

# SENATE BILL 237

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SB 626/14 – B&T & EHE

5lr2017  
CF HB 57

By: **Senators Madaleno, Feldman, King, Manno, Montgomery, Raskin, and Rosapepe**

Introduced and read first time: February 4, 2015

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

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

13 Preamble

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

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

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

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
10 That:

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

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

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

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

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

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

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

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

32 (vii) allowing the program to vary by institution or school depending  
33 on:

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

8           (b)   (1)   On or before December 31, 2015, the Board of Regents of the University  
9 System of Maryland shall report to the Governor and the Senate Budget and Taxation  
10 Committee and the House Appropriations Committee, in accordance with § 2–1246 of the  
11 State Government Article, its findings on whether a Pay It Forward Pilot Program should  
12 be established.

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

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

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

21                   (i)   the “Western Tuition Promise” offered by Western Oregon  
22 University;

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

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

27           (3)   On or before December 31, 2015, the Board of Regents of the University  
28 System of Maryland shall report to the Governor and the Senate Budget and Taxation  
29 Committee and the House Appropriations Committee, in accordance with § 2–1246 of the  
30 State Government Article, on whether public institutions of higher education could  
31 successfully implement a program that would guarantee that tuition rates would not be  
32 increased for incoming undergraduate students during 4 years of study at the institution.

33           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
34 1, 2015. It shall remain effective for a period of 1 year and, at the end of June 30, 2016,

1 with no further action required by the General Assembly, this Act shall be abrogated and  
2 of no further force and effect.