

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
114TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "**B**" to H.P. 837, L.D. 1169, Bill, "An Act to Improve the Delivery of Higher Education Finances in Maine"

Amend the bill by striking out all of the emergency preamble.

Further amend the bill by inserting after the enacting clause and before section 1 the following:

'Sec. 1. 5 MRSA §285, sub-§1, ¶F-3 is enacted to read:

F-3. Any employee of the Maine Education Authority and organizations contracting with the authority.'

Further amend the bill by inserting after section 3 the following:

'Sec. 4. 20-A MRSA c. 417 is repealed.'

Further amend the bill in section 6 in that part designated "§11412." in the 2nd line (page 2, line 29 in L.D.) by striking out the following: "additional" and inserting in its place the following: 'additional comprehensive'.

Further amend the bill in section 9 by striking out all of subsection 15 and inserting in its place the following:

'15. Secondary market. "Secondary market" means the entity created pursuant to section 11407-prior-to-the-enactment-of-this chapter 11488.'

Further amend the bill by striking out all of sections 12 and 13 and inserting in their place the following:

'Sec. 12. 20-A MRSA §11415, as enacted by PL 1987, c. 807, §3, is repealed.'

1
3 Sec. 13. 20-A MRSA §11415-A is enacted to read:

5 §11415-A. Members

7 1. Composition. There shall be 9 voting members of the
9 authority, 6 of whom shall be appointed by the Governor, subject
11 to review by the joint standing committee of the Legislature
13 having jurisdiction over educational matters and to confirmation
15 by the Legislature.

17 2. Qualifications. Each member must be a resident of this
19 State. One member shall be the Treasurer of State, ex officio,
21 or the Treasurer of State's designee. One member shall be the
23 Commissioner of Educational and Cultural Services, ex officio, or
25 the commissioner's designee who shall be a person in a major
27 policy-influencing position as defined in Title 5, chapter 71.
29 One member shall be the president of the secondary market, ex
31 officio, or the president of the secondary market's designee. Of
33 the remaining 6 members to be appointed by the Governor, one
35 member shall be a trustee, director, officer or employee of
 institutions of higher education and one shall be a member of the
 statewide organization representing public and private
 post-secondary institutions in this State. Of these 2 members,
 one shall be from an institution not owned or operated by the
 State or any of its political subdivisions; and one shall be from
 a public institution of post-secondary education. At least one
 member shall be a consumer member representing the interests of
 parents and students; and at least one member shall represent the
 financial institutions of the State. Each member of the
 authority, before entering upon that member's duties, shall take
 and subscribe the oath or affirmation required by the
 Constitution of Maine, Article IX, Section 1. A record of each
 oath shall be filed in the office of the Secretary of State.

37 3. Term of office. All initial appointments to the
39 authority shall be made so as to take effect on January 1, 1990.
41 Of the 6 members of the authority first appointed, 2 shall serve
43 for terms expiring June 30, 1991, 2 shall serve for terms
45 expiring June 30, 1992, and 2 shall serve for terms expiring June
47 30, 1993, and until a successor is appointed and qualified. On
49 the expiration of the term of any member, a successor shall be
51 appointed for a term of 3 years and serve until a successor is
 appointed and qualified. A member of the authority shall be
 eligible for reappointment. The Governor shall appoint a
 qualified person to fill any vacancy. A member appointed to fill
 a vacancy in an unexpired term serves only for the remainder of
 that term and until a successor is appointed and qualified.
 After notice, any member may be removed by the Governor for
 misfeasance, malfeasance or willful neglect of duty or other
 cause.

1 4. Officers. Each year the authority shall elect from
2 among its members a chair, vice chair, a secretary and any other
3 officers it requires.

5 5. Compensation. Each member of the authority shall be
6 compensated by the authority in accordance with Title 5, chapter
7 379.'

