

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 779

H.P. 581 House of Representatives, March 13, 1987
Reference to the Committee on Education suggested and
ordered printed.

EDWIN H. PERT, Clerk
Presented by Representative DIAMOND of Bangor.
Cosponsored by Senators PERKINS of Hancock, ESTES of York
and Representative BOST of Orono.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-SEVEN

AN ACT to Enhance Higher Educational
Opportunities.

Be it enacted by the People of the State of Maine as
follows:

Sec. 1. 5 MRSA §12004, sub-§7, ¶A, sub-¶(11) is
enacted to read:

(11) Board of Directors, \$50/day 20-A MRSA §12610
Student Educational
Enhancement Deposit Plan

Sec. 2. 20-A MRSA c. 430 is enacted to read:

CHAPTER 430

STUDENT EDUCATIONAL ENHANCEMENT DEPOSIT ACT

1 §12601. Student Educational Enhancement Deposit Act

2 This chapter shall be known and may be cited as
3 the "Student Educational Enhancement Deposit Act."

4 §12602. Definitions

5 As used in this Act, unless the context otherwise
6 indicates, the following terms have the following
7 meanings.

8 1. Advance tuition payment contract. "Advance
9 tuition payment contract" means a contract entered
10 into by the trust and a purchaser pursuant to this
11 Act to provide for the higher education of a qualifi-
12 ed beneficiary.

13 2. Accredited institution. "Accredited institu-
14 tion" means any nationally accredited 2-year or
15 4-year institution of higher education.

16 3. Board. "Board" means the Board of Directors
17 of the Student Educational Enhancement Deposit Plan
18 described in section 12610.

19 4. Fund. "Fund" means the Advance Tuition Pay-
20 ment Fund created in section 12609.

21 5. Plan. "Plan" means the Student Educational
22 Enhancement Deposit Plan created in section 12603.

23 6. Purchaser. "Purchaser" means a person who
24 makes or is obligated to make advance tuition pay-
25 ments pursuant to an advance tuition payment con-
26 tract.

27 7. Qualified beneficiary. "Qualified beneficia-
28 ry" means any person who is a resident of this State
29 at the time the contract is entered into.

30 8. Settlement sum. "Settlement sum" means the
31 sum of money the purchaser is entitled to at the ter-
32 mination of the advance tuition payment contract.

33 9. State institution of higher education. "State
34 institution of higher education" means a college or
35 university described in Private and Special Law 1865,

1 chapter 532, or any 2-year or 4-year degree-granting
2 institution established by the State after the effective
3 date of this Act, which institution is designated
4 by the State as a state institution of higher
5 education for purposes of this Act.

6 §12603. Student Educational Enhancement Deposit Plan

7 1. Student Educational Enhancement Deposit Plan.
8 There is created a public body corporate and politic
9 to be known as the Student Educational Enhancement
10 Deposit Plan. The plan shall be within the State
11 Treasury, but shall exercise its prescribed statutory
12 powers, duties and functions independently of the
13 Treasurer of State.

14 2. Powers and duties. The powers and duties of
15 the Student Educational Enhancement Deposit Plan are
16 vested in and shall be exercised by a board of direc-
17 tors.

18 §12604. Advance tuition payment contract

19 The plan, on behalf of itself and the State, may
20 contract with a purchaser for the advance payment of
21 tuition by the purchaser for a qualified beneficiary
22 to attend a state institution of higher education to
23 which the qualified beneficiary is admitted, without
24 further tuition cost, to the qualified beneficiary.

25 1. Advance tuition payment contract. In addition,
26 an advance tuition payment contract shall set
27 forth all of the following:

28 A. The amount of the payment or payments re-
29 quired from the purchaser on behalf of the quali-
30 fied beneficiary;

31 B. The terms and conditions for making the pay-
32 ment, including, but not limited to, the date or
33 dates upon which the payment, or portions of the
34 payment, shall be due;

35 C. Provisions for late payment charges and for
36 default;

1 D. The name and age of the qualified beneficiary
2 under the contract. The purchaser, with the ap-
3 proval of and on conditions determined by the
4 trust, may subsequently substitute another person
5 for the qualified beneficiary originally named;

6 E. The number of credit hours covered by the
7 contract;

8 F. The name of the person entitled to terminate
9 the contract, which, as provided by the contract,
10 may be the purchaser, the qualified beneficiary
11 or a person to act on behalf of the purchaser or
12 qualified beneficiary or any combination of these
13 persons;

