

HOUSE BILL 841

F2

8lr2930
CF 8lr0517

By: **Delegates Jones, Brooks, Ciliberti, Frick, Gaines, Gutierrez, Haynes, Hettleman, Hixson, C. Howard, Jalisi, Lam, Luedtke, Pendergrass, Sophocleus, Stein, Wilkins, and P. Young**

Introduced and read first time: February 2, 2018

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Higher Education – Endowed University System of Maryland Scholarship**
3 **Program – Established**

4 FOR the purpose of establishing the Endowed University System of Maryland Scholarship
5 Program; authorizing the Board of Regents of the University System of Maryland to
6 transfer up to a certain amount of funds from the non-State supported fund balance
7 to a certain quasi-endowment fund; establishing the Endowed University System of
8 Maryland Scholarship Fund as a quasi-endowment fund; specifying the purpose of
9 the Fund; requiring the Board to administer the Fund; establishing the Fund as a
10 special, nonlapsing fund that is exempt from a certain provision of law; specifying
11 the contents of the Fund; requiring the Governor to appropriate a certain amount in
12 certain fiscal years to the Fund; providing for the investment of money in the Fund
13 and expenditures of interest earnings of the Fund; prohibiting certain money in the
14 Fund to be used subject to a certain exception; requiring the Board to work in
15 collaboration with the Maryland Higher Education Commission in disbursing
16 certain funds and adopting certain policies; stating the General Assembly's intent
17 for the interest earnings of the Fund; stating the General Assembly's intent for the
18 Program; stating the purpose of the Program; requiring the Office of Student
19 Financial Assistance to administer the Program; providing for the eligibility criteria
20 for the Program; requiring the Office to set a date by which applications must be
21 received; establishing a certain priority for participation in the Program; requiring
22 the Office to distribute funds to constituent institutions in a certain manner;
23 requiring that a student who receives a scholarship award under the Program
24 continues to receive funds until the student graduates, subject to certain conditions;
25 requiring a student who receives an award under the Program to sign a statement
26 agreeing to maintain residence in the State for a certain period of time and to
27 continue to apply for certain financial aid; providing that, if an award recipient fails
28 to comply with a certain agreement, the scholarship award shall be converted to a
29 certain loan; requiring that certain loans be prorated under a certain circumstance;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 providing for the administration of certain loans; requiring that certain loans be paid
2 to the Fund; requiring the Office to adopt certain regulations; exempting the Fund
3 from a certain provision of law requiring interest earnings on State money to accrue
4 to the General Fund of the State; defining certain terms; and generally relating to
5 the Endowed University System of Maryland Scholarship Program.

6 BY repealing and reenacting, without amendments,
7 Article – Education
8 Section 12–101(b)(1), (6), and (8) and 18–101(a) and (c)
9 Annotated Code of Maryland
10 (2014 Replacement Volume and 2017 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article – Education
13 Section 12–104(e)(2)
14 Annotated Code of Maryland
15 (2014 Replacement Volume and 2017 Supplement)

16 BY adding to
17 Article – Education
18 Section 12–118; and 18–1001 through 18–1005 to be under the new subtitle “Subtitle
19 10. Endowed University System of Maryland Scholarship Program”
20 Annotated Code of Maryland
21 (2014 Replacement Volume and 2017 Supplement)

22 BY repealing and reenacting, without amendments,
23 Article – State Finance and Procurement
24 Section 6–226(a)(2)(i)
25 Annotated Code of Maryland
26 (2015 Replacement Volume and 2017 Supplement)

27 BY repealing and reenacting, with amendments,
28 Article – State Finance and Procurement
29 Section 6–226(a)(2)(ii)101. and 102.
30 Annotated Code of Maryland
31 (2015 Replacement Volume and 2017 Supplement)

32 BY adding to
33 Article – State Finance and Procurement
34 Section 6–226(a)(2)(ii)103.
35 Annotated Code of Maryland
36 (2015 Replacement Volume and 2017 Supplement)

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

39 **Article – Education**

1 12-101.

2 (b) (1) In this title the following words have the meanings indicated.

3 (6) "Constituent institutions", "institutions", or "campuses" means the
4 following public senior higher education institutions under the jurisdiction of the Board of
5 Regents:

6 (i) University of Maryland, which is a strategic partnership between
7 the following two distinct campuses within the University System of Maryland:

8 1. The University of Maryland, Baltimore Campus; and

9 2. The University of Maryland, College Park Campus;

10 (ii) University of Maryland Baltimore County;

11 (iii) University of Maryland Eastern Shore;

12 (iv) University of Maryland University College;

13 (v) Bowie State University;

14 (vi) Coppin State University;

15 (vii) Frostburg State University;

16 (viii) Salisbury University;

17 (ix) Towson University; and

18 (x) University of Baltimore.

