKING SCHOLARSHIP AWARDS UNDER THIS SECTION.

~~(8)~~ **(10) MONEY PROVIDED TO THE FUND THAT IS NOT AWARDED BY THE END OF THE FISCAL YEAR SHALL REMAIN IN THE FUND.**

~~(9)~~ **(11) (I) AT THE END OF THE FISCAL YEAR, THE COMMISSION SHALL PREPARE AN ANNUAL REPORT OF THE FUND THAT INCLUDES AN ACCOUNTING OF ALL FINANCIAL RECEIPTS AND EXPENDITURES TO AND FROM THE FUND.**

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

(J) THE GOVERNOR ANNUALLY SHALL INCLUDE FUNDS IN THE STATE BUDGET FOR EACH FISCAL YEAR AN APPROPRIATION OF \$10,000,000 FROM THE EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-30 OF THE STATE

~~GOVERNMENT ARTICLE TO THE MARYLAND FIRST SCHOLARSHIP FUND TO BE USED TO IMPLEMENT THIS SECTION.~~

~~Article – State Government~~

~~9-1A-30.~~

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

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

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

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

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

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

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

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

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

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

Article – State Finance and Procurement

6-226.

(a) (2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with

the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

(ii) The provisions of subparagraph (i) of this paragraph do not apply to the following funds:

69. the Maryland Legal Services Corporation Fund; [and]

70. Mortgage Loan Servicing Practices Settlement Fund;

AND

71. THE MARYLAND FIRST SCHOLARSHIP FUND.

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

Approved by the Governor, May 2, 2013.