14 G. The terms and conditions under which the con-
15 tract may be terminated and the amount of the re-
16 fund, if any, to which the person terminating the
17 contract, or specifically the purchaser or desig-
18 nated qualified beneficiary, if the contract so
19 provides, shall be entitled upon termination;

20 H. The assumption of a contractual obligation by
21 the plan to the qualified beneficiary on its own
22 behalf and on behalf of the State to provide for
23 credit hours of higher education, not to exceed
24 the credit hours required for the granting of a
25 baccalaureate degree, at a state institution of
26 higher education to which the qualified benefi-
27 ciary is admitted. The advance tuition payment
28 contract shall provide for the credit hours of
29 higher education that a qualified beneficiary may
30 receive under the contract if the qualified bene-
31 ficiary is not entitled to in-state tuition
32 rates;

33 I. The period of time from the beginning to the
34 end of which the qualified beneficiary may re-
35 ceive the benefits under the contract; and

36 J. Other terms, conditions and provisions as the
37 fund considers in its sole discretion to be nec-
38 essary or appropriate.

39 2. Form approved. The form of any advance tui-
40 tion payment contract to be entered into by the plan
41 shall first be approved by the board.

1 3. Necessary arrangements. The plan shall make
2 any arrangements that are necessary or appropriate
3 with state institutions of higher education in order
4 to fulfill its obligations under advance tuition pay-
5 ment contracts, which arrangements may include, but
6 need not be limited to, the payment by the program of
7 the then actual in-state tuition cost on behalf of a
8 qualified beneficiary to the state institution of
9 higher education.

10 4. Community or junior college attendance. An
11 advance tuition payment contract shall provide that
12 the plan provide for the qualified beneficiary to at-
13 tend an accredited vocational-technical institute,
14 community or junior college before entering an ac-
15 credited institution of higher education if the bene-
16 ficiary chooses and that the contract may be termi-
17 nated pursuant to section 12606 after completing the
18 requirements for a degree at the vocational-technical
19 institute, community or junior college or before en-
20 tering the state institution of higher education.

21 5. Rights terminated. An advance tuition payment
22 contract may provide that if, after a number of years
23 specified in the contract, the contract has not been
24 terminated or the qualified beneficiary's rights un-
25 der the contract have not been exercised, the plan
26 shall retain the amounts otherwise payable and the
27 rights of the qualified beneficiary, the purchaser or
28 the agent of either shall be considered terminated.

29 6. Transfer. No provision in this section may
30 prohibit a purchaser from directing the plan to
31 transfer the settlement value to any accredited in-
32 stitution pursuant to section 12605.

33 §12605. Contracts

34 At a minimum, the plan shall offer contracts of
35 the 2 types set forth in this section:

36 1. Plan A. Under Plan A:

37 A. A payment or series of payments shall be re-
38 quired from the purchaser on behalf of a quali-
39 fied beneficiary. The plan shall provide:

1 (1) For the qualified beneficiary to attend
2 a state institution of higher education at
3 which the qualified beneficiary attends for
4 the number of credit hours required by the
5 institution for the awarding of a baccalau-
6 reate degree, without further tuition cost
7 to the qualified beneficiary, except as pro-
8 vided in section 12604, for a qualified ben-
9 eficiary who is not entitled to in-state tu-
10 ition rates; or

11 (2) That a settlement sum be paid either to
12 the purchaser directly or to any accredited
13 institution of the purchaser's choice. For
14 the purposes of this plan, if the purchaser
15 elects to receive the settlement sum direct-
16 ly, the settlement sum shall only consist of
17 the face amount of the payment or payments.

18 2. Plan B. Under Plan B:

19 A. A payment or series of payments shall be re-
20 quired from the purchaser on behalf of a quali-
21 fied beneficiary. The plan shall provide:

22 (1) For the qualified beneficiary to attend
23 a state institution of higher education at
24 which the qualified beneficiary attends for
25 the number of credit hours required by the
26 institution for the awarding of a baccalau-
27 reate degree, without further tuition cost
28 to the qualified beneficiary, except as pro-
29 vided in section 12604, for a qualified ben-
30 eficiary who is not entitled to in-state tu-
31 ition rates; or

32 (2) That a settlement sum be paid either to
33 the purchaser directly or to any accredited
34 institution of the purchaser's choice. For
35 the purposes of this plan, if the purchaser
36 elects to receive the settlement sum direct-
37 ly, the settlement sum shall consist of the
38 face amount of the payment or payments and
39 any additional interest earned on the amount
40 of these payments at a rate of interest to
41 be determined by the terms of the contract.