9 Further amend the bill in section 19 in subsection 2 by
10 striking out all of paragraphs A to L and inserting in their
11 place the following:

13 'A. Maine Student Incentive Scholarship Program;

15 B. Blaine House Scholars and Financial Assistance Program;

17 C. State Osteopathic Loan Fund Program;

19 D. Postgraduate Medical Education Program;

21 E. Stafford Loan Program;

23 F. Robert C. Byrd Honors Scholarship Program;

25 G. Paul Douglas Teacher Scholarship Program;

27 H. Maine Education Authority Loan Program;

29 I. A financial aid and career counseling program; and

31 J. Other programs as the authority may be authorized to
32 administer in order to carry out its purposes.'

33 Further amend the bill in section 21 in that part designated
34 "§11417-A" by striking out all of the first paragraph (page 7,
35 lines 26-30 in L.D.) and inserting in its place the following:

36 'The Governor shall appoint an executive director who shall
37 be qualified by education and experience and shall serve a term
38 of 4 years. The appointment of the executive director shall be
39 subject to review by the joint standing committee of the
40 Legislature having jurisdiction over educational matters and to
41 confirmation by the Legislature. The executive director shall
42 receive compensation as set by the Governor. The powers and
43 duties of the executive director shall include:'
44

45 Further amend the bill by striking out all of section 24 and
46 inserting in its place the following:

47 'Sec. 24. 20-A MRS §11424-A is enacted to read:

48 §11424-A. Supplemental education loan guarantee reserve fund;
49 obligation of State

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1. Supplemental education loan guarantee reserve fund. The authority may establish a supplemental education loan guarantee reserve fund and shall pay into that fund any money appropriated and made available by the State for the purposes of the fund, and may pay into the fund any proceeds of the sale by the authority of bonds to the extent determined by the authority, any guarantee fees or premiums charged by the authority with respect to education loans, any interest and investment earnings on money therein and any other money available to the authority.

2. Application. Money held in the supplemental education loan guarantee reserve fund, except as provided in this section, shall be used solely to pay the principal of and interest on defaulted education loans. Money in excess of the guarantee reserve requirement set forth in subsection 3 may be transferred to other funds and accounts of the authority.

3. Guarantee reserve requirement. The size of the guarantee reserve requirement shall be established by the authority from time to time at a percentage of the outstanding principal on education loans guaranteed by the authority. Such percentage is referred to as the "guarantee reserve requirement."

4. Guarantee limit. The authority shall not guarantee education loans if the principal amount of education loans guaranteed under this section will exceed the amount specified in subsection 6.

5. Appropriation. On or before December 1st, annually, the authority shall certify to the Governor the amount of defaults paid, if any. The Governor shall pay directly from the contingent account to the supplemental education loan guarantee reserve fund as much of the amount as is available in the contingent account and shall transmit directly to the Legislature that certification and a statement of the amount, if any, remaining to be paid. The amount certified, to the extent permitted by law, shall be appropriated and paid to the authority and placed in the guarantee reserve fund during the current state fiscal year. In addition, on any date in each year on which the authority shall certify to the Governor that amounts on deposit in the supplemental education loan guarantee reserve fund are insufficient to pay the principal of and interest on defaulted education loans, the Governor shall pay directly from the contingent account to the supplemental education loan guarantee reserve fund as much of such amount as is available in the contingent account. The Governor shall transmit directly to the Legislature the certification and a statement of the amount to be paid, which amount shall, to the extent permitted by law, be appropriated and paid to the authority during the current state fiscal year.

1 In the event that the contingent account is depleted of funds or
2 has insufficient funds, the Governor shall request a General Fund
3 appropriation to the supplemental education loan guarantee
4 reserve fund to create a balance sufficient to pay the principal
5 of and the interest on defaulted education loans.

7 6. Guarantees outstanding. At any one time, the authority,
8 pursuant to subsection 5, shall not have guaranteed loans
9 outstanding in an amount exceeding \$5,000,000. The guarantees
10 may be in a form or forms as the authority deems necessary and
11 desirable. The authority may enter into reinsurance agreements
12 or other agreements providing credit enhancement to the education
13 loans. The authority, by rule, shall establish guidelines with
14 respect to the procedures for guaranteeing education loans.

15 Further amend the bill by inserting after section 24 the
17 following:

19 'Sec. 25. 20-A MRSA §11427, as enacted by PL 1987, c. 807,
20 §3, is repealed.

21 Sec. 26. 20-A MRSA §11427-A is enacted to read:

23 §11427-A. Audit and reports

25 1. Audit. The authority shall cause an audit of its books
26 and accounts to be made at least once each year by an independent
27 certified public accountant. The cost of the audit shall be paid
28 by the authority.

