

**Maryland General Assembly
Department of Legislative Services**

**Proposed Regulations
Maryland Higher Education Commission**
(DLS Control No. 18-311)

Overview and Legal and Fiscal Impact

These regulations implement the Maryland Community College Promise Scholarships program, established by Chapter 554 of 2018 and administered by the Office of Student Financial Assistance within the Maryland Higher Education Commission.

The regulations present no legal issues of concern.

There is no fiscal impact on State or local agencies.

Regulations of COMAR Affected

Maryland Higher Education Commission:

Financial Aid: Maryland Community College Promise Scholarships:
COMAR 13B.08.21.01 through .22

Legal Analysis

Background

The Maryland Community College Promise Scholarships program was established to provide tuition assistance for students attending community college in the State. Among other requirements, recipients of an award under the program must have an annual adjusted gross income below a certain level and agree to perform a service obligation that meets certain conditions or repay the State for the scholarship award.

Summary of Regulations

Statutory Provisions

These regulations restate several statutory provisions relating to the program, including:

- providing that awards may be used at a community college for a vocational certificate, a certificate, or an associate degree;

- establishing eligibility criteria for a scholarship under the program, including eligibility for in-State tuition, enrollment in an appropriate program within two years after graduating from a high school or successfully completing a GED, an overall high school GPA of at least 2.3, an annual adjusted gross income of not more than a specified amount, enrollment in at least 12 credits per semester, and timely submission of a FAFSA or alternative application;
- requiring that an annual scholarship award not exceed the lesser of actual tuition (including all mandatory fees) or \$5,000, and that any other financial aid, other than loans, be credited to the recipient's tuition before the calculation of the scholarship amount;
- requiring that initial scholarships be given based on financial need and that priority in subsequent years be given to prior year recipients who remain eligible;
- requiring that eligible applicants who do not receive an award be notified and placed on a waiting list;
- requiring a recipient to sign an agreement to;
 - use an address in the State on the recipient's State income tax return and commence full-time employment within one year of completing the certificate or degree;
 - continue to use an address in the State on the income tax return and maintain employment for one year for every year the award was received; and
 - have the scholarship convert to a loan if the recipient fails to fulfill the service obligation;
- authorizing a recipient to hold an award;
 - until the earlier of three years or the date when the individual is awarded an associate degree and
 - only if the individual continues to meet specified requirements, or provides the office with evidence of extenuating circumstances; and
- providing that, in cases in which the recipient does not perform the service obligation, the scholarship award is converted into a student loan.

Additional Provisions

The regulations also provide additional details for how the program will work, including:

- establishing an application process, including specific deadlines;

- requiring the office to consider students on the waiting list for late awards if funds become available after initial awards are made, with consideration given in a specified order;
- requiring the office, applicants, and institutions to verify certain information pertaining to student eligibility for awards;
- requiring institutions to report certain information in the Maryland College Aid Processing System and recipients to accept awards through the system;
- providing that an individual who fails to accept an award within six weeks becomes ineligible;
- authorizing a recipient who becomes ineligible for the scholarship to reapply, so long as they continue to meet the eligibility requirements;
- prohibiting a community college that fails to certify and request payment for all recipients from certifying recipients for the subsequent semester;
- providing that award recipients who fail to maintain the required 2.5 GPA may enroll in the summer semester in order to meet the requirement and remain eligible, but may not receive a scholarship award for the summer semester;
- providing for appeals to the office of decisions to deny a scholarship, based on extenuating circumstances that result in an interruption of study, a GPA below the required minimum, or less than full-time enrollment;
- requiring the office to review a student's documentation of extenuating circumstances that required the interruption of study or prevented the student from meeting the GPA requirement and to render a decision within 30 days of receipt;
- providing for the repayment of loans, including the interest rate, proration at the discretion of the office, and repayment within six years, except in cases of deferment or waiver;
- authorizing a recipient to request deferment of a service obligation under certain circumstances, but limiting deferment to a period of up to three years;
- providing that loan payments are not required and interest does not accrue during a period of deferment;
- requiring the office to waive the service and repayment obligations in cases of permanent disability or death; and

- providing that decisions of the office are final and not subject to additional review or appeal.

Legal Issues

The regulations present no legal issues of concern.

Statutory Authority and Legislative Intent

The commission cites §§ 11-105(u), 18-204(c), 18-3603, 18-3604, and 18-3606 of the Education Article as statutory authority for the regulations. Section 11-105(u) gives the commission the authority to adopt any rule or regulation necessary to carry out its powers and duties. Section 18-204(c) gives the office the authority to adopt any rule or regulation necessary to carry out its powers and duties, including provisions for the waiver and deferment of a service obligation or repayment in circumstances determined by the commission. Section 18-3603, among other things, states the eligibility criteria an applicant must meet to receive a Maryland Community College Promise Scholarship. Section 18-3604, among other things, lays out the maximum amount of an award, priority considerations for who receives an award, the requirement that recipients sign a certain agreement at the time of an initial award, and the requirement that recipients who do not complete the service obligation will have their awards converted into student loans. Section 18-3606 requires the commission to adopt regulations to implement the program, including the terms and conditions for repayment of any award amount that is converted into a loan.

This authority is correct and complete. The regulations comply with the legislative intent of the law.

Fiscal Analysis

There is no fiscal impact on State or local agencies.

Agency Estimate of Projected Fiscal Impact

The regulations implement provisions of Chapter 554 of 2018 (House Bill 16) relating to the Maryland Community College Promise Scholarships Program to provide tuition assistance for students to attend a community college in the State. Chapter 554 mandates an annual appropriation of at least \$15 million for the scholarship. The fiscal and policy note for House Bill 16 noted the mandated appropriation and \$60,000 in programing costs for the Maryland College Aid Processing System. The commission advises that the regulations have no fiscal impact beyond that assumed under the fiscal and policy note for House Bill 16; the Department of Legislative Services concurs as limiting the minimum scholarship to \$100 per semester and \$200 for the academic year has no fiscal impact on the State since it does not impact mandated funding for the program.

Impact on Budget

There is no impact on the State operating or capital budget.

Agency Estimate of Projected Small Business Impact

The commission advises that the regulations have minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

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