1 3. Qualified beneficiary. If the qualified benefi-
2 ciary chooses not to attend a state institution un-
3 der Plan A or Plan B, the purchaser may direct the
4 plan to transfer the amount the purchaser would re-
5 ceive as a settlement sum, on behalf of the qualified
6 beneficiary, to any accredited institution of the
7 purchaser's choice. The settlement sum, if trans-
8 ferred to an accredited institution which is not a
9 state institution, shall not exceed the total amount
10 of tuition at a state institution.

11 Contracts required to be offered by this section
12 may require that payment or payments from a purchaser
13 on behalf of a qualified beneficiary, who may attend
14 a state institution of higher education in less than
15 4 years after the date the contract is entered into
16 by the purchaser, be based upon attendance at a state
17 institution of higher education or at that state in-
18 stitution of higher education with the highest pre-
19 valing tuition cost for the number of credit hours
20 covered by the contract.

21 §12606. Authorized termination

22 An advance tuition payment contract may not be
23 terminated except when one of the following occurs.

24 1. Death. The qualified beneficiary dies.

25 2. No admittance. The qualified beneficiary is
26 not admitted to a state institution of higher educa-
27 tion or an accredited institution after making proper
28 application.

29 3. Certification. The qualified beneficiary cer-
30 tifies to the plan, after attaining the age of 25
31 years, that the beneficiary has decided not to attend
32 a state institution of higher education or any ac-
33 credited institution and requests, in writing, that
34 the advance tuition payment contract be terminated.
35 The certification must be signed by one or both of
36 the purchasers.

37 4. Certain conditions. Certain conditions are
38 allowable pursuant to rules adopted by the board.

1 The right to receive a refund shall not be authorized
2 under the contract if the qualified beneficiary has
3 completed more than 1/2 of the credit hours required
4 by the state institution of higher education for the
5 awarding of a baccalaureate degree. This provision
6 shall not affect the termination and refund rights of
7 a graduate of a vocational-technical institute, com-
8 munity or junior college.

9 §12607. Settlement sum

10 An advance tuition payment contract may provide
11 for a refund, pursuant to this section, to a person
12 to whom the settlement sum is payable under the con-
13 tract upon termination of the contract. The settle-
14 ment sum shall be calculated pursuant to Plan A or
15 Plan B under section 12605.

16 1. Amount not to exceed. The amount of a refund
17 shall not exceed the prevailing tuition cost on the
18 date of termination for the credit hours covered by
19 the contract at the state institution of higher edu-
20 cation which charges the highest rate of tuition.

21 2. Amount of refund. The amount of a refund
22 shall be reduced by the amount transferred to a voc-
23 ational-technical institute, community or junior col-
24 lege on behalf of a qualified beneficiary when the
25 contract is terminated as provided in section 12604,
26 subsection 4, and by the amount transferred to a
27 state institution of higher education on behalf of a
28 qualified beneficiary.

29 3. Right to receive settlement fund. The right
30 to receive a settlement fund shall not be authorized
31 under the contract if the qualified beneficiary has
32 completed more than 1/2 of the credit hours required
33 by the state institution of higher education for the
34 awarding of a baccalaureate degree.

35 A. This provision shall not affect the termina-
36 tion and refund rights of a graduate of a voc-
37 ational-technical institute, community or junior
38 college.

39 §12608. Direct payment of the settlement sum

1 An advance tuition payment contract may authorize
2 a person, who is entitled under the advance tuition
3 payment contract to terminate the contract, to direct
4 payment of the settlement sum, pursuant to restric-
5 tions set forth in section 12605, subsection 3, to an
6 independent accredited degree-granting college or
7 university or to a vocational-technical institute,
8 community or junior college.

9 1. Transfer. If directed to make payments pursu-
10 ant to this subsection, the plan shall transfer to
11 the designated institution an amount equal to the tu-
12 ition due for the qualified beneficiary. The plan
13 shall not transfer a cumulative amount greater than
14 the current tuition at a state institution.

15 2. Limit on settlement sum. The amount of a set-
16 tlement sum paid upon termination of the advance tu-
17 ition payment contract by a person who directs the
18 plan, pursuant to this section, to transfer the set-
19 tlement sum to any accredited independent degree-
20 granting college or university shall not exceed the
21 cost of tuition at the campus of the state institu-
22 tion of higher education with the highest tuition
23 rate.

