

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 523 (Senators Feldman and Glassman)
Education, Health, and Environmental Affairs

**Task Force to Study a Program for Interest-Free Loans to STEM College
Students in Maryland**

This bill establishes the Task Force to Study a Program for Interest-Free Loans to Science, Technology, Engineering, and Math (STEM) College Students in Maryland. The Maryland Higher Education Commission (MHEC) must provide staff for the task force. A report with findings and recommendations is due by June 30, 2015.

The bill takes effect July 1, 2014, and terminates June 30, 2016.

Fiscal Summary

State Effect: Any expense reimbursements for task force members and staffing costs for MHEC are assumed to be minimal and absorbable within existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force must study and make recommendations regarding:

- interest-free loans or other financing methods employed by other states for students attending college within those states, including those limited to students engaged in STEM curricula;

- the use of public-private partnerships to provide funding, in whole or in part, for students engaged in STEM curricula who are employed in the State following completion of a course of study;
- the performance of secondary schools or courses of study in preparing students for college or postsecondary education courses of study in STEM curricula;
- the potential benefits of creating additional technology jobs in the State related to employment that is connected with research or similar activities at Maryland military installations; and
- the efficacy of a pilot project to provide State assistance to college students engaged in STEM curricula in a local jurisdiction adjacent to a military installation in the State that is engaged in research or similar activities.

Current Law/ Background: A few states, colleges, universities, and charities across the United States offer interest-free student loans. For example, the Massachusetts No Interest Loan (NIL) program was created to provide eligible, needy Massachusetts residents attending postsecondary education institutions in Massachusetts with a state-funded zero-interest loan. Students have a period of 10 years to repay their NIL loans. The minimum initial NIL award a student can receive is \$1,000, with a maximum award amount of \$4,000 per academic year. NIL award amounts are determined according to financial need. A NIL eligible student has a lifetime borrowing limit of \$20,000. In Maryland, the nonprofit Central Scholarship Bureau offers a certain amount of interest-free student loans to certain individuals who live within 200 miles of Baltimore City.

STEM fields generally include physical and biological sciences, computer sciences, information systems, engineering (*e.g.*, civil, electrical, and mechanical), and mathematics. In 2012, public and private institutions of higher education awarded approximately 10,700 associate, bachelor, master, and doctorate degrees in STEM fields.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission, USA News, Massachusetts Office of Student Financial Assistance, Central Scholarship Bureau, Department of Legislative Services

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