31 2. Authority accounts; report. The authority shall keep
32 full and accurate accounts of its activities and operations and
33 shall, by March 15th of each year, submit a report to the
34 Governor, the President of the Senate, the Speaker of the House
35 of Representatives and the joint standing committee of the
36 Legislature having jurisdiction over educational matters. The
37 report shall cover the preceding fiscal year and shall include a
38 complete operating and financial statement for that year.

39 3. Program reports. The authority shall provide for the
40 submission of an annual written report to be submitted to the
41 joint standing committee of the Legislature having jurisdiction
42 over educational matters on each of the programs administered by
43 the authority under subchapter II. The reports may be prepared
44 by the advisory committee for each program and shall be submitted
45 by March 15th of each year.'

47 Further amend the bill in section 25 by striking out
48 everything in that part designated "ARTICLE 1" and inserting in
49 its place the following:

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'ARTICLE 1

STUDENT INCENTIVE SCHOLARSHIP PROGRAM

§11442. Definitions

As used in this article, unless the context otherwise indicates, the following terms have the following meanings.

1. Academic year and in attendance. "Academic year" and "in attendance" have the same meaning as in the definitions of these terms contained in the Higher Education Act of 1965, Section 1201, as amended, United States Code, Title 20, Section 1141; and the Higher Education Act of 1965, Section 491, as amended, United States Code, Title 20, Section 1088; and the regulations, guidelines and procedures promulgated by the secretary and published in the Federal Register pursuant to these sections of federal law.

2. Expected family contribution. "Expected family contribution" means the amount which the family of a student may be reasonably expected to contribute toward post-secondary education for the academic year for which the student is seeking a student incentive scholarship.

3. Institution of higher education. "Institution of higher education" means an institution of higher education located within this State, or within another state with which this State has a reciprocal agreement. The institutions shall meet the requirements of and conform to the definitions contained in the Higher Education Act of 1965, Section 1201, as amended, United States Code, Title 20, Section 1141; and the Higher Education Act of 1965, Section 491, as amended, United States Code, Title 20, Section 1088; and the regulations, guidelines and procedures promulgated by the Secretary of Education and published in the Federal Register pursuant to these sections of law.

4. Eligible program of study. "Eligible program of study" means a certificate program of at least one year, an associate degree program or a baccalaureate degree program.

§11443. Eligibility

The scholarships shall be given only to residents of the State who:

1. Graduated. Have graduated from an approved secondary school or matriculated at a post-secondary school prior to high school graduation, or have successfully completed a general educational development examination or its equivalent;

1 2. Accepted as undergraduate. Have been accepted for
2 enrollment as undergraduates or are in good standing as
3 undergraduates at institutions of higher education in an eligible
4 program of study and have not received a previous baccalaureate
5 degree;

7 3. Applied for scholarships. Have applied for a student
8 incentive scholarship according to schedules and procedures and
9 on forms developed by the authority;

11 4. Demonstrate financial need. Have been determined by the
12 authority to have a financial need according to the criteria set
13 forth in section 11444; and

15 5. State residency requirements. Meet the state residency
16 requirements that may be established by rules adopted by the
17 authority in accordance with the Maine Administrative Procedure
18 Act, Title 5, chapter 375.

19 §11444. Determination of need
20

21 The authority shall establish the need of a student for a
22 student incentive scholarship for an academic year for which the
23 student applies. A student shall be considered to have a need to
24 qualify for a student incentive scholarship if the total of the
25 expected family contribution, together with a Pell Grant
26 established pursuant to the Higher Education Act of 1965, Title
27 IV, as amended, United States Code, Title 20, and a student
28 incentive scholarship grant does not exceed 75% of the cost of
29 attendance at the institution the student attends.

31 1. Rules. The authority shall establish standard methods
32 by rules adopted in accordance with the Maine Administrative
33 Procedure Act, Title 5, chapter 375, to determine;

34 A. The parental contribution; and

35 B. The student and spouse contribution.

36 These standard methods shall consider all income, assets and any
37 other resources available to the parents, student and spouse.