24 §12609. Advance Tuition Payment Fund

25 There is created under the jurisdiction and con-
26 trol of the board an Advance Tuition Payment Fund.
27 Payments received by the plan from purchasers on be-
28 half of qualified beneficiaries or from any other
29 source, public or private, shall be placed in the
30 fund. The fund may be divided into separate accounts.

31 1. Assets not considered state money. Assets of
32 the fund shall not be considered state money, common
33 cash of the State or revenue.

34 2. Expending of assets. Unless otherwise pro-
35 vided by resolution of the board, assets of the plan
36 shall be expended for 3 fundamental purposes:

37 A. To make payments to state institutions of
38 higher education on behalf of qualified benefi-
39 ciaries;

1 B. To make refunds upon termination of an ad-
2 vanche tuition payment contract; and

3 C. To pay the costs of administration and orga-
4 nization of the fund.

5 3. Investment of assets. Assets of the plan may
6 be invested in any instrument, obligation, security
7 or property considered appropriate by the plan and
8 may be pooled for investment purposes with invest-
9 ments of the State, including, but not limited to,
10 state pension funds, on such terms and conditions as
11 are agreeable to the board.

12 §12610. Board established

13 The Board of Directors of the Student Educational
14 Enhancement Deposit Plan shall be established.

15 1. Appointments. The board shall consist of the
16 Treasurer of State and 6 other members with knowl-
17 edge, skill and experience in the academic, business
18 or financial field, who shall be appointed by the
19 Governor. Not more than 2 of the 6 appointed members
20 of the board shall be, during their term of office on
21 the board, officials, appointees or employees of this
22 State.

23 2. Terms. Four of the 6 appointed members shall
24 serve for fixed terms. Of the 4 members first ap-
25 pointed, 2 shall be appointed for a term that expires
26 December 31, 1988, and 2 shall be appointed for a
27 term that expires December 31, 1989. Upon completion
28 of each fixed term, a member shall be appointed for a
29 term of 3 years. A member shall serve until a succes-
30 sor is appointed and a vacancy shall be filled for
31 the balance of the unexpired term in the same manner
32 as the original appointment.

33 3. Deputy as voting member. The chief executive
34 officer or director of any state department, who is a
35 designated member of or an appointee to the board,
36 may appoint a deputy to serve as a voting member of
37 the board in the absence of the chief executive offi-
38 cer or director.

39 4. Chairman. The Governor shall designate one
40 member of the board to serve as its chairman.

1 5. Delegation. The board may delegate to its
2 president, vice-president or others such functions
3 and authority as the board considers necessary or ap-
4 propriate. These functions may include, but are not
5 limited to, the oversight and supervision of employ-
6 ees of the fund.

7 6. Quorum. A majority of the members of the
8 board serving shall constitute a quorum for the
9 transaction of business at a meeting of the board or
10 the exercise of a power or function of the fund, not-
11 withstanding the existence of one or more vacancies.
12 Voting upon action taken by the board shall be con-
13 ducted by a majority vote of the members present at a
14 meeting of the board and, if authorized by the bylaws
15 of the board and when a quorum is present at the
16 meeting, by use of amplified telephonic equipment.
17 The board shall meet at the call of the chairman as
18 may be provided in the bylaws of the plan. Meetings
19 of the board may be held anywhere within the State.

20 7. Public meeting. The business which the board
21 may perform shall be conducted at a public meeting of
22 the board. Public notice of the time, date and place
23 of the meeting shall be given.

24 8. Public information. A writing prepared,
25 owned, used, in the possession of or retained by the
26 board in the performance of an official function
27 shall be made available to the public.

28 §12611. Powers

29 In addition to the powers granted by this Act,
30 the board shall have the powers necessary or conven-
31 ient to carry out and effectuate the purposes, ob-
32 jectives and provisions of this Act, the purposes and
33 objectives of the plan and the powers delegated by
34 other laws or executive orders, including, but not
35 limited to, the power to:

36 1. Invest money. Invest any money of the plan,
37 at the board's discretion, in any instruments, obli-
38 gations, securities or property determined proper by
39 the board and name and use depositories for its mon-
40 ey;

1 2. Pay money. Pay money to accredited institu-
2 tions from the plan;

3 3. Impose reasonable requirements. Impose rea-
4 sonable residency requirements for qualified benefi-
5 ciaries;

6 4. Impose reasonable limits. Impose reasonable
7 limits on the number of participants in the plan;

