

# MAINE STATE LEGISLATURE

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(New Draft of H.P. 954, L.D. 1283)  
FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 1811

H.P. 1327 House of Representatives, June 11, 1987  
Reported by the Majority from the Committee on Education  
and printed under Joint Rule 2.

EDWIN H. PERT, Clerk

Original bill sponsored by Representative BOST of Orono.  
Cosponsored by Senator ESTES of York, Representatives HANDY of  
Lewiston and O'GARA of Westbrook.

STATE OF MAINE

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

AN ACT to Create a Maine Post-secondary  
Educational Loan Program.

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

Sec. 1. 20-A MRSA c. 420 is enacted to read:

CHAPTER 420

STUDENT INCENTIVE LOAN PROGRAM

§11701. Legislative intent

It is the intent of the Legislature to:

1           1. Raise aspirations of State's high school stu-  
2 dents. Raise the educational aspirations of the  
3 State's high school students by providing the oppor-  
4 tunity for qualifying students to pursue  
5 post-secondary educational study at state institu-  
6 tions and encouraging those students to get their de-  
7 gree and to achieve academic success;

8           2. Provide financial assistance. Provide finan-  
9 cial assistance which will enable students with fi-  
10 nanical need to pursue their post-secondary education  
11 and which will offset reductions in federal student  
12 financial aid;

13           3. Encourage students to study and work in the  
14 State. Encourage good high school students to attend  
15 post-secondary educational institutions in this State  
16 and improve the State's work force by providing fi-  
17 nanical incentive for those students to work in the  
18 State after graduation; and

19           4. Increase pool of applicants. Increase the  
20 pool of applicants for the State's post-secondary ed-  
21 ucational institutions by encouraging high school  
22 graduates to attend college in the State.

23 §11702. Definitions.

24           As used in this chapter, unless the context oth-  
25 erwise indicates, the following terms have the fol-  
26 lowing meanings.

27           1. Full-time employment performed in the State.  
28 "Full-time employment performed in the State" means  
29 work performed in the State for a private or public  
30 employer located in the State by a loan recipient un-  
31 der this chapter which is of a professional or  
32 semiprofessional nature related directly or indirect-  
33 ly to the undergraduate degree awarded to the recipi-  
34 ent.

35 §11703. Student Incentive Loan Program

36           1. Program. The Student Incentive Loan Program  
37 shall provide no-interest loans to students attending  
38 public and private post-secondary educational insti-  
39 tutions in the State who are residents of the State.

1 Repayment of the loans shall be canceled upon satis-  
2 faction of the employment-in-Maine requirements of  
3 this chapter.

4 2. Award of loan. Any resident of the State en-  
5 rolled in a public or private post-secondary educa-  
6 tional institution in the State shall be eligible for  
7 loans under this chapter as follows:

8 A. First year of post-secondary study: Up to  
9 1/4 of the institution's tuition costs;

10 B. Second year of post-secondary study: Up to  
11 1/2 of the institution's tuition costs;

12 C. Third year of post-secondary study: Up to  
13 3/4 of the institution's tuition costs; and

14 D. Fourth year of post-secondary study: Up to  
15 the institution's full tuition costs.

16 3. Eligibility for loans. Only students who  
17 maintain the cumulative grade point average required  
18 by this subsection or its equivalent shall be eligi-  
19 ble for loans under this chapter.

20 A. To be eligible for loans, students enrolled  
21 in the first year of post-secondary educational  
22 study must have attained a cumulative grade point  
23 average of 2.0 during their last year of high  
24 school study.

25 B. To be eligible for loans, students enrolled  
26 in the 2nd year of post-secondary educational  
27 study must have attained a cumulative grade point  
28 average of 2.0 during their previous year of  
29 post-secondary study.

30 C. To be eligible for loans, students enrolled  
31 in the 3rd year of post-secondary educational  
32 study must have attained a cumulative grade point  
33 average of 2.25 during their previous year of  
34 post-secondary study.

35 D. To be eligible for loans, students enrolled  
36 in the 4th year of post-secondary educational  
37 study must have attained a cumulative grade point

1 average of 2.5 during their previous year of  
2 post-secondary study.

3 Once a student receives a loan under this chapter, he  
4 shall not be denied the awarding of the appropriate  
5 loan in a succeeding year as long as he is enrolled  
6 in a post-secondary institution, has met the eligi-  
7 bility requirements of this subsection and has  
8 reapplied to the program for a loan. A student who  
9 has received a loan under this chapter, but has sub-  
10 sequently been denied a loan for failure to meet the  
11 eligibility requirements, may reapply in subsequent  
12 years and may be awarded a loan in the appropriate  
13 amount if he meets the eligibility requirements of  
14 this section.