38 2. Expected family contribution. The expected family
39 contribution is the sum of the parental contribution and the
40 student and spouse contribution. The method of determining the
41 expected family contribution shall be established by rule of the
42 authority adopted in accordance with the Maine Administrative
43 Procedure Act, Title 5, chapter 375, and shall be uniformly
44 applied to all students.

45 3. Cost of attendance. In determining the cost of
46 attendance to determine eligibility under this subchapter, the

1 authority shall include the following:

3 A. Tuition and required fees charged to all full-time
5 students;

7 B. Standard room and board costs charged by the University
8 of Maine to calculate room and board costs of applicants; and

9 C. Books and personal expenses or other amounts determined
10 by the authority to be appropriate.

11 §11445. Determination of scholarships

13 Scholarships to eligible students shall be determined as
15 follows, subject to the limitations set forth in section 11444.

17 1. Priority for awards of scholarships. Full-time students
18 with the lowest expected family contributions shall be given
19 priority over all other eligible students for the awards of
20 scholarships.

21 2. Minimum amount. It is the intent of the Legislature
23 that scholarships awarded under this article, except as provided
24 in subsections 4, 5 and 6, shall be no less than \$500, provided
25 that amounts less than \$500 may be awarded to meet a need of
26 less than \$500 determined under section 11444. In no event may
27 the authority grant awards of less than \$200 to a full-time
28 student.

29 3. Scholarships for students attending private
31 institutions. Scholarships for students attending private
32 institutions of higher education shall be 2 times the amount of
33 scholarships awarded to students attending public institutions of
34 higher education.

35 4. Prorated scholarships. A scholarship recipient whose
37 course load is reduced from full time shall receive a scholarship
38 prorated for that term of the recipient's enrollment.

39 5. Withdrawal. If a recipient of a scholarship withdraws
41 from an institution and the student is entitled to a refund of
42 tuition, fees or other charges, the institution shall make a
43 refund payment directly to the authority in accordance with the
44 institution's refund policy.

45 6. Safety net. Notwithstanding the provisions of this
47 section, the authority shall not allocate less in scholarship
48 grants under this article for students attending the University
49 of Maine System, the Maine Maritime Academy, the
50 Vocational-Technical Institutes and private post-secondary
51 institutions than was allocated for students in each of those
sectors in 1988-89.

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3 §11446. Publication of scholarship amounts

5 Prior to March 1st of each year, the authority shall publish scholarship amounts for the succeeding academic year.

7 §11447. Length of scholarship; period of study

9 1. Length of scholarship. A scholarship shall be for a period not to exceed one academic year. A student may apply for a new scholarship for each year during the period required for completion of an eligible program of study being pursued by that student. A scholarship recipient who remains eligible shall be considered in the succeeding award year.

15 2. Period of study. An eligible student may receive a scholarship for a period not to exceed 8 semesters or its equivalent for a full-time student and 16 semesters or 120 credit hours, whichever is completed first, for a part-time student. The period may be extended for not more than one additional academic year, if:

23 A. The student is pursuing a course of study leading to a first degree in a program of study which is designed by the institution offering it to extend over 5 academic years; or

27 B. The student will be unable to complete a course of study within 4 academic years because of a requirement of the institution that the student enroll in a noncredit remedial course of study. "Noncredit remedial course of study" means a course of study for which no credit is given toward an academic degree and which is designed to increase the ability of the student to engage in an undergraduate course of study leading to that degree.

35 §11448. Program administration

37 1. Responsibility of authority. The authority shall administer the scholarship program, including establishing and maintaining fund accounting and control procedures as required by state law or as necessary for the State to be eligible to receive federal assistance under the Federal Student Assistance Program, Higher Education Act of 1965, Title IV, Part A, subpart 3, as amended, United States Code, Title 20, Sections 1070c-1, 1070c-2 and 1070c-3.

47 2. Guidelines and rules. The following provisions shall apply to the program.

49 A. The authority shall develop rules, procedures, schedules and forms necessary to carry out the purposes of this program, including the adoption of reciprocal agreements

1 with other states.