19 (8) "Quasi-endowment funds" means funds that the University System of
20 Maryland retains and manages in the same manner as an endowment.

21 12-104.

22 (e) (2) (i) Subject to subparagraphs (ii), [and] (iii), AND (IV) of this
23 paragraph, the Board may maintain and manage quasi-endowment funds.

24 (ii) The Board may only make a one-time transfer of no more than
25 \$50,000,000 from the non-State supported fund balance held and invested by the State
26 Treasurer to the quasi-endowment fund.

27 (iii) 1. Subject to the limitation under subparagraph 2 of this

1 subparagraph, the Board may make only a one-time transfer of no more than \$50,000,000
2 from the State-supported fund balance held and invested by the State Treasurer to the
3 quasi-endowment fund.

4 2. The Board may use the investment proceeds for facility
5 renewal projects relating only to capital facilities used for State-supported activities.

6 **(IV) THE BOARD MAY MAKE ONLY A ONE-TIME TRANSFER OF**
7 **NOT MORE THAN \$50,000,000 FROM THE NON-STATE SUPPORTED FUND BALANCE**
8 **HELD AND INVESTED BY THE STATE TREASURER TO THE QUASI-ENDOWMENT FUND**
9 **ESTABLISHED UNDER § 12-118 OF THIS SUBTITLE.**

10 **12-118.**

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

13 **(2) “FUND” MEANS THE ENDOWED UNIVERSITY SYSTEM OF**
14 **MARYLAND SCHOLARSHIP FUND.**

15 **(3) “PROGRAM” MEANS THE ENDOWED UNIVERSITY SYSTEM OF**
16 **MARYLAND SCHOLARSHIP PROGRAM ESTABLISHED UNDER TITLE 18, SUBTITLE 10**
17 **OF THIS ARTICLE.**

18 **(4) (I) “TUITION” MEANS THE CHARGES IMPOSED BY A**
19 **CONSTITUENT INSTITUTION FOR ENROLLMENT AT THE INSTITUTION.**

20 **(II) “TUITION” INCLUDES CHARGES FOR REGISTRATION AND**
21 **ALL FEES FOR CREDIT-BEARING COURSES REQUIRED AS A CONDITION OF**
22 **ENROLLMENT.**

23 **(B) (1) THERE IS AN ENDOWED UNIVERSITY SYSTEM OF MARYLAND**
24 **SCHOLARSHIP FUND.**

25 **(2) THE FUND IS A QUASI-ENDOWMENT FUND.**

26 **(C) THE PURPOSE OF THE FUND IS TO PROVIDE SCHOLARSHIPS TO**
27 **LOW-INCOME MARYLAND RESIDENTS ADMITTED TO A CONSTITUENT INSTITUTION**
28 **IN ACCORDANCE WITH THE PROGRAM.**

29 **(D) THE BOARD SHALL ADMINISTER THE FUND.**

30 **(E) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO**
31 **§ 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

1 **(F) THE FUND CONSISTS OF:**

2 **(1) MONEY DISTRIBUTED TO THE FUND BY THE BOARD OF REGENTS**
3 **UNDER § 12-104(E)(2)(IV) OF THIS SUBTITLE AND REPAID TO THE FUND UNDER §**
4 **18-1004(C) OF THIS ARTICLE;**

5 **(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**

6 **(3) A PORTION OF THE INTEREST EARNINGS OF THE FUND AS**
7 **DETERMINED BY THE BOARD;**

8 **(4) MONEY PLEDGED BY ELIGIBLE PRIVATE DONORS AS VOLUNTARY**
9 **DONATIONS; AND**

10 **(5) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**
11 **THE BENEFIT OF THE FUND.**

12 **(G) IN EACH OF FISCAL YEARS 2020 THROUGH 2029, THE GOVERNOR SHALL**
13 **INCLUDE IN THE ANNUAL STATE OPERATING BUDGET FOR THE UNIVERSITY SYSTEM**
14 **OF MARYLAND AN APPROPRIATION TO THE FUND IN AN AMOUNT EQUAL TO THE**
15 **LESSER OF \$5,000,000 OR:**

16 **(1) FOR FISCAL YEAR 2020, THE AMOUNT PLEDGED UNDER**
17 **SUBSECTION (F)(4) OF THIS SECTION IN THE PRIOR FISCAL YEAR; AND**

