

SENATE BILL 626

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By: **Senators Madaleno, Colburn, Jones–Rodwell, Klausmeier, Mathias,
Montgomery, Muse, and Raskin**

Introduced and read first time: January 30, 2014

Assigned to: Budget and Taxation and Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **University System of Maryland – Pay It Forward Pilot Program and Tuition**
3 **Freeze – Studies**

4 FOR the purpose of requiring the Board of Regents of the University System of
5 Maryland to study the creation of a potential Pay It Forward Pilot Program;
6 requiring the study to consider certain items; requiring the Board of Regents to
7 study whether public institutions of higher education could successfully
8 implement a certain tuition freeze program; requiring the Board of Regents to
9 report its findings and recommendations on the potential Pay It Forward Pilot
10 Program and the potential tuition freeze program to the Governor and certain
11 committees of the General Assembly on or before a certain date; and generally
12 relating to studies by the Board of Regents of the University System of
13 Maryland.

14 Preamble

15 WHEREAS, The Maryland General Assembly recognizes that higher education
16 has expanded opportunities for Marylanders to qualify for high–quality jobs and enter
17 into the middle class, which provides clear benefits to the State’s economy; and

18 WHEREAS, With the costs of higher education rising beyond the reach of many
19 Marylanders, financial aid programs are inadequate to reach all students with
20 financial need; and

21 WHEREAS, The increasing cost of higher education has forced students to
22 borrow more money to pay for higher education, causing 60% of students graduating
23 from public four–year institutions in Maryland to incur large amounts of student debt;
24 and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, High levels of student debt are damaging not only to the individual
2 student's ability to succeed financially but also will have grave consequences for the
3 future economy of the State; and

4 WHEREAS, The Maryland General Assembly finds that it must immediately
5 seek another approach to financing the students' share of the cost of public higher
6 education in the State that will not result in students graduating from Maryland's
7 public institutions of higher education burdened with debt; and

8 WHEREAS, There is growing interest in a new financing strategy known as Pay
9 It Forward; and

10 WHEREAS, The Maryland General Assembly recognizes that it is in the State's
11 interest to study a potential Pay It Forward Program; now, therefore,

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That:

14 (a) (1) The Board of Regents of the University System of Maryland shall
15 study the creation of a potential pilot program called Pay It Forward which would
16 replace the current system of charging students tuition and fees to attend a
17 constituent institution or school of the University System of Maryland.

18 (2) The study of a potential Pay It Forward Pilot Program shall
19 consider:

20 (i) allowing students who are residents of the State and who
21 qualify for admission to an institution or school to enroll in the institution or school
22 without paying tuition or fees;

23 (ii) requiring each student participating in the pilot program to
24 sign a binding contract to pay the State or the institution or school a percentage of the
25 student's annual adjusted gross income for a specified number of years instead of
26 paying tuition and fees;

27 (iii) specifying the number of years and the percentage of annual
28 adjusted gross income for the contracts required under subparagraph (ii) of this
29 paragraph based on current research;

30 (iv) establishing an immediate funding source for the first 20
31 years of the pilot program;

32 (v) establishing a revolving fund to deposit payments made
33 under the pilot program;

34 (vi) identifying the constituent institutions or schools that would
35 be best suited to participate in the pilot program; and

1 (vii) allowing the program to vary by institution or school
2 depending on:

- 3 1. the total cost of education at the institution or school;
4 2. the portion of the cost of education that is paid by the
5 State;
6 3. the number of years specified in the contracts at the
7 institution or school; and
8 4. the percentage of annual adjusted gross income
9 specified in the contracts at the institution or school.

10 (b) (1) On or before December 31, 2014, the Board of Regents of the
11 University System of Maryland shall report to the Governor and the Senate Budget
12 and Taxation Committee and the House Appropriations Committee, in accordance
13 with § 2-1246 of the State Government Article, its findings on whether a Pay It
14 Forward Pilot Program should be established.

15 (2) If the Board of Regents of the University System of Maryland
16 recommends the establishment of a Pay It Forward Pilot Program, the report shall
17 include specific provisions to establish the pilot program.

18 (c) (1) The Board of Regents of the University System of Maryland shall
19 conduct a study of whether public institutions of higher education could successfully
20 implement a program that would guarantee that tuition rates would not be increased
21 for incoming undergraduate students during 4 years of study at the institution.

22 (2) The study shall include an analysis of:

23 (i) the “Western Tuition Promise” offered by Western Oregon
24 University;

25 (ii) the “Finish in Four” program proposed in Florida; and

26 (iii) ways of mitigating the financial strain on an institution if
27 the institution adopted a program that would guarantee that tuition rates would not
28 be increased for incoming undergraduate students during 4 years of study at the
29 institution.

30 (3) On or before December 31, 2014, the Board of Regents of the
31 University System of Maryland shall report to the Governor and the Senate Budget
32 and Taxation Committee and the House Appropriations Committee, in accordance
33 with § 2-1246 of the State Government Article, on whether public institutions of
34 higher education could successfully implement a program that would guarantee that

1 tuition rates would not be increased for incoming undergraduate students during 4
2 years of study at the institution.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 2014. It shall remain effective for a period 1 year and, at the end of June 30,
5 2015, with no further action required by the General Assembly, this Act shall be
6 abrogated and of no further force and effect.