3 B. To the maximum extent possible consistent with the need
5 for state control of this program, the authority shall use
7 the guidelines, rules, regulations, procedures, forms and
9 schedules set forth by the Secretary of Education for the
 administration of the Federal Student Assistance Program,
 Higher Education Act of 1965, Title IV, Part A, subpart 1,
 as amended, United States Code, Title 20, Section 1070c.

11 §11449. Nonlapsing fund

13 Any unexpended funds appropriated by the Legislature to
15 carry out the purposes of this program shall not lapse, but shall
 be carried forward for continued use in the program.'

17 Further amend the bill in section 25 in the part designated
19 "§11451." by striking out all of subsections 2 to 5 and inserting
 in their place following:

21 '2. College students. "College students" means those
23 students who were residents of Maine at the time they graduated
25 from high school and are attending an institution of higher
 education on a full-time basis at the time of application for
 program participation.

27 '3. Duly enrolled. "Duly enrolled" means the time at which
29 an eligible individual has attended the first class meeting.

31 '4. Eligible individuals. "Eligible individuals" means
33 students who meet eligibility requirements as determined in
 sections 11455 and 11457.

35 '5. Graduating high school seniors. "Graduating high school
37 seniors" means those students who are residents of Maine, who
39 graduate from a Maine high school at the end of the academic year
 and who will be entering their first year in an institution of
 higher education at the beginning of the next academic year.
 Academic year is considered to be a September to June time
 period.'

41 Further amend the bill in section 25 by striking out all of
43 Article 7.

45 Further amend the bill in section 25 in the part designated
47 "Article 8" by striking out all of the first 3 lines and
 inserting in their place the following:

49 ARTICLE 7

51 FINANCIAL AID AND CAREER COUNSELING

1 §11492. Program established

3 Further amend the bill by striking out all of sections 27 to
5 39.

7 Further amend the bill by striking out all of section 40 and
inserting in its place the following:

9 **Sec. 40. Transition provisions.** The following provisions shall
11 apply to the Maine Education Authority.

13 1. **Funds transferred.** Notwithstanding the Maine Revised
15 Statutes, Title 5, sections 1585 and 1586, all accrued
17 expenditures, assets, liabilities, balances or allocations,
19 transfers, revenues or other available funds in excess of
21 allocations in any account or subdivision of an account of the
23 Division of Higher Education Services of the Bureau of School
25 Management within the Department of Educational and Cultural
Services and authorized for use by or for the Maine Education
Authority shall be reallocated to the Maine Education Authority.
The Commissioner of Educational and Cultural Services shall
determine the funds, revenues, liabilities and assets to remain
with the Division of Higher Education Services within the
department.

27 2. **Rules and procedures.** All rules and procedures in
29 effect and operation on the effective date of this Act and
pertaining to the subject matter and the provisions of chapter
417-A shall remain in effect until rescinded or amended by the
authority.

31 3. **Contracts and agreements.** All contracts and agreements
33 in effect on the effective date of this Act with respect to the
35 Maine Educational Loan Authority, the Department of Educational
and Cultural Services, the State Board of Education and any other
37 organization in regard to the subject matter of chapter 417-A,
shall remain in effect until rescinded or amended as provided by
law.

39 4. **Transition for current Maine Educational Loan Authority**
41 **members.** Members serving on the Maine Educational Loan Authority
43 on the effective date of this Act shall continue to serve in
their positions under the Maine Education Authority through
45 December 31, 1989. On that date, the terms of all current
members shall terminate. New members of the Maine Education
47 Authority shall be appointed, as provided in this Act, to terms
which take effect on January 1, 1990.

49 5. **Personnel transferred.** Employees of the Division of
51 Higher Education Services of the Bureau of School Management
within the Department of Educational and Cultural Services, in
this section referred to as state employees, who are transferred

1 to the Maine Education Authority shall be subject to the
provisions of this subsection.

3
A. State employees of the Maine Education Authority may, at
5 their option, remain employees of the Department of
Educational and Cultural Services as long as they continue
7 to be employed in the position they held at the time of
transfer or in another position which was transferred from
9 the Division of Higher Education, Bureau of School
Management, to the Maine Education Authority on the
11 effective date of this Act. The Commissioner of Educational
and Cultural Services shall determine the employees and
13 positions to be transferred to the authority and those to
remain with the division in the department.