18 **(2) FOR FISCAL YEARS 2021 THROUGH 2029, THE AMOUNT PLEDGED**
19 **UNDER SUBSECTION (F)(4) OF THIS SECTION IN THE SECOND PRIOR FISCAL YEAR.**

20 **(H) (1) THE BOARD SHALL INVEST THE MONEY IN THE FUND IN THE SAME**
21 **MANNER AS OTHER QUASI-ENDOWMENT FUNDS.**

22 **(2) (I) THE BOARD SHALL USE THE INTEREST EARNED BY THE**
23 **FUND FOR THE FOLLOWING PURPOSES:**

24 **1. TRANSFERRING MONEY TO THE COMMISSION TO**
25 **PROVIDE FUNDING FOR EXISTING PARTICIPANTS IN THE PROGRAM;**

26 **2. REINVESTING A PORTION OF THE INTEREST TO**
27 **ENSURE THAT THE FUND GROWS AT A REASONABLE RATE; AND**

28 **3. TRANSFERRING MONEY TO THE COMMISSION TO**
29 **PROVIDE FUNDING FOR NEW SCHOLARSHIPS UNDER THE PROGRAM.**

1 **(II) THE PROPORTION OF THE INTEREST EARNED BY THE FUND**
2 **THAT THE BOARD USES FOR EACH PURPOSE UNDER SUBPARAGRAPH (I) OF THIS**
3 **PARAGRAPH IS AT THE DISCRETION OF THE BOARD.**

4 **(I) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,**
5 **THE PRINCIPAL AMOUNT IN THE FUND MAY NOT BE USED.**

6 **(2) THE PRINCIPAL AMOUNT IN THE FUND MAY BE USED ONLY IF THE**
7 **INTEREST EARNINGS OF THE FUND ARE INSUFFICIENT TO PROVIDE RENEWAL**
8 **SCHOLARSHIPS TO PARTICIPANTS IN THE PROGRAM.**

9 **(J) THE BOARD SHALL WORK IN COLLABORATION WITH THE COMMISSION**
10 **TO:**

11 **(1) DISBURSE THE INTEREST EARNINGS OF THE FUND AS REQUIRED**
12 **UNDER SUBSECTION (H)(2) OF THIS SECTION; AND**

13 **(2) ADOPT POLICIES TO GOVERN THE DISBURSEMENT OF MONEY**
14 **FROM THE FUND.**

15 **(K) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT SOME OF THE**
16 **INTEREST EARNINGS OF THE FUND SHALL BE REINVESTED TO SUSTAIN THE FUND'S**
17 **GROWTH UNTIL ALL STUDENTS WITH A DEMONSTRATED FINANCIAL NEED**
18 **ATTENDING A CONSTITUENT INSTITUTION FULL TIME MAY ATTEND TUITION FREE.**

19 18-101.

20 (a) In this title the following words have the meanings indicated.

21 (c) "Office" means the Office of Student Financial Assistance.

22 **SUBTITLE 10. ENDOWED UNIVERSITY SYSTEM OF MARYLAND SCHOLARSHIP**
23 **PROGRAM.**

24 18-1001.

25 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
26 **INDICATED.**

27 **(B) "CONSTITUENT INSTITUTION" HAS THE MEANING STATED IN § 12-101**
28 **OF THIS ARTICLE.**

29 **(C) "FUND" MEANS THE ENDOWED UNIVERSITY SYSTEM OF MARYLAND**

1 SCHOLARSHIP FUND ESTABLISHED UNDER § 12-118 OF THIS ARTICLE.

2 (D) "PROGRAM" MEANS THE ENDOWED UNIVERSITY SYSTEM OF
3 MARYLAND SCHOLARSHIP PROGRAM ESTABLISHED UNDER THIS SUBTITLE.

4 (E) (1) "TUITION" MEANS THE CHARGES IMPOSED BY A CONSTITUENT
5 INSTITUTION FOR ENROLLMENT AT THE INSTITUTION.

6 (2) "TUITION" INCLUDES CHARGES FOR REGISTRATION AND ALL
7 FEES FOR CREDIT-BEARING COURSES REQUIRED AS A CONDITION OF ENROLLMENT.

8 18-1002.