8 5. Segregate contributions. Segregate contribu-
9 tions and payments to the plan into various accounts
10 and funds;

11 6. Contract for goods and services. Contract for
12 goods and services and engage personnel as is neces-
13 sary, and engage the services of private consultants,
14 actuaries, managers, legal counsel and auditors for
15 rendering professional, management and technical as-
16 sistance and advice, payable out of any money of the
17 plan;

18 7. Solicit and accept gifts, grants and loans.
19 Solicit and accept gifts, grants, loans and other
20 aids from any person or the Federal Government, State
21 Government or a local government or any agency of the
22 Federal Government, State Government or a local gov-
23 ernment, or to participate in any other way in any
24 Federal Government, State Government or local govern-
25 ment program;

26 8. Collect administrative fees. Charge, impose
27 and collect administrative fees and charges in con-
28 nection with any transaction and provide for reason-
29 able penalties, including default, for delinquent
30 payment of fees or charges or for fraud;

31 9. Procure insurance. Procure insurance against
32 any loss in connection with the plan's property, as-
33 sets or activities;

34 10. Sue and be sued. Sue and be sued; have a
35 seal and alter the same at pleasure; have perpetual
36 succession; make, execute and deliver contracts, con-
37 veyances and other instruments necessary to or conve-
38 nient for the exercise of its powers; and make and
39 amend bylaws;

1 11. Enter into contracts. Enter into contracts
2 on behalf of the plan;

3 12. Administer the fund. Administer the money in
4 the fund;

5 13. Indemnify member of the board. Indemnify or
6 procure insurance indemnifying any member of the
7 board from personal loss or accountability from lia-
8 bility resulting from a member's action or inaction
9 as a member of the board, including, but not limited
10 to, liability asserted by a person on any bonds or
11 notes of the authority;

12 14. Impose reasonable time limits. Impose rea-
13 sonable time limits on use of the tuition benefits
14 provided by the plan, if the limits are made a part
15 of the contract;

16 15. Define the terms and conditions. Define the
17 terms and conditions under which money may be with-
18 drawn from the plan, including, but not limited to,
19 reasonable charges and fees for any such withdrawal,
20 if the terms and conditions are made a part of the
21 contract;

22 16. Provide for receiving contributions. Provide
23 for receiving contributions in lump sums or periodic
24 sums; and

25 17. Establish policies and procedures. Establish
26 policies, procedures and eligibility criteria to im-
27 plement this Act.

28 §12612. Annual accounting

29 The board shall annually prepare or cause to be
30 prepared an accounting of the plan and shall transmit
31 a copy of the accounting to the Governor, the Presi-
32 dent of the Senate, the Speaker of the House and the
33 respective majority and minority leaders of the Sen-
34 ate and House. The board shall also make available
35 the accounting of the plan to the purchasers of the
36 plan. The accounts of the board shall be subject to
37 annual audits by the State Auditor or a certified
38 public accountant appointed by the State Auditor.

1 §12613. Administering and accounting of plan

2 The plan shall be administered in a manner rea-
3 sonably designed to be actuarially sound so that the
4 assets of the plan will be sufficient to defray the
5 obligations of the plan.

6 1. Annual evaluation. In the accounting of the
7 plan made pursuant to section 12612, the board shall
8 annually evaluate or cause to be evaluated the actu-
9 arial soundness of the plan and determine the addi-
10 tional assets needed, if any, to defray the obliga-
11 tions of the plan. If there are not funds sufficient
12 to ensure the actuarial soundness of the plan, it
13 shall adjust payments of subsequent purchases to en-
14 sure its actuarial soundness.

15 2. Tax status. Before entering into advance tui-
16 tion payment contracts with purchasers, the State
17 shall solicit answers to appropriate ruling requests
18 from the United States Internal Revenue Service re-
19 garding the tax status of the value received under
20 the contract to the purchaser or qualified beneficia-
21 ry. No contracts may be entered into without the
22 board making known the status of the request.

23 3. United States Securities and Exchange Commis-
24 sion status. Before entering into advance tuition
25 payment contracts with purchasers, the State shall
26 solicit answers to appropriate ruling requests from
27 the United States Securities and Exchange Commission
28 regarding the application of federal security laws to
29 the fund. No contracts may be entered into without
30 the board making known the status of the request.

31 §12614. Enforcement of Act

32 State institutions of higher education, purchas-
33 ers and qualified beneficiaries may enforce this Act
34 and any contract entered into pursuant to this Act.