15
B. State employees shall retain their accrued fringe
17 benefits, including vacation and sick leave and health and
life insurance as long as they remain employees of the
19 Department of Educational and Cultural Services.

21
C. State employees who are members of collective bargaining
units on the effective date of this Act and who are
23 transferred to the Maine Education Authority shall remain as
members in their respective bargaining units and shall
25 retain all the rights, privileges and benefits provided by
the collective bargaining agreements in the respective
27 bargaining units with respect to employment in state service
as long as they remain employees of the Department of
29 Educational and Cultural Services.

31
D. State employees who are transferred to the Maine
Education Authority may remain as members of the Maine State
33 Retirement System.

35
E. The authority shall pay the state contribution for state
employee retirement benefits for as long as the state
37 employees remain with the authority.

39
F. The Bureau of Human Resources shall assist the Maine
Education Authority with the orderly implementation of these
41 provisions.

43
G. The Maine Education Authority may enter into sole source
contracts for services with the Maine Educational Loan
45 Authority and the Division of Higher Education Services of
the Bureau of School Management for the express purpose of
47 procuring staff services to carry out the provisions of this
Act.

49
6. Bonds. The Maine Education Authority shall assume the
51 responsibilities of the State Board of Education, the Department
of Educational and Cultural Services and the Maine Educational

1 Loan Authority with respect to any bonds previously issued
3 pursuant to the Maine Revised Statutes, Title 20-A, chapters
417-A, 419, 421, 423 and 428 which were in effect before the
effective date of this Act.

5
7 **7. Maine Education Authority as successor administrator and
employer.** For the purposes of applying chapter 417-A, the Maine
Education Authority shall be considered the successor
9 administrator and employer to and shall assume the obligations of
the State Board of Education and of the State.

11
13 **8. Property and equipment.** The Commissioner of Educational
and Cultural Services and the Maine Education Authority shall
enter into an agreement with respect to any property and
15 equipment that may be transferred between the Department of
Educational and Cultural Services and the Maine Education
17 Authority pursuant to this Act.

19 **9. Positions.** Positions in the accounts of the Maine
Educational Loan Authority and the Division of Higher Education
21 of the Bureau of School Management in the Department of
Educational and Services on the effective date of this Act shall
23 remain in existence until vacated by the incumbents. Positions
vacated by any such incumbents shall be abolished unless filled
25 by other state employees who were transferred to the Maine
Education Authority from the department on the effective date of
27 this Act. At the discretion of the Maine Education Authority,
positions similar to those abolished may be established to carry
29 out the purposes of this Act.

31 **10. Savings clause.** Nothing in this Act may be construed
as terminating the existence of any contract, agreement or bond
33 issued by the Maine Educational Loan Authority or any program
administered by the Maine Educational Loan Authority. Each
35 program is declared to continue in existence unless a successor
program has been established. Nothing in this Act may be
37 construed as terminating the existence of any program, or any
contract, agreement or bond relating to a program within the
39 Division of Higher Education Services in the Bureau of School
Management of the Department of Educational and Cultural Services
41 that has not been transferred to the Maine Education Authority.

43 Further amend the bill by adding new sections 41, 42 and 43
to read as follows:

45
47 **Sec. 41. Advisory group study.** The Maine Student Incentive
Scholarship Program Advisory Committee shall review the
49 provisions of this Act revising the student incentive scholarship
program and develop recommendations for any necessary statutory
changes. The advisory committee shall submit a report of its
51 findings and recommendations to the Joint Standing Committee on
Education by December 1, 1989. Based on the report, the

1. committee may introduce legislation for consideration by the
2. Second Regular Session of the 114th Legislature.

3

4. **Sec. 42. Effective date.** The repeal of Chapter 419 provided in
5. this Act shall take effect on July 1, 1990. Chapter 417-A,
6. Subchapter II, Article 1, Student Incentive Scholarship Program,
7. as enacted by shall take effect on July 1, 1990. Until that
8. time, the provisions of Chapter 419 remain in effect.

9

10. All other provisions of this Act shall take effect October
11. 1, 1989.

12. **Sec 43. Appropriation.** The following funds are appropriated
13. from the General Fund to carry out the purposes of this Act.