9 IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT:

10 (1) THE PROGRAM ESTABLISHED IN THIS SUBTITLE SHALL
11 EVENTUALLY PROVIDE A POSTSECONDARY EDUCATION TO EVERY MARYLAND
12 STUDENT ADMITTED TO A CONSTITUENT INSTITUTION;

13 (2) INITIALLY THE FUND ESTABLISHED UNDER § 12-118 OF THIS
14 ARTICLE SHALL BE USED TO PROVIDE PELL GRANT ELIGIBLE AND NEARLY
15 ELIGIBLE COMMUNITY COLLEGE STUDENTS TRANSFERRING TO UNDERGRADUATE
16 CONSTITUENT INSTITUTIONS THE OPPORTUNITY TO COMPLETE THEIR STUDIES
17 TUITION FREE; AND

18 (3) AS THE AMOUNT IN THE FUND GROWS, A TUITION-FREE
19 EDUCATION SHALL BE PROVIDED TO ALL STUDENTS WHO HAVE A DEMONSTRATED
20 FINANCIAL NEED AND ARE ATTENDING A CONSTITUENT INSTITUTION FULL TIME.

21 18-1003.

22 (A) THERE IS A SCHOLARSHIP PROGRAM KNOWN AS THE ENDOWED
23 UNIVERSITY SYSTEM OF MARYLAND SCHOLARSHIP PROGRAM.

24 (B) THE PURPOSE OF THE PROGRAM IS TO PROVIDE FINANCIAL
25 ASSISTANCE TO UNDERGRADUATE STUDENTS ENROLLED IN CONSTITUENT
26 INSTITUTIONS OF THE UNIVERSITY SYSTEM OF MARYLAND.

27 (C) THE OFFICE SHALL ADMINISTER THE PROGRAM.

28 (D) (1) AN INDIVIDUAL MAY APPLY TO THE OFFICE FOR A SCHOLARSHIP
29 UNDER THE PROGRAM.

1 **(2) THE OFFICE SHALL SET A DATE ON OR BEFORE WHICH**
2 **APPLICATIONS MUST BE SUBMITTED IN ORDER TO PARTICIPATE IN THE PROGRAM.**

3 **(E) TO BE ELIGIBLE TO RECEIVE SCHOLARSHIP FUNDS FROM THE**
4 **PROGRAM AN INDIVIDUAL SHALL:**

5 **(1) BE ENROLLED AS A FULL-TIME STUDENT OR ACCEPTED FOR**
6 **FULL-TIME ENROLLMENT IN A DEGREE-GRANTING PROGRAM AT A CONSTITUENT**
7 **INSTITUTION;**

8 **(2) BE A RESIDENT OF THE STATE;**

9 **(3) ANNUALLY SUBMIT A COMPLETED FREE APPLICATION FOR**
10 **FEDERAL STUDENT AID (FAFSA) IN A TIMELY MANNER;**

11 **(4) COMPLETE A SCHOLARSHIP APPLICATION IN THE MANNER THE**
12 **OFFICE REQUIRES;**

13 **(5) DEMONSTRATE THAT THE STUDENT IS IN GOOD STANDING WITH**
14 **THE CONSTITUENT INSTITUTION;**

15 **(6) HAVE AN INCOME, BASED ON FAMILY AND STUDENT**
16 **CONTRIBUTIONS, AS DETERMINED ON THE SUBMITTED FAFSA, THAT IS 125% OR**
17 **LESS OF THE MOST RECENTLY PUBLISHED FEDERAL PELL GRANT MAXIMUM**
18 **INCOME LEVEL FOR SIMILARLY SITUATED STUDENTS;**

19 **(7) HAVE SOUGHT ANY AVAILABLE STUDENT FINANCIAL AID TO BE**
20 **APPLIED TO THE STUDENT'S TUITION FROM:**

21 **(I) THE DELEGATE HOWARD P. RAWLINGS EDUCATIONAL**
22 **EXCELLENCE AWARDS PROGRAM UNDER SUBTITLE 3 OF THIS TITLE; AND**

23 **(II) THE FEDERAL PELL GRANT PROGRAM; AND**

24 **(8) AGREE TO THE CONDITIONS PROVIDED IN § 18-1004 OF THIS**
25 **SUBTITLE.**

26 **(F) PRIORITY FOR PARTICIPATION IN THE PROGRAM SHALL BE GIVEN TO**
27 **AN UNDERGRADUATE STUDENT WHO IS TRANSFERRING OR HAS TRANSFERRED WITH**
28 **AN ASSOCIATE DEGREE FROM A COMMUNITY COLLEGE IN THE STATE.**

29 **(G) (1) SUBJECT TO THE REQUIREMENTS OF THIS SUBSECTION, ON**
30 **VERIFICATION THAT A STUDENT MEETS THE REQUIREMENTS OF SUBSECTION (E) OF**

1 THIS SECTION, THE OFFICE SHALL, ON A FIRST-COME, FIRST-SERVED BASIS,
2 DISTRIBUTE MONEY PROVIDED BY THE BOARD OF REGENTS OF THE UNIVERSITY
3 SYSTEM OF MARYLAND UNDER § 12-118 OF THIS ARTICLE TO EACH CONSTITUENT
4 INSTITUTION THAT IS SUFFICIENT TO COVER THE TUITION COSTS OF
5 PARTICIPATING STUDENTS AT EACH CONSTITUENT INSTITUTION.

