

HOUSE BILL 57

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HB 853/14 – APP

5lr0522

By: **Delegates Reznik, Barkley, Kaiser, Krimm, Lafferty, Lam, Lierman, Luedtke, Moon, Morhaim, Platt, Rosenberg, Stein, Valderrama, Valentino-Smith, and K. Young**

Introduced and read first time: January 21, 2015

Assigned to: Appropriations

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

8 WHEREAS, There is growing interest in a new financing strategy known as Pay It
9 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 MARYLAND,
13 That:

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

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

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

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

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

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

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

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

1 (vii) allowing the program to vary by institution or school depending
2 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 specified
9 in the contracts at the institution or school.

10 (b) (1) On or before December 31, 2015, the Board of Regents of the University
11 System of Maryland shall report to the Governor and the Senate Budget and Taxation
12 Committee and the House Appropriations Committee, in accordance with § 2-1246 of the
13 State Government Article, its findings on whether a Pay It Forward Pilot Program should
14 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 include
17 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 for
21 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 the
27 institution adopted a program that would guarantee that tuition rates would not be
28 increased for incoming undergraduate students during 4 years of study at the institution.

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

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2015. It shall remain effective for a period of 1 year and, at the end of June 30, 2016,
3 with no further action required by the General Assembly, this Act shall be abrogated and
4 of no further force and effect.