15 4. Ranking applicants. Loans under this chapter  
16 shall be awarded, up to money available in the Stu-  
17 dent Incentive Loan Fund, on a competitive basis as  
18 determined by the commissioner based on a combination  
19 of need and academic success.

20 5. Loan repayment. Except as provided in the  
21 loan forgiveness provisions of subsection 6, a recip-  
22 ient of a loan under this chapter shall be liable for  
23 repayment of the full amount of the loan within 10  
24 years of graduation from or discontinuance of enroll-  
25 ment in an institution of higher education. No inter-  
26 est may be charged by the State.

27 6. Loan forgiveness. A recipient of a loan un-  
28 der this chapter who receives an undergraduate degree  
29 may cancel that loan as provided in this subsection.

30 A. The full amount of any loan granted under  
31 this chapter shall be canceled upon completion of  
32 4 years of full-time employment performed in the  
33 State as defined in section 11702.

34 B. Full-time employment performed in Maine may  
35 also cancel the loan on a proportional basis, re-  
36 ducing the total amount of the debt by 1/4 for  
37 each full year of such employment. Employment  
38 for this purpose shall be completed within 5  
39 years following graduation, except that an addi-  
40 tional year may be allowed for each year the re-  
41 recipient is enrolled full-time in a degree-grant-  
42 ing graduate program.

1     §11704. Student Incentive Loan Fund

2             There is created the Student Incentive Loan Fund  
3 to implement this chapter. The fund shall be a non-  
4 lapsing, interest-earning, revolving fund and may re-  
5 ceive, invest and expend money from gifts, grants,  
6 bequests and donations in addition to money appropri-  
7 ated by the Legislature. Funds returned through loan  
8 repayments and interest earned on investments shall  
9 be added to the fund.

10     §11705. Administration

11             This chapter shall be administered by the commis-  
12 sioner, including promulgation of rules, in accord-  
13 ance with the Maine Administrative Procedure Act, Ti-  
14 tle 5, chapter 375, necessary for implementation.

15             Sec. 2. 32 MRSA §3269, sub-§10, as amended by PL  
16 1981, c. 239, is further amended to read:

17             10. Powers. The power to mandate, conduct and  
18 operate or contract with other agencies, persons,  
19 firms or associations for the conduct and operation  
20 of programs of medical education, including statewide  
21 programs of health education for the general public  
22 and to disburse funds accumulated through the receipt  
23 of licensure fees for this purpose, provided that no  
24 such funds may be disbursed for this purpose for out-  
25 of-state travel, meals or lodging for any physician  
26 being educated under this program. The power to con-  
27 duct and operate or contract with other agencies or  
28 nonprofit organizations for the conduct and operation  
29 of a program of financial assistance to medical stu-  
30 dents indicating an intent to engage in family prac-  
31 tice in rural Maine, under which program said these  
32 students may be provided with interest-free grants or  
33 interest-bearing loans in an amount not to exceed  
34 \$5,000 per student per year on such terms and condi-  
35 tions as the board may determine.

36             Notwithstanding any other provision of this subsec-  
37 tion, if the board contracts with the Commissioner of  
38 Educational and Cultural Services to provide funds  
39 for the costs of any positions for which the State  
40 has contracted at the University of Vermont College  
41 of Medicine, or the Tufts University School of Medi-

1 cine, the terms of the contract between the board and  
2 the commissioner shall be in accordance with the re-  
3 quirements of Title 20 20-A, chapter 304 421.

4 **Sec. 3. Appropriation.** The following funds are  
5 appropriated from the General Fund to carry out the  
6 purposes of this Act.

7		<u>1987-88</u>	<u>1988-89</u>
8	<u>EDUCATIONAL AND CULTURAL</u>		
9	<u>SERVICES, DEPARTMENT OF</u>		
10	Maine Post-secondary Ed-		
11	ucational Loan Program		
12	Positions	(.5)	(.5)
13	Personal Services	\$ 9,500	\$ 14,022
14	All Other	89,500	90,000
15			
16	Total	<u>\$99,000</u>	<u>\$104,022</u>

17 STATEMENT OF FACT

18 This new draft deletes the tax credit section of  
19 the original bill and clarifies that a student once  
20 accepted into the program will continue to receive  
21 loan assistance as long as he meets the eligibility  
22 requirements and that a student found ineligible may  
23 reapply at a later date. The new draft also makes  
24 several technical amendments and amends the appropri-  
25 ation section.

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