6 (2) THE OFFICE SHALL DISTRIBUTE MONEY TO CONSTITUENT
7 INSTITUTIONS IN THE FOLLOWING ORDER:

8 (I) TO COVER THE TUITION OF SCHOLARSHIP RENEWAL
9 STUDENTS;

10 (II) TO COVER THE TUITION OF PRIORITY STUDENTS UNDER
11 SUBSECTION (F) OF THIS SECTION; AND

12 (III) TO COVER THE TUITION OF NEW RECIPIENTS.

13 (3) IN DETERMINING THE AMOUNT OF A SCHOLARSHIP AWARD
14 UNDER THIS SUBSECTION, THE OFFICE SHALL FIRST CREDIT ALL NONLOAN AID
15 RECEIVED BY THE PARTICIPATING STUDENT TO THE PARTICIPATING STUDENT'S
16 TUITION.

17 (H) IF A STUDENT CONTINUES TO MEET THE ELIGIBILITY REQUIREMENTS
18 UNDER SUBSECTION (E) OF THIS SECTION, A STUDENT WHO RECEIVES AN AWARD
19 UNDER THE PROGRAM SHALL CONTINUE TO RECEIVE THE AWARD EACH YEAR UNTIL
20 THE STUDENT RECEIVES A DEGREE.

21 18-1004.

22 (A) A STUDENT WHO IS AWARDED A SCHOLARSHIP SHALL SIGN A
23 STATEMENT AGREEING TO:

24 (1) MAINTAIN RESIDENCE IN THE STATE FOR A LENGTH OF TIME
25 EQUAL TO THE NUMBER OF YEARS THE STUDENT RECEIVES A SCHOLARSHIP UNDER
26 THE PROGRAM, BEGINNING ONCE THE STUDENT RECEIVES A DEGREE; AND

27 (2) CONTINUE TO APPLY FOR ALL AVAILABLE FINANCIAL AID LISTED
28 IN § 18-1003(E)(7) OF THIS SUBTITLE.

29 (B) (1) IF A SCHOLARSHIP AWARD RECIPIENT FAILS TO MAINTAIN
30 RESIDENCY IN THE STATE, THE FUNDS RECEIVED UNDER THIS SUBTITLE SHALL BE
31 CONVERTED FROM A SCHOLARSHIP AWARD TO A LOAN PAYABLE TO THE STATE.

1 **(2) THE AMOUNT OF THE LOAN THAT THE RECIPIENT MUST REPAY**
2 **SHALL BE PRORATED TO ACCOUNT FOR THE NUMBER OF YEARS THE RECIPIENT**
3 **MAINTAINED RESIDENCY IN THE STATE AFTER RECEIVING A DEGREE.**

4 **(c) (1) THE OFFICE SHALL ADMINISTER ANY LOANS CREATED UNDER**
5 **THIS SECTION.**

6 **(2) ANY FUNDS RECEIVED FROM THE REPAYMENT OF LOANS UNDER**
7 **THIS SECTION SHALL BE PAID TO THE FUND.**

8 **18-1005.**

9 **THE OFFICE SHALL ADOPT REGULATIONS TO IMPLEMENT THE PROGRAM.**

10 **Article – State Finance and Procurement**

11 **6-226.**

12 (a) (2) (i) Notwithstanding any other provision of law, and unless
13 inconsistent with a federal law, grant agreement, or other federal requirement or with the
14 terms of a gift or settlement agreement, net interest on all State money allocated by the
15 State Treasurer under this section to special funds or accounts, and otherwise entitled to
16 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General
17 Fund of the State.

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

20 101. the Advance Directive Program Fund; [and]

21 102. the Make Office Vacancies Extinct Matching Fund; AND

22 **103. THE ENDOWED UNIVERSITY SYSTEM OF MARYLAND**
23 **SCHOLARSHIP FUND.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
25 1, 2018.