

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 185

S.P. 119

In Senate, February 15, 1989

Reference to the Committee on Education suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator BOST of Penobscot.

Cosponsored by Senator ESTES of York, Senator CLARK of Cumberland and Representative CROWLEY of Stockton Springs.

STATE OF MAINE

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

**An Act to Promote Greater Equity in the Loans of the Maine Educational
Loan Authority.**



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

3 **Sec. 1. 20-A MRSA §11412** as enacted by PL 1987, c. 807, §3,
5 is amended to read:

7 **§11412. Declaration of necessity and purpose**

9 The Legislature declares that there is a need to provide
11 additional assistance for higher education for residents and
13 inhabitants of this State, including low and moderate income
15 families; the cost of higher education is increasing; assistance
17 to higher education, including recipients and providers of higher
19 education, will benefit the people of this State, enhance their
21 welfare and increase their commerce and economic prosperity; it
23 is the purpose of this chapter to provide assistance to students
25 or the families of students who are residents of this State
27 attending institutions of higher education within or outside of
29 this State, to students and the families of students attending
31 institutions of higher education within this State and to
institutions of higher education within this State; the
assistance provided by this chapter is intended in part to
supplement federal guaranteed higher education loan programs,
other student loan programs, grant programs, scholarship
programs, programs assisting institutions of higher education and
other means of assisting students, families of students and
institutions of higher education; and the exercise of the powers
to the extent and in the manner provided in this chapter is the
exercise of an essential governmental function.

31 **Sec. 2. 20-A MRSA §11417, sub-§3**, as enacted by PL 1987, c.
33 807, §3, is amended to read:

35 **3. Policies.** The members of the authority shall have the
37 power and duty to establish and revise, from time to time, rules
39 pertaining to participation in programs of the authority, issuing
41 bonds and borrowing money by the authority, a process for
43 allocation and carry forward of that portion of the state ceiling
45 on issuance of tax-exempt bonds allocated to the authority
47 pursuant to Title 10, chapter 9, servicing and collection of
loans made pursuant to programs of the authority and other
policies governing the operation of the authority. In addition,
the members of the authority may, by resolution of the members,
determine that the authority may borrow money in accordance with
any such resolution. All other powers and duties of the
authority shall be vested in the executive director who shall
carry out such powers and duties in accordance with this chapter
and the rules of the authority.

49 In establishing rules governing participation in financial
51 assistance programs for students and families, the authority
shall comply with the following.

1 A. At least 40% of the funds available for financial
3 assistance for students and families shall be set aside for
5 students from families whose household income is at or below
7 the statewide median income. If administration of the funds
9 available for financial assistance to students and families
11 does not result in the use of at least 40% of the available
13 funds for students from families whose household income is
15 at or below the statewide median income by November 15th of
17 any school year, the authority shall reallocate the unused
19 funds for use by other eligible students.

21 B. In establishing a repayment plan for educational loan
23 assistance programs for students and families, an option
25 shall be provided for deferment of interest accrued while a
27 student is enrolled full-time in an eligible institution
 until the student is no longer enrolled full-time.

STATEMENT OF FACT

21 The purpose of this bill is to require that a portion of the
23 funds administered by the Maine Educational Loan Authority to
25 provide financial assistance for college costs be set aside for
27 low and moderate income students and families. The bill also
 provides for deferring interest accrued on student loans
 administered by the authority while the student is enrolled
 full-time by an institution of higher education.