14

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16. **1989-90** **1990-91**

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19. **EDUCATIONAL AND CULTURAL
20. SERVICES, DEPARTMENT OF**

21

21. **Higher Education Services**

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22. All Other **\$600,000** **\$3,582,675**

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23. Provides funds to increase
24. the number of awards under
25. the Maine Student Incentive
26. Scholarship Program in fiscal
27. year 1989-90 and to increase
28. awards and fund all eligible
29. applicants to the program in
30. fiscal year 1990-91.

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32. **DEPARTMENT OF EDUCATIONAL AND
33. CULTURAL SERVICES
34. TOTAL**

\$600,000 **\$3,582,675**

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36

36. **MAINE EDUCATION AUTHORITY**

37

37. **Maine Education Authority**

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38. All Other **\$67,345** **\$59,980**

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39. Provides funds for clerical
40. support, operating costs and
41. computer support for the new
42. Maine Education Authority in
43. addition to the positions and
44. resources to be transferred

1 from the Division of Higher
2 Education Services within the
3 Department of Educational and
4 Cultural Services and the
5 Maine Educational Loan
6 Authority.

7
8 **MAINE EDUCATION AUTHORITY**
9 **TOTAL**

\$67,345

\$59,980

11
12 **TOTAL APPROPRIATIONS**

\$667,345

\$3,642,655'

13
14 Further amend the bill by striking out all of the emergency
15 clause.

16
17 Further amend the bill by renumbering the sections to read
18 consecutively.

19
20 Further amend the bill by inserting before the statement of
21 fact the following:

22
23 **FISCAL NOTE**

24
25 Section 40 of the bill authorizes the transfer of funds,
26 personnel, property and equipment from the Department of
27 Educational and Cultural Services and the Maine Educational Loan
28 Authority to the proposed Maine Education Authority. The
29 Commissioner of Educational and Cultural Services will determine
30 the resources to remain with the Division of Higher Education
31 Services. These transfers will be implemented by financial order.

32
33 In addition to these transfers, this bill also appropriates
34 a total of \$667,345 and \$3,642,655 in fiscal years 1989-90 and
35 1990-91, respectively. These amounts have been included in the
36 Governor's supplemental budget request. If all or part of this
37 funding is included in the budget by the Legislature, then the
38 appropriation section of this bill should be adjusted accordingly.

39
40 Section 24 of this bill creates a supplemental education
41 loan guarantee reserve fund which could require future additional
42 General Fund appropriations.'

43
44
45 **STATEMENT OF FACT**

46
47 The original bill created the Maine Education Authority and
48 brought all of the State's student financial aid service programs
49 under its administration. This amendment retains the intent of
50 the bill and makes several necessary changes. In addition to
51 several technical changes in the bill, this amendment makes the

COMMITTEE AMENDMENT "B" to H.P. 837, L.D. 1169

1 following changes:

3 1. Provides for health and dental insurance coverage under
5 the Maine State Employees Health Insurance Program for authority
employees;

7 2. Revises the makeup of the authority board of trustees to
9 include consumer and banking representatives and a member of the
Maine Higher Education Council. The current members of the Maine
11 Educational Loan Authority shall remain in office until December
31, 1989. At that time, their terms will terminate and a new
board will be appointed subject to legislative confirmation;

13 3. Changes the appointment process for the executive
15 director of the authority. The executive director of the
authority will be appointed by the Governor to a 4-year term.
17 The director's compensation shall be subject to legislative
confirmation;

19 4. Establishes a comprehensive set of annual reports to the
21 Legislature on the various student financial aid programs;

23 5. Makes several changes in the Maine Student Incentive
Scholarship Program, or MSISP, to clarify definitions,
25 eligibility, determination of need and distribution of
scholarships provisions of the bill. These changes will go into
27 effect on July 1, 1990. In the meantime, the MSISP advisory
committee will review the proposed changes in the law and report
29 to the Joint Standing Committee on Education in December;

31 6. Amends the existing Blaine House Scholars law to allow
participation by students who are Maine residents and who
33 graduate from an out-of-state high school; and

35 7. Expands the transition provisions to provide more
protection to existing state employees. Current employees will
37 retain their state employment benefits as long as they remain
employed by the authority.

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