

# HOUSE BILL 266

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By: **Delegates Stein, Ebersole, Beidle, Brooks, Ciliberti, Gutierrez, Hettleman, Korman, Lierman, Luedtke, McCray, Morhaim, Pena-Melnyk, Platt, Tarlau, A. Washington, West, K. Young, and P. Young**

Introduced and read first time: January 23, 2017

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Public Senior Higher Education Institutions – Financial Aid – Reduction**  
3 **Restrictions**

4 FOR the purpose of regulating how public senior higher education institutions may adjust  
5 funds awarded by the institution when the total amount of financial aid awarded to  
6 a student exceeds the student’s demonstrated financial need; authorizing financial  
7 aid awarded by a public senior higher education institution to be reduced only under  
8 certain circumstances and up to a certain amount; prohibiting financial aid awarded  
9 by a public senior higher education institution from being reduced under certain  
10 circumstances; requiring certain financial aid to be reduced in a specific order;  
11 defining certain terms; providing for the construction of this Act; making the  
12 provisions of this Act severable; and generally relating to financial aid at public  
13 senior higher education institutions.

14 BY adding to  
15 Article – Education  
16 Section 15–121  
17 Annotated Code of Maryland  
18 (2014 Replacement Volume and 2016 Supplement)

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

21 **Article – Education**

22 **15–121.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3           (2) "COST OF ATTENDANCE" HAS THE MEANING STATED IN 20  
4 U.S.C.A. § 1087LL.

5           (3) "DEMONSTRATED FINANCIAL NEED" MEANS COST OF  
6 ATTENDANCE MINUS EXPECTED FAMILY CONTRIBUTION.

7           (4) "EXPECTED FAMILY CONTRIBUTION" MEANS THE AMOUNT  
8 DETERMINED IN ACCORDANCE WITH 20 U.S.C.A. § 1087NN.

9           (5) "FINANCIAL AID" INCLUDES:

10                   (I) INSTITUTIONAL-BASED FINANCIAL AID;

11                   (II) SCHOLARSHIPS, GRANTS, WORK STUDY, AND LOANS  
12 OFFERED BY ANY INSTRUMENTALITY OF THE FEDERAL OR STATE GOVERNMENT;  
13 AND

14                   (III) PRIVATE SCHOLARSHIPS.

15           (6) (I) "INSTITUTIONAL-BASED FINANCIAL AID" MEANS  
16 SCHOLARSHIPS, GRANTS, WORK STUDY, AND LOANS OFFERED BY A PUBLIC SENIOR  
17 HIGHER EDUCATION INSTITUTION.

18                   (II) "INSTITUTIONAL-BASED FINANCIAL AID" DOES NOT  
19 INCLUDE FINANCIAL AID OFFERED BY ANY INSTRUMENTALITY OF THE FEDERAL OR  
20 STATE GOVERNMENT.

21           (7) "PRIVATE SCHOLARSHIPS" MEANS SCHOLARSHIPS AWARDED BY  
22 COMPANIES, PRIVATE FOUNDATIONS, NONPROFIT ORGANIZATIONS, AND SERVICE  
23 GROUPS.

24           (8) "UNMET FINANCIAL NEED" MEANS THE STUDENT'S  
25 DEMONSTRATED FINANCIAL NEED IS GREATER THAN THE STUDENT'S:

26                   (I) INSTITUTIONAL-BASED FINANCIAL AID; AND

27                   (II) SCHOLARSHIPS, GRANTS, WORK STUDY, AND LOANS  
28 OFFERED BY ANY INSTRUMENTALITY OF THE FEDERAL OR STATE GOVERNMENT.

1           **(B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION AND**  
2 **SUBJECT TO SUBSECTION (D) OF THIS SECTION, IF THE TOTAL AMOUNT OF**  
3 **FINANCIAL AID AWARDED TO A STUDENT EXCEEDS THE STUDENT’S DEMONSTRATED**  
4 **FINANCIAL NEED, A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION MAY REDUCE**  
5 **THE STUDENT’S INSTITUTIONAL–BASED FINANCIAL AID AWARD UP TO THE AMOUNT**  
6 **THAT EXCEEDS THE STUDENT’S DEMONSTRATED FINANCIAL NEED.**

7           **(C) A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION MAY NOT REDUCE**  
8 **A STUDENT’S INSTITUTIONAL–BASED FINANCIAL AID AWARD IF:**

9                   **(1) THE STUDENT HAS UNMET FINANCIAL NEED AT THE TIME THE**  
10 **INSTITUTION SENDS ITS FINANCIAL AID AWARD NOTICE TO THE STUDENT;**

11                   **(2) THE STUDENT RECEIVES ADDITIONAL FINANCIAL AID INTENDED**  
12 **TO FILL ALL OR A PORTION OF THE UNMET FINANCIAL NEED; AND**

13                   **(3) THE TOTAL AMOUNT OF FINANCIAL AID AWARDED IS LESS THAN**  
14 **OR EQUAL TO THE STUDENT’S DEMONSTRATED FINANCIAL NEED.**

15           **(D) A REDUCTION AUTHORIZED UNDER SUBSECTION (B) OF THIS SECTION**  
16 **SHALL BE REDUCED IN THE FOLLOWING ORDER:**

17                   **(1) LOANS;**

18                   **(2) WORK STUDY; AND**

19                   **(3) GRANTS AND SCHOLARSHIPS.**

20           SECTION 2. AND BE IT FURTHER ENACTED, That nothing in this Act may be  
21 construed to violate the provisions of federal law or regulations relating to the award of  
22 need–based financial aid.

23           SECTION 3. AND BE IT FURTHER ENACTED, That, if any provision of this Act or  
24 the application thereof to any person or circumstance is held invalid for any reason in a  
25 court of competent jurisdiction, the invalidity does not affect other provisions or any other  
26 application of this Act that can be given effect without the invalid provision or application,  
27 and for this purpose the provisions of this Act are declared severable.

28           SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
29 1, 2017.