35 §12615. Exempt from taxation

36 The property of the plan and its income and oper-
37 ation shall be exempt from all taxation by this State
38 or any of its political subdivisions.

1 §12616. Contract for services

2 The board, in its discretion, may contract with
3 others, public or private, for the provision of all
4 or a portion of the services necessary for the man-
5 agement and operation of the plan. The board shall
6 also endeavor to work with private sector investment
7 managers and independent degree-granting colleges and
8 universities in this State to study the feasibility
9 of instituting programs between these parties that
10 ensure full tuition payment upon purchase of a pre-
11 payment plan with the private college or university.

12 §12617. Assets used; investing in bonds

13 The assets of the fund shall be preserved, in-
14 vested and expended solely pursuant to and for the
15 purposes set forth in this Act and shall not be
16 loaned or otherwise transferred or used by the State
17 for any purpose other than the purposes of this Act.
18 This section shall not be construed to prohibit the
19 plan from investing in, by purchase or otherwise,
20 bonds, notes or other obligations of the State, an
21 agency of the State or an instrumentality of the
22 State.

23 §12618. No guarantee of admittance

24 Nothing in this Act or in an advance tuition pay-
25 ment contract entered into pursuant to this Act may
26 be construed as a promise or guarantee by the plan or
27 the State that a person will be admitted to a state
28 institution of higher education, allowed to continue
29 to attend a state institution of higher education af-
30 ter having been admitted or will be graduated from a
31 state institution of higher education.

32 §12619. Exempt from the Revised Maine Securities Act

33 An advance tuition payment contract shall be ex-
34 empt from the Revised Maine Securities Act, Title 32,
35 chapter 105. An advance tuition payment contract may
36 not be sold or otherwise transferred by the purchaser
37 or qualified beneficiary without the prior approval
38 of the fund.

1

STATEMENT OF FACT

2 The purpose of this bill is to specifically offer
3 a mechanism that makes it easier for parents to en-
4 sure their child of a university education. The bill
5 creates a fund into which parents can deposit a lump
6 sum or a succession of set payments over a period of
7 time. The contributions are then invested in a fi-
8 nancial portfolio meant to strike a balance between
9 security and high interest rates. Parents who pay in-
10 to the fund are guaranteed a 4-year, tuition-free ed-
11 ucation for their child at any of the University of
12 Maine System institutions.

13 The bill contains provisions that allow parents
14 to withdraw from the fund before or at the time their
15 child reaches college age and allows the college-age
16 student to either withdraw from the fund or apply the
17 tuition financing to another college, university or
18 vocational-technical institute. The bill creates a
19 board of trustees to oversee the fund and allows the
20 board to enter into an agreement with a private, out-
21 side interest to manage the fund.

22 A host of financial conditions exist in the State
23 that are deterring or preventing high school students
24 from continuing their education at the University of
25 Maine System. Tuition rates at Maine university
26 branches have risen anywhere from about 300% to
27 1,100% during the last 18 years depending on the uni-
28 versity branch. If tuition costs continue to rise at
29 that same rate, the yearly tuition bill at University
30 of Maine institutions will rise from about \$1,500 to
31 almost \$6,000 by the year 2005. Statistics collected
32 from state colleges and universities across the coun-
33 try indicate that Maine's in-state tuition burden,
34 about \$1,500 a year, is now among the highest in the
35 nation compared to a national average of about \$1,000
36 a year. Government subsidies and low-interest loans,
37 which traditionally have helped students and their
38 families better afford post-secondary education, are
39 declining and are expected to continue in a decline.
40 Maine data indicates that 8 times in the past 10
41 years Maine's per capita, after - tax, inflation -
42 adjusted income was less than the inflation rate,
43 making it more difficult for students and their par-

1 ents to pay for rising college costs. As a result,
2 Maine educational statistics show that the State has
3 the least number of high school students going on to
4 college than any other state in the nation.

5 Both the Constitution of Maine and its laws cite
6 the State's obligation to encourage and enhance the
7 ability of the State's residents to obtain higher ed-
8 ucation. While the Constitution of Maine refers gen-
9 erally to the State's commitment to financially as-
10 sist would-be students, laws specifically state: "It
11 is recognized that the financial costs to obtain edu-
12 cation beyond the high school level are often burden-
13 some or prohibitive and it is essential that quali-
14 fied students be provided with low-cost financial as-
15 sistance in order to attend those schools and to re-
16 duce the total amount of loan payments following
17 graduation." That commitment is at the heart of this
18 bill.

19

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